FUTUREPLANNER

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2023

Scheme Registration No: 00692742RW

LEONARDO

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TRUSTEE AND ADVISERS

Trustee:	Leonardo FuturePlanner (Trustee) Ltd
Trustee Directors:	Martin Flavell, Chair * Brian Airlie ** Craig Drysdale * Kealey Judd** Paul Rees * Sian Riches ** Clare Roberts * (Resigned 20 March 2023) 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 (02426132) 1 Eagle Place Piccadilly London SW1Y 6AF
Participating Employer:	Telespazio UK Limited (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
Consultants & Administrators:	XPS Administration Limited One Temple Quay Temple Back East Bristol BS1 6DZ
Investment Managers & Advisors:	Schroders IS Limited

CHAIR'S INTRODUCTION

YEAR ENDED 5 APRIL 2023

I am pleased to present the Report and Financial Statements for Leonardo FuturePlanner (the "Scheme") for the year ended 5 April 2023.

Following a Company consultation process through 2022 with active Scheme members and their representatives, the Company announced changes to future pension provision. Leonardo's defined benefit pension arrangements will close to pension accrual from 5 April 2024, with future pension then being provided through an enhanced version of FuturePlanner. An implementation plan is being worked through to effect the changes next year, which will see a material increase in the active membership of FuturePlanner and an extended matching contribution structure.

The investment environment through 2022 was difficult with high levels of volatility. There was a challenging backdrop at the start of the year 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 and interest rates. The third quarter saw significant market turmoil associated with the Government's 'mini-budget' which had material impacts on UK pension schemes with gilt yields increasing at exceptional rates and all the major asset classes struggling to provide a return. These factors have had an impact on the fund returns for FuturePlanner, as they have for most other pension funds. Whilst the 12 month returns have not kept pace with the long-term benchmark, the returns since inception have held up well.

The Trustee implemented some changes to the DC investment strategy during the year 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 has undertaken a project to develop additional options for members at the point of retirement, and a new solution for the deferred member transfer process, with the Smart Pension Master Trust (Smart). This is an innovative development enabling members to re-register their existing pension fund unit holdings across to Smart Pension at the point of retirement and access retirement flexibilities such as income drawdown, which FuturePlanner does not provide. This solution allows members to remain invested in the same funds, with the same charging structure with a 're-registration' process with no transaction costs or time out of the market during the transfer.

The first deferred member bulk transfer to Smart was carried out in December 2022, involving a transfer of just over 1300 members with assets of c.£42m. This process will be repeated on an annual basis.

There has also been a focus on developing policies on the Scheme's Environmental, Social and Governance (ESG) strategy, which includes an overarching goal to achieve Net Zero carbon emissions on the portfolio by 2050.

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 30 to 36 in this report. This includes our formal review of how we provide "value for members", particularly in relation to the fund charges that apply.

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.

CHAIR'S INTRODUCTION (continued)
YEAR ENDED 5 APRIL 2023

I wish to express my thanks on behalf of the Trustee Board to Clare Roberts who resigned from the Trustee Board earlier this year following a change in corporate role.

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

Martin Flavell

Martin Flavell
Chair
Leonardo FuturePlanner (Trustee) Limited

Date: 26 September 2023

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2023

The Trustee presents to the members its annual report and financial statements for the year ended 5 April 2023.

Scheme Information

Leonardo FuturePlanner ("the Scheme") is governed by the Definitive Trust Deed, dated 1 July 2013, including subsequent amendments.

The Scheme provides defined contribution pension savings, and lump sum benefits on retirement and death. 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.

Retirement options

During 2022, a new retirement solution was developed with the Smart Pension Master Trust which provides FuturePlanner members with the ability to re-register their existing pension fund unit holdings across to Smart Pension at the point of retirement and access retirement flexibilities such as income drawdown which FuturePlanner does not provide. This innovative solution allows members to remain invested in the same funds, with the same charging structure and the 're-registration' process means no transaction costs or time out of the market during the transfer.

As part of this development, the Trustee has established a solution for deferred members who are transferred from FuturePlanner into the Master Trust arrangement on an annual bulk basis using the unit 're-registration' process described above. This enables deferred members to continue to be invested within their current investment funds under the Smart Pension Master Trust and take advantage of the range of retirement options offered when the member wishes to draw their benefits.

Members continue to be able to choose an open market option if they wish to transfer to an external arrangement of their choice.

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2023 (continued)

Membership

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

Active members at 6 April 2022		4,472
New joiners	1,146	
Retirement	(3)	
Deferred	(575)	
Refunds/ Opt outs	(2)	
Death	(4)	
Leavers	(12)	
Adjustments	1	
Active members at 5 April 2023		5,023
Deferred pensioners at 6 April 2022		1,537
From Active	575	
Retirement	(33)	
Transfer Out	(1,483)	
Refunds/ Opt outs	(2)	
Death	(1)	
Leavers	12	
Adjustment	(1)	
Deferred pensioners at 5 April 2023		604
Total members at 5 April 2023		**5,627**

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 October 2022	9
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 periods 1 October 2021 to 31 March 2023 and 1 April 2023 to 30 September 2024. As provided for under the certificate all jobholders paying less than the Scheme's default auto-escalation level were auto-escalated to this level as at 1 October 2022. The next triennial re-enrolment and auto-escalation exercise will take place in 2025.

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2023 (continued)

Scheme Changes

Deeds of Amendment were signed on 13 April 2022 and 6 October 2022 to clarify and ensure flexibility on the deferred member transfer process, enable the development of additional options for members at the point of retirement, and clarify how the Scheme's expenses fund operates. There have been no other Scheme changes during the year.

Following a Company consultation process through 2022 with active Scheme members and their representatives, the Company announced changes to future pension provision. Leonardo's defined benefit pension arrangements will close to pension accrual from 5 April 2024, with future pension then being provided through an enhanced version of FuturePlanner. An implementation plan is being worked through to effect the changes next year, which will see a material increase in the active membership of FuturePlanner and an extended matching contribution structure. A Deed of Amendment will be entered into before April 2024 to bring the changes into effect.

