BRITISH AIRWAYS PENSIONS

2025

New Airways Pension Scheme

Statement of Investment Principles

Adopted by the Trustee – 11 December 2025

Contents

1. Introduction

1.1. New Airways Pension Scheme Trustee Limited (the “Trustee”), as Trustee of the New Airways Pension Scheme (“NAPS”, the “Scheme”) has prepared this Statement of Investment Principles (the “Statement”, the “SIP”) to comply with the requirements of the Pensions Act 1995 (the “Act”) and subsequent legislation.

1.2. The Statement sets out the investment principles that govern decisions about the Scheme’s investments and applies to all investments held by the Scheme.

1.3. In preparing this Statement the Trustee has considered written advice from the Scheme’s appointed Investment Advisor, who is considered to be suitably qualified. The advice received and arrangements implemented are, in the Trustee’s opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended), the Occupational Pension Schemes (Investment) Regulations 2005 and subsequent legislation.

1.4. The Trustee’s investment powers are set out within the Scheme’s governing documentation and relevant legislation. If necessary, the Trustee will take legal advice regarding the interpretation of these. The Trustee notes that, according to the law, the Trustee has ultimate power and responsibility for the Scheme’s investment arrangements.

1.5. The Trustee seeks to maintain a good working relationship with the Sponsoring Company (the “Company”, British Airways Plc) and will consult with it on proposed changes to the Statement. However, the Trustee’s fiduciary obligations are to the Scheme’s members.

1.6. Further information about the Scheme can be found on the Scheme’s publicly accessible website.

2. Governance

2.1. The Trustee has established, as a sub-committee of the Main Board, an Investment Committee (the "IC") to focus on investment matters. The Trustee has appointed Lane Clark & Peacock LLP as the Investment Advisor to provide relevant advice to the IC and the Trustee. The Trustee also takes advice as appropriate from the Scheme Actuary and other professional advisors.

2.2. The Trustee is accountable for the investment of the Scheme's assets. The Trustee has delegated some aspects of the Scheme's investment arrangements to the IC, the Scheme's Trustee Executive, British Airways Pension Services Limited ("BAPSL") and the Scheme's Investment Manager, BlackRock Investment Management (UK) Limited ("BlackRock"), in order to manage the Scheme's affairs effectively. The Trustee decides what to delegate after considering whether it has the necessary skills, knowledge and professional support to make informed and effective decisions itself. The Trustee maintains and regularly reviews a strategic plan for the Scheme that sets out the investment (and other) activities planned for the next year and beyond.

2.3. The Trustee sets the Scheme's investment objectives, risk and return targets, and investment manager structure following recommendations from the IC, which considers these matters in detail before making proposals to the Trustee for approval.

2.4. The NAPS Trust Deed does not specifically exclude any form of investment or investment activity, although the Trustee does restrict the types of asset that BlackRock may hold and the type and extent of investment activity which it is permitted to undertake. Assets may be UK or overseas in origin and consist predominantly of investments admitted to trading on regulated markets and where they are not, are kept to a prudent level. Investments in derivative instruments and the use of leverage may only be made in so far as they contribute to a reduction of risks or facilitate efficient portfolio management.

2.5. BlackRock is responsible for the day-to-day management of the Scheme's assets in accordance with the Investment Guidelines agreed with the Trustee and set out in the Investment Management Agreement ("IMA") between the Trustee and BlackRock. BlackRock has discretion to buy, sell or retain individual investments in accordance with these Guidelines. The Trustee regularly monitors the performance of BlackRock, looking at factors including return and risk measures as well as operational matters.

2.6. The safe custody of the Scheme's assets is delegated to professional custodians (either directly or via the use of pooled vehicles). The custodians are also responsible for performing associated duties such as dividend collection. The managers of the pooled funds are responsible for the appointment and monitoring of the custodians. For the Scheme's direct investments, State Street Bank & Trust Co is the appointed custodian.

2.7. The Scheme Actuary performs a valuation of the Scheme at least every three years, in accordance with regulatory requirements. The main purpose of the actuarial valuation is to assess the extent to which the assets cover the accrued liabilities and agree an appropriate funding strategy for the Scheme. Full details of the current funding strategy and contributions payable will be found in the Statement of Funding Principles and Schedule of Contributions.

