LEONARDO ELECTRONICS PENSION SCHEME

Report and Financial Statements for the year ended 5 April 2025

Scheme Registration No: 10273555

XPS Administration is a trading name of XPS Administration Limited
Registered No. 9428346. Registered Office: Phoenix House, 1 Station Hill, Reading RG1 1NB

Part of XPS Group

LEONARDO ELECTRONICS PENSION SCHEME

TABLE OF CONTENTS

CHAIR'S INTRODUCTION

YEAR ENDED 5 April 2025

I am pleased to present the Report and Financial Statements for the Leonardo Electronics Pension Scheme (the "Scheme") for the year ended 5 April 2025.

Following the closure of Leonardo's defined benefit schemes on 5 April 2024, around 1,300 former Electronics Scheme members successfully transitioned into the Company's defined contribution pension arrangement; Leonardo FuturePlanner. The redesigned FuturePlanner benefit structure offers an extended matching contribution framework, with Company contributions of up to a maximum of 15% of Pensionable Salary. Former Electronics Scheme members who were in active membership on 5 April 2024 have become part of a new category of 'employed deferred' members within the Electronics Scheme offering enhanced benefits whilst their Leonardo employment continues.

The Trustee is pleased to report that operational performance over the past year has been robust, with the governance and administrative processes running effectively. The establishment of a new Trustee entity, Leonardo Pension Schemes (Trustee) Ltd from May 2024 has brought consistency and efficiencies to the governance of the Scheme.

Over the 12 month period to 5 April 2025, equity markets generally delivered solid gains as investor confidence improved. In early March 2025 however, a fresh round of U.S. tariff escalations reignited global trade war fears, and a return to a more volatile environment. Overall, economic and market conditions led to an increase in the Scheme's funding position and the investment portfolio outperformed its liability benchmark over 12 months.

The Trustee has continued to de-risk the portfolio as opportunities have arisen, with changes centred on moving an allocation from growth assets into Cashflow Driven Investment assets which generate more consistent returns to meet the liabilities of the Scheme. The Scheme remains well funded against multiple actuarial bases with the liability hedging having operated as intended by tracking the movements in liabilities.

The Scheme is preparing for its 2026 triennial actuarial valuation with annual funding showing the Scheme is in a position of surplus on the various funding bases, with a surplus of c.£60.3m on the ongoing technical provisions basis. Focus is now on further reducing funding and investment risk.

We continue to actively monitor the evolving landscape of the UK pensions industry. An emphasis remains on understanding emerging industry developments, including funding regulations and risk management practices.

Work has continued to develop the Scheme's Environmental, Social and Governance (ESG) strategy as this affects both funding and investment. The Trustee has prepared its third climate-related risk report (TCFD report) which is available at www.lepensions.co.uk/compliance and includes information on our overarching goal to achieve Net Zero carbon emissions for the portfolio by 2050.

This has been a period of embedding change and I am grateful to all the Trustee Directors, Pensions Management and our advisers for their significant contribution to the management of the Scheme during a busy and challenging year.

Martin Flavell

Martin Flavell
Chair
Leonardo Pension Schemes (Trustee) Ltd Date: 25 September 2025

TRUSTEE AND ADVISERS

Trustee:	Leonardo Electronics Pension Scheme (Trustee) Ltd	(to 30 April 2024)
	Leonardo Pension Schemes (Trustee) Ltd	(from 1 May 2024)
Trustee Directors:	Martin Flavell * Chair	
	Brian Airlie **	(Appointed 1 May 2024)
	Imran Bashir **	(Appointed 1 May 2024)
	Craig Drysdale *	(Appointed 1 May 2024)
	Claire Ellis *	(Appointed 1 May 2024)
	Malcolm Gillam **	(Appointed 1 May 2024)
	Mike Nixon *	(Appointed 1 May 2024)
	Sian Riches *	(Appointed 1 May 2024)
	Rebecca Ward **	(Appointed 1 May 2024)
	Craig Weston **	(Appointed 1 May 2024)
	Scott McMillan **	(Resigned 30 April 2024)
	Lynda McVay *	(Resigned 30 April 2024)
	Adrian Weir *	
	Martin Johnson **	
	* *Company Nominated*	
	** *Member Nominated*	
Scheme Secretary:	Rachael Skuse	
Scheme Address:	Leonardo Electronics Pension Scheme Box 203 Leonardo UK Ltd Lysander Road Yeovil BA20 2YB	
Principal Employer:	Leonardo UK Ltd (02426132) One Eagle Place St James's London SW1Y 6AF	
Actuary:	Danny Vassiliades XPS Pensions Limited Phoenix House Station Hill Reading RG1 1NB	
Auditor:	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB	
Legal Advisers:	Burges Salmon LLP One Glass Wharf Bristol BS2 0ZX	

TRUSTEE AND ADVISERS (continued)

Bankers:	Barclays Bank plc 1 Churchill Place London E14 5HP
Covenant Advisers:	Cardano Advisory Limited
Investment Managers & Advisers:	Schroders IS Limited
Custodian:	CACEIS
AVC Platform Providers:	Mobius Life Limited
Buy In Providers:	Just Retirement
Administrators:	XPS Administration Limited 10 Victoria Street Bristol BS1 6BN Correspondence address: XPS Group PO Box 562 Middlesbrough TS1 9JA

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 April 2025

The Trustee presents to the members its annual report and financial statements for the year ended 5 April 2025.

Scheme Information

The Scheme was established by a trust deed dated 24 March 2005 to provide pension and life assurance benefits to specified employees of the Principal Employer, Leonardo UK Ltd.

The Scheme has four different sections, each with a different historic benefit structure. The design of the Scheme was driven initially by a need to replicate a number of schemes run by BAE Systems plc. From 6 April 2016, the benefits provided by each section of the Scheme remained defined benefit in nature; however, there was some harmonisation between sections and a move from a final salary structure to a career salary structure. The 100+ Section of the Scheme provides both defined benefit and money purchase benefits to members.

The Scheme was closed to new entrants on 27 April 2009. Following a consultation process carried out by the Principal Employer with its employees and employee representatives, the Scheme closed to future benefit accrual from 5 April 2024.

The Trustee is a sole Corporate Trustee. Leonardo Pension Schemes (Trustee) Ltd. Leonardo Pension Schemes (Trustee) Ltd is also Trustee of Leonardo Helicopters Pension Scheme and Leonardo FuturePlanner Pension Scheme.

The new Trustee Board which took effect from 1 May 2024 consists of 12 Trustee Directors, of whom six are nominated by the Principal Employer (one of whom is the Chair of the Trustee Board) and six nominated by the membership.

The Member Nominated Directors have been appointed to the Trustee Board for an initial period of 3 years.

During the year, the Trustee Directors met frequently to deal with various matters relating to the management of the Scheme including monitoring funding and investing the Scheme assets. The Trustee Directors have responsibility for ensuring that the Scheme is properly run in accordance with its governing documents and in the best interests of the members.

The new Trustee Board has established a sub-committee structure which is similar to the prior committee structures. This consists of a Governance & Administration Committee, a DB Investment Committee and a DC Investment Committee

The Trustee produces an annual business plan, and a long-term strategic plan which sets out the objectives of the Trustee. Progress against the business plans is monitored by the Trustee at each quarterly meeting.

Trustee Knowledge

There is a requirement for the Trustee Directors to have knowledge and understanding of the law relating to pensions and the principles relating to the funding of the Scheme and the investment of the Scheme's assets. The Trustee Directors are also required to be conversant with the Scheme's documents. To fulfil these requirements the Trustee has adopted a training policy and attends regular training sessions.

Risk management

The Trustee Directors have put in place steps to monitor areas of potential risk to the Scheme. They regularly monitor, amongst other aspects of the Scheme, investments, the funding of the Scheme and the administration of the Scheme. The Scheme's risk register is reviewed on a quarterly basis by the Trustee and updated as necessary.

The Trustee has adopted an integrated risk management plan, which looks at the financial covenant, investment and funding risks faced by the Scheme.

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 April 2025 (continued)

Employer's Covenant

The Principal Employer of the Scheme is Leonardo UK Ltd.

The Trustee Directors recognise that the ability of the Principal Employer to meet its ongoing contribution requirement is important to the funding of the Scheme and hence the security of members' benefits. As a way of increasing the security of the Scheme, the Trustee has entered into an agreement with the Leonardo Group's parent company, Leonardo SpA, in which Leonardo confirms it will provide support for the Scheme. Leonardo has agreed that it will be responsible for the liabilities of the Principal Employer (and former participating employers) and has undertaken to pay any outstanding Scheme contributions and pay any Scheme deficit if the Scheme were to wind up with insufficient assets.

The Trustee regularly monitors the financial status of the Principal Employer and has engaged Cardano Advisory Limited to conduct independent reviews of the financial strength of the employers on a regular basis, with ad-hoc reviews if the Trustee considers this appropriate.

Overall, the employer covenant has been robust and continues to be rated as strong. The closure of the Scheme to future benefit accrual from 5 April 2024 has assisted in controlling the risks inherent in a defined benefit pension arrangement and has enabled the Trustee to take further de-risking steps.

Voluntary Contributions

The Additional Voluntary Contribution (AVC) option provided members with an opportunity to make further provision for their retirement in addition to the benefits provided by the Scheme. Investment choices are available in the form of a "Lifestyle" arrangement and a "Self-select" option. The investment choices available to members with AVC funds are the same as those available to members with 100+ Retirement Accounts. A Mobius Life microsite is in place providing additional investment fund information to members.

In addition to AVCs, members were able to contribute under the Buy Up option which provided for a higher career salary accrual rate, in return for an additional member contribution.

As an alternative to AVCs and Buy Up, a closed group of members of the 2000 Section were paying extra contributions towards retirement benefits through the Selected Benefits Scheme (SBS).

All employee contributions ceased from April 2024 when the Scheme closed to future pension accrual.

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 April 2025 (continued)

Membership

The number of members as at the year-end was:

Active members at 6 April 2024 (includes 613 DC members)		1,347
Retirement	(7)	
Deferred	(1)	
Active to Deferred	(1,339)	
Active members at 5 April 2025		0
Deferred pensioners at 6 April 2024 (includes 467 DC members)		1,114
From Active	1,340	
Transfer Out	(5)	
Exit to no Liability	(2)	
Total Commutation	(3)	
Retirement	(160)	
Death	(4)	
Deferred pensioners at 5 April 2025 (includes 1,002 DC members)		2,280
Pensioners at 6 April 2024		1,969
From Active	7	
From Deferred	160	
New Dependants	19	
Death	(20)	
Total Commutation	(4)	
Pensioners at 5 April 2025		2,131
Total members at 5 April 2025		**4,411**

Following the closure of Leonardo's defined benefit pension arrangements to future benefit accrual from 5 April 2024, all former active DB Scheme members were transferred to FuturePlanner membership from 6 April 2024. All pension accrual for Leonardo in the UK is now provided through FuturePlanner.

Pension increases

Different rates of increase, and caps on the level of increase, apply for different sections and tranches of benefit within the Scheme.

All pensions in payment were increased on 1 May 2025 in accordance with the Rules of the Scheme. The applicable increase rate (before caps) on 1 May 2025 was 3.62% which is the level of RPI in January 2025, with benefits accrued before 6 April 2006 having increases capped at 3.62% and after 5 April 2006 having increases capped at 2.5%.

Deferred pensions are generally increased annually in line with the statutory measure of inflation for pension purposes, up to a maximum of 5% for benefits accrued before 6 April 2006 and 2.5% for benefits accrued after.

All increases to pensions in payment and deferred pensions were made in accordance with the Rules of the Scheme. There were no discretionary increases made during the year.

Transfer Values

Cash equivalents (transfer values to other approved pension arrangements) payable are calculated and verified as prescribed by Section 97 of the Pension Schemes Act 1993. No discretionary benefits are included.

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 April 2025 (continued)

Scheme Changes

There has been one deed of amendment over the Scheme Year. This deed of amendment formally recorded the removal of a £50K limit on the use of voluntary savings as part of a member's Pension Commencement Lump Sum and aligned the Trustee liability and protection provisions across the three Leonardo pension arrangements to reflect the single Trustee Board structure

Financial Development of the Scheme

Changes in the Scheme's net assets during the year were as follows:

	£'000s
Net assets at 6 April 2024	743,771
Net withdrawals from dealings with members	(28,016)
Net decrease on investments	(24,966)
Net assets at 5 April 2025	690,789

The financial statements for the year have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

Communication

"InFocus", a newsletter for Scheme members is issued by the Trustee on a regular basis.

In addition members can access information from the Scheme website, www.lepensions.co.uk. XPS Group also offers MyPension.com, an online tool for members enabling them to view their pension records and undertake various activities online. All communications have moved to predominantly electronic distribution, other than where members have opted into continuing with paper copies.

Going concern

The Trustee of the Scheme has made an assessment on going concern and given the funding position and the support from the Principal Employer, the Trustee concludes that the Scheme retains sufficient liquidity that the going concern basis remains appropriate for the foreseeable future and at the very least for the next twelve months.

Taxation Status

The Scheme is a registered pension scheme within the meaning of Section 153 of the Finance Act 2004.

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 April 2025 (continued)

Enquiries

All enquiries about the Scheme and individual benefit entitlements should be addressed to the Scheme Trustee:

c/o XPS Administration Limited
PO Box 562
Middlesbrough TS1 9JA

E-mail: leps@xpsgroup.com

MoneyHelper

MoneyHelper provides pension guidance, money guidance and debt advice. These services were previously provided by three separate government entities: The Pensions Advisory Service (TPAS), Pension Wise and the Money Advice Service. MoneyHelper can be contacted at:

MoneyHelper
Bedford Borough Hall
138 Cauldwell Street
Bedford MK42 9AB

Tel: 0800 011 3797
Email: pensions.enquiries@moneyhelper.org.uk
Website: www.moneyhelper.org.uk

Pensions Ombudsman

If you have a complaint concerning your Scheme pension arrangements, you should first make a formal complaint to the Scheme Trustee. Complaints should be addressed to the Scheme Trustee at the address above under Enquiries.

If you are unhappy with the response, you can refer your complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) you are complaining about happened – or, if later, within three years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

10 South Colonnade
Canary Wharf
London E14 4PU

Tel: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

You can also submit a complaint online: www.pensions-ombudsman.org.uk/making-complaint

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 April 2025 (continued)

The Pensions Regulator (TPR)

The Pensions Regulator can intervene if they consider that a scheme's trustees, advisers, or the employer are not carrying out their duties correctly. The address for the Pensions Regulator is:

Telecom House
125-135 Preston Road
Brighton BN1 6AF

Tel: 0345 600 0707
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

The Pension Scheme Registry

The Scheme is registered with the Pension Scheme Registry which is part of the Pensions Regulator's office The registration number is 10273555. The data held by the Registry is used by the Pension Tracing Service to assist former members of schemes to trace their scheme benefits. The Pension Tracing Service can be contacted at:

The Pension Service
Post Handling Site A
Wolverhampton WV98 1AF

Tel: 0800 731 0193
Website: www.gov.uk/find-lost-pension

INVESTMENT REPORT

Defined Benefit

Background

At the Scheme year end, 5 April 2025, the net investments of the Defined Benefit section of the Scheme were valued at £571 million (plus a buy-in asset valued at £88.0m million) compared with £613 million (plus a buy-in asset valued at £93.3 million) at the start of the Scheme year. This reduction in asset value was primarily driven by the significant increase in interest rates, which has pushed down the value of the Scheme's liability hedging assets. The Scheme's liabilities have also reduced by a corresponding amount and whilst the size of the Scheme has reduced, the funding level has held up.

The assets of the Scheme continue to be invested by the fiduciary manager Schroders IS Limited. This includes a liability hedging portfolio through which the impact of movements in long-term interest rate and inflation expectations are managed. The Trustee also has a buy-in asset which insures a portion of the Scheme's pensioner liabilities

This report gives information about the assets as at 5 April 2025.

Investment Principles

The Trustee has produced a Statement of Investment Principles (SIP) showing how it invests the assets of the Scheme. The SIP is reviewed regularly by the Trustee and was last updated in September 2024.

The overall objective of the Scheme is to meet the benefit payments promised as they fall due with the long term intention of becoming financially and operationally self-sufficient. This is broken down into the following qualitative objectives:

1. Acquire suitable assets which, having due regard to risk, will generate income and capital growth to pay, together with the Employer and member contributions, the benefits as they fall due.
2. Limit the risk of the assets failing to meet the liabilities over the long term.
3. Achieve a return on investment which is expected at least to meet the Actuary's assumptions over the long term.

The Trustee has translated its objectives into benchmarks for the Scheme. The benchmarks are consistent with the Trustee's views on the appropriate balance between maximising the long-term return on investments and minimising short-term volatility and risk measured relative to liabilities.

Copies of the SIP (and the separate defined contribution SIP) are available to members from the Scheme Administrator, XPS Administration, using the contact details on page 4. The SIPs are also available from the Scheme website at www.lepensions.co.uk/compliance.

Investment Manager

The Trustee has delegated responsibility for the day-to-day management of the assets to the Scheme's Investment Manager, Schroders IS Limited ("Schroders Solutions"). An Investment Management Agreement between the Trustee and Schroders IS Limited governs this relationship.

The Investment Manager has been appointed in two capacities:

- Implement a liability hedging strategy; and
- Actively manage a strategy consisting of: Growth Assets, which covers a wide range of asset classes and investment managers; Liability Hedging Assets; Active Structured Equity; and Cashflow Matching Credit Assets.

