# 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

## 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.