PORT OF LONDON AUTHORITY PENSION FUND

ANNUAL TRUSTEES REPORT FOR THE YEAR ENDED 31 MARCH 2024

Principal Employer:	Port of London Authority
Committee:	
Chairman	Mr M Evans – ITS Limited

Port Authority Committee Men	**Members' Committee Men**
Mr R Baker (to 17 October 2023)	Mr D Bird
Ms S Foster (from 14 August 2023)	Mr S Davies
Mr A Griffiths (to 30 April 2023)	Miss A Jeffrey
Mrs S Mackenzie	Mr D Newbury
Mrs J Tankard (to 31 July 2023)	
Mr S Lockwood (from 1 August 2023)	
Mr M Rolfe (from 1 June 2024)	

Administrator:	Port of London Authority
Treasurer:	Miss A Jeffrey
Secretary:	Miss D Bottacchi
Actuary:	Mr M Whitfield, Aon Solutions UK Ltd (to 30 June 2024) Mr D Gardiner, Aon Solutions UK :td (from 1 July 2024)
Independent Auditor:	Ernst & Young LLP
Investment Consultant:	Lane Clark & Peacock LLP
Investment Managers:	Invesco Asset Management JP Morgan Alternative Asset Management Antin Infrastructure Partners Fund II M&G Investments PIMCO (to September 2023) Insight Investment IFM infrastructure Manager Ruffer Investment Manager AEGON (from September 2023)
AVC Providers:	Utmost Life & Pensions Clerical Medical Investment Group Standard Life
Custodians:	Caceis (Invesco) PFPC Trust Company (JP Morgan) BNP Paribas (Antin) State Street (M&G & JP Morgan) & (PIMCO to September 2023) Northern Trust (Insight) BNY Mellon (Ruffer) Citi (Aegon from September 2023)
Solicitors:	Sacker and Partners
Bank:	National Westminster Bank PLC
Scheme Reference Number:	00328806RT

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ANNUAL TRUSTEES REPORT FOR THE YEAR ENDED 31 MARCH 2024

Statement of Trustees' Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the scheme during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and

- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up.

The Trustees are also responsible for making available certain other information about the Fund in the form of an annual report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Fund or on behalf of the employer and the active members of the Fund and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for adopting risk-based processes to monitor whether contributions are made to the Fund by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Administration

The Port of London Authority Pension Fund (the ‘Fund’) is administered by a Committee of Management (the ‘Committee’) consisting of a Chairman and four Committee men appointed by the Authority and four Committee men, comprising three in service members and one pensioner, elected by the members and pensioners respectively.

The Committee are regarded as Trustees of the Fund for the purposes of exercising their powers under the Rules.

Any casual vacancy is filled in the case of a Port Authority Committee man by nomination by the Port Authority and in the case of a members' Committee man or pensioners' Committee man by the co-option of another member or pensioner (as appropriate).

The Committee and Investment Sub Committee met on a total of six occasions during the year to 31 March 2024. The Committee as a Board of Trustees have received training as appropriate throughout the year.

In accordance with the provisions of Rule 23(2) a new Committee was appointed to serve for the period 1 April 2022 to 31 March 2027.

The new Committee comprises:- Mr M Evans, ITS Limited – Chairman

Port Authority Committee Men	Members Committee Men
Ms S Foster (from 14 August 2023)	Mr D Bird
Mr S Lockwood (from 1 August 2023)	Miss A Jeffrey
Mrs S Mackenzie	Mr S Davies
	Mr D Newbury

Following the retirement of Mr A Griffiths on 30 April 2023, Mrs J Tankard on 31 July 2023 and Mr R Baker on 17 October, Mr S Lockwood, Ms S Foster and Mr M Rolfe were appointed as Employer Committee man with effect from 1 August 2023 ,14 August 2023 and 1 June 2024 respectively.

General Information

The Fund is a Registered Pension Scheme under the provisions of Schedule 36 of the Finance Act 2004. Accordingly, under the provisions of sections 186 and 187 of the Finance Act 2004 its income and investment gains are free of taxation. However, income from a trading activity is not investment income and so will be assessed to tax in the normal way. To the Committee's knowledge there is no reason why this registration should be prejudiced or withdrawn.