INVESTMENT REPORT (continued)

Market Commentary

The 12-month period was dominated first by changing expectations over when major central banks might be able to cut interest rates, and then by what Donald Trump's re-election as US President would mean for markets. There was significant volatility at the very end of the period as investors began to digest the implications of Trump's tariff announcements on 2 April.

At the start of the period, softer-than-expected US inflation data in late 2023 reinforced the market's view that the Federal Reserve (Fed) would move towards cuts early in 2024. However, as 2024 progressed, inflation proved to be stickier than expected and markets were forced to push back both the timing and extent of US rate cuts.

Some weaker employment data in early summer led to fears that the Federal Reserve ("Fed") may have left it too late to cut rates, prompting worries about economic slowdown or even recession. The Fed responded in September with a 50 basis point (bps) cut to interest rates, larger than the typical 25 bps move.

It was a similar situation for the eurozone and UK, with higher-than-expected inflation resulting in the dialling back of expectations around policy easing. However, both central banks did cut interest rates during the period.

In emerging markets, soft economic data from China continued to suggest a lacklustre economic recovery from the Covid-induced slowdown of prior years. The ongoing real estate crisis continued to weigh on sentiment. The Chinese authorities responded with a package of stimulus measures in September 2024.

November brought the much-anticipated US presidential election. While the polls had been close, the result was a clean sweep for the Republicans with Donald Trump taking the presidency.

Trade tariffs drew particular focus at the end of the period. President Trump initially announced tariffs on certain countries (notably Mexico and Canada) and on some goods (cars, steel, aluminium). Then on 2 April, dubbed "Liberation Day", he announced a broader swathe of tariffs. These included a 10% tariff rate on all US imports and higher "reciprocal" tariffs for countries with which the US has a large trade deficit.

The tariff news prompted a sharp fall in global equity markets in the early days of April. The MSCI World index returned -0.8% (total return in US dollars) for the 12-month period. Emerging markets outperformed their developed market counterparts. The MSCI EM index returned 9.9% (in US dollars).

In fixed income, yields rose across most major government bond markets over the 12-month period. Although softer inflation data over the summer months boosted expectations of interest rate cuts, particularly in the US, the November elections were the catalyst for a sell-off.

Weaker labour market data prompted the Fed to sanction interest rate cuts in September and November although Fed officials issued more cautious guidance for 2025. Subsequently, the Trump administration's proposals for extensive trade tariffs fuelled fears of an economic slowdown.

The European Central Bank was the first major central bank to cut interest rates in 2024, as eurozone economic growth stagnated. In March 2025, the German parliament approved plans from the new Chancellor to raise borrowing limits.

Despite the Bank of England reducing interest rates by 0.25% in August, November and February, the 10-year UK gilt yield rose as the new Labour government announced a £28 billion annual increase in borrowing in the autumn. Japanese government bond yields rose significantly as the Bank of Japan abandoned its negative interest rate policy.

The US dollar recorded a 38-year high against the yen in June, before weakening as the interest rate differential between the US and Japan narrowed. Overall, the US dollar index rose sharply after the November elections before giving up these gains on concerns over the impact of trade tariffs.

INVESTMENT REPORT (continued)

Asset Allocation

The Trustee reviews the strategic asset allocation of the Scheme on a regular basis. However, investment decisions within this framework are delegated to Schroders Solutions.

The Trustee has undertaken some significant de-risking during the year as the funding level has improved, and has allocated 10% of assets (excluding the pensioner buy in) to Growth Assets, 56% of assets off-risk for liability hedging, 5% of assets to Active Structured Equity and 29% of assets to Cash Flow Driven Investment Assets.

The Trustee continues to monitor the strategy through regular reviews. In addition, the Trustee will review on an on-going basis the extent to which risk and volatility can be reduced further over time.

The table below shows the asset allocation at the current and prior year ends (excluding the pensioner buy in):

	5 April 2025		5 April 2024	
	Market Value £'000s	**% of funds (ex DC)**	**Market Value £'000s**	**% of funds (ex DC)**
Equity	22,989	4.0	38,521	6.2
Alternatives	8,608	1.5	10,664	1.7
Return Seeking Credit	9,451	1.7	16,112	2.6
Property	4,435	0.8	4,947	0.8
Cash & Sovereign Bonds	12,809	2.2	13,343	2.2
Commodities	1,287	0.2	850	0.1
Currency Hedge	463	0.1	(94)	(0.0)
Total Growth Assets portfolio	**60,042**	**10.5**	**84,343**	**13.7**
Liability Hedging Assets	307,196	53.7	366,482	59.4
Cash Flow Matching Credit Assets	174,880	30.6	135,274	21.9
Active Structured Equity	29,527	5.2	30,488	4.9
Total assets (excluding DC and DB Insurance policies)	**571,645**	**100.0**	**616,587**	**100.0**
Defined Benefit Insurance policies	88,000		93,300	
Defined contribution	29,099		32,406	
Total investments	**688,744**		**742,293**	

Liability Risk

The Trustee has put a programme in place to reduce some of the unrewarded risks that the Scheme faces in relation to the value of the liabilities. In particular, Schroders Solutions Derivatives manages a liability hedge.

The liability hedge is designed to protect the Scheme from adverse movements in long term interest rates and inflation, which directly impact the value of the Scheme's liabilities. The value of the gilts that are part of the hedging portfolio tends to move in line with the Scheme's liabilities when interest rates and inflation rates change. Similarly, the swaps in the hedging portfolio, which are implemented via a number of counterparty banks, are such that, if interest rates fall significantly (and so the liabilities rise in value), the swap counterparty pays the Scheme to cover the rise in the value of the liabilities. Conversely, if the value of the liabilities falls due to interest rate and inflation changes, the Scheme pays the counterparty under the swap contracts an amount that is in line with this fall in the liabilities. Importantly, the purpose of the liability hedge is to offset (or hedge) the changes in the value of the liabilities whether there is a rise or fall.

The mark to market valuation of the swaps represented an unrealised gain/loss, as at 5 April, for the following years:

INVESTMENT REPORT (continued)

Liability Risk (continued)

The mark to market valuation of the swaps represented an unrealised gain/loss, as at 5 April, for the following years:

	2025 £'000s	2024 £'000s	2023 £'000s	2022 £'000s	2021 £'000s	2020 £'000s
Interest rate swaps	2,398	-	345	(3,219)	(198)	77,971
Total Return swaps	(4,572)	(265)	(14,406)	(19,393)	(2,794)	19,046
Inflation swaps	(1,344)	10,565	26,231	39,979	(7,211)	(18,287)
Proceed Asset Swap	-	-	-	-	-	(29,817)
Total Gain/(Loss)	**(3,518)**	**10,300**	**12,170**	**17,367**	**(10,203)**	**48,913**

A positive mark-to-market value of the swaps represents a rise in the value of the swaps from the Scheme's perspective, and vice versa. However, this rise will have been necessary to offset the rise in the value of the Scheme's liabilities, and so the impact of the interest rate changes on the Scheme's finances will (as intended) have been broadly neutral.

During the Scheme Year, there were some adjustments in the level of the liability hedge to reflect the challenging market conditions. The hedge level was reduced during this period to ensure the Scheme retained sufficient collateral to support the hedge.

Collateral

The gilts can be used to meet collateral calls from the Scheme's counterparties: Barclays Bank plc, BNP Paribas, Citigroup Inc., Credit Agricole, Deutsche Bank AG, Lloyds Bank Corporate Markets plc, NatWest Markets plc, Merrill Lynch & Co. Inc., Royal Bank of Canada, HSBC, JP Morgan and Morgan Stanley & Co. International plc. The Scheme would be obliged to post collateral to the counterparties as and when the swap mark-to-market is negative to the Scheme (i.e. in the counterparties' favour). Once the collateral is transferred to the respective counterparty it is held by the counterparty but in the name of the Trustee.

Return-Seeking Portfolio

The Growth Assets (GA) are designed to deliver performance in excess of a specific target through exposure to diversified investment arrangements. Schroders Solutions invests and manages the Scheme's assets on behalf of the Trustee.

Schroders Solutions fiduciary management service reduces the risks and costs of decision delay and provides access to a broad range of asset allocation and increased investment specialisation, such as high yield bonds, leveraged loans and other alternative asset classes as well as currency hedging. As well as the delegated responsibility for dynamic asset allocation, Schroders Solutions is also responsible for selecting, combining and replacing fund managers.

The core strength of the fiduciary management portfolio proposition lies in the delegation to the manager of the flexibility to dynamically allocate across all asset classes in accordance with medium to long term views on global markets, and to 'defend' by increasing the allocation to cash when the risk/return attributes of multiple asset classes are poor. This is demonstrated in the Asset Allocation table above showing the variation at the current and prior year end.

The investment objective for GA is a return of SONIA + 3.125% per annum, after the deduction of fees, over rolling three-year periods. Performance of the GA assets against objective is as follows:

GA	1 Year	3 Years p.a.	5 Years p.a.
Investment return	2.5%	2.8%	7.3%
Objective	8.1%	5.7%	5.6%
Investment return relative to target	-5.6%	-4.4%	1.7%

Performance is shown to 31 March 2025 after the deduction of fees (to the extent that fees are paid from assets). The objective is shown to 31 March 2025.

INVESTMENT REPORT (continued)

Return-Seeking Portfolio (continued)

The Trustee monitors the performance of GA on a quarterly basis and is provided with a valuation of all of the Scheme's assets on a monthly basis. Over 1 and 3 year periods the GA underperformed the objective primarily due to subdued equity market performance while the 5 year performance remains above target.

The Trustee also has a derivatives programme to manage the exposure of the assets to currency movement which is managed by Schroders Solutions.

The Trustee has de-risked the portfolio significantly during the year and will continue to consider further opportunities to reduce unrewarded risks where this can be done cost effectively. There are appropriate arrangements in place to provide collateral for the derivatives programmes.

Total Investment Performance

The performance of the Scheme's return-seeking portfolio and the total performance (including the performance of the swaps) was negative over the year ended 5 April 2025 although ahead of the objective. This was driven by the significant increases in gilt yields, which has driven down the value of the liability hedging assets alongside a corresponding reduction in the value of the Scheme's liabilities.

Total investment performance against objective over different time periods is as follows:

Total performance	1 Year	3 Years p.a.	5 Years p.a.
Investment return	-7.8%	-17.7%	-9.2%
Objective	-8.1%	-18.0%	-11.8%
Investment return relative to target	0.3%	0.3%	2.6%

Performance is shown to 31 March 2025 after the deduction of fees (to the extent that fees are paid from assets). The objective is shown to 31 March 2025.

Investment Expenses

Investment management fees and expenses amounted to £0.9m during the period (previously £1.8m). It should be noted that, in addition to these direct expenses, the majority of underlying managers' fees are reflected in unit prices and these are not separately disclosed. Discounts on investment management fees are negotiated where possible.

Custody of Assets

During the Scheme Year, the Trustee transitioned from a number of direct principal to principal ISDA contracts to agency ISDA contracts with each counterparty bank through Schroders IS Limited. This has maintained/improved terms and improved the governance structure. The collateral provided to the counterparties to secure their value when their mark-to-market is positive is held by CACEIS, as custodian for the Scheme.

The pooled fund units and shares comprising the assets managed through the fiduciary management portfolio are held by CACEIS Bank in the name of its nominee company, CACEIS Nominees Limited.

Environmental, Social and Governance Factors

Financially material investment considerations can affect the long-term financial performance of investments and can (but do not have to) include environmental, social and governance factors (otherwise known as "ESG") where relevant. The Trustee delegates consideration of financially material factors to the Investment Manager, who considers these when constructing the portfolio, including looking at Underlying Managers. All references to ESG relate to financial factors only. All references to ESG also include climate change.

ESG factors and stewardship are considered, in the context of long term performance, by the Investment Manager as part of the manager selection criteria. This review occurs before they are approved for investment in the portfolio. Once an Underlying Manager is appointed, the Investment Manager monitors the ESG implementation and ongoing compliance with other factors, such as stewardship, as a part of overall engagement.

INVESTMENT REPORT (continued)

Corporate Governance and Stewardship

The Trustee and Investment Manager have agreed, and will maintain, formal agreements setting out the scope of the Investment Manager's activities, charging basis and other relevant matters. The Investment Manager has been provided with a copy of the SIP and is required to exercise its powers with a view to giving effect to the principles contained therein and in accordance with subsection (2) of Section 36 of the Pensions Act 1995.

The Trustee has appointed the Investment Manager to implement the Scheme's investment strategy. The Investment Manager manages assets directly on behalf of the Trustee as well as having delegated authority to appoint, monitor and change the underlying managers.

The Investment Manager is appointed to carry out its role on an ongoing basis. The Trustee periodically reviews the overall value-for-money of using Schroders Solutions, and information in relation to costs associated with investing is included in the quarterly monitoring report. The Investment Manager's remuneration is based on the Scheme's asset size, and the Investment Manager is therefore incentivised to maximise the Scheme's asset size over the long term. The Trustee is satisfied that these arrangements incentivise the Investment Manager:

- to align its investment strategy and decisions with the Trustee's investment policies, such as their return target and the restrictions detailed in the Investment Management Agreement, and to assess and make decisions based on the medium-
- to long-term financial and non-financial performance of issuers of debt or equity, and to engage with such issuers to improve this medium- to long-term performance.

The success of such engagement will contribute to the Scheme's performance, which is measured relative to the Trustee's long-term performance objectives.

The Scheme's investments are made via pooled investment funds, in which the Scheme's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue these securities, whether for corporate governance purposes or social, ethical or environmental factors, is delegated to the manager of the pooled investment fund. The extent to which these factors are taken into account in the selection, retention and realisation of investments is considered by the Investment Manager as part of the process of selecting organisations with which to invest.

The Trustee supports the Myners Principles and the UK Stewardship Code. It has conducted a 'comply or explain' review in respect of the Myners Principles and Investment Guidance from the Pensions Regulator.

Financial Material Considerations

These considerations, can affect the long-term financial performance of investments and can (but do not have to) include environmental, social and governance factors (otherwise known as "ESG") where relevant. The Trustee delegates consideration of financially material factors to the Investment Manager, who considers these when constructing the portfolio, including looking at Underlying Managers. All references to ESG relate to financial factors only, and also include climate change.

ESG factors and stewardship are considered, in the context of long term performance, by the Investment Manager as part of the manager selection criteria. This review occurs before they are approved for investment in the portfolio. Once an Underlying Manager is appointed, the Investment Manager monitors the ESG implementation and ongoing compliance with other factors, such as stewardship, as a part of overall engagement.

Non-financial matters

The Trustee does not directly take into account non-financial matters (such as members' ethical or future impact priorities) given the difficulty of establishing consensus views on such matters. The Trustee maintains a dialogue with members through the Pension Consultative Committee and may seek views directly from time to time. The DCIC consults members from time to time in the context of self-select investment options for DC assets.

INVESTMENT REPORT (continued)

Turnover costs

The Investment Manager oversees the turnover costs incurred by Underlying Managers as part of its ongoing monitoring process and evaluates such costs to determine if they are in line with peer groups and the Investment Manager's expectations. Where there are material deviations the Investment Manager engages with Underlying Managers to understand the rationale for such deviations and take appropriate action.

Conflicts of interest

The Trustee acknowledges the inherent potential for conflicts of interest which exist as part of ongoing Investment management business activities. As an FCA regulated firm, the Investment Manager is required to prevent or manage conflicts of interest. Where Underlying Managers are also regulated, they are likely to be subject to such requirements to manage conflicts of interest as are applicable in their jurisdiction of incorporation or operations. The Investment Manager directly monitors these as part of their regulatory filings (where available), the Investment Manager also monitors this as part of ongoing review. The Investment Manager's Conflict of Interest framework is available publicly here:

https://www.schroders.com/en/global/individual/footer/identification-and-management-of-conflicts-of-interest/

Defined Contribution

Retirement Account

The Trustee has produced a defined contribution Statement of Investment Principles which was last updated in May 2024.

Members of the 100+ Section had contributions equal to 2% of their Pensionable Salary put into their Retirement Account by their employer until the Scheme closed to future benefit accrual in April 2024.

Members' Retirement Accounts are held with Mobius Life Limited, and a range of investment options are available. Members may select to invest in one or more of ten funds: Long Term Growth, Stable Growth, Cautious Growth, Global Equity, Corporate Bond, Fixed Annuity Focus, Inflation Linked Annuity Focus, Cash, ESG-Equity and HSBC Islamic Global Equity.

Alternatively, a default Lifestyle Strategy is available, currently chosen by the majority of members. Through time, this strategy switches a member's Retirement Account across four Schroders Solutions 'blend funds' with distinct 'inflation plus' targets, with the asset allocation managed automatically. Two alternative lifestyle strategies are also available: one designed for members who intend to take their account as cash at retirement, and another for those who intend to purchase an annuity.

Should a member select any of the lifestyle strategies, their entire Retirement Account will be invested in accordance with the chosen approach.

The performance of the funds can be found on the Mobius Life Microsite via the investment section of MyPension.com. The Microsite contains published fund factsheets, together with interactive fund performance tools

Employer Related Investments

There were no employer related investments during the year.

REPORT ON ACTUARIAL LIABILITIES

Under Section 222 of the Pensions Act 2004, pension schemes are subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover their technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date. This is assessed at least every 3 years using the assumptions agreed between the Trustee and the Company and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request by contacting XPS Administration Limited at the address set out on page 9.

Actuarial valuation as at 5 April 2023

The most recent full actuarial valuation of the Scheme was carried out as at 5 April 2023. This showed that on that date:

- The technical provisions were £716.3 million
- The value of the assets was £766.6 million

As at 5 April 2023, the Scheme therefore had an ongoing surplus of £50.3 million with a funding level of 107%.

