

Engagement Policy Implementation Statement (“EPIS”)

The British Airways Holidays Limited Retirement Benefit Scheme

Scheme year end – 31 March 2024

The purpose of the EPIS is for us, the Trustees of the British Airways Holidays Limited Retirement Benefit Scheme (the “Scheme”), to explain what we have done during the year ending 31 March 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, the Scheme’s material investment manager, Russell Investment Group (“Russell IG”), was able to disclose good evidence of voting and engagement activity, and the activities completed by our manager aligns with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

How voting and engagement policies have been followed

The Scheme is invested in a fund of funds arrangement managed by Russell IG, and so the responsibility for voting and engagement is delegated to the Scheme's investment manager, which is in line with the policies set out in our SIP. We reviewed the stewardship activity of the investment manager carried out over the Scheme year and in our view, Russell IG was able to disclose good evidence of voting and engagement activity. More information on the stewardship activity carried out by the Scheme's investment manager can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Scheme's investment on a quarterly basis and received updates on important issues from Russell. In particular, we received bi-annual Environment Social Governance ("ESG") updates for the equity and fixed income constituents of the Scheme's portfolio from Russell, outlining the ESG Risk rating and Carbon footprint of the underlying managers relative to their benchmark. During the year, we received training on ESG and stewardship topics, and agreed our policies in relation to these.

Each year, we review the voting and engagement policies of the Scheme's investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

The Scheme's stewardship policy can be found in the SIP:

<https://pensioninformation.aon.com/baholidays>

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. We will invite our investment manager to a meeting to get a better understanding of its voting and engagement practices, and how these help us fulfil our Responsible Investment policies.
2. We will undertake more regular, detailed ESG monitoring of our manager.
3. We will undertake an annual review of our investment manager's Responsible Investment policies to ensure they are in line with our own.

Our manager's voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests.

Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment manager to responsibly exercise its voting rights.

Voting statistics

The table below shows the voting statistics for the Scheme's material fund with voting rights for the year to 31 March 2024.

Fund	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Russell IG – Multi-Asset Growth Fund	13,580	95.0%	9.0%	0.0%

Source: Russell IG. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's manager uses proxy voting advisers.

Manager	Description of use of proxy voting adviser(s) (in the manager's own words)
Russell IG	Russell Investments has documented Proxy Voting Policies and Procedures and maintains and develops custom Proxy Voting Guidelines. The Proxy Voting Committee and Proxy Voting Guideline Subcommittee meet regularly to ensure that our Proxy Voting Guidelines are aligned with current best practices regarding voting on ESG issues. An external service provider, Glass Lewis, serves as our proxy administrator and is responsible for applying our custom Guidelines when executing proxy votes.

Source: Russell IG

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Significant voting example

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment manager to provide a selection of what it considers to be the most significant votes in relation to the Scheme's fund. An example of a significant vote can be found in the appendix.

Our manager's engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material manager. The manager has provided information for the most recent calendar year available.

Fund	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
Russell IG – Multi-Asset Growth Fund	424	1,124	Environment - Natural Resource Use/Impact; Climate Change Social - Human Capital Management Governance - Board Effectiveness: Diversity, Independence or Oversight, Leadership and Remuneration Other - ESG Disclosure and UNGC Compliance

Source: Russell IG

Data limitations

This report does not include commentary on certain asset classes such as liability driven investments, gilts or cash because of the limited materiality of stewardship to these asset classes. Further, this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.

Appendix – Significant Voting Example

In the table below is an example of a significant vote as provided by the Scheme's manager. We consider a significant vote to be one which the manager considers significant.

Russell IG – Multi-Asset Growth Fund	Company name	Amazon.com Inc.
	Date of vote	24-May-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.0
	Summary of the resolution	Shareholder Proposal Regarding Report on Working Conditions
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	Section I.2.I. Shareholder Proposal related to Environment and Social issues will be referred for a case-by-case vote.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	The Company's current efforts are not enough to stop continued high rates of worker injuries. Since the Company's policies and procedures evidence non-effectiveness, the proponents request for an independent audit report seems not only reasonable but most certainly in the best interests of shareholders. 35% of shareholders supported this proposal.
	On which criteria have you assessed this vote to be most significant?	Top Holding, Controversial Outcome, Vote Against Management, Social Shareholder Proposal.

Source: Russell IG