

WPP Investment Pooling: Governance Overview

Purpose of this paper

This paper is addressed to the Constituent Authorities (CAs) participating in the Wales Pensions Partnership (WPP). We have been asked to give an overview of changes to WPP's investment pooling governance arrangements, including changes to the Inter-Authority Agreement (IAA) which must be approved by all CAs.

The governance arrangements considered in this overview are primarily the governance arrangements for CAs as shareholders and clients of the new WPP Investment Management Company (IM Co). IM Co's internal governance is not in the scope of this overview.

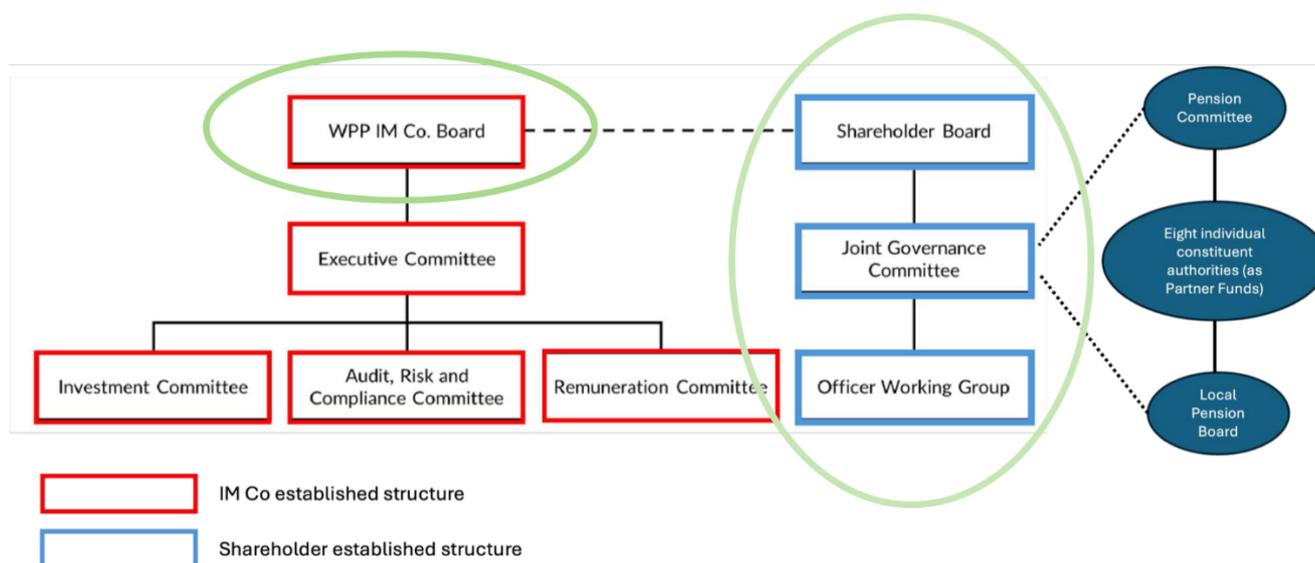
Introduction

WPP is currently establishing an FCA regulated Investment Management Company (IM Co) to meet the requirements of the government's "Fit for the Future" changes to LGPS Investment Pooling. In line with these requirements, the IM Co will:

- implement all aspects of the CAs' investment strategies (those in WPP's current pooling arrangements and all "legacy" assets which are not yet in WPP pooled vehicles)
- provide investment advice to the CAs including strategic asset allocation
- have sole control of investment decision making and investment strategy implementation
- contract with providers of services e.g. Waystone who provide fund operator services for WPP's Authorised Contractual Scheme (ACS)
- be wholly owned by the WPP CAs.

Overview of New WPP Governance Structure

The diagram below illustrates the WPP governance structure from 1st April 2026.



The shareholder/client-side Shareholder Board (Shareholder Forum) is new. It exists to consider the rights of the CAs **as owners** of the IM Co (e.g. appointment and removal of senior IM Co Directors, approval of IM Co budget, approval of remuneration policy, etc). Its members (S151s, senior LGPS officers or their nominated representatives) will make decisions individually on behalf of their own Constituent Authority (in its capacity as

administering authority of their LGPS Fund) as a Shareholder. The members of the Shareholder Forum may take account of the collective view of the JGC but are not bound by the views of the JGC.

