LEONARDO ELECTRONICS PENSION SCHEME

Report and Financial Statements for the year ended 5 April 2026

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

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CHAIR'S INTRODUCTION

YEAR ENDED 5 April 2026

I am pleased to present the Report and Financial Statements for the Leonardo Electronics Pension Scheme (the "Scheme") for the year ended 5 April 2026.

The Trustee is pleased to report that operational performance over the past year has been robust, with governance and administrative processes running effectively. During the year, the Trustee undertook a review of the Scheme's collateral levels, custodian arrangements and operational procedures, helping to ensure the Scheme's operational framework remains resilient and fit for purpose as the Scheme matures.

Over the 12 month period to 5 April 2026, global financial markets were broadly positive, although the year was dominated by two periods of heightened volatility. The Scheme year opened against the backdrop of US trade tariff escalations in spring 2025, before conditions steadied and equity markets delivered solid gains through the middle of the year. In the closing weeks of the year, the escalation of the US–Iran conflict in late February 2026 prompted a renewed bout of volatility, with energy prices rising sharply amid concerns over Middle East supply disruption. Despite these conditions, the Scheme's funding position improved over the year and the investment portfolio performed ahead of its liability benchmark.

The Trustee has continued to de-risk the Scheme's assets where appropriate, with changes centred on moving further allocations from growth assets into Cashflow Driven Investment assets, which generate more consistent returns to meet the liabilities of the Scheme. In addition, the Trustee adjusted the Scheme's inflation and interest rate hedging during the year to target a prudent estimate of the Scheme's liabilities, further reducing the Scheme's sensitivity to market movements. The liability hedging has continued to operate as intended, tracking the movements in liabilities.

Preparations for the Scheme's 2026 triennial actuarial valuation are now underway, with the most recent annual funding update showing the Scheme in a position of surplus on the various funding bases, and close to 100% funded on the most prudent solvency basis. Focus remains on further reducing funding and investment risk as the Scheme continues on its journey towards its long-term objectives. This includes consideration of a further buy-in of pension liabilities by an insurer.

During the year, the Trustee completed a comprehensive review of the investment strategy for members whose Defined Contribution benefits are invested through FuturePlanner. The enhancements made aim to simplify the default investment strategy to help members benefit from strong and consistent long-term returns.

The Trustee also negotiated lower fiduciary management and platform fees, resulting in materially lower fees for members invested in the default strategies.

The UK pension landscape continues to undergo considerable change and the Trustee is actively monitoring Government policy developments to ensure the Scheme remains at the forefront of best practice. In particular, the Trustee is assessing recent regulation in relation to the Pensions Act and ongoing developments in funding regulations and risk management practices. The Trustee is committed to ensuring the Scheme continues to deliver strong outcomes and meet both regulatory expectations and the needs of our diverse membership. 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 fourth climate-related risk report (TCFD report), which is available at https://www.lepensions.co.uk/ and includes information on our overarching goal to achieve Net Zero carbon emissions on the investment portfolio by 2050.

In line with the Government's timetable, the Scheme has completed its connection to the Pensions Dashboard, ensuring it is ready for the launch of the service.

During the year, we welcomed Robert Hurley and Dean Fortt to the Trustee Board as Company-Nominated Trustee Directors. We also said farewell to Adrian Weir and Craig Drysdale, who stepped down from the Trustee Board, and I would like to thank them for their valuable contributions to the management of the Scheme and their excellent support to the Board.

CHAIR'S INTRODUCTION (continued)

This has been a period of steady progress, 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 another busy year.

Martin Flavell

Martin Flavell
Chair
Leonardo Pension Schemes (Trustee) Ltd **Date:** 1 October 2026

TRUSTEE AND ADVISERS

Trustee:	Leonardo Pension Schemes (Trustee) Ltd	
Trustee Directors:	Martin Flavell * Chair	
	Brian Airlie **	
	Imran Bashir **	
	Claire Ellis *	
	Malcolm Gillam **	
	Mike Nixon *	
	Sian Riches *	
	Rebecca Ward **	
	Craig Weston **	
	Martin Johnson **	
	Robert Hurley*	(Appointed 1 October 2025)
	Dean Fortt*	(Appointed 15 December 2025)
	Adrian Weir *	(Resigned 2 January 2026)
	Craig Drysdale *	(Resigned 1 October 2025)
	* *Company Nominated*	
	** *Member Nominated*	
Scheme Secretary:	Louise Coxon	(From 30 April 2026)
	Rachael Skuse	(To 30 April 2026)
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:	Saryn Panesar	(Appointed 10 December 2025)
	XPS Pensions Limited	
	Tempus Court	
	Onslow St	
	Guildford GU1 4SS	
	Danny Vassiliades	(Resigned 10 December 2025)
	XPS Pensions Limited	
	Phoenix House	
	Station Hill	
	Reading RG1 1NB	
Auditor:	RSM UK Audit LLP	
	25 Farringdon Street	
	London EC4A 4AB	

TRUSTEE AND ADVISERS (continued)

Legal Advisers:	Burges Salmon LLP One Glass Wharf Bristol BS2 0ZX
Bankers:	Barclays Bank plc 1 Churchill Place London E14 5HP
Covenant Advisers:	Mercer
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 2026

The Trustee presents to the members its annual report and financial statements for the year ended 5 April 2026.

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 called Leonardo Pension Schemes (Trustee) Ltd. Leonardo Pension Schemes (Trustee) Ltd is also Trustee of Leonardo Helicopters Pension Scheme and Leonardo FuturePlanner Pension Scheme. The Trustee Directors are listed on page 4.

Under the provisions of the Pensions Act 2004, at least one-third of the Trustee Directors must be nominated by Scheme members. In accordance with these provisions, and going beyond the statutory minimum, one-half (six) Member Nominated Trustee 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.

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.

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 April 2026 (continued)

Employer's Covenant (continued)

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 Mercer 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.

Change of Scheme Actuary

Danny Vassiliades resigned as Scheme Actuary on 10 December 2025 and Saryn Panesar was appointed on the same date. Danny Vassiliades confirmed in his resignation letter that he knew of no circumstances connected with his resignation that significantly affected the interests of the members or prospective members of, or beneficiaries under, the Scheme.

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.

Membership

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

	Deferred	Pensioners	Total
At 6 April 2025	**2,280**	**2,131**	**4,411**
Pensioner	(134)	134	-
New dependents	-	15	15
Deceased	(5)	(25)	(30)
Exit no liability	(1)	-	(1)
Transfers out	(1)	-	(1)
Trivial Commutation	(2)	(1)	(3)
Debit Case*	-	(1)	(1)
At 5 April 2026	**2,137**	**2,253**	**4,390**

**Debit case - a Pension Sharing order for 100% of the benefit was implemented for an existing pensioner.*

Included in the membership above is 958 (2025: 1,002) members who also hold DC benefits within the scheme.

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 April 2026 (continued)

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.

Financial Development of the Scheme

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

	£'000s
Net assets at 6 April 2025	690,789
Net withdrawals from dealings with members	(26,903)
Net return on investments	21,746
Net assets at 5 April 2026	**685,632**

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.

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

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 April 2026 (continued)

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:

Borough Hall
138 Cauldwell Street
Bedford MK42 9AB

Tel: 0800 011 3797
Contract: https://www.moneyhelper.org.uk/en/contact-us
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

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 0175
Website: www.gov.uk/find-lost-pension

INVESTMENT REPORT

Defined Benefit

Background

At the Scheme year end, 5 April 2026, the net investments of the Defined Benefit section of the Scheme were valued at £568 million (plus a buy-in asset valued at £84.2million) compared with £571 million (plus a buy-in asset valued at £88million) 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 majority of 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 2026.

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 Library - Leonardo Pensions

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"). 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 Driven Investment Assets.

INVESTMENT REPORT (continued)

Market Commentary

Having ended 2025 at, or near, all-time highs, global equities fell over the opening quarter of 2026 due to a combination of weakness in US technology stocks and risk aversion caused by the Middle East conflict.

Non-US equities significantly outperformed the US market over the 12 months boosted by a weaker US dollar, attractive valuations, and some rotation away from major technology stocks. These trends contributed to strong gains in the UK, Asia including Japan, and in emerging markets which were driven by the technology-oriented indices of Korea and Taiwan.

For the first half of the period, performance leadership was concentrated in technology and growth-oriented sectors, although subsequently within technology, software stocks weakened due to the threat of disruption by (AI). Energy stocks were the standout performers during the first quarter of 2026 as integrated producers, refiners and infrastructure companies all benefited from higher oil prices triggered by the Middle East conflict.