The Scheme closed to future accrual of benefits with effect from the end of 5 April 2024. No changes were made to member or Company contributions for the period up to 5 April 2024, relative to those agreed as part of the 5 April 2020 actuarial valuation. From 5 April 2024, it was agreed that the Company will pay contributions to the Scheme of £1.15m per annum, intended to broadly cover the Scheme's administrative expenses.

In addition to the ongoing funding valuation, the actuary also carries out a discontinuance valuation, known as a solvency valuation, and a Pension Protection Fund ("PPF") valuation.

1. The solvency valuation basis differs from the ongoing funding basis in that it assumes that the Scheme had discontinued, and all contributions ceased with effect from the valuation date. As at 5 April 2023, the surplus on a solvency valuation basis was £9.2 million and the Scheme's assets would have been sufficient to cover 101% of the total estimated winding up liabilities. It is a legal requirement that these solvency valuation numbers are produced, and it does not mean that there is any intention to wind up the Scheme in the foreseeable future.

2. The PPF valuation compares the assets of the Scheme to the value of the benefits that would be provided by the PPF in the event of the Scheme entering the PPF. As at 5 April 2023, the surplus on a PPF valuation basis was £85 million and the Scheme's assets would have been sufficient to cover 112% of the PPF benefits.

The next full actuarial valuation is due with an effective date no later than 5 April 2026 and should be completed no later than 5 July 2027. Before then, the Trustee expects to receive formal annual actuarial reports from the Scheme Actuary in non-actuarial valuation years, with the next one being as at 5 April 2025.

Actuarial report as at 5 April 2025

The Trustee receives formal annual funding updates from the actuary in non-actuarial valuation years. These reports provide information on the development of the funding position of the Scheme (on an ongoing funding basis) since the last full actuarial valuation, so that the Trustee can assess whether any action is needed.

The most recent actuarial report was produced as at 5 April 2025. At that date, the surplus on the ongoing funding basis was £60.3 million with a funding level of 110%. Between 5 April 2023 and 5 April 2025, the surplus therefore increased by £10.0 million.

The main factors that have combined to produce this improvement in the funding position since the last formal actuarial valuation are:

- Changes in long-term interest rates and market-implied inflation, the combined effect of which led to a lower value being placed on the Scheme's liabilities, although this has been largely offset by a corresponding fall in the value of the Scheme's hedging assets.
- Investment returns from the Scheme's non-hedging assets have been greater than assumed, serving to increase the surplus.

REPORT ON ACTUARIAL LIABILITIES (continued)

- Contributions paid by the Employer during the year to 5 April 2024 (i.e. prior to the Scheme closing to the future accrual of benefits) were lower than the assessed cost of new benefit accrual over that period, serving to reduce the surplus.
- Interest has been earned on the surplus revealed at the last formal actuarial valuation, serving to increase the surplus.
- The advance payment of a contribution from the Employer at the start of 2025 in respect of expenses expected to be incurred over 2025 (in accordance with the Schedule of Contributions) has served to increase the surplus revealed as at 5 April 2025.

Method and significant assumptions for technical provisions

The method and significant actuarial assumptions used to determine the technical provisions for the 5 April 2023 actuarial valuation are as follows (all assumptions adopted are set out in the Statement of Funding Principles signed on 5 December 2023):

Method

The actuarial method used in the calculation of the technical provisions was the Projected Unit Method.

Significant actuarial assumptions

Discount interest rate: term dependent rates calculated as 0.5% per annum above the gilt interest rate yield curve at all terms.

Future Retail Prices Index ("RPI") inflation: term dependent rates calculated using the gilt RPI inflation curve.

Future Consumer Prices Index ("CPI") inflation: 0.75% per annum below the RPI inflation curve prior to February 2030 and in line with the RPI inflation curve thereafter.

Future pension increases in payment: pensions in payment accrued after 5 April 2006 increase in line with RPI inflation subject to a cap of 2.5% per annum. Pensions in payment accrued before this date increase in line with RPI inflation subject to a cap of 5% per annum. The caps are applied using the Black Scholes model with an assumed RPI inflation volatility of 1.75% per annum.

Future pension increases in deferment: set as future CPI inflation, capped at 5% per annum for pension accrued before 6 April 2009 and 2.5% per annum for pension accrued after that date.

Future mortality in retirement: 101% for males and 104% for females of the mortality rates in the standard SAPS (S3PA) base tables, with an allowance for future improvements in line with the CMI 2021 projection model using a long-term annual improvement rate of 1.85% for males and 1.35% for females, a smoothing parameter of 7.0 and an initial addition parameter of 0.3% per annum. An assumption of 5% has been adopted for both the 2020 and 2021 data weighting parameters.

ACTUARY'S CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

Actuary's certification of schedule of contributions

Leonardo Electronics Pension Scheme

Adequacy of rates of contributions

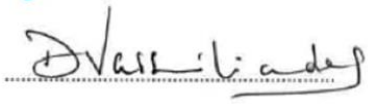
1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions dated 5 December 2023 are such that the statutory funding objective could have been expected on 5 April 2023 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2.I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 5 December 2023.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature



Date
8 December 2023

Name
Danny Vassiliades

Qualification
Fellow of the Institute and Faculty of Actuaries

Address
Phoenix House
1 Station Hill
Reading
RG1 1NB

Employer
XPS Pensions

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", are the responsibility of the trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the scheme and to prevent and detect fraud and other irregularities including the maintenance of an appropriate system of internal control.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the scheme and for adopting risk-based processes to monitor whether contributions are made to the scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee is responsible for the maintenance and integrity of the pension and financial information included on the Leonardo Electronic Pension Scheme website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee's Report, which includes the Investment Report, the Report on Actuarial Liabilities, the Statement of Trustee's Responsibilities and the Implementation Statement was approved by the Trustee.

Martin Flavell

..... **Date: 25 September 2025**

Trustee Director, Leonardo Pension Schemes (Trustee) Ltd

Rebecca Ward

..... **Date: 25 September 2025**

Trustee Director, Leonardo Pension Schemes (Trustee) Ltd

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE LEONARDO ELECTRONICS PENSION SCHEME

Opinion

We have audited the financial statements of the Leonardo Electronics Pension Scheme for the year ended 5 April 2025 which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 5 April 2025, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial documents, we have concluded that the Scheme Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Schemes ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Schemes Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Scheme's Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE LEONARDO ELECTRONICS PENSION SCHEME (continued)

Responsibilities of the Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 21, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Schemes ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the environment, including the legal and regulatory framework that the Scheme operates in and how the Scheme is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE LEONARDO ELECTORNICS PENSION SCHEME (continued)

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our Report

This report is made solely to the Schemes Trustee as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Schemes Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Schemes Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor, Chartered Accountants
25 Farringdon Street
London EC4A 4AB

Date: 25 September 2025

FUND ACCOUNT

For the year ended 5 April 2025

	Note	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s	2024 Defined Benefit Section £'000s	2024 Defined Contribution Section £'000s	2024 Total £'000s
CONTRIBUTIONS AND BENEFITS							
Employer contributions	4	2,013	-	2,013	19,723	423	20,146
Employee contributions	4	-	-	-	451	3,685	4,136
Total contributions	4	2,013	-	2,013	20,174	4,108	24,282
Other income	5	6	(2)	4	549	-	549
		2,019	(2)	2,017	20,723	4,108	24,831
Benefits paid or payable	6	(25,431)	-	(25,431)	(21,470)	-	(21,470)
Payments to and on account of leavers	7	(2,717)	(673)	(3,390)	(1,959)	(1,024)	(2,983)
Other payments	8	(91)	-	(91)	(425)	-	(425)
Administrative expenses	9	(1,121)	-	(1,121)	(1,326)	-	(1,326)
		(29,360)	(673)	(30,033)	(25,180)	(1,024)	(26,204)
NET (WITHDRAWALS)/ADDITIONS FROM DEALINGS WITH MEMBERS		(27,341)	(675)	(28,016)	(4,457)	3,084	(1,373)
RETURNS ON INVESTMENTS							
Investment income	10	18,859	3	18,862	25,827	5	25,832
Change in market value of investments	12	(44,951)	1,172	(43,779)	(83,471)	3,595	(79,876)
Investment management expenses	11	(49)	-	(49)	(1,755)	-	(1,755)
NET RETURNS ON INVESTMENTS		(26,141)	1,175	(24,966)	(59,399)	3,600	(55,799)
NET (DECREASE)/INCREASE IN THE FUND FOR THE YEAR		(53,482)	500	(52,982)	(63,856)	6,684	(57,172)
TRANSFERS BETWEEN SECTIONS		4,034	(4,034)	-	1,932	(1,932)	-
OPENING NET ASSETS		711,020	32,751	743,771	772,944	27,999	800,943
CLOSING NET ASSETS		661,572	29,217	690,789	711,020	32,751	743,771

The notes on pages 27 to 42 form part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

At 5 April 2025

	Note	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s	2024 Defined Benefit Section £'000s	2024 Defined Contribution Section £'000s	2024 Total £'000s
INVESTMENT ASSETS							
Bonds	12	486,832	-	486,832	392,890	-	392,890
Pooled investment vehicles	13	78,754	29,154	107,908	202,770	32,384	235,154
Derivatives	14	10,164	-	10,164	24,769	-	24,769
Insurance policies	15	88,000	-	88,000	93,300	-	93,300
Cash deposits		3,761	-	3,761	2,578	24	2,602
Other investment balances	16	6,361	-	6,361	3,598	-	3,598
		673,872	29,154	703,026	719,905	32,408	752,313
INVESTMENT LIABILITIES							
Cash		-	(55)	(55)		-	
Derivatives	14	(13,039)	-	(13,039)	(10,020)	-	(10,020)
Other investment balances	16	(1,188)	-	(1,188)	-	-	-
		(14,227)	(55)	(14,282)	(10,020)	-	(10,020)
TOTAL NET INVESTMENTS		659,645	29,099	688,744	709,885	32,408	742,293
CURRENT ASSETS	20	2,924	118	3,042	2,946	343	3,289
CURRENT LIABILITIES	21	(997)	-	(997)	(1,811)	-	(1,811)
CLOSING NET ASSETS		661,572	29,217	690,789	711,020	32,751	743,771

The notes on pages 27 to 42 form part of these financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations for the Defined Benefit Section, is dealt with in the Report on Actuarial Liabilities on pages 18 and 19 of the Annual Report and these financial statements should be read in conjunction with this report.

These financial statements were approved by the Trustee on 25 September 2025.

Martin Flavell

.....

Trustee Director, Leonardo Pension Schemes (Trustee) Ltd

Rebecca Ward

.....

Trustee Director, Leonardo Pension Schemes (Trustee) Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 5 April 2025

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pensions Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (Revised 2018).

The Scheme is a registered hybrid pension scheme under the Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by the employer and employees are normally eligible for tax relief, and income and capital gains earned by the Scheme receive preferential tax treatment. The Scheme is administered by the Trustee in accordance with the Trust Deed and Rules, solely for the benefit of its members and other beneficiaries.

As stated in the Statement of Trustee's Responsibilities on page 21, the Trustee is responsible for preparing the Financial Statements on a going concern basis unless it is inappropriate to presume that the Scheme will continue on this basis. The Trustee has undertaken an assessment in relation to going concern and has considered such matters as the potential impact on the Scheme's investment strategy, the Employer's business and its ability to pay contributions to the Scheme, taking into account the Scheme's strong funding level, well diversified investment strategy, strength of the Employer covenant and the guarantee from Leonardo SpA.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is c/o XPS Group, PO Box 562, Middlesbrough TS1 9JA.

Email leps@xpsgroup.com

3. ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements are prepared on an accrual's basis.

(b) Contributions

Employers' contributions, members' contributions, including those paid under the SMART option, are accounted for on an accruals basis in accordance with the Schedule of Contributions.

AVC's are accounted for on an accruals basis, and the resulting investments are included within the net assets statement on the basis values provided by the AVC investment managers.

Augmentation contributions are accounted for in accordance with the agreement under which they are payable, or, in the absence of an agreement, on a receipt basis.

(c) Payments to Members

Pensions in payment are accounted for in the period to which they relate.

Benefits are accounted for in the period in which the member notifies the Trustee of his decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.

Individual transfers in or out are accounted for when the member liability is accepted or discharged which is normally when the transfer is paid or received.

(d) Expenses

Expenses are accounted for on an accruals basis. The Scheme bears all the costs of administration.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2025

3. ACCOUNTING POLICIES (continued)

(e) Investment Income

Income from bonds and other interest receivable is taken into account on an accruals basis.

Income from pooled investment vehicles is accounted for when declared by the fund manager.

Income arising on the underlying investments of accumulation funds is reflected within the change in market value.

(f) Investments

Investments are included at fair value as follows:

Quoted securities in active markets are usually valued at the current bid prices at the reporting date. Unquoted securities are included at fair value estimated by the Trustee using appropriate valuation techniques.

Accrued interest is excluded from the market value of fixed income securities and is included in investment income receivable.

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

Swaps are valued based on the present value of future cash flows arising from the swap, determined using discounted cash flow models and market data at the reporting date.

Options are valued at fair value using pricing models and relevant market data at the year-end date.

Exchange traded futures are valued as the sum of the daily mark-to-market, which is a calculated difference between the settlement prices at the reporting date and the inception date.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

Annuities in the name of the Scheme have been valued by the Scheme Actuary at the present value of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.

***(g)* Foreign Currency Translation**

Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction. Monetary items denominated in foreign currencies are translated into sterling using the closing exchange rates at the year-end.

(h) Critical accounting estimates and judgements

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee confirms that no judgements have had a significant effect on amounts recognised in the financial statements but note estimation uncertainty in the valuation of annuity policies, as disclosed in Note 15.

(i) Currency

The Scheme's functional and presentation currency is Pound Sterling (GBP). Monetary amounts in these financial statements are rounded to the nearest £'000s.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2025

4. CONTRIBUTIONS

	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Employer contributions			
Expenses contribution	1,150	-	1,150
Additional transitional pro-rated contribution	863	-	863
	2,013	-	2,013

	2024		
Employer contributions			
Normal	12,397	423	12,820
SMART	7,326	-	7,326
	19,723	423	20,146
Employee contributions			
Normal	60	-	60
Additional voluntary	-	3,685	3,685
Special	391	-	391
	451	3,685	4,136
	20,174	4,108	24,282

From April 2024, the Scheme closed to future pension accrual and no further member contributions were payable.

From April 2024, the Employer has agreed to make annual contributions of £1.15million to the Scheme. A transitional pro-rated contribution of £862,500 from the Employer has been paid for the period April 2024- December 2024. Annual contributions are then payable each January with the first in January 2025. These are to cover the Scheme's administrative expenses, including professional advisory fees and Pension Protection Fund levies.

The special contributions in the prior year related to members of the 2000 Section of the Scheme who up until the scheme closure to future accrual, were able to pay additional voluntary contributions to the Selected Benefit Scheme (SBS) in order to increase their retirement benefits. SBS contributions were invested in the same way as the Scheme's other assets.

5. OTHER INCOME

	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Income tax refund	6	-	6
Sundry income	-	(2)	(2)
	6	(2)	4

	2024		
Claims on term insurance policies	549	-	549

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2025

6. BENEFITS PAID OR PAYABLE

	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Pensions	14,574	-	14,574
Commutation of pensions and lump sum retirement benefits	10,239	-	10,239
Purchase of annuities	269	-	269
Lump sum death benefits	334	-	334
Taxation where lifetime or annual allowance exceeded	15	-	15
	25,431	-	25,431

	2024 Defined Benefit Section £'000s	2024 Defined Contribution Section £'000s	2024 Total £'000s
Pensions	12,307	-	12,307
Commutation of pensions and lump sum retirement benefits	8,204	-	8,204
Purchase of annuities	117	-	117
Lump sum death benefits	842	-	842
Taxation where lifetime or annual allowance exceeded	-	-	-
	21,470	-	21,470

7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Group transfers out to SMART Pension Trust	-	673	673
Individual transfers out to other schemes	2,717	-	2,717
	2,717	673	3,390

	2024 Defined Benefit Section £'000s	2024 Defined Contribution Section £'000s	2024 Total £'000s
Individual transfers out to other schemes	1,959	1,024	2,983

There were 10 members who transferred their defined contribution savings to the Smart Pension Trust during the year between May 2024 and January 2025.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 5 April 2025

8. OTHER PAYMENTS

	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Premiums on term insurance policies	91	-	91

	2024		
Premiums on term insurance policies	425	-	425

Other payments represent premiums paid to Zurich Assurance Limited and Legal & General who have underwritten the Scheme's insured death benefits during the year. The core death in service cover is no longer provided from the Scheme following the closure to active membership in April 2024, with members now provided with death cover within the Leonardo FuturePlanner pension arrangement

9. ADMINISTRATIVE EXPENSES

	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Administration	545	-	545
Actuarial fees	322	-	322
Legal fees	151	-	151
Audit fees	25	-	25
Levies	38	-	38
Other fees	40	-	40
	1,121	-	1,121

	2024		
Administration	604	-	604
Actuarial fees	467	-	467
Legal fees	128	-	128
Audit fees	24	-	24
Levies	42	-	42
Other fees	61	-	61
	1,326	-	1,326

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2025

10. INVESTMENT INCOME

	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	Total £'000s
Income from bonds	15,531	-	15,531
Income from pooled investment vehicles	1,290	-	1,290
Interest on cash deposits	206	3	209
Gains/(losses) on foreign exchange	197	-	197
Income from derivatives / swaps	(4,577)	-	(4,577)
Annuity income	6,212	-	6,212
	18,859	3	18,862

	2024		
Income from bonds	9,538	-	9,538
Income from pooled investment vehicles	6,135	-	6,135
Interest on cash deposits	554	5	559
Gains/(losses) on foreign exchange	(290)	-	(290)
Income from derivatives / swaps	3,765	-	3,765
Annuity income	6,125	-	6,125
	25,827	5	25,832

11. INVESTMENT MANAGEMENT EXPENSES

	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	Total £'000s
Administration, management & custody	49	-	49

	2024		
Administration, management & custody	1,758	-	1,758
Investment fee rebate	(3)	-	(3)
	1,755	-	1,755

The Investment Management Agreement with Schroders Solutions was amended to remove the performance-related fee that had previously been payable on the Scheme's growth portfolio. As a result no performance fee was incurred in the year ended 5 April 2025 and no liability exists in respect of future periods. The prior year comparative included an amount of approximately £790k that related to this fee the accrual has been reversed in the 2025 year. Making the actual comparative of £749k in 2025 compared with £965k in 2024, no separate line item is therefore presented.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2025

12. RECONCILIATION OF INVESTMENTS

	Value at 5.4.2024	Purchases at cost & derivative payments	Sales proceeds & derivative receipts	Change in market value	Value at 5.4.2025
Defined Benefit Section	£'000s	£'000s	£'000s	£'000s	£'000s
Bonds	392,890	442,478	(317,453)	(31,083)	486,832
Pooled investment vehicles	202,770	83,645	(207,942)	281	78,754
Derivatives	14,749	11,711	(20,486)	(8,849)	(2,875)
Insurance policies	93,300	-	-	(5,300)	88,000
	703,709	537,834	(545,881)	(44,951)	650,711
Cash deposits	2,578				3,761
Other investment balances	3,598				5,173
	709,885				659,645
Defined Contribution Section					
Pooled investment vehicles	32,384	3,115	(7,517)	1,172	29,154
Cash in transit	24				(55)
	32,408				29,099

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty. There were no direct transaction costs incurred during the year (2024: Nil).

