



Implementation Statement

Belfast International Airport Limited Final Salary Pension Plan

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 2020 to 30 June 2021 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 2021 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 Investment Management Limited ("Schroders") and Standard Life Assurance Limited ("Standard Life") (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 2021, the Plan held the following investments:

BlackRock

- A passive, GBP-hedged global equity portfolio including a European equity fund, Japanese Equity fund, Pacific Rim Equity fund, US equity fund, UK equity fund and Emerging Market equity fund.
- A passive, index-linked gilt portfolio consisting of an over 5-year maturity fund and up to 5-year maturity fund.

Schroders

- A UK property fund.

ASI

- A UK ground rents fund.

The Plan therefore had investments, which carried voting rights only within the individual equity funds held with BlackRock. (c. £32.9m of Plan assets as at 30 June 2021).

BlackRock manages over \$7 trillion in assets and uses their resulting 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 30/6/2021	561	506	446	607	1236	2524
Number of proposals BlackRock was eligible to vote on over the year to 30/6/2021	9656	6018	3153	7373	15974	23800
Of the eligible proposals, percentage that BlackRock voted on.	76.1%	100.0%	100.0%	99.7%	96.9%	96.9%
Of the proposals voted, percentage that BlackRock voted with management.	65.3%	97.5%	88.4%	95.1%	90.7%	87.3%
Of the proposals voted, percentage that BlackRock voted against management.	10.8%	2.5%	11.6%	4.7%	6.4%	9.7%
Of the proposals voted, percentage where BlackRock abstained .	1.1%	0.0%	0.2%	0.1%	2.0%	3.7%
Percentage of eligible meetings where BlackRock voted at least once	83.1%	100.0%	100.0%	100.0%	97.2%	97.1%

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 votes by proxy through the Institutional Shareholder Service's ('ISS') electronic voting platform, with the fund manager utilising the proxy voting firm to help correctly execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. As previously highlighted, all voting decisions are made by the BlackRock Investment Stewardship team through BlackRock's own guidelines and research on areas such as the company's reporting, prior engagement & voting and ESG research alongside additional information provided by proxy advisory firms.

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. During the period 1 July 2020 to 30 June 2021, in the Americas, BlackRock voted against 163 directors at 149 companies who BlackRock considered to be overcommitted. These included directors at Alphabet, the Wendy's Company, and Occidental Petroleum. In EMMA, BlackRock voted against 497 directors at 396 companies for similar concerns about overcommitments.
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 specifically asks companies to publish a disclosure in line with the Sustainability Accounting Standard Board (SASB) and disclose climate related risks in line with Task Force on Climate related Financial Disclosures. BlackRock then uses these disclosures to ascertain if any risks are being properly managed and if actions or engagement are needed. 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. As such, BlackRock, during the period 1 July 2020 to 30 June 2021, voted against 1,862 directors at 975 unique companies globally for concerns related to board diversity. During the period 1 July 2020 to 30 June 2021, BlackRock voted against 255 directors and against 319 companies for climate-related concerns that could negatively affect long-term shareholder value.

Significant Votes

BlackRock has provided examples of what it believes to be the most significant votes cast on the Trustees' behalf.

In September 2021, BlackRock voted in line with two board recommendations for AGL Energy Ltd, one to vote against the self-nomination of a director and the other to vote against a proposal to amend the company's constitution. BlackRock also voted against one board proposal by voting for a proposal requesting AGL Energy Ltd to commit to scope 1, 2 and 3 emissions reduction, capex and remuneration targets for the proposed demerged companies (Accel Energy and AGL Australia) in line with the Paris Agreement. BlackRock made the decision to vote for this proposal as it did not deem the proposal to be overly prescriptive nor unduly constraining on management's decision making. BlackRock was also of the view that it would enable the company to further advance its commitments to transition away from coal-fired power over time.

These votes, with respect to AGL Energy Ltd, were directly applicable to investments held in the BlackRock Pacific Rim Equity fund.

In May 2021, BlackRock voted in line with the board recommendation for a resolution relating to climate risk for the energy company Total SE. The resolution was whether to approve the company's Sustainable Development and Energy Transition policies. BlackRock's rationale in voting for this was because it meets their expectations that have clear policies and action plans to manage climate risk, and it provides a roadmap towards the company's stated climate ambitions and targets. In particular, Total SE's 2050 net zero targets, in BlackRock's view, appear to be consistent with the goals of the Paris Agreement. BlackRock was also encouraged by the company's ambition to reduce its global scope 1 and 2 net emissions (including carbon sinks) for its operated oil and gas activities by at least 40% compared with 2015's levels, by 2030.

This vote, with respect to Total SE, was directly applicable to investments held in the BlackRock European Equity fund.

Also, in May 2021, BlackRock voted in line with two board recommendations for Royal Dutch Shell plc relating to climate risk. One was to vote to approve the Shell Energy Transition Strategy and the other was to vote to request Shell to set and publish targets for greenhouse gas emissions. In line with the board's recommendations, BlackRock voted for the former and against the latter proposal. Regarding the second vote, although BlackRock stated that they broadly support the resolution, they felt that Royal Dutch Shell plc already publishes much of the information sought in this resolution.

This vote, with respect to Total SE, was directly applicable to investments held in the BlackRock UK Equity fund.

In June 2020, BlackRock voted against a resolution put forward to Delta Air Lines Inc. by its shareholders relating to topics of corporate lobbying disclosure and climate risk. The resolution required the company to conduct an evaluation and issue a report within the next year...describing if, and how, Delta Air Lines' lobbying activities align with the Paris Climate Agreement. BlackRock's rationale in voting against this resolution was that it views Delta Air Lines Inc. to be already meeting BlackRock's expectations of providing accessible and transparent disclosure so that investors and other interested stakeholders can understand how a company's political contributions or affiliations are aligned with its public messaging on strategic policy positions. BlackRock stated that it deems the company to have existing well-articulated climate risk goals and action plans to reduce greenhouse gas emissions.

This vote, with respect to Delta Air Lines Inc., was directly applicable to investments held in the BlackRock US Equity fund.

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.

As well as exercising voting rights, in the year to September 2020 BlackRock undertook over 3,000 direct engagements with companies they invest in. 95% of these engagements were on governance topics, 32% on social topics and 41% on environmental, with some engagements covering areas of overlap. Unfortunately, BlackRock has not released their 2021 annual Investment Stewardship Report at the time of writing meaning data for the year to September 2021 was unavailable.

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 30/6/2021	465	373	171	652	3,053	418
Percentage of individual companies engaged with over year to 30/6/2021	53%	44%	27%	62%	28%	24%
Of the engagements, percentage that covered Governance themes over year to 30/6/2021	76%	95%	98%	87%	87%	93%
Of the engagements, percentage that covered Social themes over year to 30/6/2021	21%	21%	66%	54%	38%	45%
Of the engagements, percentage that covered Environmental themes over year to 30/6/2021	73%	59%	67%	81%	68%	80%

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, and press for improved information from the Investment Managers, especially in relation to engagement activities relating to the Plan's investments with BlackRock.

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.