2.8. The Trustee is working to implement the Scheme's investment strategy in line with the principles agreed with the Company as part of the 31 March 2024 actuarial valuation.

3. Investment Objectives

3.1. The Trustee's primary investment objective is to invest the Scheme's assets in such a manner that members' benefit entitlements can be paid as and when they fall due.

3.2. The Trustee aims to maintain the Scheme's strong funding position and ensure the investment strategy remains flexible to support future strategic objectives, including maintaining appropriate levels of liquidity.

3.3. The Trustee has set a target expected long-term return for the portfolio of between gilts +0.5% p.a. and gilts +1.0% p.a. This range reflects the Trustee's current objectives and will be reviewed periodically to ensure ongoing alignment with the Scheme's funding position and long-term strategy.

3.4. The Trustee will use interest rate and inflation hedging to help protect the Scheme's funding position.

3.5. The Trustee will continue to monitor the appropriateness of the investment strategy and will revisit the investment strategy should it be necessary to do so and at least every three years in line with the triennial actuarial valuation cycle.

4. Risk

4.1. To meet the investment objectives, the Trustee has agreed to take a measured level of investment risk relative to the liabilities, with the expectation of delivering improvement in the Scheme's funding position over time while maintaining appropriate protection against adverse changes and a prudent approach to meeting the Scheme's liabilities.

4.2. In taking investment risk relative to the liabilities, the Trustee received advice from the Investment Advisor and Scheme Actuary and held discussions with the Company. In particular, the Trustee considered carefully the following possible consequences:

4.2.1. The assets might not achieve the excess return anticipated relative to the liabilities over the longer term. This could result in deterioration in the Scheme's financial position and the Company potentially having to pay contributions and/or require the Trustee to review the investment strategy in order to target a higher level of expected returns.

4.2.2. The relative value of the assets and liabilities will be more volatile over the short term than if investment risk had not been taken. This will increase the likelihood of there being a shortfall of assets relative to the liabilities in future. This consequence is particularly serious if it coincides with the Company being unable to make good the shortfall.

4.3. The degree of investment risk the Trustee is willing to take depends on the financial health of the Scheme and the financial strength of the Company, as well as the Scheme's liability profile.

4.4. The Trustee seeks to spread investment risk across a range of different sources believing that that diversification limits the impact of any single risk on the Scheme. The Trustee will select a combination of different assets and investment management approaches to be consistent with its investment objective and risk tolerance.

4.5. Management of investment risk is principally addressed by the Trustee establishing investment parameters in the IMA and Investment Guidelines, within which BlackRock must operate and, where appropriate, the explicit and systematic inclusion of environmental, social and governance ("ESG") issues in investment analysis and decisions.

4.6. The Trustee has identified the following key risks attaching to the Scheme's investments and has taken appropriate steps to mitigate these risks:

4.6.1. Liability Mismatch Risk exists if the projected cashflow profile of the assets held differs from that of the projected liabilities. The Trustee has a policy to hedge a significant proportion of interest rate and inflation risk (achieved through physical assets and derivative contracts).

4.6.2. Longevity Risk reflects the possibility that the value of the Scheme's liabilities will increase due to improving life expectancy. The Trustee monitors this longevity risk and periodically considers reducing this risk through hedging subject to attractive pricing.

4.6.3. Counterparty (or Credit) Risk reflects the possibility that payments due or expected from a third party are not made. Management of Counterparty Risk is delegated to BlackRock and BAPSL within certain limits set out in the Investment Guidelines.

4.6.4. Currency Risk will arise through investment in non-Sterling assets, given that the Scheme's liabilities are denominated in Sterling. Subject to maintaining certain minimum currency hedging requirements, management of currency risk is delegated to BlackRock.

4.6.5. Liquidity Risk concerns the risk arising from holding assets that are not readily realisable and may be compounded by Volatility Risk where the price achievable is not certain until the point of sale. The Trustee's policy is to ensure that an adequate proportion of sufficiently realisable investments is held to meet additional cashflow requirements in most foreseeable circumstances and to achieve this it delegates the management of cashflow requirements to BAPSL and BlackRock.

4.6.6. Regulatory Risk arises from investing in a market environment where the regulatory regime may change. The Trustee receives regulatory updates from its various advisors and considers how to address any significant changes as and when they arise.

