

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022

Scheme Registration No: 00692742RW

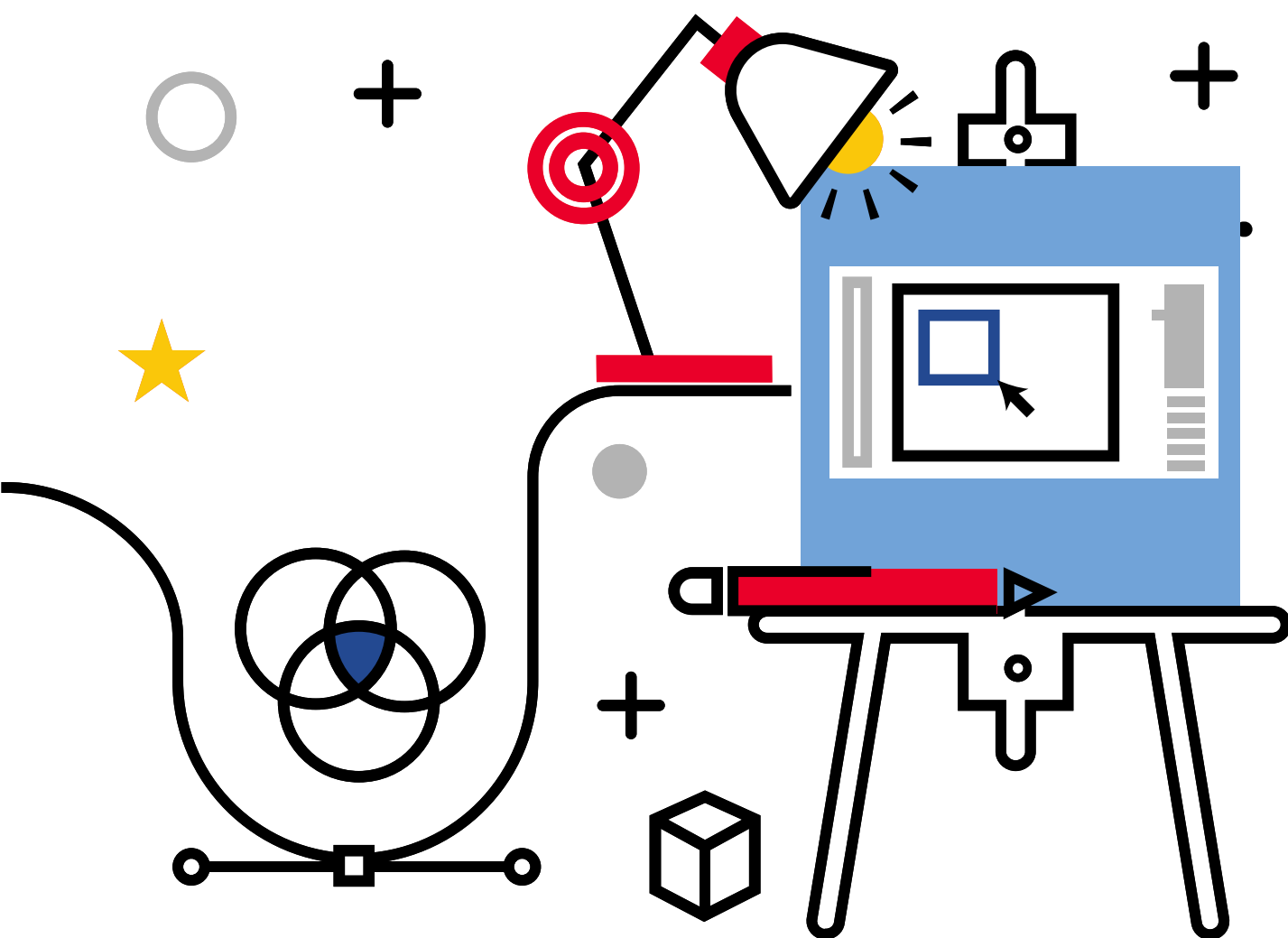


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LEONARDO FUTUREPLANNER

TRUSTEE AND ADVISERS

Trustee:

Leonardo FuturePlanner (Trustee) Ltd

Trustee Directors:

Martin Flavell, Chair *

Brian Airlie **

Craig Drysdale *

Oliver Grammer ** (Resigned 22 October 2021)

Kealey Judd** (Appointed 10 February 2022)

Paul Rees *

Sian Riches **

Clare Roberts *

Craig Weston **

* *Company Nominated*

** *Member Nominated*

Scheme Secretary:

Rachael Skuse

Scheme Address:

Leonardo FuturePlanner

Leonardo UK Ltd

Box 205

Lysander Road

Yeovil

Somerset BA20 2YB

Employer:

Leonardo UK Ltd [formally Leonardo MW Ltd]

(02426132)

1 Eagle Place

Piccadilly

London

SW1Y 6AF

Participating Employer:

Telespazio UK Limited [formally Telespazio VEGA UK Ltd]

(07420777)

Auditor:

RSM UK Audit LLP

25 Farringdon Street

London EC4A 4AB

Legal Advisers:

Burges Salmon LLP

One Glass Wharf

Bristol BS2 0ZX

Bankers:

Barclays Bank plc

Investment Platform Providers:

Mobius Life Limited

7th Floor

20 Gresham Street

London EC2V 7JE

TRUSTEE AND ADVISERS (continued)

Consultants & Administrators:

XPS Administration Limited
One Temple Quay
Temple Back East
Bristol BS1 6DZ

Investment Managers & Advisors:

Schroders IS Limited (formerly known as River and
Mercantile Investments Limited)

CHAIR'S INTRODUCTION YEAR ENDED 5 APRIL 2022

I am pleased to present the Report and Financial Statements for Leonardo FuturePlanner (the "Scheme") for the year ended 5 April 2022.

Following the unprecedented market volatility as a result of the COVID 19 pandemic and the lockdown that followed, markets improved during 2021. The investment environment into 2022 has been difficult, with high levels of volatility. There is a challenging backdrop with the Russian invasion of Ukraine having impacted markets across the globe, with unprecedented rises in oil and gas prices and increasing levels of inflation. Asset values fell through the first quarter of 2022, and our portfolio is positioned defensively in light of the continuing volatile conditions.

Our diversified and dynamic approach to asset allocation provided protection and allowed us to capitalise on market rebounds. Despite the challenges, the Scheme's three growth focused 'blend' funds provided positive returns over the year and the 'blend' funds are still ahead of their long-term targets since inception (25 October 2011).

Post year-end, the Trustee implemented some changes to the DC investment strategy following a full review of the investment funds offered, and the components of the Scheme's blend funds and lifestyle strategy. These changes have streamlined the 'Retirement Focus' fund options, and adjusted the default lifestyle switching period and risk profile within the blend funds. This followed a detailed review and advice from Schroders, the Trustee's investment advisers.

The Trustee is working to develop additional options for members at the point of retirement, and a new solution for the deferred member transfer process, with an external pension provider. This is an exciting development and we will share news as soon as the details have been finalised.

We review annually how we comply with The Pensions Regulator's Code of Practice for DC schemes. You will find more information about this on pages 31 to 37 in this report. This includes our formal review of how we provide "value for members", particularly in relation to the charges that apply to the funds FuturePlanner offers.

You have the ability to check how your pension is progressing and make changes online through XPS Administration's MyPension.com service where you will also find interactive modellers which allow you to look at your potential retirement options.

The Company has undertaken a consultation process through 2022 with active Scheme members and their representatives regarding proposed changes to future pension provision. The Trustee is now awaiting the Company's confirmation of the outcome of the consultation.

I would like to extend a warm welcome to Kealey Judd as a Member nominated Director of the Trustee Board. She replaced Oliver Grammer who stood down as a Trustee during the year due to work commitments.

I would like to express my thanks to all the Trustee Directors and our advisers for their significant contribution to the management of the Scheme and I look forward to working with them over the coming year.



Martin Flavell

Martin Flavell

Chair

Leonardo FuturePlanner (Trustee) Limited

Date: 22 September 2022



TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2022

The Trustee presents to the members its annual report and financial statements for the year ended 5 April 2022.

Scheme Information

Leonardo FuturePlanner ("the Scheme") is governed by the Definitive Trust Deed, dated 1 July 2013, including subsequent amendments. Prior to 31 October 2016 the Scheme was known as Finmeccanica FuturePlanner.

The Scheme provides pensions and lump sum benefits on retirement and death for those employees who are members of the Scheme, and is governed by a Trust Deed and Rules.

The Scheme provides defined contribution pensions. The Scheme is open to new employees.

Trustees are appointed and removed from office by the Principal Employer in accordance with the Trust Deed. They have the responsibility for ensuring that the Scheme is properly run in accordance with its governing documents, and in the best interests of the members.

The Trustee is a sole Corporate Trustee, Leonardo FuturePlanner (Trustee) Limited. The Trustee Directors are listed on page 2.

Under the provisions of the Pensions Act 2004, at least one-third of the Trustee must be nominated by Scheme members. In accordance with these provisions four Member Nominated Trustee Directors have been appointed.

During the year the Trustee met regularly to review the management of the Scheme and to monitor the performance of the investment managers, administrators and advisers.

A comprehensive website, www.futureplanner.co.uk provides access to key information about Leonardo FuturePlanner, including modelling tools, latest news and interactive newsletter. Email alerts are sent to members on an occasional basis to highlight new developments.

A programme of training workshops is provided to members to improve understanding of the Scheme. Consultative committees are also given regular briefings on developments and performance of key suppliers.