The Fund is a defined benefits scheme; membership of the Fund is voluntary, with contributions being made by both the member and the employer.

Pre 1 April 2009 members

On retirement, benefits are calculated by reference to the member's final pensionable salary and length of pensionable service, with the option to take a tax-free cash sum instead of part of the pension. Spouses' pensions and child allowances are payable on the death of members with pensionable service from 1 October 1980 onwards.

Post April 2009 members

For members who join the Fund after the 31 March 2009, benefits are calculated on a career average revalued earnings (CARE) basis. Spouses' pensions and child allowances are payable on the death of members.

Post January 2014 members

All active members of the Fund from 1 January 2014 have benefits calculated on a career average revalued earning (CARE) basis. Spouses' pensions and child allowances are payable on the death of members.

GMP Equalisation

In October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amount. On 20 November 2020, the High Court handed down a further judgment involving the Lloyds Banking Group's defined benefit pension schemes, which required the schemes to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits for members who transferred out of the schemes. Based on an initial assessment of the likely backdated amounts and related interest, the Committee does not expect these to be material to the financial statements and therefore has not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

Custodial Arrangements

The underlying assets are held by a number of custodians who have agreements with the investment managers of the assets. There is no direct relationship between the investment managers' custodians and the Committee.

Scheme Advisers

There are written agreements in place between the Trustees and each of the Fund advisers listed on page 1.

Actuary

Following the retirement of Miles Whitfield, from scheme actuarial roles on 30 June 2024, Mr D Gardiner was appointed as Fund Actuary with effect from 1 July 2024. Miles Whitfield confirmed in their notice of resignation, that they knew of no circumstances connected with the resignation that significantly affected the interests of the members, prospective members or beneficiaries of the Fund.

Investments
At the meeting held 15 May 2023 the Committee agreed to move the funds from the PIMCO portfolio to the Aegon European ABS fund. (c£28m). The transaction of c £28m was finalised in September 2023.

Occupational Pension Schemes Disclosure Regulations
This report is prepared in accordance with the requirements of the Occupational Pension Schemes Disclosure Regulations. For further details, and information about the Fund, please contact the Secretary at the address given on page 12.

Covenant & Going Concern
Wars in the Middle East and Ukraine, together with global political uncertainty has had an impact on the global economy. The potential impacts, both financial and operational, have been evaluated for the Port of London Authority and the financial forecasts have been reviewed to assess the impact on the going concern assessment. The Authority confirmed that PLA remains a going concern.

The PLA has further confirmed it is in a good position to continue to pay the ongoing deficit payments.

S37 Virgin Media Case
Sackers, the Fund's legal advisers provided information to the Committee about the decision on 16 June 2023 in the High Court in the case of Virgin Media v NTL Pension Trustees II Limited (and others), on the correct interpretation of historic legislation governing the amendment of contracted-out defined benefit schemes.

The Committee understands that the Court decided that from 6 April 1997, section 37 of the Pension Schemes Act 1993 required that when contracted-out salary-related schemes made changes to benefits, any changes that related to "reference scheme test" benefits would be void if the scheme had not obtained actuarial confirmation that the scheme would continue to meet the reference scheme test after the change had been made. "Reference scheme test" benefits being the minimum level of benefits a scheme is required to provide to those of its members who were contracted out in relation to a scheme in the period from 6 April 1997 to 6 April 2016.

The requirement for actuarial confirmation to changes to reference scheme benefits was known (and the Virgin Media case does not change this). The difficulty for all schemes is whether it will always be crystal clear from the records that the actuarial confirmation was given. The legislation did not require confirmation to be given in any particular form. For example, just because the actuary might not have provided a formal "certificate" relating to a change, it does not mean the confirmation was not given. So, simply reviewing past deeds of amendment is unlikely to be conclusive.

Sackers (Fund's legal advisers) have confirmed that in their view, the question of whether a section 37 confirmation was given is part of the wider question about whether all formalities have been followed when executing changes to a scheme (e.g. were all the signatories properly authorised, was a section 67 certificate obtained). They have further commented that unless a particular query arises, the Committee are not currently obliged to look into these points further as a matter of course. As a result, no provision has been included in the accounts.

