

# New Airways Pension Scheme

## Implementation Statement

### Statement of Investment Principles



# Statement of Investment Principles (SIP) – Implementation Statement

## 1. Introduction

Under the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustee is required to produce an annual implementation statement, setting out how the policies described in the Scheme’s Statement of Investment Principles (“SIP”) have been followed. This is the first such statement prepared by the Trustee. The statement is based on the SIP in force at the year end, and covers the period 1 April 2020 to 31 March 2021, the Scheme’s reporting year.

This statement sets out how the Trustee’s policies under the terms of the SIP have been implemented.

The Scheme’s SIP was updated in July 2019<sup>1</sup> to include an explicit statement of its approach to stewardship and responsible investing. This approach was further detailed in the Scheme’s Responsible Investment (RI) Policy, with implementation being delegated to the Scheme’s in-house manager, BAPIML, throughout the Scheme year. BAPIML was replaced as investment manager from 1 June 2021, with BlackRock taking on this responsibility.

The RI sections of the Scheme’s SIP and the Scheme’s RI Policy were reviewed and updated in July 2020. The Scheme’s investment approach in so far as it relates to stewardship and the integration of Environmental, Social and Governance (ESG)-related risks, including climate change, was felt to be fit for purpose and was left substantially unchanged. Changes made were aimed at ensuring updated regulatory requirements were reflected in the specifics of the documents.

Until November 2020, when a decision was taken to simplify NAPS’ committee structure, RI policy and implementation were reviewed and monitored by the Scheme’s dedicated ESG Committee (ESGC). Since December 2020, that responsibility has moved back to the Scheme’s quarterly Investment Committee (IC).

## 2. Assets held and managed

NAPS is a defined benefit scheme that is closed to future accruals. As of March 2021, NAPS had a total of 62,265 members, of which 49% are deferred, and 51% are pensioners in payment or dependent pensioners.

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<sup>1</sup> A further update of the Scheme’s SIP and RI Policy was carried out in June 2021 following the change in investment manager from BAPIML to BlackRock.

## **New Airways Pension Scheme**

Following the 31 March 2018 actuarial valuation, NAPS established a Long-Term Funding Target (LTFT) which sets a target asset portfolio for 2030. Progress towards the LTFT is supported by a framework in place to manage investment risk as funding levels improve<sup>2</sup>.

NAPS's assets are categorised as being either return seeking or liability matching. Return seeking assets are those where long-term returns are expected to exceed liability matching assets, which compensates for them being higher risk. Liability matching assets are those most aligned with the Scheme's future benefit payments and are held to reduce risk.

As of March 2021, BAPIML managed over £19 billion in assets for the Scheme, with c.60% in liability matching assets and c.40% in return seeking assets. Liability matching assets include government bonds (fixed and inflation-linked), corporate bonds, diversified illiquid income and cash. Return seeking assets include listed equities, private equity, alternatives and property.

NAPS members are also able to invest their Additional Voluntary Contributions (AVCs) in a money purchase arrangement called the Mixed Portfolio Fund (MPF), which owns government bonds, corporate bonds, listed equities and cash.

## **British Airways Pension Investment Management Limited (BAPIML)**

Up until 31 May 2021, BAPIML was the Scheme's in-house investment manager, providing services exclusively to NAPS and APS<sup>3</sup>. BAPIML is a limited company that is wholly owned by the Custodian Trustee of the New Airways Pension Scheme (NAPS) and the Airways Pension Scheme (APS) Management Trustees<sup>4</sup>.

BAPIML directly managed active mandates for NAPS in global equities, corporate bonds, government bonds and inflation-linked bonds, and direct property. Its fund managers selected and oversaw NAPS' third-party managers in private equity, alternatives, real assets, illiquid income and property. BAPIML also managed a number of active equity and bond portfolios for the MPF.

From 1 June 2021, the Scheme's investment manager was changed to BlackRock.

## **British Airways Pension Services Limited (BAPSL) and BA Pensions**

BAPSL is the Scheme's in-house administrator, providing administrative services to NAPS and APS Trustee Directors and members. BAPSL also acts as the Schemes' executive, coordinating the interaction between the Schemes' Trustee Boards, their investment and

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<sup>2</sup> As of March 2021, the de-risking framework is suspended following an exceptional de-risking step and awaiting wider review of the LTFT through the 2021 actuarial valuation.