Membership

The number of members as at the year end was:

Active members at 6 April 2021		4,218
New joiners	737	
Retirement	-	
Deferred	(470)	
Refunds/ Opt outs	(6)	
Death	(7)	
Active members at 5 April 2022		<u>4,472</u>
Deferred pensioners at 6 April 2021		1,251
From Active	470	
Retirement	(19)	
Transfer Out	(163)	
Refunds/ Opt outs	(1)	
Death	(1)	
Deferred pensioners at 5 April 2022		<u>1,537</u>
Total members at 5 April 2022		<u>6,009</u>

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2022 (continued)

FuturePlanner has been used to auto-enrol employees who are not currently in a qualifying pension scheme. Auto enrolled employees may subsequently opt out and become a member with preserved benefits (whose contributions paid to the date of opt out would be retained in the Retirement Account). These employees would be re-enrolled at the next triennial re-enrolment exercise. The results of the most recent exercises are set out below:

Employer	Re-enrolment date	New members
Leonardo UK Ltd	1 June 2019	31
Telespazio UK Ltd	1 December 2020	0 [^]

[^] All Telespazio employees are enrolled into the scheme hence no additional new members

The minimum contribution level required under auto-enrolment legislation increased from 6 April 2018. The participating employers comply with the auto-enrolment requirements by satisfying alternative quality standards as set out in the Regulations and a certificate has been issued to confirm this for the period 1 April 2019 to 30 September 2020. As provided for under this certificate all jobholders paying less than the Scheme's default level were auto-escalated to this level as at 1 April 2019. The next triennial re-enrolment exercise will take place in 2022.

Scheme Changes

A Deed of Amendment was signed on 13 April 2022 to clarify and ensure flexibility on the deferred member transfer process, and enable the development of additional options for members at the point of retirement. There have been no other Scheme changes during the year.

Going concern

The Trustee of the Scheme has made an assessment on going concern and given the funding position and the support from the Participating 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.

Financial Development of the Scheme

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

	£'000s
Net assets at 5 April 2021	192,209
Net additions from dealings with members	22,767
Net returns on investments	9,112
Net assets at 5 April 2022	<u>224,088</u>

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

Taxation Status

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

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2022 (continued)

Enquiries

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

c/o XPS Administration Limited
One Temple Quay
Temple Back East
Bristol
BS1 6DZ

E-mail: futureplanner@xpsgroup.com

MoneyHelper

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

MoneyHelper
Holborn Centre
120 Holborn
London EC1N 2TD

Tel: 0800 011 3797

Email: pensions.enquiries@moneyhelper.org.uk

Website: www.moneyhelper.org.uk

Pensions Ombudsman

Early Resolution Service

The early resolution service is available to assist with any difficulty that has not been resolved or to assist with a potential complaint.

Tel: 0800 917 4487

Email: helpline@pensions-ombudsman.org.uk

Complaints

If a member has a complaint against the Scheme that has not been resolved to his or her satisfaction through the Scheme's Dispute Procedure, the government appointed Pensions Ombudsman can investigate complaints of injustice caused by bad administration, either by the Trustee or Scheme administrators, or disputes of fact or law. The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London E14 4PU

Tel: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2022 (continued)

The Pensions Regulator (tPR)

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

Napier House
Trafalgar Place
Brighton BN1 4DW

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 00692742RW. 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:

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton WV98 1LU

Tel: 0800 731 0193

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

INVESTMENT REPORT

Market Background

Over the year to 31 March 2022, global equities rose despite the challenges towards the end of the period due to the war in Ukraine. Concerns over rising inflation led to central banks increasing interest rates and government bond yields rose over the year. Commodity prices soared.

At the start of the second quarter of 2021 global equities performed strongly, supported by the accelerating roll-out of Covid-19 vaccines. Growth stocks outperformed more lowly valued parts of the market. Government bond yields stabilised somewhat over the Q2 2021, after Q1 saw rates rise dramatically. The rise in yields seen in Q1 began to reverse but yields were higher than those seen six months ago. Corporate bonds outperformed government bonds. The quarter was particularly strong for US share prices, with data showing GDP growth of 6.4%. European shares were also stronger in Q1 as Covid-19 infection numbers fell and many countries were able to loosen restrictions on economic and social activity. UK equities also performed well, while Japanese shares underperformed other developed markets.

The third quarter saw a marginal decline in global equity markets in local currency terms, in contrast to the strong equity rally seen over the prior five quarters since the selloff in Q1 2020. Equity performance in regions diverged, with developed markets largely flat and emerging market shares underperforming amid a sell-off in China. This was triggered by concerns over the ability of Chinese property company Evergrande to service its debts. The Evergrande situation sparked global investor concerns over potential spill over risks. Global sovereign bond yields including gilt yields increased over the quarter while inflation expectations rose. Commodity prices continued to rise over the quarter due to supply chain bottlenecks and rises in energy prices.

Over the final quarter global share prices were stronger as investors focused on economic resilience and corporate earnings. In bond markets, government bonds outperformed corporate bonds. Markets began to price in a faster pace of interest rate rises in the US. Commodities also saw a positive return as industrial metals gained. US equities were robust despite a weaker November, during which fears over rising cases of the Omicron variant of Covid-19 and the speed of the Federal Reserve's (Fed) asset tapering had weighed. UK and European shares also gained, while emerging market and Asia Pacific ex Japan shares underperformed amid fears that the emergence of the Omicron variant would derail the global economic recovery.

Over the first quarter of 2022, Russia's invasion of Ukraine in late February caused a global shock. The grave human implications fed through into markets, with equities declining and bond yields rising (meaning prices fell). Commodity prices soared given Russia is a key producer of several important commodities including oil, gas, and wheat. This contributed to a further surge in inflation as well as supply chain disruption. Elsewhere, Chinese equities were negatively affected by renewed Covid-19 outbreaks, leading to new lockdowns in some major cities.

US stocks fell in the first quarter of 2022. Russia's invasion of Ukraine drew widespread condemnation and elicited a range of strict sanctions from the US and its allies. The invasion amplified existing concerns over inflation pressures, particularly through food and energy although economic data otherwise remained stable. The Fed raised interest rates by 0.25%, with further hikes expected through the rest of 2022. European shares fell sharply in the first quarter. The region has close economic ties with Ukraine and Russia, particularly when it comes to reliance on Russian oil and gas. UK equities were resilient as investors began to price in the additional inflationary shock of Russia's invasion of Ukraine. The Bank of England increased its base rate by 0.5% over the quarter to 0.75%.

INVESTMENT REPORT (continued)

Statement of Investment Principles

A Statement of Investment Principles has been produced as required under Section 35 of the Pensions Act 1995 and a copy is available on request.

All investments made during the year were in accordance with this Statement. The Trustee periodically reviews its investment managers' policies with regard to the exercising of voting rights attached to investments. The Trustee may request the investment managers to exercise these rights in a certain manner, subject to the Trustee acting in the best financial interest of the Scheme's beneficiaries. Where the Scheme's assets are held in pooled investments, the Trustee accepts that it is the manager of the pooled investments who exercises the voting rights attached to the underlying investments on behalf of all participants in the pooled funds.

The Trustee may make its views known to the investment managers on social, environmental and ethical factors and may ask them not to hold certain investments but any request will have regard to the Trustee's duty to act in the best financial interest of the Scheme's beneficiaries. The Trustee accepts that the policy on social, environmental and ethical factors is set by the fund manager in respect of the pooled investments held.

Investment Strategy

The Scheme's assets are all invested through a unit-linked insurance policy, designed for company pension schemes. The unit-linked policy invests in a wide range of investments through a number of investment managers. The Scheme's investment strategy comprises thirteen "member funds", which are made available to members through the "Default Lifestyle" arrangement and/or on a self-select, or "Pick 'n' Mix" basis. The funds in which the member funds themselves invest are known as "underlying funds".

The member funds are invested in a wide range of "underlying investments" (through the underlying funds) in different asset classes, including stocks and shares (equities), bonds, cash and other types of investment. In addition to this, in April 2020, a Fund designed to favour investment in companies which exhibit Environmental, Social and Governance ('ESG') characteristics, that are expected to add value over the long term, was added to the range of member funds. In 2021, following identification of sufficient member demand for such a fund, a Shariah-compliant equity fund was also added to the fund range.

The value of the members' funds is worked out daily and will rise or fall. Members' investments are directly linked to the performance (after any applicable fees or charges) of the underlying funds in which money is invested.

For example, members may invest in the FuturePlanner Cash Fund – this is a member fund. This fund is itself 100% invested in the LGIM Sterling Liquidity Cash Fund – this is an underlying fund. The LGIM fund will hold various cash investments – these are underlying investments.

The value of the total policy is also worked out daily, based on the total number of units each member has in the unit-linked policy. As the value of the underlying funds rises or falls, so will the value of members' holdings in the policy. The policy can be cashed in on any working day that reflects up to date market valuations.

The investment strategy includes a number of options for members. The "Default Lifestyle" arrangement switches members across four member funds, called Core Funds. Each Core Fund is made up of a variety of underlying funds, managed by different investment managers. Each Core Fund also has its own risk and return objective, thereby taking account of members' changing needs as they approach retirement.

For members who choose not to use the Default Lifestyle arrangement, the investment strategy includes a range of self-select, or "Pick 'n' Mix" funds. This range includes:

- three of the Core Funds underlying the Default Lifestyle arrangement (Long Term Growth Fund, Stable Growth Fund, Cautious Growth Fund);
- three lifestyle choices targeting alternative options at-retirement (Take Your Pot As Cash, Income For Life / Annuity Purchase, Invest Into Retirement / Income Drawdown);
- five funds broadly representing more traditional equities, bonds, cash and property; and
- an ESG-focussed equity fund and a Shariah-compliant equity fund.

INVESTMENT REPORT (continued)

To facilitate the investment strategy, an “investment platform” is necessary. The Trustees have appointed Mobius Life (“ML”) as the provider and therefore the Scheme assets are held by ML. Schroders Solutions (“Schroders Solutions”) is the investment advisor and has been appointed by the Trustees to carry out asset allocation and selection of the underlying managers in the member funds.

The underlying funds comprise a series of funds managed by professional investment managers (the “underlying managers”): BlackRock and Legal & General Investment Management. The portfolios of underlying investments are held by independent corporate custodians.

