

**PENSIONS CONSULTATIVE COMMITTEE (PCC)  
REPORT TO MEMBERS FOLLOWING THE MEETING ON 27 APRIL 2021**

A meeting of the PCC took place via Webex conference call on 27 April 2021.

The PCC has been set up to discuss, co-ordinate, advise and represent the views of the members of the Leonardo Electronics Pension Scheme (LEPS). There are currently ten representatives on the Committee and their contact details are attached to this Report.

The meeting was attended by:-

|                |   |
|----------------|---|
| Jim Cull       | Edinburgh (Chair)                       |
| James Fordyce  | Edinburgh                               |
| Adam Hedley    | Capability Green                        |
| Martin Johnson | Pensioner Representative (Deputy Chair) |
| Scott McMillan | Basildon                                |
| Stephen Park   | Edinburgh                               |
| Scott Wallace  | Edinburgh                               |
| Paul Wilton    | Southampton                             |
| Alan Good      | HR – Leonardo MW Ltd                    |
| Mike Nixon     | Head of Pensions                        |
| Rachael Skuse  | Pensions Manager                        |
| Louise Dale    | DC Pensions and Benefits Manager        |
| Helen Thompson | Pensions Administration Manager         |

The meeting was held to receive feedback from the LEPS Trustee meeting on 23 March 2021.

Quarterly Funding Update to 31 December 2020

The quarterly funding update showed that the estimated surplus had increased from £175m at 30 September 2020 to £195m at 31 December 2020. The returns on the investment fund assets over the quarter exceeded their targets which improved the funding position.

The cost of new benefit accrual had increased slightly during the period from 30 September 2020 (38.8%) to 31 December 2020 (39.7%). The cost is significantly higher than the contributions being paid to the Scheme, and the surplus is supporting this shortfall.

Investment Performance

The market value of the total assets of the Scheme at 31 December 2020 had increased to £1.25bn.

The quarter was positive, continuing the market bounce back post the COVID-19 outbreak. Investment performance of the return-seeking assets over the quarter had been 5.5% which was 4.7% ahead of objective. The returns over three years and since inception were also ahead of benchmark.

The total performance measure (both the return-seeking and the matching assets) had been strong over all periods with a return of 4.3% over the quarter which is 3.6% ahead of the benchmark (which looks at the change in the Scheme's liabilities).

Following the recent improvement in funding position, which has continued post-quarter end, discussions are ongoing regarding levels of on-risk allocation and whether any further de-risking may be appropriate.

The Trustee is considering an investment in Infrastructure, which is a longer-term illiquid investment. The funds being considered have good ESG (environmental, social and governance) properties with investments in energy from waste, and technology improvement such as fibre networks.

### Trustee update

Scott McMillan (Basildon) has been selected as Member Nominated Trustee director following the retirement of Stuart Rushworth. The PCC would like to thank Stuart for all his hard work as a Trustee and PCC representative.

### Administration

#### *MyPension.com/LEPS*

63.4% of active members have now logged onto MyPension.com/LEPS, the interactive website provided by XPS Administration. **We would encourage all members, including deferred and pensioner members, to register for an online account.** If you log onto MyPension.com/LEPS you can view and update your personal details, update your Expression of Wish form, view your DC savings and make investment switches, and run retirement quotations (active members only).

If you have misplaced your login details please contact XPS Administration by emailing [LEPS@xpsgroup.com](mailto:LEPS@xpsgroup.com).

#### *Electronic communications*

From 2021 onwards the Trustee will move to electronic communications, and paper benefit statements or newsletters will not be issued unless you have opted-in to continuing to receive paper communications. Benefit Statements will be loaded onto your MyPension.com/LEPS record for you to view. The InFocus newsletter will be loaded onto the Scheme website [www.lepensions.co.uk](http://www.lepensions.co.uk).

### Joint DC investment committee meeting

A Joint DC investment committee meeting of the Leonardo UK pension schemes was held on 10 March 2021. The Leonardo Electronics Pension Scheme benefits which are invested in the common DC strategy are the Additional Voluntary Contributions and the 100+ Retirement Accounts.

#### *Investment performance*

All of the River and Mercantile 'blend funds' (which make up the default fund in the DC investment strategy) had out-performed their long term targets since the inception of the funds.

During Quarter 4 2020 markets had recovered well and were more stable compared to the unprecedented volatility seen in March 2020. The investment position continues to be closely monitored.

### *Membership*

56% of active pension scheme members across Leonardo UK Ltd are now in FuturePlanner, with 66% of the active FuturePlanner members working within the Electronics division.

#### *Sharia fund*

A Sharia fund will be introduced into the Pick & Mix options in Q2 2021.

#### *Mobius Life micro-site*

A new 'micro site' will go live in Q2 2021 which will allow members to view data regarding the performance of the various investment funds. Members will also be able to compare the performance of the funds in graphical form.

#### *FuturePlanner Trustee update*

Oliver Grammer has been appointed on 8 February 2021 as a Member Nominated Director for the Helicopters division to fill a vacancy. Craig Drysdale has replaced Wendy Allen as a Company Nominated Director with effect from 1 April 2021.

#### Date of the Next Meeting

The next meeting of the PCC is scheduled for 6 July 2021.

## Contact Details

| <b>Name</b>    | <b>Location</b>          | <b>Email Address</b>   | <b>Phone Number</b> |
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