Global government bond markets exhibited mixed performance before war in the Middle East triggered a significant sell-off across all major sovereign markets in March, as the energy price shock and the potential lead through into inflation saw markets pricing in interest rate hikes, where previously rate cuts had been discounted.

Although Federal Reserve officials had issued cautious guidance on monetary policy for 2025, weaker labour market data over the summer months heralded consecutive interest rate cuts in September, October and December. However, the prospect of higher inflation, particularly as a result of rising energy prices amid the Iran conflict, complicated the picture for further easing in 2026.

The European Central Bank indicated the programme of interest rate cuts had run its course by the summer. The Bank of England reduced interest rates by 0.25% on three occasions in response to moderating inflation and weaker economic growth. For both the eurozone and the UK, bond markets initially priced in several interest rate hikes as a result of the inflation impact of the Iran conflict.

The Bank of Japan raised interest rates to 0.75% in December 2025. Prime Minister Takaichi, whose administration took power in October 2025, announced a larger-than-expected fiscal package, worth around 3.5% of GDP, in late 2025.

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.

The Trustee has undertaken some significant de-risking during the year as the funding level has improved and has allocated 8% of assets (excluding the pensioner buy in) to Growth Assets, 54% of assets off risk for liability hedging, 5% of assets to Active Structured Equity and 33% 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 2026		5 April 2025	
	Market Value £'000s	% of funds (ex DC)	Market Value £'000s	% of funds (ex DC)
Equity	21,447	3.8	22,989	4.0
Alternatives	7,665	1.3	8,608	1.5
Return Seeking Credit	7,419	1.3	9,451	1.7
Property	-	-	4,435	0.8
Cash & Sovereign Bonds	13,061	2.3	12,809	2.2
Commodities	3,749	0.7	1,287	0.2
Currency Hedge	(600)	(0.1)	463	0.1
Total Growth Assets portfolio	**52,741**	**9.3**	**60,042**	**10.5**
Liability Hedging Assets	320,307	56.4	307,196	53.7
Cash Flow Matching Credit Assets	193,645	34.0	174,880	30.6
Active Structured Equity	1,518	0.3	29,527	5.2
Total assets (excluding DB & DC Insurance policies)	**568,211**	**100.00**	**571,645**	**100.0**
Defined Benefit Insurance policies	84,200		88,000	
Defined contribution	31,107		29,099	
Total investments	**683,518**		**688,744**	

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 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.

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:

	2026 £'000s	2025 £'000s	2024 £'000s	2023 £'000s	2022 £'000s	2021 £'000s
Interest rate swaps	(438)	2,398	-	345	(3,219)	(198)
Total Return swaps	(2,688)	(4,572)	(265)	(14,406)	(19,393)	(2,794)
Inflation swaps	_	(1,344)	10,565	26,231	39,979	(7,211)
Total Gain/(Loss)	**(3,126)**	**(3,518)**	**10,300**	**12,170**	**17,367**	**(10,203)**

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, Citigroup Inc., Credit Agricole, Deutsche Bank AG, Merrill Lynch & Co. Inc., Royal Bank of Canada, HSBC, JP Morgan. 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 invests and manages the Scheme's assets on behalf of the Trustee.

Schroders 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 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	12.0%	8.1%	5.5%
Objective	7.2%	7.9%	6.4%
Investment return relative to target	4.8%	0.2%	(0.9)%

Performance is shown to 31 March 2026 after the deduction of fees (to the extent that fees are paid from assets). The objective is shown to 31 March 2026.

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 outperformed the objective primarily due to strong equities and commodities market performance while the 5 year performance underperformed the objective largely due to the fact that the longer dated sovereign bonds within the portfolio have underperformed shorted dated bonds in the benchmark.

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

The Trustee has de-risked the portfolio 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 positive over the year ended 5 April 2026 and 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	2.9%	(3.4)%	(10.1)%
Objective	1.7%	(4.3)%	(11.3)%
Investment return relative to target	1.2%	0.9%	1.2%

Performance is shown to 31 March 2026 after the deduction of fees (to the extent that fees are paid from assets). The objective is shown to 31 March 2026.

Investment Expenses

Investment management fees and expenses amounted to £0.6m during the period (2025: £0.9m). 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

The swap contracts entered into with 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. are held directly in the Trustee's name. These direct principal to principal contracts do not themselves require safe custody. However, 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, 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.

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.

INVESTMENT REPORT (continued)

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/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 November 2025.

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 accrual on 5 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 strategies 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 Schroders 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.

Following the Trustee's investment strategy review during the Scheme year, the glide path underlying the lifestyle strategies was re-evaluated and streamlined with effect from 1 April 2026. The revised glide path keeps members invested in growth assets for longer and removes the Stable Growth Fund, such that a member's Retirement Account now transitions across three Schroders strategies rather than four. The Stable Growth Fund remains available to members as a self-select option. The arrangements described above therefore reflect the position up to 1 April 2026, with members' accounts transitioning to the revised glide path from that date.

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 Define Contribution Investment Committee (DCIC) consults members from time to time in the context of self-select investment options for DC assets.

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 as at 5 April 2026 is currently in progress and should be completed by 5 July 2027.

Actuarial report as at 5 April 2025

The Trustee receives annual updates from the Scheme Actuary in years between formal actuarial valuations. These updates provide information on the development of the Scheme's funding position (on an ongoing funding basis) since the last formal actuarial valuation and enable the Trustee to assess whether any action is required. Unless otherwise stated, the funding information below is based on the annual funding updated as at 5 April 2025 rather than a formal actuarial valuation.

The most recent annual funding update was produced as at 5 April 2025. At that date, the Scheme was estimated to have surplus on the ongoing funding basis of £60.3 million and funding level of 110%. Compared with the position as at 5 April 2023, the surplus had increased by £10.0 million. The formal actuarial valuation as at 5 April 2026 is currently being undertaken.

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.
- 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.

REPORT ON ACTUARIAL LIABILITIES (continued)

- 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 2026 in respect of expenses expected to be incurred over 2026 (in accordance with the Schedule of Contributions) has served to increase the surplus revealed as at 5 April 2026.

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

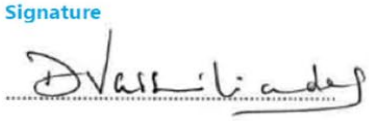
1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions dated 5 December 2023 are such that the statutory funding objective could have been expected on 5 April 2023 to continue to be met for the period for which the schedule is to be in force.

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 continue as a going concern..

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised 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 Trustees are 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 also have 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 Trustees' Report, which includes the Investment Report, the Report on Actuarial Liabilities and the Statement of Trustee's Responsibilities was approved by the Trustees on

Martin Flavell

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Trustee Director, Leonardo Pension Schemes (Trustee) Ltd

Date: 1 October 2026

Rebecca Ward

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Trustee Director, Leonardo Pension Schemes (Trustee) Ltd

Date: 2 October 2026

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 2026 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 2026, 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 statements, 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 Scheme's 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 Scheme's 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 20, 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 Scheme's 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 Scheme's 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 Scheme's 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 Scheme's 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: 05 October 2026

FUND ACCOUNT

For the year ended 5 April 2026

	Note	2026 Defined Benefit Section £'000s	2026 Defined Contribution Section £'000s	2026 Total £'000s	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
CONTRIBUTIONS AND BENEFITS							
Employer contributions	4	1,150	-	1,150	2,013	-	2,013
Total contributions	4	1,150	-	1,150	2,013	-	2,013
Other income	5	2	-	2	6	(2)	4
		1,152	-	1,152	2,019	(2)	2,017
Benefits paid or payable	6	(23,848)	-	(23,848)	(25,431)	-	(25,431)
Payments to and on account of leavers	7	(1,124)	(428)	(1,552)	(2,717)	(673)	(3,390)
Other payments	8	-	-	-	(91)	-	(91)
Administrative expenses	9	(2,655)	-	(2,655)	(1,121)	-	(1,121)
		(27,627)	(428)	(28,055)	(29,360)	(673)	(30,033)
NET (WITHDRAWALS)/ADDITIONS FROM DEALINGS WITH MEMBERS		(26,475)	(428)	(26,903)	(27,341)	(675)	(28,016)
RETURNS ON INVESTMENTS							
Investment income	10	17,484	1	17,485	18,859	3	18,862
Change in market value of investments	12	377	4,469	4,846	(44,951)	1,172	(43,779)
Investment management expenses	11	(585)	-	(585)	(49)	-	(49)
NET RETURNS ON INVESTMENTS		17,276	4,470	21,746	(26,141)	1,175	(24,966)
NET (DECREASE)/INCREASE IN THE FUND FOR THE YEAR		(9,199)	4,042	(5,157)	(53,482)	500	(52,982)
TRANSFERS BETWEEN SECTIONS		2,129	(2,129)	-	4,034	(4,034)	-
OPENING NET ASSETS		661,572	29,217	690,789	711,020	32,751	743,771
CLOSING NET ASSETS		654,502	31,130	685,632	661,572	29,217	690,789

