

CORPORATE GOVERNANCE REPORT 2022

REPORT ON CORPORATE GOVERNANCE AND SHAREHOLDER STRUCTURE

2021 FINANCIAL YEAR

10 MARCH 2022

LEONARDO – Società per azioni

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Fully paid-up share capital of Euro 2,543,861,738.00

Registered in Rome, Register no. and Tax Ref. 00401990585

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Disclaimer

This Report has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the Report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.



ACCELERATING TECHNOLOGY EVOLUTION

The collage features several key areas of technology evolution:

- Electronics:** Represented by a circuit board icon and a photograph of a server rack.
- Aircraft:** Represented by a propeller icon and a photograph of a jet aircraft in flight.
- Helicopters:** Represented by a helicopter icon and a photograph of a helicopter in flight.
- Cyber and Security:** Represented by a globe icon and a photograph of a control room with multiple monitors.
- Unmanned:** Represented by a drone icon and a photograph of an unmanned aircraft in flight.
- Space:** Represented by a satellite icon and a photograph of a satellite in orbit.
- Aerostructures:** Represented by a globe icon and a photograph of an aircraft fuselage section.

The Leonardo logo is positioned at the bottom right of the collage.



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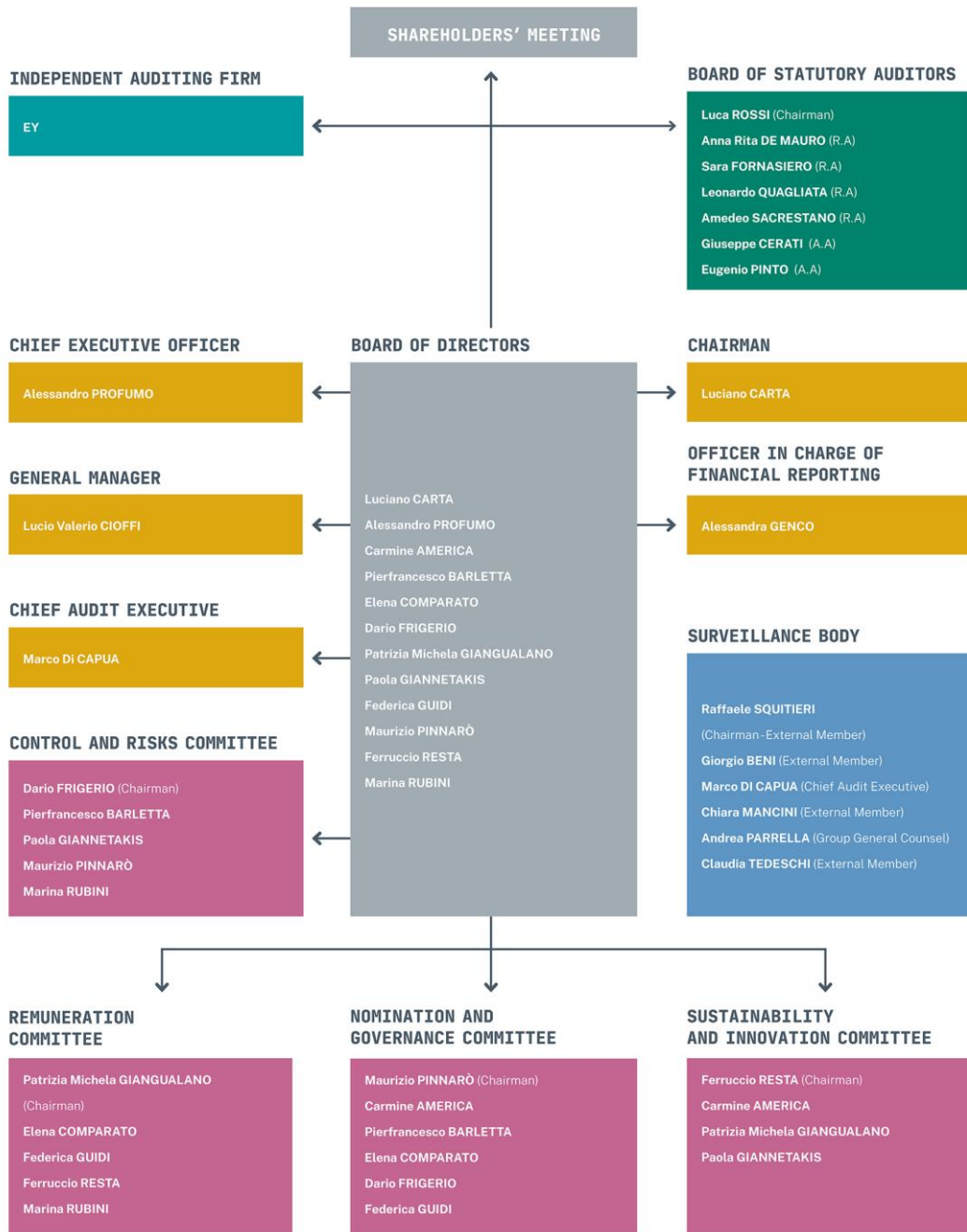
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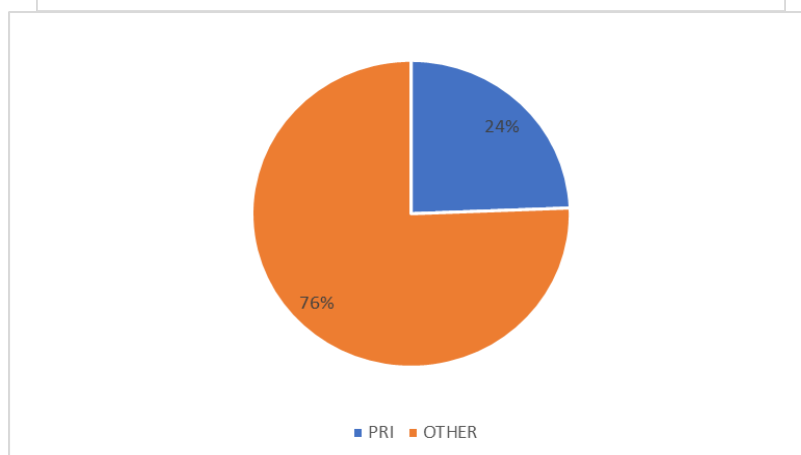
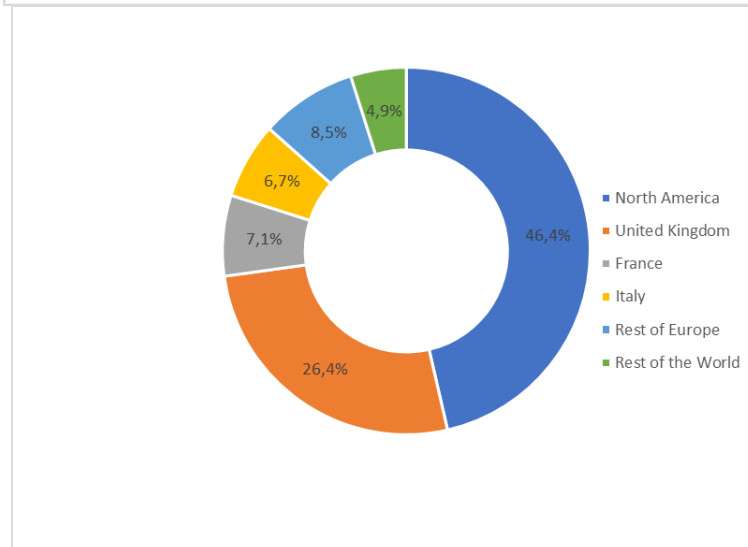
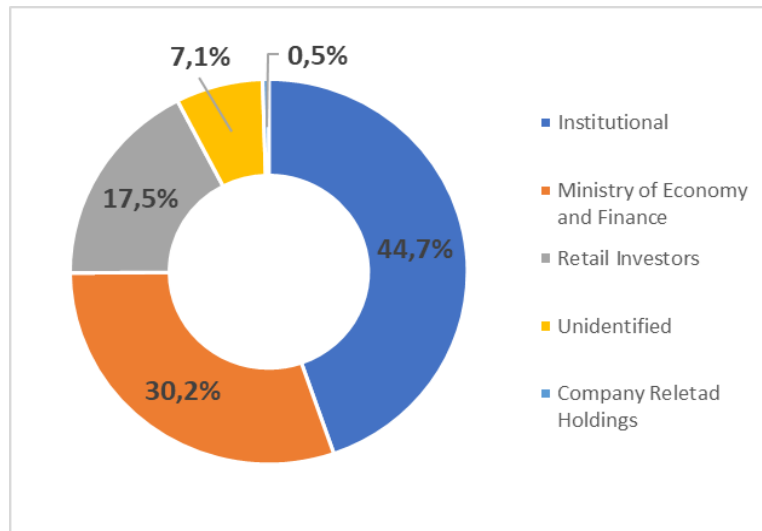
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OUR GOVERNANCE AT A GLANCE



LEONARDO'S SHAREHOLDERS – FEBRUARY 2022



The PRI investors are investors that have signed the Principles for Responsible Investment (PRI)



REPORT ON CORPORATE GOVERNANCE AND SHAREHOLDER STRUCTURE

INTRODUCTION

The purpose of this Report, which was approved by the Board of Directors of Leonardo S.p.a. (hereinafter also referred to as “Leonardo” or “the Company”) on 10 March 2022, is to provide the periodic and analytical description of the Company’s corporate governance system and shareholder structure, pursuant to Art. 123-*bis* of the Consolidated Law on Financial Intermediation under Legislative Decree 58/1998 (hereinafter “TUF”, *Testo Unico della Finanza*), as well as the current laws and regulations governing disclosures concerning compliance with codes of conduct.

The disclosure is provided in compliance with the provisions on the contents under paragraphs 1 and 2 of the abovementioned Art. 123-*bis* and the new Corporate Governance Code (hereinafter also referred to as “new Code” or “the Code”), published on 31 January 2020, which the Company abides by and which the issuers are required to apply with effect from the 2021 financial year.

This Report implements, among others, the disclosure obligations applicable to diversity policies, as well as the guidelines laid down in the **Chairman of the Corporate Governance Committee’s letter of 3 December 2021 to the issuers**: as usually, the Committee’s recommendations are expressly considered and specifically addressed, graphically as well (lead text), when dealing with the various issues, as well as summarised in the final paragraph of the Report.

The new Code can be found on the Corporate Governance Committee’s website (on the page: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>).

The relevant documentation that is made available to the public and is referred to herein can be found on the Company’s website (www.leonardo.com) in the areas that are specifically indicated.

1. LEONARDO PROFILE

We provide below a brief Company profile, while the subsequent paragraphs of this Report should be referred to for a more detailed view of Leonardo’s corporate governance structure and practices, the main changes that occurred during the 2021 financial year and during the first months of the current financial year, as well as the action and measures of compliance adopted to ensure the closest adherence to the inspiring principles of the Code.

With regard to the new **principle of proportionality** brought in by the Code, with certain recommendations that are consequently outlined according to the size and shareholder structure of the companies, it should be noted that the application choices made by Leonardo and described in this Report are in line with the Code’s guidelines that are specifically addressed to “**large companies**” (with higher capitalisation) based on **dispersed ownership**.



Company Organisation

The term corporate governance stands for the set of rules and, from a more general point of view, of the corporate governance practices that regulate the management and control of the Company.

Leonardo's corporate governance model is directed at the maximisation of value for shareholders, the effective control of business risks and the utmost transparency with respect to the market; it also seeks to ensure the integrity and fairness of decision-making processes and strengthen the relationship of trust with its investors and stakeholders.

The Company's corporate governance structure, based on the traditional governance model, is consistent with the current laws applicable to listed issuers, as well as in line with the principles and recommendations of the abovementioned Code.

- **SHAREHOLDERS' MEETING**

The Shareholders' Meeting has the power to pass resolutions in ordinary and extraordinary sessions on the matters reserved to it by law or under the By-Laws.

- **BOARD OF DIRECTORS**

The Board of Directors (hereinafter referred to as the "Board" or the "BoD") is vested with the fullest powers for the administration of the Company, with the authority to perform any act it considers appropriate to the fulfilment of the Company's corporate purpose, except for those acts reserved to the Shareholders' Meeting by law or the By-Laws. The serving members of the Board of Directors were appointed by the Shareholders' Meeting held on 20 May 2020 for the three-year period from 2020 to 2022.

- **COMMITTEES**

The Board of Directors of Leonardo has established the following internal Committees, with advisory and consulting functions: the **Control and Risks Committee**, which also acts as Committee for Related Parties Transactions, the **Remuneration Committee**, the **Nomination and Governance Committee** and the **Sustainability and Innovation Committee**. The Committees' composition, duties and operation are defined and regulated by appropriate Rules approved by the Board itself, which were finally updated during 2021 in order to further bring them into line with the provisions of the Code, while also adopting the related guidelines in a formal manner.

- **BOARD OF STATUTORY AUDITORS**

The Board of Statutory Auditors performs specific supervisory functions pursuant to law, specifically regarding: *a*) compliance with the provisions of law, regulations and by-laws, as well as observance of the principles of proper business administration; *b*) the adequacy of the Company's organisational structure, internal control and risk management system and the administrative and accounting system, as well as the latter's reliability as a means of accurately



reporting business operations; *c*) any procedures for the actual implementation of the corporate governance rules provided for in the Code; *d*) the adequacy of the Company's instructions given to subsidiaries with regard to the information to be provided in order to fulfil the disclosure obligations prescribed by law and Regulation (EU) No 596/2014. The serving members of the Board of Statutory Auditors were appointed by the Shareholders' Meeting held on 19 May 2021 for the three-year period from 2021 to 2023.

- **INDEPENDENT AUDITING FIRM**

The Independent Auditing firm is the company appointed to carry out the statutory audit of accounts. It is appointed by the Shareholders' Meeting, on a reasoned proposal by the Board of Statutory Auditors. The Shareholders' Meeting held on 20 May 2020 appointed EY SpA to carry out the statutory audit of accounts for the nine-year period from 2021 to 2029.

- **OFFICER IN CHARGE OF FINANCIAL REPORTING**

Pursuant to Art. 154-*bis* of the Consolidated Law on Financial Intermediation and Arts. 25.4 and 25.5 of the Company's By-Laws, the Board of Directors' meeting held on 20 May 2020 appointed Alessandra Genco (the Company's Chief Financial Officer) as the Officer in charge of financial reporting until the expiry of the term of office of the current Board of Directors.

Objectives and corporate mission

Leonardo, a global high-tech company, is among the world's major **Aerospace, Defence and Security (AD&S)** companies and the Italian leading industry, with the ability to provide advanced solutions based on cutting-edge technologies and with dual applications, designed for both the defence sector and the requirements of customers in the civil sector. Leonardo is a key player within the main international strategic programmes and a technological partner of Governments, Defence Authorities, Institutions and Enterprises. Leonardo, which is structured in **five business Divisions** (Aerostructures; Cyber Security; Electronics; Helicopters; Aircraft), operates at a global level through a well-established industrial footprint in four domestic markets: Italy, the United States, the United Kingdom and Poland, where it is also active through subsidiaries such as Leonardo DRS (defence electronics) and some joint ventures and shareholdings (ATR, MBDA, Telespazio, Thales Alenia Space and Avio). In general, Leonardo operates in 46 Countries and its products, solutions and services are used in more than 150 Countries worldwide.

With a forward-looking approach that interprets **technological innovation as a crucial element of global sustainability**, the Group operates with the objective of being a driver of progress and technological innovation by developing multi-domain operating capabilities, competitive products and services and sustainability solutions, as well as through its ongoing commitment to implementing key technologies and directing their evolution. **Innovation**, continuous **research**, **digital industry** and



sustainability are the pillars of its business worldwide. Thanks to its well-established industrial capabilities, combined with the excellent human capital and a constant attention to innovation, Leonardo has become one of the world's major players in the AD&S sector which fosters and spreads the **culture of innovation and digital transformation**, including through a broad network of partnerships with universities and research centres.

Leonardo is the result of a great business history deeply rooted into the Italian and European industrial history and is the culmination of a long, radical process of evolution of the Group: the transformation into a **single, integrated operational industrial enterprise** has redesigned the Company's structure in order to make it more compliant with the requirements of customers and markets, readier to carry on with its mission to create long-term value – also through the efficacy of its own governance model - for its shareholders and for all main stakeholders, with a **sustainable growth vision in the long term**.

Sustainability Governance

Sustainability is a cornerstone of the corporate strategy and the Industrial Plan of Leonardo, which is strongly integrated into the company culture, business strategy and internal processes. The definition of the strategy on the part of the governing body, which is called upon to carry out management activities while pursuing **sustainable success** (in accordance with its own Rules, as reported in para. 4.1 below on the role of the BoD), its involvement in the progress of the Sustainability Plan and the choices concerning the Group's financial and ESG reporting, in addition to a specific analysis of priorities ("materiality analysis") carried out with the support of the management and the competent Board committee (Sustainability and Innovation Committee), are consistent with the principles and recommendations laid down in the new Code, as well as with the relevant guidelines provided by the **Corporate Governance Committee**.

Within the framework of the **organisational measures put in place by Leonardo in the field of sustainability governance**, in addition to setting up the aforesaid **Board committee** (for the functions, composition and work of which reference should be made to para. 7 below) and strengthening the sustainability component in the **remuneration policies** (for a description of which reference should be made to para. 8 below, as well as to the more specific information provided in the Remuneration Report), the Company has adopted a **Sustainability Operating Model** and has established **corporate departments dedicated** to managing and monitoring any related issue, even with regard to the dynamics of interaction with shareholders and stakeholders.

Given the ever-increasing attention paid to ESG-related issues by external stakeholders and given that sustainability is now a key element of the business strategy, Leonardo began to set out a



Sustainability Operating Model (hereinafter the "Operating Model") in 2021, which is aimed at putting in place any and all sustainability processes and sub-processes in a structured and consistent manner across the Group. The Operating Model designs in fact the different levels of the organisation - in accordance with existing company procedures and/or practices - and the methods to manage sustainability in integrating it into the business strategy. The Operating Model goes into the substance of the Group's sustainability strategy and describes the various phases it encompasses, from setting out the Objectives and the Sustainability Plan - part of the Industrial Plan - to measuring and reporting the Company's performance on ESG-related issues. In order to ensure coordination at Group level, the Operating Model has been prepared according to a new Company Sustainability Policy and a specific Procedure that details actions, roles and responsibilities of the corporate departments concerned: these functions play a key role in the implementation of sustainability, ensuring the coordination of any and all activities within the scope of their competence and guaranteeing consistency and integration between Governance, Strategic Guidelines and Sustainability Implementation.

Within the scope of the Operating Model, the **Sustainability organisational unit**, which reports directly to the Chief Technology & Innovation Officer, is responsible for guidance, management, monitoring and strategic dialogue on sustainability issues: it is in fact mainly in charge of supporting the Company's Top Management in designing the Group's sustainability strategy and related governance, as well as preparing the Sustainability Plan, which forms an integral part of the Industrial Plan and the Group's strategic guidelines, measuring its implementation and monitoring the related performance. The organisational unit ("o.u.") coordinates the processes aimed at identifying the most important sustainability issues for the Company and the Group's stakeholders (including the analysis of priorities) and supervising the sustainability performance, through the definition, monitoring and analysis of metrics and KPIs (Key Performance Indicators) in accordance with international guidelines and best practices, as well as at designing the Group's policies and strategies with particular focus on environmental issues. The Sustainability o.u. is also responsible for managing and developing relations with organisations and networks that are relevant to sustainability, including through communication and engagement projects to ensure the strategic positioning of Leonardo. The o.u. is informed by functionally-reporting **Sustainability Coordinators**, who are appointed within the various organisational units (Corporate/Divisions/Group companies), which ensure coordination and supervise the implementation of sustainability-related activities within the scope of their competence. During 2021 the Sustainability o.u. provided its inputs to the Sustainability and Innovation Committee in designing the sustainability strategy. In particular, the Company established the new Sustainability Objectives - among which the first ones related to decarbonisation - and structured the new Group Sustainability Plan, with the aim of strengthening the creation of value in



line with the Sustainable Development Goals of the UN 2030 Agenda. The Sustainability Plan is structured into eight thematic areas of action - clusters -, which cover the entire value chain: from research and innovation to operations, up to the development of new solutions, new business models and social impact, involving Divisions, companies and corporate functions.

As part of the sustainability planning process, numerous activities were carried out to set out and monitor the KPIs of the Plan's initiatives, with the preparation of dedicated data collection and analysis tools during the year.

The Sustainability o.u. also enhanced stakeholder engagement activities by further implementing the priority analysis process and intensifying supervision of the Group's sustainability positioning, while strengthening Leonardo's role within the national and international Global Compact network and the membership to the CSR Europe network.

The **ESG (Environmental, Social & Governance) & Integrated Reporting** o.u. (established within the Administration and Budget o.u.) and the **Investor Relations & Credit Rating Agencies** o.u. (reporting to the Chief Financial Officer, see para. 13 below), respectively, manage the internal control system, the ESG reporting and relations with financial stakeholders on ESG-related issues. The **ESG o.u.** is in fact responsible for the preparation of the Group's **Consolidated Non-Financial Statement ("NFS")**, which was included in the **Integrated Annual Report** with effect from the 2020 Financial Statements, managing the relations with independent auditors.

The integrated approach to financial reporting aims to provide, in a single document, a complete, measurable and transparent view of the value generated by the Company, as well as a guide to interpreting Leonardo's commitment to the four pillars of "Governance, People, Planet, Prosperity", with a view to long-term sustainable growth, representing the ESG-related performance, economic and financial data and information on a coordinated basis.

In addition to the Integrated Annual Report, Leonardo has included objective and measurable ESG indicators in the **remuneration policy** (see para. 8 below and the Remuneration Report), as well as in the **ESG-linked credit lines** that were entered into with a pool of national and international banks in October and December 2021. The new credit lines (ESG-linked Revolving Credit Facility and ESG-linked Term Loan) are linked, for the first time, to specific objectives connected with ESG indicators, including the reduction of CO2 emissions through eco-efficiency of industrial processes and promoting female employment with degrees in STEM education; this is in line with the sustainable strategy and the incentive system of Leonardo, as well as with the CFO Principles on integrated SDGs investments and finance of the UN Global Compact that have been signed by the Company¹.

¹ *The Chief Financial Officer (CFO) of Leonardo is a member of the CFO Taskforce of the UN Global Compact. Leonardo is among the signatories of the CFO Principles on integrated SDGs investments and finance, which are laid down by the CFO Taskforce for the creation of an investment market and finance in support of the SDGs.*



The ESG & Integrated Reporting o.u. also manages relations with **ESG Rating Agencies** and the activities relating to the Company's admission to the main sustainability stock indices, in coordination with the Investor Relations & Credit Rating Agencies o.u., providing regular information on the matter to the Sustainability and Innovation Committee. Finally, the o.u. supports the monitoring of investments that contribute to the achievement of the Sustainable Development Goals (SDGs).

For a more detailed and specific description of the issues, reference should be made to the **Integrated Annual Report 2021**, which is made available within the time limits and according to the procedures prescribed by law, at the same time as this Report, including through the publication on the Company's website (Investor Relations area).

Finally, it should be pointed out that, with a view to strengthening the role of **sustainable success within Leonardo's governance**, and in line with the objective that guides the action of the governing body in accordance with the new Code, **each Board committee** has been specifically given the new task of **supporting the Board** (as described in the relevant Rules), **within the sphere of its respective competence, in the consideration of the issues that are important for the Company for the purposes of generating long-term value.**

ESG awards

During the 2021 financial year Leonardo was reconfirmed - for the second year running - in the role of **UN Global Compact LEAD**, which is an award given to companies that stand out for their commitment to promoting the Ten Principles of the Global Compact (relating to human rights, labour, environment and anti-corruption) and their contribution to the achievement of the UN Sustainable Development Goals (SDGs). The circumstance of being confirmed as a Global Compact Lead is part of a project that involves the Company as a leader at international level, bearing witness to Leonardo's commitment in all dimensions of **sustainability** and its strong **integration into business strategy, governance and corporate processes.**

Again, during the 2021 financial year and in early 2022, Leonardo was also confirmed:

- for the twelfth consecutive year, in the **Dow Jones Sustainability Indices (DJSIs)** of S&P Global, which are the stock indices that include the best-in-class companies with the best economic and ESG performance worldwide, ranking - for the third year running - with the highest score in the Aerospace and Defence sector;
- for the second year running, on the **Climate A List** of the international organisation CDP (formerly the Carbon Disclosure Project), which includes the world's leading companies in the fight against climate change, bearing witness to the strategic commitment and action taken by Leonardo for the reduction of emissions and mitigation of risks associated with climate change;



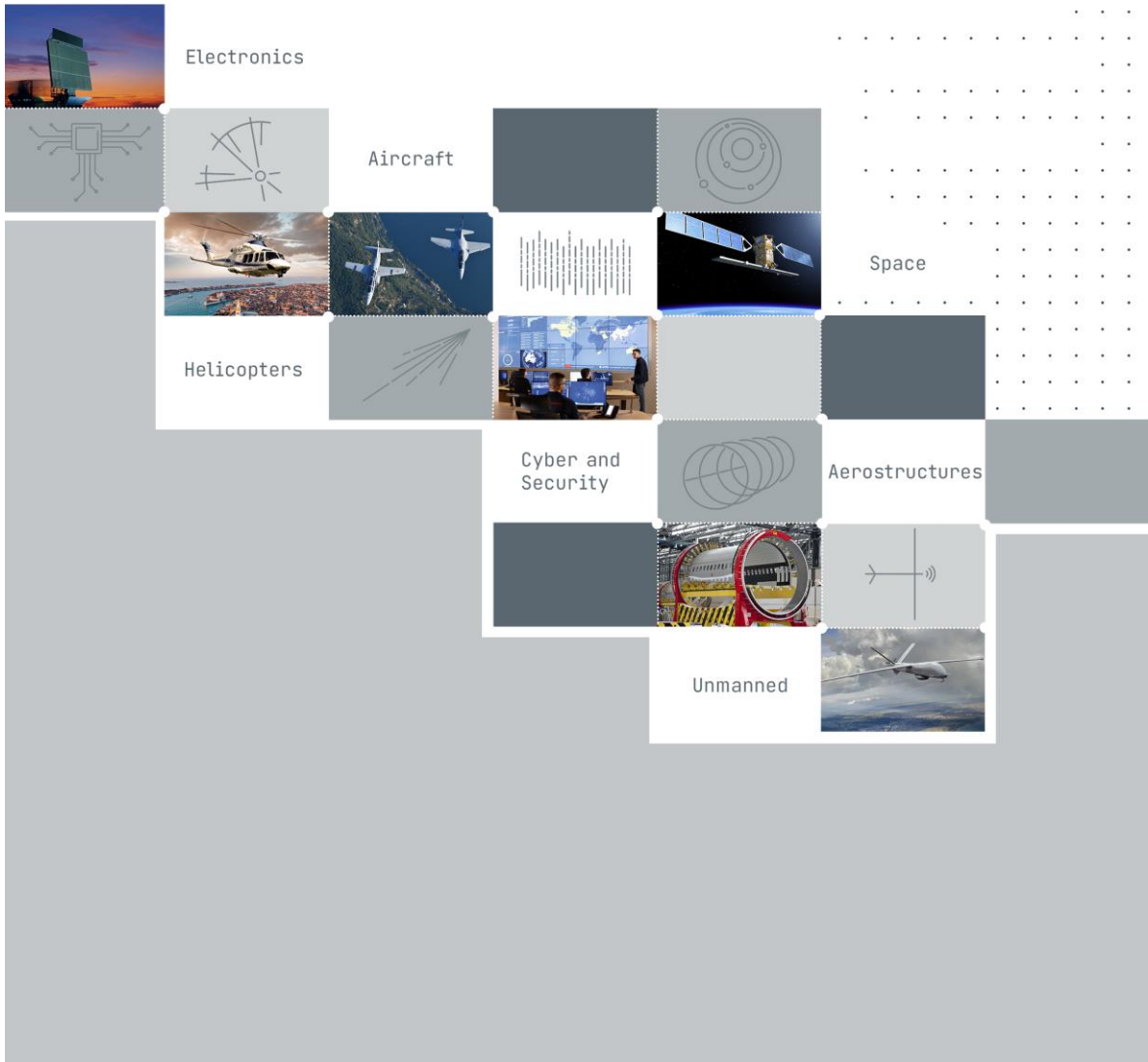
- for the second year running, in Bloomberg's **Gender Equality Index (GEI)**, which is the stock index linked to the performance of listed companies committed to transparent gender reporting (see para. 12 below).

In early 2021 Leonardo positioned itself in the highest level ("Band A") and ranked first in the **Defence Companies Index on Anti-Corruption and Corporate Transparency (DCI)** prepared by the international organisation Transparency International (see para. 15 below).

In December 2021 Leonardo stock was included in the **MIB ESG index**, launched by Borsa Italiana (Euronext Group) to identify the 40 large Italian listed issuers that report the best ESG practices. The composition of the index, the methodology of which combines the measurement of economic performance with sustainability indicators and ESG assessments in line with the principles of the UN Global Compact, is also based on the analysis conducted by the rating agency ESG Vigeo Eiris from the Moody's Group.

Furthermore, in the financial year 2021 (as largely reported in para. 15 below) Leonardo was again awarded the ISO 37001:2016 certification (**Anti-Bribery Management System Standard**), the first international standard on anti-corruption management systems, which bears witness to its role as a leader in anti-corruption practices.





INFORMATION ON THE SHAREHOLDER STRUCTURE

2. INFORMATION ABOUT THE SHAREHOLDER STRUCTURE AT 10 MARCH 2022 (ART. 123-BIS, PARA. 1, TUF)

A) STRUCTURE OF THE SHARE CAPITAL (ART. 123-BIS, PARA. 1, LETT. A), TUF)

Leonardo's share capital is equal to €2,543,861,738.00 and is made up of 578,150,395 common shares with a par value of €4.40 each, all accompanied by the same rights and obligations. The holders of Leonardo shares are entitled to vote at the ordinary and extraordinary meetings of the Company.

The Ministry of Economy and Finance holds a stake of about 30.204% in the share capital of Leonardo. At the date of the approval of this Report the Company held 2,843,120 treasury shares, equal to about 0.492% of the share capital.

B) RESTRICTIONS ON SHARE TRANSFER (ART. 123-BIS, PARA. 1, LETT. B), TUF)

In accordance with Art. 5.1-*bis* of the By-Laws, in the application of the special rules under Art. 3 of Decree Law no. 332 of 31 May 1994, as converted with amendments into Law no. 474 of 30 July 1994, as amended and supplemented, no one, except for the State, public bodies or entities controlled thereby and any other party authorised by law, may possess, on any basis, shares in the Company that constitute a shareholding of more than 3% of the share capital represented by shares with voting rights. The maximum shareholding limit is also calculated in consideration of the total holding of the controlling undertaking, which may be a natural person, legal person or corporation, as well as of direct or indirect subsidiaries and the subsidiaries of a single controlling undertaking, affiliated undertakings and relatives within the second degree of consanguinity or affinity or spouses, provided that the spouses are not legally separated.

Even with reference to parties other than companies, the term "control" is held to be within the meaning of Art. 93 of the Consolidated Law on Financial Intermediation. The term "affiliation" is held to be within the meaning of Art. 2359(3) of the Italian Civil Code, and is also deemed to exist between parties who, directly or indirectly, through their subsidiaries, other than those which manage mutual funds, sign, with third parties or otherwise, agreements relating to the exercise of voting rights or the transfer of shares or quotas, belonging to third parties or otherwise, or other agreements or contracts with third parties or otherwise, as referred to in Art. 122 of the Consolidated Law on Financial Intermediation, if such agreements or contracts concern at least 10% of the voting capital for listed companies or 20% of the voting capital for unlisted companies.

For the purposes of calculating the aforesaid shareholding limit (3%), consideration is also given to those shares that are held through trust companies and/or intermediaries or by third parties in general.



Voting rights regarding shares held in excess of the maximum limit stated above cannot be exercised as detailed in paragraph F) below.

Furthermore, according to the provisions governing the Government's special powers that are commented on in para. D.1) below and, more in particular, pursuant to Art. 1, paragraph 5, of Decree Law no. 21 of 15 March 2012, as converted with amendments into Law no. 56 of 11 May 2012 and related implementing provisions, anyone – excluding the Italian Government, Italian public bodies or any entities controlled by the latter – who holds a stake in the share capital which exceeds the threshold of 3 per cent or a stake which exceeds the thresholds of 5%, 10%, 15%, 20%, 25% and 50%, is required to notify the acquisition in question to the Presidency of the Council of Ministers within the time limits and according to the procedures set out in the abovementioned Decree Law 21/2012, and related implementing provisions. The above provisions shall apply in order to allow the Presidency of the Council of Ministers to exercise the special powers (described in para. D.1 below) envisaged in the abovementioned regulations in the event of a threat of serious damage to the essential interests of the defence and national security.

C) MATERIAL SHAREHOLDINGS IN THE SHARE CAPITAL (ART. 123-BIS, PARA. 1, LETT. C), TUF)

The persons who, at the date of the approval of this Report, held, either directly or indirectly, a significant stake in the share capital, on the basis of the notices disclosed pursuant to Art. 120 of the Consolidated Law on Financial Intermediation, are reported in Table 1 in Appendix.

D) HOLDERS OF SECURITIES THAT CONFER SPECIAL CONTROL RIGHTS (ART. 123-BIS, PARA. 1, LETT. D), TUF)

No securities have been issued which confer special control or any other rights.

D.1) SPECIAL POWERS OF THE GOVERNMENT

Decree Law no. 21 of 15 March 2012 (as converted with amendments into Law no. 56 of 11 May 2012 - hereinafter the “**Golden Power Decree**”), regulates the special powers of the Government on the corporate structure in the sectors of defence and national security, as well as the activities of strategic importance in the Energy, Transport and Communications sectors.

The scope of application of the regulations was finally extended following the adoption of the Prime Minister's Decree no. 179 of 18 December 2020, which came into force on 14 January 2021 and which set out the "economic activities of strategic importance", as well as "critical" assets and relationships in the sectors stated under Art. 4, paragraph 1, of Regulation (EU) No 452/2019 (establishing a framework for the screening of foreign direct investments into the Union), in addition to those identified under previous decrees.



The sectors falling within the scope of application of the Golden Power Decree, as supplemented by the Implementing Regulation, include:

- processing, storage, access to and control of sensitive data and information;
- artificial intelligence, robotics, semiconductors, cybersecurity, nanotechnologies and biotechnologies;
- non-military aerospace infrastructures and technologies;
- dual-use products.

The Prime Minister's Decree no. 180 of 23 December 2020, which came into force on 14 January 2021, also updated the provisions on the assets of strategic importance in the energy, transport and communications sectors in accordance with Art. 2, paragraph 1, of the Golden Power Decree.

