

**MEETING OF THE PENSIONS COMMITTEE
OF TORFAEN COUNTY BOROUGH COUNCIL
Held on Monday, 25 September 2017 at 10:00am
In the Civic Centre, Hanbury Road, Pontypool, NP4 6YB**

MINUTES

Attendance: Members of the Committee

Councillors:

Glyn Caron (Chair)
Huw Bevan
Joanne Gauden
Jon Horlor
Peter Jones

Officers:

Tim James, Interim Chief Legal Officer (ICLO)
Mary Rollin, Pensions Manager (PM)
Paul Rowles, Pension Investments Manager (PIM)
Graeme Russell, Head of Pensions (HoP)
Dominique Redman, Senior Business Support Officer (SBSO)

Also attending the meeting:

Elizabeth Carey, Deputy Independent Investment Advisor (DIIA)

Action

1 Attendance and Apologies

1.1 The Chair welcomed all to the meeting.

1.2 There were no apologies for absence.

2 Declarations of Interest

2.1 The following personal interests were declared:

| Councillor | In Receipt of Pension | Contributor |
|---------------|-----------------------|--|
| Huw Bevan | NONE | Self |
| Glyn Caron | NONE | Self (and his wife is a deferred member) |
| Joanne Gauden | NONE | Self and daughter |
| Jon Horlor | NONE | Self |
| Peter Jones | Wife in receipt | Self and wife |

3 Minutes 3/7/17

3.1 The minutes were confirmed as an accurate record of the meeting.

3.2 The HoP referred to paragraph 7.2 of the minutes which stated that a report from the Joint Governance Committee (JGC) containing recommendations around the appointment of an external operator for the All Wales Investment Pooling would be reported to committee at today's meeting. He explained that, due to timescales, final clarifications and the thoroughness of the process, the report had not yet been considered by the JGC and so wasn't on this agenda, however, he updated the committee as follows:

- The evaluation process for the six companies invited to submit tenders was in the advanced stages;
- Final clarifications were being made in the latter stages of this process and the timescale to report back to this committee had been narrowly missed;
- A report would be finalised this week in readiness for the re-scheduled meeting of the Joint Governance Committee who would meet during late October or early November 2017.
- This committee was not in a position to receive a report on this matter until the Joint Governance Committee had considered the full evaluation report and made a recommendation. A Special meeting of the Pensions Committee would need to be scheduled once the JGC had met and made a recommendation.
- The Department of Communities and Local Government had asked all pools across the country to provide a progress report by mid-October. The HoP advised that the All Wales response would refer to recommendations being considered by all eight Committees of the Welsh fund during October/November with a view to having a final established position thereby enabling sufficient time to establish the pool by April 2018.

HoP

4 Quarterly Investment Performance Report to 30/6/17

5.1 The PIM provided an update on the Pension Fund investment performance for the period 1st April 2017 through to 30th June 2017. He explained that this meeting was being held later in the year than usual, however, the Deputy Independent Investment Advisor was present to provide further updates in terms of the current market investment environment.

5.2 The PIM highlighted the report in detail commenting in particular that:

- Efforts were made to meet with every investment manager on a

quarterly basis;

- The first stages of the process in terms of multi asset investment were due for completion imminently and an update would be provided within the next performance report;
- Two new multi asset investments had been allocated following the delegated decision of the Section 151 Officer whereby £20m would be invested with Invesco and £35m with Fidelity.
- Additions would also be considered to alternative investments within different asset classes.

5.3 The Deputy Independent Investment Advisor provided the committee with an update in terms of the current investment environment and commented in particular around:

- The recent news headlines around the storms and earthquakes and the situation in North Korea which was creating a real challenge for multi nation collaboration;
- Tweets by Donald Trump which were creating significant issues;
- The mid-term 2018 US elections where there would be a focus on retaining seats;
- Discussions between Theresa May and Angela Merkel around UK Brexit which was continuing to dominate the headlines.
- Terrorist attacks and migration issues in Asia and the Middle East;
- The economy and the definite growth pick up in Europe which was sustained and broad based. US growth was also positive;
- The slowness of the UK economy growth compared to other levels;
- High levels of reported employment and low levels of unemployment in the US and the UK, although Europe were still behind in this area;
- Banks that were now able to focus more on rising rates leading to a calmer market environment;
- The emerging market growth which continued to be fast;
- The strong performance of technology;
- Invesco and Fidelity portfolios which had positioned themselves well;
- Energy prices remaining stable; and
- The GB Pound strengthening slightly against the US Dollar.

5.4 Members asked if there was cause for concern in terms of the market performance summary which reported positively on Black Rock and less positively on Lazard who had a bigger single allocation (to UK equities) but weren't performing so well in the short term.

5.5 Officers explained that, although positions were monitored in the short term, focus and consideration was given to the longer term position whereby Lazard had performed better over a long period, however, discussions had been held with Lazard who were aware that their

position was being monitored.

5.6 The committee agreed to:

- Note the investment performance that had taken place during the second quarter of 2017; and
- Note recent investment activity.

5 For information: draft minutes of the Pension Board meeting of 19/7/17

4.1 The Chair apologised for missing Agenda Item 4, minutes of the Pension Board meeting held on 19 July 2017.

4.2 The committee noted the minutes

6 Administration Update

6.1 The PM outlined the report in detail providing an update on the administrative services provided by the Pensions Section and indicated a number of areas of current activity and development. This included both the timeliness and accuracy of year end submissions where it was noted that things had improved considerably and also the general volume and throughput of workloads which continued to increase.