The notes on pages 26 to 40 form part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

For the year ended 5 April 2026

	Note	2026 Defined Benefit Section £'000s	2026 Defined Contribution Section £'000s	2026 Total £'000s	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
INVESTMENT ASSETS							
Bonds	12	485,040	-	485,040	486,832	-	486,832
Pooled investment vehicles	13	74,891	31,106	105,997	78,754	29,154	107,908
Derivatives	14	6,581	-	6,581	10,164	-	10,164
Insurance policies	15	84,200	-	84,200	88,000	-	88,000
Cash deposits		4,433	-	4,433	3,761	-	3,761
Other investment balances	16	6,190	-	6,190	6,361	-	6,361
		661,335	31,106	692,441	673,872	29,154	703,026
INVESTMENT LIABILITIES							
Cash		-	-	-	-	(55)	(55)
Derivatives	14	(8,461)	-	(8,461)	(13,039)	-	(13,039)
Other investment balances	16	(507)	-	(507)	(1,188)	-	(1,188)
		(8,968)	-	(8,968)	(14,227)	(55)	(14,282)
TOTAL NET INVESTMENTS		652,367	31,106	683,473	659,645	29,099	688,744
CURRENT ASSETS	20	3,774	24	3,774	2,924	118	3,042
CURRENT LIABILITIES	21	(1,639)	-	(1,639)	(997)	-	(997)
CLOSING NET ASSETS		654,502	31,130	685,632	661,572	29,217	690,789

The notes on pages 26 to 40 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 17 and 18 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 24 September 2026.

Martin Flavell

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Trustee Director, Leonardo Pension Schemes (Trustee) Ltd

Rebecca Ward

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Trustee Director, Leonardo Pension Schemes (Trustee) Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 5 April 2026

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 20, 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 accruals basis.

(b) Contributions

Employers' contributions are accounted for on an accruals basis and are recognised in the period to which they relate.

AVCs 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.

(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 their 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2026

3. ACCOUNTING POLICIES (continued)

(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 Statement of Net Assets 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 2026

4. CONTRIBUTIONS

	2026 Defined Benefit Section £'000s	2026 Defined Contribution Section £'000s	2026 Total £'000s	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Employer contributions						
Expenses contribution	1,150	-	1,150	1,150	-	1,150
Additional transitional pro-rated contribution	-	-	-	863	-	863
	1,150	-	1,150	2,013	-	2,013

The Scheme closed to future accrual in April 2024, following which member contributions ceased.

The Employer has agreed to pay annual contributions of £1.15 million to the Scheme to meet ongoing administrative expenses, including professional fees and Pension Protection Fund levies. These contributions are payable annually in January, commencing in January 2025.

5. OTHER INCOME

	2026 Defined Benefit Section £'000s	2026 Defined Contribution Section £'000s	2026 Total £'000s	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Income tax refund	-	-	-	6	-	6
Sundry income	2	-	2	-	(2)	(2)
	2	-	2	6	(2)	4

6. BENEFITS PAID OR PAYABLE

	2026 Defined Benefit Section £'000s	2026 Defined Contribution Section £'000s	2026 Total £'000s	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Pensions	(15,933)	-	(15,933)	(14,574)	-	(14,574)
Pension prepayment	1,118	-	1,118	-	-	-
Commutation of pensions and lump sum retirement benefits	(8,712)	-	(8,712)	(10,239)	-	(10,239)
Purchase of annuities	(89)	-	(89)	(269)	-	(269)
Lump sum death benefits	(232)	-	(232)	(334)	-	(334)
Taxation where lifetime or annual allowance exceeded	-	-		(15)	-	(15)
	(23,848)	-	(23,848)	(25,431)	-	(25,431)

Pensioner payroll is paid in advance, such that the payment made in March each year relates to the payroll for the next month in April. The nett payment of £1,118,845 made in March 2026 relates to the April 2026 payroll and has been recognised as a prepayment within current assets at 5 April 2026.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2026

7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2026 Defined Benefit Section £'000s	2026 Defined Contribution Section £'000s	2026 Total £'000s	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Individual transfers out to SMART Pension Master Trust	-	(428)	(428)	-	(673)	(673)
Individual transfers out to other schemes	(1,124)	-	(1,124)	(2,717)	-	(2,717)
	(1,124)	(428)	(1,552)	(2,717)	(673)	(3,390)

Between April 2025 and March 2026, 11 members elected to transfer their defined contribution savings to the SMART Pension Master Trust.

8. OTHER PAYMENTS

	2026 Defined Benefit Section £'000s	2026 Defined Contribution Section £'000s	2026 Total £'000s	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Premiums on term insurance policies	-	-	-	91	-	91

Following the Scheme's closure to active membership in April 2024, core death-in-service cover is no longer provided through the Scheme. Members are now covered for death benefits under the Leonardo FuturePlanner pension arrangement.

9. ADMINISTRATIVE EXPENSES

	2026 Defined Benefit Section £'000s	2026 Defined Contribution Section £'000s	2026 Total £'000s	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Administration	(626)	-	(626)	(545)	-	(545)
Actuarial fees	(1,026)	-	(1,026)	(322)	-	(322)
Legal fees	(525)	-	(525)	(151)	-	(151)
Other professional fees	(366)	-	(366)	-	-	-
Audit fees	(25)	-	(25)	(25)	-	(25)
Levies	(38)	-	(38)	(38)	-	(38)
Other fees	(49)	-	(49)	(40)	-	(40)
	(2,655)	-	(2,655)	(1,121)	-	(1,121)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2026

10. INVESTMENT INCOME

	2026 Defined Benefit Section £'000s	2026 Defined Contribution Section £'000s	2026 Total £'000s	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Income from bonds	14,341	-	14,341	15,531	-	15,531
Income from pooled investment vehicles	1,122	-	1,122	1,290	-	1,290
Interest on cash deposits	148	1	149	206	3	209
Gains/(losses) on foreign exchange	480	-	480	197	-	197
Irrecoverable vat / withholding tax	(45)	-	(45)	-	-	-
Income from derivatives / swaps	(5,091)	-	(5,091)	(4,577)	-	(4,577)
Annuity income	6,529	-	6,529	6,212	-	6,212
	17,484	1	17,485	18,859	3	18,862

11. INVESTMENT MANAGEMENT EXPENSES

	2026 Defined Benefit Section £'000s	2026 Defined Contribution Section £'000s	2026 Total £'000s	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Administration, management & custody	(585)	-	(585)	(49)	-	(49)

Prior year investment management expenses were lower due to the release of performance fee accruals of £790K following the removal of the performance fee on the Scheme's growth portfolio.

12. RECONCILIATION OF INVESTMENTS

	Value at 5.4.2025	Purchases at cost & derivative payments	Sales proceeds & derivative receipts	Change in market value	**Value at 5.4.2026**
Defined Benefit Section	£'000s	£'000s	£'000s	£'000s	**£'000s**
Bonds	486,832	736,321	(727,810)	(10,303)	485,040
Pooled investment vehicles	78,754	37,488	(49,615)	8,264	74,891
Derivatives	(2,875)	11,946	(17,167)	6,216	(1,880)
Insurance policies	88,000	-	-	(3,800)	84,200
	650,711	785,755	(794,592)	377	642,251
Cash deposits	3,761				4,433
Other investment balances	5,173				5,683
	659,645				652,367
Defined Contribution Section	£'000s	£'000s	£'000s	£'000s	**£'000s**
Pooled investment vehicles	29,154	10,466	(12,983)	4,469	31,106
Cash in transit	(55)				-
	29,099				31,106

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2026

12. RECONCILIATION OF INVESTMENTS (continued)

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 (2025: 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:

	2026	2025
	£'000s	£'000s
Members	31,106	29,154
Trustee	-	-
	31,106	29,154

13. POOLED INVESTMENT VEHICLES

	Defined Benefit Section		**Defined Contribution Section**	
	2026	2025	**2026**	2025
	£'000s	£'000s	**£'000s**	£'000s
Equity	21,259	26,982	3,353	2,498
Bonds	41,028	43,226	445	454
Property	-	4,436	-	-
Cash	1,190	22	362	459
Alternative	7,665	4,088	-	-
Growth	-	-	20,938	20,778
Commodities	3,749	-	-	-
Retirement protection	-	-	5,836	4,778
Annuity protection	-	-	172	187
	74,891	78,754	31,106	29,154

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2026

14. DERIVATIVES

Defined Benefit 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 Over the Counter (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.

