CHAIR'S ANNUAL STATEMENT
GULF AIR RETIREMENT BENEFITS SCHEME
Year ending 31 December 2024

Introduction

Governance requirements apply to Defined Contribution ("DC") pension arrangements, to help members achieve a good outcome from their pension savings. The trustee of each scheme has had to produce an annual statement, signed by their Chair, setting out a number of prescribed matters in relation to:

- The investment options in which members' funds are invested (this means the "default arrangement" and other funds members can select or have assets in, such as self-select or "legacy" funds);
- The requirements for processing financial transactions;
- The charges and transaction costs borne by members;
- An illustration of the cumulative effect of these costs and charges;
- A "value for members" assessment; and
- Trustee's compliance with the statutory knowledge and understanding requirements.

The Gulf Air Retirement Benefits Scheme ("the Scheme") was set up on 1 November 1975. This is the Chair's annual statement for the year ending 31 December 2024 ("the Statement").

The Scheme is overseen by a Professional Corporate Sole Trustee, ZEDRA Governance Ltd (ZEDRA). Steve Longworth, representing ZEDRA, has acted as the Trustee Chair during the year ended 31 December 2024 as the Lead Client Director for the Scheme with support from Alan Greenlees as Second Client Director.

The Scheme operates under a Trust Deed and Rules dated 10 December 2002 and provides benefits on a Defined Benefit ("DB") basis, but at the start of the year there were also three members remaining in the Scheme who have additional Defined Contribution ("DC") benefits which were transferred in from an external arrangement (prior to the Scheme ceasing accrual). This Statement is in respect of the DC benefits only.

Over the course of the Scheme Year Ending 31 December 2024, two of these members transferred their benefits to another arrangement with the other member taking their DC benefits as an Uncrystallised Funds Pension Lump Sum. Therefore as at 31 December 2024 there are no DC benefits remaining in the Scheme and this is our final Chair's Annual Statement for the Scheme.

The Scheme historically accepted Additional Voluntary Contributions (AVCs). These have been invested in the same manner as the DC transfer ins. Therefore, this Statement extends to AVCs too. It should be noted that during the Scheme Year ending 31 December 2024, the final AVCs held by the Scheme were utilised by the members and therefore there are no longer any AVC benefits within the Scheme.

The total assets held in the DC section were £55,407 as at 31 December 2023, but reduced to zero over the year.

Every year the Trustee is required to confirm in the Chair's Statement how the Scheme meets the governance standards set by the Pensions Regulator. The Statement is published in the annual report and accounts. As noted above, this is our final Chair's Statement as there are no DC benefits remaining in the Scheme.

The Trustee is also required to provide members with a Value for Member assessment which reviews the benefits for members against at least three "comparison schemes". As there are now no members, this assessment has not been carried out again this year. Further details are provided later in this Chair's Statement.

Investment strategy

There is no default fund as defined in the regulations. The DC section was not used as a qualifying scheme for auto enrolment purposes and there have been no contributions paid into the DC section since 2007. The DC benefits were invested in the Prudential With-Profits Fund.

When this fund was selected, the Trustee considered it to be an appropriate investment for the members of the Scheme. In deciding to use this fund, the Trustee sought advice from their professional advisers as to the product's suitability. As mentioned earlier, all remaining members with DC benefits have either transferred or retired over the course of 2024 and as there are no remaining DC assets, the Trustee has therefore not considered the ongoing appropriateness of the fund.

Core financial transactions

The Trustee is required to make sure that core scheme financial transactions are processed promptly and accurately. The Trustee monitors this through:

- Having an agreement with the service provider committing them to defined service level agreements ("SLAs"); and
- Having the service provider report on an annual basis on their performance against the SLAs above.

The core financial transactions include:

- The investment of contributions to the DC section of the Scheme (there have been none this year);
- The transfer of assets relating to members into and out of the DC section of the Scheme or payments from the DC section of the Scheme to, or in respect of, members (all members in the DC section at the start of the year transferred out or took their benefits as a lump sum during the year); and
- The transfer of assets relating to members between different investments within the DC section of the Scheme (there have been one this year).

