

DYDD MAWRTH, 19 MAWRTH 2024

AT: HOLL AELODAU Y PWYLLGOR CRONFA BENSIWN DYFED

YR WYF DRWY HYN YN EICH GALW I FYNYCHU CYFARFOD O'R **PWYLLGOR CRONFA BENSIWN DYFED** A GYNHELIR YN **SIAMBR, NEUADD Y SIR, CAERFYRDDIN. SA31 1JP AC O BELL AM 2.00 YP DYDD MERCHER, 27AIN MAWRTH, 2024** ER MWYN CYFLAWNI'R MATERION A AMLINELLIR AR YR AGENDA SYDD YNGHLWM

Wendy Walters

PRIF WEITHREDWR

Swyddog Democrataidd:	Kevin Thomas
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Cyfarfod aml-leoliad yw hwn. Gall aelodau'r pwyllgor fynychu'n bersonol yn y lleoliad a nodir uchod neu o bell drwy'r ddolen Zoom a ddarperir ar wahân.	
Gellir gwylio'r cyfarfod ar wefan y cyngor drwy'r ddolen canlynol:- https://carmarthenshire.public-i.tv/core/portal/home	

Wendy Walters Prif Weithredwr, *Chief Executive*,
Neuadd y Sir, Caerfyrddin. SA31 1JP
County Hall, Carmarthen. SA31 1JP

PWYLLGOR CRONFA BENSIWN DYFED

GRŴP PLAID CYMRU- 2 Aelod

Cyng. Elwyn Williams (Cadeirydd)

Cyng. Dai Thomas (Aelod y Pwyllgor)

GRŴP LLAFUR - 1 Aelod

Cyng. Peter Cooper (Aelod y Pwyllgor)

DIRPRWY ENWEBEDIG (1)

Cyng Neil Lewis

AGENDA

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NI DDYLID CYHOEDDI'R ADRODDIAD SY'N YMWNEUD Â'R MATERION CANLYNOL GAN EU BOD YN CYNWYS GWYBODAETH EITHRIEDIG FEL Y'I DIFFINIWDYD YM MHARAGRAFF 14 O RAN 4 O ATODLEN 12A I DDEDDF LLYWODRAETH LEOL 1972 FEL Y'I DIWYGIWDYD GAN ORCHYMYN LLYWODRAETH LEOL (MYNEDIAD AT WYBODAETH) (AMRYWIO) (CYMRU) 2007. OS BYDD Y PWYLLGOR AR ÔL CYNNAL PRAWF LLES Y CYHOEDD YN PENDERFYNU YN UNOL Â'R DDEDDF, I YSTYRIED Y MATER HYN YN BREIFAT, GORCHMYNNIR I'R CYHOEDD

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PWYLLGOR CRONFA BENSIWN DYFED

15 TACHWEDD 2023

PRESENNOL Cyngorydd D.E. Williams (Cadeirydd)

Cynghorwyr (Yn y Siambr):

D. Thomas N. Lewis

Sylwedydd (Yn rhithwir):

Mr. J. Jones, Cadeirydd Bwrdd Pensiwn Cronfa Bensiwn Dyfed

Hefyd yn bresennol (Yn rhithwir):

Mr J. Blewitt, Archwilio Cymru

Hefyd yn bresennol (Yn y Siambr):

R. Hemingway, Pennaeth Gwasanaethau Ariannol;
A. Brown, Ymgynghorydd Buddsoddi Annibynnol
A. Parnell, Rheolwr Pensiwn a Buddsodiadau Gyllidol;
K. Gerard, Rheolwr Pensiwn;
S. Rees, Cyfieithydd ar y Pryd;
M. Owens, Cyfrifydd Cynorthwywr;
D. Hall-Jones, Swyddog Cefnogi Aelodau;
R. Morris, Swyddog Cefnogi Aelodau;
J. Owen, Swyddog Gwasanaethau Democrataidd.

Hefyd yn bresennol (Yn rhithwyr):

K. Evans, Swyddog Gwasanaethau Democrataidd.

Y Siambr, Neuadd y Sir, Caerfyrddin, SA31 1JP ac o bell: 2:30pm - 4:00yp

1. YMDDIHEURIADAU AM ABSENOLDEB

Cafwyd ymddiheuriad am absenoldeb gan y Cyngorydd R. James.

2. DATGAN BUDDIANNAU PERSONOL

Ni chafwyd datganiadau o fuddiant personol.

3. COFNODION CYFARFOD Y PWYLLGOR A GYNHALIWDYD AR 28 MEDI 2023

PENDERFYNWYD YN UNFRYDOL lofnodi bod cofnodion cyfarfod y Pwyllgor a gynhaliwyd ar 28 Medi 2023 yn gofnod cywir.

4. ADRODDIAD YNGHYLCH YR ARCHWILIAD O DDATGANIDADAU ARIANNOL 2022-23

Croesawodd y Pwyllgor Jason Blewitt o Archwilio Cymru i'r cyfarfod a gyflwynodd yr Adroddiad ynghylch yr Archwiliad o Ddatganiadau Ariannol ar gyfer Cronfa Bensiwn Dyfed, gan fanylu ar y materion a oedd yn codi o'r archwiliad yr oedd angen eu hadrodd o dan Safon Ryngwladol ar Archwilio 260.

Nodwyd mai'r Archwilydd Cyffredinol sy'n gyfrifol am roi barn ynghylch a yw datganiadau ariannol Cronfa Bensiwn Dyfed yn olwg gywir a theg ar ei sefyllfa ariannol ar 31 Mawrth 2023, a'i hincwm a'i gwariant yn ystod y flwyddyn honno.

Rhodddwyd gwybod i'r Pwyllgor bod adroddiad archwilio diamod ynghylch y datganiadau ariannol wedi'i gyhoeddi a'i gymeradwyo gan yr Archwilydd Cyffredinol a bod y Pwyllgor Llywodraethu ac Archwilio wedi ystyried yr adroddiad terfynol yn ei gyfarfod ar 27 Hydref 2023.

Wrth gydnabod y mân gywiriadau a amlygwyd i'r Pwyllgor fel y nodwyd yn Atodiad 3, yn gyffredinol dywedwyd bod yr Adroddiad ynghylch yr Archwiliad o Ddatganiadau Ariannol 2022-23 yn gadarnhaol.

Dymunai'r Pwyllgor ddiolch yn ddiffuant i Archwilio Cymru am wneud yr Archwiliad ac i'r Adran Cyllid am ei holl waith caled mewn archwiliad llwyddiannus.

PENDERFYNWYD YN UNFRYDOL dderbyn yr Adroddiad ynghylch yr Archwiliad o Ddatganiadau Ariannol 2022–23.

5. COFNODION BWRDD PENSIWN CRONFA BENSIWN DYFED 25 HYDREF 2023

PENDERFYNWYD YN UNFRYDOL fod cofnodion cyfarfod Bwrdd Pensiwn Cronfa Bensiwn Dyfed ar 25 Hydref 2023 yn cael eu nodi.

6. ADRODDIAD BWRDD PENSIWN CRONFA BENSIWN DYFED - 25 HYDREF 2023

Cafodd y Pwyllgor adroddiad y Bwrdd Pensiwn a gyflwynwyd gan Gadeirydd Bwrdd Pensiwn Cronfa Bensiwn Dyfed. Roedd yr adroddiad yn rhoi diweddariad ynghylch yr eitemau a drafodwyd yng nghyfarfod y Bwrdd ar 25 Hydref 2023.

PENDERFYNWYD YN UNFRYDOL fod Adroddiad Bwrdd Pensiwn Cronfa Bensiwn Dyfed ar gyfer y cyfarfod a gynhaliwyd ar 25 Hydref, 2023 yn cael ei dderbyn.

7. MONITRO CYLLIDEB 1 EBRILL 2023 - 30 MEDI 2023

Cafodd y Pwyllgor Adroddiad Monitro Cyllideb Cronfa Bensiwn Dyfed a oedd yn rhoi'r wybodaeth ddiweddaraf am y sefyllfa gyllidebol o ran blwyddyn ariannol 2023/24. Nodwyd mai'r sefyllfa bresennol ar 30 Medi 2023 oedd tanwariant o'i gymharu â'r gyllideb o £1.6m.

Dywedwyd er mai'r gorwariant a ragwelwyd oedd £500k, bod tanwariant a ragwelwyd o £1.2m ar Bensiynau Taladwy. Yn ogystal, dywedwyd adeg pennu'r gyllideb ar gyfer 2023-24 bod cynnydd o 2.2% o ran aelodau newydd y pensiwn am y flwyddyn a hyd yma roedd y cynnydd gwirioneddol mewn aelodau pensiwn yn agosach at 1%.

O ran incwm, rhagwelwyd y byddai cyfraniadau yn £2.6m yn fwy na'r hyn a gyllidebwyd oherwydd bod cyflogres bensiynadwy aelod yn uwch na'r hyn a ragwelwyd wrth bennu'r gyllideb. Derbyniwyd incwm ychwanegol gan gyflogwyr a oedd yn uwch na'r hyn a ragwelwyd wrth bennu'r gyllideb. Rhagwelwyd y byddai trosglwyddiadau i mewn yn fwy na'r gyllideb o £500k a rhagwelwyd y byddai incwm buddsoddi £1m yn is na'r gyllideb. Felly, rhagwelwyd y byddai incwm £2.1m yn fwy na'r gyllideb.

Amcangyfrifwyd mai cyfanswm y gwariant cyffredinol oedd £123.3m ac mai cyfanswm yr incwm oedd £124.9m, gan arwain i sefyllfa llif arian gadarnhaol o £1.6m.

PENDERFYNWYD YN UNFRYDOL dderbyn Adroddiad Monitro Cyllideb Cronfa Bensiwn Dyfed ar gyfer y cyfnod 1 Ebrill 2023 - 30 Medi 2023.

8. CYSONI ARIAN PAROD FEL YR OEDD AR 30 MEDI 2023

Bu'r Pwyllgor yn ystyried yr adroddiad Cysoni Arian Parod a roddai'r wybodaeth ddiweddaraf am sefyllfa ariannol Cronfa Bensiwn Dyfed. Nodwyd ar 30 Medi 2023 fod Cyngor Sir Caerfyrddin yn cadw £6m o arian parod ar ran y Gronfa ar gyfer gofynion llif arian uniongyrchol i dalu pensiynau, cyfandaliadau a chostau rheoli buddsoddiadau.

PENDERFYNWYD YN UNFRYDOL dderbyn adroddiad Cysoni Arian Parod Cronfa Bensiwn Dyfed.

9. ADRODDIAD GWEINYDDU PENSIYNAU

Cafodd y Pwyllgor adroddiad a roddai ddiweddariad ar Weinyddu Pensiynau. Roedd yr adroddiad yn cynnwys diweddariadau ar y gweithgareddau yn y gwasanaeth Gweinyddu Pensiynau ac roedd yn cynnwys materion rheoleiddiol, y gofrestr torri amodau, i-Connect, cysoniad GMP a llif gwaith.

Mewn ymateb i ymholiad ynglŷn â'r cynnydd o ran cynnwys Gwasanaeth Tân ac Achub Canolbarth a Gorllewin Cymru ar i-connect, eglurodd y Rheolwr Pensiynau, er bod gan y Gwasanaeth Tân nifer gymharol fach o aelodau Cynllun Pensiwn Llywodraeth Leol, bod i-connect yn dibynnu ar dynnu data penodol iawn gan y cyflogwr y gellid ei lanlwytho a bod trafodaethau ynghylch cael hyn yn parhau.

Cyfeiriwyd at ddiweddariad McCloud/Sargeant, o ran cysoni a dilysu data, a gofynnwyd faint o adnoddau ychwanegol oedd eu hangen ar gyfer y gofynion ymyrraeth. Eglurodd y Rheolwr Pensiynau ei bod yn cymryd 1 awr ar gyfartaledd i drin achos ymddeol â llaw ac yn ddiweddar cymerodd 3 aelod o staff 3 diwrnod i'w gwblhau. Ar sail hyn, cydnabuwyd y byddai angen adnoddau ychwanegol a fyddai'n cael eu hystyried yn fuan yn dilyn adolygiad o nifer y cyfrifiadau y mae angen eu cwblhau.

PENDERFYNWYD YN UNFRYDOL fod yr Adroddiad Gweinyddu Pensiynau mewn perthynas â Chronfa Bensiwn Dyfed yn cael ei nodi.

10. ADRODDIAD TORRI AMODAU

Cafodd y Pwyllgor yr Adroddiad Torri Amodau i'w ystyried mewn perthynas â Chronfa Bensiwn Dyfed a baratowyd yn unol ag Adran 70 Deddf Pensiwn 2004, Côd Ymarfer rhif 14 a Pholisi Torri Amodau Cronfa Bensiwn Dyfed.

Tynnwyd sylw'r Pwyllgor at y rhestr o achosion o dorri amodau a oedd ynghlwm wrth yr adroddiad a oedd yn manylu ar yr achosion lle nad oedd cyfraniadau gweithwyr/cyflogwyr wedi dod i law mewn pryd. I'r perwyl hwn, cyfeiriodd Rheolwr y Trysorlys a Phensiynau at achos o dorri amodau a adroddwyd yn ddiweddar mewn perthynas â Burry Port Marina Ltd a oedd wedi methu'n rheolaidd dalu'r cyfraniadau gofynnol i'r Gronfa. Mewn diweddariad i'r Pwyllgor, cadarnhaodd yr adroddiad fod y Rheoleiddiwr Pensiynau hefyd wedi cael gwybod fod y Cyflogwr wedi mynd i ddwylo'r gweinyddwyr ac amcangyfrifwyd mai'r cyfraniadau oedd yn ddyledus i'r Gronfa hyd yn hyn oedd £7,230.56. Rhoddwyd sicrwydd i'r Pwyllgor fod trafodaethau'n parhau rhwng y Gronfa a'r gweinyddwyr ynghylch y cyfraniadau oedd yn ddyledus.

PENDERFYNWYD YN UNFRYDOL nodi'r Adroddiad Torri Amodau mewn perthynas â Chronfa Bensiwn Dyfed.

11. COFRESTR RISG

Cafodd y Pwyllgor y Gofrestr Risg, a oedd yn manylu ar yr holl risgiau gweithredol a strategol a nodwyd mewn perthynas â swyddogaethau Cronfa Bensiwn Dyfed, i'w hystyried.

Dywedwyd wrth y Pwyllgor fod y gofrestr risg wedi'i hadolygu ac nad oedd unrhyw newidiadau i risgiau unigol wedi'u nodi ers cyfarfod diwethaf y Pwyllgor.

PENDERFYNWYD YN UNFRYDOL nodi adroddiad y gofrestr risg.

12. CYNLLUN HYFFORDDI 2023-2024

Cafodd y Pwyllgor ddiweddariad i'w ystyried ynghylch y Cynllun Hyfforddi ar gyfer y cyfnod 2023-2024 a oedd yn manylu ar amserlen cyfarfodydd y pwyllgor, a digwyddiadau hyfforddi ar gyfer aelodau a swyddogion Cronfa Bensiwn Dyfed.

PENDERFYNWYD YN UNFRYDOL nodi'r Cynllun Hyfforddi ar gyfer 2023-24.

13. **DIWEDDARIAD PARTNERIAETH PENSIWN CYMRU**

Bu'r Pwyllgor yn ystyried diweddariad o gyfarfod Cyd-bwyllgor Llywodraethu Partneriaeth Pensiwn Cymru a gynhaliwyd ar 20 Medi 2023 a oedd yn cynnwys y canlynol:-

- Diweddariad y Cyd-bwyllgor Llywodraethu – 20 Medi 2023
- Adolygiad o Gynllun Busnes Partneriaeth Pensiwn Cymru Ebrill – Mehefin 2023
- Diweddariad gan y Gweithredwr
- Crynodeb o Berfformiad Partneriaeth Pensiwn Cymru Ebrill – Mehefin 2023

Hefyd roedd crynodeb a sylwadau ynghylch perfformiad buddsoddi Partneriaeth Pensiwn Cymru ar gyfer Ch2 2023 (Ebrill - Mehefin 2023) wedi'u hatodi i'r adroddiad.

Gwnaed sylw bod £1.2bn (ar draws 8 cronfa Cymru) yn gyfran fach iawn o'r holl arian i'w ymrwymo i newid hinsawdd, a gofynnwyd a oedd unrhyw fwriad i gynyddu hyn. Soniodd Rheolwr y Trysorlys a Buddsoddiadau Pensiwn y gallai fod cynnydd yn y dyfodol. Eglurwyd ymhellach fod 2 is-gronfa ecwiti byd-eang arall o fewn Partneriaeth Pensiwn Cymru, sef Tyfu Byd-eang a Chyfleoedd Byd-eang a lansiwyd yn 2019 a bod asesiad cynaliadwyedd yn cael ei ystyried. Ychwanegodd yr Ymgynghorydd Buddsoddi Annibynnol fod y buddsoddiad mwyaf gan y Gronfa Tyfu Byd-eang a bod y rheolwyr wedi gwneud cynnydd sylweddol o ran gostyngiadau carbon dros gyfnod y buddsoddiad.

Cyfeiriwyd at dudalen 6 yr Adolygiad o Gynllun Busnes Partneriaeth Pensiwn Cymru Ch1 2023-24. Mewn ymateb i ymholiad ynglŷn â'r term 'Cyfanswm i'w ailgodi' eglurodd Rheolwr y Trysorlys a Buddsoddiadau Pensiwn mai dyma'r cyfanswm i'w ailgodi ar yr 8 cronfa pensiwn yng Nghymru a bod pob cronfa yn derbyn anfoneb chwarterol.

Eglurodd Rheolwr y Trysorlys a Buddsoddiadau Pensiwn, mewn ymateb i ymholiad ynghylch buddsoddiadau gweithredol a goddefol a nodwyd ar dudalen 3 adolygiad Ch2 Cyd-bwyllgor Llywodraethu Partneriaeth Pensiwn Cymru, fod llawer mwy o fuddsoddiadau goddefol yn gyffredin ar ddechrau cyfuno buddsoddiadau yn gyffredinol, ond bod cronfeydd wedi lansio portffolios gweithredol ers hynny. Dros y blynyddoedd roedd Cronfa Pensiwn Dyfed wedi symud buddsoddiadau o fod yn rhai goddefol i fod yn rhai gweithredol drwy Partneriaeth Pensiwn Cymru gan gynnwys ecwitiau byd-eang, credyd byd-eang a marchnadoedd preifat. At ddibenion amrywiaeth a risg, byddai lefel isel o fuddsoddiadau goddefol yn parhau i fod ar waith.

PENDERFYNWYD YN UNFRYDOL dderbyn diweddariad Partneriaeth Pensiwn Cymru ynghylch y Cyd-bwyllgor Llywodraethu.

14. GORCHYMYN I'R CYHOEDD ADAEL Y CYFARFOD

PENDERFYNWYD YN UNFRYDOL, yn unol â Deddf Llywodraeth Leol 1972, fel y'i newidiwyd gan Orchymyn Llywodraeth Leol (Mynediad at Wybodaeth) (Amrywio) (Cymru) 2007, orchymyn i'r cyhoedd adael y cyfarfod tra oedd yr eitemau canlynol yn cael eu hystyried, gan fod yr adroddiadau'n cynnwys gwybodaeth eithriedig fel y'i diffiniwyd ym mharagraff 14 o Ran 4 o Atodlen 12A i'r Ddeddf.

15. ADRODDIAD YMGYSYLLTU ROBECO 1 EBRILL 2023 - 30 MEHEFIN 2023

Yn sgil gweithredu'r prawf budd y cyhoedd PENDERFYNWYD YN UNFRYDOL, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 14 uchod, fod y mater hwn yn cael ei ystyried yn breifat, gan beidio â gadael i'r cyhoedd fod yn bresennol yn y cyfarfod, gan y byddai datgelu gwybodaeth yn debygol o achosi niwed ariannol i'r Gronfa Bensiwn ac o niweidio trafodaethau parhaus a thrafodaethau'r dyfodol.

Bu'r Pwyllgor yn ystyried adroddiad ymgysylltu Robeco am y cyfnod adrodd 1 Ionawr 2023 – 31 Mehefin 2023. Roedd yr adroddiad yn rhoi ystadegau manwl mewn perthynas â gweithgareddau ymgysylltu a gynhaliwyd ar bortffolio Partneriaeth Pensiwn Cymru yn ystod y chwarter, a detholiad o astudiaethau achos o weithgarwch ymgysylltu a gynhaliwyd.

PENDERFYNWYD YN UNFRYDOL dderbyn Adroddiad Ymgysylltu Robeco am y cyfnod adrodd 1 Ionawr 2023 - 31 Mehefin 2023.

16. ADOLYGIAD BENTHYCA GWARANNAU BYD-EANG HYD AR 30 MEHEFIN 2023

Yn sgil gweithredu'r prawf budd y cyhoedd PENDERFYNWYD YN UNFRYDOL, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 14 uchod, fod y mater hwn yn cael ei ystyried yn breifat, gan beidio â gadael i'r cyhoedd fod yn bresennol yn y cyfarfod, gan y byddai datgelu gwybodaeth yn debygol o achosi niwed ariannol i'r Gronfa Bensiwn ac o niweidio trafodaethau parhaus a thrafodaethau'r dyfodol yn ymwneud â buddsoddiadau gan reolwyr y gronfa.

Cafodd y Pwyllgor i'w ystyried adroddiad ynghylch yr Adolygiad Benthycia Gwarannau Byd-eang fel yr oedd ar 30 Mehefin 2023, a nodai wybodaeth am fenthycia stoc a oedd wedi dechrau ym mis Mawrth 2020. Roedd Northern Trust wedi darparu adolygiad o Berfformiad Benthycia Gwarannau ar gyfer Chwarter 2 2023 (y chwarter a ddaeth i ben ar 30 Mehefin 2023)

PENDERFYNWYD YN UNFRYDOL nodi'r Adolygiad o Berfformiad a Pherthynas Benthycia Gwarannau Byd-eang ar gyfer y chwarter a ddaeth i ben ar 30 Mehefin 2023.

17. ADRODDIAD PERFFORMIAD A RISG YMGYNGHORYDD BUDDSODDI ANNIBYNNOL 30 MEDI 2023

Yn sgil gweithredu'r prawf budd y cyhoedd PENDERFYNWYD YN UNFRYDOL, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 14 uchod, fod y mater hwn yn cael ei ystyried yn breifat, gan beidio â gadael i'r cyhoedd fod yn bresennol yn y cyfarfod, gan y byddai datgelu gwybodaeth yn debygol o achosi niwed ariannol i'r Gronfa Bensiwn ac o niweidio trafodaethau parhaus a thrafodaethau'r dyfodol.

Bu'r Pwyllgor yn ystyried Adroddiad yr Ymgynghorydd Buddsoddi Annibynnol, a roddai wybodaeth mewn perthynas â pherfformiad y rheolwyr buddsoddi ar gyfer pob chwarter, pob 12 mis a chyfnodau treigl o 3 blynedd, gan ddod i ben ar 30 Medi 2023. Roedd yr adroddiad hefyd yn cynnwys cefndir y farchnad fyd-eang a materion i'w hystyried gan y Pwyllgor.

PENDERFYNWYD YN UNFRYDOL nodi Adroddiad yr Ymgynghorydd Buddsoddi Annibynnol fel yr oedd ar 30 Medi 2023 a chymeradwyo'r canlynol, am y rhesymau a ddarperir yn yr adroddiad:

- **Bod y dyraniad credyd preifat o 5% yn cael ei ddyrannu i bortffolio Credyd Preifat Byd-eang Partneriaeth Pensiwn Cymru**
- **Bod y galwadau cyfalaf o ran y £50m cyntaf am Gredyd Preifat Byd-eang Partneriaeth Pensiwn Cymru yn cael eu hariannu o Bortffolio Ecwiti Goddefol y DU.**

18. ADRODDIAD PERFFORMIAD NORTHERN TRUST 30 MEDI 2023

Yn sgil gweithredu'r prawf budd y cyhoedd PENDERFYNWYD YN UNFRYDOL, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 14 uchod, fod y mater hwn yn cael ei ystyried yn breifat, gan beidio â gadael i'r cyhoedd fod yn bresennol yn y cyfarfod, gan y byddai datgelu gwybodaeth yn debygol o achosi niwed ariannol i'r Gronfa Bensiwn ac o niweidio trafodaethau parhaus a thrafodaethau'r dyfodol.

Bu'r Pwyllgor yn ystyried adroddiad perfformiad Northern Trust ar gyfer Cronfa Bensiwn Dyfed fel yr oedd ar 30 Medi 2023 a oedd yn nodi dadansoddiad o berfformiad o ran lefel y gronfa gyfan a rheolwyr buddsoddi am y cyfnodau cyn i'r gronfa gychwyn.

PENDERFYNWYD YN UNFRYDOL dderbyn adroddiad perfformiad Northern Trust ar gyfer Cronfa Bensiwn Dyfed fel yr oedd ar 30 Medi 2023.

19. ADRODDIADAU'R RHEOLWR BUDDSODDI AR 30 MEDI 2023

Yn sgil gweithredu'r prawf budd y cyhoedd **PENDERFYNWYD YN UNFRYDOL**, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 14 uchod, fod y mater hwn yn cael ei ystyried yn breifat, gan beidio â gadael i'r cyhoedd fod yn bresennol yn y cyfarfod, gan y byddai datgelu gwybodaeth yn debygol o achosi niwed ariannol i'r Gronfa Bensiwn ac o niweidio trafodaethau parhaus a thrafodaethau'r dyfodol.

Bu'r Pwyllgor yn ystyried adroddiadau'r rheolwyr buddsoddi a oedd yn nodi perfformiad pob rheolwr fel yr oedd ar 30 Medi 2023.

- BlackRock - Adroddiad Chwarterol 30 Medi 2023;
- Schroders - Adroddiad Buddsoddi Ch3 2023;
- Partners Group - Adroddiad Chwarterol Ch3 2023;
- Cronfa Tyfu Byd-eang Partneriaeth Pensiwn Cymru – 30 Medi 2023;
- Cronfa Credyd Byd-eang Partneriaeth Pensiwn Cymru – 30 Medi 2023
- Cronfa Ecwiti Gweithredol Cynaliadwy Partneriaeth Pensiwn Cymru - 30 Medi 2023.

PENDERFYNWYD YN UNFRYDOL nodi adroddiadau'r rheolwyr buddsoddi ar gyfer Cronfa Bensiwn Dyfed fel yr oeddent ar 30 Medi 2023.

CADEIRYDD

DYDDIAD

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 27/03/2024**

Cofnodion Bwrdd Pensiwn Cronfa Bensiwn Dyfed 22 Ionawr 2024

Rhoi gwybod i'r Pwyllgor am gyfarfod y Bwrdd Pensiwn a gynhaliwyd ar 22 Ionawr 2024.

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Y Pwyllgor i nodi cofnodion cyfarfod Bwrdd Pensiwn Cronfa Bensiwn Dyfed a gynhaliwyd ar 22 Ionawr 2024.

Y Rhesymau:

Rhoi gwybod i'r Pwyllgor am gyfarfod y Bwrdd Pensiwn a gynhaliwyd ar 22 Ionawr 2024.

Angen i'r Cabinet wneud penderfyniad Amherthnasol

Angen i'r Cyngor wneud penderfyniad Amherthnasol

YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol

Y Gyfarwyddiaeth:

Gwasanaethau Corfforaethol

Enw'r Gyfarwyddwr:

Chris Moore

Awdur yr Adroddiad:

Chris Moore

Swyddi:

Cyfarwyddwr Gwasanaethau
Corfforaethol,

Cyngor Sir Gâr

Rhifau ffôn:

01267 224120

Cyfeiriadau E-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024**

Dyfed Pension Fund Pension Board Minutes 22 January 2024

A meeting of the Dyfed Pension Fund Pension Board took place on 22 January 2024. The following items were considered:

- Draft Minutes of the Pension Fund Committee meeting 15 November 2023
- Audit of Financial Statement Report 2022-23
- Dyfed Pension Fund Pension Board Report 25 October 2023
- Budget Monitoring 1 April 2023 – 30 September 2023
- Cash reconciliation as at 30 September 2023
- Pensions Administration Report
- Breaches Report
- Risk Register
- Training Plan 2023-24
- Wales Pension Partnership Updates
- Pension Board Budget Monitoring 1 April 2023 – 31 December 2023
- Pension Board Budget 2024-25
- Pension Board Work Plan 2024
- Robeco Engagement Report 1 April 2023 – 30 June 2023
- Global Securities Lending Review as at 30 June 2023
- Independent Advisor Performance & Risk Report to 30 September 2023
- Northern Trust Performance Report to 30 September 2023
- Investment Manager Reports to 30 September 2023

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: C Moore

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets	Bio-diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
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2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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BWRDD PENSIWN

DYDD LLUN, 22 IONAWR 2024

YN BRESENNOL (Yn y Siambr): J. Jones (Cadeirydd)

Aelodau'r Bwrdd (Yn y Siambr):

M. Rogers - Cynrychiolydd Pensiynwyr sy'n Aelodau;

M. Evans - Cynrychiolydd Gweithwyr sy'n Aelodau;

Y Cynghorydd A. Lenny - Cynrychiolydd Cyflogwyr sy'n Aelodau;

Y Cynghorydd W.Thomas - Cynrychiolydd Cyflogwyr sy'n Aelodau

Aelodau'r Bwrdd (Yn Rhithwir):

T.Bowler - Cynrychiolydd o'r Undeb.

R. Edwards - Cynrychiolydd Cyflogwyr sy'n Aelodau

Yn bresennol fel sylwedydd (Yn rhithwir):

Y Cynghorydd D.E.Williams - Cadeirydd Pwyllgor Cronfa Bensiwn Dyfed

Hefyd yn Bresennol (Yn y Siambr):

R. Hemingway - Pennaeth y Gwasanaethau Ariannol;

A. Parnell – Rheolwr y Trysorlys a Buddsoddi Pensiynau

K. Gerard - Rheolwr Pensiynau

J. Williams – Cyfrifydd Cynorthwyol

E. Evans - Pen-swyddog Gwasanaethau Democraidd

A. Eynon - Cyfieithydd ar y Pryd

Hefyd yn bresennol (Yn Rhithwir):

A. Brown, Ymgynghorydd Annibynnol

Y Siambr, Neuadd y Sir, Caerfyrddin, SA31 1JP ac o bell – 2.30yp - 4.18yp

1. YMDDIHEURIADAU AM ABSENOLDEB

Ni chafwyd ymddiheuriadau am absenoldeb.

2. DATGANIADAU O FUDDIANNAU PERSONOL

Ni ddatganwyd unrhyw fuddiannau personol yn y cyfarfod.

3. COFNODION CYFARFOD Y BWRDD PENSIWN A GYNHALIWDYD AR 25 HYDREF 2023

CYTUNWYD bod cofnodion cyfarfod y Bwrdd Pensiwn a gynhaliwyd ar 25 Hydref 2023 yn cael eu cadarnhau fel cofnod cywir.

Sylwer: Mae'r cofnodion hyn yn amodol ar gael eu cadarnhau yn y cyfarfod nesaf

4. CYFARFOD PWYLLGOR CRONFA BENSIWN DYFED 15 TACHWEDD 2023

Cafodd y Bwrdd yr adroddiadau a ystyriwyd gan Bwyllgor Cronfa Bensiwn Dyfed ar 15 Tachwedd, fel y nodwyd yng nghofnodion 4.1- 4.10 isod, er mwyn eu hystyried a gwneud sylwadau arnynt.

4.1. ADRODDIAD YNGHYLCH YR ACRCHWILIAD O DDATGIADAU ARIANNOL 2022-23

Cafodd y Bwrdd Adroddiad ynghylch yr Archwiliad o Ddatganiadau Ariannol 2022-23 ar gyfer Cronfa Bensiwn Dyfed a baratowyd gan Archwilio Cymru sy'n rhoi manylion am y materion sy'n codi o'r archwiliad sy'n ofynnol o dan ISA 2022.

Nodwyd mai'r Archwilydd Cyffredinol sy'n gyfrifol am roi barn ynghylch a yw datganiadau ariannol Cronfa Bensiwn Dyfed yn olwg gywir a theg ar ei sefyllfa ariannol ar 31 Mawrth 2023, a'i hincwm a'i gwariant yn ystod y flwyddyn honno. Roedd adroddiad archwilio diamod ynghylch y datganiadau ariannol wedi'i gyhoeddi ac roedd yr adroddiad terfynol wedi cael ei ystyried gan y Pwyllgor Archwilio a Llywodraethu ar 27 Hydref 2023.

Nid oedd Archwilio Cymru wedi dod o hyd i unrhyw gamddatganiadau wedi'u nodi yn y datganiadau ariannol a oedd yn dal heb eu cywiro. Roedd nifer o fân wallau cyflwyno yn y datganiadau ariannol drafft wedi'u cywiro gan y rheolwyr.

CYTUNWYD bod yr Adroddiad ynghylch yr Archwiliad o Ddatganiadau Ariannol 2022–23 yn cael ei dderbyn.

4.2. ADRODDIAD BWRDD PENSIWN CRONFA BENSIWN DYFED - 25 HYDREF 2023

Cafodd y Bwrdd adroddiad gan y Cadeirydd Annibynnol, a oedd yn rhoi'r wybodaeth ddiweddaraf o gyfarfod y Bwrdd Pensiwn ar 25 Hydref, 2023. Yr eitemau a drafodwyd oedd y Datganiad Cyfrifon Cyn-Archwilio, Monitro'r Gyllideb, Diweddariad ar Weinyddu Pensiynau, y Gofrestr Risg, Dyraniad Asedau Strategol, Adroddiad Ymgysylltu Robeco a Benthycu Gwarantau Northern Trust.

CYTUNWYD bod Adroddiad Bwrdd Pensiwn Cronfa Bensiwn Dyfed ar 25 Hydref, 2023 yn cael ei nodi.

4.3. MONITRO CYLLIDEB 1 EBRILL 2023 - 30 MEDI 2023

Rhoddodd y Bwrdd ystyriaeth i adroddiad Monitro Cyllideb Cronfa Bensiwn Dyfed a oedd yn rhoi'r wybodaeth ddiweddaraf am y sefyllfa gyllidebol ddiweddaraf am y cyfnod 1 Ebrill 2023 - 30 Medi 2023. Cafodd y Pwyllgor wybod am danwariant o'i gymharu â chyllideb o £1.6m.

CYTUNWYD bod yr adroddiad yn cael ei nodi.

Sylwer: Mae'r cofnodion hyn yn amodol ar gael eu cadarnhau yn y cyfarfod nesaf

4.4. CYSONI ARIAN PAROD FEL YR OEDD AR 30 MEDI 2023

Rhoddodd y Bwrdd ystyriaeth i adroddiad Monitro Cyllideb Cronfa Bensiwn Dyfed a oedd yn rhoi'r wybodaeth ddiweddaraf am y sefyllfa gyllidebol ddiweddaraf am y cyfnod 1 Ebrill 2023 - 30 Medi 2023. Cafodd y Pwyllgor wybod am danwariant o'i gymharu â chyllideb o £1.6m.

CYTUNWYD bod yr adroddiad yn cael ei nodi.

4.5. ADRODDIAD GWEINYDDU PENSIYNAU

Cafodd y Bwrdd adroddiad a oedd yn rhoi'r wybodaeth ddiweddaraf am Weinyddu Pensiynau.

Roedd y Rheolwr Pensiynau wedi rhoi diweddariad ar y gweithgareddau yn y gwasanaeth Gweinyddu Pensiynau ac roedd yn cynnwys materion rheoleiddiol, y gofrestr torri amodau, I-Connect, cysoniad GMP a llif gwaith.

Mewn ymateb i ymholiad, dywedodd y Rheolwr Pensiynau fod amserlen gyfreithiol o ran cyflwyno'r dangosfwrdd pensiwn. Y dyddiad targed o ran gweithredu yw 30 Medi, 2025. Roedd goblygiadau o ran adnoddau ac mae adroddiad y swyddog dirprwyedig wedi'i gyflwyno i'r Swyddog Monitro Adran 151 i'w ystyried.

CYTUNWYD bod yr Adroddiad Gweinyddu Pensiynau mewn perthynas â Chronfa Bensiwn Dyfed yn cael ei nodi.

4.6. ADRODDIAD TORRI AMODAU

Cafodd y Bwrdd yr Adroddiad Torri Amodau, mewn perthynas â Chronfa Bensiwn Dyfed, i'w ystyried. Nodwyd bod Adran 70 o Ddeddf Pensiynau 2004 yn pennu'r ddyletswydd gyfreithiol i roi gwybod am achosion o dorri'r gyfraith. Mae Côt Ymarfer rhif 14, paragraffau 241 i 275, a gyhoeddwyd gan y Rheoleiddiwr Pensiynau ym mis Ebrill 2015, yn rhoi cyfarwyddyd ynghylch rportio'r achosion hyn o dorri'r gyfraith.

Fel y dwedwyd eisoes wrth y Pwyllgor, roedd Cyflogwr wedi methu'n rheolaidd dalu'r cyfraniadau gofynnol i'r Gronfa, ac amcangyfrifwyd bod £7,230.56 yn ddyledus. Rhoddwyd gwybod am hyn i'r Rheoleiddiwr Pensiynau ac mae'r Cyflogwr bellach wedi mynd i ddwylo'r gweinyddwyr.

CYTUNWYD bod yr Adroddiad Torri Amodau mewn perthynas â Chronfa Bensiwn Dyfed yn cael ei nodi.

Sylwer: Mae'r cofnodion hyn yn amodol ar gael eu cadarnhau yn y cyfarfod nesaf

4.7. COFRESTR RISG

Cafodd y Bwrdd adroddiad i'w ystyried a oedd yn rhoi'r wybodaeth ddiweddaraf am y Gofrestr Risg.

Rhodddwyd gwybod i'r Pwyllgor fod y Gofrestr Risg yn ddogfen waith sy'n tynnu sylw at yr holl risgiau a nodwyd mewn perthynas â swyddogaethau Cronfa Bensiwn Dyfed. Nodwyd bod y gofrestr yn cynnwys manylion yr holl risgiau a nodwyd; asesiad o'r effaith bosibl, y tebygolrwydd a'r statws risg; y mesurau rheoli risg sydd ar waith; y swyddog cyfrifol a'r dyddiad targed (os yw'n berthnasol).

Dywedwyd wrth y Pwyllgor fod y gofrestr risg yn cael ei monitro a'i hadolygu'n rheolaidd i sicrhau bod risgiau wedi cael eu nodi a'u hasesu. Dywedwyd nad oedd unrhyw newidiadau ers cyfarfod blaenorol y pwyllgor.

Mewn ymateb i ymholiad, rhodddwyd gwybod i'r Pwyllgor fod staff yn cael hyfforddiant perthnasol, gan ennill cymwysterau i sicrhau eu bod yn fedrus yn eu meysydd gwaith, sy'n darparu parhad o ran gwaith. Pe bai aelod o staff yn gadael, byddai angen hyfforddiant, gan wneud hyn yn risg ganolog.

Cytunwyd bod adroddiad y gofrestr risg yn cael ei nodi.

4.8. CYNLLUN HYFFORDDI 2023-2024

Cafodd y Bwrdd Gynllun Hyfforddi Cronfa Bensiwn Dyfed ar gyfer 2023-2024, a oedd yn darparu manylion am gyfarfodydd, digwyddiadau hyfforddi a'r aelodau a'r swyddogion y rhagwelwyd y byddent yn mynychu'r digwyddiadau.

CYTUNWYD bod Cynllun Hyfforddi Cronfa Bensiwn Dyfed ar gyfer 2023/24 yn cael ei nodi.

4.9. DIWEDDARIAD PARTNERIAETH PENSIWN CYMRU (PPC)

Bu'r Bwrdd yn ystyried y wybodaeth ddiweddaraf am weithgareddau a chynnydd Partneriaeth Pensiwn Cymru gan gynnwys gwaith sydd wedi'i gwblhau ers cyfarfod diwethaf y Cyd-bwyllgor Llywodraethu a chymau nesaf/blaenoriaethau Partneriaeth Pensiwn Cymru.

