Newsletter for active members of Schedules 1, 2 and 3.
Issued May 2018
Chairman’s Introduction

Welcome to this edition of Pension news.

Due to the various regulations that surround the Scheme, the Trustees have undertaken an exercise to take a fresh look at several governance topics to ensure that they remain fit for purpose and that the Scheme can be considered as a good one. This has included a review of several internal policies such as Terms of Reference for sub-committees, Conflicts of Interest and Gifts & Hospitality, all of which have been reviewed and updated where applicable in line with Airbus guidelines.

The Trustees continuously monitor the Scheme’s approach to governance required by outside regulators. This includes assessing the Scheme against the Pension Regulator’s Defined Contribution Code of Practice which has to be reviewed regularly on an on-going basis. The Chairman’s Statement in the Report & Accounts further examines compliance with the DC Code and addresses several other matters related to the running of the DC parts of the Pension Scheme.

It has been a busy year for all involved with the Scheme and future years will continue to be full of activity. This newsletter outlines some of the key objectives that the Scheme is working towards in order to remain compliant and create an excellent member experience.

If you have any feedback on Pension News we welcome your comments alongside any ideas for future topics that you would like to see covered.

Bill Newman, Chairman of Trustees
**Scheme Report**

**Contributions by Employer @ 31 December 2017**

- Airbus Defence and Space: 56.92%
- Airbus Operations: 32.08%
- SSTL: 6.18%
- Airbus Group: 2.13%
- Airbus Helicopters: 2.69%

**Membership by Type**

<table>
<thead>
<tr>
<th>Type</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule 1</td>
<td>3792</td>
</tr>
<tr>
<td>Schedule 2</td>
<td>446</td>
</tr>
<tr>
<td>Schedule 3</td>
<td>256</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4494</strong></td>
</tr>
<tr>
<td>Deferred Pensioners</td>
<td>1907</td>
</tr>
<tr>
<td>Pensioners &amp; Dependents</td>
<td>761</td>
</tr>
<tr>
<td><strong>Total Membership</strong></td>
<td><strong>7162</strong></td>
</tr>
</tbody>
</table>

**Scheme Finances**

The Scheme’s auditor Ernst and Young LLP, has given an unqualified audit opinion on the financial statements for year ending 5 April 2018, confirming that the financial statements give a true and fair view of the Scheme’s financial transactions during the year and the net assets at the year end.

The auditor has also given an unqualified statement on the contributions, confirming that the contributions payable to the Scheme for the year ended 5 April 2017 have been paid. You can request a copy of the full Annual Report and Accounts from [ukpensions@airbus.com](mailto:ukpensions@airbus.com).
Defined Benefit Investments

Over the twelve-month period to 31 December 2017 the Scheme assets performed well. Equity markets, and particularly those overseas, had an increase in value which was boosted by Sterling’s depreciation after the UK Referendum to leave the EU.

UK Government bonds did well over the period but, in the first part of 2017, the bond markets fell due to an expectation of rising inflation and optimism about the global economic outlook which led to a reduced appetite for safer investments.

Comprehensive details of the Trustee Board’s investment strategy are set out in the Statement of Investment Principles (SIP) a copy of which can be obtained from the Scheme’s mailbox at ukpensions@airbus.com

The Trustees of the Scheme have made a commitment to invest in the IFM Global Infrastructure Fund. The process requires a suitable investment to be found by the fund and can take 18-24 months for the investment to be completed.

Asset Allocation @ 31 December 2017

- UK Equities (23.50%)
- Emerging Market Equities (3.60%)
- International Equities (50% hedged) (19.50%)
- Inflation Opportunities (9.20%)
- Private Credit (4.30%)
- Aviva Property Fund (9.30%)
Retirement Account and AVC Investments

During 2017, the Scheme looked at the range of investments available to members and decided to remove the existing lifestyle in favour of a 3 new lifestyles. The Airbus Drawdown lifestyle is the automatic choice for Retirement Plan members with the Airbus Cash Lifestyle and Airbus Annuity Lifestyle also being made available.

In addition, following feedback from members through the PCC, the Trustees in November 2017 introduced an ethical fund to the range of investments made available.

