

## POLICY ON CONFLICTS OF INTEREST

### 1 CONFLICT AND GOVERNANCE

1.1 Leonardo Pension Schemes (Trustee) Ltd (the “**Trustee**”) is the trustee of the following schemes:

- (a) the Leonardo Electronics Pension Scheme;
- (b) the Leonardo Helicopters Pension Scheme; and
- (c) Leonardo FuturePlanner

(together, the “**Schemes**”).

1.2 The Trustee has adopted this policy as a matter of good scheme governance and in compliance with its statutory obligation to establish and operate appropriate an effective system of governance (“**ESOG**”), including internal controls on risk in respect of the Schemes.

### 2 POLICY ON RESOLVING TRUSTEE’S CONFLICTS

#### Individual responsibility

2.1 It is the personal responsibility of each trustee director to identify potential instances where:

- (a) their personal, career (including employment by Leonardo UK Ltd (the “**Company**”), business interests, interests as a member of any of the Schemes, trade union responsibilities or other interests might come into conflict with their duties as a trustee director, and
- (b) any other legal duty they have which might compete with their duties to the beneficiaries of one or more of the Schemes.

2.2 A trustee director must bring any potential conflicts to the attention of the Chair who will if necessary, consult with the other trustee directors. If the Chair thinks fit, they will seek professional advice.

2.3 When making decisions about the Schemes, all trustee directors must be alert to the possibility that they, or their co-trustee directors, could be affected by conflict of interest.

2.4 The trustee directors must be familiar with the principles contained in the Pension Regulator’s guidance on conflicts. The full text of the Regulator’s guidance can be found at: <https://www.thepensionsregulator.gov.uk/en/document-library/code-of-practice/the-governing-body/risk-management/conflicts-of-interest>

2.5 The Regulator’s guidance identifies five high level principles to be considered by trustees in devising a strategy to deal with conflicts of interest:

- understanding the importance of conflicts of interest;
- identifying conflicts of interest;
- evaluation, management of avoidance of conflicts;
- managing adviser conflicts;
- conflicts of interest policy.

### **Register of conflicts**

- 2.6 The secretary to the Trustee (the “**Secretary**”) being a member of Pensions Management, will record in a register of conflicts of interest and duty:
- (a) all declarations of conflict the trustee directors make, including notifications of personal interests and positions that could give rise to conflict,
  - (b) whether legal or other professional advice was taken, and
  - (c) the steps taken to end or manage the conflict.

### **Appointment of trustee directors**

- 2.7 Before the appointment of any new trustee directors, whether employer nominated or member nominated, the Chair and the Secretary will review with the incoming trustee directors what potential situations might exist which could cause a conflict of interest. The appropriate additions to the register of conflicts will be made. Knowledge of the responsibilities surrounding conflicts of interest is part of the overall requirements for trustee knowledge and understanding and training to the new trustee director will cover conflicts as a topic. Newly appointed trustee directors will be expected to be familiar with this policy.

### **Declaring conflicts**

- 2.8 At the start of each meeting the Chair will invite the trustee directors to:
- (a) declare any new potential conflicts, and
  - (b) provide updates in relation to conflicts already declared.
- 2.9 The Secretary will ensure that these are recorded in the register of conflicts and note all conflicts declared in the minutes of the meeting in which they were declared or, if not declared in a meeting, in the minutes of the next Trustee’s meeting.
- 2.10 If a trustee director considers that another trustee director has an actual or potential conflict that has not been declared, he or she should inform the Chair at the start of the meeting.
- 2.11 If the Chair is declaring a conflict he shall inform the co-trustee directors.
- 2.12 In addition, the Secretary will, once a year, send each trustee director a copy of their current declaration of conflicts and ask for confirmation that it is up to date. The trustee director shall review their declarations if there is a change in circumstance which leads to a potential conflict not currently covered by the existing declaration. It is for the trustee director concerned to decide which matters to declare but, if in doubt, they should make a declaration.
- 2.13 At meetings of the Trustee the Chair will be primarily but not exclusively responsible for seeking confirmation of what, if any, conflicts of interest the trustee directors have in relation to each agenda item before discussion of the item begins. If a conflict is identified, the trustee directors as a group will decide the appropriate course of action (having regard to any professional advice they take).
- 2.14 The Chair is also responsible for ensuring that any representative of the Company attending the meeting either in person or by telephone or video conference absents themselves from any part of the meeting at which confidential Trustee information will be discussed.