With specific regard to the defence and national security sector, the Prime Minister's Decree no. 108 of 6 June 2014 identified the activities of strategic importance, including any key strategic activities, for the purposes of the exercise of the Government's special powers. The procedures for the application and exercise of special powers in the defence and national security sectors are instead regulated by Presidential Decree no. 35 of 19 February 2014. In particular, the regulations governing special powers in the defence and national security sectors provide, in the event of an actual threat of a serious damage to the essential interests of defence and security, for the Government to be entitled to exercise the special powers described below:

- a) imposition of specific conditions relating to the security of procurement and information, technology transfers, export control, in the case of the acquisition of stakes in companies that carry out activities of strategic importance for the defence and security sector;
- b) veto on the adoption of resolutions, acts or transactions approved by the Shareholders' Meeting or the governing body of a company that carries out activities of strategic importance for the defence and security sector relating to extraordinary transactions or transactions of particular importance concerning mergers, demergers, transfer of businesses or branches of business or of subsidiaries, transfer of the registered office abroad, change in the corporate purpose, dissolution of the company, amendments to by-law clauses brought in pursuant to Art. 3, paragraph 1, of Decree Law no. 332 of 31 May 1994, or that may be adopted on limits on voting rights (pursuant to Art. 2351, paragraph 3, of the Italian Civil Code), as well as assignments of rights *in rem* or of use in relation to tangible or intangible assets or undertaking of obligations that limit their use, even due to the company being subject to insolvency proceedings;
- c) opposition to the acquisition of stakes in a company that carries out activities of strategic importance for the defence and security sector, on the part of an entity other than the Italian Government, an Italian public body or an entity controlled by the latter, where the buyer holds – either directly or indirectly, including through subsequent acquisitions, through third parties



or through persons and entities that are otherwise related to each other - a stake in the voting capital which is capable of affecting the interests of defence and national security (see paragraph b) above).

The regulations on the Government's special powers have been further strengthened with the introduction of specific transitional rules – the effectiveness of which was finally extended until 31 December 2022 by virtue of Decree Law no. 228 of 30 December 2021, whereby the notification obligation was extended to acts and transactions, carried out or regarding companies that hold assets and relationships identified by Prime Minister's Decree 179/2020, which:

- have as their object the acquisition of controlling interests on the part of foreign persons and entities, including those belonging to the EU, or those realised by parties outside the EU, which attribute a share of voting rights or capital that is equal to at least 10% when the overall value of the investment is equal to or greater than €mil. 1;
- result in changes in the ownership, control or availability of the aforesaid assets.

E) EMPLOYEE SHAREHOLDING: VOTING MECHANISM (ART. 123-BIS, PARA.1, LETT. E), TUF)

No provision is made for any employee shareholding scheme. With reference to the Incentive Plan adopted by the Company, it should also be noted that it does not provide for the voting rights attached to the shares being granted, to be exercised by persons other than the beneficiaries of the Plans. For more details, reference should be made to the Information Sheet prepared pursuant to Art. 84-*bis* of the Consob Regulation 11971/1999, as amended and supplemented (hereinafter the "Issuers' Regulation") and available in the Corporate Governance section (Remuneration area) of the Company's website.

F) VOTING RESTRICTIONS (ART. 123-BIS, PARA. 1, LETT. F), TUF)

In implementing the regulations governing privatisation (Decree Law 332/1994, as converted with amendments into Law 474/ 1994 - "Rules to speed-up the procedures for the divestment of shareholdings held by the Government and public entities in joint stock companies", as amended and supplemented), the By-Laws (Art. 5.1-*bis*) provide that voting rights relating to shares held above the maximum limit of 3% may not be exercised and that voting rights held by Shareholders in excess of the shareholding limit shall be reduced proportionally, unless otherwise previously and jointly indicated by all the Shareholders concerned. In case of non-compliance, meeting resolutions may be challenged under Art. 2377 of the Italian Civil Code if the required majority would not have been reached had the votes exceeding the maximum limit not been included. However, non-voting shares shall be included for the purposes of calculating the meeting quorum.



G) SHAREHOLDERS' AGREEMENTS (ART. 123-BIS, PARA. 1, LETT. G), TUF)

The Company has no knowledge of any shareholders' agreements referred to in Art. 122 of the Consolidated Law on Financial Intermediation, regarding the shares.

H) CLAUSES ON CHANGE OF CONTROL (ART. 123-BIS PARA. 1, LETT. H), TUF) AND BY-LAWS PROVISIONS CONCERNING TAKEOVER BIDS (ARTS. 104, PARA. 1-TER AND 104-BIS, PARA. 1, TUF)

Material agreements – subject to disclosure pursuant to Art. 123-bis, paragraph 1, letter h), of the Consolidated Law on Financial Intermediation -, which were in force at 31 December 2021, as entered into by Leonardo (“Ldo”) or its subsidiaries (on the basis of the notices received pursuant to Art. 114, paragraph 2, of the Consolidated Law on Financial Intermediation) and which become effective, can be amended or extinguished in case of a change of control (“CoC”) of the company concerned, are listed in the table below with an indication of the corresponding effects.

PARTIES		AGREEMENT	EFFECTS OF THE CHANGE OF CONTROL CLAUSE
LEONARDO SPA	BANCA IMI S.P.A., BANCO BILBAO VIZCAYA ARGENTARIA S.A., MILAN BRANCH, BANCO BPM S.P.A., BANCO SANTANDER, S.A., MILAN BRANCH, BANK OF AMERICA MERRILL LYNCH INTERNATIONAL LIMITED, THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., BARCLAYS BANK PLC, BNP PARIBAS ITALIAN BRANCH, CASSA DEPOSITI E PRESTITI S.P.A., CITIBANK, N.A., MILAN BRANCH, COMMERZBANK AKTIENGESELLSCHAFT, MILAN BRANCH, CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, MILAN BRANCH, HSBC BANK PLC, MILAN BRANCH, SOCIÉTÉ GÉNÉRALE, MILAN BRANCH, SUMITOMO MITSUI BANKING CORPORATION EUROPE LIMITED, MILAN BRANCH AND UNICREDIT S.P.A.	AGREEMENT FOR GRANTING A NEW REVOLVING CREDIT LINE TO LEONARDO	IN CASE OF CoC OF LDO, WHICH DOES NOT AFFECT THE ITALIAN GOVERNMENT'S STAKE, AFTER A MAXIMUM 90-DAY PERIOD AIMED AT ESTABLISHING WHETHER THE BANKS INTEND TO CONTINUE PARTICIPATING IN THE CREDIT LINE, EACH BANK MAY REQUEST THE CANCELLATION OF THE COMMITMENT AND THE REPAYMENT OF ITS SHARE OF LOAN, WITH ANY INTEREST ACCRUED UNTIL THAT DATE



LEONARDO SPA	BARCLAYS; BNP; CRÉDIT AGRICOLE; SACE; SOCIÉTÉ GÉNÉRALE; DEUTSCHE BANK; UNICREDIT	COUNTER GUARANTEE AND ISSUANCE INDEMNITY AGREEMENT	IN CASE OF CoC OF LDO, AFTER A 90-DAY NEGOTIATION PERIOD, EACH BANK MAY REQUEST THE CANCELLATION OF THE COMMITMENT TO COLLATERALISING THE AMOUNT WITH THE PAYMENT OF ITS OWN SHARE, OR THE COMMITMENT BY LDO TO REPLACE THE BANK WITH ANOTHER COUNTER-GUARANTOR
LEONARDO SPA	BANCA IMI S.P.A., INTESA SANPAOLO S.P.A., BANCO SANTANDER, S.A., MILAN BRANCH, BNP PARIBAS, ITALIAN BRANCH, CRÉDIT AGRICOLE – CORPORATE AND INVESTMENT BANK, MILAN BRANCH, SACE S.P.A., SOCIÉTÉ GÉNÉRALE S.A., MILAN BRANCH AND UNICREDIT S.P.A.	GUARANTEE FACILITY AGREEMENT	IN CASE OF CoC OF LDO, WHICH DOES NOT AFFECT THE ITALIAN GOVERNMENT’S STAKE, AFTER A MAXIMUM 90-DAY PERIOD AIMED AT ESTABLISHING WHETHER THE BANKS INTEND TO CONTINUE PARTICIPATING IN THE CREDIT LINE, EACH BANK MAY REQUEST THE CANCELLATION OF THE COMMITMENT AND THE REPAYMENT OF ITS SHARE OF LOAN, WITH ANY INTEREST ACCRUED UNTIL THAT DATE, BY SENDING LDO A REQUEST FOR A CASH COLLATERAL FOR THE GUARANTEED AMOUNT
LEONARDO SPA	BANCA IMI S.P.A., BNP PARIBAS ITALIAN BRANCH, COMMERZBANK AKTIENGESELLSCHAFT, MILAN BRANCH, CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, MILAN BRANCH, INTESA SANPAOLO S.P.A., SOCIÉTÉ GÉNÉRALE, MILAN BRANCH, THE BANK OF TOKYO-MITSUBISHI UFJ, LTD. – MILAN BRANCH, BANCO BPM S.P.A., BANK OF AMERICA, NA, MILAN BRANCH, CITIBANK, N.A. MILAN BRANCH, SUMITOMO MITSUI BANKING CORPORATION EUROPE LIMITED, MILAN BRANCH, BANCA POP.	TERM LOAN AGREEMENT	IN CASE OF CoC OF LDO, WHICH DOES NOT AFFECT THE ITALIAN GOVERNMENT’S STAKE, AFTER A MAXIMUM 90-DAY PERIOD AIMED AT ESTABLISHING WHETHER THE BANKS INTEND TO CONTINUE PARTICIPATING IN THE CREDIT LINE, EACH BANK MAY REQUEST THE CANCELLATION OF THE COMMITMENT AND THE REPAYMENT OF ITS SHARE OF LOAN, WITH ANY INTEREST ACCRUED UNTIL THAT DATE



	DELL'EMILIA ROMAGNA SOC. COOP., NATIXIS S.A. – MILAN BRANCH, UNICREDIT S.P.A.		
LEONARDO SPA	BAE SYSTEMS AND AIRBUS GROUP (FORMERLY EADS)	SHAREHOLDERS' AGREEMENT RELATING TO MBDA SAS, A COMPANY OPERATING IN THE MISSILE SYSTEMS SECTOR	IN CASE OF CoC OF LDO, THE OTHER SHAREHOLDERS - BAE SYSTEMS AND EADS – HAVE THE OPTION OF DECIDING WHETHER TO EXTINGUISH LDO'S RIGHT TO APPOINT CERTAIN MANAGERS AND TO OBTAIN CERTAIN INFORMATION ABOUT MBDA. IF THIS IS REQUESTED BY THE SHAREHOLDERS, LDO MAY ASK THESE SHAREHOLDERS TO BUY ITS STAKE IN MBDA AT MARKET PRICE
LEONARDO SPA	EUROPEAN INVESTMENT BANK (EIB)	AGREEMENT FOR GRANTING A LOAN FOR THE "DEVELOPMENT AND PRODUCTION OF INNOVATIVE AIRCRAFT COMPONENTS" PROJECT OF ALENIA AERMACCHI SPA	EIB MAY CANCEL THE LOAN AND REQUEST EARLY REPAYMENT IF A PARTY OR GROUP OF PARTIES ACTING IN CONCERT ACQUIRE CONTROL OF LDO PURSUANT TO ART. 2359 OF THE ITALIAN CIVIL CODE OR IF THE ITALIAN GOVERNMENT CEASES TO HOLD AT LEAST 30% OF THE SHARE CAPITAL OF LDO
LEONARDO SPA	EUROPEAN INVESTMENT BANK (EIB)	AGREEMENT FOR GRANTING A LOAN AIMED AT SUPPORTING 50% OF LEONARDO'S INVESTMENT PROJECTS RELATED TO: I) RESEARCH AND DEVELOPMENT IN PRODUCTS AND TECHNOLOGIES (HELICOPTERS); II) CYBER SECURITY; III) ADVANCE MANUFACTURING (INDUSTRY 4.0) AND IV) INVESTMENTS IN COHESION AREAS.	EIB MAY CANCEL THE LOAN NOT YET DISBURSED AND REQUEST EARLY REPAYMENT OF THE EXISTING LOAN (PLUS INTEREST) IF A PARTY OR GROUP OF PARTIES ACTING IN CONCERT ACQUIRE CONTROL OF LDO PURSUANT TO ART. 2359 OF THE ITALIAN CIVIL CODE OR IF THE ITALIAN GOVERNMENT CEASES TO HOLD AT LEAST 30% OF THE SHARE CAPITAL OF LDO
LEONARDO SPA	CASSA DEPOSITI E PRESTITI S.P.A.	TERM FACILITY AGREEMENT: AGREEMENT FOR GRANTING A LOAN AIMED AT SUPPORTING THE COMPANY'S OPERATIONS	IN CASE OF CoC OF LDO, WHICH DOES NOT AFFECT THE ITALIAN GOVERNMENT'S STAKE, AFTER A MAXIMUM 90-DAY PERIOD AIMED AT ESTABLISHING WHETHER THE BANKS INTEND TO CONTINUE PARTICIPATING IN THE CREDIT LINE, EACH BANK MAY REQUEST THE



			CANCELLATION OF THE COMMITMENT AND THE REPAYMENT OF THE LOAN, WITH ANY INTEREST ACCRUED UNTIL THAT DATE
LEONARDO SPA	BANCA NAZIONALE DEL LAVORO S.P.A., BANCA IMI S.P.A., BANCO BPM S.P.A., BNP PARIBAS, ITALIAN BRANCH, CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, MILAN BRANCH, HSBC FRANCE, INTESA SANPAOLO S.P.A., NATIONAL WESTMINSTER BANK PLC, SOCIÉTÉ GÉNÉRALE, MILAN BRANCH, UNICREDIT S.P.A., UNIONE DI BANCHE ITALIANE S.P.A.	AGREEMENT FOR GRANTING A REVOLVING CREDIT LINE TO LEONARDO	IN CASE OF CoC OF LDO, WHICH DOES NOT AFFECT THE ITALIAN GOVERNMENT'S STAKE, AFTER A MAXIMUM 90-DAY PERIOD, AIMED AT ESTABLISHING WHETHER THE BANKS INTEND TO CONTINUE TO PARTICIPATE IN THE LINE OF CREDIT, EACH BANK MAY REQUEST THE CANCELLATION OF THE COMMITMENT AND THE REPAYMENT OF ITS SHARE OF LOAN, WITH INTEREST ACCRUED UNTIL THAT DATE
LEONARDO SPA	BANCA NAZIONALE DEL LAVORO S.P.A., BANCA IMI S.P.A., BANCO BPM S.P.A., BNP PARIBAS, ITALIAN BRANCH, CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, MILAN BRANCH, HSBC FRANCE, INTESA SANPAOLO S.P.A., NATIONAL WESTMINSTER BANK PLC, SOCIÉTÉ GÉNÉRALE, MILAN BRANCH, UNICREDIT S.P.A., UNIONE DI BANCHE ITALIANE S.P.A.	AGREEMENT FOR GRANTING A TERM LOAN LINE TO LEONARDO	IN CASE OF CoC OF LDO THAT DOES NOT AFFECT THE ITALIAN GOVERNMENT'S STAKE, AFTER A MAXIMUM 90-DAY PERIOD, AIMED AT ESTABLISHING WHETHER THE BANKS INTEND TO CONTINUE PARTICIPATING IN THE CREDIT LINE, EACH BANK MAY REQUEST THE CANCELLATION OF THE COMMITMENT AND THE REPAYMENT OF ITS SHARE OF LOAN, WITH INTEREST ACCRUED UNTIL THAT DATE
LEONARDO SPA	EUROPEAN INVESTMENT BANK (EIB)	AGREEMENT FOR GRANTING AN ADDITIONAL AMOUNT OF THE LOAN ALREADY GRANTED ON 29 NOVEMBER 2018	EIB MAY CANCEL THE LOAN NOT YET DISBURSED AND REQUEST THE EARLY REPAYMENT OF THE EXISTING LOAN (PLUS INTEREST) IF A PARTY OR GROUP OF PARTIES ACTING IN CONCERT ACQUIRE CONTROL OF LDO PURSUANT TO ART. 2359 OF THE ITALIAN CIVIL CODE OR IF THE ITALIAN GOVERNMENT CEASES TO HOLD AT LEAST 30% OF THE SHARE CAPITAL OF LDO



LEONARDO SPA	BNP PARIBAS, ITALIAN BRANCH, BANCA NAZIONALE DEL LAVORO S.P.A., BANCO BPM S.P.A., BPER BANCA S.P.A., CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, MILAN BRANCH, INTESA SANPAOLO S.P.A., SMBC BANK EU AG MILAN BRANCH, SOCIÉTÉ GÉNÉRALE, MILAN BRANCH, UNICREDIT S.P.A., BANCA MONTE DEI PASCHI DI SIENA S.P.A., BANCO SANTANDER S.A., BANCO SANTANDER S.A., MILAN BRANCH, BANK OF AMERICA EUROPE DAC, BARCLAYS BANK IRELAND PLC, COMMERZBANK AKTIENGESELLSCHAFT MILAN BRANCH, DEUTSCHE BANK LUXEMBOURG S.A., HSBC CONTINENTAL EUROPE, MUGBANK, LTD. - MILAN BRANCH, BANCO BILBAO VIZCAYA ARGENTARIA S.A., MILAN BRANCH, BANCA POPOLARE DI SONDRIO – SOCIETÀ COOPERATIVA PER AZIONI, CITIBANK, N.A., MILAN BRANCH, MEDIOBANCA – BANCA DI CREDITO FINANZIARIO S.P.A., BANK OF CHINA LIMITED MILAN BRANCH, CREDIT INDUSTRIEL ET COMMERCIAL, A SOCIÉTÉ ANONYME, NATIONAL WESTMINSTER BANK PLC, NATIXIS S.A., MILAN BRANCH, JPMORGAN CHASE BANK, N.A., MILAN BRANCH, BANCA PASSADORE & C. S.P.A.	AGREEMENT FOR GRANTING A NEW ESG-LINKED REVOLVING CREDIT LINE TO LEONARDO	IN CASE OF CoC OF LDO, WHICH DOES NOT AFFECT THE ITALIAN GOVERNMENT'S STAKE, AFTER A MAXIMUM 90-DAY PERIOD, AIMED AT ESTABLISHING WHETHER THE BANKS INTEND TO CONTINUE PARTICIPATING IN THE CREDIT LINE, EACH BANK MAY REQUEST THE CANCELLATION OF THE COMMITMENT AND THE REPAYMENT OF ITS SHARE OF LOAN, TOGETHER WITH ANY INTEREST ACCRUED UNTIL THAT DATE
LEONARDO SPA	BNP PARIBAS, ITALIAN BRANCH, BANCA NAZIONALE DEL LAVORO S.P.A., BANCO BPM S.P.A., BPER BANCA S.P.A., CRÉDIT AGRICOLE CORPORATE AND	AGREEMENT FOR GRANTING AN ESG-LINKED TERM LOAN CREDIT LINE TO LEONARDO	IN CASE OF CoC OF LDO, WHICH DOES NOT AFFECT THE ITALIAN GOVERNMENT'S STAKE, AFTER A MAXIMUM 90-DAY PERIOD, AIMED AT ESTABLISHING WHETHER THE BANKS INTEND TO CONTINUE



	INVESTMENT BANK, MILAN BRANCH, INTESA SANPAOLO S.P.A., UNICREDIT S.P.A., UNICREDIT BANK AUSTRIA AG.		PARTICIPATING IN THE CREDIT LINE, EACH BANK MAY REQUEST THE CANCELLATION OF THE COMMITMENT AND THE REPAYMENT OF ITS SHARE OF LOAN, TOGETHER WITH ANY INTEREST ACCRUED UNTIL THAT DATE
LEONARDO SPA	FINCANTIERI	COMBAT SYSTEM SUPPLY CONTRACT AND RELATED INTEGRATED LOGISTICS AND SUPPORT SERVICES, FOR THE 7 VESSELS DESTINED TO THE QATAR EMIR NAVAL FORCE	IN THE CASE OF AN ASSIGNMENT IN FURTHERANCE OF CORPORATE MERGER, REORGANISATION, RESTRUCTURING OR ANY OTHER SIMILAR PROCEDURE, THE CUSTOMER'S PRIOR WRITTEN CONSENT IS REQUIRED.
LEONARDO SPA	THALES	SHAREHOLDERS' AGREEMENT RELATING TO THALES ALENIA SPACE SAS ("TAS" - LEONARDO 33%)	IN CASE OF CoC OF LDO TO A COMPETITOR OF THALES, THE LATTER IS ENTITLED TO ACQUIRE – AND LDO IS BOUND TO SELL - LDO'S STAKE IN TAS AT A PRICE TO BE AGREED BY THE PARTIES
LEONARDO SPA	THALES	SHAREHOLDERS' AGREEMENT RELATING TO TELESPAZIO SPA (LEONARDO 67%), A COMPANY OPERATING IN THE SATELLITE SERVICES SECTOR	IN CASE OF CoC OF LDO TO A COMPETITOR OF THALES, THE LATTER IS ENTITLED TO SELL ITS STAKE IN TELESPAZIO TO LDO AT A PRICE TO BE AGREED BY THE PARTIES
LEONARDO SPA	THALES AND BENIGNI	SHAREHOLDERS' AGREEMENT RELATING TO ELETTRONICA SPA (LEONARDO 31.33%), A COMPANY OPERATING IN THE DEFENSE ELECTRONICS SECTOR	IN CASE OF CoC OF LDO, THE OTHER SHAREHOLDERS HAVE THE RIGHT TO BUY LDO'S STAKE IN ELETTRONICA ON A PRO-RATA BASIS AT A PRICE TO BE AGREED BY THE PARTIES
LEONARDO SPA	AIG	AGREEMENT FOR GRANTING AN INSURANCE CREDIT LINE FOR THE ISSUE OF SIGNATURE LOANS (BID BOND, PERFORMANCE BOND ETC.) IN THE INTERESTS OF THE LEONARDO GROUP COMPANIES	IN CASE OF CoC OF LDO, THE INSURANCE COMPANY MAY REQUEST AN IMMEDIATE CASH DEPOSIT EQUAL TO THE AMOUNTS OF THE OUTSTANDING GUARANTEES AND CANCEL THE CREDIT LINE
LEONARDO SPA	• AIG (PRIMARY POLICY) EXCESS POLICIES TO PRIMARY	INSURANCE SCHEME FOR DIRECTORS AND OFFICERS	THE INSURER WILL NOT BE LIABLE FOR ANY LOSSES ARISING FROM OR ARE BASED ON, OR ARE ATTRIBUTABLE TO AN



	<ul style="list-style-type: none"> • GENERALI • LIBERTY • CHUBB + CO-INSURERS • QBE + CO-INSURERS • SWISSRE+ CO-INSURERS • ZURICH+ CO-INSURERS • SOMPO+ CO-INSURERS • AGCS+ CO-INSURERS 		INSURED EVENT UNDER THE POLICY, WHICH OCCURS AFTER THE EFFECTIVE DATE OF A TRANSACTION THAT ENTAILS A CoC OF THE COMPANY
LEONARDO SPA	GENERALI + OTHER CO-INSURERS	INSURANCE SCHEME FOR AVIATION	THE INSURER IS ENTITLED TO WITHDRAW FROM THE CONTRACT IN THE CASE OF THE MERGER OF THE INSURED COMPANY WITH ONE OR MORE COMPANIES OR IN THE CASE OF DISPOSAL
LEONARDO SPA	GENERALI + OTHER CO-INSURERS (PRIMARY POLICY)	PROPERTY ALL RISKS	THE INSURER IS ENTITLED TO WITHDRAW FROM THE CONTRACT IN CASE OF SUBSTANTIAL CHANGES IN THE INSURED'S OWNERSHIP
LEONARDO SPA	<p>PUBLIC JOINT STOCK COMPANY "AVIATION HOLDING COMPANY "SUKHOI"</p> <p>WING NED B.V.</p> <p>SUPERJET INTERNATIONAL S.P.A.</p>	SHAREHOLDERS' AGREEMENT RELATING TO SUPERJET INTERNATIONAL SPA (LEONARDO 10%), A COMPANY FOR THE IMPLEMENTATION OF THE "SUPERJET 100 PROGRAM", WHICH FORMS PART OF THE "RUSSIAN REGIONAL JET PROGRAM"	IN CASE OF CoC OF LDO, SUKHOI MAY EXERCISE THE CALL OPTION CONCERNING THE SHARES OF SUPERJET INTERNATIONAL HELD BY LDO
LEONARDO SPA	ELBIT SYSTEMS LIMITED	TEAMING AGREEMENT REGARDING THE BUSINESS AND TECHNICAL COLLABORATION AMONG THE PARTIES RELATED TO SURFACE UNMANNED VEHICLES MANUFACTURED BY ELBIT, EQUIPPED WITH LIGHT TORPEDO LAUNCH SYSTEMS PRODUCED BY THE DEFENCE SYSTEMS DIVISION	IN CASE OF CoC OF THE PARTIES, THE RIGHTS AND OBLIGATIONS ARISING FROM THE AGREEMENT MAY BE TRANSFERRED TO THIRD PARTIES, EXCEPT WITH THE PRIOR WRITTEN CONSENT BY THE PARTIES
LEONARDO SPA	THE BOEING COMPANY BOEING DEFENSE SPACE & SECURITY AND AGUSTA WESTLAND PHILADELPHIA CORP. ("AWPC")	AGREEMENT FOR THE SUPPLY TO BOEING OF: <ul style="list-style-type: none"> - AW 139 HELICOPTERS TO BE CONVERTED INTO MH139 FOR THE UNITED STATES AIR FORCE; 	CoC REQUIRES APPROVAL BY BOEING, EXCEPT IF AWPC WERE MERGED /MERGED BY TAKEOVER INTO ANOTHER US COMPANY FULLY CONTROLLED BY LDO,



		- DEVELOPMENT ACTIVITIES, SIMULATORS, SPARE PARTS, SUPPORT, GROUND SUPPORT EQUIPMENT, LICENCES, TRAINING	PROVIDED THAT THIS REORGANISATION TAKES PLACE IN THE THREE YEARS AFTER THE SIGNATURE OF THE CONTRACT
LEONARDO SPA	- BANCA IMI SPA - INTESA SANPAOLO S.P.A. - SACE S.P.A. - UNICREDIT S.P.A. - CRÉDIT AGRICOLE - SOCIÉTÉ GÉNÉRALE, - BANCO SANTANDER S.A - BNP PARIBAS	“GUARANTEE FACILITY AGREEMENT” (GFA) REGARDING THE ISSUE OF THE NECESSARY BANK GUARANTEES FOR THE QATARI NH90 CONTRACT	NOTIFICATION OBLIGATION WITH ENSUING RIGHT OF EXCLUSION OF THE COUNTERPARTY FROM THE FACILITY. OPENING OF A NEGOTIATION PERIOD WITH THE DISSENTING PARTY AFTER WHICH THE LATTER MAY REQUEST CANCELLATION OF ITS COMMITMENTS AND REPLACEMENT WITH ANOTHER COUNTER-GUARANTOR
LEONARDO SPA	GENERAL HEADQUARTERS OF THE ITALIAN FINANCIAL POLICE (“GDF”)	CONTRACT FOR THE SUPPLY OF 24 TWIN-ENGINE MEDIUM-LIGHT CLASS HELICOPTERS AW169 AND RELATED EQUIPMENT, AS WELL AS TECHNICAL, LOGISTIC AND TRAINING SUPPORT	COMPANIES’ DISPOSALS, CONVERSIONS AND MERGERS SHOULD BE COMMUNICATED TO THE PROCUREMENT UNIT OF THE ITALIAN FINANCIAL POLICE IN ORDER TO HAVE THE CHANGE, IF ANY, APPROVED. IN CASE OF ANY OMISSION, PENALTIES SHALL APPLY UNDER THE CONTRACT, WITHOUT PREJUDICE TO THE RIGHT TO COMPENSATION FOR DAMAGE AND THE POWER TO DECLARE THE CONTRACT TERMINATED
LEONARDO SPA	GENERAL HEADQUARTERS OF THE ITALIAN FINANCIAL POLICE (“GDF”)	CONTRACT FOR THE SUPPLY OF 4 HELICOPTERS AW139, IN THE “FULL OPERATIONAL CAPABILITY” CONFIGURATION REFERRED TO IN THE TECHNICAL SPECIFICATIONS AND RELATED “TURNKEY” TECHNICAL AND LOGISTIC SUPPORT, AS WELL AS ADDITIONAL DESIGN, INTEGRATION AND APPROVAL ACTIVITIES	COMPANIES’ DISPOSALS, CONVERSIONS AND MERGERS SHOULD BE COMMUNICATED TO THE PROCUREMENT UNIT OF THE ITALIAN FINANCIAL POLICE IN ORDER TO HAVE THE CHANGE, IF ANY, APPROVED. IN CASE OF ANY OMISSION, PENALTIES SHALL APPLY UNDER THE CONTRACT, WITHOUT PREJUDICE TO THE RIGHT TO COMPENSATION FOR DAMAGE AND THE POWER



		ADDITIONAL AGREEMENT TO THE CONTRACT FOR THE SUPPLY OF: 1) 4 HELICOPTERS AW139 IN THE “FULL OPERATIONAL” CONFIGURATION; 2) DESIGN, SUPPLY AND INSTALLATION OF ADDITIONAL SYSTEMS ON BOARD HELICOPTERS AW139 IN THE “FULL OPERATIONAL” CONFIGURATION OF THE BODY; 3) OPERATIONS AT THE TRAINING ACADEMY IN SESTO CALENDE (VA); 4) TURNKEY TECHNICAL AND LOGISTIC SUPPORT SERVICE – PAY BY HOUR	TO DECLARE THE CONTRACT TERMINATED
LEONARDO SPA	PRATT & WHITNEY CANADA CORP. (P&WC)	MASTER AGREEMENT FOR THE SUPPLY OF HELICOPTER ENGINES	RIGHT TO WITHDRAW FROM CONTRACT IN THE EVENT THAT: - CONTROL OF LDO IS ACQUIRED BY A COMPETITOR OF P&WC; - CoC TRIGGERS A CONFLICT WITH THE BUSINESS INTERESTS OF P&WC
LEONARDO SPA (FORMERLY AGUSTAWESTLAND SPA)	GENERAL ELECTRIC COMPANY (THROUGH THE AVIATION BUSINESS UNIT, MA, USA - “GE”)	MASTER AGREEMENT RELATING TO THE SUPPLY OF HELICOPTER ENGINES	RENEGOTIATION OF THE AGREEMENTS IF CONTROL OF LDO IS ACQUIRED BY A COMPETITOR OF GE; LDO IS LIABLE FOR ANY POSSIBLE BREACH OF CONFIDENTIALITY OBLIGATIONS IN RELATION TO GE’S PROPRIETARY INFORMATION
LEONARDO SPA (FORMERLY AGUSTAWESTLAND SPA)	BELL HELICOPTER TEXTRON	LICENCE FOR THE PRODUCTION AND SALE OF 412, 412SP, 412HP, 412EP-SAR, 212, 206A, 206B HELICOPTERS AND SPARE PARTS	TERMINATION OF THE AGREEMENT IN CASE OF TRANSFER OF OWNERSHIP OF LDO TO A THIRD-PARTY HELICOPTER MANUFACTURER AND SELLER, EXCLUDING INTRA-GROUP TRANSFERS
LEONARDO SPA (FORMERLY AGUSTAWESTLAND SPA)	OJSC “OPK” OBORONPROM; LLC “INTERNATIONAL HELICOPTER PROGRAMS”; JSC HELIVERT (THE JV COMPANY)	LICENCE AGREEMENT RELATING TO THE JOINT VENTURE JSC HELIVERT FOR PRODUCTION AND SALE OF THE CIVIL HELICOPTER AW139 IN RUSSIA AND IN OTHER CIS COUNTRIES	TERMINATION OF THE JOINT VENTURE AGREEMENT AND WINDING-UP OF THE J.V. COMPANY ON THE PART OF THE MEMBERS IN CASE OF CoC IN LDO’S SHAREHOLDER STRUCTURE



LEONARDO SPA	INTESA SANPAOLO S.P.A. - UNICREDIT S.P.A.	BANK GUARANTEES ON THE CAIRO/N/AF/LEONARDO S.P.A. CONTRACT ENTERED INTO ACCORDING TO THE “MASTER AGREEMENT” CONCERNING THE ISSUE OF FIRST-DEMAND BANK GUARANTEES	<u>UNICREDIT</u> OBLIGATION TO NOTIFY THE BANK IN ADVANCE OF ANY CHANGES IN THE LEGAL OR CORPORATE STRUCTURE / FACTS THAT MAY ALTER THE COMPANY’S STRUCTURE AND ORGANISATION; TERMINATION OF THE CONTRACT IN THE EVENT OF ANY CHANGES THAT, IN THE BANK’S OPINION, PREJUDICE THE ABILITY TO MEET THE OBLIGATIONS UNDERTAKEN OR ADVERSELY AFFECT THE LEGAL, CAPITAL, FINANCIAL OR ECONOMIC STRUCTURE OF THE CUSTOMER UNDER THE FACILITY AGREEMENT OR THE INTEGRITY AND EFFECTIVENESS OF THE GUARANTEES <u>INTESA SANPAOLO</u> THE POSSIBILITY OF THE ITALIAN GOVERNMENT CEASING TO HOLD A CONTROLLING INTEREST IN THE APPLICANTS’ CAPITAL IS REGARDED AS A CAUSE ATTRIBUTABLE TO THE APPLICANT THAT ALLOWS THE BANK TO TERMINATE THE CONTRACT; THE APPLICANT IS REQUIRED TO DELIVER TO THE BANK A FORMAL, FULL AND UNCONDITIONAL RELEASE OF ANY OUTSTANDING GUARANTEE
LEONARDO SPA	GE AVIO	MASTER AGREEMENT RELATING TO THE SUPPLY OF AW249 HELICOPTER ENGINES	RENEGOTIATION OF AGREEMENTS IF CONTROL OF LDO IS ACQUIRED BY A COMPETITOR OF GE. OBLIGATION TO PROMPTLY NOTIFY ANY CoC
LEONARDO SPA (FORMERLY ALENIA AERMACCHI SPA)	BOEING COMPANY	GENERAL TERMS AGREEMENT (“GTA”) CONCERNING THE STAKE OF LEONARDO (FORMERLY ALENIA AERMACCHI SPA) IN THE BOEING 787 PROGRAMME	SECTION 20.4 OF THE GTA PROHIBITS THE ASSIGNMENT OF THE CONTRACT (ALSO CONSIDERING THE CoC OF LDO AS SUCH) WITHOUT WRITTEN AUTHORISATION OF BOEING, WHICH SHALL NOT BE UNREASONABLY