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

For the Defined Contribution Section investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. For members who invest in the managed funds the investment manager holds the investment units on a pooled basis for the Trustee. The Scheme administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Scheme that relate to members leaving the Scheme prior to vesting.

AVCs are included within Defined Contribution pooled investment vehicles but are not significant to the Scheme assets and therefore have not been disclosed separately.

Defined Contribution assets are allocated to members and the Trustee as follows:

	2025 £'000s	2024 £'000s
Members	29,154	32,384

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2025

13. POOLED INVESTMENT VEHICLES

The Scheme's investments in pooled investment vehicles at the year-end comprised:

Defined Benefit Section	2025 £'000s	2024 £'000s
Equity	26,982	26,674
Bonds	43,226	162,383
Property	4,436	4,947
Cash	22	667
Alternative	4,088	8,099
	78,754	202,770

Defined Contribution Section	2025 £'000s	2024 £'000s
Equity	2,498	2,505
Bonds	454	446
Cash	459	814
Growth	20,778	22,483
Retirement protection	4,778	5,914
Annuity protection	187	222
	29,154	32,384

14. DERIVATIVES

DB Section

Objectives and policies

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy for the Scheme as follows:

Swaps – the Trustee's aim is to match as far as possible the fixed income portfolio and the Scheme's long-term liabilities, in particular in relation to their sensitivities to interest rate movements. Due to the lack of available long dated bonds the Trustee has entered into OTC interest rate swaps during the year that extend the duration of the fixed income portfolio to better match the long-term liabilities of the Scheme.

Options – the Trustee wants to benefit from the potentially greater returns available from investing in equities but wishes to minimise the risk of loss of value through adverse equity price movements. During the year the Scheme held a number of equity option contracts that protect it from falls in value in the main markets in which the Scheme invests.

Forward foreign exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

Futures – the Trustee did not want cash held to be "out of the market" and therefore bought exchange traded index based futures contracts which had an underlying economic value broadly equivalent to cash held.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2025

14. DERIVATIVES (continued)

At the year-end the Scheme held the following derivatives:

	2025 Asset £'000s	2025 Liability £'000s	2024 Asset £'000s	2024 Liability £'000s
Swaps	6,010	(9,528)	11,203	(903)
Options	3,250	(3,048)	13,541	(8,999)
Futures	-	(21)	-	-
Forward foreign exchange contracts	904	(442)	25	(118)
	10,164	(13,039)	24,769	(10,020)
		(2,875)	14,749	

Swaps

Nature	Expiration	Notional principal £'000s	Asset £'000s	Liability £'000s
Interest swaps	2030-2033	(79,182)	4,805	(2,407)
Inflation swaps (OTC)	2026-2049	86,674	48	(1,392)
Total return swaps	2025	204,256	1,157	(5,729)
Total 2025			6,010	(9,528)

Included in bonds is collateral of £9.2m (2024: £1.02m) which has been pledged to the counterparty.

At the year-end the Scheme held £10.4m (2024: £16.9m) of collateral belonging to the counterparty. This collateral is not reported within the Scheme's net assets.

Options

Type	Expiration	Underlying Investment	No of outstanding contracts	Asset £'000s	Liability £'000s
Call	2025-2026	DJ Euro STOXX 50	14	1,255	(854)
Call	2025-2026	FTSE 100 Index	6	225	(64)
Call	2025-2026	NIKKEI 225	6	210	(32)
Call	2025-2026	S&P 500 Index	30	1,555	(613)
Put	2025-2026	DJ Euro STOXX 50	7	5	(283)
Put	2025-2026	FTSE 100 Index	3	-	(56)
Put	2025-2026	NIKKEI 225	3	-	(131)
Put	2025-2026	S&P 500 Index	11	-	(1,015)
Total 2025				3,250	(3,048)

Futures

Nature	Expiration	Asset £'000s	Liability £'000s
US 10YR Note	2025	-	(21)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2025

14. DERIVATIVES (continued)

Forward Foreign Exchange

Contract	Settlement Date	Number of contracts	Currency bought	Currency sold	Asset £'000s	Liability £'000s
Forward OTC	Under 1 month	7	£43,801937	$56,676,552	904	(29)
Forward OTC	Under 1 month	3	£23,179,405	€27,292,287	-	(402)
Forward OTC	Under 1 month	1	£299,462	¥56,280,272	-	(9)
Forward OTC	Under 1 month	1	$771,091	£595,942	-	(2)
Total 2025					904	(442)

15. INSURANCE POLICIES

DB Section

The Scheme held insurance policies at the year-end as follows:	2025 £'000s	2024 £'000s
Annuity policy with Just Retirement	88,000	93,300

For accounting purposes, the policy has been valued at the year-end by the Actuary as the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date. Key assumptions were an average discount rate of 5.4% p.a. (2024: 4.9% p.a.) and average RPI-linked pension increase rates of 3.2% p.a. for pre- April 2006 pensions and 2.2% p.a. for post-5 April 2006 pensions (2024: 3.5% and 2.2%).

16. OTHER INVESTMENT BALANCES

DB Section

	2025 £'000s	2024 £'000s
Amounts due from broker	1,429	1,130
Amounts due to broker	(1,188)	-
Dividends and interest receivable	4,932	2,468
	5,173	3,598

17. FAIR VALUE DETERMINATION

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities fall within the above hierarchy as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2025

17. FAIR VALUE DETERMINATION (continued)

	At 5 April 2025			
Defined Benefit Section	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Bonds	-	486,832	-	486,832
Insurance policies	-	-	88,000	88,000
Pooled investment vehicles	9,144	53,958	15,652	78,754
Derivatives	-	(2,875)	-	(2,875)
Cash	3,761	-	-	3,761
Other Investment balances	5,174	-	-	5,174
	18,079	537,915	103,652	659,646
Defined Contribution Section				
Pooled investment vehicles	-	29,154	-	29,154
Cash in transit	(55)	-	-	(55)
	(55)	29,154	-	29,099
	18,024	567,069	103,652	688,745

	At 5 April 2024			
Defined Benefit Section	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Bonds	-	392,890	-	392,890
Insurance policies	-	-	93,300	93,300
Pooled investment vehicles	16,408	161,829	24,533	202,770
Derivatives	-	14,749	-	14,749
Cash	2,578	-	-	2,578
Other Investment balances	3,598	-	-	3,598
	22,584	569,468	117,833	709,885
Defined Contribution Section				
Pooled investment vehicles	-	32,384	-	32,384
Cash	24	-	-	24
	24	32,384	-	32,408
	22,608	601,852	117,833	742,293

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2025

18. INVESTMENT RISK DISCLOSURES

Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Credit risk

The Scheme is subject to credit risk because the Scheme directly invests in bonds, over the counter (OTC) derivatives and has cash balances. The Scheme also invests in pooled investment vehicles and is therefore indirectly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Trustee's policy for managing credit risk is detailed in the Statement of Investment Principles.

The Scheme holds £348.3m in directly held bonds (2024: £392.5m), -£3.1m in OTC derivatives (2024: £14.7m) and £4.2m in directly held cash balances (2024: £4.1m). The Scheme also holds £41.4m in bonds and cash through underlying pooled fund investments (2024: £148.5m).

Credit risk arising on derivatives held directly depends on whether the derivative is exchange traded or over the counter. The Scheme holds OTC derivative contracts which are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. Credit risk for OTC derivative contracts is mitigated by placing restrictions on Schroders Solutions which ensure that new contracts are only entered into with counterparties that are investment grade. The credit risk in respect of OTC swaps is further reduced by collateral arrangements.

Credit risk arising on bonds held directly is mitigated by Schroders Solutions choosing to only invest in government bonds, where the credit risk is minimal.

Directly held cash balances are at financial institutions which are at least investment grade credit rated. This is the position at the year-end.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2025

18. INVESTMENT RISK DISCLOSURES (continued)

Credit risk also arises on the insurance policy that is held with a regulated insurance company.

In all above instances, "investment grade" is defined as being rated at least BBB- by Standard & Poor's or Baa3 by Moody's.

Indirect credit risk arises in relation to underlying investments held in bond and cash pooled investment vehicles. This risk is mitigated by the Trustee mandating Schroders Solutions that the underlying investment in sub-investment grade debt may not exceed 30% of the Growth Assets.

Both direct and indirect credit risk is mitigated by holding a diversified portfolio to minimise the impact of default by any one issuer. The Trustee monitors the investment strategy adopted by Schroders Solutions to ensure that the arrangement remains diversified.

Direct credit risk arises in respect of pooled investment vehicles. The Scheme's Growth Assets is invested across a large number of different pooled funds which have various legal structures in various domiciles (e.g. open-ended investment companies, unit trusts, limited partnerships etc.).

The direct credit risk associated with these managers is also mitigated by:

- the regulatory environments in which those managers operate;
- diversification amongst a large number of pooled arrangements; and

due diligence checks by Schroders Solutions on the appointment of new pooled managers, and monitoring on an ongoing basis for any changes to the operating environment of each manager

Credit risk (continued)

Type of arrangement	2025 £'000s	2024 £'000s
Cayman Islands Exempted Company	630	-
Fonds Commum De Placement (FCP)	154	-
Investment company with variable capital (ICVC)	1,594	6,369
Limited Liability Company	-	2,754
Limited Partnership	963	2,009
Open ended investment company (OEIC)	3,002	136,542
Exchange Traded Fund	8,435	13,891
Exchange Traded Commodity	687	472
Unit Trust	12,486	17,425
Investment company with variable capital (SICAV)	38,008	1,636
Mutual Fund	12,795	21,672
	78,754	202,770

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustee's policy for managing this risk is detailed in the Statement of Investment Principles.

Currency risk is mitigated by delegating management of currency exposures at total portfolio level to Schroders Solutions. Schroders Solutions implement currency hedging through the use of hedged shared classes of pooled funds (where available) and the use of FX forward contracts.

Net of currency hedging, 0.8% of the Scheme's holdings were exposed to overseas currencies as at year-end (2024: 1.5%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2025

18. INVESTMENT RISK DISCLOSURES

Interest rate risk

Some of the Scheme's Growth Assets will be subject to interest rate risk. The Scheme's Liability Hedging Assets will be affected by changes in interest rate in a way that largely offsets the impact of changing interest rates on the Scheme's liabilities and therefore act as a liability hedge. Under this strategy if interest rates fall the value of these investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise these investments will fall in value as will actuarial liabilities because of an increase in the discount rate. At the year-end, the assets held for liability hedging purposes comprised of:

	2025 £'000s	2024 £'000s
Direct		
Bonds	486,832	392,890
Swaps	(3,518)	10,300
Indirect		
Bond PIVs	43,226	162,383
Cash PIVs	22	667

Please note clean values have been used where applicable.

Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes equities held in pooled vehicles, equity options, hedge funds, other alternatives and property. The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

At the year end, the Scheme's exposure to investments subject to other price risk was:

Direct	2025 £'000s	2024 £'000s
Equity Options	193	2,764
S&P Options	9	1,778
Indirect		
Bond PIVs	43,226	162,383
Cash PIVs	22	667
Equity PIVs	26,982	26,674
Property PIVs	4,436	4,947
Alternative PIVs	4,088	8,099

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2025

19. CONCENTRATION OF INVESTMENTS

The following investments represented over 5% of the net assets of the Scheme in the current or previous year:

	2025		2024	
	£'000s	%	£'000s	%
Just Retirement buy-in policy	88,000	12.7	93,300	12.5
Schroders TSY Gilt SR Regs 0.125%	40,852	5.9	-	-
Schroders 2.5% Treasury Gilt 2065	35,143	5.1	-	-
Insight Buy & Maintain Bond Fund 2031-2035	-	-	108,361	14.6
Schroders 1.75% Treasury Gilt 2057	-	-	52,258	7.0
Schroders 0.625% Treasury Gilt 2040	-	-	55,851	7.5

20. CURRENT ASSETS

	2025		
	Defined Benefit Section	Defined Contribution Section	Total
	£'000s	£'000s	£'000s
Bank balance	2,765	118	2,883
Tax recoverable	159	-	159
	2,924	118	3,042

	2024		
Bank balance	2,780	343	3,123
Tax recoverable	75	-	75
Life assurance paid in advance	91	-	91
	2,946	343	3,289

Included in the DC Section bank balance is £9,950 (2024: £7,137) which is not allocated to members.

21. CURRENT LIABILITIES

	2025		
	Defined Benefit Section	Defined Contribution Section	Total
	£'000s	£'000s	£'000s
Accrued expenses	535	-	535
Unpaid benefits	210	-	210
Tax payable	252	-	252
	997	-	997

	2024		
Accrued expenses	1,398	-	1,398
Unpaid benefits	237	-	237
Tax payable	176	-	176
	1,811	-	1,811

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2025

22. EMPLOYER RELATED INVESTMENTS

There were no employer related investments within the meaning of Section 40(2) of the Pensions Act 1995.

23. RELATED PARTIES

Following the closure of the Scheme to future benefit accrual, none of the Trustee Directors holding office during the Scheme year were contributing members of the Scheme.

Two of the Trustee Directors who held office at Scheme year-end were pensioner members of the Scheme, who receive pension benefits in line with the Scheme Rules.

Management and governance services are provided by an in-house Pensions Management team based at Leonardo UK Ltd which is the Principal Employer. Costs of the governance service are agreed with Leonardo UK Ltd and are met by the Scheme. For 2024/25, these costs amounted to £160,000 (2024/25: £160,000).

At the year-end £158,668 was due to the Scheme from the Employer in respect of VAT reclaimed by the Employer on Scheme Administration expenses. (2024: £75,296).

Additional security is provided by the terms of a legally binding guarantee with the Leonardo Group's parent company, Leonardo SpA, in which Leonardo confirms it will provide support for the Scheme. Leonardo has agreed that it will be responsible for the liabilities of the participating employers and has undertaken to pay any outstanding Scheme contributions and pay any Scheme deficit if the Scheme were to wind up with insufficient assets.

Trustee Directors who are pensioner members of a Leonardo group pension scheme receive remuneration from Leonardo UK Ltd for governance services. Trustee remuneration for the 2024/25 Scheme year totalled £37,068 (2023/24: £33,560).

The Trustee Directors are not aware of any material related party transactions that require disclosure in the financial statements, other than those already disclosed.

24. CAPITAL COMMITMENTS

There were no outstanding capital commitments as at 5 April 2025 (2024: Nil).

25. TAXATION

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

26. CONTINGENT LIABILITY

The Trustees are aware that the Court of Appeal has upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained.

On the 5 June 2025, the Government announced its intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written confirmation that historical benefit changes met the necessary standards. However, details of the legislation have not been announced. Subject to the Trustees being able to comply with the legislation and the pension scheme obtaining the required written actuarial confirmation(s), the Trustees do not expect the valuation of the scheme liabilities to change.'

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE LEONARDO ELECTRONICS PENSION SCHEME

Statement about contributions payable under the Schedule of Contributions

We have examined the summary of contributions payable to the Leonardo Electronics Pension Scheme on page 44 in respect of the Scheme year ended 5 April 2025, to which this statement is attached.

In our opinion the contributions for the Scheme year ended 5 April 2025 as reported in the attached summary of contributions on page 44 and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Actuary on 8 December 2023.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 44 in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of the Trustee and the Auditor

As explained more fully on page 21 in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Scheme's Trustee as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an Auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee as a body, for our audit work, for this statement, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor, Chartered Accountants
25 Farringdon Street
London EC4A 4AB

25 September 2025
Date: .....

SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR

During the year, the contributions paid to the Scheme by the employer under the Schedules of Contributions were as follows:

	£'000s
Employer expenses contributions	1,150
Additional transitional pro-rated contribution	863
Total contributions paid	2,013
Contributions receivable per the financial statements	2,013

This summary was approved by the Trustee on 25 September 2025.