Financial Development of the Scheme

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

	£'000s
Net assets at 5 April 2022	224,088
Net withdrawals from dealings with members	(12,641)
Net decrease on investments	(12,136)
Net assets at 5 April 2023	199,311

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.

Enquiries

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

c/o XPS Administration Limited
PO Box 562
Middlesbrough TS1 9JA
E-mail: 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

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2023 (continued)

Pensions Ombudsman

Early Resolution Service

The early resolution service is available to assist with any difficultly 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

The Pensions Regulator (tPR)

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

Telecom House
125-135 Preston Road
Brighton BN1 6AF

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

The Pension Scheme Registry

The Scheme is registered with the Pension Scheme Registry which is part of the Pensions Regulator's office. The registration number is 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:

The Pension Service
Post Handling Site A
Wolverhampton WV98 1AF

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

INVESTMENT REPORT

Market Background

Global equities were under pressure at the start of the 12-month period. Following Russia's invasion of Ukraine in February 2022, investors moved to price in interest rate rises and an increased risk of recession. Inflation continued to move higher in many major economies during the second quarter. Among equities, the MSCI Value index outperformed its growth counterpart but both saw sharp falls.

After a rally in July, global equities turned lower and registered negative returns for the third quarter. Any hopes of interest rate cuts were dashed as central banks reaffirmed their commitment to fighting inflation. The Federal Reserve, European Central Bank and Bank of England all raised interest rates in the quarter. Emerging markets underperformed their developed counterparts.

Stock markets rounded off a tumultuous year with gains in the final quarter of 2022. Asian shares were boosted by China's relaxation of its zero-Covid policy, while European equities also advanced strongly. Government bond yields edged up towards the end of the fourth quarter (meaning prices fell). This reflected some market disappointment at major central banks reiterating plans to tighten monetary policy, even as inflation showed signs of peaking. Commodities gained in the quarter, led by industrial metals.

The positive performance of global equities continued in the first quarter of 2023, buoyed by receding recession worries in developed markets. Gains came despite the collapse of Silicon Valley Bank, which caused significant volatility in bank shares. Growth stocks outperformed value in the quarter.

Global government bond yields dropped towards the end of the period. The March collapse of Silicon Valley Bank prompted a sharp rally in government bond markets and dwarfed concerns over the re-accelerating of inflation.

Within days of the market reaction to the banking crisis, government bond markets went from pricing in rate hikes to discounting sizeable rate cuts in some markets. Meanwhile, the US government intervened and invoked a "systemic risk exception" guaranteeing depositors access to their money.

Amid the changing market dynamics, central banks continued with their interest rate hikes, though some adjusted their stance. In the last 12 months, the Federal Reserve (Fed) announced nine rate hikes, with the latest being a relatively slower hike of 0.25% in response to the banking sector's turmoil. The Bank of England (BoE) also approved nine rate hikes and followed the Fed's lead by taking the final increase to 0.25%. The European Central Bank (ECB) maintained its stance, also enacting six rate hikes but raising their final rate by 0.5%.

Against this backdrop markets have been volatile, with US and European investment grade posting positive returns, but high yield was negative with poor performance from the banking sector dominating. Eurozone and US inflation continued their downward trajectory, pulling back from record highs seen last year but remaining elevated.

The US 10-year yields rose from 2.34% to 3.47%, with the two-year going from 2.34% to 4.03%. Germany's 10-year yield increased from 0.55% to 2.29%. The UK 10-year yield increased from 1.61% to 3.49% and two-year increased from 1.35% to 3.44%.

The US dollar's rally continued to lose steam, losing ground against most other G-10 currencies by the end of the 12 month period.

INVESTMENT REPORT (continued)

Statement of Investment Principles

In accordance with the Pensions Act 1995, the Trustees have prepared a Statement of Investment Principles, which sets out its policy on investment issues, including risks, performance targets, diversification of investments and details of the key elements of the investment arrangements of the Scheme. A copy of this statement 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 2022, 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);
- five funds broadly representing more traditional equities, bonds and cash; 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 2023 is shown below:

Fund Return	12 Months (%)	3 Years %) p.a.	Since Inception (%) p.a.
FuturePlanner Long Term Growth Fund	-5.2%	8.6%	7.3%
Long-Term Target	15.1%	10.9%	7.8%
Short-Term Benchmark	-4.8%	11.0%	9.1%
FuturePlanner Stable Growth Fund	-5.6%	7.4%	6.4%
Long-Term Target	14.1%	9.9%	6.8%
Short-Term Benchmark	-6.1%	7.7%	7.5%
FuturePlanner Cautious Growth Fund	-5.5%	5.1%	6.3%
Long-Term Target	13.1%	8.9%	5.8%
Short-Term Benchmark	-8.7%	4.1%	6.0%
FuturePlanner Retirement Focus Fund (Default)	-7.5%	0.5%	4.0%
Benchmark	3.0%	2.9%	5.1%
FuturePlanner Retirement Focus Fund (Income for Life)	-14.1%	-	-
Benchmark	-12.9%	-	-
FuturePlanner Retirement Focus Fund (Take Your Pot As Cash)	2.1%	0.6%	-
Benchmark	2.2%	0.8%	-
FuturePlanner Cash Fund	2.1%	0.7%	0.4%
Benchmark	2.2%	0.8%	0.7%
FuturePlanner Global Equity Fund	-5.3%	14.5%	9.1%
Benchmark	-3.3%	15.0%	9.5%
FuturePlanner Corporate Bond Fund	-10.5%	-2.8%	3.0%
Benchmark	-10.2%	-3.1%	3.2%
FuturePlanner Fixed Annuity Focus Fund	-20.3%	-8.6%	2.8%
Benchmark	-21.8%	-9.1%	2.8%
FuturePlanner Inflation-Linked Annuity Focus Fund	-25.8%	-9.2%	2.2%
Benchmark	-26.1%	-8.5%	2.6%
FuturePlanner ESG Fund	-4.4%	-	-
Benchmark	-2.1%	-	-
FuturePlanner Islamic Global Equity Fund	-5.9%	-	-
Benchmark	-2.9%	-	-

Source: Mobius Life (Fund prices, March 2023), Underlying fund managers (benchmark performance, March 2023), Schroders Solutions (Calculations, May 2023)

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

The alternative Retirement Focus (Income for Life), FuturePlanner ESG fund and FuturePlanner Islamic Global Equity Fund have been invested in for less than 3 years. As such, only 1-year performance is available. 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.

