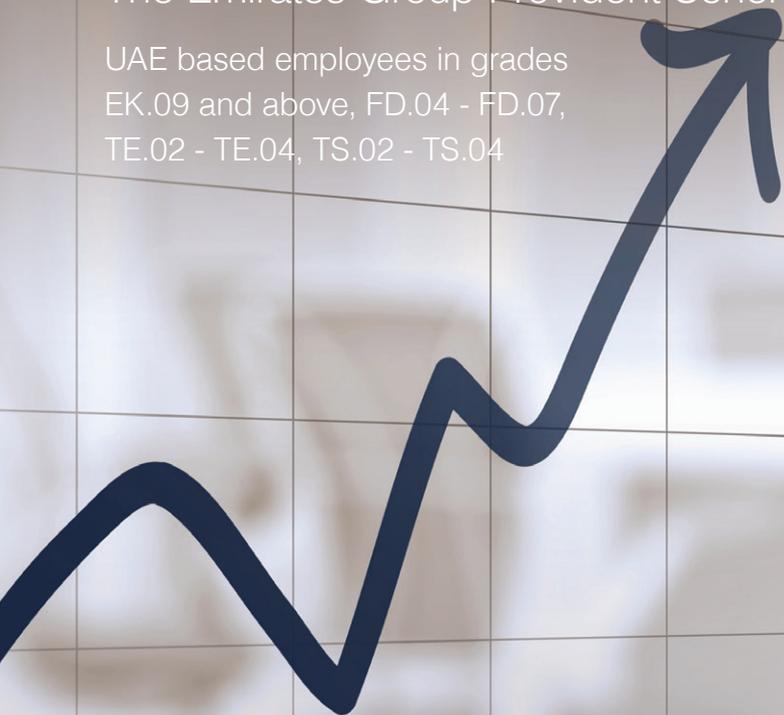


# Explanatory Guide to the Scheme

The Emirates Group Provident Scheme

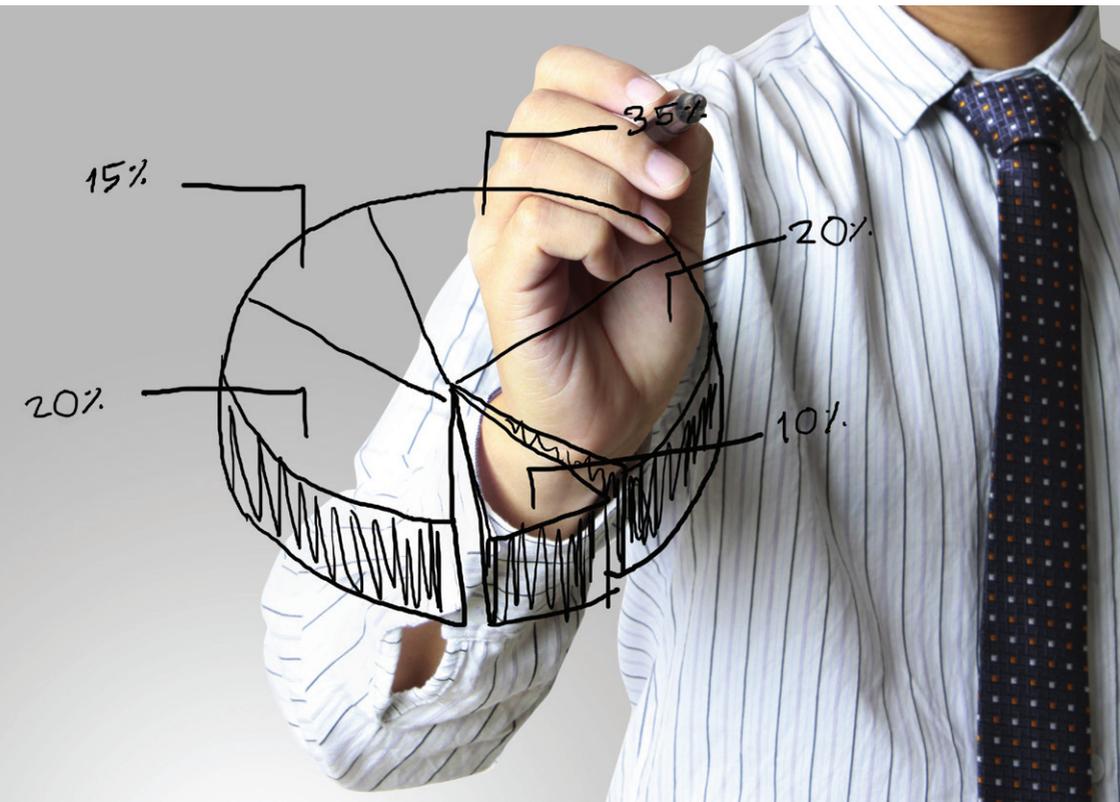
UAE based employees in grades  
EK.09 and above, FD.04 - FD.07,  
TE.02 - TE.04, TS.02 - TS.04