6.2 With reference to paragraph 6.1 of the report, the PM explained that the dates should be amended to 2015/16 in the third sentence and 2016/17 in the fourth sentence.

6.3 The HoP referred to the team's increased workloads, particularly in relation to the recording of data further to the changes made to the scheme around length of service and final salary year. He explained that the quality of monthly data was critical following the move to career average. The HoP felt it was important to stress this to the committee and he commented around the importance of technology in order to make these processes as efficient as possible given the available level of staff resources.

6.4 The committee recognised the work of the Pensions Team and congratulated the members of the team who were working towards/had achieved the IPP Pension Qualification.

6.5 The committee noted the report.

7 Implementation of Markets in Financial Instruments Directive (MiFID II)

7.1 The PIM highlighted the key areas of the report and appendices

informing the committee of the impact of the implementation of the Markets in Financial Instrument Directive 2014/65 (MiFID II), in particular the risk to the Pension Fund of becoming a retail client on 3rd January 2018.

- 7.2 The HoP referred to the key messages set out in paragraph 3.1 of the report and commented around the clear desire to maintain professional status. He referred to quantitative criteria and quality criteria and explained that the quantitative criteria was easily met, however, in order to meet the quality criteria, investment managers needed to be comfortable that expertise, knowledge, an understanding of risks and governance arrangements were in place with the Fund. Failure to successfully opt up would restrict the range of investments available to the Fund with the potential for an adverse impact on investment return. This was recognised and the value of opting was agreed.
- 7.3 Members referred to questions set out on page 91 around the committee's expertise, experience and knowledge in order to make forthcoming decisions. The Chair stressed the importance of this and was pleased that almost every member of the committee had opted to undertake the training. The chair also stressed the importance of attendance at meetings given the nature of decisions that the committee make, particularly future decisions further to the implementation of MiFID II.
- 7.4 In response to questions asked around the committee's ability to cope should there be any significant changes to its membership, the HoP explained that current committee members brought various levels of expertise and in addition to this there was expertise and experience from members of the Pensions Board, Officers and Advisors. He also referred to the governance processes in place which ensured the right knowledge and experience was involved in decision making.
- 7.5 Members asked questions around the reasons for downgrading local authorities; whether MiFID II was a UK or European requirement; and any implications this would have in terms of Brexit. The HoP explained that MiFID II was aimed at the wider European communion where some public bodies were considerably smaller and less capable of managing public finances. He also explained that regulatory bodies had indicated that, regardless of Brexit, the Fund would not revert to the position it was in before MiFID II.
- 7.6 There was some discussion around whether the committee should agree to complete the questionnaire and self-assessment pro forma and it was noted that investment managers would require this as a necessity if the Fund was to opt up to retain professional investor status.
- 7.7 With reference to training, members referred to the need to increase their attendance at investment conferences.

7.8 The HoP referred to recommendation iii and explained that it wasn't usual for the committee to be asked to delegate to the Head of Pensions, in consultation with Assistant Chief Executive (Resources) and Head of Finance as acting S151 Officer, however, the committee had been asked to do so in this case due to the temporary absence of the Assistant Chief Executive (Resources).

7.9 The committee:

(i) Noted the introduction of MIFID II regulations and the potential impact on the Fund's investment strategy of becoming a retail client with effect from 3rd January 2018;

(ii) Agreed to the completion and submission of applications to apply for elected professional client status with all relevant institutions in order to ensure the Fund can continue to implement an effective investment strategy;

(iii) In electing to retain its status as a professional client, the committee acknowledged and agreed to continue to forgo the protections available to retail clients attached as Appendix 1 to the report; and

(iv) Agreed delegated responsibility to the Head of Pensions, in consultation with the Assistant Chief Executive Resources or Head of Finance acting as S151 officer, as appropriate, for the purposes of completing and submitting the applications, including determining the basis of the application as either full or single service.

8 Responsible Investing (Environmental, Social and Corporate Governance [ESG] Policy)

8.1 The committee received a report drafted on behalf of the Local Pension Board which asked the Committee to consider their request for a review of the Funds existing arrangements as they related to matters of responsible investing (including Environmental, Social and Corporate Governance issues). The HoP outlined the report and appendices in detail.

8.2 Members spoke in support of the establishment of a new working group and there was some discussion around the potential volume of work should the working group wish to consider the Fund's investment in certain companies such as Uber and those that manufacture fire arms/tobacco and also oil companies. Members suggested that consideration should be given to investing a small amount of the Fund on an ethical fund in terms of bringing on new investment managers. Members recognised the amount of work involved around these points raised and felt there was a need to review the policy and how it was delivered in the first instance prior to any such commitments being made.