The Trustee delegated the administration of the DC section of the Scheme to Prudential, a professional pensions administration provider. There is a contract in place between Prudential and the Trustee, clearly setting out the services that they will provide and the cost for these services.

The Trustee monitors the performance of Prudential on an ongoing basis and does this by reviewing the annual documentation from Prudential detailing the work undertaken and the timeliness of the delivery of these tasks.

Broadstone, as the main administrator of the Scheme, have confirmed that all retirements and transfers during the period were completed within the respective SLA. Therefore, the Trustee is satisfied that the core financial transactions in the DC section of the Scheme have been processed promptly and accurately.

Member-borne charges and transaction costs

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

The Trustee is also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Scheme's fund managers buy and sell assets within investment funds.

The funds were invested in the Prudential With-Profit Fund. Prudential (who are the Scheme's investment managers of the DC section) have confirmed that the following charges applied in respect of the Fund:

Policy / Plan fee	Nil
Bid / Offer Spread	Nil
AMC*	1.0%
Transaction Costs**	0.10%
Other Charges***	2%

* The With-Profits fund has no explicit charges. The bonuses declared are set with reference to investment returns earned less an annual management charge ("AMC"). The AMC is the allowance made for expenses, distributions to shareholders and profits or losses from other sources arising in the With-Profits Fund. The AMC is reviewed each year as part of the process for setting bonus rates and at the last review Prudential set it to be 1.0% of invested funds. This rate has applied since March 2018.

** Prudential has published a list of transaction costs in respect of the period 1 October 2023 to 30 September 2024, which shows the transaction costs for the With-Profits Fund to be 0.06%. Information for the 12 months to 31 December 2024 was not made available by Prudential as at the date of finalising this statement. Prudential were not able to provide transaction costs for the period from 1 January 2023 to 31 December 2023 in time for last year's statement, however, they have since confirmed that transaction costs of 0.16% were incurred over this period compared to 0.18% reported in last year's statement.

*** A charge up to 2% is reflected in any claim to cover the cost of the guarantees. The guarantees reflect that the member is invested in the with profit fund, in particular the guarantees applying to the value payable at Normal Retirement Date ("NRD") or on death.

Please also note that:

- Prudential are reliant on fund managers providing transaction costs details and have requested this information. It is Prudential's understanding that there are no transaction costs within the meaning of the regulations for the with-profit funds.
- A Market Value Adjustment ("MVA") reduction may apply if a member retires or withdraws money, other than at NRD or on death, but no other exit charges apply.

When preparing this section of the Chair's Statement, the Trustee has taken account of the relevant statutory guidance.

Illustration of charges and transaction costs

The Trustee is required to provide members with information on the effect of costs and charges on their pension pot.

To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has previously produced illustrations in line with statutory guidance from the Department for Work & Pensions. These show the impact of charges and transaction costs for representative cross-sections of the membership and investment options.

As there are no longer any funds in the DC section, updated illustrations have not been produced but the illustrations provided in last year's Chair's Statement are included below for information.

For each individual illustration, each savings pot has been projected twice; firstly to allow for the assumed investment return gross of the costs and charges of the fund, and then again, but adjusted for the cumulative effect of the costs and charges of the fund.

To determine the parameters used in these illustrations, the Trustee has analysed the membership data of the DC section of the Scheme relevant to the reporting period of last year's Chair's Statement and ensured that the illustrations take into account the following:

- A representative range of pot sizes at 31 December 2023.
- A representative range of real terms investment returns (gross of costs and charges).

- A representative range of the expected period of Scheme membership, including the approximate duration that the youngest Scheme member at 31 December 2024 would take to reach Normal Retirement Age.

The Trustee did not include further contributions in these illustrations as the Scheme is closed to accrual.

Prudential With-Profits Fund

The illustrations set out in this table assume that members are wholly invested in the Prudential With-Profits Fund throughout their period of membership.

Years of membership from today	Starting pot size: £25,000	
	Before charges	**After charges**
0	£25,000	£25,000
1	£25,122	£24,849
2	£25,244	£24,698
3	£25,368	£24,549
4	£25,491	£24,401
5	£25.616	£24,253

Note on how to read this table: If a member has invested £25,000 in this fund today and makes no further contributions, after 5 years the fund could grow to £25,616 if no charges are applied but to £24,253 with charges applied.

