



# Airways Pension Scheme

## Trustee's Report & Financial Statements

For the Year Ended 31 March 2025



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# Chair's Review

*As Chair of the Trustee Board of the Airways Pension Scheme (APS or the Scheme), I am pleased to present our annual report for the year ended 31 March 2025. This report provides information on your Scheme's funding, investment, governance and administration during the Scheme year.*

Chair's Review

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## Funding

The 31 March 2024 actuarial valuation was agreed with British Airways Plc (BA) in April 2025. It showed that the Scheme had a funding surplus of £153 million and a funding level of 103%. In other words, the Scheme's assets were more than sufficient to meet the estimated cost of paying all member benefits, based on a cautious set of assumptions.

As the Scheme is in surplus, BA is not required to make any deficit reduction contributions, and no Recovery Plan is needed. However, BA has agreed to make a contingent payment of up to £40 million available following the 2027 valuation, should it be needed to support the proposed package of discretionary increases as agreed between the Trustee and BA when settling their litigation in 2019 (Settlement Agreement).

The Trustee continues to closely monitor the funding position and the interim funding update as at 31 March 2025 is currently in progress.

The Trustee's Report on page 9 shows in more detail how the funding position has evolved over the last three years.

## Investment

The Scheme's long-term objective (LTO) as at 31 March 2025, is to deliver the guaranteed benefits plus full Retail Prices Index (RPI) based discretionary increases without significant risk, including to the funding position of the Scheme on the Agreed Valuation Basis. To support this LTO, the Trustee is maintaining high levels of interest rate and inflation rate hedging. You can find more details in our **Statement of Investment Principles**.

In December 2024, the Scheme entered into a longevity swap insurance transaction covering approximately £340m of liabilities. The insurance policy forms part of the Scheme's investment portfolio and will provide additional income to the Scheme if pensions need to be paid for longer than expected. This improves the long-term financial stability of the Scheme and supports its ongoing risk management strategy. More details about the longevity swap are available on the News section of the member website.

A substantial proportion of the Scheme's assets are now insurance contracts, including a buy-in policy and longevity swaps. The remaining non-insurance portion of the Scheme's assets broadly falls into two categories- liability-matching (which provides income to match the Scheme's expected benefit payments) and the liquidation portfolio (which consists of illiquid return-seeking assets that are being run off or sold as the Scheme looks to reduce its risk and further improve its liquidity).

You can read more about your Scheme's investments on pages 10 to 13.

## Discretionary increase award

Most pension increases in APS are determined each year by the Pensions Increase (Review) Orders (PIRO), which are currently based on the Consumer Prices Index (CPI). The standard Scheme increase based on PIRO for eligible pensions in April 2025 was 1.7%. For 2025, the Settlement Agreement with BA permitted the Trustee to award a discretionary increase of up to the full gap between RPI and the rate specified in the 2025 PIRO. The relevant rise in RPI was 2.7%. After considering all relevant circumstances, we awarded a discretionary increase to eligible pensions of 1.0%, representing the full difference between RPI and PIRO.

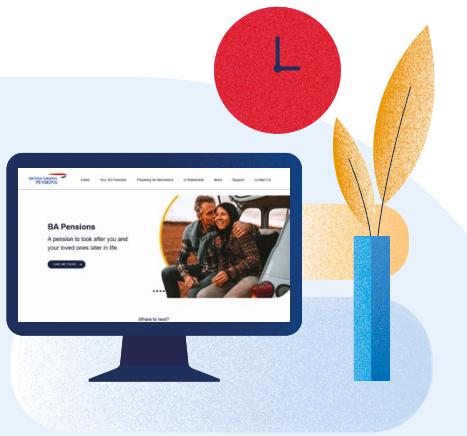
## Governance matters

We remain committed to ensuring that the Scheme is effectively managed and well governed in the best interests of members.

During the year, the Trustee refined the process for appointing member nominated Trustee Directors by introducing a verification panel interview stage before progressing to an election. The panel assesses each candidate's skills and suitability and has the power to exclude a candidate where it considers them unsuitable to fulfil the responsibilities of the role.

In addition, the Trustee has been reviewing the Scheme's policies and processes following the introduction of the General Code of Practice by The Pensions Regulator in March 2024. Work is also underway to prepare for the implementation of the Own Risk Assessment, which will form a key part of the Scheme's ongoing risk management framework.

You can find out more about the Scheme's governance in the Trustee's report on pages 14 to 16.



## Member administration

We successfully implemented a new administration platform and will soon launch a secure online portal for members as part of our ongoing commitment to improving our services.

The portal will give members greater control and flexibility, with a wide range of features designed to make managing your pension easier. You will be able to view your personal details, update your information, and access key documents at your convenience.

We encourage you to register for the portal and take advantage of the new services once they are available. We will contact you to explain the registration process in due course.

## GMP equalisation

We are pleased to confirm that Guaranteed Minimum Pension (GMP) equalisation has now been completed for all APS pensioners and dependants currently receiving benefits. This project aimed to correct historic differences in the way GMPs were calculated for men and women so that benefits are now paid on an equalised basis.

The administration processes have been updated to ensure that any future pension payments are equalised from the outset. Where members were due a back payment as a result of this work, we have already contacted them and made the necessary adjustments.

## Trustee Directors

There have been no new Trustee Director appointments or resignations since October 2020. BA reappointed Tim Richardson for a further term of office with effect from 1 October 2024. The terms of office for Paul Douglas and Frances Axford were due to end on 30 September 2025, but both were reappointed following a verification panel interview and election process. The terms of office for Ian Heath and Phil Hogg, originally set to end on 30 September 2025, have been extended by one year to 30 September 2026 to ensure continuity and retain experience. This continuity and stability, along with the broad expertise and diverse skills across the Board, places us in a strong position to continue delivering positive outcomes for our members.

## Acknowledgements

I would like to express my gratitude to my fellow Trustee Directors for their dedication and hard work over the past year. On behalf of the APS Trustee Directors, I would also like to thank our advisers and investment managers for their support and expertise and the BA Pensions team for their continued commitment to providing excellent service to our members and the Trustee Directors.

**Wayne Phelan**  
**For Vidett Trust Corporation Limited**  
**Chair of the Trustee**

23 September 2025

# Trustee Directors and Advisers

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**Trustee:** Airways Pension Scheme Trustee Limited (APSTL)

**Appointed by British Airways Plc (BA) (ENDs)**

**Vidett Trust Corporation Ltd**  
(Chair)  
Independent Trustee represented  
by **Wayne Phelan**

**Zoe Davis**  
Programme Director  
Corporate Development  
IAG

**Sarah Hunt**  
Director of Financial  
Services  
Aer lingus

**Timothy Richardson**  
Director of Property  
BA Plc

**Elected by pensioners/members (MNDs)**

**Frances Axford**  
Pensioner  
(Re-elected w.e.f. 1  
October 2025)

**Paul Douglas**  
Pensioner  
(Re-elected w.e.f. 1  
October 2025)

**Ian Heath**  
Pensioner

**Philip Hogg**  
Pensioner

**BA Pensions**

Administration and Trustee support - BA Pensions  
Vinny Ehzuvan - Chief Executive Officer, BA Pensions  
Monica Gupta - Scheme Secretary, BA Pensions

**Advisers\***

**Scheme Actuary**  
Adam Boyes, Towers Watson  
Limited, a WTW company

**Legal Adviser**  
Sacker & Partners LLP

**Investment Adviser**  
Redington

**Investment Manager**  
BlackRock Investment  
Management (UK) Ltd

**Banker**  
BNY Mellon

**External custodian**  
State Street Bank  
and Trust Co

**Auditor**  
KPMG LLP

\* In addition to the Scheme's principal advisers, the Trustee has appointed other advisers to provide advice on specific matters as required.

**Airways Pension Scheme - Pension Scheme Registry Number: 10057028**

For enquiries about the Scheme, members can get in touch using the 'Contact Us' form on the website: [www.mybapension.com/aps](http://www.mybapension.com/aps). Alternatively, they can write to British Airways Pensions, PO Box 2074, 8 Castle Street, Liverpool L69 2YL.

# Trustee's Report

*This report provides information about the management of the Scheme and provides more detail concerning the main activities undertaken during the year. There are sections on the funding position of the Scheme, investments, Scheme governance, Scheme changes, and pension administration matters.*

*The financial statements of the Scheme for the year ended 31 March 2025, as set out on pages 34 to 49, have been prepared and audited in accordance with Sections 41(1) and (2) of the Pensions Act 1995.*

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Trustee Directors and Advisers

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## Scheme funding position

At least every three years, the Scheme Actuary must carry out a formal actuarial valuation of the Scheme. This is a detailed financial review that helps to assess the health of the Scheme and determine whether any contributions are needed from the employer, British Airways (BA).

The agreement reached between the Trustee and BA on 8 April 2019 (known as the Settlement Agreement) sets out a framework, known as the Agreed Valuation Basis, through which the assumptions are considered for each actuarial valuation.

The most recent formal valuation was carried out as at 31 March 2024 and was finalised in April 2025.

In the years between formal valuations, the Scheme Actuary provides annual interim funding updates to help the Trustee and members understand how the Scheme's funding position is developing over time. The update as at 31 March 2025 is currently in progress.

The table below shows the Scheme's Technical Provisions funding position over the last three years:

|               | 31 March 2024<br>(£m) | 31 March 2023<br>(£m) | 31 March 2022<br>(£m) |
|---------------|-----------------------|-----------------------|-----------------------|
| Liabilities   | (5,087) <sup>1</sup>  | (5,546) <sup>2</sup>  | (6,961) <sup>2</sup>  |
| Assets        | 5,240                 | 5,785                 | 7,297                 |
| Surplus       | 153                   | 239                   | 336                   |
| Funding level | 103.0%                | 104.3%                | 104.8%                |

<sup>1</sup> Based on the technical provisions assumptions agreed between the Trustee and BA for the 31 March 2024 valuation, consistent with the Settlement Agreement (as subsequently amended).

<sup>2</sup> Based on the technical provisions assumptions agreed between the Trustee and BA at the 31 March 2021 valuation, updated by the Scheme Actuary to reflect the passage of time, changes in market conditions and to incorporate the latest published CMI core projections model that was available at the effective date, with its default parameters.

The 2024 actuarial valuation showed that the Scheme had a funding surplus of £153 million and a funding level of 103%. This means the Scheme's assets were more than sufficient to meet the estimated cost of paying all member benefits set under the Trust Deed and Rules, based on a cautious set of assumptions. The decrease in the surplus compared to the previous year was mainly due to the 2024 discretionary increase awarded.

As the Scheme is in surplus, BA is not required to make any deficit reduction contributions, and no Recovery Plan is needed. However, under the terms of the Settlement Agreement, BA has agreed to make a contingent payment of up to £40 million available in 2027, should it be needed to support the proposed package of discretionary increases.

The Trustee continues to closely monitor the funding position. The Scheme has remained in surplus since 31 March 2024, however, the surplus has decreased mainly due to the 2025

discretionary increase awarded. To help protect the Scheme from future financial shocks, the Trustee maintains high levels of interest rate and inflation rate hedging.

Before the Settlement Agreement, the Trustee had appointed PwC to advise the Trustee on the strength of the employer covenant i.e. BA's ability to support the Scheme. Since July 2019, the Trustee has decided that detailed external covenant advice is not a proportionate use of Scheme resources. This reflects the Scheme's strong funding surplus, minimal reliance on future contributions from BA, low-risk investment strategy supported by substantial insurance, and high levels of interest rate and inflation hedging. The Trustee continues to monitor the employer covenant using publicly available information and keeps the appropriateness of these arrangements under review.

# Scheme investment

## Review of the year to March 2025

The 12 months leading up to 31 March 2025 were marked by significant political and economic uncertainty. Despite this, stock markets delivered positive returns, supported by strong labour markets, higher government spending, and lower central bank policy rates.

Falling inflation set the tone for markets over the summer of 2024. UK retail price inflation dropped below 3.5% in early 2024 as post-COVID supply chain bottlenecks eased, and energy prices fell. The European Central Bank was the first major central bank to cut rates, which it did in June 2024. The Bank of England cut rates for the first time in August 2024, and the US Federal Reserve cut in September 2024.

Although falling interest rates combined with “good enough” economic data boosted equities to all-time highs in July 2024, uncertainty then set in. Elections, policy announcements, and relatively extended market positioning all generated considerable volatility in the second half of 2024 and into Q1 2025.

Elections resulted in new political leadership in all of France, Germany, Japan, the UK, and the USA over the course of 2024. From a policy and markets perspective, the most important were the UK general election in July 2024, the US Presidential and Congressional elections in November 2024, and the German federal elections in February 2025.

In the UK, July 2024's general election led to a majority for the Labour Party. Chancellor Reeves was quick to reassure markets that - although investing for growth would be a focus – she would limit future borrowing. Concerns have remained, however, that the UK government faces difficult decisions on spending, borrowing, and tax increases.

In the US, November 2024's elections saw President Trump re-elected, and the Republican Party claim a sweep of both houses of Congress. Markets initially focused on Trump's campaign promises to cut taxes, spending, and regulations. As a result, US equity markets rallied significantly through Q4 2024 and into the first half of Q1 2025.

In Germany, the Federal election was won by the conservative Christian Democratic Union (CDU) led by Friedrich Merz. He responded to a marked change in the USA's approach to the defence of Europe and Ukraine by passing legislation permitting an unprecedented increase in German defence and infrastructure spending. That spending will take place over the next 12 years and is expected to boost economic growth over the medium term.