Signed on behalf of the Trustee.

Martin Flavell

.....

Trustee Director, Leonardo Pension Schemes (Trustee) Ltd

Rebecca Ward

.....

Trustee Director, Leonardo Pension Schemes (Trustee) Ltd

GOVERNANCE STATEMENT FOR THE DEFINED CONTRIBUTION SECTION OF THE LEONARDO ELECTRONICS PENSION SCHEME

The Scheme provides certain defined contribution ("DC") arrangements through the Additional Voluntary Contribution option and the Retirement Account Plan within the 100+ Section.

Governance requirements apply to these DC arrangements to help members achieve a good outcome from their pension savings. The Trustee is required to produce a yearly statement to describe how the governance requirements have been met in relation to:

- the default investment arrangement;
- the requirements for processing core financial transactions;
- charges and transaction costs borne by members;
- a value for members assessment; and
- Trustee knowledge and understanding.

This statement covers the period from 6 April 2024 to 5 April 2025.

This Statement is published on the Scheme website alongside other relevant information and members are informed of this within their Annual benefit statements.

Investment strategy

The Trustee has in place a Statement of Investment Principles ("SIP") which governs decisions about investments and sets out the aims and objectives of the Scheme's investment strategy, including full information about the default investment strategy. In particular it covers:

- the Trustee's investment policy, including policies on risk, balancing and realising assets, return and ethical investing; and
- how the default investment strategy is intended to ensure that assets are invested in the best interests of members and beneficiaries.

The Trustee regularly reviews the default investment strategy, particularly in response to any significant changes in investment market conditions, member demographics or the regulatory framework. A full strategy review is currently being undertaken by the Trustee, and any agreed changes will be summarised in the Chair's statement for the 2025/2026 Scheme year.

The performance of the funds underlying the default investment strategy is formally reviewed quarterly as part of the quarterly investment reporting to the Trustee provided by the Scheme's Investment Manager. The last review was carried out on 15 May 2025 for the period ending 31 March 2025. The next performance review as at 30 June 2025 is due to be considered at the September 2025 DC investment committee meeting.

You can find the latest DC SIP at www.lepensions.co.uk/library/.

Financial transactions

Core financial transactions are processed by the various service providers to the Trustee. These providers are appointed under agreements with specific service standards. The providers issue quarterly reports against these standards which are reviewed at the Trustee meetings. Service standards have been met or exceeded during the year. Where areas for improvement have been identified, these have been addressed expediently and discussed at length with the relevant service provider.

GOVERNANCE STATEMENT FOR THE DEFINED CONTRIBUTION SECTION OF THE LEONARDO ELECTRONICS PENSION SCHEME (continued)

The service standard provides for contributions to be invested in member Retirement Accounts no later than required by regulatory guidance. Over the year, XPS Administration Limited (the Scheme administrator) achieved this comfortably with contributions broadly invested between 4 and 7 working days after final amounts have been received. XPS have robust monitoring and reporting mechanisms in place and monitor compliance with each service standard. Detailed reporting on each service standard is provided on a quarterly basis to the Trustee.

For members claiming benefits, service standards have been agreed typically of between 5 and 10 working days, depending on the type of transaction. During the year, XPS Administration Limited completed an average 99.5% of the reported tasks within the standards.

The Trustee is satisfied that core financial transactions were processed promptly and accurately.

.**Charges paid by members and transaction costs**

Member charges differ between the investment funds that are available. The charges applicable to the funds underlying the default lifestyle strategy and the 'self-select' options as at 31 March 2025 are set out in the table below:

	Fund	**TER***
Default Lifestyle Funds	Long Term Growth	0.35%
	Stable Growth Fund	0.40%
	Cautious Growth Fund	0.41%
	Retirement Focus Fund (Default)	0.30%
Self-Select Funds	Retirement Focus Fund (Income for Life)	0.13%
	Retirement Focus Fund (Take Your Pot as Cash)	0.15%
	Global Equity Fund	0.18%
	Corporate Bond Fund	0.13%
	Fixed Annuity Focus Fund	0.15%
	Inflation-Linked Annuity Focus Fund	0.15%
	Cash Fund	0.15%
	Islamic Global Equity Fund	0.36%
	ESG Equity Fund	0.20%

Source: Mobius Life, Schroders Calculations as at June 2025.

(*) TER: Total Expense Ratio

'Charges' means administration charges other than transaction costs (see below). Members bear charges that are deducted from the funds in which their benefits are invested. The charges differ between the investment funds that are available. The Trustee is required to calculate the charges and transaction costs paid by members during the assessment period and assess the extent to which these charges and transaction costs represent good value for members.

GOVERNANCE STATEMENT FOR THE DEFINED CONTRIBUTION SECTION OF THE LEONARDO ELECTRONICS PENSION SCHEME (continued)

Transaction costs incurred by members are complex and are associated with different member, Trustee or manager actions. They can be split into three areas:

1. Transaction costs incurred by members as part of changes in the fund range

There have been no changes to the fund range at a member level (e.g. replacing Long Term Growth with another blend at a strategic level) for the period under review. Therefore, those members self-selecting their investment options would not have incurred any transaction costs due to changes in the fund range over the year.

Within the Lifestyle option there are four blended funds, each with varying allocations to underlying managers and securities. As part of our role as fiduciary manager to the Schemes, our ability to alter these underlying allocations is crucial in generating fund returns and managing risk, ensuring each fund performs in line with its objective. These changes can be subject to transaction costs, primarily through dealing costs associated with the buying and selling of funds and securities

The costs associated with the blended funds are therefore reflected as part of the transaction cost details set out under "3. Frictional Costs" below.

2. Transaction costs incurred by members buying and selling funds as part of a lifestyle

There have been no changes to the fund range at a member level (e.g. replacing Long Term Growth with another blend at a strategic level) for the period under review. Therefore, those members self-selecting their investment options would not have incurred any transaction costs due to changes in the fund range over the year.

Within the Lifestyle option there are four blended funds, each with varying allocations to underlying managers and securities. As part of our role as fiduciary manager to the Schemes, our ability to alter these underlying allocations is crucial in generating fund returns and managing risk, ensuring each fund performs in line with its objective. These changes can be subject to transaction costs, primarily through dealing costs associated with the buying and selling of funds and securities

The costs associated with the blended funds are therefore reflected as part of the transaction cost details set out under "3. Frictional Costs" below.

Movement between funds	**Worst case cost**
Buy Long Term Growth	0.07%
Long Term Growth to Stable Growth	0.12%
Stable Growth to Cautious Growth	0.12%
Cautious Growth to Retirement Focus	0.12%
Sell Retirement Focus	0.06%
Total	**0.49%**
Total p.a.	**0.01%**

Source: Underlying fund managers. Mobius Life. Schroders Solutions' calculations as at June 2025.

Assumptions:

(1) members join the Scheme 40 years from retirement

(2) price swings are all unfavourable to members

(3) no netting of trades occurs

GOVERNANCE STATEMENT FOR THE DEFINED CONTRIBUTION SECTION OF THE LEONARDO ELECTRONICS PENSION SCHEME (continued)

3. 'Frictional costs' incurred by members due to internally buying and selling underlying assets (e.g. stocks or bonds)

As part of day-to-day trading activities, the funds may incur "frictional costs". Frictional costs are categorised as explicit costs and implicit costs. Explicit costs are directly observable and in most cases managers are in a position to report them. Examples of explicit costs include broker fees, transaction taxes and custody fees. Implicit costs cannot be observed in the same way but do have an impact on fund performance. Examples of implicit costs include bid-offer spreads and market impact.

These costs would be incurred every time a fund manager makes a trade within that fund and are intended to improve investment returns, reduce risk, or contribute to the smooth running of a fund. Some costs will be cognisant of market conditions (e.g. some active investment decisions), and some costs are in respect of decisions not linked to market conditions.

The table below sets out the total average transaction costs for each fund within the default and self-select range covering the period 06/04/2019 to 05/04/2025 unless otherwise stated.

	Fund	LEPS
Default Lifestyle Funds	Long Term Growth	0.098%
	Stable Growth Fund	0.100%
	Cautious Growth Fund	0.088%
	Retirement Focus Fund (Default)	0.063%
Self-Select Funds	Retirement Focus Fund (Income for Life)	-0.008%
	Retirement Focus Fund (Take Your Pot as Cash)	-0.028%[2]
	Global Equity Fund	0.062%
	Corporate Bond Fund	-0.007%
	Fixed Annuity Focus Fund	0.083%
	Inflation-Linked Annuity Focus Fund	0.030%
	Cash Fund	-0.063%
	Islamic Global Equity Fund	0.019%
	ESG Fund	0.077%[1]

Source: Mobius Life. Underlying fund managers. Schroders calculations as at August 2025.

The Appendix to this report provides illustrative examples of the cumulative effect over time of the application of charges and costs on the value of a member's pension pot.

Where the ongoing transaction costs shown are negative, this indicates a gain. This is mainly as a result of anti-dilution offset (an adjustment made by the manager so that the cost of buying and selling fund units is met by those transacting), a negative 'slippage' cost when buying or selling securities (e.g. for an asset being bought, the arrival price being higher than the actual price paid), or both. Where these negative costs outweigh the other sources of transaction costs, this results in an overall gain for invested members.

[1] Data covers the period 06/04/2020 to 05/04/2025.

GOVERNANCE STATEMENT FOR THE DEFINED CONTRIBUTION SECTION OF THE LEONARDO ELECTRONICS PENSION SCHEME (continued)

Value for members review

The Trustee considers that members get value for money, as the costs and charges deducted from members' pots provide good value in relation to the benefits and services provided.

The Trustee regards value for members as a high priority and reviews it on an on-going basis, including as an item on the Scheme's risk register. The Trustee undertakes an annual value for members' review which consists of two phases; a self-assessment facilitated by our investment advisors and then an independent assessment through a third party adviser at least every three years.

a) Value for members – self-assessment

The most recent self-assessment was conducted in May 2025 and looked at whether the total cost of Scheme membership represented value for money, whether the investment risk profile is tailored to the needs of members, the level of contributions in the light of the membership profile, the degree of flexibility available and the transaction costs incurred by members.

The Trustee considered, among other items, the absolute level of charges, the competitiveness of charges relative to the marketplace and the level of service provided to members. The Trustee also notes that the costs of administering Scheme benefits are met by the employer.

In accordance with the Pensions Regulator's guidance for DC schemes in this area, it was concluded that, with an average annual fee of 0.38% for the default funds, the Scheme represents value for its members as it offers above average service levels while passing on an average level of charge to members. In particular, value for members is demonstrated through:

- A bespoke investment strategy that takes account of membership needs and controls risk based on the time to retirement and the need for protection to increase.
- Good investment performance, with the funds on average performing broadly in line with the fund objectives as advised to members.
- Effective risk management within the blend funds through delegation of day-to-day investment decisions and asset allocation to a fiduciary manager and investment managers.
- Robust internal controls and operations covering business continuity plans, internal and external audit of the funds and a wide range of investment operations.

The average fee compares favourably to the charge cap set by the Government of 0.75%.

b) Value for members – independent assessment

The last independent assessment of value for members was conducted by Lane Clark and Peacock in Q3 2023. The report assessed all areas of the Scheme as "good" or "very good", with governance, self-select fund range, scheme design, governance, communications and at-retirement support receiving particularly high ratings. The next independent assessment is due in Q3 2025, with findings of the assessment to be included in the 2025/2026 Chair's Statement.

GOVERNANCE STATEMENT FOR THE DEFINED CONTRIBUTION SECTION OF THE LEONARDO ELECTRONICS PENSION SCHEME (continued)

From 1st October 2023, the Trustee is required to disclose the underlying percentage of assets allocated to each of the asset classes shown below in their default arrangement, at different stages of the lifestyle process:

Asset class (%)	25-year-old member	45-year-old member	55-year-old member	65-year-old member (1 day prior to State Pension Age)
Cash	0.8%	1.5%	5.2%	17.7%
Corporate bonds, UK government bonds and overseas government bonds	0.0%	25.6%	41.4%	48.2%
Listed equities	89.4%	61.1%	40.5%	26.5%
Private equity	0.0%	0.0%	0.0%	0.0%
Infrastructure	0.0%	0.0%	0.0%	0.0%
Other property/ real estate	0.0%	0.0%	0.0%	0.0%
Other private debt/ credit	0.0%	0.0%	0.0%	0.0%
Other assets	9.8%	11.8%	12.9%	7.6%
Total	100.0	100.0	100.0	100.0

*Other assets include allocations to: Commodities, Alternatives and Derivatives (Structured equity)

Source: Mobius Life, Schroders Solutions as at 31 March 2025.

Member experience by age for lifestyle strategies

The information set out below shows the net performance for members at different age cohorts over the last one, three, five and ten years (where applicable). The Trustee has taken account of the 2021 Guidance when preparing this section of the Chair's Statement and determined 10 years and 5 years p.a. of historical data is sufficient to reflect a longer time horizon of investment. The allocation to the funds underlying each lifestyle strategy remains unchanged until members are less than five years away from their selected retirement age, therefore, the returns for members aged 25, 45 and 55 are identical.

Default Lifestyle Strategy

Age of member in 2025 return (%) → ↓ (years)	10 years (p.a.)	5 years (p.a.)	3 years (p.a.)	1 year
25	6.6	9.9	5.8	5.0
45	6.0	8.8	5.1	5.7
55	5.6	8.3	4.6	6.2

Annuity-Targeting Lifestyle Strategy

Age of member in 2025 return (%) → ↓ (years)	10 years (p.a.)	5 years (p.a.)	3 years (p.a.)	1 year
25	n/a	9.9	5.8	5.0
45	n/a	8.8	5.1	5.7
55	n/a	8.3	4.6	6.2

Cash-Targeting Lifestyle Strategy

Age of member in 2025 return (%) → ↓ (years)	10 years (p.a.)	5 years (p.a.)	3 years (p.a.)	1 year
25	n/a	9.9	5.8	5.0
45	n/a	8.8	5.1	5.7
55	n/a	8.3	4.6	6.2

Source: Mobius Life (data, as at 31 March 2025), Schroders Solutions calculations as at June 2025, Performance is shown net of fees.

Past performance is not a guide to future returns. The value of investments and the income from them can fall as well as rise and you may not get back the full amount originally invested.

GOVERNANCE STATEMENT FOR THE DEFINED CONTRIBUTION SECTION OF THE LEONARDO ELECTRONICS PENSION SCHEME (continued)

Knowledge and Understanding

The Trustee Directors have sufficient knowledge and understanding of the law relating to pensions and trusts, and sufficient understanding of the relevant principles relating to the funding and investment of occupational pension schemes. The Trustee has a training policy with the objective of ensuring that Trustee Directors understand their duties and that their knowledge is at a level to enable them to take decisions with the level of skill and competence that members can expect from someone familiar with the issues concerned. The Trustee Directors' combined knowledge and understanding, together with available advice, enables them to properly exercise their functions.

New Trustees are briefed by the Chair and Secretary to the Trustee and familiarise themselves with Scheme documentation, including the Rules, SIP and all other documents setting out the Trustee's current policies as appropriate to ensure that they have a good working knowledge of these documents.

Within six months of appointment, Trustee Directors are expected to complete the Pensions Regulator Trustee Toolkit. They are also able to attend an introductory training course through an external provider.

On an ongoing basis all Trustee Directors aim to complete at least two days (fourteen hours) training per year during the course of their appointment. Training is provided on a collective basis to address joint needs through the year, and this always includes a session on Trustee effectiveness. Other training opportunities are selected on the basis of the individual needs of each Trustee Director. During the year, the Trustee directors completed an average level of 21.73 training hours per Trustee Director. Online training opportunities have been more widely available and all Trustee Directors have been encouraged to participate in a range of training webinars.

Trustee Directors review their own knowledge and understanding against the Pensions Regulator's guidance at least annually and are supported by the Secretary in selecting suitable training opportunities. Individual training requirements are addressed through a combination of internal and external training and individual training logs are kept to assess compliance with the policy.

In addition, training on DC matters is included within the agenda for the joint DC investment committee and within the formal Trustee training day which is held each year jointly with the sister UK pension schemes in the Leonardo group.

Martin Flavell

Martin Flavell
Chair of the Trustee

Date: 25 September 2025

GOVERNANCE STATEMENT FOR THE DEFINED CONTRIBUTION SECTION OF THE LEONARDO ELECTRONICS PENSION SCHEME (continued)

Appendix: Projected pension pots, in today's terms

The tables below provide illustrative examples of the cumulative effect over time of the application of charges and costs on the value of a member's pension pot. This has been prepared taking account of all relevant statutory guidance.

The examples outline the effects of charges and transaction costs (as described in the Governance Statement) across the fund range and over different time periods (in years).

The tables show the projected 'Gross' fund and then fund 'Net' of all charges, lifestyling costs and buy/sell costs as appropriate. The projections are based on assumptions which can be found after the projection tables.