4.6.7. Concentration Risk arises when a high proportion of the Scheme's assets are invested in instruments of the same or related issuers. The Trustee seeks to diversify instruments appropriately to mitigate this risk and specific concentration limits are set out in the Investment Guidelines.

4.6.8. ESG Risk arises from investing in assets exposed to ESG related matters, including climate change, which could have a material negative impact on the asset's value. The management of ESG related risks is delegated to BlackRock. Section 7 of this Statement sets out the Trustee's responsible investment and corporate governance policy.

4.6.9. Collateral Sufficiency Risk arises when there are insufficient assets available to support the leveraged part of the Trustee's inflation, interest rate and other hedging programmes. The Trustee has a monitoring process in place, which would trigger action to be taken by BlackRock to avoid collateral yield headroom falling below the minimum level as advised by the Scheme's Investment Advisor. Under the IMA with BlackRock, BlackRock has established protocols to ensure sufficient collateral is maintained. The Scheme's Investment Advisor additionally provides advice on collateral headroom, which is monitored by BlackRock on behalf of the Trustee.

4.7. BlackRock provides both active and passive management. The Trustee will keep its beliefs on the use of active management under review, considering whether any active mandates have added value and are expected to deliver future value after allowing for additional risks, costs and governance requirements.

5. Investment Strategy

5.1. The Trustee has adopted a strategy with the aim of achieving the Scheme's investment objectives, taking into account the risks identified above. Should there be a material change in the Scheme's circumstances, the Trustee will review whether and to what extent the investment strategy should be altered.

5.2. The investment strategy takes account of:

5.2.1. The maturity profile of the Scheme (in terms of the relative proportions of liabilities in respect of pensioners and non-pensioners);

5.2.2. The funding level on the Technical Provisions, Long-Term Funding Target and indicative insurance basis; and

5.2.3. The assessed strength of covenant provided by the Company.

5.3. The Trustee has agreed an investment strategy which aims to protect the Scheme's strong funding position and ensure the portfolio remains appropriately diversified and liquid to support future strategic objectives:

5.3.1. Targeting an overall expected long-term portfolio return between Gilts + 0.5% p.a. and Gilts +1.0% pa, recognising that this target may be reviewed and updated over time to reflect market conditions and BlackRock's assessment of asset class opportunities ;

5.3.2. Increasing the allocation to diversified sources of contractual incomes type assets (for example, investment-grade credit and other liquid income-generating assets) as the existing illiquid holdings mature or are realised;

5.3.3. Increasing the Scheme's liquidity in an orderly manner, recognising the need to realise existing illiquid assets at appropriate opportunities; and

5.3.4. Not making new investment into illiquid assets unless after consultation with the Company in the event of an attractive opportunity.

5.4. The Trustee and the Company have discussed the need to re-shape the investment portfolio and have agreed a framework to reduce the Scheme's allocation to illiquid assets over an appropriate timeframe, taking into account market conditions and the objective of avoiding material haircuts.

5.5. The investment strategy will consist of assets expected to produce a return in excess of gilts and assets to broadly match movements in the value of the liabilities caused by interest rate and inflation changes.

5.6. The use of active management is considered where there is an expectation that an additional return over a passive investment can be generated in an efficient manner (i.e. such that expected returns are maximised relative to expected risk).

5.7. The Trustee delegates the process for managing the assets in line with the investment strategy to BlackRock, within defined parameters.

6. Appointment and Monitoring of Investment Managers

6.1. BlackRock is the appointed Investment Manager of the Scheme. It is appointed on a fully-discretionary basis under which it has delegated responsibility for buying and selling investments on behalf of the Scheme, subject to agreed constraints as set out in the IMA, Investment Guidelines and relevant legislation. BlackRock may invest in instruments directly or invest in pooled funds managed by BlackRock or other investment managers.

6.2. However the assets are managed, the Trustee will take appropriate legal and investment advice regarding the initial and ongoing suitability of the investment management documentation and the investment vehicles. When BlackRock is not operating under a discretionary agreement, the Trustee will obtain written advice from the Investment Advisor regarding the suitability of the chosen funds before making the initial investment. The Trustee will then obtain renewed advice at appropriate intervals while the Trustee continues to invest in the funds.

6.3. BlackRock's appointment is initially for five years and six months from May 2021, however, the Trustee will assess the continuing suitability of BlackRock on an ongoing basis.