In February 2025, however, there was a significant change in tone as markets globally were spooked by the position taken by President Trump about tariffs. Concerns that the administration's new trade policies would cause a recession led to a sharp decline in both equity and bond markets and weakness in the US dollar against other currencies through to the end of the quarter.

Looking back over the 12 months to 31 March 2025, equity markets are up just over 5%, with strong performance from some European markets, including Germany.

Long dated UK government bond prices are down modestly as markets have digested the likely increase in borrowing over the medium term. Corporate bonds have performed relatively well as underlying economic growth has surprised to the upside. They have, however, underperformed cash over the short term.

Sterling performed relatively well, gaining just over 3% versus other currencies.

## Scheme perspective and asset allocation over the year to March 2025

In December 2024, the Scheme entered into a longevity swap insurance transaction covering approximately £340m of liabilities. The transaction is with Metropolitan Tower Life Insurance Company, a subsidiary of MetLife. The insurance policy forms part of the Scheme's investment portfolio and will provide additional income to the Scheme if pensions need to be paid for longer than expected. This improves the long-term financial stability of the Scheme and supports its ongoing risk management strategy.

A substantial proportion of the Scheme's assets are now held in insurance contracts, including a buy-in policy and longevity swaps. The remaining non-insurance portion of the Scheme's assets broadly falls into two categories - liability-matching assets and the liquidation portfolio. The Trustee no longer requires nor mandates its investment manager to make tactical asset allocation decisions on behalf of the Scheme.

Liability-matching assets are held to reduce risk and are those which are most aligned with the Scheme's future benefit payments. The liquidation portfolio consists of illiquid return-seeking assets that are being run off or sold as the Scheme looks to reduce its risk and further improve its liquidity.

The Trustee Board is responsible for monitoring the Scheme's asset allocation. The Trustee regularly reviews the profile and liquidity of the Fund and may, where appropriate, recommend changes to the investment strategy with the intention of improving the risk return profile of the Scheme's assets.

The allocation of the Fund, excluding the insurance contracts, as of 31 March 2025 is shown below.

| Assets category                               | Assets %<br>31 March 2025 | Assets %<br>31 March 2024 |
|---|---------------------------|---------------------------|
| Liability-matching                            | 94.0                      | 94.0                      |
| Nominal and inflation linked Government bonds | 35.2                      | 39.2                      |
| Corporate bonds                               | 43.5                      | 41.8                      |
| Asset backed securities                       | 15.3                      | 13.0                      |
| Illiquid assets                               | 3.1                       | 3.9                       |
| Private equity                                | 1.7                       | 1.8                       |
| Alternatives                                  | 1.4                       | 2.1                       |
| Cash  | 2.9                       | 2.1                       |

## De-risking and liability hedging

The Trustee has put in place suitable policies to manage risk and to run off the illiquid assets.

In addition, the Trustee has instructed BlackRock to implement interest rate and inflation rate hedging, which more directly aligns the expected performance of the Scheme's assets with its liabilities. A range of instruments including Government bonds, corporate bonds, gilt repurchase agreements and swaps may be used for this purpose.

## Measuring investment performance

The Trustee measures its investment manager's performance against a customised strategic benchmark, net of fees, over different time horizons but focusses on a rolling five-year period.

The Trustee monitors the returns achieved by the Scheme's liability hedging assets and its cash holdings against relevant portfolio-level performance benchmarks. All other asset classes are in liquidation and have benchmarks equal to actual holdings.

## Fund performance

The table below shows the performance of the Fund assets managed by BlackRock, excluding the buy-in, asset and longevity swaps. Over the year to 31 March 2025, the Fund returned -2.4%.

## Performance

| Fiscal years to 31 March 2025 | 1 year<br>% p.a. | 3 year<br>% p.a. | 5 year<br>% p.a. | 10 year<br>% p.a. |
|-------------------------------|------------------|------------------|------------------|-------------------|
| Fund return                   | (2.40)           | (6.40)           | (1.73)           | 1.29              |
| Benchmark                     | (2.34)           | (6.35)           | (1.74)           | 1.29              |

## Additional Voluntary Contributions (AVCs)

In the year to 31 March 2025, the Short-dated Gilts Fund (SGF) returned 4.50%, the Equity Biased Fund (EBF) returned 11.81%, and the Mixed Portfolio Fund (MPF) returned 4.50%.

The MPF is invested in BlackRock-managed passive funds, which are designed to track the performance of different asset classes. The MPF is invested in a mixture of developed and emerging market equities (partially hedged into sterling), corporate bonds, and UK government bonds.

Further information on the performance of the AVC funds can be found in the annual AVC investment commentary on the Scheme documents page of the member website.



## Performance returns of the AVC funds

Annualised fiscal year return over the period to 31 March 2025:

| Fiscal years to 31 March 2025 | 1 year<br>% p.a. | 3 year<br>% p.a. | 5 year<br>% p.a. | 10 year<br>% p.a. |
|-------------------------------|------------------|------------------|------------------|-------------------|
| MPF                           | 4.50             | 4.41             | 10.11            | 6.58              |
| EBF                           | 11.81            | 7.57             | 7.50             | 7.33              |
| SGF                           | 4.50             | 4.02             | 2.49             | 1.54              |

Source: Performance shown was calculated by State Street prior to May 2021. Performance since May 2021 is calculated by either BlackRock (Scheme performance) or BA Pensions (AVC returns).

## Statement of Investment Principles (SIP)

The Trustee has prepared a SIP in compliance with the requirements of Section 35 of the Pensions Act 1995. The SIP sets out the Scheme's investment strategy, including investment objects and investment policies. Further detail on these policies and how they are implemented can be found in the implementation statement on pages 18 to 28. The SIP is reviewed regularly and was most recently updated in December 2023.

A copy of the latest version of the SIP can be accessed on the Scheme documents page of the member website <https://www.mybapension.com/aps/documents/index>. In relation to the SIP:

 Representatives from the dedicated strategic client team at BlackRock regularly attend Trustee meetings to discuss performance, portfolio activity and wider investment issues. The Investment Adviser assists the Trustee's Executive, BA Pensions, in monitoring BlackRock. The Trustee monitors BlackRock's performance over different time horizons against performance objectives but will focus on the long term.

 The Trustee expects BlackRock to, where possible, integrate financially material ESG considerations into the investment decision-making processes at a portfolio level, at asset level, across all asset classes and at all stages throughout the entire investment lifecycle including in the selection, retention and realisation of investments.

 The Trustee does not currently take into account the views of members and beneficiaries in respect of non-financial matters, including environmental and social issues.

 The Trustee expects BlackRock to, where consistent with the Trustee's fiduciary duties and applicable to the Scheme's investment strategies, actively engage and use voting and other rights attached to the Scheme's investments to drive up ESG standards in the organisations in which the Scheme is invested.

 The Trustee requires BlackRock to engage as appropriate with investee companies and other relevant stakeholders, using a variety of means including collaboration with other investors, to protect or enhance the value of the Scheme's assets including over the medium to long term.

 In exercising the voting and other rights attached to the Scheme's investments, BlackRock will act according to its policy on proxy voting and shareholder engagement.

 The Trustee monitors portfolio turnover and turnover costs on an annual basis through reporting from BlackRock. This includes looking at the level of turnover and the associated costs in absolute terms and relative to various comparators.

## Scheme Governance

The Pensions Regulator's (TPR) General Code of Practice has been in force since March 2024. The General Code sets out TPR's expectations of the conduct and practice that trustees should meet in order to comply with their duties in pensions legislation. The General Code is wide-ranging, covering topics including the structure and operation of the Trustee board, risk management, funding and investment, member administration and communications. The Scheme had already been operating in line with many aspects of the General Code before its finalisation. The Trustee has been undertaking a review of the Scheme's policies and processes and has been implementing a plan to align them, where required, with best practice.

### Trustee knowledge and understanding (TKU)

The Trustee has a formal training policy, the foundation of which is the TKU regime developed by TPR. The Trustee continues to review its approach to training at least annually.

An induction programme is provided for new Trustee Directors on appointment. The amount of material covered in the induction programme is significant and will usually take several months to complete. As a matter of good practice, new Trustee Directors are expected to have achieved the required level of knowledge and understanding within six months of appointment (although professional trustees should be able to demonstrate the relevant level of competency from the day of appointment).

Trustee Directors are required to undertake either TPR's toolkit (an online learning programme designed to help trustees of occupational pension schemes meet the minimum level of knowledge and understanding required by law) or the Award in Pension Trusteeship (a formal pensions qualification).

The content, frequency, and level of ongoing training are related to the business being undertaken by the Trustee Board. The Trustee Board has an annual calendar that identifies the topics and issues that are to be discussed and determined during the year. Appropriate training sessions are then scheduled to support these activities. Standalone training updates cover any important developments in the pensions industry which are relevant to the Scheme. Additional ongoing training may be undertaken to address each Trustee Director's particular learning needs and interests.

Training is provided in a range of formats by a variety of providers. The advisers provide training to some or all of the Trustee Directors either in routine Main Board meetings or in specially arranged sessions. BA Pensions also provides bespoke training, and Trustee Directors are actively encouraged to supplement this formal training plan by accessing other resources, including pensions related publications and, where appropriate, industry conferences, seminars and webinars. Records of all training undertaken are maintained in respect of each Trustee Director.

### Risk management and reporting

During the Scheme year, the Trustee kept under review the key risks which it had previously identified, as well as discussing relevant arising and potentially emerging matters. The assessment of these risks is supported by input from risk and control owners at BA Pensions, using a risk reporting framework. The Trustee is also preparing for the implementation of the Own Risk Assessment under TPR's General Code of Practice which will be an important part of our risk management framework.

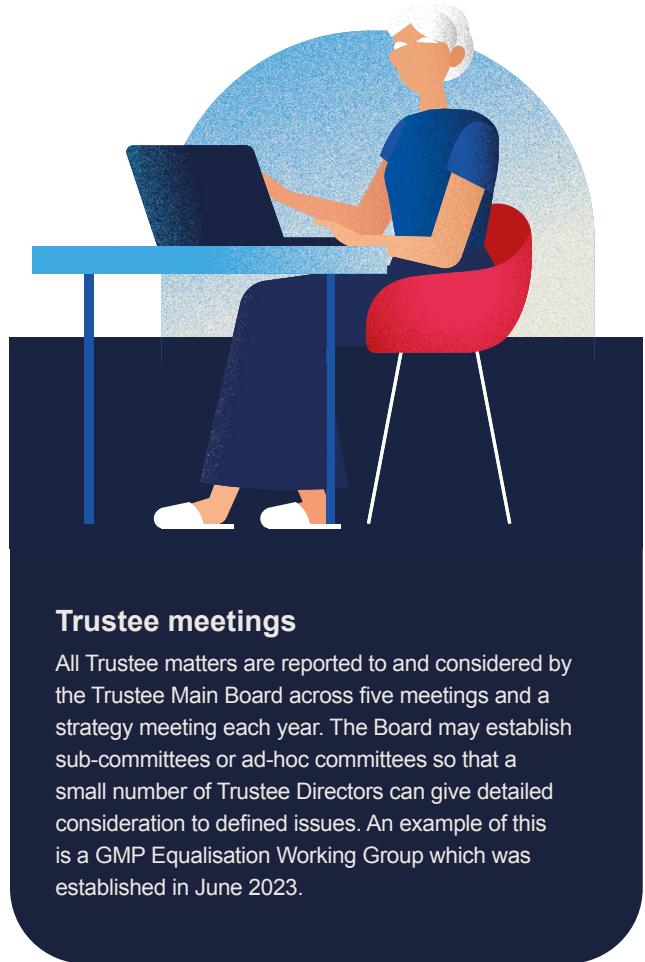
### Conflicts of interest

The Trustee understands that it is in a position of trust and needs to have policies and arrangements in place to identify, monitor and manage conflicts. The Trustee conducted a review of the conflicts of interest policy during the Scheme year and adopted an updated version of the policy in December 2024. The policy requires Trustee Directors to complete a declaration of interest form on appointment and notify any changes as they occur. A consolidated register of interests is shared with all board members and consideration of conflicts of interest is a standing agenda item at Trustee meetings. Trustee Directors receive training on managing conflicts of interest and the circumstances in which they may arise.

## Trustee arrangements

The arrangements for Trustee Director appointments are summarised below:

- Four of the Trustee Directors, including the independent Chair, are appointed by BA.
- Four of the Trustee Directors are elected by active members of the Scheme, pensioner members\* and adult survivor pensioners of the Scheme (voting members).
- The Trustee Directors elected by voting members must either be active members or pensioner members\* (excluding adult survivors) of APS.
- A Trustee Director generally remains in office for a minimum of five years and a maximum of five and a half years and is eligible for re-appointment (provided that he/she still meets the eligibility criteria for the relevant vacancy).
- Nominations for elected member Trustee Directors must be supported by at least ten voting members.
- The APS Trustee Board recently introduced a verification process where candidates will be interviewed by a panel of Trustee Directors. The verification panel reviews and considers the candidate's capability and may exclude any candidate from eligibility for appointment who it considers unsuitable to fulfil the duties of a Trustee Director. The verification panel does not select or appoint Trustee Directors.
- A ballot of the voting members is held following the verification process if there are two or more eligible candidates for a vacancy. The result is decided on a simple majority of the votes cast.
- An elected Trustee Director may be removed from office following a ballot in which two thirds of the votes cast by voting members are in favour of removal. A ballot may be held on written request to the Trustee by one hundred of the voting members. The other Trustee Directors must also agree to that Director's removal.
- The Trustee may, at any time, use electronic communications to communicate with, give notice to, or ballot members involved in the process.