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Inflation was assumed to be 2.5% each year
3. No further contributions are assumed to be paid
4. Values shown are estimates and are not guaranteed
5. Charges used in the illustrations are an annual management charge of 1.00% p.a. and a four-year average annualised transaction cost figure of 0.12%
6. The projected growth rate, gross of costs and charges, for each fund or arrangement are in line with those produced for the Scheme's 2023 Statutory Money Purchase Illustrations (SMPI), which was 3.00% p.a.

Net investment returns

This section states the annual return, after the deduction of member borne charges and transaction costs, for all default arrangements and investment options that members are able, or were previously able, to select and in which members' assets were invested during the Scheme Year. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

All members of the DC section of the Scheme were invested in the Prudential With-Profits Fund, the returns for which are applied to members' investments via the addition of annual regular bonuses. Members' investments are also subject to a final bonus, which are added to the fund at the point benefits are paid and which are not guaranteed. All bonuses are net of all charges and transaction costs.

All members of the Scheme have guaranteed minimum regular bonus rates which depend on the date any contributions were made. These range between 2.50% and 4.75% and have exceeded the regular bonus rates applied by Prudential to this product each year since 2012

In the table below, we have stated figures provided by Prudential detailing the overall annualised bonus yields for the durations specified to the 2023 bonus allocation date . The returns include both regular and final bonuses added to a benefit paid at a member's normal retirement date.

	1 year	3 year (p.a.)	5 year (p.a.)	10 year (p.a.)
Average Overall Bonus Yields	7.80%	3.70%	4.70%	5.40%

Source: Prudential Fund factsheet, December 2024

The returns received by members do not vary by age and are based on the date on which contributions (or transfers) were initially invested in the Prudential With-Profits Fund. These variations are accounted for in the above figures.

Knowledge and understanding of the Trustee

The Trustee is required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. The Trustee must:

- Be conversant with the trust deed and rules of the Scheme, the Scheme's statement of investment principles and any other document recording policy for the time being adopted by the Trustee relating to the administration of the Scheme generally;
- Have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

The Trustee is ZEDRA Governance Limited (ZEDRA), which is a professional trustee company. All Client Directors of ZEDRA have a professional qualification appropriate to pension schemes and have completed the Pensions Regulator's toolkit. There were no changes to the Trustee over the year.

ZEDRA have a training program for all of their staff and are subject to independent audit on their controls and processes through the AAF02/07 reporting. As part of the AAF process the Trustee is required to confirm that the current team have an appropriate level of knowledge and understanding to be able to represent ZEDRA as Trustee of the Scheme. The annual review process within ZEDRA identifies training needs for each individual and has a requirement for a minimum of 15 hours Continuing Professional Development (CPD) to be completed each year. The lead Client Director representing a scheme is supported by a second Client Director and calls take place as required to provide a peer review to the work undertaken and challenge the lead Client Director running the matter. All material decisions are subject to peer review by the second Client Director or another Client Director.

Steve Longworth was the lead Client Director representing the Scheme during the Scheme year supported by Alan Greenlees as second Client Director and Matt Riley as Scheme Secretary and other members of the ZEDRA team who provide support and peer review functions. Both Steve and Alan are Accredited Members of the Association of Professional Pension Trustees (APPT). Steve and Alan are also qualified actuaries and so have an in depth understanding of the funding and investment issues related to the Scheme. In addition, both Steve and Alan have experience in running standalone DC Trusts and are subject to CPD requirements of both the actuarial profession and the APPT and met the CPD requirements of both professional bodies during the period in question.

Steve and Alan have undertaken regular training throughout the year including training sessions run by actuarial firms and industry groups which included presentations on cyber risks and investment matters.

Steve and Alan are familiar with the issues relating this Scheme and all governance records are held on our electronic document storage system and can be accessed at any time.

