

Implementation Statement

British Bankers' Association Pension Scheme

Introduction

This Implementation Statement has been prepared by the Trustee of the British Bankers' Association Pension Scheme ("the Scheme") and sets out how the Trustee's policies on exercising voting rights and engagement have been followed over the year to 31 March 2021.

These policies are set out in the Trustees' Statement of Investment Principles ("SIP"), which was last reviewed in September 2020. The SIP is available online at <https://schemedocs.com/british-bankers-association-statement-investment-principles.html>.

In March 2020, the Trustees agreed a transaction with Aviva Life & Pensions UK Ltd ("the insurer"), under which the insurer has assumed liability to pay the Scheme's benefits as set out in the bulk annuity purchase contract. The contract therefore provides an exact match to the Scheme's experience. The insurer is supervised by the Prudential Regulatory Authority ("PRA") in co-ordination with the Financial Conduct Authority ("FCA") within the current regulatory context.

From time to time, the Scheme may hold cash within the Scheme bank account to meet short-term cashflow needs or any other unexpected items.

Policies in action

There are no voting rights attached to the bulk annuity contract and the Trustee does not carry out engagement activities with the insurer given these are not expected to have a material impact on the investment. This includes issues such as capital structure, management of actual or potential conflicts of interest. The Trustee would, however, expect the insurer to have (and follow) a conflict management policy given their regulated status.

The Trustee believes that Environmental, Social and Governance considerations, which include climate change (hereafter referred to as "ESG"), have the potential to have a financially material impact. The Trustee appreciates that the method of incorporating ESG within an investment strategy and process will differ between asset classes.

In terms of the bulk annuity contract, there is limited scope for the consideration of ESG issues over any period from a financial materiality perspective given the investment is illiquid and its objective is to exactly match member experience.

The Trustee only holds a bulk annuity contract with an insurer and cash in a bank account, and therefore does not invest with any asset managers. Given the contract is fully illiquid and covers the Scheme's full liabilities, there is not any selection or realisation of invested assets, and therefore there are no financially material considerations that are taken into account in relation to this, or indeed in relation to the retention of the contract.

**Law Debenture Pension Trust Corporation LLP – the Trustee of the British Bankers' Association Pension Scheme
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