## Trustee meetings

All Trustee matters are reported to and considered by the Trustee Main Board across five meetings and a strategy meeting each year. The Board may establish sub-committees or ad-hoc committees so that a small number of Trustee Directors can give detailed consideration to defined issues. An example of this is a GMP Equalisation Working Group which was established in June 2023.

\* For this purpose, pensioner members do not include members whose benefits have not yet come into payment, or pensioners receiving only equivalent pension benefits under the National Insurance Acts.

## Attendance by Trustee Directors

Attendance records for Trustee and Committee meetings have been maintained and are shown below for the Scheme year to 31 March 2025.

| Trustee              | Discretions Sub-Group | Main Board | Period of Appointment to Main Board |
|----------------------|-----------------------|------------|-------------------------------------|
| Wayne Phelan (Chair) | -                     | 6/6        | Whole Year                          |
| Frances Axford       | -                     | 6/6        | Whole Year                          |
| Zoe Davis            | -                     | 4/6        | Whole Year                          |
| Paul Douglas         | -                     | 6/6        | Whole Year                          |
| Ian Heath            | 2/2                   | 6/6        | Whole Year                          |
| Philip Hogg          | -                     | 6/6        | Whole Year                          |
| Sarah Hunt           | -                     | 6/6        | Whole Year                          |
| Timothy Richardson   | 2/2                   | 6/6        | Whole Year                          |

Trustee Director meetings have been convened throughout the Scheme year using a mix of video conferencing and in-person attendance.

On occasions that Trustee Directors are not able to attend a meeting, the Rules provide for them to appoint an alternate to attend and vote for them. During the period under review, this has been standard practice.

## Security of assets

The Custodian Trustee of the Scheme, British Airways Pension Trustees Limited, holds title to the assets of the Scheme on behalf of the Trustee; however in practice custody of the Scheme's securities (i.e. bonds and shares) has been delegated to independent external custodians, State Street Bank and Trust Co.

## Scheme Changes

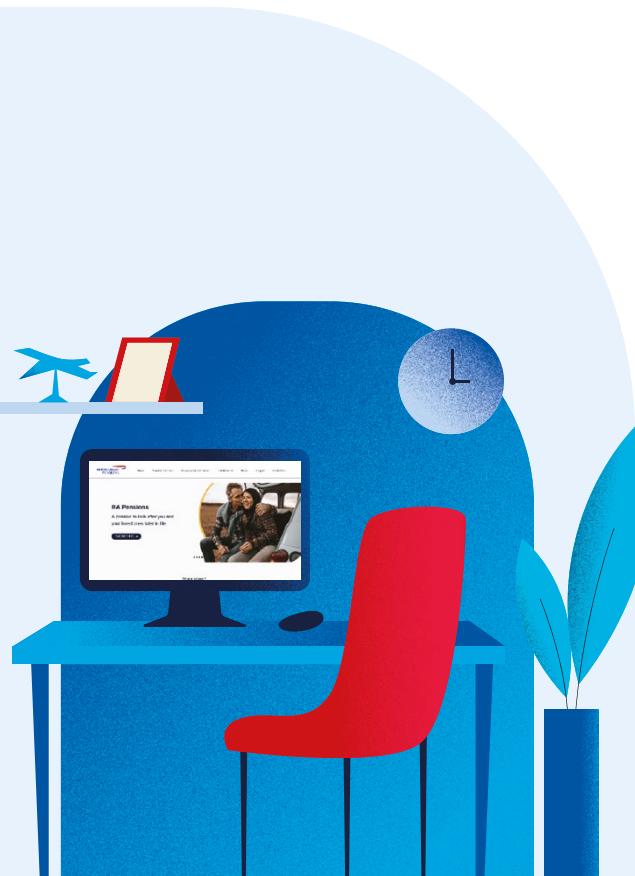
There were no Scheme changes during the year.

## Trust Deed Amendments

The following amendments were made during the year:

- **GMP Equalisation:** modification of the benefits payable under the Scheme to and in respect of current or former beneficiaries in order to remove the inequality between the sexes produced by unequal GMP accrued on and after 17 May 1990.
- **Maximum age to draw benefits:** removal of historic restrictions in the Rules which required members to draw their benefits by age 75 at the latest.
- **Member Nominated Director (MND) Arrangements:** introduction of 1) a verification stage in the MND appointment process before a member ballot takes place and 2) the discretionary power for the Trustee to extend the retirement date in the event that more than two MNDs are due to retire on the same date.

A copy of the Deeds implementing these changes can be viewed via the 'Scheme documents' page of the member website.



# Pension Administration Matters

## Cash equivalent transfer values

Transfer values paid during the year were calculated and verified in the manner prescribed by the regulations under Section 97 of the Pension Schemes Act 1993.

## Pension increases

The Scheme Rules provide that the annual increase for most pensions shall be the percentage specified in the Pensions Increase (Review) Orders (the Orders). Any increases above those provided for by the Orders are granted on a discretionary basis; those increases provided in line with the Orders are a right under the Scheme.

The Orders currently reflect the rise in the Consumer Prices Index (CPI) over a twelve-month period measured up to the end of the preceding September. The 2025 Order was 1.7% and in accordance with the Scheme Rules, qualifying pensions were increased by 1.7% on 7 April 2025. These increases apply to all pensions payable under the Rules of the Scheme (whether in deferment or currently in payment - excluding any guaranteed minimum pension in payment) except where the member remained in active service after 31 December 1973 and did not transfer to Part VI of the Scheme. Broadly speaking, people in this latter category receive increases in payment in line with price inflation, as determined under the Pensions Act 1995 (currently CPI), up to 5% a year in respect of any part of the pension relating to pensionable service after 5 April 1997.

The Pensions Act 2004 reduced increases to pensions in payment for people within this category to inflation up to 2.5% a year in respect of service after 5 April 2005. The Pensions Act 2008 reduced increases to deferred pensions for people within this category, who have not attained their normal pension date, to inflation (currently CPI) up to 2.5% a year in respect of pension accrued after 5 April 2009 (for pension earned before that date the cap is 5% a year). Dependents in receipt of pensions derived from a deceased member within this category receive increases at the rate shown in the Orders, but only up to 5% a year as provided in the Rules.

## Discretionary increases under settlement

Under the terms of the Settlement Agreement, the Trustee is permitted, subject to some affordability tests, to award discretionary increases so that eligible Scheme pensions are increased up to the relevant annual change in RPI. The maximum levels of discretionary increases between April 2020 to April 2027 are prescribed under the settlement. For 2025 the settlement agreement permits a discretionary increase of 100% of the relevant gap between RPI and the Orders. After considering all relevant circumstances, the Trustee decided to award a discretionary increase to qualifying pensions of 1.0% (the maximum permitted), bringing the total 2025 pension increase to 2.7%.

## Internal dispute resolution procedure (IDRP)

The Trustee is required by law to operate an IDRP. This is a mechanism by which a member may request a designated person to adjudicate on a disagreement with their scheme. The designated person to deal with the first stage adjudication is Richard Pilsworth, General Counsel, BA Pensions. In the event that the complainant is not satisfied with the outcome, the matter is then referred to the Trustee's Discretions Sub-Group for second stage adjudication. Complaints made under this procedure must be in writing and a leaflet giving full details is available from BA Pensions.

## Tax

In the March 2023 budget, the Government announced the removal of the lifetime allowance charge from April 2023. This meant that pension savers could exceed the lifetime allowance (LTA) without being penalised and instead pay their normal rate of income tax on the excess. From April 2024, the LTA itself was abolished. With the abolition of the LTA, three new allowances have been introduced - the Individual's lump sum allowance (LSA), the individual's lump sum and death benefit allowance (LSDBA) and the individual's overseas transfer allowance (OTA). These allowances aim to limit the total amount of tax-free lump sums that individuals can receive from their pension savings.

The allowances for the tax year 2024/25 were:

- Lump sum allowance: £268,275
- Lump sum and death benefit allowance: £1,073,100
- Overseas transfer allowance: £1,073,100
- Annual allowance: £60,000
- Minimum tapered annual allowance: £10,000
- Adjusted income for tapered annual allowance: £260,000

More information on the above allowances can be found at: <https://www.mybapension.com/aps/news/read/24/changes-to-pension-tax-rules>

## Online communications

The administration team can respond to members who have registered to manage their pension online by secure email. Email responses are currently issued via Mimecast, which is a cloud-based email messaging service. This is a convenient and faster way for members to receive information securely.

This report was approved by the Trustee Board on 23 September 2025 and was signed on its behalf by:

**Monica Gupta**  
**Scheme Secretary**

# Implementation Statement

(Forming part of the Trustee's Report)

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## 1. Introduction

Under the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustee is required to produce an annual implementation statement, setting out how the policies described in the Scheme's statement of investment principles (SIP) have been followed. This statement covers the period 1 April 2024 to 31 March 2025, the Scheme's reporting year.

This statement sets out how the Trustee's voting and engagement policies under the terms of the SIP have been implemented. It also has regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

The Scheme's SIP will be updated, to reflect the outcome of the 2024 actuarial valuation and to acknowledge the longevity swap that was transacted in December 2024. For the Scheme year to 31 March 2025 BlackRock was in place as investment manager.

The SIP includes an explicit statement of the Scheme's approach to stewardship and responsible investing. This approach is further detailed in the Scheme's responsible investment (RI) Policy, with implementation being delegated to BlackRock.

The Trustee reviewed and reconfirmed its ESG beliefs in June 2024. The priority theme remained as climate change. The responsibility for the implementation, review and monitoring of the Scheme's RI policy sits with the Trustee Board.

Both the SIP and the RI policy are available on the member website.

## 2. Assets held and managed

The Airways Pension Scheme (APS) is a defined benefit scheme that has been closed to new entrants since 1984. As of 31 March 2025, APS had a total of 18,041 members, nearly all of which are pensioners in payment, dependents, or deferred pensioners.

The Trustee's main objective is to deliver the benefits that members are due without taking significant risks. In a major step towards reaching this goal, the Scheme insured c.£4.4 billion of liabilities through a pensioner buy-in with Legal & General in 2018, which resulted in a large reduction in the Scheme's assets under management.

As of 31 March 2025, BlackRock managed around £1.4 billion in assets for the Scheme. The Scheme's investment strategy consists of a liquidation portfolio and a liability-matching portfolio, along with a derivative overlay portfolio as required. The assets managed are predominantly invested in inflation linked government bonds and corporate bonds, with a small allocation to illiquid return-seeking assets (mainly private equity and alternatives).

Scheme members are also able to invest their Additional Voluntary Contributions (AVCs) in a money purchase arrangement called the Mixed Portfolio Fund (MPF), which owns government bonds, corporate bonds, listed equities and cash.



### British Airways Pension Services Limited (BA Pensions)

BA Pensions is the Scheme's in-house administrator, providing administrative services to the APS and NAPS Trustee Directors and members. BA Pensions also acts as the Schemes' executive, coordinating the interaction between the Schemes' Trustee Boards, their investment and actuarial advisers, and the Schemes' sponsor.

### 3. Policies and practices

The Scheme's RI policy should be expected to develop over time as regulation and best practices evolve.

The Scheme's SIP describes the Trustee's position on ESG issues by means of the following mission statement:

***Environmental (including climate change), social and governance (ESG) issues are multifaceted and represent long-term systemic risks. We recognise that ESG risks are financially material and need to be managed as we have a long-term payment horizon. We therefore seek to integrate ESG considerations into our decision-making and reporting processes across all asset classes. Where consistent with our fiduciary duties, and applicable to our investment strategy, we require our investment managers to actively engage and utilise their proxy voting rights/ engagement to drive up ESG standards in the organisations in which we invest.***

The Scheme's SIP further describes BlackRock's responsibilities with respect to voting and engagement activities as follows:

- The Trustee expects BlackRock to, where consistent with the Trustee's fiduciary duties and applicable to the Scheme's investment strategies, actively engage and use voting and other rights attached to the Scheme's investments to drive up ESG standards in the organisations in which the Scheme is invested (Scheme SIP 7.7).
- The Trustee requires BlackRock to engage with investee companies and other relevant stakeholders, using a variety of means including collaboration with other investors, to protect or enhance the value of the Scheme's assets, including over the medium to long term. Engagement can be in relation to a number of matters, including, but not limited to performance, strategy, risks, capital structure and management of actual or potential conflicts of interest. Engagement also aims to bring about change to the investee company's ESG practices and performance. BlackRock is required to keep records of each engagement and outcome (Scheme SIP 7.8).
- In exercising the voting and other rights attached to the Scheme's investments, BlackRock will act according to its policy on proxy voting and shareholder engagement (Scheme SIP 7.10).
- The Scheme's RI activities, annual voting and engagement reports will be made available on a publicly accessible website (Scheme SIP 7.12).

### 4. Stewardship priorities

Each year, BlackRock set engagement priorities to calibrate their work around the governance and sustainability issues they consider to be top of mind for companies and their clients, building on themes from the past several years. BlackRock note that their priorities provide clients with insight into how they are conducting engagement and voting activities on their behalf.