			WITHHELD. IN THE EVENT OF THE BREACH OF THE ABOVEMENTIONED CLAUSE ON THE PART OF LDO, BOEING SHALL BE ENTITLED TO TERMINATE THE CONTRACT WITH LDO, EITHER IN WHOLE OR IN PART
LEONARDO SPA (FORMERLY ALENIA AERMACCHI SPA)	AIRBUS SAS	AGREEMENT CONCERNING THE SALE OF 886 SERIES OF SECTION 14° OF A321 AIRCRAFT IN THE ACF (AIRBUS CABIN FLEX) VERSION	IN THE CASE OF AN ACQUISITION BY A THIRD PARTY OF THE DIRECT OR INDIRECT CONTROL OF LDO, IT IS PROVIDED THAT THE LATTER: A) SHALL GIVE PRIOR WRITTEN NOTICE THEREOF TO AIRBUS SAS, SPECIFYING THE POTENTIAL INVESTOR / PURCHASER, THE EXPECTED CHANGE IN THE COMPOSITION OF THE SHARE CAPITAL OR ANY OTHER CHANGE; B) SHALL PROVIDE AIRBUS SAS WITH ANY SIGNIFICANT INFORMATION DURING THE CHANGE OF CONTROL PROCESS. IF AIRBUS SAS BELIEVES THAT THIS EVENT MIGHT SUBSTANTIALLY AFFECT LDO'S ABILITY TO FULFIL ITS OBLIGATIONS, OR IF THIS CHANGE OF CONTROL IS NOT ACCEPTABLE IN TERMS OF STRATEGY IN FAVOUR OF A PARTY, AIRBUS SAS SHALL BE ENTITLED TO WITHDRAW FROM THE CONTRACT AND FROM ANY RELATED ORDER WITHIN 28 DAYS OF THE DAY ON WHICH IT BECOMES AWARE THEREOF
LEONARDO SPA	AIRBUS CANADA LIMITED PARTNERSHIP (AIRBUS CANADA)	MASTER SUPPLY AGREEMENT CONCERNING THE DESIGN, DEVELOPMENT, PRODUCTION AND SUPPLY OF AEROSTRUCTURAL COMPONENTS OF A220 AIRCRAFT (FORMERLY CSERIES)	IN THE CASE OF AN ACQUISITION BY A THIRD PARTY OF THE DIRECT OR INDIRECT CONTROL OF LDO, IT IS PROVIDED THAT THE LATTER: A) SHALL GIVE PRIOR WRITTEN NOTICE THEREOF TO AIRBUS CANADA, SPECIFYING THE POTENTIAL INVESTOR / PURCHASER, THE EXPECTED CHANGE IN THE



			<p>COMPOSITION OF THE SHARE CAPITAL OR ANY OTHER CHANGE; B) SHALL PROVIDE AIRBUS CANADA WITH ANY SIGNIFICANT INFORMATION DURING THE CHANGE OF CONTROL PROCESS. IF AIRBUS CANADA BELIEVES THAT THIS EVENT MIGHT SUBSTANTIALLY AFFECT LDO'S ABILITY TO FULFIL ITS OBLIGATIONS, OR IF THIS CHANGE OF CONTROL IS IN FAVOUR OF A COMPETITOR OF AIRBUS CANADA, THE LATTER SHALL BE ENTITLED TO WITHDRAW FROM THE CONTRACT AND FROM ANY RELATED ORDER</p>
<p>LEONARDO SPA (FORMERLY ALENIA AERMACCHI SPA)</p>	<p>LOCKEED MARTIN AERO</p>	<p>STRATEGIC TEAMING AGREEMENT THAT SETS OUT THE GENERAL TERMS OF THE RELATIONSHIPS BETWEEN THE PARTIES UNDER JOINT STRIKE FIGHTER ("JSF") PROGRAMME TO BUILD A 5TH GENERATION MULTIROLE FIGHTER PLANE</p>	<p>TERMINATION OF THE AGREEMENT AT THE OPTION OF LOCKEED MARTIN IN CASE OF A CHANGE OF OWNERSHIP OR CONTROL OF LDO</p>
<p>LEONARDO SPA (FORMERLY ALENIA AERMACCHI SPA)</p>	<p>ELBIT SYSTEMS LIMITED</p>	<p>"CONTRACTOR LOGISTIC SUPPORT CONTRACT" FOR LOGISTIC SUPPORT (SUPPLY, REPAIR AND SERVICE OF SPARE PARTS) TO THE ISRAELI M-346 FLEET</p>	<p>SECTION 37.1 OF THE "CONTRACTOR LOGISTIC SUPPORT CONTRACT" ENVISAGES THAT IN CASE OF A CoC OF LDO, AS A RESULT OF WHICH IT BECOMES SUBJECT TO THE MANAGEMENT AND CONTROL BY A CONTROLLING SHAREHOLDER LINKED TO A STATE THAT DOES NOT HAVE DIPLOMATIC RELATIONS WITH ISRAEL, A PRIOR WRITTEN CONSENT IS REQUIRED FROM ELBIT</p>
<p>LEONARDO SPA</p>	<p>CAE INC.(CANADA) AND CAE AVIATION TRAINING B.V. (NETHERLANDS)</p>	<p>"JVCO SHAREHOLDER'S AGREEMENT" - ANNEX NO. 9 TO THE COLLABORATION AGREEMENT BETWEEN LDO, CAE INC.(CANADA) AND CAE</p>	<p>CLAUSE 11.5.1 OF THE "JVCO SHAREHOLDER'S AGREEMENT" PROVIDES FOR THE POSSIBILITY FOR CAE AVIATION TRAINING B.V. TO SELL ITS ENTIRE STAKE IN THE JVCO LEONARDO CAE</p>



		AVIATION TRAINING B.V. (NETHERLANDS)	ADVANCED JET TRAINING S.R.L. (I.E. 50% OF CAPITAL) AT A SET PRICE (OPTION PRICE + 10%), IN THE CASE OF ANY “CHANGE OF CONTROL UPON LDO”
LEONARDO SPA <i>(FORMERLY SELEX ES SPA)</i>	THALES ALENIA SPACE FRANCE	CONTRACT FOR THE SUPPLY OF INSTRUMENTS (SLSTR) ON SATELLITES FOR THE COPERNICUS SENTINEL 3 PROGRAMME	IN CASE OF A CHANGE OF CONTROL: PRIOR WRITTEN NOTICE TO TAS SPECIFYING THE POTENTIAL INVESTOR / BUYER OR ANY OTHER CHANGE; OBLIGATION TO PROVIDE TAS WITH ANY AND ALL SIGNIFICANT INFORMATION DURING THE PROCESS OF CHANGE OF CONTROL; PROHIBITION ON THE ASSIGNMENT OR TRANSFER OF THE CONTRACT TO THE NEW PARENT ENTITY WITHOUT THE WRITTEN CONSENT OF TAS; RIGHT GRANTED TO TAS TO WITHDRAW FROM THE CONTRACT



PARTIES		AGREEMENT	EFFECTS OF THE CHANGE OF CONTROL CLAUSE
SUBSIDIARIES			
AGUSTAWESTLAND PHILADELPHIA CORPORATION	BELL HELICOPTER TEXTRON INC.	LICENCE AGREEMENT FOR THE TECHNOLOGY OF THE HELICOPTER AW609	THE TRANSFER OF THE LICENCE AGREEMENT, IN THE CASE OF CoC IN AWPC OR OF GROUP COMPANIES, IS INEFFECTIVE AND INVOLVES THE TERMINATION OF THE LICENCE AGREEMENT AND OF ALL THE OTHER AGREEMENTS WITH BELL RELATED TO THE HELICOPTER AW609, EXCEPT WITH THE PRIOR WRITTEN CONSENT BY BELL HELICOPTER TEXTRON INC.
AGUSTAWESTLAND PHILADELPHIA CORPORATION	CAE FLIGHT SOLUTION USA INC.	ROTORSIM USA LLC AGREEMENT	IN CASE OF A CoC OF ONE OF THE PARTIES IN FAVOUR OF A COMPETITOR OF THE OTHER PARTY, THE LATTER IS ASSIGNED THE PRE-EMPTION RIGHT CONCERNING THE SALE OF ITS STAKE IN ROTORSIM USA LLC
AGUSTAWESTLAND PHILADELPHIA CORPORATION	ARMY CONTRACTING COMMAND-REDSTONE (FMS IMOD).	SEVEN NEW AW119Kx AIRCRAFT, PILOT AND MAINTAINER TRAINING, INITIAL SPARES PACKAGE, TOOLS AND GROUND SUPPORT EQUIPMENT (GSE) ENGINE ARES AND ENGINE SPARES PACKAGE ALONG WITH THE DEVELOPMENT OF TRAINING AID DEVICES	THE CoC OF AWPC REQUIRES CUSTOMER APPROVAL, EXCEPT IF AWPC WERE MERGED WITH/INTO ANOTHER US COMPANY FULLY OWNED BY LDO



LEONARDO AUSTRALIA PTY LTD (FORMERLY AGUSTAWESTLAND AUSTRALIA PTY LTD)	DEVELOPMENT VICTORIA	LEASE AGREEMENT FOR THE FISHERMANS BEND SITE TO HOST THE MAINTENANCE, OVERHAUL AND REPAIR CENTRE OF THE MAIN TRANSMISSIONS OF HELICOPTERS NH90 AND AW139	OBLIGATION TO NOTIFY IN ADVANCE ANY CoC TO THE CUSTOMER. THE AGREEMENT PROVIDES FOR TERMINATION IN CASE OF BREACH BY LDO AUSTRALIA OF ANY OF ITS OBLIGATIONS
LEONARDO UK LTD (FORMERLY LEONARDO MW LTD)	NORTHROP GRUMMAN	“MISSILE COUNTER MEASURE (INFRARED)” CONTRACT	TERMINATION OF THE CONTRACT OR ALTERNATIVELY A REQUEST FOR ADDITIONAL PERFORMANCE GUARANTEES, AT THE DISCRETION OF THE PARTY NOT SUBJECT TO A CoC
LEONARDO UK LTD	BAE SYSTEMS	TYTAN JAS	THE CONTRACTING PARTY SHALL INFORM THE AUTHORITY IN WRITING, AS SOON AS POSSIBLE, OF ANY SIGNIFICANT CHANGE OF CONTROL OF THE CONTRACTING PARTY
LEONARDO UK LTD	BAE SYSTEMS (WARTON)	TEAMING AGREEMENT ASSOCIATED WITH THE LTEWP BID	NO ASSIGNMENT IS PERMITTED WITHOUT THE WRITTEN CONSENT OF THE OTHER PARTY
LEONARDO UK LTD	BAE SYSTEMS	LOCALISING TYPHOON ELECTRONIC WARFARE PROGRAMMING (LTEWP)	NO ASSIGNMENT IS PERMITTED WITHOUT THE WRITTEN CONSENT OF THE OTHER PARTY
LEONARDO UK LTD	UK MoD	MODE 5 IFF (PRINCIPAL AGREEMENT)	THE CONTRACTOR SHALL INFORM THE AUTHORITY IN WRITING, AS SOON AS POSSIBLE, OF ANY SIGNIFICANT CoC OF THE CONTRACTING PARTY
LEONARDO UK LTD	UK MoD	APACHE IOS PP3	NOTIFICATION OBLIGATION OF ANY CoC TO THE UK MINISTRY OF DEFENCE, WITH RIGHT OF TERMINATION THEREOF
LEONARDO UK LTD	UK MoD	IMOS PP4	OPTION TO TERMINATE THE CONTRACT
LEONARDO UK LTD	UK MoD	TEAM TEMPEST DEVELOPMENT UAS/00105	UK MOD CONSULTS WITH THE OTHER TEMPEST PARTIES AND IF ANY CONCERNS ARE RAISED, THE UK MOD SHALL CONSULT WITH THE PARTY THAT IS UNDERTAKING THE CoC.



			SOLUTIONS TO CONCERNS TO BE NEGOTIATED AND AGREED IN GOOD FAITH.
LEONARDO UK LTD	UK MoD	WIST PP2 (AW 159 WILDCAT INTEGRATED SUPPORT AND TRAINING SERVICES)	IN CASE OF AN EXPECTED OR ACTUAL CHANGE OF CONTROL, NOTICE SHALL BE GIVEN TO THE MOD, WHICH IT WILL BE ENTITLED TO WITHDRAW FROM THE CONTRACT, GIVING NOTICE THEREOF WITHIN SIX MONTHS OF THE NOTICE
LEONARDO UK LTD	UK MoD	MLSP D&M CONTRACT (AW 101 MERLIN LIFE SUSTAINMENT PROGRAMME – DEMONSTRATION & MANUFACTURE)	IN CASE OF AN EXPECTED OR ACTUAL CoC NOTICE SHALL BE GIVEN TO THE MOD
LEONARDO UK LTD	UK MoD	WILDCAT D&M CONTRACT (AW 159 – DEMONSTRATION & MANUFACTURE)	IN CASE OF AN EXPECTED OR ACTUAL CoC NOTICE SHALL BE GIVEN TO THE MOD
LEONARDO UK LTD	UK MoD	NATO JEWCS (APSCM1/0001)	WRITTEN NOTICE TO THE AUTHORITY FOR ANY EXPECTED OR ACTUAL CoC; THE AUTHORITY’S REPRESENTATIVE SHALL GIVE WRITTEN NOTICE OF ANY POSSIBLE REMARK
LEONARDO UK LTD	COMMONWEALTH OF AUSTRALIA	SEA 1442 PHASE 4 ACQUISITION (DMO/ESD/00003/2013)	NEITHER PARTY MAY, WITHOUT THE WRITTEN CONSENT OF THE OTHER, ASSIGN IN WHOLE OR IN PART, ITS RIGHTS UNDER THE CONTRACT. CONTRACTOR TO SEEK CONSENT WITHIN A REASONABLE PERIOD PRIOR TO PROPOSED NOVATION. COMMONWEALTH MAY, IN ITS DISCRETION, REFUSE TO CONSENT TO AN ARRANGEMENT PROPOSED BY THE CONTRACTOR.
TELESPAZIO SPA	DLR GFR	BY-LAWS FOR SPACEOPAL GMBH (50% TELESPAZIO SPA; 50% DLR GFR), A COMPANY OPERATING IN THE FIELD OF SATELLITE SERVICES RELATING TO THE GALILEO PROJECT	RIGHT OF THE SHAREHOLDER NOT SUBJECT TO A CoC, WITH THE PRIOR AUTHORISATION OF THE SHAREHOLDERS’ MEETING, TO SELL ITS SHARES TO A THIRD PARTY OR ANOTHER SHAREHOLDER OR TO



			WITHDRAW IN EXCHANGE FOR A PAYMENT TO BE DETERMINED
TELESPAZIO SPA	ITALIAN SPACE AGENCY (ASI)	SHAREHOLDERS' AGREEMENT RELATING TO E-GEOS SPA (TELESPAZIO SPA 80%, ASI 20%), A COMPANY OPERATING IN THE EARTH OBSERVATION SATELLITE FIELD	IN CASE OF MATERIAL CHANGES IN THE SHAREHOLDER STRUCTURE OF TELESPAZIO, ASI IS ENTITLED, AT ITS OPTION: <ul style="list-style-type: none"> • TO REPURCHASE THE PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS CONTRIBUTED BY ASI TO E-GEOS; • TO SELL ITS SHARES TO THE SHAREHOLDERS OF E-GEOS IN PROPORTION TO THE STAKES HELD IN THE COMPANY. THE CHANGE IN THE SHAREHOLDER STRUCTURE OF LDO OR THALES S.A. IS NOT CONSIDERED TO BE A MATERIAL CHANGE.
LEONARDO DRS, INC. (FORMERLY DRS TECHNOLOGIES, INC.) AND ITS SUBSIDIARIES COMPANY CONTROLLED THROUGH LEONARDO US HOLDING, INC.	LEONARDO US HOLDING, INC. (FORMERLY MECCANICA HOLDINGS USA INC.)	CREDIT AGREEMENT	IN CASE OF A CoC, LEONARDO DRS IS REQUIRED TO IMMEDIATELY REPAY THE LOAN IN FAVOUR OF LEONARDO US HOLDING
LEONARDO DRS, INC.	LEONARDO US HOLDING, INC.	LOAN AGREEMENT	IN CASE OF A CoC, LEONARDO DRS INC. IS REQUIRED TO IMMEDIATELY REPAY THE LOAN IN FAVOUR OF LEONARDO US HOLDING
LEONARDO DRS, INC.	LEONARDO US HOLDING, INC.	SURPLUS TREASURY AGREEMENT	IN CASE OF A CoC, LEONARDO US HOLDING IS REQUIRED TO REPAY THE SURPLUS PAID IN BY DRS, PLUS INTEREST, WITHIN 30 DAYS. NO OTHER DOWN PAYMENT MAY BE MADE IN ACCORDANCE WITH THE AGREEMENT.

As regards public takeover bids, it should be pointed out that the Company's By-Laws do not provide for exceptions to the provisions on the passivity rule under Art. 104, paragraph 1-ter, of the Consolidated Law on Financial Intermediation, nor any provisions in the application of the



neutralisation rules under Art. 104-*bis*, paragraph 1, of the Consolidated Law on Financial Intermediation.

I) COMPENSATION FOR DIRECTORS IN CASE OF RESIGNATION OR DISMISSAL WITHOUT JUST CAUSE OR TERMINATION OF EMPLOYMENT FOLLOWING A TAKEOVER BID (ART. 123-BIS, PARA. 1, LETT. I), TUF)

As regards the information required by Art. 123-*bis*, paragraph 1, letter i), of the Consolidated Law on Financial Intermediation, reference should be made to paragraph 8.2 of this Report, as well as to the more specific information provided in the Remuneration Report required by Art. 123-*ter* of the Consolidated Law on Financial Intermediation.

L) LAWS GOVERNING THE APPOINTMENT AND REPLACEMENT OF DIRECTORS AND AMENDMENTS TO THE BY-LAWS (ART. 123-BIS, PARA. 1, LETT. L), TUF)

As regards the appointment and replacement of Directors, reference is made to paragraph 4.2. of this Report.

Any amendments to the By-Laws shall be approved by the Shareholders' Meeting pursuant to law and the By-Laws. However, under Art. 24.1 of the By-Laws, the Board of Directors has the power to bring the By-Laws into line with legislative provisions. Under Art. 22.3 of the By-Laws, any proposals to amend clauses or to adopt new By-Laws are decided by the Board of Directors with the vote in favour of 7/10ths of the Directors in office.

Finally, we must note the Government's veto power over the adoption of amendments to the By-Laws that revoke or modify the special powers granted thereto, referred to in para. D.1) above.

M) AUTHORISATION FOR SHARE CAPITAL INCREASE AND AUTHORISATION TO PURCHASE TREASURY SHARES (ART. 123-BIS, PARA. 1, LETT. M), TUF)

The Board of Directors has no authority to make capital increases under Art. 2443 of the Italian Civil Code, the Directors have no power to issue equity instruments, nor is there currently any authorisation to purchase treasury shares.

The Shareholders' Meeting held on 15 May 2018 authorised the right to have available for use, at any time, in whole or in part and in one or more times, the treasury shares held by the Company from time to time, in compliance with the provisions of law, to service the Incentive Plans that the Company has approved or may approve in the future according to the terms, methods and conditions set down in the relevant Information Sheets and/or Implementing Rules.

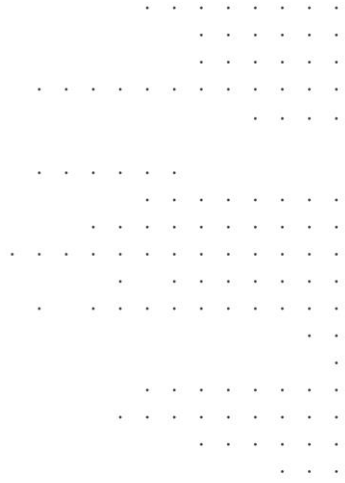
The Company held 2,843,120 treasury shares, equal to about 0.492% of the share capital, as at the date of the approval of this Report.



N) DIRECTION AND COORDINATION

Leonardo is not subject to direction and coordination pursuant to Art. 2497 *et seq.* of the Italian Civil Code.





A collage of images and text boxes representing various aerospace business units. The units shown are: Electronics (top left), Helicopters (middle left), Aircraft (center), Cyber and Security (center), Unmanned (bottom center), Space (middle right), and Aerostructures (bottom right). Each unit is represented by a small image or icon and a text label. The collage is set against a light gray background.



CORPORATE GOVERNANCE INFORMATION

3. COMPLIANCE (ART. 123-BIS, PARA. 2, LETT. A), TUF)

Leonardo's corporate governance model is in line with the principles and recommendations of the new Code, which the Company complies with. This model has been subject to subsequent amendments in order to ensure alignment on an ongoing basis and the highest level of compliance with respect to the corporate governance guidelines in force for the time being. The recommendations given from time to time have been adopted and incorporated in the **RULES OF PROCEDURE OF THE BOARD OF DIRECTORS** (hereinafter also referred to as "the Rules of Procedure"), also in the light of the changes that have occurred over time in the company organisational structure.

The Rules of Procedure govern the role, organisation and functioning of the governing body and its Committees (specifically detailed in the respective Rules adopted by the Board itself), as well as the main organisational profiles of the Company's governance model, in accordance with the principles and recommendations referred to above.

Leonardo's corporate governance model is also in line with the guidance on diversity, including in relation to the matters referred to in Legislative Decree 254/2016 (non-financial disclosures) as noted in this Report.

In March 2021, the Board of Directors adopted a new text of the Rules (as well as of the Rules of the Board committees), in order to more specifically bring them into line with the new Code, thus also formally implementing the related guidelines.

The text of the aforesaid Rules, which was finally updated on 16 December 2021 in order to incorporate additional specific updates, is available in the Corporate Governance section of the website.

The text of the new Code is available on the website of the Corporate Governance Committee at page: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

Neither Leonardo nor its subsidiaries with key strategic roles are subject to non-Italian laws affecting the Company's Corporate Governance structure; with regard to the Group's activities in the USA, it is noted, for the sake of completeness, that some of them are subject to specific governance rules ("Special Security Agreement" and "Proxy Agreement"), which were agreed with the Defense Counterintelligence and Security Agency ("DCSA") of the US Department of Defense and aimed at restricting the access by the shareholder to "classified" information.



4. BOARD OF DIRECTORS

4.1. ROLE OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the fullest powers for the administration of the Company, with the authority to perform any act it considers appropriate to the achievement of the Company's corporate purpose, except for those that are reserved to the Shareholders' Meeting by law and the By-Laws.

In accordance with its own Rules and in line with the provisions of the new Code, the governing body carries out its management activities by pursuing **sustainable success**, i.e. the creation of value for shareholders in the long term, while taking account of the interests of any other stakeholder that is important for Leonardo.

In particular, the Board of Directors sets out and approves the strategic guidelines of the Company and the Group, which also include the objectives of the Sustainability Plan, as well as the nature and level of risk consistent with the aforesaid strategic guidelines, while taking account of such elements as may be relevant for the purposes of sustainable success; in its work, the Board is supported by the Board committees that analyse - each one within the scope of its respective competence - the issues that are key to generating long-term value. With regard to the role of the Board and the organisational measures implemented by Leonardo in terms of sustainability governance, reference should be made to the more specific information provided under para. 1 above.

The Board is competent, as required by Art. 24.1 of the By-Laws, to pass resolutions on:

- a) the merger and demerger in the cases envisaged by law;
- b) the establishment or closure of sub-offices;
- c) capital decreases in the case of withdrawal of one or more shareholders;
- d) bringing the By-Laws into line with regulatory provisions;
- e) the transfer of the registered office in the national territory.

Without prejudice to the issues that cannot be delegated pursuant to law (Art. 2381 of the Italian Civil Code) and the By-Laws (Art. 22.3), the Board has reserved the following issues for its exclusive competence:

1. setting corporate strategy and organisation guidelines (including plans, programmes and budgets);
2. key strategic agreements, going beyond normal operations, with Italian or foreign operators in the sector or other companies or groups;
3. the incorporation of directly-owned joint-stock companies except for companies whose incorporation results from participating in tenders, or stock exchange listing; capital increases, transformation, mergers, demergers, winding up or the execution of shareholders' agreements



- with regard to directly-owned joint-stock companies that have a shareholders' equity of not less than €mil. 200 on the basis of the last approved financial statements;
4. designation, on proposal of the Chief Executive Officer, of new Directors with powers, or of Directors, Statutory Auditors or Independent Auditors in directly-owned joint-stock companies that have a shareholders' equity of not less than €mil. 200 on the basis of the last approved financial statements;
 5. purchase, exchange or sale of properties and leases with a term of more than nine years;
 6. medium- and long-term credit and debt financial transactions for amounts in excess of €mil. 50 per transaction, except for those urgent cases for which the Chief Executive Officer shall be authorised to exceed the above limit, reporting such case to the Board of Directors;
 7. issuance of guarantees for amounts in excess of €mil. 50 per transaction;
 8. the engagement, appointment and dismissal of executives or of the Head of the Group Internal Audit function are reserved by the law and the By-Laws to the Board of Directors, subject to the proposal of the Chief Executive Officer; the Board is also entitled to assign consulting engagements for intellectual work for amounts exceeding €mil. 3, except for services provided by subsidiaries;
 9. the acquisition of equity investments in companies, also by exercising option rights, except for transfers of intergroup equity investments, including when the Company is the transferring party, without prejudice to the provisions of point 14 below;
 10. transfers, contributions, leases and usufruct and all other acts of disposal, including those carried out in the framework of joint ventures or as a result of compliance with corporate restrictions or business segments thereof;
 11. transfers, contributions, licences and all other acts of disposal, including those carried out within the framework of joint ventures or as a result of compliance with technology, production process, know-how, patent, industrial project and all other intellectual property restrictions connected with work related to defence;
 12. moving research and development work related to defence outside Italy;
 13. transfer of equity investments in companies, also by means of the exercise or the waiver of option rights, contributions, usufruct, pledges and all other acts of disposal, including those carried out within the framework of joint ventures or as a result of compliance with restrictions arising from the investments themselves;
 14. vote in the shareholders' meetings of subsidiaries, associates or companies in which an equity investment is held (the notions of control and association are meant as understood by Art. 2359 of the Italian Civil Code) that conduct business related to defence with regard to the subject matter referred to in points 10), 11), 12) and 13) above.



Resolutions on matters for which the Board of Directors is solely responsible under the By-Laws (Art. 22.3) are valid if they are adopted by the favourable vote of seven-tenths of the serving Directors (rounded off to the next lowest whole number if this ratio results in fraction).

As envisaged in its own Rules of Procedure, the Board of Directors:

- a) examines and approves **the Company's strategic, industrial and financial plans and those of the Group** that it leads, even on the basis of the analysis of issues that are key to the generation of value in the long term;
- b) monitors periodically **the implementation of the industrial plan** and assesses the **general performance of operations**, particularly taking into account the information received from delegated bodies, as well as periodically comparing the results attained with those envisaged;
- c) defines **the nature and level of risk associated with the strategic objectives** of the Company, including in its evaluations all those risks that may be relevant to the generation of value in the long term;
- d) sets out the Company's **corporate governance system** and the Group's structure;
- e) evaluates, including in accordance with Art. 2086 of the Italian Civil Code, the **adequacy of the organisational, administrative and accounting structure** of the Company, as well as of its subsidiaries of strategic importance, paying particular attention to the internal control and risk management system;
- f) grants and revokes **powers delegated to Directors**, except for those reserved solely to the Board, establishing the limitations on and manner of exercising these powers and determining the frequency with which the delegated bodies must report to the Board on the actions that have been taken pursuant to the delegation, provided that this will be made at least on a quarterly basis pursuant to Art. 24.2, last paragraph, of the By-Laws;
- g) defines the Company's **policy governing the fees due to Directors** and the top management, in accordance with the regulations in force and the Corporate Governance Code;
- h) decides, upon proposal of the Remuneration Committee, the **remuneration and conditions of service of the Directors provided with delegated powers** and those of the other Directors holding special positions (in consultation with the Board of Statutory Auditors in accordance with Art. 2389, paragraph 3, of the Italian Civil Code);
- i) passes resolutions as to the **transactions that are reserved to it** by the law and the By-Laws, as well as to **any additional transactions of the Company and subsidiaries, when they are of significant strategic or financial importance** or if they are materially important in terms of the Company's assets and financial position, which the Board reserves for itself on the occasion of the granting of delegated powers;



- j) at least once a year, carries out **an appraisal of the functioning of the Board itself and of its Committees**;
- k) in order to ensure the proper management of corporate information, adopts, as proposed by the Chairman, in agreement with the Chief Executive Officer, a **procedure** for the internal management and external communication of documents and information concerning the Company, with specific regard to the **treatment of inside information**;
- l) adopts, on the proposal of the Chairman, put forward in agreement with the Chief Executive Officer, a **policy for managing dialogue with the general public of shareholders and other stakeholders**, monitoring the reference benchmarks;
- m) provides information, in the **Corporate Governance Report**, on the procedures for the performance of its duties.

The following information is provided on a preliminary basis, while making reference to the relevant sections of this Report with regard to the main activities carried out by the Board in the above-mentioned areas.

As regards the functions referred to in **letter b)** above, the Board has periodically checked, in assessing the general performance of operations, the results achieved compared to those envisaged in the Budget it has approved and in any subsequent update thereof.

As regards the functions referred to in **letter e)** above, while making reference to the specific provisions of para. 10 for the activities and assessments carried out by the governing body, it should be noted that, at the meeting held on 10 March 2022 the Board of Directors found the organisational, administrative and accounting structure of the Company and of its key subsidiaries adequate, efficient and actually functioning, with specific regard to the internal control and risk management system.

As regards the functions referred to in **letter i)** above, the Board has identified as strategic subsidiaries those which are directly controlled, based on the criteria established by the Board of Directors when delegated powers were assigned to the Chief Executive Officer and powers of the Board itself were defined; moreover, strategic subsidiaries encompass other controlled entities, also indirect subsidiaries, selected based on the company's size and importance of the business.

With regard to the criteria for the identification of the transactions of significant importance, it should be noted that these transactions coincide with those that are already reserved for the Board pursuant to the By-Laws or on the occasion of the resolutions granting delegated powers.

As regards the functions referred to in **letter l)** above and in the Engagement Policy approved by the Board of Directors, reference should be made to the provisions of para. 13 below.

Finally, it should be noted that the Board of Directors, even in the light of the in-depth analyses carried out over time on the related issues with the support of the Nomination and Governance



Committee, has acknowledged that the Company's governance model is in line with national and international principles and best practices, as well as perfectly functional to the needs of the Company, while also considering the size of the Group and the complexity of the business: it has therefore deemed appropriate not to draw up proposals to be submitted to the Shareholders' Meeting concerning the corporate governance system of Leonardo.

4.2. APPOINTMENT AND REPLACEMENT (ART. 123-BIS, PARA. 1, LETT. L), TUF)

The Board of Directors is made up of **between 8 and 12 members** who are appointed by the Shareholders' Meeting. The Shareholders establish the related number and the length of their terms in office. Directors are appointed for a term that does not exceed three financial years and may be re-elected pursuant to Art. 2383 of the Italian Civil Code. If the Shareholders' Meeting has not taken steps to do so, the Board will appoint a Chairman from among its members. For the appointment of Directors, the By-Laws (Art. 18.3) provide for the specific "list voting" mechanism": the Directors are appointed by the Shareholders' Meeting on the basis of lists submitted by shareholders (as well as possibly by the outgoing Board members) in which candidates are to be numbered consecutively. Lists submitted (by shareholders or possibly by the Board) must be filed with the registered office at least 25 days before the date of the Shareholders' Meeting on first call, and published by the Company at least 21 days before the date of the Shareholders' Meeting, again on first call, according to the statutory procedures. The time limits and procedures for the related filing are stated by the Company in the notice of call of the Shareholders' Meeting.

Each shareholder may submit or contribute to the submission of one list only and each candidate may stand in one list only under penalty of being ineligible for election.

Shareholders who, alone or with other shareholders, represent at least 1% of the voting shares in the Ordinary Shareholders' Meeting will be entitled to submit lists (or such lesser number as is laid down by provisions of law or regulations, where applicable).

By Decision no. 60 of 28 January 2022 Consob confirmed the shareholding required to submit lists of candidates for the election of governing and control bodies of Leonardo to the extent of 1%, equal to the percentage required by the By-Laws.

Within the time limit prescribed for the publication of the lists by the Company and in order to prove ownership of the number of shares necessary for the related submission, shareholders must file appropriate certification, proving ownership of the number of shares represented, with the registered office.

At least two Directors must meet the independence requirements as laid down for Statutory Auditors pursuant to law. In this regard, the Company expressly requires, in the notice of call, their eligibility to be qualified as "independent" directors pursuant to law and the Code in the lists of candidates to



the position of Director. Furthermore, all candidates must meet the honesty requirements laid down by the regulations in force.

Lists with a number of candidates equal to or over three must also include candidates of different genders, in accordance with the notice of call, in order to allow the less represented gender to sit on the Board for at least one third (or the larger share, if any, set out in the applicable regulations governing gender balance, as described below).

Together with each list, and within the time limit prescribed for the related filing, declarations by the individual candidates must also be filed, in which they accept their nominations and certify, under their own responsibility, that there are no grounds for ineligibility for election or incompatibility and that all the requirements prescribed by the regulations in force are met for their respective positions, including any possible independence requirement as required by the By-Laws. The Directors appointed shall notify the Company without delay of any loss of the abovementioned independence and honesty requirements, as well as of the emergence of grounds for ineligibility or incompatibility. Each party entitled to vote may vote for one list only.

The Directors are elected as follows:

- a) two thirds of the Directors to be elected, with fractions being rounded down to the nearest whole number, are drawn from the list that has obtained the majority of votes cast (“**Majority List**”), in the order in which they appear in the list;
- b) the remaining Directors are drawn from other lists (“**Minority Lists**”); for that purpose, the votes obtained by the lists are subsequently divided by one, two, three and so on, depending on the gradual number of Directors to be elected. The scores obtained are allocated progressively to the candidates of each list, according to the order specified therein. The scores thus allocated to the candidates of the various lists are arranged in a single list in descending order. Those who have obtained the highest scores are elected.

If more than one candidate has obtained the same score, the candidate from the list which has not yet elected any Director or which has elected the lowest number of Directors is elected.

If none of these lists have elected a Director yet or if they have all elected the same number of Directors, the candidate is elected whose list has obtained the highest number of votes. In the event of an equal number of list votes and still with the same score, a new vote is to be held by the entire meeting and the candidate with a simple majority of votes is elected;

b-bis) if the Majority List does not present enough candidates to reach the number of Directors to be elected pursuant to letter (a) above: (i) all the candidates listed are taken out according to their places in the List; (ii) the other candidates for positions as Directors are taken out of Minority Lists, pursuant to letter (b) above, for one-third of the total number of positions on these lists; and (iii) the number of candidates required to fill the positions not covered by the Majority List are taken out of the



Minority List which has received most votes among the Minority Lists (the “First Minority List”) on the basis of the number of candidates in this List; if there are not enough candidates, the remaining candidates for positions as Directors, following the same procedure, are taken out of the next list or even of those following, according to the number of votes and the number of candidates in the Lists themselves. Finally, if the total number of candidates in the Lists that have been presented, including both Majority and Minority Lists, is lower than the number of Directors to be elected, the remaining Directors are elected by a resolution passed by the Shareholders’ Meeting pursuant to para. 18.4 below;

c) if, following the application of the procedure described above, the minimum number of independent Directors required by the By-Laws has not been appointed, the share of votes to be allocated to each candidate in the various lists is calculated according to the system indicated in letter b) and the number of candidates necessary to ensure compliance with the provisions of the By-Laws, not yet drawn from the lists pursuant to letters a) and b), who meet the independence requirements and who have obtained the highest scores are elected. These shall take the place of the non-independent Directors who have been allocated the lowest scores. If the number of candidates does not comply with the minimum of two independent Directors, the Shareholders' Meeting shall resolve, with the majorities provided by law, to replace the candidates who do not meet the independence requirements and who have obtained the lowest scores;

c-bis) when the application of aforementioned procedures does not enable the presence of at least one third of the members from the less represented gender (or the larger share, if any, laid down in the regulations governing gender balance, where applicable), the quotient of votes to allocate to each candidate from the lists is calculated, dividing the number of votes obtained by each list by the ranking of each candidate; the candidate from the more represented gender with the lowest quotient of the candidates from all the lists is replaced, without prejudice to the minimum number of independent Directors, by the person belonging to the less represented gender chosen (with the next highest ranking) in the same list as the replaced candidate. If candidates from different lists have obtained the same quotient, the candidate in the list from which the greatest number of Directors have been taken is replaced or, subordinately, the candidate from the list that has obtained the lowest number of votes; or, if the votes are even, the candidate that has obtained fewest votes from the Shareholders’ Meeting in a special ballot.