- 8.3 The HoP referred to the likely timeframe of 6-12 months in relation to the work of the group. He also referred to the evolving position around the all Wales investment pooling and the need to articulate the view of the Fund in an all Wales forum.
- 8.4 Members referred to recommendation iii(b) and there was considerable discussion around the most appropriate level of membership of the group. In summary, the following points were made:
- The HoP advised that the even balance of members from the Pensions Committee, the wider scrutiny and advisory body and the involvement of two officers (the HoP and the PIM) had worked well previously;
 - The HoP referred to the volume of work associated with the working group and stressed the importance of 'willing' volunteers with a genuine interest;
 - The Chair expressed an interest in forming part of the membership of the working group;
 - The Committee agreed that there should be the opportunity for equal representation from the Pensions Committee and the Pensions Board;
 - The DIIA commented that ESG was becoming almost mainstream in the investment world and she suggested that if the performance of industries was compared longer term and they gave strong returns, consideration could be given to changing benchmarks;
 - The HoP reminded the committee that their role today was to consider whether to agree an approach to review in principal, and if so to also consider nominations; and
 - The committee referred to Appendix 2 of the report and agreed on the proposed membership of the group with a view to considering having an additional representative from the Pensions Committee in the future.
- 8.5 There was further discussion amongst members around the inclusion of a new recommendation with regards to a Term of Reference for the newly established working group. The HoP referred the committee to the Draft Terms of Reference at Appendix 2 of the report which was amplified in Appendix 3 and he suggested that the committee note this and, following the working groups first meeting where it will have considered the Terms of Reference, it could be reported back to Pensions Committee.
- 8.6 The HoP clarified that the working group would not have decision making responsibilities and that any decisions would be formulated through the formal governance arrangements and brought back to the Pensions Committee with any formal proposals for decision.

8.7 The committee:

- (i) Noted and considered the contents of the report;
- (ii) Commented as above;
- (iii) Considered the proposal from the Local Pension Board for the next stages of development by the Fund in its approach to ESG and related matters and:
 - a. Agreed the re-convening of the Responsible Investment Working Group with the suggested remit set out in Appendices 2 and 3 to the report.
 - b. Agreed that the most appropriate membership should be as set out in Appendix 2 of the board with a view to considering an additional representative from the Pensions Committee either immediately or in the future should there be a requirement for this.
 - c. Requested that officers set up the initial meeting once they received the Pension Committee nominations and ensure reports are brought back to Pensions Committee as appropriate.

9 Scheme Advisory Board; Voluntary Code on Investment Cost Transparency and Consistency

9.1 The HoP highlighted the key areas of the report which informed the committee of the introduction by the National Scheme Advisory Board of a voluntary Code of reporting on investment cost transparency and consistency and asked the committee to note the approach of the Fund and its managers to the adoption of the Code.

9.2 The committee:

- (i) Noted the introduction of the Code:
- (ii) Agreed that the position of the Fund is that it would expect all current managers to Commit to the adoption of the Code; and
- (iii) Agreed that the initial position of the Fund within the Wales Pension Partnership was to expect all manager appointments to adopt the Code and these views should be conveyed to the WPP via the Chairs position on the Joint Governance Committee and via the Officers who participate in the Officer Working Group.

10 Pension Fund Policy Document Updates - Governance Policy & Compliance Statement

10.1 The PIM highlighted the main areas of the report informing members of the annual updating of the Fund's Governance Policy & Compliance Statement (GPCS) and its current status.

10.2 The committee:

(i) Noted the current status of the Pension Fund's Governance Policy & Compliance Statement;

(ii) Noted the revisions made to the document as summarised in Paragraph 5 of the report; and

(iii) Noted and agreed the process for publication and consideration of any stakeholder feedback in respect of the updated document.

11 Elected Members - Continuing Professional Development Update

11.1 The HoP highlighted the key areas of report which provided an update of training already undertaken by Members of the Pensions Committee.

11.2 Members suggested that in addition to areas already identified, there may be merit in elected members receiving some internal training around the CIPFA Knowledge and Skills Framework and the CIPFA Code of Practice. The HoP's suggestion of preparing a presentation around wider governance issues was welcomed and it was agreed that any invitation to this would also be extended to members of the Pension Board.

HoP

11.3 Members noted the training update provided.

12 Date of Next Meeting 11/12/17

12.1 The committee noted that the next meeting was scheduled to take place on Monday 11 December 2017 at 10:00am, however, there would be a need to schedule a Special Pensions Committee Meeting in order to agree details around the All Wales Investment pooling arrangements.

Signed **Chair** **Date.....**

Minutes produced by Dominique Redman, Senior Business Support Officer - Democratic Services,

CYFARFOD PWYLLGOR PENSIYNAU
CYNGOR BWRDEISTREF SIROL TORFAEN
A gynhaliwyd ar ddydd Llun, 25 Medi 2017 am 10:00am
Yn y Ganolfan Ddinesig, Heol Hanbury, Pont-y-pŵl, NP4 6YB

COFNODION

Yn Bresennol: Aelodau'r Pwyllgor

Cynghorwyr:

Glyn Caron (Cadeirydd)
Huw Bevan
Joanne Gauden
Jon Horlor
Peter Jones

Swyddogion:

Tim James, Prif Swyddog Cyfreithiol Dros Dro
Mary Rollin, Rheolwr Pensiynau
Paul Rowles, Rheolwr Buddsoddi Pensiynau
Graeme Russell, Pennaeth Pensiynau
Dominique Redman, Uwch Swyddog Cefnogi Busnes

Hefyd yn mynychu'r cyfarfod:

Elizabeth Carey, Dirprwy Gynghorydd Annibynnol ar Fuddsoddiad

Cam

1 Yn Bresennol ac Ymddiheuriadau

- 1.1 Croesawodd y Cadeirydd bawb i'r cyfarfod.
- 1.2 Doedd dim ymddiheuriadau am absenoldeb.