Given the emphasis on BlackRock's stewardship process on behalf of the Trustee, the Trustee has undertaken an exercise to assess how well BlackRock's stewardship priorities aligned with the Scheme's priorities. The Trustee was pleased to see that there was good alignment between priorities and so was comfortable that BlackRock's voting policy was also a reasonable reflection of the Trustee's views.

BlackRock's investment stewardship 2024 and 2025 engagement priorities were:



#### Board quality and effectiveness

- Quality leadership is essential to performance. Board composition, effectiveness, diversity and accountability remained a top priority.



#### Climate and natural capital

- Climate action plans with targets to advance the transition to a low carbon economy. Managing natural capital dependencies and impacts through sustainable business practices.



#### Strategy, purpose and financial resilience

- A purpose driven long-term strategy, underpinned by sound capital management, supports financial resilience.



#### Incentives aligned with financial value creation

- Appropriate incentives reward executives for delivering sustainable long-term value creation.



#### Company impacts on people

- Sustainable business practices create enduring value for all key stakeholders.

More about the BlackRock Investment Stewardship team's engagement priorities can be found here:  
<https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf>

## 5. Monitoring and communication

The responsibility for the implementation, review and monitoring of the RI policy sits with the Trustee who rely on the support of their investment advisers.

Implementation of the Scheme's RI policy is delegated to BlackRock. The Investment Manager is charged with integrating ESG considerations where possible and appropriate to the Scheme's investment strategy. They are also responsible for conducting voting and engagement activities on behalf of the Scheme.

BlackRock's stewardship policies are developed and implemented separately by two independent, specialist teams, BlackRock Investment Stewardship (BIS) and BlackRock Active Investment Stewardship (BAIS). While the two teams operate independently, their general approach is grounded in widely recognised norms of corporate governance and shareholder rights and responsibilities. BIS is a dedicated function within BlackRock, which is responsible for stewardship activities in relation to clients' assets invested in index equity strategies. Voting decisions are made by members of the BIS team with input from investment colleagues as required, in each case, in accordance with its Global Principles and custom market-specific voting guidelines.

BAIS, established in January 2025, manages BlackRock's stewardship engagement and voting on behalf of clients invested in active strategies globally. Their activities are informed by their Global Engagement and Voting Guidelines and insights from active investment analysts and portfolio managers, with whom they work closely in engaging companies and voting at shareholder meetings.

Index or active, BlackRock's stewardship teams, and all of BlackRock's stewardship efforts across the firm, are focused on making decisions in the best interests of BlackRock's clients. The strategic client team (a team within BlackRock who are focused on the APS account) manage and track the voting activity and are responsible for producing internal and Trustee-facing ESG reporting.

The Investment Managers' representatives attend regular Trustee meetings to report on integration and stewardship activities. The Trustee will, from time to time, also call on individual asset-class fund managers to present their views and activities for review by the Trustee Directors and their advisers.

In addition, the Trustee also receives written reports detailing stewardship activities and outcomes. These include the following:

- Vote summary report (annually)
- Investment stewardship and engagement report (annually)
- ESG integration evidence (ad-hoc)
- SIP implementation statement (annually)
- BlackRock's stewardship code report (annually)

BA Pensions receives quarterly updates on voting, stewardship and engagement from BlackRock on behalf of the Trustee and will raise any areas of concern to the Trustee.

The Trustee Directors do not currently take the views of members and beneficiaries into account in respect of non-financial matters, including environmental and social issues, when setting the investment strategy of the Scheme.

The Scheme's SIP, RI policy, and BlackRock's Stewardship Code report are made available on the Scheme's website.



## 6. MPF voting (1 April 2024 - 31 March 2025)

Over the period from 1 April 2024 - 31 March 2025, BlackRock voted at 2,613 shareholder meetings on 27,632 individual proposals and voted against management's recommendation on 2,387 occasions, equivalent to 8.6% of all proposals.

BlackRock had votes rejected for administrative reasons at 3 shareholder meetings on 38 proposals over the period. There were no missed ballots during the period.

### BlackRock proxy voting guidelines

All voting that took place on behalf of the Scheme during the relevant year was in line with BlackRock's proxy voting guidelines since voting was fully delegated to BlackRock.

BlackRock's voting guidelines are intended to help clients and companies understand their thinking on key governance matters. They are the benchmark against which they assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. They apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. They inform their vote decisions through research and engage as necessary. They review their voting guidelines annually and update them as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year.

BlackRock's market-specific voting guidelines are available on their website at: <https://www.blackrock.com/corporate/insights/investment-stewardship#principles-and-guidelines>

### Most significant votes

Note that APS doesn't directly own any securities that have an attaching vote. Therefore, examples have been included below for the holdings in the MPF.

The tables below set out the most significant votes for the Scheme (from the MPF holdings) over the year to 31 March 2025. The voting and engagement examples highlighted below are important to the Scheme in that they demonstrate sustained action taken in support of the Trustee's stewardship priorities.

## Significant vote examples:

| Company Name                            | Shell, Plc   |
|---|--|
| Meeting Date                            | 21 May 2024  |
| Trustee Stewardship Priorities          | Climate change   |
| BlackRock Stewardship Priority          | Climate and natural capital  |
| Approx. Scheme holdings at date of vote | Units in MPF pooled fund   |
| Highlighted votes                       | <p>22) That Shell's Energy Transition Strategy 2024 be approved</p> <p>23) That the Company should align its medium-term scope 3 emissions reduction targets with the goal of the Paris Climate Agreement [Shareholder proposal]</p>   |
| Rationale for votes                     | <p>BIS takes a constructive, long-term approach to engagement with companies and focuses on the management and oversight of the drivers of risk and financial value creation in a company's business model.</p> <p>On the ballot of Shell's May 2024 AGM was a management proposal to approve Shell's energy transition update and its Energy Transition Strategy 2024, which were disclosed on the company's website. The agenda of Shell's May 2024 AGM also included a shareholder proposal requesting that the company make changes to its climate-related strategy.</p> <p>At Shell's request, BIS engaged with members of the company's board and management team in April 2024 to better understand the company's approach to managing climate-related risks and opportunities, including its approach to setting and updating its climate-related targets, amongst other topics that are material to long-term financial value creation.</p> <p>BIS decided to support Shell's management proposal because the company provided a clear assessment of its plans to manage material climate-related risks and opportunities, while also demonstrating progress against its stated Energy Transition Strategy.</p> <p>BIS did not however support the shareholder proposal because they considered it overly prescriptive. It is the role of company leadership to set and implement the company's strategy. In BlackRock's assessment, support of this proposal would have contradicted the Energy Transition Strategy 2024 that had been put forward by the board and management team.</p> |
| Outcome of the vote                     | <p><b>The management proposal was approved with ~78% support from shareholders; the shareholder proposal did not pass and received ~19% support.</b></p>   |

| Company Name                            | Tesla, Inc.  |
|---|--|
| Meeting Date                            | 13 June 2024   |
| Trustee Stewardship Priorities          | Board Structure  |
| BlackRock Stewardship Priority          | Board quality and effectiveness  |
| Approx. Scheme holdings at date of vote | Units in MPF pooled fund   |
| Highlighted votes                       | <p>1) Elect Director James Murdoch</p> <p>2) Change State of Incorporation from Delaware to Texas</p> <p>3) Shareholder Proposal Regarding Declassifying the Board</p> <p>4) Shareholder Proposal Regarding Adopting Simple Majority Vote</p>  |
| Rationale for votes                     | <p>BIS takes a constructive, long-term approach to engagement with companies and focuses on the management and oversight of the drivers of risk and financial value creation in a company's business model. Engagement may also help inform our voting decisions for those clients who have given us authority to vote on their behalf.</p> <p>BIS, alongside BlackRock's active investors, held multiple engagements with Tesla to better understand the Special Committee's process and how the interests of disinterested shareholders were taken into consideration. BIS also discussed the board's views on the concerns raised in the Tornetta Opinion concerns regarding director independence. Based on our assessment, BIS determined to not support the election of Director James Murdoch to convey our concerns regarding the board's decision-making process, independence, and effectiveness in overseeing management.</p> <p>As discussed in BIS' U.S. proxy voting guidelines, we assess the economic and strategic rationale behind a company's proposal to reincorporate on a case-by-case basis. In all instances, we will evaluate the changes to shareholder protections under the new charter/articles/bylaws to assess whether the move increases or decreases shareholder protections. BIS are satisfied that re-domestication to Texas would not impair shareholders' rights, as most of the governance provisions in Texas and Delaware business codes are substantially similar.</p> <p>As discussed in BIS' U.S. proxy voting guidelines, in our view, directors should be re-elected annually; classification of the board generally limits shareholders' rights to regularly evaluate a board's performance and select directors. In addition, BIS generally favours a simple majority voting requirement to pass proposals. Therefore, BIS will generally support the reduction or the elimination of super majority voting requirements to the extent that we determine shareholders' ability to protect their economic interests is improved.</p> |
| Outcome of the vote                     | All four proposals passed  |

| Company Name                            | Automatic Data Processing, Inc   |
|---|--|
| Meeting Date                            | 6 November 2024  |
| Trustee Stewardship Priorities          | Board Structure  |
| BlackRock Stewardship Priority          | Board quality and effectiveness  |
| Approx. Scheme holdings at date of vote | Units in MPF pooled fund   |
| Highlighted votes                       | Item 1j: Elect Director William J. Ready. BlackRock voted AGAINST  |
| Rationale for votes                     | <p>BlackRock Investment Stewardship voted against the re-election of Director William J Ready under BlackRock's policy on director commitments. We believe that where a sitting CEO also serves on a number of public company boards, there is a substantial risk that he/she will not be able to exercise sufficient oversight in exercising their duties as a board director.</p> <p>William J Ready is CEO of Pinterest, Inc. He also sits on the boards of Automatic Data Processing, Inc ("ADP"), Williams-Sonoma, Inc and a private company, Venminder. He is additionally an adviser to Highnote Platform, Inc, Silversmith Capital Partners, Brighton Park Capital, and the Wall Street Journal CEO Council. The company was notified of BlackRock policy in 2022, and the vote was first applied at the 2023 AGM.</p> |
| Outcome of the vote                     | <b>William J Ready was re-elected with ~63% of votes cast FOR.</b>   |

|   |   |
|---|---|
| Company Name                            | Apple Inc   |
| Meeting Date                            | 25 February 2025  |
| Trustee Stewardship Priorities          | Diversity, Equity and Inclusion   |
| BlackRock Stewardship Priority          | Company impacts on people   |
| Approx. Scheme holdings at date of vote | Units in MPF pooled fund  |
| Highlighted votes                       | <p>Item 4: Company should provide a report on ethical AI data acquisition and usage.<br/>           BlackRock voted AGAINST</p> <p>Item 5: Company should provide a report on child safety on-line. BlackRock voted AGAINST</p> <p>Item 6: Company should consider abolishing DEi policies, programs, departments, goals.<br/>           BlackRock voted AGAINST</p> <p>Item 7: Company should provide a report on discrimination in charitable contributions.<br/>           BlackRock voted AGAINST</p>   |
| Rationale for votes                     | <p>BlackRock Investment Stewardship voted against the items noted above.</p> <p>With respect to item 4, the company already has policies and disclosures in place to address the request being made by the proposal. On item 5, the company already provides transparent reporting and maintains board oversight of this issue. On item 6, BlackRock believes the board is best positioned to determine policies that align with the company's business strategy and compliance obligations. And on item 7, the company already provides sufficient disclosure and/or reporting regarding this issue.</p> |
| Outcome of the vote                     | <b>Items 4-7 were all not approved. Votes FOR were low with 8.6% of votes being cast in favour of item 4, 6.6% for item 5, 1.7% for item 6 and 1.4% for item 7.</b>   |

|   |  |
|---|--|
| Company Name                            | <b>Roche Holding AG.</b>   |
| Meeting Date                            | 25 March 2025  |
| Trustee Stewardship Priorities          | Shareholder concerns   |
| BlackRock Stewardship Priority          | Incentives aligned with value creation   |
| Approx. Scheme holdings at date of vote | Units in MPF pooled fund   |
| Highlighted votes                       | <p>Item 2.1: Advisory vote to ratify remuneration report. BlackRock voted AGAINST</p> <p>Item 6.1: Re-elect Severin Schwan as Director and Board Chair. BlackRock voted AGAINST</p> <p>Item 6.11: Reappoint Joerg Duschmale as Member of the Compensation Committee. BlackRock voted AGAINST</p> <p>Item 6.12: Reappoint Anita Hauser as Member of the Compensation Committee. BlackRock voted AGAINST</p> <p>Item 6.13: Reappoint Richard Lifton as Member of the Compensation Committee. BlackRock voted AGAINST</p>   |
| Rationale for votes                     | <p>BlackRock Investment Stewardship voted against the items noted above.</p> <p>BIS voted against the remuneration report (item 2.1) and the directors' re-election to the remuneration committee (items 6.11-6.13) due to concern over disclosure and the structure of the company's remuneration arrangements. In particular, the company provides very limited information on how annual bonus outcomes are determined and no performance conditions apply to the long-term incentive arrangements. BIS voted against the board chair (6.1) due to concern about insufficient independence on the remuneration and nomination committees.</p> |
| Outcome of the vote                     | <p><b>All five items were approved with all directors being re-elected and/or re-appointed. Dr Severin Schwan was re-elected as Chairman of the Board of Directors by 97.93% of the votes. The remuneration report was approved by 95.15% of votes cast.</b></p>   |

*Notes: Holdings data relates to APS credit portfolio and MPF pooled funds.*

*Voting is based on the equity holdings of MPF pooled funds, iShares Emerging Market Screened Equity Index Fund and ACS World ESG Equity Tracker Fund.*

## 7. APS engagement (1 April 2024 - 31 March 2025)

During this period, BlackRock had 80 engagements in total across the credit portfolio. Engagements were typically focused on understanding the opportunities and risks faced by the investee company. On every occasion, BlackRock also raised matters relating to at least one ESG topic with current or potential investee companies, leading to 135 discussions on ESG themes across all engagements.