# Explanatory Guide to the Scheme



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# 1. The Scheme and how it is managed

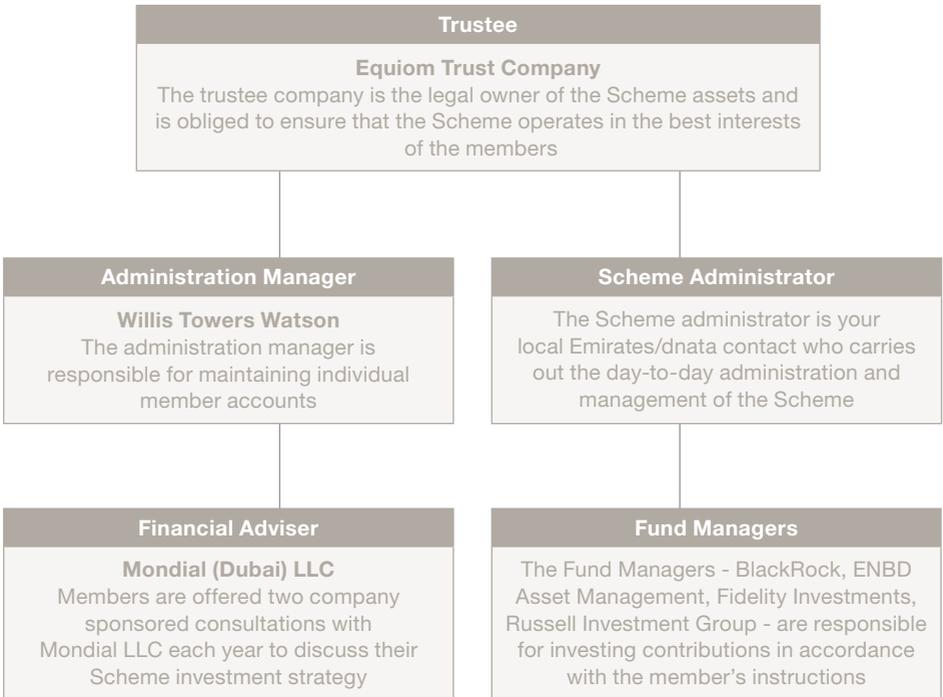
## What is a Provident Scheme?

A Provident Scheme is a long term savings vehicle designed to help employees save for their retirement. Contributions are paid into the Scheme by both the company and the member and over time may accumulate to provide a cash sum on retirement or when leaving the company.

## How is the Scheme established and governed?

The Scheme is set up under a trust – therefore, the investments are held separately from the assets of the company. The trust is governed by an independent corporate trustee and managed in accordance with the Trust Deed & Rules.

# 2. Scheme structure



### 3. Eligibility

#### Who is eligible to join the Scheme?

Eligible staff are managers (grade EK.09+/RM.09+/RH.09+), Flight Crew (Grade FD.04+), Licensed Engineers (Grade TE.02+) and Simulator Engineers (Grade TS.02+).

