



# Belfast International Airport Limited Final Salary Pension Plan

Implementation Statement to 30 June  
2024

# Background and Implementation Statement

## Introduction

This Implementation Statement (the "Statement") has been prepared by the Trustees (the "Trustees") of the Belfast International Airport Limited Final Salary Pension Plan. The Implementation Statement is to provide evidence that the Belfast International Airport Limited Final Salary Pension Plan ("the Plan") continues to follow and act on the principles outlined in the Statement of Investment Principles ('SIP').

## Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustees' fiduciary duty.

## Implementation Statement

This Implementation Statement should be read in conjunction with the Plan's SIP covering the year under review, which gives details of the Plan's investment policies along with details of the Plan's governance structure and objectives.

This Implementation Statement is to provide evidence that the Plan continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address <https://www.belfastairport.com/media/1876/sip-december-2021-bia-final-salary-pension-plan-signed.pdf>

The Plan invests in a range of pooled funds managed by BlackRock Advisors (UK) Limited ("BlackRock"), Schroder Investment Management Limited ("Schroders"), Standard Life Assurance Limited ("abrln") and Insight Investment Management Limited ("Insight") (collectively the "Investment Managers").

The Plan's SIP in place during the Plan year states the following policies on the exercise of voting rights and engagement activities related to their investments:

- The Trustees have delegated the responsibility for the exercise of all rights (including voting rights) attaching to investments to the investment managers.
- The Trustees acknowledge that certain ESG factors are financially material and may therefore influence the risk and return characteristics of the Plan's investments and the likelihood that the Plan's objectives will be achieved. To confirm, no consideration has been given to non-financial considerations, nor has the Plan's membership been consulted on such issues.
- The Trustees, in consultation with their Investment Advisor, have reviewed the ESG and stewardship policies of the Investment Manager and are comfortable that these policies are consistent with their views.

Changes to the SIP are detailed on the following page.

The Implementation Statement details:

- actions the Plan has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Plan has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 30 June 2024 for and on behalf of the Plan including the most significant votes cast by the Plan or on its behalf

#### **Summary of key actions undertaken over the Plan reporting year**

Over the reporting period, the Trustees made a decision to place a full redemption from the abrdrn Ground Rents Fund, however, the redemption was not received before 30 June 2024. Performance over the year to 30 June 2024 was stronger than over the one- and three-year period to 30 June 2024 but remained negative, with capital values depreciation.

In Q2 2024, the Trustees also agreed to recalibrate the LDI portfolio which will be implemented post year end.

The Trustees acknowledge ESG considerations as a material financial risk. The Trustees note that as the Plan's investments are through pooled vehicles their ability to influence the investment managers on ESG is limited. However, the Trustees are committed to reviewing and replacing any investment manager who's ESG practices continue to be misaligned with the views of the Trustees following engagement.

#### **Implementation Statement**

This report demonstrates that Belfast International Airport Limited Final Salary Pension Plan has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

# Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Plan's assets and present value of liabilities from changes in interest rates and inflation expectations.	The Plan aims to hedge 70% of its interest rate and inflation risk arising from its liabilities on a Technical Provisions basis, accounting for the collateral requirements of the LDI portfolio and taking into consideration the overall liquidity of the investment strategy.	There were no actions over the period.  However, post reporting period end the Trustees agreed to refresh the LDI portfolio to ensure it remains in line with the Plan's liabilities. The Trustees have opted to increase the Plan's hedge ratios to c. 90% to both an interest rate and inflation expectations to further reduce these risks.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	As part of the quarterly performance reporting the Trustees are updated on the LDI collateral position to ensure they remain comfortable.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Trustees agreed to redeem the abrdn Commercial Ground Rents Fund due to perceived headwinds in the alternative property sector.  The Trustees have also agreed to rebalance the portfolio post-year end to align with the strategic allocation in the SIP following the impacts of market movements over 2022/2023.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.  To appoint investment managers who actively manage this risk by seeking	There were no actions over the period.

		to invest only in debt securities where the yield available sufficiently compensates the Plan for the risk of default.	
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	<p>To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:</p> <ol style="list-style-type: none"> <li>1. The Investment Managers have clear views on ESG factors and stewardship which are clearly articulated in formal policies on these issues.</li> <li>2. Stewardship is of primary importance in ensuring that financially material ESG factors are given appropriate consideration including a track record of using engagement and any voting rights to manage ESG factors.</li> </ol> <p>The Trustees monitor the managers on an ongoing basis.</p>	<p>The Trustees' investment advisor, on behalf of the Trustees, has reviewed each of the Scheme's managers from an ESG perspective and this feeds into their rating of the investment manager/product.</p> <p>Further detail provided later in this report</p>
Currency	The potential for adverse currency movements to have an impact on the Plan's investments.	Invest in GBP denominated fund or GBP share classes where any foreign currency exposure is hedged back to GBP.	There were no actions over the period.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	There were no actions over the period.