### External capabilities<sup>1</sup>

The Investment Manager engaged with the Scheme's external fund managers for monitoring and due diligence purposes, with the aim of ensuring that investee funds were managed in line with the agreed investment process. Recognising that different managers in different asset classes would reasonably take different approaches to Responsible Investment, the Investment Manager was also responsible for escalating any major ESG-related issues to BA Pensions.

<sup>1</sup> The Investment Managers provided oversight of external managers in private equity and alternatives.

## 8. MPF engagement (1 April 2024- 31 March 2025)

During this period, BlackRock had 753 engagements in total across the portfolio. Engagements were typically focused on understanding the opportunities and risks faced by the investee company. On every occasion, BlackRock also raised matters relating to at least one ESG topic with current or potential investee companies, leading to 1,345 discussions on ESG themes across all engagements.

More about the BlackRock investment stewardship team's engagement priorities can be found here:  
<https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf>

## 9. Affiliations and initiatives

The Investment Managers engaged with the global investment and corporate community through a range of industry affiliations.

Coalitions and shareholder groups provide BlackRock with the opportunity to promote a sustainable financial system globally, to advocate on a variety of corporate governance topics and to learn from its peers in the investment industry. BlackRock also works informally with other shareholders (where such activities are permitted by law) to engage companies on specific issues or to promote market-wide enhancements to current practice.

## 10. Member enquiries

In the year to March 2025, BA Pensions received no queries from Scheme members about responsible investment.

The Trustee does not take members' views into account when setting the Scheme's investment strategies, but the Trustee does receive a summary of all member enquiries relating to responsible investment matters. Please visit the 'Scheme documents' page of the member website <https://www.mybapension.com/aps/documents/index> for more details of the Scheme's responsible investment activities. If you would like more information on the Scheme's responsible investment policies or its approach to stewardship and can't find the information on the website, you can email us at [esg@bapensions.com](mailto:esg@bapensions.com).

## 11. TCFD report

The Scheme will produce its climate-related report, aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) for the Scheme year 1 April 2024 -31 March 2025. This report breaks down climate-related activities into the four key elements of TCFD reporting, namely governance, strategy, risk management and metrics and targets. This report will be published by the statutory deadline of 31 October 2025 in the responsible investment section of the Scheme's website: <https://www.mybapension.com/aps/documents/responsible-investment>

## 12. Conclusion

The Trustee monitored the Investment Managers' implementation of their investment principles so far as they related to stewardship by means of written quarterly and annual reports, which are interrogated systematically by BA Pensions, the Trustee and advisers.

The Trustee and advisers also had regular access to BlackRock's OCIO and stewardship team. On the basis of the information provided to them and their advisers, the Trustee is of the opinion that the stewardship components of the Scheme's SIP have been implemented as envisaged in the 12 months to 31 March 2025.

# Statement of Trustee's Responsibilities

The audited financial statements, which are required to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- (i) show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- (ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice Financial Reports of Pension Schemes.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for:

- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intends to wind up the Scheme, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Scheme prescribed by pensions legislation, which it should ensure is fair and impartial.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's summary of contributions.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the Scheme and financial information included on the Scheme's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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**Independent auditor's report to the  
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## Opinion

We have audited the financial statements of the Airways Pension Scheme ("the Scheme") for the year ended 31 March 2025 which comprise the fund account and the statement of net assets (available for benefits) and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 March 2025 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Scheme in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Scheme, and as it has concluded that the Scheme's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Scheme and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

- we have not identified, and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

## Fraud and breaches of laws and regulations – ability to detect

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee as to the Scheme's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board meeting minutes and the Scheme's breach log.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Trustee (or its delegates) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as the valuation of the asset and longevity swap, insurance contracts and other investment valuations. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared and any unusual postings to cash.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

*Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee (as required by auditing standards), and from inspection of the Scheme's regulatory and legal correspondence and discussed with the Trustee the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Scheme's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Scheme is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Scheme's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation recognising the financial and regulated nature of the Scheme's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of Contributions in our statement about contributions on page 50 of the annual report.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **Other information**

The Trustee is responsible for the other information. The other information comprises the information included in the Trustee's report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

## Trustee's responsibilities

As explained more fully in their statement set out on page 29, the Scheme Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to wind up the Scheme, or has no realistic alternative but to do so.

## Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/library/standards-codes-policy/audit-assurance-and-ethics/auditors-responsibilities-for-the-audit/](http://www.frc.org.uk/library/standards-codes-policy/audit-assurance-and-ethics/auditors-responsibilities-for-the-audit/).

## The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Scheme Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme Trustee, for our audit work, for this report, or for the opinions we have formed.

**Gemma Broom**

**For and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

*15 Canada Square*

*London E14 5GL*

*Date: 25 September 2025*



# Fund Account

For the year ended 31 March 2025

|   | Note | 31 March<br>2025<br>£'m | 31 March<br>2024<br>£'m |
|---|------|-------------------------|-------------------------|
| <b>Contributions and Benefits</b>                     |      |                         |                         |
| Employer contributions                                | 3    | 0.8                     | 0.9                     |
| Employee contributions                                | 3    | 0.3                     | 0.3                     |
| <b>Total contributions</b>                            |      | <b>1.1</b>              | <b>1.2</b>              |
|   |      |                         |                         |
| Benefits paid or payable                              | 4    | (398.9)                 | (385.3)                 |
| Payments to and on account of leavers                 | 5    | (3.2)                   | (1.9)                   |
| Administrative expenses                               | 6    | (5.3)                   | (4.4)                   |
|   |      | (407.4)                 | (391.6)                 |
| <b>Net withdrawals from dealings<br/>with members</b> |      | <b>(406.3)</b>          | <b>(390.4)</b>          |
|   |      |                         |                         |
| <b>Returns on Investments</b>                         |      |                         |                         |
| Investment income                                     | 7    | 41.4                    | 23.1                    |
| Investment management expenses                        | 8    | (1.1)                   | (0.7)                   |
| Change in market value of investments                 | 9    | (125.1)                 | (177.8)                 |
| <b>Net return on investments</b>                      |      | <b>(84.8)</b>           | <b>(155.4)</b>          |
|   |      |                         |                         |
| <b>Net decrease in the fund during the year</b>       |      | <b>(491.1)</b>          | <b>(545.8)</b>          |
|   |      |                         |                         |
| <b>Net assets of the Scheme at 1 April</b>            |      | <b>5,239.5</b>          | <b>5,785.3</b>          |
|   |      |                         |                         |
| <b>Net assets of the Scheme at 31 March</b>           |      | <b>4,748.4</b>          | <b>5,239.5</b>          |

The notes on pages 36 to 49 form part of the financial statements.

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# Statement of Net Assets

(available for benefits)

As at 31 March 2025

|                                | Note | 31 March<br>2025<br>£'m | 31 March<br>2024<br>£'m |
|--------------------------------|------|-------------------------|-------------------------|
| <b>Investment assets:</b>      |      |                         |                         |
| Fixed interest bonds           | 9    | 953.8                   | 749.6                   |
| Index-linked bonds             | 9    | 2,623.4                 | 3,199.8                 |
| Pooled arrangements            |      |                         |                         |
| Property                       | 10   | -                       | 0.1                     |
| Alternative investments        | 10   | 18.2                    | 27.7                    |
| Private equity                 | 10   | 20.7                    | 24.6                    |
| Cash                           | 10   | 69.1                    | 69.7                    |
| Insurance contracts            | 12   | 2,755.0                 | 3,068.0                 |
| Derivatives                    | 14   | 74.8                    | 93.0                    |
| AVC Mixed Portfolio Fund       | 16   | 8.9                     | 9.7                     |
| Cash                           | 9    | 25.2                    | 221.0                   |
| Reverse repurchase agreements  | 9    | 16.3                    | 42.8                    |
| Other investment balances      | 9    | 34.0                    | 87.5                    |
|                                |      | 6,599.4                 | 7,593.5                 |
| <b>Investment liabilities:</b> |      |                         |                         |
| Asset and longevity swaps      | 13   | (1,495.6)               | (1,841.4)               |
| Derivatives                    | 14   | (40.3)                  | (47.6)                  |
| Repurchase agreements          | 9    | (216.8)                 | (283.8)                 |
| Other investment balances      | 9    | (84.1)                  | (168.5)                 |
| <b>Total net investments</b>   |      | <b>4,762.6</b>          | <b>5,252.2</b>          |
| Current assets                 |      | 0.8                     | 0.5                     |
| Current liabilities            |      | (15.0)                  | (13.2)                  |
| <b>Total net investments</b>   |      | <b>4,748.4</b>          | <b>5,239.5</b>          |

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits, which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the report on actuarial liabilities on pages 56 to 58, and these financial statements should be read in conjunction with this report.

**The notes on pages 36 to 49 form part of these financial statements.**

**These financial statements were approved by the Trustee Board on 23rd September 2025.**

**Wayne Phelan**  
Trustee Director

**Paul Douglas**  
Trustee Director

# Notes of the Financial Statements

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## 1. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 - the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (revised July 2018). The Scheme is established as a Trust under English law. The address for enquiries about the Scheme can be found on page 7.

The financial statements are prepared on a going concern basis, which the Trustee considers to be appropriate as it believes that the Scheme has adequate resources to meet its obligations as they fall due for at least the next twelve months from the approval of these financial statements. In reaching this conclusion, the Trustee has considered the latest results for International Airlines Group (IAG) (parent of British Airways Plc) and the funding position of the Scheme.

## 2. Accounting policies

The principal accounting policies of the Scheme are as follows:

### a. Contributions

- i. Employees' contributions, including AVCs, are accounted for when they are deducted from pay by the Employer and in accordance with the Schedule of Contributions in force during the year.
- ii. Employer normal contributions are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year. Employer normal contributions include contributions payable to the Scheme under salary sacrifice arrangements.
- iii. Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable.
- iv. Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Employer and the Trustee.

### b. Payments to members

- i. Pensions in payment are accounted for in the period to which they relate.
- ii. Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, the date of retiring or leaving.

iii. Individual transfers out of the Scheme are accounted for when the member liability is discharged, which is normally when the transfer amount is paid.

### c. Administrative and investment management expenses

Expenses are accounted for on an accruals basis.

### d. Investment income

- i. Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.
- ii. Income from cash and short-term deposits is accounted for on an accruals basis.
- iii. Income from pooled arrangements is accounted for when declared by the fund manager, net of any associated management fees.
- iv. Annuity income from the Legal & General buy-in and income arising from the longevity swap are recognised as sales in the investment reconciliation in note 9.

### e. Investment change in market value

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year.

### f. Investments

Investments are included at fair value as described below:

- i. Quoted securities in active markets are usually valued at either the current bid price or the last traded price as of year-end, depending on the convention of the stock exchange on which they are quoted, at the reporting date.
- ii. Accrued interest is excluded from the market value of fixed income securities and is included in investment income receivable.
- iii. Insurance contracts are valued at fair value. The Legal and General bulk annuity buy-in is valued by the Scheme Actuary by projecting the benefits covered, expected to be paid in each year. The key underlying assumptions are shown on page 57, with the only difference being an update in longevity assumptions to use the CMI 2021 projections model. The resulting projected cash flows are then discounted to obtain a present value.
- iv. Rothesay Life asset and longevity swaps are valued at fair value based on the expected future cash flows taking into account market interest rates, market data at the year end and the risk premium inherent in the contract. The longevity swap is based on realistic assumptions agreed by Rothesay Life and the Scheme based on the experience of the Scheme.

- v. Exchange traded derivatives are stated at market value determined using market quoted prices.
- vi. Over the counter (OTC) derivatives are stated at fair value using pricing models and relevant market data as of the year end date.
- vii. Swaps are valued by taking the current value of future cash flows arising from the swap determined using discounted cash flow models and relevant market data at the reporting date.
- viii. Repurchase agreements are accounted for as follows:
  - For repurchase agreements, the Scheme recognises and values the securities that are delivered out as collateral, and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.
  - For reverse repurchase agreements, the Scheme does not recognise the securities received as collateral in its financial statements. The Scheme does recognise the cash delivered to the counterparty as a receivable in the financial statements.

#### **g. Pooled arrangements**

The indirect property, alternative, private equity and some cash investments are invested in externally pooled funds. A proportion of the private equity and alternatives, and all of the property investments (direct and indirect) are pooled internally and held jointly in unitised funds on behalf of the Airways Pension Scheme and the New Airways Pension Scheme.

Direct and indirect investment properties have been valued at the year-end in accordance with the Royal Institution of Chartered Surveyors' (RICS) Valuation - Global Standards, taking into consideration the current estimate of the rental values and market yields. The valuations for the direct properties have been carried out by Cushman & Wakefield, chartered surveyors, who have the appropriate knowledge and experience to value such assets. Indirect properties are valued by the manager of the pooled funds.

Private equity and alternative investments are valued at the best estimate of fair value (nominally NAV) taking the latest available valuations issued by the managers and adjusting for any cash movements occurring between the date of the valuation and the Scheme year end.

