

Implementation Statement, covering the Fund Year from 1 April 2022 to 31 March 2023

The Committee of Management of the Port of London Authority Pension Fund (the “Fund”) is required to produce a yearly statement to set out how, and the extent to which, the Committee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Fund Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Fund Year by, and on behalf of, the Committee (including the most significant votes cast by the Committee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Committee has had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Fund Year.

The Committee has, in its opinion, followed the Fund’s voting and engagement policies during the Fund Year.

2. Voting and engagement

The Committee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which the Fund’s investments reside. A summary of the stewardship policy in force over the Fund Year is as follows:

- The Committee requires the Fund’s investment managers to use their influence as major institutional investors to carry out the Committee’s rights and duties as a shareholder including voting, along with — where relevant and appropriate — engaging with underlying investee companies to promote good corporate governance, accountability, and positive change.
- The Committee regularly reviews the suitability of the Fund’s appointed investment managers and takes advice from their investment consultant with regard to any changes.
- The Committee requires that its investment managers provide details of their stewardship policy and activities on a regular basis. The Committee reviews the stewardship activities of its investment managers on an annual basis, covering both engagement and voting actions.
- The Committee will engage with its investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned.

As part of its advice on the selection and ongoing review of the investment managers, the Fund’s investment adviser (Aon from March 2022 to November 2022 and LCP from November 2022 to March 2023) incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

Following the introduction of DWP’s guidance, the Committee agreed to set stewardship priorities to focus monitoring and engagement with its investment managers on specific ESG factors. This was completed following the Fund year end in July 2023. These stewardship priorities will be included in next year’s statement.

The Committee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Committee aims to have an ongoing dialogue with its managers to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Fund Year

All of the Committee’s holdings in listed equities are within pooled funds and the Committee has delegated to its investment managers the exercise of voting rights. Therefore, the Committee is not able to direct how votes are exercised and the Committee itself has not used proxy voting services over the Fund Year. However, the Committee monitors managers’ voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Committee’s expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Fund's investments that hold equities as follows:

- Invesco UK Enhanced Index Fund;
- Invesco Global ex UK Enhanced Index Fund;
- Ruffer Absolute Return Fund.
- BlackRock Dynamic Diversified Growth Fund (fully redeemed on 27 May 2022).

The holdings of the IFM Global Infrastructure Fund are primarily private equity investments rather than public listed equities. However, IFM may invest in listed equity assets from time-to-time to help gain long-term strategic positions. IFM holds board seats for all investments in their fund (including listed equity assets) and uses these positions to help influence their portfolio companies. We have omitted data relating to IFM's listed equity investments on materiality grounds since they are only a small proportion of the Scheme's total equity holdings and given IFM's position on the board of these companies.

In addition to the above, the Committee contacted the Fund's investment managers that do not hold listed equities, to ask if any of the assets held by the Fund had voting opportunities over the Fund Year. None of the other mandates that the Fund invested in over the Fund Year held any assets with voting opportunities.

3.1 Description of the voting processes

For assets with voting rights, the Committee relies on the voting policies which its managers have in place. A summary of the Fund's managers' voting practices is provided below.

3.1.1 Invesco

Invesco has adopted a stewardship policy aligned with its responsibility as a shareholder on behalf of all its investors. Invesco's proxy voting process is designed to ensure that proxy votes are cast in accordance with the best interests of all clients. Invesco discloses detailed portfolio specific proxy voting reports detailing all votes including rationales to clients upon request.

Invesco has adopted and implemented a Policy Statement on Global Corporate Governance and Proxy Voting ("Policy") which it believes describes policies and procedures reasonably designed to ensure that proxies are voted in the best interests of its clients. This Policy is intended to help Invesco's clients understand its commitment to responsible investing and proxy voting, as well as the good governance principles that inform its approach to engagement and voting at shareholder meetings.

Invesco views proxy voting as an integral part of its investment management responsibilities. The proxy voting process at Invesco focuses on protecting clients' rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders. The voting decision lies with its portfolio managers and analysts with input and support from their Global ESG team and Proxy Operations functions. The final voting decisions may incorporate the unique circumstances affecting companies, regional best practices and any dialogue it has had with company management. Invesco's proprietary proxy voting platform ("PROXYintel") facilitates implementation of voting decisions and rationales across global investment teams.

Invesco may supplement its internal research with information from third-parties, such as proxy advisory firms, to assist in assessing the corporate governance of investee companies. Globally, Invesco leverages research from Institutional Shareholder Services Inc. ("ISS") and Glass Lewis and they use the Institutional Voting Information Service (IVIS) in the UK for corporate governance research for UK securities. Invesco generally retains full and independent discretion with respect to proxy voting decisions. Globally, it receives research reports, including vote recommendations from ISS and Glass Lewis for company shareholder meetings across holdings. To assist with the operational aspects of the proxy voting process including vote disclosure to meet regulatory requirements, Invesco retains the services of ISS and leverages PROXYintel to further streamline the process. Invesco also engages ISS to provide written analysis and recommendations based on Invesco's internally developed custom voting guidelines with specific voting recommendations on ESG issues applied globally. Invesco's custom voting guidelines are reviewed annually and seek to support Invesco's Good Governance Principles on best practice standards in corporate governance and long-term investment stewardship.