#### Does this include GCC and UAE Nationals?

UAE Nationals with Khulasat-Al-Qaid and GCC Nationals are not permitted to join the Scheme and must join their respective government schemes. However, UAE Nationals without Khulasat-Al-Qaid can join the Scheme if they meet the eligibility criteria described above.

### 4. Contribution rates

#### What are the contributions?

The company's contribution is calculated on basic salary and depends on the selected contribution option. A member contribution is mandatory. However, there are two options available: a standard rate and a reduced rate (see table below).

Contribution Option	Company Contribution A Account	Member Contribution B Account
Standard Rate	12%	5%
Reduced Rate	7%	2.5%

## 5. Scheme benefits

### What benefits do members receive on leaving the Scheme?

Members receive a cash sum on leaving the Scheme, the size of which depends on a number of factors, including:

- The level and duration of the company and member contributions
- The investment performance of the funds
- Qualifying service

Qualifying Service	Lump Sum Payment
More than 1 year and less than 3 years	The value of your EOSB and B account, also C account (if applicable)
3 years or more, but less than 5 years	75% of the value of your A account (or EOSB if higher) and the value of your B account, also C account (if applicable)
5 years or more	100% of the value of your A account (or EOSB if higher) and the value of your B account, also C account (if applicable)

Note: If a member dies, is made redundant or has to leave the company through ill health, disability, loss of licence or upon reaching normal retirement age, the full value of the A account (or EOSB if higher) is payable regardless of qualifying service.

### What is qualifying service?

For members who joined the Scheme prior to 1st August 2009, qualifying service is the period from the date of joining the company to the date of leaving.

For members who joined the Scheme after 1st August 2009, qualifying service is the period from the date of joining the Scheme to the date of leaving.

## 6. Death in service

### What benefits are payable in the event of death in service?

If a member dies while still in the service of the company, all Provident Scheme benefits are paid to the nominated beneficiaries regardless of the member's length of service. However, the beneficiaries of Muslim members will be paid in accordance with Shariah Law. When a member joins the Scheme they are required to complete a nomination form and this should be updated if there are any changes in personal circumstances.

## 7. Scheme investments

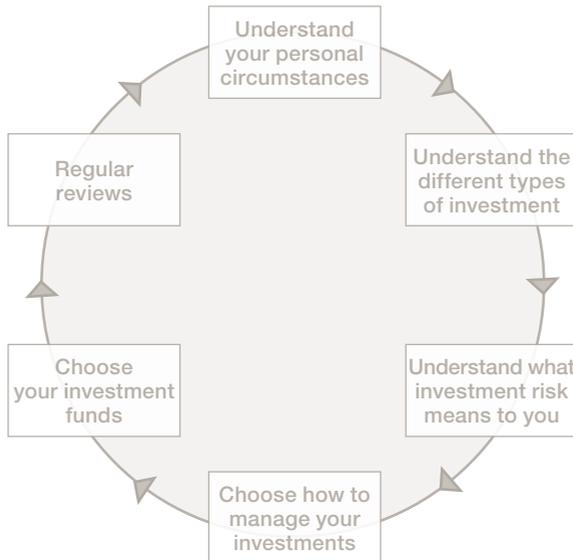
As a member of the Emirates Group Provident Scheme the value of your benefits will be affected by the investment choices you make. Therefore, it is important to understand your investment options and make decisions that are appropriate for you. Making the right choices will depend on your circumstances, your attitude to financial risk and your retirement plans.

This section of the guide is intended to provide you with more information on the fund range, as well as guidance on what you should think about when making decisions regarding your fund choices.