Cash pooled investment vehicles are valued at fair value, that being the bid prices as at the year-end. The bid prices reflect the NAV of each fund.

#### **h. Foreign currencies**

The Scheme's functional and presentation currency is pound sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

#### **i. Accounting estimates and judgements**

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of net assets date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee confirms that no judgements have had a significant effect on amounts recognised in the financial statements.



### 3. Contributions

|                                    | 2025<br>£'m | 2024<br>£'m |
|------------------------------------|-------------|-------------|
| <b>Employer contributions</b>      |             |             |
| Normal                             | 0.8         | 0.9         |
| <b>Employer contributions</b>      |             |             |
| Normal                             | -           | -           |
| Additional voluntary contributions | 0.3         | 0.3         |
|                                    | <b>1.1</b>  | <b>1.2</b>  |

Employer normal contributions include contributions in respect of salary sacrifice arrangements. Further details regarding contributions are included in the summary of contributions on page 51.

### 4. Benefits paid or payable

|  | 2025<br>£'m  | 2024<br>£'m  |
|--|--------------|--------------|
| Pensions   | 395.3        | 382.5        |
| Commutations and lump sum<br>retirement benefits | 3.4          | 2.7          |
| Lump sum death benefits                          | 0.2          | 0.1          |
|  | <b>398.9</b> | <b>385.3</b> |

### 5. Payments to and on account of leavers

|   | 2025<br>£'m | 2024<br>£'m |
|---|-------------|-------------|
| Individual transfers out to other schemes | 3.2         | 1.9         |

## 6. Administrative expenses

The Scheme bears the cost of administration. However, the levies required by the Pension Protection Fund are payable by BA Plc. The Airways Pension Scheme bears an allocation of the overall costs of BA Pensions except where a cost relates specifically to the Scheme, in which case the cost is met by the Scheme in full. The administrative expenses include the in-house costs of running the BA Pensions team that provide member services, finance operations and trustee support. They also include the costs of external advisers engaged by the Trustee, including the auditor, actuary, investment consultants, legal advisers and compliance costs. The split of costs at the year-end are as follows:

|  | 2025<br>£'m | 2024<br>£'m |
|--|-------------|-------------|
| BA Pensions in-house administration and processing | 2.3         | 2.3         |
| External professional fees                         | 3.0         | 2.1         |
|  | <b>5.3</b>  | <b>4.4</b>  |

## 7. Investment income

|   | 2025<br>£'m | 2024<br>£'m |
|---|-------------|-------------|
| Income from fixed interest bonds        | 36.6        | 25.9        |
| Income from index-linked bonds          | 2.9         | 3.4         |
| Net receipts/(payments) from swaps      | 10.7        | (0.8)       |
| Interest on repurchase agreements - net | (11.2)      | (4.6)       |
| Interest on cash deposits - net         | 0.8         | (1.0)       |
| Other income                            | 1.6         | 0.2         |
|   | <b>41.4</b> | <b>23.1</b> |

## 8. Investment management expenses

The Scheme bears the cost of investment management expenses.

|                                | 2025<br>£'m | 2024<br>£'m |
|--------------------------------|-------------|-------------|
| Investment management expenses | 1.1         | 0.7         |

## 9. Reconciliation of investments

|                                   | Value at<br>31 March<br>2024<br>£'m | Purchases at<br>cost & derivative<br>payments<br>£'m | Sales proceeds<br>& derivative<br>receipts<br>£'m | Change<br>in market<br>value<br>£'m | Value at<br>31 March<br>2025<br>£'m |
|-----------------------------------|-------------------------------------|--|---|-------------------------------------|-------------------------------------|
| Fixed interest bonds              | 749.6                               | 611.8  | (391.1)   | (16.5)                              | 953.8                               |
| <b>Index-linked bonds:</b>        |                                     |  |   |                                     |                                     |
| Rothesay Life assets              | 2,482.5                             | -  | -   | (385.5)                             | 2,097.0                             |
| Index-linked bonds                | 717.3                               | 137.0  | (264.6)   | (63.3)                              | 526.4                               |
| <b>Pooled arrangements:</b>       |                                     |  |   |                                     |                                     |
| Property                          | 0.1                                 | -  | (0.1)   | -                                   | -                                   |
| Alternative investments           | 27.7                                | -  | (7.9)   | (1.6)                               | 18.2                                |
| Private equity                    | 24.6                                | 0.3  | (3.0)   | (1.2)                               | 20.7                                |
| Cash                              | 69.7                                | 283.2  | (287.4)   | 3.6                                 | 69.1                                |
| <b>Insurance contracts:</b>       |                                     |  |   |                                     |                                     |
| Legal & General buy-in            | 3,068.0                             | -  | (223.1)   | (89.9)                              | 2,755.0                             |
| <b>Asset and longevity swaps:</b> |                                     |  |   |                                     |                                     |
| Rothesay Life swaps               | (1,841.4)                           | 5.8  | (86.9)  | 426.9                               | (1,495.6)                           |
| <b>Derivatives:</b>               |                                     |  |   |                                     |                                     |
| Swaps                             | 46.2                                | 13.9   | (19.8)  | (17.0)                              | 23.3                                |
| Futures                           | 0.1                                 | 8.9  | (8.2)   | (1.0)                               | (0.2)                               |
| Forward foreign exchange          | (0.9)                               | 17.3   | (18.5)  | 13.5                                | 11.4                                |
| AVC Mixed Portfolio Fund          | 9.7                                 | 0.4  | (1.6)   | 0.4                                 | 8.9                                 |
|                                   | <b>5,353.2</b>                      | <b>1,078.6</b>                                       | <b>(1,312.2)</b>                                  | <b>(131.6)</b>                      | <b>4,988.0</b>                      |
| Cash                              | 221.0                               |  |   | (1.8)                               | 25.2                                |
| Repurchase agreements             | (241.0)                             |  |   | -                                   | (200.5)                             |
| Other investments                 | (81.0)                              |  |   | 8.3                                 | (50.1)                              |
|                                   | <b>5,252.2</b>                      |  |   | <b>(125.1)</b>                      | <b>4,762.6</b>                      |

There were three (2024: three) individual investments which comprised greater than 5% of the net assets of the Scheme at the year end (in absolute terms); the Legal & General buy-in 58.0% (2024: 58.4%), the Artemis asset swap 31.5% (2024: 35.1%), the 2050 0.5% Treasury index-linked gilt 30.6% (2024: 33.0%).

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Due to MiFID 11, research costs have been unbundled and are now included within investment management expenses. There were no such reportable transaction costs in the year.

Indirect costs in relation to bonds are incurred through the bid-offer spread. Indirect costs are also incurred in relation to external pooled arrangements through charges made to those vehicles.

Included within other investment balances are net trade payables £(4.4)m (2024: £(10.8)m), net income receivables £11.2m (2024: £12.1m), derivative cash at broker £(5.0)m (2024: £(8.0)m) and negative bond and future cash collateral £(51.9)m (2024: £(74.3)m).

## 10. Pooled arrangements

The indirect property, alternatives, private equity and some cash investments are invested in externally held pooled funds. A proportion of the private equity and property investments (direct and indirect) are pooled internally and held jointly in unitised funds on behalf of the Airways Pension Scheme and the New Airways Pension Scheme. The remainder is held directly on behalf of the Scheme. As of 31 March 2025, the value of these funds are as follows:

|                                       | 2025<br>£'m | 2024<br>£'m |
|---------------------------------------|-------------|-------------|
| <b>Property</b>                       |             |             |
| Externally held pooled indirect funds | -           | 0.1         |
| <b>Alternatives</b>                   |             |             |
| Direct investment funds               | 18.2        | 27.7        |
| <b>Private equity</b>                 |             |             |
| Direct investment funds               | 20.7        | 24.6        |
| <b>Cash</b>                           |             |             |
| Direct investment funds               | 69.1        | 69.7        |

## 11. Taxation

The Scheme is a registered pension scheme for tax purposes under the Finance Act 2004. The Fund is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income.

## 12. Insurance contracts

On 13 September 2018, the Scheme entered into a framework buy-in agreement with Legal & General Assurance Society Limited to insure the cost of approximately £4.4 billion of pension benefit liabilities payable by the Scheme. The premium for the buy-in took the form of a transfer of investment assets by the Scheme to Legal & General Assurance Society Limited. The buy-in helps to protect the Scheme against risk, including inflation, interest rate, and longevity risk.

As at 31 March 2025 the buy-in was valued at £2,755m (2024: £3,068m) and the key underlying assumptions are shown on page 57, with the only difference being an update in longevity assumptions to use the CMI 2021 projections model.

## 13. Asset swap and longevity swaps

### Rothesay Life

The Scheme uses these instruments to manage exposures to longevity risk arising in the normal course of business.

The Scheme holds an asset swap and two longevity swaps with Rothesay Life. The Artemis contract covers c.24% of the Scheme's liabilities for pensions already in payment by June 2010 and provides protection against the pensioners living longer, and interest and inflation rates movements. The Concerto contract covers c.20% of the Scheme's longevity risk for pensions already in payment by June 2010 and provides protection against the pensioners living longer. For each contract, the Scheme pays a fixed stream of cash flows based on an underlying portfolio of assets in exchange for a floating stream of cash flows.

The total index linked bond net investment of £2,623.4m shown on the statement of net assets includes the Artemis and Concerto swap contract assets that comprise:

| Rothesay life assets and liabilities       | 2025<br>£'m      | 2024<br>£'m      |
|--|------------------|------------------|
| <b>United Kingdom public sector quoted</b> |                  |                  |
| 2050 index-linked gilt 0.5%                | 1,453.9          | 1,733.3          |
| 2052 index-linked gilt 0.25%               | 121.1            | 147.7            |
| 2044 index-linked gilt 0.125%              | 171.7            | 195.6            |
| 2046 index-linked gilt 0.125%              | 219.1            | 253.7            |
| 2047 index-linked gilt 0.75%               | 131.2            | 152.2            |
|  | <b>2,097.0</b>   | <b>2,482.5</b>   |
| <br>                                       |                  |                  |
| Artemis asset swap                         | (1,253.7)        | (1,596.0)        |
| Artemis longevity swap                     | (136.2)          | (138.8)          |
| Concerto longevity swap                    | (105.7)          | (106.6)          |
|  | <b>(1,495.6)</b> | <b>(1,841.4)</b> |

For collateral purposes, there is a fixed charge agreed at the outset of the Artemis contract, which represents the collateral Rothesay Life, as the insurer, could expect to receive if the Scheme defaulted. This reduces over the life of the contract.

A proportion of the Scheme's UK Treasury index-linked, 0.25% 2052 and 0.5% 2050 positions are held in fixed charge accounts to the order of Rothesay Life to cover their longevity risk exposure and the fixed charge. The value of this proportion for the Concerto contract was £50.7m as of 31 March 2025 (2024: £52.0m). The value of the proportion for the Artemis contract was £63.0m as of 31 March 2025 (2024: £64.8m). The fixed charge values for Artemis and Concerto are included in the Rothesay collateral values, along with the asset swap and longevity swap exposures, in note 15.

### Metlife

In December 2024, the Scheme completed a further longevity swap with MetLife covering approximately £340m of liabilities. As at 31 March 2025, the value of the contract was zero.

For collateral purposes, a fixed charge is agreed upon, which represents the collateral MetLife would expect to receive if the Scheme defaulted. At the inception date, the initial collateral required was 50% of the risk fee. This will increase annually for four years when the Scheme will be required to post fee collateral equal to 100%. No longevity risk exposure needs to be collateralised until November 2027.

As at 31 March 2025, the risk fee was valued at £3.8m and a proportion of the Scheme's UK Treasury 3.25% 2044 bond, was held in a fixed charge account to the order of MetLife to cover the risk fee.

## 14. Derivatives

The Scheme uses derivative instruments for both investment purposes and to manage exposures to financial risks, such as interest rate, foreign exchange and liquidity risks arising in the normal course of business.

A summary of the Scheme's outstanding derivative contracts at the year-end aggregated by key characteristics were as follows:

### Swaps

| Nature                        | Duration       | Nominal amount<br>£'m | Asset value<br>£'m | Liability value<br>£'m |
|-------------------------------|----------------|-----------------------|--------------------|------------------------|
| <b>Over the counter (OTC)</b> |                |                       |                    |                        |
| Inflation-linked swaps        | <1 to 12 years | 270.7                 | 38.5               | -                      |
| Interest rate swaps           | <1 to 13 years | 584.5                 | 11.9               | (32.2)                 |
| <b>Total OTC</b>              |                | <b>855.2</b>          | <b>50.4</b>        | <b>(32.2)</b>          |
| <b>Cleared</b>                |                |                       |                    |                        |
| Inflation-linked swaps        | <1 to 20 years | 397.2                 | 2.0                | (3.6)                  |
| Interest rate swaps           | <1 to 50 years | 789.3                 | 10.4               | (3.7)                  |
| <b>Total cleared</b>          |                | <b>1,186.5</b>        | <b>12.4</b>        | <b>(7.3)</b>           |
| <b>Total 2025</b>             |                | <b>2,041.7</b>        | <b>62.8</b>        | <b>(39.5)</b>          |
| <b>Total 2024</b>             |                | <b>2,052.8</b>        | <b>91.9</b>        | <b>(45.7)</b>          |

Included within the index linked and fixed interest bond balances, as disclosed in note 9, are £2.6m (2024: £7.6m) in respect of initial margins arising on open cleared swap contracts.