Projected pension pot for the Default investment strategy:

	Default strategy	
Years	**Gross**	**Net**
1	£3,200	£3,200
3	£9,900	£9,800
5	£17,200	£17,000
10	£38,400	£37,600
15	£61,800	£59,700
20	£85,400	£81,400
25	£111,800	£105,200
30	£141,200	£131,100
35	£173,800	£159,400
40	£210,000	£190,700

Projected pension pot for the Blend funds:

	Long Term Growth Fund		Stable Growth Fund		Cautious Growth Fund		Retirement Focus Fund (Default)	
Years	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
1	£3,200	£3,200	£3,100	£3,100	£3,100	£3,100	£3,100	£3,100
3	£9,900	£9,800	£9,600	£9,600	£9,600	£9,600	£9,600	£9,600
5	£17,200	£17,000	£16,400	£16,200	£16,400	£16,200	£16,400	£16,300
10	£38,400	£37,600	£34,900	£34,100	£34,900	£34,100	£34,900	£34,300
15	£64,500	£62,300	£55,600	£53,700	£55,600	£53,700	£55,600	£54,200
20	£96,200	£91,900	£78,800	£75,100	£78,800	£75,100	£78,800	£76,100
25	£134,600	£127,100	£104,700	£98,500	£104,700	£98,600	£104,700	£100,200
30	£181,200	£168,900	£133,500	£124,100	£133,500	£124,200	£133,500	£126,600
35	£237,400	£218,400	£165,600	£152,000	£165,600	£152,100	£165,600	£155,600
40	£305,000	£276,800	£201,100	£182,400	£201,100	£182,400	£201,100	£187,300

GOVERNANCE STATEMENT FOR THE DEFINED CONTRIBUTION SECTION OF THE LEONARDO ELECTRONICS PENSION SCHEME (continued)

Projected pension pot for self-select funds:

	Global Equity Fund		Corporate Bond Fund		Cash Fund	
Years	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
1	£3,200	£3,200	£3,100	£3,100	£3,100	£3,100
3	£9,900	£9,900	£9,600	£9,600	£9,300	£9,300
5	£17,200	£17,100	£16,400	£16,400	£15,700	£15,600
10	£38,400	£38,000	£34,900	£34,700	£31,700	£31,600
15	£64,500	£63,300	£55,600	£55,100	£48,200	£47,900
20	£96,200	£93,800	£78,800	£77,900	£65,200	£64,600
25	£134,600	£130,500	£104,700	£103,100	£82,600	£81,800
30	£181,200	£174,400	£133,500	£131,100	£100,600	£99,400
35	£237,400	£226,900	£165,600	£162,100	£119,100	£117,500
40	£305,000	£289,400	£201,100	£196,300	£138,200	£136,100

	Fixed Annuity Focus Fund		Inflation-Linked Annuity Focus Fund		ESG Fund		Islamic Global Equity Fund	
Years	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
1	£3,200	£3,200	£3,200	£3,200	£3,200	£3,200	£3,200	£3,200
3	£9,900	£9,900	£9,900	£9,900	£9,900	£9,900	£10,000	£10,000
5	£17,200	£17,100	£17,200	£17,100	£17,200	£17,100	£17,600	£17,500
10	£38,400	£38,000	£38,400	£38,100	£38,400	£37,900	£40,400	£39,600
15	£64,500	£63,300	£64,500	£63,600	£64,500	£63,100	£69,500	£67,500
20	£96,200	£93,900	£96,200	£94,400	£96,200	£93,500	£106,500	£102,400
25	£134,600	£130,700	£134,600	£131,600	£134,600	£129,900	£153,500	£146,000
30	£181,200	£174,700	£181,200	£176,100	£181,200	£173,500	£212,700	£200,100
35	£237,400	£227,300	£237,400	£229,500	£237,400	£225,400	£287,300	£267,000
40	£305,000	£289,900	£305,000	£293,300	£305,000	£287,200	£380,900	£349,700

Projected pension pot for funds focused on retirement (alternative lifestyle options):

	Retirement Focus Fund (Income for Life)		Retirement Focus Fund (Take Your Pot as Cash)	
Years	**Gross**	**Net**	**Gross**	**Net**
1	£3,200	£3,200	£3,200	£3,200
3	£9,900	£9,800	£9,900	£9,800
5	£17,200	£17,000	£17,200	£17,000
10	£38,400	£37,600	£38,400	£37,600
15	£61,800	£59,700	£61,800	£59,700
20	£85,400	£81,400	£85,400	£81,400
25	£111,800	£105,200	£111,800	£105,200
30	£141,200	£131,100	£141,200	£131,100
35	£173,800	£159,400	£173,800	£159,400
40	£210,000	£191,700	£200,600	£183,200

GOVERNANCE STATEMENT FOR THE DEFINED CONTRIBUTION SECTION OF THE LEONARDO ELECTRONICS PENSION SCHEME (continued)

Assumptions for the projected pension pots:

- Values shown are estimates and are not guaranteed;
- Frictional transaction costs used are an average per annum of those incurred over the 5 years to 31 March 2025;
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation;
- Assumes inflation of 2.5% per annum;
- Assumes charges in future years are equal to charges today (transaction costs are shown in the table above);
- Assumes a member is aged 25 years old now and stops contributing at age 65;
- Assumes an overall contribution rate of 9% of annual salary, the £ amount of which increases in line with assumed salary inflation;
- Assumes a member salary of £35,000 in year 0, increasing at 1% per annum above inflation;
- The accumulation rates used, are set out below which follow AS TM1 v5.1 guidance:

	Fund	Real accumulation rate per annum (gross of charges)
Default Lifestyle Funds	Long Term Growth	3.5%
	Stable Growth Fund	1.5%
	Cautious Growth Fund	1.5%
	Retirement Focus Fund (Default)	1.5%
Self-Select Funds	Retirement Focus Fund (Income for Life)	1.5%
	Retirement Focus Fund (Take Your Pot as Cash)	-0.5%
	Global Equity Fund	3.5%
	Corporate Bond Fund	1.5%
	Fixed Annuity Focus Fund	3.5%
	Inflation-Linked Annuity Focus Fund	3.5%
	Cash Fund	-0.5%
	Islamic Global Equity Fund	4.5%
	ESG Fund	3.5%

Source: Schroders Solutions' calculations as at June 2025

The above illustrations have been prepared with due regard to the Department for Work and Pensions' guidance ("Cost and charge reporting: guidance for trustees and managers of occupational schemes"), published in October 2022.

LEONARDO ELECTRONICS PENSION SCHEME IMPLEMENTATION STATEMENT

1. Introduction

The Trustee is required to make publicly available online a statement ("the Implementation Statement") covering the Leonardo Electronics Pension Scheme (the "Scheme") in relation to the Scheme's Statement of Investment Principles (the "SIP").

The SIP was amended once during the year ending 5 April 2025, and the updates made were to reflect strategic changes to the Scheme's Cashflow Driven Investments allocation ('CDI'). The CDI Assets are a delegated portfolio of high-quality credit assets, made up of a segregated portfolio of Buy & Maintain Credit Assets and Securitised Credit Assets. This SIP came into force from September 2024.

A copy of the current SIP signed and dated September 2024 can be found here:
www.lepensions.co.uk/compliance

This Implementation Statement covers the Scheme year from 6 April 2024 to 5 April 2025 (the "Scheme Year"), although the information on engagement and voting statistics relates to the period from 1 April 2024 to 31 March 2025. It sets out:

- How the Trustee's policies on stewardship have been followed over the Scheme Year; and
- The voting by or on behalf of the Trustee during the Scheme Year, including the most significant votes cast and any use of a proxy voter during the Scheme Year.

The latest guidance ("the Guidance") from the Department for Work and Pensions ('DWP') aims to encourage the Trustee of the Scheme to properly exercise its stewardship policy including both voting and engagement which is documented in the Scheme's SIP. With the help of the Scheme's Fiduciary Manager, to whom the Trustee delegated the implementation of its Stewardship policy, this Implementation Statement has been prepared to provide the details on how the Trustee has complied with the DWP's statutory guidance.

The Trustee uses the Fiduciary Management service of Schroders IS Limited as its Investment Manager and Adviser (referred to as the 'Fiduciary Manager' in the Implementation Statement). The Fiduciary Manager can appoint other investment managers (referred to as 'Underlying Investment Managers') to manage part of the Scheme's assets, and investments with these managers are generally made via pooled funds, where the Scheme's investments are pooled with those of other investors.

A copy of this Implementation Statement is available on the following website:
www.lepensions.co.uk/compliance

2. How the Trustee's policies on stewardship have been followed over the Scheme Year

The Trustee uses the Fiduciary Management service of Schroders IS Limited as their Investment Manager and Adviser (it is referred to as the "Fiduciary Manager" in the Implementation Statement). As described in the SIP, the Trustee's approach to stewardship is to delegate the voting and engagement activities to the Fiduciary Manager. The Trustee takes responsibility for regularly reviewing the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustee's priorities and objectives. A copy of the Scheme's SIP has been provided to the Fiduciary Manager, who is expected to follow the Trustee's investment (including stewardship) policies when providing Fiduciary Management services.

The Fiduciary Manager is a signatory to the UK Stewardship Code which sets high standards for those investing money on behalf of UK pensioners and savers. The Trustee expects the Fiduciary Manager's stewardship activities will result in better management of ESG and climate related risks and opportunities, which is expected to improve the long-term financial outcomes of the Scheme. The Fiduciary Manager aligns its stewardship activities with Schroders' Engagement Blueprint, which identifies six themes: Climate Change, Natural Capital & Biodiversity, Human Rights, Corporate Governance, Human Capital Management, and Diversity & Inclusion. From these, the Trustee has chosen Climate Change, Corporate Governance, and Human Rights as its focus for the stewardship actions performed by the Fiduciary Manager on behalf of the Trustee. The Trustee will monitor and, where necessary, engage with the Fiduciary Manager to ensure alignment with these priorities.

LEONARDO ELECTRONICS PENSION SCHEME IMPLEMENTATION STATEMENT (continued)

The UK Stewardship Code describes stewardship as "*the responsible allocation, management and oversight of capital to create long-term value … leading to sustainable benefits for the economy, the environment and society*." Thus, the Fiduciary Manager's stewardship activities on behalf of the Trustee encompass a variety of tools, including portfolio ESG integration, manager research and selection, portfolio ESG metric monitoring and voting and engagement.

The Fiduciary Manager can appoint other investment managers in respect of underlying investments (these are referred to as "Underlying Investment Managers"). The Scheme invests in some assets with voting rights attached (e.g. equities) and with engagement possible in relation to most asset classes. Whilst the Trustee has delegated responsibility to the Fiduciary Manager and Underlying Managers for voting and engaging on its behalf, the Trustee regularly reviews the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustee's beliefs and objectives.

As part of ongoing monitoring of how the Fiduciary Manager (FM) has exercised the Trustee's stewardship policy, the Trustee reviewed quarterly FM ESG updates and the FM Annual ESG Report during the Scheme Year. The quarterly ESG updates allow the Trustee to monitor the ESG characteristics of the Scheme's portfolio and thereby assess the Fiduciary Manager's allocation, management and oversight of the Scheme's capital. In addition, the quarterly report also includes stewardship activities including both voting and engagement the Fiduciary Manager carried out on behalf of the Trustee. The FM Annual ESG Report details various areas concerning the Fiduciary Manager's ESG integration within the investments and stewardship activities over the previous calendar year.

The Trustee is satisfied that the stewardship policy outlined in the SIP has been implemented well over the year, with the Fiduciary Manager taking the Trustee's stewardship policy and priorities into account as part of its stewardship activities and manager selection over the Scheme Year. Examples of how this has been evidenced include:

- The Fiduciary Manager continues to integrate ESG and climate factors via MSCI and SustainEx scores and apply exclusions to our core equity offerings during the security selection process as per the Schroders Group criteria which includes UNGC Global Norms Violators, controversial weapons, thermal coal, oil and gas production, oil and gas refining, and exposure to commodity-driven deforestation. This ensures a closer alignment of the Scheme's investments with the Trustee's stewardship priorities, as these excluded investments are generally viewed as causing significant harm to People or Planet.
- ESG integration throughout the portfolio, with Underlying Investment Manager and counterparty engagement carried out in Growth, Structured Equity, Buy and Maintain and LDI portfolios.
- Manager research identified a hedge fund with sustainability objectives which has been included in the liquid alternatives portfolio. This fund goes beyond simply considering sustainability risks and actively promotes environmental and social objectives.
- Working with the core active credit manager to enhance their mandate to have a specific climate transition focus. This involves the introduction of a net zero target at the strategy level.
- Annual assessment of Underlying Investment Managers' ESG ratings against a comprehensive internal ESG assessment framework. Lower-rated managers are categorised as either Red-Engagement or Red-Exclusion, requiring further engagement to improve their rating, or exclusion on the grounds of poor ESG credentials. The ESG ratings were also used to identify the areas of engagement with Underlying Investment Managers across the engagement priorities.
- The Fiduciary Manager carried out regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Scheme's investments.
- In addition to regular reporting, the Fiduciary Manager have developed our ESG reporting to include voting and engagement examples to the Trustee, facilitating a more regular review throughout the year of the Fiduciary Manager and Underlying Investment Managers' stewardship activities. In addition, the quarterly ESG reporting also includes "spotlight" pages to provide the Trustee with ESG related hot topics and educational material such as ESG integration of asset classes.
- Development of biodiversity metric NatCapEx to be used as an engagement tool and to provide a greater understanding of exposure to nature related risks.

LEONARDO ELECTRONICS PENSION SCHEME IMPLEMENTATION STATEMENT (continued)

Considering the voting statistics and behaviour set out in this Implementation Statement, along with the engagement activity (detailed in a separate Engagement Report, available upon request) that took place on the Trustee's behalf during the Scheme Year within the Growth Asset portfolio, Structured Equity portfolio, Cashflow Driven Investment portfolio and the Liability Hedging portfolio, the Trustee is pleased to report that the Fiduciary Manager and the Underlying Investment Managers have demonstrated high levels of voting and engagement in line with its stewardship policy.

Specifically, the Trustee noted that:

- Each manager demonstrated high levels of voting rights being acted on, where voting is relevant.
- Where the holdings did not have voting rights attached, the Underlying Investment Managers showed they carried out a good level of engagement activity with the underlying companies over the Scheme Year.
- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- The Fiduciary Manager has carried out a high level of engagement activities with the Underlying Investment Managers, focussing on laggards and material allocations.
- The Fiduciary Manager has also carried out a high level of engagement with different governing bodies for the Liability Hedging mandate to ensure that the Scheme's liability hedging programme not only remained robust during the Gilt Crisis of Autumn 2022 and beyond, but the Fiduciary Manager also provided inputs to those governing bodies to ensure they continue to deliver even better outcomes for their clients, including the Scheme.

Given the activities carried out during the Scheme Year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the DWP Guidance over the Scheme Year.

3. Voting and Engagement Summary

On behalf of the Trustee the Fiduciary Manager exercises voting rights in relation to pooled funds managed by the Underlying Investment Managers, in line with its voting policy.

Most voting rights and engagement regarding the Scheme's investments relate to underlying securities within these pooled funds. At a general meeting of a company, the Underlying Investment Managers exercise voting rights and engage with the company issuing the security in line with their policies, which the Fiduciary Manager may have influenced. Nonetheless, the pooled funds themselves often confer certain rights around voting or policies, which the Fiduciary Manager exercises on behalf of the Trustee, and we cover these here.

Over the year to 31 March 2025, the Fiduciary Manager voted on 57 resolutions across 13 meetings. The Fiduciary Manager voted against management on 0 resolutions, and abstained on 2 resolutions (3.5% of the total resolutions). The voting topics covered a range of areas, including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

Within the Scheme's portfolio, **BNYM Global Equity Fund** makes up more than a quarter of the Scheme's investments in growth assets, with equity being the only asset class to hold voting rights. Additionally, within the Scheme's Growth Asset portfolio, this is the only fund for which the Fiduciary Manager has responsibility over security selection. For these reasons, the voting activity associated with the securities in this fund holds particularly significant for the Scheme. From 1 January 2024, the proxy voting for this fund moved to Schroders' central ESG team which will ensure the voting policy going forward is guided by Schroders' Engagement Blueprint and therefore aligns with the Trustee's stewardship priorities.

Most Significant Votes

The following criteria must be met for a vote to be considered "significant":

1. Must relate to the BNY Mellon (Schroder Solutions) Global Equity Fund;
2. Must be defined as significant by the Fiduciary Manager; and
3. Must relate to the Trustee's three stewardship priority themes.

LEONARDO ELECTRONICS PENSION SCHEME IMPLEMENTATION STATEMENT (continued)

The BNY Mellon (Schroder Solutions) Global Equity Fund constitutes a significant proportion of the Scheme's Growth Asset portfolio and thus constitutes the majority of the Scheme's investments in equity assets – with equity being the main asset class that holds voting rights. Additionally, within the Scheme's Growth Asset portfolio, this is the only fund for which the Fiduciary Manager has responsibility over security selection. For these reasons, the voting activity associated with the securities in this fund holds particular significance for the Scheme.

From 1 January 2024, the proxy voting responsibilities for this fund moved to Schroders' Active Ownership team which ensures that the voting policy is guided by Schroders' Engagement Blueprint and therefore aligns with the Trustee's stewardship priorities. The Fiduciary Manager believes that all resolutions voted against the board's recommendations should be classified as a significant vote. Generally, the Fiduciary Manager does not communicate their voting intentions to companies regarding shareholder resolutions, however in some circumstances Schroders will publish their voting intentions on their Active Ownership Blog. Regarding next steps after a vote, in the instance that votes are successful, the Schroders team will typically monitor progress closely and look to take further action at the next AGM should no progress be made.

Of the votes that satisfy these criteria, the Trustee has selected one vote relating to each of the priority themes that it deems most material to the long-term value of the investments. These votes are hereby defined as "most significant votes", and as per DWP guidance, the Trustee has communicated this definition of "most significant votes" to the Fiduciary Manager. All of the most significant votes over this Scheme Year have been reported below.