Codwyd yr arsylwadau/ymholiadau canlynol ynghylch yr adroddiad ac ymatebwyd iddynt:-

- Mewn ymateb i ymholiad, nododd Rheolwr y Trysorlys a Buddsoddiadau Pensiwn fod cronfa Partneriaeth Pensiwn Cymru ar hyn o bryd yn y 4edd safle ganraddol yn nhabl cynghrair y gronfa pensiwn dros 30mlynedd ond byddai'n anodd cymharu'r gronfa sy'n rhoi'r adenillion gorau, gan fod yr holl gronfeydd yn wahanol.

Sylwer: Mae'r cofnodion hyn yn amodol ar gael eu cadarnhau yn y cyfarfod nesaf

·Nodwyd y byddai'r Dyraniad Asedau Strategol yn cael ei drafod yn y cyfarfod nesaf.

CYTUNWYD bod y wybodaeth ddiweddaraf ynghylch Partneriaeth Pensiwn Cymru yn cael ei nodi.

4.10. COFNODION DRAFFT CYFARFOD Y PWYLLGOR PENSIWN 15 TACHWEDD 2023

CYTUNWYD bod cofnodion drafft cyfarfod Pwyllgor Cronfa Bensiwn Dyfed a gynhaliwyd ar 15 Tachwedd 2023 yn cael eu nodi.

5. MONITRO CYLLIDEB Y BWRDD PENSIWN 1 EBRILL 2023 - 31 RHAGFYR 2023

Cafodd y Bwrdd adroddiad Monitro Cyllideb y Bwrdd Pensiwn fel yr oedd ar 31 Rhagfyr 2023. Cyfanswm y gwariant gwirioneddol oedd £17.5k. Y gwariant a ragwelwyd ar gyfer y flwyddyn oedd £1.9k o danwariant o gymharu â'r gyllideb.

CYTUNWYD bod yr adroddiad yn cael ei nodi.

6. CYLLIDEB Y BWRDD PENSIWN 2024-25

Rhoddodd y Bwrdd ystyriaeth i Gyllideb Cronfa Bensiwn Dyfed ar gyfer 2024-25 a oedd yn unol â'r gyllideb ar gyfer 2023-24.

Nodir bod cyllideb ar gael ar gyfer hyfforddiant a theithio.

CYTUNWYD bod y Gyllideb ar gyfer 2024-25 yn cael ei chymeradwyo.

7. CYNLLUN GWAITH Y BWRDD PENSIWN 2024

Bu'r Bwrdd yn ystyried Cynllun Gwaith y Bwrdd Pensiwn ar gyfer 2024 a oedd yn amlinellu gwaith arfaethedig y Bwrdd Pensiwn a'r eitemau i'w cyflwyno ym mhob cyfarfod.

Nodwyd bod dyddiadau wedi'u darparu yn y cynllun.

CYTUNWYD bod Cynllun Gwaith y Bwrdd Pensiwn ar gyfer 2024 yn cael ei nodi.

8. GORCHYMYN I'R CYHOEDD ADAEL Y CYFARFOD

PENDERFYNWYD YN UNFRYDOL, yn unol â Deddf Llywodraeth Leol 1972, fel y'i newidiwyd gan Orchymyn Llywodraeth Leol (Mynediad at Wybodaeth) (Amrywio) (Cymru) 2007, orchymyn i'r cyhoeddadael y cyfarfod tra oedd yr

Sylwer: Mae'r cofnodion hyn yn amodol ar gael eu cadarnhau yn y cyfarfod nesaf

eitemau canlynol yn cael eu hystyried, gan fod yr adroddiadau'n cynnwys gwybodaeth eithriedig fel y'i diffiniwyd ym mharagraff 14 o Ran 4 o Atodlen 12A i'r Ddeddf. Gan ei fod yn ymwneud â gwybodaeth ynghylch materion ariannol neu fusnes unrhyw berson penodol (gan gynnwys yr Awdurdod sy'n cadw'r wybodaeth honno.

9. ADRODDIAD YMYSYLLTU ROBECO 1 EBRILL 2023 - 30 MEHEFIN 2023

Yn sgil gweithredu'r prawf budd y cyhoedd PENDERFYNWYD YN UNFRYDOL, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 8 uchod, fod y mater hwn yn cael ei ystyried yn breifat, gan beidio â gadael i'r cyhoedd fod yn bresennol yn y cyfarfod, gan y byddai datgelu gwybodaeth yn cael effaith andwyol ar y Gronfa Bensiwn drwy beryglu perfformiad buddsoddi.

Bu'r Bwrdd yn ystyried Adroddiad Ymgysylltu Robeco ar gyfer y cyfnod 1 Ebrill 2023 – 30 Mehefin 2023.

CYTUNWYD bod yr adroddiad yn cael ei nodi.

10. ADOLYGIAD BENTHYCA GWARANNAU BYD-EANG HYD AR 30 MEHEFIN 2023

Yn sgil gweithredu'r prawf budd y cyhoedd PENDERFYNWYD YN UNFRYDOL, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 8 uchod, fod y mater hwn yn cael ei ystyried yn breifat, gan beidio â gadael i'r cyhoedd fod yn bresennol yn y cyfarfod, gan y byddai datgelu gwybodaeth yn cael effaith andwyol ar y Gronfa Bensiwn drwy beryglu perfformiad buddsoddi.

Bu'r Bwrdd yn ystyried adroddiad a oedd yn rhoi'r wybodaeth ddiweddaraf am fenthyca stoc yn ystod chwarter 2, fel yr oedd ar 30 Mehefin, 2023.

CYTUNOD bod Adolygiad Benthycia Global Securities fel yr oedd ar 30 Mehefin, 2023 yn cael ei nodi.

11. ADRODDIAD PERFFORMIAD A RISG YMGYNGHORYDD BUDDSODDI ANNIBYNNOL 30 MEDI 2023

Yn sgil gweithredu'r prawf budd y cyhoedd PENDERFYNWYD YN UNFRYDOL, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 8 uchod, fod y mater hwn yn cael ei ystyried yn breifat, gan beidio â gadael i'r cyhoedd fod yn bresennol yn y cyfarfod, gan y byddai datgelu gwybodaeth yn cael effaith andwyol ar y Gronfa Bensiwn drwy beryglu perfformiad buddsoddi.

Sylwer: Mae'r cofnodion hyn yn amodol ar gael eu cadarnhau yn y cyfarfod nesaf

Ystyriodd y Bwrdd Adroddiad yr Ymgynghorydd Buddsoddi Annibynnol ar Berfformiad a Risg, a roddai fanylion mewn perthynas â pherfformiad y Rheolwyr Buddsoddi ar gyfer pob chwarter, pob 12 mis a chyfnodau treigl o 3 blynedd, gan ddod i ben ar 30 Medi 2023. Roedd yr adroddiad hefyd yn cynnwys cefndir y farchnad fyd-eang a materion i'r bwrdd pensiwn eu hystyried.

CYTUNWYD bod yr adroddiad Perfformiad a Risg gan yr Ymgynghorydd Annibynnol fel yr oedd ar 30 Medi, 2023 yn cael ei nodi.

12. ADRODDIAD PERFFORMIAD NORTHERN TRUST 30 MEDI 2023

Yn sgil gweithredu'r prawf budd y cyhoedd PENDERFYNWYD YN UNFRYDOL, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 8 uchod, fod y mater hwn yn cael ei ystyried yn breifat, gan beidio â gadael i'r cyhoedd fod yn bresennol yn y cyfarfod, gan y byddai datgelu gwybodaeth yn cael effaith andwyol ar y Gronfa Bensiwn drwy beryglu perfformiad buddsoddi.

Bu'r Bwrdd yn ystyried adroddiad Perfformiad Northern Trust a oedd yn nodi perfformiad Cronfa Bensiwn Dyfed fel yr oedd ar 30 Medi, 2023. Roedd yr adroddiad yn darparu dadansoddiad perfformiad ar lefel cronfa gyfan a chan y Rheolwr Buddsoddi am y cyfnodau hyd at y cychwyn.

CYTUNWYD bod Adroddiad Perfformiad Northern Trust fel yr oedd ar 30 Medi 2023 yn cael ei nodi.

13. ADRODDIADAU'R RHEOLWR BUDDSODDI AR 30 MEDI 2023

Yn sgil gweithredu'r prawf budd y cyhoedd PENDERFYNWYD YN UNFRYDOL, yn unol â'r Ddeddf y cyfeiriwyd ati yng nghofnod rhif 8 uchod, fod y mater hwn yn cael ei ystyried yn breifat, gan beidio â gadael i'r cyhoedd fod yn bresennol yn y cyfarfod, gan y byddai datgelu gwybodaeth yn cael effaith andwyol ar y Gronfa Bensiwn drwy beryglu perfformiad buddsoddi.

Bu'r Bwrdd yn ystyried adroddiad a oedd yn rhoi'r wybodaeth ddiweddaraf am berfformiad y Rheolwr Buddsoddi fel yr oedd ar 30 Medi, 2023.

CYTUNWYD bod adroddiadau'r Rheolwr Buddsoddi fel yr oeddent ar 30 Medi 2023 yn cael eu nodi.

CHAIR

DATE

Sylwer: Mae'r cofnodion hyn yn amodol ar gael eu cadarnhau yn y cyfarfod nesaf

Mae'r dudalen hon yn wag yn fwriadol

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 27/03/2024**

Adroddiad Bwrdd Pensiwn Cronfa Bensiwn Dyfed 22 Ionawr 2024

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:
Y Pwyllgor i nodi Adroddiad Bwrdd Pensiwn Cronfa Bensiwn Dyfed.

Y Rhesymau:

Mae Cadeirydd Annibynnol Bwrdd Pensiwn Cronfa Bensiwn Dyfed wedi paratoi adroddiad i roi'r wybodaeth ddiweddaraf i'r Pwyllgor Pensiwn o gyfarfod y Bwrdd Pensiwn ar 22 Ionawr 2024.

Angen i'r Cabinet wneud penderfyniad Amherthnasol

Angen i'r Cyngor wneud penderfyniad Amherthnasol

YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol

Y Gyfarwyddiaeth:

Gwasanaethau Corfforaethol

Enw'r Gyfarwyddwr:

Chris Moore

Awdur yr Adroddiad:

Chris Moore

Swyddi:

Cyfarwyddwr Gwasanaethau
Corfforaethol,
Cyngor Sir Gâr

Rhifau ffôn:

01267 224120

Cyfeiriadau E-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024**

Dyfed Pension Fund Pension Board Report 22 January 2024

The Independent Chair has provided a report detailing the Dyfed Pension Fund Pension Board's update from the Pension Board meeting on 22 January 2024.

The items discussed at the Pension Board meeting on 22 January 2024 include:

- Audit of Financial Statements Report
- Budget Monitoring
- Pensions Administration Update
- Risk Register
- Wales Pension Partnership Update
- Robeco Engagement Report
- Investment Performance

Further details of the discussions which took place at the Pension Board meeting are included in the Independent Chair's report which is attached.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets	Bio-diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
--	-----

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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Pension Board Submission to the Dyfed Pension Fund Committee

To: Dyfed Pension Fund Committee

From: John Jones Independent Chair Dyfed Pension Board

Date: 27 March 2024

1. The Pension Board held a hybrid meeting on 22nd January 2024. The main items on the agenda were consideration of the report on the Audit of Financial Statements for 2022/23; Budget monitoring statement for the 6 months to 30 September 2023; a review of the risk register and a discussion on the issues raised in the Robeco engagement report. The meeting was attended by all 7 members present in the room or online. Councillor Elwyn Williams was also present as an observer.
2. The report on the Audit of Financial Statements for 2022/23 was welcomed by the Board, noting that an unqualified audit opinion had been issued and no significant audit issues had been raised. The Board thanked officers for their work in delivering the unqualified accounts within the agreed timescales.
3. There was a discussion and some questions raised on the Budget monitoring statement for the period to end September 2023, in particular variances on the commutation and lump sum payments compared with budget.
4. The pensions administration report was reviewed and questions raised over progress in completing i-connect for the remaining 4 employers. Whilst recognising the practical difficulties in progressing this work, there is a need for an agreed timeline to conclude this work as this has been outstanding for some time.
5. The Board considered and reviewed the latest Risk Register noting that there had been no changes in individual risk levels since the last meeting. Questions were asked about maintaining the depth of staff expertise in managing the Fund and the resources available for preparing and reporting accounts. The Board welcomed an update on remote working and the actions being taken to retain staff.

Finally, the proposals to reformat the risk register is a positive step to enhance and clarify the document for review in future meetings.

6. Some issues were raised arising from the report on the update from the Wales Pension Partnership (WPP). These included more clarity around the items in the business plan shown as “in progress” or “ongoing”; whether there is any review of the sub funds not invested in by Dyfed; and whether there is any assessment of the effectiveness of the different investment strategies of the 8 Funds in Wales. These questions raised issues about asset allocation decisions and investment strategies, and will be a topic for a training session for the Board at a future meeting.
7. The report from Robeco on engagement covers a wide range of issues and includes a volume of information on activity to promote ESG issues in the Fund’s investment portfolio. The executive summary was helpful although there is scope to develop this further, and consideration should be given to publicise the action being taken by the Dyfed Pension Fund in this area.
8. Finally, there were some questions raised by the Board on the performance of the current investment portfolio and the potential impact of investment performance on future employer contribution rates.

John Jones
19th February 2024

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 27/03/2024**

Monitro Cyllideb 1 Ebrill 2023 – 31 Rhagfyr 2023

Rhoi'r wybodaeth ddiweddaraf i Bwyllgor Cronfa Bensiwn Dyfed am y sefyllfa gyllidebol fel yr oedd ar 31 Rhagfyr 2023

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Y Pwyllgor i derbyn yr adroddiad Monitro Cyllideb diweddaraf Cronfa Bensiwn Dyfed ac ystyried y sefyllfa gyllidebol.

Y Rhesymau:

Rhoi'r wybodaeth ddiweddaraf i Bwyllgor Cronfa Bensiwn Dyfed am y sefyllfa gyllidebol fel yr oedd ar 31 Rhagfyr 2023.

Angen i'r Cabinet wneud penderfyniad Amherthnasol

Angen i'r Cyngor wneud penderfyniad Amherthnasol

YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol

Y Gyfarwyddiaeth:

Gwasanaethau Corfforaethol

Enw'r Gyfarwyddwr:

Chris Moore

Awdur yr Adroddiad:

Chris Moore

Swyddi:

Cyfarwyddwr Gwasanaethau
Corfforaethol,
Cyngor Sir Gâr

Rhifau ffôn:

01267 224120

Cyfeiriadau E-bost:

CMoore@sirgar.gov.uk

EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024

Budget Monitoring 1 April 2023 – 31 December 2023

The position as at 31 December 2023 was an under spend compared to budget of £1.8m.

Expenditure

Expenditure is projected to be overspent by £2.8m. Lump sum retirement benefits are forecast to be £3.9m more than budget, transfers out £715k more than budget and management expenses £310k more than budget. Offsetting these overspends, pensions payable is forecast to be underspent by £1.1m. and lump sum death benefits are forecast to be underspent by £1m. In relation to pensions payable, at budget setting for 2023-24 an increase of 2.2% was included to estimate the additional pensions paid on new pensioner members for the year, to date the actual increase in pensioner membership has been closer to 1%.

Lump sum retirement benefits, transfers out of the scheme and lump sum death benefits depend on the number of retirements, leavers, and deaths throughout the year which cannot be anticipated at budget setting stage.

Income

Income is forecast to be exceed budget by £4.6m. Contributions are forecast to be £4.6m more than budgeted which is mostly due to employee pensionable pay being more than anticipated at budget setting due to a higher pay award. Furthermore, augmentation income received from employers has also been higher than was anticipated at budget setting.

Transfers in are forecast to exceed budget by £1.8m and investment income is forecast to below budget by £1.8m.

Overall, total expenditure is estimated at £125.6m and total income estimated at £127.4m resulting in a positive variance against budget of £1.8m.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets	Bio-diversity & Climate Change
NONE	NONE	YES	NONE	NONE	NONE	NONE	NONE

Finance

Overall, total expenditure is estimated at £125.6m and total income estimated at £127.4m resulting in a positive variance against budget of £1.8m.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

**CABINET MEMBER PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

N/A

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection

Dyfed Pension Fund									
Budget Monitoring									
1st April 2023 - 31st December 2023									
	Budget Type	Actual 2022-2023	Budget 2023-2024	Total income/ expenditure to date	Forecast Commitments	Forecast 2023-2024	End of year variance		Assumptions/Comments
	Controllable / Non Controllable	£ '000 (a)	£ '000 (b)	£ '000 (c)	£ '000 (d)	£ '000 (e)	£ '000 (f)	%	
Expenditure									
Benefits Payable	Both	99,422	108,932	83,041	27,656	110,697	1,765	1.6	
Pensions Payable	Controllable	81,126	92,432	68,219	23,116	91,335	-1,097		2.2% included at budget setting for new pensioners, actual increase year to date is 1%.
Commutation and lump sum retirement benefits	Non Controllable	15,626	14,000	13,730	4,132	17,862	3,862		Payments to date higher than anticipated at budget setting.
Lump sum death benefits	Non Controllable	2,670	2,500	1,092	408	1,500	-1,000		Payments to date lower than anticipated at budget setting.
Payments to and account of leavers	Non Controllable	4,529	3,670	3,376	1,009	4,385	715	19.5	Payments to date higher than anticipated at budget setting.
Management Expenses		9,253	10,211	5,979	4,542	10,521	310	3.0	
Computer Software	Controllable	579	500	48	452	500	0		
Printing charges	Controllable	8	20	16	4	20	0		
Subscriptions, Legal fees, Conf Exps, Med Exps	Controllable	51	70	34	36	70	0		
Fund Managers									
BlackRock	Controllable	1,650	1,600	1,141	710	1,851	251		Higher performance fees than anticipated at budget setting due to strong performance of Japanese Active Equity Fund. Also increased BlackRock SAIF fees as Fund reaches full deployment of allocation.
Schroders	Controllable	708	750	336	340	676	-74		Market values lower than budgeted.
Wales Pension Partnership	Controllable	4,062	4,900	2,544	2,600	5,144	244		Forecast overspend due to transitions from BlackRock to WPP Global Credit and Sustainable Active Equity Fund. Also fees incurred for Infrastructure investments with GCM Grosvenor and Capital Dynamics.
Partners Group	Controllable	657	700	286	300	586	-114		Administration and other fees lower than budgeted.
Custodian									
Northern Trust	Controllable	39	31	19	12	31	0		
Actuary									
Mercer	Controllable	242	125	81	44	125	0		
Performance Manager									
Northern Trust / PIRC / CEM	Controllable	9	26	0	26	26	0		
Independent Advisor	Controllable	28	30	21	9	30	0		
Other									
Euraplan, LSE, Pension Board	Controllable	23	47	47	0	47	0		
Central recharges	Non Controllable	1,164	1,380	1,380	0	1,380	0		
Audit fees	Controllable	33	32	26	9	35	3		Audit fee not available at budget setting
Controllable Expenditure		89,215	101,263	72,818	27,658	100,476	-787		
Non Controllable Expenditure		23,990	21,550	19,578	5,549	25,127	3,577		
Total Expenditure		113,205	122,813	92,396	33,207	125,603	2,790		
Income									
Contributions									
Employer	Controllable	-71,232	-69,522	-41,327	-31,959	-73,286	-3,764	5.4	Employee pensionable pay more than anticipated at budget setting due to a higher pay award. Augmentation income from Employers higher than anticipated at budget setting.
Member	Controllable	-24,699	-25,577	-7,485	-18,993	-26,478	-901	3.5	Employee pensionable pay more than anticipated at budget setting due to a higher pay award.
Investment Income	Controllable	-19,436	-24,214	-16,553	-5,891	-22,444	1,770	-7.3	Includes SAIF and Schroders dividend income.
Other Income	Controllable	0	0	0	0	0	0	0.0	
Transfers in from other pension funds	Non Controllable	-4,986	-3,500	-4,160	-1,090	-5,250	-1,750	50.0	
Controllable Income		-115,367	-119,313	-65,365	-56,843	-122,208	-2,895		
Non Controllable Income		-4,986	-3,500	-4,160	-1,090	-5,250	-1,750		
Total Income		-120,353	-122,813	-69,525	-57,933	-127,458	-4,645		
Controllable Total		-26,152	-18,050	7,453	-29,185	-21,732	-3,682		
Non Controllable Total		19,004	18,050	15,418	4,459	19,877	1,827		
Total		-7,148	0	22,871	-24,726	-1,855	-1,855		
Cash									
Transfer to Fund Managers	Cash	12,000	0	2,662	0	2,662	2,662		Capital Dynamics - Capital Calls to date
Net Total of Cash Related Items		4,852	0	25,533	-24,726	807	807		
Indirect Transactional Management Fees (fees deducted from NAV)	Non Cash	4,314	5,000	0	5,000	5,000	0	0.0	CIPFA Management cost guidance issued to show indirect transactional fees indirectly paid by the funds
Investment Income (fees deducted from NAV)	Non Cash	-4,314	-5,000	0	-5,000	-5,000	0	0.0	Contra entry to the Indirect transactional fees
Realised gain/loss	Non Cash	4,696	-50,000	-58,031	-7,961	-65,992	-15,992	32.0	Non Controllable. No impact to cash.
Net Total of Non-Cash Related Items		4,696	-50,000	-58,031	-7,961	-65,992	-15,992		

Mae'r dudalen hon yn wag yn fwriadol

PWYLLGOR CRONFA BENSIWN DYFED DYDDIAD 27/03/2024

CYLLIDEB CRONFA BENSIWN DYFED 2024-2025

I ddarparu'r gyllideb i Bwyllgor Cronfa Bensiwn Dyfed ar gyfer 2024-2025

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Y Pwyllgor i gymeradwyo'r gyllideb ar gyfer 2024-2025.

Y Rhesymau:

I ddarparu'r gyllideb i Bwyllgor Cronfa Bensiwn Dyfed ar gyfer 2024-2025.

Angen i'r Cabinet wneud penderfyniad Amherthnasol

Angen i'r Cyngor wneud penderfyniad Amherthnasol

YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol

Y Gyfarwyddiaeth:

Gwasanaethau Corfforaethol

Enw'r Cyfarwyddwr:

Chris Moore

Awdur yr Adroddiad:

Chris Moore

Swyddi:

Cyfarwyddwr Gwasanaethau
Corfforaethol,
Cyngor Sir Gâr

Rhifau ffôn:

01267 224120

Cyfeiriadau E-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024**

Dyfed Pension Fund Budget 2024-2025

The expenditure budget for 2024-2025 is £133.6m and the income budget for 2024-2025 is £133.6m. This results in a net budget of zero. This provides the Fund with flexibility to utilise investment income based on budgetary requirements.

Expenditure:

Benefits payable is estimated at £118m which includes 6.7% pensions increase based on September 2023 CPI and 1.5% increase in pensioner and deferred members. An increase in budget has also been allocated to lump sum retirement benefits and payments to and account of leavers.

Management expenses is estimated at £11.9m, of which £9.4m is budgeted for investment manager fees.

Income:

Contributions is estimated at £104.5m. Employer contributions £76.1m and Employee contributions £28.4m. Contribution rates for employers have been amended to reflect the results of the 2022 triennial valuation. An additional 4% is factored in for pay awards for the year.

Investment income is estimated at £25.7m to maintain a net budget of zero so that the Fund is not holding surplus cash.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets	Bio-diversity & Climate Change
NONE	NONE	YES	NONE	NONE	NONE	NONE	NONE

Finance

The report provides an initial view of the Budget for 2024-2025. Overall, the Fund needs to maintain a neutral budget so that there is sufficient income to meet its obligations. An estimated £133.6m income budget is a significant figure to achieve this.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

**CABINET MEMBER PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

N/A

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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Dyfed Pension Fund

Budget

1st April 2024 - 31st March 2025

	Budget Type	Forecast outturn 2023-2024	Budget 2023-2024	Budget 2024-2025	Assumptions/Comments
	Controllable / Non Controllable	£ '000 (a)	£ '000 (b)	£ '000 (e)	
Expenditure					
Benefits Payable	Both	110,697	108,932	118,017	
Pensions Payable	Controllable	91,335	92,432	99,517	Budget based on January 2024 pensions payable plus 6.7% pensions increase (based on Sept 23 CPI) and 1.5% increase for new pensioners and deferreds.
Commutation and lump sum retirement benefits	Non Controllable	17,862	14,000	16,000	Budget increased in line with average of previous years' actuals.
Lump sum death benefits	Non Controllable	1,500	2,500	2,500	In line with budget for 2023-24.
Payments to and account of leavers	Non Controllable	4,385	3,670	3,700	Budget increased in line with average of previous years' actuals.
Management Expenses		10,521	10,211	11,929	
Computer Software	Controllable	500	500	530	Budget increased to allow for additional costs due to regulatory (e.g.McCloud) updates.
Printing charges	Controllable	20	20	20	In line with budget for 2023-24.
Subscriptions, Legal fees, Conf Exps, Med Exps	Controllable	70	70	70	In line with budget for 2023-24.
Fund Managers					
BlackRock	Controllable	1,851	1,600	2,000	Budget increased to allow for additional fees for BlackRock UK SAIF as investment reaches full deployment.
Schroders	Controllable	676	750	750	In line with budget for 2023-24.
Wales Pension Partnership	Controllable	5,144	4,900	6,000	Budget increased to allow for full year of fees for Sustainable Active Equity Fund and Infrastructure/Private Credit Funds.
Partners Group	Controllable	586	700	650	Budget reduced as Net Asset Value (NAV) is decreasing.
Custodian					
Northern Trust	Controllable	31	31	31	In line with budget for 2023-24.
Actuary					
Mercer	Controllable	125	125	125	In line with budget for 2023-24.
Performance Manager					
Northern Trust / PIRC	Controllable	26	26	18	Budget reduced as Fund no longer uses some services.
Independent Advisor					
Apex Group plc	Controllable	30	30	30	In line with budget for 2023-24.
Other					
LSE, Pension Board	Controllable	47	47	20	Budget for 2023-24 included fees for SAA review, 2024-25 budget reduced accordingly. Further reduction as Fund no longer uses some services.
Central recharges	Non Controllable	1,380	1,380	1,648	Based on 2023-24 budget plus increase for pay inflation and additional posts.
Audit fees	Controllable	35	32	37	Budget increased in line with anticipated fees for year.
Controllable Expenditure		100,476	101,263	109,798	
Non Controllable Expenditure		25,127	21,550	23,848	
Total Expenditure		125,603	122,813	133,646	
Income					
Contributions					
Employer	Controllable	-73,286	-69,522	-76,124	Budget based on January 2024 contributions, an increase of 4% for pay award and revised contribution rates following the Triennial Valuation
Member	Controllable	-26,478	-25,577	-28,354	Budget based on January 2024 contributions and an increase of 4% for pay award.
Investment Income	Controllable	-22,444	-24,214	-25,668	Investment income will be called upon as required.
Transfers in from other pension funds	Non Controllable	-5,250	-3,500	-3,500	In line with budget for 2023-24.
Controllable Income		-122,208	-119,313	-130,146	
Non Controllable Income		-5,250	-3,500	-3,500	
Total Income		-127,458	-122,813	-133,646	
Controllable Total		-21,732	-18,050	-20,348	
Non Controllable Total		19,877	18,050	20,348	
Total		-1,855	0	0	Net budget Zero. Income can be managed to suit cashflow requirements.
Cash Transfer to Fund Managers	Cash	2,662	0	0	
Net Total of Cash Related Items		807	0	0	
Indirect Transactional Management Fees	Non Cash	5,000	5,000	5,000	CIPFA Management cost guidance issued to show indirect transactional fees indirectly paid by the funds
Investment Income	Non Cash	-5,000	-5,000	-5,000	Contra entry to the Indirect transactional fees
Realised gain/loss	Non Cash	-65,992	-50,000	-50,000	Non Controllable. To cover portfolio rebalances. No impact to cash.
Net Total of Non-Cash Related Items		-65,992	-50,000	-50,000	

Mae'r dudalen hon yn wag yn fwriadol

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 27/03/2024**

Cysoni Arian Parod fel yr oedd ar 31 Rhagfyr 2023

Rhoi'r wybodaeth ddiweddaraf i Bwyllgor Cronfa Bensiwn Dyfed am y sefyllfa arian parod fel yr oedd ar 31 Rhagfyr 2023

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Pwyllgor i derbyn Adroddiad Cysoni arian parod diweddaraf Cronfa Bensiwn Dyfed ac ystyried y sefyllfa o ran arian parod.

Y Rhesymau:

Rhoi'r wybodaeth ddiweddaraf i Bwyllgor Cronfa Bensiwn Dyfed am y sefyllfa arian parod fel yr oedd ar 31 Rhagfyr 2023.

Angen i'r Cabinet wneud penderfyniad Amherthnasol

Angen i'r Cyngor wneud penderfyniad Amherthnasol

YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol

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Enw'r Gyfarwyddwr:

Chris Moore

Awdur yr Adroddiad:

Chris Moore

Swyddi:

Cyfarwyddwr Gwasanaethau
Corfforaethol,
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Rhifau ffôn:

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CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024**

Cash Reconciliation as at 31 December 2023

The position as at 31 December 2023 reports £15.4m cash held by Carmarthenshire County Council on behalf of the Fund for immediate cash flow requirements to pay pensions, lump sums and investment management costs.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets	Bio-diversity & Climate Change
NONE	NONE	YES	NONE	NONE	NONE	NONE	NONE

Finance

A sufficient cash balance is required to be held by Carmarthenshire to ensure the Fund can meet its immediate cash flow requirements.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
--	-----

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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Dyfed Pension Fund Cash Reconciliation**December 2023**

Balance b/f 1st April 2023		£5,855,271.44
	0.00	
Investment trades	0.00	
Sales	417,308,295.49	
Purchases	-449,471,579.18	
		<hr/>
		-£32,163,283.69
Contributions received	£82,190,283.03	
Payments made	-£89,387,951.34	
Dividend Income	£46,790,964.93	£39,593,296.62
		<hr/>
		£13,285,284.37
Total Available for Investment		<hr/> £13,285,284.37 <hr/>
 Represented by :		
Cash at Carmarthenshire		£15,415,556.23
Cash due to be received/deducted		£0.00
CCC Debtors		£362,220.94
CCC Creditors		-£2,492,492.80
		<hr/>
		£13,285,284.37 <hr/>
		£0.00

Mae'r dudalen hon yn wag yn fwriadol

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 27/03/2024**

ADRODDIAD GWEINYDDU PENSIYNAU

Rhoi'r wybodaeth ddiweddaraf am Weinyddu Pensiynau i Bwyllgor Cronfa Bensiwn Dyfed

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Bod y Pwyllgor yn nodi'r Adroddiad Gweinyddu Pensiynau.

Y Rhesymau:

Rhoi'r wybodaeth ddiweddaraf am Weinyddu Pensiynau i Bwyllgor Cronfa Bensiwn Dyfed.

Angen i'r Cabinet wneud penderfyniad Amherthnasol

Angen i'r Cyngor wneud penderfyniad Amherthnasol

YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol

Y Gyfarwyddiaeth:

Gwasanaethau Corfforaethol

Enw'r Gyfarwyddwr:

Chris Moore

Awdur yr Adroddiad:

Chris Moore

Swyddi:

Cyfarwyddwr Gwasanaethau
Corfforaethol,
Cyngor Sir Gâr

Rhifau ffôn:

01267 224120

Cyfeiriadau E-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024**

Pensions Administration Report

The attached report has been prepared by the Pensions Manager to provide an update to the Pension Committee on activity within the Pensions Administration service. The report includes updates on:

- Regulatory matters
- Breaches register
- i-Connect
- GMP reconciliation
- Business Continuity Plan
- Workflows

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Manage- ment Issues	Staffing Implications	Physical Assets	Bio- diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

**CABINET MEMBER PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

N/A

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection

PENSIONS ADMINISTRATION REPORT – 27th March 2024

This report provides a progress update on a number of projects being simultaneously undertaken, along with providing information on relevant issues in the administration of scheme benefits.

1. Regulatory update –

- a. McCloud/Sargeant update – You will recall from the previous report that the remedy would require the recalculation all pensions (including dependants pensions), death grants, and deferred benefits calculated since 1st April 2014 for those that were active on 31st March 2012. This will require employers to provide the hours for each part time scheme member, including any changes, for the remedy period 1st April 2014 to 31st March 2022. This will enable all benefits to be recalculated on a service and final salary basis for comparison with CARE benefits accrued during the remedy period. All Employers have also been provided with data extracts to undertake data comparisons and identify any issues. Data reconciliation and validation continues to progress well along with query resolution.
- b. Amending regulations were issued by 31st October 2023 and made a number of related changes to the underpin to ensure it meets policy intent for aggregation, transfers, flexible retirement and divorce calculations. Given the complexity of the remedy and the volume of additional work that is required, statutory guidance is key to ensuring the new regulations are implemented on a consistent basis across all funds. DLUHC have issued initial guidance which needs to be expanded and the GAD is updating actuarial guidance to reflect the changes.
- c. In accordance with disclosure requirements, Scheme members have been informed of the remedy. There are a number of resources available such as a short video, FAQ and a factsheet. The factsheet advises members they do not need to do anything and will automatically be assessed for the underpin.
- d. There was a Judicial Review held in February relating to the impact of McCloud on the cost management process. The outcome may result in changes to benefits for scheme members, potential increases to employer costs and scheme administration issues.
- e. Pension Dashboards- The Pensions Schemes Act requires schemes to provide information to a pensions dashboard in order that individuals can access pensions information in one place online. The Government hopes this will support individuals to plan for their retirement whilst giving better understanding of their pensions. Compliance with Pensions Dashboard is a legal requirement for public sector pension schemes. We must be in a position to go live on 1st October 2025, however, there must also be a 1-year

lead in connection period which will start no later than 1st October 2024. We are continuing to work with our software provider to meet this legislative requirement. The Pensions Regulator is responsible ensuring compliance and will be enforcing this by the use of fines. However, this will also require an increase in resources to initially focus on data matching, the calculation of value data and the provision of AVC data. There is potential for the role to expand as Pension Dashboard requirements develop.

2. Breaches Register

Regulation 18(5) of the LGPS Regulations 2013 prescribes that there is a time limit for payment of a refund of pension contributions:

“An administering authority shall refund contributions to a person entitled under paragraph (1) when the person requests payment, or on the expiry of a period of five years beginning with the date the person’s active membership ceased if no request is made before then or, if the person attains age 75 before then, on the day before attaining age 75.”

The National Technical Group recommend to SAB, to change the regulations concerning the payment of a refund to reflect the position prior to 1 April 2014 i.e. to remove the prescription that requires an administering authority to pay a refund on the expiry of a period of five years beginning with the date the person’s active membership ceased if no request is made before then.

In making this recommendation the group acknowledged that interest would be added up to the date of payment, as opposed to on the expiry of 5 years and if a fully completed mandate is not returned by the member, no further action would take place i.e. the group agreed not to waste time or money on using Tracing services in respect of members who have been contacted repeatedly and do not reply. The SAB have made recommendations to the Minister.

The refunds scheduled to be automatically paid in November 2023 to February 2024 have been included on the breaches register as the scheme members have not replied in order for the refund to be paid.

3. I-connect

In order to improve the timeliness of data flow from scheme employers to the administration section, a monthly update system called ‘i-connect’ has been implemented.

Further development work has continued with employers to ‘on board’ them in order that data can be transferred electronically. The table below shows the employers who are active on i-connect. In order to expedite the transition to electronic transmission of data, Pembrokeshire College, Coleg Ceredigion and

Coleg Sir Gar have all be provided with a spreadsheet template to provide updates similar to i-connect. This process is known colloquially as 'Monthly Updates'. Many of the other smaller employers already utilise 'Monthly Updates'.

Coleg Ceredigion and Coleg Sir Gar (CSG) are continuing to work with their payroll provider to ensure the data required is extracted and inputted into the correct fields. They have been given additional access to 'test' load the files in order that discrepancies can be immediately identified. CSG are continuing to upload test files. Pembrokeshire College are still working on resolving the outstanding queries before submitting further files.

Dyfed Powys Police have confirmed their intention remains to implement i-connect with assistance from their payroll provider but postpone it from April 2024 to September 2024.

Employer	i-Connect status
ABERYSTWYTH TOWN COUNCIL	Active
ADAPT	Active
BURRY PORT MARINA LTD	Active
CAREERS WALES WEST	Active
CARMARTHEN TOWN COUNCIL	Active
CARMARTHENSHIRE AVS	Active
CARMARTHENSHIRE C C	Active
COLEG SIR GAR	
CARMARTHENSHIRE FED OF YFC	Active
CEREDIGION AVO	Active
CEREDIGION C C	Active
COLEG CEREDIGION	
CWARTER BACH COMMUNITY COUNCIL	Active
CWMAMMAN TOWN COUNCIL	Active
DYFED-POWYS POLICE	
GORSLAS COMMUNITY COUNCIL	Active
IAITH CYFYNGEDIG	Active
KIDWELLY TOWN COUNCIL	Active
LLANBADARN FAWR COUMMUNITY	Active
LLANEDI COMMUNITY COUNCIL	Active
LLANELLI RURAL COUNCIL	Active
LLANELLI TOWN COUNCIL	Active
LLANGENNECH COMMUNITY COUNCIL	Active
LLANNON COMMUNITY COUNCIL	Active
LLESIAANT DELTA WELLBEING LTD	Active
MENTER BRO DINEFWR	Active
MENTER CASTELL NEDD PT	Active
MENTER CWM GWENDRAETH	Active
MENTER GORLLEWIN SIR GAR	Active
MID & WEST WALES FIRE	
NARBERTH AND DISTRICT SPORTS ASSOC	Active
PEMBREY AND BURRY PORT TOWN COUNCIL	Active
PEMBROKE DOCK TOWN COUNCIL	Active

PEMBROKE TOWN COUNCIL	Active
PEMBROKESHIRE AVS	Active
PEMBROKESHIRE C C	Active
PEMBROKESHIRE COAST NAT PARK	Active
PEMBROKESHIRE COLLEGE	
PLANED	Active
TAI CEREDIGION	Active
TENBY TOWN COUNCIL	Active
TRINITY COLLEGE	Active
UNIVERSITY COLLEGE OF WALES	Active
WELSH BOOKS COUNCIL	Active
WEST WALES ACTION FOR MENTAL HEALTH	Active
VALUATION TRIBUNAL FOR WALES	Active
VISIT PEMBROKESHIRE	Active

4. GMP Reconciliation

When a scheme member attains State Pension Age, they will be advised of the amount of Guaranteed Minimum Pension (GMP) which is included in their pension. The GMP relates to the part of the pension for the period between April 1978 and April 1997 for which they were 'contracted-out'. For this period, the Scheme has to guarantee that their pension will be at least the same as it would have been, had they not been 'contracted-out'. Contracting out ceased in April 2016. HMRC have now stated that they will not be sending a statement to all individuals affected specifying who is responsible for paying their Guaranteed Minimum Pension (GMP). The pensions section will continue to reconcile the GMP values it holds for members with those calculated by HMRC. It ensures that all individuals recorded by HMRC against the fund are correct. The pensions section has reconciled 99.76% of the records held. Further information has also been issued to HMRC in order that they can amend their records, unfortunately, a response remains outstanding. Reconciliation work has also been undertaken in respect of active scheme members and 99.40% have been reconciled. Unfortunately HMRC have not responded to all the outstanding queries and therefore the reconciled data remains the same as the previous report.