All assets held by the Scheme are held through Pooled Investment Vehicles (“PIVs”). Member funds are PIVs whilst the underlying funds consist of PIVs and segregated accounts which are a combination of PIVs and directly held financial instruments.

Investment Performance

Performance of the Scheme’s assets against the objectives to 31 March 2022 is shown below:

Fund Return (%)	12 Months	3 Years p.a.	Since Inception p.a.
FuturePlanner Long Term Growth Fund	7.1%	8.4%	8.6%
Long-Term Target	12.1%	8.1%	7.1%
Short-Term Benchmark	8.0%	11.1%	10.2%
FuturePlanner Stable Growth Fund	5.7%	7.3%	7.6%
Long-Term Target	11.1%	7.1%	6.1%
Short-Term Benchmark	5.8%	8.9%	8.5%
FuturePlanner Cautious Growth Fund	4.3%	6.0%	7.5%
Long-Term Target	10.1%	6.1%	5.1%
Short-Term Benchmark	3.9%	7.4%	7.3%
FuturePlanner Retirement Focus Fund (Default)	1.2%	3.2%	5.1%
Benchmark	4.0%	3.3%	5.3%
FuturePlanner Retirement Focus Fund (Invest into Retirement)	3.2%	-	-
Benchmark	7.6%	-	-
FuturePlanner Retirement Focus Fund (Take Your Pot As Cash)	-0.1%	-	-
Benchmark	0.1%	-	-
FuturePlanner Cash Fund	0.0%	0.2%	0.3%
Benchmark	0.1%	0.2%	0.5%
FuturePlanner Global Equity Fund	11.4%	11.7%	10.6%
Benchmark	9.6%	11.1%	10.8%
FuturePlanner Corporate Bond Fund	-5.5%	0.9%	4.4%
Benchmark	-5.2%	1.0%	4.5%
FuturePlanner Fixed Annuity Focus Fund	-6.9%	0.4%	5.3%
Benchmark	-6.6%	0.5%	5.1%
FuturePlanner Inflation-Linked Annuity Focus Fund	-1.6%	1.8%	5.4%
Benchmark	-0.9%	2.1%	5.6%
FuturePlanner ESG Fund	12.4%	-	-
Benchmark	11.7%	-	-
FuturePlanner Islamic Equity Fund	-	-	-
Benchmark	-	-	-

Source: Mobius Life (Fund prices, March 2022), Underlying fund managers (benchmark performance, March 2022), Schroders Solutions (Calculations, May 2022)

Performance is shown net of fees deducted from assets. Since inception numbers are as at 25 October 2011 unless otherwise stated.

LEONARDO FUTUREPLANNER

INVESTMENT REPORT (continued)

The alternative Retirement Focus lifestyle options and FuturePlanner ESG fund have been invested in for less than 3 years. As such, only 1-year performance is available.

FuturePlanner Islamic Equity fund inceptioned in April 2021 and therefore 1 year data is not available for this fund.

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 members may not get back the full amount originally invested.

Long-term targets and short-term benchmarks as at 31 March 2022 are shown below:

Fund ↓	Target/BM →	Long-Term Target	Short-Term Benchmark
FuturePlanner Long Term Growth Fund		CPI + 5% p.a.	Composite benchmark of indices: 65% Global Equity, 25% Credit, 5% Gilts, 5% Cash
FuturePlanner Stable Growth Fund		CPI + 4% p.a.	Composite benchmark of indices: 50% Global Equity, 35% Credit, 10% Gilts, 5% Cash
FuturePlanner Cautious Growth Fund		CPI + 3% p.a.	Composite benchmark of indices: 40% Global Equity, 30% Credit, 25% Gilts, 5% Cash
FuturePlanner Retirement Focus (Default)		Composite of underlying Cautious Growth / Cash / Annuity Focus	
FuturePlanner Retirement Focus (Invest Into Retirement / Income Drawdown)		Composite of underlying Cautious Growth / Cash / Annuity Focus	
FuturePlanner Retirement Focus (Income For Life / Annuity Purchase)		Composite of underlying Cautious Growth / Cash / Annuity Focus	
FuturePlanner Retirement Focus (Take Your Pot As Cash)		Composite of underlying Cautious Growth / Cash / Annuity Focus	
FuturePlanner Cash Fund		Seven Day LIBID	
FuturePlanner Global Equity Fund		30% FTSE All-Share Index, 60% FTSE All-World Developed (hedged), 10% Emerging Market Equities	
FuturePlanner Corporate Bond Fund		iBoxx £ Non-Gilts Total Return Index	
FuturePlanner Annuity Focus Fund		Composite benchmark of corporate bonds and gilts	
FuturePlanner Inflation-Linked Annuity Focus Fund		Composite benchmark of index-linked corporate bonds and gilts	
FuturePlanner ESG Fund		FTSE All-World ex CW Climate Balanced Factor Index (50% Currency Hedged)	
FuturePlanner Islamic Equity Fund		Dow Jones Islamic Markets 100 Net Total Return Index	

Employer Related Investments

There were no employer related investments during the year.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) 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 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 making 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 judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

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

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

The Trustee is responsible under pensions legislation for securing that a Payment Schedule is prepared, maintained and from time to time revised showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Payment Schedule. 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's Report, which includes the Investment Report, the Statement of Trustee's Responsibilities and Implementation Statement was approved by the Trustee.

For and on behalf of the Trustee

Martin Flavell

Trustee Director, Leonardo FuturePlanner (Trustee) Ltd

Date: 22 September 2022

Brian Airlie

Trustee Director, Leonardo FuturePlanner (Trustee) Ltd

Date: 22 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF LEONARDO FUTUREPLANNER

Opinion

We have audited the financial statements of Leonardo FuturePlanner for the year ended 5 April 2022 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 2022, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Schemes 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 LEONARDO FUTUREPLANNER (continued)

Responsibilities of the Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 13, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP).

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF LEONARDO FUTUREPLANNER (continued)

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

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

Use of our report

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

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor, Chartered Accountants
25 Farringdon Street
London EC4A 4AB

Date: 22 September 2022

LEONARDO FUTUREPLANNER

FUND ACCOUNT

For the year ended 5 April 2022

	Note	2022 £'000s	2021 £'000s
CONTRIBUTIONS AND BENEFITS			
Employer contributions	4	32,227	28,665
Employee contributions	4	<u>215</u>	<u>220</u>
Total contributions	4	32,442	28,885
Transfers in	5	2,054	1,054
Other income	6	<u>876</u>	<u>613</u>
		<u>35,372</u>	<u>30,552</u>
Benefits paid or payable	7	2,028	1,766
Payments to and on account of leavers	8	8,487	3,774
Other payments	9	1,315	1,036
Administrative expenses	10	<u>775</u>	<u>711</u>
		<u>12,605</u>	<u>7,287</u>
NET ADDITIONS FROM DEALINGS WITH MEMBERS		<u>22,767</u>	<u>23,265</u>
RETURNS ON INVESTMENTS			
Investment income	11	1	1
Change in market value of investments	12	<u>9,111</u>	<u>33,690</u>
NET RETURNS ON INVESTMENTS		<u>9,112</u>	<u>33,691</u>
NET INCREASE IN THE FUND FOR THE YEAR		31,879	56,956
OPENING NET ASSETS		<u>192,209</u>	<u>135,253</u>
CLOSING NET ASSETS		<u><u>224,088</u></u>	<u><u>192,209</u></u>

The notes on pages 19 to 28 form part of these financial statements.

LEONARDO FUTUREPLANNER

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

At 5 April 2022

	Note	2022 £'000s	2021 £'000s
INVESTMENT ASSETS	12		
Pooled investment vehicles	13	217,069	186,140
Cash deposits		<u>4</u>	<u>50</u>
TOTAL NET INVESTMENTS		217,073	186,190
CURRENT ASSETS	17	7,153	6,431
CURRENT LIABILITIES	18	<u>(138)</u>	<u>(412)</u>
CLOSING NET ASSETS		<u>224,088</u>	<u>192,209</u>

The notes on pages 19 to 28 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.

These financial statements were approved by the Trustee on 22 September 2022.

Signed on behalf of the Trustee

Martin Flavell

Trustee Director, Leonardo FuturePlanner (Trustee) Ltd

Brian Airlie

Trustee Director, Leonardo FuturePlanner (Trustee) Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 5 April 2022

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).

As stated in the Statement of Trustee's Responsibilities on page 13, 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 status as a defined contribution scheme, well diversified investment strategy, strength of the Employer position to continue to support the Scheme. The Trustee has also noted that sufficient unallocated funds exist in the Scheme to meet several years of future expenses.

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as they believe that the Scheme has adequate resources to realise its assets and meet benefit obligations in the normal course of affairs (continue to operate) for at least the next twelve months.

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 Administration Limited, One Temple Quay, Temple Back East, Bristol BS1 6DZ.

E-mail: futureplanner@xpsgroup.com.

3. ACCOUNTING POLICIES

(a) **Accounting Convention**

The financial statements are prepared on an accruals basis.

(b) **Contributions**

Employee contributions, including AVCs, are accounted for when they are deducted from pay by the employer, except for the first contribution due where the employee has been auto-enrolled by the employer, in which case it is accounted for when received by the Scheme.

Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions.

Employer augmentations are accounted for in accordance with the agreement under which they are paid, or in the absence of an agreement, on a receipts basis.

(c) **Payments to Members**

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**

Interest receivable is taken into account on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2022

3. ACCOUNTING POLICIES (continued)

(f) Investments

Investments are included at fair value as follows:

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager.

(g) Currency

The Scheme's functional and presentation currency is pounds sterling (GBP).