# Changes to the SIP

Over the period to 30 June 2024, the Trustees made changes no changes to the SIP.

# Current ESG policy and approach

## ESG as a financially material risk

The Plan's SIP in place during the Plan year states the following policies on the exercise of voting rights and engagement activities related to their investments:

- The Trustees have delegated the responsibility for the exercise of all rights (including voting rights) attaching to investments to the investment managers.
- The Trustees acknowledge that certain ESG factors are financially material and may therefore influence the risk and return characteristics of the Plan's investments and the likelihood that the Plan's objectives will be achieved. To confirm, no consideration has been given to non-financial considerations, nor has the Plan's membership been consulted on such issues.
- The Trustees, in consultation with their Investment Advisor, have reviewed the ESG and stewardship policies of the Investment Manager and are comfortable that these policies are consistent with their views.

The below table outlines the areas which the Plan's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustees intend to review the Scheme's ESG policies and engagements periodically to ensure they remain fit for purpose.

<b>Risk Management</b>	<ol style="list-style-type: none"><li>1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme</li><li>2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustees</li></ol>
<b>Approach / Framework</b>	<ol style="list-style-type: none"><li>3. ESG factors are relevant to investment decisions in all asset classes.</li><li>4. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.</li></ol>
<b>Reporting &amp; Monitoring</b>	<ol style="list-style-type: none"><li>5. Ongoing monitoring and reporting of how asset managers manage ESG factors is important.</li><li>6. The role of the Scheme's asset managers is prevalent in integrating ESG factors; the Trustees will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.</li></ol>
<b>Voting &amp; Engagement</b>	<ol style="list-style-type: none"><li>7. The Trustees will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach.</li><li>8. Engaging is more effective in seeking to initiate change than disinvesting.</li></ol>

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**Collaboration**

9. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why.
  10. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.
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# ESG summary and actions with the investment managers

Manager, fund	ESG Summary	Actions identified	Engagement with manager commentary
Insight LDI Portfolio	<p>Insight demonstrates a strong commitment to ESG principles, integrating them throughout their investment process. This reflects the increase in both the ESG and Climate score in 2023.</p> <p>Insight leverage multiple independent ESG data sources and have a dedicated Responsible Investment team ensuring effective</p>	<p><b>Investment Approach</b> – Insight should consider including ESG objectives or focus areas for their LDI funds.</p> <p><b>Reporting</b> – Insight should consider publishing the ESG score for the counterparties within the pooled funds or segregated mandates.</p>	<p>Isio encouraged Insight to engage with the Debt Management Office ('DMO') on green gilt issuance. In 2023, Insight continued to engage with the DMO on its proposal for green gilt issuance, specifically on post-issuance impact reporting and the potential for sustainability-linked bond issuance from the UK government.</p>
Insight Sterling Liquidity Plus Fund	<p>Insight has a strong firm-wide approach to stewardship as they have dedicated stewardship analysts who are responsible for setting key engagement priorities.</p> <p>However, there are no fund-specific ESG objectives due to the nature of the asset class and limited data availability in this space.</p>	<p><b>Investment Approach</b>– Implement explicit and quantifiable ESG objectives and formalise its exclusion policies while extending the Article 8 classification across the rest of the fund range.</p> <p><b>Reporting</b> – Include social metrics, such as board diversity, in regular reporting.</p>	<p>Isio continued to encourage Insight to centralise engagement activity to use 'one voice' when communicating with issuers. It remains Insight's process that engagement themes are overseen by the Responsible Investment team, but engagement is typically done by analysts.</p>
Insight Buy & Maintain	<p>We believe that Insight has a strong firm-wide approach to stewardship as they have dedicated stewardship analysts who are responsible for setting key engagement priorities. They are also a key industry collaborator and member of several initiatives.</p>	<p><b>Reporting</b> – Detail key engagement activity and engagement outcomes in the quarterly reports.</p> <p><b>Reporting</b> – Increase greenhouse gas emissions coverage so it is at least in line with the fund comparator index.</p> <p><b>Risk Management</b> – Model how various climate scenarios may affect the value of the fund.</p>	<p>Isio encouraged Insight to centralise engagement activity so that 'one voice' was used when communicating with issuers. Following this, engagement themes are now overseen by the Responsible Investment team, but engagement is typically done by analysts. Isio has also noted that there has been an improvement in total greenhouse gas emission coverage since engagement, but this remains behind comparator indices.</p>

