

Letter from the Secretary to the Trustees issued to APS Active Members, Pensioners and Adult Survivor Pensioners on 23 June 2015

Airways Pension Scheme (APS) Members' Representative – Member/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). In 2012 the Trustees, taking into account the declining number of APS Active Members, agreed changes to the Rules to ensure provisions were in place should Active Members not stand for an Active Member Trustee position. The Rules provide that if, having sought nominations for a Trustee elected from the active membership, no nominations were received, nominations would then be sought from the pensioner and active membership as a combined group.

Due to a vacancy occurring from 30 June 2015 an invitation for nominations for an Active Member Trustee from the active membership was issued on 13 May 2015, the close date for which was 15 June 2015. As no nominations were received the Trustees of APS are now seeking nominations from the combined active and pensioner membership.

Who can apply?

APS Active Members (including current employees who have ceased to pay normal contributions but remain an active member) and 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 Member/Pensioner Trustee. Applicants will need to state, at the outset, what their membership status is or will be (if a change in status from Active Member to Pensioner is envisaged) at the point of appointment. (See further details enclosed).

If you are an Active Member or Pensioner of APS, as detailed above, and wish to consider becoming a Trustee, please read this letter and the information enclosed for important details about the role and how to stand for election.

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

Who can support a nomination and vote?

APS Active Members, Pensioners and Adult Survivors in receipt of, for example, a widow or widower's pension are entitled to support a nomination and to vote in a ballot for any applicant whether Active Member or Pensioner. Adult Survivors are not themselves entitled to stand for a Trustee position.

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 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 were previously covered by a court order (known as a Beddoes order) which provided that costs may be paid from Scheme assets. The Beddoes court 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.

In a recent development BA, which had already agreed to bear all its own costs, agreed to pay all the Trustees' costs of the litigation.

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 24 July 2015 (further details enclosed). If only one application is received for the vacancy, the nominated person will be appointed from 25 July 2015. If more than one application is received then a ballot will take place with the nominee receiving the highest number of votes being appointed from the day the ballot results are declared, expected to be on or around 14 September 2015. In the event no nominations are received, a similar notice inviting nominations from both APS Active and Pensioner members will be issued at least once every three years.

For information, if for two successive Member Trustee vacancies a Pensioner Trustee is appointed the position will become a Pensioner and Member position thereafter. This is the first vacancy which is being opened to the combined active and pensioner membership.

Yours sincerely



Teresa Suriyae
Secretary to the Trustees

DETAILS OF THE TRUSTEE ROLE AND APPLICATION PROCESS

What is the role of a Member/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 Member/Pensioner Trustee please contact Monica Gupta/Roger Humphreys at Whitelocke House on 020 8538 2139 to request an application pack, which also includes a nomination form and a declaration form.

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 enclosed. Completed applications must be received at Whitelocke House by 5.00 pm on 24 July 2015.

This is the first vacancy from which applications are being sought from a combined category. The following information is provided to clarify the terms of the appointment process:

- Once elected to the combined category the Trustee will be either a Member or Pensioner Trustee according to their status.
- Applicants will need to make clear whether they are standing as a Member or Pensioner Trustee.
- Any active member who anticipates changing status before the appointment date of the new Trustee position i.e. before either 25 July 2015 or 14 September 2015 and therefore wishes to apply as a Pensioner Trustee will need to make this known in their election statement.

- Any active member who ceases to be an active member after being appointed as a Member Trustee in the combined category will cease to be eligible to act as a Trustee and a new vacancy will arise. (This is applicable even if the member changes status to a pensioner).
- An application to act as a Member Trustee will only be valid provided the individual remains an active member at the appointment date.

If only one application is received for the vacancy, the nominated person will be appointed from 25 July 2015. If more than one application is received then a ballot will take place with the nominee receiving the highest number of votes being appointed from the day the ballot results are declared expected to be on or around 14 September 2015. In the event no nominations are received, a similar notice inviting nominations from both APS Pensioners and APS Active members will be issued at least once every three years.