AIRBUS GROUP UK PENSION SCHEME
TRUSTEE'S STATEMENT ON DC GOVERNANCE
YEAR ENDED 5 APRIL 2020

Introduction

This Statement has been prepared by Airbus UK Pension Trustee ('Trustee') in accordance with Regulation 23 of the Occupational Pension Scheme (Scheme Administration) Regulations 1996 and in compliance with the Defined Contribution ('DC') governance requirements in the Regulations for the year to 5 April 2020.

This Statement is incorporated into the Trustee's Annual Report which is available on request to members and beneficiaries of the Airbus Group UK Pension Scheme (the "Scheme") and members' appointed representatives. The appointed Chairman of the Trustee and the completion of this Statement will be confirmed in the annual return to the Pensions Regulator. The DC Statement of Investment Principles ("SIP") and Default Arrangement Statement of Investment Principles ("DASIP"), is attached to this document. The DASIP was reviewed and signed on 8 July 2019.

As required by the regulations, this Statement covers the process and considerations of the Trustee relating to the Scheme's DC Sections - Airbus Group UK Retirement Plan, Schedule 1 Retirement Accounts, and Schedule 1, 2 and 3 Additional Voluntary Contributions. It covers:

- Management of the Scheme's default investment arrangements
- Processing of core financial transactions
- Disclosure of fund charges
- Information regarding investment transaction costs
- 'Value for members' assessment
- The Trustee Directors’ knowledge and understanding

In addition to the minimum statutory requirements covered in this Statement, the Trustee has undertaken other activities throughout the year to ensure good governance for the Scheme. The Scheme year to 5 April 2020 has been a busy year and the Trustee has undertaken several key projects. In order to ensure that projects are managed effectively and the Trustee has an oversight of the work being undertaken by the Pensions Team, a Scheme Diary is presented to the Trustee Board at each quarterly meeting in addition to the strategic business plan.

Governance

The Trustee takes governance of the Scheme very seriously and follows the Pension Regulator’s Codes of Practice for practical advice and guidance. For example, during the Scheme Year the Trustee reviewed and amended its General Data Protection Regulations policy, Conflicts of Interest register, Trustee Training log the Gifts and Hospitality register and Trustee remuneration. These are listed in the Scheme diary for regular review to ensure that they are relevant and accurate. The Trustee also reviews the Scheme’s advisors and its own performance annually.

In addition to the Trustee's internal policies which are used to help run the Scheme, the Trustee reviewed the content of the Scheme's Risk Register, which was amended as necessary, and the register of controls - both of which were presented at each Trustee meeting.

The Trustee can confirm that all regulatory submissions required of the Scheme (such as the Event Report, Scheme Return, Declarations of Compliance and Quarterly Tax Submissions) were completed and submitted accurately and within the reporting deadlines.

The Trustee has kept abreast of regulatory requirements (see page 15). External support from various professional advisers has been sought and the Trustee remains confident that it is taking a proportionate, practical and rational approach to the regulations that the Scheme is required to follow.
Member Engagement

Member engagement is a key priority for the Trustee, which acknowledges the challenges that all pension schemes face in this area. The Trustee has undertaken a project to update the Scheme's website to ensure that it remains member-friendly, easy to understand and provides the correct information. The Trustee will continue to work with the Company, which hosts the website; a refresh was undertaken in August 2020.

The Scheme offers a matching contributions structure for members, where within 3 months of joining the Scheme or each April thereafter they can increase their employee contribution and benefit from the enhanced employer contribution. The April 2020 opportunity was taken up by 237 respondents, of which 87% elected to increase their contribution levels to the maximum matched amount.

