
BRITISH AIRWAYS (BA) PENSIONS ENTRUSTS BLACKROCK WITH THE MANAGEMENT OF OVER £21 BILLION OF ASSETS, IN A TRANSFORMATIONAL PARTNERSHIP

The Airways Pension Scheme and New Airways Pension Scheme ('the Schemes') are two of the UK's largest corporate defined benefit (DB) pension schemes managing pension benefits for over 85,000 British Airways Scheme members and beneficiaries.

BA Pensions' decision to appoint an external investment manager is the first of its kind in the UK pensions industry at this scale.

The agreement will see the transfer of the Schemes' investment management from its in-house provider British Airways Pension Investment Management Limited ('BAPIML') to BlackRock.

LONDON – British Airways Pensions has today announced the appointment of BlackRock as the outsourced chief investment officer (OCIO) for c. £21.5 billion of its pension schemes' assets, creating a pioneering OCIO model which will form the cornerstone of a bespoke new offering for the UK pensions market.

The agreement encompasses the assets directly under management for Airways Pension Scheme (APS) and New Airways Pension Scheme (NAPS), which serve more than 85,000 members, and until now, have been managed by the in-house provider, BAPIML.

The size and scale of the partnership marks a seminal moment in the UK pensions industry. In recent years, regulation has intensified, operational costs have risen, and investment complexity has increased. As a result, many UK pension schemes are looking externally for investment management capabilities with the scale and resources to take on the challenges.

Alongside these external drivers, the Schemes have continued to mature, and their investment needs have changed considerably, requiring an increased focus on managing investments to provide an income that matches members' pension benefits.

For these reasons, BA Pensions decided to enter into a partnership with an external investment manager to better position the Schemes for the future. Following a rigorous and competitive tender process, BlackRock was selected based on its deep knowledge and commitment to the UK pensions industry, its scale and investment expertise and its market-leading risk management technology. All of these characteristics are set to bring cost benefits, investment excellence and operational efficiencies, maximising value for Scheme members. The trustees are committed to ensuring continuity and stability for members.

BlackRock has designed an investment model with the ability and agility to adapt as the Schemes' investment needs evolve. The Schemes' assets will be managed by a team of highly experienced BlackRock and transferring BA Pensions professionals, ensuring the continuity of key institutional knowledge and the Schemes' strong operational and reporting culture. The team will also leverage BlackRock's wider expertise and technology resources to provide unique and exclusive insights for the Schemes.

Roger Maynard, Chair of Trustee APS and NAPS Trustee, said: "Operating as our in-house investment manager, BAPIML has delivered excellent investment performance and stewardship of the Schemes over many years. This agreement is the necessary next step in the evolution of the Schemes as they look to enhance their respective investment strategies, working toward their funding goals. In BlackRock, we have identified an asset manager that will ensure the continued focus on delivering enhanced oversight, investment management and long-term value for the Schemes in the interests of our members. We look forward to working with BlackRock in the years ahead."

Sarah Melvin, Head of BlackRock's UK business, said: "British Airways is an iconic global brand and a leader in its sector. We are honoured to be entrusted to manage the assets of these two important pension schemes through the creation of a bespoke model. We look forward to delivering enhanced investment performance for the ultimate benefit of the Schemes' members."

The agreement also involved the transfer of employees from British Airways Pension Investment Management Ltd (BAPIML) and some employees of British Airways Pension Services Limited (BAPSL) to BlackRock.

The transition of assets completed on 1 June 2021.

APS and NAPS

Airways Pension Scheme and New Airways Pension Scheme are two of the UK's largest corporate defined benefit (DB) pension schemes with total assets of c £26.8 billion. Approximately £5.3 billion of Airways Pension Scheme assets are insured through insurance 'buy-ins' with Legal & General Assurance Society and Rothesay Life. Together, the Schemes manage pension benefits for 85,000 Scheme members and beneficiaries.

About BlackRock

BlackRock's purpose is to help more and more people experience financial wellbeing. As a fiduciary to investors and a leading provider of financial technology, we help millions of people build savings that serve them throughout their lives by making investing easier and more affordable. BlackRock has been operating in the UK for more than five decades and is entrusted to manage the savings of over 10 million people in the UK. For additional information on BlackRock, please visit: www.blackrock.com/corporate

Press contacts:

BlackRock

Emma Phillips

emma.phillips@blackrock.com

+44 (20) 7743 2922

BlackRock

Mary Brouder-Murphy

mary.broudermurphy@blackrock.com

+44 (20) 77435337

British Airways Pensions

Mark Smith

mark.smith@bapensions.com

+44 (20) 8538 2132