INVESTMENT REPORT (continued)

Performance of the Scheme's assets against the objectives to 31 March 2023 is shown below. The factors mentioned above in the market commentary have had an impact on the fund returns for FuturePlanner, as they have for most other pension funds. The market conditions have been volatile with all the major asset classes struggling to provide a return. Whilst the 12 month returns have not kept pace with the long-term benchmark, the returns since inception have held up well.

Long-term targets and short-term benchmarks as at 31 March 2023 are shown below:

Fund	Long-Term Target	Short-Term Benchmark
FuturePlanner Long Term Growth Fund	CPI + 5% p.a.	Composite benchmark of indices: 90% Global Equity, 10% Credit
FuturePlanner Stable Growth Fund	CPI + 4% p.a.	Composite benchmark of indices: 70% Global Equity, 17.5% Credit, 2.5% Property, 1% Alternatives, 9% Cash & Sovereign bonds
FuturePlanner Cautious Growth Fund	CPI + 3% p.a.	Composite benchmark of indices: 50% Global Equity, 25% Credit, 5% Property, 2% Alternatives, 18% Cash & Sovereign bonds
FuturePlanner Retirement Focus (Default)	Composite of underlying Stable Growth / Cautious Growth / Cash / Annuity Focus	
FuturePlanner Retirement Focus (Income For Life/Annuity Purchase)	Composite of underlying Annuity Focus / Cash	
FuturePlanner Retirement Focus (Take Your Pot As Cash)	3-month SONIA	
FuturePlanner Cash Fund	3-month SONIA	
FuturePlanner Global Equity Fund	Composite of underlying fund manager benchmarks	
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: 26 September 2023

Brian Airlie

Trustee Director, Leonardo FuturePlanner (Trustee) Ltd Date: 26 September 2023

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 2023 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 2023, 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

26 September 2023
Date: ....

FUND ACCOUNT

For the year ended 5 April 2023

	Note	2023 £'000s	2022 £'000s
CONTRIBUTIONS AND BENEFITS			
Employer contributions	4	38,740	32,227
Employee contributions	4	243	215
Total contributions	4	38,983	32,442
Transfers in	5	1,122	2,054
Other income	6	1,232	876
		41,337	35,372
Benefits paid or payable	7	3,206	2,028
Payments to and on account of leavers	8	48,009	8,487
Other payments	9	1,513	1,315
Administrative expenses	10	1,250	775
		53,978	12,605
NET (WITHDRAWALS) / ADDITIONS FROM DEALINGS WITH MEMBERS		(12,641)	22,767
RETURNS ON INVESTMENTS			
Investment income	11	46	1
Change in market value of investments	12	(12,182)	9,111
NET RETURNS ON INVESTMENTS		(12,136)	9,112
NET (DECREASE) / INCREASE IN THE FUND FOR THE YEAR		(24,777)	31,879
OPENING NET ASSETS		224,088	192,209
CLOSING NET ASSETS		199,311	224,088

The notes on pages 19 to 26 form part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

At 5 April 2023

	Note	2023 £'000s	2022 £'000s
INVESTMENT ASSETS	12		
Pooled investment vehicles	13	191,074	217,069
Cash in transit		229	4
TOTAL NET INVESTMENTS		191,303	217,073
CURRENT ASSETS	17	8,544	7,153
CURRENT LIABILITIES	18	(536)	(138)
CLOSING NET ASSETS		199,311	224,088

The notes on pages 19 to 26 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 26 September 2023.

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 2023

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, PO Box 562, Middlesbrough TS1 9JA.

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 2023

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

	2023 £'000s	2022 £'000s
Employer contributions		
Normal	20,344	17,015
Expenses contributions	3,254	2,779
Smart contributions	10,006	8,346
Additional voluntary	5,136	4,087
	38,740	32,227
Employee contributions		
Normal	165	147
Additional voluntary	78	68
	243	215
	38,983	32,442

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

	2023 £'000s	2022 £'000s
Individual transfers in from other schemes	1,122	2,054

6. OTHER INCOME

	2023 £'000s	2022 £'000s
Claims on term insurance policies	1,232	876

7. BENEFITS PAID OR PAYABLE

	2023 £'000s	2022 £'000s
Commutation of pensions and lump sum retirement benefits	868	575
Purchase of annuities	458	409
Lump sum death benefits	1,797	868
Refunds of contributions on death	16	176
Tax lifetime – annual allowance exceeded	67	-
	3,206	2,028

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2023

8. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2023 £'000s	2022 £'000s
Refunds of contributions	1	6
Individual transfers out to other schemes	5,899	8,481
Group transfers out to other schemes	42,109	-
	48,009	8,487

The Scheme made a bulk transfer for 1,327 member's pension benefits totalling of £42,108,972 to Smart Pension Master Trust in December 2022.

9. OTHER PAYMENTS

	2023 £'000s	2022 £'000s
Premiums on term insurance policies	1,513	1,315

10. ADMINISTRATIVE EXPENSES

	2023 £'000s	2022 £'000s
Administration	457	367
Legal fees	114	12
Trustee fees & expenses	30	34
Other professional fees	438	265
Investment advice	24	23
Audit fees	13	14
PPF levy	19	11
Miscellaneous expenses	155	49
	1,250	775

There was an increase in expenses (payable from Company contributions) during the Scheme Year due to additional project work being undertaken, including communications costs associated with the launch of the new retirement option with Smart Pension Master Trust, planned changes to future pension provision and the Company's wider employee benefits programme

11. INVESTMENT INCOME

	2023 £'000s	2022 £'000s
Interest on cash deposits	46	1

12. RECONCILIATION OF INVESTMENTS

	Value at 5.4.2022 £'000s	Purchases at cost £'000s	Sales proceeds £'000s	Change in market value £'000s	Value at 5.4.2023 £'000s
Pooled investment vehicles	217,069	61,330	(75,143)	(12,182)	191,074
Cash in transit	4				229
	217,073				191,303

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2023

12. RECONCILIATION OF INVESTMENTS (continued)

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty. 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. Defined Contribution assets are allocated to members and the Trustee as follows:

	2023 £'000s	2022 £'000s
Members	191,074	217,069
Trustee	-	-
	191,074	217,069

The total value of AVC investments held within the pooled investments as at 5 April 2023 was £17,258,854 (2022: £17,470,282).