The Airbus Pensions Team has continued its work on a communications plan to raise awareness of pensions generally, promote the help and support that is available to Scheme members and generally to improve knowledge of pensions in both the wider business and with members. The Trustee acknowledges that cost and scalability of engagement is key and is supportive of the objective to 'help people to help themselves'. The activities undertaken during the Scheme Year have included:

- Personal letters are sent to all members over age 50 at 5-yearly intervals to inform them about their retirement options
- In Quarter 1 2020, reminders were sent to members who have not provided the Trustee with an Expression of Wish nomination in respect of their life cover
- Continued roll out of some roadshows and face-to-face interaction
- Preferential fees structure was negotiated with Legal & General for members who choose to transfer to the Legal & general Drawdown Master Trust at retirement
- Easy access to a financial advisory service with LV= has been made available to members at retirement
- The Trustee has supported these initiatives with enthusiasm and recognises that these challenges will be ongoing.
Management of the Scheme’s Default Investment Arrangements

**Default for Airbus Group UK Retirement Plan**

The Scheme is used as a Qualifying Scheme for automatic enrolment purposes.

The Trustee makes a range of investment options available to Scheme members. Employees who join the Airbus Group UK Retirement Plan who do not choose an investment option are placed into the Airbus Drawdown Lifestyle (the "Default").

The Trustee recognises that most Scheme members do not make active investment decisions and instead invest in the Default. After taking advice, the Trustee decided to make the Default a ‘lifestyle’ strategy, which means that members’ assets are automatically moved between different investment funds as they approach their target retirement date.

**Default for Airbus Group UK Pension Scheme**

The Default for the members of the Airbus Group UK Pension Scheme (Schedules 1, 2 and 3) who have a Retirement Account or AVCs is designed to target taking a cash sum at retirement. Based on Scheme experience, the Trustee still believes that most members in these Schedules will take their DC benefits in cash and therefore agree that this remains the most appropriate strategy. As a result, the Default for these members is the ‘Airbus Cash Lifestyle’.

The Trustee is responsible for investment governance, which includes setting and monitoring the investment strategy for the Defaults.

Details of the objectives and the Trustee’s policies regarding the default arrangement can be found in the ‘Statement of Investment Principles’ ("SIP"). The Scheme’s SIP covering the default arrangement(s) is attached to this document.

**Overview of the Scheme’s Default Investment Arrangements**

**Airbus Drawdown Lifestyle**

The default lifestyle strategy (Airbus Drawdown Lifestyle) for Schedule 4 and 5 members who do not wish to make their own choices is set out in the diagram below:
AIRBUS GROUP UK PENSION SCHEME
TRUSTEE’S STATEMENT ON DC GOVERNANCE (continued)
YEAR ENDED 5 APRIL 2020

Airbus Cash Lifestyle

The Airbus Cash Lifestyle is the default option for members of Schedule 1 (Retirement Accounts) and Schedules 1, 2 and 3 (AVCs). It is set out in the diagram below:

![Cash Lifestyle Diagram]

Airbus Annuity Lifestyle

In addition to the default arrangements, members also have the option to invest in one other lifestyle, targeting annuity purchase. It is set out in the diagram below:

![Annuity Lifestyle Diagram]
Default for Airbus Group UK Retirement Plan

The Trustee recognises that most members do not make active investment decisions and instead invest in the Default. After taking advice, the Trustee decided to make all of the Defaults adopt a lifestyle strategy, which means that members’ assets are automatically moved between different investment funds as they approach their target retirement date.

All of the Lifestyle funds use the same ‘growth’ strategy until 15 years before the member’s selected retirement date, after which, each gradually diverges into different asset classes, depending on the target retirement outcome chosen. This approach ensures consistency during the initial growth phase.

All Scheme members can choose a different lifestyle fund to their designated default, or select a range of self-select funds.

Full details of the current default funds and other self-select funds that are available to members are described in the latest DC Statement of Investment Principles for the Default Fund and DC Statement of Investment Principles. Both documents have been prepared in accordance with regulation 2A of the Occupational Pension Scheme (Investment) Regulations 2005.

The Default Strategies are reviewed at least every three years; the latest review was started in January 2020 and is expected to be concluded in quarter 4 2020. The performance and strategy of the Defaults were reviewed to ensure that investment returns (after deduction of any charges) have been consistent with the aims and objectives of the Defaults as stated in the SIP and DASIP, and to check that it continues to be suitable and appropriate, given the Scheme’s risk profile and membership. The Trustee is satisfied that the Defaults remain appropriate; however, there are proposed changes being considered with the help of the Scheme’s external investment advisers. These are:

- Changes to the global equity allocation across both defaults in order to help diversify the long term expected return of the global equity allocation, by reducing the exposure to UK equities; and
- Amending the allocation to cash by introducing an exposure to short-dated credit.