3.1.2 Ruffer

Ruffer act as stewards of its clients' assets and uses its judgement to determine when to engage and how to vote at shareholder meetings to best protect the interests of its clients. Ruffer takes the opportunity to vote seriously,

enabling it to encourage boards and management teams to consider and address areas that it is concerned about. Ruffer reviews local best practices and corporate governance codes when voting clients' shares, and actively considers companies' explanations for not complying with best practice to ensure that it votes in the best interests of its clients.

It is Ruffer's policy to vote on Annual General Meeting and Extraordinary General Meeting resolutions, including shareholder resolutions, as well as corporate actions. Ruffer endeavours to vote on the majority of its holdings but retains discretion to not vote when it is in its clients' best interests (for example in markets where share blocking applies).

To apply this policy, Ruffer works with various industry standards, organisations and initiatives and actively participates in debates within the industry, promoting the principles of active ownership and responsible investment. For example, Ruffer is a signatory to the Principles for Responsible Investment (PRI), participates in several working groups at the Investment Association and, through its commitment to Climate Action 100+, has co-filed resolutions where it felt this was the most appropriate course of action.

Ruffer has internal voting guidelines as well as access to proxy voting research, currently from ISS, to assist in the assessment of resolutions and the identification of contentious issues. In general, Ruffer does not delegate or outsource stewardship activities when deciding how to vote on clients' shares.

Research analysts are responsible, supported by their responsible investment team, for reviewing the relevant issues on a case-by-case basis and exercising their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff. Ruffer looks to discuss with companies any relevant or material issues that could impact their investment. Ruffer will ask for additional information or an explanation, if necessary, to inform its voting discussions. If it decides to vote against the recommendations of management, it will endeavour to communicate this decision to the company before the vote along with their explanation for doing so.

Ruffer is a partnership, and this structure aligns its interests with those of its clients. Where conflicts of interest on voting or engagement exist between Ruffer, and/or a particular client and its wider client base, it is Ruffer's policy to act in the best interests of all its clients. Ruffer has identified a potential conflict of interest when voting on in-house funds, such as the Ruffer Investment Company and Ruffer UCITS. Ruffer ensures that the managers of the relevant fund are excluded from the voting decision making process for the fund they manage. To further eliminate potential conflict of interests, the justifications and the decision-making process on items are clearly documented.

3.1.3 BlackRock

Voting decisions are made by members of the BlackRock Investment Stewardship team with input from the wider investment team as required, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines.

BlackRock takes a case-by-case approach to the items put to a shareholder vote. Analysis is informed by internally developed proxy voting guidelines, its pre-vote engagement with the company, its research, and any situational factors for a particular company.

BlackRock aims to vote at all shareholder meetings of companies in which its clients are invested. In cases where there are significant obstacles to voting, such as share blocking or requirements for a power of attorney, BlackRock will review the resolutions to assess the extent of the restrictions on voting against the potential benefits. BlackRock generally prefers to engage with the company in the first instance where there are concerns and give management time to address the issue.

BlackRock will vote in favour of proposals where it supports the approach taken by a company's management or where it has engaged on matters of concern and anticipates management will address them. BlackRock will vote against management proposals where it believes the board or management may not have adequately acted to advance the interests of long-term investors. BlackRock ordinarily refrains from abstaining from both management and shareholder proposals, unless abstaining is the valid vote option (in accordance with company by-laws) for voting against management, there is a lack of disclosure regarding the proposal to be voted, or an abstention is the only way to implement its voting intention.

Whilst BlackRock does subscribe to research from the proxy advisory firms, ISS and Glass, Lewis & Co, this is just one, among many, inputs into its voting decision process. BlackRock primarily uses proxy research firms to transform corporate governance information and analysis into a concise, easily reviewable format so that BlackRock's investment stewardship analysts can readily identify and prioritise those companies where its own additional research and engagement would be beneficial. Other sources of information BlackRock use include the

company's own reporting (such as the proxy statement and the website), its engagement and voting history with the company, the views of its active investors, public information and ESG research.

3.2 Summary of voting behaviour

A summary of voting behaviour over the Fund Year is provided in the table below. We note that BlackRock was unable to provide part year data to the date of divestment. Therefore data for the full Fund Year has been provided.