Under current arrangements the OWG represents the views of CAs **as clients** of WPP's service providers including Waystone (ACS operator), Investment Managers (Russell, GCM, Schroders, etc) and advisors. The OWG's future role is similar, representing the collective views of CAs **as clients** of the IM Co. It will scrutinise and oversee the performance of the IM Co in delivering services to the CAs and will be the forum for discussing client needs with the IM Co, including implementation of RI policy.

Currently the JGC considers matters such as the appointment of the ACS operator and other service providers, the WPP budget and RI policy, making recommendations for approval by their respective pensions committees.

In the future, the IM Co will be responsible for appointment of ACS operator and other service providers such as Investment Managers. The JGC will continue to consider appointment of its own advisors (including legal and oversight advisors) and common policies for the CAs as clients (importantly, RI policy).

An additional new responsibility of the JGC will be providing views on shareholder "reserved matters" (IM Co senior appointments, IM Co remuneration policy, IM Co budget) to the Shareholder Board (Shareholder Forum) so that the Shareholder Forum representatives may have regard to the collective view of the CAs. However, it is important to say again that the JGC views on "reserved matters" are not binding on any CA and members of the Shareholder Forum will make decisions on behalf of their own CA.

An outline of Roles and Responsibilities in WPP investment pooling from 1st April 2026 is shown below. This is not an exhaustive statement of roles and responsibilities but is intended to give a sense of the respective roles of:

- the IM Co Board (new);
- the Shareholder Board / Forum (new);
- the Joint Governance Committee (JGC); and
- Officer Working Group (OWG).

| IM Co Board | OWG (Client Group) | JGC (Client / Shareholder Oversight) | Shareholder Forum (Shareholder Oversight) |
|---|---|--|--|
| <ul style="list-style-type: none"> • Governance of the IMCo | <ul style="list-style-type: none"> • Collective oversight of IM Co as clients. Provide technical input/challenge/oversight • OWG ToR set out in the IAA | <ul style="list-style-type: none"> • JGC is political/public facing forum overseeing client service delivery and forming collective views on shareholder matters • JGC matters set out in the IAA | <ul style="list-style-type: none"> • Oversee IM Co as shareholders • Formal body in respect of shareholder "reserved matters" • SHB ToR set out in the IAA |
| <p>Responsibilities include:</p> <ol style="list-style-type: none"> 1) IM Co strategy 2) IM Co Business Plan* 3) Regulatory compliance 4) Risk management 5) Operations 6) Service delivery to clients 7) Senior appointments* <p>*Proposals to shareholders on reserved matters requiring shareholder approval, including:</p> <ul style="list-style-type: none"> • Annual Budget • Appointment of CEO / Chair • Remuneration Policy | <p>As clients ..</p> <ol style="list-style-type: none"> 1) Meet IM Co representatives to discuss service delivery, risk management, performance, budget, resources, policy development and aspiration in line with fiduciary duty 2) To ensure CA service demands are delivered in line with expectations. Escalate client concerns to IM Co. 3) Escalate any material issues in service delivery to Shareholder Board or JGC and support accordingly 4) Report to the JGC on IM Co performance (investment, cost, etc) and implementation of common policies 5) Make recommendations to JGC on common policies | <p>As clients ..</p> <ol style="list-style-type: none"> 1) Consider CA common policies e.g. Responsible and Local Investment 2) Share client feedback with IM Co representatives and escalate CA client matters as appropriate <p>As shareholders ..</p> <ol style="list-style-type: none"> 1) Make recommendations to the Shareholder Board in relation on shareholder matters 2) To ensure all shareholder matters are addressed consistently with CA expectations and within delegated powers | <p>As shareholders ..</p> <p>To exercise the rights of shareholders including:</p> <ol style="list-style-type: none"> 1) Agreeing IM Co strategy 2) Consult JGC / CAs before making decisions on behalf of CAs 3) Formally approving shareholder "reserved matters" defined in the SHA, including: <ul style="list-style-type: none"> -IM Co Business Plan / budget -appointment of CEO and Chair -removal of any IMCo director -senior remuneration policy |
| <ul style="list-style-type: none"> • Independent Chair, IM Co exec, external Directors (shareholder reps and industry experts) | <ul style="list-style-type: none"> • Officers | <ul style="list-style-type: none"> • Elected Members (Chairs of I01 Pensions Committees) • Member representative | <ul style="list-style-type: none"> • S151s, Senior LGPS Officers or their nominated representatives |