2 Datganiadau o Fudd

- 2.1 Rhoddwyd datganiadau o'r buddion canlynol:

| Y Cynghorydd | Derbyn Pensiwn | Cyfrannwr |
|---------------|--------------------|--|
| Huw Bevan | DIM | Ei hun |
| Glyn Caron | DIM | Ei hun (ac mae ei wraig yn aelod gohiriedig) |
| Joanne Gauden | DIM | Ei hun a'i merch |
| Jon Horlor | DIM | Ei hun |
| Peter Jones | Ei wraig yn derbyn | Ei hun a'i wraig |

3 Cofnodion 3/7/17

3.1 Cadarnhawyd bod cofnodion yn gywir.

3.2 Cyfeiriodd y Pennaeth Pensiynau at baragraff 7.2 o'r cofnodion a oedd yn dweud y byddai adroddiad o'r Cyd Bwyllgor Llywodraeth yn cynnwys argymhellion ar gyfer penodi gweithredwr allanol ar gyfer Cydrannu Buddsoddiad Cymru Gyfan yn dod at y pwyllgor yn y cyfarfod heddiw. Esboniodd nad oedd yr adroddiad wedi cael ei ystyried gan y Cyd Bwyllgor eto oherwydd amser, eglurhadau terfynol a thrylwyredd y broses, ac nid oedd felly ar yr agenda yma, serch hynny rhoddodd ddiweddariad i'r pwyllgor fel a ganlyn:

- Roedd y broses gwerthuso ar gyfer y chwe chwmni a wahoddwyd i gynig tendrau yn mynd rhagddi'n dda;
- Roedd yr eglurhadau terfynol yn cael eu gwneud yn ystod cyfnodau olaf y broses hon a methwyd yr amserlen ar gyfer adrodd yn ôl i'r Pwyllgor yma o ychydig iawn;
- Byddai adroddiad yn cael ei gwblhau yr wythnos yma ar gyfer cyfarfod y Cyd Bwyllgor ar ddiwedd Hydref neu ddechrau Tachwedd 2017.
- Doedd y Pwyllgor yma ddim mewn sefyllfa i dderbyn adroddiad ar y mater yma nes bod y Cyd Bwyllgor wedi ystyried yr adroddiad gwerthuso llawn ac wedi gwneud argymhelliad. Byddai angen cyfarfod arbennig o'r Pwyllgor Pensiynau unwaith yr oedd y Cyd Bwyllgor wedi cwrdd ac wedi gwneud argymhelliad.
- Roedd yr Adran Cymunedau a Llywodraeth Leol wedi gofyn i Gronfeydd Cydrannol ar draws y wlad i roi adroddiad erbyn canol mis Hydref. Dywedodd y Pennaeth Pensiynau mai ymateb Cymru Gyfan fyddai cyfeirio at argymhellion a oedd yn cael eu hystyried gan wyth Pwyllgor cronfa Cymru yn ystod Hydref/Tachwedd gyda'r bwriad o gyrraedd safle terfynol i ganiatáu digon o amser i sefydlu'r gronfa gydrannol erbyn Ebrill 2018.

4 Adroddiad Perfformiad Buddsoddi Chwarterol hyd 30/6/17

5.1 Rhoddodd y Rheolwr Buddsoddi Pensiynau ddiweddariad ar berfformiad buddsoddiad y Gronfa Bensiwn ar gyfer y cyfnod 1^{af} Ebrill 2017 hyd at 30^{ain} Mehefin 2017. Esboniodd bod y cyfarfod yma'n cael ei gynnal yn ddiweddarach yn y flwyddyn na'r arfer, serch hynny, roedd y Dirprwy Gyngorydd Annibynnol ar Fuddsoddiadau yn bresennol i roi diweddariadau pellach mewn perthynas â sefyllfa buddsoddi yn y farchnad ar hyn o bryd.

**Pennaeth
Pensiynau**

5.2 Pwysleisiodd y Rheolwr Buddsoddi Pensiynau yr adroddiad yn fanwl gan nodi'n arbennig bod:

- Ymdrechion yn cael eu gwneud i gwrdd â phob rheolwr buddsoddiad yn chwarterol;
- Camau cyntaf y broses o ran buddsoddiad aml-ased ar fin cael eu cwblhau a byddai diweddariad yn yr adroddiad perfformiad nesaf;
- Roedd dau fuddsoddiad aml-ased wedi eu dyrannu yn dilyn penderfyniad dirprwyedig gan y Swyddog Adran 151 ac felly byddai £20miliwn yn cael ei fuddsoddi gydag Invesco a £35miliwn gyda Fidelity.
- Byddai ychwanegiadau yn cael eu hystyried i fuddsoddiadau amgen gyda dosbarthiadau asedau gwahanol.