### Making investment choices

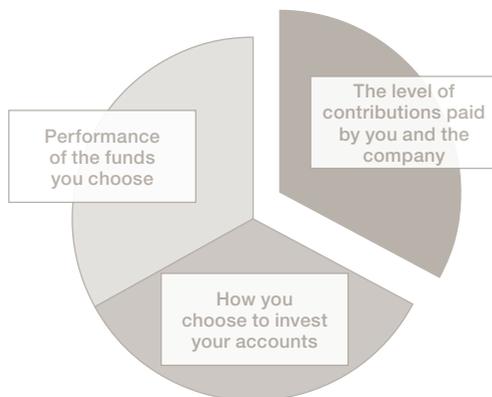
There are six stages you should follow in making your investment choices:

Stage 1	Understand your personal circumstances
Stage 2	Understand the different types of investments
Stage 3	Understand what investment risk means to you
Stage 4	Choose how to manage your investments
Stage 5	Choose your investment funds
Stage 6	Regular reviews



## Stage 1 - Understand your personal circumstances

The amount you build up in your Provident Scheme accounts will depend on:



You will need to think about the following:

- When you want to retire
- How much money you will need to live on when you retire
- Any other sources of income you will have
- How much you can afford to contribute now

## Stage 2 - Understand the different types of investments

The table below shows the different types of investments that you can choose from and their investment characteristics:

Asset Class	Characteristic	Risk and Return Profile
Equities	Made up of company shares traded on stock markets.	Equity funds tend to fluctuate in value more than bond or cash funds and are considered higher risk. However, they are also more likely to provide you with the highest returns over the long term.
Property	Invests mainly in commercial property, such as offices, retail and industrial premises.	Property generally produces good returns in the long term but as with other investments, values can fall and rise. As it is illiquid, it cannot always be encashed quickly.
Bonds & Gilts	Loans to a company or government.	They typically provide returns fixed or linked to inflation. They typically give lower returns than equities over the longer term but are generally less volatile.
Cash	Invests in a range of money market instruments to provide similar returns to a bank account.	Over the long term cash funds are likely to grow less than equity or bond funds and the value of cash may not keep up with inflation. Cash funds are considered better at protecting the capital value of your fund in the short term.

### Stage 3 – Understand what investment risk means to you

Investment risk comes in different forms, all of which can affect the value of your investment. The table below provides more information on the different investment risks.

Risk	What It Means
Inflation	Over time the value of money changes. It is important to ensure that your investments achieve returns in excess of inflation so that you maximise your purchasing power when you retire.
Asset Volatility	This is the risk associated with many different assets, such as equities (stocks/shares) or bonds, where their value can fluctuate in line with markets and supply and demand. Asset volatility can be a good thing over time and benefits regular savers.
Currency	This risk occurs when you switch investments between funds which have different currencies e.g. USD and Euro funds. Currency movements can enhance overall investment returns just as they can be detrimental.
Opportunity Cost	Over longer periods of time assets such as equities generally deliver the highest investment returns. Opportunity cost risk is the risk that you lose out on higher returns through following a too cautious investment strategy.

### How to assess what type of investor you are

Examples of different types of investors are given below, with the type of funds:

Type of Investor	Cautious	Balanced	Adventurous
Description	<ul style="list-style-type: none"> <li>You are close to retirement and/or you would like to protect your investment from sharp falls in value. You are prepared to forego higher returns for security.</li> <li>Investments with volatility are likely to be unattractive and you would like to protect your assets from inflation.</li> <li>You may have limited knowledge about investments and be unable to keep up to date with investment issues.</li> </ul>	<ul style="list-style-type: none"> <li>You understand the need to take investment risk to meet your long term goals and would be willing to take risks with part of your assets.</li> <li>You are concerned about inflation affecting the value of your investments but you do not want to see large amounts of volatility in your portfolio.</li> <li>You would typically have a moderate level of knowledge about investments and pay some attention to keeping up to date with investment issues.</li> </ul>	<ul style="list-style-type: none"> <li>You recognise that the assets which produce the highest returns have higher risk attached to them but are more concerned about long term growth than shorter term volatility.</li> <li>You are looking for growth rather than income and are prepared to take more risk by investing in volatile but potentially lucrative markets. You are aware that the greater returns can only be achieved when you expose yourself to increased risk and you can afford to take the risk.</li> <li>You would typically have a high level of investment knowledge and keep up to date on investment issues.</li> </ul>
Types of Funds Suitable	Cash funds, low risk profile funds, such as the Defensive or Global 35 fund.	Bond and inflation protection funds, some lower risk growth/equity funds, and medium risk profile funds, such as the Global 50 fund.	Equity, property and currency funds, some higher risk profile funds such as the Global 70, and Global 90 funds.