Role and responsibilities of individual CA S101 Pension Committees under investment pooling

In respect of fund investments, responsibilities of individual CAs include deciding the Strategic Asset Allocation (SAA) and risk tolerance for their Fund (having taken principal advice from the IM Co). The CAs will also decide their Fund's allocation to local investment.

Individual CAs will also make decisions on “reserved matters” under the Shareholder Agreement. They exercise these rights via their own representative on the Shareholder Forum.

Individual CAs have a role in agreeing common policies (including Responsible Investment) via their S101 Pensions Committee Chair as a member of the JGC; collective oversight of IM Co service delivery via their officer reps on OWG; and contributing to the formation of collective views on other matters via their Chair on the JGC.

Other responsibilities that remain with CA S101 Pension Committees include preparation of Investment Strategy Statement (ISS), Funding Strategy Statement (FSS), setting employer contribution rates, member administration and Fund governance requirements under Regulation and guidance.

Governance elements that are unchanged

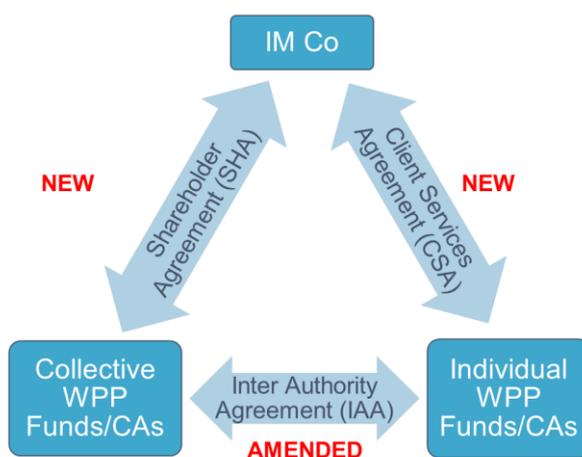
Some aspects of current WPP investment pooling governance will evolve but remain largely as they are, including:

- An Officer Working Group (OWG)
- The Joint Governance Committee (JGC)
- An Inter-Authority Agreement (IAA), albeit with changes required to reflect the post-April 2026 investment pooling arrangements and the addition of a Shareholder Forum.

Changes to WPP investment pooling governance

The changes required to WPP investment pooling governance including:

- Creation of a Shareholder Agreement (SHA), between the IM Co and Shareholders (the eight CAs)
- Creation of a Shareholder Forum, made up of CA officers who formally approve shareholder “reserved matters”
- Amendment of the Inter-Authority Agreement (IAA)
- Creation of a Client Services Agreement (CSA) – each CA will have a CSA with the IM Co



Inter-Authority Agreement (IAA)

It has been necessary to amend the IAA to:

- remove responsibilities no longer applicable (e.g. responsibilities in respect of matters that move to the IM Co such as appointment of Waystone as the “operator” of the ACS and other service providers);
- add new responsibilities (such as collective consideration of IM Co service delivery and shareholder reserved matters and any recommendations to the new Shareholder Forum);
- set out revised Terms of Reference for JGC and OWG and add ToR for the new Shareholder Forum.

The JGC’s role and responsibilities cover client and shareholder related aspects of WPP’s investment pooling arrangements. Some responsibilities of the JGC remain unchanged, including consideration of common policies (Responsible Investment, etc) and appointment of advisors to the JGC.