<sup>3</sup> APS is a defined benefit scheme which is closed to new entrants. APS is a more mature scheme than NAPS with the vast majority of its members being pensioners in payment or their dependents.

<sup>4</sup> The Custodian Trustee is known as British Airways Pension Trustees Limited (BAPTL). The NAPS Management Trustee is known as New Airways Pension Scheme Trustee Limited (NAPSTL), the APS Management Trustee is the Airways Pension Scheme Trustee Limited (APSTL).

actuarial advisors, and the Schemes' sponsor. BAPSL and BAPIML together comprise BA Pensions.

### 3. Policies and practices

The Trustee adopted a substantially updated RI Policy in July 2019, with the key aspects of the Policy being subsequently described in the Scheme's SIP1. The Scheme's RI Policy should be expected to develop over time as regulation and best practices evolve. It was most recently reviewed and updated in June 2021. The latest versions of both the Scheme's SIP and RI Policy can be found on the NAPS website ([www.mybapension.com](http://www.mybapension.com)).

The NAPS SIP describes the Trustee's position on ESG issues by means of the following Mission Statement:

*“Environmental (including climate change), social and governance (ESG) issues are multifaceted and represent long-term systemic risks.*

*We recognise that ESG risks are financially material and need to be managed as we have a long-term payment horizon. We, therefore, seek to integrate ESG considerations into our decision-making and reporting processes across all asset classes.*

*Where consistent with our fiduciary duties and applicable to our investment strategy, we will actively engage and use our voting rights to drive up ESG standards in the organisations in which we invest.”*

The Scheme's SIP further describes BAPIML's responsibilities with respect to voting and engagement activities as follows (NAPS SIP 7.1):

- The Trustee requires BAPIML to, where consistent with the Trustee's fiduciary duties and applicable to the Scheme's investment strategies, actively engage and use voting and other rights attached to the Scheme's investments to drive up ESG standards in the organisations in which the Scheme is invested (NAPS SIP 7.8)
- The Trustee requires BAPIML to engage with investee companies and other relevant stakeholders, using a variety of means including collaboration with other investors, to protect or enhance the value of the Scheme's assets including over the medium to long term. Engagement can be in relation to a number of matters, including but not limited to performance, strategy, risks, capital structure and management of actual or potential conflicts of interest. BAPIML is required to keep records of each engagement and outcome (NAPS SIP 7.9)
- In exercising the voting and other rights attached to the Scheme's investments, BAPIML is required to consider recommendations on voting from specialist service providers but may follow an alternative course of action based on their informed view of the investee company and knowledge of the issue (NAPS SIP 7.11)

- The Scheme's RI activities, annual voting and engagement reports will be made available on a publicly accessible website (NAPS SIP 7.13)

#### **4. Monitoring and communication**

In 2018 the NAPS Trustee established the ESGC to review its approach to RI and devise an updated RI policy. The ESGC remained in place until November 2020, charged with ensuring that the Scheme's revised policy was fully aligned in practice with regulatory and industry standards.

In November 2020, NAPS made the decision to simplify its committee structure, with responsibility for the Scheme's RI policy moving back to the Scheme's IC. The IC now monitors RI policy and implementation, the Scheme's independent investment experts and strategic investment advisers also being present.

Implementation of the Scheme's RI Policy was delegated to BAPIML as the Scheme's in-house investment manager until 31 May 2021, at which point BlackRock assumed responsibility. BAPIML's, and subsequently BlackRock's, investment managers were charged with integrating ESG considerations where possible and where appropriate to the Scheme's investment strategy. They were also responsible for conducting voting and engagement activities on behalf of the Scheme.

BAPIML's investment managers were supported by two RI specialists (the ESG team). The ESG team provided subject matter expertise, analytical resource and advice on RI implementation. The team managed and tracked BAPIML's voting activity and helped fund managers coordinate engagement opportunities where appropriate. They were also responsible for producing internal and Trustee facing ESG reporting.

BAPIML, and subsequently BlackRock representatives attend regular Trustee committee meetings to report on integration and stewardship activities. The relevant committees will, from time to time, also call on individual asset-class fund managers to present their views and activities for review by the Trustee Directors and their advisors.

In addition, the Trustee also receives written reports detailing stewardship activities and outcomes. These include the following:

- Proxy voting report (quarterly)
- Engagement report (quarterly)
- Responsible Investment Policy Implementation Report (annually)
- Annual Responsible Investment Report (annually)
- Stewardship Code Report (annually)

The Trustee Directors do not currently take the views of members and beneficiaries into account in respect of non-financial matters, including environmental and social issues, when setting the investment strategy of the Scheme.