The Scheme’s SIP, which originally included details of the default arrangements, was signed on 11 December 2017. Since then it has been reviewed and the details of the default arrangements were integrated into a new Default SIP. This was signed on 8 July 2019 and is an appendix to this annual report. The SIP will be reviewed and updated at least every three years and whenever there is a significant change in investment policy.

The Trustees’ Statement on DC Governance and the SIPs will be available on the Airbus Group UK Pension Scheme Website www.airbus.com/company/uk-pensions.html from 1 October 2020 in line with the statutory requirements.

The Scheme’s fund performance is monitored by the Trustee at quarterly Board Meetings to ensure continued suitability and to discuss potential changes, where required. These reviews include an analysis of fund performance to check that the risk and return levels meet expectations. In January 2020 the Trustee undertook a full review of the Scheme’s investment strategy to ensure the lifestyle strategies and self-select fund range remain fit for purpose. Following the review, the Trustee has agreed to make changes to the equity and cash allocations in late 2020/early 2021. The Trustee is satisfied that the performance of the default investment funds has met the aims and objectives for the different groups of members that these funds represent.
The aims and objectives of the default arrangements, as stated in the SIP, are as follows:

- To provide members with access to the default investment option that the Trustee believes to be reasonable for those members that do not wish to make their own investment decisions.
- To generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments near retirement.
- Have an asset allocation at the target retirement date that is appropriate and consistent with how most members are expected to take their retirement savings.

**Processing of Core Financial Transactions**

The processing of core financial transactions is carried out by the Scheme's administrator, Legal & General (L&G). Core financial transactions include (but are not limited to):

- Receipt and investment of contributions
- Processing of transfers in and out of the Scheme,
- Transfers of assets between different investments within the Scheme, and
- Payments to members/beneficiaries.

The Trustee has received assurance from L&G that there are adequate internal controls to ensure that core financial transactions for the Scheme have been processed promptly and accurately.
The Trustee has a service level agreement ("SLA") in place with L&G which covers the accuracy and timeliness of all core financial transactions. The key processes adopted and used by L&G to help it meet the SLA are as follows:

- Full reconciliations are taken on every transaction both into and out of L&G. To do this it uses a 'Strategic Reconciliation Tool' which is monitored daily.
- For monies coming into the DC Section, a fully automated check is completed daily to ensure the money on the contribution file matches the money allocated to members' plans via 'straight through processing'. All money going out of the DC Section is 100% peer checked and authorised by a senior member of staff, prior to any disinvestment.
- L&G operates a robust review process, which is audited by the Trustee's auditors on an annual basis. In addition, L&G issues an annual Audit and Assurance Faculty report that details the controls and procedures in place.
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- Investment of contributions - investment instructions are issued to the investment managers within five working days of receipt of final contributions.
- Transfers of members' assets out of the Scheme - disinvestment instructions are issued within ten working days of receipt of completed transfer out documentation.
- For payments from the Scheme to, or in respect of members, a disinvestment instruction in respect of the member’s designated account in normal course of events is issued up to ten working days prior to normal retirement date, or up to ten working days after receipt of written confirmation from the member. A disinvestment will not be made until confirmation has been received from the member which enables benefits to be paid in a timely manner. Payments in relation to death benefits are treated in a similar manner to retirements, but a disinvestment instruction is issued within five working days of the Trustees confirming who should receive benefits.
- The Trustee monitored this by reviewing the SLAs in L&G's quarterly governance report. Over the assessment period, there was one error where overseas members were unable to complete a fund switch, due to a system issue affecting all overseas policyholders. This issue has since been resolved and the Trustee has been updated. The SLAs were consistently met, with a few minor exceptions in areas such as issuing maturity packs and customer updates and enquires. No systematic failings were found. L&G provides the Scheme with a dedicated 'Key Account Manager' who has technical knowledge of the Scheme. The relationship with this individual has helped to identify potential issues quickly and to resolve them efficiently.