5. Business Continuity Plan

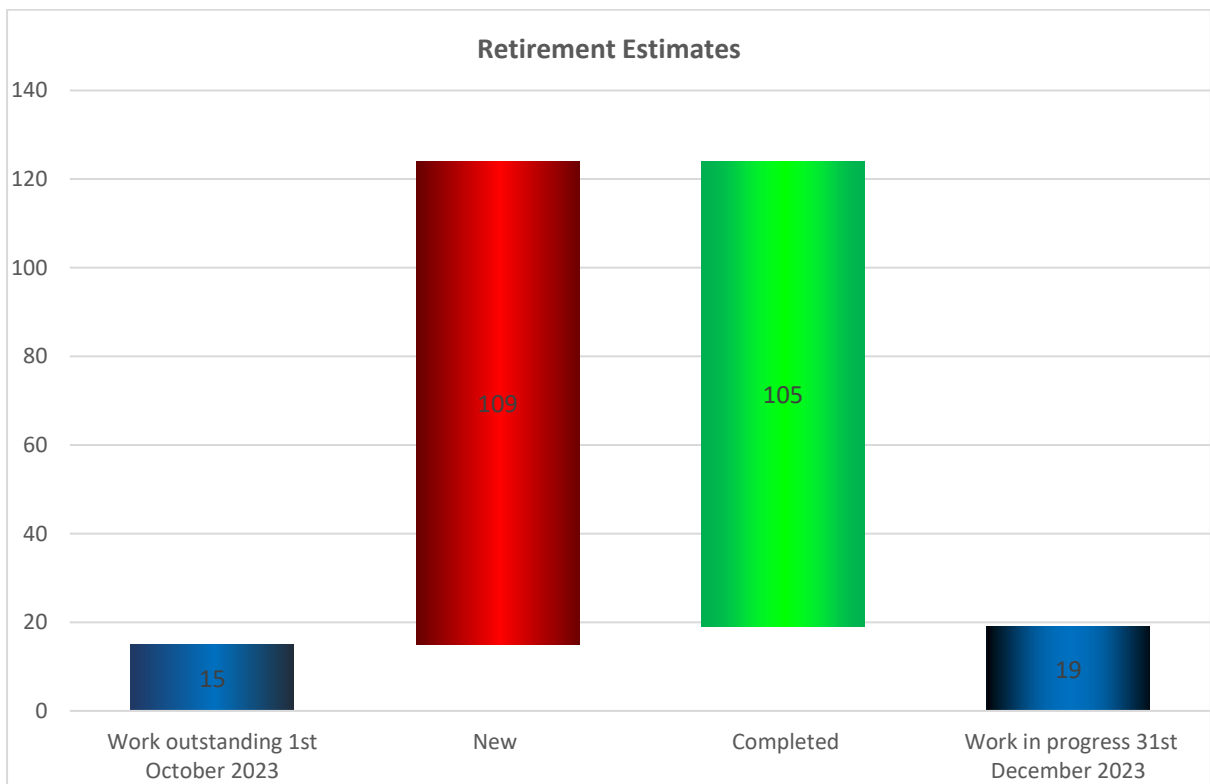
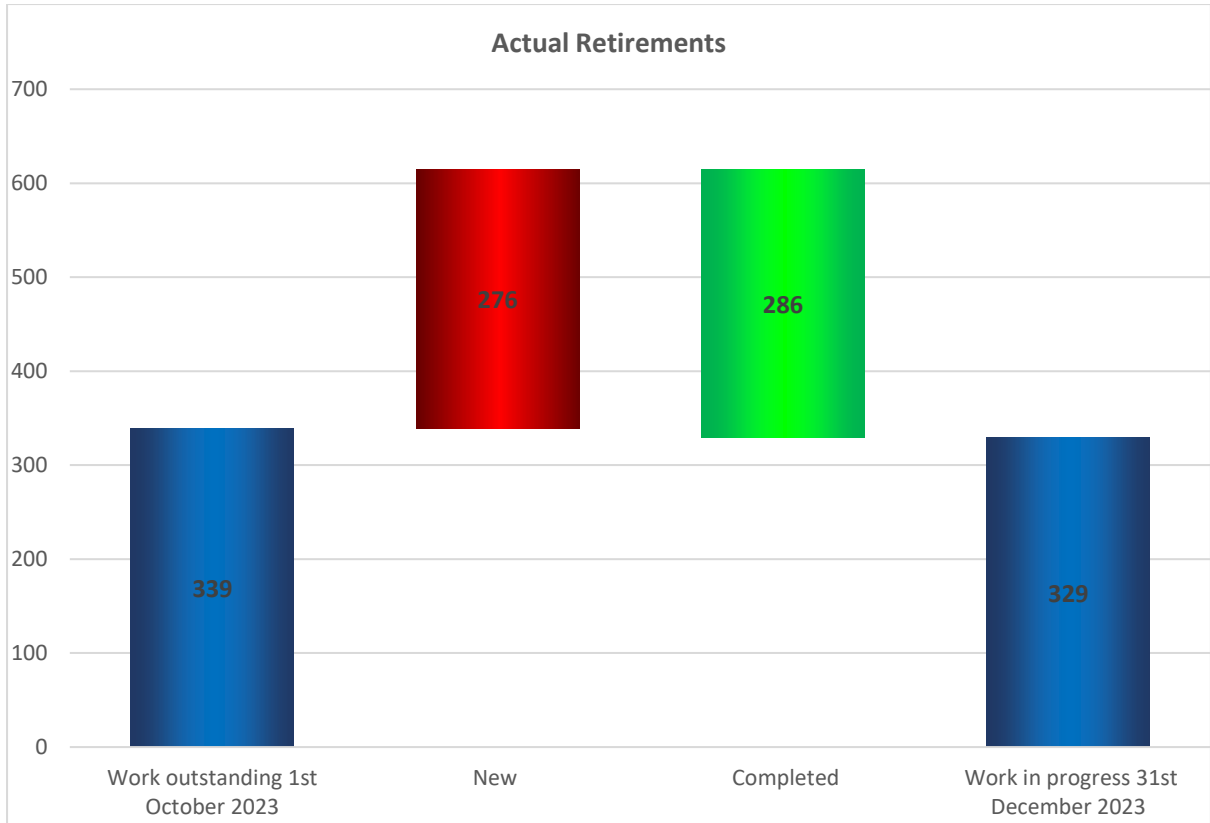
A successful DR test was conducted by utilising our software providers secondary datacentre. The scope of DR test was the access and functionality of the system upto the production of a BACS File.

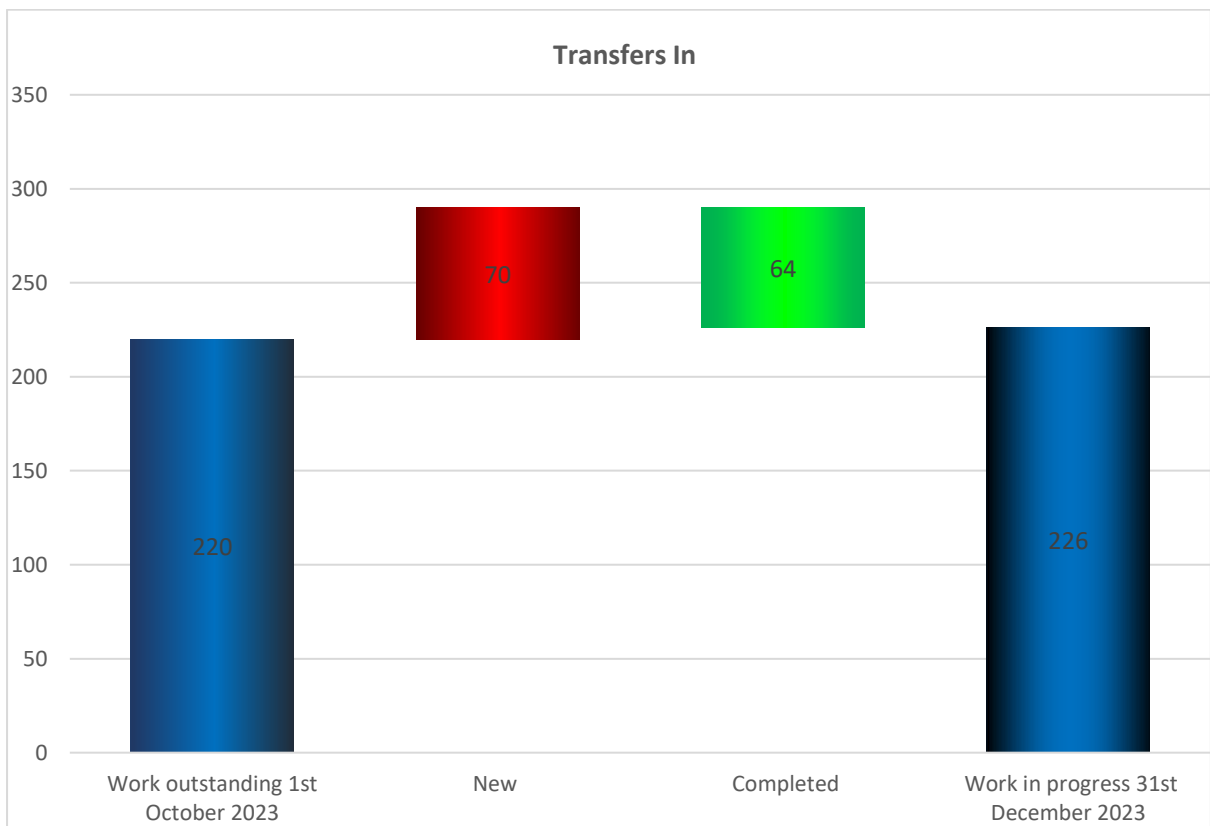
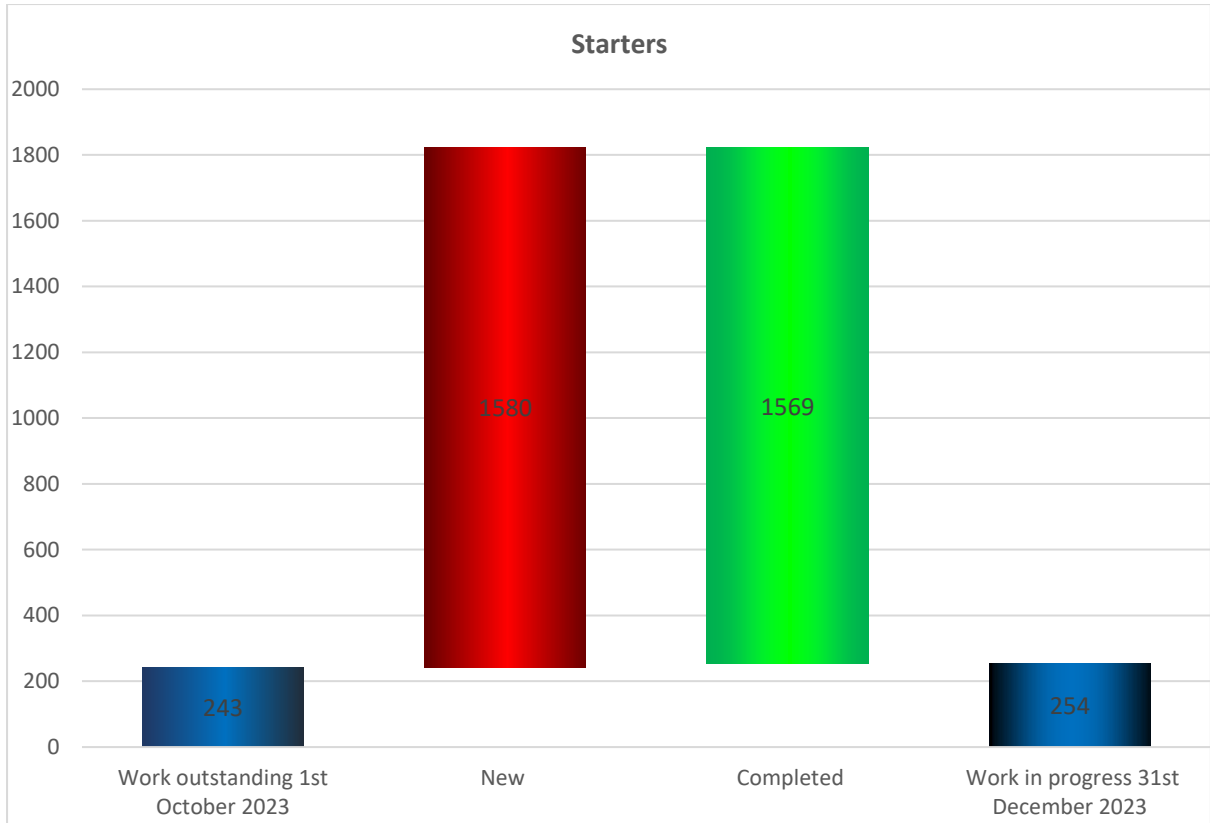
6. Workflow

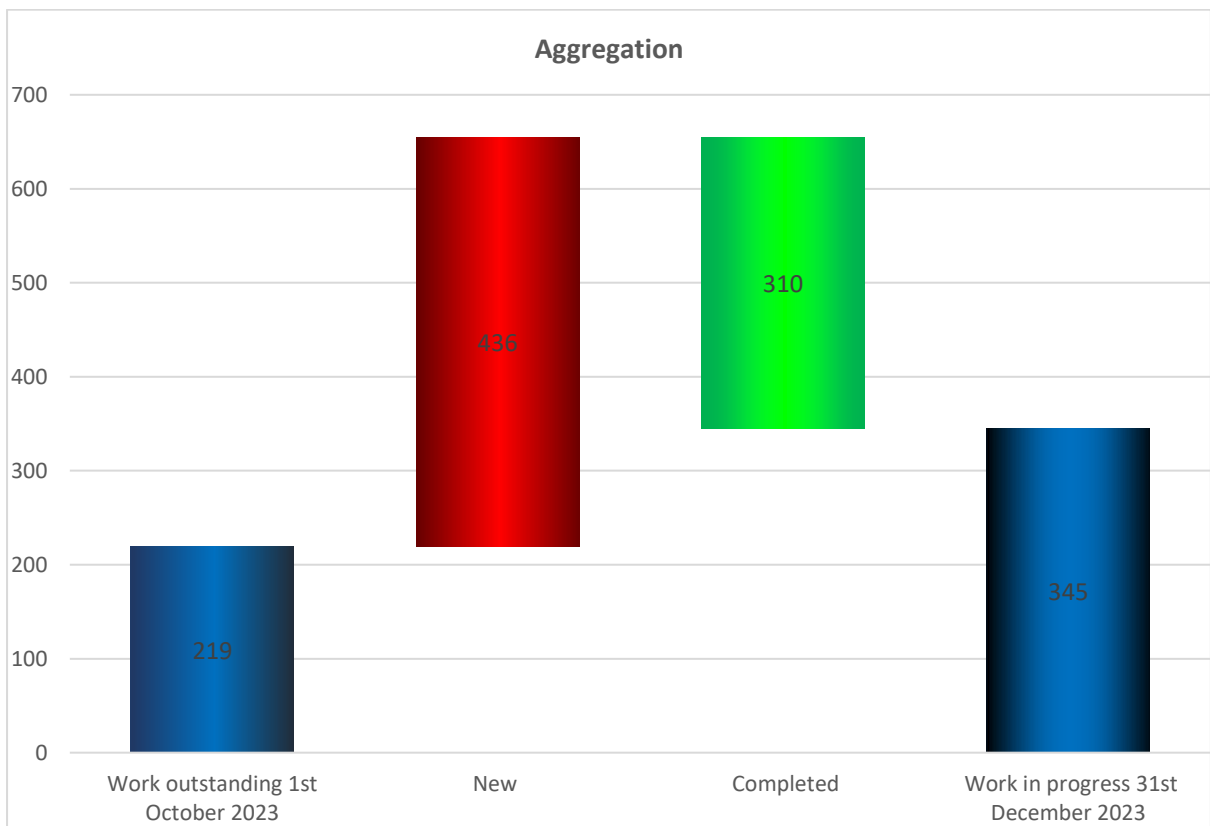
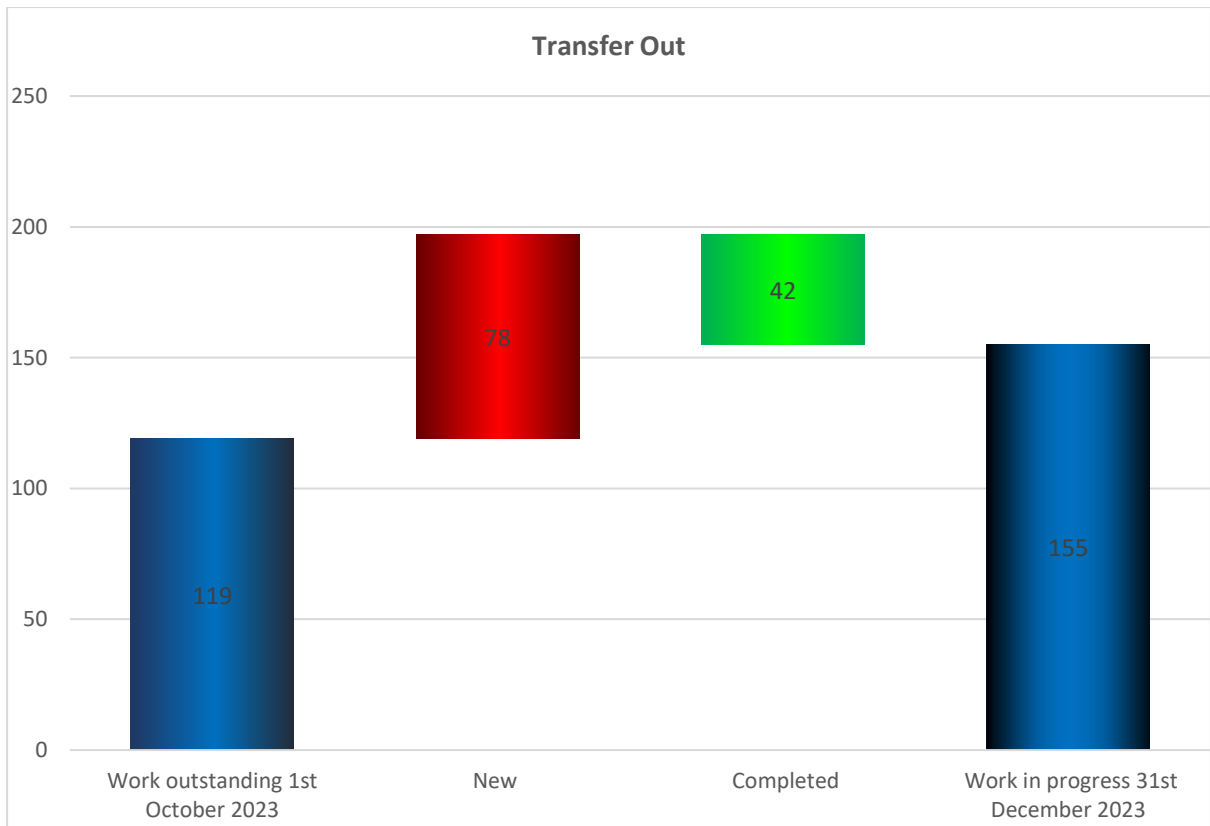
The tables overleaf detail the workflow statistics for the key tasks undertaken in the section for the period 1st October 2023 to 31st December 2023 in respect of the LGPS only. Please note that in circumstances where multiple iterations for the same calculation date have been undertaken, this is recorded as a single estimate. The workflow statistics are recorded on a quarterly basis.

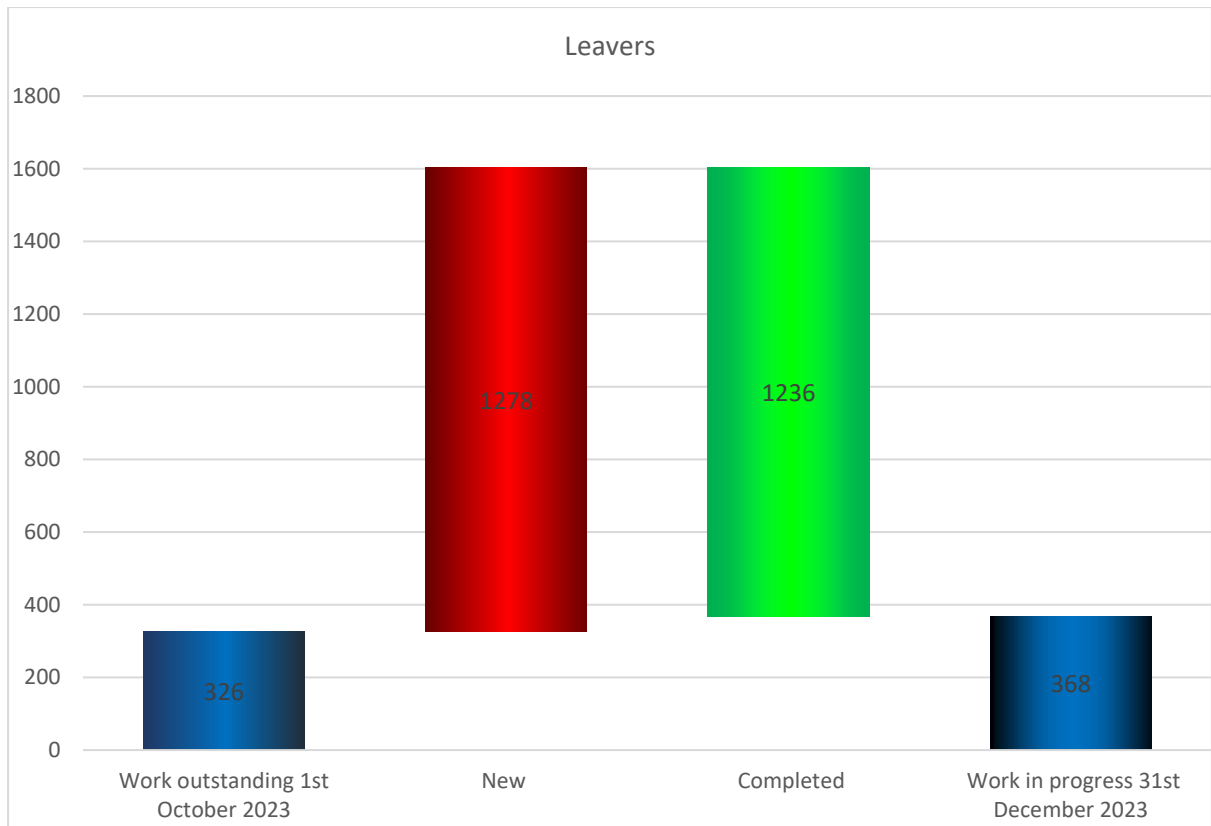
Kevin Gerard

Pensions Manager









Mae'r dudalen hon yn wag yn fwriadol

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 27/03/2024**

Adroddiad Torri Amodau

Nodi unrhyw achosion o dorri amodau sydd wedi digwydd yng Nghronfa Bensiwn Dyfed yn unol â Pholisi Torri Amodau

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Nodi unrhyw achosion o dorri amodau sydd wedi digwydd yng Nghronfa Bensiwn Dyfed.

Y Rhesymau:

Yn unol â Pholisi Torri Amodau Cronfa Bensiwn Dyfed.

Angen i'r Cabinet wneud penderfyniad Amherthnasol

Angen i'r Cyngor wneud penderfyniad Amherthnasol

YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol

Y Gyfarwyddiaeth:

Gwasanaethau Corfforaethol

Enw'r Gyfarwyddwr:

Chris Moore

Awdur yr Adroddiad:

Chris Moore

Swyddi:

Cyfarwyddwr Gwasanaethau
Corfforaethol,
Cyngor Sir Gâr

Rhifau ffôn:

01267 224120

Cyfeiriadau E-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024**

Breaches Report

Introduction

Section 70 of the Pension Act 2004 sets out the legal duty to report breaches of the law. In the Code of Practice no 14, published by the Pensions Regulator in April 2015, paragraphs 241 to 275 provides guidance on reporting these breaches. The Dyfed Pension Fund Breaches Policy was approved by the Dyfed Pension Fund Committee in March 2016.

Under the policy, breaches of the law are required to reported to the Pensions Regulator where there is a reasonable cause to believe that:

- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with
- the failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions.

It has previously been reported to Committee that an Employer (Burry Port Marina Ltd) had regularly failed to pay contributions as required into the Fund. This has also been reported to The Pensions Regulator, who has also been advised that the Employer has now entered administration. Pension Committee have been advised that estimated contributions of £7,230.56 were owed to the Fund. Following agreement with the administrators, these contributions were paid over to the Fund on 29th February 2024.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Manage- ment Issues	Staffing Implications	Physical Assets	Bio- diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
--	-----

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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Breaches Report

Breach Number	Year	Date of Breach / Likely Breach	Failure Type	A description of the breach (including relevant dates), its cause and effect, including the reasons it is, or is not, believed to be of material significance	Been reported to tPR before	RAG Status	Report to tPR	Actions taken to rectify the breach. A brief descriptions of any longer term implications and actions required to prevent similar types of breaches recurring in the future
140	2023-24	22/5/23	Contributions	No paperwork or payment received for April contributions. Payment received 29.2.2024.	No	Amber	Yes	Ongoing discussions taking place with the Administrators. The Pensions Regulator has been updated that the pension contributions are now up to date.
141	2023-24	22/5/23	Contributions	April contributions of £5,373.96 received 2 days late. Payment not actioned by finance team.	No	Amber	No Report	There are no long term implications associated with this breach.
142	2023-24	March 2023, April 2023, May 2023	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. March 2023 - 20 members & total refunds = £10211.91, April - 12 members & total refunds = £3294.38, May - 12 members & total refunds = £4924.85	No	Amber	No Report	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.
143	2023-24	June 2023, July 2023, August 2023	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. June 2023 - 17 members & total refunds = £16888.08, July - 21 members & total refunds = £2344.57, August - 39 members & total refunds = £12963.03	No	Amber	No Report	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.
144	2023-24	Ongoing	Contributions	No paperwork or payments received for May-July contributions. Payments received 29.2.2024	No	Amber	Yes	Ongoing discussions taking place with the Administrators. The Pensions Regulator has been updated that the pension contributions are now up to date.
145	2023-24	September & October 2023	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. September 2023 - 28 members & total refunds = £13112.89, October 2023 - 18 members & total refunds = £8670.27	No	Amber	No Report	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.
146	2023-24	22/09/2023	Contributions	August contributions of £10,529.94 received 18 days late. Payroll had completed this on time but there was an issue with the finance team who were late paying it.	No	Amber	No Report	There are no long term implications associated with this breach.
147	2023-24	Ongoing	Contributions	No paperwork or payments received for August-September contributions. Payments received 29.2.2024.	No	Amber	Yes	Ongoing discussions taking place with the Administrators. The Pensions Regulator has been updated that the pension contributions are now up to date.
148	2023-24	22/10/23	Contributions	September contributions of £2,758.46 received 1 day late. Finance officer off sick and IT issues prevented the payment being sent whilst working from home.	No	Amber	No Report	There are no long term implications associated with this breach.
149	2023-24	22/10/23	Contributions	September qtr contributions of £7,563.16 received 2 days late. Clerk sent remittance but forgot to action the payment.	No	Amber	No Report	There are no long term implications associated with this breach.
150	2023-24	22/10/23	Contributions	September qtr contributions of £385.11 received 5 days late. Clerk in hospital and delay with payroll.	No	Amber	No Report	There are no long term implications associated with this breach.

151	2023-24	Ongoing	Contributions	No paperwork or payments received for October contributions.	No	Amber	Yes	Ongoing discussions taking place with the Administrators. The Pensions Regulator has been updated that the pension contributions are now up to date.
152	2023-24	22/11/23	Contributions	October contributions of £1,550.34 received 14 days late. Finance Team confirmed a technical issue with the system caused the payment to be delayed.	No	Amber	No Report	There are no long term implications associated with this breach.
153	2023-24	22/11/23	Contributions	The cheque for the October contributions (£439.51) was sent in on time by the Employer, there was a delay in the cheque being received at the Cash Desk (15 days late). In the meantime, Employer sent in new cheque to cover October & November, original cheque has been destroyed.	No	Amber	No Report	There are no long term implications associated with this breach.
154	2023-24	Ongoing	Contributions	No paperwork or payments received for November contributions. Payment received 29.2.2024	No	Amber	Yes	Ongoing discussions taking place with the Administrators. The Pensions Regulator has been updated that the pension contributions are now up to date.
155	2023-24	Ongoing	Contributions	No paperwork or payments received for December contributions. Payment received 29.2.2024	No	Amber	Yes	Ongoing discussions taking place with the Administrators. The Pensions Regulator has been updated that the pension contributions are now up to date.
156	2023-24	November 23 to February 24	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. November 2023 - 12 members & total refunds = £2556.20, December 2023 - 7 members & total refunds = £747.43, January 2024 - 19 members & total refunds = £6821.93, February 2024 - 16 members & total refunds = £3047.67	No	Amber	No Report	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.
157	2023-24	22/2/24	Contributions	January contributions of £1,621.23 received 5 days late. Employer has confirmed that a request for payment has been actioned late.	No	Amber	No Report	There are no long term implications associated with this breach.
158	2023-24	Ongoing	Contributions	Paperwork or payments not received on time for January contributions. However, a payment was received on the 29.2.2024 for £14,549.09 which covers the period September 2022-February 2024.	No	Amber	Yes	Ongoing discussions taking place with the Administrators. The Pensions Regulator has been updated that the pension contributions are now up to date.

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 27/03/2024**

Cofrestr Risg		
I sicrhau bod pob risg yn cael eu nodi a'u hasesu'n gywir		
Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen: Hysbysu'r Pwyllgor bod y gofrestr risg wedi'i hadolygu i sicrhau bod unrhyw risg yn cael eu nodi a'u hasesu.		
Y Rhesymau: I sicrhau bod pob risg yn cael eu nodi a'u hasesu'n gywir.		
Angen i'r Cabinet wneud penderfyniad Amherthnasol Angen i'r Cyngor wneud penderfyniad Amherthnasol		
YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol		
Y Gyfarwyddiaeth: Gwasanaethau Corfforaethol Enw'r Gyfarwyddwr: Chris Moore Awdur yr Adroddiad: Chris Moore	Swyddi: Cyfarwyddwr Gwasanaethau Corfforaethol, Cyngor Sir Gâr	Rhifau ffôn: 01267 224120 Cyfeiriadau E-bost: CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024**

Risk Register

The Risk Register is a working document that highlights all the risks identified in relation to the functions of the Dyfed Pension Fund. This is regularly monitored and reviewed.

The register includes:

- Details of all identified risks
- Assessment of the potential impact, probability and risk rating
- The risk control measures that are in place
- The responsible officer

Significant work has been undertaken in reviewing and updating the Risk Register. A new risk has been added (risk no G8, which identifies Environmental, Social and Governance (ESG) risks).

The risks have been categorised into three new sub-headings: Governance and Regulatory (8 risks), Funding and Investment (13 risks) and Operational (16 risks)

It is proposed that at subsequent Pension Committee meetings the risks to be reviewed are:

Committee meeting	Risk category reviewed
19 June 2024	Governance and Regulatory
19 September 2024	Funding and Investment
11 November 2024	Operational

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets	Bio-diversity & Climate Change
NONE	NONE	NONE	NONE	YES	NONE	NONE	NONE

Risk Management Issues

The register is used to identify any risks relating to the functions of the Dyfed Pension Fund and highlights what measures are in place to mitigate these risks. Failure to manage the risks correctly could result in the Fund not meeting its objectives.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
--	-----

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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Dyfed Pension Fund - Risk Register

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
Governance and Regulatory						
G1	Failure to hold personal data securely.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls. Disaster Recovery Plan for pensions system. Authorised users have unique usernames and passwords must be changed every 60 days. Documentation is scanned on to the pensions system and paper copies are held for a period of 3 months before shredding. Compliance with the Data Protection Act 1998. Compliance with the Authority's in-house IT policies. Systems and Payroll audit undertaken annually. Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. 	Pensions Manager
		Uncontrolled Risk				
		Substantial 4	Unlikely 2	Medium 8		
		Controlled Risk				
		Significant 3	Improbable 1	Very Low 3		
G2	<p>Lack of expertise on Pension Fund Committee and/or amongst Investment Officers.</p> <p>Lack of training, continuous professional development and 4-year election cycle.</p> <p>Flawed recommendations given to Pension Fund Committee which, unchallenged, could lead to incorrect decisions being made.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Ensure Investment Officers are trained and up to date in key areas through courses, seminars, reading, discussions with consultants, etc. Members given induction training on joining Committee with subsequent opportunities to attend other specialist training. Members' training plan and Governance Policy established. Specialist assistance available from consultants and independent adviser. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Significant 3	Likely 4	High 12		
		Controlled Risk				
		Significant 3	Possible 3	Medium 9		
G3	<p>Officers acting outside delegated authority.</p> <p>Threat of Officers making unauthorised decisions or payments.</p> <p>Loss of income to Fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to Fund employers.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Undertake regular review of Standing Orders & Constitution. Report to Executive Board. Monitoring officer role. 	Pensions Manager and Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Substantial 4	Unlikely 2	Medium 8		
		Controlled Risk				
		Substantial 4	Improbable 1	Low 4		

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
G4	<p>Non-performance by Officers and Committee Members.</p> <p>Lack of training for officers and members; turnover in officers and members; lack of appraisals; lack of PI monitoring; time constraints for members; conflicting deadlines for officers.</p> <p>Qualified audit report; potential bad publicity; members' loss of confidence in officers' abilities; excessive pressure on officers; loss of income to the Fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to Fund employers.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Establish performance measurement system. * Officer appraisals in October and March annually. * Regular internal and external audits. * Establish & review training plan for officers and members. * Pension Committee member assessments. ** 	<p>*Pensions Manager and Treasury & Pension Investments Manager</p> <p>**Treasury & Pension Investments Manager</p>
Uncontrolled Risk		Substantial 4	Possible 3	High 12		
Controlled Risk		Substantial 4	Unlikely 2	Medium 8		
G5	<p>Failure to comply with LGPS regulations as well as other overriding regulations.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Altair Development Officer undertakes Altair system checks to ensure compliance with LGPS regulations. Network Groups (Altair & LGPC). Communication & Training Officer responsible for the maintenance of Online Procedure manuals, and the provision of training to all section staff and employing bodies via site visits. Continue to act as an "Early Adopter" in conjunction with the system provider to ensure system meets regulatory requirements. Technical Officer ensures legislative accuracy of calculations. 	<p>Pensions Manager</p>
Uncontrolled Risk		Substantial 4	Unlikely 2	Medium 8		
Controlled Risk		Substantial 4	Improbable 1	Low 4		
G6	<p>Failure to respond to major change to the LGPS following Public Sector Pension Review.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Participation in all high-level Government discussions and consultations. * Society of Welsh Treasurers review the suitability of existing and any new pension Fund arrangements. * CIPFA Pensions Network membership. * Ensure best practice is implemented and DPF is seen as a centre of excellence for pension administration. ** Continue to be recognised nationally by peers as one of the leaders in pension administration and facilitate site visits. ** Technical Officer ensures legislative accuracy of calculations. ** 	<p>*Pensions Manager and Treasury & Pension Investments Manager</p> <p>**Pensions Manager</p>
Uncontrolled Risk		Substantial 4	Possible 3	High 12		
Controlled Risk		Substantial 4	Improbable 1	Low 4		

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
G7	Global financial markets impacted by economic climate, national/global austerity measures and geopolitical events.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Ongoing review and any subsequent actions taken by Pension Committee, Investment Officers and Independent Adviser with reference to the global economy and global instability. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Catastrophic 5	Possible 3	High 15		
		Controlled Risk				
		Substantial 4	Possible 3	High 12		
G8	The Fund fails to adequately account for the investment, governance and reputational risk associated with climate change, climate risk and Environmental, Social and Governance (ESG) factors.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> The establishment of a Responsible Investment (RI) Policy. Ongoing review by Pension Committee, Investment Officers and Independent Advisor of the fund's carbon exposure and other ESG factors. ESG considerations embedded in investment decision making. Significant work undertaken in conjunction with the Wales Pension Partnership, including the establishment of an RI sub-group, appointment of a voting and engagement provider and being a signatory to the UK Stewardship Code. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Catastrophic 5	Possible 3	High 15		
		Controlled Risk				
		Substantial 4	Possible 3	High 12		
Funding and Investment						
F1	<p>Failure to collect and account for full receipt of contributions from employers and employees on time and in line with Regulation guidelines.</p> <p>Failure of employers' financial systems; absence of key staff; failure to communicate with employers effectively; failure of key systems such as on-line banking and/or financial ledger.</p> <p>Possible adverse audit opinion; negative cash flow position; delays in producing IAS19 accounting reports; delays in closure of year end accounts; employers forced to leave the scheme.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Contributions monitoring procedures. Formal timescales for receipt of contributions. Budget set and monthly monitoring against the budget. Escalation of non-receipt of contributions. Systems Audit undertaken by Internal Audit and External Auditors. 	Pensions Manager and Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Substantial 4	Possible 3	High 12		
		Controlled Risk				
		Substantial 4	Unlikely 2	Medium 8		

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to													
F2	<p>Liquidity/cashflow risk Insufficient funds to meet liabilities as they fall due.</p> <p>Failure of employers to pay contributions on time; low dividend income; significant number of liabilities paid out at the same time.</p> <p>Immediate cash contribution would be required via employers; delay in the payment of promised liabilities; negative publicity and an adverse audit report.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>	Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Robust current and future cashflow forecasting. Monthly cash and dividend reconciliations. Quarterly monitoring of investment managers by Pension Committee. Appointment of custodian. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																	
Uncontrolled Risk																			
Substantial 4	Possible 3	High 12																	
Controlled Risk																			
Substantial 4	Unlikely 2	Medium 8																	
F3	<p>Excessive levels of Pension Fund Cash held within Carmarthenshire County Council investment balances.</p> <p>High dividend / interest receipts and low benefit payments being made in period.</p> <p>Lower cash like return instead of equity or bond investment returns.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Unlikely 2</td> <td>Medium 6</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Improbable 1</td> <td>Very Low 3</td> </tr> </tbody> </table>	Impact	Probability	Risk rating	Uncontrolled Risk			Significant 3	Unlikely 2	Medium 6	Controlled Risk			Significant 3	Improbable 1	Very Low 3	<ul style="list-style-type: none"> Monthly cash reconciliations and separate pension Fund bank accounts. Quarterly monitoring by Pension Fund Committee. Internal Audit and Wales Audit Office review. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																	
Uncontrolled Risk																			
Significant 3	Unlikely 2	Medium 6																	
Controlled Risk																			
Significant 3	Improbable 1	Very Low 3																	
F4	<p>Prolonged failure of investment managers to achieve the returns specified on their mandates.</p> <p>Under-performance by the investment managers; lack of monitoring and challenging by the Committee.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Likely 4</td> <td>Significant 16</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>	Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Likely 4	Significant 16	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Quarterly monitoring of investment managers and performance company reports by investment team and Pension Committee. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																	
Uncontrolled Risk																			
Substantial 4	Likely 4	Significant 16																	
Controlled Risk																			
Substantial 4	Unlikely 2	Medium 8																	

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
F5	<p>Failure to recover all debts.</p> <p>Lack of communication between fund officers and administering authority officers (debtors); lack of monitoring / recovery procedures.</p> <p>Loss of income to the Fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to Fund employers.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Use of specialist debt recovery section within the administering authority. Monthly monitoring of debts due. 	Pensions Manager and Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Substantial 4	Likely 4	Significant 16		
		Controlled Risk				
		Moderate 2	Improbable 1	Very Low 2		
F6	<p>Significant rises in employer contributions due to increases in liabilities or fall in assets.</p> <p>Scheme liabilities increase disproportionately as a result of increased longevity or falling bond yields. Poor economic conditions, incorrect investment strategy, poor selection of investment managers.</p> <p>Poor / negative returns leading to potential increase in employer's costs.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Use qualified actuary who uses assumptions and recommends appropriate recovery period and strategy. * Quarterly monitoring of investment managers by Pension Committee. ** Diversified Strategic Asset Allocation. ** 	*Pensions Manager and Treasury & Pension Investments Manager **Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Substantial 4	Likely 4	Significant 16		
		Controlled Risk				
		Significant 3	Possible 3	Medium 9		
F7	<p>Failure of Investment Strategy to deliver investment objectives.</p> <p>Inaccurate triennial valuation assumptions used. Incorrect recovery period used.</p> <p>Funding level decreases: employer contribution rates become unacceptable, causing potential increase in employer's costs.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Work with and challenge qualified actuary when making assumptions to ensure that the triennial valuation is robust in delivering the fund's investment objectives. * Independent Investment adviser employed to assist the committee in making informed decisions. ** 	*Pensions Manager and Treasury & Pension Investments Manager **Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Significant 3	Likely 4	High 12		
		Controlled Risk				
		Significant 3	Possible 3	Medium 9		