BlackRock – Equity Portfolio	BlackRock has a firmwide ESG policy, has a dedicated sustainability team and is signatory to several initiatives. However, there is much scope for BlackRock to improve, particularly in relation to how they report on ESG risks and stewardship activity.	<p><b>Investment Approach</b> – Consider extending the firm’s ESG policy to include net zero commitment.</p> <p><b>Stewardship</b> – Consider evidencing collaborative engagements across industries and improved quality of stewardship engagements</p> <p><b>Reporting</b> – Provide more consistent and granular ESG scoring across the full range, while also working to improve data coverage.</p> <p><b>Climate</b> – Aim to cover Scope 3 in emissions reporting.</p>	<p>Isio engaged with BlackRock on being able to demonstrate how the risk management strategy aligns with a temperate pathway. Following this engagement, BlackRock can now provide details on an ad hoc basis.</p> <p>Isio engagements has also resulted in improved mapping of engagements against priorities, however, more qualitative information has been requested.</p>
Schroders Property (SCREF)	Schroders invest in direct real estate and considers engagement to be integral and continuous with a range of stakeholders including occupiers, communities, service providers, environment and investors. Schroders seek regular and ongoing engagement to ensure a good occupational experience to help and retain tenants.	Isio are yet to propose any actions to Schroders on the Capital UK Real Estate Fund.	Isio are yet to engage with Schroders on the Capital UK Real Estate Fund.
abrtn Ground Rents	abrtn have strong resources dedicated to ESG integration at a firm level and particularly within the real estate business, where they engage with tenants.	Isio are yet to propose any actions to abrtn on the Commercial Ground Rents Fund.	Isio are yet to engage with abrtn on the Commercial Ground Rents Fund.

# Engagement

As the Plan invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12 month period to 30 June 2024.

Fund name	Engagement summary	Commentary
Insight LDI Portfolio	<p>Total engagements: 43</p> <p>Number of entities engaged: 20</p> <p>Environmental: 20</p> <p>Social: 23</p> <p>Governance: 20</p> <p>Strategy: 127</p>	<p>Insight understand that they must demonstrate the highest standards of accountability and transparency in their stewardship programme.</p> <p>They are focused on driving positive change throughout the market at both an individual issuer level and also market wide, as evidenced by their membership to an extensive list of working groups and initiatives such as their involvement with Climate Action 100+.</p> <p>Example of engagement:  <b>Counterparty banks</b> – Insight engaged with their counterparty banks on linking executive remuneration to ESG performance. They encouraged the banks to set clear ESG metrics and targets to improve long-term financial performance.</p> <p>Insight included questions on ESG-linked executive remuneration in their first Counterparty questionnaire, which was completed by 25 Counterparties. They were benchmarked and the banks which perform poorly are to be targeted for a follow up engagement to provide recommendations.</p>
Insight Sterling Liquidity Plus Fund	<p>Total engagements: 13</p> <p>Number of entities engaged: 9</p> <p>Environmental: 3</p> <p>Social: 5</p> <p>Governance: 7</p> <p>Strategy: 40</p>	<p>This fund shares similar engagements to the LDI funds as Insight will use the same counterparties in both funds. Please see above commentary for further details.</p>