The Airbus Pensions Team also holds quarterly administration meetings with L&G, which provides updates on SLAs and identifies any themes in queries from members, so that they can be analysed and addressed. In addition, the parties work together to identify processes where improvements can be made and to provide an enhanced level of customer service. An example of this was when a vulnerable member complained to L&G about the delay in accessing their fund value. Airbus was made fully aware of the issue and both Airbus and L&G worked together to ensure that the request was subsequently dealt with quickly. A further payment of £300 was made to the member for their trouble.

The Scheme's external auditor independently tests a contribution sample from all participating employers for accuracy and timeliness.
Any issues identified by the Trustee as part of its review processes at Trustee meetings is raised with L&G immediately, and steps are taken to resolve these.

Based on its review processes, the Trustee is therefore satisfied that over the period covered by this Statement:

- L&G was operating appropriate procedures, checks and controls, and operating within the agreed SLA;
- there have been no administration issues in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately during the Scheme year.

**Disclosure of Fund Charges**

The Trustee is required to set out the on-going charges incurred by members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio (TER). The TER is paid by the members and is reflected in the unit price of the funds.

The charges and transaction costs have been supplied by L&G, which is the Scheme’s platform provider. All transaction cost data has been obtained from L&G and none is outstanding.

When preparing this section of the Statement the Trustee has taken account of the relevant statutory guidance. Due to the way in which transaction costs have been calculated, it is possible for figures to be negative; since transaction costs are unlikely to be negative over the long term the Trustee has shown any negative figure as zero.

The charges on all funds within the Airbus Group UK Pension Scheme comprised a fixed administration charge of 0.14%pa and a fund management charge which differs between funds.

The Trustee is also required separately to disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the Scheme’s fund managers buy and sell assets within investment funds but are exclusive of any costs incurred when members invest in and switch between funds.

It should be noted that for all members of Schedule 4 and members of Schedules 1, 2 and 3 with a Retirement Account or AVCs, members bear the cost of the administration charge. For the Schedule 5 members, it was agreed as part of the Cassidian transfer that the Company would pay the administration charge.

**Default arrangements**

For members in the Airbus Group UK Retirement Plan, the Default is the Airbus Drawdown Lifestyle.

For members within the Airbus Group UK Pension Scheme, the default investment strategy is the Airbus Cash Lifestyle.
The Defaults have been set up with lifestyle approaches, which means that members’ assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement age and in which funds they are invested.

For the period covered by this Statement, annualised charges and transaction costs are set out in the following tables.

Airbus Drawdown Lifestyle

<table>
<thead>
<tr>
<th>Years to Target Retirement</th>
<th>Total TER (incl. 0.14% admin charge)</th>
<th>Transaction costs (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15+</td>
<td>0.24</td>
<td>0.01</td>
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<tr>
<td>10</td>
<td>0.26</td>
<td>0.01</td>
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<tr>
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<td>0.28</td>
<td>0.01</td>
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<tr>
<td>0</td>
<td>0.28</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Airbus Cash Lifestyle

<table>
<thead>
<tr>
<th>Years to Target Retirement</th>
<th>Total TER (incl. 0.14% admin charge)</th>
<th>Transaction costs (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15+</td>
<td>0.24</td>
<td>0.01</td>
</tr>
<tr>
<td>10</td>
<td>0.26</td>
<td>0.01</td>
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<tr>
<td>5</td>
<td>0.28</td>
<td>0.01</td>
</tr>
<tr>
<td>0</td>
<td>0.23</td>
<td>0.00</td>
</tr>
</tbody>
</table>

The charges for the default investment funds remain within the criteria set for a qualifying scheme for automatic enrolment.

Self-Select options

In addition to the default arrangements, members also have the option to invest in one other lifestyle, targeting annuity purchase and several other self-select funds. The annual charges for this lifestyle during the period covered by this Statement are set out in the tables below.