	Invesco UK Equities	Invesco Global ex UK Equities	Ruffer Absolute Return Fund	BlackRock Dynamic Diversified Growth Fund
Manager name	Invesco	Invesco	Ruffer	BlackRock
Fund name	UK Enhanced Index	Global ex UK Enhanced Index	Absolute Return Fund	Dynamic Diversified Growth Fund
Total size of fund at end of the Fund Year	£806.6m	£54.7m	£4649.5m	£1,453m
Value of Fund assets at end of the Fund Year (£ / % of total assets)	£3.9m/ 1.3%	£35.4m / 11.8%	£20.1m / 6.7%	- ¹
Number of equity holdings at end of the Fund Year	136	569	65	2426
Number of meetings eligible to vote	167	603	77	893
Number of resolutions eligible to vote	3,002	8,872	1,305	11,775
% of resolutions voted	100.0%	98.4%	100%	92%
Of the resolutions on which voted, % voted with management	98.2%	91.7%	94.2%	94%
Of the resolutions on which voted, % voted against management	1.8%	8.3%	5.7%	5%
Of the resolutions on which voted, % abstained from voting	0.1%	0.1%	0.1%	1%
Of the meetings in which the manager voted, % with at least one vote against management	26.9%	57.1%	41.6%	29%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	2.2%	5.2%	7.1%	0%

9.3 Most significant votes

Commentary on the most significant votes over the Fund Year, from the Fund's asset managers who hold listed equities, is set out below.

The Committee did not inform its managers which votes it considered to be most significant in advance of those votes. The Committee will consider the practicalities of informing managers ahead of the vote and will report on it in next year's Implementation Statement.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Committee did not identify significant voting ahead of the reporting period. Instead, the Committee has

¹ The BlackRock mandate was fully redeemed on 27 May 2022.

retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria² for creating this shortlist.

The Committee has interpreted "significant votes" to mean those that:

- might have a material impact on future company performance;
- are shareholder resolutions which received material support; and/or
- related to key Environmental, Social or Governance risks.

The Committee has reported on two of these significant votes per mandate only as the most significant votes.

3.3.1 Invesco UK Equities Fund

	Standard Chartered Plc, April 2022	Rentokil Initial Plc, September 2022
Summary of resolution	Approve Shareholder Requisition	Approve Acquisition of Terminix Global Holdings, Inc
Approx size of the holding at the date of the vote	0.7%	0.6%
Why this vote is considered to be most significant	This vote is relevant as it relates to a key ESG factor - Environment.	Acquisition could have a material impact on future company performance.
Firm management recommendation	Against	For
Fund manager vote	Against	For
Rationale	Although the Company will be expected to deliver on its stated climate ambitions in the future, its current climate reporting, which includes short, medium and long-term objectives and targets, is considered to be a sufficient and appropriate response to the matters raised in the resolution at this time.	Invesco believed a sufficiently compelling justification for the acquisition had been provided.
Outcome of the vote	Failed	Passed

² [Vote reporting template for pension Fund implementation statement – Guidance for Trustees \(plsa.co.uk\)](#). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

3.3.2 Invesco Global ex UK Equities Fund

	Sysco Corporation, November 2022	Wells Fargo & Company, April 2022
Summary of resolution	Report on Efforts to Reduce Plastic Use	Report on Incentive-Based Compensation
Approx size of the holding at the date of the vote	0.1%	0.3%
Why this vote is considered to be most significant	This vote is relevant as it relates to a key ESG factor - Social	This vote is relevant as it relates to a key ESG factor - Governance
Firm management recommendation	None	Against
Fund manager vote	For	For
Rationale	Shareholders would benefit from additional information on how the company is managing risks related to the creation of plastic waste.	Shareholders would benefit from additional disclosure on broad-based incentive compensation programs that could lead to material losses due to excessive risk taking, given these structures played a key role in recent high-profile controversies that caused financial and reputational harm at the company.
Outcome of the vote	Passed	Failed

3.3.3 Ruffer Absolute Return Fund

	BP Plc, May 2022	Cigna Corporation, April 2022
Summary of resolution	Approve Shareholder Resolution on Climate Change Targets.	Report on Gender Pay Gap.
Approx size of the holding at the date of the vote	3.1%	1.5%
Why this vote is considered to be most significant	This vote is relevant as it relates to a key ESG factor - Environment.	This vote is relevant as it relates to a key ESG factor - Social.
Firm management recommendation	None	None
Fund manager vote	Against	Against
Rationale	Ruffer have done extensive research on BP's work on the energy transition and climate change and we think they are industry leading. Ruffer support management in their effort to provide clean, reliable and affordable energy and therefore we voted against the shareholder resolution.	Cigna uses an "equal pay for equal work" statistic and reports that there are no material differences in pay data related to gender or race. Although this statistic is subjective in that it allows the company to define what it considers an "equal job," the company does report its gender representation statistics and it additionally set a parity goal for leadership positions.
Outcome of the vote	Failed	Failed

3.3.1 BlackRock Dynamic Diversified Growth Fund

	The Home Depot, Inc., May 2022	Meta Platforms, Inc., May 2022
Summary of resolution	Report on Efforts to Eliminate Deforestation in Supply Chain.	Publish Third Party Human Rights Impact Assessment.
Approx size of the holding at the date of the vote	0.08%	0.08%
Why this vote is considered to be most significant	This vote is relevant as it relates to a key ESG factor - Environment.	This vote is relevant as it relates to a key ESG factor - Social.
Firm management recommendation	Against	Against
Fund manager vote	For	For
Rationale	The company does not meet their expectations for disclosure of natural capital policies and/or risk.	BlackRock believe it is in the best interests of shareholders to have access to greater disclosure on this issue.
Outcome of the vote	Passed	Fail