Please visit your online L&G account to see the full range of funds available to you along with fund fact sheets to help you make an informed decision.

Performance of Individual Funds

The return on each of the Legal & General funds during the year is shown in the table below.

<table>
<thead>
<tr>
<th>Performance Net of Fund Management Charges</th>
<th>1 year</th>
<th>3 year Annualised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal &amp; General (PMC) Global Equity Fixed Weights (50:50) Index Fund 3</td>
<td>13.68</td>
<td>12.77</td>
</tr>
<tr>
<td>Legal &amp; General (PMC) Diversified Fund 3</td>
<td>10.05</td>
<td>10.21</td>
</tr>
<tr>
<td>Legal &amp; General Cash Fund 3</td>
<td>0.26</td>
<td>0.35</td>
</tr>
<tr>
<td>Legal &amp; General (PMC) AAA-AA-A Corporate Bond over 15 Year Index Fund 3</td>
<td>6.34</td>
<td>7.45</td>
</tr>
<tr>
<td>Legal &amp; General (PMC) UK Equity Index Fund 3</td>
<td>12.82</td>
<td>9.93</td>
</tr>
<tr>
<td>Legal &amp; General Property Fund 3</td>
<td>9.57</td>
<td>7.86</td>
</tr>
<tr>
<td>Legal &amp; General (PMC) World (Ex-Uk) Equity Index Fund 3</td>
<td>12.88</td>
<td>15.51</td>
</tr>
<tr>
<td>Legal &amp; General (PMC) over 15 Year Gilts Index Fund 3</td>
<td>2.55</td>
<td>7.11</td>
</tr>
<tr>
<td>Legal &amp; General (PMC) World Emerging Markets Equity Index Fund 3</td>
<td>20.19</td>
<td>13.1</td>
</tr>
<tr>
<td>Legal &amp; General Pension HSBC Amanah Global Equity Index Fund 3</td>
<td>13.65</td>
<td>14.83</td>
</tr>
<tr>
<td>Legal &amp; General (PMC) over 5 Year Index Linked Gilts Index Fund 3</td>
<td>2.34</td>
<td>8.88</td>
</tr>
<tr>
<td>Legal &amp; General (PMC) Ethical Global Equity Index Fund 3</td>
<td>12.62</td>
<td>14.78</td>
</tr>
</tbody>
</table>

Fund Charges

Over the course of investment in a fund, it is common for charges to vary slightly. The Scheme endeavours to keep the overall charges on investments as low as possible for members, but sometimes the charges on a fund may rise – especially where outside influences result in the cost of operating the fund to increase.

The following table shows the funds where charges have changed since September 2016 (note that this is the total charge on the fund).

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>September 2016 Charge %pa</th>
<th>December 2017 Charge %pa</th>
</tr>
</thead>
<tbody>
<tr>
<td>L&amp;G World Emerging Markets Equity Index Fund</td>
<td>0.63</td>
<td>0.43</td>
</tr>
<tr>
<td>L&amp;G Diversified Fund</td>
<td>0.45</td>
<td>0.46</td>
</tr>
<tr>
<td>L&amp;G Property Fund</td>
<td>0.89</td>
<td>1.07</td>
</tr>
<tr>
<td>HSBC Life Amanah Fund</td>
<td>0.73</td>
<td>0.53</td>
</tr>
</tbody>
</table>

Due to the Cassidian Merger, the Trustees of the Scheme have been able to negotiate a new administration charge for all members of the Scheme with L&G funds. The administration charge reduced from 0.18% to 0.14% from 1 April 2018.

AVCs Abroad

For those members who move abroad and still contribute to the Scheme, a policy was in place to remove the ability to pay Additional Voluntary Contributions (AVCs). This policy has been reviewed and with immediate effect all active members of the Scheme, whether living in the UK or not, will be able to make AVCs. The amount of AVCs will be subject to the normal Scheme limits. Members who live abroad may not attract the same level of tax relief on their AVCs and should you wish to know more, please contact the Pensions Team at ukpensions@airbus.com
**Key Events in 2018**

**Cassidian Scheme Merger**

In 2017, Airbus made a decision to consult on closing the Cassidian Pension Scheme and move all of the members to the Airbus Group UK Pension Scheme. The consultation has now closed and the members moved to the Scheme from 9 April 2018. With the merger come a few key changes to the Scheme:

- A new section of the Scheme will be created to take the legacy section of the Cassidian Scheme
- Some additional funds will be made available to members. The details of the funds are being worked through with the Scheme’s investment consultants and more information will be provided when it is available
- An additional Member Nominated Trustee and Company Nominated Trustee will be appointed to the Scheme’s Trustee Board. Details of the new Trustees are available later in this newsletter.