Airbus Annuity Lifestyle

<table>
<thead>
<tr>
<th>Years to Target Retirement</th>
<th>Total TER (incl. 0.14% admin charge)</th>
<th>Transaction costs (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15+</td>
<td>0.24</td>
<td>0.01</td>
</tr>
<tr>
<td>10</td>
<td>0.26</td>
<td>0.01</td>
</tr>
<tr>
<td>5</td>
<td>0.28</td>
<td>0.01</td>
</tr>
<tr>
<td>0</td>
<td>0.23</td>
<td>0.04</td>
</tr>
</tbody>
</table>
The level of charges for each self-select fund (including those used in the Defaults) and the transaction costs over the period covered by this Statement are set out in the following table. The underlying funds used within the Defaults are shown in **bold**.

<table>
<thead>
<tr>
<th>Fund name</th>
<th>Total AMC (incl. 0.14% admin. charge)</th>
<th>Transaction Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>L&amp;G Global Equity Fixed Weights (50:50) Index Fund</td>
<td>0.24</td>
<td>0.01</td>
</tr>
<tr>
<td>L&amp;G AAA-AA-A Corporate Bond Over 15 Year Index</td>
<td>0.26</td>
<td>0.00</td>
</tr>
<tr>
<td>L&amp;G Over 15 Year Gilts Index Fund</td>
<td>0.22</td>
<td>0.05</td>
</tr>
<tr>
<td>L&amp;G Over 5 Year Index Linked Gilts Fund</td>
<td>0.22</td>
<td>0.12</td>
</tr>
<tr>
<td>L&amp;G UK Equity Index Fund</td>
<td>0.24</td>
<td>0.00</td>
</tr>
<tr>
<td>L&amp;G World (ex UK) Equity Index Fund</td>
<td>0.26</td>
<td>0.00</td>
</tr>
<tr>
<td>L&amp;G World Emerging Markets Equity Index Fund</td>
<td>0.39</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>L&amp;G Diversified Fund</strong></td>
<td>0.42</td>
<td>0.00</td>
</tr>
<tr>
<td>L&amp;G Property Fund</td>
<td>1.05</td>
<td>0.00</td>
</tr>
<tr>
<td>HSBC Islamic Global Equity Index Fund</td>
<td>0.49</td>
<td>0.03</td>
</tr>
<tr>
<td>LGIM Ethical Global Equity Index Tracker</td>
<td>0.44</td>
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</tr>
<tr>
<td>L&amp;G Cash Fund</td>
<td>0.23</td>
<td>0.00</td>
</tr>
<tr>
<td>L&amp;G Pre-Retirement Fund*</td>
<td>0.26</td>
<td>0.00</td>
</tr>
<tr>
<td>L&amp;G PMC Invesco Perpetual Global Targeted Returns*</td>
<td>0.89</td>
<td>0.41</td>
</tr>
<tr>
<td>L&amp;G PMC Veritas Global Focus Fund*</td>
<td>1.03</td>
<td>0.08</td>
</tr>
</tbody>
</table>

**Information Regarding Investment Transaction Costs**

The following tables illustrate the impact of charges and transaction costs on the projection of an example member’s pension savings. In preparing this illustration, the Trustee has had regard to the relevant statutory guidance.

The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.

The transaction cost figures used in the illustration are those provided by the managers over the last year, subject to a floor of zero (so the illustration does not assume a negative cost). We have used the average annualised transaction costs over the past year as this is the longest period over which figures were available.

- The illustrations are shown for the Airbus Drawdown Lifestyle and Airbus Cash Lifestyle, since these are the arrangements with the most members invested in it, as well as four funds from the Scheme’s self-select fund range. The four self-select funds shown in the illustration are:
  - the fund with the highest before costs expected return - this is the L&G World Emerging Markets Equity Index
  - the fund with the lowest before costs expected return - this is the L&G Over 5 Year Index Linked Gilts Index
  - the fund with highest annual member borne costs - this is the L&G Property Fund
  - the fund with lowest annual member borne costs - this is the L&G Cash Fund
## Drawdown Lifestyle