13. POOLED INVESTMENT VEHICLES

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

	2023 £'000s	2022 £'000s
Equity	11,838	13,342
Bonds	2,145	3,661
Cash	1,556	1,128
Diversified Growth Funds	175,535	198,938
	191,074	217,069

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:

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2023

	At 5 April 2023			
	Level 1	Level 2	Level 3	Total
	£'000s	£'000s	£'000s	£'000s
Pooled investment vehicles	-	191,074	-	191,074
Cash in transit	229	-	-	229
	229	191,074	-	191,303

	At 5 April 2022			
	Level 1	Level 2	Level 3	Total
	£'000s	£'000s	£'000s	£'000s
Pooled investment vehicles	-	217,069	-	217,069
Cash in transit	4	-	-	4
	4	217,069	-	217,073

15. INVESTMENT RISK DISCLOSURES (continued)

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.

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 below.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2023

Credit Risk (continued)

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 2023 the total value of member funds subject to direct credit risk was £190.3m (2022: £216.8m).

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2023

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 (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:

	2023		2022	
	£'000s	%	£'000s	%
FuturePlanner Stable Growth Fund	56,230	28.2	64,464	28.3
FuturePlanner Cautious Growth Fund	45,376	22.8	58,218	26.0
FuturePlanner Long Term Growth Fund	61,077	30.6	64,493	28.8
FuturePlanner Retirement Focus Fund	12,336	6.2	12,096	5.4
FuturePlanner Global Equity Fund	11,577	5.8	13,174	5.9

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 5 April 2023

17. CURRENT ASSETS

	2023	2022
	£'000s	£'000s
Bank balance	7,688	6,506
Prepaid expenses	745	601
Tax recoverable	111	46
	8,544	7,153

Included in the bank balance is £3,731,489 (2022: £3,743,153) 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

	2023	2022
	£'000s	£'000s
Unpaid benefits	469	59
Accrued expenses	23	79
Tax payable	44	-
	536	138

19. RELATED PARTIES

Seven of the eight 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 2023 these costs amounted to £160,000 (2022: £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 2023 totalled £16,580 (2022: £16,520).

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 28 in respect of the Scheme year ended 5 April 2023, to which this statement is attached.

In our opinion the contributions for the Scheme year ended 5 April 2023 as reported in the attached summary of contributions on page 28 and payable under the Payment Schedule have in all material respects been paid at least in accordance with the Payment Schedule dated 1 October 2021.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 28 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: 26 September 2023

SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR

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

	£'000s
Employer normal contributions	20,344
Employer Smart contributions	10,006
Employer expense contributions	3,254
Employee normal contributions	165
Total contributions paid	33,769

Reconciliation to the financial statements:	
Contributions paid under the Payment Schedules	33,769
Employer Additional Voluntary Contributions	78
Members' Additional Voluntary Contributions	5,136
Contributions receivable per the financial statements	38,983

This summary was approved by the Trustee on 26 September 2023.

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 2022 to 5 April 2023.

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 were carried out over Q2 2022 and included:

- increasing the benchmark allocations to global equity within the 'blend funds' in light of increasing levels of inflation;
- streamlining 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;
- extending 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 18 May 2023 for the period ending 31 March 2023, The DC strategy was reviewed and no further changes were considered necessary. The next performance review as at 30 June 2023 is due to be considered at the September 2023 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 93.8% 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 2023 are set out in the table below:

	Fund	TER
Default Lifestyle Funds	Long Term Growth	0.35%
	Stable Growth Fund	0.40%
	Cautious Growth Fund	0.44%
	Retirement Focus Fund (Default)	0.32%
Self-Select Funds	Retirement Focus Fund (Income for Life)	0.13%
	Retirement Focus Fund (Take Your Pot as Cash)	0.15%
	Global Equity Fund	0.18%
	Corporate Bond Fund	0.13%
	Fixed Annuity Focus Fund	0.15%
	Inflation-Linked Annuity Focus Fund	0.15%
	Cash Fund	0.15%
	Islamic Global Equity Fund	0.39%
	ESG Equity Fund	0.30%

Source: Mobius Life, Schroders Calculations as at May 2023

(*) 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

Following a strategy review in early 2022, changes were made to the default. From a strategic perspective, the blended funds (Long Term Growth, Stable Growth and Cautious Growth) all retained their inflation- based objectives.

As part of Schroder's role as fiduciary manager to the Schemes, their ability to alter these underlying allocations is crucial in generating fund returns and managing risk, ensuring each fund performs in line with its objective. These changes can be subject to transaction costs, primarily through dealing costs associated with the buying and selling of funds and securities.

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

However, more direct changes were made to the Retirement Focus Fund (Default), these are detailed below.

Retirement Focus Fund (Default)	Previous allocation	New allocation
Stable Growth	0%	10%
Cautious Growth	50%	50%
Annuity Focus	25%	25%
Cash	25%	15%

The transactions costs associated with these changes totalled £30[1].

In addition to this, the Retirement Focus Fund (Drawdown), available to members during the start of the Scheme Year, closed in April 2022. Assets invested in this fund were subsequently invested in the Retirement Focus Fund (Default), detailed above. The transactions costs associated with these changes totalled £101[1].

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. 0.48% (or 0.48p) in a worst case scenario. This equates to an average of 0.01% per annum, as at 31 March 2023.

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.

[1] Source: Mobius Life (transaction costs)

GOVERNANCE STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

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.

