



New Airways Pension Scheme

2022 Summary implementation statement

Statement of investment principles



Summary implementation statement – statement of investment principles

1. Introduction

This statement sets out how our policies under the terms of the statement of investment principles (SIP) have been put into practice.

2. Assets held and managed

The New Airways Pension Scheme (NAPS) is a defined-benefit scheme that is closed to further build-up (meaning no further benefits can be earned under the Scheme). As of March 2022, the NAPS had a total of 61,225 members. Of these, 46% were deferred members (people who are not yet receiving an income from their pension) and 54% were pensioners in payment (people who are receiving an income from their pension) or dependent pensioners (people, other than the member, who depend on the income from this pension). As of March 2022, the investment manager for the Scheme, BlackRock Investment Management (UK) Limited (BlackRock), managed around £20 billion in assets for the Scheme, with around 66% in liability-matching assets and 34% in return-seeking assets. (The Scheme's investment manager changed from British Airways Pension Investment Management Limited (BAPIML) to BlackRock from 1 June 2021.)

3. Policies and practices

- There are many aspects to environmental (including climate change), social and governance (ESG) issues, and these issues represent long-term risks.
- We recognise that ESG risks are financially significant and need to be managed as we have a long-term payment plan.
- We aim to consider ESG matters in our decision-making and reporting processes across all asset classes.
- We will be actively involved in, and use our voting rights to improve ESG standards, as long as this is consistent with the duty we have to protect members' investments and is in line with our investment strategy.

4. Monitoring and communication

- We also receive written reports setting out the investment manager's stewardship activities (for example, voting at company meetings and meetings held with company management), and the outcomes of these activities.
- When setting the Scheme's investment strategy, the trustee directors do not take account of members' views on non-financial matters, including environmental and social issues.

5. Voting

BAPIML's policy was to exercise its clients' voting rights in all geographical areas, for all relevant asset classes, wherever possible. Over the two months to the end of May 2021, BAPIML voted on behalf of NAPS or the Mixed Portfolio Fund (MPF) at 264 meetings on a total of 4,512 proposals.

Number of meetings voted at (by geographic area)	
United Kingdom	99
North America	45
Developed Europe (not including the UK)	72
Developed and emerging Asia Pacific (not including Japan)	29
Japan	19

Over the 10 months to the end of March 2022, BlackRock voted on behalf of NAPS or the MPF at 3,039 meetings on a total of 28,298 proposals.

Number of meetings voted at (by geographic area)	
United Kingdom	65
North America	137
Developed Europe (not including the UK)	207
Developed and emerging Asia Pacific (not including Japan)	1,585
Japan	769
Emerging markets	276

6. Engagement

Engagement is any two-way conversation between an investor (in this case, BAPIML or BlackRock) and the management of investee or potential investee companies (companies that receive investments).

NAPS and MPF engagement (1 April 2021 to 31 May 2021)

Over the two months to the end of May 2021, BAPIML's listed equity and corporate bond investment managers carried out 19 engagements with company management. Environmental, social or governance topics were discussed in 74% of company engagements.

6. Engagement

NAPS engagement (1 June 2021 to 31 March 2022)

Over the 10 months to the end of March 2022, BlackRock's listed equity and corporate bond investment managers carried out 1,380 engagements with company management. Environmental, social or governance topics were discussed at every meeting.

Total company engagements	1,380
Geographic area	
America	517
Europe, the Middle East and Africa	491
Asia-Pacific	372
Engagement themes	
Governance	1,201
Social	559
Environmental	540

MPF engagement (1 June 2021 to 31 March 2022)

Over the 10 months to the end of March 2022, BlackRock carried out 827 engagements with company management. Environmental, social or governance topics were discussed at every meeting.

Total company engagements	827
Geographic area	
America	320
Europe, the Middle East and Africa	236
Asia-Pacific	271
Engagement themes	
Governance	717
Social	337
Environmental	566

7. Stewardship example from the year to the end of March 2022

Ambev – Climate and use of natural resources

Ambev is a Brazilian drinks company which operates in 18 countries in America. Ambev’s processes use renewable and non-renewable natural resources, with water being the main raw material.

Inadequate supervision of the use of natural resources may result in negative consequences arising from, for example, regulatory, reputational or operational risks that may affect the company’s social licence to operate and its ability to create long-term value.

Over the course of 2021, BlackRock held several engagements with Ambev, focusing on how the company might improve the information it releases about its use of natural resources (disclosures). BlackRock believes investors will benefit from receiving more information on the actions the company is taking to reduce water-related risks, as well as the initiatives it is putting in place to recycle glass, aluminium and plastics across the drinks-bottling process. BlackRock also made it clear that it supports companies reporting in line with sector-specific international standards.

As a result of Ambev’s engagement with shareholders and other key stakeholders, the company has committed to giving investors more information about its use of natural resources. It is also working towards updating its commitments to become ‘net zero’ and making sure it recycles more packaging.

8. Affiliations and initiatives

Throughout the year to 31 March 2022, both BAPIML and BlackRock engaged with global investment companies and corporate businesses through a number of affiliations (formal connections which aim to promote a shared objective or purpose).

BlackRock also works informally with other shareholders to engage with companies on specific issues or to promote improvements to current practice.

Please visit the ‘**Scheme documents**’ page of the member website for more details on the Scheme’s responsible investment activities. If you would like more information on the Scheme’s responsible investment policies or its approach to stewardship, and can’t find the information on the website, you can email us at esg@bapensions.com.



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