### Futures

The Scheme had exchange traded bond futures outstanding at the year-end relating to its liability hedging portfolio as follows:

| Nature                           | Economic Exposure<br>£'m | Expires          | Asset value<br>£'m | Liability value<br>£'m |
|----------------------------------|--------------------------|------------------|--------------------|------------------------|
| Fixed income future assets       | 8.8                      | Less than 1 year | -                  | -                      |
| Fixed income futures liabilities | (97.6)                   | Less than 1 year | -                  | (0.2)                  |
| Swaptions                        | 240.0                    | 1 to 2 years     | 0.3                | (0.2)                  |
| <b>Total 2025</b>                | <b>151.2</b>             |                  | <b>0.3</b>         | <b>(0.4)</b>           |
| <b>Total 2024</b>                |                          |                  | <b>0.2</b>         | <b>(0.1)</b>           |

Included within fixed interest and index-linked bond balances as disclosed in note 9 are £0.6m (2024: fixed interest bond balances £1.7m) in respect of initial margins arising on open futures contracts.

## Forward foreign exchange contracts

The Scheme holds investments in a number of currencies, and the policy is to hedge within agreed limits.

The Scheme enters into over-the-counter foreign exchange forward contracts to offset the impact of currency fluctuations in foreign currency. The open FX contracts at the year-end were as follows:

| Contract            | Maturity date | Nominal amount<br>£'m | Asset value<br>£'m | Liability value<br>£'m |
|---------------------|---------------|-----------------------|--------------------|------------------------|
| <b>EUR</b>          |               |                       |                    |                        |
| Forward to sell EUR | Apr 25-Sep 25 | €287.1                | 2.9                | (0.3)                  |
| <b>USD</b>          |               |                       |                    |                        |
| Forward to sell USD | Apr 25-Sep 25 | \$206.5               | 8.8                | -                      |
| <b>Total 2025</b>   |               |                       | <b>11.7</b>        | <b>(0.3)</b>           |
| <b>Total 2024</b>   |               |                       | <b>0.9</b>         | <b>(1.8)</b>           |

## Repurchase and reverse repurchase agreements

The Scheme uses these asset types as a source of leverage to hedge the long-term exposure of pension liabilities to interest and inflation. They are traded over the counter and collateralised accordingly.

At the year end, amounts payable under repurchase agreements were £216.8m (2024: £283.8m) and amounts receivable under reverse repurchase agreements amounted to £16.3m (2024: £42.8m).

## 15. Collateral

Collateral is used by the Scheme to manage counterparty risk. The collateral balances at the year-end are as follows:

| Counterparty       | Collateral type | (Pledge)/ Held<br>£'m | Derivative position                      |
|--------------------|-----------------|-----------------------|--|
| Rothesay Life      | UK Gilt         | (1,519.5)             | Asset swap/longevity swap                |
| MetLife            | UK Gilt & Cash  | (3.8)                 | Longevity swap                           |
| Barclays           | Cash            | 5.0                   | Swap & FX forward                        |
| BNP Paribas        | UK Gilt         | (1.2)                 | Repurchase agreement                     |
| Canadian Imperial  | UK Gilt         | (0.6)                 | Repurchase agreement                     |
| Citigroup          | UK Gilt & Cash  | 2.3                   | Swap & FX forward, repurchase agreement  |
| Credit Agricole    | UK Gilt         | (0.6)                 | Repurchase agreements                    |
| Goldman Sachs      | UK Gilt & Cash  | (11.5)                | Swap, swaption, FX, repurchase agreement |
| JP Morgan          | UK Gilt & Cash  | 3.5                   | Swap & FX forward                        |
| Merrill Lynch      | Cash            | 5.6                   | Swap & FX forward                        |
| Morgan Stanley     | UK Gilt & Cash  | 0.4                   | Swap, swaption, FX, repurchase agreement |
| National Australia | UK Gilt         | (1.7)                 | Repurchase agreement                     |
| NatWest            | Cash            | 5.4                   | Swap & FX forward                        |
| Santander          | UK Gilt         | (3.2)                 | Repurchase agreement                     |
| UBS                | Cash            | 18.3                  | Swap & FX forward                        |
|                    |                 | <b>(1,501.6)</b>      |  |

Collateral pledged with a counterparty is reflected as a negative value. However, these amounts are included in the statement of net assets as part of the Scheme assets.

The collateral balances at the 2024 year end amounted to £(1,834.6)m.

## 16. Additional Voluntary Contributions (AVCs)

The Trustee holds assets to secure additional benefits on a defined contribution basis for those defined benefit section members electing to pay AVCs. Members participating in this arrangement each year receive an annual statement confirming the amounts held in their account and the movements in the year.

There are three AVC funds. The Mixed Portfolio Fund, which is a separately managed internally pooled arrangement, the Short-dated Gilts Fund and the Equity Biased Fund, which are held within the investments. The values of these funds are as follows:

|   | % held       | 2025<br>£'m | 2024<br>£'m |
|---|--------------|-------------|-------------|
| <b>Mixed Portfolio Fund</b>                 |              |             |             |
| Pooled investment vehicles - equities       |              | 7.1         | 7.6         |
| Pooled investment vehicles - fixed interest |              | 1.6         | 1.7         |
| Pooled investment vehicles - cash           |              | 0.2         | 0.4         |
| <b>Total Mixed Portfolio Fund</b>           | <b>8.05%</b> | <b>8.9</b>  | <b>9.7</b>  |
|   |              |             |             |
| Short-dated Gilts Fund                      |              | 0.3         | 0.6         |
| Equity Biased Fund                          |              | 12.6        | 13.2        |
|   |              | <b>21.8</b> | <b>23.5</b> |

## 17. Fair value determination

The fair value of financial instruments has been estimated using the following fair value hierarchy:

**Level (1)** The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

**Level (2)** Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

**Level (3)** Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities have been fairly valued using the above hierarchy levels:

| As of 31 March 2025         | Level<br>(1)<br>£'m | Level<br>(2)<br>£'m | Level<br>(3)<br>£'m | Total<br>£'m   |
|-----------------------------|---------------------|---------------------|---------------------|----------------|
| Bonds                       | 2,779.6             | 797.6               | -                   | 3,577.2        |
| Pooled arrangements         | -                   | 69.1                | 38.9                | 108.0          |
| Insurance contracts         | -                   | -                   | 2,755.0             | 2,755.0        |
| Asset and longevity swaps   | -                   | -                   | (1,495.6)           | (1,495.6)      |
| Derivatives                 | (0.2)               | 34.7                | -                   | 34.5           |
| AVC Mixed Portfolio Fund    | -                   | 8.9                 | -                   | 8.9            |
| Cash                        | 8.4                 | 16.8                | -                   | 25.2           |
| Repurchase agreements - net | -                   | (200.5)             | -                   | (200.5)        |
| Other investment balances   | 1.8                 | (51.9)              | -                   | (50.1)         |
|                             | <b>2,789.6</b>      | <b>674.7</b>        | <b>1,298.3</b>      | <b>4,762.6</b> |

| As of 31 March 2024         | Level<br>(1)<br>£'m | Level<br>(2)<br>£'m | Level<br>(3)<br>£'m | Total<br>£'m   |
|-----------------------------|---------------------|---------------------|---------------------|----------------|
| Bonds                       | 3,311.6             | 637.8               | -                   | 3,949.4        |
| Pooled arrangements         | -                   | 69.7                | 52.4                | 122.1          |
| Insurance contracts         | -                   | -                   | 3,068.0             | 3,068.0        |
| Asset and longevity swaps   | -                   | -                   | (1,841.4)           | (1,841.4)      |
| Derivatives                 | 0.1                 | 45.3                | -                   | 45.4           |
| AVC Mixed Portfolio Fund    | 9.7                 | -                   | -                   | 9.7            |
| Cash                        | 9.2                 | 211.8               | -                   | 221.0          |
| Repurchase agreements - net | -                   | (241.0)             | -                   | (241.0)        |
| Other investment balances   | (6.8)               | (74.2)              | -                   | (81.0)         |
|                             | <b>3,323.8</b>      | <b>649.4</b>        | <b>1,279.0</b>      | <b>5,252.2</b> |

## 18. Investment risk disclosures

The disclosure of information in relation to certain investment risks are as follows:

**Credit (or counterparty) risk:** the risk that one party to a financial instrument (including insurance) will cause a financial loss for the other party by failing to discharge an obligation.

**Currency risk:** the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

**Interest rate risk:** the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

**Other price risk:** the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to investment risks as a result of the investments it makes to implement its investment strategy described in the Trustee's report. The Trustee manages investment risks within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment manager and monitored by the Trustee by regular reviews of the investment portfolios.

Further information on the Trustee's approach to risk management and the Scheme's exposures to certain risks are set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

### (i) Credit (or counterparty) risk

The Scheme is subject to credit (or counterparty) risk because the Scheme invests in bonds, OTC derivatives, reverse repurchase agreements and holds cash balances. The Scheme is exposed to credit risk relating to the asset and longevity swap and insurance contracts.

Credit risk arising on bonds is mitigated by investing predominantly in UK Government bonds where the credit risk is minimal or investment grade corporate bonds which are predominantly rated BBB or above. The Trustee manages the associated counterparty risk by requesting that the Investment Manager diversifies the portfolio to minimise the impact of a default by any one issuer. Credit risk arising on other investments is mitigated by investment mandates requiring counterparties to have predominantly investment grade credit quality.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or OTC. Exchange traded derivatives are guaranteed by a regulated exchange whereas OTC is not; therefore, the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC derivatives is reduced by collateral arrangements (see note 15). In March 2022 the Trustee initiated a move to Central Clearing for certain OTC derivatives, bringing the Scheme in line with industry standards and offering potential advantages in terms of the spread of counterparties and associated transaction costs.

Cash is held with financial institutions which are at least investment grade credit rated. This was the position at the year end.

The Scheme invests in private equity, alternatives and cash funds through pooled arrangements and some of these investments are exposed to credit risk and leverage. This risk is mitigated through active management of the funds, the regulatory environments in which the pooled arrangements operate, and diversification of investments amongst a number of funds.

The Trustee carries out due diligence checks on an on-going basis and monitors any changes to the management, regulatory, and operating environment of the funds. The Scheme's holdings in pooled investment vehicles are unrated and predominantly held through shares of limited liability partnerships, and open-ended investment companies.

#### **(ii) Currency risk**

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments or via pooled arrangements. The overseas currency exposure is minimised by the fund manager through a discretionary currency hedging policy.

The Scheme's net unhedged exposure by major currency at the year-end was as follows:

|           | <b>2025</b><br>£'m | <b>2024</b><br>£'m |
|-----------|--------------------|--------------------|
| US Dollar | (2.6)              | (2.1)              |
| Euro      | (1.3)              | 4.2                |
|           | <b>(3.9)</b>       | <b>2.1</b>         |

#### **(iii) Interest rate risk**

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in instruments where the price is sensitive to movement in interest rates, such as bonds and interest rate swaps. The Scheme's liabilities are also sensitive to movements in interest rates, specifically government bond yields as these form the basis of the discount rate assumption. The Trustee has set a high interest rate target hedge ratio to mitigate the impact of interest rate movements on the overall Scheme funding level as part of its liability-matching investment strategy. Under this strategy, if interest rates fall, the value of liability-matching investments will rise to broadly offset the corresponding increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the liability-matching investments will fall in value, as will the actuarial liabilities due to an increase in the discount rate.

Whilst the Scheme has reduced its direct interest rate risk via the Legal & General Insurance Contract, the underlying assets held by Legal & General are subject to interest rate risk.

#### **(iv) Other price risk**

Other price risk arises principally in relation to the Scheme's liquidation portfolio which includes investments held in pooled arrangements including private equity and alternatives. The Scheme has asked the investment manager to run off these assets and convert all the investments to liability matching assets.

## **19. Contingent liabilities and contractual commitments**

The following contractual commitments existed at the year-end:

| <b>Pooled arrangements</b> | <b>2025</b><br>£'m | <b>2024</b><br>£'m |
|----------------------------|--------------------|--------------------|
| Alternatives               | 11.7               | 17.6               |
| Private equity             | 3.3                | 3.9                |
|                            | <b>15.0</b>        | <b>21.5</b>        |

## **20. Self-investment**

The Scheme holds no direct or indirect investment in BA Plc or in International Consolidated Airline Group SA, or any shares or other securities as defined by section 40 of the Pensions Act 1995.

## **21. Related party transactions**

The Corporate Trustee of APS is Airways Pension Scheme Trustee Limited (APSTL). This company is dormant.

BAPTL, a company limited by guarantee, holds the assets on behalf of the Scheme as Custodian Trustee, including the assets of the pooled arrangements. The directors of BAPTL are all directors of either APSTL or New Airways Pension Scheme Trustee Limited (NAPSTL). The company described in the paragraph below is wholly owned by BAPTL.

BA Pensions provides administration services. The Scheme is recharged for these services, as shown in the fund account and in note 6.

The Trustee Directors of the Scheme are considered to be key management personnel. Vidett Trust Corporation Limited was remunerated by BA Plc in respect of its services as Chair of APSTL. Pensioner-elected Trustee Directors were also paid by the Employer.

Two of the ENDs are deferred members of NAPS. The MNDs are pensioners of APS, and their pension rights are on terms normally granted to members.