Bringing Cassidian members into the Scheme will not affect you or your fund.

**Defined Benefit Transfers**

When the pension freedoms were introduced in April 2015, these were aimed at increasing the flexibility for those who have Defined Contribution pensions. However, there is the option for members to transfer their Defined Benefit pension to a Defined Contribution scheme in order to access these flexibilities. Before members undertake this action, they should think very carefully about any benefits they are giving up as once the decision has been made, it cannot be reversed.

It is a statutory requirement that members take advice for any transfers over the value of £30,000. The Trustees of the Scheme recommend however that all members considering a transfer take the appropriate independent financial advice regardless of the value to ensure that the transfer is in your best interests.

If you would like to discuss the option of transferring and wish to understand the impact it could have on your pension, please email ukpensions@airbus.com to make an appointment with a member of our in house Pensions Team. Members of the Team are not authorised to give financial advice but can provide information on what a transfer would involve.

**General Data Protection Regulation – GDPR**

On 25 May 2018, GDPR regulations will come into force. The GDPR regulation will take over from the current Data Protection Act. The Trustees are working closely with third parties and legal experts to determine what this means for the Scheme. The way in which member data is processed will not change but there are some practical tasks (such as the updating of policies and running a data audit to understand the information we hold) which are currently ongoing.

A key requirement is for the Trustees to inform you who we may share your data with and why. In order for us to remain compliant, we must send you a privacy notice to explain this. As the privacy notice is applicable to all members (regardless of which part of the Scheme they are in), the Trustees have decided to put the privacy notice in this newsletter (shown on the next page).

If you have any questions, please email ukpensions@airbus.com
Privacy Notice

Who we are

Airbus Group Pension Scheme Trustees Limited is the trustee ("the Trustee") of the Airbus Group UK Pension Scheme ("the Scheme").

As the Trustee of the Scheme, we hold certain personal information (known as “personal data”) about scheme members and, where applicable, their dependants and beneficiaries. Most of the personal data held and processed by the Trustee in running the Scheme will be personal data (in other words, it is information from which you as an individual can be identified).

For legal purposes, the Trustee is known as the “data controller”, as we decide the purposes for and the means by which the personal data we hold is processed. The Scheme also works with joint data controllers which include Legal & General and Airbus.

What Information we collect about You

Depending on the circumstances and the stage of your membership, we may hold some or all of the following information about you:

- your name and date of birth
- your address
- your national insurance number
- your gender
- details of your bank account (to pay benefits)
- details about your dependants and/or beneficiaries
- medical and other details about your health
- details of your pay and any associated benefits, bonuses etc
- your email address
- details of your race / ethnicity
- details of sexual orientation
- details of religious / philosophical political beliefs
- details of membership of trade union

How we use that Information

The Trustee has a legitimate interest in holding and processing the above information about you as it is needed for us to properly administer the Scheme and to calculate and pay benefits. We also keep the above information in order to allow us to comply with our obligations towards members under the Scheme governing documents, as well as under relevant legislation. We will not collect any personal data from you that we do not need.

Personal data relating to the Scheme is held on paper and on computer systems. As the “data controller”, the Trustee must process this information fairly and lawfully.

As part of running the Scheme, we may also need to hold and process particularly sensitive information about you and/or your dependants and beneficiaries (known as “sensitive personal data”). Under the legislation, details relating to health, racial or ethnic origin, religious or other similar beliefs, sexual orientation and political affiliations are regarded as “sensitive personal data”. Except where the legislation allows it, this information cannot be processed or passed to a third party without your explicit consent.