CLIMATE CHANGE - At the Equinor ASA annual general meeting on 15 May 2024, Schroders voted for a shareholder resolution asking the Board to update its strategy and capital expenditure plan, considering the company's commitment to support the goals of the Paris Agreement and the Norwegian Government's expectations for the company to align with the Paris Agreement. The resolution also requests the updated plan to "specify how any plans for new oil and gas reserve development are consistent with the Paris Agreement goals". This vote was against management, which stated in its response that its energy transition plan demonstrates a business model and strategy that are already aligned with the Paris Agreement's most ambitious 1.5°C goal. Schroders acknowledge the company is leading on decarbonisation action relative to its sector. Nonetheless, they believe this resolution will encourage the company to produce more complete disclosures and provide further evidence to its claims that the strategy is already aligned with the Paris Agreement goals. This resolution could help shareholders to better assess how the company is addressing climate-related risks and potential costs to the business from climate transition trends. Schroders believe that by disclosing this information, Equinor will provide greater transparency to investors on the alignment between its commitments and implementation of its strategy. This vote against management was unsuccessful as the shareholders' proposal was not adopted. The resolution was filed by the Climate Action 100+ group, which Schroders are a part of, and the direct filers will continue dialogue with Equinor.

CORPORATE GOVERNANCE - At the Meta Platforms, Inc. annual general meeting (AGM) on 29 May 2024, Schroders voted for a shareholder resolution asking the company to disclose the voting results on matters subject to a shareholder vote according to the class of shares. Schroders had co-filed this shareholder resolution along with Wespath Benefits and Investments, led by the Treasurer for the State of Illinois. Although, Schroders had not formally communicated with the company their intention to vote in advance, the company would have anticipated Schroders' support for the resolution as they were co-filers. This decision to co-file, followed a long period of solo and group engagement on this topic. Despite numerous engagements on this topic, the company remained reluctant to implement such disclosure and Schroders therefore believe filing and supporting this resolution was an appropriate next step in their engagement to continue to express the request. Schroders believe that greater transparency is needed to concretely understand when concerns are shared by a majority of independent investors to allow for greater accountability and alleviate concerns of board entrenchment. This vote against management was unsuccessful, so Schroders are still discussing the dual-class share structure, and related shareholder rights issues, with the company. The engagement is very much ongoing with the company and the group of shareholders with whom Schroders co-filed the resolution, and Schroders may look to file future resolutions too.

LEONARDO ELECTRONICS PENSION SCHEME IMPLEMENTATION STATEMENT (continued)

HUMAN RIGHTS - At the JP Morgan Chase & Co. annual general meeting (AGM) on 21 May 2024, Schroders voted for a shareholder resolution asking the company to produce a report "outlining the effectiveness of JPMorgan Chase & Co.'s policies, practices, and performance indicators in respecting internationally recognised human rights standards for Indigenous Peoples' rights in its existing and proposed general corporate and project financing." Schroders believe that the requested report would benefit shareholders as they seek to understand how the company manages relations with its stakeholders, and the associated regulatory, reputational, and financial risks. Although the company provides explanation on the frameworks it uses to identify and manage environmental and social (E&S) risks, an assessment of how effective these practices are would allow shareholders to better understand their robustness, and the company's ability to mitigate any risks which may have financial implications. This vote against management was unsuccessful and Schroders intend to engage with JP Morgan on the topic raised in this resolution as well as others over the coming year.

Summary of voting statistics

	BNYM Global Equity Fund	Morant Wright Fuji Yield Japanese Fund	FSSA All China Fund
Total meetings eligible to vote	727	59	83
Total resolutions eligible to vote	9,450	747	759
% of resolutions did you vote on for which you were eligible?	96%	100%	100%
% did vote with management?	86%	85%	94%
% vote against management?	14%	15%	6%
% abstained	0%	0%	0%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	12%	N/A	7%

Note:

- Schroders Investment Management (when exercising voting rights for the BNY Mellon fund) use Glass Lewis ("GL") for proxy voting services and receive ISS's Benchmark research. Alongside ISS's research, Schroders receives recommendations from GL in line with their own bespoke guidelines. This is complemented with analysis by their in-house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.
- Morant Wright do not subscribe to any shareholder advisory services, and their portfolio managers are directly responsible for proxy voting decisions.
- FSSA uses Glass Lewis as their proxy voting advisor.
- The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.
- Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of "Abstain" is also considered a vote against management.

LEONARDO ELECTRONICS PENSION SCHEME IMPLEMENTATION STATEMENT (continued)

Alternative Funds	Lumyna Marshall Wace - TOPS (Market Neutral) Fund	Lumyna Marshall Wace - TOPS Environmental Focus (Market Neutral) Fund	Lumyna Marshall Wace – TOPS Fund	North Rock Fund	JP Morgan Europe Equity Absolute Alpha Fund	BlackRock Systematic Total Alpha Fund
Total meetings eligible to vote	*Data not provided*	*Data not provided*	*Data not provided*	364	156	1,988
Total resolutions eligible to vote	6,297	2,509	10,379	*Data not provided*	2,616	18,845
Of resolutions eligible to vote, % of resolutions voted on	98%	97%	98%	100%	97%	99%
Of voted resolutions, % vote with management	75%	57%	72%	100%	93%	92%
Of voted resolutions, % vote against management	12%	9%	12%	0%	6%	7%
Of voted resolutions, % abstained	12%	33%	17%	0%	0%	0%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	9%	6%	8%	0%	1%	0%

Note:

The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.

- Lumyna Marshall Wace and North Rock use Glass Lewis for proxy voting services. JP Morgan uses ISS for proxy voting services. BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS).
- Lumyna Marshall Wace have included votes withheld in votes abstained (in order to be in line with the PLSA template which other managers have used), although there are differences between votes withheld and votes abstained.
- Figures have been rounded but may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of 'Abstain' is also considered a vote against management.
- North Rock voted all resolutions with management or with the recommendations of the proxy advisory service.
- Two new liquid alternative funds, JP Morgan European Equity Absolute Alpha and BlackRock Systematic Total Alpha, held at the Scheme Year-end, were introduced into the Growth portfolio in October 2024. The guidance is to include the data for the 12-month period to the Scheme year end and therefore the voting stats reported in this statement are for the year to 31 March 2025.

The Trustee is satisfied that the voting and engagement activities undertaken by both the Fiduciary Manager and the Underlying Investment Managers align with the stewardship priorities determined during the Scheme Year, hence the Trustee believes that it has satisfactorily implemented the Stewardship Policy stated in the Scheme's SIP.

LEONARDO ELECTRONICS PENSION SCHEME IMPLEMENTATION STATEMENT (continued)

Appendix 1 – ESG, Voting and Engagement Policies

Links to the voting and engagement polices for both Investment Manager and Underlying Investment Managers can be found here:

Investment Manager & Underlying Investment Manager	Voting & Engagement Policy
Schroders Solutions	https://mybrand.schroders.com/m/6197143c263420f5/original/Schroders-Group-Sustainable-Investment-Policy.pdf https://mybrand.schroders.com/m/75fa1cd8dd188c3b/original/613798_SC_Listed-Assets-Blueprint-Report-_Digital_16_9_V12.pdf
Bank of New York Mellon	https://www.mellon.com/content/dam/mellondotcom/pdf/disclosures/proxy-voting-guidelines-mellon.pdf
SCOR	SCOR IP_Engagement Policy_052024_EN_0.pdf
Morant Wright	https://www.morantwright.co.uk/sites/default/files/policies/voting_policy_2023.pdf
T Rowe Price	https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/proxy-voting-guidelines-TRPA.pdf
Neuberger Berman	https://www.nb.com/handlers/documents.ashx?id=aba155d6-e78e-4668-800f-fa69f05d45d0&name=Stewardship%20and%20Engagement%20Policy
FSSA	https://www.fssaim.com/uk/en/private/sustainability/our-approach-to-sustainability.html
Lumyna Marshall Wace	https://cdn.mwam.com/download/MW_Engagement_Policy_Jan_2022.pdf
JP Morgan	https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/institutional/communications/lux-communication/corporate-governance-principles-and-voting-guidelines.pdf Engagement-and-proxy-voting-statement.pdf

LEONARDO ELECTRONICS 100+ SECTION RETIREMENT ACCOUNT PLAN ('SCHEME')

IMPLEMENTATION STATEMENT

1. Introduction

The Trustee is required to make publicly available online a statement ("the Implementation Statement") covering Leonardo Electronics 100+ Section Retirement Account Plan ("the Scheme") in relation to the Scheme's Statement of Investment Principles (the "SIP").

The SIP was last updated in May 2024. A copy of the current SIP signed and dated May 2024 can be found at: www.lepensions.co.uk/compliance.

This Implementation Statement covers the Scheme year from 6 April 2024 to 5 April 2025. It sets out:

- Details of any review of and/or changes made to the SIP;
- How, including the extent to which, the Scheme's SIP has been followed over the year;
- How, including the extent to which, the Trustee's policies on exercising voting rights and engagement have been followed over the year; and
- The voting by or on behalf of the Trustee, including the most significant votes cast and any use of a proxy.

The latest guidance ("the Guidance") from the Department for Work and Pensions ("DWP") aims to encourage the Trustee of the Scheme to properly exercise their stewardship policy including both voting and engagement which is documented in the Scheme's SIP. With the help of the Scheme's Fiduciary Manager, to whom the Trustee delegated the implementation of its Stewardship policy, this Implementation Statement has been prepared to provide the details on how the Trustee has complied with the DWP's statutory guidance.

The Trustee uses the Fiduciary Management service of Schroders IS Limited as its Investment Manager and Adviser (referred to as the 'Fiduciary Manager' in the Implementation Statement). The Fiduciary Manager can appoint other investment managers (referred to as 'Underlying Investment Managers') to manage part of the Scheme's assets, and investments with these managers are generally made via pooled funds, where the Scheme's investments are pooled with those of other investorsA copy of this Implementation Statement is available on the following website:

www.lepensions.co.uk/compliance

Given the activities carried out during the Scheme Year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the DWP Guidance over the Scheme Year.

2. Summary of changes to the SIP during the Scheme year

The SIP was last updated in May 2024 with changes coming into effect in May 2024. As such, the Trustee has fulfilled its obligation to review the Scheme's SIP at least every three years. The May 2024 update included detail of the Trustee's Stewardship and Illiquid assets policies. The additional changes were immaterial.

3. Implementation of the Trustee's policies during the Scheme year

The following wording sets out the actions taken by the Trustee throughout the year, leading up to 5 April 2025. These actions were taken to comply with multiple policies detailed within the SIP that were active during the scheme year.

Investment governance

The Trustee has governed the Scheme in line with the SIP.

The Trustee has met four times over the year to discuss investment matters in relation to the 100+ Retirement Account Plan. This allowed the Trustee to make the important decisions on investment policy, while delegating the day-to-day aspects to the appointed Fiduciary Manager as appropriate. There have been no changes to the Scheme's investment governance policy over the Scheme year.

LEONARDO ELECTRONICS 100+ SECTION RETIREMENT ACCOUNT PLAN ('SCHEME') IMPLEMENTATION STATEMENT (continued)

Over the Scheme year the Trustee received quarterly information on the performance of the investment strategy from the Fiduciary Manager. This information was formally reviewed by the Trustee and discussed with the Fiduciary Manager. During these discussions the Trustee ensured it was clear what the key portfolio activity was over the reporting period and the rationale for any portfolio changes, as well as the key contributors and detractors to investment performance over the period.

The quarterly investment governance reports the Trustee received from the Fiduciary Manager includes information on the default strategy's exposure to ESG, ethical and carbon risk factors. Based on this ongoing assessment the Trustee is comfortable with the default strategy's level of exposure to these risk factors.

The Trustee is comfortable the investment strategy performed as expected during the Scheme year.

Corporate Governance and Stewardship

The SIP sets out how the Trustee delegates responsibility around corporate governance and stewardship to the Fiduciary Manager. The Trustee believes that the specific policies set out in the SIP have been complied with this year based on the details below.

The Trustee uses the Fiduciary Management service of Schroders IS Limited as their Investment Manager and Adviser (it is referred to as the "Fiduciary Manager" in the Implementation Statement). Schroders Group, a global asset manager, has a long history of engagement and active ownership, dating back to 1998 when it appointed its first governance resource, and has recorded and monitored ESG engagements since then.

The Fiduciary Manager can appoint other investment managers in respect of underlying investments (these are referred to as "Underlying Investment Managers"). The Scheme invests in some assets with voting rights attached (e.g. equities) and with engagement possible in relation to most asset classes. Whilst the Trustee has delegated responsibility to the Fiduciary Manager and Underlying Managers for voting and engaging on its behalf, the Trustee regularly reviews the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustee's beliefs and objectives.

A copy of the SIP has been provided to the Fiduciary Manager, and the Fiduciary Manager is expected to follow the Trustee's policies on corporate governance and other financially material considerations when providing Fiduciary Management services. However, given that the investments with the Underlying Investment Managers are generally made via pooled investment funds (where the Scheme's investments are pooled with those of other investors), the Fiduciary Manager does not have direct control over the voting or engaging with the companies that issue the underlying securities. This process lies with the Underlying Investment Manager, who may have different engagement priorities than the Trustee. Therefore, the Trustee requires the Fiduciary Manager to integrate stewardship activities such as voting and engagement, and Environmental, Social and Governance (ESG) factors including climate change, when choosing new or monitoring existing Underlying Investment Managers.

The Trustee believes it is appropriate to delegate such decisions in order to achieve an integrated and joined up approach to ESG factors, voting and engagement. Similarly, the Trustee has not sought to set their own voting policy, a position they do not intend to change at this time.

On behalf of the Trustee, the Fiduciary Manager carried out regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Scheme's investments. In addition, with the help of the Fiduciary Manager, the Trustee monitors the performance of the Underlying Investment Managers against the agreed performance objectives at quarterly ISC meetings held during the Scheme Year. Over the Scheme Year, the Fiduciary Manager provided the Trustee with monitoring of the ESG characteristics including TCFD ("Taskforce for climate-related financial disclosures") carbon metrics of the portfolio on a quarterly basis. The Trustee is satisfied with the Fiduciary Manager's activity in this area.

LEONARDO ELECTRONICS 100+ SECTION RETIREMENT ACCOUNT PLAN ('SCHEME') IMPLEMENTATION STATEMENT (continued)

Financially material factors

The Trustee attributes appropriate weight to ESG factors (and stewardship) when considering changes to the investment strategy and in appointing and reviewing investment managers. The Trustee's expectations for any current or future investment manager depends on the asset class involved, the degree of discretion given to the investment manager, and the time horizon over which the Trustee expects to hold the investment.

The SIP has been updated on multiple occasions since 2019 to reflect new regulatory requirements relating to financially material factors.

This section considers the actions taken and decisions made in connection with those changes.

The Fiduciary Manager, who takes investment decisions on behalf of the Trustee, is expected to follow the Trustee's SIP in respect of financially material factors specifically ESG and climate change. The Trustee receives and reviews quarterly monitoring reports which include a matrix of ESG scores of the Scheme's portfolio and details of carbon emissions.

The Fiduciary Manager is a signatory to the UK Stewardship Code which sets high standards for those investing money on behalf of UK pensioners and savers. The Trustee expects the Fiduciary Manager's stewardship activities will result in better management of ESG and climate related risks and opportunities, which is expected to improve the long-term financial outcomes of the Scheme. The Fiduciary Manager aligns its stewardship activities with Schroders' Engagement Blueprint, which identifies six themes: Climate Change, Natural Capital & Biodiversity, Human Rights, Corporate Governance, Human Capital Management, and Diversity & Inclusion. From these, the Trustee has chosen Climate Change, Corporate Governance, and Human Rights as its focus for the stewardship actions performed by the Fiduciary Manager on behalf of the Trustee. The Trustee will monitor and, where necessary, engage with the Fiduciary Manager to ensure alignment with these priorities.

The UK Stewardship Code describes stewardship as "the responsible allocation, management and oversight of capital to create long-term value … leading to sustainable benefits for the economy, the environment and society." Thus, the Fiduciary Manager's stewardship activities on behalf of the Trustee encompass a variety of tools, including portfolio ESG integration, manager research and selection, portfolio ESG metric monitoring and voting and engagement.

The Trustee believes these themes are issues material to the long-term value of the investments. These issues also reflect expectations and trends across a range of stakeholders, and by strengthening relationships with these stakeholders, business models become more sustainable, which ultimately should enhance the value added to the Scheme's investment and hence benefit the Scheme's members and beneficiaries. Therefore, the Trustee believes that companies that address those issues, when they are material and relevant, will drive improved financial performance for the Scheme.

Where the Fiduciary Manager selects Underlying Investment Managers where it cannot directly influence ESG factors, how an Underlying Investment Manager evaluates ESG factors and mitigates ESG risks forms an important part of its evaluation at both investment and operational due-diligence stages. This may lead to the exclusion of potential Underlying Investment Managers.

In addition, the Trustee also received other training on topics such as Climate Risk and ESG updates within the Fiduciary Management solutions. As part of ongoing monitoring of how the Fiduciary Manager has exercised the Trustee's stewardship policy over the Scheme Year, the Trustee reviewed the Fiduciary Manager's Annual ESG report in May 2024 and ensured it was satisfied with the actions taken on its behalf concerning ESG integration within the investments and stewardship activities.