Art. 18.4 of the By-Laws provides that for the appointment of Directors who are for whatever reason not appointed in accordance with the procedures described above, the Shareholders’ Meeting shall resolve with the majorities prescribed by law in order to ensure the presence of the minimum number of independent Directors and gender balance in compliance with the law and the By-Laws.



If in the course of the mandate one or more Directors cease to hold office, measures will be taken pursuant to Art. 2386 of the Italian Civil Code. To replace the Directors who have ceased to hold office, the Shareholders' Meeting shall resolve with the majorities prescribed by law to appoint replacements from those on the same list as that of the Directors who have ceased to hold office, if previously unelected candidates remain on this list. The Board of Directors carries out the replacement, pursuant to Art. 2386 of the Italian Civil Code, by appointing the replacement Directors – in the first possible meeting after they heard about the Directors who have ceased to hold office - on the basis of the same criteria as in the previous paragraph and in order to guarantee the presence of the minimum number of independent Directors and gender balance in compliance with law and the By-Laws.

With regard to the **provisions regarding gender quotas** on governing and control bodies of listed companies, the Shareholders' Meeting held on 16 May 2019 amended Leonardo's By-Laws and rendered permanent the presence of at least one third (or a larger quota, if any, as set out by law) of the less represented gender in the composition of the Board of Directors and of the Board of Statutory Auditors. In this way Leonardo strengthened, in advance of the time at which the “Golfo-Mosca” Law no. 120 of 12 July 2011 (three consecutive mandates after 12 August 2012) is to cease to be effective, the criterion of gender diversity without an imperative mandate.

With regard to the provisions of the Consolidated Law on Financial Intermediation governing the composition of listed companies' corporate bodies, as amended by the 2020 Budget Law (Law 160/2019), which introduced a minimum quota for the less represented gender, equal to two fifths (to be applied for six consecutive mandates as from the renewal of the corporate bodies' terms of office expiring in 2020), while taking account, as described, that Leonardo's By-Laws provide for a mechanism for the automatic adjustment to a quota of above one-third of the less represented gender, if prescribed by law, the Company has not been required to bring the By-Laws into line with these provisions of regulations.

It should be noted that, among the Board of Directors' members who are currently holding office and who were appointed on 20 May 2020, the gender composition of the body complies with the regulations in force.

As mentioned in this Report (see paragraphs 6.2 and 12), when appointing the new governing board, the outgoing Board members express its own Guidelines and make them available to the shareholders (by notifying them well in advance, as well as by making specific reference to them in the notice of call convening the Shareholders' Meeting) in relation to the best composition of the new BoD, including in terms of professionalism, experience, skills and diversity.

Finally, reference should be made to para. 6.2 below of this Report for any information on self-appraisal and succession of Directors.



4.3. COMPOSITION (ART. 123-BIS, PARA. 2, LETT. D), TUF)

The Shareholders' Meeting held on 20 May 2020 set the number of the members of the Board of Directors at 12. They will serve for the three-year period from 2020 to 2022 and, therefore, until the approval of the Financial Statements at 31 December 2022.

The **Board of Directors** currently holding office was made up as follows at the end of the 2021 financial year:

Luciano Carta (1)	Chairman
Alessandro Profumo (1)	Chief Executive Officer
Carmine America (1)	
Pierfrancesco Barletta (1)	
Elena Comparato (1)	
Dario Frigerio (2)	
Patrizia Michela Giangualano (2)	
Paola Giannetakis (1)	
Federica Guidi (1)	
Maurizio Pinnarò (1)	
Ferruccio Resta (2)	
Marina Rubini (2)	

(1) Director appointed from the **list submitted by shareholder Ministry of Economy and Finance**, holding about 30.204% of the share capital, who during the vote obtained the **majority of the votes** (about 57.07% of the share capital represented in the Shareholders' Meeting on the related voting proposal).

(2) Director appointed from the **list submitted by a group of asset management companies and institutional investors**, holding about 1.350% of the share capital, who during the vote obtained the **minority of the votes** (about 42.59% of the share capital represented in the Shareholders' Meeting on the related voting proposal).

The Tables in Appendix show the synthetic structure of the Board of Directors, specifying the Directors serving as at the date of approval of this Report, as well as the respective details in terms of independence (in accordance with the Consolidated Law on Financial Intermediation and the Code), membership in Committees, age and seniority in the position.

Curricula of the Directors

A brief curriculum of each member of the present Board of Directors follows.



LUCIANO CARTA**CHAIRMAN**

Non-executive- Non-Independent - In office since May 2020

Belonging list: majority (Ministry of Economy and Finance)

Luciano Carta has been Chairman of Leonardo S.p.a. since 20 May 2020. He was born in Carbonia on 31 January 1957.

From 1975 to 1979 he attended the Academy of the Finance Police (*Guardia di Finanza*), after which he obtained a first level degree in Economic and Financial Security Sciences. He also graduated in Law and Political Sciences, and obtained a second-level Master’s degree in “Company Tax Law” and another second-level Master’s degree in “International Security Advanced Studies”. In the academic year 2008-2009, he attended the 60th session of the IASD Course at the Institute for Higher Defence Studies, obtaining the relative diploma. He serves as a Statutory Auditor (formerly as an independent auditor since 1995).

In July 2002 he was appointed Commander of the Provincial Command in Livorno, and in 2005 Commander of the Emilia Romagna Regional Command in Bologna. He was then promoted to “*Generale di Divisione*”, in charge of the Economic Protection Command. He was appointed Commander of the Tax Police School of Ostia and subsequently Chief of Staff of the General Command of the Finance Police. From 1st July 2014, with the rank of “*Generale di Corpo d’Armata*”, he assumed the Interregional Command for North-Western Italy in Milan, and the following year the command of the Special Departments in Rome. In June 2016 he was appointed Inspector for Institutes of Education.

Since 12 January 2017, he has been Deputy Director of the External Information and Security Agency (AISE). On 21 November 2018, the President of the Council of Ministers appointed him Director of the same Agency (position held until May 2020).

He is a member of the Governing Council and of the Board of Assonime (the Italian association of joint stock companies), a member of the Board of Directors of Istituto della Enciclopedia Italiana Treccani S.p.A., a member of the General Meeting and of the Board of Consiusa (Council for the United States and Italy), member of the Board of Directors of Istituto Affari Internazionali (IAI), and a member of the Board of Directors of ISPI (the Italian Institute for International Political Studies). He is also the Honorary President of Fondazione Leonardo - Civiltà delle Macchine.

He is the author of several publications on tax matters and has held teaching positions at the University of L’Aquila, the Luiss School of Management, the School of Tax Police and the Corps Academy. He was consultant to the Anti-Mafia Parliamentary Commission in the 14th Legislature.



He has been, among others, awarded the following honours: Gold Cross for seniority of service (2000); Silver Medal of Merit of the Italian Red Cross; Military Gold Medal of Long Command (2002); Mauritian Medal (2005); Knight Grand Cross of the Order of Merit of the Italian Republic (2018); Cross of Grand Officer with Swords of Merit of the Sovereign Order of Malta (2014); and first class Diploma of Merit and the related Gold Medal of Merit of the Environment.

ALESSANDRO PROFUMO

CHIEF EXECUTIVE OFFICER

Executive – Non-Independent - In office since May 2017

Belonging list: majority (Ministry of Economy and Finance)

Alessandro Profumo is Chief Executive Officer of Leonardo S.p.a. since 16 May 2017.

He is also: Honorary Chairman of AIAD (Italian Industries Federation for Aerospace, Defence and Security) since July 2017; member of IIT Foundation's Council (Italian Institute of Technology); member of the European Round Table for Industrialists (ERT) since mid-2019; member of the Scientific Committee of the Banca Impresa 2030 Observatory since November 2019; member of the Corporate Governance Committee (set up by ABI, ANIA, Assogestioni, Assonime, Borsa Italiana and Confindustria) since December 2019; President of the AeroSpace and Defence Industries Association of Europe (ASD) since September 2020; Italian President of the Italy-Japan Business Group since October 2020.

Born in Genoa, Italy on 17 February 1957, he graduated *cum laude* in Business Economics at the Luigi Bocconi University.

In 1977, he began his career at Banco Lariano, where he worked for ten years. In 1987, he joined McKinsey & Company, where he was in charge of strategic and organisational projects for financial companies. In 1989, at Bain, Cuneo & Associati, he was in charge of developing relations with financial institutions and for integrated organisation and development projects.

In 1991, he left the company consultancy sector to join RAS – Riunione Adriatica di Sicurtà, where he was responsible, as General Manager, for the banking and parabanking sectors. He was also in charge of the yield increase of that company's bank and of the distribution and management companies operating in the field of asset management. In 1994, he joined Credito Italiano (today UniCredit), where he was appointed Joint Chief Officer and put in charge of Planning & Group Control. One year later, he was appointed General Manager and, in 1997, he was appointed Chief Executive Officer of the UniCredit Group, a position that he maintained until September 2010. Under his leadership, the UniCredit Group became a European leading player, growing from 15,000 to over 162,000 employees, with branches in 23 countries. In February 2012, he was appointed by the European Commissioner for Internal Market and Services member of a group of European experts,



the High-Level Expert Group, to assess the operation of the European Union banking sector and to put in place any possible measure to reform its structure. From April 2012 to August 2015, he served as Chairman of Monte dei Paschi di Siena Bank. From September 2015 to May 2017, he was a Board Member and Chairman of Equita SIM. Furthermore, at international level, Profumo was Chairman of the European Banking Federation in Brussels and of the International Monetary Conference in Washington, D.C. He was also on the International Advisory Board of Itaú Unibanco (Brazil) and was a member of Sberbank’s Supervisory Board (Russia). He was a member of Eni’s Board of Directors from 2011 to 2014. In July 2015 he was again co-opted to the Eni’s Board of Directors, until April 2017 after the annual shareholders’ meeting. He was also a member of Mediobanca’s Board of Directors and Executive Committee and a member of the Board of Directors at the Luigi Bocconi University. Profumo was awarded *Cavaliere al Merito del Lavoro* (Knight of the Order of Labour Merit) in 2004 and *Grande Ufficiale Ordine al Merito della Repubblica Italiana* (Grand Officer Order of Merit of the Italian Republic) in 2005. He serves on the Board of Directors of the Together To Go (TOG) Foundation.

CARMINE AMERICA

DIRECTOR

Non-executive - Independent - In office since May 2020

Belonging list: majority (Ministry of Economy and Finance)

Committees:

- Nomination and Governance
- Sustainability and Innovation

Born in Avellino on 18 January 1985. Appointed Director of Leonardo S.p.a. by the Shareholders' Meeting of 20 May 2020.

He graduated in Law from the University of Urbino, he obtained a Master's Degree in Economic Security, Geopolitics and Intelligence (SIOI Rome), as well as completed an Executive Course in “Unpacking the Defense Enterprise” at the Center for Strategic and International Studies (CSIS) and a Specialization course in Travel Risk and Crisis Management (School of Ethics and Security Milan), and carried out an Advanced Training Course in Security and Safety Management (Catholic University Milan). He has held the position of Advisor to the Minister of Foreign Affairs for International Security and Defence issues and, at the same Ministry, he was a member of the Advisory Committee for the authorisation of the export of goods and services for dual use and a member of the Interministerial Committee for the attraction of foreign investments in Italy.

Previously, he held the position of Advisor for International Relations of the Minister of Economic Development, Labour and Social Policies (“MiSE”), as an Expert in the Cabinet Office. At MiSE,



he was appointed member of the Committee for the Development of the Aeronautical Industry and held the role of Representative in the Coordination Structure of the Interministerial Committee for Space and Aerospace Research Policies (2018-2019).

He served as Security Manager at MBDA (2015-2017) and was a researcher in international affairs in Washington DC for Formiche magazine (2015).

He published studies on economic intelligence and industrial competition and on social media intelligence at the institutional website of the Information System for the Security of the Republic.

He is a member of the Councilors Program of the Atlantic Council of Washington DC.

PIERFRANCESCO BARLETTA

DIRECTOR

Non-executive - Independent - In office since May 2020

Belonging list: majority (Ministry of Economy and Finance)

Committees:

- Control and Risks
- Nomination and Governance

Born in Naples on 16 May 1973. Appointed Director of Leonardo S.p.a. by the Shareholders' Meeting of 20 May 2020.

He graduated in Law and obtained a Master's degree in Human Resources Management from the Cattolica University of Milan.

He is Partner and Director of External Relations and Corporate Development at Be SpA. He is Chief Executive Officer of Jaba. He is a member of the Board of Directors of the following companies: Società Esercizi Aeroportuali SEA SpA (where he is also a member of the Control, Risk and Sustainability Committee), Istituto per il Credito Sportivo, Principe di Piemonte SpA and Eastwest Srl. He is a member of the Supervisory Board of Akros Bank.

He is founder and member of the Directive Board of the Association for Milan Onlus which aims at supporting the City Administration in a to support the weaker sections of the population in particular on issues of social exclusion and disability. He has held the positions of Chairman of the Board of Directors of Milanospo SpA (management of sports facilities in Milan), a company controlled by the City of Milan from 2011 to 2018, Chief Executive Officer of M I Stadio Srl (a company in which FC Internazionale Milano S.p.A. and Ac Milan S.p.A. held an interest in the management of the Meazza Stadium in Milan from 2009 to 2014), member of Board of Directors and Commercial Director of M I Stadio (formerly Consorzio San Siro). He was Chief Operating Officer of FC Internazionale Milano S.p.A. from 2006 to 2014.



ELENA COMPARATO**DIRECTOR**

Non-executive – Non-Independent - In office since May 2020

Belonging list: majority (Ministry of Economy and Finance)

Committees:

- Nomination and Governance
- Remuneration

Born in Rome on 22 September 1968. Appointed Director of Leonardo S.p.a. by the Shareholders' Meeting of 20 May 2020.

Mrs. Comparato has carried out her managerial career, which began in 2000, within the Ministry of Economy and Finance - Department of Treasury. She has mainly dealt with the drafting of legislative texts, both at primary and secondary level, including participation in the phase of the drafting of European Union legislation. In particular, she has dealt with regulations on the discipline of listed companies and corporate governance, banking regulations, including those relating to banking crises. Since March 2020 she has been in charge of the newly established Legal Affairs Department of the Treasury Department.

DARIO FRIGERIO**DIRECTOR – Lead Independent Director**

Non-executive - Independent - In office since July 2013

Belonging list: minority (a group of asset management companies and institutional investors)

Committees:

- Control and Risks (Chairman)
- Nomination and Governance

Born in Monza on 24 June 1962. Appointed Director of Leonardo S.p.a. at the Shareholders' Meeting of 4 July 2013, his mandate was renewed by the Shareholders' Meetings of 15 May 2014, 16 May 2017 and 20 May 2020. He has a degree in Political Economy from the Bocconi University in Milan. He started his professional career in 1991 at Credito Italiano Bank as financial analyst where he dealt with the Bank's own investment portfolio and the asset liability management. In 1996 he was appointed Investment Manager in Milan and Dublin by the Unicredit Group. In 2001 he was appointed Chief Executive Officer of Pioneer Investment (Unicredit Group). After a new reorganisation of the Unicredit Group, in 2004 Mr Frigerio became in charge of the Private Banking unit and was appointed Deputy General Manager of the UniCredit Group, assuming also the role of



Chief Executive Officer of Unicredit Private Banking. He was also appointed member of the Executive Committee of the Unicredit Group. Following the acquisition in 2006 of the German HVB Group and the Austrian Bank Austria Group and in 2007 of Capitalia, he took on the responsibility for the Group's Wealth Management business at international level. He also held the chairmanship and vice-chairmanship of various banks and asset management companies in Italy and abroad (such as Pioneer Global, Pioneer Sgr, Activest Germany, Fineco, Xelion and Dat).

He was a member of the Supervisory Body of HVB in Germany and Bank Austria in Austria. From 2010 to 2011 he was Senior Advisor of Citigroup in the asset management segment for Europe, Middle East and Africa. From November 2011 to February 2013, he was Chief Executive Officer of Prelios SGR.

At present, he is deputy chairman of Fondazione Fiera Milano and Independent Director of listed and unlisted companies, Senior Advisor to foundations and financial companies operating in the asset management and private equity segment and a partner of various business enterprises.

PATRIZIA MICHELA GIANGUALANO

DIRECTOR

Non-executive - Independent - In office since May 2020

Belonging list: minority (a group of asset management companies and institutional investors)

Committees:

- Remuneration (Chairman)
- Sustainability and Innovation

Born in Milan on 17 October 1959. Appointed Director of Leonardo S.p.a. by the Shareholders' Meeting of 20 May 2020. She graduated in Economics and Business with a specialization in Corporate Finance and a Master in Tax Law from Bocconi University in Milan. She is currently a director of listed and non-listed companies and also acts as advisor to energy and finance companies. She is a member of the directive Board of Nedcommunity (Reflection Group activity coordinator) and is part of the ASviS (Italian Alliance for Sustainable Development) Secretariat. She is also a member of the Egraf Working Group on governance as an expert in sustainability and accounting and non-financial standards.

She provides consulting services to leading companies on issues of governance, integrated controls system, compliance, 231 regulations in support of the Supervisory Board, and assists medium-sized companies in assessing their degree of sustainability, preparing certifications and reports (non-financial statements) and corporate transformation. She teaches at universities, associations and masters in the relevant activities.



Other professional experiences include the following: Director of UBI Banca, of the Mondadori Group and ASTM, with positions on the internal control, risk and remuneration committees (2016-2019), PwC Associate Partner (2007-2016), Capgemini Deputy Chairman Head of Banking Area (2005-2007), A.T. Kearney Principal (2000-2005), Ernst & Young Senior Manager (1998-2000), IBM and network Marketing Manager and Head of Business Unit (1986-1998), Montedison Business Analyst (1984-1985). She is co-author of Sustainability in search of enterprises (Egea 2019).

PAOLA GIANNETAKIS

DIRECTOR

Non-executive - Independent - In office since May 2020

Belonging list: majority (Ministry of Economy and Finance)

Committees:

- Control and Risks
- Sustainability and Innovation

Born in Perugia on 26 November 1972. Appointed Director of Leonardo S.p.a. by the Shareholders' Meeting of 20 May 2020.

She has a degree in Psychological Sciences and Techniques of Clinical Intervention from the University of Urbino, a Bachelor of Arts in Criminology and Criminal Justice from the University of Massachusetts, a Master of Science in Forensic Psychology from the University of North Dakota.

She is Professor at Link Campus University where she also holds the position of Director of the Research Department, Rector's Delegate and Director of the Master in Cybersecurity. She carries out consulting and research activities in addition to being a professor of analysis and intelligence matters for Italian governmental bodies.

FEDERICA GUIDI

DIRECTOR

Non-executive - Independent - In office since May 2020

Belonging list: majority (Ministry of Economy and Finance)

Committees:

- Nomination and Governance
- Remuneration

Born in Modena on 19 May 1969. Appointed Director of Leonardo S.p.a. by the Shareholders' Meeting of 20 May 2020. She graduated in Law from the University of Modena.



She holds a Master's degree in Business Administration from Profingest in Bologna. She was Minister of Economic Development from February 2014 to March 2016 and Vice President of Confindustria Roma (2008-2011).

She currently holds the following positions: Chairman and Chief Executive Officer of Ducati Energia Spa, Deputy Chairman and Legal Representative of the GMG Group, Executive Deputy Chairman of Ducati Research Centre, Director of Ducati Komponenti, Director of Ducati Energia (India), Director of TELEFIN Spa and Sole Director of Newco1 Srl. He is the Chairman of ANIE Energia Association and a member of the Executive Committee of ASPEN Institute Italia.

Other professional experiences include the following: Chairman of Giovani Imprenditori Confindustria (2008-2011), Vice Chairman of Giovani Industriali Confindustria (2005-2008), Chairman of Giovani Industriali della Federazione Emilia Romagna (2002-2005), Vice Chairman of Federazione Emilia Romagna (2002-2005), Financial Analyst at Rolo Finance.

MAURIZIO PINNARÒ

DIRECTOR

Non-executive - Independent - In office since May 2020

Belonging list: majority (Ministry of Economy and Finance)

Committees:

- Nomination and Governance (Chairman)
- Control and Risks

Born in Catanzaro on 3 February 1951. Appointed Director of Leonardo S.p.a. by the Shareholders' Meeting of 20 May 2020.

Graduated with honors in Law from the University of Rome "La Sapienza", he is a lawyer and founder partner of BDL Law Firm.

He holds the chair of Commercial Law at the University of Perugia and is Head of the Antitrust Section of the Master in Business Law at the LUISS University of Rome.

He has served as an expert in Commercial Law at MIBACT and has participated in the formation of the regulations for the implementation of Law no. 4/1993 (Ronchey Law) and is a member of the consulting group provided for by the relevant Regulations. He chaired the special Commission for Telecommunications at the PT Ministry drafting conventions and reports for the GSM mobile radio service concession (1994).

He was Consultant to the "Parliamentary Inquiry Commission on the Banking and Financial System" (2017-2018). He was Chairman of the Supervisory Bodies pursuant to Legislative Decree no. 231/2001 of Amissima Holding S.r.l., Amissima Vita S.p.A. and Amissima Assicurazioni S.p.A. and



member of the Supervisory Body of Leonardo Global Solutions S.p.A. He was a director of InvestiRE SGR S.p.A. and is currently a board member of Ferrarelle S.p.A..

FERRUCCIO RESTA

DIRECTOR

Non-executive - Independent - In office since May 2020

Belonging list: minority (a group of asset management companies and institutional investors)

Committees:

- Sustainability and Innovation (Chairman)
- Remuneration

Born in Bergamo on 29 August 1968. Appointed Director of Leonardo S.p.a. by the Shareholders' Meeting of 20 May 2020. He is the Rector of the Polytechnic University of Milan and the President of CRUI (Conference of Rectors of Italian Universities). In 2019 he received the honor of *Commendatore* of the Italian Republic from the President of the Republic Sergio Mattarella. He graduated in Mechanical Engineering from the Milan Polytechnic in 1992. In 2004 his academic career led him to become a Full Professor of Applied Mechanics. In 2007 he was appointed Director of the Department of Mechanics, followed by Delegate for Technology Transfer, a strategic area in relations with companies. In 2017 he became the Rector of the Milan Polytechnic, the first technical university in Italy and one of the best twenty in Europe in the three fields of study and research: architecture, design and engineering. He is the author of over 240 publications and holds 7 international patents.

He holds various positions in the industrial community and the society in Italy. He is a member of the Board of Directors of Leonardo S.p.a., Allianz SpA, the Veneranda Fabbrica del Duomo, the Silvio Tronchetti Provera Foundation and the Lombardia per l'Ambiente Foundation. He is also a member of the Scientific Committee of the Enel Foundation, the Innovation Committee of Edison, the Advisory Board of NextChem-Tecnimont, the Board of Directors of SIAM (Società d'incoraggiamento Arti e Mestieri) and the Committee of Guarantors of the Fondazione Collegio delle Università Milanesi. He is also an expert member of the Technical Mission Structure at the Ministry of Infrastructure and Transport.

MARINA RUBINI

DIRECTOR

Non-executive - Independent - In office since May 2014

Belonging list: minority (a group of asset management companies and institutional investors)



Committees:

- Control and Risks
- Remuneration

Born in Verona on 16 April 1969. Appointed Director of Leonardo S.p.a. by the Shareholders' Meeting of 15 May 2014, her mandate was renewed by the Shareholders' Meeting of 16 May 2017 and 20 May 2020. She is a lawyer who graduated in Law at the “Sacro Cuore” Catholic University of Milan and obtained a postgraduate law degree (master of Laws) with honours at the Northwestern University School of Law in Chicago (USA). She improved her professional experience collaborating with important law firms in Italy and abroad, such as: Bonelli Erede in Brussels and Gianni & Origoni in Rome. Afterwards, she started working for the Company and held increasingly important positions: Manager responsible for the Corporate Area within the Department of Legal Affairs of Tamoil Italia S.p.A.; Manager responsible for the Corporate, Compliance, Antitrust and Commercial Contracts areas within the Department of Legal and Corporate Affairs of Bayer S.p.A.; Head of Legal & Compliance Italy and Southern Europe Cluster of Novartis Vaccines and Diagnostics S.r.l.; Legal Director Central Europe and Italy of Coca-Cola Italia S.r.l.. She is currently a Regional General Counsel EMEA – Robotics and Discrete Automation of ABB S.p.A..

She has been a member of the Board of Directors and a member of the Surveillance Bodies of major companies. She has been a member of the Boards of Directors of Banca Nazionale del Lavoro S.p.A. since 2018. Her curriculum was included in the database excellent curricula) of the Bellisario Foundation which comprises the best curricula of women with excellent professional profiles.

Guidelines on Directors' Overboarding

The Directors of Leonardo accept their appointments and remain in office because they believe that they can dedicate the necessary time to the diligent performance of their duties, taking into consideration the commitment arising from the position held, as well as the overall number of the positions that they hold in the governing and control bodies of other companies that are either listed or large-sized.

In this regard, the Board of Directors has issued, in accordance with its own Rules of Procedure, on the proposal of the Nomination and Governance Committee and in compliance with the Code's recommendation to "large companies", its own **Guidance on the maximum number of offices that can be held by the Directors of Leonardo**, which was approved on 16 December 2021 and is available in the Corporate Governance section of the Company's website (Board of Directors/Guidelines and Criteria area). The Board considered in fact that a maximum number of **five positions (as Director or Statutory Auditor) in companies listed on regulated markets (either Italian or foreign), financial companies, banks, insurance companies or large**



companies, including the position held at Leonardo, is compatible with an effective performance of the office as Director of the Company, and, therefore, functional to guarantee an adequate commitment to performing the duties connected with the office, unless otherwise motivated by the Board of Directors with reasons.

For the purposes of the calculation of the abovementioned limit, the positions as executive Director and non-executive Chairman are considered, respectively, as three and as two positions as non-executive Director. Furthermore, no account is taken of any positions that are possibly held by Leonardo's Directors in companies that are either directly or indirectly controlled by, associated with or invested in, by the Company.

With regard to the identification of "large companies" for Leonardo, the Board has identified balance sheet assets and revenues as the most significant parameters to be considered, using a percentage compared to the average of the Leonardo Group's revenues and balance sheet assets. This concept therefore includes companies that have recorded assets exceeding €bil. 6.5 or revenues exceeding €bil. 3 on the basis of the latest approved financial statements.

Each year, the Board reviews and discloses, in this Report, the positions as director or statutory auditor held by the Directors in the aforesaid companies on the basis of the information received from the Directors. The present composition of the Board is consistent with the criteria described above.

The positions held by the members of the current Board of Directors in companies not belonging to the Leonardo Group are shown below.

- **Elena Comparato**
Director of SACE S.p.A.
- **Dario Frigerio**
Director of Atlantia S.p.A.
Director of Dea Capital S.p.A.
- **Patrizia Michela Giangualano**
Director of Aidexa Holding S.p.A.
Director of Saipem S.p.A.
Director of Salvatore Ferragamo S.p.A.
- **Ferruccio Resta**
Director of Allianz S.p.A.
- **Marina Rubini**
Director of BNL S.p.A..



It is also confirmed that the Shareholders' Meeting has not given general prior permission for any exceptions to the non-competition provision under Art. 2390 of the Italian Civil Code and that, in accepting his/her position, each Director has stated that he/she does not perform any activity in competition with Leonardo, undertaking to promptly inform the Board of any changes to the contents of the statement that he/she made at the time of his/her appointment.

4.4. FUNCTIONING (ART. 123-BIS, PARAGRAPH 2, LETT. D), TUF)

Management of information to the Board of Directors

The Chairman of the Board of Directors, in addition to calling Board meetings and presiding over them, ensures an **adequate and timely management of information before and at Board meetings**, so that all the Directors act well-informed and can express themselves in a properly informed manner regarding the matters submitted for their evaluation.

The rules on the conduct of meetings, including the procedures to provide the documentation relating to the items on the agenda and prepare the related minutes, are included in the Rules of Procedure of the Board of Directors, which were finally updated on 16 December 2021.

In line with the **recommendations formulated by the Corporate Governance Committee**, as well as with the guidelines of the new Code, the **Rules of Procedure of the Board of Directors** lay down terms and methods aimed at ensuring the utmost degree of **fairness, completeness and timeliness of information provided before and at Board meetings**. Furthermore, the Company has long adopted an **Internal procedure**, which is specifically aimed at regulating and coordinating the **management of information flows** provided to the corporate bodies in order to ensure a **proper management, dissemination and accessibility of information** to the benefit of their proceedings, with the aim of **combining and protecting timeliness, completeness and, at the same time, confidentiality of information**.

In accordance with the abovementioned Procedure, the Group General Counsel, through the Group Corporate Affairs o.u., coordinates the management of these flows, ensuring that the necessary supporting documents are prepared for each item on the agenda so that the Directors can comprehend the matters submitted for their attention fully; the documents are accompanied by a summary of their main contents, the reasons for them and their objectives. In particular, the Group General Counsel, in consultation with the offices involved, satisfies himself that the documents are clear and complete and that they enable the Directors to express their opinions in awareness of the matters to be discussed at the meeting; then he passes them on to the Secretary of the Board of Directors for subsequent action. For particularly complex issues or documents, the Company, through the Group General



Counsel and the Secretary of the Board of Directors, provides Directors with assistance and advice, placing the most helpful possible summary briefing papers at their disposal.

With regard to the deadlines for the management of information to be provided before Board meetings, in order to further strengthen Leonardo's rules on information flows, on proposal of the Chairman of the Board of Directors and after examination by the Nomination and Governance Committee, the Board's Rules of Procedure have been amended to provide for **an earlier time limit for convening meetings – with respect to the period of three clear days previously established** - and for **the deadline for convening meetings to fall on the same date as the deadline for making Board documentation available (even in cases of urgent meetings)**. Specifically, **the notice of call** is normally delivered to each member of the Board of Directors (as well as of the Board of Statutory Auditors) **within five clear days before the date set for the meeting**, as well as in such a way as to ensure confidentiality and timeliness of the call and allow for verification that the related notice has been actually received; in any case of urgency, the notice is sent as promptly as possible depending on the specific circumstances at the discretion of the Chairman. The **supporting documentation** for the discussion of the items on the agenda is made available to Directors and Statutory Auditors in such a way as to ensure its **completeness**, as well as, through the use of the specific dedicated online platform ("Virtual Area"), the necessary **protection of confidentiality**, in a timely fashion and well in advance of the date of the board meeting, normally **when the notice of call is sent, or at a later date, subject to prior disclosure of information to be provided when the notice of call is sent**. Documents containing confidential and inside information are made available in a special section of the platform accessible only to Directors and Statutory Auditors; in particularly confidential cases, it may only be possible to view them for the purposes of consultation only.

However, Directors and Statutory Auditors can access the information documentation at the registered office in the days immediately prior to the date set for the meeting, as well as ask for clarification or additional information to help them to better evaluate the matters submitted to the Board for its consideration.

The Chairman verifies at the offices that the aforesaid information has been duly made available to Directors and Statutory Auditors.

Directors and Statutory Auditors are informed in advance, within the aforesaid time limit, even in the case that the Chairman deems it appropriate that the information sheets are provided directly during the meeting in relation to the issue and the related resolution.

Supporting documentation is filed on the record of the Board of Directors' meeting proceedings.



It should be noted that **the time limit set out** in the Board of Directors' Rules of Procedure (applicable for the time being during the financial year) **for sending information before Board meetings was normally observed during the reporting period**, except in a few urgent cases. In these cases, however, the Board was promptly provided with information in compliance with the provisions of the abovementioned Rules and **specific, comprehensive and entirely satisfactory information regarding the items on the agenda was given during the meetings** concerned, also thanks to supporting details from the Heads of the organisational units and the availability of full, detailed documentation, as well as through the support of the Group General Counsel and the Secretary of the Board of Directors. Moreover, the **executives' actual attendance at board meetings** was confirmed for the 2021 financial year too (as already mentioned), in order to provide the most appropriate in-depth analyses on the issues under their respective competence.

As urged by the **Corporate Governance Committee**, the **topic concerning the adequacy of the information before and at Board meetings received during the year** was also considered – **and positively regarded** – during the **self-evaluation phase** (as referred to in para. 6.2 on the matter of Board evaluation).

Meetings

The Board of Directors meets on a regular basis and works so as to guarantee the effective fulfilment of its duties. The Board's meeting is convened by the Chairman, by a notice specifying the issues on the agenda to be discussed and resolved, within the annual planning of board meetings or in any case whenever it deems it necessary or it is so requested, in writing, by the majority of its members or by the Board of Statutory Auditors.

Each Director may ask the Chairman to insert issues on the agenda. Where the Chairman deems it appropriate not to grant the request, he/she shall promptly give notice thereof to the Director concerned. As required by the By-Laws, the Board's meetings may be also attended by video-conference or by tele-conference, if necessary, provided that a prior notice thereof is given to the Secretary of the Board of Directors, all the participants may be identified and that they are able to follow the discussion and at the same time to take part in the discussion of the issues, as well as to peruse, in real time, such documentation as may be distributed in the course of the meeting. Even at the request of one or more Directors, the Chairman, in agreement with the Chief Executive Officer, may invite executives from the Company or from Group companies to participate in the individual meeting, as well as any other third-party persons or consultants, whose presence is deemed useful in relation to the issues on the agenda. In any case, these persons will be required to comply with the same confidentiality obligations as those laid down for Directors and Statutory Auditors.



As regards the **executives' actual attendance at Board meetings**, it should be noted that meetings, during the 2021 financial year too, were attended, at the initiative of the Chairman and in agreement with the Chief Executive Officer, by Heads of Leonardo's first level OUs, providing their **contribution through the detailed information required** in order to throw full light on the items on the agenda which fall within the spheres of their competence.