Personal data may also be used for automated decision making. This may include:

- Eligibility for auto enrolment
- Eligibility for SMART (salary sacrifice)
• Default investment switching. This is based on a combination of factors such as age and target retirement date. This will be used to automatically switch your investments if you are in a lifestyle fund

Who we Share it with

We are not allowed to disclose personal data about you to other parties except:

• when required for contractual or legal reasons or other specifically identified purposes; or

• where you have given your consent.

As the Trustee needs help from various advisers to properly administer the Scheme, we share personal data with the following:

• your current, past or future employer which may include group companies which are based outside the EEA. Where data is sent outside the EEA, appropriate safeguards are put in place to ensure that your data is kept secure. If your data is being transferred outside of the EEA (for example if you are working in a different country), your employer will be responsible for providing you with information about this and the safeguards that will be in place

• your past pension schemes/providers to query any information that is held

• the Scheme’s professional advisers, including the Scheme actuary, auditor, medical advisers, investment adviser and lawyers

• the third parties who are responsible for the day-to-day administration of the Scheme on behalf of the Trustee including tracing agents and existence checkers

• HM Revenue & Customs and other legal/statutory bodies (such as the Pensions Ombudsman, the Pensions Regulator and the UK Courts) – the Trustee can be fined and subject to other action if it fails to provide certain information to these authorities

• the advisers and printers who help us prepare various communications we send to you, such as the annual benefit statement

• our appointed insurance company or companies for the purposes of life insurance and additional voluntary contributions

• depending upon how we pay pensions, the personal data we have to supply in order to effect a BACS transfer (the Bankers’ Automated Clearing Service) or CHAPS (the Clearing House Automated Payment System) in the UK and/or a payment via HSBC when pensions are being paid overseas

How Long we keep Personal Data for

We must keep all personal data safe and only hold it for as long as necessary. To meet the requirements of both UK tax and pensions law, we must keep certain personal data (for example, details about the date a member joins the Scheme, their name and address, and details of benefits paid) for a minimum of 6 years. But, given the nature of pension schemes, the Trustee may be required to keep some of your personal information for the rest of your life.

However, we review the personal data held in relation to the Scheme on a regular basis in accordance with our data retention schedule. If we conclude that certain personal data is no longer needed, that personal data will generally be destroyed.

Your Rights

You have the right to see personal data that is held about you and a right to have a copy provided to you, or someone else on your behalf, in a machine readable (namely, digital) format.

If at any point you believe that the personal data we hold about you is inaccurate/wrong, you can ask to have it corrected.

You can require the Trustee to restrict/limit the processing of your personal data in certain circumstances, for example, whilst a complaint about its accuracy is being resolved.
You can object to your personal data being processed, although the Trustee can override this objection in specific instances where they have a legitimate interest in processing that information.

Where you have given us your consent to processing your personal data, you can withdraw that consent at any time by notifying us (see “Who to contact” below). It may be possible for the Trustee to continue processing your personal data where this is justified.

You can request that your personal data is deleted altogether although the Trustee can override this request in certain circumstances.

You should be aware that taking any of the above steps could impact on the payment of your benefits and/or your participation in the Scheme and/or our ability to answering questions relating to your benefits.

Information will generally be provided to you free of charge, although the Trustee can charge a reasonable fee in certain circumstances.

**Who to Contact about your Personal Data**

If you wish to:

- see your personal data or to exercise any of the rights mentioned above
- make a complaint about how we have handled your personal data

Please contact the Scheme Secretary or Pensions Manager by emailing ukpensions@airbus.com

**Making a Complaint to the Information Commissioner’s Office**

If you are not satisfied with our response to any query you raise with us, or you believe we are processing your personal data in a way which is inconsistent with the law, you can complain to the Information Commissioner’s Office whose helpline number is: 0303 123 1113.

**Updates to this Notice**

This notice is the latest version as at 06 February 2018. This notice will be updated from time to time. You will be able to see the latest version at [http://www.airbus.com/company/uk-pensions.html](http://www.airbus.com/company/uk-pensions.html)
Trustees and Pensions Consultative Committee

The Pensions Consultative Committee (PCC) is made up of elected members of the Scheme to represent the views of the wider membership. The Company and Trustees often use the PCC to discuss potential changes to the Scheme and likewise, the PCC uses the forum as an opportunity to feed back any ideas that have been raised by Scheme members. The PCC meets regularly to discuss topical issues both within the Scheme and on wider pension industry issues.