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to															
F8	<p>Concentration risk Single asset class having disproportionate impact on investment objectives.</p> <p>Risk of the performance of a single asset class having a disproportionate impact on the ability to meeting investment objectives.</p> <p>Inappropriate investment strategy following the triennial valuation, including lack of diversification.</p> <p>Funding level decreases: employer contribution rates become unacceptable, causing potential increase in employers' costs.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Establish & review diversified strategic asset allocation. Continually reviewing the strategic asset allocation with the Independent Investment Advisor and taking any actions as necessary. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Substantial 4	Possible 3	High 12																			
Controlled Risk																					
Substantial 4	Unlikely 2	Medium 8																			
F9	<p>Counterparty risk of other party in a transaction failing to meet its obligation to the Fund.</p> <p>This arises from deposits held with banks and other financial institutions, as well as credit exposures to the fund's employers.</p> <p>Loss of capital; decrease in asset values; cost of legal proceedings; adverse publicity.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Set appropriate parameters with Fund managers and custodian to limit exposure to default risk. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Substantial 4	Possible 3	High 12																			
Controlled Risk																					
Substantial 4	Unlikely 2	Medium 8																			
F10	<p>Interest rate risk Arises from risk of exposure to significant interest rate movements on investments.</p> <p>Bond yields and some equity investments decrease in value.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Possible 3</td> <td>Medium 9</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> Establish & review diversified strategic asset allocation. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Substantial 4	Possible 3	High 12																			
Controlled Risk																					
Significant 3	Possible 3	Medium 9																			

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to															
F11	<p>Discount rate risk</p> <p>Use of inappropriate discount rate to estimate future liabilities.</p> <p>Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employers' costs.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Engage qualified actuary to make assumptions. Engage independent adviser to assist the committee in making informed decisions. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Substantial 4	Possible 3	High 12																			
Controlled Risk																					
Substantial 4	Unlikely 2	Medium 8																			
F12	<p>Price risk</p> <p>The equity investments held exposes the Fund to risk in relation to the market price of its investments.</p> <p>Funding level decreases; employer contribution rates become unacceptable, causing a potential increase in employers' costs.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Establish & review a diversified strategic asset allocation. Anticipate long term returns on a prudent basis. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Substantial 4	Possible 3	High 12																			
Controlled Risk																					
Substantial 4	Unlikely 2	Medium 8																			
F13	<p>Foreign exchange risk</p> <p>The Fund holds financial assets and liabilities denominated in foreign currencies. It is therefore exposed to an element of risk in relation to currency fluctuation.</p> <p>Funding level decreases; employer contribution rates become unacceptable, causing a potential increase in employers' costs.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Establish & review diversified (within regions) strategic asset allocation. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Substantial 4	Possible 3	High 12																			
Controlled Risk																					
Substantial 4	Unlikely 2	Medium 8																			

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
Operational						
O1	Failure to process accurate pension benefits payments, including lump sum payments, in a timely manner.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Segregation of duties and authorisation of benefit following calculation by Senior Pensions Officer. Altair Development Officer is responsible for regular system checks regarding calculations. Communication & Training Officer liaises closely with all employing authorities to ensure timely submission of information to DPF. Payroll deadline procedures in place. Item in Business Continuity/Disaster Recovery Plan. Participate in National Fraud Initiative (NFI). Life Certificates exercise carried out for all cheque payments. Undertake reviews of monthly performance to ensure service standards are maintained. IT Contingency/Resilience Plan in place. 	Pensions Manager
		Uncontrolled Risk				
		Significant 3	Unlikely 2	Medium 6		
		Controlled Risk				
		Significant 3	Improbable 1	Very Low 3		
O2	Failure to keep pension records up to date and accurate.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Senior Officers liaise closely with employing authorities to ensure timely and accurate submission of data to DPF. i-Connect ensures that data from employers is identified by a direct transfer from payroll on a monthly basis. Data accuracy checks undertaken by the pension section prior to continual validation on workflow system. Data integrity validation is performed monthly by Altair Development Officer. Data validation checks also undertaken by the DPF's partners (e.g. the Actuary at Valuation). Additional validation carried out through NFI. Opportunity to escalate non-compliance. 	Pensions Manager
		Uncontrolled Risk				
		Significant 3	Possible 3	Medium 9		
		Controlled Risk				
		Significant 3	Improbable 1	Very Low 3		
O3	Loss of funds through fraud or misappropriation in administration related functions.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Internal and external audit checks performed to ensure that appropriate and effective controls are in place. Segregation of duties and authorisation of benefits following calculation by Senior Pensions Officer and Pensions Officer. Altair Development Officer undertakes data integrity checks. Systems and Payroll audit undertaken annually. 	Pensions Manager
		Uncontrolled Risk				
		Substantial 4	Unlikely 2	Medium 8		
		Controlled Risk				
		Moderate 2	Unlikely 2	Low 4		

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
O4	<p>Normal operations disrupted by uncontrollable external factors.</p> <p>Service delivery threats from fire, bomb, extreme weather, electrical faults, etc.</p> <p>Insufficient daily back up, disaster recovery, and IT cover to support systems.</p> <p>Temporary loss of ability to provide service to stakeholders.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls. * Disaster Recovery Plan for pensions system with the software provider. ** Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. ** 	*Pensions Manager and Treasury & Pension Investments Manager **Pensions Manager
		Uncontrolled Risk				
Substantial	Possible	High				
4	3	12				
Controlled Risk						
Significant	Improbable	Very Low				
3	1	3				
O5	<p>Inability to keep service going due to loss of main office, computer system, or staff.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls. Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. 	Pensions Manager
		Uncontrolled Risk				
Moderate	Unlikely	Low				
2	2	4				
Controlled Risk						
Moderate	Improbable	Very Low				
2	1	2				
O6	<p>Lack of expertise among some Pension Administration officers.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Personal development plan in place to support the development of each officer in the Section. Specific courses / seminars attended by officers to further their knowledge and understanding. 	Pensions Manager
		Uncontrolled Risk				
Significant	Unlikely	Medium				
3	2	6				
Controlled Risk						
Significant	Improbable	Very Low				
3	1	3				
O7	<p>Over reliance on key Pensions Administration and Investment Officers.</p> <p>Specialist nature of the work means there are relatively few experts in LGPS administration and investments.</p> <p>Significant knowledge gap left if experts leave.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Key officers convey specialist knowledge to colleagues on a function or topic basis by mentoring. Enhance training by bespoke sessions / courses / workshops. Specific relevant qualifications for administration and investment staff. External consultants and independent adviser available for short term assistance for investment matters. 	Pensions Manager and Treasury & Pension Investments Manager
		Uncontrolled Risk				
Significant	Possible	Medium				
3	3	9				
Controlled Risk						
Significant	Unlikely	Medium				
3	2	6				

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
O8	Failure to appropriately attract, manage, develop, and retain pensions administration staff at all levels.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Training and Development Plan established. Carmarthenshire County Council recruitment and retention policy implemented. 	Pensions Manager
Uncontrolled Risk		Substantial 4	Possible 3	High 12		
Controlled Risk		Substantial 4	Unlikely 2	Medium 8		
O9	<p>Failure to communicate properly with stakeholders.</p> <p>Lack of clear communications.</p> <p>Scheme members are not aware of their rights and entitlements, are distanced from the Fund, which could lead to a reduction in new members and an increase in leavers.</p> <p>Communication with investment managers, custodian, independent adviser, Fund employers, pensioners, scheme members, actuary, and government organisations.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Dedicated Communication & Training Officer will continue to fulfil all the communication requirements of the DPF, in accordance with the Communications Policy Statement* My Pension Online is used to enhance the service provided to scheme members. * Quarterly meetings with independent adviser and investment managers. ** Comprehensive website is continually updated and developed. *** Communications Policy in place. *** Annual Employer & Consultative Meeting. *** 	<p>*Pensions Manager</p> <p>**Treasury & Pension Investments Manager</p> <p>***Pensions Manager and Treasury & Pension Investments Manager</p>
Uncontrolled Risk		Significant 3	Unlikely 2	Medium 6		
Controlled Risk		Significant 3	Improbable 1	Very Low 3		
O10	<p>Loss of funds through fraud or misappropriation in investment related functions.</p> <p>Fraud or misappropriation of funds by an employer, investment managers or custodian.</p> <p>Financial loss to the Fund.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Internal and External Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc. are also reviewed by audit. Due diligence is carried out whenever a new manager is appointed. Reliance also placed in Financial Conduct Authority registration. Quarterly monitoring by Pension Committee and Independent Adviser. 	Treasury & Pension Investments Manager
Uncontrolled Risk		Substantial 4	Possible 3	High 12		
Controlled Risk		Substantial 4	Unlikely 2	Medium 8		

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
O11	<p>Failure to meet deadlines or maintain robust working papers which do not provide assurance of the accuracy of the accounts.</p> <p>Lack of planning for closure of accounts; lack of training; loss of expert knowledge.</p> <p>Qualified audit report; potential bad publicity; members' loss of confidence on officers' abilities.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Timetabled Governance & Audit Committee cycles. Liaise with external audit. Establish closedown timetable. Establish Audit Wales working paper guidance & planning document. Excellent time management skills. Attendance at CIPFA Pension Fund Accounts Training & CIPFA Pension Fund Example Accounts reviewed. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
Substantial	Possible	High				
4	3	12				
Controlled Risk						
Substantial	Unlikely	Medium				
4	2	8				
O12	<p>Adequate skilled resources not available for accounts preparation.</p> <p>Lack of training; loss of expert knowledge; annual or study leave.</p> <p>Qualified audit report; unsatisfactory internal audit report; failure to meet statutory closure deadlines; employee stress.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Appropriate Treasury & Pension Investments structure in place. Arrange training courses and seminars, and mentoring. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
Significant	Likely	High				
3	4	12				
Controlled Risk						
Significant	Possible	Medium				
3	3	9				
O13	<p>Failure to operate strict financial and budgetary controls.</p> <p>Lack of regular budget monitoring and budget setting; lack of communication between admin and investment sections; lack of scrutiny of investment managers', consultants', and advisers' fees.</p> <p>Unexpected variances over budget headings; members' loss of confidence in investment officers' abilities; loss of income to the Fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to Fund employers.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Quarterly monitoring of budgets. Quarterly forecasting and profiling of budgets. Closure of accounts to Audit Committee. Monthly reconciliations of contributions, dividends, and pension payroll. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
Substantial	Possible	High				
4	3	12				
Controlled Risk						
Substantial	Unlikely	Medium				
4	2	8				

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
O14	Insufficient resources to provide information requirements for the Wales Pension Partnership on the management of the Fund.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Staffing resources to be kept under review to ensure the Fund's interests are properly met when developing investment pooling arrangements. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Substantial 4	Possible 3	High 12		
		Controlled Risk				
		Substantial 4	Unlikely 2	Medium 8		
O15	<p>Coronavirus COVID-19 Service delivery threats from COVID-19 and / or similar pandemics / epidemics.</p> <p>Insufficient daily back up, disaster recovery, and IT cover to support systems and staff.</p> <p>Temporary loss of ability to provide service to stakeholders.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls. * Hybrid working arrangements with access to key systems through CCC IT equipment and software. * Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. ** 	*Pensions Manager and Treasury & Pension Investments Manager **Pensions Manager
		Uncontrolled Risk				
		Substantial 4	Possible 3	High 12		
		Controlled Risk				
		Moderate 2	Possible 3	Medium 6		
O16	No appropriate procedures for Employer bodies transferring out of the pension Fund or Employer bodies closing to new membership.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Inter valuation monitoring and rate reassessment if appropriate. Identification of any issue and resolution via regular site visits by Communication & Training Officer. Requirement for employing authorities to issue termination forms for each active member. Validation of membership numbers. Employer covenant checks. 	Pensions Manager
		Uncontrolled Risk				
		Significant 3	Possible 3	Medium 9		
		Controlled Risk				
		Significant 3	Unlikely 2	Medium 6		

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 27/03/2024**

Polisi Llywodraethu a Datganiad Cydymffurfio		
Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen: Y Pwyllgor i gymeradwyo'r Polisi Llywodraethu a Datganiad Cydymffurfio.		
Y Rhesymau: Cymeradwyo'r Polisi Llywodraethu a Datganiad Cydymffurfio wedi'i ddiweddarau.		
Angen i'r Cabinet wneud penderfyniad Amherthnasol Angen i'r Cyngor wneud penderfyniad Amherthnasol		
YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol		
Y Gyfarwyddiaeth: Gwasanaethau Corfforaethol Enw'r Gyfarwyddwr: Chris Moore Awdur yr Adroddiad: Chris Moore	Swyddi: Cyfarwyddwr Gwasanaethau Corfforaethol, Cyngor Sir Gâr	Rhifau ffôn: 01267 224120 Cyfeiriadau E-bost: CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024**

Governance Policy and Compliance Statement

A review has been undertaken on the Governance Policy and Compliance Statement of the Dyfed Pension Fund.

The Governance Policy details arrangements in relation to:

- The Governance of the Fund
- Terms of Reference for the Pension Committee
- Delegation to the Director of Cooperate Services and Head of Financial Services
- Committee meetings
- The Annual Consultative Meeting
- The Pension Board

The Compliance Statement sets out the Fund's compliance with best practice principles in relation to structure, representation, selection, voting, training, meetings, access, scope and publicity.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets	Bio-diversity & Climate Change
YES	NONE	NONE	NONE	NONE	NONE	NONE	NONE

Policy

The Governance Policy and Compliance Statement highlights the governance arrangements of the Dyfed Pension Fund.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

**CABINET MEMBER PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

N/A

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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DYFED PENSION FUND

Governance Policy & Compliance Statement

Administered by:



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Introduction

The Dyfed Pension Fund is administered by Carmarthenshire County Council (the administering authority). All Local Government Pension Scheme (LGPS) Funds in England and Wales are required to publish a Governance Policy, under Regulation 73A of the LGPS 1997 Regulations. This regulation is superseded by Regulation 31 of the LGPS (Administration) Regulations 2008 and the 2013 Regulations. Additionally, one of the key requirements in the Public Service Pensions Act (PSPA) 2013 is for each Administering Authority in the LGPS to create a local Pension Board.

This policy has been prepared by the administering authority in consultation with appropriate interested persons.

Purpose of the Governance Policy

The regulations on governance policy requires an administering authority, after consultation with such persons as they consider appropriate, to prepare, maintain, publish and keep under review a written statement setting out:

- whether it delegates its function, or part of its function, in relation to maintaining a pension fund to a committee, sub-committee or officer of the authority, if it does so:
 - the frequency of any committee or sub-committee meetings.
 - the terms, structure and operational procedures of the delegation.
 - whether such a committee or sub-committee includes representatives of employing authorities (including non-scheme employers) or scheme members, and if so, whether those representatives have voting rights.
- the extent to which a delegation, or absence of a delegation, complies with guidance given by the Secretary of State and, to the extent it does not so comply, the reasons for not complying.

Governance of the Dyfed Pension Fund

Within Carmarthenshire County Council's constitution, a pension committee must be set up for the Dyfed Pension Fund to:

- decide on all the policy matters and strategic direction relating to the investments of the Fund.
- review and monitor the investment performance of the Fund.
- review and determine on all Pension Fund Valuation matters of the Fund.
- determine on Administering Pension Fund Authority policy and strategic matters.

Operational matters of both the Investments and Administration Functions are delegated to the Director of Corporate Services.

The Pensions Manager and officers in the Pensions Administration team support the Director of Corporate Services and Head of Financial Services in the responsibility for all aspects of Scheme administration including:

- to collect employee and employer contributions from participating employers.
- to make payments in respect of scheme benefits.
- to collect and make pension transfer payments as elected by scheme members.
- to determine non policy related discretions as an Employing / Administering Pension Authority.
- to undertake Stage 1 determinations on disputes arising from the Local Government Pensions Scheme or related legislation.
- to update and maintain the Fund's website.
www.dyfedpensionfund.org.uk
- the maintenance and update of membership records.
- the calculation and authorisation of benefit payments.
- the provision of membership data for actuarial valuation purposes.
- the preparation and maintenance of the Communication Policy Statement and the Pensions Administration Strategy Statement.

The Pension Committee will accept for admission into the Dyfed Pension Fund employees of authorities and bodies as prescribed in Regulations, subject to an approved Admission Agreement, and subject to any necessary indemnities as appropriate.

The Pension Committee

Terms of Reference

- to exercise the County Council's responsibility for the management of the Dyfed Pension Fund, including the management of the administration of the benefits and strategic management of Fund assets.
- to meet at least quarterly, or otherwise as necessary.
- to produce an Annual Report & Accounts in line with current regulations.
- to have overall responsibility for investment policy and monitor overall performance.
- to review governance arrangements and the effective use of its advisers to ensure good decision-making.
- to receive regular reports on Scheme administration to ensure that best practice standards are satisfied and met and to satisfy itself that and justify to all stakeholders, including Fund Employers that the Fund is being run on an effective basis.
- to appoint investment managers to discharge functions relating to the management of the Fund's investments.
- to appoint the Fund's custodian, performance measurement adviser, actuary, independent adviser and AVC provider.
- to approve a Funding Strategy Statement, Investment Strategy Statement and Responsible Investment Policy.
- to monitor the delivery of the Fund's Responsible Investment Policy in conjunction with investment managers and advisers.
- to consider other ESG factors.

Membership

The Committee comprises of:

- three members (one acting as Chair) plus a nominated substitute to act in the absence of a member. Each member of the Committee has voting rights and each committee member and the substitute is nominated by Carmarthenshire County Council, the Administering Authority, from its elected membership. At least three members must attend each Committee meeting.

The Committee will be supported by:

- Carmarthenshire County Council officers which include the Director of Corporate Services, Head of Financial Services, Treasury and Pension Investments Manager and Pensions Manager.
- the Independent Investment Adviser.

The Director of Corporate Services, as Treasurer of the Dyfed Pension Fund, will also maintain all necessary accounts and records in relation to the Fund.

The Treasury and Pension Investments Manager and officers in the Treasury and Pension Investments team support the Director of Corporate Services and Head of Financial Services in the responsibility for the monitoring and review of the investments of the Fund including:

- preparation and maintenance of the accounts of the Dyfed Pension Fund including preparation of the Dyfed Pension Fund Annual Report & Accounts.
- preparation and distribution of the annual Dyfed Pension Fund Newsletter.
- servicing the Committee meetings.
- regular dialogue with the Fund's advisers, investment managers and custodian.
- Monitoring and reconciliation of investment manager and custodian records.
- preparation and maintenance of the Fund's Investment Strategy Statement, Funding Strategy Statement, Governance Policy and Compliance Statement.
- monitoring the activity and performance of the Fund's investment managers including compliance with policy and performance objectives.
- interpretation of new legislation and research in respect of the investments and accounts of the Fund.
- monitoring the corporate governance activity of the Fund including attendance at the Local Authority Pension Fund Forum (LAPFF).
- arrangement and provision of appropriate training for Committee members.

Committee Meetings

The Pension Committee meets at least four times a year. Committee meetings are held either remotely or multi location (hybrid) in accordance with The Local Government & Elections (Wales) Act 2021.

An agenda, minutes from the previous meeting and written reports are provided to each Committee member by the Democratic Services Unit before each meeting. During the Committee meeting the Committee members receive reports presented by officers of Carmarthenshire County Council, the Independent Investment Adviser and any other person the Committee invites to speak at the meeting. Committee decisions are formally minuted by the Democratic Services Unit.

During the year, meetings are held with the Directors of Finance of the three County Councils, where Fund performance and other items dealt with at the Committee meetings are discussed. Issues raised at this meeting that the Committee need to

be made aware of are reported back to the following Committee meeting for discussion.

Training

The Fund recognises that effective management, administration, and decision making can only be achieved where those involved have the requisite knowledge and skills.

New members of the Committee will attend fundamentals training sessions and subsequent training events and conferences to ensure that knowledge and skills requirements are met. In addition to Committee members, officers involved in the management of the Fund will also attend training events and conferences to maintain and enhance their knowledge and skills.

A training plan for both Committee members and officers is presented to Committee for approval prior to the commencement of each financial year. The training plan is updated for each Committee meeting so attendance can be monitored. Committee members and officers are also updated at each meeting of upcoming training opportunities.

The Annual Consultative Meeting (ACM)

The Dyfed Pension Fund is committed to the inclusion of all stakeholders in respect of consultation and communication arrangements. Any major policy changes are put to consultation with all participating employers.

An Annual Consultative Meeting (ACM) is held in Carmarthenshire. The ACM is open to all participating employers, the Pension Board and Trade Union representatives, who are notified of the ACM in advance. The Chair of the Pension Committee, Director of Corporate Services, Head of Financial Services, Fund Advisers and Investment Managers attend the ACM.

Pension Board

The Pension Board provides oversight and assistance in a non decision making role. It assists the Administering Authority (Carmarthenshire County Council) in securing compliance with regulations and requirements imposed by The Pensions Regulator and the Department for Levelling Up, Housing & Communities (DLUHC) and ensuring effective and efficient governance and administration of the Fund.

There must be equal numbers of scheme member representatives and employer representatives on the Board. The Dyfed Pension Fund Board has three scheme member and three employer representatives and an independent member who is also the Chair of the Board.

Governance Compliance Statement

As required by Local Government Pension Scheme Regulations the statement below compares Dyfed Pension Fund's current governance arrangements with the best practice guidance issued by DLUHC. The statement provides an explanation where the Fund is not fully compliant.

This Governance Policy will be reviewed at least triennially or more frequently if appropriate.

Governance Compliance Statement

The purpose of the guidance is:

- To provide best practice principles against which compliance can be measured.
- To provide guidance on how the compliance statement should be completed.

The guidance sets out the best practice principles in relation to the following governance areas:

- A. Structure
- B. Representation
- C. Selection
- D. Voting
- E. Training, facility time and expenses
- F. Meetings (frequency / quorum)
- G. Access
- H. Scope
- I. Publicity

The Fund's compliance with best practice principles and explanatory notes can be found below;

A. Structure Best Practice	Compliant or not?	Explanatory Note
The guidance acknowledges that not all administering authorities are structured in the same way. It is not the intention to level out these differences but to ensure that structures reflect the following principles:		
The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Compliant	Governance Policy outlines responsibilities of Pension Committee.
Representatives of participating LGPS employers, admitted bodies and scheme members (including pensioners and deferreds) are members of either the main or secondary committee (established to underpin the work of the main committee).	Not Fully Compliant	<p>The Committee has three members and a substitute member all nominated by Carmarthenshire County Council. The Committee is supported by officers (from Carmarthenshire County Council) and an independent investment adviser. Other scheme employers, admitted bodies and scheme members do not attend Committee but they are invited to the ACM where Committee members and advisers report and are available to answer questions. Carmarthenshire County Council officers meet with officers of the other two major employers (Pembrokeshire County Council and Ceredigion County Council) during the year where Committee minutes are made available. This system is supported by all parties and has worked very well as evidenced by the fact that timely decisions are made, and investment performance is above the actuarial assumption over the long-term.</p> <p>The Pension Board, although not a formal secondary committee, includes representation from Pembrokeshire County Council, Ceredigion County Council, and scheme members.</p>
Where a secondary committee or panel has been established the structure ensures effective communication across both levels.	Not applicable	There is no secondary committee for the Dyfed Pension Fund.
Where a secondary committee or panel has been established at least one seat on the main committee is allocated for a member from the secondary committee or Committee.	Not applicable	There is no secondary committee for the Dyfed Pension Fund.

B. Representation Best Practice	Compliant or not?	Explanatory Note
The number of stakeholders affected by the local management of the pension scheme and governance of pension funds is vast and it is accepted that it would be impractical to expect individual committee structures to encompass every group or sector that has an interest in the decisions that fall to be made under the scheme's regulations.		
<p>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> • employing authorities (including non-scheme employers, e.g. admitted bodies as well as scheduled bodies) • scheme members (including deferred and pensioner scheme members) • independent professional observers and expert advisors (on an ad-hoc basis) 	Not Fully Compliant	<p>The Committee has representatives from Carmarthenshire County Council. Other scheme employers, admitted bodies and scheme members do not attend Committee but they are invited to the annual ACM where Committee members and advisers are available to answer questions. Carmarthenshire County Council officers meet with officers of the other two major employers (Pembrokeshire County Council and Ceredigion County Council) during the year where Committee minutes are made available.</p> <p>The Pension Board, although not a formal secondary committee, includes representation from Pembrokeshire County Council, Ceredigion County Council and scheme members.</p>
That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights	Not applicable	There are no lay members on the Pension Committee There is no secondary committee for the Dyfed Pension Fund.

C. Selection Best Practice	Compliant or not?	Explanatory Note
<p>It is important to emphasise that it is not part of the fund authority's remit to administer the selection process for lay members sitting on main or secondary committees or to ensure their attendance at meetings, unless they wish to do so. Their role is to determine what sectors or groups are to be invited to sit on LGPS committees or panels and to make places available.</p> <p>Effective representation is a two way process involving the fund authorities providing the opportunity and the representative bodies initiating and taking forward the selection process under the general oversight of fund authority.</p>		
<p>That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p>	Compliant	<p>The Fund's Governance Policy lists the delegated functions the Committee is to perform. If membership of the Committee changes, the new member/members are informed of their status, role and function they are required to perform.</p>
<p>That at the start of any meeting committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.</p>	Compliant	<p>At the start of each Committee meeting there is a standing item for any declaration of interests to be made.</p>

D. Voting Best Practice	Compliant or not?	Explanatory Note
<p>The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.</p>	Compliant	<p>All Committee members have voting rights. Carmarthenshire County Council is the Administering Authority and all functions are delegated to the Committee.</p>

E. Training, facility time and expenses Best Practice	Compliant or not?	Explanatory Note
		<p>In 2001, the Government accepted the ten investment principles recommended by Paul Myners in his report, "Institutional Investment in the UK". The first of those principles, "Effective Decision Making", called for decisions to be made only by persons or organisations with the skills, information and resources necessary to take them effectively. Furthermore, where trustees - or in the case of the LGPS, members of formal committees - take investment decisions, that they have sufficient expertise to be able to evaluate critically any advice they take.</p>
<p>That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision- making process.</p>	<p>Compliant</p>	<p>The Committee have regular training sessions run by the Fund Managers, the Actuary, the Advisor and officers. New Committee members attend intense training sessions on commencement of their Committee duties, including the LGPC fundamentals training sessions.</p> <p>A training plan is approved by Committee ahead of each financial year which outlines training opportunities for Committee members and officers during the year. This training plan is updated and provided at each Committee meeting for monitoring.</p>
<p>That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.</p>	<p>Compliant</p>	<p>Training plan applies to all Committee members equally.</p>

F. Meetings (frequency / quorum) Best Practice	Compliant or not?	Explanatory Note
An administering authority's main committee or committees meet at least quarterly.	Compliant	The Pension Committee meets quarterly.
An administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Not applicable	There is no secondary committee for the Dyfed Pension Fund.
Administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Compliant	The Annual Consultative Meeting is held annually where participating employers, the Pension Board and Trade Union representatives are invited. The Pension Board includes representation from Pembrokeshire County Council and Ceredigion County Council.

G. Access Best Practice	Compliant or not?	Explanatory Note
That subject to any rules in the council's constitution, all members of main and secondary committee or committees have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Compliant	All papers are provided in advance to all members of the Committee.

H. Scope Best Practice	Compliant or not?	Explanatory Note
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant	The Committee receives and votes, on an ad-hoc basis, any major administration issues that affect the Fund. The officer managing the administration of the Fund provides regular training and updates for Committee members.

I. Publicity Best Practice	Compliant or not?	Explanatory Note
That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Compliant	The Dyfed Pension Fund Governance Policy is reviewed as necessary. A Newsletter and Annual Report & Accounts are produced annually. All published material (including the Governance Policy) are on the Dyfed Pension Fund website.

Mae'r dudalen hon yn wag yn fwiadol

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 27/03/2024**

Datganiad Strategaeth Fuddsoddi		
Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen: Bod y Pwyllgor yn cymeradwyo'r Datganiad Strategaeth Fuddsoddi.		
Y Rhesymau: Rhoi'r Datganiad Strategaeth Fuddsoddi i Bwyllgor Cronfa Bensiwn Dyfed.		
Angen i'r Cabinet wneud penderfyniad Amherthnasol Angen i'r Cyngor wneud penderfyniad Amherthnasol		
YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol		
Y Gyfarwyddiaeth: Gwasanaethau Corfforaethol Enw'r Gyfarwyddwr: Chris Moore Awdur yr Adroddiad: Chris Moore	Swyddi: Cyfarwyddwr Gwasanaethau Corfforaethol, Cyngor Sir Gâr	Rhifau ffôn: 01267 224120 Cyfeiriadau E-bost: CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024**

Investment Strategy Statement

The Investment Strategy Statement (ISS) is an important governance document for the Fund. It sets out the current investment strategy of the Fund, provides transparency in relation to how the Fund’s investments are managed, acts as a high-level risk register, and has been designed to be informative for all stakeholders.

Following the 2023 Strategic Asset Allocation (SAA) review, the ISS has been updated to reflect the revised SAA which was approved by Pension Committee on 22 September 2023. The SAA review recommended a 5% allocation to Private Credit funded from the Equity portfolio; the revised SAA is shown below:

Asset Class	Previous SAA (%)	Revised SAA (%)	Change (%)
Equities	65.0	60.0	-5.0
Real Estate	15.0	15.0	-
Fixed Income	10.0	10.0	-
Infrastructure	5.0	5.0	-
Alternatives	5.0	5.0	-
Private Credit	0.0	5.0	+5.0
Total	100.0	100.0	

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: C Moore

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets	Bio-diversity & Climate Change
YES	YES	NONE	NONE	NONE	NONE	NONE	NONE

Policy

The ISS includes the SAA of the Fund. It is a key document in terms of highlighting the risks of the Fund and ensuring that the SAA is appropriate in terms of its funding position.

Legal

The ISS is an important governance document for the Dyfed Pension Fund.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
--	-----

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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DYFED PENSION FUND

Investment Strategy Statement

Administered by:



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1. Introduction

This is the Investment Strategy Statement (the “Statement”) of Dyfed Pension Fund (the “Fund”) as required by regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the “Regulations”).

The regulations require administering authorities to formulate and to publish a statement of its investment strategy, in accordance with guidance issued from time to time by the Secretary of State.

The ISS is an important governance tool for the Fund. The document sets out the current investment strategy of the Fund, provides transparency in relation to how the Fund’s investments are managed, acts as a high-level risk register, and has been designed to be informative for all stakeholders. This document replaces the Fund’s Statement of Investment Principles.

In preparing this Statement, the Fund has consulted with such persons as it considers appropriate, and the document will be updated based on any factors that the Fund considers material to its liabilities, finances or attitude to risk.

This statement will be reviewed at least triennially or more frequently if appropriate.

2. Investment Objectives and Beliefs

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death before or after retirement for their dependants, in accordance with LGPS Regulations.

The Funding Strategy and Investment Strategy are intrinsically linked and together aim to deliver stable contribution rates for employers and a reduced reliance on employer contributions over time.

The investment objective is therefore to **maximise returns subject to an acceptable level of risk (including climate and other ESG risks) whilst increasing certainty of cost for employers and minimising the long-term cost** of the scheme. Having a thorough understanding of the risks facing the Fund is crucial and these are covered later in this statement.

The Fund’s investment beliefs which help to inform the investment strategy are as follows:

- Funding, investment strategy and contribution rates are linked.
- The strategic asset allocation is the key factor in determining the risk and return profile of the Fund’s investments.
- Effective governance structures, which promote decisiveness, efficiency and accountability, can add value to the Fund.
- Investing over the long term provides opportunities to improve returns and allows the Fund to take some risks (eg. volatility, illiquidity) which might not otherwise be acceptable.

- Diversification across and within asset classes can help to mitigate against adverse market conditions and assist the Fund to produce a smoother return profile due to returns coming from a range of different sources.
- Managing risk is a multi-dimensional and complex task but the overriding principle is to take the appropriate level of risk, to achieve the Fund's objectives.
- Environmental, Social and Governance are important factors for the sustainability of investment returns and risks over the long term. Climate change (UN SDG 13), in particular, has the potential materially to impact the returns and risk profile of various assets. The committee believes that adjusting its investment allocations and engagement with investee companies can both help to achieve its responsible investment goals.
- Stewardship is an important responsibility and one which can be delegated. Engaging with investee companies is an important part of this and is likely to be more effective than divestment in improving desired outcomes.
- Value for money from investments is important, not just absolute costs. Asset pooling will help reduce costs whilst providing more choice of investments and will therefore be additive to Fund returns.
- Active management can add value to returns over the long term.

3. Investment Strategy

Asset Classes

Translating the Fund's investment and funding objectives into a single suitable investment strategy is challenging. The key objectives often conflict. For example, minimising the long-term cost of the scheme is best achieved by investing in higher returning assets e.g. equities. However, equities are also very volatile (i.e. go up and down fairly frequently in fairly large moves), which conflicts with the objective to have stable contribution rates.

Additionally, the employers in the Fund have different underlying characteristics and long-term funding objectives.

It is the Pension Committee's (the "Committee") policy to monitor, in consultation with the actuary, the likely position regarding the solvency ratio in order that the risk of deterioration of the solvency ratio below 100% is minimised. The Committee may consider amending the Investment Strategy should they be advised at some future stage that this would be the only acceptable route to avoid under funding.

The Committee, following a Strategic Asset Allocation (SAA) review, has set a benchmark mix of asset types and ranges within which the investment managers may operate with discretion. This is shown in **Appendix A**. The Committee believes that this mix of assets will fulfil the assumptions within the valuation undertaken as at 31 March 2022, as well as taking account of the liability profile of the Fund. This mix will also help to control the risks outlined below.

A review of the SAA is undertaken every three years following the actuarial valuation and provides the assurance that the investment strategy is aligned to the long-term funding plan. This review utilises both qualitative and quantitative analysis, and covers;

- The required level of return that will mean the Fund can meet its future benefit obligations as they fall due.
- The level of risk that the Fund can tolerate in absolute terms, and in relation to its funding level.
- An analysis of the various risks facing the Fund is established in order that a priority order for mitigation can be determined.
- The desire for diversification across asset class, region, sector, and type of security.

Managers

The Fund has appointed a number of investment managers over the years, all of whom are authorised to undertake investment business.

The Committee, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that, in aggregate, they are consistent with the overall asset allocation for the Fund. The managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles. The manager of the passive funds in which the Fund invests holds a mix of investments within each pooled fund that reflects their respective benchmark indices.

4. Risk measurement and management

The Fund assesses risks both qualitatively and quantitatively, with the starting point being the investment strategy review which is undertaken every three years. The Fund's approach to risk is informed by the Committee, its professional advisors and officers of the Fund.

The key risks that the Fund is exposed to can be grouped under the following headings: asset; funding; operational and governance. These risks are identified, measured, monitored and managed on an active basis with the responsibility for oversight from the Treasury & Pension Investments Manager.

These risks are summarised as follows:

Asset Risks

- Concentration – The risk that significant allocation to any single asset class (or manager) and its underperformance relative to expectation would result in difficulties in achieving funding objectives. Concentration may be mitigated by holding different strategies within an asset class.
- Illiquidity – The risk that the Fund cannot meet its liabilities because it has insufficient liquid assets.

- Manager underperformance – The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

To manage asset risks the Committee provides a practical constraint on fund investments deviating greatly from the intended approach by setting itself diversification guidelines and by investing in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, constrain risk within the Committee's expected parameters. By investing across a range of assets, including quoted equities and bonds, the Committee has recognised the need for some access to liquidity in the short term. In appointing several investment managers, the Committee has considered the risk of underperformance by any single investment manager.

Funding Risks

- Financial mismatch - The risk that Fund assets fail to grow in line with the developing cost of meeting Fund liabilities (largely driven by changes in long term interest rates and inflation) and the risk that unexpected inflation increases the pension and benefit payments and the Fund assets do not grow fast enough to meet the increased cost.
- Changing demographics – The risk that longevity improves and other demographic factors change increasing the cost of Fund benefits.
- Systemic risk – The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial “contagion”, resulting in an increase in the cost of meeting Fund liabilities.
- Legislation/regulatory - changes in legislation or regulations governing the treatment of pension fund liabilities can have a material impact on funding ratio.

The Committee measures and manages financial mismatch in two ways. It has set a strategic asset allocation benchmark for the Fund and assesses risk relative to that benchmark by monitoring the Fund's asset allocation and investment returns relative to the benchmark. It also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The asset allocation is rebalanced on a regular basis to ensure that it does not stray outside the ranges for any sustained period (subject to the normal funding lead times for certain private markets asset allocations).

The Committee keeps under review mortality and other demographic assumptions which could influence the cost of the benefits. These assumptions are considered formally at the triennial valuation.

The Committee seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise.

Operational risk

- Transition risk – The risk of incurring unexpected costs in relation to the transition of assets among managers. The Committee takes professional advice in relation to the monitoring and oversight of any transitions.

- Custody risk – The risk of losing economic rights to Fund assets, when held in custody or when being traded.
- Credit default – The possibility of default of a counterparty in meeting its obligations.
- Stock lending – The possibility of default and loss of economic and voting rights of Fund assets.
- Physical climate change risk – the risk that the operations of the Fund or its sponsor entities may be impacted by flood, fire or temperature events.

The Committee monitors and manages risks in these areas through a process of regular scrutiny of its providers and audit of the operations they conduct for the Fund.

Governance Risk

Good governance is an essential part of the Fund’s investment strategy and the Fund therefore identifies poor governance as a potential risk that can have a detrimental effect on the funding level and the deficit/surplus. The Fund ensures that its decision making process is robust and transparent and this is documented in the Governance Compliance Statement which is published on the Fund’s website.

Environmental, Social and Governance Risks

The Fund’s investment strategy includes its own approach on Responsible Investment (RI). The Fund has developed an RI Policy which is published on the Fund’s website. Non-compliance would expose the Fund to financial and reputational risk. The Fund believes that effective management of financially material RI risks should support the Fund’s requirement to protect returns over the long-term. The Fund will seek to further integrate RI factors into the investment process across all relevant asset classes.

5. Approach to asset pooling

The Fund joined the Wales Pension Partnership (WPP) in 2016 with the understanding that the pooled investments will benefit from lower investment costs, greater investment capability and access to a more diverse range of asset classes. The implementation of the Fund’s investment strategy by an FCA regulated provider leads to improved governance, transparency and reporting giving the Fund assurance that its investment strategy is being implemented effectively.

The key criteria for the assessment of WPP’s solutions is:

- That the WPP enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund
- That there is a clear financial benefit to the Fund in investing in the solution offered by the WPP, should a change of provider be necessary.

To date WPP has launched the following sub-funds and private market investments which the Fund is invested in:

Global Equities – Global Growth Fund.

Global Equities – Sustainable Active Equity Fund.

Fixed Income – Global Credit Fund.

Infrastructure – GCM WPP Global Infrastructure LP.

Infrastructure – Capital Dynamics CEI (WPP) LP.

Private Credit – Russell Investments WPP Global Private Credit LP.

Pooled Investments

Fund	Asset Class	Range (%)
Global Equities	Equity	30 – 40
Global Credit Fund	Fixed Income	7.5 - 12.5
Infrastructure	Private Markets	0 – 5
Private Credit	Private Markets	0 – 5
Total Pooled Investments		Circa 50%

Assets Under Pooled Management

Fund	Asset Class	Range (%)
BlackRock Passive (jointly procured)	Equity	25 - 35
		Circa 30%

Assets Not Yet Pooled

Fund	Asset Class	Range (%)
BlackRock Active (strong long-term performance)	Equity	0 - 5
BlackRock UK SAIF (procured prior to pooling)	Alternatives	0 - 5
Real Estate (opportunity currently not available through WPP)	Real Estate	10 - 15
Total Assets Not Yet Pooled		Circa 20%

The Fund intends to invest the majority of its remaining assets into the WPP once opportunities arise but will maintain some cash balances at the Fund. Investment strategy will be retained by the Fund with advice from all relevant professional advisors.

Structure and governance arrangements of the WPP

The WPP has appointed a third-party operator authorised by the FCA (Waystone Management (UK) Limited formerly Link Fund Solutions) to provide a series of investment sub-funds in which the assets of the participating funds are invested.

Outside of the operator arrangement WPP has launched a number of Private Market investments, including Infrastructure, Private Credit and Private Equity.

A Joint Governance Committee (JGC) has been formally established to make decisions and oversee all activities of the WPP. The JGC comprises of the eight Chairs

of the committees of the participating funds. This arrangement provides accountability for the operator back to individual administering authorities.

It operates on the basis of 'One Fund, One Vote', though the intention is that any decisions are reached by consensus wherever possible.