The Trustee is conversant with, and has demonstrated a working knowledge of, the Trust Deed and Rules by having access to the documents on their online directory and providing decisions in line with the Rules. If there are any ambiguities over the interpretation of the Rules legal advice is sought from the Scheme's Lawyers.

ZEDRA work for a broad range of clients and are familiar with the law relating to pensions and trusts. This can be demonstrated through the qualifications held by the Client Directors and their continued involvement with many pension schemes.

The Trustee is conversant with, and has a working knowledge of, the current SIP. ZEDRA undertake regular training on investment matters and are regular commentators on the wider DC market. The Trustee has sufficient knowledge of investment matters to be able to challenge their adviser.

ZEDRA operates a governance framework which includes policies on how the Trustee will deal with conflicts, manage risk, ensure key tasks are completed in time and deal with member complaints and

queries. The Trustee reviews these documents on an annual basis to ensure they are still suitable and makes any changes as required.

ZEDRA's knowledge and understanding of pension schemes and the issues faced, alongside their advisors, means the Trustee is well equipped to properly exercise its functions to act in members' best interest with a view to delivering good member outcomes for the contributions made.

Value for members assessment

As there are no longer any funds in the DC section, an updated value for members assessment has not been produced but the value for members assessment provided in last year's Chair's Statement is included below for reference.

The Trustee is required to assess the extent to which member borne charges and transaction costs represent good value for members. It is difficult to give a precise legal definition of "good value", but the Trustee consider that it broadly means that the combination of costs and the quality of what is provided in return for those costs is appropriate for the membership of the DC section of the Scheme as a whole, when compared to other options available in the market. In addition, Trustees of "relevant schemes" are required to undertake annual assessments of whether their DC arrangements offer value for members. Relevant schemes are schemes with total assets of less than £100 million that have been operating for three years or more.

The assessment (that was completed by Barnett Waddingham LLP on behalf of the Trustee) includes three components:

- A relative assessment of costs and charges relative to the average costs and charges for three comparator schemes
- A relative assessment of net (of costs and charges) investment returns relative to the average net investment returns for three comparator schemes
- An absolute self-assessment across seven key metrics of scheme administration and governance.

Details of the comparators that have been used including the reasoning behind their inclusion in the review are as follows:

Comparator Scheme	Scheme Type	Potential Consolidator	Reason for Inclusion as a Comparator Scheme
The People's Pension Master Trust	Master Trust	Yes	Viable option for consolidation and delivery of future service DC provision.
Own Trust Scheme 1	Own Trust	No	"Bundled" own-trust DC schemes with >£100 million of assets.
Own Trust Scheme 2	Own Trust	No	"Bundled" own-trust DC schemes with >£100 million of assets.

Details of the investment funds that were used for the comparison exercise are as follows:

Scheme	The People's Pension	Own Trust Scheme 1	Own Trust Scheme 2
Prudential With Profits Pension Fund	The People's Pension Default Lifestyle Profile	Own Trust Default Investment Strategy 1	Own Trust Default Investment Strategy 2

This assessment has been prepared on the basis of the information that is available.

Assessment of costs and charges against three comparator schemes

Details of the costs and charges for the Scheme against the comparator are as follows:

Assessed Scheme investment option	**Default / Self-Select Fund**	**Assessed Scheme Costs and Charges**	**Comparator's Average Costs and Charges**	**Difference**
Prudential With-Profits Pension Fund	Default	1.17%	0.45%	0.72%

The comparison shows that the Scheme is offering a fund that has significantly higher costs and charges compared to the comparators. However, given the nature of With-Profits arrangements, these charges pay for certain guarantees which are not available in the comparator schemes and provide extra value for members. Although not in the scope of the comparison required for the assessment, the charges applied are also in line with those applied to similar with-profits arrangements.