5.3 Rhoddodd y Dirprwy Gyngorydd Annibynnol ar Fuddsoddiad ddiweddariad i'r Pwyllgor o ran y sefyllfa buddsoddi bresennol a gwnaeth sylw yn arbennig ar:

- Y penawdau newyddion diweddar am stormydd a daeargrynfeydd a'r sefyllfa yng Ngogledd Corea a oedd yn creu her wirioneddol i gydweithio rhyngwladol;
- Trydariadau gan Donald Trump a oedd yn creu problemau sylweddol;
- Etholiadau 2018 yn yr UD ble byddai canolbwyntio ar gadw seddi;
- Trafodaethau rhwng Theresa May ac Angela Merkel o gwmpas Brexit a oedd yn parhau i reoli'r penawdau.
- Ymosodiadau terfysgol a materion yn ymwneud â mudo yn Asia a'r Dwyrain Canol;
- Yr economi a'r twf amlwg yn Ewrop a oedd yn gyson ac ar seiliau eang. Roedd twf yn yr UD hefyd yn gadarnhaol;
- Arafwch twf economi'r DU o gymharu â lefelau eraill;
- Lefelau Uchel o bobl mewn gwaith a lefelau isel o ddiweithdra yn yr UD a'r DU, er bod Ewrop ar ôl yn y maes;
- Banciau a oedd nawr yn gallu canolbwyntio mwy ar godi cyfraddau gan arwain at awyrgylch mwy tawel yn y farchnad;
- Y twf sy'n datblygu yn y farchnad a oedd yn parhau i fod yn gyflym ;
- Perfformiad cryf technoleg;
- Portffolios Invesco a Fidelity a oedd wedi eu trefnu'n dda;
- Prisoedd ynni yn parhau i fod yn sefydlog; a
- Y Bunt yn cryfhau yn erbyn Doler yr UD.

5.4 Gofynnodd aelodau a oedd achos pryder o ran crynodeb perfformiad y farchnad a oedd yn adrodd yn gadarnhaol am Black Rock ac yn llai cadarnhaol am Lazard a oedd â dyraniad unigol mwy (i ecwitiau'r DU) ond nad oedd yn perfformio cystal yn y tymor byr.

- 5.5 Esboniodd swyddogion, er bod sefyllfaoedd yn cael eu monitro yn y tymor byr, roedd y canolbwyntio a'r ystyriaeth yn cael eu rhoi ar y sefyllfa tymor hir ac roedd Lazard wedi perfformio'n well dros dymor hir, serch hynny, cafwyd trafodaethau gyda Lazard a oedd yn ymwybodol bod y sefyllfa'n cael ei monitro.
- 5.6 Cytunodd y Pwyllgor i:
- Nodi'r perfformiad buddsoddi yn ystod ail chwarter 2017; a
 - Nodi gweithgaredd buddsoddiad diweddar.

5 Er gwybodaeth: cofnodion drafft cyfarfod y Bwrdd Pensiynau ar 19/7/17

- 4.1 Ymddiheurodd y Cadeirydd am golli Eitem 4 ar yr Agenda, cofnodion cyfarfod y Bwrdd Pensiwn a gynhaliwyd ar 19 Gorffennaf 2017.
- 4.2 Nododd y Pwyllgor y cofnodion

6 Diweddariad Gweinyddol

- 6.1 Amlinellodd y Rheolwr Pensiynau yr adroddiad yn fanwl gan roi diweddariad ar y gwasanaethau gweinyddol a ddarparwyd gan yr Adran Pensiynau a nododd nifer o feysydd o weithgaredd a datblygiad cyfredol. Roedd hyn yn cynnwys amseroldeb a chywirdeb argymhellion diwedd y flwyddyn ble nodwyd bod pethau wedi gwella'n sylweddol a hefyd maint cyffredinol a mewnbwn beichiau gwaith a oedd yn parhau i gynyddu.
- 6.2 Mewn perthynas â pharagraff 6.1 yr adroddiad, esboniodd y Rheolwr Pensiynau y dylid newid y dyddiadau i 2015/16 yn y drydedd frawddeg a 2016/17 yn y bedwaredd frawddeg.
- 6.3 Cyfeiriodd y Pennaeth Pensiynau at y cynnydd ym maich gwaith y tîm, yn arbennig mewn perthynas â chofnodi data yn dilyn y newidiadau i'r cynllun o gylch hyd gwasanaeth a blwyddyn cyflog olaf. Esboniodd bod ansawdd y data misol yn hanfodol yn dilyn y symudiad i gyfartaledd gyrfa. Roedd y Pennaeth Pensiynau yn teimlo ei fod yn bwysig pwysleisio hyn i'r Pwyllgor a gwnaeth sylw am bwysigrwydd technoleg er mwyn gwneud y gweithdrefnau yma mor effeithlon â phosibl o ystyried lefel yr adnoddau staff oedd ar gael
- 6.4 Cydnabu'r Pwyllgor waith y Tîm Pensiynau Team a llongyfarchon nhw aelodau'r tîm a oedd y gweithio tuag at/wedi cyflawni Cymhwyster Pensiynau'r IPP.
- 6.5 Nododd y Pwyllgor yr adroddiad.