The JGC is in regular discussions with the operator as to the specific sub-funds which should be set up within the WPP, both at the outset and on an ongoing basis.

Officers from each constituent authority attend JGC meetings (in a non-voting capacity). The officers advise the JGC via the Officer Working Group (OWG) on the establishment and monitoring of the various sub-funds and private market investments as well as liaison directly with the operator on any day-to-day investment matters. The members of the JGC report back to their respective individual funds' pension committees who are responsible for satisfying themselves as to the effectiveness of the pooling arrangements overall and the operation of the JGC.

The Pension Board seeks reassurance on aspects of the management of the Fund's investments and external scrutiny. Formal due diligence of the operator and depository is carried out by the FCA in their role as regulator.

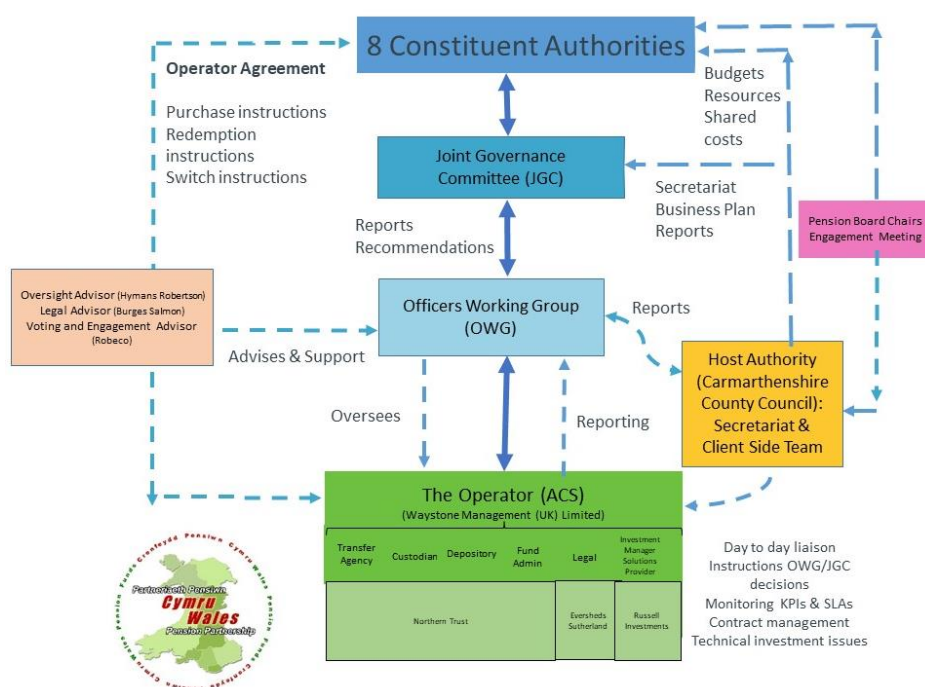
The operator is responsible (alongside Russell Investments – the Investment Management Solutions provider) for selecting and contracting with investment managers for each of the sub-funds as well as appointing other service providers such as depository asset services as necessary. Listed bonds and equities are invested through the UK based Authorised Contractual Scheme (ACS) in order to benefit from the tax transparent nature of the vehicle. It may be that alternative vehicles are more appropriate for some other asset classes. As well as considering the options with the operator, WPP also takes external advice on the final proposed approach from a tax efficiency and legal compliance basis.

Under the structure the depository holds legal title to the assets of the WPP. The operator is responsible for managing and operating the investments of the WPP, including entering into the legal contracts with the investment managers.

The operator provides and operates a range of investment vehicles to allow collective investment by the participating funds. It is also responsible for the administration of the vehicles in terms of unit pricing, valuation, handling cash flows in and out of the various sub-funds, trade processing, reporting on performance and due diligence from an audit, legal and tax perspective for the respective sub-funds and for electing a depository to the WPP.

Hymans Robertson is the oversight advisor for WPP, Burges Salmon is the legal advisor and Robeco is the Voting & Engagement provider.

The structure and governance arrangements of the WPP are shown below:



6. Responsible Investment and the extent to which non-financial factors will be taken into account in the selection, retention and realisation of investments

The Fund is a long-term investor aiming to deliver a sustainable pension fund for all stakeholders.

Carmarthenshire County Council as the administering authority of the Fund has a fiduciary duty to act in the best, long-term, interests of the Fund’s employers and scheme members.

Responsible Investment (RI) is a fundamental part of the Fund’s overarching investment strategy as set out in this Investment Strategy Statement. That is, to maximise returns subject to an acceptable level of risk whilst increasing certainty of cost for employers and minimising the long-term cost of the scheme. The Fund believes that consideration of Environmental, Social and Corporate Governance (“ESG”) factors are fundamental to this, particularly where they are likely to impact on the overarching investment objective.

The Fund’s approach aims to ensure that consideration of ESG factors is embedded in the investment process, utilising the various tools available to manage ESG risks and to harness opportunities presented by ESG factors.

The Fund’s core principles of responsible investment are:

1. We will apply **long-term thinking** to deliver **long-term sustainable returns** from **well-governed assets**.
2. We will use an **evidence-based** long term investment appraisal to **inform decision-making** in the implementation of RI principles.
3. we will consider the **costs** of RI decisions consistent with our fiduciary duties.

To date, the Fund's approach to social investments has largely been to delegate this to its underlying investment managers, and WPP (including its Voting & Engagement provider, Robeco) in particular as part of their overall ESG duties. The Fund's managers regularly report on this matter.

The Committee recognises that the Fund is not able to exclude investments in order to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.

Climate Change

The Fund recognises the importance in addressing the financial risks associated with climate change through its investment strategy, and believes that:

- Climate change presents a systemic risk to the overall stability of every economy and country, with the potential to impact on the members, employers, and all of the holdings in the Fund's investment portfolio.
- Considering the impacts of climate change is not only the legal or fiduciary duty of the Fund but is also consistent with the long-term nature of the Fund. The Fund's investments need to be sustainable to be in the best interests of all key stakeholders. To this end, the Fund is committed to transition its investments towards net zero GHG emissions over the medium term. The Fund will regularly report on progress, including establishing intermediate targets.
- Engagement is the best approach to enabling the change required to address the Climate Emergency. However selective risk-based divestment is appropriate to facilitate the move to a low carbon economy.
- As well as creating risk, it also presents opportunities to make selective investments that achieve the required returns, whilst at the same time make a positive social and environmental impact, such as environmental infrastructure and clean energy and energy efficiency products and services.

The Fund also takes account of WPP's Responsible Investment and Climate Risk policies.

7. The exercise of rights (including voting rights) attaching to investments

Voting rights

The Committee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the Fund's managers have produced written guidelines of their process and practice in this regard.

Stewardship

The WPP is a signatory to the UK Stewardship Code. The UK Stewardship Code sets a high bar for stewardship, a standard which the WPP has met through its approach to RI.

The Fund believes in collective engagement and is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.

8. Myners Principles

Although not specifically referenced in the Regulations, the Fund continues to assess its own compliance with the Myners Principles of Good Investment Governance. A statement that sets out an assessment of compliance is presented at **Appendix B**.

9. Advice taken

In creating this statement, the Fund has taken advice from its Officers, its Independent Investment Advisor and its Actuary.

Appendix A – Strategic Asset Allocation

	Benchmark (%)	Range (%)
Equities	60.0	50.0 – 70.0
Real Estate	15.0	10.0 – 20.0
Fixed Income	10.0	5.0 – 15.0
Infrastructure	5.0	3.5 – 6.5
Alternatives	5.0	3.5 – 6.5
Private Credit	5.0	3.5 – 6.5
Total	100.0	

Appendix B - Myners 6 Principles - Compliance Checklist

1.	Effective Decision-Making	
	Define who takes investment decisions	Included in ISS/Governance Policy
	Consider whether members have sufficient skills	Training - LGC members seminar, LAPFF and PLSA conferences, investment manager and WPP training days, Employer Organisation training days. Training plan in place.
	Determine whether appropriate training is being provided	Training - LGC members seminar, LAPFF and PLSA conferences, investment manager and WPP training days, Employer Organisation training days. Training plan in place.
	Assess whether in-house staffing support is sufficient	Suitably qualified and trained staff. Training plan in place.
	Establish an investment committee with suitable terms of reference	Pension Committee established with terms of reference agreed
	Draw up a business plan	A business plan is published annually. An Actuarial Valuation Report, Investment Strategy Review, Funding Strategy Statement and Investment Strategy Statement are updated and produced every three years.
	Priority is given to strategic asset allocation decisions	Strategic Asset Allocation review undertaken to determine asset allocation after full discussions.
	All asset classes permitted within the regulations have been considered	All major asset classes have been considered and managers appointed accordingly. Other alternative asset classes continue to be considered.
	Asset allocation is compatible with liabilities and diversification requirement	Asset / liability study undertaken to determine asset allocation after full discussions.
	Separate contracts in place for actuarial services and investment advice	Separate contracts currently in place
	Terms of reference specified	Clear specifications issued
	Specify role of S151 officer in relation to advisers	Section 151 officer role clear in constitution
	Tender procedures followed without cost constraint factor	Tendering for third party service providers will follow local procurement rules
	Overall Principle 1	Fully compliant
2.	Clear Objectives	
	Set overall investment objective specific only to the fund's liabilities	Customised benchmark following Strategic Asset Allocation review.
	Determine parameters for employer contributions	Clear objectives outlined in ISS
	Specify attitude to risk and limits	Clearly outlined in ISS
	Identify performance expectations and timing of evaluation	Clearly outlined in ISS

	Peer group benchmark in use for comparison purposes only	In Place
	Written mandate included in management contract containing elements specified	Contract has been updated, ISS is clear on these issues
	Constraints on the types of investment are in line with regulations	In Place
	Reasons stated if soft commissions permitted	None used
	Overall Principle 2	Fully compliant
3.	Risk & Liabilities	
	In setting and reviewing the investment strategy account should be taken of the form and structure of liabilities	Full asset liability study is undertaken following the triennial valuation and prior to setting and reviewing the investment strategy
	The implications for the local tax payers, the strength of the covenant for participating employers, the risk of their default and longevity risk should also be taken into account	Included in asset Strategic Asset Allocation review
	Overall Principle 3	Fully compliant

4.	Performance Assessment	
	Consider whether index benchmarks selected are appropriate	Consideration given, and performance measured against both benchmark and market indices
	Limits on divergence from index are relevant	Fully considered and in ISS
	Active or passive management considered	Fully considered and in ISS
	Targets and risk controls reflect performance expectations	Fully considered and in ISS
	Formal structure for regular monitoring in operation	Fund returns regularly reported by independent organisation
	Arrangements in place to assess procedures and decisions of members	Audit and valuation reports. Best Value regime.
	Similar arrangements established for advisers and managers	Regular monitoring/review undertaken by Committee and officers of managers and advisers.
	Overall Principle 4	Fully compliant

5.	Responsible Ownership	
	Incorporate US Principles on activism into mandates	Custodian reports on corporate actions taken.
	Engage external voting agencies if appropriate	Wales Pension Partnership have appointed a voting & engagement provider.
	Review manager strategies	Own policy is in operation.
	Establish means to measure effectiveness	Regular reporting in place
	Overall Principle 5	Fully compliant
6.	Transparency and Reporting	
	ISS updated as specified	In place and included in the Annual Report
	Consultation undertaken on amendments	In place and consultation each year.
	Changes notified to stakeholders	In place and included in the Annual Report
	Publish changes to ISS and its availability	In place and included in the Annual Report
	Identify monitoring information to report	In place, included in ISS and reports presented at prescribed intervals
	Inform scheme members of key monitoring data & compliance with principles	In place and included in ISS
	Overall Principle 6	Fully compliant

Mae'r dudalen hon yn wag yn fwriadol

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 27/03/2024**

Cynllun Busnes 2024-2025		
Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen: Y Pwyllgor i gymeradwyo'r Cynllun Busnes 2024-2025.		
Y Rhesymau: I ddarparu'r Cynllun Busnes 2024-2025 i'r Bwyllgor Cronfa Bensiwn Dyfed		
Angen i'r Cabinet wneud penderfyniad Amherthnasol Angen i'r Cyngor wneud penderfyniad Amherthnasol		
YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol		
Y Gyfarwyddiaeth: Gwasanaethau Corfforaethol Enw'r Gyfarwyddwr: Chris Moore Awdur yr Adroddiad: Chris Moore	Swyddi: Cyfarwyddwr Gwasanaethau Corfforaethol, Cyngor Sir Gâr	Rhifau ffôn: 01267 224120 Cyfeiriadau E-bost: CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024**

Business Plan 2024-2025

The purpose of the business plan is to:

- Provide information about the Fund and how it is run
- Explain the background and governance structure of the Fund
- Outline the principal responsibilities of the Fund
- Introduce the Fund's key documents
- Highlight the Fund's investment strategy including strategic asset allocation
- Provide key statistics for the Fund
- Outline the financial budget for the next year
- Outline the priorities and business objectives of the Fund over the next year

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets	Bio-diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
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2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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DYFED PENSION FUND

Business Plan 2024-25

Administered by:



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Governance of the Fund	3
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Key Statistics	7
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Priorities	8
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This Business Plan explains how the Dyfed Pension Fund intends to develop and improve its services.

It enables the Fund to focus on achieving agreed targets and helps staff see how they contribute to the overall success of the Dyfed Pension Fund.

About the Fund

The Dyfed Pension Fund is one of 97 funds making up the Local Government Pension Scheme.

Carmarthenshire County Council is the statutorily appointed Administering Authority for the Dyfed Pension Fund. It administers the benefits and invests the assets of the Fund.

Carmarthenshire County Council also acts as the administrator for the unfunded Police and Fire pension schemes for Dyfed Powys Police Authority, Mid & West Wales Fire and Rescue Service and North Wales Fire and Rescue Service respectively.

The Fund's LGPS membership base consists of 54,555 members (as at 31st March 2023) from 50 contributing employing authorities.

How the Fund is Run

All pension matters are delegated to the Pension Fund Committee and its members act as 'quasi trustees'.

The Committee delegates the day to day running of the Pension Fund to the Section 151 Officer and the Pensions Administration and Investment teams.

The Pensions Administration and Investment teams are responsible for all aspects of the Fund including administration, accounting, investment, and governance.

The Local Pension Board was established on 1 April 2015 under the requirements of the Public Service Pensions Act (PSPA) 2013. It has an oversight/assisting role with the Administering Authority in securing compliance with regulations and requirements and ensuring effective and efficient governance and administration of the Fund (see below).

The Dyfed Pension Fund aims to provide a high-quality service that is transparent, efficient and supportive to all stakeholders.

The Pension Committee

Chair of the Pension Fund Committee

Councillor Elwyn Williams

Committee Members

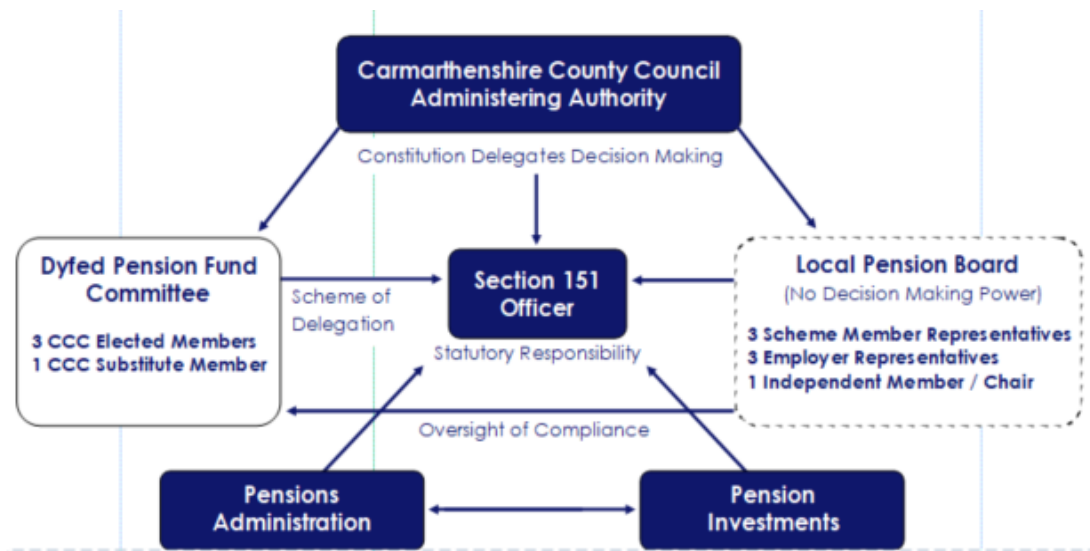
Councillor Dai Thomas

Councillor Peter Cooper

Councillor Neil Lewis (Substitute Committee Member)

Governance of the Fund

The relationship between the Dyfed Pension Fund Committee and operational management within Carmarthenshire County Council can be illustrated as follows. The detailed governance of the Fund is set out in the **Governance Policy**.



- The independent investment adviser advises the Committee on all aspects of investment management at quarterly and ad-hoc meetings.
- The custodian (Northern Trust) is responsible for the safe-keeping of the Fund's investment assets, arranges the settlement of sales and purchases and collects income on the investments held.
- The actuary (Mercer) carries out statutorily required fund valuations including the setting of employer contribution rates, IAS 19 schedules and other general actuarial advice.
- The performance management company (PIRC) reviews the performance of the investment managers relative to agreed benchmarks.

Principal Responsibilities

These responsibilities include:

- Pension administration services including calculating and paying benefits. To ensure accuracy of the member database in partnership with all stakeholders.
- Implementation of the funding strategy to ensure Fund assets are sufficient to meet pension liabilities.
- Investing Fund assets, implementing investment strategy, managing external investment managers.
- Internal management of assets and promoting responsible investment.
- Safekeeping and accounting of Fund assets.
- Preparing the Fund's annual report and accounts.
- Providing information and guidance on pension issues to employers and others.

Overall Goal of the Fund

To continuously develop our services by aiming to:

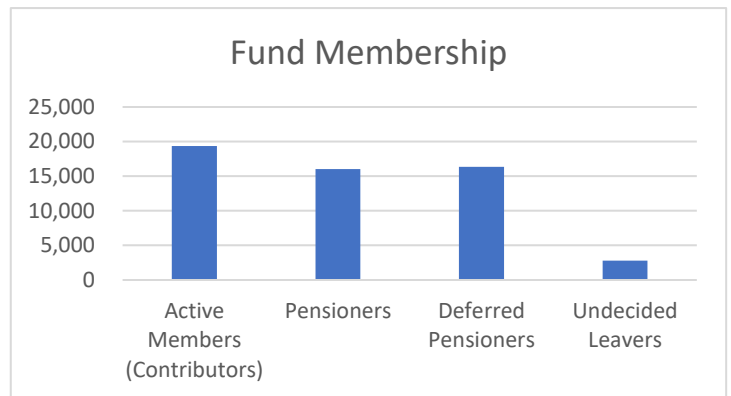
- Provide excellent customer care
- Support and develop staff
- Ensure that assets meet scheme liabilities
- Reduce the risk of employer contribution rate volatility

Customers of the Fund

Fund Membership

The Fund's members fall into four categories. The table below shows scheme membership as at 31st March 2023.

Active Members (Contributors)	19,355
Pensioners	16,009
Deferred Pensioners	16,373
Undecided Leavers	2,818
Total Membership	54,555



Employers of the Scheme Members

The Fund is dependent on the information provided by its employers in order to provide and maintain an accurate and effective service to members. The Dyfed Pension Fund has 50 contributing employing authorities participating in the Local Government Pension Scheme as at 31st March 2023.

Regulatory Bodies

The key bodies that the Fund liaise with include:

- The Department for Levelling Up, Housing and Communities – the regulatory body responsible for the LGPS.
- HM Revenues & Customs
- The Department for Work & Pensions
- The Pensions Regulator
- The Scheme Advisory Board

Key Policy Documents

Key policy documents which the reader may wish to refer to are available on the Dyfed Pension Fund website (www.dyfedpensionfund.org.uk):

- Administration Strategy & Service Standards
- Customer Charter
- Funding Strategy Statement
- Investment Strategy Statement
- Responsible Investment Policy
- Communication Policy Statement
- Governance Policy & Compliance Statement

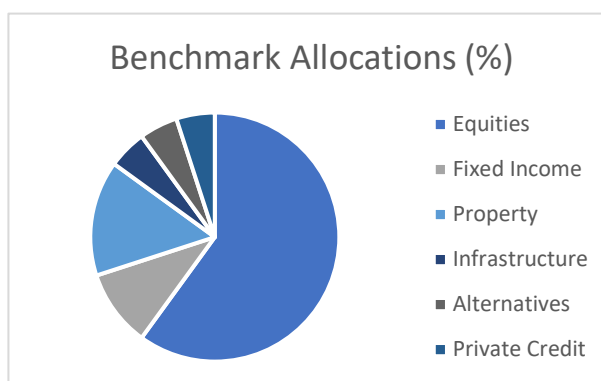
Business Objectives of the Fund

1. To ensure the effective management and governance of the Dyfed Pension Fund in a way that strives for continuous improvement through improved value for money, the promotion of excellent customer service and compliance with all regulatory and best practice requirements.
2. To ensure the proper administration, accounting and reporting of all the Dyfed Pension Fund's financial affairs.
3. To recruit, train, nurture and retain highly motivated staff with the necessary professional, managerial and customer focus skills.
4. To become a recognised role model of best practice amongst LGPS Funds and to be recognised by our customers as providing an excellent service.
5. To establish a strategic asset allocation benchmark which is expected to deliver the required investment return, at an accepted level of risk, in the long term.
6. To ensure that the assets of the Fund match or exceed its liabilities thus minimising and avoiding the volatility of the employers' contribution rate.
7. To provide a lean, effective, customer friendly benefits administration service, which ensures:
 - The calculation and payment of scheme benefits accurately and promptly;
 - The accurate maintenance of the records of all members of the Fund; and
 - Effective communication, as well as fair explanation and support to the Fund's scheme members and employer bodies.

Investments

The Fund's performance objectives are encapsulated in its strategic benchmark. The following illustrations show the Fund's investment strategy and benchmarks.

Asset Class	Benchmark (%)
Equities	60.0
Fixed Income	10.0
Property	15.0
Infrastructure	5.0
Alternatives	5.0
Private Credit	5.0
Total	100.0



The approach to investment of the Fund's assets is built around the policies and practices set out in the Investment Strategy Statement (ISS), Funding Strategy Statement (FSS) and Responsible Investment Policy.

The Fund has a range of managers, including the Wales Pension Partnership, and expert advisers in place to support its investment objectives detailed in its ISS.

The in-house management is formulated to provide advice on investment management, promote best practice and implement the decisions of the Committee.

Best practice having regard to:

- Myners' Principles
- Professional and industry standards
- Audit Wales, and other professional bodies' views, codes and recommendations
- Investment management regulations
- Accounting standards
- LGPS Regulations
- Overriding pensions legislation



Key Statistics

The Fund is over 100% funded as at the 31 March 2022 valuation

Primary employer contribution rate of 19.8%

Investment Return of -2.9% in 2022-23

Market Value of the Fund - £3,137m as at 31st March 2023

Draft Budget

April 2024 - March 2025	Budget £'000
Pensions Payable	99,517
Lump Sum, Death Benefits, Transfers Out	22,200
Administration Fees	881
Investment Management Expenses	9,400
Central Recharges	1,648
Expenditure	133,646
Employee Contributions	28,354
Employer Contributions	76,124
Investment Income	25,668
Transfers In	3,500
Income	133,646

Priorities

Ongoing Topic	Main Task
Scheme Developments	To implement amendments to the Local Government Pension Scheme as a consequence of legislation changes.
Committee Member training	To provide training for committee members on specific issues ahead of relevant decisions by the Committee.
Keep under review and refresh key policy documents	To seek committee member approval and formally publish documents e.g. Governance Policy, Communication Strategy, etc.
Investment Manager Reviews	Continuous review of existing managers' performance or new developments in the markets may trigger a review of part or all of the Fund's investments.
Investment Strategy Statement/Funding Strategy Statement	To implement any changes as a result of scheme developments and investment strategy reviews.
Guaranteed Minimum Pension (GMP) Reconciliation	Complete reconciliation of member data to that held by the HMRC in respect of contracted-out membership.
My Pension Online	Continue to promote the service to members.
i-Connect	Implement the i-Connect data exchange for uploading and improving data transfer for employers that wish to transfer data electronically.
Auto Enrolment	Ensure compliance with the implementation of auto enrolment in accordance with the requirement of the Pensions Act.
Improve access to personal information	Improve communication in line with best practice and serve the needs of our members and employers by: <ul style="list-style-type: none"> • developing and keeping up to date the Fund's website. • reviewing existing fact sheets and letters to improve readability.
Continue to develop a high performing team	To have a highly motivated staff team with the necessary professional, managerial and customer skills to provide excellent service.
Review of all Administration Procedures	To identify where more efficient customer focused procedures and processes can be adopted.
Continue to undertake regular road shows/seminars	To improve communications with the Fund's members.
Developing collaboration with other Local Government Pension Funds	Assess the opportunities for further collaboration.
Pension Board	Coordinate and provide ongoing support for Pension Board.
Wales Pension Partnership - Host Authority	Continue to provide Host Authority support to the Wales Pension Partnership.
Low/Non-Carbon Investments	Continue to review the Fund's carbon footprint including identifying further low carbon investment opportunities.

Developments/New Topic	Main Task
New Committee Member training	To provide training for new committee members.
New Local Pension Board Member training	To provide training for new board members.
Custody Services	Review the contract.
McCloud Judgement	Reconciliation and rectification of scheme member benefits utilising software developments and enhancements as and when they are released.
Pensions Dashboards	Comply with the legal requirement to participate in Pensions Dashboards by undertaking preparatory work for the implementation and ongoing data matching requirements.
Data Quality	Ensure that the Data Quality scores in respect of both common and scheme specific data which are reported to the Pensions Regulator increase annually.
Actuarial Valuation	Undertake preparatory work for the March 2025 Triennial Valuation.

Contacting the Dyfed Pension Fund

Pension Administration	Pension Investments & Governance
Dyfed Pension Fund Building 2 St David's Park Carmarthen SA31 3HB	Dyfed Pension Fund County Hall Carmarthen SA31 1JP
pensions@carmarthenshire.gov.uk	
www.dyfedpensionfund.org.uk	

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 27/03/2024**

Cynllun Hyfforddi

Darparu'r Cynllun Hyfforddi terfynol ar gyfer 2023-2024 a'r Cynllun Hyfforddi newydd ar gyfer 2024-2025 i Bwyllgor Cronfa Bensiwn Dyfed.

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Y Pwyllgor i nodi'r Cynllun Hyfforddi ar gyfer 2023-2024 a chymeradwyo'r Cynllun Hyfforddi ar gyfer 2024-2025.

Y Rhesymau:

Darparu'r Cynllun Hyfforddi terfynol ar gyfer 2023-2024 a'r Cynllun Hyfforddi newydd ar gyfer 2024-2025 i Bwyllgor Cronfa Bensiwn Dyfed.

Angen i'r Cabinet wneud penderfyniad Amherthnasol

Angen i'r Cyngor wneud penderfyniad Amherthnasol

YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol

Y Gyfarwyddiaeth:

Gwasanaethau Corfforaethol

Enw'r Gyfarwyddwr:

Chris Moore

Awdur yr Adroddiad:

Chris Moore

Swyddi:

Cyfarwyddwr Gwasanaethau
Corfforaethol,
Cyngor Sir Gâr

Rhifau ffôn:

01267 224120

Cyfeiriadau E-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024**

Training Plan

The report includes the schedule of Committee meetings and training events for members and officers of the Dyfed Pension Fund.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets	Bio-diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

**CABINET MEMBER PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

N/A

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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DYFED PENSION FUND

Committee Members and Officers Training 2023-2024

Committee Members

Councillor Elwyn Williams (EW) – Chair
Councillor Dai Thomas (DT) – Committee Member
Councillor Rob James (RJ) – Committee Member
Councillor Peter Cooper (PC) – Committee Member
Councillor Neil Lewis (NL) – Substitute Committee Member

Officers

Chris Moore (CM) – Director of Corporate Services
Randal Hemingway (RH) – Head of Financial Services
Anthony Parnell (AP) – Treasury & Pension Investments Manager
Kevin Gerard (KG) – Pensions Manager
Martin Morgan (MM) – Deputy Pensions Manager
Martin Owens (MO) – Pension Investment Officer

<u>Date</u>	<u>Subject</u>	<u>Provider</u>	<u>Venue</u>	<u>Attendees</u>
19 April 2023	Business Meeting	LAPFF	Hybrid/ London	AP & DT
25 – 26 April 2023	Pooling Symposium	LAPF	The Belfry	AP
2 & 3 May 2023	Schroders Briefing		London	CM, RH, AP, EW, DT & RJ
8 June 2023	WPP Training Session (Private Markets)		Online	AP
26 June 2023	Committee Meeting		Hybrid	CM, AP, MO, EW, DT & RJ
26 – 28 June 2023	LA Conference	PLSA	Glouc.	CM, KG, AP & EW
4 – 6 July 2023	Strategic Investment Forum	LAPF	The Grove Hotel, Herts	AP
12 July 2023	Business Meeting	LAPFF	Hybrid/ London	AP & DT
7 & 8 September 2023	Investment Summit	LGC	Leeds	AP, MO, RJ & NL
21 September 2023	WPP Training Session (Responsible Investment)		Online	AP, MO & EW

21 September 2023	Schroders Briefing		Hybrid	CM, RH, AP, MO & EW
22 September 2023	Partners Group Briefing		Hybrid	CM, RH, AP, MO, EW, DT & RJ
28 September 2023	Committee Meeting		Hybrid	CM, RH, AP, KG, MO, EW, DT & RJ
4 October 2023	AGM & Business Meeting	LAPFF	Hybrid/ London	AP & DT
19 & 26 October 2023	Fundamentals Training	LGPC	Online	NL
14 November 2023	ACM		Llanelli	All members & officers
15 November 2023	Committee Meeting		Hybrid	CM, RH, AP, KG, MO, EW, DT, RJ & NL
16 & 23 November 2023	Fundamentals Training	LGPC	Online	NL
21 -22 November 2023	Pension Managers Conference	SWPE	Torquay	KG & MM
6 – 8 December 2023	Annual Conference	LAPFF	Bournemouth	RH
11 & 19 December 2023	Fundamentals Training	LGPC	Online	NL
13 December 2023	WPP Training Session (Reporting)		Online	AP, MO, EW & NL
18 – 19 January 2024	LGPS Governance Conference	LGA	Online	DT
31 January 2024	Business Meeting	LAPFF	London	AP
5 March 2024	WPP Training Session (Market Understanding & Regulatory Requirements)		Online	CM, AP, MO, EW, DT & NL
12 March 2024	GCM Grosvenor Briefing		Online	CM, AP, MO, EW, DT & NL
14 – 15 March 2024	Investment Seminar	LGC	Carden Park	AP & EW
27 March 2024	Committee Meeting		Hybrid	CM, RH, AP, KG, MO, EW, DT, PC & NL

Note: The Committee reserves the right to occasionally vary the attendees at the training sessions. Courses/conferences may arise at short notice and when this occurs the Director of Corporate Services has the authority to approve attendance with Cabinet /Leader being notified retrospectively.

DYFED PENSION FUND

Committee Members and Officers Training 2024-2025

Committee Members

Councillor Elwyn Williams (EW) – Chair
Councillor Dai Thomas (DT) – Committee Member
Councillor Peter Cooper (PC) – Committee Member
Councillor Neil Lewis (NL) – Substitute Committee Member

Officers

Chris Moore (CM) – Director of Corporate Services
Randal Hemingway (RH) – Head of Financial Services
Anthony Parnell (AP) – Treasury & Pension Investments Manager
Kevin Gerard (KG) – Pensions Manager
Martin Morgan (MM) – Deputy Pensions Manager
Martin Owens (MO) – Pension Investment Officer

<u>Date</u>	<u>Subject</u>	<u>Provider</u>	<u>Venue</u>	<u>Attendees</u>
17 April 2024	Business Meeting	LAPFF	Hybrid/ London	AP & tbc
23 – 24 April 2024	Pooling Symposium	LAPF	The Belfry	AP
June 2024 (tbc)	WPP Training Session (Product Knowledge & Cyber Security)		Online	CM, RH, AP, MO, EW, DT, PC & NL
11 – 13 June 2024	LA Conference	PLSA	Glouc.	RH, KG & MO
19 June 2024	Committee Meeting		Hybrid/ Carmarthen	CM, RH, AP, KG, MO, EW, DT, PC & NL
1 – 3 July 2024	Strategic Investment Forum	LAPF	The Grove Hotel, Herts	AP
12 July 2024	Business Meeting	LAPFF	Hybrid/ London	AP & tbc
September 2024 (tbc)	WPP Training Session (Policies)		Online	CM, RH, AP, MO, EW, DT, PC & NL
12 – 13 September 2024	Investment Summit	LGC	Birmingham	CM, AP & tbc

19 September 2024	Committee Meeting		Hybrid/ Carmarthen	CM, RH, AP, KG, MO, EW, DT, PC & NL
16 October 2024	AGM & Business Meeting	LAPFF	Hybrid/ London	AP & tbc
October 2024 (tbc)	Fundamentals Training	LGPC	Online	PC
11 November 2024	Committee Meeting		Hybrid/ Carmarthen	CM, RH, AP, KG, MO, EW, DT, PC & NL
12 November 2024	ACM		Llanelli	All members & officers
November 2024 (tbc)	Fundamentals Training	LGPC	Online	PC
19 – 20 November 2024	Pension Managers Conference	SWPE	Torquay	KG & MM
4 – 6 December 2024	Annual Conference	LAPFF	Bournemouth	RH & tbc
December 2024 (tbc)	Fundamentals Training	LGPC	Online	PC
December 2024 (tbc)	WPP Training Session (Responsible Investment)		Online	CM, RH, AP, MO, EW, DT, PC & NL
January 2025 (tbc)	Business Meeting	LAPFF	Hybrid/ London	AP & tbc
30 – 31 January 2025	LGPS Governance Conference	LGA	Hybrid/ Bournemouth	tbc
February 2025 (tbc)	Pension Fund Accounts	CIPFA	Online	MO
March 2025 (tbc)	Investment Seminar	LGC	Carden Park	CM, AP & tbc
March 2025 (tbc)	WPP Training Session (Market Understanding & Regulatory Requirements)		Online	CM, RH, AP, MO, EW, DT, PC & NL
March 2025 (tbc)	Committee Meeting		Hybrid/ Carmarthen	CM, RH, AP, KG, MO, EW, DT, PC & NL

Note: The Committee reserves the right to occasionally vary the attendees at the training sessions. Courses/conferences may arise at short notice and when this occurs the Director of Corporate Services has the authority to approve attendance with Cabinet /Leader being notified retrospectively.

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 27/03/2024**

Cynllun Busnes Partneriaeth Pensiynau Cymru 2024-2027

I ddarparu Cynllun Busnes y Bartneriaeth Pensiynau Cymru 2024-2027 i'r Bwyllgor Cronfa Bensiwn Dyfed

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Y Pwyllgor i gymeradwyo Gynllun Busnes Partneriaeth Pensiwn Cymru ar gyfer 2024-2027.

Y Rhesymau:

I ddarparu Cynllun Busnes Partneriaeth Pensiynau Cymru 2024-2027 i'r Bwyllgor Cronfa Bensiwn Dyfed.

Angen i'r Cabinet wneud penderfyniad Amherthnasol

Angen i'r Cyngor wneud penderfyniad Amherthnasol

YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol

Y Gyfarwyddiaeth:

Gwasanaethau Corfforaethol

Enw'r Cyfarwyddwr:

Chris Moore

Awdur yr Adroddiad:

Chris Moore

Swyddi:

Cyfarwyddwr Gwasanaethau
Corfforaethol,
Cyngor Sir Gâr

Rhifau ffôn:

01267 224120

Cyfeiriadau E-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024**

Wales Pension Partnership (WPP) Business Plan 2024-2027

A WPP business plan has been drafted in line with Section 6 of the Inter Authority Agreement.

The purpose of the business plan is to:

- Explain the background and governance structure of the WPP
- Outline the priorities and objectives of the WPP over the next three years
- Introduce the WPP's policies and plans
- Outline the financial budget for the relevant Business Plan period
- Summarise the WPP's Investments & Performance Objectives

This plan will be constantly monitored and will be formally reviewed and agreed annually.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: C Moore

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Manage- ment Issues	Staffing Implications	Physical Assets	Bio- diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

**CABINET MEMBER PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

N/A

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

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Wales Pension Partnership Business Plan 2024-2027



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Introduction

This is the business plan for the Wales Pension Partnership ('WPP'), the business plan details the WPP's priorities and areas of focus for, 2024/25, 2025/26 and 2026/27. The business plan is constantly monitored and is formally reviewed and agreed every year. The purpose of the business plan is to:

- Explain the background and governance structure of the WPP
- Outline the priorities and objectives of the WPP over the next three years
- Outline the financial budget for the relevant Business Plan period
- Summarise the WPP's Investments & Performance Objectives

About the Wales Pension Partnership

Established in 2017, the WPP is a collaboration of the eight LGPS funds (Constituent Authorities) covering the whole of Wales and is one of eight national Local Government Pension pools. We have a long, successful history of collaboration, including examples that pre-date the Government's pooling initiative. We are proud of our unique identity as a Pool – our Constituent Authorities represent and span the entirety of Wales. Being democratically accountable means, we provide the best of strong public sector governance and transparency.

Our operating model is designed to be flexible and deliver value for money. We appointed an external fund Operator and make use of external advisers to bring best of breed expertise to support the running of the Pool, this includes Hymans Robertson who have been appointed as the WPP's Oversight Advisor. The Operator is Waystone Management (UK) Limited (Waystone) and they have partnered with Russell Investments to deliver effective investment management solutions with the aim of achieving strong net of fee performance for all the Constituent Authorities. We have a shared vision and agreement on the means and pace at which this vision will be achieved. The eight LGPS Funds (Constituent Authorities) of the Wales Pension Partnership are:



Governance

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

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA), which defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers. The IAA includes a Scheme of Delegation outlining the decision-making process, taking into account the relevant legislation. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure, which has been designed to:



Risk Management

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

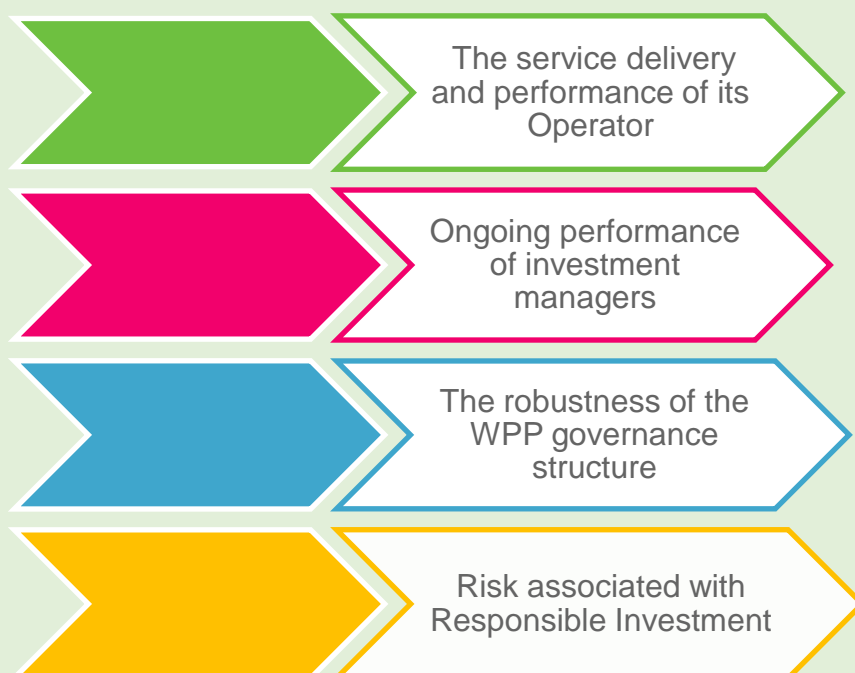
Risk management is a critical element of WPP's commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy. This strategy will be embedded into the WPP's governance framework to ensure better decision-making, improved outcomes for stakeholders and greater efficiency.