Assessment of net investment returns against three comparator schemes

Details of the net investment returns for the Scheme against the comparator are as follows:

Assessed Scheme investment option	**Default / Self-Select Fund**	**Assessed Scheme Net Return**	**Comparator's average net return**	**Difference**
Prudential With-Profits Pension Fund	Default	5.43%	7.41%	-1.97%

The comparison shows that the Scheme is offering a fund that is providing moderately lower net investment returns compared to the comparators (compared to providing significantly higher net investment returns compared to the comparators in the previous year's assessment). The Scheme provides poor value on the relative assessment of the net investment returns, with returns moderately lower than those achieved by comparator schemes over the assessed periods, which is a marked difference from the previous year's assessment which reported good value on the relative assessment. The average returns shown for the Prudential With-Profits Fund include both regular and final bonuses, not all of which are guaranteed and vary by member based on length of service. Barnett Waddingham, who support the Trustee on this review, also note that members have guaranteed minimum regular bonus rates which may have exceeded the declared bonus rates in certain years.

Self-assessment of scheme of administration and governance

Promptness and accuracy of core financial transactions

The Trustee has controls in place with Prudential, so they work to a defined SLA and the Trustee monitors annually through receipt of SLA performance reports from their service provider. The Trustee will liaise with the main Scheme administrators and the Prudential to ensure that information is provided to members on a timely basis.

Quality of record keeping (reliable, accurate and secure data)

The Trustee reviews the data held by Prudential each year and is happy with its quality. The Trustee has reviewed the data security policies of its service providers.

Appropriateness of the default investment strategy

There is no default fund as defined in the regulations. The DC section is not used as a qualifying scheme for auto enrolment purposes and there have been no contributions paid into the DC section since 2007. The Trustee periodically reviews the suitability of the Prudential With-Profits Fund for members and has concluded that it is meeting its objectives.

Quality of investment governance

A robust investment governance structure is in place involving the Trustee, Barnett Waddingham as investment adviser and Prudential as fund manager. The Trustee takes a pragmatic view on the level of governance applied to the Prudential With-Profits Fund given the relatively small value of Scheme assets compared to members' overall benefits.

Level of trustee knowledge, understanding and skills to operate the pension scheme effectively

As noted above, ZEDRA is the sole Trustee of the Scheme and is a specialist provider of independent and professional trustee services in the UK. Steve Longworth was the Client Director managing the Scheme during the Scheme Year. Steve is an Accredited Member of the APPT as well as a qualified actuary, and so has an in depth understanding of the funding and investment issues related to the Scheme and has experience in running standalone DC trusts.

Quality of communication with scheme members

The Trustee meets statutory obligations with members receiving an annual Money Purchase Illustration and communications about their AVC options in the approach to retirement. Barnett Waddingham believe this is sufficient given the size and nature of the DC arrangements.

Effectiveness of management of conflicts of interest

ZEDRA operate a governance framework which includes policies on how the Trustee will deal with conflicts. The Trustee reviews these documents on an annual basis to ensure they are still suitable and make any changes as required.

Overall assessment of administration and governance

The Scheme provides moderate value on the administration and governance metrics. The Trustee is a professional trustee with significant experience of running such schemes and applies a level of governance to the Scheme's DC arrangements that Barnett Waddingham believe is suitable and proportionate given the size of the DC funds relative to members' overall benefits in the Scheme.

Overall conclusion on the value for members assessment

Considering the metrics above, the Trustee assisted by Barnett Waddingham had concluded that the Scheme provided moderate value for members. It has previously been noted that the guarantees attached to the With-Profits Fund meant it was not viable for the Trustee to wind up the DC arrangements to seek greater value elsewhere without members losing these guarantees. Given there are no Scheme members with DC or AVCs, no further assessments will be undertaken.

The overall assessment during the Scheme Year concludes that the Scheme delivered moderate Value for Members. This is the last DC Chairs Statement, and the Trustee will not provide any further reviews.

This statement has been prepared in accordance with Regulation 23 of the Occupational Pensions Schemes (Schemes Administration) Regulations 1996 (inserted via The Occupational Pension Schemes (Charges and Governance) Regulations 2015, as amended by The Occupational Pension Schemes (Administration and Disclosure) (Amendment Regulations 2018) and I confirm that the above statement has been produced by the Trustee to the best of my knowledge.

Approved by the Trustee of the Gulf Air Retirement Benefits Scheme on 29 July 2024

APPENDIX 1 – Statement of Investment Principles

APPENDIX 2 – Bonus Declaration

APPENDIX 3 – With-Profits Factsheet