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

	2026 Asset £'000s	**2026 Liability £'000s**	2025 Asset £'000s	2025 Liability £'000s
Swaps	2,042	(5,168)	6,010	(9,528)
Options	4,378	(2,584)	3,250	(3,048)
Futures	52	-	-	(21)
Forward foreign exchange contracts	109	(709)	904	(442)
	6,581	(8,461)	10,164	(13,039)
		(1,880)		(2,875)

Swaps

Nature	Expiration	Notional principal £'000s	**Asset £'000s**	**Liability £'000s**
Interest swaps	2028-2049	(60,683)	219	(657)
Total return swaps	2026	134,663	1,823	(4,511)
Total 2026			2,042	(5,168)

Included in bonds is collateral of £4.8m (2025: £9.2m) which has been pledged to the counterparty.

At the year-end the Scheme held £0.8m (2025: £10.4m) of collateral belonging to the counterparty. This collateral is not reported within the Scheme's net assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2026

14. DERIVATIVES (continued)

Options

Type	Expiration	Underlying Investment	No of outstanding contracts	Notional principal £'000	Asset £'000s	Liabilitys £'000s
Call	2025-2026	EURO STOXX 50	8	(401)	557	(262)
Call	2025-2027	EURO STOXX 50	4	(548)	415	(135)
Call	2025-2026	FTSE 100 INDEX	2	(44)	79	(44)
Call	2025-2027	FTSE 100 INDEX	4	(449)	581	(267)
Call	2025-2026	NIKKEI 225	3	292	88	(90)
Call	2025-2027	NIKKEI 225	7	(1,017)	832	(410)
Call	2025-2026	S&P 500 INDEX	10	(1,201)	1,061	(341)
Call	2025-2027	S&P 500 INDEX	8	(1,124)	765	(225)
Put	2025-2026	EURO STOXX 50	4	(3,642)	-	(56)
Put	2025-2027	EURO STOXX 50	2	(3,746)	-	(142)
Put	2025-2026	FTSE 100 INDEX	1	(449)	-	(2)
Put	2025-2027	FTSE 100 INDEX	2	(3,608)	-	(53)
Put	2025-2026	NIKKEI 225	1	(334)	-	(8)
Put	2025-2027	NIKKEI 225	4	(4,291)	-	(195)
Put	2025-2026	S&P 500 INDEX	5	(10,085)	-	(109)
Put	2025-2027	S&P 500 INDEX	4	(8,848)	-	(245)
Total 2026					4,378	(2,584)

Futures

Nature	Expiration	Notional principal £'000	Asset £'000s	Liability £'000s
EURO-BUND	2026	(2,081)	43	-
US 10YR Note	2026	257	9	-
			52	-

Forward Foreign Exchange

Contract	Settlement Date	Number of contracts	Currency bought	Currency sold	Asset £'000s	Liability £'000s
Forward OTC	Under 1 month	7	£28,248,779	€32,477,269	-	(84)
Forward OTC	Under 1 month	1	£508,710	¥107,080,280	-	-
Forward OTC	Under 1 month	9	£49,180,833	$65,958,601	1	(620)
Forward OTC	Under 1 month	5	$6,516,636	£4,816,431	108	(5)
Total 2026					109	(709)

15. INSURANCE POLICIES

DB Section

The Scheme held insurance policies at the year end as follows: -	2026 £'000s	2025 £'000s
Annuity policy with Just Retirement	84,200	88,000

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 5.8% p.a. (2025: 5.4% p.a.) and average RPI-linked pension increase rates of 3.3% p.a. for pre-6 April 2006 pensions and 2.2% p.a. for post-5 April 2006 pensions (2025: 3.2% and 2.2%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2026

16. OTHER INVESTMENT BALANCES

DB Section	2026 £'000s	2025 £'000s
Amount due from broker	1,282	1,429
Dividend and interest receivable	4,908	4,932
	6,190	6,361
Amount due to broker	(507)	(1,188)
	(507)	(1,188)
	5,683	5,173

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:

	2026				2025			
Defined Benefit Section	**Level 1 £'000s**	**Level 2 £'000s**	**Level 3 £'000s**	**Total £'000s**	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Bonds	-	485,040	-	485,040	-	486,832	-	486,832
Insurance policies	-		84,200	84,200	-	-	88,000	88,000
Pooled investment vehicles	15,307	50,115	9,469	74,891	9,144	53,958	15,652	78,754
Derivatives		(1,880)	-	(1,880)	-	(2,875)	-	(2,875)
Cash	4,433	-	-	4,433	3,761	-	-	3,761
Other Investment balances	5,683	-	-	5,683	5,174	-	-	5,174
	25,423	533,275	93,669	652,367	18,079	537,915	103,652	659,645
Defined Contribution Section								
Pooled investment vehicles	-	31,106	-	31,106	-	29,154	-	29,154
Cash in transit	-	-	-	-	(55)	-	-	(55)
	-	31,106	-	31,106	(55)	29,154	-	29,099
	73,199	516,605	93,669	683,473	18,024	567,069	103,652	688,745

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2026

18. INVESTMENT RISK DISCLOSURES

Defined Benefit

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 £330.0m in directly held bonds (2025: £348.3m), -£1.9m in OTC derivatives (2025: -£3.1m) and £5.3m in directly held cash balances (2025: £4.2m). The Scheme also holds £42.4m in bonds and cash through underlying pooled fund investments (2025: £41.4m).

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 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2026

18. INVESTMENT RISK DISCLOSURES (continued)

Credit risk (continued)

Credit risk also arises on the insurance policy that is held with a regulated insurance company. The policy is an asset of the Scheme held in the Trustee's name, and as the Trustee retains the ultimate obligation to pay members' benefits, the Scheme is exposed to the risk that the insurer cannot meet the payments due. This risk is mitigated by the regulatory environment in which the insurer operates: the insurer is authorised and regulated by the Prudential Regulation Authority and the Financial Conduct Authority and is subject to the Solvency UK regime. In addition, the Trustee undertook due diligence on the insurer's financial strength and solvency position before the policy was entered into and continues to monitor it.

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 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 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 on the appointment of new pooled managers, and monitoring on an ongoing basis for any changes to the operating environment of each manager.

Type of arrangement	2026 £'000s	2025 £'000s
Cayman Islands Exempted Company	**730**	630
Fonds Commun De Placement (FCP)	**-**	154
Investment company with variable capital (ICVC)	**3,617**	1,594
Limited Partnership	**1,068**	963
Open ended investment company (OEIC)	**6,281**	3,002
Exchange Traded Fund	**12,549**	8,435
Exchange Traded Commodity	**1,433**	687
Unit Trust	**8,097**	12,486
Investment company with variable capital (SICAV)	**37,964**	38,008
Mutual Fund	**3,152**	12,795
	74,891	78,754

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. Schroders 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, 0.7% of the Scheme's holdings were exposed to overseas currencies as at year-end (2025: 0.8%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2026

18. INVESTMENT RISK DISCLOSURES (continued)

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:

	2026	2025
	£'000s	£'000s
Direct		
Bonds	485,040	486,832
Swaps	(3,126)	(3,518)
Indirect		
Bond PIVs	41,028	43,226
Cash PIVs	1,190	22

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:

	2026	2025
	£'000s	£'000s
Direct		
Equity Options	1,518	193
S&P Options	277	9
Advanced Bond Beta	159,902	140,440
Indirect		
Bond PIVs	41,028	43,226
Cash PIVs	1,190	22
Equity PIVs	21,259	26,982
Alternative PIVs	7,665	4,088
Commodities PIVs	3,749	-
Property PIVs	-	4,436

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2026

18. INVESTMENT RISK DISCLOSURES (continued)

Defined Contribution

Credit Risk

All assets of the Scheme are subject to direct credit risk in relation to Mobius Life through the Scheme's holding in unit-linked insurance funds provided by Mobius Life. Direct credit risk relates to insolvency of Mobius Life, the underlying managers or the custodians used by the underlying managers to hold fund assets.

Mobius Life is authorised by the Prudential Regulation Authority, regulated by the Financial Conduct Authority and the Prudential Regulation Authority and maintains capital for its policyholders. In the event of default by Mobius Life, the Trustee is able to apply for compensation as the Scheme is protected by the Financial Services Compensation Scheme ("FSCS").

As well as the regulatory environment in which the investment platform operates, direct credit risk is mitigated at the investment platform level by the assets backing the Scheme's policy being ring-fenced from those of the investment platform provider.