## **Managing a conflict**

- 2.15 In so far as is consistent with their duties to the beneficiaries of the Schemes, the trustee directors will normally try to manage any conflict of interest. As a non-exhaustive list of examples, management may involve:
- (a) a conflicted trustee director abstaining from discussion and decision-making about an issue;
  - (b) a conflicted trustee director agreeing to be excluded from meetings and any communication or other information in connection with an issue;
  - (c) delegating decision-making about an issue to a sub-committee of the trustee directors who are not conflicted;
  - (d) if a trustee director who also has a role with the Company speaks on behalf of the Company in order to assist a Trustee's meeting, minuting the fact clearly; and
  - (e) (in extreme circumstances) resignation of the conflicted trustee director.
- 2.16 In each case the trustee director (having taken any professional advice they think fit) must be satisfied that the method of managing the conflict is satisfactory taking into account:
- (a) the nature of the conflict;
  - (b) the risk to trustee decision making; and
  - (c) whether the conflict is non-trivial (that is, it is material or has the potential to be detrimental to the conduct or decisions taken by the trustees).
- 2.17 The Secretary will minute and record the chosen management steps in the register of conflicts.

## **Disclosing Company and Trustee information**

- 2.18 A trustee director should disclose Company information to the other trustee directors where he or she believes that it might realistically be expected to have a material impact on the Schemes or the way the Trustee manages them. This test involves a subjective judgement by the trustee director concerned. When in doubt, and subject to paragraph 2.20 the trustee director should err on the side of prudence and disclose the information.
- 2.19 Trustee directors who are also senior employees of the Company should be alert to the possibility that they may be aware of, or in possession of, information that is confidential to the Company but which may also be relevant to the exercise of the trustee director's duties.
- 2.20 If a trustee director is concerned about having to disclose confidential Company information (e.g. because this might breach a legal duty owed to the Company), he or she will seek express written consent from the Company to allow such disclosure.
- 2.21 If so required by the Company, the Trustee will co-operate with the Company in entering into suitable confidentiality agreement(s) to facilitate the disclosure to them of confidential Company information.
- 2.22 If the Company does not give the consent envisaged in paragraph 2.20, the trustee director will, as soon as reasonably practical, consult the Chair and such other trustee directors as he or she thinks fit in order to decide what to do next.
- 2.23 Any trustee director who wishes to speak on behalf of the Company on any issue should state explicitly that he or she is doing so and ensure that it is recorded in the minutes of the meeting. Consideration shall be given as to whether any company proposals or issues to be covered at Trustee meetings should be presented by a representative of the Company who is not a trustee director.
- 2.24 All Trustee business (including discussions, decisions and documentation) is confidential to the Trustee Board (and their advisers/providers) and should not be discussed or disclosed outside of the Trustee Board without Trustee consent.

2.25 If a trustee director is concerned that he or she might, or does, come to possess confidential Trustee information that he or she would be under a legal obligation to disclose to the Company, he or she will consult the Chair, and if necessary professional advisers, in order to decide what steps may be required to manage the situation.

### **3 PENSIONS MANAGEMENT TEAM**

3.1 The in-house pensions management team ("**Pensions Management Team**") (which includes the Secretary) is employed by the Company, but liaises closely with the Trustee, the Trustee's advisers and the Company's senior management, providing secretarial services and other support. As such they are privy to a wide range of information and it is therefore important that they are included in the procedures adopted for managing conflicts of interest, including the disclosure of information and recording of conflicts.

3.2 Whilst it is recognised that the Pension Management Team's position as a non-decision maker is different to the Trustee's, it is important that all parties understand the position on conflicts of interest and how these are managed and recorded.

### **4 CONFLICTS OF ADVISERS**

4.1 The trustee directors note that some of their advisers (e.g. their lawyers) have a statutory obligation to tell them if they, as advisers, face any conflict of interest in relation to their work on the Schemes. The trustee directors will require all their advisers to undertake a similar obligation.

4.2 If an adviser declares a conflict, the trustee directors will consider the appropriate course of action. This could involve them in switching to a non-conflicted adviser in relation to the matter in question.

### **5 OWN RISK ASSESSMENT ("ORA")**

5.1 As part of the Scheme's ESOG, the Trustees are required to carry out and document an ORA to assess how well the ESOG is working, and the way potential risks are managed.

5.2 The ORA may be carried out by a sub-committee of the Trustees, the risk management function or a third party. When carrying out the ORA those doing so will need to effectively manage any actual or potential conflicts of interest between themselves, the Trustee, the Company, and service providers.

### **6 MONITORING COMPLIANCE AND REVIEW**

6.1 Any trustee director who becomes aware of a breach of this policy shall report it to the Chair (or, in the case of the Chair, the other trustee directors) as soon as possible.

6.2 Led by the Chair, the trustee directors will monitor compliance with this policy at appropriate intervals and review its terms regularly (at least annually, or sooner if required). The Chair will report non-compliance to the trustee directors who will consider the appropriate response in each case.

### **7 TRUSTEE TRAINING**

7.1 All newly-appointed trustee directors will receive training on this policy and on identifying situations that may result in a conflict and ways in which conflicts can be managed in practice. In addition, the trustee directors will ensure they receive regular conflict of interests training.

Approved and adopted by the directors of the Trustee at their meeting on 9 May 2024.

Signed by:



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Date:

9 May 2024

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