**Projected pension pot in today's money**

<table>
<thead>
<tr>
<th>Years invested</th>
<th>Default option Before costs</th>
<th>L&amp;G World Emerging Markets Equity Index Before costs</th>
<th>L&amp;G Over 5 Year Index Before costs</th>
<th>Linked Gilts Index Before costs</th>
<th>L&amp;G Property Fund Before costs</th>
<th>L&amp;G Cash Fund Before costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>£8,300</td>
<td>£8,400</td>
<td>£8,100</td>
<td>£8,300</td>
<td>£8,200</td>
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<tr>
<td>3</td>
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<tr>
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<tr>
<td>20</td>
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<td>£85,700</td>
<td>£134,000</td>
<td>£91,200</td>
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## Cash Lifestyle

**Projected pension pot in today's money**

<table>
<thead>
<tr>
<th>Years invested</th>
<th>Default option Before costs</th>
<th>L&amp;G World Emerging Markets Equity Index Before costs</th>
<th>L&amp;G Over 5 Year Index Before costs</th>
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<th>L&amp;G Property Fund Before costs</th>
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Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.

- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.

- Annual salary growth and inflation are assumed to be 2.5%. Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.

- The starting pot size used is £5,100. This is the approximate average (median) pot size for active members aged 30 years and younger (rather than using a whole membership average, we have taken this approach to give a more realistic 40-year projection.

- The projection is for 40 years, being the approximate duration that the youngest scheme member has until they reach the scheme's Normal Pension Age.

- The starting salary is assumed to be £31,200. This is the approximate median salary for active members aged 30 or younger.

- Total contributions (employee plus employer) are assumed to be 10.0% of salary per annum.

- The projected annual returns used are as follows:
  - Drawdown default option: 1.9% above inflation for the initial years, gradually reducing to a return of 0.2% above inflation at the ending point of the lifestyle.
  - Cash default option: 1.9% above inflation for the initial years, gradually reducing to a return of -1.8% below inflation at the ending point of the lifestyle.
  - L&G World Emerging Markets Equity Index: 2.5% above inflation
  - L&G Over 5 Year Index Linked Gilts Index: -1.8% below inflation
  - L&G Property Fund: 1.2% above inflation
  - L&G Cash Fund: -1.8% below inflation

- No allowance for active management outperformance has been made.

The bespoke statements can be found on the Airbus Group UK Pension Scheme Website www.airbus.com/company/uk-pensions.html

The Trustee has taken an interest in the Environmental, Social and Governance (ESG) aspects of fund management. The Trustee has proactively met with the fund managers to ensure that its strategy is in line with the Trustee's priorities and is being promoted. The Trustee is pleased to note that the active and engaged approach of the fund managers towards ESG meets their requirements. The SIP details the Trustee's approach to ESG and Stewardship.
Value for Members Assessment

The Trustee is required to assess the extent to which member-borne charges and transaction costs represent good value for members. There is no legal definition of 'good value' which means that determining this is subjective. The general policy of the Trustee in relation to value for member considerations is set out below.

The Trustee reviews all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Scheme. Member-borne charges were reviewed over the Scheme year on 24 January 2020, with an update to this review occurring on 4 June 2020. The Trustee notes that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment.

The Trustee's assessment included a review of the performance of the Scheme's investment funds (after all charges and transaction costs) in the context of their investment objectives. The returns on the investment funds members can choose during the period covered by this statement have been consistent with their stated investment objectives.

The Trustee believes the transaction costs provide value for members, as the ability to transact forms an integral part of the investment approaches and expect this to lead to greater investment returns net of costs over time. All members except Schedule 5 members, bear the cost of the administration charges, but overall charges remain competitive when compared to similar sized bundled schemes. For the Schedule 5 members, it was agreed as part of the Cassidian transfer that the Company would pay the administration charge.

In carrying out the assessment, the Trustee also considers other benefits members receive from the Scheme but do not pay for, which include:

- the oversight and governance of the Trustee, including ensuring the Scheme is compliant with relevant legislation, and holding regular meetings to monitor the Scheme and addressing any material issues that may impact members. The conclusion of the VFM analysis ranked this governance and oversight as very good and accorded to the Trustee's commitment to running the Plan.