Direct credit risk in the underlying funds operated by the underlying managers is mitigated by the underlying investments being ring-fenced from those of the underlying manager and through the regulatory environments in which the underlying managers operate. The amount that can be claimed from FSCS by the Trustee in the event of an insolvency of the underlying manager will depend on the structure of the underlying fund. In the event of a custodian becoming insolvent, the level of asset recovery will depend on the custody agreement in place between the underlying manager and the custodian.

The Trustee carries out due diligence checks on the appointment of the investment platform and new investment managers and, on an ongoing basis, monitors any changes to the regulatory and operating environments of both.

The Scheme's investments are all held in pooled investment vehicles. As at 31 March 2026 the total value of member funds subject to direct credit risk was £31,106m (2025: £29,099m).

The Scheme is also subject to indirect credit risk arising on the underlying investments held by the underlying funds, including the segregated accounts. Credit risk is mitigated by utilising investment managers whose mandate includes one or more of the following:

- invest in government bonds where the credit risk is minimal;
- invest in corporate bonds which are rated at least investment grade;
- diversification of the underlying investments.

A summary of pooled investment vehicle by type of arrangement is as follows:

Legal nature of the pooled arrangements	2026	2025
Unit linked insurance contracts	31,106	29,099

- **NOTES TO THE FINANCIAL STATEMENTS (continued)**
- For the year ended 5 April 2026

19. CONCENTRATION OF INVESTMENTS

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

	2026		2025	
	£'000s	%	£'000s	%
Just Retirement buy-in policy	**84,200**	**12.3**	88,000	12.7
Schroders TSY Gilt SR Regs 0.125%	**-**	**-**	40,852	5.9
Schroders 2.5% Treasury Gilt 2065	**-**	**-**	35,143	5.1

20. CURRENT ASSETS

	2026 Defined Benefit Section £'000s	2026 Defined Contribution Section £'000s	2026 Total £'000s	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Bank balance	2,318	24	2,342	2,765	118	2,883
Tax recoverable	338	-	338	159	-	159
Pension paid in advance	1,118	-	1,118			
	3,774	24	3,798	2,924	118	3,042

Included in the DC Section bank balance is £11k (2025: £10k) which is not allocated to members.

21. CURRENT LIABILITIES

	2026 Defined Benefit Section £'000s	2026 Defined Contribution Section £'000s	2026 Total £'000s	2025 Defined Benefit Section £'000s	2025 Defined Contribution Section £'000s	2025 Total £'000s
Accrued expenses	(678)	-	(678)	(535)	-	(535)
Unpaid benefits	(961)	-	(961)	(210)	-	(210)
Tax payable	-	-	-	(252)	-	(252)
	(1,639)	-	(1,639	(997)	-	(997)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2026

22. EMPLOYER RELATED INTESTMENTS

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 2025/26, these costs amounted to £160,000 (2024/25: £160,000).

At the year end £338,284 was due to the Scheme from the Employer in respect of VAT reclaimed by the Employer on Scheme Administration expenses. (2025: £158,668).

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 2025/26 Scheme year totalled £44,130 (2024/25: £37,068).

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 2026 (2025: 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

Under the Pension Schemes Act 1993 and relevant regulations, a court case outcome on 16 June 2023 and subsequent appeal dismissal on 25 July 2025 involving Virgin Media has revealed potential challenges with other previously contracted-out defined benefit schemes in the UK. This development may cast doubt on the validity of scheme changes made between 1997 and 2016, where those changes were not accompanied by appropriate actuarial certificates.

Work was commenced in early 2025 to undertake a high-level review of Scheme documents made during the relevant period to assess what written actuarial confirmation were held.

In June 2025 the UK Government issued a ruling to that legislation will be introduced to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation.

During 2026, work is being undertaken to provide advice to the Trustee on where a Section 37 actuarial confirmation is required and retrospective written actuarial confirmation will be obtained, if required.

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS UNDER REGULATION 4 OF THE OCCUPATIONAL PENSION SCHEMES (REQUIREMENT TO OBTAIN AUDITED ACCOUNTS AND A STATEMENT FROM THE AUDITOR) REGULATIONS 1996, 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 42 in respect of the Scheme year ended 5 April 2026, to which this statement is attached.

In our opinion the contributions for the Scheme year ended 5 April 2026 as reported in the attached summary of contributions on page 42 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 42 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 20 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

05 October 2026
Date: .....

SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR

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

	£'000s
Employer expenses contributions	1,150
Total contributions paid	1,150
Contributions receivable per the financial statements	**1,150**

This summary was approved by the Trustee on 24 September 2026.

Signed on behalf of the Trustee.

Martin Flavell

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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 2025 to 5 April 2026.

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 significant changes in investment market conditions, member demographics or the regulatory environment. During the 2025/26 Scheme year, the Trustee carried out a full review of the investment strategy, which resulted in the following changes being implemented in April 2026:

1. *Default Strategy and alternative lifestyle strategies*

- Removal of the Stable Growth Fund from the Default Strategy.
- Extension of the period of full investment in the Long-Term Growth Fund by 10 years.
- Extension of the transition period between the Long-Term Growth Fund and the Cautious Growth Fund by 5 years, resulting in a total transition period of 10 years.
- Revision of each blended fund's return target to the upper limit of the previously agreed range.

These changes are intended to simplify the default strategy and provide members with greater exposure to growth-focused investments during the earlier stages of saving, while continuing to reduce investment risk progressively as retirement approaches.

2. *Default Strategy at-retirement allocation*

- Revision of the at-retirement allocation from 50% Cautious Growth, 25% Annuity Focus, 10% Stable Growth and 15% Cash to 75% Cautious Growth and 25% Cash.

This approach is intended to provide a balance between maintaining access to cash and retaining exposure to investments that may support continued growth throughout retirement. The existing annuity and cash retirement options remain available for members whose retirement objectives differ from the default approach.

The Trustee believes that these changes will improve member outcomes at retirement by providing better alignment with the Scheme's long-term investment objectives and increasing the potential for members to achieve their retirement goals. Having considered the associated risks and benefits, the Trustee concluded that the changes are in the best interests of Scheme members and support the achievement of the Scheme's long-term return objectives.

These changes will be fully reflected in the Scheme's 2026/27 Report and Accounts.

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 2 June 2026 for the period ending 31 March 2026. The next performance review as at 30 June 2026 is due to be considered at the September 2026 DC investment committee meeting

You can find the latest DC SIP at Library - Leonardo Pensions

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

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.

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 95.6% 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	0.42%
	Stable Growth Fund	0.37%
	Cautious Growth Fund	0.45%
	Retirement Focus Fund (Default)	0.31%
Self-Select Funds	Retirement Focus Fund (Income for Life)	0.14%
	Retirement Focus Fund (Take Your Pot as Cash)	0.15%
	Global Equity Fund	0.18%
	Corporate Bond Fund	0.14%
	Fixed Annuity Focus Fund	0.15%
	Inflation-Linked Annuity Focus Fund	0.15%
	Cash Fund	0.15%
	Islamic Global Equity Fund	0.24%
	ESG Equity Fund	0.19%

Source: Mobius Life, Schroders Calculations (as at 31 March 2026).

(*) 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.

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

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

Transaction costs incurred as part of the strategy changes implemented in April 2026 will be reflected in the Scheme's 2026/27 Report and Accounts.

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

A member in the default lifestyle is required to buy and sell assets when automatically switching between funds within the lifestyle. We estimate that over a member's life, the cost of entering the lifestyle, switching between funds and subsequently redeeming assets upon retirement for each £1 of income invested in the Long-Term Growth Fund is c. 0.28% (or 0.28p) in a worst-case scenario. This equates to an average of 0.01% per annum, as at 31 March 2026.

A breakdown of the cost estimate on a worst-case basis is provided in the table below. The calculations do not take account of netting trades within the funds (e.g. cancelling out selling common underlying funds between the blends). It also assumes that a member pays a cost of "bid price – mid price" for any sale of assets and "mid-price – offer price" for any purchase of assets (hence the "worst case scenario").

Members will experience varying levels of cost depending on their position within the lifestyle. Actively contributing members would have experienced at least one source of transition cost on the contributions they made over the year. Deferred members may or may not have experienced transition costs of this nature, depending on if they phased between funds or not. These costs will continue in the future at a level expected to be similar to what is shown in the table below.

Lifestyling is carried out automatically for members who are invested in the default lifestyle. Market conditions are considered in the context of deciding on the composition of the funds in the lifestyle, but not when automatically phasing members between funds. The funds are established and governed in a way which is cognisant of market conditions, therefore it is not necessary (or practical) to consider market conditions for each member each month when lifestyling.

The funds are priced on a "single swinging basis", meaning they may be priced at bid or offer on any day, depending on the net cashflow (from all investors in/out of the fund) that day. Therefore, in practice, the cost incurred is unlikely to be the full amount below and may even provide an uplift, should fund prices swing favourably. Members will also experience varying levels of costs depending on their position within the lifestyle. Therefore, it is not practical to split out the actual costs incurred by each member.