4. CONTRIBUTIONS	2022 £'000s	2021 £'000s
Employer contributions		
Normal	17,015	15,214
Expenses contributions	2,779	2,523
Smart contributions	8,346	7,468
Additional voluntary	4,087	3,460
	<u>32,227</u>	<u>28,665</u>
Employee contributions		
Normal	147	136
Additional voluntary	68	84
	<u>215</u>	<u>220</u>
	<u>32,442</u>	<u>28,885</u>

Employer's expense contributions are contributions towards the costs of death in service cover and administration and are ongoing under the Payment Schedule.

Employer's Smart contributions are contributions the Employer pays on behalf of the members who participate in Smart Salary Sacrifice agreement.

Members can pay additional voluntary contributions (AVCs). Employer AVC contributions are paid via Smart and are invested in the same way as other contributions.

5. TRANSFERS IN	2022 £'000s	2021 £'000s
Individual transfers in from other schemes	<u>2,054</u>	<u>1,054</u>
6. OTHER INCOME	2022 £'000s	2021 £'000s
Claims on term insurance policies	<u>876</u>	<u>613</u>
7. BENEFITS PAID OR PAYABLE	2022 £'000s	2021 £'000s
Commutation of pensions and lump sum retirement benefits	575	780
Purchase of annuities	409	232
Lump sum death benefits	868	613
Refunds of contributions on death	176	141
	<u>2,028</u>	<u>1,766</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2022

8.	PAYMENTS TO AND ON ACCOUNT OF LEAVERS	2022 £'000s	2021 £'000s			
	Refunds of contributions	6	4			
	Individual transfers out to other schemes	8,481	3,770			
		<u>8,487</u>	<u>3,774</u>			
9.	OTHER PAYMENTS	2022 £'000s	2021 £'000s			
	Premiums on term insurance policies	<u>1,315</u>	<u>1,036</u>			
10.	ADMINISTRATIVE EXPENSES	2022 £'000s	2021 £'000s			
	Administration	367	363			
	Legal fees	12	4			
	Trustee fees & expenses	34	27			
	Other professional fees	265	211			
	Investment advice	23	-			
	Audit fees	14	11			
	PPF levy	11	7			
	Miscellaneous expenses	49	88			
		<u>775</u>	<u>711</u>			
11.	INVESTMENT INCOME	2022 £'000s	2021 £'000s			
	Interest on cash deposits	<u>1</u>	<u>1</u>			
12.	RECONCILIATION OF INVESTMENTS					
		Value at 5.4.2021 £'000s	Purchases at cost £'000s	Sales proceeds £'000s	Change in market value £'000s	Value at 5.4.2022 £'000s
	Pooled investment vehicles	186,140	<u>46,292</u>	<u>(24,474)</u>	<u>9,111</u>	217,069
	Cash in transit	<u>50</u>				<u>4</u>
		186,190				217,073

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. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect transaction costs are not separately provided to the Scheme. 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 Leonardo FuturePlanner managed fund, 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2022

12. RECONCILIATION OF INVESTMENTS (continued)

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

	2022 £'000s	2021 £'000s
Members	217,069	186,140
Trustee	-	-
	<u>217,069</u>	<u>186,140</u>

The total value of AVC investments held within the pooled investments as at 5 April 2022 was £17,470,282 (2021: £14,269,028).

13. POOLED INVESTMENT VEHICLES

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

	2022 £'000s	2021 £'000s
Equity	13,342	10,776
Bonds	3,661	2,552
Cash	1,128	1,427
Diversified Growth Funds	<u>198,938</u>	<u>171,385</u>
	<u>217,069</u>	<u>186,140</u>

14. 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:

At 5 April 2022				
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	217,069	-	217,069
Cash	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
	<u>4</u>	<u>217,069</u>	<u>-</u>	<u>217,073</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2022

	At 5 April 2021			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	186,140	-	186,140
Cash	50	-	-	50
	<u>50</u>	<u>186,140</u>	<u>-</u>	<u>186,190</u>

15. INVESTMENT RISK DISCLOSURES

Investment risks

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

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

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

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or 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.

Further information on the Trustee's approach to risk management, credit and market risk is set out below.

(i) Investment strategy

The Scheme's assets are all invested through a unit-linked insurance policy, designed for company pension schemes. The unit-linked policy invests in a wide range of investments through a number of investment managers. The Scheme's investment strategy comprises thirteen "member funds", which are made available to members through the "Default Lifestyle" arrangement and/or on a self-select, or "Pick 'n' Mix" basis. The funds in which the member funds themselves invest are known as "underlying funds".

The member funds are invested in a wide range of "underlying investments" (through the underlying funds) in different asset classes, including stocks and shares (equities), bonds, cash and other types of investment. In addition to this, in April 2020, a Fund designed to favour investment in companies which exhibit Environmental, Social and Governance ('ESG') characteristics, that are expected to add value over the long term, was added to the range of member funds. In 2021, following identification of sufficient member demand for such a fund, a Shariah-compliant equity fund was also added to the fund range.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2022

15. INVESTMENT RISK DISCLOSURES (continued)

(i) Investment strategy (continued)

The value of the members' funds is worked out daily and will rise or fall. Members' investments are directly linked to the performance (after any applicable fees or charges) of the underlying funds in which money is invested.

For example, members may invest in the FuturePlanner Cash Fund – this is a member fund. This fund is itself 100% invested in the LGIM Sterling Liquidity Cash Fund – this is an underlying fund. The LGIM fund will hold various cash investments – these are underlying investments.

(i) Investment strategy (continued)

The value of the total policy is also worked out daily, based on the total number of units each member has in the unit-linked policy. As the value of the underlying funds rises or falls, so will the value of members' holdings in the policy. The policy can be cashed in on any working day that reflects up to date market valuations.

The investment strategy includes a number of options for members. The "Default Lifestyle" arrangement switches members across four member funds, called Core Funds. Each Core Fund is made up of a variety of underlying funds, managed by different investment managers. Each Core Fund also has its own risk and return objective, thereby taking account of members' changing needs as they approach retirement.

For members who choose not to use the Default Lifestyle arrangement, the investment strategy includes a range of self-select, or "Pick 'n' Mix" funds. This range includes:

- three of the Core Funds underlying the Default Lifestyle arrangement (Long Term Growth Fund, Stable Growth Fund, Cautious Growth Fund);
- three lifestyle choices targeting alternative options at-retirement (Take Your Pot As Cash, Income For Life / Annuity Purchase, Invest Into Retirement / Income Drawdown);
- five funds broadly representing more traditional equities, bonds, cash and property; and
- an ESG-focussed equity fund and a Shariah-compliant equity fund.

To facilitate the investment strategy, an "investment platform" is necessary. The Trustees have appointed Mobius Life ("ML") as the provider and therefore the Scheme assets are held by ML. Schroders Solutions ("Schroders Solutions") is the investment advisor and has been appointed by the Trustees to carry out asset allocation and selection of the underlying managers in the member funds.

The underlying funds comprise a series of funds managed by professional investment managers (the "underlying managers"): BlackRock and Legal & General Investment Management. The portfolios of underlying investments are held by independent corporate custodians.

All assets held by the Scheme are held through Pooled Investment Vehicles ("PIVs"). Member funds are PIVs whilst the underlying funds consist of PIVs and segregated accounts which are a combination of PIVs and directly held financial instruments.

(ii) Risk assessment

The Scheme is subject to various types of risks, but member level risk exposures will be dependent on the member funds invested in by members. The main types of risks include (but are not limited to) credit risk and market risk, arising from the underlying investments in the underlying funds. Market risk is composed of foreign exchange ("FX"), interest rate and other price risk.

The Trustees consider risks at a member fund level to be more important, recognising the benefit of diversification and offsetting risks within the investment funds.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2022

15. INVESTMENT RISK DISCLOSURES (continued)

(ii) Risk assessment (continues)

Risks are classified as "Direct" if they relate to an investment held directly by the Scheme, or "Indirect" if they relate to an investment held by one of the pooled underlying funds.

All member funds would be exposed to different risks to some degree (for example, a large shift in interest rates could affect equity markets). The main risk exposures of each of the member funds within the investment strategy are set out in the table to the right.

(iii) Investment Risk

Credit Risk

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

ML 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 ML, the Trustees are 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 Trustees 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 Trustees carry out due diligence checks on the appointment of the investment platform and new investment managers and, on an ongoing basis, monitor 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 2022 the total value of member funds subject to direct credit risk was £216.8m (2021: £184.6m).

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.

Currency risk

Some member funds are subject to indirect currency risk because some of the underlying investments are held in overseas markets via pooled investment vehicles or segregated accounts. The Trustees regard currency risk as one which can, in some cases, add value and have delegated management of this risk to their investment advisor.

There is no direct exposure to currency risk. All member and underlying funds are priced in GBP and no foreign denominated assets are held directly.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2022

15. INVESTMENT RISK DISCLOSURES (continued)

(iii) Investment Risk (continued)

Interest rate risk

Some member funds are subject to indirect interest rate risk because some of the underlying investments are held in bonds or cash through pooled vehicles or segregated accounts. If interest rates fall the value of these investments will rise (all else equal) and vice versa.

The Scheme manages this risk through the following:

- diversification, where appropriate, to reduce the impact of a change in interest rates; or
- allowing the risk, where appropriate, in recognition that a change in interest rates will likely be correlated with a change in annuity rates and therefore this degree of “matching” is desirable.

No assets are subject to direct interest rate risk as no interest rate sensitive investments are held directly.

Other price risk

All assets are subject to indirect other price risk, including those held in segregated accounts. Other price risk arises in relation to risks not mentioned above, such as those affecting equity markets, property, non-investment grade bonds, etc.

The Scheme manages this risk by making available member funds with a diverse portfolio of investments across various markets, designed to minimise the overall price risk. Members may also invest in funds with a higher degree of overall price risk should they choose.

No assets are subject to direct other price risk as no price sensitive investments are held directly.

