

Letter from the Secretary to the Trustees issued to APS Member Pensioners and APS Adult Survivor Pensioners on 23 January 2015

Airways Pension Scheme (APS) Members' Representative – Pensioner Trustee Vacancy

The Trust Deed of APS (the Scheme) specifies that subject to any vacancies that arise there shall be six employer appointed Trustees and six member nominated Trustees (of which, one is elected from the Active member constituency and five are elected from the Pensioner constituency).

We are sorry to be writing to advise that a Pensioner Trustee vacancy has arisen due to the recent death of Cliff Pocock. Other than a short break during 2011 Cliff served as a Trustee for over 11 years, showing exceptional commitment and dedication to serving the interests of the APS membership. Cliff was a highly-regarded, respected and proactive member of the APS Trustee Board and will be greatly missed.

The term of office of a Pensioner Trustee is for a period of between five and five and a half years.

APS Pensioners who are in receipt of their pension and who have previously been employee Members of the Scheme are entitled to seek election to become a Pensioner Trustee and to vote. APS Adult Survivors who are in receipt of a pension e.g. a widow or widower's pension cannot seek election, they are however entitled to support a nomination and to vote in a ballot.

Pensioners eligible to seek election

We have sent this letter to all pensioners, both those eligible to stand for election and also those in receipt of an Adult Survivor's pension to ensure that all pensioners are aware of the current vacancy and are able to participate in the nomination process. The information below provides further details regarding the role and the process to be followed by those pensioners eligible to stand for election i.e. pensioners who have previously been employee Members of the Scheme.

Discretionary Increase Litigation

You should already be aware of the current litigation between the APS Trustees and British Airways (BA) in respect of the provision and payment of Discretionary Increases. This is an on-going matter with the trial expected to take place in February 2016. The litigation procedure is being managed by both the Trustee's and the Company's lawyers on behalf of the respective parties. It is anticipated that the new Trustee will likely be joined as a Defendant in the court action as all Trustees have to be involved even if they were not directly responsible for the decisions BA is challenging. Trustee costs in respect of defending the claim are covered by a court order (known as a Beddoes order) which provides that costs may be paid from Scheme assets and BA has confirmed that it will bear its own costs. The Beddoes application is an on-going process and the Trustees would be expecting to apply for this to be extended to cover further stages of the litigation as the process develops. The Beddoes court has recognized that Trustees are not expected to be put at risk of having to pay personally the costs of defending litigation where this task is being undertaken for the benefit of all members of the Scheme.

A further aspect of the litigation is that all the Trustees, including any new Trustees, will need to comply with the standard court disclosure obligations. These involve disclosing,

initially to the Scheme lawyers and then to BA, all relevant documents that are or have been in an individual Trustee's possession or control. The term "documents" includes written documents and electronic documents such as emails or text messages, and the test of relevance will include material relating to Pension increases, the change from the Retail Price Index to the Consumer Price Index, Discretionary Increase discussions, complaints to the Pensions Ombudsman on this aspect and related matters. This could include relevant material from prior to the date of appointment. The Scheme's lawyers will be available to assist any new Trustee in this process.

Completed applications must be received at Whitelocke House by 27 February 2015 (further details below). If we receive more than one nomination there will be a postal ballot. If no nominations are received a similar notice will be issued at least once every three years.

Yours sincerely

A handwritten signature in black ink, appearing to read 'T. Suriyae', written in a cursive style.

Teresa Suriyae
Secretary to the Trustees

DETAILS OF THE TRUSTEE ROLE AND APPLICATION PROCESS

What is the role of a Pensioner Trustee?

The duties of a Trustee are wide ranging and involve considerable responsibility. You would be ultimately responsible for administering the fund in accordance with the Trust Deed & Rules, the law of trusts and Pensions legislation. One of your duties as a Trustee will be to familiarise yourself with the Rules of the Scheme and you would be expected to attend and take part in regular meetings of the Board and Committee meetings. The number of meetings varies from year to year and depending on which Committee being served, in some years, Trustees could attend an average of 20 meetings. As preparation for each meeting you will be provided with detailed on-line briefing papers and background documentation which will require you to spend some time reading and making sure that you understand the technical material.

To obtain further details of the nature of the role of a Trustee you should refer to the Pensions Regulator's website: www.thepensionsregulator.gov.uk/trustees. This will give you further guidance and an overview on the duties and responsibilities of trustees and the role that you would be expected to undertake as a Trustee.

Training & Support

Newly appointed Trustees will be provided with comprehensive training and support. During the course of your appointment you will be required to participate in the ongoing Trustee training programme. The Pensions Regulator's Code of Practice on Trustee Knowledge and Understanding has formalised knowledge requirements for trustees and you will be encouraged to attend courses leading to qualification for the PMI (The Pensions Management Institute) Award in Pensions Trusteeship.

The Pensions Regulator's website also provides further information and advice on learning and in particular you should refer to the online e-learning programme which is under the 'Trustee Toolkit' section of the website. Trustees are encouraged to complete the Trustee Toolkit training.

How to Apply

If you are interested in standing as a Pensioner Trustee please contact Monica Gupta at Whitelocke House on 020 8538 2139 to request an application pack, which also includes a nomination form and a declaration of eligibility.

You will need to prepare an election statement, complete a declaration form and nomination form and obtain the signatures of 10 supporters who are eligible to vote as described in the letter above. Completed applications must be received at Whitelocke House by 5.00 pm on 27 February 2015.

If only one application is received the nominated person will be appointed from 27 February 2015. If more than one application is received then a postal ballot will take place in which one of the nominees will be chosen to fill the vacancy from 23 April 2015. If however no nominations are received a notice similar to this notice will be issued again at least once every three years.