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

Movement between funds	Worst case cost
Buy Long Term Growth	0.02%
Long Term Growth to Stable Growth	0.05%
Stable Growth to Cautious Growth	0.07%
Cautious Growth to Retirement Focus	0.09%
Sell Retirement Focus	0.05%
Total	**0.28%**
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

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.

	Fund	LEPS
Default Lifestyle Funds	Long Term Growth	0.090%
	Stable Growth Fund	0.102%
	Cautious Growth Fund	0.093%
	Retirement Focus Fund (Default)	0.069%
Self-Select Funds	Retirement Focus Fund (Income for Life)	-0.008%
	Retirement Focus Fund (Take Your Pot as Cash)	-0.033%
	Global Equity Fund	0.065%
	Corporate Bond Fund	0.006%
	Fixed Annuity Focus Fund	0.094%
	Inflation-Linked Annuity Focus Fund	0.021%
	Cash Fund	-0.035%
	Islamic Global Equity Fund	0.023%
	ESG Fund	0.090%

Source: Mobius Life. Underlying fund managers. Schroders calculations as at August 2026.

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

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.

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 July 2026 and covered the 2025/26 Scheme Year. The assessment considered whether the overall cost of Scheme membership represented value for money, whether the investment strategy and associated risk profile remained appropriate for members' needs, the adequacy of contribution levels in light of the membership profile, the flexibility available to members, and the transaction costs incurred.

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 a weighted average annual fee of 0.40% 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 reflects the needs of the membership and manages risk appropriately as members approach retirement and their need for protection increases.
- Strong performance of the Core Funds, which have outperformed their long-term targets over both the one- and three-year periods.
- Good overall investment outcomes, with the funds broadly achieving their stated objectives.
- Effective risk management within the Blend Funds through the delegation of day-to-day investment decisions and asset allocation to the fiduciary manager and underlying investment managers.
- Robust governance, internal controls and operational processes, including business continuity arrangements.

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 2025. 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.

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

From 1st October 2023, the Trustees are 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.

The disclosures in the following sections reflect the investment strategy applicable as at 31 March 2026, prior to the implementation of the strategy changes described above.

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	3.9%	4.9%	2.2%	16.6%
Corporate bonds, UK government bonds and overseas government bonds	0.0%	22.0%	39.3%	46.9%
Listed equities	89.6%	57.0%	40.5%	26.0%
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	6.5%	16.1%	18.0%	10.6%
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 2026.

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 2026 return (%) →↓ (years)	10 years (p.a.)	5 years (p.a.)	3 years (p.a.)	1 year
25	8.3	7.9	13.0	15.5
45	7.5	6.7	11.5	12.9
55	6.9	6.2	10.7	11.4

Annuity-Targeting Lifestyle Strategy

Age of member in 2026 return (%) →↓ (years)	10 years (p.a.)	5 years (p.a.)	3 years (p.a.)	1 year
25	n/a	7.9	13.0	15.5
45	n/a	6.7	11.5	12.9
55	n/a	6.2	10.7	11.4

Cash-Targeting Lifestyle Strategy

Age of member in 20265 return (%) →↓ (years)	10 years (p.a.)	5 years (p.a.)	3 years (p.a.)	1 year
25	n/a	7.9	13.0	15.5
45	n/a	6.7	11.5	12.9
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 19.84 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: 1 October 2026

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	£3,100	£3,100
3	£9,600	£9,500
5	£16,400	£16,200
10	£34,900	£34,100
15	£55,600	£53,700
20	£78,800	£75,200
25	£104,700	£98,700
30	£133,500	£124,300
35	£165,600	£151,900
40	£201,100	£182,600

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	£3,100	£3,100	£3,100	£3,100	£3,100	£3,100	£3,100	£3,100
3	£9,600	£9,500	£9,600	£9,600	£9,600	£9,500	£9,600	£9,600
5	£16,400	£16,200	£16,400	£16,200	£16,400	£16,200	£16,400	£16,300
10	£34,900	£34,100	£34,900	£34,100	£34,900	£34,000	£34,900	£34,300
15	£55,600	£53,600	£55,600	£53,800	£55,600	£53,500	£55,600	£54,100
20	£78,800	£75,000	£78,800	£75,300	£78,800	£74,800	£78,800	£76,000
25	£104,700	£98,400	£104,700	£98,900	£104,700	£98,000	£104,700	£100,000
30	£133,500	£123,900	£133,500	£124,600	£133,500	£123,400	£133,500	£126,300
35	£165,600	£151,800	£165,600	£152,700	£165,600	£150,900	£165,600	£155,200
40	£201,100	£182,000	£201,100	£183,300	£201,100	£180,900	£201,100	£186,700

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	£31,500
15	£64,500	£63,300	£55,600	£55,000	£48,200	£47,800
20	£96,200	£93,800	£78,800	£77,700	£65,200	£64,500
25	£134,600	£130,500	£104,700	£102,800	£82,600	£81,500
30	£181,200	£174,400	£133,500	£130,700	£100,600	£99,000
35	£237,400	£226,800	£165,600	£161,400	£119,100	£117,000
40	£305,000	£289,200	£201,100	£195,400	£138,200	£135,400

	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	£9,900	£9,900
5	£17,200	£17,100	£17,200	£17,200	£17,200	£17,100	£17,200	£17,100
10	£38,400	£38,000	£38,400	£38,100	£38,400	£37,900	£38,400	£38,000
15	£64,500	£63,300	£64,500	£63,600	£64,500	£63,100	£64,500	£63,200
20	£96,200	£93,800	£96,200	£94,500	£96,200	£93,500	£96,200	£93,600
25	£134,600	£130,500	£134,600	£131,700	£134,600	£129,900	£134,600	£130,200
30	£181,200	£174,400	£181,200	£176,400	£181,200	£173,400	£181,200	£173,900
35	£237,400	£226,800	£237,400	£229,900	£237,400	£225,300	£237,400	£226,000
40	£305,000	£289,300	£305,000	£293,800	£305,000	£287,000	£305,000	£288,100

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	£3,100	£3,100	£3,100	£3,100
3	£9,600	£9,500	£9,600	£9,500
5	£16,400	£16,200	£16,400	£16,200
10	£34,900	£34,100	£34,900	£34,100
15	£55,600	£53,700	£55,600	£53,700
20	£78,800	£75,200	£78,800	£75,200
25	£104,700	£98,700	£104,700	£98,700
30	£133,500	£124,300	£133,500	£124,300
35	£165,600	£151,900	£165,600	£151,900
40	£201,100	£183,600	£192,100	£175,500

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 February 2026

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 not amended during the year ending 5 April 2026. 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 2025 to 5 April 2026 (the "Scheme Year"), although the information on engagement and voting statistics relates to the period from 1 April 2025 to 31 March 2026. 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 aligns its own stewardship activities with Schroders' Engagement Blueprint, which identifies six broad themes for their active ownership: 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 stewardship actions. The Trustee expects that 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 is a signatory to the UK Stewardship Code which sets high standards for those investing money on behalf of UK pensioners and savers. 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.

LEONARDO ELECTRONICS PENSION SCHEME IMPLEMENTATION STATEMENT(continued)

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 Annual FM 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 details stewardship activities including both voting and engagement the Fiduciary Manager and Underlying Investment Managers carried out on behalf of the Trustee. The Annual FM 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 challenged and discussed stewardship outcomes with the Fiduciary Manager during the year and considered whether the Fiduciary Manager and Underlying Investment Managers were demonstrating effective use of voting rights and engagement. Following this review, the Trustee believes that the stewardship approach adopted by the Fiduciary Manager and Underlying Investment Managers remains consistent with the policies set out in the SIP.

Examples of how this has been evidenced include:

- The Fiduciary Manager continues to integrate ESG and climate factors via the incorporation of MSCI and SustainEx scores as well as applying exclusions to its core equity offering (BNY Mellon Equity Fund) during the security selection process as per the Schroders Group criteria, which includes UNGC Global Norms Violators, controversial weapons and thermal coal. 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 the environment and society.
- The Fiduciary Manager is also developing its investment process to integrate biodiversity and nature considerations, via its proprietary nature tool "NatCapEx". The NatCapEx metric has been introduced into the Fiduciary Manager's quarterly reporting for monitoring purposes, in addition to being leveraged as an engagement tool and to provide a greater understanding of exposure to nature related risks.
- ESG integration and engagement, including engagements with counterparties where relevant, was carried out in the Scheme's Growth, Structured Equity, Buy and Maintain, Cashflow Matching Credit and LDI portfolios.
- Enhanced monitoring of climate laggards, biodiversity scores and UNGC violator exposures of core strategies within the portfolio for potential future engagements.
- There were a number of strategies which integrate ESG factors, including stewardship and engagement, included in the Growth portfolio over the year
- Through dedicated engagements over the year, the Fiduciary Manager worked with one of the active credit managers in the Growth portfolio to implement a net zero target at the strategy level, to enhance their mandate to have a specific climate transition focus.
- 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.
- Regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Scheme's investments.
- Provision of quarterly 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 Trustee with ESG related hot topics and educational material such as regulatory expectations on stewardship.