LEONARDO FUTUREPLANNER

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2022

15. INVESTMENT RISK DISCLOSURES (continued)

Other price risk (continued)

Fund ↓	Risk→	Credit (Direct)	Credit (Indirect)	FX	Interest Rate	Other Price
FuturePlanner Long Term Growth Fund		✓	✓	✓	✓	✓
FuturePlanner Stable Growth Fund		✓	✓	✓	✓	✓
FuturePlanner Cautious Growth Fund		✓	✓	✓	✓	✓
FuturePlanner Retirement Focus Fund (Default)		✓	✓	✓	✓	✓
FuturePlanner Retirement Focus Fund (Invest Into Retirement / Income Drawdown)		✓	✓	✓	✓	✓
FuturePlanner Retirement Focus Fund (Income for Life / Annuity Purchase)		✓	✓		✓	✓
FuturePlanner Retirement Focus Fund (Take Your Pot As Cash)		✓			✓	✓
FuturePlanner Cash Fund		✓			✓	✓
FuturePlanner Global Equity Fund		✓		✓		✓
FuturePlanner Corporate Bond Fund		✓	✓		✓	✓
FuturePlanner Fixed Annuity Focus Fund		✓	✓		✓	✓
FuturePlanner Inflation-Linked Annuity Focus Fund		✓	✓		✓	✓
FuturePlanner ESG Fund		✓		✓		✓
FuturePlanner Islamic Global Equity Fund		✓		✓		✓

16. CONCENTRATION OF INVESTMENTS

The following investments represented over 5% of the net assets of the Scheme:

	2022		2021	
	£'000s	%	£'000s	%
FuturePlanner Stable Growth Fund	64,464	28.3	55,089	28.7
FuturePlanner Cautious Growth Fund	58,218	26.0	51,732	26.9
FuturePlanner Long Term Growth Fund	64,493	28.8	52,756	27.4
FuturePlanner Retirement Focus Fund	12,096	5.4	11,375	5.9
FuturePlanner Global Equity Fund	13,174	5.9	10,515	5.5

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2022

17. CURRENT ASSETS	2022 £'000s	2021 £'000s
Bank balance	6,506	5,737
Prepaid expenses	601	603
Tax recoverable	46	91
	<u>7,153</u>	<u>6,431</u>

Included in the bank balance is £3,743,153 (2021: £3,066,521) which is not allocated to members.

The tax recoverable by the Employer is VAT on administrative expenses which the Employer reclaims and reimburses to the Scheme.

18. CURRENT LIABILITIES	2022 £'000s	2021 £'000s
Unpaid benefits	59	296
Accrued expenses	79	105
Tax payable	-	11
	<u>138</u>	<u>412</u>

19. RELATED PARTIES

Eight of the nine current Trustee Directors, who held post during the year, were contributing members of the Scheme during the Scheme year. Their contributions were calculated and paid to the Scheme in accordance with the Scheme rules.

Management and governance services are provided by an in-house pensions 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 2022 these costs amounted to £160,000 (2021: £160,000).

Trustee Directors who are pensioner members of a Leonardo group pension scheme receive remuneration from Leonardo UK Ltd for governance services. Trustee remuneration for 2022 totalled £16,520 (2021: £15,218).

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

20. 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.

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF LEONARDO FUTUREPLANNER

Statement about contributions payable under the Payment Schedule

We have examined the summary of contributions payable to Leonardo FuturePlanner on page 30 in respect of the Scheme year ended 5 April 2022, to which this statement is attached.

In our opinion the contributions for the Scheme year ended 5 April 2022 as reported in the attached summary of contributions on page 30 and payable under the Payment Schedule have in all material respects been paid at least in accordance with the Payment Schedules dated 1 July 2013 and 31 January 2022.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 30 in the attached summary of contributions have in all material respects been paid at least in accordance with the Payment Schedule. 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 Payment Schedule.

Responsibilities of Trustee and Auditor

As explained more fully on page 13 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 Payment Schedule 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 Payment Schedule.

It is our responsibility to provide a statement about contributions paid under the Payment Schedule 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

Date: 22 September 2022

SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR

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

	£'000s
Employer normal contributions	17,015
Employer Smart contributions	8,346
Employer expense contributions	2,779
Employee normal contributions	<u>147</u>
Total contributions paid	<u>28,287</u>
Reconciliation to the financial statements:	
Contributions paid under the Payment Schedule	28,289
Employer Additional Voluntary Contributions	4,087
Members' Additional Voluntary Contributions	<u>68</u>
Contributions receivable per the financial statements	<u><u>32,442</u></u>

This summary was approved by the Trustee on 22 September 2022.

Signed on behalf of the Trustee

Martin Flavell

Trustee Director, Leonardo FuturePlanner (Trustee) Ltd

Brian Airlie

Trustee Director, Leonardo FuturePlanner (Trustee) Ltd

GOVERNANCE STATEMENT FOR LEONARDO FUTUREPLANNER

Governance requirements apply to defined contribution ("DC") pension arrangements like Leonardo FuturePlanner, 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;
- 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 2021 to 5 April 2022.

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.

Generally, the Trustee reviews the default strategy on an ongoing basis, particularly in response to any significant changes in investment market conditions, member demographics or the regulatory framework. The most recent change to the default strategy was made after the Scheme Year end from 25 April 2022 when changes were made to:

- increase the benchmark allocations to global equity within the 'blend funds' in light of increasing levels of inflation;
- streamline the Retirement Focus fund options from four down to three options including alignment of the default fund more closely with an income drawdown solution to reflect the way members on average are drawing their benefits;
- extend the period over which funds are switched into the Retirement Focus fund. The Retirement Focus fund is used as the final phase of the default switching process leading up to the Target Retirement Age (TRA), and a change was made to extend this period of switching from three years before TRA to five years before TRA to decrease risk on the approach to retirement.

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 25 May 2022 for the period ending 31 March 2022, The DC strategy was reviewed and no further changes were considered necessary. The next performance review as at 30 June 2022 is due to be considered at the September 2022 DC investment committee meeting.

You can find the SIP at www.futureplanner.co.uk (within library/trustee documents).

Financial transactions

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

GOVERNANCE STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

The service standard provides for contributions to be invested in member Retirement Accounts no later than required by regulatory guidance. Over the year, XPS Administration Limited (the Scheme administrator) achieved this comfortably with contributions 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 96.85% 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 2022 are set out in the table below:

	Fund	TER
Default Lifestyle Funds	Long Term Growth	0.48%
	Stable Growth Fund	0.48%
	Cautious Growth Fund	0.46%
	Retirement Focus Fund (Default)	0.37%
Self-Select Funds		
	Retirement Focus Fund (Income for Life)	0.27%
	Retirement Focus Fund (Take Your Pot as Cash)	0.28%
	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	0.39%
	ESG Fund	0.30%

Source: Mobius Life, Schroders Calculations as at July 2022

(*) TER: Total Expense Ratio

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

GOVERNANCE STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

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

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

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

Within the Lifestyle option there are four blended funds, each with varying allocations to underlying managers and securities. The fiduciary manager alters these underlying allocations with a view to 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.

These costs are 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. 0.56% (or 0.56p) in a worst case scenario. This equates to an average of 0.01% per annum, as at 31 March 2022.

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 LEONARDO FUTUREPLANNER (continued)

Movement between funds	Worst case cost
Buy Long Term Growth	0.08%
Long Term Growth to Stable Growth	0.15%
Stable Growth to Cautious Growth	0.14%
Cautious Growth to Retirement Focus	0.13%
Sell Retirement Focus	0.06%
Total	0.56%
Total p.a.	0.01%

Source: Underlying fund managers. Schroders Solutions' calculations as at May 2022.

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.

GOVERNANCE STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

The table below sets out the total average transaction costs for each fund within the default and self-select range covering the period 06/04/2018 to 05/04/2021.

	Fund	FuturePlanner
Default Lifestyle Funds	Long Term Growth	0.041%
	Stable Growth Fund	0.106%
	Cautious Growth Fund	0.057%
	Retirement Focus Fund (Default)	0.025%
Self-Select Funds		
	Retirement Focus Fund (Income for Life)	N/A ¹
	Retirement Focus Fund (Take Your Pot as Cash)	0.009%
	Global Equity Fund	-0.049%
	Corporate Bond Fund	-0.057%
	Fixed Annuity Focus Fund	0.011%
	Inflation-Linked Annuity Focus Fund	0.027%
	Cash Fund	-0.057%
	Islamic Global Equity Fund*	N/A
	ESG Fund	-0.002%

Source: Mobius Life, Schroders calculations as at July 2022.

*The Islamic Global Equity Fund Q2 2021, transaction costs not available as at 31/03/2021.

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.

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.

1. Value for members – self-assessment

The most recent self-assessment was conducted in May 2022 and looked at whether the total cost of Scheme membership represented value for money, whether the investment risk profile is tailored to the needs of members, the level of contributions in the light of the membership profile, the degree of flexibility available and the transaction costs incurred by members.

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

¹ No transaction costs as at 31/03/2021 as there has been no member investment

GOVERNANCE STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

In accordance with the Pensions Regulator's guidance for DC schemes in this area, it was concluded that, with an average annual fee of 0.47% for the default funds, FuturePlanner represents value for its members as it offers above average service levels while passing on an average level of charge to members. In particular, value for members is demonstrated through:

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

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

2. Value for members – independent assessment

An independent assessment of value for members was conducted by Lane Clark and Peacock in August 2020. The report assessed all areas of the Scheme as "good" or "very good", with governance and communications receiving particularly high ratings.

The Trustee will conduct a further independent review no later than 2023.

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 Plan documentation, including the Trust Deed and 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 able to attend an introductory training course through an external provider, and are expected to complete the Pensions Regulator's Trustee Toolkit.

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, six Trustee directors achieved the 14 hours objective, completing an average level of 17.41 hours per Trustee Director. During 2021-2022, 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.