7 Gweithredu'r Cyfarwyddyd Marchnadoedd mewn Offerynnau Ariannol (MiFID II)

- 7.1 Pwysleisiodd y Rheolwr Buddsoddi Pensiynau adrannau allweddol yr adroddiad a'r atodiadau a oedd yn hysbysu'r Pwyllgor am effaith Cyfarwyddeb Gweithredu'r Farchnad mewn Offerynnau Ariannol 2014/65 (MiFID II), yn arbennig y perygl i'r Gronfa Bensiwn o droi'n gleient manwerthu ar 3^{ydd} Ionawr 2018.
- 7.2 Cyfeiriodd y Pennaeth Pensiynau at y negeseuon allweddol ym mharagraff 3.1 yr adroddiad a gwnaeth sylw ar y dymuniad clir i gynnal statws proffesiynol. Cyfeiriodd at feini prawf meintiol a meini prawf ansawdd ac esboniodd bod y meini prawf meintiol yn hawdd eu cyrraedd, ond, er mwyn cwrdd â'r meini prawf ansawdd, roedd angen i reolwyr buddsoddiad fod yn hyderus bod arbenigrwydd, gwybodaeth, dealltwriaeth o risg a threfniadau llywodraethol yn bodoli yn y Gronfa. Byddai'r methiant i optio i fyny yn cyfyngu ar ystod y buddsoddiadau sydd ar gael i'r Gronfa gyda'r posibilrwydd o effaith niweidiol ar elw ar fuddsoddiadau. Cydnabuwyd hyn a chytunwyd bod gwerth mewn camu i fyny.
- 7.3 Cyfeiriodd aelodau at gwestiynau ar dudalen 91 ynglŷn ag arbenigedd, profiad a gwybodaeth y Pwyllgor i wneud y penderfyniadau sydd ar ddod. Pwysleisiodd y Cadeirydd bwysigrwydd hyn ac roedd yn falch bod bron pob aelod o'r Pwyllgor wedi dewis ymgymryd â'r hyfforddiant. Pwysleisiodd y Cadeirydd hefyd bwysigrwydd mynychu cyfarfodydd oherwydd natur penderfyniadau'r Pwyllgor, yn arbennig penderfyniadau yn y dyfodol yn dilyn gweithredu MiFID II.
- 7.4 Wrth ateb cwestiynau am allu'r Pwyllgor i ymdopi pe bai newidiadau sylweddol yn yr aelodaeth, esboniodd y Pennaeth Pensiynau bod aelodau presennol y Pwyllgor yn dod â gwahanol lefelau o arbenigedd a hefyd roedd arbenigedd a phrofiad gan aelodau'r Bwrdd Pensiynau, Swyddogion a Chynghorwyr. Cyfeiriodd hefyd at y gweithdrefnau llywodraethol a oedd mewn lle a oedd yn sicrhau bod y wybodaeth a'r profiad cywir yn y broses benderfynu.
- 7.5 Gofynnodd aelodau gwestiynau ynglŷn â'r rhesymau am israddio awdurdodau lleol; a oedd MiFID II yn ofyniad gan y DU neu Ewrop; ac unrhyw effeithiau y byddai hyn yn cael o ran Brexit. Esboniodd y Pennaeth Pensiynau bod MiFID II wedi ei anelu at y gymuned Ewropeaidd ehangach ble roedd rhai cyrff cyhoeddus dipyn yn llai ac yn llai abl i reoli arian cyhoeddus. Esboniodd hefyd bod cyrff rheoleiddio wedi dweud na fyddai'r Gronfa, beth bynnag am Brexit, yn dychwelyd i'r sefyllfa yr oedd ynddi cyn MiFID II.
- 7.6 Roedd trafodaeth ynglŷn ag a ddylai'r Pwyllgor gytuno i gwblhau'r arolwg a'r pro forma hunan-asesiad a nodwyd y byddai hyn yn angenrheidiol gan reolwyr buddsoddiad pe bai'r Gronfa am optio i fyny i gadw statws buddsoddwr proffesiynol.

- 7.7 O ran hyfforddiant, cyfeiriodd aelodau at yr angen i gynyddu eu presenoldeb mewn cynadleddau buddsoddi.
- 7.8 Cyfeiriodd y Pennaeth Pensiynau at argymhelliad iii ac esboniodd nad oedd yn arferol gofyn i'r Pwyllgor i ddirprwyo i'r Pennaeth Pensiynau, mewn ymgynghoriad â'r Prif Weithredwr Cynorthwyol (Adnoddau) a Phennaeth Cyllid fel Swyddog A151 Dros Dro, ond roedd gofyn ar i'r Pwyllgor wneud hyn yn yr achos yma oherwydd absenoldeb oherwydd absenoldeb dros dro'r Prif Weithredwr Cynorthwyol (Adnoddau).
- 7.9 Penderfynodd y Pwyllgor:
- (i) Nodi cyflwyno rheoliadau MIFID II a'r effaith posibl ar strategaeth buddsoddi'r Gronfa o ddod yn gleient manwerthu o 3^{ydd} Ionawr 2018;
 - (ii) Gytuno i gwblhau a chyflwyno ceisiadau ar gyfer statws cleient proffesiynol etholedig gyda phob sefydliad perthnasol er mwyn sicrhau bod y gronfa'n gallu parhau i weithredu strategaeth buddsoddi effeithiol;
 - (iii) Wrth ddewis cadw'i statws fel cleient proffesiynol, cydnabu'r Pwyllgor yr amddiffyniadau a oedd ar gael i gleientiaid manwerthu fel nodwyd yn Atodiad 1 yr adroddiad a chytunwyd i barhau i ymatal â nhw; a
 - (iv) Chytuno rhoi cyfrifoldeb dirprwyedig i'r Pennaeth Pensiynau, mewn ymgynghoriad â'r Prif Weithredwr Cynorthwyol (Adnoddau) neu'r Pennaeth Cyllid yn gweithredu fel Swyddog A151, fel y bo'n briodol, at ddibenion cwblhau a chyflwyno'r ceisiadau, gan gynnwys penderfynu seiliau'r cais naill ai fel gwasanaeth llawn neu sengl.