LEONARDO ELECTRONICS PENSION SCHEME IMPLEMENTATION STATEMENT(continued)

Considering the voting statistics and behaviour set out in this Implementation Statement, along with the engagement activity that took place on the Trustee's behalf during the Scheme Year within the growth , Structured Equity, Buy and Maintain, Cashflow Driven Investment and LDI portfolios, 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 across the three different engagement priorities.
- 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 remains robust. Moreover, the Fiduciary Manager 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.

LEONARDO ELECTRONICS PENSION SCHEME IMPLEMENTATION STATEMENT(continued)

3. Voting and Engagement Summary

The Trustee has delegated responsibility for voting on its behalf to the Fiduciary Manager and Underlying Investment Managers. Most voting rights associated with the Scheme's investments pertain to the underlying securities within the pooled funds managed by the Underlying Investment Managers. In a general meeting of a company issuing these securities, the Underlying Investment Managers exercise their voting rights according to their own policies, which the Fiduciary Manager may have influenced.

The pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the Fiduciary Manager on behalf of the Trustee, in line with the Trustee's stewardship policy.

Voting by the Fiduciary Manager

The Scheme's investments in the growth portfolio are typically made via pooled funds and the Fiduciary Manager exercises the votes in relation to the management of those pooled funds. The voting statistics are shown below.

Over the year to 05 April 2026, regarding clients' pooled fund investments, the Fiduciary Manager voted on 181 resolutions across 23 meetings. The Fiduciary Manager voted against management on 73 resolutions (40.3% of total resolutions) and abstained on 59 resolutions (32.6% 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. The number of resolutions that the Fiduciary Manager has voted on during the year has increased due to an increase in the number of funds in the Growth portfolio.

The Fiduciary Manager, via the Schroders Active Ownership team, also votes on behalf of the Trustee's in relation to the underlying securities where voting rights are attached. These voting statistics are relevant to the securities within the BNY Mellon Equity Fund and are shown in the summary voting statistics section.

Voting by the Underlying Investment Managers

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.

The BNY Mellon (Schroder Solutions) Global Equity Fund is the only fund for which the Fiduciary Manager has responsibility over security selection within the growth portfolio. Given it is an equity fund with voting rights attached, this means that Schroders is responsible for exercising its right to vote on the underlying companies shareholder proposals. For these reasons, the voting activity associated with the securities in this fund holds particular significance for the Scheme.

Schroders Active Ownership team exercises the voting rights, in line with the Schroder's Global Voting Guides (shown in the appendix), which is guided by the Schroders' Engagement Blueprint. 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. Regarding next steps after a vote, in the instance that votes are successful, the Schroders team will typically monitor progress closely. If the votes are unsuccessful, Schroders will typically look to engage with the companies before the next AGM takes place.

Of the votes that satisfy the above 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 Meta Platforms Inc.'s AGM on 29 May 2025, Schroders supported a shareholder proposal calling for alignment of lobbying activities with the company's net zero emissions commitment by 2030. This vote, cast against management, reflected Schroders's belief that shareholders benefit from understanding how lobbying supports long-term climate goals. The proposal was not approved, consistent with other ESG proposals at Meta that have gained significant independent shareholder backing but failed due to the company's dual-class share structure, which grants Mark Zuckerberg majority voting control.

LEONARDO ELECTRONICS PENSION SCHEME IMPLEMENTATION STATEMENT(continued)

CORPORATE GOVERNANCE - At Meta Platforms Inc.'s AGM on 29 May 2025, Schroders co-filed a shareholder resolution requesting disclosure of voting results by share class. Given Meta's dual-class structure, with Class B shares carrying 10 times the voting power of class A shares and Zuckerberg controlling most of them, shareholder concerns are often obscured. Schroders believes that separating results by share class would improve accountability and more clearly delineate the concerns of independent shareholders. The proposal was not successful, however the proposal built support on the prior year.

HUMAN RIGHTS - A At Johnson and Johnson's AGM on 24 May 2025, Schroders supported a shareholder resolution led by Mercy Investment Services, a socially responsible investor, calling for a human rights impact assessment (HRIA) on operations related to access to medicines. Although J&J has due diligence processes in place, concerns were raised that its lobbying activities may undermine commitments on access. Schroders supported the proposal, which is aligned to international human rights standards, believing it would improve transparency, reduce reputational and regulatory risks, and protect long-term shareholder value. Unfortunately, the resolution was not passed.

Summary of voting statistics

Only the Scheme's equity and some alternative (hedge fund) holdings invest in assets with voting rights attached. Below are the voting statistics over the year to 05 April 2026 for the most material funds held on behalf of the Trustee that had voting rights during the period.

Some of the Scheme's equity holdings are invested via Exchange Traded Funds (ETFs) where voting is also relevant. However, given the Trustee has little influence on the ETF providers' voting and engagement approach, the Trustee has elected to not include the voting statistics of the ETFs in this Implementation Statement. Instead, the ETF providers' voting and engagement policies are included in the Appendix. Finally, the proxy voting services used by the Fiduciary Manager and Underlying Investment Managers are Glass Lewis ("GL"), Institutional Shareholder Services ("ISS") and Broadridge Financial Solutions ("BFS").

Equity Funds	BNYM Global Equity	Artisan Global Value	Egerton Capital	GMO Quality Investment	JPM Europe Dynamic (ex-UK)	Lazard US Small Cap	Morant Wright Fuji Yield	Redwheel TM UK Equity	Robeco EM Active Equity
Total meetings eligible to vote	**573.0**	37	39	46	72	457	58	40	701
Total resolutions eligible to vote	**7,489**	699	694	745	1,383	3,955	696	740	6,188
Of resolutions eligible to vote, % of resolutions voted on	**96%**	100%	100%	100%	93%	99%	100%	98%	100%
Of voted resolutions, % vote with management	**88%**	96%	96%	95%	95%	84%	89%	97%	82%
Of voted resolutions, % vote against management	**12%**	4%	3%	5%	4%	16%	11%	3%	15%
Of voted resolutions, % abstained	**<1%**	0%	1%	0%	<1%	0%	0%	0%	3%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	**10%**	9%	N/A	7%	2%	9%	N/A	4%	8%
Proxy voting service used	GL & ISS	ISS & GL	BFS	ISS	ISS	GL & ISS	N/A	ISS	GL

LEONARDO ELECTRONICS PENSION SCHEME IMPLEMENTATION STATEMENT (continued)

Note:

- Managers also use their proxy voting service providers for research purposes and typically work with them to create bespoke voting guidelines, usually complemented with analysis of their in-house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. However, Egerton uses the BFS platform for voting only, it does not utilise their third party proxy voting advisory services.
- 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.
- Five new active equity funds, Artisan Global Value Fund, Egerton Capital Equity Fund, GMO Quality Investment Fund, JPM Europe Dynamic (ex-UK) Fund and Robeco Emerging Markets (EM) Active Equity Fund, were introduced to the Growth portfolio over the Scheme Year, although the voting data is for the year to 05 April 2026, sourced from the investment managers per Pensions and Lifetime Savings Association ("PLSA") guidance.
- Morant Wright do not subscribe to any shareholder advisory services, and their portfolio managers are directly responsible for proxy voting decisions.
- Robeco do not provide the voting data in line with PLSA guidance and therefore we have manipulated the data for consistency across managers.