The Scheme’s SIP, RI Policy, Annual RI Report and its Stewardship Code Report are made available on the Scheme’s website alongside a complete record of the most recent year’s voting activities.

## 5. Voting

BAPIML’s policy was to exercise its clients’ voting rights in all geographies, for all relevant asset classes, wherever possible. BAPIML’s voting was predominantly associated with the Scheme’s listed equity holdings, although its credit managers were from time to time asked to vote on proposals relating to corporate bonds.

NAPS participates in a securities lending programme which is reviewed annually. Practices vary by market, but BAPIML worked with BAPSL and the Scheme’s custodian to restrict lending and/or recall securities in advance of shareholder meetings wherever this was possible and practical. In some geographies, BAPIML was able to directly monitor meeting schedules and manually requested the custodian restricted and/or recalled lent securities to ensure the Scheme’s holdings were voted.

In exercising voting rights associated with the Scheme’s holdings, BAPIML’s overriding priority was, to the extent possible, to ensure that the value of the Scheme’s assets was enhanced over the long run. BAPIML also used the voting rights associated with the Scheme’s holdings to drive up ESG standards in the organisations in which the Scheme was invested, where BAPIML believed this was consistent with the Scheme’s fiduciary duties and applicable to the investment strategy.

BAPIML was required to consider recommendations on voting from a specialist service provider, Institutional Shareholder Services (ISS). The relevant asset class fund manager was, however, ultimately responsible for deciding how to vote. Managers were encouraged to vote for each corporate event on a case by case basis, with reference to a common but non-binding set of priorities and their specific knowledge of the company.

BAPIML would abstain on a specific proposal only if it believed withholding support was more appropriate than voting for or against. This may have been the case if BAPIML was in the process of engaging with management on the matter, or because a “FOR” or “AGAINST” vote would have specific negative consequences. There are also individual markets where an abstention may be required or justified for technical reasons<sup>5</sup>.

Over the 12 months to the end of March 2021, BAPIML voted on behalf of NAPS and/or the MPF at 954 meetings on a total of 12,655 proposals. There were 20 individual occasions on

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<sup>5</sup> BAPIML abstained on 22 proposals in the 12 months to March 2021. 15 of these related to the approval of dividends during Q2 2020. Due to the high levels of uncertainty caused by COVID-19 related lockdowns, many companies withdrew their dividend proposals at short notice, making an abstention the most appropriate response on the part of the fund manager.

which BA Pensions failed to recall 100% of the Scheme’s stock prior to voting. 10 of these were during the extreme market volatility seen in Q2 2020.

Investment teams saw a higher proportion of Extraordinary General Meetings (EGMs) to Annual General Meetings (AGMs) this year compared to last in certain regions, particularly in the UK, Europe and Asia Pacific. This was driven partially by the need to take exceptional dividend and capital allocation decisions as a result of the pandemic and partially by some one-off governance changes required of UK-cleared Irish companies to accommodate Brexit.

Otherwise, the impact of COVID-19 related lockdowns on voting activity was relatively modest. Most countries updated their rule books to allow decisions to be made at virtual (rather than in-person) shareholder meetings. Not all companies have permitted shareholders to question management effectively in virtual-only forums, but the issue is being addressed in the upcoming AGM season via targeted shareholder proposals.

Number of meetings voted by geography	
United Kingdom	155
North America	76
Developed Europe ex-UK	124
Developed and Emerging Asia Pacific ex-Japan	113
Japan	486

BAPIML voted against management’s recommendation on at least one proposal at 31% of meetings. In all, BAPIML voted against management’s recommendation on just under 6% of proposals.

Number of meetings voted by outcome	
Meetings where BAPIML voted in line with management on all proposals	655
Meetings where BAPIML voted against management on at least one proposal	299

Number of proposals voted by outcome	
Proposals where BAPIML voted in line with management	11,928
Proposals where BAPIML voted against management	727

Where BAPIML voted against management’s recommendation, the decision was informed by research from the Scheme’s proxy voting advisor, the ESG team’s subject matter expertise, and the fund manager’s understanding of the company’s specific situation.

Votes against management were most typically related to director elections, shareholder proposals or remuneration. Shareholder proposals were by far the most contentious category with BAPIML voting against management’s recommendation on 38% of all shareholder proposals. In contrast, BAPIML voted against management’s recommendation with respect to just 4% of directors proposed.

