

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

The Committee of Management of the Port of London Authority (Upper Division Staff) –Widows', Widowers' and Orphans' 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 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 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:

- BlackRock Dynamic Diversified Growth Fund.

In addition to the above, the Committee contacted the Fund's asset 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 BlackRock's voting practices is provided below.

3.1.1 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 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.

BlackRock Dynamic Diversified Growth Fund	
Manager name	BlackRock
Fund name	Dynamic Diversified Growth Fund
Total size of fund at end of the Fund Year	£1,453m
Value of Fund assets at end of the Fund Year (£ / % of total assets)	£5.8m / 37%
Number of equity holdings at end of the Fund Year	2426
Number of meetings eligible to vote	893
Number of resolutions eligible to vote	11,775
% of resolutions voted	92%
Of the resolutions on which voted, % voted with management	94%
Of the resolutions on which voted, % voted against management	5%
Of the resolutions on which voted, % abstained from voting	1%
Of the meetings in which the manager voted, % with at least one vote against management	29%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0%

3.3 Most significant votes

Commentary on the most significant votes over the Fund Year, from BlackRock, 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 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 criteria¹ for creating this shortlist.

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

- might have a material impact on future company performance;

¹ [Vote reporting template for pension fund implementation statement – Guidance for Committees \(plsa.co.uk\)](https://www.plsa.co.uk/vote-reporting-template-for-pension-fund-implementation-statement-guidance-for-committees). Committees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

- 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 for the BlackRock fund only as the most significant votes.

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