Movement between funds	Worst case cost
Buy Long Term Growth	0.07%
Long Term Growth to Stable Growth	0.13%
Stable Growth to Cautious Growth	0.13%
Cautious Growth to Retirement Focus	0.11%
Sell Retirement Focus	0.04%
Total	**0.48%**
Total p.a.	**0.01%**

Source: Underlying fund managers. Schroders Solutions' calculations as at May 2023.

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 05/04/2023, unless otherwise stated.

	Fund	FuturePlanner
Default Lifestyle Funds	Long Term Growth	0.087%
	Stable Growth Fund	0.124%
	Cautious Growth Fund	0.082%
	Retirement Focus Fund (Default)	0.059%
Self-Select Funds	Retirement Focus Fund (Income for Life)	0.072%[2]
	Retirement Focus Fund (Take Your Pot as Cash)	-0.006%[3]
	Global Equity Fund	-0.015%
	Corporate Bond Fund	0.015%
	Fixed Annuity Focus Fund	0.074%
	Inflation-Linked Annuity Focus Fund	0.047%
	Cash Fund	-0.045%
	Islamic Global Equity Fund	0.013%[4]
	ESG Fund	0.063%[1]

Source: Mobius Life, Underlying Fund Managers, Schroders calculations as at September 2023.

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

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

Value for members review

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

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

a) Value for members – self-assessment

The most recent self-assessment was conducted in May 2023 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.

[2] Data covers the period 06/04/2020 to 05/04/2023.
[3] Data covers the period 06/04/2019 to 05/04/2023.
[4] Data covers the period 06/04/2021 to 05/04/2023.

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

In accordance with the Pensions Regulator's guidance for DC schemes in this area, it was concluded that, with an average annual fee of 0.39% 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%.

b) Value for members – independent assessment

The last 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 is conducting a further independent review in Q3 2023. The review will be conducted by Lane Clark and Peacock. The outcome of which will be detailed in the next Governance Statement, for the Scheme year ending 5 April 2024.

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, the Trustee directors completed an average level of 16.68 training hours per Trustee Director. Online training opportunities have been more widely available and all Trustee Directors have been encouraged to participate in a range of training webinars.

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

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: 26 September 2023

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	£4,600	£4,600
3	£13,800	£13,700
5	£24,000	£23,700
10	£53,900	£52,800
15	£90,600	£87,400
20	£134,300	£127,600
25	£187,400	£175,400
30	£248,600	£229,200
35	£317,900	£288,500
40	£389,200	£348,800

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	£4,600	£4,600	£4,600	£4,600	£4,600	£4,600	£4,600	£4,600
3	£13,800	£13,700	£13,700	£13,600	£13,600	£13,500	£13,300	£13,300
5	£24,000	£23,700	£23,600	£23,300	£23,300	£23,000	£22,600	£22,400
10	£53,900	£52,800	£52,300	£50,900	£50,900	£49,600	£48,200	£47,300
15	£91,800	£88,800	£87,600	£84,200	£84,000	£80,800	£77,300	£75,200
20	£139,300	£133,100	£130,700	£123,800	£123,500	£117,100	£110,500	£106,400
25	£198,700	£187,500	£183,200	£171,000	£170,500	£159,400	£148,100	£141,300
30	£272,600	£254,000	£246,800	£227,000	£226,200	£208,400	£190,700	£180,200
35	£364,400	£335,000	£323,800	£293,200	£292,000	£265,100	£238,800	£223,500
40	£478,000	£433,500	£416,600	£371,400	£369,600	£330,500	£293,000	£271,600

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	£4,600	£4,600	£4,600	£4,600	£4,500	£4,500
3	£13,800	£13,800	£13,500	£13,400	£12,800	£12,800
5	£24,000	£23,900	£23,000	£22,900	£21,200	£21,100
10	£54,300	£53,900	£49,600	£49,300	£42,200	£42,000
15	£92,700	£91,600	£80,900	£80,000	£63,500	£63,100
20	£141,200	£138,900	£117,300	£115,600	£85,200	£84,300
25	£202,200	£198,000	£159,800	£156,900	£107,200	£105,900
30	£278,500	£271,400	£209,000	£204,400	£129,600	£127,800
35	£373,800	£362,500	£266,000	£259,100	£152,500	£150,000
40	£492,400	£475,100	£331,800	£321,900	£175,900	£172,700

	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	£4,600	£4,600	£4,500	£4,500	£4,600	£4,600	£4,600	£4,600
3	£13,300	£13,300	£13,200	£13,200	£13,800	£13,700	£13,800	£13,700
5	£22,500	£22,400	£22,300	£22,200	£23,900	£23,700	£23,900	£23,700
10	£47,600	£47,100	£46,800	£46,300	£53,700	£52,800	£53,700	£52,700
15	£76,100	£74,800	£74,000	£72,900	£91,300	£88,800	£91,300	£88,500
20	£108,100	£105,700	£104,200	£102,200	£138,200	£133,100	£138,200	£132,500
25	£144,100	£140,200	£137,600	£134,300	£196,600	£187,400	£196,600	£186,500
30	£184,500	£178,500	£174,500	£169,500	£269,200	£253,800	£269,200	£252,200
35	£229,700	£220,900	£215,100	£208,000	£358,900	£334,600	£358,900	£332,200
40	£280,300	£268,000	£260,000	£250,100	£469,600	£432,900	£469,600	£429,300

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	£4,500	£4,500	£4,500	£4,500
3	£13,000	£13,000	£12,800	£12,800
5	£21,700	£21,600	£21,200	£21,100
10	£44,500	£44,000	£42,200	£41,900
15	£68,600	£67,600	£63,500	£62,900
20	£94,300	£92,400	£85,200	£84,000
25	£121,500	£118,600	£107,200	£105,400
30	£150,300	£146,000	£129,600	£127,100
35	£181,000	£175,000	£152,500	£149,100
40	£213,400	£205,400	£175,900	£171,500