Matters covered by the revised IAA include:

- membership and remit of the JGC (including matters not within its remit such as investment strategy for CAs and formal decision making in respect of shareholder reserved matters, although it must be consulted on the latter)
- business plan and budget for WPP CAs (“client-side” governance budget, not the IM Co budget)
- host authority arrangements (Carmarthenshire County Council will continue to facilitate client-side governance)
- agreement to share costs
- delegations to the JGC (see “JGC Matters”)
- addition of new or exit of existing Constituent Authorities
- FOIA (acknowledgement that FOIA applies to the JGC and protocols for consideration of FOIA matters)

Schedules include:

- Schedule 1. Contact List (will include the current Contact List as at the date of the IAA)
- Schedule 2. Matters reserved for CAs (appointment or replacement of IM Co, approval of expenditure in excess of 30% of agreed WPP Annual Budget, investment strategy for own LGPS Fund, amendment and termination of the IAA, nomination of JGC rep)
- Schedule 3. JGC Matters (recommendations to IM Co on common client matters, recommendations to the Chair of the Shareholder Forum on shareholder reserved matters, agreeing common policies listed in Schedule 5, appointment of advisors to the JGC, delegation of tasks to the OWG, liaison with Pension Boards, approval of WPP’s Business Plan and Annual Budget – not the IM Co Business Plan and Budget)
- Schedule 4 JGC - Terms of Reference (details)
- Schedule 5 Policies (common policies will be agreed by JGC and include policies the IM Co will implement on behalf of CAs as clients e.g. Responsible Investment, Climate, Voting, etc)
- Schedule 6 JGC Procedure (meeting arrangements and protocols)

- Schedule 8 OWG Remit (revised to reflect new pooling arrangements with IM Co)
- Schedule 9 Shareholder Forum - Terms of Reference (including membership, obligation to use reasonable endeavours to consult JGC on shareholder reserved matters)

JGC collective views on shareholder reserved matters are not binding on the CA representatives on the Shareholder Forum since the officer representatives on the Shareholder Forum are delegates of their own CA and must vote in accordance with their own CA's views and preferences on shareholder reserved matters.

However, the Shareholder Forum ToR makes clear the obligation that the Shareholder Forum must use reasonable endeavours to undertake “meaningful consultation” with the JGC on reserved matters and to “have regard to” the recommendations of the JGC.

Summary

The IAA has been amended to:

- remove responsibilities no longer applicable (e.g. responsibilities in respect of matters that move to the IM Co such as appointment of Waystone as the “operator” of the ACS and other service providers);
- add new responsibilities (such as collective consideration of IM Co service delivery and consideration of shareholder reserved matters and any recommendations to the Shareholder Forum);
- set out revised Terms of Reference for JGC and OWG and add ToR for the new Shareholder Forum.

JGC collective views on shareholder reserved matters are not binding on the CA representatives on the Shareholder Forum since the officer representatives on the Shareholder Forum are delegates of their own CA and must vote in accordance with their own CA's views and preferences on shareholder reserved matters.

A review of new governance arrangements and the associated legal documents (IAA, SHA and CSA) will be undertaken in 12-18 months' time. This should be sufficient time to see how the arrangements are working in practice, any learnings and whether changes should be made. A requirement for this review has been embedded in the final versions of the IAA, SHA and CSA.

John Wright, Partner

For and on behalf of Hymans Robertson LLP

16th February 2026

Reliances and limitations

This paper is addressed to the eight LGPS administering authorities (the Constituent Authorities, CAs) participating in the Wales Pensions Partnership (WPP) including the Constituent Authorities' S101 Pension Committees, Joint Governance Committee (JGC), Monitoring Officers, Officers Working Group (OWG) and Steering Group (SG).

We have relied on the following documents drafted by Burges Salmon in their capacity as legal advisors to all WPP CAs (all latest versions as at 13th February 2026):

- 1) Inter-Authority Agreement (IAA)
- 2) Client Services Agreement (CSA)
- 3) Shareholder Agreement (SHA)

The purpose of our report is to give an overview of changes to WPP's investment pooling governance arrangements. Our report cannot be used for any other purpose.

Please note that Hymans Robertson LLP is not qualified to give legal advice. Burges Salmon act for all WPP CAs in the drafting of the IAA, CSA and SHA (as well as IM Co also in the case of the SHA).

Matters not in the scope of this overview include:

- The governance arrangements of the IM Co and IM Co Board.
- The readiness of IM Co to deliver services from 31st March 2026. The FCA will assess operational readiness before granting approval to IM Co to deliver the services set out in the Regulatory Business Plan.
- An opinion on the legal drafting of the various documents (SHA, CSA and IAA)

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