The Committee will continue to monitor developments in this area, with support from their legal advisers and the Fund actuary as appropriate.

Report on Actuarial Liabilities
Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, which is available to Fund members on request.

The most recent full actuarial valuation of the Fund was carried out as at 31 March 2021. This showed that on that date:

The value of Technical Provisions was	£428.4m
The value of the assets was	£379.5m

Results
In accordance with the Statutory Funding Objective, as at 31 March 2021 the assets covered 89% of the Fund's liabilities and the deficit was £48.9m (assets of £379.5m being less than liabilities of £428.4m). The assets covered 71% of the Fund's buy-out liabilities at that date.

Following the valuation, the Committee of Management and the Authority put in place a Contribution Schedule with the aim of removing the deficit over the period to 31 October 2028. The Authority will contribute as follows in respect of the deficit:

- September 2022 (to reflect backdated contributions from 1 April 2021 to 31 August 2022
  payment of £2,020,833
- 1 September 2022 to 31 December 2022
  £4.25m per annum paid in equal monthly instalments
- 1 January 2023 to 31 October 2028
  £4.25m per annum increased each year in line with the increase in CPI inflation over the year to September of the preceding year, paid in equal monthly instalments

The method and significant actuarial assumptions used to determine the technical provisions are as follows:

Method
The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions
The 31 March 2021 valuation was undertaken using a yield curve approach. Under this approach different assumptions are used to value the benefits depending on when they are paid. For example, different assumptions are used to value a benefit payable in 5 years' time compared to a benefit payable in 20 years' time. The main financial assumptions were derived as follows:

- **Pre-retirement discount rate**. Reflects a prudent assumption for the expected long-term returns on a growth asset portfolio. The pre-retirement discount rate was fixed interest gilt yield curve plus an allowance for expected out-performance from the assets held of 3.0% per annum.
- **Post-retirement discount rate**. Reflects a prudent assumption for the expected long-term returns on a matching asset portfolio. The post-retirement discount rate was derived from the Bank of England UK fixed interest yield curve plus an allowance for expected out-performance from the assets held of 0.5% per annum.
- **Retail Price Inflation**. Derived from market yields for expected inflation, namely term-dependent rates derived from the difference between the Bank of England UK fixed and UK index-linked gilt curves.
- **Consumer Price Inflation**. Determined as the RPI price inflation assumption less 0.5% per annum.
- **Salary Inflation**. Determined as the RPI price inflation assumption plus 0.5% per annum.
- **Pension Increases**. Derived from the RPI and the CPI price inflation assumptions, as appropriate, allowing for the various caps and collars.

The mortality assumption is derived by considering standard published tables and the socio-economic and mortality experience data of pensioners of the Fund up to the valuation date. For the valuation as at 31 March 2021, the SAPS S3 tables were adopted with mortality rates increased by 5%. Allowance was made for improvements in mortality rates, in line with the CMI 2020 core projections with a long-term improvement rate of 1.5% per annum.

As required an interim report of the funding position was completed at 31 March 2023. This showed that the funding level had improved since the last valuation such that the assets covered 102% of the Fund's liabilities and the surplus was £5.5m.

The next full valuation as at 31 March 2024, is currently underway.

Contingency support
As part of the 31 March 2021 Actuarial valuation process, the Trustees and sponsoring employer have agreed the following:

- a negative pledge against a named asset.
- in the event that the PLA Pension Fund requires a significant cash injection the named asset could be used as security for the PLA to borrow money to put into the Fund.
- a pension funding agreement 'PFA' has been put in place which details the agreed triggers and terms to be applied.

As scheduled in the PFA the funding position was reviewed as at 31 March 2024, by the Fund Actuary, the funding level was estimated to be 105%, with a surplus of £14.6m. Accordingly, no further action was required under the PFA until 31 March 2025.

Annual Funding Statement

As part of the Scheme Specific Funding Regulations the Trustees were required to issue the annual statement to all members about the funding of the Fund. All members received their statement in April 2024.