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 per annum of those incurred over the 5 years to 31 March 2023;
- 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 £30,000 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	4.2%
	Stable Growth Fund	3.6%
	Cautious Growth Fund	3.0%
	Retirement Focus Fund (Default)	1.9%
Self-Select Funds	Retirement Focus Fund (Income for Life)	0.3%
	Retirement Focus Fund (Take Your Pot as Cash)	-0.8%
	Global Equity Fund	4.3%
	Corporate Bond Fund	2.5%
	Fixed Annuity Focus Fund	1.7%
	Inflation-Linked Annuity Focus Fund	1.3%
	Cash Fund	-0.8%
	Islamic Global Equity Fund	4.1%
	ESG Fund	4.1%

Source: Schroders Solutions' calculations as at May 2023

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

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER

1. Introduction

The Trustee is 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 updated over the Scheme year, in September 2022. Changes made are detailed in section 2 below. A copy of the current SIP signed and dated September 2022 can be found here:

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

This Implementation Statement covers the Scheme year from 6 April 2022 to 5 April 2023. It sets out:

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

A new set of guidance ("the Guidance") from the Department for Work and Pensions ("DWP") has been issued with a series of statutory & non-statutory guidance. They aim to encourage the Trustee of the Scheme to properly exercise their stewardship policy including both voting and engagement which is documented in the Scheme's SIP. This Implementation Statement has been prepared to provide the details on how the Trustee of the Scheme, with the help of the Scheme's Fiduciary Manager, has complied with the new statutory guidance set by DWP.

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

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

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

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

The SIP was last updated in 2022 with changes coming into effect in September 2022. As such, the Trustee has fulfilled its obligation to review the Scheme's SIP at least every three years. The latest update included a note detailing the transfer of the Scheme's deferred members to an external pension arrangement (which took place over the Scheme year). The other changes were immaterial.

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

The following wording sets out the actions taken by the Trustee over the year to 5 April 2023 in order to follow various policies within the SIP.

Investment governance

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

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

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

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

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

The 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 Trustee is required to review the SIP at least every three years. This was last undertaken in September 2022.

The Trustee is comfortable the investment strategy performed as expected during the Scheme year, given wider market conditions.

Corporate Governance and Stewardship

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

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

- Signatory to the UK Stewardship code
- A+ rating for UN Principles for Responsible Investment
- A- rating for Carbon Disclosure Project
- Advanced ESG recognition from Morningstar
- Best Investor Engagement recognition from IR Society Best Practice Award for 2021
- Engagement Blueprint awarded ESG Engagement Initiative of the Year at Environmental Finance's Sustainable Investment Awards 2022

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

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

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

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

Corporate Governance and Stewardship (continued)

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

Financially material factors including ESG and climate change

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

The SIP was updated in 2019 and 2020 to reflect new regulatory requirements relating to financially material factors (including ESG and climate change). This section considers the actions taken and decisions made in connection with those changes.

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

During the Scheme Year, the Trustee has received training on the latest DWP Guidance. To support the Trustee in meeting the new requirements, the Trustee also received training on Schroders' Engagement Blueprint, which sets out the six engagement themes the Scheme's Fiduciary Manager believes to be most financially material. These are the themes the Fiduciary Manager will align the majority of its own engagement of underlying managers with. To agree on which of these themes the Trustee prioritises in its own stewardship activities, the Trustee completed a survey selecting three engagement themes it will use for engagement and monitoring of the Fiduciary Manager's activities. As a result of the survey, the Trustee of the Scheme has determined their stewardship priorities to be Climate Change, Corporate Governance and Human Rights.

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

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

In addition, the Trustee also received other training on topics such as Climate Risk and ESG updates within the Fiduciary Management solutions. As part of ongoing monitoring of how the Fiduciary Manager has exercised the Trustee's stewardship policy over the Scheme Year, the Trustee reviewed the Fiduciary Manager's Annual ESG report in early 2023 and ensured it was satisfied with the actions taken on its behalf concerning ESG integration within the investments and stewardship activities.

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

Monitoring

Over the year the Trustee monitored the performance of the underlying managers, and the strategy as a whole, on a quarterly basis. The market conditions over the Scheme year were particularly volatile when compared to recent years, with most of the major asset classes returning negatively. Whilst the 12 month returns have not kept pace with the long-term benchmark, the returns since inception have held up well. The Trustee is 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.

Risk management

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

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

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

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

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

Non-financially material factors

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

Default Investment Strategy and Self-select range

The Trustee's objectives for the Scheme are:

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

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

Default Investment Strategy and Self-select range (continued)

A review of the default strategy took place in Q1 2022, with a number of changes agreed:

- The strategic allocation targets were amended for all three blended funds to ensure they are better placed to continue to meet member objectives;
- The lifestyling period into Retirement Focus was extended from 3 to 5 years for both the default lifestyle and self-select lifestyle strategies;
- The member choice framework was partially consolidated by combining the Retirement Focus (Drawdown) and Retirement Focus (Default) options; and
- The Retirement Focus (Default) allocation was amended to reflect a more drawdown-focussed approach and provide greater alignment with members' typical post-retirement solution

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

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

- a default strategy which gradually de-risks member's investments as they approach retirement, and reflects inflation-related investment return targets which are aligned to member's expected retirement income requirements; and
- a self-select fund range offering outside the default strategy that offers members a wide choice of asset classes and risk-based options, without the range being so large as to be overwhelming and hinder member decision-making. In addition, members can choose to invest in the alternative lifestyle funds, introduced in 2018.

Strategy implementation

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

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

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

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

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

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

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

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

4. Voting and Engagement Summary

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

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

Over the year to 31 March 2023, the Fiduciary Manager engaged with Underlying Investment Managers regarding clients' pooled fund investments on 95 resolutions across 23 meetings. The Fiduciary Manager voted against management on 4 resolutions which was 4.2% of total resolutions, and abstained on 4 resolutions (4.2% of the total resolutions). The engagement topics covered a range of areas, including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

Within the Scheme's portfolios, BNYM Global Equity Fund makes up the majority of the Scheme's investments in return-seeking assets, with equity being the only asset class to hold voting rights. The Trustee reviewed the BNYM semi-annual proxy voting reports (links included in Appendix) and noted that BNYM prioritised stewardship with each of their underlying holdings on areas broadly in line with Schroders Solutions' engagement themes.