There have been recent elections in Portsmouth and Filton. Below is a list of PCC members and the constituencies they represent as at May 2018:

<table>
<thead>
<tr>
<th>Name</th>
<th>Constituency</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>David Hobbs</td>
<td>Brize Norton, Oxford</td>
<td>PCC Member</td>
</tr>
<tr>
<td>Vacancy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matthew Johnson</td>
<td>Broughton</td>
<td>PCC Member</td>
</tr>
<tr>
<td>Phil Wadley</td>
<td>Corsham, Hawthorn, Poynton, Oakhanger</td>
<td>Chairman of the PCC</td>
</tr>
<tr>
<td>Vacancy</td>
<td>Farnborough</td>
<td>PCC Member</td>
</tr>
<tr>
<td>Tracey Blythe</td>
<td>Filton</td>
<td>PCC Member</td>
</tr>
<tr>
<td>Richard Ware</td>
<td>Filton</td>
<td>PCC Member</td>
</tr>
<tr>
<td>Tim Gilbert</td>
<td>Guildford SSSL</td>
<td>PCC Member</td>
</tr>
<tr>
<td>Steve Chafer</td>
<td>Guildford, Leicester, Newcastle, Strand</td>
<td>Trustee</td>
</tr>
<tr>
<td>Craig Musker</td>
<td>Newport</td>
<td>PCC Member</td>
</tr>
<tr>
<td>Ian Westall</td>
<td>Pensioners</td>
<td>Trustee</td>
</tr>
<tr>
<td>Guy Newham</td>
<td>Portsmouth</td>
<td>PCC Member</td>
</tr>
<tr>
<td>Steve Parker</td>
<td>Portsmouth</td>
<td>Trustee</td>
</tr>
<tr>
<td>Denise Chappell</td>
<td>Stevenage</td>
<td>PCC Member</td>
</tr>
<tr>
<td>Mick Sheahan</td>
<td>Stevenage</td>
<td>PCC Member</td>
</tr>
</tbody>
</table>

The PCC welcomes contact from members across the Scheme and encourages you to get in touch with any feedback, questions or comments that you may have.

Changes to the Trustee Board

In September 2017, Steve Parker was re-elected unopposed to his position as a Member Nominated Trustee.

In December 2017, Keith Davies resigned from his post on the Trustee Board and was replaced by Ed Rackham.

Due to the Cassidian Merger, two new Trustees will be added to the Board with effect from the June meeting. Karen Thomas will be the Company Nominated Trustee and Paddy Francis will be the Member Nominated Trustee.

Trustee and Advisers

<table>
<thead>
<tr>
<th>Name</th>
<th>Role/Consultant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trustee</td>
<td>Airbus Group Pension Scheme Trustees Limited</td>
</tr>
<tr>
<td>Trustee Board of Directors</td>
<td>Bill Newman (Chairman) – Independent</td>
</tr>
<tr>
<td></td>
<td>Steve Chafer – Member Nominated Director</td>
</tr>
<tr>
<td></td>
<td>Nigel Ede – Airbus Defence and Space</td>
</tr>
<tr>
<td></td>
<td>Steve Parker – Member Nominated Director</td>
</tr>
<tr>
<td></td>
<td>Ed Rackham – Airbus Operations</td>
</tr>
<tr>
<td></td>
<td>Ian Westall – Member Nominated Director</td>
</tr>
<tr>
<td></td>
<td>Marcus Wilhelm – Airbus Group</td>
</tr>
<tr>
<td>Principal Employer</td>
<td>Airbus Defence and Space Limited</td>
</tr>
<tr>
<td>Head of Pensions &amp; Secretary to the Trustee</td>
<td>Clive Bugeja – Airbus Group Limited</td>
</tr>
<tr>
<td>Pensions Manager</td>
<td>Laura Millard – Airbus Group Limited</td>
</tr>
<tr>
<td>Scheme Actuary</td>
<td>Adam Boyes – Willis Towers Watson Limited</td>
</tr>
<tr>
<td>Administrator</td>
<td>Willis Towers Watson Limited</td>
</tr>
<tr>
<td>Auditors</td>
<td>Ernst &amp; Young LLP</td>
</tr>
<tr>
<td>Banker</td>
<td>HSBC Bank</td>
</tr>
<tr>
<td>Investment Consultant</td>
<td>Lane Clark &amp; Peacock LLP</td>
</tr>
<tr>
<td>Defined Contributions/AVC/Retirement Account Provider</td>
<td>Legal &amp; General Assurance Society Limited</td>
</tr>
<tr>
<td>Solicitors and Legal Adviser</td>
<td>Sacker &amp; Partners LLP</td>
</tr>
</tbody>
</table>
Helping us to Help You

