

## Belfast International Airport Pension Plan Implementation Statement

For year ended 30 June 2022

### Introduction

This statement has been prepared by the Trustees of the Belfast International Airport Limited Final Salary Pension Plan ('the Plan'), to demonstrate how the Trustees have acted on certain policies within their Statement of Investment Principles ('SIP'). This document is known as the Plan's Implementation Statement.

This Implementation Statement covers the Plan year from 1 July 2021 to 30 June 2022 and provides details of how, and the extent to which, their SIP policies on engagement have been followed over the year.

This Implementation Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 Amendments and is in respect of the Defined Benefit ('DB') investments held by the Plan. Note that this excludes any Additional Voluntary Contribution investments held by the Plan.

Trustees of DB pension schemes are required to provide details of how, and the extent to which, their SIP policies on engagement with investee companies have been followed over the year, including a description of their voting behaviour, the most significant votes cast and any use of a proxy voter on their behalf over the year.

### SIP Policies

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 reviews the voting and engagement activities covering the 12-month period to the Plan year end of 30 June 2022 and the extent to which the new policies have been followed.

The Plan invests in a range of pooled funds managed by BlackRock Advisors (UK) Limited ("BlackRock"), Schroders Capital Investment Management Limited ("Schroders"), Standard Life Assurance Limited ("Standard Life") 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.
- 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.

### Description of voting behaviour

The Plan is invested in pooled funds, which means that the responsibility for exercising the voting rights on the shares held by the Plan sits with the Investment Managers. The Trustees have enforced the policies in place by monitoring the engagement and voting activities of the Plan's Investment Managers to attempt to ensure they are aligned with the Trustees' policies. This Implementation Statement summarises the votes made on behalf of the Trustees over the Plan year.

Over the year to 30 June 2022, the Plan held the following investments:

Manager	Holding
BlackRock	Global Equity Portfolio
Schroders	UK Property Fund
Standard Life	UK Ground Rents Fund
Insight	LDI Portfolio and Maturing Buy and Maintain Portfolio

The Plan therefore had investments, which carried voting rights only within the individual equity funds held with BlackRock. (c. £13.5m of Plan assets as at 30 June 2022).

BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholder and that there are certain fundamental rights attached to shareholding. Additionally, BlackRock state that it believes companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' best interests to create sustainable value.

BlackRock Investment Stewardship ("BIS") does this through engagement with management teams and/or board members on material business issues including environmental, social, and governance ("ESG") matters through voting proxies in the best long-term economic interests of our clients.

BlackRock uses its influence on a variety of voting areas through guidelines that are specific to a region/country and to issues that may commonly arise in these regions/countries in areas such as climate risk, the boards & directors and audit-related issues. The guidelines are used on a case-by-case basis for each individual circumstance and specific issue under review. BlackRock also uses its voting guidelines to provide clients and companies with an understanding of how it approaches key governance matters. Overall voting decisions are carried out by the BlackRock Investment Stewardship team with input from investment colleagues and research from proxy advisory firms.

The following table shows BlackRock's voting summary covering the Plan's investment in the equity portfolio funds, which the Trustees were invested in throughout the Plan year.

	European Equity Fund	Japanese Equity Fund	Pacific Rim Equity Fund	US Equity Fund	UK Equity Fund	Emerging Market Equity Fund
Number of meetings BlackRock was eligible to vote at over the year to 30/6/2022	506	498	474	605	1,122	2,742
Number of proposals BlackRock was eligible to vote on over the year to 30/6/2022	9,051	6,186	3,388	7,571	15,057	24,294
Of the eligible proposals, percentage that BlackRock voted on.	75%	99%	99%	99%	96%	98%
Of the proposals voted, percentage that BlackRock voted <b>with</b> management.	87%	97%	88%	96%	94%	88%
Of the proposals voted, percentage that BlackRock voted <b>against</b> management.	12%	2%	11%	3%	5%	11%
Of the proposals voted, percentage where BlackRock <b>abstained</b> .	1%	0%	0%	0%	1%	3%
Percentage of eligible meetings where BlackRock voted at least once against management	51%	19%	33%	23%	27%	39%

## Proxy voting

The Trustees did not employ a proxy-voting service during the year under review and do not propose to do so given the size of their investments.

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS) which determines how to vote at the meetings of the companies. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis however it is just one among many inputs into our vote analysis process.

BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that BIS can readily identify and prioritise those companies where additional research and engagement would be beneficial. Other sources of information include the company's own reporting (such as the proxy statement and the website), BlackRock's engagement and voting history with the company, and the views of our active investors, public information and ESG research.

## How engagement policies have been followed

The Trustees review and monitor the voting and engagement activity taken on their behalf on an annual basis. The information published by the Investment Managers has provided the Trustees with comfort that their voting and engagement policies have been largely followed during the year. Details of specific voting and engagement topics are shown in the following table.