Proposals where BAPIML voted against management by proposal category	Number of proposals	Proportion of category
Director Election	260	4%
Shareholder Proposals	129	38%
Remuneration	118	11%
Capital Structure and Dividends	103	6%
Audit, Report and Accounts	74	6%
Amend Articles	26	5%
Board Structure and Responsibilities	12	4%
Other Business	5	9%

Where BAPIML considered a vote against to be particularly contentious or important, BAPIML escalated matters by writing a letter to either management or the company’s board explaining BAPIML’s position. BAPIML wrote 12 such letters during the 12 months to March 2021, an example of which is given below.

#### Vodafone Group

At Vodafone Group’s AGM on 28 July 2020, Mr David Thodey was put forward to be re-elected as an independent director of the company’s board.

BAPIML was typically not supportive of directors who held a lot of directorships, believing it could impact the time and focus they have available. At that time, Mr Thodey held board positions at three other publicly listed companies, including two as chair, which raised significant concerns about “over-boarding”.

On 20 July, BAPIML submitted a vote against Mr Thodey’s re-election and wrote a letter to the chair of Vodafone, Mr Gerard Kleisterlee, explaining BAPIML’s decision. BAPIML received an immediate response from the chair, who noted that Vodafone’s Nominations Committee was comfortable with Mr Thodey’s commitment to Vodafone and his capacity to fulfil his role as a NED.

However, the day before the AGM, on 27 July 2020, Vodafone announced that Mr Thodey had decided that he would not seek re-election. BAPIML believed Mr Thodey’s decision to withdraw his candidacy was most likely due to feedback similar to BAPIML’s from multiple institutional shareholders ahead of the meeting.

## 6. Engagement

BAPIML defined engagement as any two-way conversation between BAPIML as an investor and the management of investee or potential investee companies<sup>6</sup>. Engagement was conducted through calls, emails, letters, virtual or face to face meetings with management or through collaborative initiatives.

<sup>6</sup> Stakeholder engagement activities related to BAPIML’s development and other directly held property assets are not currently within the scope of this report. The BAPIML property team tracked engagement activity and outcomes as part of its management process, with



### Global equities

BAPIML managed active equity mandates for NAPS and for the MPF. Fund managers recognised that industry conditions, management teams and the regulatory environment could change over their typical holding period, which made effective engagement an integral component of their investment process. BAPIML also encouraged timely and open two-way dialogue with companies on capital allocation, governance and culture, environmental and social issues and corporate accountability with a consistent focus on shareholder returns.

### Corporate bonds

BAPIML managed a range of active corporate bond mandates for NAPS and the MPF, analysing the economy, fiscal and monetary policy, sectors and issuers with the aim of outperforming a designated benchmark. Engagement formed a key part of the team’s investment process, and offered the fund manager an opportunity to fully understand a company’s prospects, challenge a company’s strategy, and assess management’s competence. Although corporate bondholders do not vote at company meetings, their importance in determining a company’s access to capital markets and their cost of capital ensures that bondholders are considered key stakeholders.

Over the 12 months to the end of March 2021, BAPIML’s equity and corporate bond investment managers conducted 202 engagements with company management. While the total number of engagements fell year on year due to restrictions on physical meetings and travel, fund managers remained close to the companies and industries they research through calls, virtual meetings and online conferences.

Meeting type	Number of engagements in the 12 months to the end of:	
	March 2020	March 2021
Small group meeting	233	81
1-on-1 meeting	65	27
Call	25	71
Letter/email	20	16
Investor site visit	17	0
Capital markets day	12	6
Annual meeting	5	1
<b>Total</b>	<b>377</b>	<b>202</b>

Fund managers engaged across a wide range of topics. Although conversations about corporate strategy drove most meetings, investment managers were increasingly asking questions about environmental and social issues more often.

In the 12 months to March 2021, environmental topics were discussed in 35% of company engagements, up from 28% in the prior year. Broader awareness of environmental

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external consultants Avison Young providing additional support on ESG-related governance and reporting. There is additional information provided on the property team’s approach to ESG integration and stakeholder management in the Scheme’s Annual RI Report which is available on the NAPS website (<https://www.mybapension.com>).

(including climate-change related) risks is leading to increased interest in companies' risk management strategies and disclosures. Social issues were also raised more often, being discussed in 34% of meetings, up from 23%. This was driven mainly by fund managers exploring the impact of COVID-19 on companies' customer, employee and supply chain relations.

