

MEETING: PENSIONS COMMITTEE

DATE: 17 NOVEMBER 2021

TITLE: OBJECTIVES FOR INVESTMENT CONSULTANTS REVIEW

PURPOSE: To report progress against current objectives and to review future objectives

RECOMMENDATION: NOTE PROGRESS AND APPROVE FUTURE OBJECTIVES

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1. INTRODUCTION

At the end of 2018, following a review of the investment consulting and fiduciary management markets, the Competition and Markets Authority (“CMA”) stipulated that Pension Scheme Trustees should set objectives for their investment consultants.

2. ESTABLISHING OBJECTIVES FOR INVESTMENT CONSULTANTS

The CMA states that objectives for consultants should include a clear definition of the outcome expected, and should be:

- ‘closely linked’ to the pension scheme’s strategic objectives
- reviewed at least every three years, and after a significant change to the investment strategy or objectives

Establishing long term objectives is part of a well organised governance approach. The extension to set objectives for investment consultants could be regarded as a natural progression towards all stakeholders being aligned towards a common goal.

3. GWYNEDD PENSION FUND OBJECTIVES FOR INVESTMENT CONSULTANTS

The objectives for Gwynedd Pension Fund can be found in Appendix 1, with the progress reported against them during 2021.

A compliance statement needs to be signed by the Pensions Committee Chairman by the required deadline of 7th January 2022.

4. FUTURE OBJECTIVES

The current objectives will remain for the upcoming period with an additional objective identified to develop the understanding of ESG and climate risk.

This objective aims to ensure that the investment consultants builds the knowledge of the Committee on ESG and climate risk considerations, support the

implementation of TCFD governance requirements and help the Committee understand and manage climate-related risks within the strategy.

5. RECOMMENDATION

The Committee is asked to note the progress report and approve the Investment Consultants' objectives for the upcoming year.