The Company's well-established practice ensures that Board meetings are held regularly, at least once a month. The Board approves the date of the meetings on an annual basis; the annual calendar of the corporate events provided for in the Stock Exchange rules, is generally and promptly communicated by the Company in the month of December of the previous financial year.

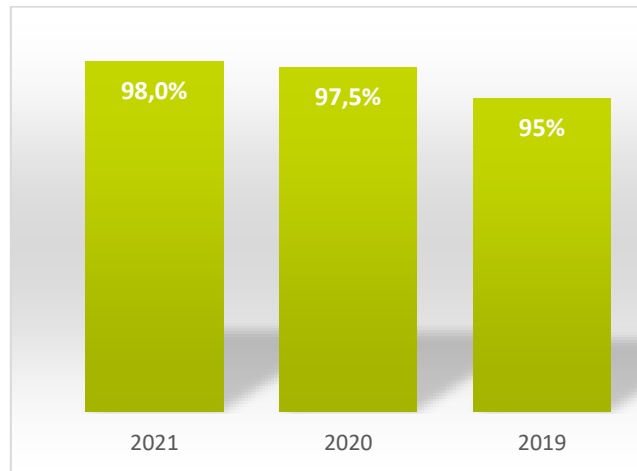
During the 2021 financial year, the Board met no. 12 times for an average of about three hours. During the current year, at 10 March 2022 no. 3 board meetings had been held (compared to the scheduled 10 meetings), including that was held at the same date. The Directors' attendance records for the meetings that were held during 2021 are reported below.

Attendance

Luciano Carta	Chairman	no.12/12 meetings
Alessandro Profumo	Chief Executive Officer	no.12/12 meetings
Carmine America		no.12/12 meetings
Pierfrancesco Barletta		no.12/12 meetings
Elena Comparato		no.12/12 meetings
Dario Frigerio		no.11/12 meetings
Patrizia Michela Giangualano		no.12/12 meetings
Paola Giannetakis		no.11/12 meetings
Federica Guidi		no.12/12 meetings
Maurizio Pinnarò		no.12/12 meetings
Ferruccio Resta		no.11/12 meetings
Marina Rubini		no.12/12 meetings

All absences were excused.



B.o.D. - Average attendance at the meetings**4.5. ROLE OF THE CHAIRMAN**

At the meeting held on 20 May 2020 the Board of Directors, in line with the previous structure, granted the Chairman Luciano Carta, who is vested with the authority as legal representative of the Company and signatory powers pursuant to law and the By-Laws, some powers concerning the “Group Safety” and the “Group Internal Audit”, the implementation of the corporate governance rules with reference to integrity in the conduct of business and fighting corruption and “Institutional Relations” (to be exercised in coordination with the Chief Executive Officer).

In accordance with the new Code, the Board’s Rules of Procedure expressly provide for the Chairman of Leonardo’s Board of Directors to play a key role in terms of liaison between executive and non-executive Directors, as well as a key role in giving impetus and supervising the effective functioning of the work of the governing body. More specifically, the Chairman - with the help of the Secretary of the Board of Directors and the competent organisational units of the Company - takes care (as described in the relevant sections of this Report, even with regard to the activities carried out during the reporting period) that:

- the information provided before Board meetings and any additional information provided during the meetings is suitable to allow the Directors to act in an informed manner (as mentioned in paragraph 4.4 on the role played by the Chairman in order to promptly ensure the most appropriate information before and at Board meetings);



- the work of the Board Committees is coordinated with that of the Board (as referred to in para. 5 on Board committees);
- the Board evaluation process is adequate and transparent, with the support of the Nomination and Governance Committee (as referred to in para. 6.2 on self-evaluation);
- the Board is in any case informed, in accordance with the Engagement Policy, on the development and significant contents of the dialogue that took place (as referred to in para. 13 on investor relations);
- in agreement with the Lead Independent Director, all Directors and Statutory Auditors may take part in induction initiatives, in the most appropriate forms, both after their appointment and during their term of office (as reported below on Board induction).

Board induction

As required by the Board's Rules of Procedure, the Chairman, in agreement with the Lead Independent Director, ensures the organisation and encourages all Directors and Statutory Auditors taking part, in the most adequate manners, both after the appointment and during the term of office, in structured induction sessions in order to provide them with and strengthen adequate knowledge – throughout their term of office – concerning the business sector in which the Company operates, the corporate dynamics, related evolution, the standards for a proper risk management and the applicable legislative and self-regulatory framework.

In this regard, a programme of presentations, seminars and meetings is defined to gain insight into the Group's activities and business, thus helping the analysis of matters of strategic importance, topical or of particular interest for the Company.

As part of the induction initiatives conducted in 2021, sessions continued on in-depth analyses that are functional to an effective understanding of the Company's business in order to provide insights into the issues concerning the Strategic Plan (ISPB), while focusing on Leonardo's safeguards and organisation, as well as on its business, in addition to specific sessions devoted to space and cybersecurity, in line with the Board's guidelines. During this year too, most of the meetings were held by audio and/or video conference due to the ongoing pandemic emergency; it was possible to get to the heart of the business activities only from September, with onsite visits to the industrial plants where the Leonardo Divisions operate in order to facilitate knowledge and further strengthen the interaction between Directors and between the Board and the management.

Furthermore, an in-depth session was held on management succession plans during the last board meeting held in 2021.



Finally, it should be noted that, during the first months of the current 2022 financial year, a workshop session was held which was aimed at further analysing subjects connected with the Strategic Plan (ISBP) and progress of related work.

In order to promote better knowledge of the business, legislative and self-regulatory framework and of developments in this scenario, the Company provides periodic information reports to the Directors and Statutory Auditors on the main legislative and regulatory developments concerning the Company and the corporate bodies, giving support in discussing specific important issues in depth, including by means of a specific collection of the relevant corporate and business documents useful for the performance of the mandate.

Finally, Directors and Statutory Auditors were provided with information in a timely fashion and on an ongoing basis on the updated situation of Covid-19 infections within the Leonardo Group.

Secretary of the Board of Directors

Leonardo's Board of Directors has taken steps to appoint Luciano Acciari as its Secretary. As required by its Rules of Procedure, the Board proceeds – at the proposal of the Chairman – with the appointment and dismissal of a Secretary of the Board of Directors, who may also be a person from outside the Company, must have proven and well-established experience in corporate law and corporate governance, with particular reference to listed companies.

In line with the Rules of Procedure of the Board of Directors, the Secretary supported the Chairman in the tasks described above and, in particular, in the activities related to the conduct of meeting proceedings, specifically coordinating the convening of the Board meetings and the provision of supporting documentation concerning the items on the agenda. The Secretary, together with the Group General Counsel, also ensured Directors assistance and advice in relation to particularly complex and important issues (as referred to in para. 4.4). The Secretary of the Board of Directors is also the Secretary of its committees, except for the Control and Risks Committee, the Secretary of which is the Head of the Group Corporate Affairs organisational unit.

4.6. EXECUTIVE DIRECTORS

Chief Executive Officer

The Board of Directors sets out the allocation of delegated management powers.

At the meeting held on 20 May 2020, Leonardo's Board of Directors confirmed the appointment of Alessandro Profumo as Chief Executive Officer, vesting in him, in line with the structure applied during the previous mandate, all the necessary powers to jointly manage the Company and the Group (excluding specific powers that the Board has reserved to its own competence, in addition to those that cannot be delegated by law), consistently with the strategic guidelines identified by him and approved by the Board of Directors, in addition to the authority as legal representative of the



Company and signatory powers (within the limits of the powers granted pursuant to law and the By-Laws) and the power to implement the resolutions passed by the governing body.

The Chief Executive Officer has been granted the powers required to perform these duties, with some limits on their exercise, including: €mil. 50 limit on the issue of guarantees, €mil. 50 limit on medium and long-term credit and debt financial transactions, and €mil. 200 limit on settlement agreements other than those concerning labour issues, relating to each individual transaction.

With effect from 1 September 2020, a **General Management Department** headed by Lucio Valerio Cioffi (former Head of the Aircraft Division) was set up to report directly to the Chief Executive Officer.

Information provided by the Chief Executive Officer to the Board of Directors

During the 2021 financial year too, the Chief Executive Officer regularly provided the Board of Directors, at least on a quarterly basis, with full information regarding the main activities he had performed in the exercise of his delegated powers, as well as in relation to the implementation of the resolutions passed by the Board of Directors. This information is provided at the same time as the interim accounts (Annual, Half-Year and Quarterly Reports) are approved and in relation to significant corporate and financial transactions at the first possible meeting of the Board of Directors.

Other Executive Directors

The Board of Directors is made up exclusively of non-executive Directors (i.e. without delegated operational powers and/or management duties within the Company), with the exception of the Chief Executive Officer Alessandro Profumo.

4.7. INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR

Independence assessment

In accordance with the Company's Corporate Governance model and in line with the recommendations of the Code, Leonardo's Board of Directors assesses – without prejudice to the obligation placed on each Director to attend to his/her duties with the diligence called for by the nature of the position and his/her specific expertise - the degree of independence of its non-executive members at the first possible meeting after their appointment. Their independence is reassessed periodically, on an annual basis, as well as upon the occurrence of any relevant circumstances. In assessing independence, the Board considers the information given by the individuals concerned or in any case available to the Company.

The criteria the Board has adopted to assess independence implement the guidelines of the Corporate Governance Code and are set out in the Board of Directors' Rules of Procedure, as well as in the specific document dealing with the "[Criteria to assess the significance of commercial, financial, professional relationships and additional remuneration](#)", as described below. For the purposes of



independence assessment, the Board may in any case consider, in relation to the specific situations involving each Director, any additional element that is regarded as useful and appropriate, while adopting additional and/or partially different criteria according to which substance prevails over form, providing any relevant information in this Report.

The Board then submits its assessment of the independence of its members to the Board of Statutory Auditors, which verifies the proper application of the assessment criteria and procedures adopted and discloses the results of its audits in this Report, as well as in the Annual Report to the Shareholders' Meeting.

The serving members of the Board of Directors have assessed the independence of its non-executive members following the appointment by the Shareholders' Meeting held on 20 May 2020, and made its findings known by a press release that was promptly issued to the market after the meeting held on the same date, as well as, subsequently, at the meetings held on 25 February 2021 and 24 February 2022 (periodical evaluation), disclosing the related results in the Corporate Governance Report.

In the last meeting referred to above, as a result of the audits carried out, the Board established the satisfaction of independence requirements prescribed by the new Code on the part of its non-executive Directors Carmine America, Pierfrancesco Barletta, Dario Frigerio, Patrizia Michela Giangualano, Paola Giannetakis, Federica Guidi, Maurizio Pinnarò, Ferruccio Resta, Marina Rubini and, therefore, except for the Chairman Luciano Carta (in consideration of the position held at the External Information and Security Agency (AISE) - and consequently of the employment relationship maintained with the Presidency of the Council of Ministers – until May 2020) and for Director Elena Comparato (by virtue of the related employment relationship with shareholder Ministry of Economy and Finance). With regard to Director Dario Frigerio, appointed by the Shareholders' Meeting on 4 July 2013 and therefore in the financial year 2022 exceeding the nine years in the position, the Board confirmed him as being independent – with exhaustive, clear and reasoned justifications – and briefly deemed that the passage of time in no way had altered his independence and objectivity in judgement, in consideration also of the manner he held the position and of the high personal and professional qualities definitely recognised to him.

The abovementioned Directors, including the Chairman Luciano Carta and with the only exception of Director Elena Comparato, meet the independence requirements, prescribed by law and referred to by the Company's By-Laws, as established by the Board after the appointment by the Shareholders' Meeting.

The Company is largely in line with the guidelines laid down in the new Code, relating to “large companies” (with dispersed ownership) and implemented in the Board of Directors' Rules of Procedure, according to which at least half of the members of the governing body should be independent Directors; the number and competences of independent Directors are therefore fully



adequate to the needs of the Company and the functioning of the governing body and of its Committees.

Each non-executive Director has provided any and all information that is functional to the evaluation described above, for which purposes the Board has adopted the same parameters as stated in the new Code. The Board of Statutory Auditors has positively verified the proper application of these criteria, as well as of the assessment procedures adopted by the Board, without making objections.

In the assessment of independence and in the framework of the contemplated criteria, the Board of Directors' Rules of Procedure also specify as follows.

Persons who are in a position to exercise “significant influence” over Leonardo (within the scope of the definition of “significant shareholder”) are shareholders holding at least 10%, even indirectly, of the Company's shares. For the purposes of the independence assessment, with regard to persons who are or were in the service of the Italian central government, which is a shareholder of Leonardo through the Ministry of Economy and Finance, the Rules also provide that the Board of Directors appraises Directors' past or present employment by the Office of the Prime Minister, the Ministry of Economy and Finance, the Ministry for Economic Development and the Ministry of Defence and any past or present positions held by such persons involving influence over authorities' policies or their manner of execution.

With regard to the [recommendations of the Corporate Governance Committee](#) and the guidelines set out in the new Code in respect of the [evaluation of the significance of the relationships under examination](#) (any possible commercial, financial or professional relationships or any possible additional remuneration) and [ex-ante definition of the applicable criteria to refer to in such evaluation](#), while retaining its discretionary power in evaluating specific situations in the light of the Company's best interests, the significance of the relationship and the likelihood of its affecting the Director's independence, **the Board has set out** a number of **quantitative and qualitative parameters that are functional to the abovementioned significance assessment, incorporating them into the document on “Criteria to assess significance of commercial, financial, professional relationships and additional remuneration”**, which was approved on 27 January 2022 and which is available in the Corporate Governance section of the Company's website (Board of Directors/Guidelines and Criteria area).

[These criteria were used for the abovementioned assessment of the independence](#) of the governing body, which was carried out on 24 February 2022, [as well as for the Board of Statutory Auditors' assessment](#) of the independence of its members on 22 February 2022 (as referred to in para. 11.2 below).



Below are reported the criteria adopted in the mentioned document by the Board of Directors, without prejudice to the Board responsibility for evaluating the specific situation as reported on above.

- a) The fees received by the Director for commercial, financial and professional relationships and/or additional remuneration that are in total higher than the annual remuneration paid for the position as non-executive Director of Leonardo and affect more than 15% of the annual turnover and/or annual taxable income of the Director shall be considered significant for each reporting period. With regard to commercial, financial and professional relationships only, when the Director is a partner of a professional firm or a consulting company, or controls or is an executive director of a legal person or any other entity, the Board considers the relationships maintained with such entities to be significant where the fees paid to them exceed the annual remuneration for the position paid to the non-executive Directors of the Company and affect more than 5% of the annual turnover of such entities.
- b) Regardless of the amount of fees and their incidence as referred to in letter a) above, commercial, financial, professional relationships and/or additional remuneration are also regarded as significant when they are related to a major transaction of Leonardo or of the Group or may have a significant impact on the role or position held by the Director in the legal person/entity/professional firm of which he/she is a partner, executive director or controlling entity.

For the purposes of its evaluations, the Board takes into account in particular the duration, frequency and stability of the commercial, financial, professional relationships and/or additional remuneration, as well as, in general, their importance for the Director in terms of reputation.

It should be noted that the abovementioned independence assessment carried out by the Board of Directors did not result in any case of non-application or deviation from the criteria set out in the Code and by the governing body itself, in addition to the information provided as to Director Frigerio.

Meetings of Independent Directors

As required by the Board of Directors's Rules of Procedure and in compliance with the guidelines that the Code issues to "large companies", independent Directors meet on a periodical basis and in any case at least once a year, in the absence of the other Directors with the aim of considering the issues that are regarded as being of interest with respect to the functioning of the Board or the Company's management. These are meetings held for specific purposes, which are other than, and additional to, those of the board Committees, and are convened at the request of the Lead Independent Director or of other independent Directors.



They may also support the Board committees, which can consult with other independent Directors for any appropriate evaluation, if this is also deemed appropriate in relation to certain matters delegated to them and if there are matters of particular importance.

Independent Directors met once in 2021, as requested by the Lead Independent Director and without the presence of other non-independent Directors.

During the meeting, independent Directors analysed, in particular, their involvement in the Board meetings' proceedings and with regard to information flows to Directors, as well as in induction activities and in-depth analysis of business management issues. They also positively appreciated the Company's attention to Environmental Social and Governance (ESG)- related issues.

Lead Independent Director

Following the renewal of the Board of Directors by the Shareholders' Meeting held on 20 May 2020, the Board appointed – on 25 June 2020 – Director Dario Frigerio as Lead Independent Director, with the task of coordinating the requests and contributions from non-executive Directors and in particular from independent Directors.

The Rules provide for such power of appointment on the part of the Board, with the abstention of executive Directors and in any case of non-independent Directors; the Board shall in any event do so if requested by a majority of independent Directors, or where the Chairman also holds the position as Chief Executive Officer of Leonardo or has been granted significant delegated operational powers. However, even if the Board of Directors has not granted delegated operational powers to the Chairman, it considered it appropriate (even in consideration of the authority it had been granted) to appoint the Lead Independent Director, who will serve throughout the term of office of the Board members.

Specifically, the Lead Independent Director:

- coordinates the meetings of independent Directors;
- assists the Chairman in ensuring that Directors receive full and prompt information, as well as in taking any appropriate action to allow Directors and Statutory Auditors to enhance their knowledge of the Company, the Group and the corporate dynamics;
- convenes, independently or at the request of other Board members, special meetings of independent Directors to discuss issues relevant to the functioning of the Board or the Company's operations;
- contributes to the Board evaluation process;
- collaborates with the Chairman in the annual planning of the Board's work;
- informs the Chairman of any matters to be submitted to the Board for scrutiny and appraisal.



During the 2021 financial year the Lead Independent Director continued to coordinate and promote the work of independent Directors and also outlined, in agreement with the Chairman and the Chief Executive Officer and with the support of the competent corporate functions, a programme of presentations and meetings, to the benefit of Directors and Statutory Directors (as already reported as regards Board induction issues in para. 4.5 above), dedicated to gain a more in-depth knowledge of the Group's activities and businesses, even with off-site visits at the industrial plants of Leonardo.

4.8. CORPORATE INFORMATION MANAGEMENT

In accordance with the provisions of law and of the corporate governance code in force for the time being, Leonardo has for some time been adopting specific procedural rules which ensure the utmost fairness, accuracy and timeliness in managing and spreading corporate information, as well as the utmost transparency and accessibility in its disclosures to the market.

The current company rules are compliant with the reference regulatory framework (i.e. the EU rules on Market Abuse under Regulation (EU) No 596/2014 in force from 3 July 2016) that the Company has taken steps to adopt - including in the light of the domestic framework - with reference to both the treatment of inside information and Internal Dealing provisions and related communications to the market. The related documentation has been made available in the specific area of Market Abuse of the Corporate Governance section of the website.

Inside Information

In order to ensure the utmost fairness in the management and disclosure of information, the Board of Directors has adopted, including in accordance with the recommendations laid down in the Code, a procedure for the internal management and the external dissemination of documents and corporate information, with specific regard to inside information. The procedural rules have been revised several times in order to implement the regulatory changes which have occurred over time, including the contents of the aforesaid EU Regulation.

The applicable **PROCEDURE FOR THE MANAGEMENT, PROCESSING AND DISCLOSURE OF LEONARDO S.P.A.'S CONFIDENTIAL AND INSIDE INFORMATION AND FOR THE KEEPING OF THE INSIDER LIST** was finally updated on 11 December 2020 in order to incorporate the subsequent changes that had occurred in the corporate organisational structure.

The Procedure, which is available in the Corporate Governance section of the website (Market Abuse/Inside Information area), defines principles, obligations of conduct and information flows as to the processing of inside and confidential information concerning Leonardo and its subsidiaries, as well as the keeping and updating of the List of persons who have access to inside information (Insider List). The roles and responsibilities of the OUs and of the persons involved in any capacity in the internal price sensitive information management process are also set out in detail: in particular, the



Procedure identifies the Chief Financial Officer o.u. – in the persons of the Chief Financial Officer and the Head of the Investor Relations & Credit Rating Agencies o.u. - as the Function in charge of the management and disclosure of inside information (IIMF or Inside Information Management Function), as well as of the correct keeping of the Insider List.

During the complex updating process, the main aspects of the contents of the applicable legislative framework were carefully established, in order to also transpose the guidelines of the Supervisory Authority into the company rules.

Code of Internal Dealing

The **CODE OF INTERNAL DEALING** governs transparency rules and the specific flow of information to the market, provided for transactions involving shares issued by Leonardo (or any other financial instruments connected thereto) and initiated, including through a third party, by “Key Persons” of the Company (as well as by persons “closely connected” to them). The Code’s text has been updated over time in order to adopt, including through a substantial reformulation of related contents, the changes occurred in the relevant regulatory framework and the developments of the European and domestic Market Abuse regulations.

The members of Leonardo’s Board of Directors and Board of Statutory Auditors, as well as the persons filling the role of General Manager and Officer in charge of Financial Reporting in the Company are considered as “Key Persons”. The updated list of Key Persons is made available on the Company’s website (Corporate Governance section, Market Abuse/Internal Dealing area), together with the text of the Code described above.

Periods during which Key Persons may not carry out transactions (blackout periods) are prescribed by the above rules: in this regard, among the measures of implementation of the rules, the Board of Directors has deemed it advisable to also extend the blackout obligation, with respect to the provisions of regulations laid down for the disclosure of annual and half-year data, to periods prior to the publication of the additional interim financial disclosures made by the Company on a voluntary basis; furthermore, the list of events to which the blackout periods must be referred has been further supplemented in view of the highly sensitive nature of the information provided in the Strategic and Industrial Plan approved by the Company and the consequent significance of the related process of drafting and disclosing it to the market.

Therefore, Key Persons may not carry out any transactions within 30 calendar days of the announcement of the interim results for each accounting period in the year (31 March, 30 June, 30 September, 31 December), as well as of the approval of the Company’s Strategic and Industrial Plan until the respective press releases have been issued.

The annual schedule of blackout periods is promptly updated by the Group Corporate Affairs o.u. and communicated to Key Persons for the reporting period.



The quantitative threshold set out in the Code for transactions subject to disclosure provides - in compliance with the regulations in force- for the exemption from disclosure obligations in relation to transactions with a total value that does not reach €20,000 by the end of the same calendar year (subject to the obligation to notify that the minimum limit has been reached for the first time, applying to each subsequent transaction during the year even if the amount is lower).

In order to ensure that the rules are correctly applied, the Code provides for specific flows and procedures to facilitate that Key Persons are made aware of their obligations promptly, and are provided with the help to fulfil them by the Company's functions, specifically on the part of the Group Corporate Affairs o.u..

The information is promptly published in the Corporate Governance section of the website (Market Abuse/Internal Dealing area).

4.9. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

The Board of Directors approved, on 26 November 2010, the **PROCEDURE FOR RELATED PARTIES TRANSACTIONS** (hereinafter "the Procedure"), after having received the unanimous favourable opinion by a specifically established Committee which is only composed of independent Directors ("Procedures Committee"). At the same time the Control and Risks Committee (for which composition, duties and work, reference should be made to para. 9 below) was appointed to also act as the Committee for Related Parties Transactions (hereinafter the "Committee").

The Procedure sets out rules and information flows aimed at ensuring transparency, substantive and procedural fairness in transactions with related parties entered into by the Company, establishing in particular: the criteria and methods for identifying and updating the list of related parties; quantitative criteria for identifying transactions of "greater" or "lesser importance"; the procedures for examining and approving such transactions, with specific rules for cases in which the Company examines or approves transactions put in place by its subsidiaries; the information and compliance procedures for disclosure requirements related to the regime. The Procedure also applies as instructions given by Leonardo to its subsidiaries pursuant to Art. 114, paragraph 2, of the Consolidated Law on Financial Intermediation, together with the operational provisions laid down within the related execution.

Moreover, the norms of the procedure set out the types of transactions exempt from the regulations, on the basis of Consob's provisions, subject to the regulatory plan concerning disclosure requirements towards Consob and the general public.

The Procedure has to be reviewed for adequacy periodically (at least every three years) and the decision whether to proceed with the related review, even in light of the application practice. The relevant changes, if any, must be approved by the Board, on the basis of the opinion released on a



precautionary measure by the Control and Risks Committee, composed exclusively of independent Directors, acting as the Committee for Related Parties Transactions.

The text of the Procedure has undergone several updates (on the basis of Consob's regulatory provisions applicable for the time being, as well as in order to introduce adjustments suggested by experience in its application and by the experience gained during the implementation, or to align its contents with the organisational structure) and was finally updated by the Board of Directors' meeting held on 17 June 2021, after having received the unanimous favourable opinion from the Committee, in order to adopt the new regulatory provisions applied by Consob (Resolution no. 21624/2020), with effect from 1 July 2021.

Worth noting are the following actions taken over time:

- the extension of the number of persons to whom the Procedure is to apply by including the Divisions Managers and the Heads of the OUs linked to the business (who are assigned the role of Managers with strategic responsibilities), as well as the members of the Surveillance Body among “Related Parties”;
- the provision of periodic (six-monthly) information flows to the Committee and the Board of Statutory Auditors (in a more stringent manner than Consob's new regulatory guidelines governing the timing and subject matter of disclosure), describing the transactions (both of “greater” or “lesser importance”) carried out during the period, which also include exempt operations and the application of the related conditions of exemption;
- the provision of specific and prompt information flows to the Committee, in line with the timing (seven days from the approval/completion of the transactions) and the detailed content required for the related communication to Consob, concerning transactions of “greater importance” that benefit from the exemption envisaged for recurring operations to be concluded at arm's length or standard conditions; at the first subsequent meeting, the Committee must verify whether the specific conditions of exemption have been applied in a correct manner;
- the provision (on a voluntary basis with respect to Consob's regulations) involving ex-ante information to the Committee, to which the Company submits its assessments in advance, in cases of particular complexity or against significant economic values, as to recurring operations of “greater importance” to be concluded at arm's length or standard conditions;
- the provision of a periodic flow of information, at least on a quarterly basis, in favour of the Board of Directors, on the performance of transactions of “lesser” or “greater importance” regulated by the Procedure, as well as, with regard to exempt operations, on the performance of transactions of “greater importance” that benefit from the exemption envisaged for recurring operations to be concluded at arm's length or standard conditions;



- the definition of differentiated thresholds and criteria for identifying “minor” transactions, which are not subject - on the basis of the disapplication regime provided for by Consob – to the rules of procedures: *(i)* assignment of remuneration and economic benefits, in any form, for an amount not exceeding **€250,000** (on an annual basis); *(ii)* appointments for intellectual work for an amount not exceeding **€500,000**; *(iii)* other transactions for an amount not exceeding **€mil. 3**; furthermore, with reference to the transactions referred to in paragraphs *(i)* and *(ii)*, the scope of application of the differentiated and reduced threshold provided for transactions carried out with individuals has been extended to Directors, Statutory Auditors and to any other Managers with strategic responsibilities and to the members of the Surveillance Body, as well as to their close family members or to the entities in which these persons hold a significant stake;
- the extension of the Chief Executive Officer’s power to directly make adjustments to the text of the Procedure (giving prompt notice thereof to the Committee), not only formal, i.e. connected with changes in the Company’s organisational structure, but also with reference to subsequent legislative or regulatory provisions, in order to ensure the most timely alignment of the internal provisions with the relevant rules.

The monitoring body monitors whether the Procedure adopted complies with the principles set out in the Consob Regulation, as well as the relative observance and reports its findings to the Shareholders’ Meeting. The Board of Statutory Auditors of Leonardo, as referred to above, receives targeted and periodical information flows on the transactions carried out (both of “lesser” and “greater importance”, including exempt transactions), as well as on the related management of procedures.

The text of the Procedure is available in the specific area of “Transactions with related parties” of the Corporate Governance section on the Company’s website.

With reference to the situations in which a Director who, under Art. 2391 of the Italian Civil Code, has an interest in the transaction subject to the examination of the Board, on his/her own behalf or on behalf of third parties, the Rules of Procedure of the Board of Directors provide for the duty of the Directors to promptly and exhaustively inform the Board itself of the existence of this interest and related circumstances. The Directors themselves will abstain from the related resolutions. Furthermore, the specific safeguards and obligations concerning the abstention from voting set out in the Procedure described above shall apply to Directors who are "related" parties (i.e. counterparties to the transaction, or related parties of the counterparty) or "involved in the transaction" (who have an interest in the transaction, either on their own account or on behalf of third parties, which is in conflict with that of the Company).



5. INTERNAL BOARD COMMITTEES (ART. 123-BIS, PARA. 2, LETT. D), TUF)

The Board of Directors has formed Board Committees which conduct preliminary inquiries, submit proposals and have consultative functions, in support of the work carried out by the governing body in performing its role. The Committees' composition, functioning, role and duties are set out in their respective Rules of Procedure, as approved by a resolution passed by the Board of Directors, which may also proceed with any related amendment or addition.

Specifically, after having taken account of any possible guideline of the Corporate Governance Code, as well as of the competence and experience of the Directors, and of their related positions, the Board of Directors takes steps to establish the composition of the Committees, as well as the additional fees for the related members in consultation with the Board of Statutory Auditors. In the light of their actual experience, each Committee may also put forward proposals to the Board regarding its own rules of operation.

Committee meetings are held on a periodic basis and are regularly minuted; the Chairman of each Committee reports on their resolutions at the next possible Board meeting.

The Committees are authorised to access the information required to perform their duties, as well as to seek assistance from third-party consultants at the Company's expense, provided that the latter are adequately bound by the necessary confidentiality agreements and are not in such a situation as to impair their independence of judgment. The Company provides the Committees with the necessary financial resources for the performance of their related duties.

The serving members of the Board of Directors have established the following internal Committees: the **Control and Risks Committee**, which also acts as *Committee for Related Parties Transactions*, the **Remuneration Committee**, the **Nomination and Governance Committee** and the **Sustainability and Innovation Committee**. These Committees are composed in accordance with the guidelines laid down in the new Code, as reported in the subsequent paragraphs, to which reference should be made for their duties and work, regulated and detailed in the related Rules of Procedure, which were finally updated in March and December 2021, in order to further bring them into line with the Code. In this regard, it should be noted that, with a view to strengthening the role of **sustainable success in the governance of Leonardo**, and in line with the objective that guides the action of the governing body in accordance with the new Code, each Board Committee has been specifically assigned the new task (described in the relevant Rules) of supporting the Board in considering the issues that are important for the Company for the generation of long-term value, within the sphere of their respective competence.

With reference to the current **Nomination and Governance Committee** and **Sustainability and Innovation Committee**, it should be recalled that initially the Company's Board of Directors established a Nomination Committee in accordance with the recommendations laid down in the Code



(December 2013). Subsequently (in September 2016), the Board of Directors gave additional functions to the Committee, which was granted specific competence to oversee sustainability issues, as well as in the matter of corporate governance (Nomination, Governance and Sustainability Committee), thus abiding with the recommendations addressed to FTSE-MIB companies. Finally, in June 2020 the serving members of the Board of Directors deemed it appropriate to reallocate functions in the field of governance and sustainability, by establishing the two separate Committees mentioned above.

Again during the reporting period, the Chairman of the Board of Directors oversaw the coordination of the Committees' work with that of the Board, in order to ensure the most effective conduct of the Board meetings' proceedings. This ensured, among other things, a regular planning of meetings (to be also organised jointly between the Committees, for the consideration of issues of competence across them) and a proper management of information flows from the Committees to the Board. According to the Committees' Rules of Procedure, the supporting documentation relating to the items on the agenda should be made available within the same time limit as that set to convene the meeting (as pointed out below with respect to each Committee), even with a view to ensuring an adequate coordination of the said information in a timely fashion.

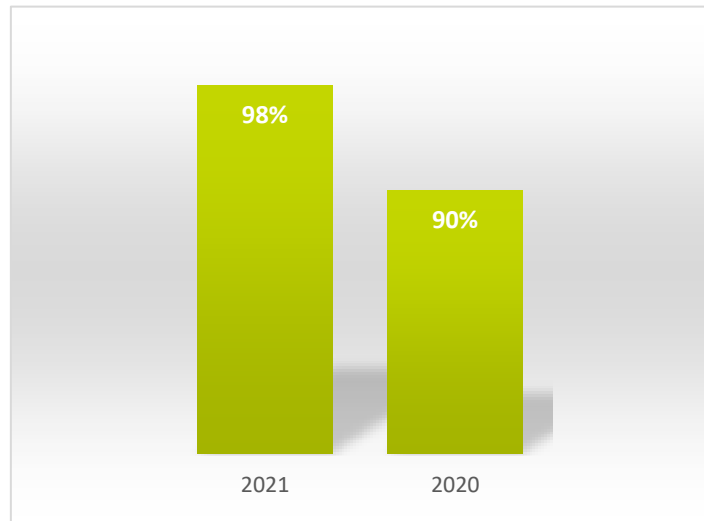
6. NOMINATION AND GOVERNANCE COMMITTEE – SELF-EVALUATION AND SUCCESSION OF DIRECTORS

6.1. NOMINATION AND GOVERNANCE COMMITTEE

The Committee, in accordance with the guidelines of the new Code, is composed of 6 non-executive Directors, most of whom are independent.

<i>Composition</i>		<i>Attendance</i>
Maurizio Pinnarò Chairman	Independent member	no. 8/8 meetings
Carmine America	Independent member	no. 8/8 meetings
Pierfrancesco Barletta	Independent member	no. 8/8 meetings
Elena Comparato		no. 8/8 meetings
Dario Frigerio	Independent member	no. 8/8 meetings
Federica Guidi	Independent member	no. 7/8 meetings



N.G.C. Average attendance at meetings*Meetings*

As at the date of the approval of this Report, the Committee held no. 8 meetings during 2021, as had no. 3 meetings during the current 2022 financial year. The overall average duration of the NGC's meetings was 1 hour and 35 minutes.

The Committee's Rules of Procedure require that meetings must be convened according to procedures that ensure confidentiality and timeliness and allow for verification that the notice of call has been actually received, subject to **a notice period of at least three days** (except in cases of urgency, when the Committee meeting may be convened subject to a prior notice of one day), as well as that supporting documentation must be made available within the same time limits.

The meetings and resolutions are duly minuted and the Chairman of the Committee informs the Board of Directors about these matters at the next possible Board meeting. Furthermore, the Committee reports to the Board on the work it has done at least annually.

The Committee's meetings are attended by the members of the Board of Statutory Auditors as a whole (their average attendance at the Committee meetings was equal to 96% in 2021); they may also be attended by the Chairman of the Board of Directors and the Chief Executive Officer (who are informed of the items to be discussed at the meetings and about the heads of corporate functions called upon to explain these items during the meetings). Upon the invitation of the Committee through the Chairman - and in relation to the items on the agenda -, meetings may also be attended by other persons, including other members of the Board of Directors and employees working for the Company or for Group companies. Furthermore, the Group General Counsel and the Head of the



Group Corporate Affairs o.u. participate in the proceedings of the Nomination and Governance Committee.

Duties

The Nomination and Governance Committee is responsible for conducting preliminary inquiries, submitting proposals and performing consultative functions, aimed, among other things, at supporting the Board of Directors in the Board evaluation process, the assessments concerning the size and composition of the governing body and of the Committees, as well as the maximum number of positions compatible with the office as Director.