LEONARDO ELECTRONICS 100+ SECTION RETIREMENT ACCOUNT PLAN ('SCHEME') IMPLEMENTATION STATEMENT (continued)

Monitoring

Over the year, and on a quarterly basis, the Trustee monitored the performance of the underlying managers, and the strategy as a whole. Over the Scheme Year, within the default strategy, the Long Term Growth fund marginally underperformed its' long-term benchmark, net of fees. Stable and Cautious Growth both outperformed their long-term benchmarks, net of fees. The self-select funds, which comprise passively managed funds, effectively tracked their respective benchmarks gross of fees. The only exception was the ESG Fund, which underperformed its' benchmark by more than 0.5% over the Scheme Year. The Trustee will continue to monitor the performance of this fund.

As such, the Trustee is satisfied the strategy is performing as expected.

Risk management

This section of the SIP sets out how risks are monitored and managed within the Scheme. Many of these aspects are also covered in various other parts of the SIP and hence in this section there may be some repetition from other parts of the Implementation Statement. The Trustee is satisfied that risks are monitored in line with the SIP on the basis set out below.

The Trustee sets investment guidelines for the Fiduciary Manager which cover a range of risks to manage which are mitigated by minimum or maximum amounts of diversification, liquidity and counterparties. The Fiduciary Manager has operated within these restrictions throughout the Scheme Year. The Trustee has monitored the Fiduciary Manager against the investment guidelines on a quarterly basis through quarterly monitoring reports and is satisfied that the guidelines have been adhered to on the basis of those reports.

The funds in the default arrangement have soft risk targets (volatility of returns) agreed with the Fiduciary Manager. Over the scheme year, each of the blended fund's volatility of returns was below or within their soft risk targets.

The Trustee maintains a risk register that gives consideration to the risks detailed in the SIP. Risks are assessed using a "treat, tolerate, transfer, terminate" control framework.

In identifying and evaluating all risks, the Trustee assesses both impact and likelihood (among other items). Mitigation of all risks identified is considered and applied where appropriate as part of the process.

In addition, risk identification is a standing agenda item in all quarterly Trustee meetings.

Non-financially material factors

In line with the SIP, The Trustee does not at present take into account non-financial matters (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as there is no likely common view on any ethical matters which members are likely to hold.

Default Investment Strategy and Self-select range

The Trustee's objectives for the Scheme are:

- To provide members with a robust default solution which makes available vehicles designed to focus on members' needs by:
    - Optimising the value of members' assets at retirement;
    - Maintaining the purchasing power of members' savings; and
    - Protecting the value of accumulated assets as members approach retirement.
- To provide members with a range of investment options to enable them to tailor their investment strategy to their own needs, should they not wish to partake in the default solution.
- To avoid over-complexity in investment in order to keep administration costs and member understanding to a reasonable level.
- To consider environmental, social and governance ("ESG") factors and stewardship in the context of long term performance

LEONARDO ELECTRONICS 100+ SECTION RETIREMENT ACCOUNT PLAN ('SCHEME') IMPLEMENTATION STATEMENT (continued)

There were no changes made to the default investment strategy during the Scheme year. A review of the default strategy took place in H1 2025; where any changes implemented will be detailed in next year's implementation statement. The previous review was conducted in the 2021/22 Scheme year, which fulfils the requirement to review the default strategy triennially.

At least once in each Scheme year, the Trustee reviews the suitability of the Scheme's self-select options. This review was undertaken in September 2024 and the Trustee, in conjunction with the Fiduciary Manager, concluded that the current fund range is fit-for-purpose and did not implement any changes.

The Trustee is comfortable the investment strategy reflects the needs of the Scheme's membership. In particular:

- a default strategy which gradually de-risks member's investments as they approach retirement, and reflects inflation-related investment return targets which are aligned to member's expected retirement income requirements; and
- a self-select fund range offering outside the default strategy that offers members a wide choice of asset classes and risk-based options, without the range being so large as to be overwhelming and hinder member decision-making. In addition, members can choose to invest in the alternative lifestyle strategies.

Strategy implementation

The Trustee has chosen to incorporate active management within the default arrangement, through the Fiduciary Manager. This is aligned with the Trustee's investment belief that active management can add value by managing risk during adverse market conditions, and taking advantage of investment opportunities to generate return, subject to the agreed risk tolerances of the default arrangement's funds.

The Trustee has chosen to incorporate passive management within the self-select fund range (aside from the self-select lifestyle profiles, which mirror the default arrangement during the growth phase). The Trustee believes passive management offers low cost, effective access to the core range of asset classes offered within the range, for those members actively choosing to access those asset classes.

The policies set out above were unchanged during the Scheme year.

The Trustee receives quarterly reports from the Scheme's administrators that enable it to monitor the administration service and, in particular, that agreed service levels are being met in relation to the accuracy and timeliness of core financial transactions, including correct investment of ongoing contributions.

Further detail regarding the processing of core financial transactions over the year is set out in the DC governance statement ("Chair's Statement").

The Trustee delegates the day-to-day management of the assets to various investment managers, these managers are accessed through the Mobius Life platform.

Aspects of implementation related to administration, investment of contributions and transitions are reviewed annually by the Trustee in its Value for Members assessment. Details of this are set out in the Chair's Statement.

Illiquid assets

In line with the policy in the SIP, the Trustee did not invest in illiquid assets during the Scheme year. However, the Trustee continues to investigate the potential inclusion of illiquid assets in the default strategy.

4. How the Trustee's policies on stewardship exercising voting rights and engagement have been followed over the Scheme Year

As part of ongoing monitoring of how the Fiduciary Manager (FM) has exercised the Trustee's stewardship policy, the Trustee reviewed quarterly FM ESG updates and the FM Annual ESG Report during the Scheme Year. The quarterly ESG updates allow the Trustee to monitor the ESG characteristics of the Scheme's investments and thereby assess the Fiduciary Manager's allocation, management and oversight of the Scheme's capital. The FM Annual ESG Report details various areas concerning the Fiduciary Manager's ESG integration within the investments and stewardship activities over the previous calendar year.

LEONARDO ELECTRONICS 100+ SECTION RETIREMENT ACCOUNT PLAN ('SCHEME') IMPLEMENTATION STATEMENT (continued)

The Trustee is satisfied that the stewardship policy outlined in the SIP has been sufficiently implemented over the year, with the Fiduciary Manager taking the Trustee's stewardship policy and priorities into account as part of its stewardship activities and manager selection over the Scheme Year. Examples of how this has been evidenced include:

- The Fiduciary Manager continues to integrate ESG and climate factors via MSCI and SustainEx scores and apply exclusions to our core equity offerings during the security selection process as per the Schroders Group criteria which includes UNGC Global Norms Violators, controversial weapons, thermal coal, oil and gas production, oil and gas refining, and exposure to commodity-driven deforestation. This ensures a closer alignment of the Scheme's investments with the Trustee's stewardship priorities, as these excluded investments are generally viewed as causing significant harm to People or Planet.
- Annual assessment of Underlying Investment Managers' ESG ratings against a comprehensive internal ESG assessment framework. Lower-rated managers are categorised as either Red-Engagement or Red-Exclusion, requiring further engagement to improve their rating, or exclusion on the grounds of poor ESG credentials. The ESG ratings were also used to identify the areas of engagement with Underlying Investment Managers across the engagement priorities.
- The Fiduciary Manager carried out regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Scheme's investments.
- Development of biodiversity metric NatCapEx to be used as an engagement tool and to provide a greater understanding of exposure to nature related risks.

Considering the voting statistics and behaviour set out in this Implementation Statement, the Trustee is pleased to report that the Fiduciary Manager and the Underlying Investment Managers have demonstrated high levels of voting and engagement in line with its stewardship policy.

Specifically, the Trustee noted that:

- Each manager demonstrated high levels of voting rights being acted on, where voting is relevant.
- Where the holdings did not have voting rights attached, the Underlying Investment Managers showed they carried out a good level of engagement activity with the underlying companies over the Scheme Year.
- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- The Fiduciary Manager has carried out a high level of engagement activities with the Underlying Investment Managers, focusing on laggards and material allocations.

Given the activities carried out during the Scheme Year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the DWP Guidance over the Scheme Year.

5. Voting and Engagement Summary

On behalf of the Trustee the Fiduciary Manager exercises voting rights in relation to pooled funds managed by the Underlying Investment Managers, in line with its voting policy.

Most voting rights and engagement regarding the Scheme's investments relate to underlying securities within these pooled funds. At a general meeting of a company, the Underlying Investment Managers exercise voting rights and engage with the company issuing the security in line with their policies, which the Fiduciary Manager may have influenced. Nonetheless, the pooled funds themselves often confer certain rights around voting or policies, which the Fiduciary Manager exercises on behalf of the Trustee, and we cover these here.

Over the year to 31 March 2025, the Fiduciary Manager voted on 50 resolutions across 8 meetings. The Fiduciary Manager voted against management on 0 resolutions, and abstained on 22 resolutions (44% of the total resolutions). The voting topics covered a range of areas, including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

LEONARDO ELECTRONICS 100+ SECTION RETIREMENT ACCOUNT PLAN ('SCHEME') IMPLEMENTATION STATEMENT (continued)

Within the Scheme's portfolio, BNYM Global Equity Fund makes up more than a quarter of the Scheme's investments in growth assets, with equity being the only asset class to hold voting rights. Additionally, within the Scheme's Growth Asset portfolio, this is the only fund for which the Fiduciary Manager has responsibility over security selection. For these reasons, the voting activity associated with the securities in this fund holds particularly significant for the Scheme. From 1 January 2024, the proxy voting for this fund moved to Schroders' central ESG team which will ensure the voting policy going forward is guided by Schroders' Engagement Blueprint and therefore aligns with the Trustee's stewardship priorities.

Voting by the Underlying Investment Managers

Most Significant Votes

The following criteria must be met for a vote to be considered "significant":

- Must relate to the BNY Mellon (Schroder Solutions) Global Equity Fund;
- Must be defined as significant by the Fiduciary Manager; and
- Must relate to the Trustee's three stewardship priority themes.

The BNY Mellon (Schroders Solutions) Global Equity Fund constitutes a significant proportion of the Scheme's default blended funds and thus constitutes the majority of the Scheme's investments in equity assets – with equity being the main asset class that holds voting rights. Additionally, this is the only fund within the default blended funds for which the Fiduciary Manager has responsibility over security selection. For these reasons, the voting activity associated with the securities in this fund holds particular significance for the Scheme.

From 1 January 2024, the proxy voting responsibilities for this fund moved to Schroders' Active Ownership team which ensures that the voting policy is guided by Schroders' Engagement Blueprint and therefore aligns with the Trustee's stewardship priorities. The Fiduciary Manager believes that all resolutions voted against the board's recommendations should be classified as a significant vote. Generally, the Fiduciary Manager does not communicate their voting intentions to companies regarding shareholder resolutions, however in some circumstances Schroders will publish their voting intentions on their Active Ownership Blog. Regarding next steps after a vote, in the instance that votes are successful, the Schroders team will typically monitor progress closely and look to take further action at the next AGM should no progress be made.

Of the votes that satisfy these criteria, the Trustee has selected one vote relating to each of the priority themes that it deems most material to the long-term value of the investments. These votes are hereby defined as "most significant votes", and as per DWP guidance, the Trustee has communicated this definition of "most significant votes" to the Fiduciary Manager. All of the most significant votes over this Scheme Year have been reported below.

CLIMATE CHANGE - At the Equinor ASA annual general meeting on 15 May 2024, Schroders voted for a shareholder resolution asking the Board to update its strategy and capital expenditure plan, considering the company's commitment to support the goals of the Paris Agreement and the Norwegian Government's expectations for the company to align with the Paris Agreement. The resolution also requests the updated plan to "specify how any plans for new oil and gas reserve development are consistent with the Paris Agreement goals". This vote was against management, which stated in its response that its energy transition plan demonstrates a business model and strategy that are already aligned with the Paris Agreement's most ambitious 1.5°C goal. Schroders acknowledge the company is leading on decarbonisation action relative to its sector. Nonetheless, they believe this resolution will encourage the company to produce more complete disclosures and provide further evidence to its claims that the strategy is already aligned with the Paris Agreement goals. This resolution could help shareholders to better assess how the company is addressing climate-related risks and potential costs to the business from climate transition trends. Schroders believe that by disclosing this information, Equinor will provide greater transparency to investors on the alignment between its commitments and implementation of its strategy. This vote against management was unsuccessful as the shareholders' proposal was not adopted. The resolution was filed by the Climate Action 100+ group, which Schroders are a part of, and the direct filers will continue dialogue with Equinor.

LEONARDO ELECTRONICS 100+ SECTION RETIREMENT ACCOUNT PLAN ('SCHEME') IMPLEMENTATION STATEMENT (continued)

CORPORATE GOVERNANCE - At the Meta Platforms, Inc. annual general meeting (AGM) on 29 May 2024, Schroders voted for a shareholder resolution asking the company to disclose the voting results on matters subject to a shareholder vote according to the class of shares. Schroders had co-filed this shareholder resolution along with Wespath Benefits and Investments, led by the Treasurer for the State of Illinois. Although, Schroders had not formally communicated with the company their intention to vote in advance, the company would have anticipated Schroders' support for the resolution as they were co-filers. This decision to co-file, followed a long period of solo and group engagement on this topic. Despite numerous engagements on this topic, the company remained reluctant to implement such disclosure and Schroders therefore believe filing and supporting this resolution was an appropriate next step in their engagement to continue to express the request. Schroders believe that greater transparency is needed to concretely understand when concerns are shared by a majority of independent investors to allow for greater accountability and alleviate concerns of board entrenchment. This vote against management was unsuccessful, so Schroders are still discussing the dual-class share structure, and related shareholder rights issues, with the company. The engagement is very much ongoing with the company and the group of shareholders with whom Schroders co-filed the resolution, and Schroders may look to file future resolutions too.

HUMAN RIGHTS - At the JP Morgan Chase & Co. annual general meeting (AGM) on 21 May 2024, Schroders voted for a shareholder resolution asking the company to produce a report "outlining the effectiveness of JPMorgan Chase & Co.'s policies, practices, and performance indicators in respecting internationally recognised human rights standards for Indigenous Peoples' rights in its existing and proposed general corporate and project financing." Schroders believe that the requested report would benefit shareholders as they seek to understand how the company manages relations with its stakeholders, and the associated regulatory, reputational, and financial risks. Although the company provides explanation on the frameworks it uses to identify and manage environmental and social (E&S) risks, an assessment of how effective these practices are would allow shareholders to better understand their robustness, and the company's ability to mitigate any risks which may have financial implications. This vote against management was unsuccessful and Schroders intend to engage with JP Morgan on the topic raised in this resolution as well as others over the coming year.

Summary of voting statistics – of underlying Equity managers

The Fiduciary Manager uses c. 10 Underlying Managers; however, the equity holdings are the only asset class with voting rights. The voting statistics set out below for the most material equity funds (>5% of total blended fund assets) held on behalf of the Trustee that had voting rights during the period.

	BNYM Global Equity Fund	**Legal & General World Equity Index - GBP Currency Hedged**	**Vanguard S&P 500 UCITS ETF**
Total meetings eligible to vote	727	2,928	514
Total resolutions eligible to vote	9,450	35,761	6,979
% of resolutions did you vote on for which you were eligible?	96%	100%	98%
% did vote with management?	86%	79%	99%
% vote against management?	14%	21%	0%
% abstained	0%	0%	0%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	12%	15%	0%

LEONARDO ELECTRONICS 100+ SECTION RETIREMENT ACCOUNT PLAN ('SCHEME') IMPLEMENTATION STATEMENT (continued)

Notes:

- BNYM, Legal and General, and Vanguard use Institutional Shareholder Services, "ISS", for proxy voting services.
- The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.
- BNYM have included votes abstained (in order to be in line with the PLSA template which other managers have used), although there are differences between votes withheld and votes abstained.
- Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of "Abstain" is also considered a vote against management.

The Trustee is satisfied that the voting and engagement activities undertaken by both Fiduciary Manager and the Underlying Investment Managers align with the stewardship priorities the Trustee has determined during the Scheme Year, hence the Trustee believes it has satisfactorily implemented the Stewardship Policy stated in the Scheme's SIP.

LEONARDO ELECTRONICS 100+ SECTION RETIREMENT ACCOUNT PLAN ('SCHEME') IMPLEMENTATION STATEMENT (continued)

Appendix – ESG, Voting and Engagement Policies

Links to the voting and engagement polices for both Investment Manager and Underlying Investment Managers can be found here:

Investment Manager & Underlying Investment Manager	Voting & Engagement Policy
Schroders Solutions	schroders-esg-policy.pdf https://www.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022-1.pdf
Bank of New York Mellon	https://www.mellon.com/content/dam/mellondotcom/pdf/disclosures/proxy-voting-guidelines-mellon.pdf
Vanguard	https://www.ie.vanguard/investment-stewardship
Legal and General (LGIM)	https://www.lgim.com/uk/en/responsible-investing/investment-stewardship/
T Rowe Price	https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/proxy-voting-guidelines-TRPA.pdf
BlackRock	https://www.blackrock.com/corporate/insights/investment-stewardship#engagement-and-voting-history
Neuberger	https://www.nb.com/en/global/esg/engagement
DWS (XTrackers)	https://www.dws.com/en-gb/solutions/sustainability/corporate-governance/
VanEck	https://www.vaneck.com.au/globalassets/home.au/media/managedassets/library/assets/ri/stewardship-policy.pdf/
FSSA	https://www.fssaim.com/uk/en/private/sustainability/our-approach-to-sustainability.html
Amundi	https://about.amundi.com/our-stewardship-policy