

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

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, the Trustees (including the most significant votes cast by the 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 (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 Trustees agreed to set stewardship priorities to focus monitoring and engagement with their investment manager on specific ESG factors. This was completed following the Scheme Year end in July 2023. These stewardship priorities will be included in next year’s statement.

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 their investment manager 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 Trustee 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 examples of engagement activity it had undertaken during the period.

Aviva engagement example (firm level): Engaging for biodiversity and agricultural supply chain resilience

Rationale: There is increasing evidence that human activity is destroying nature worldwide, with the population sizes of mammals, birds, fish, amphibians and reptiles seeing an alarming average drop of 68 per cent since 1970. This has been referred to as the 'Sixth Mass Extinction'.

Worryingly, agriculture has been noted to have a major role in this decline, through deforestation and land-use changes fuelled by population growth and changing consumption trends. Importantly, agriculture and other land-use changes not only contribute significantly to biodiversity loss and climate change (almost a quarter of total greenhouse gas emissions), but are also strongly affected by them, posing an important risk to corporate supply chains and global food systems.

Action: In light of these concerns, Aviva met with three leading names in the beverage sector – Diageo, Anheuser-Busch and Pernod Ricard – to discuss supply chain resilience and agricultural practices. It focused its engagement on the companies' approaches to sustainable sourcing, namely agricultural practices and supplier relations. More specifically, it wanted to assess supply chain resilience by evaluating progress by these companies on key best practices such as water-risk assessment and management, implementation of regenerative agriculture programmes to assist with soil resilience and carbon sequestration, the use of pesticides and fertilisers, and farmers training, among others.