Understanding how different kinds of investments (bonds, cash, equities and property) work should help you decide how to invest. You also need to consider how you feel about risk and reward.

## Stage 4 – Choose how to manage your investments

You are strongly advised to play an active role in the management of your Provident Scheme funds to ensure you get the most out of them by deciding which funds are the most appropriate for your circumstances.

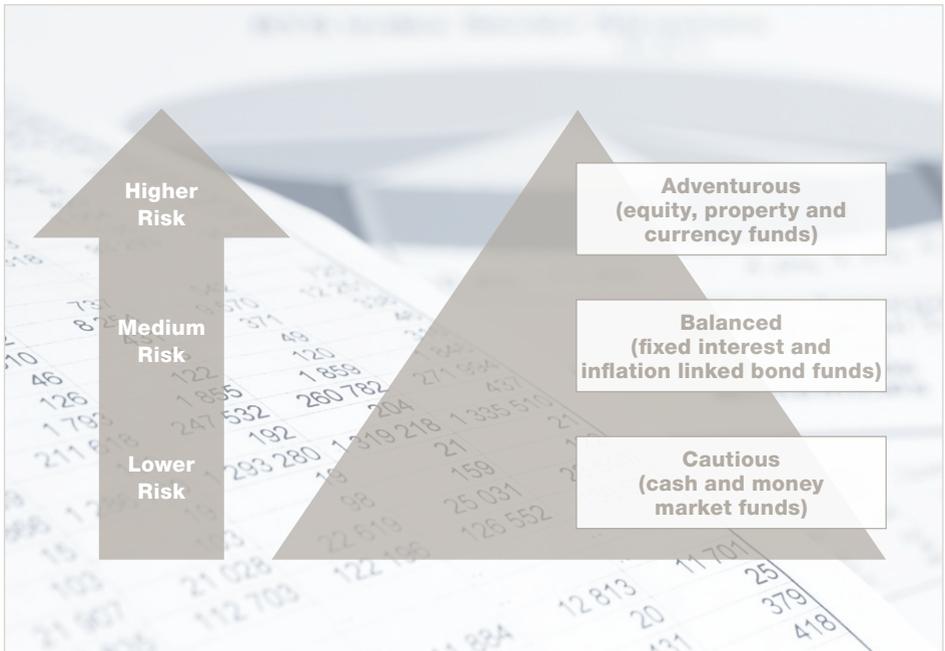
However, if you do not take any action regarding your investment choices, your Provident Scheme monies will be invested in the default option as follows:

➤ 100% in the Russell Global Defensive Fund\*

If you decide not to make an investment choice, you should review this default fund choice to ensure it is appropriate to your circumstances and situation.

## Stage 5 – Choose your investment funds

When you invest your Provident Scheme monies you should consider the risks associated with each fund against the potential rewards. Generally, lower-risk funds can expect potentially lower investment returns over the long term and will vary less in the short term. Higher risk funds can expect higher potential investment returns over the long term and to vary more in the short term.



Each of the Scheme funds has been given an indicative risk rating. These ratings only show what the risk might be and you should consider the specific details of each fund when you make your investment choices.

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\* only applies to new joiners on or after 1st January 2013

The table includes all the funds available in the Scheme, although you should note that the range of funds available for A account contributions is restricted. Funds marked with an asterisk (\*) are only available in the B and C accounts.