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

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

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

During the course of this business plan the WPP will seek to develop mechanisms, frameworks and process for managing the following key risks:



Objectives

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

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

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

Beliefs

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

- The WPP's role is to facilitate and provide an investment pooling platform through which the interests of the Constituent Authorities can be implemented
- Good governance should lead to superior outcomes for the WPP's stakeholders
- Internal collaboration between the Host and Constituent Authorities is critical to achieving the WPP's objectives. External collaboration may also be beneficial in delivering cost savings and better outcomes for stakeholders
- Responsible Investment and effective Climate Risk mitigation strategies, alongside consideration and evidential management of broader Environmental, Social and Governance issues, should result in better outcomes for the WPP's stakeholders
- Effective internal and external communication is vital to achieving the WPP's objectives
- External suppliers can be a cost-effective means of enhancing the WPP's resources, capabilities and expertise
- Fee and cost transparency will aid decision making and improve stakeholder outcomes
- Continuous learning, innovation and development will help the WPP and its Constituent Authorities to evolve
- Flexible approach to the WPP pool structure and implementation methods will enable the WPP pool to adapt in future and continue to meet the needs of its stakeholders.

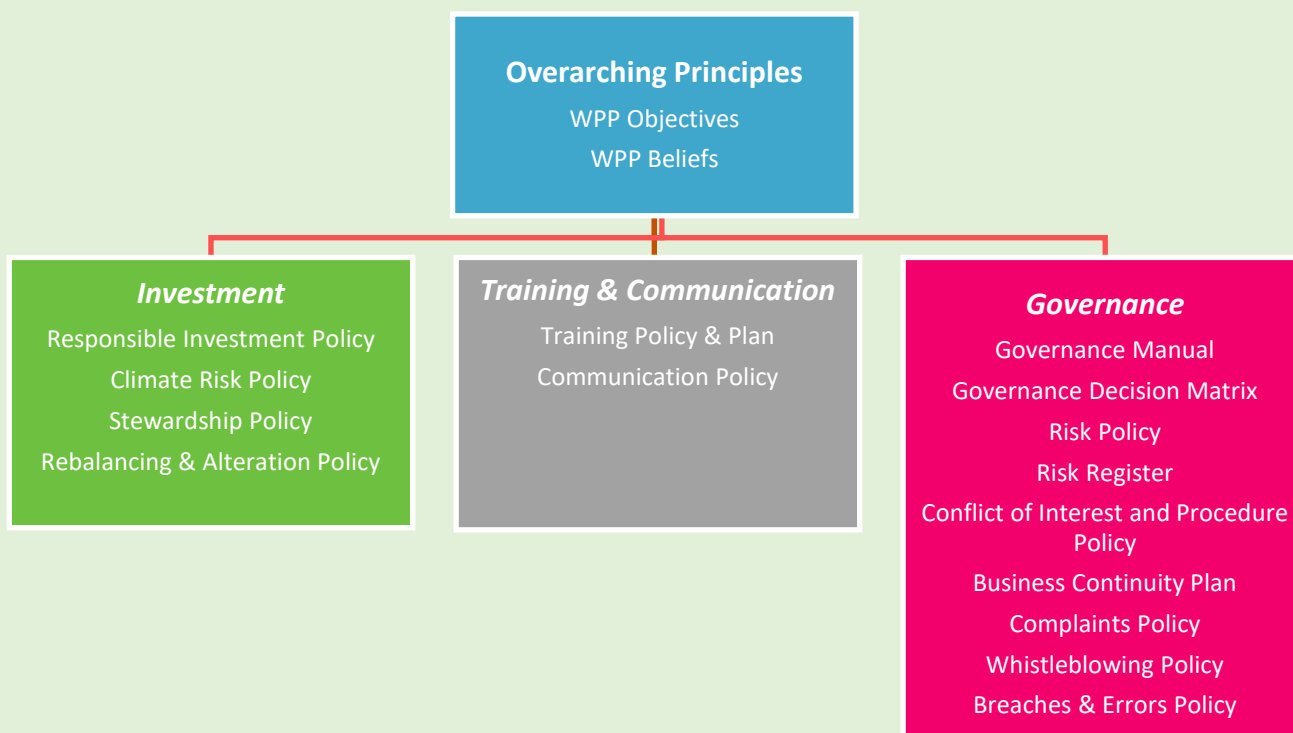
The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies.

Policies

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



The WPP’s key policies, registers and plans are listed below and can be found on the WPP website.



The WPP’s policies are reviewed on a regular basis and the WPP will continually assess whether any additional policies, registers or plans are required. The policies play a vital role in the WPP’s governance arrangements and have been formulated with the sole purpose of providing a codified framework which will ensure that the WPP achieves its objectives in an effective and transparent means.

Work Plan

The table below shows key priorities and objectives that the WPP aims to complete over the next three years. The workplan has been broken down into a number of key sections which are all vital to the continued success of the WPP

- **Governance** - The WPP believes that good governance leads to better outcomes for its stakeholders, as such it will further develop its governance framework and carry out ongoing reviews of its existing governance documents and structure.
- **Ongoing Sub-Fund development** – To date the WPP has pooled c70% of its assets and a number of other sub funds are in the process of being developed. The WPP will continue to consult with the Constituent Authorities to ensure that all suitable assets are pooled.
- **Operator Services** - The Operator, alongside the third parties that it employs on behalf of the WPP, are critical to the ongoing activities of the WPP, therefore service delivery of the Operator and third-party suppliers are crucial. The current operator contract comes to an end in December 2024 and the procurement process for the new operator contract is underway.
- **Investments and Reporting** - The WPP recognises the importance of ensuring that existing investment solutions remain optimal and aligned to Constituent Authority requirements, while also delivering the investment return expectations of the Constituent Authorities. The WPP will continue to deliver on its reporting requirements covering areas such as investment performance, risk, Stewardship activities, Responsible Investment and Climate, and will develop further reporting, as and when required.
- **Communication and Training** - The WPP wants to ensure that internal stakeholders and external parties are aware of the WPP's progress and publishes numerous report and updates to ensure that it proactively communicates its progress to stakeholders. These can all be found on the WPP website.
- **Resources, Budget and Fees** - The WPP recognises that insufficient resources pose a significant risk to its ability to deliver an investment framework that achieves the best outcomes for its key stakeholders, the WPP carries out a number of reviews to guarantee that it has suitable resources to deliver on this commitment.

Work to be completed	2024 - 2025	2025 - 2026	2026 - 2027
Governance			
Oversight Advisor procurement process	✓		
Voting & Engagement Service provider procurement process	✓		
Legal Services provider procurement process		✓	
Annual review of WPP's policies and plans	✓	✓	✓
Quarterly reviews of the Risk Register	✓	✓	✓
Respond to any pooling related consultations and carry out any necessary changes as a result of consultation outcomes	✓	✓	✓
Ongoing Sub-Fund development			
Launch the real estate investment programmes	✓		
Launch additional Private Market vintages	✓	✓	✓

Consideration of WPP's Levelling up / impact requirements	✓	✓	✓
Consultation with CAs on need for further Sub-Funds, review and develop, as required	✓	✓	✓
Consideration of Local Investment opportunities	✓	✓	✓
Operator Services			
Complete Operator contract procurement process and implement new operator contract	✓		
Operator and Sub-Fund governance Oversight	✓	✓	✓
Investments and Reporting			
Develop & Implement Private Markets reporting	✓		
Climate-related / TCFD reporting	✓	✓	✓
Stewardship Code reporting	✓	✓	✓
Consider additional reporting that demonstrates WPP's commitment to Responsible Investment	✓	✓	✓
On-going Sub-Fund responsible investment and climate risk performance reporting, scrutiny and challenge	✓	✓	✓
Annual performance review of WPP Sub-Funds	✓	✓	✓
Review of Russell Investment's service delivery in delivering WPP's objectives across Sub-Funds	✓		
On-going engagement with Constituent Authorities regarding ESG / RI standards and their climate ambitions	✓	✓	✓
Communication and Training			
Formulation of WPP's Annual Responsible Investment Progress Report	✓	✓	✓
Formulation of WPP's Annual Training Plan	✓	✓	✓
Formulation of WPP's Annual Update	✓	✓	✓
Formulation of WPP's Annual Report	✓	✓	✓
Resources, Budget and Fees			
Annual review of resources and capacity	✓	✓	✓
Formulation of Annual WPP Budget	✓	✓	✓
Review and Monitoring of Operator / external provider fees	✓	✓	✓

Training Plan

It is best practice for WPP personnel to have appropriate knowledge and understanding of:

- the regulations and markets relating to pensions;
- the pooling of Local Authority Pension Schemes; and
- relevant investment opportunities.

The WPP's training plan is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities.

WPP personnel should obtain a degree of knowledge and understanding that ensures they are able to carry out their duties associated with the WPP. WPP personnel should also be aware of the WPP's framework, beliefs, policies, governance matrix, the decision-making process and decision logging process.

To aid WPP personnel, the Host Authority will arrange quarterly training sessions which will cover major areas such as investments, administration, regulation requirements, government guidance and market developments. The WPP's training events will primarily focus on meeting the training needs of members of the OWG and JGC, however Constituent Authorities are encouraged to invite Pension Committee Members, as well as Pension Board Representatives if they believe that the training would be beneficial to these individuals.

We have set out below a list of training topics which the Host Authority will arrange training for during the 2024/25 financial year. WPP's training topics are based on current WPP topical priorities and from an analysis of the WPP training requirements questionnaire/ assessment responses, completed by members of the Joint Governance Committee ('JGC') and Officers Working Group ('OWG').

Product Knowledge and Cyber Security:

- WPP Pooled Investments
- Overview of cyber security and consideration for WPP

Policies:

- Responsible Investment Policy
- Climate Risk Policy
- Stewardship Policy

Responsible Investment (RI):

- Net Zero journey planning
- Climate Metrics

Market Understanding & Regulatory Requirements:

- Progress of other LGPS pools & Collaboration Opportunities
- Any new regulatory / guidance developments

Budget

The table below outlines the WPP's budget for the next three years.

	Forecast 2023-24 outturn	2024-25	2025-26	2026-27
	£'000	£'000	£'000	£'000
Host Authority *	173	231	239	245
External Advisors *	1,559	1,411	1,435	1,541
TOTAL to be recharged	1,732	1,642	1,674	1,786
Operator **	36,079	40,734	45,705	50,231
Allocator **	1,796	7,006	7,016	7,302
TOTAL to be deducted from the NAV	37,875	47,740	52,721	57,533

**Host Authority and External Advisor costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.*

***Operator / Allocator Services costs are based on each Constituent Authority's percentage share of WPP assets and are deducted directly from the Net Asset Value (NAV) of the Constituent Authority's assets.*

Investments & Performance

The WPP's Constituent Authorities have total assets of circa £22.5bn (as at 31 March 2023). The Constituent Authorities' passive investments are effectively within the Pool but are held by the respective WPP authorities in the form of insurance policies.

The Officers Working Group receives quarterly, six monthly and annual performance reports, the group reviews and challenges the performance of Investment Managers on behalf of the WPP. The WPP hosts annual manager engagement days, which are used to challenge managers and to facilitate engagement with Constituent Authority Pension Committee and Board Members and the WPP's Investment Managers. The Constituent Authorities also carry out their own analysis of WPP's investment performance at local level, this will include manager attendance at Pension Committees. Below we outline the WPP's existing Sub-Funds.

Equity Sub-Funds



Sub Fund	Performance Benchmark	Participating Funds	Underlying Investment Managers	Launch Date
Global Growth	MSCI ACWI ND	RCT, Dyfed, Gwynedd, Cardiff and Powys	Baillie Gifford, Veritas and Pzena	Feb 19
Global Opportunities	MSCI ACWI ND	Swansea, Torfaen, Gwynedd, RCT and Cardiff	Morgan Stanley, Numeric, Sanders, Jacobs Levy, SW Mitchell, Nissay, Intermede and Oaktree	Feb 19
UK Opportunities	FTSE All Share	Cardiff and Torfaen	Baillie Gifford, Ninety-One, J O Hambro, Liontrust and Fidelity	Sept 19
Emerging Markets	MSCI Emerging Markets ND +1.5%	Cardiff, Clwyd, Gwynedd, Powys and Torfaen	Artisan, Bin Yuan, Barrow Hanley, Axiom, Numeric and Oaktree	Oct 21
Sustainable Active Equity	MSCI ACWI ND	Cardiff, Clwyd, Dyfed, Gwynedd, Powys, RCT, Swansea and Torfaen	Sparinvest, Mirova, Neuberger Berman, Wellington and Artemis	June 23

Fixed Income Sub-Funds

Absolute Return Bond Fund

Managed by Russell Investments

Global Government Bond Fund

Managed by Russell Investments

Multi-Asset Credit Fund

Managed by Russell Investments

Global Credit Fund

Managed by Russell Investments

UK Credit Fund

Managed by Waystone Management (UK) Limited

Sub Fund	Performance Benchmark	Participating Funds	Underlying Investment Managers	Launch Date
Global Credit	Bloomberg Barclays Global Aggregate Credit Index (GBP Hedged)	Cardiff, Dyfed, Gwynedd, Powys and Torfaen	Western, Metlife, Fidelity and Robeco	July 20
Global Government	FTSE WGBI Index (GBP Hedged)	Cardiff and Torfaen	Bluebay and Colchester	July 20
Multi-Asset Credit	3 Month GBP SONIA plus 4%	Cardiff, Clwyd, Gwynedd, Powys, and Swansea	ICG, Man GLG, BlueBay, Barings and Voya	July 20
Absolute Return Bond Fund	3 Month GBP SONIA plus 2%	Gwynedd, Powys and Swansea	Wellington, Aegon and Insight	Sept 20
UK Credit Fund	ICE BofA ML Eur-Stg plus 0.65%	RCT	Fidelity	July 20

Private Markets

Infrastructure – closed ended

Managed by GCM Grosvenor

Participating Funds: Clwyd, Dyfed, Gwynedd, Powys, RCT, Swansea and Torfaen

Infrastructure – open ended

Managed by CBRE, IFM and Octopus

Participating Funds: Cardiff, Gwynedd, Powys, Swansea, Torfaen

Private Credit

Managed by Russell Investments

Participating Funds: Cardiff, Clwyd, Dyfed, Gwynedd, Powys, Swansea and Torfaen

Private Equity

Managed by Schroders Capital

Participating Funds: Cardiff, Clwyd, Gwynedd, Powys and Swansea

Contact Details

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

Postal Address - Wales Pension Partnership

Carmarthenshire County Council

Treasury & Pension Investments Section

County Hall

Carmarthen

SA31 1JP

E-mail - WalesPensionPartnership@carmarthenshire.gov.uk

Telephone - (01267) 224136

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

The website can be found here:

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



**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 27/03/2024**

**DIWEDDARIAD CYD-BWYLLGOR LLYWODRAETHU
PARTNERIAETH PENSIWN CYMRU**

Y Pwyllgor i gael diweddariad o gyfarfod Cyd-bwyllgor Llywodraethu Partneriaeth Pensiwn Cymru a gynhaliwyd ar 13 Mawrth 2024

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Y Pwyllgor i gael diweddariad o gyfarfod Cyd-bwyllgor Llywodraethu Partneriaeth Pensiwn Cymru a gynhaliwyd ar 13 Mawrth 2024.

Y Rhesymau:

Rhoi'r canlynol i'r Pwyllgor:

- Diweddariad Cyd-bwyllgor Llywodraethu – 13 Mawrth 2023
- Adolygiad Cynllun Busnes Partneriaeth Pensiwn Cymru Hydref – Rhagfyr 2023
- Cynllun Hyfforddiant 2024-25
- Diweddariad gan y Gweithredwr
- Crynodeb o Berfformiad Partneriaeth Pensiwn Cymru Hydref – Rhagfyr 2023
- Diweddariad Marchnadoedd Preifat - Seilwaith

Angen i'r Cabinet wneud penderfyniad Amherthnasol

Angen i'r Cyngor wneud penderfyniad Amherthnasol

YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol

Y Gyfarwyddiaeth:

Gwasanaethau Corfforaethol

Enw'r Gyfarwyddwr:

Chris Moore

Awdur yr Adroddiad:

Chris Moore

Swyddi:

Cyfarwyddwr Gwasanaethau
Corfforaethol,
Cyngor Sir Gâr

Rhifau ffôn:

01267 224120

Cyfeiriadau E-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024**

**Wales Pension Partnership (WPP) Joint Governance Committee
(JGC) Update**

The JGC report provides the Committee with details of the 13 March 2024 JGC Meeting, including the agenda items and the discussions for each item.

The WPP Business Plan Q3 Review (October – December 2023) provides an update on the following:

- Governance
- Ongoing Sub-Fund Development
- Operator Services
- Investments and Reporting
- Communication and Training
- Resources, Budget and Fees
- Training Plan

The Training Plan for 2024-25 sets out the WPP training courses that will be arranged during the year.

The Operator report provides an update on the following:

- December 2023 LF WPP Fund Assets Under Management
- December 2023 Fund Snapshot – Equities and Fixed Income
- Fund Launches & Changes
- Markets
- Waystone Corporate Update & Engagement

A report is attached which summarises and provides commentary on WPP's investment performance for Q4 2023 (October – December 2023).

GCM Grosvenor have provided a report which details Infrastructure investments. Dyfed is invested in the closed-ended infrastructure fund with GCM Grosvenor.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: C Moore

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets	Bio-diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

**CABINET MEMBER PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

N/A

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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Wales Pension Partnership (WPP) - JGC Update

JGC meeting date: Wednesday 13 March 2024

Location: Hybrid meeting, hosted by Powys

Chair: Cllr Ted Palmer, Clwyd

Vice Chair: Cllr Elwyn Williams, Dyfed

Agenda item	Detail
Host Authority update	<p>Anthony Parnell of the Host Authority provided an update in relation to work that has been completed since the last JGC meeting and WPP's next steps / priorities.</p> <p>The procurement exercise for the Real Estate managers is on track. The ITT was issued 19 January 2024, responses have been received and are currently being evaluated. The recommendation report is due to go to the July 2024 JGC for approval, with the contract being awarded in August 2024.</p> <p>Anthony also presented the 2023/24 Business Plan update as at 31 December 2023 (attached).</p>
WPP Training Plan 2024/25	<p>Anthony Parnell of the Host Authority presented the 2024/25 WPP Training Plan. This training plan is devised to supplement existing Constituent Authority training and will be relevant to the WPP's pooling activities.</p> <p>The 2024/25 training sessions will be held quarterly and will cover the following topics:</p> <ul style="list-style-type: none">• Product Knowledge and Cyber Security• Policies• Responsible Investment• Market Understanding & Regulatory Requirements <p>The JGC approved the 2024/25 Training Plan (attached)</p>

<p>WPP Business Plan 2024-2027</p>	<p>A WPP business plan has been drafted in line with Section 6 of the Inter Authority Agreement. The purpose of the business plan is to:</p> <ul style="list-style-type: none"> • Explain the background and governance structure of the WPP • Outline the priorities and objectives of the WPP over the next three years • Introduce the WPP's policies and plans • Outline the financial budget for the relevant Business Plan period • Summarise the WPP's Investments & Performance Objectives <p>Anthony Parnell of the Host Authority presented the 2024-27 WPP Business Plan (attached) which was approved by the JGC. The Business Plan has now been sent to all eight Constituent Authorities for their written approval.</p>
<p>Risk Register Q1 2024 Review</p>	<p>The OWG is responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the JGC on a quarterly basis. The OWG has a dedicated Risk Sub-Group to take ownership of the Risk Register and the quarterly review of the document.</p> <p>During Q1 2024, a review was undertaken of some of the risks within the Governance and Regulation section of the Risk Register, risks G1 to G7 and also risks G12 and G15.</p> <p>Hymans presented the changes which were approved by the JGC. The Risk Register has been uploaded on the WPP website.</p>
<p>Policy Reviews:</p> <ul style="list-style-type: none"> • Governance Matrix • Communications Policy 	<p>The WPP have approved several policies / plans which are to be reviewed on a regular basis. This quarter, the OWG have undertaken a review of the Governance Matrix and Communications Policy.</p> <p>The Governance matrix provides an overview of WPP's governance structure, outlining key decisions and actions that are carried out by the WPP. Following</p>

	<p>this year's review, no changes have been made to the Governance Matrix.</p> <p>The Communications policy sets out how the WPP will carry out its internal and external communication strategies. During this year's review, the policy has been updated to reflect WPP's commitment to Sustainable and Local Investment, and the Future Generations Act 2015.</p> <p>The updated Communications policy was approved and has been uploaded on the WPP website.</p> <p>There were no new policies this quarter.</p>
Operator Update	Waystone presented their quarterly update report as at 31 December 2023 (attached). This report provides market updates, details of WPP's current sub fund holdings, as well as a corporate and engagement update.
Performance Reports as at 31 December 2023	Russell Investments presented a Q4 2023 performance summary paper (attached) summarising the performance of each individual ACS sub fund for the quarter ending 31 December 2023.
Private Markets update – Infrastructure	GCM Grosvenor were appointed WPP's Infrastructure Allocator in March 2022. GCM Grosvenor provided a progress update on both the closed-ended and open-ended Investment programmes (attached).
Exempt Items – the following items were discussed during the non-public part of the meeting.	
Robeco Engagement Report – Q4 2023	In March 2020, Robeco was appointed as WPP's Voting & Engagement Provider to undertake Voting and Engagement functions on behalf of the WPP. Robeco commenced their engagement service in April 2020, and they have provided an engagement report for Quarter 4 2023 (quarter ending 31 December 2023). The engagement theme chosen for this quarter was Responsible Executive Remuneration.

Responsible Investment and Climate Risk reports	<p>Each quarter, Hymans Robertson produce quarterly Responsible Investment & Climate Risk Reports for WPP's sub funds.</p> <p>For Quarter 4 2023 (quarter ending 31 December 2023), the UK Credit, Global Credit and Global Government Bond reports were produced.</p> <p>Hymans presented the reports to the JGC members.</p>
Operator procurement recommendation report	<p>The current Operator contract with Waystone Management (UK) Ltd comes to an end in December 2024. An open tender process has been undertaken and the evaluation process is now complete. Having completed the evaluation process, a preferred bidder recommendation report was presented to the JGC.</p> <p>The recommended bidder was approved by the JGC, and the report has now been sent to all eight Constituent Authorities for their written approval.</p>
Securities Lending Report as at 31 December 2023	<p>Stock Lending commenced in March 2020 and Northern Trust presented the Securities Lending Report for Q4 2023 (quarter ending 31 December 2023).</p>

Webcast link for the 13 March 2024 JGC meeting below:

[Wales Pension Partnership - Wednesday 13 March 2024, 2:00pm - Powys County Council Connect \(public-i.tv\)](#)

WPP's website address - [Wales Pension Fund | Home \(walespensionpartnership.org\)](#)

Next meeting:

- Wednesday 17 July 2024 – Virtual meeting



Wales Pension Partnership
Business Plan
2023-2024
Q3 Review
(April to Dec 2023)

Governance

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> Development of a WPP Breaches and Errors Policy 	Yes	Approved at the September 2023 JGC
<ul style="list-style-type: none"> Legal Services provider contract (initial 3 year review) 	Yes	Initial 3 year review completed, 2 year contract extension put in place
<ul style="list-style-type: none"> Ongoing review of the Inter Authority Agreement 	Ongoing	
<ul style="list-style-type: none"> Annual review of WPP's policies and plans 	Ongoing	
<ul style="list-style-type: none"> Quarterly reviews of the Risk Register 	Ongoing	
<ul style="list-style-type: none"> Respond to any pooling related consultations and carry out any necessary changes as a result of consultation outcomes 	Ongoing	Response submitted in relation to the recent LGPS Investments consultation

Ongoing Sub-Fund development

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> Launch of Private Debt & Infrastructure Sub-Funds 	Yes	Infrastructure and Private Debt investment programmes launched
<ul style="list-style-type: none"> Launch of Private Equity Sub-Fund 	Yes	Private Equity investment programme launched
<ul style="list-style-type: none"> Launch Sustainable Equities Sub-Fund 	Yes	Launched 20 June 2023
<ul style="list-style-type: none"> Formulate the WPP's Property requirements and optimal means of implementation & launch the property Sub-funds 	In progress	PQQ issued 17 November 2023 ITT issued 19 January 2024
<ul style="list-style-type: none"> Consideration of WPP's Levelling up / impact requirements 	Ongoing	
<ul style="list-style-type: none"> Launch of other Private Market sub-funds (TBC) 		Discussions to be held with individual CA's

<ul style="list-style-type: none"> • Consultation with CAs on need for further sub-funds, review and develop a mechanism to pool any suitable non-pooled assets 	Ongoing	
<ul style="list-style-type: none"> • Consideration of Local Investment opportunities 	Ongoing	

Operator Services

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> • Operator contract / procurement process 	In progress	Recommendation report to be approved at the March 2024 JGC
<ul style="list-style-type: none"> • Operator oversight 	Ongoing	

Investments and Reporting

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> • Review Sub-Fund mandates to ensure compatibility with WPP's Responsible Investment and Climate Risk Beliefs 	Ongoing	
<ul style="list-style-type: none"> • Task Force on Climate-related Financial Disclosures (TCFD) reporting 		Awaiting TCFD consultation response
<ul style="list-style-type: none"> • Stewardship Code reporting 	Yes	2022/23 report submitted 31 October 2023
<ul style="list-style-type: none"> • Consider additional reporting that demonstrates WPP's commitment to Responsible Investment 	Ongoing	
<ul style="list-style-type: none"> • On-going Investment Manager performance reporting, scrutiny and challenge 	Ongoing	
<ul style="list-style-type: none"> • Annual review of WPP's Cost Transparency Requirements 	In progress	To be completed by the end of June 2024

<ul style="list-style-type: none"> Annual performance review of WPP Sub Funds (Equity and Fixed Income) 	In progress	To be completed by the end of March 2024
<ul style="list-style-type: none"> On-going engagement with Constituent Authorities regarding minimum ESG / RI standards and their climate ambitions 	Ongoing	

Communication and Training

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> Formulation of the WPP's Annual Responsible Investment Progress Report 	Yes	Report presented at the July 2023 JGC and published on website
<ul style="list-style-type: none"> Formulation of the WPP's annual training plan 	Yes	2024/25 training plan being taken to the March 2024 JGC for approval
<ul style="list-style-type: none"> Formulation of the WPP's Annual Update 	Yes	2022/23 Annual Update published in August 2023
<ul style="list-style-type: none"> Formulation of the WPP's Annual Report 	Yes	2022/23 Annual Report published in November 2023

Resources, budget and fees

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> Annual review of resources and capacity 	Yes	Reviewed when formulating the 2024/25 budget
<ul style="list-style-type: none"> Formulation of Annual WPP Budget 	Yes	Formulated and included in the 2024-27 Business Plan
<ul style="list-style-type: none"> Review and Monitoring of Operator / external provider fees 	Ongoing	

Training Plan

Training topics to be completed during 2023–2024 as per approved 2023-2024 Training Plan and progress to date:

	Completed	Comments
• Private Market Asset Classes – Private Equity / Property	Yes	8 June 2023
• Levelling up / development opportunities	Yes	8 June 2023
• TCFD reporting	Yes	13 December 2023
• Performance reporting	Yes	13 December 2023
• Voting & Engagement	Yes	21 September 2023
• RI within the WPP sub funds	Yes	21 September 2023
• Progress of other LGPS pools & Collaboration Opportunities	Yes	5 March 2024
• Pooling Guidance	Yes	5 March 2024

Budget

2023-2024 Budget Monitoring Report:

	Budget 2023 – 2024 £000	Forecast 2023 – 2024 £000	Variiances 2023 – 2024 £000
Host Authority *	200	174	26
External Advisors *	1,448	1,573	(125)
TOTAL to be recharged	1,648	1,747	(99)
Operator Services **	37,257	36,079	1,178
TOTAL to be deducted from the NAV	37,257	36,079	1,178

**Host Authority and External Advisor costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.*

***Operator Services costs are based on each Constituent Authority's percentage share of WPP assets (held with the Operator) and are deducted directly from the Net Asset Value (NAV) of the Constituent Authority's assets (held with the Operator).*

Investments

Equity Sub-Funds

Global Growth Fund

Managed by: Link Fund Solutions

Portfolio Value: £2bn*

Global Opportunities Fund

Managed by: Russell Investments

Portfolio Value: £2bn*

UK Opportunities Fund

Managed by: Russell Investments

Portfolio Value: £0.6bn*

Emerging Markets Fund

Managed by: Russell Investments

Portfolio Value: £0.6bn*

Sustainable Active Equity Fund

Managed by: Russell Investments

Portfolio Value: £1.2bn*

Fixed Income Sub-Funds

Absolute Return Bond Fund

Managed by: Russell Investments

Portfolio Value: £0.4bn*

Global Government Bond Fund

Managed by: Russell Investments

Portfolio Value: £0.5bn*

Multi-Asset Credit Fund

Managed by: Russell Investments

Portfolio Value: £0.6bn*

Global Credit Fund

Managed by: Russell Investments

Portfolio Value: £0.8bn*

UK Credit Fund

Managed by: Link Fund Solutions

Portfolio Value: £0.5bn*

Private Markets

Infrastructure – closed ended

Managed by: GCM Grosvenor

Infrastructure – open ended

Managed by: CBRE, IFM and Octopus

Private Credit

Managed by: Russell Investments

Private Equity

Managed by: Schroders Capital

* Portfolio Values as at launch date



Wales Pension Partnership

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

Wales Pension Partnership Training Plan 2024/25

Background and Introduction

It is best practice for WPP personnel to have:

Appropriate knowledge and understanding of:

- the regulations and markets relating to pensions
- the pooling of Local Authority Pension Schemes and
- relevant investment opportunities.

The WPP's training plan is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities.

WPP personnel should obtain a degree of knowledge and understanding that ensures they are able to carry out their duties associated with the WPP.

WPP personnel should also be aware of the WPP's framework, beliefs, policies, governance matrix, the decision-making process and decision logging process.

New WPP personnel must conduct formal introductory training to reach the level of knowledge set out above. Following any introductory training, personnel are expected to maintain their understanding of items set out above, completing any additional training as necessary.

To aid WPP personnel, the Host Authority will arrange quarterly training sessions which will cover major areas such as investments, administration, regulation requirements, government guidance and market developments. Please note that the Host Authority will maintain a training plan log which will keep a record of all the training WPP personnel have completed to date and the training that is due to take place in the foreseeable future.

The WPP's training events will primarily focus on meeting the training needs of members of the OWG and JGC, however Constituent Authorities are encouraged to invite Pension Committee Members, as well as Pension Board Representatives if they believe that the training would be beneficial to these individuals.

The WPP has put in place a dedicated Training Policy, this can be found on the WPP website, the policy provides additional detail on how the WPP approaches training and development.

Individual Training

It is important that individuals have an 'appropriate' level of knowledge and understanding of the activities relevant to their duties within the WPP.

It is best practice for individuals to review their own knowledge and understanding at least annually and undertake further learning for any areas that are identified as requiring further attention or development.

2024/25 Training

We have set out below a list of training topics which the Host Authority will arrange during the 2024/25 financial year. The topics outlined below are based on current WPP topical priorities and from an analysis of the WPP training requirements questionnaire/ assessment responses, completed by members of the Joint Governance Committee ('JGC') and Officers Working Group ('OWG').

Topic	Date *
Product Knowledge and Cyber Security	
<ul style="list-style-type: none"> WPP pooled investments 	Q1
<ul style="list-style-type: none"> Overview of cyber security and consideration for WPP 	April – June 2024
Policies	
<ul style="list-style-type: none"> Responsible Investment Policy 	Q2 July – September 2024
<ul style="list-style-type: none"> Climate Risk Policy 	
<ul style="list-style-type: none"> Stewardship Policy 	
Responsible Investment (RI)	
<ul style="list-style-type: none"> Net Zero journey planning 	Q3
<ul style="list-style-type: none"> Climate Metrics 	October – December 2024
Market Understanding & Regulatory Requirements	
<ul style="list-style-type: none"> Progress of other LGPS pools & Collaboration Opportunities 	Q4
<ul style="list-style-type: none"> Any new regulatory / guidance developments 	January – March 2025

* Please note that these are estimated dates and they may be subject to change



Wales Pension Partnership
Joint Governance Committee
Q4 2023 review – 13 March 2024



Market Updates

Acquisition Complete

As discussed since the last Joint Governance Committee on 13 December 2023;

Waystone Management (UK) Limited's (WMUK) acquisition of the business and certain assets of Link Fund Solutions Limited (LFSL) completed on 9th October 2023.

WMUK has adopted LFSL's systems, processes and governance framework, including the personnel the WPP interact with.

In early 2024, WMUK will also become the authorised fund manager of funds currently managed by Waystone Fund Services (UK) Limited (formerly known as T Bailey Fund Services Limited) to consolidate Waystone Groups' UK AFM service offering.

A full integration project is underway to migrate former LFSL employees on to WMUK's systems (e.g. email) before October 2024. In addition, Waystone are undertaking a full review of all systems and controls to ensure the processes remain best in class.

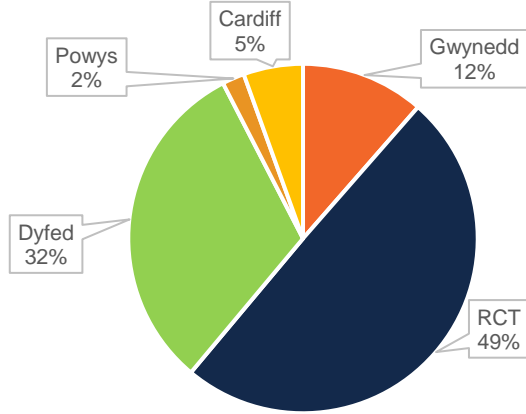
December 2023 WS Wales PP Fund Summary AUM

Fund	AUM	Inception date
Global Growth	£3,327,480,855	6th Feb 2019
Global Opportunities	£3,018,831,796	14th Feb 2019
UK Opportunities	£800,855,747	10th Oct 2019
Multi Asset Credit	£716,414,184	12th Aug 2020
Emerging Markets	£366,093,235	20th Oct 2021
Global Credit	£1,030,553,518	21st Aug 2020
Global Government Bond	£493,395,045	20th Aug 2020
Absolute Return Bond	£573,475,710	30th Sept 2020
Sterling Credit	£702,347,034	19th Aug 2020
Sustainable Active Equity Fund	£1,341,831,467	20th June 2023
Total Active Investments	£12,371,278,591 as at 31 December 2023	

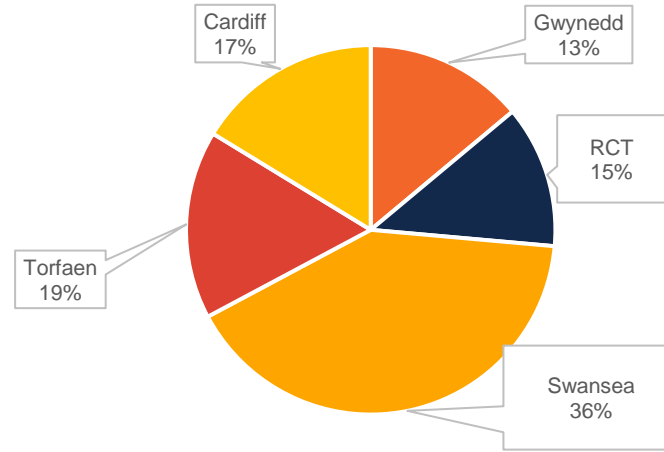
December 2023 Fund Snapshot - Equities

- Key:
- Dyfed
 - Powys
 - Gwynedd
 - RCT
 - Torfaen
 - Clwyd
 - Swansea
 - Cardiff

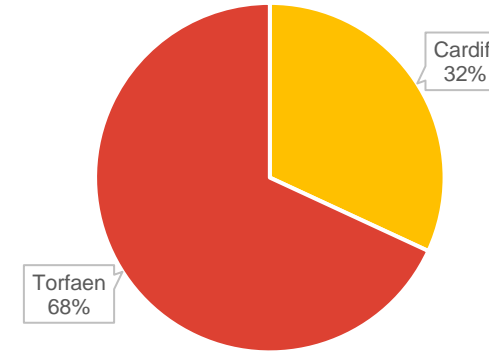
Global Growth



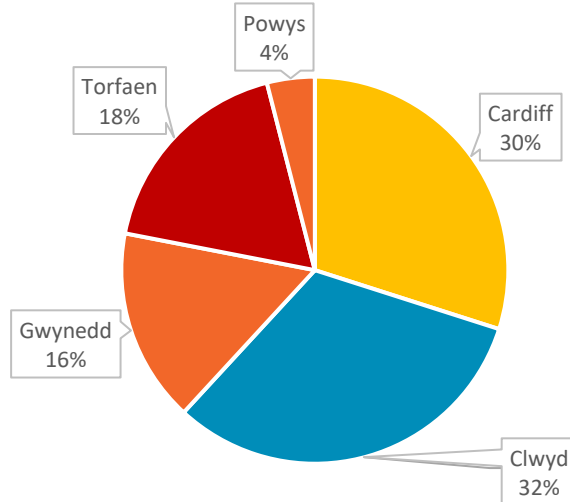
Global Opportunities



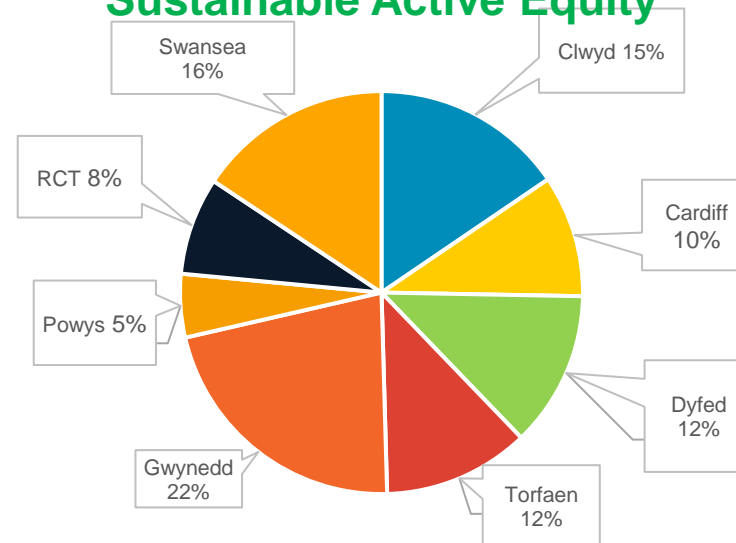
UK Opportunities



Emerging Markets

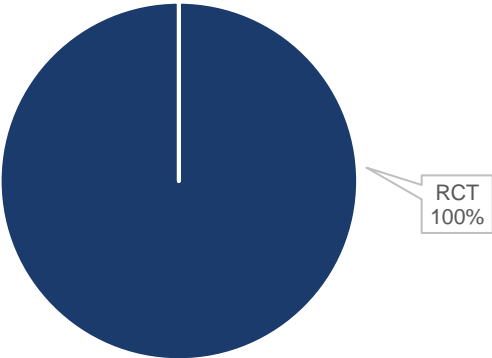


Sustainable Active Equity

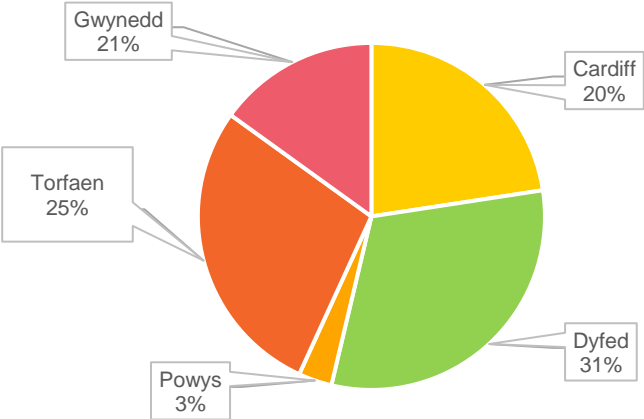


December 2023 Fund Snapshot - Fixed Income

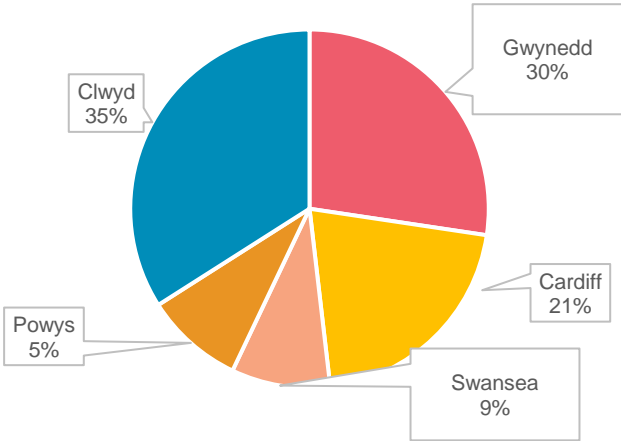
Sterling Credit



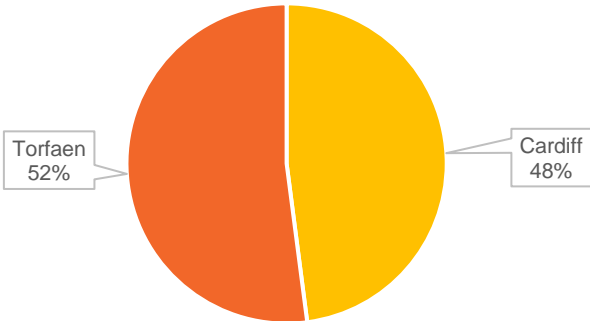
Global Credit



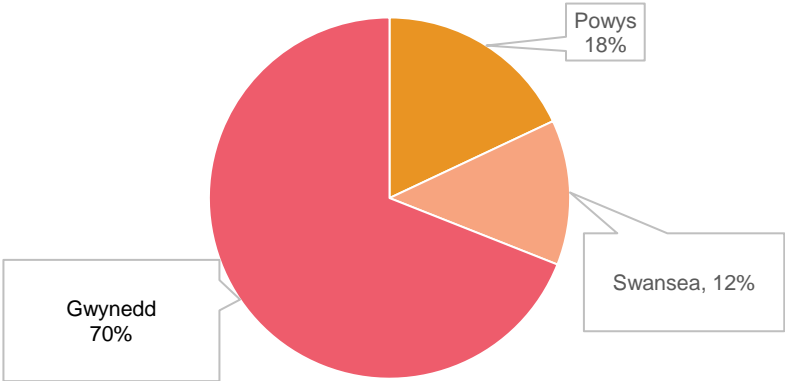
Multi Asset Credit



Global Gov. Bond



Absolute Return Bond



- Key:
- Dyfed
 - Powys
 - Gwynedd
 - RCT
 - Torfaen
 - Clwyd
 - Swansea
 - Cardiff

Sub-Funds Update

Fund Launches & Changes

	Activity	Status	Commentary
Completed Fund Launches & Changes	N/a		N/a
Ongoing Fund Launches & Changes	Addition of Robeco to the Global Credit fund, removal of T Rowe Price	✓	New Investment Manager 'Robeco' to be implemented Q3 2023. This is now expected to be Q1 2024" Completed 18 December 2023
	Manager Changes on UK Opportunities Fund	✓	WS WPP UK Opportunities Fund - Terminate Lazard and Majedie UK Core, hire Fidelity, and increase the weight to Liontrust UK CF Solution, JO Hambro UK Dynamic and Ninety-One UK Value. Completed 16 October 2023
	Manager Changes on Absolute Return Bond Fund	✓	WS WPP Absolute Return Bond Fund - Terminate Putnam and increase the weightings of Wellington, Insight and Aegon. Completed 16 October 2023
	Cash Yield Options for current fund range	✓	Cash Yield Options currently being investigated by WMUK Governance. Confirmation sent to all CAs with details provided to change from Income reinvest to income paid out.
	Addition of New Investment Manager to the Global Growth Fund, as an addition to current Managers	✓	Proposed addition new manager discussed with CA's at Septembers 2023 OWG. Further meetings to be arranged following feedback with updated paper to be shared in early 2024.