GOVERNANCE STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

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: 22 September 2022

GOVERNANCE STATEMENT FOR LEONARDO FUTUREPLANNER (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	£3,800	£3,800
3	£11,400	£11,300
5	£19,600	£19,300
10	£43,200	£42,100
15	£71,300	£68,500
20	£104,000	£98,200
25	£142,600	£132,600
30	£186,000	£170,400
35	£234,000	£211,500
40	£278,900	£249,400

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	£3,800	£3,800	£3,800	£3,800	£3,800	£3,800	£3,800	£3,800
3	£11,400	£11,300	£11,300	£11,200	£11,200	£11,100	£11,000	£10,900
5	£19,600	£19,300	£19,300	£19,100	£19,100	£18,900	£18,400	£18,200
10	£43,200	£42,100	£42,200	£41,000	£41,100	£40,100	£38,200	£37,500
15	£72,100	£69,300	£69,400	£66,500	£66,900	£64,400	£59,900	£58,200
20	£107,100	£101,600	£101,800	£96,000	£96,800	£92,000	£83,500	£80,400
25	£149,500	£139,800	£140,100	£130,100	£131,500	£123,300	£109,200	£104,100
30	£200,500	£184,700	£185,300	£169,300	£171,500	£158,600	£137,100	£129,600
35	£261,800	£237,600	£238,500	£214,400	£217,700	£198,600	£167,400	£156,800
40	£335,200	£299,600	£300,900	£266,000	£270,700	£243,600	£200,300	£185,900

LEONARDO FUTUREPLANNER

GOVERNANCE STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

Projected pension pot for self-select funds:

	Global Equity Fund		Corporate Bond Fund		Cash Fund	
Years	Gross	Net	Gross	Net	Gross	Net
1	£3,800	£3,800	£3,800	£3,800	£3,700	£3,700
3	£11,200	£11,200	£10,700	£10,700	£10,500	£10,500
5	£19,200	£19,100	£17,700	£17,600	£17,200	£17,200
10	£41,600	£41,300	£35,300	£35,200	£33,500	£33,400
15	£67,900	£67,200	£53,300	£53,100	£49,300	£49,000
20	£98,800	£97,500	£71,600	£71,300	£64,700	£64,200
25	£134,900	£132,600	£90,300	£89,800	£79,800	£79,000
30	£176,900	£173,300	£109,500	£108,600	£94,600	£93,500
35	£225,700	£220,400	£129,100	£127,900	£109,200	£107,700
40	£282,300	£274,600	£149,100	£147,700	£123,700	£121,900

	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	£3,700	£3,700	£3,700	£3,700	£3,800	£3,800	£3,800	£3,800
3	£10,700	£10,600	£10,700	£10,600	£11,200	£11,100	£11,200	£11,100
5	£17,600	£17,500	£17,600	£17,500	£19,000	£18,900	£19,000	£18,800
10	£35,000	£34,700	£35,000	£34,700	£40,700	£40,100	£40,700	£40,000
15	£52,600	£52,000	£52,600	£51,900	£65,900	£64,400	£65,900	£64,000
20	£70,300	£69,300	£70,300	£69,200	£94,900	£92,100	£94,900	£91,300
25	£88,300	£86,700	£88,300	£86,500	£128,200	£123,400	£128,200	£122,100
30	£106,500	£104,300	£106,500	£104,000	£166,300	£158,900	£166,300	£156,800
35	£125,100	£122,000	£125,100	£121,700	£210,000	£199,000	£210,000	£195,900
40	£144,000	£140,100	£144,000	£139,700	£259,700	£244,100	£259,700	£239,800

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	£3,700	£3,700	£3,700	£3,700
3	£10,600	£10,600	£10,500	£10,500
5	£17,500	£17,400	£17,200	£17,100
10	£34,800	£34,400	£33,500	£33,000
15	£52,200	£51,200	£49,300	£48,300
20	£69,700	£67,900	£64,700	£63,000
25	£87,300	£84,700	£79,800	£77,300
30	£105,100	£101,400	£94,600	£91,100
35	£123,200	£118,200	£109,200	£104,700
40	£141,600	£135,200	£123,700	£118,000

GOVERNANCE STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

Assumptions for the projected pension pots:

- Values shown are estimates and are not guaranteed;
- Frictional transaction costs used are an average of those over the 24 months to 31 March 2021, which is the longest timeframe over which consistent data is available;
- 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 14% of annual salary, the £ amount of which increases in line with assumed salary inflation;
- Assumes a member salary of £25,000 in Year 0, increasing at 1% per annum above inflation;
- The accumulation rates used, are set out below:

	Fund	Real accumulation rate per annum (gross of charges)
Default Lifestyle Funds	Long Term Growth	3.4%
	Stable Growth Fund	2.9%
	Cautious Growth Fund	2.4%
	Retirement Focus Fund (Default)	0.9%
Self-Select Funds		
	Retirement Focus Fund (Income for Life)	-1.4%
	Retirement Focus Fund (Take Your Pot as Cash)	-1.8%
	Global Equity Fund	2.6%
	Corporate Bond Fund	-0.7%
	Fixed Annuity Focus Fund	-0.9%
	Inflation-Linked Annuity Focus Fund	-0.9%
	Cash Fund	-1.8%
	Islamic Global Equity Fund	2.2%
	ESG Fund	2.2%

Source: Schroders Solutions' calculations as at June 2022

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 February 2018.

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER

1. Introduction

The Trustees are required to make publicly available online a statement ("the Implementation Statement") covering Leonardo FuturePlanner ("the Scheme") in relation to the Scheme's Statement of Investment Principles (the "SIP").

The SIP was last updated in 2020 and the Trustees are looking to update the SIP in the 2022/23 Scheme year. A copy of the current SIP signed and dated September 2020 can be found here:

<https://www.futureplanner.co.uk/library/>.

This Implementation Statement covers the Scheme year from 6 April 2021 to 5 April 2022. 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 Trustees' policies on exercising voting rights and engagement have been followed over the year; and
- The voting by or on behalf of the Trustees, including the most significant votes cast and any use of a proxy.

A copy of this Implementation Statement is available on the following website:

<https://www.futureplanner.co.uk/library/>.

The Trustees believe that they have acted in accordance with and followed the policies set out in the SIP over the Scheme year.

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

The SIP had last been updated in 2020 with changes coming into effect in September 2020. As such, the Trustee has fulfilled its obligation to review the Plan's SIP at least every three years.

The SIP has been updated since the Scheme year end, with details of these changes to be included in next year's Implementation Statement.

3. Implementation of the Trustees' policies during the Scheme year

The following wording sets out the actions taken by the Trustees over the year to 5 April 2022 in order to follow various policies within the SIP.

Investment governance

The Trustees have governed the Scheme in line with the SIP.

The Trustees have met five times over the year to discuss investment matters. This allowed the Trustees 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 Trustees received quarterly information on the performance of the investment strategy from the Fiduciary Manager. This information was formally reviewed by the Trustees and discussed with the Fiduciary Manager. During these discussions the Trustees ensured it was clear what the key portfolio activity was over the reporting period and the rationale for any portfolio changes, as well as the key contributors and detractors to investment performance over the period.

The quarterly investment governance reports the Trustees receive 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 Trustees are comfortable with the default strategy's level of exposure to these risk factors.

The default arrangement's risk characteristics (volatility of returns) were within tolerances agreed with the Fiduciary Manager. The self-select funds, which comprise passively managed funds, effectively tracked their respective benchmarks gross of fees.

The Trustees are required to review the SIP at least every three years. This was last undertaken in September 2020, and subsequently after the 2022 Scheme year end.

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

The Trustees are comfortable the investment strategy performed as expected during the Scheme year, given wider market conditions. In particular, the Scheme's default strategy protected from the worst of the equity market falls seen during the first quarter of 2022.

Corporate Governance and Stewardship

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

The Fiduciary Manager manages assets directly on behalf of the Trustees as well as having delegated authority to appoint, monitor and change the Underlying investment managers. The Scheme's investments are generally made via pooled investment funds. As such, direct control of the process of engaging with the companies that issue these securities (whether equities, bonds, etc.) is delegated to the Underlying Investment Managers.

The Fiduciary Manager undertakes regular reviews of all Underlying Investment Managers.

Financially material factors including ESG and climate change

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

The Fiduciary Manager considers the impact of the ESG characteristics and climate change at a total portfolio level and implications for risk and return on investments.

When the Fiduciary Manager invests the Scheme's assets in equities, it typically uses a mandate where it can directly invest to take account of relevant factors such as ESG. For example, in its primary equity mandate with BNY Mellon, an Underlying Investment Manager, the Fiduciary Manager seeks to avoid investing in companies with poor or worsening ESG credentials, where ESG represents a risk to the value of the investment, and seeks to invest in those companies with good or improving ESG credentials, where ESG represents an opportunity for investment growth. The Trustees are satisfied that the policies in its SIP are being adhered to.

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.

The Trustees undertake a training session on ESG and climate change at least once a year.

Monitoring

Over the year the Trustees monitored the performance of the underlying managers, and the strategy as a whole, on a quarterly basis. Particular attention was given to strategy performance during the volatile market conditions across Q1 2022. The Trustees are satisfied the strategy performed as expected during this period in the context of the market conditions, through mitigating the worst of the wider market falls, especially for those members closest to retirement.

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 Trustees are satisfied that risks are monitored in line with the SIP on the basis set out below.

The Trustees set 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 Trustees have 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.

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

The default arrangement's risk characteristics (volatility of returns) were within tolerances agreed with the Fiduciary Manager. The self-select funds, which comprise passively managed funds, effectively tracked their respective benchmarks gross of fees.

The Trustees maintain 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 Trustees assess 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 Trustees do 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 Trustees' 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.

There were no changes made to the default investment strategy during the 2021/2022 Scheme year. A review of the default strategy took place in Q1 2022; where any changes implemented will be detailed in next year's implementation statement. The previous review was conducted three years ago, which fulfils the requirement to review the default strategy triennially.

At least once in each Scheme year, the Trustees review the suitability of the Scheme's self-select options. Following a Trustee training session and subsequent advice provided by their Fiduciary manager, the Trustees decided to maintain the previously agreed range of self select funds.