Voting and Engagement topic	Policy followed in the opinion of Trustees?	Comments
Performance of debt or equity issuer	✓	The voting and engagement which has been undertaken aims to protect and enhance the value of their client's investments in public corporations.
Strategy & Corporate Governance	✓	BlackRock has clear voting policies covering each of these topics and have acted on them throughout the Plan year on behalf of the Trustees. Before BlackRock appoints a director to a company's board, it looks at the number of boards the individual currently serves on, assessing whether the director will have the time and capacity to be fully engaged in the work of each board. BlackRock are firmly of the view that serving on an excess number of boards may limit a director's capacity to contribute to the work of each board, particularly if there are unanticipated events at any of the companies.
Risks	✓	As an example of reducing risk, BlackRock believes that the auditors of a company should be seen to be independent and in the case where the audit company provides other services to the company in addition to the audit, the fees earned should be disclosed and explained. The audit committees of the companies that BlackRock invests in should also have in place an annual procedure for assessing the independence of the auditor. Overall, this should create greater integrity in financial statements and provide a true and fair picture of a company's financial condition.
Social and Environmental impact	✓	BlackRock has stated that it will vote against the election of board members if it believes insufficient action is being taken on environmental and social factors. BlackRock supports international efforts toward a single, globally consistent set of baseline reporting standards. BlackRock believe that a diverse range of skills, experience, and demographic characteristics amongst directors is necessary for boards to be effective.

## Significant Votes

BlackRock Investment Stewardship determines significant votes by prioritising work around themes that will encourage sound governance practices and deliver sustainable long-term financial performance. BIS engage year round and periodically publish vote bulletins outlining key votes at shareholder meetings. This is with the purpose of providing insight into details on certain vote decisions deemed to be of particular interest.

Examples of significant votes taken across the year to 30 June 2022 include for or against board member elections and regarding climate change transition planning and progress.

## Engagement with investee companies

Exercising voting rights is not the only method of influencing behaviours of investee companies and was not directly applicable for the Plan's non-equity investments as these investments do not carry voting rights. Each of the Plan's investment managers have their own engagement policies but in particular, the Plan's fixed income investments with Insight and equity investments with BlackRock are the main sources of engagement.

In 2021, Insight engaged with over 1,000 debt issuer of which around 80% included some form of ESG dialogue. These included engagements with companies in 69 countries, of which 37 were from emerging markets. Insight prioritised the most important ESG engagement themes for 2022 to guide its engagement activity. These priorities are climate change, water management and diversity and inclusion.

BlackRock views engagement as an opportunity to improve the understanding of the business and ESG risks and opportunities that are material to the companies which are invested in. BlackRock seek to have regular and continuing dialogue with executives and board directors to advance sound governance and sustainable business practices, as well as to understand the effectiveness of the company's management and oversight of material issues. BlackRock's investment stewardship engagement priorities are:

- Board quality and effectiveness
- Strategy, purpose and financial resilience
- Incentives aligned with value creation
- Climate and natural capital
- Company impacts on people

Further information on the number and type of engagements over the Plan year and related to the Plan's specific mandates can be found below:

	European Equity Fund	Japanese Equity Fund	Pacific Rim Equity Fund	US Equity Fund	UK Equity Fund	Emerging Market Equity Fund
Total Company Engagements over year to 30/6/2022	427	375	208	642	3,070	438
Percentage of individual companies engaged with over year to 30/6/2022	51%	43%	32%	64%	29%	22%
Of the engagements, percentage that covered Governance themes over year to 30/6/2022	88%	97%	96%	84%	80%	93%
Of the engagements, percentage that covered Social themes over year to 30/6/2022	20%	37%	73%	50%	37%	40%
Of the engagements, percentage that covered Environmental themes over year to 30/6/2022	53%	50%	79%	70%	61%	76%

## Extent to which Trustees' policies have been followed during the year

Having reviewed the actions taken by BlackRock on behalf of the Trustees, the Trustees believe that their policies on voting rights and engagement have been implemented appropriately over the year and in line with their views. The Trustees will continue to monitor the actions taken on their behalf each year.

If the Investment Managers deviate substantially from the Trustees' stated policies, the Trustees will initially discuss this with the relevant fund manager. If in the opinion of the Trustees the difference between the policies and the investment manager's actions is material, the Trustees will consider terminating the mandate and appointing a replacement investment manager or managers which are more closely aligned with the Trustees' policies and views.



This document is confidential and it is not to be copied or made available to any other party. Deloitte Total Reward and Benefits Limited does not accept any liability for use of or reliance on the contents of this document by any person save by the intended recipient(s) to the extent agreed in a Deloitte Total Reward and Benefits Limited engagement contract.

If this document contains details of an arrangement that could result in a tax or National Insurance saving, no such conditions of confidentiality apply to the details of that arrangement (for example, for the purpose of discussion with tax authorities).

Deloitte Total Reward and Benefits Limited is registered in England and Wales with registered number 03981512 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte Total Reward and Benefits Limited is a subsidiary of Deloitte LLP, the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.

Deloitte Total Reward and Benefits Limited is authorised and regulated by the Financial Conduct Authority.

© 2022 Deloitte Total Reward and Benefits Limited. All rights reserved.