- the design of the default arrangements and how this reflects the interests of the membership as a whole. This was ranked as very good in the conclusion of the VFM analysis. The default investment strategies target drawdown and cash at retirement, depending on which section of the Scheme members are in, which is suitable for the majority of members within the respective sections. The default strategies are broadly achieving their stated performance objectives.

- the range of investment options and strategies. This was ranked as very good. Members are offered multiple lifestyles, each targeting a different retirement option. The self-select fund range is broad, appropriate, not duplicated, and gives access to a number of specialist asset classes.

- the quality of communications delivered to members. This was ranked as good. Communications are clear, tailored and informative, however it was identified that there needs to be additional, or more regular communications and "nudges" to increase member engagement.

- the quality of support services, such as the Scheme website where members can access fund information online. This was ranked as very good. There is a flexible contribution structure in place with strong employer matching contributions.
• the Scheme design including the Company commitment to the Scheme, and level and flexibility of contribution structures. This was ranked as very good. The Company and Trustee's commitment to the Plan is strong and demonstrated in the design and contribution structure.

• the 'At retirement' options. This was ranked as very good. The Scheme offers all the flexible retirement options, including access to a Master Trust where transfers away from the Scheme can be made efficiently.

• the efficiency of administration processes and the extent to which L&G met or exceeded its SLAs. This was ranked as very good and carried out as detailed in the earlier section covering the processing of core financial transactions. The Trustee is comfortable with the quality and efficiency of the administration processes provided by L&G and believes it to be of a high standard.

Overall, the Trustee is confident that members of the Airbus Group UK Pension Scheme are receiving very good value for money for the charges and cost that they incur, for the reasons set out in this section. The Trustee aims to improve value for members in future by improving the frequency of communications for members to increase member engagement and continuing to maintain the high standards in other areas as it has demonstrated to date.

The Trustee Directors’ Knowledge and Understanding

The Scheme's Trustee Directors are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. The Trustee has measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

The Trustee has a comprehensive Trustee knowledge and understanding policy and all Trustee Directors have completed the Pension Regulator's Trustee Toolkit. Training opportunities are provided throughout the year to ensure competency is maintained. The in-house training comprises of a set structure where the Pensions Consultative Committee, which comprise elected member representatives from across the Scheme, are invited to join some parts of a 3 day training course run for the Trustee Directors. This allows for Company Nominated Trustees, Member Nominated Trustees and prospective Member Nominated Trustees to combine their learning efforts where appropriate. Sessions that have more technical content are also held for the benefit of the Trustee Directors. Following the VFM assessment, the Trustee knowledge reported is very good and robust governance processes are well established.

Most Trustee Directors also regularly attend conferences and seminars to keep up to date on current affairs and topics in the pensions arena. A record of attendance is kept centrally by the Secretary to the Trustee.

Each Trustee Director has an annual assessment and discussion each year with the Independent Trustee Chairman where areas for improvement are identified and actions are planned accordingly.

Each Trustee (excluding those who joined in the year to April 2019) has completed the PMI Award in Pension Trusteeship. The Secretary to the Trustee and the Head of Pensions also hold this qualification.
Various scenarios have risen throughout the year through individual member cases where a working knowledge of the Scheme (including the Trust Deed and Rules, the Statement of Investment Principles and various Trustee Policies) was evident. However, the cases also highlighted where the Trustee relied on expert knowledge (such as that from their legal advisers) to supplement their existing knowledge and come to a rational, justified and sound decision.

The Trustee Board also undertake an annual evaluation of the performance and effectiveness of the Board. A questionnaire devised by the Secretary to the Trustee (who uses the Law Debenture guides as a basis) is issued to (each) individual Trustee. The results are collated anonymously, and a discussion is held at the Q4 Trustee Board to discuss the results.

Considering the knowledge and experience of the Trustee Directors and the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment consultants, legal advisors), the Trustee believes it is well placed to exercise its functions as Trustee of the Scheme properly and effectively.

Signed for and on behalf of Airbus UK Pension Trustee

[Signature]

Chairman of Trustee Board

Date: 30 September 2020