The Trustee has considered the voting statistics and behaviour set out in this Implementation Statement, along with engagement activity that took place on their behalf during the Scheme Year within the Long Term growth, Stable Growth, Cautious Growth and Retirement Focus funds, and is pleased to report that the Fiduciary Manager and the Underlying Investment Managers have demonstrated high levels of voting and engagement in line with its stewardship policy.

Specifically, the Trustee noted that:

- The Fiduciary Manager has carried out a high level of engagement activities with the Underlying Investment Managers, and some good progress has been achieved such that many of the Underlying Investment Managers' ESG credentials have improved over the Scheme Year.
- Each 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.
- In this Implementation Statement, the Trustee considered relevant examples in relation to its own stewardship priorities. Examples were provided in the appendix.
- As the Trustee has refined its stewardship priorities this year, it considers the most significant votes to be those that both relate to these priorities and are defined as significant by the Underlying Managers (of the most material holdings) based on their specific knowledge of the circumstances around each vote. The Trustee has communicated this with the Fiduciary Manager, and as per DWP guidance, all votes which meet these criteria have been reported below.

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

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

Most Significant Votes

Over the Scheme year, 15 votes were defined as 'Significant' by the Underlying Investment Managers, based on data provided to the Trustee. 'Significant' here is defined as votes that are:

- aligned with the Trustee's stewardship priority themes of Corporate Governance, Human rights, and Climate change, and;
- relating to a stock with an allocation greater than 0.15% of total assets within any of the DC blended funds

The Trustee will engage with the Fiduciary Manager to request that they engage with the Underlying Managers to provide more examples of votes in line with the Trustee's stewardship priorities.

Summary of voting statistics – of underlying Equity managers

The Fiduciary Manager uses c. 15 Underlying Managers; however, the equity holdings are the only asset class with voting rights. The voting statistics set out below for the most material equity funds held on behalf of the Trustee that had voting rights during the period.

	BNYM Global Equity Fund	Legal & General World Equity Index - GBP Currency Hedged	Legal & General Europe ex UK Equity Index - GBP Currency Hedged	Vanguard S&P 500
Total meetings eligible to vote	926	3,145	618	3,133
Total resolutions eligible to vote	11,723	38,823	10,391	27,807
% of resolutions did you vote on for which you were eligible?	93%	100%	100%	97%
% did vote with management?	93%	79%	81%	91%
% vote against management?	7%	20%	19%	8%
% abstained	0%	1%	1%	2%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	926	14%	10%	0%

Notes:

– BNYM uses Institutional Shareholder Services, "ISS", for proxy voting services.

– Vanguard Investment Stewardship uses the Institutional Shareholder Services (ISS) Proxy Exchange platform for the execution of their votes.

– BNYM uses Institutional Shareholder Services, "ISS", for proxy voting services

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

– BNYM have included votes abstained (in order to be in line with the PLSA template which other managers have used), although there are differences between votes withheld and votes abstained.

– Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of "Abstain" is also considered a vote against management.

The Trustee is satisfied that the voting and engagement activities undertaken by both Fiduciary Manager and the Underlying Investment Managers align with the stewardship priorities the Trustee has determined during the Scheme Year. The Trustee is looking to update the SIP next year to include the enhanced stewardship policy it developed under DWP Guidance.

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

Appendix A – Voting and Engagement examples

Engagement by the Fiduciary Manager (Schroders IS) in relation to underlying pooled funds held on behalf of the Trustee

In addition to the voting and engagement outlined in section 3 below, over the Scheme Year, the Fiduciary Manager also:

- engaged with the core credit manager, Neuberger Berman, regarding some particularly high emitting companies within the fund that was leading to higher than benchmark carbon footprint metrics;
- engaged with significant Underlying Investment Managers (in particular, BNYM) on the quality of its voting and engagement as the Fiduciary Manager was not satisfied with the quality of data previously provided.
- engaged with the two managers who were rated 'red-engagement' on Schroders' ESG scoring matrix.

The engagement activities and outcomes are outlined in the table below:

Top engagement themes	
Manager A – Equity	▪ Engaged with the manager in Q4 following their decision to exit net zero asset manager initiative – engagement ongoing ▪ Board independence and diversity ▪ Incorporating ESG into employee training and appraisals/remuneration ▪ Voting policy and engagement processes
Manager B – Alternatives	▪ A number of engagements with various people in separate ESG functions across the business to understand what progress has already been made in the last 12m and what expectations are for the future ▪ Focus on D&I and how the manager has improved its processes and increased the effectiveness of its committee structure, Formalise diversity policy ▪ Formalise voting and engagement policy ▪ Formalise ESG investment policy

Examples of voting and engagement carried out by the Underlying Managers

Engagement Theme	Manager	Examples
Climate change	T. Rowe Price, PIMCO, Marshall Wace, Blackrock	Health & Happiness, British multinational banking and financial services organization, Stellantis, Sumitomo
Human Rights	LGIM	Amazon
Corporate governance	Neuberger Berman	Boeing

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

Climate Change – Health & Happiness

T. Rowe Price, one of the credit managers, had three objectives for their engagement of Health and Happiness (H&H). One was to request more details on their decarbonization journey, specifically a strategy for the firm to reduce the footprint of dairy cows in their supply chain. The Manager also wanted a timeline for full emission reporting, and lastly an update on progress towards achieving B-Corp Certification.

The following topics were discussed:

1. Continuous progress in decarbonization – T. Rowe Price believes that H&H has made some good progress but still does not provide full disclosure on its group-wide scope 1-3 emissions and is still looking to set a net zero target.
2. B-Corp Certification – H&H is confident that they are on track to achieve Group-wide B-Corp Certification by the end of 2025 with clear plan and milestone set.
3. Annual investment to support farmers in France since 2013 – H&H has been doing this to ensure ongoing sustainable supply of dairy products and lower carbon impact.