The Committee is also entrusted with specific responsibilities concerning corporate governance, including the monitoring of developments in legislation, self-regulation and best practices in this field and the assessment of the related alignment of the corporate governance system, in addition to the submission of proposals to the Board for any changes in the governance system.

The functions and duties of the Committee are illustrated and regulated by specific **Rules of Procedure**, as approved by the Board of Directors (available in the Corporate Governance section of the Company's website, Board of Directors/Committees area), which were finally updated in March and December 2021 in order to implement, even formally, the new guidelines of the Code. Specifically, the Committee's tasks have been integrated with activities to support the Board in relation to the possible submission of lists on the part of the outgoing Board members, as well as with reference to the new powers of the BoD in relation to the Engagement Policy.

The information provided below concerns the functions and activities carried out by the Nomination and Governance Committee during the year, with separate indication of what specifically pertains to the role of the Nomination Committee, with respect to the work relating to the other functions assigned to the Committee.

Functions as Nomination Committee

- Preparing the Board evaluation procedure, proposing to the Board the appointment of a company specialised in the sector, deciding on the matters to be considered and laying down the timing and method of the procedure;
- submitting opinions to the Board concerning the optimal size and composition of the governing body and of its Committees, as well as expressing recommendations as to managers and professionals, the presence of which is considered appropriate within the Board;
- expressing recommendations to the Board according to the related opinion regarding the maximum number of positions as director or statutory auditor that is compatible with the efficient performance of the duties involved in a Directorship with the Company;
- putting forward proposals to the Board in relation to the candidates to the position of Director in the cases of co-option;



- carrying out, at the request of the Board of Directors, a preliminary examination for the purposes of the possible submission of a list on the part of the outgoing board members, in compliance with the provisions of the law and the By-Laws and in line with the provisions of the new Code;
- carrying out, at the request of the Board of Directors: a preliminary examination for the purposes of the preparation by the Board itself of a plan for the replacement of executive Directors, which specifically identifies the procedures to be followed in any case of early termination of office; the preliminary work involved in updating crisis management procedures.

Functions as Governance Committee

- Supporting the Board in adopting and updating the Engagement Policy for managing the dialogue with the general public of shareholders and other stakeholders, monitoring the reference benchmarks, as well as in analysing in advance the information, provided for by the abovementioned Policy, on the development and significant contents of such dialogue;
- monitoring legal developments and best practices, both national and international, with regard to corporate governance, informing the Board if any substantial changes are made;
- satisfying itself that the corporate governance system that the Company and the Group adopt is in line with the regulations, the recommendations in the Code and the national and international best practices;
- putting forward proposals to the Board for changes in the corporate governance system, if deemed necessary and appropriate;
- looking at the Annual Corporate Governance Report before it is placed before the Board;
- analysing, for the matters within its competence, the issues that are important for Leonardo in order to generate value in the long term.

In order to conduct its activities, the Committee is supported by the Company's functions and, especially, by the Group General Counsel and the Group Corporate Affairs o.u., for thorough analyses on corporate governance matters. No specific budget has been prepared for the Committee's activity, without prejudice to the right to make use of external professionals, which the Committee has not yet exercised.

Summary of activities carried out

The activities carried out by the Committee during 2021 and in the first months of the current year are summarised below.

With respect to Nomination matters, the Committee:

- ✓ supported the Board in the self-evaluation process relating to the 2021 financial year, putting forward proposals to rely, for the second year, on the support by an independent third-party advisor, Eric Salmon & Partners S.r.l., while determining the subjects to be addressed in the



evaluation, the methods to be followed in carrying out the work and the time it should take; the related results were examined in the first months of 2022 and reported to the Board;

- ✓ acknowledged the measures adopted by the Company to cope with crisis, even temporary, which prevent the executive Director from performing his/her functions, agreeing on the adequacy of this crisis management procedure in order to ensure continuity in the management of the Company's operations.

With respect to Corporate Governance matters, the Committee:

- ✓ analysed the principles and recommendations of the new Corporate Governance Code, even in the light of the clarifications on interpretation provided in the Q&As, assessing the degree of compliance of Leonardo's governance with the new provisions on self-regulation;
- ✓ supported the Board in adopting the new Corporate Governance Code, putting forward specific proposals for the transposition of the new provisions on self-regulation into the rules of the Board and its Committees;
- ✓ specifically supported the BoD in updating the abovesaid rules with regard to the timing for the management of information before Board meetings (see para. 4.4 above);
- ✓ monitored the main legislative and regulatory developments of interest to Leonardo, including the new legislative provisions implementing the European regulations under the Shareholder Rights Directive II;
- ✓ analysed the Corporate Governance Committee's recommendations to the issuers for 2022 and assessed the degree of compliance and the state of implementation on the part of the Company;
- ✓ continued analysing the governance evolution in order to ensure that the Company and the Group steadily comply with the applicable legislation, the Corporate Governance Code and the national and international best practices;
- ✓ went into the legal aspects of the subject of sustainability with specific regard to the responsibilities of the Company and the Directors, which was the object of an ad hoc session of the Committee with the participation of all the members of the Board of Directors;
- ✓ supported the Board in the preliminary analysis of the issues of greatest interest to Leonardo concerning the dialogue with shareholders and other stakeholders; in this context, it was informed of Leonardo resources' participation in the activities of Assonime (the Italian association of joint stock companies) Permanent Observatory on Shareholder engagement policies, including the Company's participation in the Drafting Group set up within the Observatory organisation for the drafting of the Principles on dialogue between companies and shareholders;



- ✓ preliminarily analysed the contents of Leonardo’s Policy for managing dialogue with its shareholders and stakeholders, which was then approved by the Board in September 2021, providing, from time to time, its own considerations and evaluations;
- ✓ acknowledged the annual reports on the work performed by the Inside Information Management Function and continued, with reference to the rules on Market Abuse, its analysis of the contents of the regulations, while considering the most appropriate updates of the Company’s policy and submitting the related proposals to the Board for its approval;
- ✓ read the Corporate Governance Report (2021 and 2022) before it was submitted to the Board of Directors, to which it handed down its opinion on the document.

6.2. SELF-EVALUATION AND SUCCESSION OF DIRECTORS

Board evaluation

In accordance with the Corporate Governance Code’s guidelines (with specific regard to “large companies” other than those with concentrated ownership), the Board of Directors of Leonardo carries out, on an annual basis, an evaluation of the functioning of the Board itself and of its internal Committees (considering also the role played in defining the strategies and monitoring of the performance of operations and of the adequacy of the internal control and risk management systems), as well as of the related size and composition, also taking account of the professional skills, expertise – included in management and internationally –, gender and seniority in the position of its members. This work is carried out using effectively structured methods and procedures. The Board of Directors oversees the self-evaluation process supported by and under the supervision of the Nomination and Governance Committee. Specifically, the Committee sets up the Board evaluation process, drawing up proposals to the BoD regarding the appointment of a company specialising in the sector, identifying the themes that are intended to be covered in the evaluation and defining the methods and timing of the proceeding.

Leonardo’s Board members carried out their second evaluation of the current mandate for the financial year 2021, which also represents – in accordance with best practices – the seventeenth one from the first evaluation conducted with reference to the 2005 financial year. The evaluation process was conducted with the support and by making use of the professional services rendered by a specialist consulting firm, in compliance with the Code’s recommendations and according to the plan prepared by the Nomination and Governance Committee approved by the Board of Directors. The execution of the activity was constantly monitored by the Chairman of the Board of Directors. The engagement was assigned to the firm Eric Salmon & Partners S.r.l. (“Eric Salmon & Partners”), operating in the sector of professional corporate governance services which has been recognised as meeting the requirements of neutrality, objectivity, competence and independence. This company,



which had already assisted the Board for the 2020 self-evaluation, does not currently provide additional services to Leonardo, nor to Group companies, and has had no economic relations with Leonardo and/or with Group companies, except for the engagements assigned to this advisor in relation to the support to the self-evaluation process of the Board of Statutory Auditors (as referred to in paragraph 11 below) and the advice in preparing the Guidance to shareholders relating to the renewal of the Board of Statutory Auditors on the part of the 2021 Shareholders' Meeting.

Methods and objectives

The self-evaluation process was aimed at facilitating the Board in highlighting, in a transparent manner and remaining focused on the key aspects, the elements and actions useful to improve its functioning and efficacy, while professionally stimulating the Board members to consider the most appropriate improvement actions to take in the future, based on the perception gained by the same Board on the performance of the year just ended.

For the current year, the Board has adopted a selective method in line with the Code's guidelines recommending differentiated methods over the three-year mandate – also taking into account that the evaluation is related to the in-between year -; thus, the attention was essentially focused on the improvement areas identified by the previous self-evaluation and on the themes set out in the recommendations of the Corporate Governance Committee issued on 3 December 2021.

The analysis took also account of the topics inferred from the national and international practice. The preliminary results of the analysis, after the interviews were performed, were supplemented by an exchange of opinions among the Directors before formalising the final report, relying on such an approach that was able to offer stronger and more innovative insights compared to the method exclusively based on individual interviews.

Analysis themes

Among the main themes considered and assessed, worth noting are:

- ✓ Size, composition and factual functioning of the Board and of the Committees;
- ✓ Involvement of the Board in induction activities, by way also of meetings organised at the Group's operating sites;
- ✓ Insights into the industrial plan;
- ✓ Going into the international benchmark analyses on business and governance profiles;
- ✓ Analysis of the information flow process of the Board.

Specific analyses and discussions were dedicated to the **Corporate Governance Committee's recommendations**, sharing comments and views focused on the various thematic areas covered by the guidelines.



Results of self-evaluation

The overall judgment on the Board's work was very favourable: a key point for the good functioning of the BoD was the induction programme, which was considered exhaustive, constant and thorough and continued to facilitate knowledge of the Group's activities. The judgment on the Board's support offices was also extremely positive, as was the relationship with the Board of Statutory Auditors.

As already pointed out in the previous self-evaluation, a Board hallmark, which allows a good allocation of tasks even in the technical areas of the Committees, is represented by the set of varied professional profiles, skills and experience that are considered complementary. Moreover, a detailed analysis of the ideal qualitative and quantitative composition of the Board revealed the possibility to strengthen it further in the future, in particular with industrial and international top management profiles.

The Board's functioning, also thanks to the secretary's and various offices' support to the Board information, is assessed as being at an optimal level and further improved compared to the previous year.

Within this framework, the Top Management played a crucial role in laying the grounds for very constructive discussions and talks, by virtue of the acknowledged authority of the Chairman as well as the acknowledged experience and expertise of the Chief Executive Officer.

Equally crucial to the effectiveness of the Board's operations was the activity of the internal Committees, also thanks to the acknowledged skills of their Chairmen.

Other particularly key elements were the contents and methods of addressing sustainability and innovation projects, effectively integrated into the definition of the corporate strategies, the internal control and risk management systems and the remuneration policy, as well as the managers' succession plan, considered to be solid and well structured.

With regard to the remuneration policy, constant attention is especially paid to an increasingly in-depth analysis of the aspects linked to the management's medium and long-term incentive system, as well as the short-term remuneration components, taking into account the evolution of the market and in particular the competitive dynamics in the various sectors in which the Group operates.

A number of potential operational inputs have emerged for the next year:

- keep on the induction activity;
- organise, as in the past, off-site visits;
- continue monitoring the progress of the industrial plan while taking an eye on the possible impacts from the macro-economic, geo-political and defence and security trends, as well as from the implementation of the National Recovery and Resilience Plan;
- go into the themes concerning the management of risks, the macro-economic and geo-political scenarios, as well as the impact of the pandemic on Leonardo processes and organisation;



- fine-tune the international benchmark analyses on the Group and the various Group businesses, considering Leonardo's positioning as a potential global player on both the business and governance practices sides;
- focus the attention in the third year of the mandate on the analysis of the ideal qualitative and quantitative composition of the BoD, including the CEO's profile, to provide shareholders with the most appropriate Guidelines around the future structure of the Board.

Succession plans

The new Code requires the Board, within large-sized issuers, to define (with the support of the nomination committee) a succession plan for the CEO and executive Directors setting out at least the procedures to follow in case of early termination of employment.

As early as from 2016, in order to ensure continuity in the Company's ordinary operations promptly and effectively, upon occurrence of events that could prevent the Chief Executive Officer from performing his duties during his term of office, the Board of Directors of Leonardo considered it appropriate, taking account of the Company's governance structure and at the specific request of the existing Nomination, Governance and Sustainability Committee, to implement a contingency plan through the adoption of a specific **Crisis Management Procedure**, in any event of early termination of the Executive Director's appointment and consequent vacancy. Moreover, during the 2020 financial year, the Board took steps to regulate the specific situation of temporary unavailability of the CEO within the scope of the above-mentioned Procedure.

In the event of final unavailability of the CEO during his mandate, the Procedure provides for a succession mechanism calling for the Chairman of the Board of Directors and the Chairman of the current Nomination and Governance Committee to first contact the shareholder responsible for the designation of the Chief Executive Officer's replacement for a preliminary consultation.

The Board, summoned without delay and once heard the Nomination and Governance Committee, after being informed of the outcome of these consultations and of the most urgent matters and issues, either resolves, also by co-option on proposal of the aforesaid Committee, the appointment of the new Chief Executive Officer, who becomes the permanent replacement for the Director who has left office, or grants the Chairman or one or more Directors (in this case setting up an Executive Committee in accordance with article 25 of the Company's By-Laws) the powers necessary to ensure that business continues until the Company's normal governance resumes for day-to-day operations, assisted by the Company Executives designated by the Board.

In the event of temporary unavailability of the CEO, the Procedure calls for the Board to resolve the temporary assignment to the General Manager of the powers deemed necessary to continue the Company's ordinary operations, assessing the duration of the delegated powers.



With reference to the Code’s guidelines regarding the **succession procedures for the top management**, the Company has since long adopted, in order to guarantee an adequate degree of management continuity, also with a view to better enhance the resources and ensure the highest efficiency and stability in the business operations, development plans designed to facilitate the internal management development and set up a process (**People Review**) for the identification of the most suitable internal profiles in the short, medium and long term, for the **succession of first and second line managers**. The process directly involves the Heads of Divisions and Corporate Functions with the final approval of the Chief Executive Officer.

In accordance with its Rules of Procedure, the Board updates the crisis management procedures and ascertains the existence of appropriate procedures for top management succession.

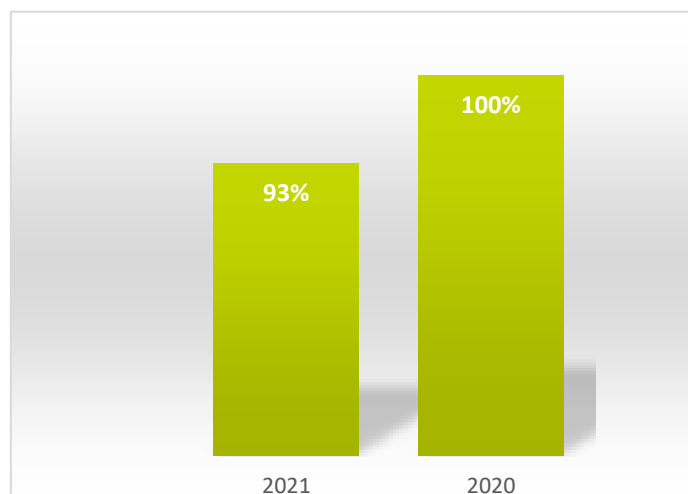
7. SUSTAINABILITY AND INNOVATION COMMITTEE

In line with the guidelines of the new Code, the Committee supports the Board in addressing the sustainability issues pertaining to its own role.

The Committee is composed of 4 non-executive Directors, who are all independent directors.

<i>Composition</i>		<i>Attendance</i>
Ferruccio Resta	Chairman Independent member	no. 7/7 meetings
Carmine America	Independent member	no. 7/7 meetings
Michela Patrizia Giangualano	Independent member	no. 6/7 meetings
Paola Giannetakis	Independent member	no. 6/7 meetings

S.I.C. Average attendance at meetings



Meetings

As at the date of approval of this Report, no. 7 meetings of the new Committee had been held during 2021, as had no. 3. meetings during the current 2022 financial year. The overall average duration of the meetings was 1 hour and 35 minutes. The meetings and resolutions are duly minuted and the Chairman of the Committee must report on the matter at the subsequent Board meeting. The Committee also provides a report to the Board on the work it has performed at least annually.

The Committee's Rules of Procedure require that meetings must be convened according to procedures that ensure confidentiality and timeliness and allow for verification that the notice of call has been actually received, subject to a notice period of at least three days (except in cases of urgency, when the Committee meeting may be convened subject to a prior notice of one day), as well as that supporting documentation must be made available within the same time limits.

The Committee's meetings are attended by the Board of Statutory Auditors, as a whole (during 2021 the average attendance of the Board of Statutory Auditor's members at the Committee's meetings was 96%); they may also be attended by the Chairman of the Board of Directors and the Chief Executive Officer (who are informed of the items to be discussed at the meetings, and about the heads of company functions called upon to explain these items during the meetings). Upon the invitation of the Committee through its Chairman – and in relation to the issues on the agenda – meetings may also be attended by other persons, including other members of the Board of Directors and employees working for the Company or Group companies. The Chief Technology & Innovation Officer and the Chief Financial Officer also participate in the proceedings of the Committee for the matters within the sphere of their respective competence.

Duties

The functions and duties of the Committee are illustrated and regulated by specific **Rules of Procedure**, which have been approved by the Board of Directors (available in the Corporate Governance section of the Company's website, in the Board of Directors/Committees area) and which were finally updated in March and December 2021, in order to implement, even formally, the new guidelines of the Code; in particular, the Committee:

- establishes, in agreement with the Control and Risks Committee, whether the objectives of the Sustainability Plan are pursued;
- creates ways of interaction with all stakeholders (stakeholder engagement);
- examines, in agreement with the Control and Risks Committee, insofar as it is relevant for the purposes of the internal control and risk management system, the general layout of the Consolidated Non-Financial Statement (included in the Integrated Annual Report), as well as the



completeness and transparency of the disclosure, issuing a preliminary opinion in this regard for approval by the Board;

- monitors the key sustainability/ESG indices and promotes the Group’s positioning with respect to the international benchmark;
- supports the Company in identifying technologies and capabilities that may support Leonardo's business areas;
- supports the Company in assessing the consistency between Leonardo’s technological capacity and Industrial Plan;
- supports the Company in creating academic and research networks at both national and international level with a view to Open Innovation;
- analyses, for the matters within its competence, the issues that are important for Leonardo in order to generate value in the long term.

In performing its work, the Committee is supported by the Company’s competent functions and, in particular, by the OUs that report to the Chief Technology & Innovation Officer and to the Chief Financial Officer. No specific budget has been prepared for the Committee’s activity, without prejudice to the right to make use of external professionals, which the Committee has not yet exercised.

With regard to the additional organisational measures adopted by Leonardo in the area of sustainability, even with reference to the recommendations of the Corporate Governance Committee and the guidelines of the new Code, reference should be made to the information provided on sustainability governance in para. 1 above.

Summary of activities carried out

The activities carried out by the Committee during 2021 and in the first months of the current year are summarised below. The Committee:

- ✓ examined – in agreement with the Control and Risks Committee - the Integrated Annual Report 2020, which includes the Consolidated Non-Financial Statement in accordance with Legislative Decree 254/2016 (NFS), and endorsed the approval of the Report by the Board of Directors;
- ✓ examined – in agreement with the Control and Risks Committee – the preliminary layout of the Integrated Annual Report 2021, which includes the NFS and which will be submitted to the Board of Directors for related decisions;
- ✓ examined – in agreement with the Control and Risks Committee - the general layout, completeness and transparency of the NFS, included in the Integrated Annual Report;
- ✓ examined the new Corporate Governance Code, while assessing its impact on the Committee’s work and referring its analyses to the Nomination and Governance Committee;



- ✓ kept watch over the sustainability issues related to the conduct of business activities with specific regard to the regulatory provisions under Legislative Decree 254/2016 governing non-financial disclosures and information on diversity issues;
- ✓ examined Leonardo's Sustainability Plan for the 2020-2030 period and took a favourable view that the ten-year horizon of the Plan is linked to the need to ensure adequate times for the transformation of the company operations with a view to fulfil the targets underpinning an effective sustainability governance;
- ✓ checked, on an ongoing basis, the state of work progress of the Sustainability Plan, as well as the definition of criteria and methods to measure performance indicators (KPIs) that are functional to assessing whether the actions taken are effective for the attainment of sustainability objectives and the implementation of the projects;
- ✓ monitored and acknowledged the completion of the materiality analysis processes for 2020 and 2021, in order to identify – through a data-driven analysis additional to a stakeholder engagement process – the priorities of external stakeholders and of the Group's Top Management, while updating the previous matrix of priorities (materiality matrix);
- ✓ checked, on an ongoing basis, the state of work progress on the Leonardo 2021 Innovation Model and on the projects in the areas of Research, Development and Innovation and the time required to implement the various programmes underway (such as, for example: Leonardo Labs; HPC Project; review of IT and Digital corporate functions; definition of the Digitalisation programme; Leonardo & Open Innovation);
- ✓ examined Leonardo's initiatives on the Innovation and National Recovery and Resilience Plan (NRRP) process;
- ✓ examined the results of the assessment conducted by the rating agency S&P Global, in relation to Economic & Governance, Environmental and Social issues, which led Leonardo to being included in the "Dow Jones Sustainability Index 2021";
- ✓ acknowledged that the Company had been included in the CDP's "Climate A List 2021", thus confirming its commitment to combating climate change, and in Bloomberg's "Gender Equality Index 2022", bearing witness to the transparency and actions taken by the Company to promote gender inclusion and diversity in its business practices;
- ✓ examined the process of admission to the "MIB ESG" Index of the Italian Stock Exchange (Euronext) and acknowledged the inclusion of Leonardo in the index itself.



8. REMUNERATION COMMITTEE – REMUNERATION OF DIRECTORS AND TOP MANAGEMENT

8.1. REMUNERATION COMMITTEE

This Committee, in line with the guidelines of the new Code, is currently composed of 5 Directors, who are all non-executive and most of whom are independent, including the Chairman of the Committee).

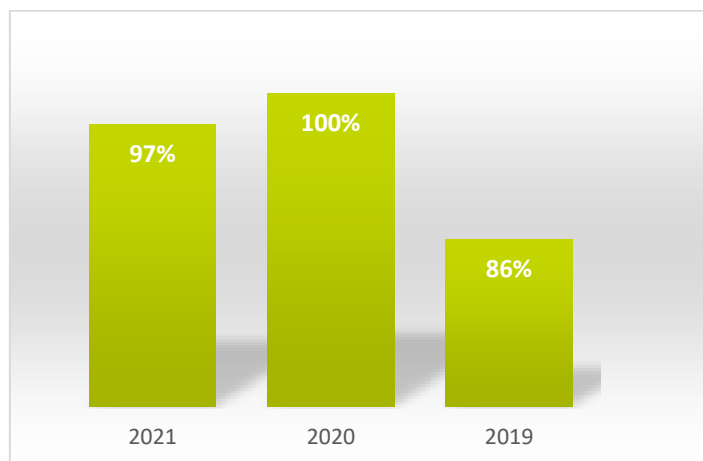
Such composition complies with the criteria required under Art. 13, paragraph 3, lett. b) of the Consob Regulations on Related Party Transactions, for the purposes of the applicability of the exemption envisaged therein. Moreover, the composition of the Committee is consistent with the recommendation, as confirmed in the new edition of the Code, as to the presence of at least one member in possession of an adequate knowledge and experience in financial or remuneration policy issues, evaluated by the Board at the time of the appointment.

Composition

Attendance

Michela Patrizia Gianguialano	Chairman	Independent member	no. 7/7 meetings
Elena Comparato			no. 7/7 meetings
Federica Guidi		Independent member	no. 7/7 meetings
Ferruccio Resta		Independent member	no. 6/7 meetings
Marina Rubini		Independent member	no. 7/7 meetings

Remuneration Committee - Average attendance at meetings



Meetings

This Committee had met no. 7 times in the course of 2021, as well as no. 3 times in the current 2022 financial year as at the date of the approval of this Report. The average duration of the meetings was about one hour and 5 minutes. The Committee meetings and resolutions are duly minuted and its Chairman informs the Board of Directors about these matters at the next possible Board meeting.



The Committee also provides the Board with a report on the work performed at least on an annual basis.

The Committee's Rules require that meetings must be convened according to procedures that ensure confidentiality and timeliness and allow for verification that the notice of call has been actually received, subject to a **notice period of at least three days** (except in cases of urgency, when the Committee meeting may be convened subject to a prior notice of one day), as well as that supporting documentation must be made available within the same time limits.

The Committee meetings are attended by the Board of Statutory Auditors, as a whole (during 2021 the average attendance of the Board of Statutory Auditor's members at the Committee's meetings was 90%); they may also be attended by the Chairman of the Board of Directors and the Chief Executive Officer (who are informed of the items to be discussed at the meetings and about the heads of company functions called upon to explain these items during the meetings). Other persons are invited to participate on the invitation of the Committee through its Chairman and in relation to the issues being discussed, including other members of the Board of Directors and the employees of the Company or Group Companies. The Company's Chief People & Organization Officer also attends the Committee meetings.

No Director takes part in Committee meetings in which proposals regarding his/her pay are made.

Duties

Since it was formed the Committee performed duties it was asked to do as to the remuneration due to Directors and Managers with strategic responsibilities, as well as played a role in support of the Company's top management with regard to some of the primary issues related to the strategic management of the Group's human resources and to staff salary and retention policies. In this context work commenced on the definition of incentive plans based on performance and growth targets set for the Group's share price and value.

The Committee's activities are regulated by specific **Rules of Procedure**, as approved by the Board of Directors (available in the Corporate Governance section of the Company's website, Board of Directors/Committees area), which were finally approved in March and December 2021 in order to further bring them into line with the guidelines of the new Code. Specifically, the Committee has been given the task of monitoring the adoption and actual implementation of measures aimed at promoting equal treatment and opportunities between genders in the company organisation.

The duties of this Committee are:



- submitting its opinion to the Board of Directors as to the definition of the Company’s policy as to the fees due to Directors and the Top Management², in accordance with the current regulations and the Code;
- proposing to the Board for the related resolutions and in the implementation of the remuneration policy it has set out;
 - the remuneration and conditions of service of the Directors provided with delegated powers and of the other Directors who hold specific positions (in consultation with the Board of Statutory Auditors where required by Art. 2389 of the Italian Civil Code);
 - the performance targets correlated to the variable component of the remuneration due to Directors provided with delegated powers and of the other Directors who hold specific positions, monitoring the application of any decisions adopted and verifying, in particular, the actual achievement of performance targets;
- assisting the Company in deciding on the best policies for the handling of the Group’s management employees, as well as the plans and mechanisms in place for developing the management skills of the Group’s key employees;
- monitoring the adoption and actual implementation of measures aimed at promoting equal treatment and opportunities between genders in the company organisation;
- considering the management’s proposal and giving its opinion on the remuneration Plans based on the assignment of shares or options for the purchase of the Company’s shares to the benefit of Directors and executives of the Company and of the Group companies, to be submitted for the evaluation by the Board of Directors and the subsequent approval by the Shareholders’ Meeting pursuant to the regulations in force and any related implementing Regulations;
- assessing, on a periodic basis, the adequacy, the overall consistency and the actual application of the remuneration policy;
- examining in advance the Report on remuneration policy and the fees paid;
- analysing, for the matters of competence, the issues that are important for Leonardo for the purposes of generating value in the long term.

Summary of activities carried out

Below is a summary of the activities performed by the Committee during the 2021 financial year and in the first months of 2022. The Committee:

- ✓ examined the Short-term Incentive Programme Policy (MBO) for 2021;

² “Top Management” means “top managers who are not members of the Board of Directors and who have the power and responsibility for planning, directing and controlling the activities of the company and of the group it controls.”



- ✓ examined and preliminarily approved the Report on the remuneration policy and the fees paid to be submitted to the Board for the relevant resolutions in view of the 2021 Annual Shareholders' Meeting;
- ✓ satisfied itself that the 2020 objectives assigned to the Chief Executive Officer had been attained within the scope of the Short-term Incentive Plan (MBO) and of the Long-Term 2018-2020 Incentive Plan;
- ✓ set the short-term objectives for 2021 (MBO) for the Chief Executive Officer, giving its opinion to the Board for the related decisions;
- ✓ set the Long-Term objectives for the Chief Executive Officer for the 2021-2023 three-year cycle;
- ✓ examined and approved the Rules and the Information Sheet of the Long-Term Incentive Plan;
- ✓ examined the Leonardo Group's Remuneration Systems;
- ✓ examined the Long-Term Incentive Plan for the 2021–2023 cycle as to the granting of the Plan Premiums, specifying the categories of beneficiaries and the amount of related Premiums, as well as the performance objectives, giving its opinion to the Board for the adoption of related decisions;
- ✓ carried out a benchmark analysis on the consistency of Leonardo's Remuneration Policy with respect to the market and the guidelines of the Corporate Governance Code, examining the results of the 2021 Meetings and the 2022 voting policies of the Proxy Advisors;
- ✓ examined the Remuneration Policy of the Top Management and analysed the fees due to the members of the Board of Directors, the Director with delegated powers and the Chairman, taking also into account the findings of the analyses conducted on the reference benchmarks;
- ✓ examined the new Corporate Governance Code, assessing its impact on the Committee's work and referring its analyses to the Nomination and Governance Committee;
- ✓ examined the guidelines and the approach of the Report on the Remuneration policy and fees paid to be submitted to the Board for related decisions in view of the Annual Shareholders' Meeting in 2022; in this context, the Committee examined the inclusion of ESG indicators in the remuneration system in line with company sustainability plans;
- ✓ took cognizance of the Leonardo Group's supplementary agreement;
- ✓ obtained a further understanding of the activities carried out by the Leonardo Group in order to achieve the sustainability goals required by the remuneration policy with a special focus on the Gender Equality theme.

The Committee also carried out induction activities about different topics within its competence.

In order to perform its work the Committee makes use of the support from the suitable units of the Company and in particular from the Chief People & Organization Officer o.u.. No specific budget



has been prepared for the Committee’s work, without prejudice to the right to make use of third-party professionals, which the Board has not yet exercised to date.

8.2. REMUNERATION OF THE DIRECTORS AND OF THE TOP MANAGEMENT

Remuneration policy

In accordance with the regulations on the transparency of remuneration under Art. 123-ter of the Consolidated Law on Financial Intermediation, as well as in compliance with the Code, the Board of Directors takes steps, on an annual basis, following the evaluations made and the proposals and opinions put forward by the Remuneration Committee, to approve the Company’s policy on the remuneration of the members of governing bodies, General Managers and of the other Managers with strategic responsibilities (in the wording of the Code and hereinafter also referred to as the “Top Management”³), as well as - without prejudice to the provisions of Art. 2402 of the Italian Civil Code - of the members of the control bodies (“Report on the remuneration policy and fees paid”, hereinafter the “[Remuneration Report](#)”). With regard to the process of drawing up and approving the policy, reference should be made to the Remuneration Report in addition to the information provided in this Report (even in relation to the work performed by the Remuneration Committee).

The first section of the abovementioned Report, containing the Company’s remuneration policy, as well as the procedures used for the related adoption and implementation, will be submitted (pursuant to Art. 123-ter, paragraph 3-bis, of the Consolidated Law on Financial Intermediation) to the binding voting at the next Shareholders’ Meeting called to approve the 2021 Financial Statements.

For any disclosure on the fees paid, on any basis and in any form (even on the part of subsidiaries and associates) to each member of the Board of Directors as well as to the Statutory Auditors, the General Managers and other Managers with strategic responsibilities during the 2021 financial year, reference should be made to the second section of the aforesaid Report, which will be submitted (in accordance with Art. 123-ter, paragraph 6, of the Consolidated Law on Financial Intermediation) to the Shareholders’ meeting for a consultative vote.

The remuneration policy is such as to adequately compensate for the services that are rendered and is commensurate with the tasks and responsibilities that are assigned. It is defined by also taking account of peer review processes with respect to widespread practices in the relevant sectors.

With reference to the fees due to the members of the Board of Statutory Auditors, reference should be made to para. 11 below, as well as to the Remuneration Report.

³ *Top Management means “top managers who are not members of the Board of Directors and who have the power and responsibility for planning, directing and controlling the activities of the company and of the group it controls.”*



The Company’s remuneration policy, which is summarised below, is the object of an analytical description, in compliance with the information criteria and elements envisaged in the provisions referred to above, in the [Remuneration Report](#), to which reference is made in full, even as regards the specific [recommendations provided by the Corporate Governance Committee](#) and reported throughout this document.

The full text of the Report is made available within the time limits and according to the procedures set out by law, following the related approval by the governing body, including through the publication in the Corporate Governance section, Remuneration area, on the Company’s website.

Share-based remuneration plans

The Shareholders’ Meeting held on 19 May 2021 approved the new Long-Term Incentive Plan for the Leonardo Group’s management. The awards relating to the three cycles of the Long-Term Incentive Plan, which had been previously approved by the Shareholders’ Meeting held on 15 May 2018 (2018-2020, 2019-2021 and 2020-2022 cycles), were completed during the 2020 financial year.

The new Incentive Plan, which is also based on financial instruments, has been subject to amendments that provide - in compliance with the guidelines laid down in the new Code and in accordance with [the recommendations of the Corporate Governance Committee – for the introduction of sustainability performance targets consistent with the structure of the Strategic Plan](#), as well as that strengthen the pay for performance scheme, while maintaining the main architectural elements unchanged (with three three-year rolling cycles starting from the 2021, 2022 and 2023 financial years).

The new Plan confirms the Company’s intention to keep on using a tool that [encourages management to achieve the medium- and long-term objectives](#) set out in the Group’s Industrial Plan.

The Plan, which is reserved for executive Directors, Managers with strategic responsibilities and a category of “key” managers (primarily consisting of persons occupying the positions which have the greatest impact on the Group’s business), is based on a monetary component and a component that is expressed in Leonardo ordinary shares, against the achievement of [specific and preset performance targets](#), in different proportions depending on the management level positions involved: the incentive is expressed entirely in shares for Top Management, Managers with Strategic Responsibilities and other Senior Resources; for other beneficiaries the bonus is set in different proportions between shares and cash depending on the levels of responsibility, the contribution to the company’s results of operations and the position. The achievement of the objectives to which the incentive is linked will be subject to verification at the end of each three-year period.



The Plan also aims to align the interests of the Beneficiaries with the creation of shareholder value by providing for a portion, if not the entire bonus, to be expressed in shares. Furthermore, a portion of the Plan is subject to the achievement of an objective linked to stock appreciation.

In line with the recommendations of the new Code, provision is made for [a total vesting and holding period of five years](#).

For the specific issues of the Plan, reference should be made to the Remuneration Report, as well as to the Information Sheet prepared as per Art. 114-*bis* of the Consolidated Law on Financial Intermediation and Art. 84-*bis* of the Issuers' Regulation and published in the Corporate Governance section, Remuneration area, on the Company's website.