## **22. Guaranteed Minimum Pension (GMP) equalisation**

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should equalise pension benefits for the effect of unequal GMP so that equal benefits are provided for men and women in respect of GMP earned between 17 May 1990 and 5 April 1997. In November 2020, the Court confirmed that transfers out of pension schemes which had been calculated without equalising for the effect of unequal GMP should in certain cases be adjusted to reflect equalised benefits. The issues determined by the judgments affect many defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will affect the Scheme and has already received advice from its Scheme Actuary to understand the impact on the Scheme. Under the rulings, schemes are required to backdate benefit adjustments in relation to GMP equalisation and may need to provide interest on the backdated amounts. A project to address GMP equalisation for current pensioners has been completed, and amounts due plus interest were paid in June 2025.

# Independent Auditor's Statement About Contributions

## Independent auditor's statement about contributions to the Trustee of the Airways Pension Scheme

### Statement about contributions

We have examined the summary of contributions payable under the Schedule of Contributions to the Airways Pension Scheme in respect of the Scheme year ended 31 March 2025 which is set out on page 51.

In our opinion contributions for the Scheme year ended 31 March 2025 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Actuary on 28 June 2022.

### Scope of work

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

### Respective responsibilities of the Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 51, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions

received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions to the Scheme and to report our opinion to you.

### The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Scheme's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee, for our work, for this statement, or for the opinions we have formed.

**Gemma Broom**

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square, Canary Wharf  
London E14 5GL

Date: 25 September 2025

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# Summary of Contributions

## Statement of Trustee's responsibilities in respect of contributions

The Scheme's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Scheme's Trustee is also responsible for keeping records of contributions received in respect of any active member of the Scheme and for monitoring that contributions are made to the Scheme in accordance with the Schedule.

## Trustee's summary of contributions payable under the Schedule in respect of the Scheme year ended 31 March 2025

This summary of contributions has been prepared on behalf of and is the responsibility of the Trustee. It sets out the Employer and employee contributions payable to the Scheme under the Schedule of Contributions certified by the Actuary on 28 June 2022 in respect of the Scheme year ended 31 March 2025. The Scheme Auditor reports on contributions payable under the Schedule in the Auditor's statement about contributions.

| Contributions payable under the Schedule in respect of the Scheme year                 | £'m        |
|--|------------|
| Employer normal contributions  | 0.8        |
| Employee normal contributions  | -          |
| <b>Contributions payable under the Schedule (as reported on by the Scheme Auditor)</b> | <b>0.8</b> |

## Reconciliation of contributions

Reconciliation of contributions payable under the Schedule of Contributions reported in the financial statements in respect of the Scheme year:

|   | £'m        |
|---|------------|
| Contributions payable under the Schedule as reported on by the Scheme Auditor (as above)                          | 0.8        |
| Contributions payable in addition to those due under the Schedule:<br>Employee additional voluntary contributions | 0.3        |
| <b>Total contributions reported in the financial statements</b>   | <b>1.1</b> |

This report was approved by the Trustee Board on 23 September 2025 and was signed on their behalf by:

**Wayne Phelan**  
Trustee Director

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# Schedule of Contributions

## Airways Pension Scheme

Schedule of Contributions (31 March 2024 actuarial valuation)

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**Period covered by this Schedule:** Five years from the date of certification of this Schedule by the Actuary.

**Previous Schedule being replaced by this Schedule:** For the avoidance of doubt, this Schedule of Contributions replaces the Schedule of Contributions pursuant to the 31 March 2021 actuarial valuation that had a reference date of 28 June 2022.

### Level of contributions payable:

#### By members:

- Salary sacrifice members: Nil
- Members who are not salary sacrifice members:

| % Pay for Contribution Purposes |       |
|---------------------------------|-------|
| General Staff                   | 7.25% |
| Air Cabin Crew                  | 8.50% |
| Pilots and Officers             | 8.50% |

In addition for members under State Pension Age and who are not 2016 Lower Accrual Members additional contributions of 3.1% of Band Earnings.

All rates subject to detailed variation as specified in the Scheme Rules.

#### By the Employers:

- From 1 April 2024 until 31 March 2025, contributions at the following rate to cover the cost of accrual as determined by the 2021 valuation:

| % Pay for Contribution Purposes |       |
|---------------------------------|-------|
| All categories of staff         | 69.7% |

- From 1 April 2025 contributions at the following rate to cover the cost of accrual as determined by the 2024 valuation:

| % Pay for Contribution Purposes |       |
|---------------------------------|-------|
| All categories of staff         | 34.1% |

- In addition, for salary sacrifice members, an amount equal to the contributions that would be payable by the members if they were not salary sacrifice members.
- In addition for those members who elect to link increases in their "Pay for Pension Purposes" to increases in their Pay, contributions will be paid at 4.5% of "Pay for Contribution Purposes" from the date the election is effective.
- BA has agreed to pay a contingent payment of up to £40 million to the Scheme in July 2028 under Clauses 5.9..2 and 5.9.3 of an agreement between British Airways Plc and Airways Pension Scheme Trustee Limited dated 8 April 2019 (the "Settlement Agreement") only if the various conditions described in the Settlement Agreement for the relevant amount to become payable have previously been satisfied (including the resolution of any dispute as to whether they have been satisfied in accordance with the terms of the Settlement Agreement).

As a result of the Settlement Agreement the Trustee and BA have agreed a package of additional measures, which are documented in separate legal agreements.

**Due date for payment of contributions:**

All contributions (from both members and the Employers except for the Contingent Payment and where noted otherwise above) are payable monthly and are due to be paid to the Scheme by the 19th day of the month following that to which the contributions relate.

**Note:** This Schedule of Contributions relates to the payment of normal contributions to the Scheme payable under Rule 5 of Parts IV-VI and Rule 6 of Parts 1-111; it does not relate to payment of any amounts under any separate legal agreement, nor to the payments of additional voluntary contributions (AVCs) under Rule 29 of Part I, Rule 32 of Parts IV and VI and Rule 33 of Part V, nor to contributions payable under Clause 24. Pension Protection Levies are to be paid directly by BA Plc in addition to the amounts specified in this Schedule.

Date of Schedule (for reference purposes): 22 April 2025

**Signed on behalf of the Trustee of the Scheme**

Signature:

Print name: Zoe Davis

Position: Trustee Director

**Signed for and on behalf of the participating employer of the Scheme**

Signature:

Print name: Andrew Fleming

Position: General Counsel & Company Secretary

# Actuarial Certificate

## Schedule of Contributions

**Name of Scheme:** Airways Pension Scheme

### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 31 March 2024 to continue to be met for the period for which the Schedule is to be in force.
2. I also certify that any rates of contributions forming part of this Schedule which the Scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the Schedule, the Statement of Funding Principles and any Recovery Plan.

### Adherence to Statement of Funding Principles

3. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 4 April 2025.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

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**Adam Boyes**

Chartered Actuary (Fellow)

**Date: 22 April 2025**

Towers Watson Limited  
a Willis Towers Watson company  
Watson House  
London Road  
Reigate  
Surrey  
RH2 9PO

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# Report on Actuarial Liabilities

(Forming part of the Trustee's Report)

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## Airways Pension Scheme Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the statutory funding objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on their pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the statement of funding principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as of 31 March 2024. This showed that on that date:

*The value of the technical provisions was:*

**£5,087 million**



*The value of the assets at that date was:*

**£5,240 million**



The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the appendix to the statement of funding principles):

### Method

The actuarial method to be used in the calculation of the technical provisions is the projected unit method.

### Significant actuarial assumptions

| Assumption   | Value  |
|--|--|
| Discount rate (past and future service)  | Term-dependent rates equivalent to the full nominal gilt yield curve   |
| Retail Prices Index (RPI) inflation  | Term-dependent rates derived from the difference between the full index-linked and nominal gilt yield curves   |
| Salary increases (in addition to promotional scale) for members who have elected to link their Pay for Pension Purposes to increases in their pay <sup>1</sup> | RPI  |
| Deferred pension revaluation <sup>2</sup>  | RPI-0.8% p.a. for increases up to and including 2030, RPI-0.267% p.a. in April 2031, and RPI from 2032 onwards |
| Pension increases in payment <sup>2</sup><br>- PIRO <sup>3</sup><br>- APS 1-V (cap of 2.5% p.a.) <sup>3</sup><br>- Post 88 GMP (cap of 3.0% p.a.) <sup>3</sup> | RPI-0.8% p.a. for increases up to and including 2030, RPI-0.267% p.a. in April 2031, and RPI from 2032 onwards |
| GMP increases before GMP payment age   | RPI+1.5% p.a.  |

<sup>1</sup> Pay increases for members who have not elected to link their Pay for Pension Purposes to increases in their pay are assumed to be in line with PIRO.

<sup>2</sup> With relevant annual caps and floors applied to the forward rates.

<sup>3</sup> The income streams in respect of pensions covered by the insurance contracts are assumed to increase in line with RPI with no adjustment, subject (where relevant) to the annual floor applied to the forward rates.

**Mortality:** the base tables of mortality assumed at 31 March 2024 are summarised below. These are based on standardised tables of mortality rates which are determined by reference to historic experience of occupational pension schemes. The tables have been calibrated, based on the results of a generalised linear model mortality analysis, to reflect the demographic profile of the Scheme (by reference to several factors such as age, gender, category of membership, pension amount and postcode).

| Group                               |                 |
|-------------------------------------|-----------------|
| Male non-pensioners with:           |                 |
| - Low pensions*                     | 102% of S2PMA   |
| - High pensions*                    | 64% of S2PMA_L  |
| Female non-pensioners               | 101% of S2PFA_L |
| Male dependents of non-pensioners   | 82% of S2PMA_H  |
| Female dependents of non-pensioners | 99% of 52DFA    |
| Male pensioners with:               |                 |
| - Low pensions*                     | 105% of S2PMA   |
| - High pensions*                    | 69% of S2PMA_L  |
| Female pensioners                   | 106% of 52PFA_L |
| Male dependents of pensioners       | 84% of S2PMA_H  |
| Female dependents of pensioners     | 98% of S2DFA    |

\*Low pensions are classed as being lower than £28,300 p.a. at 31 March 2021, allowing for the April 2021 pension increase. All others are classed as high pensions.

At 31 March 2024 an allowance for future reductions in mortality rates has been included based on the 2017 CMI core projections model with a smoothing parameter of 7.5 and a long-term improvement rate of 1.5% p.a. up to 2018, followed by the 2022 CMI core projections model subject to a long-term improvement rate of 1.5% p.a. along with its associated default parameters.

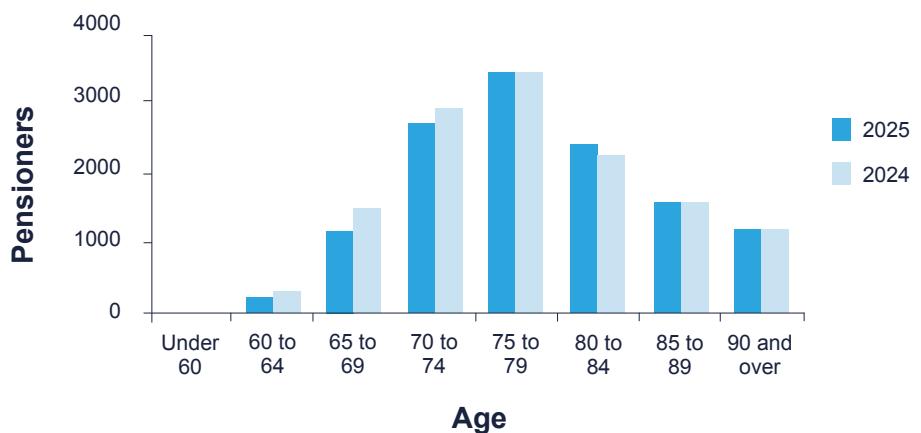
Members are assumed to exchange 15% of their pension at retirement for a lump sum on terms 5% higher than rates based on a 2.5% per annum real (relative to RPI) discount rate.

# Membership Information

(Forming part of the Trustee's Report)

|                       | 2025          | 2024          |
|-----------------------|---------------|---------------|
| Active members        | 34            | 42            |
| Pensioners in payment | 12,639        | 13,242        |
| Dependant pensioners  | 5,118         | 5,288         |
| Deferred pensioners   | 250           | 305           |
|                       | <b>18,041</b> | <b>18,877</b> |

Pensioner Age Analysis 2024/25



In addition to the above, there are approximately 12,100 (2024: 13,000) deferred pensioners with equivalent pension benefits.

# Compliance Statement

## The Scheme

The Scheme provides retirement benefits for employees of BA and some of its subsidiary and associated companies and benefits for dependants of members and pensioners who die.

The Scheme was established under a Trust Deed dated 8 October 1948 in accordance with Regulations made under Section 20 of the Civil Aviation Act 1946 and was closed to new members at 31 March 1984.

The Scheme was exempt approved by HM Revenue & Customs and is now a registered pension scheme under the Finance Act 2004. Parts V and VI of the Scheme were contracted out of the State Second Pension (formerly known as the State Earnings-Related Pension Scheme) until contracting-out ceased with effect from 6 April 2016. Part IV of the Scheme was contracted-in to the State Second Pension.

## Membership

Membership of the Scheme is voluntary, and members can opt-out by giving one calendar months' notice in writing to the Trustee. Members of the Scheme who opt-out cannot rejoin APS and may be auto enrolled into the British Airways Pension Plan, a defined contribution pension scheme offered by BA Plc.

## Scheme registered address

Waterside HAA1, Harmondsworth, UB7 0GB, England.

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