Membership in Service

Membership at 31.03.2023			285
New members			1
Membership ceased			
Left service **post** Normal Pension Age 'NPA'			
- Pension paid (all benefits)	3		
- Final salary section paid (CARE deferred)	1		
		(4)	
Withdrawal **post** NPA, remained in service			
- Pension paid (all benefits)	1		
- Final salary section paid (CARE deferred)	1		
		(2)	
Withdrawal **Pre** NPA, remained in service			
- Pension paid (all benefits)	0		
- Final salary section paid (CARE deferred)	0		
- Other	0		
		0	
Left service **Pre** NPA			
- Pension paid (all benefits)	0		
- Final salary section paid (CARE deferred)	0		
- Other	15		
		(15)	
Transfer Out	0		
Death in Service	0	0	
			(21)
Membership at 31.03.2024			265

Pensions and Annuities

	Pensions (inc Child Allow's)	Annuities**	G'tee Allow's, Widows', Widowers' and Dependants' Pensions	Ex PLA New Pension Scheme Pensioners & Widows	Basic* Annual Amount £
Numbers at 31.03.2023 (original)	1,159	7	620	16	9,083,651
Adjustments	-	-	(1)	-	6,551
Numbers at 31.03.2023 (restated)	1,159	7	619	16	9,090,202
Commenced during the year	24	0	34	1	224,803
	1,183	7	653	17	9,315,005
Ceased during the year	(62)	0	(39)	(1)	(320,766)
Numbers at 31.03.2024	1,121	7	614	16	8,994,239
Change during the year	(38)	0	(5)	0	(95,963)

* Membership data detailed above reflects the member benefits payable per annum and not the amount paid over the 12 months covered by the report (as stated in the accounts)
**these are not insurance contracts, they are spouses benefits payable direct from the Fund under Rule 15

Included in the above total annual amount in payment at 31 March 2024, was an annual amount of £26,289 (£26,289 as at 31 March 2023) in respect of child allowances in payment.

In addition, at 31 March 2024 cumulative Pension Increases per annum, since inception, amounted to £9,484,223. This amount was £274,065 per annum more than at 31 March 2023.

	At 31.03.23	From Service		Divorce Orders		Into Payment	Deaths	Transfers Out	At 31.03.24
		All Benefits Deferred	Final Salary in pymt CARE Deferred	Final salary	CARE section				
Deferred Pensioners	156	14	2	0	1	(22)	-	-	151*

*of which 9 are CARE only deferred members with Final Salary pension in payment.

Pensions Increases

In accordance with the Rules of the Fund, an increase in the pensions of retired staff and beneficiaries was made with effect from 1 December 2023. The increase was 5.00% and applied in all instances to staff who had left service prior to 1 July 2022. The increase was also to be applied to deferred pensions and potential benefits, except for former deferred members of the PLANPS where statutory revaluation in deferment applies.

In the case of those members of staff who left service between 2 July and 30 November 2023, a proportional amount of the standard increase was paid on 1 December 2023.

In the case of pensioners below the age of 55 years on 1 December 2023, the increase was to apply from their 55th birthdays.

Where a pensioner had a Guaranteed Minimum Pension which had been increased by the State in April 2023, the amount of the GMP at State Retirement Age was deducted before applying the increase.

Transfer Values

Transfer values paid during the year were determined, where appropriate, in accordance with the statutory cash equivalent requirements, and fully reflected the value of the deferred pensioners' accrued benefit rights. During the year, other than AVC transfers out, no transfer payments were made. All calculations conform with factors and instructions provided by the Actuary. Transfer values are calculated as the cash value of the deferred pension entitlement, the spouse's pension payable in the event of death and an allowance for guaranteed pension increases. No allowance is included for discretionary pension increases that may be paid.

At the meeting held on 1 June 2009, the Committee agreed to the Authority's proposal that the Fund should cease to accept transfer values with immediate effect.

Contributions

A revised schedule of contributions was prepared following the 2021 actuarial valuation as required by Section 227 of the Pensions Act 2004 and this is included, together with the associated actuarial certificates, on pages 13 to 18 of this report. This includes member, employer and deficit contributions.

Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been produced by the Committee following consultation with the Employer. The main purpose of the SIP is to set out details of the investment strategy that is to be followed, the Committee's investment objectives and its attitude to risk. The SIP was reviewed and updated in July 2023. The Committee reviews the SIP at least once every three years, and after any significant change in investment strategy. The Employer, the appointed Investment Consultant, and the appointed Scheme Actuary are consulted during the review. A copy of the latest SIP is available online at the following address: https://pla.co.uk/port-london-authority-pension-fund.

To the best of its knowledge, the Committee can report that during the year ended 31 March 2024 the Fund's investment managers have operated in accordance with their Investment Management Agreements and the Fund's investment portfolio has operated within the parameters of the SIP.

As at financial year end, the Fund is currently not invested in line with the strategic allocation outlined in the SIP. As per the policies in its SIP, the Committee remains comfortable with this position given the ongoing review of the Fund's strategy. Further commentary on these changes is detailed in the "investment strategy" section below.

The Committee's policy on the custody of the Fund's assets is set out in the Rules of the PLA Pension Fund. As at 31 March 2024 there were 0.0% of total assets invested in Employer-related investments in the Fund, within the meaning of Section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

<u>Financial Statements</u>

The Fund's financial statements for the year ended 31 March 2024 are shown on pages 21 to 31. They have been prepared and audited in accordance with regulations made under Section 41 (1) and (6) of the Pensions Act 1995.

<u>Financial and Investment Review</u>

The overall management of the Committee's investments is the responsibility of the Committee. However, the day-to-day management of the Fund's asset portfolio is the responsibility of the investment managers, who operate within the guidelines of their specific mandates.

Over the year under review, the investments of the Port of London Authority Pension Fund (the "Fund") were managed by Aegon ("Aegon" from September 2023), Antin ("Antin"), M&G Investment Management Limited ("M&G"), Insight Investment Management Limited ("Insight"), Invesco Asset Management Limited ("Invesco Asset Management"), IFM Investors Pty Ltd ("IFM"), J.P. Morgan Asset Management ("J.P. Morgan"), Ruffer LLP ("Ruffer"), BlackRock Investment Management (UK) Limited ("BlackRock" to June 2022), and PIMCO Europe Ltd ("PIMCO" to September 2023).

During the year to 31 March 2024, net assets decreased by £6.399m to £303.033m.

The investment management expenses for the year ended 31 March 2024 amounted to £25,000 (2023:£25,000). The rebate of £87,000 (2023:£113,000) resulted in a net rebate of £62,000 (2023:£88,000).

The notes to the financial statements include an investment note (6) which sets out the purchases, sales and net change in market value for each type of investment held by the Fund, together with an analysis of the market values of investments held at the year end, which should be read in conjunction with the accounting policies in note (1).

<u>Investment Report</u>

Investment performance

The performance of the investment managers is reviewed periodically at the Committee's meetings. The following table shows the performance of the Fund over the one, three and five year periods to 31 March 2024, based on the performance of the investment managers after the deduction of fees.

	One year (%)	Three years (% pa)	Five years (% pa)
Scheme	0.4%	-4.7%	-0.5%
Benchmark	0.3%	-4.7%	-1.0%

Investment strategy

The broad investment objectives are agreed by the Committee, having consulted with the Employer. Within the context of these risk and return objectives, the Committee, taking advice from the Fund's Investment Consultant, decides on the overall allocation of assets between the various asset classes, and selects the appropriate managers within each asset class.

The Fund is subject to various regulations, and the portfolios of the Fund are invested in accordance with these regulations. The Committee determines the broad investment strategy to be adopted by the Fund. The objective set for the Fund is to adopt a strategy, which will maximise the likelihood of achieving the Committee's primary funding objectives in a stable manner. In setting the investment strategy, the Committee has considered the investment objectives for the Fund as set out in the SIP.

The following table details the asset distribution at the financial year end by asset class compared to the strategy as set out in the SIP.