Remuneration of Executive Directors and the Top Management

The fees due to executive Directors and Managers with strategic responsibilities, in order to ensure a correct balancing of the Company's interests, aimed at attracting, retaining and motivating managers with the necessary skills for an efficient business management and development, on the one hand, and, on the other hand, at ensuring an alignment of the management's objectives with the creation of value for shareholders in the medium to long-term, are determined – including in line with the Principles laid down in the new Code - by ensuring a balanced pay-mix between fixed and variable components, in relation to the strategic objectives set by the Board of Directors. The remuneration due to Managers with strategic responsibilities is calculated on the basis of their specific responsibilities, which are allocated in compliance with the remuneration policy guidelines adopted by the Company.

In particular, the variable remuneration is structured into a short-term component, which is typically annual, and a medium/long-term component.

For detailed information on the [weight of the variable component](#) and the [distinction between related components](#), reference should be made, also as regards the [recommendations of the Corporate Governance Committee](#), to the more detailed contents of the Remuneration Report.

For Managers with strategic responsibilities and Executive Directors, the [composition of the variable remuneration](#) is structured so as to provide for [a greater long-term and a smaller short-term incentive](#) in accordance with [the Corporate Governance Committee's recommendations](#) aimed at enhancing [the consistency of the variable remuneration parameters with strategic objectives and the pursuit of sustainable success](#).

Short-term variable remuneration is entirely conditional on the attainment of [pre-set](#) financial and operating [performance targets](#), based on [objectively measurable and verifiable](#) results; moreover, with further reference to the [Committee's recommendations regarding the provision of non-financial parameters](#), worth noting is the introduction of [objectives relating to the sustainability of the](#)



company's business activities (as early as from the 2018 financial year). As from the 2019 financial year, **sustainability/ESG issue objectives were extended to all the participants in the short-term incentive scheme**, while further strengthening the sustainability component in the remuneration policies through the **introduction of additional objectives linked to the ESG** (Environmental, Social, Governance) **components**, including for **all the beneficiaries** of the Group's **long-term incentive plan**.

For more details, reference should be made to the Remuneration Report.

The medium/long-term variable remuneration policy is implemented with the participation of executive Directors and Managers with strategic responsibilities in the **Incentive Plan** described in the previous paragraph, the structure of which - as mentioned above – now includes a **component linked to sustainability, by providing for objectives linked to the ESG components**.

Finally, it should be noted that, in accordance with the recommendations laid down in the Code, a **clawback clause** has been long introduced for all variable incentive payments, whereby the Company will be entitled to ask for remuneration to be returned if it has been paid on the basis of data which afterwards prove wrong or false. For more detailed information, reference should be made to the Remuneration Report.

Finally, in making reference to the more specific information provided in the Remuneration Report, we confirm that, including with reference to the observations made by the Corporate Governance Committee, **it is the Company's policy not to award discretionary bonuses to Directors, whose incentive is performed through the instruments described above**.

Remuneration of Non-executive Directors

The remuneration of non-executive Directors is limited only to the fixed component, which is subject to the decision of the Shareholders' Meeting, and is in no way linked to the achievement of financial performance objectives. Therefore, non-executive Directors do not participate in any incentive plan. To the fixed amount of fees set by the Shareholders' Meeting must be added the fees, set by the Company's Board of Directors, payable for the position as members of the Board Committees.

With regard to the fairness of the fees due to non-executive Directors with respect to the competence, professionalism and commitment required by the related duties, the Company carried out analyses, in 2021, concerning the Italian and international practices of interest to Leonardo in order to assess the fairness of the fees set out for non-executive Directors.

With reference to the fees due to the Chairman – again on a fixed basis - as determined (due to the specific powers granted to him) to supplement the resolutions passed by the Shareholders' Meeting for the Chairman of the Board of Directors, reference should be made to the Remuneration Report.



Accrual and payment of fees

With regard to the methods by which the Board of Directors ensures consistency between the fees paid and accrued with respect to the principles laid down in the policy it has approved, reference should be made to the Remuneration Report.

Indemnity due to Directors in case of resignation, dismissal without cause or termination of employment following a takeover bid (under Art. 123-bis, para. 1, lett. i), TUF)

There are no agreements previously entered into between the Company and Directors which provide for indemnities to their benefit in the event of resignation or dismissal/removal without cause or the termination of employment as a result of a takeover bid.

Instead, with reference to the provisions as to [treatments in case of ceasing to hold office or the early termination of employment](#), reference is made to the specific information provided in the Remuneration Report, including as regards the [recommendations provided by the Corporate Governance Committee](#).

The Company adopts the recommendations of the Code regarding the disclosures to make when executive Directors or General Managers leave their position and/or terminate their employment. In fact, the Company has taken steps to provide specific and timely disclosures to the market, following the terminations of employment occurred in the previous financial years, in order to ensure the utmost transparency because the information is disclosed before the publication of the Remuneration Report.



9. CONTROL AND RISKS COMMITTEE

The Control and Risks Committee, more than meeting the recommendations of the new Code, is at present composed of 5 Directors who are all non-executive and independent.

<i>Composition</i>	<i>Attendance</i>
Dario Frigerio Chairman	Independent member no. 13/13 meetings
Pierfrancesco Barletta	Independent member no. 13/13 meetings
Paola Giannetakis	Independent member no. 12/13 meetings
Maurizio Pinnarò	Independent member no. 13/13 meetings
Marina Rubini	Independent member no. 11/13 meetings

The composition of the Committee is consistent with the recommendation, made by the Code, as to the presence of at least one member who must have an adequate expertise and experience in accounting and financial or risk management issues. Moreover, the Committee as a whole has an adequate expertise in the sectors in which the Company operates, which is functional to assess any related risk.

Meetings

During the 2021 financial year, the Committee met no. 13 times; the average duration of the meetings was about two hours and fifty minutes. During the current 2022 financial year, the Committee had met no. 5 times as at the date of approval of this Report.

The Committee's Rules of Procedure require that meetings must be convened according to procedures that ensure confidentiality and timeliness and allow for verification that the notice of call has been actually received, subject to **a notice period of at least three days** (except in cases of urgency, when the Committee meeting may be convened subject to a prior notice of one day), as well as that supporting documentation must be made available within the same time limits.

The Committee meetings are regularly attended by the members of the Board of Statutory Auditors as a whole (during 2021 the average attendance of the Board of Statutory Auditor's members at the Committee's meetings was 98%); it should be also noted that the Committee meetings are constantly held jointly with those of the Board of Statutory Auditors during the financial year.

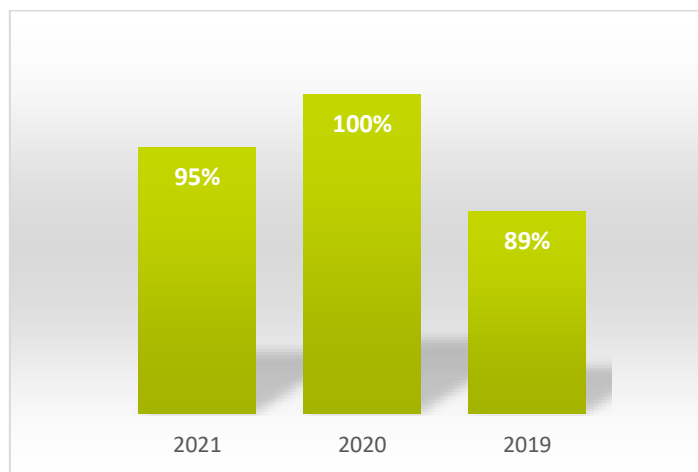
Furthermore, meetings may be attended by the Chairman and the Chief Executive Officer, who are informed of the items to be discussed at the meetings, and about the heads of company departments who are called upon to explain these items during the meetings. On the invitation of the Committee through the Chairman and in relation to the items on the agenda, the meetings may also be attended by other persons, including the members of the Board and the employees of the Company or of Group companies. The Chief Audit Executive and the Group General Counsel are involved in the



Committee’s work on an ongoing basis. Again on the invitation of the Committee in relation to the issues dealt with, some meetings are attended by the first-level Managers of the Corporate Center and the Division Managers.

The Committee's meetings and resolutions are duly recorded in minutes and the Chairman of the Committee informs the Board of Directors at the first subsequent meeting.

C.R.C. – Average attendance at meetings



Duties

The activities of the Control and Risks Committee are regulated by specific **Rules of Procedure** approved by the Board of Directors (available in the Corporate Governance section of the Company’s website, in the Board of Directors/Committees area), which were finally updated in March and December 2021, in order to implement, even formally, the guidelines of the new Code. Specifically, the Committee's tasks have been integrated - as described below - with regard to the new provisions concerning the assessment of correctness of the periodic (financial and non-financial) reporting process, as well as to the examination of interim non-financial reports.

The Committee has the task of supporting, through appropriate inquiries, the evaluations and decisions of the Board of Directors related to the internal control and risk management system (“ICRMS”), as well as those relating to the approval of interim financial and non-financial reports.

In this context, the Committee supports the Board of Directors:

- in laying down the guidelines of the ICRMS in line with the Company’s strategies;
- in assessing, at least once a year, the adequacy of the ICRMS with respect to the Company’s characteristics and the risk factor accepted, as well as its efficacy, the results of which are disclosed in this Report on an annual basis;
- in approving, at least once a year, the Work plan prepared by the Chief Audit Executive;



- in appraising the final comments made by the Independent Auditing Firm if it has submitted a letter of recommendations (if any) and the additional report addressed to the Board of Statutory Auditors;
- in connection with the appointment and removal of the Chief Audit Executive, in setting the related remuneration of the person concerned in conformity to Company policy and on the provision of adequate resources to perform their duties.

In particular, as regards the work performed by the Committee as to the abovementioned assessment of the adequacy of the ICRMS and of its effectiveness, reference should be made to para. 10.

The Committee, within the framework of its activity of assistance and support to the Board of Directors, also performs the following duties:

- a) after having heard the Officer in charge of financial reporting, the Independent Auditing Firm and the Board of Statutory Auditors, it assesses the correct use of the accounting standards, as well as their uniformity in preparing Consolidated Financial Statements;
- b) after having heard the CFO, it assesses whether the process to prepare interim financial and non-financial reports is correct, so that it is functional to correctly represent the business model, the Company's strategies, the impact of its activities and the performance that is achieved;
- c) in consultation with the Sustainability and Innovation Committee, it examines the Consolidated Non-Financial Statement insofar as it is relevant for the purposes of the ICRMS;
- d) it expresses opinions on specific issues pertaining to the identification of the main business risks;
- e) it examines the interim reports and any reports of particular importance prepared by the Group Internal Audit o.u.;
- f) it monitors the independence, adequacy, effectiveness and efficiency of the Group Internal Audit o.u. and oversees its activities should operating powers be granted to the Chairman of the Board of Directors;
- g) it may appoint the Group Internal Audit o.u. to carry out checks on specific operating areas, giving notice thereof, at the same time, to the Chairman of the Board of Statutory Auditors;
- h) it reports on the work performed, as well as on the adequacy of the ICRMS, to the Board of Directors at least on a six-monthly basis and, in any case, on the occasion of the approval of the draft Separate Financial Statements and of the Half-year Financial Report;
- i) it supports, through appropriate inquiries, the evaluations and decisions of the Board of Directors related to the management of those risks deriving from harmful events of which the Board became aware;



- j) it verifies the pursuit of the objectives of the Sustainability Plan in agreement with the Sustainability and Innovation Committee;
- k) it performs such additional duties as may be assigned to it by the Board of Directors;
- l) it analyses, for the matters of competence, the issues that are important for Leonardo for the purposes of generating value in the long term.

The Control and Risks Committee also performs functions as **Committee for Related Parties Transactions**, pursuant to the Procedure for Related Parties Transactions which was approved by the Company's Board of Directors pursuant to the relevant Consob Regulation (as adopted by Resolution no. 17221 of 12 March 2010, as amended and supplemented) and exercises the related powers, possibly also through one or more of its specially delegated members.

In order to perform its duties, the Committee seeks support from the Company's appropriate functions in particular from the OUs that report to the Group General Counsel and the Chief Audit Executive. While the Committee retained the right to make use of services provided by third-party professionals, which on the other hand it has not yet exercised, it was not necessary to arrange for a special budget for its work.

Summary of activities carried out

The main activities carried out by the Committee during 2021, as well as in the first months of the current financial year, are reported below:

- ✓ it continued the process to check the operations of the ICRMS of Leonardo and of the main subsidiaries; specifically, it supported the Board of Directors in appraising the system's effectiveness, making arrangements (in addition to the permanent presence of the Head of the Group Internal Audit - Chief Audit Executive and of the Group General Counsel) for:
 - periodic meetings (approximately on a six-monthly basis) with:
 - the other main "players" involved in the ICRMS, each within the sphere of related responsibilities (Chief Risk Officer; CFO - Officer in charge of financial reporting; Chief People & Organization Officer – CPO; Independent Auditing Firm), mainly dealing with aspects related to the ICRMS operations;
 - the Surveillance Body, to examine – together with the Board of Statutory Auditors – the work performed during the year (based on the Surveillance Body's half-year reports), analysing issues of mutual interest in relation to the activities carried out;
 - periodic meetings (approximately on an annual basis) with:
 - Division Managers and the Heads of the Corporate Center's first-level OUs in relation to those issues that are of particular and specific importance to the ICRMS;



- ad hoc meetings with the other Heads of OUs to meet specific needs, in order to receive updates on the work performed within the sphere of related responsibilities, on the existing risks and on the instruments used to mitigate their effects;
- ✓ it examined the Work Plan prepared by the Chief Audit Executive, the Reports issued by the Group Internal Audit o.u. as to the work performed during the period, the results of monitoring the implementation of corrective actions planned in relation to the findings noted, as well as the progress of the audit activities carried out by the abovementioned o.u.;
- ✓ it examined, on a six-monthly basis, the Reports of the Group Internal Audit o.u. on the work performed;
- ✓ it monitored the independence of the Chief Audit Executive and the efficacy, efficiency and adequacy of the related o.u.;
- ✓ it examined the results of the quality controls carried out in 2021 on the activities of the Group Internal Audit o.u., together with the new Quality Plan for 2022;
- ✓ it monitored the process for the renewal of the Quality Assurance certification of the Group Internal Audit o.u., which was confirmed after the independent third-party's evaluation (Quality Assurance Review);
- ✓ it discussed the obligations placed on the Italian listed companies that have controlling interests in companies based in non-EU countries (pursuant to Art. 15 of Consob's Market Regulation no. 20249/2017, as amended and supplemented), and noted that the administration and accounting system responsible for the Financial Reporting process functions effectively and that it essentially meets the requirements of Art. 15, and therefore no special plan to bring it into compliance is needed;
- ✓ it examined the method adopted to conduct impairment tests with the support of the CFO;
- ✓ it met the Chief Risk Officer, discussing the Company's main risks;
- ✓ it read the Whistleblowing Committee's reports of its work;
- ✓ it held periodic meetings with the Independent Auditing Firm;
- ✓ it met the Data Protection Officer in order to examine the progress of the work performed by the Company by virtue of the European regulations on privacy;
- ✓ it monitored the process for the implementation of the Internal Control System of Non-Financial Reporting, which is also functional to obtaining a reasonable assurance from the appointed Auditor on a set of ESG indicators that will be included in the Integrated Annual Report 2021 ("mixed reasonable assurance");
- ✓ it examined – in agreement with the Sustainability and Innovation Committee - the method of preparing and the draft of the Non-Financial Statement under Legislative Decree 254/2016



included in the Integrated Annual Report, assessing in particular the parts relevant for the purposes of the ICRMS;

- ✓ it received updates from the Chief Financial Officer, the Group General Counsel and the Chief People, Organization & Transformation Officer (now Chief People & Organization Officer), on a periodic basis, on the main disputes in which the Group is involved and on the possible accounting effects for the purposes of complying with the requirements related to the preparation of Annual Financial Reports and of the Half-year Financial Report;
- ✓ it reported on the work performed to the Board of Directors every six months.

The Committee also reviewed the preparation of the Half-year Financial Report and the Annual Financial Report, meeting with the Independent Auditing Firm to discuss the matter, and issued special reports to the Board of Directors on its conclusions.

Finally, the Committee assessed the adequacy of the accounting standards used and their uniformity for the purposes of preparing the Annual and Half-Year Financial Reports.

As regards the functions performed in the capacity as Committee for Related Parties Transactions, according to the current Procedure adopted by the Company in this regard (as described in para. 4.9 above, to which detailed contents reference should be made), the Committee receives, during the financial year, specific dedicated flows of information, describing, ex-ante or ex-post, the transactions (both of “greater” or “lesser” importance) that are carried out, which also concern exempt transactions and the application of the related exemption conditions, as well as targeted information regarding particularly significant transactions.

10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Rules of Procedure of the Board of Directors and of the Control and Risks Committee adopt the provisions laid down in the Code in relation to the internal control and risk management system (“ICRMS”), taken as the combination of rules, procedures and organisational units aimed at an effective and efficient identification, measurement, management and monitoring of the main risks in order to contribute to the Company’s sustainable success.

The Board of Directors plays a general role of guidance and assessment of the adequacy of the ICRMS and, in particular, with the support of the Control and Risks Committee:

- a) sets out the guidelines for the ICRMS, in accordance with the Company’s strategies;
- b) assesses, at least on an annual basis, the adequacy of the ICRMS (even with regard to those risks that may be relevant to the medium/long-term sustainability) with respect to the characteristics of the enterprise and to the assumed risk profile, as well as its efficiency; the results of this assessment are disclosed in this Report on an annual basis;



- c) appoints and dismisses the Chief Audit Executive (Head of the Group Internal Audit o.u.), setting the related remuneration in line with company policies and ensures that it has provided with adequate resources to perform its duties;
- d) approves, at least on an annual basis, the work plan prepared by the Chief Audit Executive, after having heard the Board of Statutory Auditors and the Chief Executive Officer;
- e) assesses, after having heard the Board of Statutory Auditors, the results presented by the independent auditors in the letter of recommendations (if any) and in the additional report addressed to the Board of Statutory Auditors.

The following information is provided in this regard.

The Board of Directors of Leonardo set out, as well as finally updated during the meeting held on 10 March 2022 (subject to the favourable opinion of the Control and Risks Committee issued on 8 March 2022), the “Guidelines for the Internal Control and Risk Management System”, so that:

- the main risks affecting the Company and its subsidiaries are correctly identified, as well as assessed, managed and monitored in an adequate manner;
- the nature and level of risk (risk appetite) are determined and consistent with the strategic objectives and the sustainability of the business over the long-term period.

In particular, the Board of Directors, after having heard the Control and Risks Committee, assessed the process aimed at identifying, measuring, managing and monitoring the main risks, as well as the methodological references used. The Board also analysed the company's risk profile, considering it compatible with the objectives and sustainability over a medium to long-term period.

At the same meeting held on 10 March 2022, the Board also proceeded with the assessment of the adequacy and effectiveness of the ICRMS with respect to the characteristics of the enterprise and to the risk profile, after the periodic identification of the main business risks under the responsibility of the Chief Executive Officer, as well as the definition of the risk nature and level compatible with the Company’s strategy objectives on a periodic basis.

It is worth noting that the process flow supporting the ICRMS assessment is governed by a special document (“*Guidelines on the ICRMS assessment process*”) approved by the Board of Directors providing a systematic list of information flows designed to enable the Control and Risks Committee to obtain information items in order for this Committee to issue its opinion to the BoD.

During the meeting scheduled on 7 April 2022, the Board of Directors will consider the proposed Audit Plan, subject to a favourable opinion given by the Control and Risks Committee and after having heard the Board of Statutory Auditors and the Chief Executive Officer. Specifically, the Board of Directors of Leonardo will pass a resolution on the Company’s 2022 Audit Plan and acknowledge the 2022 Aggregated Audit Plan of the Leonardo Group.



Furthermore, it should be noted that the Board took steps, on a proposal by the Chief Executive Officer, subject to a favourable opinion given by the Control and Risks Committee and having heard the Board of Statutory Auditors, to set the remuneration of Marco Di Capua, the Chief Audit Executive of Leonardo, in line with company policies and monitored the adequacy of the resources for the purposes of the performance of his duties.

In addition to the Board of Directors and to the Control and Risks Committee, the main persons involved in Leonardo's ICRMS (more information on the work and methods of coordination is provided in the relevant paragraphs of this Report) are:

- the **Chief Executive Officer** in charge of establishing and maintaining the ICRMS;
- the **Chief Audit Executive** (Head of the Group Internal Audit o.u.);
- the **Chief Risk Officer** (Head of the Risk Management o.u.);
- the Chief Financial Officer - Officer in charge of financial reporting pursuant to Law 262/2005;
- the **Surveillance Body** formed as per Legislative Decree 231 /2001;
- the **Board of Statutory Auditors**;
- the **Group General Counsel** (including as to the legal and non-compliance risk monitoring functions).

For a brief description of any criminal proceedings that are currently pending against Leonardo S.p.a. for various reasons or which have come to its attention because they involved subsidiary companies, with specific regard to the events that occurred in 2021 and in early 2022, reference is made to the specific disclosures provided in the notes to the financial statements (see the paragraph on the "Provisions for risks and charges and contingent liabilities") of the Integrated Annual Report 2021, which can be found in the Investors area of the website.

In the course of 2021, a more thorough assessment of the efficacy and adequacy of the internal control system was also performed with regard to the proceedings brought by the Judicial Authority, involving the subsidiary companies for various reasons.

The Board of Directors, the Board of Statutory Auditors, the Control and Risks Committee and the Surveillance Body of Leonardo were kept duly informed about said events.

As already noted, the Board of Directors confirmed the evaluation of the adequacy of the organisational, administrative and accounting structure of the Company, as well as of any subsidiaries having strategic importance, with specific reference to the internal control and risk management system. Finally, reference should be made to para. 15 below for an examination of the additional organisational measures put in place by the Company.



10.1. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM RELATED TO THE PROCESS OF FINANCIAL REPORTING (ART. 123-BIS, PARA. 2, LETT. B), TUF)

The **Internal Control over Financial Reporting** (hereinafter **ICFR**) system is defined as the set of activities aimed at identifying and evaluating the actions or events that, when occurring or failing to occur, could compromise, in whole or in part, the achievement of the objectives of reliability, accuracy and timeliness of financial reporting.

Within Leonardo, there is a specific internal control system governing the financial reporting process that has been defined in accordance with the principles issued by the Committee of Sponsoring Organisations (CoSO Report) of the Treadway Commission, as well as by the Control Objectives for Information and related Technology (COBIT) as regards issues in the field of Information Technology. The abovementioned internal control system is made up of an organic and complete set of administrative and accounting procedures (narratives) which clearly define the corporate processes that have direct or indirect accounting effects on the accounts and on any other financial reports, describing the activities, controls, roles and responsibilities, as well as the information and documentary flows in support of the creating process of the financial reporting.

Moreover, a specific component to manage the risks of fraud is integrated into ICFR. In particular, the administrative and accounting procedures are updated, including an additional set of anti-fraud controls and additions to the already existing controls, in accordance with the provisions under Auditing Standard no. 5 “An Audit of Internal Control Over Financial Reporting That is Integrated With An Audit of Financial Statements”, issued by the Public Company Account Oversight Board (PCAOB). It puts, among the other things, particular emphasis on the checks related to the prevention, identification and detection of fraudulent activities, to be intended as acts capable of generating misrepresentation from a financial, capital and economic point of view in the Financial Statements or of misappropriating the corporate assets. These antifraud checks are tested within the framework of usual monitoring activities according to the plan defined by the Officer in charge of financial reporting. In addition, the Officer starts further specific monitoring aimed at reporting intentional and unintentional errors or significant deficiencies in the ICFR system.

As a whole, the **management of the ICFR** system developed by Leonardo features the following **general stages**:

- **Risk identification and assessment**

The risk assessment (Financial Risk Assessment) is the set of activities aimed at identifying and assessing any actions or events, whose occurrence or absence may compromise, in whole or in part, the achievement of the ICFR objectives and, specifically, the reliability of financial



reporting. Within the framework of risk assessment, particular attention is paid to the Fraud Risk Assessment, identifying and assessing any conditions (risk factors) that could increase the risk of frauds within the Company.

Risks identification and assessment are identified by considering the likelihood that an event will occur and its potential impact on the Financial Statement items, without taking account, from a prudential perspective, of the existence of controls aimed at reducing the risk to acceptable levels.

- **Assessment of the adequacy of related control**

On the basis of analyses of potential (Financial and Fraud) risks, control measures have been identified which are aimed at mitigating the same. The adequacy of the control measures is assessed on the basis of their ability to reduce risks, with reasonable certainty, to acceptable levels.

The defined controls are attributable to the following macro-types:

- Process Level Controls;
- Entity-Level Controls which, as controls that apply to the entire organisation since they are common and cut across it, are structural elements of the ICFR system;
- IT General Controls (ITGC) within the context of the IT Governance process;
- Controls aimed at guaranteeing the Segregation of Duties and roles assigned to the different members of the corporate organisation.

- **Check the operations of the internal control system and specific monitoring**

In order to check and ensure the operations of the system for internal control on financial reporting, specific testing and monitoring activities are expected to be carried out by independent third parties (Group Internal Audit).

The test plan defined by the Officer in charge of financial reporting provides for checks to be carried out, on a turnover basis, on all the control components of the ICFR system of Leonardo; specifically:

- any controls that are considered to be “key” tests as defined in the narratives (PLC) are tested on an annual basis with a six-monthly turnover, in order to ensure that all the processes mapped within administrative and accounting procedures are covered during the year;
- the correct segregation of incompatible roles (SoD) is tested on an annual basis;
- ITGC components that are considered to be necessary to ensure adequate control over applications and the infrastructure are tested on an annual basis; ITGC components that are not subject to systematic changes, as they pertain to structural aspects of the company (e.g. organisation, policy, etc.), are tested on a quarterly basis, on a turnover basis, and in any case, on the occasion of significant changes;



- audits on Entity-Level Controls, i.e. controls performed across the Company and form the internal control system, are conducted on an annual and rotation basis, and in any case on the occasion of significant changes.

Furthermore, to integrate the control model, specific monitoring activities are envisaged which are aimed at reporting the existence of possible intentional and unintentional errors and/or significant deficiencies in the ICFR system (Detection Audit). This activity is carried out on a turnover basis according to a “Top-down-risk based” approach, which allows the application of controls starting from any areas at highest risk; furthermore, the activity is also carried out in relation to specific events, including, but not limited to, organisational changes or reports, such as to presuppose the presence of fraudulent acts or significant deficiencies.

The responsibilities for establishing and maintaining the ICFR, on the whole, are governed and distributed throughout the organisation. In particular, **Leonardo’s model currently calls for the involvement of the following corporate positions:**

- **Governing body to which authority has been delegated.** This refers to the Chief Executive Officer.
- **Officer in charge of financial reporting.** Reference is made to paragraph 10.6 below.
- **Financial Reporting Manager (FRM) responsible for the financial information provided to the Group Parent.** To comply with Law 262/2005, within the major companies of the Group, the Boards of Directors, after having heard the opinion of the Officer in charge of financial reporting of Leonardo and of the Board of Statutory Auditors of the company concerned, have appointed a Financial Reporting Manager (FRM) responsible for the financial information provided to the Group Parent, with the task of supporting the Officer in charge of financial reporting of Leonardo in the performance of the relevant duties.

The Financial Reporting Manager (FRM) responsible for the financial information provided to the Group Parent has the following duties:

- developing and updating for each Group company administrative and accounting procedures (narratives), on the basis of the instructions received from the Officer in charge of financial reporting of Leonardo, underlying the financial reporting process in order to ensure that the financial reporting process is suited to the preparation of reliable consolidated annual and interim Financial Statements and is in line with the actual operations of the company concerned;
- defining and implementing any plans for improvement;
- attesting, with respect to the Officer in charge of financial reporting of Leonardo, together with the delegated Governing Body of the relevant Company, to what is requested by the Parent



Company in relation to the internal control system for the governance of the financial reporting process and the preparation of accounting documents.

- **Group Internal Audit o.u. of Leonardo S.p.a.** The Officer in charge of financial reporting has entrusted the Group Internal Audit o.u. with responsibility for “independently” assessing the functioning of the ICFR. The Group Internal Audit o.u., through its Corporate, LGS and Financial Audit o.u., conducts tests of the actual application of the administrative and accounting procedures in place within the Group, based on indications provided by the Officer in charge of financial reporting. These tests are conducted through a specific working group operational plan which also lays down their methods, procedures and timing to conduct tests in order to establish whether the controls are functioning effectively. The results of the tests conducted for each Division and Group company falling within the scope of application of Law 262/2005 are submitted to the management of the same, which promptly defines adequate plans of action relating to any possible area for improvement. The Group Internal Audit o.u. provides the results and related plans of action to the Officer in charge of financial reporting in due time in order to allow him to conduct an overall assessment of the adequacy and actual application of the administrative and accounting procedures followed in preparing the Half-year Financial Report, the Integrated Annual Report and the Consolidated Financial Statements, for the purposes of the issue of the certifications prescribed by Law.

Within the monitoring plan for 2021 for the purposes of the Half-year Financial Report and the Integrated Annual Report, Leonardo conducted both periodic monitoring activities (PLC test, SoD, ITGC test) and specific monitoring activities on the process of “Warehouse Management”, in relation to its own Divisions and Group companies that fall within the scope of application of Law 262/2005. Furthermore, some controls were carried out at Company level in order to monitor the internal control area (Entity Level Control).

In consideration of the organisational structure consisting of Divisions, the governance structure adopted by Leonardo centralises the system of guidance and control in the Corporate Centre and at the same decentralises business management to the Divisions.

Therefore, with reference to the Divisions and Group companies falling within the scope of application of Law 262/05, tests were conducted during 2021 on about 1,797 controls, divided in detail among the following components of the ICFR:

- 1,232 controls at process level, as defined in the narratives (Process Level Control);
- 393 controls relating to the operation and management of IT systems (IT General Control);
- 172 controls at “Entity” level in relation to the structure and organisation of the individual companies (Entity Level Control);



- specific checks on compliance with rules governing the correct segregation of roles and duties (SoD) with regard to the IT systems concerning the ICFR control system.

The tests have confirmed the efficacy of the control measures while, in the case of ineffective controls, they confirmed the overall efficacy of the procedures in place to monitor the risk areas under examination, thanks to the existence and operation of compensating controls and/or the performance of substantive testing.

With reference to the specific monitoring activities within the process of “Warehouse Management”, for Leonardo UK Ltd, Agusta Westland Philadelphia Corporation, PZL-Świdnik S.A. and the Helicopters, Electronics (including the Defence Systems Business Unit), Cyber Security, Aircraft and Aerostructures Divisions, the controls⁴ provide for the following operating macro-phases:

- *Analysis and Mapping:*
 - preliminary analysis of available documentation and of macro-phases in scope, as well as the identification of IT systems in support of the process to be analysed, in order to identify the information set in relation to which the subsequent analyses must be carried out.
- *Scoping and data processing:*
 - the definition of analyses and correlations to be used for processing data and for extrapolating inconsistencies/potential anomalies (if any);
 - the application of risk indicators (Key Risk Indicators) to the database identified during the mapping phase and made up of the process transactions recorded in the IT systems in the period under consideration; these indicators have been developed on the basis of the fraud patterns identified within the Fraud Risk Assessment.
- *Test:*
 - the analysis of any anomalies identified after the scoping phase and data processing, in order to identify the so-called “False Positives”, if any, (justified exceptions) and/or evident errors;
 - performance of documentary tests for any anomalies in relation to which additional analyses have been considered necessary.
- *Reporting:*
 - the presentation of results to the process owners and preparation of the final report for the Officer in charge of financial reporting.

February 2022 saw the completion of the specific monitoring activities on the process of “Warehouse Management”, together with the presentation of the related results.

⁴ *The controls were not carried out in Leonardo Global Solution S.p.A. e in the Corporate Center, since the “Warehouse Management” process does not exist.*



10.2. CHIEF EXECUTIVE OFFICER

The Chief Executive Officer - “CEO” - is responsible for setting up and maintaining the internal control and risk management system and, in this capacity, carries out the following activities:

- a) he identifies the main corporate risks, in light of the features of the activities carried out by the Company and its subsidiaries, and submits them to the scrutiny of the Board on a periodic basis;
- b) he implements the guidelines defined by the Board and takes care of the planning, creation and management of the ICRMS, constantly verifying its overall adequacy, efficacy and efficiency;
- c) he sees that the system is adjusted in response to changes in operational conditions and the legislative and regulatory framework;
- d) he may appoint the Group Internal Audit o.u. to carry out controls on specific operating areas and to check for compliance with internal rules and procedures in performing business operations, at the same time giving notice thereof to the Chairman of the Board, the Chairman of the Control and Risks Committee and to the Chairman of the Board of Statutory Auditors;
- e) he promptly reports to the Control and Risks Committee or to the entire Board as to problems and critical issues arisen in performing his duties or of which he has become aware, so that the Committee or the Board may take any appropriate actions.

During the financial year the Chief Executive Officer prepared the identification of the main corporate risks on which basis the Board of Directors defined the “Guidelines for the internal control and risk management system” (as reported in para. 10 above), which the CEO himself implemented as stated above.

Through the Risk analysis process, supported by the Risk Management o.u., risk owners have identified, assessed and tackled corporate risks, along with establishing the related hedging degree. Within Leonardo’s organisational model the central **Risk Management** structure (see par. 10.6) operates in close collaboration with the other central and divisional corporate functions with the aim to support the creation and protection of the projects’ value and to preserve the company’s value, business operations and the stakeholders’ interests.

The Guidelines for the ICRMS expressly report:

- i) the methodological tools for the identification, assessment, management and monitoring of the main risks;
- ii) the process aimed at identifying, assessing and managing the Leonardo Group’s risks, divided based on their related type as follows:
 - 1) **Compliance risks**: arising from the performance of ordinary business operations, which relate to the failure by the business activities to comply with the relevant contractual clauses, laws, regulations and rules; this non-compliance may cause the company to incur



administrative and criminal sanctions, as well as to affect the company’s image and its operations themselves.

- 2) *Strategic risks*: with impacts on the degree of success of the Company’s strategies, the processes’ ability to achieve the objectives defined by Top Management and the Company’s image.
- 3) *Operating risks*: concerning ordinary business operations with impacts on the efficacy and efficiency of the various corporate areas / processes.
- 4) *Financial risks*: arising from the performance of ordinary business operations, which affect economic and financial figures within the management of accounting and reporting, taxation, cash and credit.
- 5) *Project risks*: a substantial part of the Group’s transactions consists of medium- and long-term contracts for the supply of products and services; the aforesaid risks expose it to lower profits or losses in addition to liability to customers for delays in performance or non-compliance with contractual requirements.

The management of the Leonardo Group’s companies assesses the risks, considering the impact and the probability of their occurrence, and using qualitative and quantitative techniques.

10.3. CHIEF AUDIT EXECUTIVE

Leonardo’s Board of Directors (on a proposal by the Chief Executive Officer, subject to the favourable opinion of the Control and Risks Committee and having heard the Board of Statutory Auditors) has taken steps to appoint Marco Di Capua as the Chief Audit Executive of Leonardo, Head of the Group Internal Audit o.u., to verify whether the ICRMS is operational and adequate, as well as consistent with the guidelines laid down by the board.