The Trustees are 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 funds, introduced in 2018.

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

Strategy implementation

The Trustees have chosen to incorporate active management within the default arrangement, through the Fiduciary Manager. This is aligned with the Trustees' 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 Trustees have 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 Trustees believe 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 Trustees receive 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 Trustees delegate 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 Trustees in their Value for Members assessment. Details of this are set out in the Chair's Statement.

4. Voting and Engagement Summary

The process for exercising voting rights and engaging with the managers of assets held on behalf of the Scheme is as follows:

1) Engagement and the exercise of voting rights is delegated to the Fiduciary Manager. The Fiduciary Manager exercises voting rights and engages with the underlying Investment Managers on behalf of the Trustees in line with voting and engagement policies that set out how the Fiduciary Manager will aim to vote at a general meeting of a pooled fund or how the Fiduciary Manager approaches engagement with underlying Investment Managers and intended outcomes.

2) The underlying Investment Managers exercise voting rights in the underlying securities and engages with the company issuing the security in line with the policies voted on by the Fiduciary Manager. One of the underlying Investment Managers, Bank of New York Mellon ("BNYM"), uses a proxy voting company called Institutional Shareholder Services ("ISS") to exercise these rights on its behalf and monitors ISS's activities accordingly. Similarly, Vanguard Investment Stewardship also uses the Institutional Shareholder Services (ISS) Proxy Exchange platform for the execution of their votes.

The Trustees have considered the voting behaviour (provided in the Appendix) along with engagement activity that took place on their behalf during the Scheme Year and is pleased to report that the Fiduciary Manager and the underlying Investment Managers have demonstrated high levels of voting activity, challenges to management and active engagement on a range of relevant topics.

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

Summary

The key areas the Trustees note from voting and engagement activity across their underlying managers over the Scheme year is set out below.

- Each relevant manager demonstrated very high levels of voting rights being acted on, where voting is relevant. Where the voting was irrelevant, the underlying Investment Managers showed they carried out a good level of engagement activities over the Scheme Year.
- Challenge to management was demonstrated through votes by the underlying Investment Managers against management.
- There are two sets of engagement priorities/themes from the Fiduciary Manager which the Trustees considered in this Implementation Statement. Examples were provided in the appendix and they were selected to demonstrate how the Fiduciary Manager & underlying Investment Managers, on behalf of the Trustees, voted and engaged with the investee companies. Those engagement priorities and themes were set out below:
 - For R&M Solutions, engagement priorities up to January 2022 (which will be aligned with Schroder Solutions' going forward given the acquisition of the business):
 - **E (Climate change):** carbon emissions and footprint of our funds
 - **S (Human capital):** employee engagement and satisfaction
 - **G (Corporate governance):** board composition, executive pay / compensation
 - For Schroder Solutions', engagement themes (from February 2022 onwards):
 - **Climate:** Climate risk and oversight, Climate alignment including decarbonising and minimising emissions, climate adaptation and carbon capture and removal
 - **Natural Capital and Biodiversity:** Nature-related risk and management, circular economy, pollution and waste, sustainable food and water, deforestation
 - **Human Rights:** Overarching approach to human rights, works and communities, customers and consumers
 - **Human Capital Management:** Corporate culture and oversight, investment in the workforce, engagement and representation, health, safety and wellbeing
 - **Diversity and Inclusion:** Board diversity and inclusion, executive & Workforce diversity and inclusion
 - **Corporate Governance:** Board and management, executive remuneration, relationship with shareholders
- For the Scheme, the general themes of the voting and engagement activity carried out by the underlying Investment Managers were in relation to environmental issues, climate strategy in particular, corporate governance including board composition. Executive pay, board diversity and improving social outcomes were the other main themes identified. These themes are in line with the Fiduciary Manager's engagement priorities/themes set out above. We have included a table which sets out the engagement priorities and relevant voting and engagement examples in the appendix.

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

Some details of the voting and engagement from the Scheme's Underlying Investment Managers are set out below:

- Within the Scheme's portfolio, **BNYM Global Equity Fund** makes up the majority of the Scheme's investments in return-seeking assets, the Trustees noted that BNYM prioritised engagement with each of their underlying holdings on the following areas: governance practices, executive compensation, sustainability including climate change, human capital management, and diversity and inclusion. An example would be their engagement with an American multinational shipping & receiving supply chain management company. BNYM voted for a shareholder proposal requesting that the company report on its Schemes to reduce its total contribution to climate change and align its operations consistent with the Paris Agreement Goals. BNYM consider some of the company's peers to have set ambitious targets and they believe by supporting this proposal, it will provide shareholders with more transparency into the company's policy and goal-setting process, especially at a time when this company is looking to expand its airline and vehicle fleets. The BNYM annual proxy voting report (2021, link included in Appendix) was reviewed by the Trustees. The proxy voting report includes details of the significant votes and engagement examples covering a board range of underlying investment companies.
- For the largest mandate within the return-seeking credit assets, engagement on improving public disclosure and operational risk management was noted as a significant example. The manager engaged with a leading financial services company that has approximately \$1.9 trillion in assets who is subject to several consent orders and other regulatory actions, requiring the company to undertake certain changes to its business, operations, products, services and risk management practices. The manager's engagement objectives were to improve compliance and operational risk management and enhance public disclosures regarding risk control improvements. The engagement process focused on prioritising the governance with new leadership from outside the organisation, enhanced audits, procedures and controls to mitigate the chance of improper lending practices. The outcomes of the engagement were largely positive such that a new CEO was hired externally, its operating committee who was the most senior group responsible for running the company, has seen nine of its 18 members hired externally.

The Trustees are satisfied that the voting and engagement activity undertaken by the Fiduciary Manager and underlying Investment Managers are in line with the Trustee's policies contained in the SIP and that no changes are required to these policies at this time.

Voting Data Appendix

1. *Voting and engagement by the Fiduciary Manager in relation to underlying pooled funds held on behalf of the Trustees*

Most of the rights and voting relating to the Scheme's investments relate to underlying securities investment in pooled funds managed by underlying investment managers – this is covered in part 2 below. However, the pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the Fiduciary Manager on behalf of the Trustees and we cover these here.

Over the year to 31 March 2022, the Fiduciary Manager voted on 111 resolutions across 27 meetings. The Fiduciary Manager voted against management on 6 resolutions which was 5.7% of total resolutions and abstained on 6 resolutions (5.7% of the total resolutions).

The Schroders IS Investment Research team engaged with underlying investment managers regarding their clients' pooled fund investment on approximately 800 occasions during the 12 months period. The engagement topics covered a range of areas including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

The following provides an ongoing engagement example where the Fiduciary Manager engaged Neuberger Berman ("NB", an underlying credit manager) on the tenure of Ernst and Young ("EY") as fund auditor. In January 2021, we noted that following the 2019 accounts EY have now been in-place for 20 years as fund auditor. We believe there is some additional protection to investors from rotation of auditors (assuming the quality of the appointed party is maintained). We informed NB that in the absence of any Scheme to change auditor it is subsequently our intention to vote against EY's appointment at the 2021 AGM. In February 2021 NB informed us that it was their intention to put the NB audit out to tender later in 2021, with EY being allowed to participate.

The tender process was to be completed before the 2022 AGM and that depending on the outcome of the tender process, one of the resolutions was to approve a new auditor. We had a routine operational due-diligence meeting with NB in their new offices in Victoria. We again raised the issue of auditor tenure. As a direct result of our engagement with them in 2021 the board issued a tender for the audit of the fund. EY, KPMG and Grant Thornton ("GT") were short listed. A score card was used to assess each firm. EY was reselected on the basis of the highest score. A new audit team was assigned to the engagement. Whilst our engagement did not result in a change of auditor it did result in a full tender process and a change in audit team.

Over the Scheme Year, the Fiduciary Manager also:

- engaged all Underlying Investment Managers on their Schemes relating to net zero and will engage on a regular basis with those who do not have any net zero target or Scheme to decarbonise;
- engaged with significant Underlying Investment Managers (in particular, BNYM) on the quality of its voting and engagement as the Fiduciary Manager is not satisfied with the quality of data currently provided.
- reviewed all Underlying Investment Managers against its updated proprietary ESG manager rating framework and will prioritise its engagement with five managers where ESG-related issues have been identified. The Fiduciary Manager Scheme to report back to the Trustee in the next Implementation Statement on progress. The top engagement themes are set out in the table below:

Manager A – Equity	<ul style="list-style-type: none"> ▪ Board independence and diversity ▪ Incorporating ESG into employee training and appraisals/remuneration ▪ Voting policy and engagement processes
Manager B – Alternatives	<ul style="list-style-type: none"> ▪ Integrating ESG into corporate by signing up to voluntary standards and formalising policies ▪ Board independence and diversity ▪ Formalise voting and engagement policy
Manager C – Alternatives	<ul style="list-style-type: none"> ▪ Integrating ESG into corporate by signing up to voluntary standards and formalising policies ▪ Formalise voting and engagement policy ▪ Formalise ESG investment policy
Manager D – Alternatives	<ul style="list-style-type: none"> ▪ Formalise diversity policy ▪ Formalise voting and engagement policy ▪ Formalise ESG investment policy
Manager E – Alternatives	<ul style="list-style-type: none"> ▪ Creation of ESG working group to look into voluntary standards and formalising ESG policies within the business. ▪ Formalise diversity policy ▪ Formalise ESG investment policy

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

2. Voting by the Underlying Investment Managers on securities held on behalf of the Trustee

There are c. 28 Underlying Managers used by the Investment Manager. Set out below is the voting statistics for the most material equity holdings during the period that held voting rights, namely BNYM Global Equity and Vanguard Funds. Within other asset classes there are no voting rights.

The Fiduciary Manager has only included allocations which represent at least 2.5% of assets within any of the default strategy's blended funds as at 31 March 2022 and have listed out the funds we have considered in detail below. The Fiduciary Manager has not shown or considered allocations to gilt funds.