6.4. Representatives from the dedicated Strategic Client Team ("SCT") at BlackRock, who focus on the BA Pensions Schemes, will regularly attend IC meetings to discuss performance, portfolio activity and wider issues. The Investment Advisor may be asked to assist the Trustee's Executive, BAPSL, in monitoring BlackRock. The Trustee will monitor BlackRock's performance over different time horizons against their performance objectives but will focus on the long-term.

6.5. The Trustee has ultimate responsibility for decision-making on investment matters and has agreed that all strategic policy decisions on investments will be taken by the Main Trustee Board after in-depth consideration by the IC and following receipt of appropriate advice.

6.6. Nevertheless, the IC has delegated authority to amend, supplement or delete any of the controls, restrictions or guidelines contained within BlackRock's IMA and Investment Guidelines (with the exception of those classed as strategic policy decisions) and to monitor BlackRock's investment performance and operations against these documents.

7. Responsible Investment (“RI”) and Corporate Governance

7.1. The Trustee has produced the following Mission Statement setting out how the Scheme plans to address RI issues:

“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.”

7.2. The Trustee has identified Climate Change as a priority theme from both a risk and return perspective. In addition, it is a theme that can impact and/or influence social and governance factors, as well as environmental factors.

7.3. Full detail of the Trustee’s RI Policy can be found on the members’ website and does not form part of this Statement. The RI Policy will be subject to regular review.

7.4. BlackRock is a signatory to or participates in a large number of sustainability related organisations, including the International Corporate Governance Network and the Task Force on Nature-related Financial Disclosures (“TNFD”) and the United Nations Principles for Responsible Investment (“UNPRI”).

7.5. The IC will make recommendations on the RI Policy and strategy for the Scheme as well as overseeing the RI activities of BlackRock. The IC has delegated authority to approve non-significant changes to the RI policy.

7.6. The Trustee has given BlackRock responsibility for integrating ESG considerations into the investment decision-making process, making use of the specialist BlackRock Investment Stewardship and BlackRock Active Investment Stewardship teams, alongside support from other advisors where appropriate.

7.7. 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 life-cycle including in the selection, retention and realisation of investments.

7.8. The Trustee requires BlackRock to engage with investee companies and other relevant stakeholders, using a variety of means including collaboration with other investors, to improve long-run, risk-adjusted financial returns for the Scheme. 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 interests. 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.

7.9. Depending on the severity of the issue, potential impact on performance and likelihood of success, BlackRock has various courses of action to follow should an investee company fail to make progress on financially material risks and issues raised within a reasonable length of time. In extreme circumstances, failure to make progress may result in a decision taken to divest from the investee company.

7.10. BlackRock exercises the voting and other rights attached to the Scheme’s investments in line with its standard proxy voting and shareholder engagement policy. The Trustee will regularly review Blackrock’s stated priorities to assess how well they align with the Trustee’s own priorities and will consider whether it remains appropriate to delegate these responsibilities to BlackRock.

7.11.

7.12. BlackRock is required to proactively monitor investments on an on-going basis to help identify a situation where long-term risk-adjusted returns may be compromised by ESG issues or could place the reputation of the Scheme at risk.

7.13. The Scheme's RI activities, annual voting and engagement will be captured through the Scheme's Annual SIP Implementation Statement and TCFD report, made available on a publicly accessible website.

7.14. The Trustee has processes in place to continuously learn from practices and experiences.

7.15. 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.

7.16. In considering RI and applying the RI Policy the Trustee will adhere to the law and latest UK regulation.

8. Additional Voluntary Contributions ("AVCs")

8.1. The Trustee has full discretion as to the vehicles made available for members' AVCs and the British Airways Money Purchase Scheme ("BAMPS"). Only investment vehicles that are considered suitable for AVC investment are considered by the Trustee, having taken appropriate advice.

8.2. The Trustee reviews the investment arrangements and performance of the AVC arrangements on a regular basis and takes advice regarding their ongoing suitability.

9. Review of this Statement

9.1. The Trustee does not expect to update this Statement frequently as it covers broad principles. However, the Trustee will review this Statement at least every three years and without delay if there are changes to the legislative framework or if there are relevant, material changes to the Scheme and/or the Company.

9.2. Any change to this Statement will only be made after having obtained and considered the written advice of the Investment Advisor and after consultation with the Company.