Alternative Funds	BlackRock Systematic Total Alpha Fund	JPM Europe Equity Absolute Alpha Fund	Lumyna Marshall Wace - TOPS (Market Neutral) Fund	Lumyna Marshall Wace - TOPS Focus (MN) Fund	Lumyna Marshall Wace – TOPS Fund	NinetyOne Natural Resources Fund	North Rock Fund
Total meetings eligible to vote	1,849	172	396	174	2,005	65	572
Total resolutions eligible to vote	17,108	3,215	4,573	2,352	19,792	882	Data not provided
Of resolutions eligible to vote, % of resolutions voted on	95%	97%	88%	71%	90%	100%	100%
Of voted resolutions, % vote with management	93%	95%	83%	67%	85%	97%	100%
Of voted resolutions, % vote against management	9%	4%	5%	4%	5%	3%	0%
Of voted resolutions, % abstained	<1%	<1%	12%	29%	10%	<1%	0%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	2%	1%	5%	5%	5%	3%	0%
Proxy voting service provider	BlackRock Investment Stewardship (BIS) and ISS.	ISS	GL	GL	GL	ISS	GL

Note:

- 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.
- One new commodity fund where voting is relevant, NinetyOne Natural Resources Fund, was introduced to the Growth portfolio over the Scheme Year, although the voting data is for the year to 05 April 2026, sourced from the investment managers per Pensions and Lifetime Savings Association ("PLSA") guidance.
- Lumyna Marshall Wace voting statistics use a different format to the other managers report. The voting statistics provided have been translated into a comparable format.
- No voting data has been provided for the AQR Apex Fund and AQR Alternative Trend Fund, as AQR do not allow voting data to be publicly shared.

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	Voting & Engagement Policy
Amundi	Amundi Global Voting Policy 2025 Amundi 2024 Engagement Report
AQR	https://www.aqr.com/-/media/AQR/Documents/ESG/AQR-Proxy-Voting-Policy.pdf?sc_lang=en&hash=7FFEB296D71C2EE923DC5D1F3EC01024
Artisan	https://www.artisanpartners.com/content/dam/documents/legal/proxy-voting/Proxy-Voting-Policy.pdf Sustainability/ESG | Artisan Partners Asset Management Inc
BlackRock (including iShares ETFs)	https://www.blackrock.com/corporate/literature/publication/blackrock-active-investment-stewardship-engagement-and-voting-guidelines.pdf
DWS Group (Xtrackers TFs)	https://www.dws.com/AssetDownload/Index?assetGuid=4f6b86d3-a8a8-42a0-b10c-a87585398cb7&consumer=E-Library https://download.dws.com/download?elib-assetguid=e609c46cc03148eead59178e865d9fed
Egerton Capital	ESG & Stewardship - Egerton Capital
GMO	https://www.gmo.com/globalassets/documents---manually-loaded/documents/legal/proxy-voting---gmo.pdf https://www.gmo.com/globalassets/documents---manually-loaded/documents/esg-investing/gmo-engagement-policy.pdf
Hudson Bay	hudsonbaycapital.com/esg
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
Lazard	Sustainable Investment and ESG Integration Policy
Lumyna Marshall Wace	Microsoft Word - MW Engagement Policy Sept 2025
Man Group	Responsible investment | Man Group
Morant Wright	Voting-Policy.pdf
Neuberger Berman	https://www.nb.com/handlers/documents.ashx?id=aba155d6-e78e-4668-800f-fa69f05d45d0&name=Stewardship%20and%20Engagement%20Policy
NinetyOne	91-stewardship-policy-and-proxy-voting-guidelines-en.pdf
Oaktree	https://www.oaktreecapital.com/docs/default-source/default-document-library/esg-policy-2024.pdf
PIMCO	23d2d320682248b30f04e020abb291073152f182fac4a179482bbb994a349c61a01871832e020d7e98ffe91f9bad9a7965b4e51591ab43030b3ad2bf6a7f1dd6
Redwheel	https://www.redwheel.com/uk/en/institutional/?kurtosys_download=17626

LEONARDO ELECTRONICS PENSION SCHEME IMPLEMENTATION STATEMENT(continued)

Robeco	docu-robeco-stewardship-policy.pdf
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
SCOR	SCOR_IP_2025_Shareholder engagement policy_0.pdf
State Street	stewardship-report-2025.pdf
T Rowe Price	https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/proxy-voting-guidelines-TRPA.pdf
Vanguard (Vanguard ETFs)	Global Proxy Voting Policy Vanguard Investment Stewardship 2025 Annual Report

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

4. 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 over the Scheme year to 5 April 2026. A copy of the current SIP signed and dated November 2025 can be found at: www.lepensions.co.uk/compliance.

This Implementation Statement covers the Scheme year from 6 April 2025 to 5 April 2026. 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 investors.

A 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.

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

The SIP was last updated in November 2025 with changes coming into effect in April 2026. As such, the Trustee has fulfilled its obligation to review the Scheme's SIP at least every three years. The November 2025 update reflects changes to the Trustee's description of retirement-related risks and retirement outcomes. In particular, references to pension purchase risk were replaced with pension conversion risk to recognise the range of retirement options available to members, including drawdown and annuity purchase, and the associated risk mitigation wording was updated accordingly.

6. 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 2026. 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.

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.

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

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 blended fund's return volatility remained below, or within, its soft risk target.

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)

In this scheme year, the Trustee carried out a full strategy review in which changes have been made to the default strategy. The review considered the characteristics and retirement objectives of the membership, feedback received from members, and the Trustee's objective of improving long-term retirement outcomes. Following the review, a number of changes were agreed during the Scheme year and subsequently implemented with effect from 6 April 2026.

The Stable Growth fund has been removed from the default strategy, with members spending more time invested in Long Term Growth with a greater exposure to growth assets, before moving into Cautious Growth Fund from 20 years to retirement, this will happen more gradually over a 10 year period rather than a 5 year period previously. The Stable Growth Fund remains available to members via the self-select fund range.

The investment strategy of the FuturePlanner Retirement Focus fund (Default) has been adjusted so that members will be invested between the Cash Fund (25%) and the Cautious Growth Fund (75%). Retirement Focus Annuity and Cash options will remain available to members.

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 2025 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.

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

7. 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.

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.
- 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.

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

8. Voting and Engagement Summary

Voting by the Fiduciary Manager

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.

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 is 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":

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.

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.

In line with the stewardship priorities set out in the SIP, the Fiduciary Manager's activities during the Scheme year focused primarily on Climate Change, Corporate Governance and Human Rights.

All of the most significant votes over this Scheme Year have been reported below.

Voting and engagement data has been provided for the period to 31 March 2026, being the nearest quarter end to the Scheme year end, which the Trustee considers to be a fair representation of activity over the Scheme year.

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

CLIMATE CHANGE – At Shell Plc's annual general meeting on 20 May 2025, Schroders voted for a shareholder resolution asking the company to disclose further information concerning its liquefied natural gas (LNG) business and its climate commitments. This vote was against management, which had recommended shareholders reject the proposal. Schroders considered the disclosure request to be reasonable, clear in scope, and neither onerous nor overly prescriptive to the company. They believe that improved transparency in this area would help shareholders better assess how Shell is managing climate-related risks and the alignment between its climate commitments and its LNG strategy, which Schroders judged to be in the best financial interests of their clients. This vote against management was unsuccessful, as the resolution was not adopted, receiving only around 20% support in favour

CORPORATE GOVERNANCE – At the Meta Platforms, Inc. annual general meeting (AGM) on 28 May 2025, Schroders voted for a shareholder resolution asking the company to disclose the results of shareholder votes broken down by class of shares. This vote was against management, which had recommended shareholders reject the proposal. Given Meta's dual-class share structure and the unequal voting rights this creates, Schroders believe the current voting disclosures do not clearly reflect the concerns of all shareholders. Reporting vote results by share class would allow shareholders to better understand where their concerns are aligned with those of other investors and to more effectively monitor the company's responsiveness in addressing them, which Schroders consider to be in the best financial interests of their clients. This vote against management was unsuccessful, receiving around 21% support, and Schroders expect to continue engaging with the company on its dual-class structure and related shareholder-rights issues.

HUMAN RIGHTS – At the Alphabet Inc. annual general meeting (AGM) on 30 May 2025, Schroders voted for a shareholder resolution asking the company to commission a third-party human rights impact assessment of its AI-driven targeted advertising. This vote was against management, which had recommended shareholders reject the proposal. Given Alphabet's global reach and influence, Schroders believe the company should be held to the highest standards in how it manages human rights across its business, and that an independent assessment would help identify gaps in its policies and processes that could expose it to financial and reputational risk. Schroders judged support for the resolution to be in the best financial interests of their clients. This vote against management was unsuccessful, receiving around 14% support, and Schroders intend to continue engaging with Alphabet on its management of human rights risks.

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	573	2,842	43
Total resolutions eligible to vote	7489	35,913	467
% of resolutions did you vote on for which you were eligible?	96%	100%	100%
% did vote with management?	88%	80%	99%
% vote against management?	12%	20%	1%
% abstained	0%	0%	0%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	10%	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	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 Berman	https://www.nb.com/en/global/esg/engagement
DWS (XTrackers)	https://www.dws.com/en-gb/solutions/sustainability/corporate-governance/
FSSA	https://www.fssaim.com/uk/en/private/sustainability/our-approach-to-sustainability.html
Amundi	https://about.amundi.com/our-stewardship-policy