The table below shows the number of times different issues were raised or addressed in speaking with company management.

Topics	Number of times addressed in the 12 months to the end of:	
	March 2020	March 2021
Strategy	375	186
Environmental	106	71
Social	85	68
Governance	96	47
ESG process	-	13

### External capabilities<sup>7</sup>

BAPIML engaged with the Scheme's external fund managers for monitoring and due diligence purposes. The main purpose of these engagements was to ensure that investee funds were managed in line with the agreed investment process and to monitor portfolio exposures on a more granular basis than otherwise possible.

BAPIML also systematically engaged with its third-party managers to ensure appropriate stewardship and other ESG-related policies and/or procedures were in place. In doing so, BAPIML used a questionnaire based on the Principles for Responsible Investment (PRI) best practice. BAPIML recognised that different managers in different asset classes would reasonably take different approaches. BAPIML aimed however to understand the rationale behind each investment manager's approach to stewardship and any ambitions they might have to strengthen their procedures over time.

### 7. Stewardship examples from the year to the end of March 2021

AGL Energy Ltd is an example where what looked to be a straightforward question about remuneration needed to be considered in the broader context of a company's strategic priorities. This case was unusual in that BAPIML voted with management but against the advice of the Scheme's proxy voting advisor<sup>8</sup>. It demonstrates the benefit of a fund manager having an in depth understanding of the long-run drivers of shareholder value.

<sup>7</sup> BAPIML selected and provided oversight of external managers in private equity, alternatives, real assets, illiquid income and property.

<sup>8</sup> BAPIML voted contrary to ISS's recommendation at 27 meetings in this reporting period, on 43 proposals.

### AGL Energy Ltd

AGL Energy Ltd (AGL) is an energy company that generates and sells electricity to customers in Australia. In recent years, the company has been actively shifting away from coal-fired generation and has made significant investments in renewable energy.

At AGL's AGM in October 2020, BAPIML was asked to vote to approve a performance-based bonus scheme (a Long-Term Incentive Plan or LTIP) for the CEO, Brett Redman. Long-term incentive plans are meant to reward employees for reaching specific goals linked to increased shareholder value.

AGL wanted to update the CEO's LTIP to make reducing the company's carbon emissions a more important driver of the CEO's compensation. It also wanted to cut the profit target included in the CEO's LTIP given the impact of COVID-19 on the company and in light of the company's plans to move to a low-carbon platform.

ISS recommended voting against the LTIP, believing that the weight given to the carbon emissions was too high and that the CEO's bonus potential should be made smaller given the lower profit target.

BAPIML's fund manager however believed that moving towards owning low-carbon assets was an important strategic priority for AGL. The fund manager also believed that it would cause the company's profits to be lower in the short term, as AGL makes new investments in renewable energy and writes off the value of its coal-fired power stations. In lowering the CEO's profit target, AGL was simply making the LTIP consistent with the company's new goals.

BAPIML voted in favour of the LTIP against ISS' recommendations, believing the changes were proportionate and designed to incentivise the CEO to act in shareholders' best interest. In total, 70.7% of AGL's shareholders voted in favour, and the LTIP was approved.

In other cases, a fund manager needed to engage with a company directly to understand the specifics of a certain situation. An example from this reporting period is the discussion BAPIML had with The Trade Desk Inc about their dual class share structure ahead of their AGM.

### The Trade Desk Inc

The Trade Desk Inc (TDD) is an advertising technology company based in the United States.

In December 2020, TTD called for a special shareholder meeting to change the rules governing the company's share classes. BAPIML's US equity team engaged with TTD ahead of the meeting as the change management wanted to make was not something BAPIML would normally support.

Some companies have a dual share-class structure, meaning that they have two or more types (classes) of shares. Different classes of shares usually have different voting rights and are owned by different types of investors. Often insiders, such as company founders and early investors, own one sort, and ordinary investors own a different one. The intention is usually to give insiders more control over decisions during the company's early years when the long run value of some investments might be unclear to outsiders. Dual share classes

are not normally considered a best practice as they allow a small group of insiders to control decisions impacting all shareholders.

TTD has two classes of shares outstanding. It has founder shares which have 10 votes per share, and ordinary shares, which have one vote per share. Founder shares were meant to convert to ordinary shares when founder shares fell below 10% of the total number of shares. The company's proposal in December 2020 was to remove the automatic trigger and replace it with a guarantee that the company would convert the founder shares to ordinary shares by 2025.

