Implementation Statement, covering the Scheme Year from 1 April 2023 to 31 March 2024

The Trustees of the Port of London Authority Retirement Benefits Scheme (the "Scheme") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles ("SIP") during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their 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 Trustees have 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 Scheme Year.

The Trustees have, in their opinion, followed the Scheme's voting and engagement policies during the Scheme Year.

2. Voting and engagement

The Trustees recognise the importance of their 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 Scheme's investments reside. A summary of the stewardship policy in force over the Scheme Year is as follows:

- The Trustees require the Scheme's investment manager to use its influence as a major institutional investor to carry out the Trustees' 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 Trustees regularly review the suitability of the Scheme's appointed investment manager and take advice from their investment consultant with regard to any changes.

- The Trustees require that their investment manager provides details of its stewardship policy and activities on a regular basis. The Trustees review the stewardship activities of their asset manager on an annual basis, covering both engagement and voting actions.

- The Trustees will engage with their investment manager 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 Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of DWP's guidance, the Trustees agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. At the July 2023 meeting, the Trustees discussed and agreed stewardship priorities for the Scheme which were:

- Climate change

- Modern Slavery

- Diversity, Equity & Inclusion

- Corporate Transparency

These priorities were selected because they are key market-wide risks and areas where the Trustees believe that good stewardship and engagement can improve long-term financial outcomes for the Scheme's members. The Trustee communicated these priorities to its managers during the Scheme year.

The Trustees are 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 Trustees aim to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Scheme Year

The Scheme was not invested in listed equity over the Scheme year. As such, the Trustees were not able to direct how votes are exercised and the Trustees itself have not used proxy voting services over the Scheme Year.

The Trustees contacted the Scheme's investment manager, Aviva, which to ask if any of the assets held by the Scheme had voting opportunities over the period. Aviva confirmed there were no voting opportunities over the Scheme Year, however it provided an example of engagement activity it had undertaken during the period.

Aviva engagement example (firm level): Environment - Climate change

Rationale: In 2022, Aviva expanded its Climate Engagement Escalation Programme (CEEP) to cover more hard-to-abate sectors, reflecting the interlocking nature of supply and demand. To achieve the twin objectives of decarbonisation and energy security by 2030 and beyond to 2050, Aviva suggests that sector value chains are a crucial part of the energy transition story. Aviva began with the aviation sector, which currently accounts for approximately 2.5% of global carbon dioxide (CO_2) emissions from fossil fuels and is lagging in preparations for a net zero future. This lag is largely due to sustainable aviation fuel (SAF) being two to eight times more expensive than traditional fuel, compounded by a lack of clarity across governments and regulatory bodies regarding emission reduction targets.

Action: To catalyse the systemic change necessary for decarbonising the aviation sector, Aviva evolved its engagement from direct to a more holistic sector/value chain approach. Whilst corporate engagement efforts have demonstrated many successes in raising climate ambitions, they are becoming less effective when the required decarbonisation is not technologically feasible, lacks sufficient economic incentives, or lacks stable, predictable, and reliable policy frameworks to build a business case. Consequently, Aviva conducted a holistic, 'value chain' roundtable discussion, bringing together key actors from across the aviation value chain – including airlines, engine manufacturers, and biofuel producers. Recognising that the energy transition for the aviation sector will be a long and complicated road, this half-day event provided an opportunity to collectively discuss key barriers slowing the sector's transition (e.g. scaling up SAF) and policy gaps currently hindering progress (e.g. towards EU blending mandates). Concrete areas were also identified for policy improvements to enable a sector-wide, viable energy transition.