	BlackRock	Fidelity	Russell	Emirates NBD
Cash/ Liquid Funds	<ul style="list-style-type: none"> <li>• BGF US Dollar Reserve Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Fidelity US Dollar Cash Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Russell US Dollar Cash Fund II</li> </ul>	<ul style="list-style-type: none"> <li>• Emirates NBD Islamic Money Market Fund</li> </ul>
Currency Funds	<ul style="list-style-type: none"> <li>• BGF US Dollar Reserve Fund Hedged GBP</li> </ul>	<ul style="list-style-type: none"> <li>• Fidelity Australian Dollar Cash Fund</li> <li>• Fidelity Euro Cash Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Russell Multi-Asset Growth Strategy Sterling Fund</li> <li>• Russell Multi-Asset Growth Strategy Euro Fund</li> </ul>	
Bond Funds	<ul style="list-style-type: none"> <li>• BGF World Bond Fund</li> <li>• BGF Global Inflation Linked Bond Fund</li> <li>• BGF Global Government Bond Fund*</li> </ul>	<ul style="list-style-type: none"> <li>• Fidelity International Bond Fund</li> <li>• Fidelity US Dollar Bond Fund*</li> </ul>		<ul style="list-style-type: none"> <li>• Emirates NBD Global Sukuk Fund</li> </ul>
Equity Funds	<ul style="list-style-type: none"> <li>• BGF Emerging Europe Fund*</li> <li>• BGF European Fund*</li> <li>• BGF Latin American Fund*</li> <li>• BGF US Flexible Equity Fund*</li> <li>• BGF Asian Dragon Fund*</li> <li>• BGF Global Long-Horizon Fund</li> <li>• BGF Japan Small &amp; MidCap Opportunities Fund*</li> <li>• BGF US Small &amp; MidCap Opportunities Fund*</li> <li>• BGF Emerging Markets Fund**</li> <li>• BGF European Special Situations Fund*</li> <li>• BGF Japan Flexible Equity Fund**</li> <li>• BGF United Kingdom Fund*</li> </ul>	<ul style="list-style-type: none"> <li>• Fidelity International Fund</li> <li>• Fidelity America Fund*</li> <li>• Fidelity Emerging Markets Fund*</li> <li>• Fidelity Euro Blue Chip Fund*</li> <li>• Fidelity FE ASEAN Fund*</li> <li>• Fidelity FE Australia Fund*</li> <li>• Fidelity FE Japan Fund*</li> <li>• Fidelity Latin America Fund**</li> <li>• Fidelity Nordic Fund*</li> <li>• Fidelity United Kingdom Fund*</li> <li>• Fidelity European Smaller Companies Fund*</li> <li>• Fidelity FE Asian Special Situations Fund*</li> <li>• Fidelity Asia Focus Fund*</li> <li>• Fidelity European Growth Fund*</li> </ul>	<ul style="list-style-type: none"> <li>• Russell Global Selective Equity Opportunities Fund</li> <li>• Russell China Equity Fund*</li> </ul>	<ul style="list-style-type: none"> <li>• Emirates NBD MENA Opportunities Fund*</li> </ul>
Non-Correlated Funds	<ul style="list-style-type: none"> <li>• BGF World Gold Fund*</li> </ul>		<ul style="list-style-type: none"> <li>• Russell Global Real Estate Securities Fund*</li> </ul>	
Multi-Manager Mixed Asset Funds			<ul style="list-style-type: none"> <li>• Russell Global Defensive Fund</li> <li>• Russell Global 35 Fund</li> <li>• Russell Global 50 Fund</li> <li>• Russell Global 70 Fund</li> <li>• Russell Global 90 Fund</li> </ul>	
Single-Manager Mixed Asset Funds	<ul style="list-style-type: none"> <li>• BGF Global Allocation Fund</li> </ul>			<ul style="list-style-type: none"> <li>• Emirates NBD Islamic Global Balanced Fund</li> </ul>

\*Funds available in the B and C account only. \*\*Funds closed to new investment.

Notes:

1. The non-US Dollar currency funds carry a higher risk due to the currency disparity with the US Dollar.
2. The Russell funds are multi-asset funds and therefore sit within various risk categories. They cannot match the return of a pure equity fund as they have other components invested in bonds and cash limiting potential return. However, by mixing assets, the funds aim to reduce volatility.
3. The list is current as of the time this guide was printed.

## **Stage 6 – Regular reviews**

### **How often?**

Deciding how you wish to invest your Provident Scheme funds is not a one-off decision. The importance of the different types of risk can change over time. Whatever decision you make regarding which funds to invest in, you should review this periodically throughout your career.