As a result of the engagement, T. Rowe Price imparted their views on best practices and asked that within the next 2 years the company would disclose its group-wide scope 1-3 emissions data and set net zero targets; and continue to work towards achieving B-Corp Certification.

Human rights – Amazon

LGIM, manager of the World Equity Index voted against the management proposal to elect direction Danial P Huttenlocher. LGIM pre-declared its vote intention for this resolution, demonstrating its significance. LGIM justified its voting direction on a human rights basis, as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings. The outcome of the vote was in favour of the management proposal.

Climate Change – Stellantis

Marshall Wace ("MW"), one of the alternative managers, has been engaging with Stellantis, a global automaker and provider of mobility solutions. Stellantis was born from the merger of the Italian American Fiat-Chrysler and the French Peugeot groups. The company is currently undergoing a transformation process to integrate the different businesses and to focus on electrification.

As part of their electrification and net zero strategy the company has established a target for 100% of passenger car sales in Europe and 50% of passenger car and light-duty truck sales in the US to be EVs by 2030. They have also designed a circular economy strategy, including setting up hubs to dismantle, repair and reuse auto parts.

- During their engagement process, Stellantis told MW that sustainability is not a separate business division and instead it's fully integrated into each department. This is a constructive approach. However, it's apparent to MW that the group would benefit from someone coordinating all the electrification and sustainability related initiatives.
- Whilst the company has set robust and ambitious targets, MW believe they will have to further communicate a clear and detailed plan on how they will reach these and also regularly report on progress made. The team at Stellantis initially engaged with MW as part of a broader outreach effort with top shareholders on the back of a negative reaction to the compensation vote at the 2022 AGM.
- MW state that Stellantis have taken on feedback from investors and made positive changes. MW encouraged the communications team to work on the MSCI score and disclosures via the CDP network.

Climate Change - British multinational banking and financial services organisation

PIMCO, one of the Schemes Credit managers, had an ongoing engagement with a British multinational bank. PIMCO held a 1x1 call with the investor relations team, focusing on climate change and human rights.

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

- During the meeting PIMCO discussed progress on sectoral target setting, financed emissions, client engagement on transition, clarifications on sector policy and grievance and remediation for human rights. PIMCO also discussed the issuer's gaps in their lending policies on natural capital and alignment with net zero and are reviewing the policy though unlikely to be updated in 2022. They encouraged the issuer to clarify their approach to assess and engage clients on transition progress, including clear criteria for assessing clients' transition progress (e.g. against 1.5C pathways, net zero framework by TPI or CA100+).
- PIMCO also recommended more explicit reference to net zero in sector policies, particularly setting out time-bound expectations for all carbon-intensive sectors to have a credible transition plan and/or net zero targets. Furthermore, PIMCO recommended the issuer to set clear criteria for assessing client transition progress, defining engagement strategy, outcomes and escalation process.
- The issuer recognized the room for improvement in strengthening human rights due diligence in lending and intend to improve over the coming years. The issuer is reviewing the lending policies, with updates expected through 2022.

Climate Change - Sumitomo Mitsui Financial Group

BlackRock had multi-year engagements with Sumitomo Mitsui Financial Group, Inc. (SMFG), which is one of Japan's three largest banks. BlackRock have often discussed governance and environmental issues with SMFG, such the company's long-term strategy and their approach to climate-related risks and opportunities. In June 2022, BlackRock voted against the two shareholder proposals to (1) Partially amendment the Articles of Incorporation (AOI) to set and disclose short-and medium-term greenhouse gas (GHG) emissions reduction targets consistent with the Parison Agreement, and (2) the Partial amendment to the AOI to set and disclose proactive measures to ensure the company's financing activities are consistent with the International Energy Agency's (IEA) Net Zero Emissions Scenario.

BlackRock's justification for their vote is as follows:

- Proposals filed in Japan often require an additional degree of consideration as they could entail amending the company articles of incorporation (AOI), which would make them legally binding. This introduces a unique degree of personal liability for directors and management. It also creates material legal liability for a company should a proposal pass, particularly if the proposal language is vague or open to interpretation, which could make it harder to determine whether the requests have been met.
- In the case of the first proposal, the request that the company set short-and medium-term GHG emissions reduction target across all sectors – which may include loans to non-carbon intensive sectors and retail/consumer loans – is, in our assessment, overly prescriptive.
- In the case of the second proposal, the proponent's request risks potentially restricting the company's ability to finance carbon capture, utilization, and storage (CCUS) technologies, as well as ammonia or hydrogen mixed combustion technologies. These technologies may play an important role in an orderly transition to net zero under the IEA's net zero scenario by 2050. Thus, the proposal may hinder rather than advance SMFG's decarbonisation trajectory, and those of their clients

Overall, BlackRock deems the general actions and progress demonstrated by the company to date, as well as management's commitment to keep shareholders informed on their progress through clear and timely disclosures, as a good sign that the company is committed to net zero.

IMPLEMENTATION STATEMENT FOR LEONARDO FUTUREPLANNER (continued)

Appendix B – ESG, Voting and Engagement Policies

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

Investment Manager & Underlying Investment Manager	Voting & Engagement Policy
Schroders Solutions	schroders-esg-policy.pdf https://www.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022-1.pdf
Bank of New York Mellon	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/2022-semi-annual-proxy-voting-report.html https://www.mellon.com/insights/insights-articles/proxy-voting-report-spring-2023.html
Vanguard	https://corporate.vanguard.com/content/dam/corp/research/pdf/Global%20investment%20stewardship%20principles_final_112021.pdf
Legal and General (LGIM)	https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/active-ownership-report-2021-uk-eu-middleeast.pdf
Ninety One	https://ninetyone.com/-/media/documents/stewardship/91-stewardship-policy-and-proxy-voting-guidelines-en.pdf
BlackRock	Investment Stewardship | BlackRock
Neuberger	https://www.nb.com/en/global/esg/engagement
Marshal Wace	MW_Sustainable_Investing_and_Stewardship.pdf (mwam.com)
PIMCO	https://www.pimco.co.uk/en-gb/investments/esg-investing