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Status key:

	Completed or already in place
	On target;
	Delay Expected;
	Not Applicable

Market Updates

Market Updates			
	Activity	Status	Commentary
Russia / Ukraine	Impact to ACS sub-funds holding Russian companies	✓	WMUK continue to monitor the situation and will advise Constituent Authorities of any developments. Our Fair Value Pricing Committee regularly discuss, and assets are still priced accordingly. All WPP Funds holding no Russian companies
Middle East	Impact to ACS sub-funds holding Israeli companies	✓	<p>Currently 9 securities held in Israeli companies across four sub funds; Global Opportunities Fund - 3 companies with 0.172% exposure. Global Credit Fund – 2 companies with 0.002%. Multi Asset Credit Fund – 3 companies with 0.627%. Absolute Return Fund – 1 company with 0.043%.</p> <p>Total value of approx. £9.6m.</p> <p>Situation currently being monitored as part of the BAU oversight process</p>

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Status Key:

- Completed or already in place
- On target;
- Delay Expected;
- Not Applicable

WMUK Corporate Update & Engagement

Key Q4 and future WPP Engagement

Waystone attendance at OWG/JGC meetings in period:

- OWG 24 October 2023
- WPP JGC 13 December 2023

Waystone attendance at OWG/JGC meetings in next quarter:

- OWG 2 February 2024
- WPP JGC 13 March 2024

Waystone - Pension Committee attendance in period:

- Powys Pensions and Investment Committee meeting – 6 October 2023

Waystone - Pension Committee attendance in next quarter :

- No meetings scheduled

Other meetings in period

- Host Authority update – occurs bi-weekly
- WPP briefing / training session – (Reporting Session)

Other meetings in next quarter

- Host Authority update – occurs bi-weekly

WMUK Engagement Protocol – Business as Usual

Strategic Relationship Review	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Bi-annual 	<ul style="list-style-type: none"> ▪ Ensure strategic alignment between Host Authority and WMUK
WPP Attendees <ul style="list-style-type: none"> ▪ Chris Moore ▪ Anthony Parnell ▪ Two Section 151 / Deputy Section 151 officers 		Waystone Attendees <ul style="list-style-type: none"> ▪ Karl Midl, Country Head, UK and CEO ▪ Rachel Wheeler, Product Head – Regulated Fund Solutions ▪ Richard Thornton, Head of Relationship Management, Asset Owners
JGC Engagement	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Quarterly 	<ul style="list-style-type: none"> ▪ Engage with JGC on pertinent matters and strategic deliverables
WPP Attendees <ul style="list-style-type: none"> ▪ Joint Governance Committee (JGC) 		Waystone Attendees <ul style="list-style-type: none"> ▪ Karl Midl, Country Head, UK and CEO / Peter Ritchie, Head of Investment Management required ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ James Zealander, Senior Relationship Manager ▪ Russell Investments
OWG Engagement	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Quarterly 	<ul style="list-style-type: none"> ▪ Identify and deliver on opportunities to improve and expand the relationship ▪ Provide update on open projects or issues ▪ Monthly KPI Review (Data supplied quarterly)
WPP Attendees <ul style="list-style-type: none"> ▪ Officers Working Group (OWG) 		Waystone Attendees <ul style="list-style-type: none"> ▪ James Zealander, Senior Relationship Manager ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ Peter Ritchie, Head of Investment Management Oversight ▪ Heidi Robinson, Relationship Managers (as required) ▪ Ad-hoc Link attendance from functional departments: Tax, Compliance, Product, etc. ▪ Russell Investments

Note: Meetings may be conducted remotely and/or amalgamated where required.

WMUK Engagement Protocol continued...

Host Authority Update	Frequency	Objective
WPP Attendees <ul style="list-style-type: none"> ▪ Anthony Parnell ▪ Tracey Williams 	<ul style="list-style-type: none"> ▪ Bi-Weekly 	<ul style="list-style-type: none"> ▪ Regular Host Authority – WMUK to discuss deliverables and business updates ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ James Zealander, Senior Relationship Manager ▪ Heidi Robinson, Relationship Managers (as required) ▪ Clair Baguley, Client Service Manager (as required)
Chairpersons of the Pension Board Committees	Frequency	Objective
<ul style="list-style-type: none"> ▪ Individual Pension Fund Committee meetings 	<ul style="list-style-type: none"> ▪ Annual 	<ul style="list-style-type: none"> ▪ General update on the ACS and planned initiatives ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ James Zealander, Senior Relationship Manager ▪ Heidi Robinson, Relationship Managers (as required) ▪ Russell Investments
Manager Engagement Days	Objective	
<ul style="list-style-type: none"> ▪ Open to all involved parties 	<ul style="list-style-type: none"> ▪ Annual ▪ Open day for presentations on strategy and performance (with IM) ▪ Waystone Client Team ▪ Northern Trust ▪ Russell Investments and other Investment Managers ▪ Other consultants as required (e.g. hFinance) 	
Pension Board Engagement	Frequency	Objective
WPP Attendees <ul style="list-style-type: none"> ▪ Chairpersons of the Constituent Authorities ▪ Host Authority 	<ul style="list-style-type: none"> ▪ Bi-Annual 	<ul style="list-style-type: none"> ▪ General update on the ACS and planned initiatives ▪ Waystone Client Team ▪ Russell Investments

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Thank you

Relationship Managers

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Role: Senior Relationship Manager
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Heidi Robinson
Relationship Manager
+44 (0) 7843 804917
Heidi.Robinson@linkgroup.co.uk

Head of Client Relations

Name: Richard Thornton
Role: Head of Relationship Management – Asset Owners
Number: +44 (0) 7765 220277
Email: Richard.Thornton@linkgroup.co.uk

Executive Contact

Name: Karl Midl
Role: Country Head, UK and CEO
Number: +44 (0)7951 266225
Email: karl.midl@linkgroup.co.uk

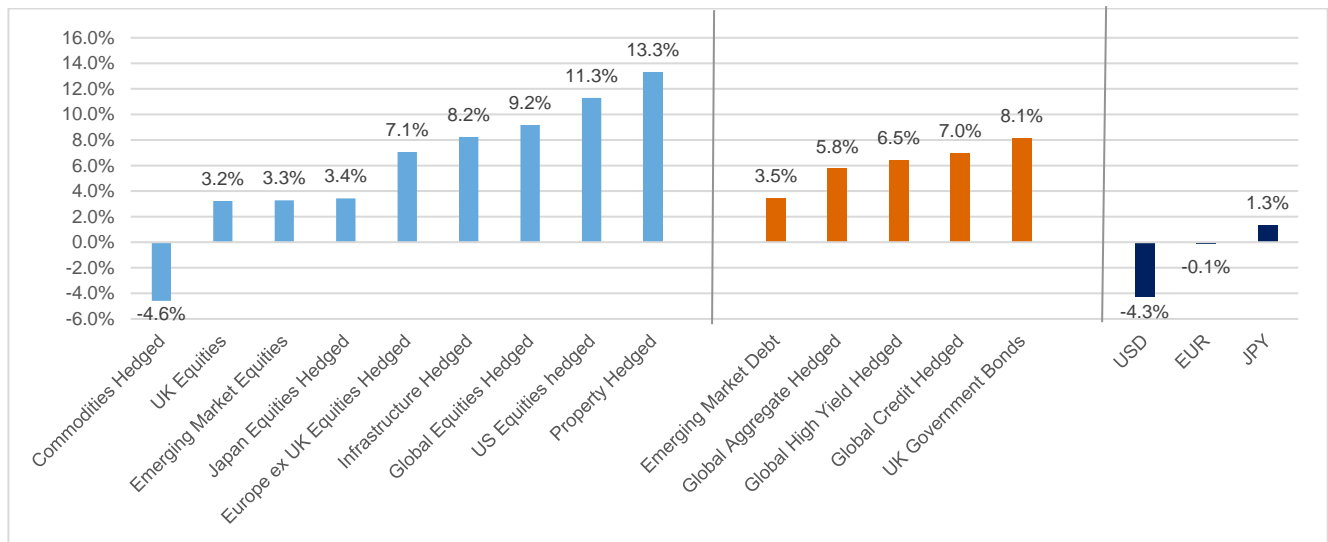
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JGC - WPP Performance Summary Q4 2023

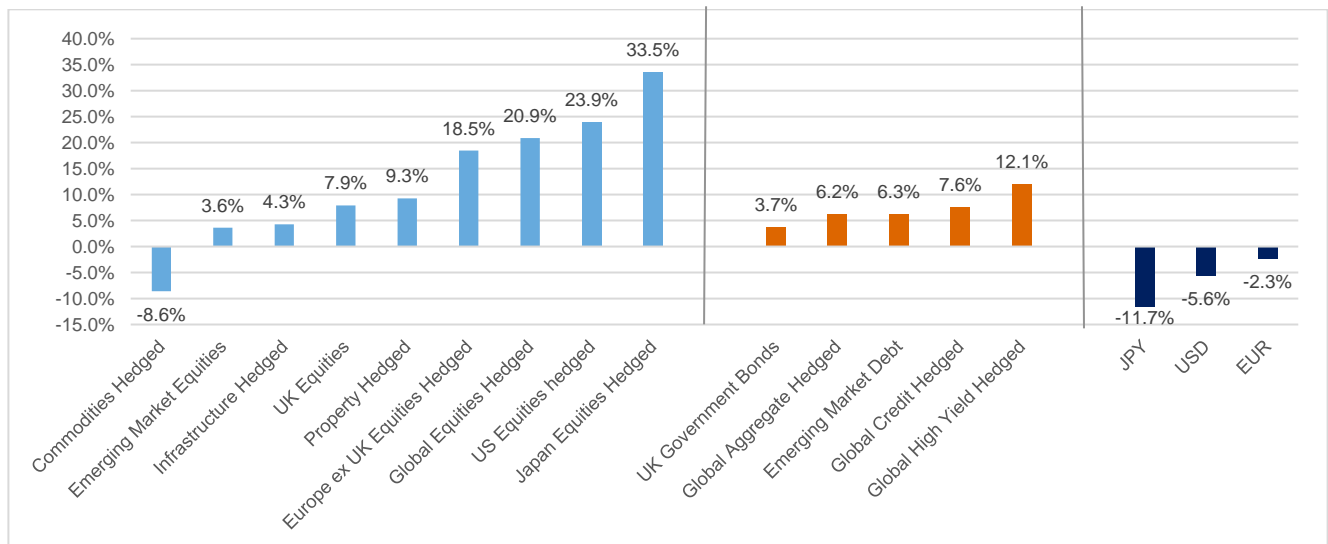
Global Market Commentary

Equities climbed in the fourth quarter with the global indices achieving double-digit gains. Third-quarter market weakness continued into October on concerns about persistent inflation and a prolonged period of high interest rates. Geopolitical worries triggered by conflict in the Middle East added to investor caution. However, this pessimism faded rapidly in November, as evidence of falling inflation raised expectations of interest rate cuts ahead, fuelled further by comments from Federal Reserve (Fed) Chair Jerome Powell in December. The US dollar retreated, losing its year-to-date gains, as markets priced in rate cuts by mid-2024, extending the rally in gold prices. The Fed, European Central Bank and the Bank of England all left interest rates unchanged at their rate-setting meetings.

Asset class performance – Quarter to Date (December) 2023



Asset class performance – Year to Date (December) 2023



Benchmarks : Global equity hedged (MSCI World ACWI), UK equity (FTSE All Share), US equity hedged (Russell 1000 Net GBPH), Europe ex UK equity (MSCI Europe ex UK Equity Net GBPH), Japan equity (TOPIX Net GBPH), Emerging equity (MSCI Emerging Markets Net), Global HY bonds (BofAML Global High Yield 2% Constrained Index), EMD LC (JP Morgan GBI-EM Global Diversified Index), Global credit hedged (Bloomberg Barclays Global Aggregate Credit Index), Global aggregate hedged (Bloomberg Barclays Global Aggregate Bond Index GBPH), UK Government Bonds (ICEBofAML UK Gilts All Stocks (GB)), Property hedged (FTSEEPRA Nareit Dev Re GBP)

Global Growth Equity Fund:

	Three Months	1 Year	Since Inception
Gross	6.3	13.6	10.0
Net	6.2	13.2	9.6
MSCI AC World Index Net	6.3	15.3	10.9
Excess returns (gross)	-0.1	-1.7	-0.9

Inception Date: 6th February 2019

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary

Equity markets performed well in the fourth quarter delivering the highest quarterly returns of 2023 in GBP term. Growth stocks rebounded driving out-performance for Baillie Gifford and largely reversing the underperformance of the prior quarter. Value styles underperformed. Pzena outperformed the value style but still trailed the fund's benchmark. Quality styles matched the returns to Growth however Veritas' value bias dominated to leave returns for the quarter trailing the index.

Global Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
Gross	5.6	14.1	12.0
Net	5.5	13.8	11.7
MSCI AC World Index Net	6.3	15.3	10.9
Excess returns (gross)	-0.7	-1.2	1.1

Inception Date: COB 14th February 2019

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary

Growth was the best-performing style over the quarter spurred by strengthening expectations that interest rates have peaked with cuts to come in the first half of 2024. Although large cap growth was the standout performer, generally small and mid-caps did better than large caps, except in Europe. Value generally underperformed with the exception of small cap value stocks (the best performing style in the UK). High dividend yielding and minimum volatility styles were the worst-performing factors over the quarter. The Fund's tilt to small caps was additive, although stock selection was negative. In sectors, stock selection within industrials was unhelpful.

Sustainable Active Equity Fund:

	Three Months	1 Year	Since Inception
Gross	6.6	-	6.5
Net	6.5	-	6.3
MSCI AC World Index Net	6.3	-	9.1
Excess returns (gross)	0.3	-	-2.6

Inception Date: COB 17 July 2023

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary

In a reversal from the preceding period, equity markets rose to deliver the best quarterly performance since the fourth quarter of 2020. All sectors made gains over the quarter except energy, which suffered from falling oil prices amid a volatile market, and real estate which was flat. Within this market environment, the Fund's underweight to energy was additive. Selection within financials was also positive. However, selection within technology detracted.

EM Market Commentary

Emerging Markets brought the end to a positive year with a positive final quarter. However, the market lagged developed markets this period, primarily due to underperformance within China. Elsewhere, Brazil recorded a strong return following a weak third quarter. Mexico also rebounded. The economy showed signs of improvement as inflation eased, the currency strengthened and GDP growth was upwardly-revised. India also outperformed, with third-quarter GDP growth ahead of expectations. Taiwan, South Korea and South Africa were other outperformers. Quality was the standout factor in the fourth quarter. Value slightly outperformed growth with a smaller dispersion compared to developed markets. Meanwhile, small and mid-capitalisation stocks extended their positive 2023 outperformance over large cap stocks. Momentum and low volatility were the weakest-performing factors.

EM Equity Fund:

	Three Months	1 Year	Since Inception
Gross	2.6	3.1	-4.8
Net	2.5	2.6	-5.3
MSCI Emerging Market Index	3.3	3.6	-4.5
Excess returns (gross)	-0.7	-0.5	-0.3

Inception Date: COB 29th October 2021

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary

Quality was the standout factor in the fourth quarter. Value slightly outperformed growth with a smaller dispersion compared to developed markets. Meanwhile, small and mid-capitalisation stocks extended their positive 2023 outperformance over large cap stocks. Momentum and low volatility were the weakest-performing factors. The Fund's positive exposure to growth slightly weighed on relative performance. Stock selection within China across consumer-oriented sectors was a key detractor. Positioning and selection within Thailand (overweight) and South Africa (underweight) was also negative. However, an overweight to Brazil suited the market environment. Stock selection within Taiwan (semiconductor names) also contributed positively.

UK Market Commentary

UK equities underperformed the index and most other markets as investors were wary of stubborn inflation and lack of growth in the economy. Shares rose mid-November on reports that inflation eased sharply in October to 4.6% YoY from 6.7% in September, compared to market expectations of 4.7%, although this was largely due to falling energy prices. Core inflation also fell, to 5.7% YoY from 6.1% in September. The trend continued in November when inflation also fell more than expected, to 3.9% YoY, the lowest annual rise since September 2021. Core inflation was also lower, at 5.1%. Meanwhile, retail sales rose 1.3% MoM in November, more than expected following two months of no growth. Although revised figures issued near year-end revealed that the economy contracted in the third quarter, by 0.1%, versus the previous estimate of zero growth, there was better news in PMI data, which exceeded expectations and indicated an expansion in business activity. In factors, small cap value and mid cap stocks were the best performers, outperforming the index. Small cap stocks, small cap growth and growth stocks also fared well. In contrast, large cap value, large cap, value and large cap growth stocks underperformed the index. In sectors, technology was the best performer, followed by industrials and utilities. Consumer discretionary also did well. On the other hand, energy lagged the most, followed by healthcare and consumer staples.

UK Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
Gross	3.4	12.1	4.3
Net	3.3	11.6	3.9
FTSE All Share	3.2	7.9	4.6
Excess returns (gross)	0.1	4.2	-0.3

Inception Date: COB 11th October 2019

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary

The Fund's tilt towards small cap stocks was favourable. In sectors, an underweight to and selection within health care (underweight AstraZeneca) was additive. An underweight to and selection within consumer staples (underweight Unilever) was also positive. However, selection within utilities (overweight Centrica) detracted from further excess returns.

Fixed Income Market Commentary

Bond markets rose over the quarter. In October, signs of a resilient US economy pushed yields up, with the 10-year US Treasury yield breaking through the 5.0% threshold for the first time in 16 years. However, in November the higher-for-longer interest rate narrative was abandoned amid growing optimism that the battle against inflation has been won with rising expectations of rate cuts ahead. This pushed bond prices upward, propelling a strong market rally. Speculation that the Federal Reserve (Fed) will achieve a “soft landing” for the US economy and avoid a recession fuelled investor appetite for riskier assets. In this environment, high yield outperformed investment grade corporate credit. The Fed, European Central Bank and the Bank of England all left interest rates unchanged at their rate-setting meetings.

Global Government Bond Fund:

	Three Months	1 Year	Since Inception
Gross	6.6	5.4	-2.1
Net	6.5	5.1	-2.4
FTSE World Gvt Bond Index (GBP Hedged)	5.6	5.5	-3.4
Excess returns (gross)	1.0	-0.2	1.3

Inception Date: COB 19th August 2020

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary

The Fund's overweight to rates within New Zealand and non-classic markets such as Mexico contributed positively to relative returns, in a period where the country's benchmark 10-year yields decreased by 99 and 93 basis points respectively. An underweight to core eurozone bonds and UK gilts did not suit the market environment

Global Credit Fund:

	Three Months	1 Year	Since Inception
Gross	7.0	6.7	-2.6
Net	7.0	6.5	-2.8
Bloomberg Barclays Global Agg Credit Index (GBP Hedged)	7.0	7.6	-2.5
Excess returns (gross)	0.1	-1.0	-0.1

Inception Date: COB 20th August 2020

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary

The Fund's overweight to European high yield and investment grade credit financials and industrials contributed positively. An overweight to UK high yield debt was also helpful. In US credit, although an overweight to US high yield industrials was effective this was offset by an underweight to high yield financials which detracted. An underweight to US investment grade detracted due to underweights in utilities and industrials, which weighed on returns. In hard currency emerging market debt, underweights to investment grade credit in Europe, the Middle East and Latin America were ineffective. Elsewhere, an underweight to Spanish sovereign debt was detrimental.

Multi Asset Credit Fund:

	Three Months	1 Year	Since Inception
Gross	5.9	12.1	2.1
Net	5.8	11.7	1.7
3 Month GBP SONIA + 4%	2.3	9.0	5.9

Performance Target is 3 Month GBP SONIA + 4%, we have not shown excess return as this is a target.

Inception Date: COB 11th August 2020

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary

As in the previous two quarters, high yield (HY) credit outperformed investment grade. From November investors became increasingly comfortable about taking on more risk, prompted by growing conviction that the Fed will achieve a “soft landing” for the US economy and implement interest rate cuts in the first half of 2024. In this environment, the Fund outperformed its target return. A key contributor to returns was RBC’s overweight exposure to European credit, particularly high yield financials. Barings also contributed to the performance. Their positioning in US credit was beneficial with overweights to investment grade financials and industrials contributing positively.

Absolute Return Bond Strategy Fund:

	Three Months	1 Year	Since Inception
Gross	1.2	5.8	3.1
Net	1.1	5.4	2.7
3 Month GBP SONIA + 2%	1.8	6.9	3.9

Performance Target is 3 Month GBP SONIA + 2%, we have not shown excess return as this is a target.

Inception Date: COB 30th September 2020

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary

The Fund recorded a positive return for the quarter. Insight was a key driver of returns with its exposure to duration, which was a key contributor to positive performance, driven by the long duration position in US treasuries and a short duration position in the UK and Korea. A headwind for performance was Wellington. In contrast to the previous period, macro strategies detracted this quarter. Wellington’s underweight exposure to duration in Japan, the UK and Australia did not suit the market environment.

Sterling Credit Fund:

	Three Months	1 Year	Since Inception
Gross	7.7	9.7	-2.2
Net	7.6	9.5	-2.4
ICE Bank of America Merrill Lynch Euro-Sterling Index plus 0.65%	7.5	9.3	-2.6
Excess returns (Gross)	0.2	0.4	0.4

Inception Date: COB 19th August 2020

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary

During the quarter, the fund outperformed the benchmark, returning 7.7% against a benchmark return of 7.4%. The excess yield over the index was a consistent positive over the quarter. An overweight credit beta position supported returns as credit spreads broadly tightened over the quarter. Investor optimism stemmed from expectations that BoE had largely concluded interest rate hikes in light of cooling inflation and slowing economic growth. At a sector level, the overweight stance in banks & brokers, asset backed securities (ABS) and insurance supported performance. The overweight position in banks & brokers such as UBS and Deutsche Bank positively contributed to relative performance as sector continues to remain resilient amid higher net interest income and attractive valuations in terms of credit spreads. On the issuer front, overweight in CPI Property was a key detractor but Fidelity remains comfortable with the name from fundamental perspective following meetings with the CEO. On the duration front, the tactical sterling duration enhanced gains. Gilt yields fell across the curve amid easing inflation and dovish anticipated path for interest rates.

WALES PENSION PARTNERSHIP

GCM GROSVENOR WPP GLOBAL INFRASTRUCTURE LP

13 MARCH 2024

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TABLE OF CONTENTS

Closed-ended	GCM Grosvenor
Open-ended	IFM, CBRE, Octopus
Appendix	Notes and Disclosures

PARTICIPATING FUNDS

Closed-Ended Infrastructure

- Clwyd Pension Fund
- Dyfed Pension Fund
- Gwynedd Pension Fund
- Powys Pension Fund
- Rhondda Cynon Taff Pension Fund
- City and County of Swansea Pension Fund
- Greater Gwent (Torfaen) Pension Fund

Open-Ended Infrastructure

- Cardiff & Vale of Glamorgan Pension Fund
- Gwynedd Pension Fund
- Powys Pension Fund
- City and County of Swansea Pension Fund
- Greater Gwent (Torfaen) Pension Fund



PORTFOLIO CONSTRUCTION

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GCM WPP GLOBAL INFRASTRUCTURE LP

Closed-ended program focused on diversified infrastructure investments across primaries, secondaries, and co-investments in the UK, Europe, and North America

PROGRAM OVERVIEW

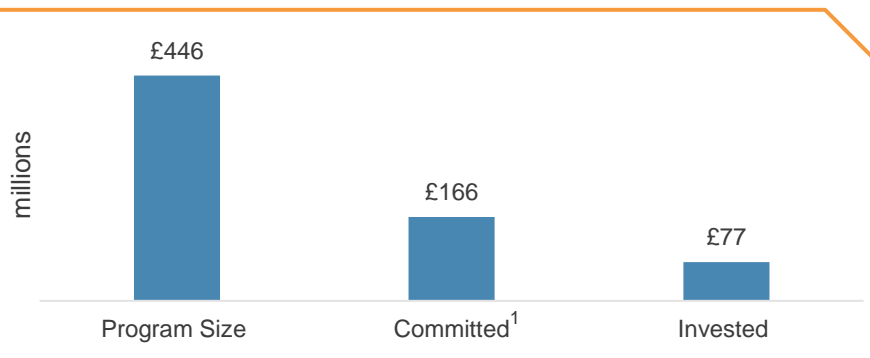
Vintage:
2023

Fund term:
Closed ended

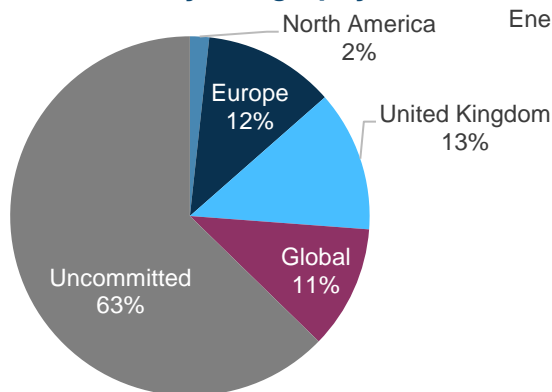
Type: **Primaries,
Secondaries, Co-
investments**

Sub-focus: **Sustainable investments, local impact
within Wales**

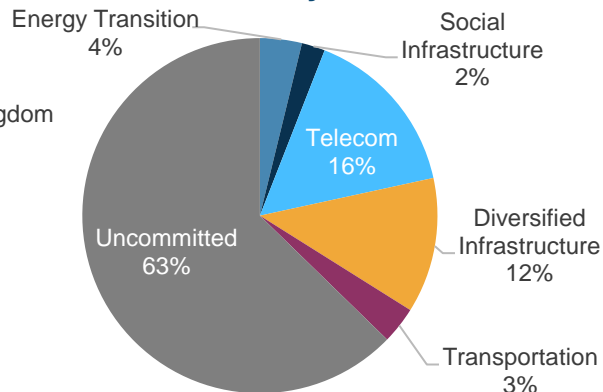
PROGRAM SUMMARY



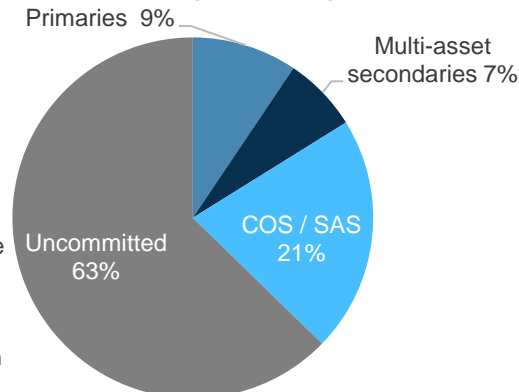
Allocation by Geography



Allocation by Sector



Allocation by Asset Type



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¹ Committed to underlying investments. Includes one investment pending commitment.

This portfolio is subject to change. No assurance can be given that any investment will achieve its objectives or avoid losses.

IFM GLOBAL INFRASTRUCTURE FUND

The Global Infrastructure Fund invests in a diversified portfolio of infrastructure assets across the transportation, energy, utilities and digital sectors which seek to deliver stable revenues over the long term

PROGRAM OVERVIEW

Vintage:
2004

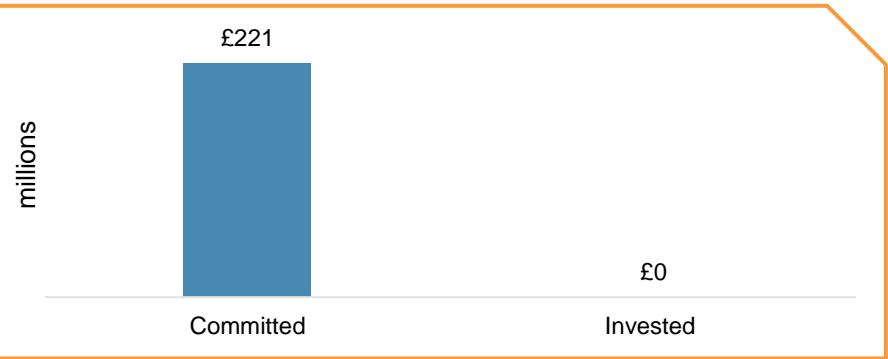
Fund term:
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Type: **Diversified Infrastructure**

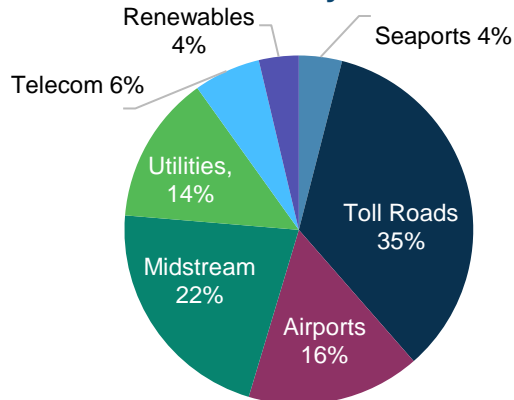
Strategy:

Investments in diversified, core infrastructure platforms and assets with a focus on OECD countries

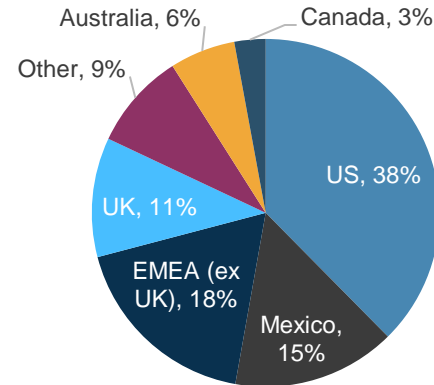
PROGRAM SUMMARY



Allocation By Sector



Allocation By Geography



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This portfolio is subject to change. No assurance can be given that any investment will achieve its objectives or avoid losses.

CBRE GLOBAL INFRASTRUCTURE FUND

CBRE Global Infrastructure Fund invests in assets across digital, transportation, energy transition, and utility infrastructure sectors with highly contracted, cash yielding characteristics

PROGRAM OVERVIEW

Vintage:
2018

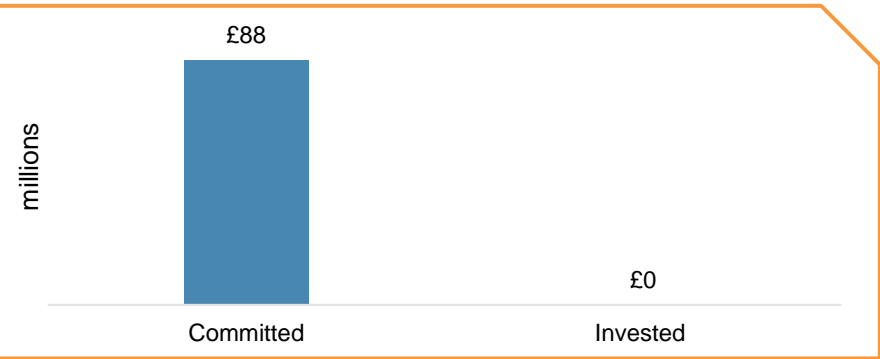
Fund term:
Open ended

Type: **Diversified
Infrastructure**

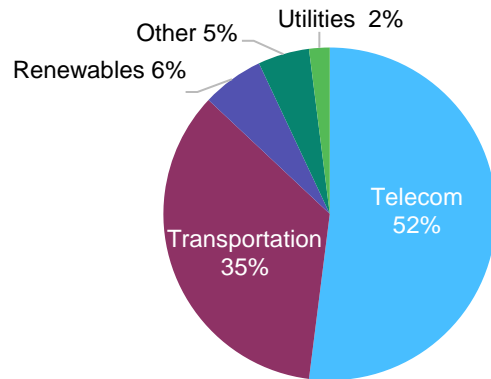
Strategy:

Investments in diversified infrastructure mid-market assets with contracted cash flows with focus on Europe and North America

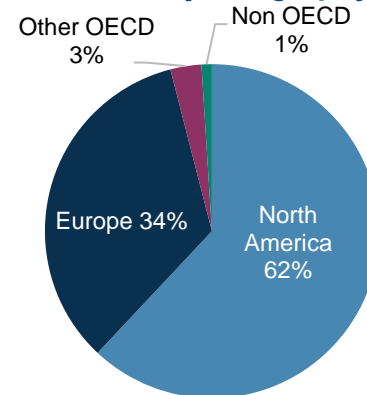
PROGRAM SUMMARY



Allocation By Sector



Allocation By Geography



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OCTOPUS RENEWABLE INFRASTRUCTURE SCSP (SKY)

The Sky Fund makes investments in predominantly core, contracted, and cash-yielding renewable and energy transition assets across the UK, Europe, North America, and APAC

PROGRAM OVERVIEW

Vintage:
2021

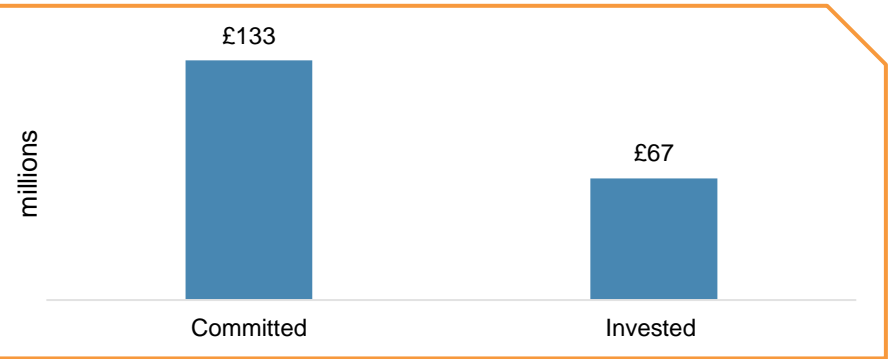
Fund term:
Open ended

Type: **Renewable Infrastructure**

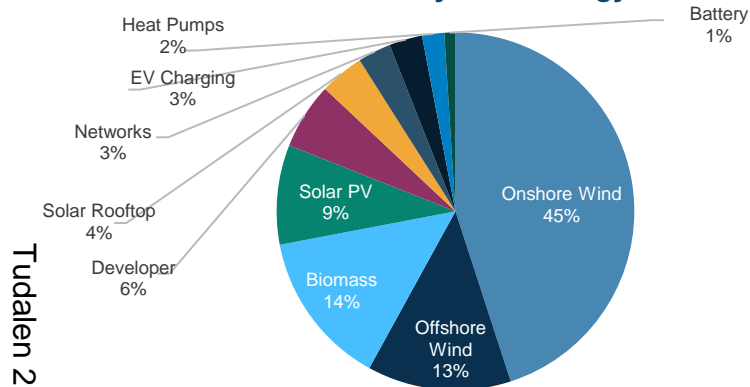
Strategy:

Investments in predominantly core renewable and energy transition assets targeting jurisdictions in the UK, Europe, North America and APAC

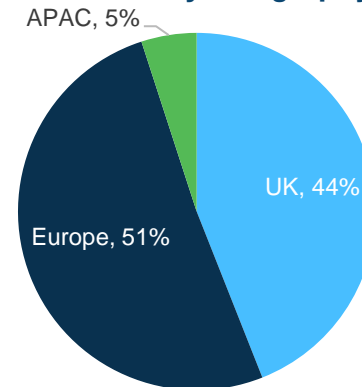
PROGRAM SUMMARY



Allocation by Technology



Allocation by Geography



Tudalen 212

This portfolio is subject to change. No assurance can be given that any investment will achieve its objectives or avoid losses.

Appendix

NOTES AND DISCLOSURES

GCM GROSVENOR

Notes and Disclosures (1 of 2)

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GCM GROSVENOR

Notes and Disclosures (2 of 2)

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Mae'r dudalen hon yn wag yn fwiadol

**PWYLLGOR CRONFA BENSIWN DYFED
DYDDIAD 27/03/2024**

**Diweddariad Buddsoddi Cyfrifol Partneriaeth Pensiwn Cymru –
31 Rhagfyr 2023**

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Y Pwyllgor i nodi diweddariad Buddsoddi Cyfrifol Partneriaeth Pensiwn Cymru (PPC) fel ar 31 Rhagfyr 2023.

Y Rhesymau:

Mae Hymans Robertson wedi darparu Adroddiad Buddsoddi Cyfrifol PPC fel ar 31 Rhagfyr 2023.

Angen i'r Cabinet wneud penderfyniad Amherthnasol

Angen i'r Cyngor wneud penderfyniad Amherthnasol

YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:- Amherthnasol

Y Gyfarwyddiaeth:

Gwasanaethau Corfforaethol

Enw'r Gyfarwyddwr:

Chris Moore

Awdur yr Adroddiad:

Chris Moore

Swyddi:

Cyfarwyddwr Gwasanaethau
Corfforaethol,
Cyngor Sir Gâr

Rhifau ffôn:

01267 224120

Cyfeiriadau E-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 27/03/2024**

**Wales Pension Partnership Responsible Investment Update –
December 2023**

The Wales Pension Partnership (WPP) Responsible Investment (RI) Update has been prepared by WPP’s Oversight Advisor (Hymans Robertson) in conjunction with WPP.