8 Buddsoddiad Cyfrifol (Polisi Amgylcheddol, Cymdeithasol a Llywodraeth Gorfforaethol)

- 8.1 Derbyniodd y Pwyllgor adroddiad a ddrafftwyd ar ran y Bwrdd Pensiynau Lleol a oedd yn gofyn i'r Pwyllgor ystyried eu cais am adolygiad o drefniadau presennol y Gronfa yng nghyd-destun materion buddsoddi cyfrifol (gan gynnwys materion Amgylcheddol, Cymdeithasol a Llywodraeth Gorfforaethol). Amlinellodd y Pennaeth Pensiynau yr adroddiad a'r atodiadau'n fanwl.
- 8.2 Siaradodd yr aelodau o blaid sefydlu gweithgor newydd ac roedd peth trafodaeth o gylch y baich gwaith posibl pe bai'r gweithgor am ystyried buddsoddiad gan y Gronfa mewn cwmnïau penodol fel Uber a'r rheiny sy'n cynhyrchu arfau/tybaco a hefyd cwmnïau olew. Awgrymodd aelodau y dylid ystyried buddsoddi cyfran fach o'r Gronfa mewn cronfa foesegol a ran dod a rheolwyr buddsoddiad newydd i mewn. Cydnabyddodd aelodau'r gwaith a oedd ynghlwm wrth y pwyntiau a godwyd ac roeddynt yn teimlo bod angen adolygu'r polisi a sut yr oedd

yn cael ei gyflenwi yn y lle cyntaf cyn ymrwymo mewn unrhyw ffordd.

- 8.3 Cyfeiriodd y Pennaeth Pensiynau at yr amserlen debygol o 6-12 mis mewn perthynas â gwaith y grŵp. Cyfeiriodd hefyd at y sefyllfa newidiol o gwmpas y cydrannu buddsoddiad ar draws Cymru a'r angen i leisio barn y Gronfa mewn ffordd Cymru gyfan.
- 8.4 Cyfeiriodd aelodau at argymhelliad iii(b) ac roedd trafodaeth sylweddol o gylch lefel mwyaf priodol aelodaeth o'r grŵp. Yn gryno, gwnaethpwyd y pwyntiau canlynol;
- Dywedodd y Pennaeth Pensiynau bod cydbwysedd o aelodau o'r Pwyllgor Pensiynau, y corff craffu a chynghorol ehangach a chyfraniad dau swyddog (y Pennaeth Pensiynau a'r Rheolwr Buddsoddi Pensiynau) wedi gweithio'n dda o'r blaen;
 - Cyfeiriodd y Pennaeth Pensiynau at faint y gwaith a oedd yn gysylltiedig â'r gweithgor a phwysleisiodd bwysigrwydd gwirfoddolwyr 'parod' gyda gwir ddiddordeb;
 - Mynegodd y Cadeirydd ddiddordeb mewn bod yn aelod o'r gweithgor;
 - Cytunodd y Pwyllgor y dylai fod yna gyfle ar gyfer cynrychiolaeth gyfartal o'r Pwyllgor Pensiynau a'r Bwrdd Pensiynau;
 - Dywedodd y Dirprwy Gynghorydd Annibynnol ar Fuddsoddiad bod polisi Amgylcheddol, Cymdeithasol a Llywodraeth Gorfforaethol yn dod i'r brif ffordd yn y byd buddsoddi ac awgrymodd pe bai perfformiadau diwydiannau yn cael eu cymharu dros y tymor hir a'u bod yn dod ag elw da, gellid ystyried newid meincnodau;
 - Atgoffodd y Pennaeth Pensiynau y Pwyllgor mai eu rôl heddiw oedd ystyried p'un ai i gytuno mewn egwyddor ar ddull o adolygu, ac os felly ystyried enwebiadau; a
 - Cyfeiriodd y Pwyllgor at Atodiad 2 yr adroddiad a chytunwyd ar aelodaeth arfaethedig y grŵp gyda'r bwriad o ystyried cael cynrychiolydd ychwanegol o'r Pwyllgor Pensiynau yn y dyfodol.
- 8.5 Roedd trafodaeth bellach ymhlith yr aelodau o gwmpas cynnwys argymhelliad newydd mewn perthynas â Chylch Gorchwyl y gweithgor newydd. Cyfeiriodd y Pennaeth Pensiynau y Pwyllgor at y Cylch Gorchwyl Drafft yn Atodiad 2 yr adroddiad yr oedd ehangu arno yn Atodiad 3 ac awgrymodd y dylai'r Pwyllgor nodi hyn ac, ar ôl cyfarfod cyntaf y gweithgor pan fydd wedi ystyried y Cylch Gorchwyl, gellid cael adroddiad yn ôl i'r Pwyllgor Pensiynau.
- 8.6 Eglurodd y Pennaeth Pensiynau na fyddai gan y gweithgor gyfrifoldebau i wneud penderfyniadau a byddai unrhyw benderfyniadau yn cael eu ffurfio trwy'r trefniadau llywodraethol ffurfiol ac yn cael eu dwyn yn ôl at y Pwyllgor Pensiynau gydag unrhyw gynigion ffurfiol i'w penderfynu.
- 8.7 Penderfynodd y Pwyllgor:

- (i) Nodi ac ystyried cynnwys yr adroddiad;
- (ii) Wneud y sylwadau uchod;
- (iii) Ystyried y cynnig gan y Bwrdd Pensiynau Lleol ar gyfer camau nesaf datblygiad y Gronfa tuag at fuddsoddiad Amgylcheddol, Cymdeithasol a Llywodraeth Gorfforaethol a materion cysylltiedig, a:
 - a. Chytuno ail-alw'r Gweithgor Buddsoddiad Cyfrifol gyda'r cyfrifoldebau yn Atodiadau 2 a 3 yr adroddiad.
 - b. Cytuno mai'r aelodaeth fwyaf priodol oedd hynny yn Atodiad 2 gyda'r bwriad o ystyried cynrychiolydd ychwanegol o'r Pwyllgor Pensiynau naill ai'n syth neu yn y dyfodol pe bai angen.
 - c. Gofyn i swyddogion drefnu'r cyfarfod cyntaf wedi iddyn nhw dderbyn enwebiadau'r Pwyllgor Pensiynau a sicrhau bod adroddiadau yn dod yn ôl i'r Pwyllgor Pensiynau fel y bo hynny'n briodol.

9 Bwrdd Ymgynghorol y Cynllun; Cod Gwirfoddol ar Gost, Tryloywder a Chysondeb Buddsoddi

9.1 Pwysleisiodd y Pennaeth Pensiynau adrannau allweddol yr adroddiad a oedd yn hysbysu'r Pwyllgor o god gwirfoddol gan y Bwrdd Ymgynghorol ar gyfer adrodd ar dryloywder a chysondeb ar gost buddsoddi a gofynnodd i'r Pwyllgor i nodi agwedd y Gronfa a'i rheolwyr at fabwysiadu'r Cod.

9.2 Penderfynodd y Pwyllgor:

- (i) Nodi cyflwyno'r Cod:
- (ii) Gytuno mai sefyllfa'r Gronfa yw y byddai'n disgwyl i bob rheolwr presennol i Ymrwymo i fabwysiadu'r Cod; a
- (iii) Chytuno mai sefyllfa gychwynnol y Gronfa o fewn i Bartneriaeth Pensiynau Cymru oedd disgwyl i bob rheolwr a benodwyd i fabwysiadu'r Cod ac y dylid cyflwyno'r farn yma at Bartneriaeth Pensiynau Cymru trwy safle'r Cadeirydd at y Cyd Bwyllgor Llywodraethu a thrwy'r Swyddogion sy'n rhan o'r Gweithgor Swyddogion.

10 Diweddariad Dogfennau Polisi'r Gronfa Bensiynau – Datganiad Llywodraeth, Polisi a Chydymffurfio

10.1 Pwysleisiodd y Rheolwr Buddsoddi Pensiynau brif rannau'r adroddiad a oedd yn hysbysu aelodau am ddiweddariad blynyddol Polisi Llywodraeth

a Datganiad Cydymffurfio'r Gronfa a'i statws presennol.

10.2 Penderfynodd y Pwyllgor:

(i) Nodi statws presennol Polisi Llywodraeth a Datganiad Cydymffurfio'r Gronfa;

(ii) Nodi'r adolygiadau a wnaed i'r ddogfen a grynhowyd ym Mharagraff 5 yr adroddiad; a

(iii) Nodi a chytuno'r broses ar gyfer chyhoeddi ac ystyried unrhyw adborth gan randdeiliad mewn perthynas â'r ddogfen ddiwygiedig.

11 Diweddariad Parhau Datblygiad Proffesiynol – Aelodau Etholedig

11.1 Pwysleisiodd y Pennaeth Pensiynau rannau allweddol yr adroddiad a oedd yn rhoi diweddariad o'r hyfforddiant a ymgwymerwyd ag ef eisoes gan Aelodau'r Pwyllgor Pensiynau.

11.2 Awgrymodd Aelodau y gallai fod budd i aelodau etholedig dderbyn hyfforddiant mewnol mewn perthynas â Fframwaith Gwybodaeth a Sgiliau CIPFA a Chod Ymddygiad CIPFA, yn ogystal â'r meysydd yna a oedd wedi eu hadnabod yn barod. Rhoddwyd croeso i awgrym y Pennaeth Pensiynau o baratoi cyflwyniad ynglŷn â materol llywodraethol ehangach a chytunwyd estyn gwahoddiad i aelodau'r Bwrdd Pensiynau hefyd.

11.3 Nododd Aelodau'r diweddariad ar hyfforddiant.

12 Dyddiad y Cyfarfod Nesaf 11/12/17

12.1 Nododd y Pwyllgor y byddai'r cyfarfod nesaf ar ddydd Llun 11 Rhagfyr 2017 am 10:00am, ond byddai angen trefnu Cyfarfod Arbennig o'r Pwyllgor Pensiynau er mwyn cytuno manylion y trefniadau ar gyfer cydrannu Buddsoddiad Cymru Gyfan.

**Pennaeth
Pensiynau**

Arwyddwyd Cadeirydd Dyddiad.....

Cofnodion pan Dominique Redman, Uwch Swyddog Cefnogi Busnes- Gwasanaethau Democrataidd,