<p>Insight Buy &amp; Maintain</p> <p>2026-2030 2031-2035 2036-2040 2041-2045</p>	<p>Total engagements: 341</p> <p>Number of entities engaged: 183</p> <p>Environmental: 185</p> <p>Social: 98</p> <p>Governance: 130</p> <p>Strategy: 920</p>	<p>In recent years Insight have engaged with the industry on the transition from LIBOR, central clearing for European pension schemes, RPI reform, with the Office of the Prime Minister and Department for Energy Security and Net Zero in the UK, UN PRI on responsible investment 'progression pathways' and successfully petitioning for a 'mixed goals' UK SDR sustainability label.</p>
<p>BlackRock – Equity Portfolio</p>	<p>Total engagements: 4,781</p> <p>Number of entities engaged: 3,337</p> <p>Environmental: 1,821</p> <p>Social: 2,017</p> <p>Governance: 4,522</p>	<p>BlackRock Investment Stewardship (BIS) is committed to constructive, long-term-focused engagement that supports companies in their efforts to deliver durable, long-term value to shareholders.</p> <p>BIS's engagement priorities are as follows:</p> <ol style="list-style-type: none"> <li>1. Board quality and effectiveness</li> <li>2. Strategy, purpose, and financial resilience</li> <li>3. Incentives aligned with financial value creation</li> <li>4. Climate and natural capital</li> <li>5. Company impacts on people</li> </ol>
<p>Schroders Property (SCREF)</p>	<p>Schroders were unable to provide a breakdown of their engagements with fund assets.</p>	<p>Schroders seek regular and ongoing engagement to ensure a good occupational experience to help and retain tenants. Their Sustainability Requirement for Property Managers includes key performance indicators on tenant engagement for Property Managers responsible for day-to-day tenant relationship. Alternatively, engagement could be through membership to industry groups i.e. Better Buildings Partnership (BBP) and Schroders' members commitment to achieve Net Zero Carbon by 2050.</p> <p>Example of engagement: <b>All occupiers</b> – Schroders Capital Real Estate engage with all occupiers around the topic of net zero carbon. Their emissions reduction ambition relates to whole building consumption covering both landlord and tenant controlled consumption. Engaging with tenants to enhance operational efficiency with regards to emissions improves the reputational drivers of occupiers from an environmental perspective, whilst improving the assets in the Fund,</p> <p>The objective for 2024 is also for the works at Hartlebury Trading Estate asset to achieve a Fitwel accreditation. The</p>

		<p>wider Fund objective is to continue to acknowledge the importance of tenant satisfaction and occupier wellbeing across the portfolio of assets through certifications such as Fitwel that can aim to improve health and wellbeing features.</p>
<p>abrdn Ground Rents</p>	<p>abrdn were unable to provide a breakdown of their engagements with fund assets.</p>	<p>abrdn's focus is predominantly on seeking positive change at individual issuers but they do focus on seeking to improve market-wide or system risks.</p> <p>Due to the nature of the Ground Rents Fund investing in ground leases, abrdn is limited in its ability to indirectly influence the actual behaviour by the property tenants. abrdn is engaging with the tenants where possible on a variety of ESG topics and to gather carbon emissions data.</p> <p>For example, during the year abrdn engaged with Kingsmill Hotel (Inverness) Limited, one of the Fund's largest underlying assets, and agreed to install 154 photovoltaic panels and an electric vehicle charging hub, creating one of the largest car charging infrastructures at a Scottish hotel. The photovoltaic modules that were installed are also expected to save an estimated 11.39 tonnes of CO2 emissions annually.</p>

# Voting (for equity/multi asset funds only)

The Trustees have acknowledged responsibility for the voting policies that are implemented by the Plan's investment managers on their behalf.

The Plan's fund managers have provided details on their voting actions including a summary of the activity covering the reporting year up to 30 June 2024. The Trustees have adopted the managers definition of significant votes and have not set stewardship priorities. The managers have provided examples of votes they deem to be significant, and the Trustees have shown the votes relating to the greatest exposure within the Plan's investment.

Fund name	Voting summary	Examples of most significant votes	Commentary
BlackRock – Equity Portfolio	<p>Votable proposals: 62,983</p> <p>Proposals voted: 62,045</p> <p>For votes: 57,093</p> <p>Against votes: 21,734</p> <p>Abstain votes: 3,344</p>	<p><b>BKW AG (BKW)</b> – BKW is a Swiss energy and infrastructure company. At the 2023 AGM BIS did not support the election of the board chair due to the continued concerns about the company's lack of climate-related discourse on a material business risk.</p> <p>In 2024, the company began to improve its disclosures to begin to align with the recommendations of the TCFD.</p> <p><b>Amadeus IT Group SA (Amadeus)</b>- Amadeus is a Spanish technology company. At previous AGM's BIS had voted against the remuneration report and the election of members to the remuneration committee due to midcycle salary adjustment despite the company missing performance targets.</p> <p>At the 2023 AGM voted in supported of both the approval of remuneration report and the election of members to the remuneration committee following encouraging improvements.</p>	<p>Proxy voting at BlackRock is centralised within the Investment Stewardship team of over 70 specialists. BlackRock aim to vote at all shareholder meetings of companies in which their clients are invested.</p> <p>Through their proxy voting BlackRock act in what they believe are the economic interest of their investors. They do this by casting votes in favour of proposals that they feel promote strong governance and better management, which in turns creates long term value for the shareholders.</p>