Asset class	Allocation as at 31 March 2024	Strategic allocation (%)
Diversified Growth Funds ("DGFs")	6.3%	14.0%
Equities	17.1%	20.0%
Infrastructure	18.5%	12.0%
Fund of Hedge Funds	0.2%	0.0%
Multi-Asset Credit	13.9%	15.0%
Liability Driven Investment ("LDI")	34.5%	29.0%
Asset Backed Securities	9.5%	10.0%
Total	**100.0%**	**100.0%**

Figures may not sum due to rounding.

During the year, the Committee, with the assistance of its Investment Consultant, continued to review the Fund's investment strategy.

In September 2023, disinvested £34m from the PIMCO Diversified Income Fund, investing £28m in the Aegon European ABS Fund and the remaining £6m in the Insight Liquidity Plus Fund.

In February 2024, the Committee agreed to transition the Fund's LDI portfolio with Insight to a bespoke pooled LDI mandate with CTI. The appointment was finalised in September 2024 and transactions scheduled for October 2024.

To meet its objectives as detailed in its SIP, the Committee will look to de-risk the investment strategy further as and when appropriate. This will broadly involve increasing the matching assets over time, whilst decreasing the return seeking assets. Therefore, the actual asset allocation is expected to shift progressively over time.

Committee's policies in relation to voting rights

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 its investments reside. The Committee recognises that ultimately this protects the financial interests of the Fund and its beneficiaries.

The Committee regularly reviews the suitability of the Fund's appointed asset managers and takes advice from their Investment Consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Committee has set out in its policy, the Committee aims to engage with the manager and seek a more sustainable position but may look to replace the manager.

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 requires that their investment managers provide details of their stewardship policy and activities on a regular basis, and will monitor this with input from their Investment Consultant. The Committee will engage with their investment managers where necessary for more information.

The Committee reviews the stewardship activities of their asset managers on an annual basis, covering both engagement and voting actions. The Committee will review the alignment of its policies to those of the Fund's asset managers and ensure their managers, or other third parties, use their influence as major institutional investors to carry out the Committee's rights and duties as a responsible shareholder and asset owner.

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. This will take the form of annual reporting which will be made available to Fund members on request.

The transparency for voting should include voting actions and rationale with relevance to the Fund, in particular, where: votes were cast against management; votes against management generally were significant, votes were abstained; voting differed from the voting policy of either the Committee or the asset manager. Where voting is concerned the Committee expects their asset managers to recall stock lending as necessary, in order to carry out voting actions.

From time to time, the Committee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Committee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest where they become known to the Committee.

Committee's policies on environmental, social and governance and ethical factors

The Committee acknowledges that an understanding of financially material considerations including environmental, social and corporate governance (ESG) factors, such as climate change, and risks related to these factors can contribute to the identification of investment opportunities and financially material risks.

As part of their delegated responsibilities, the Committee expects the Fund's investment managers to take into account corporate governance, social, and environmental considerations (including long-term risks posed by sustainability concerns including climate change risks) in the selection, retention and realisation of investments. Any decision should not apply personal ethical or moral judgments to these issues but should consider the sustainability of business models that are influenced by them.

The Committee is taking the following steps to monitor and assess ESG related risks and opportunities:

- The Committee will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Fund's assets and liabilities.

- As part of ongoing monitoring of the Fund's investment managers, the Committee will use ESG ratings information provided by LCP, where relevant and available, to monitor the level of the Fund's investment managers' integration of ESG on a regular basis.

- The Committee will request all of the Fund's investment managers to provide their Responsible Investment policy and details of how they integrate ESG into their investment decision making process on a regular basis. Should the Fund look to appoint a new manager, the Committee will request this information as part of the selection process. All responses will be reviewed and monitored with input from their Investment Consultant.

Committee's policy on the implementation of investment manager arrangements

The Committee regularly monitors the Fund's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Committee's policies, including those on non-financial matters. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity; and

- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Committee is supported in this monitoring activity by their Investment Consultant.

The Committee receives quarterly reports and verbal updates from the Investment Consultant on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Committee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Fund objectives and assess the asset managers over 3- year periods.

The Committee also receives annual stewardship reports on the monitoring and engagement activities carried out by their asset managers, which supports the Committee in determining the extent to which the Fund's engagement policy has been followed throughout the year.

