

AIR INDIA PENSION & ASSURANCE SCHEME

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1. Introduction

This Statement has been prepared by the Trustees of the Air India Pension and Assurance Scheme in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended), and Regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005, and any subsequent additional regulations.

In preparing this Statement, the Trustees have taken appropriate written advice from a suitably qualified individual, Simon Jagger FIA, Director of Jagger & Associates Limited. The Trustees have also consulted with the sponsoring employer. This Statement is consistent with the Scheme's governing documents.

The Scheme is registered with HM Revenue and Customs. The Scheme provides final-salary related benefits. There is no formal employer-related investment, and the Trustees intend none. The sponsoring employer intends to remit all relevant contributions to the Trustees within the relevant timescales.

2. Delegation of Investment Management

The Trustees use a range of pooled funds provided by Legal & General Investment Management (L&G). A cash account is also maintained for managing short-term cash flow. The Trustees may also use the L&G Cash Fund for this purpose.

The details of the investment manager's appointment, covering the roles of the organisation and its various subsidiaries and associated companies, and associated fee rates, are covered by an agreement with effective date 23 June 1999 (the date of the first pooled fund investment with L&G), and in any legally valid amendments thereof. In addition to these agreements, the full details of the restrictions placed on the manager (including restrictions in relation to the allocation of assets, credit limits, and the use of asset classes such as derivatives and foreign currency) are contained within the documentation produced by the investment manager for the individual products used. The Trustees have placed no additional constraints on the investment manager.

The provider, where relevant, is suitably authorised under the Financial Services and Markets Act 2000.

3. Investment Strategy

The broad split of the assets is 40% Equity (split UK 19.0%, North America 6.0%, Europe ex UK 2.5%, Asia Pacific ex Japan 7.5%, Global Emerging Markets 5.0%), and 60% Corporate Bonds. Net cash flows will be used to maintain this split, and one-off rebalancing may be employed where necessary.

The Corporate Bond Index fund used is currently the Over 15 Year Corporate Bond Index Fund ("Long-Dated"). This Statement will not be revised for movements between All-Stocks and Long-Dated for the Corporate fund, nor will it be revised for changes of up to 10% in a product's weighting within the strategy.

The Trustees consider the investment strategy in place, and the investment products used, to be appropriate for the Scheme. In formulating the strategy and deciding on the suitability of the products, the Trustees sought advice from their professional advisers, referenced in section 1 of this Statement, and their written advice. The Trustees will review their decisions from time to time with their advisers.

4. Expected Return on Investments

Equity-based products are designed to produce a return in excess of both general salary and price inflation over the long term. The equity products used are therefore expected to enhance the real value of the Scheme's assets over the long-term, which is a fundamental element of the Trustees' investment policy. These products may produce volatile absolute returns over short-term periods, but are expected to produce higher returns over the long-term.

Each equity fund held is an index-tracking fund, rather than an actively-managed fund. The indices involved are shown below, together with how close each fund's return is expected to be to its index in two years out of three ("tracking error").

<u>Equity Fund</u>	<u>Index</u>	<u>Tracking error</u>
UK	FTSE All-Share	+/-0.25% p.a.
North America	FT World North American	+/-0.50% p.a.
Europe (excluding-UK)	FT World Europe (ex-UK)	+/-0.50% p.a.
Asia Pacific (excluding Japan)	FT World Asia Pacific (ex-Japan)	+/-0.75% p.a.
Global Emerging Markets	S&P/IFCI Composite Global Emerging Markets	+/-1.50%p.a.

The Investment Grade Corporate Bond Index Fund is a passively managed bond fund that aims to track the relevant iBoxx £ Non-Gilts Index (i.e. Long-Dated or All-Dated as appropriate).

The investment performance of the Scheme's assets is reported on a quarterly basis by the investment manager.

5. Risk Management and Risk Measurement

The Trustees are satisfied that their investment manager is prudent and professional in their general approach to investment. The investment products used involve holding units in pooled funds that maintain diversified portfolios of underlying assets (e.g. shares, bonds, and other financial instruments). This reduces the risk to the Scheme and members of investing in any specific individual asset. The use of passive funds also removes some of the risk involved in a purely active investment strategy.

The Trustees will keep the asset allocation under review, and risk measurement forms part of the performance monitoring process.

6. Realisation of Investments

The Trustees' policy is to ensure that the assets invested are sufficiently realisable to enable the Trustees to meet their obligations to provide benefits as they fall due. The Trustees are satisfied that the arrangements in place conform to this policy. The Trustees monitor their net cashflow position, the likely need to realise capital, and hence any effect on asset allocation and the choice of investment funds.

7. Additional Voluntary Contributions

The Scheme has made available facilities with Legal & General Assurance Society Ltd for members who wish to contribute to enhance their retirement benefits. The Trustees believe these to be appropriate facilities for this purpose, but note that the decisions on the funds used rest entirely with the members.

8. Environmental, Social and Governance (ESG) Considerations including Voting and Engagement

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest in pooled funds and cannot therefore directly influence the environmental, social, and governance policies and practices of the companies in which the pooled funds invest. The Trustees have excluded non-financial matters in the selection, retention and realisation of investments in the past but will incorporate non-financial factors in future investment selection to the extent they feel appropriate.

The Trustees have no formal policy on either ESG (including climate change) or delegation of voting rights. Instead, they have delegated the responsibility for these matters to their investment manager, who will from time to time report on their current and future actions in these areas.

The Trustees will consider a manager's ESG credentials during their appointment and ongoing review process, and will ask for a written update at least annually on the manager's approach and activity in relation to responsible investing for the products used by the Trustees.

The bond fund held should not normally involve any voting rights.

As the Trustees use pooled funds, their asset manager is not incentivised to align their investment strategy and decisions with the Trustees' policies, nor are they incentivised to make decisions based on assessments about medium to long-term performance of an issuer of debt or equity, nor to engage with those issuers in order to improve their performance. However, the manager may make such decisions and/or engage of their own accord.

Performance monitoring, manager remuneration and duration of manager appointment are covered elsewhere in this Statement. As the Trustees use pooled funds, there is no targeted portfolio turnover or turnover range.

As the Trustees use pooled funds, they do not need to have an engagement policy in relation to monitoring the capital structure of companies they invest in, or any associated potential conflicts of interest.

In addition, the Trustees will publish annually online an engagement policy implementation statement that outlines how the various requirements (set out above) have been followed during the year, and describes the voting behaviours of the asset managers on their behalf.

9. Compliance

The Trustees will formally review this Statement at least every three years from the date of this statement, and it will be formally reviewed, without delay, after any significant change in investment policy, using the assistance of a qualified adviser (as defined under section 36(6)(b) of the Pension Act 1995) for any review undertaken. A copy of this Statement is available for inspection by Scheme members.

This statement has been agreed by the Trustees on 16FEB 2021.