Although the primary focus of the Scheme is to help you provide and plan for your retirement, there are other benefits to being in the Scheme. Some of these are explained in more detail on this page.

Protection for You and Your Family

As part of your membership within the Scheme, you are covered for life assurance. If you were to die while still employed by an Airbus Group company and paying into the Scheme, your beneficiaries would receive some money. The amount of money depends on which Schedule you are in.

You can help the Trustee decide who will receive the benefits payable on your death by completing your expression of wish by logging onto the ePA system.

Even if your personal circumstances are straightforward, we recommend you let the Trustee know your wishes. For example, a married member with two children may wish the Trustee to pay 50% of the benefit to their partner and to split the remainder between the children. You should complete a replacement form if your circumstances change. When there is no Expression of Wish form, the Trustee is then often required to make detailed enquiries into your personal circumstances which may cause distress to your beneficiaries. Only a third of Plan members have completed an Expression of Wish, so if you are part of the two thirds who haven’t, please consider filling one in today.

Plan Website

www.airbusgroup.com/int/en/uk-pensions/uk-retirement-plan

Legal and General Website

Do you have a Retirement Account or AVCs? If so, did you know that you can visit the Legal & General (L&G) website at any time to find out more about your pot? Just go to www.landg.com/airbus If you register for ‘Manage your Account’ you can:

- Monitor your Retirement Fund and follow the performance of your investments
- View and change where your Retirement Fund is invested
- View factsheets of all the available investment options
- Check what contributions have been paid into your Retirement Fund
- If you have other products with L&G you can monitor these via Manage Your Account too
- View and use modellers to see how saving more or working for longer could improve your fund at retirement

The L&G site also has links to the members booklet and investment guide. You can also view a number of videos which can help you plan for retirement.

ePA for Active Members

Active members have access to the online administration system called ePA which can be accessed via https://epa.towerswatson.com/doc/AST/login.htm

ePA is a very useful tool and can be used for:

- Producing retirement quotes
- Viewing past annual benefit statements
- Updating your expression of wish

Please note that ePA is not available for deferred members.
Scheme Contacts

**Scheme Website**
www.airbus.com/company/uk-pensions.html

**Scheme Email Address**
ukpensions@airbus.com

The on-line administration site, ePA, can be found at:
https://epa.towerswatson.com/doc/AST/login.htm

The Legal & General Manage your Account site can be found at:
www.landg.com/manageyouraccount

If you have left employment you should contact Towers Watson to raise any queries about your pension at:

Airbus Group UK Pension Scheme
Towers Watson Limited, PO Box 545, Redhill, RH1 1YX

Tel: 01707 607618

E-mail: airbuspensions@towerswatson.com

If you have queries about the management of the Scheme or you require details of the dispute resolution procedure, please contact Laura Millard, Pensions Manager at:

Airbus Group Pension Scheme Trustees Limited
Gunnels Wood Road, Stevenage, SG1 2AS

Tel: 01438 773071

E-mail: laura.millard@airbus.com

The Department for Work and Pensions

Details or a personal quotation of your State pension can be obtained from www.thepensionservice.gov.uk or by phoning 0845 60 60 265.

**Independent Financial Advice**

The Airbus Group pensions team, the Trustee Directors, the PCC members and Legal & General are not authorised to give you financial or investment advice. To obtain impartial financial advice, members are advised to contact an Independent Financial Adviser (IFA).

You can find a list of the IFAs in your postal area by contacting IFA Promotion on 0117 971 1177 or visiting www.unbiased.co.uk

If you have difficulty reading this document you can obtain an audio copy by contacting the Pensions Manager.