BAPIML was normally unsupportive of dual share class structures and therefore reached out to the company. TTD explained that when the company went public in 2016, management's plan was that the dual share structure would be in place for ten years. They were now concerned that the 10% trigger would be reached before then and that that early conversion of founder shares would impact management's ability to control the company's future.

BAPIML voted in favour of changing the rules at the December meeting. BAPIML's fund manager had taken the view that the extension was needed to allow the company to make investment decisions based on the long-run, and to reduce the risk of it being bought by another company before its full value is recognised by the market. The proposal received more than 90% of shareholders' support, suggesting that most ordinary shareholders shared BAPIML's view.

Occasionally BAPIML collaborated with other shareholders to resolve a specific issue or achieve desired disclosures where this could have had a material impact on shareholder value. As an example, over the past several years, BAPIML worked with other investors on a number of occasions to influence companies' climate change policies. It particularly focused on lobbying where a company's memberships appeared to conflict with the company's commitment to align with the Paris Climate Agreement and to keep average global warming below 2 degrees Celsius.

Over the last 12 months, BAPIML continued to engage with companies and investor groups over environmental lobbying activities, using its vote to push for increased transparency and alignment whenever it could. Chevron Corporation is an example from this reporting period that shows the momentum collective shareholder action has generated in this area.

### Climate change lobbying

Chevron Corporation (Chevron) is an American multinational energy company that produces and transports crude oil and natural gas.

At Chevron's Annual Meeting in May 2020, a shareholder proposal was filed by a large asset manager who owns shares in Chevron. The proposal requested that Chevron reports on how the company's lobbying activities align with the goal of the Paris Climate Agreement.

Chevron currently partners with a number of highly influential groups which lobby contrary to the Paris Agreement's goals, including the American Petroleum Institute (API) and the

Chamber of Commerce and National Association of Manufacturing (NAM). The API, for example, has successfully persuaded the US administration to roll back methane regulations and pushed to speed up the approval processes for oil and gas projects without fully considering their environmental impacts.

BAPIML believed that increased transparency was important in keeping companies accountable and voted in favour of similar proposals at other investee companies' AGMs. What was interesting about the Chevron vote however was the change in investor attitudes over the last 12 months.

When BAPIML voted in favour of similar proposals at Exxon Mobil and BHP Plc & Ltd, it was in the minority. The Chevron vote received a majority support of 54%. This will force Chevron to increase the amount it tells shareholders about its lobbying activities going forwards.

BAPIML's investment managers also decided to engage thematically if they believed there were material, financial or non-financial risks present at a portfolio level. As an example, BAPIML, with the permission of the Trustee, worked with CDP (previously the Carbon Disclosure Project) to persuade companies to improve disclosure of their climate-change related financial information.

### Working with CDP

BAPIML was an investor signatory to CDP, an organisation formerly known as the Carbon Disclosure Project. CDP is a non-profit organisation that facilitates the disclosure of information about companies' and cities' impact on the climate, on forests and on water security (access to clean, safe water). In 2020 approximately 9,600 companies and 810 cities disclosed environmental information through the CDP platform.

CDP runs an annual campaign aimed at companies that currently do not disclose enough relevant data on climate change, forests or water security. In 2020, CDP targeted 1,025 companies, selected mainly based on their size or their likely environmental impact. 108 institutional investors (including BAPIML) from 24 countries, representing USD 12 trillion in assets, signed up to support.

Access to environmental data can be important in understanding the risks investee companies face. Based on the Scheme's holdings, 116 of the 1,025 companies on CDP's list were judged by BAPIML to be directly relevant to NAPS. BAPIML allowed CDP to put its name in letters sent to these 116 companies, asking them to improve their disclosure. By the end of the 2020 campaign, 27 of the 116 companies selected by BAPIML on behalf of the Scheme had sent improved information to CDP.

## 8. Conclusion

The Trustee monitored BAPIML's implementation of their investment principles so far as they related to stewardship by means of written quarterly and annual reports, which are interrogated systematically by the Scheme's Executive, Trustee and advisors.

The Trustee and advisors also had regular access to BAPIML's CIO, Head of Asset Allocation and Investment Risk, and ESG specialists and supplementary information from asset-class fund managers as required.

On the basis of the information provided to them and their advisors, the Trustee is of the opinion that the stewardship components of the Scheme's SIP have been implemented as envisaged in the 12 months to 31 March 2021.

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