This quarterly WPP RI Update sets out recent RI activity and information on the following Sub-Funds which the Dyfed Pension Fund is invested in:

- Global Growth
- Sustainable Active Equity
- Global Credit

In addition, the update provides a Stewardship Summary and the following appendices:

- Appendix 1: WPP Stewardship Themes 2023/24
- Appendix 2: Issuers Under Engagement (Q4 2023)
- Appendix 3: Metrics Definitions
- Appendix 4: General Risk Warning and Disclaimer

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: C Moore

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets	Bio-diversity & Climate Change
NONE	NONE	NONE	NONE	NONE	NONE	NONE	YES

Biodiversity & Climate Change

Robeco's role as WPP's voting and engagement provider enhances engagement on biodiversity and climate change issues.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below:

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
--	-----

2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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Wales Pension Partnership Responsible Investment Update: December 2023

Introduction

This update has been prepared by Hymans Robertson LLP for the WPP. This quarterly WPP Responsible Investment (RI) Update sets out recent RI activity and information on the following Sub-Funds: Global Growth; Sustainable Active Equity; and Global Credit.

It should not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety. We accept no liability to any other party unless we have accepted such liability in writing.

Summary of quarterly RI activity

JGC RI activity

- **UK Stewardship Code:** WPP submitted its third annual Stewardship Code report at the end of October, where we can confirm WPP has retained its signatory status for a third successive year.
- **All-Wales Climate Report:** was presented to the JGC in December, with a public version for publication to be published by March.
- **Stewardship Themes:** WPP attended Robeco's annual client panel in November. The themes that WPP put forward – Ocean Biodiversity; Responsible Application of Generative Artificial Intelligence – both appeared in the short list. We're happy to advise that the ocean theme has been chosen to launch in 2024. Equally, WPP asked that another shortlisted theme – Hazardous Chemicals – be mentioned as a runner-up, given this is an area of concern WPP had previously flagged within its climate and ESG risk reports, having identified a handful of issuers in the US and emerging markets that present ESG risk here. This theme will also be launched in 2024.
- **Escalation Policy:** WPP has drafted a set of escalation principles, for instances of continued failed engagement, to feed into the review of the WPP Stewardship Policy in 2024.
- **Climate & ESG risk reports:** presented for the UK Opportunities and Emerging Markets Sub-Funds.

LAPFF alerts

The fourth quarter of 2023 saw one LAPFF alert issued:

- BHP

Securities lending

The Broadridge Proxy Recall service provided by Northern Trust is now live across the Global Growth, Global Opportunities, UK Opportunities and Emerging Market Equity Sub-Funds.

Simon Jones, Partner

Rachel Barrack, Senior RI Analyst

For and on behalf of Hymans Robertson LLP

March 2024

Stewardship Summary

Quarter ending 31 December 2023

WPP employs Robeco as its Voting and Engagement Provider, with Robeco voting on resolutions across four of the WPP's Active Equity Sub-Funds (the voting mandate for the Sustainable Active Equity Sub-Fund was launched at the end of the quarter, so will commence from Q1 24, with reporting to start in 2024), while also providing the engagement function with issuers across all active Sub-Funds, as well as the passive mandates.

One voting theme highlighted by Robeco this quarter is around corporate-governance practices in state-owned enterprises (SOEs). The number of such entities within the top-500 global companies has significantly increased over recent decades, but governance issues remain – around the rights of minority shareholders, the ability to hold SOEs to account and how to address recent scandals. Voting is a means by which shareholders can push for improved governance standards in these companies, for example by asking SOEs to adopt and implement the OECD Principles of Corporate Governance around shareholder protections.

A summary of activity is provided below, with voting broken down between Sub-Funds in subsequent pages. It should be noted that some stocks are common across multiple Sub-Funds and hence votes will be reported against each.

Overall voting summary

Breakdown of voting activity			
Number of meetings		134	
Votes cast		1,096	
Meetings with at least one vote against management		52 (39%)	
For	948	With management	950
Withhold	13	Against Management	146
Against	118		
Abstain	0		
Other	17		

Overall engagement summary

Number of engagement cases by topic		Number of engagement activities by contact type	
Environment	51	Meeting	15
Social	35	Conference call	116
Corporate Governance	24	Written correspondence	92
Voting Related	1	Shareholder resolution	1
UN SDGs	63	Analysis	88
Global Controversy	23	Other	1
Total	197	Total	313

Global Growth Sub-Fund:

Key Metrics as at 31 December 2023

Key characteristics

Fund value	£3.3bn
Underlying managers	Baillie Gifford, Pzena, Veritas

Source: Waystone/Russell

Top-10 holdings (by AUM)	
1. Amazon	6. Alphabet
2. Microsoft	7. Thermo Fisher
3. Mastercard	8. Airbus SE
4. Elevance Health	9. Charter Communications
5. Moody's Corporation	10. Diageo

Source: Waystone

Climate metrics

Figures as at 31 December 2023	Fund	Coverage	Benchmark	Coverage
WACI (tCO ₂ e/\$m sales)	64.1	>99%	128.7	>99%
WACI EVIC (tCO ₂ e/\$EVIC)	50.6	>99%	54.1	>99%
Carbon emissions (tCO ₂ e/£m invested)	86.6	>99%	109.9	>99%
Holdings with exposure to FF reserves	2.5%	Not applicable	6.8%	Not applicable
Approved Science-Based Targets (%)	35.5%	Not applicable	40.1%	Not applicable

Source: MSCI; Hymans Robertson

Benchmark: MSCI ACWI

ESG metrics

Figures as at 31 December 2023	Fund	Coverage	Benchmark	Coverage
Overall ESG score	5.6	>98%	5.5	>99%
E pillar	7.3	>98%	6.6	>99%
S pillar	4.9	>98%	5.1	>99%
G pillar	6.0	>98%	5.6	>99%
UNGC violators	0.0%	>99%	0.5%	>99%

Source: MSCI; Hymans Robertson

Benchmark: MSCI ACWI

Global Growth Sub-Fund:

Stewardship Summary

Voting Summary (Q4 2023)

Number of meetings		10	
Votes cast		157	
Meetings with at least one vote against management		7 (70%)	
For	128	With management	133
Withhold	5	Against Management	24
Against	18		
Abstain	0		
Other	6		

Key votes

Microsoft (US, 7 December 2023)

Robeco voted against the management proposal on executive compensation (so-called 'Say on Pay'), in line with previous years, given concerns around elevated CEO pay.

The management proposal passed with over 93% support (up from last year's >88%)

In line with this, Robeco voted against the re-election of the chair of the remuneration committee.

The management proposal passed with over 97% support (down from last year's >99%)

There were nine shareholder proposals (SHP) at the meeting, with Robeco voting in favour of four of these.

The first SHP was a request for a tax-transparency report. Robeco supported this proposal, particularly given Microsoft's ongoing dispute with the Inland Revenue Service over tax.

There was 21% support for the SHP

Transparency reports were also requested in two further SHPs:

The first requested a report on data operations in areas of significant human-rights concerns, including Saudi Arabia. The company has committed to the 'Trusted Cloud Principles', which require signatories to allow governments to request data through transparent processes that are in keeping with human-rights standards and the rule of law. However, shareholders are concerned that domestic laws in Saudi Arabia are not aligned with this, which may empower Saudi government agencies to gain access to data enabling unchecked state surveillance. Indeed, no human-rights impact assessment had been undertaken prior to the decision to locate the datacentre here. Shareholders therefore requested a report that considers the company's human-rights due diligence, including any mitigating actions and the tracking of outcomes.

There was 34% support for the SHP

The second requested a report on the risk of facilitating artificial-intelligence-generated misinformation and disinformation.

There was 21% support for the SHP

Oracle (US, 15 November 2023)

There has been significant scrutiny over US technology company Oracle’s remuneration practices over recent years. While Robeco notes that practices have improved recently, including an expansion of the company’s clawback policy, this was not enough to support the Say on Pay proposal. Among Robeco’s concerns was the discretionary nature of the long-term incentive awards for certain executives. This was coupled with pay/performance alignment, and the performance-based stock-option awards for Oracle’s CEO and CTO. To escalate concerns, Robeco chose to vote against the re-election of all members of the remuneration committee.

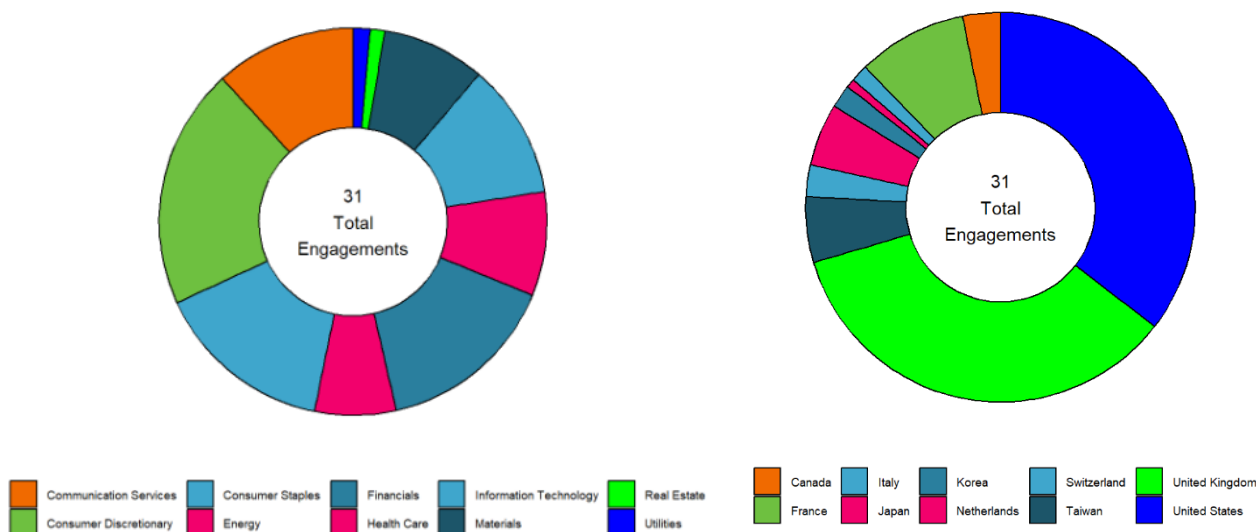
The remuneration-committee elections held at least 76% support

The Say on Pay proposal passed with 73% of the vote (up from 67% in 2022)

Engagement Summary (Q4 2023)

Robeco engaged with 30 companies, with assets totalling £1.03 billion, 31.9% of the Sub-Fund. Companies within the Sub-Fund may be engaged more than once. For example, Thermo Fisher was engaged under both the Diversity and Inclusion and Tax Transparency themes.

Companies under engagement (by AUM)



Source: Robeco, Hymans Robertson

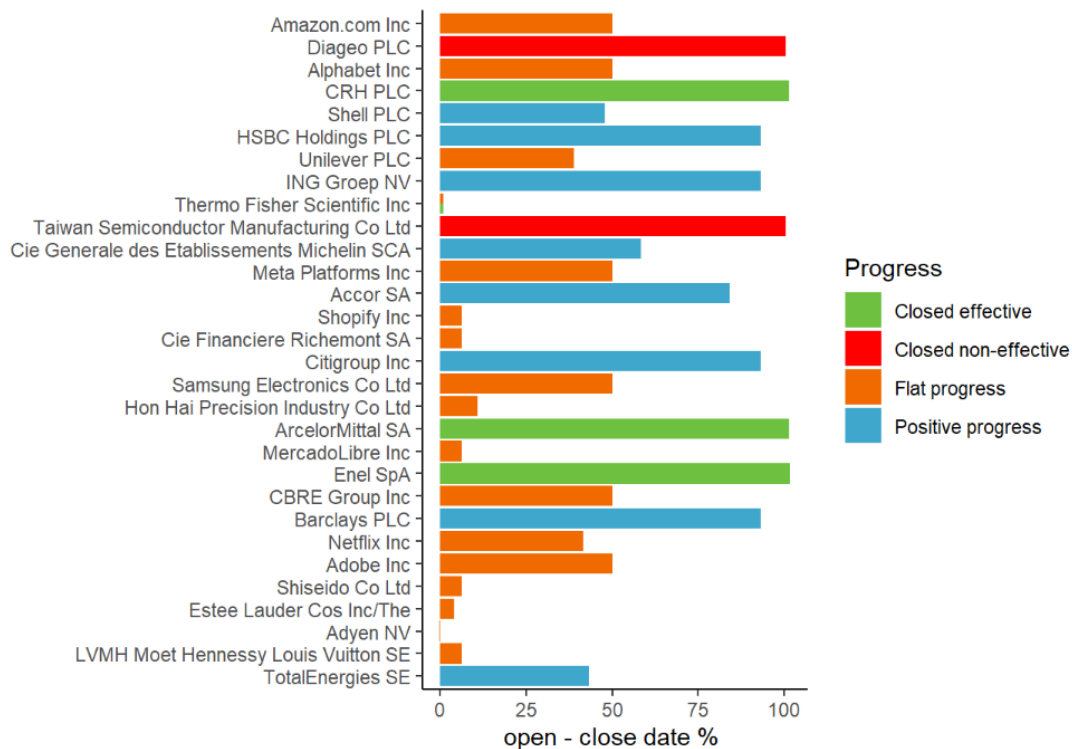
Of the issuers held in the Sub-Fund that are currently under engagement, the vast majority of AUM comes from companies domiciled in the US or UK. A list of companies by engagement theme is set out below.

Theme	Companies
Biodiversity	Cie Generale, Unilever
Climate Transition of Financial Institutions	Barclays, Citigroup, HSBC, ING Groep
Diversity and Inclusion	Netflix, Thermo Fisher, TSMC
Fashion Transition	Cie Financiere, Estee Lauder, LVMH, MercadoLibre, Shiseido, Shopify
Good Governance	Adyen
Human Rights Due Diligence	Hon Hai Precision Industry
Labour Practices in a Post Covid-19 World	Accor SA
Natural Resource Management	Diageo
Net Zero Carbon Emissions	ArcelorMittal, CRH, Enel, Shell
SDG Engagement	Adobe, Alphabet, Amazon.com, CBRE, Meta, Samsung, Total
Tax Transparency	Thermo Fisher

Source: Robeco, Hymans Robertson

Progress by company

Engagements are typically for a period of three years, although Robeco will close an engagement if the objectives are achieved early or if attempts to engage the company are unsuccessful. The following chart illustrates progress on various engagements as at 31 December 2023, noting that positive progress had been made with eight companies over the course of the quarter, with three companies' engagement also closing successfully.



Source: Robeco, Hymans Robertson

Case Study

Responsible Executive Remuneration

Since 2020, Robeco has been engaging with a number of US and European companies on responsible executive remuneration. Part of the objective of the engagement was to review remuneration policies and disclosures, as well as any key performance indicators and incentive structures. While the engagement theme has now come to a close, Robeco will continue to engage issuers on this subject, including by asking companies to incorporate environmental, social and governance (ESG) targets into variable pay.

Under this theme, Robeco engaged with food retailer Tesco to include ESG metrics within executive remuneration. This engagement has now been closed as successful, with Tesco now including ESG metrics that link executive pay to three sustainability areas assessed as being more financially material. Last year, those areas were: carbon reduction, food-waste reduction, and enhancements to diversity & inclusion.

Sustainable Active Equity Sub-Fund:

Key Metrics as at 31 December 2023

Key characteristics

Fund value	£1.3bn
Underlying managers	Artemis, Mirova, Neuberger Berman, Sparinvest, Wellington

Source: Waystone/Russell

Top-10 holdings (by AUM)	
1. Microsoft	6. TSMC
2. Visa	7. Thermo Fisher
3. ASML Holdings	8. Danaher
4. Recruit Holdings	9. Adobe
5. Mastercard	10. ING Groep

Source: Waystone/Russell

Climate metrics

Figures as at 31 December 2023	Fund	Coverage	Benchmark	Coverage
WACI (tCO ₂ e/\$m sales)	67.8	>96%	128.7	>99%
WACI EVIC (tCO ₂ e/\$EVIC)	43.1	>96%	54.1	>99%
Carbon emissions (tCO ₂ e/£m invested)	86.4	>96%	109.9	>99%
Holdings with exposure to FF reserves	1.4%	Not applicable	6.8%	Not applicable
Approved Science-Based Targets (%)	51.9%	Not applicable	40.1%	Not applicable

Source: MSCI; Hymans Robertson

Benchmark: MSCI ACWI

ESG metrics

Figures as at 31 December 2023	Fund	Coverage	Benchmark	Coverage
Overall ESG score	5.9	>96%	5.5	>99%
E pillar	7.1	>96%	6.6	>99%
S pillar	5.5	>96%	5.1	>99%
G pillar	6.1	>96%	5.6	>99%
UNGC violators	0.0%	>96%	0.5%	>99%

Source: MSCI; Hymans Robertson

Benchmark: MSCI ACWI

Stewardship Summary

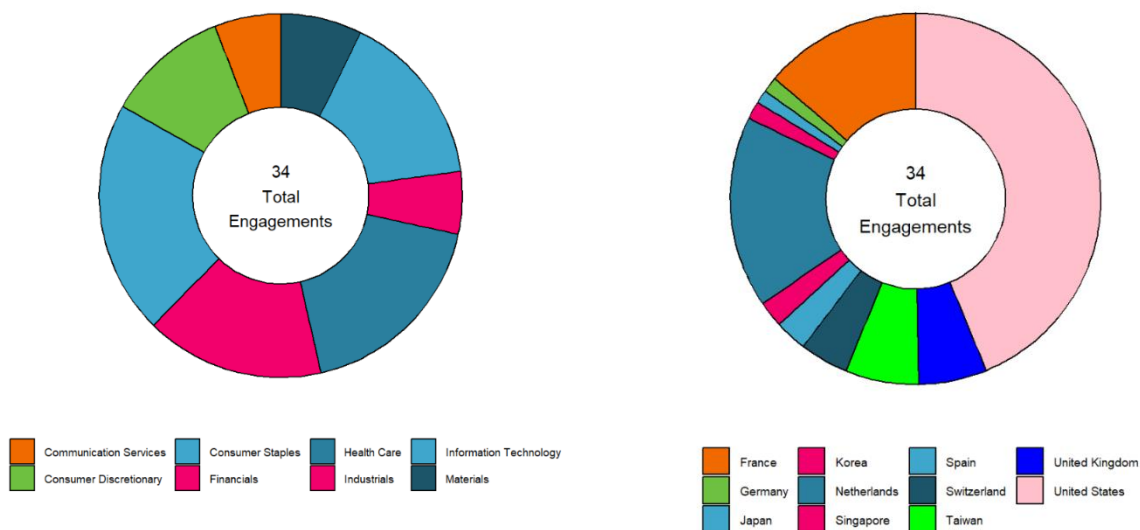
Voting Summary (Q4 2023)

To note, voting for this Sub-Fund will commence in the first quarter of 2024.

Engagement Summary (Q4 2023)

Robeco engaged with 32 companies, with assets totalling £335.5 million, 25% of the Sub-Fund.

Companies under engagement (by AUM)



Source: Robeco, Hymans Robertson

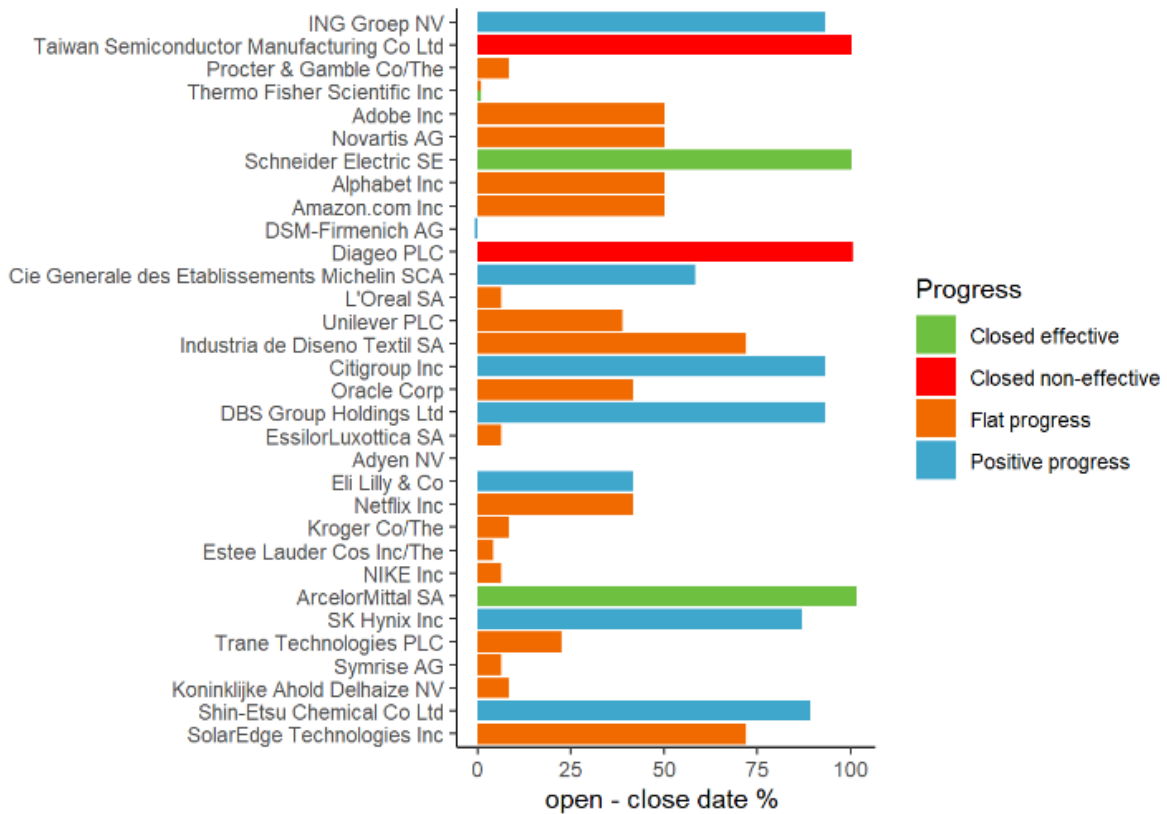
Of the issuers held in the Sub-Fund that are currently under engagement, the vast majority of AUM comes from companies domiciled in the US. A list of companies by engagement theme is set out below.

Theme	Companies
Biodiversity	Cie Generale, Procter and Gamble, Unilever
Climate Transition of Financial Institutions	DBS Group, Citigroup, ING Groep
Corporate Governance Standards in Asia	Hynix Semiconductors
Diversity and Inclusion	Eli Lilly, Oracle, Netflix, TSMC, Thermo Fisher
Fashion Transition	EssilorLuxottica, Estee Lauder, L’Oreal SA, Nike, Symrise
Good Governance	Ayden, DSM-Firmenich, Koninklijke Ahold Delhaize
Human Rights Due Diligence	Industria de Diseno Textil, SolarEdge Technologies
Modern Slavery in Supply Chains	Kroger
Natural Resource Management	Diageo
Nature Action 100	Koninklijke Ahold Delhaize
Net Zero Carbon Emissions	ArcelorMittal
Responsible Executive Remuneration	Schneider Electric
SDG Engagement	Adobe, Alphabet, Amazon, Novartis, Trane Technologies
Tax Transparency	Thermo Fisher

Source: Robeco, Hymans Robertson

Progress by company

Engagements are typically for a period of three years, although Robeco will close an engagement if the objectives are achieved early or if attempts to engage the company are unsuccessful. The following chart illustrates progress on various engagements as at 31 December 2023, noting that positive progress had been made with eight companies over the course of the quarter, with two engagements also closing successfully.



Source: Robeco, Hymans Robertson

Case Study

Responsible Executive Remuneration

Since 2020, Robeco has been engaging with a number of US and European companies on responsible executive remuneration. Part of the objective of the engagement was to review remuneration policies and disclosures, as well as any key performance indicators and incentive structures. While the engagement theme has now come to a close, Robeco will continue to engage issuers on this subject, including by asking companies to incorporate environmental, social and governance (ESG) targets into variable pay.

Under this theme, Robeco engaged with Nike on the sport retailer's decision to implement a 'more flexible' short-term incentive structure, a fall-out of the Covid-19 pandemic. Rather than these incentive structures being based on year-long targets, as had previously been the case, they were instead based on two equally weighted six-month performance periods. Robeco flagged this as opaque, particularly certain adjusted-performance goals. Following the engagement, Nike has since reverted to the year-long targets and Robeco were happy to close the engagement as successful.

Global Credit Sub-Fund:

Key Metrics as at 31 December 2023

Key characteristics

Fund value	£1.0bn
Underlying managers	Fidelity, MetLife, Robeco, Western

Source: Waystone/Russell

Climate metrics

Figures as at 31 December 2023	Fund	Coverage	Benchmark	Coverage
WACI (tCO ₂ e/\$m sales)	215.4	>75%	208.3	>85%
WACI EVIC (tCO ₂ e/\$EVIC)	84.1	>67%	66.4	>68%
Carbon emissions (tCO ₂ e/£m invested)	167.2	>75%	152.2	>85%
Holdings with exposure to FF reserves	6.8%	Not applicable	6.0%	Not applicable
Approved Science-Based Targets (%)	24.1%	Not applicable	24.1%	Not applicable

Source: MSCI; Hymans Robertson

Benchmark: Barclays Global Agg

ESG metrics

Figures as at 31 December 2023	Fund	Coverage	Benchmark	Coverage
Overall ESG score	5.5	>74%	5.6	>83%
E pillar	7.4	>74%	7.0	>83%
S pillar	5.0	>74%	5.1	>83%
G pillar	5.6	>74%	5.8	>83%
UNGC violators	0.4%	>75%	0.3%	>84%

Source: MSCI; Hymans Robertson

Benchmark: Barclays Global Agg

Global Credit Sub-Fund:

Stewardship Summary

Engagement Summary (Q4 2023)

Robeco engaged with 10 companies, with assets totalling £38 million, 2.7% of the Sub-Fund.

Companies under engagement (by AUM)



Source: Robeco, Hymans Robertson

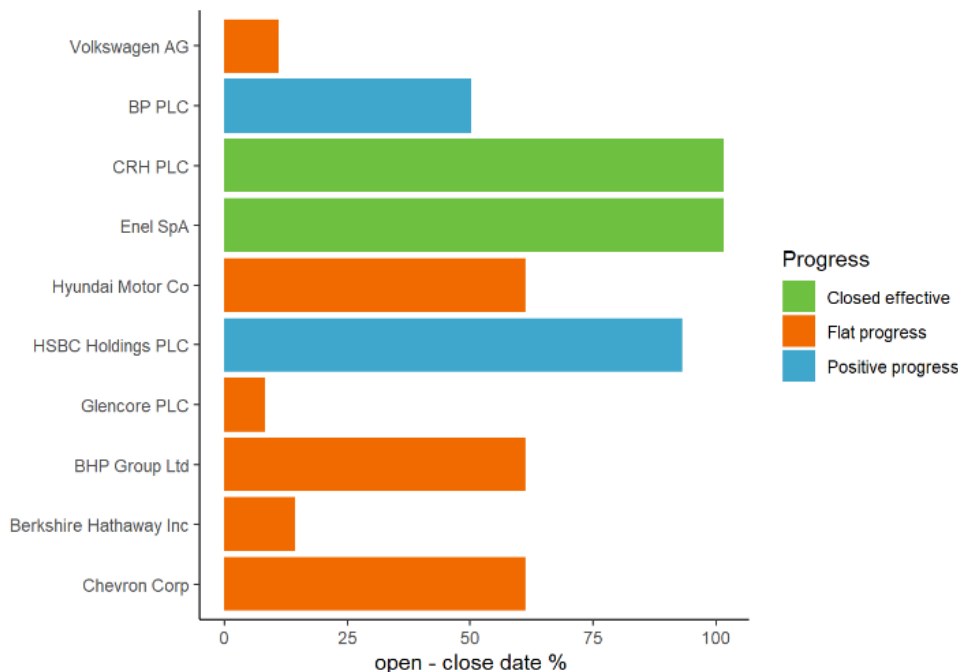
Of the issuers held in the Sub-Fund that are currently under engagement, the vast majority of AUM comes from companies domiciled in the UK. A list of companies by engagement theme is set out below.

Theme	Companies
Acceleration to Paris	Berkshire Hathaway
Climate Transition of Financial Institutions	HSBC
Human Rights Due Diligence	Volkswagen
Modern Slavery in Supply Chains	Glencore
Net Zero Carbon Emissions	BHP, BP, Chevron, CRH, Enel, Hyundai

Source: Robeco, Hymans Robertson

Progress by company

Engagements are typically for a period of three years, although Robeco will close an engagement if the objectives are achieved early or if attempts to engage the company are unsuccessful. The following chart illustrates progress on various engagements as at 31 December 2023, noting that positive progress had been made with two companies and two engagements have successfully closed over the course of the quarter.



Source: Robeco, Hymans Robertson

Case Study

Responsible Executive Remuneration

Since 2020, Robeco has been engaging with a number of US and European companies on responsible executive remuneration. Part of the objective of the engagement was to review remuneration policies and disclosures, as well as any key performance indicators and incentive structures. While the engagement theme has now come to a close, Robeco will continue to engage issuers on this subject, including by asking companies to incorporate environmental, social and governance (ESG) targets into variable pay.

Under this theme, Robeco engaged with food retailer Tesco to include ESG metrics within executive remuneration. This engagement has now been closed as successful, with Tesco now including ESG metrics that link executive pay to three sustainability areas assessed as being more financially material. Last year, those areas were: carbon reduction, food-waste reduction, and enhancements to diversity & inclusion.

Appendix 1: WPP stewardship themes (2023/24)



Focusing on net zero

Organisations, particularly those in materially affected sectors, should be developing and implementing transition plans to ensure that the long-term migration to a low-carbon economy is orderly. Companies should ensure that plans are published, and climate management disclosures are comprehensive and available for investor scrutiny.



Supporting people

An organisation's workforce is one of its most valuable assets, and it is incumbent on the organisation to ensure that its people are properly managed and rewarded. This includes the consideration of people within supply chains, which can often be areas of lower scrutiny.



Delivering sustainable outcomes (governance)

Organisations should be managed with a longer-term horizon so as to ensure that practices become more sustainable. This can ensure that executive remuneration is better linked to longer-term goals, including incorporating ESG criteria.

Appendix 2: issuers under engagement (Q4 2023)

ENVIRONMENT

Biodiversity

Arcadis
Archer-Daniels-
Midland Co
Axfood
Bunge
Cie Generale des
Etablissements
Michelin
Cranwick
Kimberley-Clark
Leroy Seafood
Procter & Gamble
Ryohin Keikaku
Sappi
Signify
Unilever
VF Corp

Climate Transition of Financial Institutions

Bank of America
Barclays
BNP Paribas
Citigroup
DBS Group Holdings
HSBC Holdings
ICICI Bank
ING Groep
JPMorgan Chase
Sumitomo Mitsui
Financial Group

Lifecycle Management of Mining

Barrick Gold

Natural Resource Management

Barrick Gold
Ambev
Callon Petroleum
CF Industries
Holdings
Diageo
OCI
PepsiCo
Sappi
Tronox Holdings

Nature Action 100

Ahold
Archer Daniels
Midland
Sociedad Quimica y
Minera

Net Zero Carbon Emissions

Anglo American
ArcelorMittal
Berkshire Hathaway
BHP Billiton
BlueScope Steel
BP
CEZ
Chevron
China National
Building Material Co
CRH
Ecopetrol
Enel
Exxon Mobil
HeidelbergCement
Hyundai Motor Co
JFE Holdings
LyondellBasell
Industries
Marathon Petroleum
Petroleo Brasileiro
Phillips 66
PTT Exploration &
Production
Repsol
Rio Tinto
Royal Dutch Shell
Saudi Arabian Oil Co
Shell
Valero Energy
Vistra Energy
WEC Energy Group

Sound Environmental Management

Alexandria Real
Estate Equities

SOCIAL

Diversity and Inclusion

Eli Lilly
Netflix
Oracle
TSMC
Thermo Fisher
Scientific

Human Rights Due Diligence for Conflict-Affected and High-Risk Areas

Booking Holdings
Cemex
Fast Retailing Co
HeidelbergCement
Hon Hai Precision
Industry
Inditex

International Paper
Co
IPG Photonics
PTT Exploration &
Production
Sinotruk Hong Kong
SolarEdge
Technologies
Volkswagen
Wacker Chemie

Just Transition in Emerging Markets

Ganfeng Lithium
Group
Impala Platinum
Holdings
Reliance Industries
SK Innovation
Tenaga Nasional

Labour Practices in a Post Covid-19 World

Accor
Delivery Hero
InterContinental
Hotels Group
Marriott International
Meituan Dianping
Uber Technologies
Walmart

Modern Slavery in Supply Chains

Glencore
Kia Motors
The Kroger
Walmart

Social Impact of Gaming

Activision Blizzard
NCSoft Corp
NetEase.com
Take-Two Interactive
Software
Tencent Holdings

Sound Social Management

Baidu
Post Holdings
Tencent Holdings
Tesco
Weibo Corp

GOVERNANCE

Corporate Governance in Emerging Markets

CCR
Cosan
CPFL Energia
ENN Energy
Holdings
Haier Smart Home
Hyundai Motor
Samsung Electronics
Woongjin Coway

Corporate Governance Standards in Asia

Hynix Semiconductor
Inpex
Panasonic
Resonac Holdings
Rohm
Shin-Etsu Chemical

Good Governance

Adyen
Ahold
Arcadis
DSM-Firmenich
Heineken Holding
Signify
Unilever

Responsible Executive Remuneration

Aspen Technology
Booking Holdings
Henkel
Nike
Schneider Electric
Tesco
Walt Disney
Wolters Kluwer

**VOTING
RELATED
ENGAGEMENTS**

**AGM Engagement
2023**

Aegon
Agilent Technologies
Airbus
BAWAG Group
BFF Bank
Boeing
CBRE
The Boeing Co
CB Richard Ellis
Group
Cheniere Energy
Deutsche Bank
Hana Financial
Group
Irish Residential
Properties
Johnson & Johnson
Masco
Monex Group
Morgan Stanley
NextEra Energy
Ovintiv
Plug Power
Prosus
Prysmian
Semen Indonesia
Persero
Sendas Distribuidora
Sociedad Quimica y
Minera de Chile
Wells Fargo & Co
Xylem

SDGs

Fashion Transition

Beiersdorf
Brunello Cucinelli
Bureau Veritas
Cintas
Compagnie
Financiere
Richemont
Crocs
Deckers Outdoor
Eclat Textile
EssilorLuxottica
Estee Lauder
Etsy
Hermes International
Hugo Boss
JD Sports Fashion
Kering
L'Oreal
Levi Strauss
L'Occitane
International
Lojas Renner
Lululemon Athletica
LVMH Moet
Hennessy Louis
Vuitton
Marimekko Oyj
MercadoLibre
Moncler
Nike
Pandora A/S
Prada
Puma
Ross Stores
Shiseido
Shopify
Silgan Holdings
Symrise
Watches of
Switzerland
Zebra Technologies

SDG Engagement

AbbVie
Adobe
Alphabet
Amazon.com
Amgen
Apple
AutoZone
Banco BTG Pactual
Bank of Montreal
Capital One
CBRE Group
CCR
Deutsche Boerse
eBay
Elanco Animal Health
Electronic Arts
Elevance Health
F5 Networks
Grupo Bimbo
Hitachi
Jeronimo Martins
L'Oreal
LyondellBasell
Meta Platforms
Mr Price Group
Nasdaq
Neste Oil
Novartis
OTP Bank
Rio Tinto
Salesforce
Salmar
Samsung Electronics
Sandvik
Sony Group
STMicroelectronics
TotalEnergies
Trane Technologies
Union Pacific

United Parcel
Service
Volvo

**Acceleration to
Paris**

African Rainbow
Minerals
Anhui Conch Cement
Caterpillar
Formosa Plastics
ITOCHU
Marubeni
Mitsubishi
Mitsui & Co
Nippon Steel
POSCO
SAIC Motor
Sumitomo
Toyota Industries
WH Group

**Global Controversy
Engagement**

During the quarter, 8
companies were
under engagement
based on potential
breaches of the UN
Global Compact
and/or the OECD
Guidelines for
Multinational
Enterprises.

Palm Oil

MP Evans Group
REA Holdings
Wilmar International

Appendix 3: metrics definitions

MSCI ESG Research LLC data coverage:

Climate change metrics have broad coverage, with data available on the ACWI Investable Market Index, and selected equity indices and non-listed fixed-income issuers. Coverage represents 19,000+ entities including subsidiaries, with ~12,150 entities directly covered (as at April 2023). For ESG ratings, more than 17,220 issuers are covered, including 10,800 that are directly rated.

To note, the metrics used in this report cover corporate issuers, but do not currently cover sovereign issuers. This means that coverage across the fixed-income funds will be lower than among listed-equity funds. In addition, certain products (for example, securitised products) will not return data from the parent issuer, resulting in reduced coverage. The above may result in much lower coverage for the MAC and ARB Sub-Funds in particular. This may also result in marked fluctuations in data output from quarter to quarter.

Metric	Description/Methodology
ESG Rating	A final ESG Rating. At a company level, this represents the weighted average of individual 'E', 'S' and 'G' pillars. The weight given to each pillar is dictated by MSCI's process, which determines the relevance of each pillar to a given company and sector. At a portfolio level, this is the weighted average of individual company scores by the weight in the portfolio.
Environmental Score	The Environmental Pillar Score, at a company level, represents the weighted average of all Key Issues that fall under the Environment Pillar.
Social Score	The Social Pillar Score, at a company level, represents the weighted average of all Key Issues that fall under the Social Pillar.
Governance Score	The Governance Pillar Score, at a company level, represents the weighted average of all Key Issues that fall under the Governance Pillar.
UNGC Violators	This factor indicates the percentage of the portfolio exposed to companies that violate the United Nations Global Compact principles.
Weighted Average Carbon Intensity (WACI)	A measure of a portfolio's exposure to carbon-intense companies. This is expressed in terms of tons of CO ₂ equivalent emitted per million dollars of revenue, weighted by the size of the allocation to each company. This is measured using Scope 1 + Scope 2 emissions.
Weighted Average Carbon Intensity (EVIC)	A measure of a portfolio's exposure to carbon-intense companies. This represents companies' most recently reported or estimated Scope 1 & Scope 2 greenhouse gas emissions, normalised by enterprise value including cash (USD). This ratio facilitates portfolio analysis by allocating emissions across equity and debt.
Total Carbon Emissions	This represents the portfolios estimated Scope 1 + Scope 2 greenhouse gas emissions. This is expressed in terms of thousand tons of CO ₂ equivalent emitted by the companies invested in by the portfolio, weighted by the size of the allocation to each company.

Metric	Description/Methodology
% of Portfolio with Ties to Fossil Fuels	The percentage of the portfolio invested in companies with evidence of owning fossil fuel reserves regardless of their industries, including companies that own less than 50% of a reserves field. Fossil reserves are defined as proved and probable reserves for coal or proved reserves for oil and natural gas. Evidence of owning reserves includes companies providing the exact volume of reserves and companies making a statement about their ownership of reserves.
% of Portfolio with SBT Approved Target	The percentage of the portfolio invested in companies with one or more active carbon-emissions-reduction target(s) approved by the Science-Based Targets initiative (SBTi).
Scope 1 emissions	Scope 1 emissions are those from sources owned or controlled by the company, typically direct combustion of fuel as in a furnace or vehicle.
Scope 2 emissions	Scope 2 emissions are those caused by the generation of electricity purchased by the company.

Appendix 4: General Risk Warning and Disclaimer

Risk warning

Please note the value of investments, and income from them, may fall as well as rise. You should not make any assumptions about the future performance of your investments based on information contained in this document. This includes equities, government or corporate bonds, currency, derivatives, property, and other alternative investments, whether held directly or in a pooled or collective investment vehicle. Further, investments in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the full amount originally invested. Past performance is not necessarily a guide to future performance.

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