The Committee shares the policies, as set out in this SIP, with the Fund's asset managers, and requests that the asset managers review and confirm whether their approach is in alignment with the Committee's policies.

Before appointment of a new asset manager, the Committee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Committee's policies. Where possible, the Committee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Fund invests in a collective vehicle, then the Committee will express its expectations to the asset managers by other means (such as through a side letter, in writing, or verbally at Committee meetings).

The Committee believes that having appropriate governing documentation, setting clear expectations to the asset managers by other means (where necessary), and regular monitoring of asset managers' performance and investment strategy, is in most cases sufficient to incentivise the asset managers to make decisions that align with the Committee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where asset managers are considered to make decisions that are not in line with the Committee's policies, expectations, or the other considerations set out above, the Committee will typically first engage with the manager but could ultimately replace the asset manager where this is deemed necessary

There is typically no set duration for arrangements with asset managers, although the continued appointment all for asset managers will be reviewed periodically, and at least every three years. For certain closed ended vehicles, the duration is defined by the nature of the underlying investments
The Committee will annually review the carbon intensity of the portfolio and expect the carbon intensity of the overall portfolio to trend downwards, where appropriate, the Committee will engage with managers who have a relatively high carbon intensity portfolio.

Data Protection Act 2018

The Committee and the Employer have both a legal obligation and a legitimate interest to process data relating to members for the purpose of administering and operating the Fund and paying benefits under it. This may include passing on data about members to the Fund's actuary, auditor, administrator and such other third parties as may be necessary for the administration and operation of the Fund.

The Committee and the Employer are both regarded as 'Data Controllers' (for the purposes of the Data Protection Act 2018) in relation to data processing referred to above and can be contacted at the address shown below.

The Pensions Regulator

The Pensions Regulator ('TPR') is the United Kingdom ('UK') regulator of work-based pension schemes.

TPR's role is to act to protect the interest of pension scheme members and to enforce the law as it applies to occupational pension schemes.

The regulations set out clearly the areas that TPR covers and the powers that are vested in it. For example, TPR can prohibit or disqualify Trustees for acting unlawfully, and can impose fines on wrong doers. TPR can be contacted at:

The Pensions Regulator, Telecom House, 125-135 Preston Road, Brighton BN1 6AF.

0345 600 1011, customersupport@tpr.gov.uk or www.thepensionsregulator.gov.uk

The Pension Protection Fund
The Pension Protection Fund was established to provide compensation to members of eligible pension schemes, when there is a qualifying insolvency event in relation to the Employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation. The Pension Protection Fund can be contacted at:

PPF Member Services, Pension Protection Fund, PO Box 254, Wymondham, NR18 8DN

0330 123 2222 ppfmembers@ppf.co.uk or www.ppf.co.uk

Questions about pensions
If you have any questions about your pension, the money helper service, which is part of the Money and Pensions Service, provides professional, independent and impartial help with pensions for free. Services include independent information and general guidance on pension matters. Money helper can be contacted at:

Money and Pensions Service, 120 Holborn, London EC1N 2TD

0800 011 3797 www.moneyhelper.org.uk

Resolving difficulties/Internal Dispute Resolution
It is expected that most queries relating to benefits can be resolved with the Fund's Administrator. In the event that a complaint cannot be resolved members can make a formal complaint using the Fund's Internal Dispute Resolution ('IDR') procedure details of which can be obtained from the Administrator.

If the complaint is not resolved satisfactorily, the Government appointed Pensions Ombudsman can investigate complaints of injustice due to bad administration either by the Trustee or the Fund's Administrator, or disputes of fact of law. The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman, 10 South Colonnade, Canary Wharf, London E14 4PU

0800 917 4487 enquiries@pensions-ombudsman.org.uk or www.pensions-ombudsman.org.uk
Enquiries concerning the Fund, or potential benefits under it, should be addressed to:

Miss D Bottacchi, Fund Secretary
Port of London Authority, London River House, Royal Pier Road, Gravesend, Kent, DA12 2BG

(on behalf of)
The Trustees of the
Port of London Authority Pension Fund