### **Can I change how my accounts/Provident Scheme monies are invested?**

Yes, the first eight switches made in a calendar year are free of charge. You will be charged a fee to cover administration charges for any additional switches you make during the year. You can re-direct future contributions as frequently as you wish. It is possible to change how your future contributions are invested without changing how your existing monies are invested. This can be done through the administration manager's website, ePA. You can access ePA either via the external web link or via HRDirect in Applications.

### **How do I make additional voluntary contributions to the scheme, update my nominated beneficiaries, withdraw money from my C account or apply for benefits to be paid from the scheme upon termination?**

All requests on your Provident Scheme account need to be raised via the Provident Scheme self service module on HRDirect. This module is also available via HRDirect in Applications.

### **Do I pay charges?**

The charges relating to the administration management and trusteeship of the Scheme are met by Emirates. The only charge you will have to pay is the annual investment management charge (AMC) for the funds you decide to invest in.

These investment charges are built into the price of investments you buy or sell. Charges vary for each fund and between fund managers, and range from 0.2%pa to 1.75%pa for the funds covered by this guide. For more details of the specific AMCs please see the fund fact sheets.

## **More information**

### **Where do I get more information on the fund choices?**

You can get further information from ePA, including all the fund fact sheets.

### **Keeping track of your investments**

It is important to review your investments on a regular basis. ePA provides a range of fund balance and tracking tools along with the facility to generate personalised statements to assist you. There are also smart phone apps available for iOS and android devices, which help keep track of your investment.

### **What if I want investment advice?**

If you are reviewing your investment strategy we would recommend that you consider taking independent financial advice. The company sponsors the cost of financial advice through Mondial LLC, and members can benefit from two company-paid consultations a year. The contact details are: Tel: (+971 4)399 6601. Email: EGPS@mondialdubai.com

## **8. Scheme contacts**

For further information or queries relating to the Scheme please contact:

Tel (+971) 4 708 1616. Email: provident.scheme@emirates.com

For payroll and contribution related queries, please contact pfadmin@emirates.com

## 9. Statutory information

### Disputes

If any dispute arises under or in connection with the Scheme, the member shall notify the Scheme administrator and in the event that the dispute cannot be resolved by the Scheme administrator within a reasonable period, the Scheme administrator shall refer the dispute to the trustee for final determination. The correspondence address of the trustee is: Equiom (Isle of Man) Limited, Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH

### Failure of duty

The Insurance and Pensions Authority (IPA) is able to intervene in the running of Schemes where the trustee, employers and professional advisers have failed in their duties, and in such an event the IPA may be contacted by any member at the following address:

**Insurance and Pension Authority,  
Ground Floor, Finch Hill House, Bucks Road,  
Douglas, Isle of Man IM1 3DF**

### Compliance with Isle of Man law

For the purposes of compliance with Regulation 17 of the Regulations, each member or eligible person (as the case may be) is notified that:

1. The Scheme is approved by the Assessor of Income Tax for the purposes of the Income Tax Act 1970, and is approved under any other enactment or extra statutory concession relating to international occupational schemes.
2. The usual retirement age of any member of the Scheme is 65 in the case of Emirates Group, unless otherwise specified in the personal contract of employment of that member. In the case of all other participating employers, the usual retirement age of any member is specified in their personal contract of employment and/or the employment regulations of each employer.
3. The Scheme is audited annually by an auditor appointed by the trustee, and the trustee shall provide any member or eligible person with a copy of such annual report (or part thereof) within two months of receipt of a request made by the member or eligible person provided that such a request relates to a Scheme year which ended within six years immediately preceding the request.
4. The Scheme has been registered by the trustee with the IPA as an authorised scheme under the 'Retirement Benefits Schemes Act 2000' and such authorisation is not subject to any condition.

### Scheme Rules

In the event of any disparity between scheme communication documents and the Scheme rules, the Scheme rules will prevail. A copy of the latest Scheme rules are available on request.