Asset class	Fund name	Maximum allocation within DC blended fund
<i>Equity</i>	BNYM Global Equity Fund	50.0%
<i>Equity</i>	Vanguard FTSE Developed Markets Fund	6.5%
<i>Equity</i>	Vanguard Total World Stock Fund	4.7%
<i>Equity</i>	Vanguard S&P 500 Fund	2.7%
<i>Bonds</i>	BNYM Efficient US High Yield Beta Fund (GBP hedged)	8.5%
<i>Bonds</i>	BNYM Efficient Global IG Corporate Beta Fund	6.8%
<i>Bonds</i>	BlackRock Aquila Connect Corporate Bond All Stocks Fund	4.3%
<i>Bonds</i>	Neuberger Berman Global Flexible Credit Fund	5.6%
<i>Bonds</i>	Neuberger Berman Global ESG Credit Fund	5.9%
<i>Cash</i>	Sterling Cash	4.1%

Equity

- The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.
- BNYM does not use the PLSA template. We included votes withheld in votes abstained for BNYM to be in line with the PLSA template, although there are differences between votes withheld and votes abstained. BNYM also did not vote on 3% of the overall proposals.
- 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.

Summary of voting activity – BNYM Global Equity Fund

Total meetings eligible to vote	882
Total resolutions eligible to vote	11,989
% of resolutions did you vote on for which you were eligible?	97%
% did vote with management?	88%
% vote against management?	8%
% abstained	1%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	2%

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

Most significant vote(s) and examples of engagement

Microsoft

In November 2021, BNYM supported a shareholder proposal that requested a report on effectiveness of workplace sexual harassment policies. Given Microsoft has faced a litany of controversies in recent years, BNYM believe a transparent report allows shareholders to more adequately assess if the company is addressing these risks effectively. The proposal passed with majority support, forcing Microsoft to report on the effectiveness of workplace sexual harassment policies.

Goldman Sachs

In April 2021, BNYM voted for a shareholder proposal requesting Goldman Sachs report on the impact of the use of mandatory arbitration on employees and workplace culture. As Goldman Sachs requires employees to agree to arbitrate employment-related claims, BNYM believe additional information is useful for shareholders to determine if this process had any impact on human capital management issues such as employee retention and recruitment. The proposal did not pass; however, Goldman Sachs chose to act and produce a response in light of the high level of support which is a good outcome despite the result of the proposal.

Electronic Arts Inc

BNYM inquired as to whether or not Electronic Arts will be including Scope 3 emissions in their reporting and also will they be setting TCFD disclosure targets. Electronic Arts responded that they recently hired new talent to comply with the environmental disclosures and will be explaining the disclosures over the coming months.

Exxon Mobil Corporation

In 2021, BNYM held multiple engagements with Exxon Mobil Corporation and the dissident in the proxy contest, Engine No.1. At the May 2021 meeting, BNYM submitted a cross-slate vote, voting for all dissident candidates and the replacement of one management nominee with an alternative whom BNYM believed had a more appropriate skillset required for Exxon's business strategy. BNYM believe that this support will enhance Exxon's preparedness for an energy transition in the future and the dissident nominees will bring necessary independent industry expertise to the board.

Summary of voting activity – Vanguard FTSE Developed Markets, Vanguard Total World Stock, Vanguard S&P 500

	<u>Vanguard FTSE Developed Markets</u>	<u>Vanguard Total World Stock*</u>	<u>Vanguard S&P 500</u>
Total meetings eligible to vote	2,344	12,945	5,268
Total resolutions eligible to vote	29,732	124,175	54,483
% of resolutions did you vote on for which you were eligible?	99%	98%	99%
% did vote with management?	96%	94%	94%
% vote against management?	3%	5%	5%
% abstained	1%	1%	2%
% of voted resolutions, where voted contrary to ISS recommendation	21%	25%	25%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	0%	0%	0%

*Voting activity to 31 December 2022, the data for Q1 2022 was not available at the date of reporting

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

Most significant vote(s) and examples of engagement

Berkshire Hathaway Inc

The manager voted in favour of the following proposals: Report on climate-related risks and opportunities, Publish annually a report assessing diversity and inclusion efforts. The manager believes the proposed resolutions address material risks and an oversight or disclosure gap, are not overly prescriptive, and are determined to be in the best long-term interest of shareholders.

Exxon Mobil Corporation

The manager voted in favour of the following resolutions: Report on lobbying payments and policy, Report on corporate climate lobbying aligned with Paris Agreement. The manager believes that both resolutions address material risks and an oversight or disclosure gap, are not overly prescriptive, and are determined to be in the best long-term interest of shareholders.

LVMH Moët Hennessy Louis Vuitton SE

The manager voted against the following resolutions; Approve remuneration policy of Chairman and CEO, Approve remuneration policy of Vice-CEO. The manager's vote was based on its concerns with one or more of the following: pay and performance alignment, magnitude (quantum) of pay, disclosure, and/or pay structure.

Nestlé SA

The manager voted in favour of the proposed resolution to approve climate change plan. The manager believes it addresses material risks, action or change is warranted, and terms determined to be in the best long-term interest of shareholders.

BHP Group Ltd

The manager voted in favour of the resolution to approve the climate transition action plan. The manager believes it addresses material risks, action or change is warranted, and terms determined to be in the best long-term interest of shareholders.

Tesla INC

The manager voted against the resolution to additional reporting on human rights. The manager believes it addresses material risk, but company is on track. Company has already taken sufficient actions, made sufficient progress, and/or has related actions pending to address proponent request.

Bonds

BNYM Efficient US High Yield Beta Fund and BNYM Efficient Global IG Corporate Beta Fund

Most significant vote(s) and examples of engagement

Voting is not applicable to bond holdings and as such, examples of manager engagement with underlying bond issuers is set out in this section where information is available.

Electronic Arts, Inc. (EA):

Mellon met with Board Member Ueberroth, the VP of IR, VP of Legal, VP Total Rewards, and the Chief People Officer. Engagement Details:

- Compensation & Board:
 - Mellon met with EA to discuss their failed 2021 Say on Pay vote which only received 41.9% approval which was largely due to outsized special equity award to the CEO, which Mellon was not in favour of.
 - Mellon voted against Compensation Committee members as well as the Say on Pay. Due to feedback from investors, the Compensation Committee has been reconstituted and new compensation advisors were hired to change the structure of the compensation to provide an enhanced pay for performance alignment.
 - EA also confirmed to Mellon that no special awards will be granted until at least 2026, and that enhanced disclosure about the compensation structure will be presented going forward.

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

- Human Capital Management:
 - Mellon asked the Chief People Officer a few clarification questions regarding their Impact Report, including whether or not they were going to include their EEO-1 data in the report in the future. EA stated the data is disclosed on their website, but not in the report. Mellon asked for all relevant information to be disclosed in the Impact Report as well.
- Environmental Disclosure:
 - Mellon inquired as to whether or not EA will be including Scope 3 emissions in their reporting and also will they be setting TCFD disclosure targets. Mellon prefers to see Scope 3 emissions targets and disclosures.
 - EA responded that they recently hired new talent to comply with the environmental disclosures and will be expanding the disclosures over the coming months.

BlackRock Aquila Connect Corporate Bond All Stocks

Most significant vote(s) and examples of engagement

- Over the year to 31 March 2022, the manager engaged with 273 companies globally.
- Engagements include multiple company meetings during the year with the same company. Most engagement conversations cover multiple topics and are based on BlackRock's vote guidelines and engagement priorities, which can be found here: <https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-priorities>.
- Engagement themes:
 - 77% Governance related
 - 31% Social
 - 62% Environmental

Neuberger Berman Global Flexible Credit Fund and Neuberger Berman Global ESG Credit Fund

Most significant vote(s) and examples of engagement

The Boeing Company

Engagement scope and process:

- Diligence process included 13 discussions over a period of 4 years with senior management including the CFO, Treasurer, and Investor Relations team.
- Developed engagement priorities with a focus on the following factors to which MSCI assigned a Very Severe Controversy flag:
- The manager communicated with the issuer on concerns related to product safety of its 737 Max aircraft following two disasters that resulted in the deaths of passengers and crew.
- The manager engaged with the company on their internal risk controls, oversight procedures, and governance structure given the revelation of design flaws with the 737 Max and inadequate attempts by the company to address the issue.

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

Following the managers engagements, Boeing has made the following change:

- Improved its safety oversight standards through the creation of the independently managed "Aerospace Safety Committee" with responsibility to oversee and ensure the safe design, development, manufacture, production, operation, maintenance and delivery of aerospace products and services
- Implemented an enterprise-wide Safety Management System "SMS" and established a Quality Management System "QMS" to fully embed safety and quality across total production process
- Named a new chief aerospace safety officer with accountability to Boeing's Aerospace Safety Committee and created 4 operations councils overseeing all BA manufacturing, quality, supply chain and program management teams
- Executive compensation changed with an increased focus on operational performance tied to product safety, employee safety, quality along with climate and DEI criteria

Cash

BlackRock – ICS Institutional Sterling Liquidity Fund

Due to the nature of this Fund's investments, it does not utilise vote proxies

Appendix B – ESG, Voting and Engagement Policies

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

Investment Manager & Underlying Investment Manager	Voting & Engagement Policy
Schroders Solutions (formerly known as River and Mercantile Investments Limited)	https://www.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022-1.pdf
Bank of New York Mellon	BNYM's voting and engagement policies are included in their annual Mellon proxy voting report which can be found in the link below: https://www.mellon.com/insights/insights-articles/2021-proxy-voting-report.html
Vanguard	Disclosure of rationale of voting can be found: https://global.vanguard.com/portal/site/portal/investment-stewardship/perspectives-commentary
Neuberger	https://www.nb.com/en/global/esg/engagement
BlackRock	https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-priorities