The Board of Directors ensures that the Chief Audit Executive (“CAE”) is provided with adequate resources in performing its audit of the operation and suitability of the ICRMS and establishes his fees in accordance with the Company’s policies. The Board, after having obtained the favourable opinion of the Control and Risks Committee and heard the Board of Statutory Auditors, monitored the adequacy of the resources to fulfil his responsibilities and other operational conditions of the Internal Audit function, on the basis of the CAE’s statements concerning the organisational positioning and the confirmation of the independence of the GIA o.u.. The Group Internal Audit o.u., which reports to Leonardo’s Board of Directors, has the responsibility for supporting the Board of Directors, the Chief Executive Officer, the Control and Risks Committee and the Board of Statutory Auditors of Leonardo S.p.a., as well as the Boards of Directors and Boards of Statutory Auditors of the Group Companies not included in the divisional perimeter, in making assessments of the adequacy and effective functioning of the internal control and risk management system of the Group.



This o.u. is also responsible for conducting tests, on behalf of the Officer in charge of financial reporting, for compliance purposes under Law no. 262/2005 and assisting, by delegation, the Surveillance Body of Leonardo S.p.a. in carrying out its audit work involving sensitive processes as per Legislative Decree 231/2001.

Specifically, as specified in the Rules of Procedure, the Chief Audit Executive:

- a) checks, both on an on-going basis and in relation to specific needs and in accordance with international standards, the operations and suitability of the internal control and risk management system, through an Audit plan approved by the Board of Directors, based on a structured process of analysis and prioritisation of the main risks;
- b) he is not responsible for any operating area and reports to the Board of Directors and, through the same, to the Chairman, or, should the latter be granted delegated operating powers, to the Control and Risks Committee and, through it, to the Chairman of the Committee itself;
- c) he has direct access to all useful information to perform his duties;
- d) he prepares any interim reports containing adequate information on his activity, on the procedures according to which the risk management is carried out, as well as on the compliance with any plans defined to limit them; the interim reports contain an assessment of the suitability of the internal control and risk management system;
- e) even at the request of the Board of Statutory Auditors, he promptly prepares reports on events of particular importance;
- f) he forwards the reports referred to in points d) and e) to the Chairmen of the Board of Statutory Auditors, of the Control and Risks Committee and of the Board of Directors, as well as to the Chief Executive Officer, except where the subject matter of these reports specifically relates to the activities carried out by the aforesaid parties;
- g) he checks, within the framework of the Audit Plan, for the reliability of the IT systems, including accounting systems.

In 2021 and in the first months of the current year, the Chief Audit Executive coordinated, in short, the following main activities:

- he checked, both on an on-going basis and in relation to specific needs and in compliance with international standards, the operations and suitability of the ICRMS, through an Audit Plan approved by the Board of Directors, based on a structured process of analysis and prioritisation of the main risks;
- he prepared any periodic reports containing adequate information on his activity, on the procedures according to which the risk management is carried out, as well as on the compliance with any plans defined to limit them, as well as an assessment of the suitability of the ICRMS and



forwarded them to the Chairmen of the Board of Statutory Auditors, of the Control and Risks Committee and of the Board of Directors, as well as to the CEO;

- he promptly prepared, even at the request of the Board of Statutory Auditors, reports on events of particular importance and forwarded them to the Chairmen of the Board of Statutory Auditors, of the Control and Risks Committee and of the Board of Directors, as well as to the CEO;
- he checked, within the scope of the Audit Plan, the reliability of the IT systems, including accounting systems.

Furthermore, the Chief Audit Executive supervised the following activities:

- monitoring the action plans deriving from previous audits, at Leonardo and at the companies with which specific service contracts are in place;
- performing special audits concerning both Leonardo and its subsidiaries;
- presentation of the Quality Assurance Plan of the Group Internal Audit o.u. and of the related Report concerning the activities carried out in 2021, in order to confirm the Quality Certification of the Group Internal Audit o.u. which was carried out by an independent third-party professional in January 2022;
- performing tests and Detection Audit activities for the purposes of compliance with Law no. 262/2005 at Leonardo and at the companies falling within the perimeter, on behalf of the Officer in charge of financial reporting;
- providing support to control and surveillance Bodies and, specifically as regards the Surveillance Body of Leonardo, and performing checks included in the Company's Audit Plan, on the basis of the specific mandate received;
- participating in the meetings of the Surveillance Body and of the Coordinating and Consultative Body for the prevention of corruption (see para. 15 below), while the Secretary's office work is the responsibility of the internal staff of the Group Internal Audit o.u.. In this regard, it should be noted that the Board of Directors' Meeting of 17 December 2015 appointed the Chief Audit Executive as *pro tempore* regular member of the Surveillance Body in order to integrate the Board's members;
- participating in the meetings of the Whistleblowing Committee, as a regular member, where the Secretariat of the Committee is composed of internal resources of the Group Internal Audit o.u., as well as performing verifications required by the Committee.

The Chief Audit Executive, in order to carry out his duties, has financial resources included in the Group Internal Audit o.u.'s budget, which is annually submitted to the Control and Risks Committee and to the Board of Directors.



10.4. ORGANISATIONAL MODEL AS PER LEGISLATIVE DECREE 231/2001

Legislative Decree no. 231/2001 introduced, into the Italian legal system, a regime of administrative liability against Entities, for certain types of offences committed in the interests or to the benefit of the same. The Company has adopted appropriate measures to prevent it from incurring any criminal liability through the implementation of specific control safeguards aimed at preventing the commission of any offences contemplated by this Decree on the part of Directors, Statutory Auditors, management, employees, collaborators, or any other party having relationships of any nature with Leonardo S.p.a., either with or without valuable consideration.

On 12 November 2003, the Board of Directors of the Company adopted its own **Organisational, Management and Control Model as per Legislative Decree 231/2001** (hereinafter also referred to as the “Organisational Model”), updated with resolution of 17 December 2020. The update has concerned the organisational changes that have occurred over the time, including:

- the provisions laid down in Law no. 157/2019, which, in particular, introduced Article 25-*quinquiesdecies* ("Tax crimes") and, specifically, the following predicate offences: "Fraudulent declaration through the use of invoices or other documents for non-existent transactions"; "Fraudulent declaration through other artifices"; "Issuance of invoices or other documents for non-existent transactions"; "Concealment or destruction of accounting documents"; "Fraudulent tax evasion";
- the amendments brought in by Legislative Decree 75/2020, on the "Implementation of Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law" ("PFI Directive"), with regard to, among others: Art. 24 of Legislative Decree 231/2001: extension of the crime of "Fraud" committed to the detriment of the European Union; the introduction of crimes of "Fraud in public supplies", again to the detriment of the European Union, and "Fraud in agriculture"; Art. 25 of Legislative Decree 231/2001: the introduction of crimes of "Embezzlement", "Embezzlement by profiting from others' errors" and "Abuse of office", when the act offends the financial interests of the European Union; Art. 25-*quinquiesdecies* of Legislative Decree 231/2001: introduction of crimes of "False declaration", "Omitted declaration" and "Undue compensation", if committed within the scope of cross-border fraudulent systems and in order to evade value added tax for a total amount of no less than €mil. 10; the introduction of the new Art. 25-*sexiesdecies* of Legislative Decree 231/2001 concerning the crimes of "Smuggling".

On the other hand, assessment activities were launched in 2021 with regard to the most recent regulatory amendments to Legislative Decree 231/2001 ("Offences relating to cybersecurity



perimeter"; new Art. 25-*octies* 1: "Offences relating to non-cash payment instruments" and amendment to Art. 25-*octies* of Legislative Decree 231/2001).

The current Organisational Model is made up of a "General Section" and eleven "Special Sections". The "General Section" essentially deals with:

- 1) the Surveillance Body, the information that has to be sent to it, and its reports on the work it has done with respect to corporate bodies;
- 2) staff training and the circulation of the Organisational, Management and Control Model within and outside the Company;
- 3) the disciplinary measures applicable in the event of failure to comply with the requirements in the Model;
- 4) updating and review of the Organisational Model.

The Organisational, Management and Control Model as per Legislative Decree 231/2001 can be found on the Company's website in the specific Ethics and Compliance area.

The **Surveillance Body of Leonardo S.p.a.** is currently composed, following the appointment by the Board of Directors on 25 June 2020, of four external professionals, Raffaele Squitieri (Chairman and external member from 9 November 2017), Giorgio Beni, Chiara Mancini and Claudio Tedeschi, as well as two internal members by operation of law in accordance with the related By-Laws, the Group General Counsel Andrea Parrella and the Chief Audit Executive Marco Di Capua, the presence of whom within the Surveillance Body is aimed at ensuring adequate coordination between the various parties involved in the ICRMS.

The duties, activities and functioning of this Body are governed by specific By-Laws, which were approved by the Board of Directors of Leonardo S.p.a. on 15 December 2005 and finally updated on 8 November 2018. The By-Laws entrust the Surveillance Body with wide-ranging tasks for the purposes of monitoring the validity and effectiveness of the Organisational, Management and Control Model as per Legislative Decree 231/2001. Within these tasks, among other things, the Surveillance Body holds hearings, on a periodic basis, to hear the Managers responsible for potential areas at risk of offences pursuant to Legislative Decree 231/2001, examines reports and disclosures prepared by the corporate units and provides recommendations or instructions to the top management and to the corporate bodies, also with respect to appropriate actions for improving or changing checks. Moreover, Surveillance Body receives reports (if any) about breach of the Organisational Model on the part of company representatives or third parties.

The Surveillance Body has adopted its own internal rules.



10.5. INDEPENDENT AUDITING FIRM

The Shareholders' meeting held on 20 May 2020 resolved to appoint EY S.p.A. to carry out the statutory audit of accounts for the nine-year period from 2021 to 2029.

The appointment envisages the Independent Auditing Firm carrying out the following activities:

- statutory audit of the Separate Financial Statements of Leonardo S.p.a.;
- statutory audit of the Consolidated Financial Statements of the Leonardo Group;
- review of the consolidated Half-year Financial Report of the Leonardo Group;
- reviews of regular book-keeping on a periodic basis;
- establishing whether the Directors have prepared the Non-financial Statement (Art. 3, paragraph 10, of Legislative Decree 254/2016); again as regards this Statement, the Company has specifically appointed the Independent Auditing Firm EY, in accordance with the abovementioned Decree, to issue the declaration attesting that the information provided in the Declaration complies with the provisions laid down in the Decree and the statutory principles, methods and procedures.

10.6. OFFICER IN CHARGE OF FINANCIAL REPORTING AND OTHER CORPORATE ROLES AND ORGANISATIONAL UNITS

Officer in charge of financial reporting

In accordance with Art. 154-*bis* of the Consolidated Law on Financial Intermediation and Arts. 25.4 and 25.5 of the Company's By-Laws, the Board of Directors' meeting held on 20 May 2020 proceeded with the appointment of the Officer in charge of financial reporting, confirming that of Alessandra Genco (the Company's Chief Financial Officer) until the expiry of the term of office of the current Board members.

The Company By-Laws envisages that the Board of Directors, having previously obtained the mandatory opinion of the Board of Statutory Auditors, appoints a person to this position, whose mandate expires at the same time as the term of office of the Board of Directors that has designated him/her.

The choice of an executive for this position is made from among persons who, for a period of at least three years:

- a) have performed duties of governance and control or management in companies listed on regulated markets in Italy, in other EU Member States or in OECD countries with a share capital of not less than €mil. 2; or
- b) have had legal powers of control over the accounts of companies such as those specified in letter a), or
- c) have been professionals or full university professors in financial or accounting matters; or



d) have performed functions as executives in public or private bodies with expertise in finance, accounting or control sectors.

Also in accordance with the By-Laws, the Officer in charge of financial reporting must satisfy the requirements of good repute laid down for the members of the Board of Directors.

In connection with her appointment by the Board of Directors, Alessandra Genco has been formally vested, in addition to the powers conferred on her as Chief Financial Officer of the Company, with all the powers necessary for the correct performance of the duties required by law.

The Officer in charge of financial reporting releases the certification required by Art. 154-*bis*, paragraph 2 of the Consolidated Law on Financial Intermediation and, together with the Chief Executive Officer, the attestation under Art. 154-*bis*, paragraph 5 of the Consolidated Law on Financial Intermediation.

Below are the other **corporate roles and organisational units** which are specifically involved in the internal control and risk management system (in addition to the provisions already laid down above in relation to the Chief Audit Executive and the Group Internal Audit o.u.).

- **Group General Counsel**, to which – among others – the following OUs refer with specific role in relation to the ICRMS:
 - the **Compliance organisational unit** which is responsible, in particular, for: directing and coordinating initiatives and issues concerning the Trade Compliance and Business Compliance areas, also through the preparation and updating of the relevant documents concerning the internal regulatory system (Directives, Procedures, Policies, etc.) and the organisation of training sessions, in agreement with the competent central functions, so as to ensure an adequate control of legal risks in order to prevent behaviours that do not conform to the norms; ensuring the necessary support for Trade Compliance issues and supervising the implementation of the Group's Trade Compliance Program; ensuring any due diligence activities and the necessary audits for reputational, financial and other aspects, with reference to consultants and business promoters, while providing assistance in the preparation of any related contracts; carrying out due diligence procedures, also with the assistance of external service providers, relating to M&A transactions, other strategic arrangements or arrangements with sensitive parties, service stations, training centres, distributors, still at the prior request of the relevant corporate functions and in coordination with the latter, identifying the possible measures to mitigate emerging risks, while ensuring a check on any possible connection with the relevant business compliance area; providing adequate information flows concerning Compliance to the benefit of the Top Management, the corporate bodies and the Managers responsible for corporate units.



- the **Criminal Law, Ethics & Integrity organisational unit** which is responsible for providing specialist support, legal representation and defence during criminal proceedings, in order to provide the Group with the best legal protection of its interests, for ensuring specialist support in applying and updating the Model under Legislative Decree 231/2001, as well as for defining the Company's anti-corruption policies (ethical business conduct) and providing assistance in relation to the regulations applied in the countries where the Group operates.
- the **Anti-corruption organisational unit** aimed at supervising the compliance of the anti-corruption system of Leonardo with ISO 37001 (Anti-Bribery Management Systems Standard), while monitoring the operation, the suitability with respect to risks and the actual implementation, as well as promoting its updating following amendments to the relevant regulations and/or internal or external factors that are relevant to the system. The o.u. reports functionally to the Chairman and hierarchically to the General Counsel.
- The **Risk Management organisational unit**: the organisational unit (which reports to the **Chief Risk Officer**) is responsible for supporting the Top Management in monitoring the activities relating to the management of corporate risks, with the aim of strengthening the Group's governance, while ensuring the definition, upgrading and circulation of methods, metrics and tools for a correct risk identification, analysis and management. The central Risk Management o.u. coordinates the various Risk Management units established within the Operating Companies/Divisions, which provide operational support to the Risk owners of the business lines in the risk management process. The central o.u. also operates in close relationship with any other competent units of the Parent Company in the risk management process, in order to carry out an efficient and coordinated monitoring of any and all areas and types of (strategic, financial, legal, contractual, compliance, project) risks. Within the abovementioned structure, the **Enterprise Risk Management** and **Project Risk Management** OUs operate, as do the o.u. of **Risk Management Governance** (responsible for contributing to the improvement of the Risk Management process, creating and using appropriate monitoring tools and integrating them systematically in corporate operational processes).

During the year the Board of Directors did not deem it advisable to adopt additional measures to guarantee the effectiveness and impartiality of judgement of the corporate functions involved in the system, even in consideration of the effectiveness of the SCIGR.



10.7. COORDINATION BETWEEN PERSONS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

As required by the Code, in order to maximise efficiency of the internal control and risk management system and to reduce any duplication of activity, specific procedures were set out for the coordination between the various persons involved. In particular:

- the Board of Statutory Auditors, the Chief Audit Executive and the Group General Counsel regularly participate in the Control and Risks Committee's meetings;
- the Control and Risks Committee reports to the Board of Directors at least on a six-monthly basis – in any case, on the occasion of the approval of the Annual Financial Report and of the Half-year Financial Report – on the activity carried out, as well as on the adequacy of the internal control and risk management system. Moreover, as reported in paragraph 9 above, the Chairman of the Committee informs the Board on the meetings and resolutions made at the first possible meeting of the Board;
- the Control and Risks Committee, the Board of Statutory Auditors and the Surveillance Body hold joint meetings on themes of common interest and to share information on the work done during the year;
- the Board of Statutory Auditors holds periodic meetings in particular with the Surveillance Body, the Officer in charge of financial reporting, the Chief Audit Executive and any other corporate functions with specific duties concerning the internal control and risk management system;
- the Control and Risks Committee and the Board of Statutory Auditors meet, every six months, the Chief Financial Officer, the Group General Counsel and the Chief People & Organization Officer for updates on the main Group disputes and on their possible accounting impacts in order to fulfil the requirements linked to the preparation of the Financial Reports;
- the Risk Management o.u. works in close collaboration with the other competent Leonardo units in order to oversee all risk areas in an effective and coordinated manner;
- the Group Internal Audit o.u. provides its assurance and advisory activities in line with the applicable International Professional Standards in compliance with the Interfunctional Organisational Model (*Modello Operativo di Interrelazione*, MOI), i.e., an internal document approved by the Control and Risks Committee which essentially defines the relationships maintained between the o.u. and the following subjects, detailing the methods and interaction flows:
 - ✓ Board of Directors, Board of Statutory Auditors, Control and Risks Committee, Chief Executive Officer, Surveillance Body pursuant to Legislative Decree 231/01, Officer in charge of Financial Reporting under Law 262/05, Whistleblowing Committee and Corruption Prevention Coordination and Consulting Board of Leonardo S.p.a.;



- ✓ Board of Directors, Board of Statutory Auditors, Chief Executive Officer, Surveillance Body pursuant to Legislative Decree 231/01 or bodies similar to the OPCOs⁵;
- ✓ Risk Management o.u.;
- ✓ Senior Compliance Officer;
- ✓ Anti-corruption o.u.;
- as reported in the preceding para. 10, the “*Guidelines on the ICRMS assessment process*” govern the process flow supporting the ICRMS assessment by providing a systematic list of information flows to enable the Control and Risks Committee to obtain information items in order for this Committee to issue its opinion to the BoD.

Furthermore, it should be noted that the Company has set out, over time, rules aimed at regulating the correct management of information flows between the parties responsible for the ICRMS to ensure an ongoing and effective exchange of information. In addition to the principles set out in the Rules of the Board of Directors, the Rules of the Control and Risks Committee and the Rules of the Board of Statutory Auditors (as reported, they are available on the Company's website and to whose contents reference should be made), we must note the abovementioned internal Procedure for the management of information flows with corporate bodies (para. 4.4.), which lays down operating methods which ensure, among others, that the various bodies involved in the ICRMS are coordinated as necessary.

11. BOARD OF STATUTORY AUDITORS

11.1. APPOINTMENT AND REPLACEMENT

As regards the appointment of the Statutory Auditors, as well as of the Directors, the **list voting** system has been adopted: section 28.3 of the By-Laws governs in fact the election of the Board of Statutory Auditors, setting out the deadlines and methods for filing and publishing lists, and the related documentation, in compliance with the regulations in force.

The abovementioned provision currently requires that the list of candidates presented by Shareholders, together with related supporting documentation, be deposited at the Company's registered office at least 25 days prior to the date set for the first convocation of the Shareholders' Meeting and must be published by the Company at least 21 days prior to the Meeting, always on first call, in accordance with applicable law. Lists may be submitted by Shareholders holding, either alone or jointly with other Shareholders, at least 1% of the share capital with voting rights at Ordinary Shareholders' Meetings (or holding lower percentages envisaged by applicable laws or regulations).

⁵ *Group companies directly or indirectly controlled by Leonardo Spa with which a service contract is in place for the internal audit activities.*



As already noted that with regard to the appointment of the Board, the minimum shareholding required to present a list of candidates for the election of Leonardo's administration and control bodies was confirmed by Consob (with Decision no. 60 of 28 January 2022) at 1%, percentage envisaged in the Company's By-Laws.

The Board of Statutory Auditors is appointed based on lists submitted by the Shareholders according to the procedures described in Art. 28.3 of the By-Laws, aimed at ensuring the election of two regular members and one alternate member on the part of the minority list. The Chairman of the Board of Statutory Auditors is appointed by the Meeting from among the Statutory Auditors elected from the minority list pursuant to Art. 148, paragraph 2-bis, of the Consolidated Law on Financial Intermediation, as well as to Art. 28.3, second-last paragraph, of the Company's By-Laws.

Each list, in which candidates are listed in consecutive order, is divided into two sub-lists, for candidates to the position of Regular Auditor and for candidates to the position of Alternate Auditor. At least the first candidate in each sub-list must be registered with the Register of Auditors and must have been performing statutory audits of accounts for a period of no less than three years.

The members of the Board of Statutory Auditors shall be appointed as follows:

- a) three Regular Auditors and one Alternate Auditor will be taken from the list that receives the majority of votes cast, in the consecutive order in which they appear in the list;
- b) two Regular Auditors and one Alternate Auditor will be taken from minority lists; to this end, votes obtained by the lists are subsequently divided by one and by two according to the consecutive order in which the candidates were listed.

The scores thus obtained shall be allocated to the candidates of each of said lists, according to the order of the lists as respectively envisaged. The scores thus assigned to the candidates of the various lists will be reported in a single decreasing order. Those who have obtained the highest scores will be elected. In the event that more than one candidate has obtained the same score, the candidate from the list which has not yet elected any Regular Auditor shall be elected.

In the event of an equal number of list votes and still with the same score, a new vote will be held by the entire Meeting and the candidate with the majority of votes will be elected.

In the event of the replacement of a regular Auditor elected from the majority list, the Alternate Auditor elected from the same majority list takes his place, while in the event of the replacement of the regular Auditor elected from the minority list, the Alternate Auditor elected from the same minority list takes his place.

The new members of the Board, pursuant to Art. 2401 of the Italian Civil Code, shall be appointed by the Meeting from among the candidates in the same list of the Auditor who has ceased to hold office.



In the event that, for whatever reason, the appointment of one or more regular Auditors or alternate Auditors or the integration of the Board of Statutory Auditors cannot be made as required above, the Meeting shall resolve with the majorities prescribed by law, in compliance with the principle of the representation of minorities. Art. 28.1 of the By-Laws (Art. 28.1) also requires at least two regular Auditors and one alternate Auditor to be chosen from Registered Auditors of Accounts with at least three years of auditing experience.

Auditors that do not satisfy this requirement must have at least three-year experience:

- a) in performing duties of governance and control or management in stock companies with a share capital of not less than €mil. 2; or
- b) as professionals or full university professors in legal, economic, financial or technical and scientific matters *closely connected with* the Company's activities; or
- c) in performing functions as executives in public or private bodies in the banking, finance and insurance sectors, or in sectors *closely connected with* the Company's activities,

intended as those that are useful for achieving the Company's business purpose.

Furthermore, persons who serve as Statutory Auditors for five or more issuers, or who perform governance and control functions for a number of other companies in excess of the limit provided by current law, may not be chosen as regular Auditors.

Moreover, all the members of the Board of Statutory Auditors must meet the independence requirements laid down for Statutory Auditors in the current regulations. In this regard, the Company (as also reported in relation to the appointment of the Directors) expressly requires, in the notice of call of the Meeting, to specify, in the lists of candidates, their eligibility to be qualified as "independent" directors, on the basis of the criteria laid down for Directors in Art. 2 of the Code.

In accordance with the provisions governing **gender equality** (as already reported regarding the appointment of Directors), the Shareholders' Meeting of 16 May 2019 amended Leonardo's By-Laws which made permanent, as regards the composition of the Board of Directors and the Board of Statutory Auditors, the portion of at least one third (or of the possible higher portion established by law) of the members belonging to the less represented gender.

Therefore, any lists that, considering both the sub-list of regular Auditors and that of alternate members, present a number of candidates equal or higher than three, must include, in the sub-list of regular Auditors, candidates of different gender so as to ensure a composition of the Board in compliance with what reported above. In the event that the sub-list of alternate Auditors from said lists indicates two candidates, they must belong to different genders.

With reference to the Board of Statutory Auditors serving at present, appointed in the Meeting of 19 May 2021, the quota of the less represented gender is two-fifths of the members.



As concerns the amendments made by the 2020 Budget Law to the related provisions of the Consolidated Law on Financial Intermediation, reference is made to the information already provided in relation to the Directors' appointment (para. 4.2).

11.2 COMPOSITION AND FUNCTIONING (ART. 123-BIS, PARA.2, LETT. D), TUF)

The Board of Statutory Auditors, consisting of five Regular and two Alternate Statutory Auditors, was appointed by the Shareholders' Meeting of 19 May 2021 for the three-year period from 2021 to 2023 and, therefore, until the approval of the annual Financial Statements at 31 December 2023. Moreover, during the Meeting, Luca Rossi was appointed Chairman of the Board of Statutory Auditors, from among the Regular Auditors drawn from the minority list (pursuant to Art. 148, para. 2-*bis* of the Consolidated Law on Financial Intermediation).

The **Board of Statutory Auditors** currently holding office as at the end of the 2021 financial year was composed as follows:

Luca Rossi (1)	Chairman
Anna Rita de Mauro (2)	Regular Auditor
Sara Fornasiero (1)	Regular Auditor
Leonardo Quagliata (2)	Regular Auditor
Amedeo Sacrestano (2)	Regular Auditor
Giuseppe Cerati (1)	Alternate Auditor
Eugenio Pinto (2)	Alternate Auditor

- (1) Auditor appointed from the **list submitted by a group of asset management companies and institutional investors**, holding about 0.848% of the share capital, **who obtained the minority of votes** (about 3.608% of the share capital represented in the Shareholders' Meeting on the related voting proposal). Upon the renewal of the Board of Statutory Auditors on the part of the 2021 Shareholders' Meeting, following the submission of a single list upon the expiry of the twenty-fifth day prior to the date of the Shareholders' Meeting on first call, the minimum percentage shareholding in Leonardo's share capital required for the submission of lists was reduced by half (and, therefore, from 1% to 0.5%) pursuant to Art. 144-*sexies*, paragraph 5, of the Issuers' Regulation.
- (2) Auditor appointed from the **list submitted by the Ministry of Economy and Finance**, holding about 30.204% of the share capital, **who obtained the majority of votes** (about 96.220% of the share capital represented in the Shareholders' Meeting on the related voting proposal).

On 16 June 2021, the Board of Statutory Auditors established that its members met the independence requirements prescribed by the law and the Corporate Governance Code, as well as the professionalism requirement applicable to the members of the Board, in its capacity as Internal Control and Auditing Committee, by Art. 19, paragraph 3, of Legislative Decree 39/2010, on the



basis of which “*The members of the Internal Control and Auditing Committee, as a whole, are competent in the sector in which the entity undergoing the audit operates*”.

The Board of Statutory Auditors also established that the professionalism and independence requirements continued to be met at the meeting held on 22 February 2022.

The Tables in Appendix summarise the structure of this monitoring body, showing the Auditors serving at the date of approval of this Report, the Statutory Auditors who ceased to hold office in the 2021 financial year, the related characteristics in terms of independence and length of service, as well as the number of any additional positions of Regular Auditor held by the present members of the Board in other issuers⁶ (Art. 144-terdecies of the Issuers’ Regulation⁷).

Curricula of Statutory Auditors

Brief curricula of the careers of the Regular Auditors currently in office are given below.

LUCA ROSSI

CHAIRMAN

In office since November 2018 (*Alternate Auditor since May 2018*)

Belonging list: minority (a group of asset management companies and institutional investors)

Born in Casalpusterlengo (Lodi) on 12 March 1967. Chairman of the Board of Statutory Auditors of Leonardo S.p.a. since 8 November 2018.

He holds an Economics and Business degree and is a Certified Public and Professional Accountant. He is the founder of the tax firm *Studio Tributario Associato Facchini Rossi & Soci* (now the tax firm *Studio Legale Tributario Facchini Rossi Michelutti*). His professional activity is mainly focused on providing tax consultancy and assistance to companies operating in the financial, banking and industrial sectors. He gained particular experience during the years in the consultancy within the banking sector, having supported national and international leading banks in the various tax issues related to extraordinary corporate or financial transactions in which they were involved. Since 2014, he has been the Chairman of the Board of Statutory Auditors of CreditRas Assicurazioni S.p.A., a joint venture between Allianz and Unicredit in the non-life insurance sector (and he was a Regular

⁶ “Issuers” means any Italian companies with shares listed on regulated markets (either in Italy or in any other EU Countries), i.e. any companies that issue financial instruments distributed among the public to a significant extent pursuant to Art. 116 of the Consolidated Law on Financial Intermediation and Art. 2-bis of the Issuers’ Regulation.

⁷ Pursuant to Art. 144-terdecies, paragraph 1, of the Issuers’ Regulation, the position of member of the board of statutory auditors of an issuer may not be held by the persons who hold the same position in five issuers. The full list of the offices of administration and control held at the companies referred to in Volume V, Title V, Chapters V, VI and VII of the Italian Civil Code, pursuant to Art. 144-terdecies, paragraph 2, of the Issuers’ Regulation, is published by Consob on its website, as required by Art. 144-quinquiesdecies, paragraph 2, of the said Regulation.



Statutory Auditor in the same company from 2011 to 2014). He then took on the position of Chairman of the Board of Statutory Auditors of Nuova Sorgenia Holding S.p.A. in liquidation from 28 April 2021 (as well as that of Regular Auditor within the company from June 2018). From 2013 to 2016 he was a Regular Statutory Auditor of CreditRas Vita S.p.A., a joint venture between Allianz and Unicredit in the life insurance sector. From 2011 to 2013, he was the Chairman of the Board of the Statutory Auditors of Unicredit Merchant S.p.A.

He is currently a member of the Rules of Conduct Committee of the Milan unit of the Italian Accounting Profession. From 2007 to 2009 he was a member of the Italian Accounting Board (*O.I.C.*) for the alignment of the Italian tax law with the international accounting standards. For a period, he was a temporary professor with the “*Scuola Superiore dell’Economia e delle Finanze*” of Rome.

He periodically publishes numerous articles on magazines specialised in tax matters.

He participates as speaker in various congresses regarding tax issues. Luca is also co-author of many publications.

ANNA RITA DE MAURO

REGULAR STATUTORY AUDITOR

In office since May 2021

Belonging list: majority (Ministry of Economy and Finance)

Born in Foggia on 27 January 1970. Regular Auditor of Leonardo S.p.a. since 19 May 2021.

She holds an Economics degree and is a Certified Public and Professional Accountant. She is a founding partner of Armodia – Professionisti Associati. She deals mainly with corporate governance and company, business and tax consultancy. She is an expert in the Italian GAAPs and IFRS accounting standards, M&A transactions and corporate finance on financial markets (i.e. bond issues, listings, capital increases), taxation of IFRS entities, transfer pricing, patent box and business valuations.

She has gained professional experience within different types of Italian and international companies operating in the concessions, publishing, industry, local public and railway transport, tourism, tertiary and agri-food sectors, as well as in the financial sector and, among these, companies listed on the Milan Stock Exchange. In addition, she works on the issues of third-sector entities, associations and foundations. Since 2014, she has been a member of the Management Board of the Italian Accounting Board Foundation. Since September 2020, she has been a member of the standard setter board established within the State General Accounting Office in order to set out a single system of financial and asset accounting for public authorities, based on the accruals principle, in connection with the implementation of the 1.15 reform of the NRRP. At present she is the Chairwoman of the Board of



Statutory Auditors of the Organismo Confidi Minori Foundation (from 2021), which is an entity responsible for keeping and managing the list of mutual credit guarantee consortia under Art. 112, paragraph 1, in accordance with Art. 112-*bis* of the Consolidated Law on Banking Laws; a regular auditor of Fondimpresa (from 2021), the Interprofessional Fund for continuous training of Confindustria (General Confederation of Italian Industry) and the Italian CGIL, CISL and UIL trade unions; a regular auditor of Acea Ato due S.p.A. (from 2017), a company that operates the integrated water service in 79 municipal districts of Rome and its province; a regular auditor of Treccani Reti S.p.A. (Treccani Group); a director of ESGR S.r.l. – a benefit company (from 2021), which operates in the fields of sustainability, social innovation and impact; the Chairwoman of the Monitoring Body of the Bettino Craxi Foundation (from 2018); the Chairwoman of the Monitoring Body of the Accounting Academy (from 2020); a member of the Scientific Committee of the Milan Certified Public Accountants Foundation (from 2018); a member of the Scientific Committee of the Corporate Governance Institute (from 2014); a member of the Scientific Committee of the Accounting Academy (from 2012). She has participated as a speaker at numerous conferences on the issues of financial statements, IFRS standards and taxation. She has also carried out university teaching activities on the same issues and is the author of articles on tax and accounting matters. She pays particular attention to the issue of sustainability and integration of ESG factors into strategic decisions, governance and business models, and, in this field, the reporting of non-financial disclosures and the dynamics of "sustainable success" that must guide the board over the long-term period to the benefit of shareholders and in the interests of any and all stakeholders.

SARA FORNASIERO

REGULAR STATUTORY AUDITOR

In office since May 2018

Belonging list: minority (a group of asset management companies and institutional investors)

Born in Merate (Lecco) on 9 September 1968. Regular Auditor of Leonardo S.p.a. since 15 May 2018.

She graduated in Business and Economics at the Catholic University of Milan *Università Cattolica del Sacro Cuore*. She is a Certified Public and Professional Accountant. Ms Fornasiero is a sustainability and corporate governance Advisor to major groups, including listed groups. She is a member of the Governance Commissions of Listed Companies and Compliance and Organisational Models Commission of the Milan Accounting Profession. She is the Chairwoman of the Board of Statutory Auditors and of the Surveillance and Monitoring Body of Arnoldo Mondadori Editore SpA, Statutory Auditor and Chairwoman of the Supervisory Board of Bricoman Italia S.r.l. (Adeo Group) Statutory Auditor of MBDA Italia SpA, Leonardo Logistics S.p.A., Statutory Auditor and a member



of the Surveillance Body of Alenia Aermacchi S.p.A., as well as a Statutory Auditor and a member of the Surveillance Body of Atos Italia S.p.A..

Currently, she is, *inter alia*, the Lead Independent Director, Chairwoman of the Control and Risks Committee, of the Remuneration Committee and of the Related Party Transactions Committee of Landi Renzo SpA (a company listed on the STAR segment) and Chairwoman/member of the Supervisory Board as per Legislative Decree 231/01 in different companies.

She worked as auditor for the KPMG Italian network (1993-2015), dealing also with Mergers & Acquisitions and forensic accounting and providing consultancy on sustainability, Internal Audit, Compliance (under Law 262/2005 and Legislative Decree 231/2001) and Risk Management matters. She participated in work groups as regards international sustainability issues for KPMG (2001-2013), she organises seminars and provides also teaching and training in French and English on sustainability, corporate governance, risk management and forensic accounting matters. She is co-coordinator of the Reflection Group “Donne, Diversity & Disruption” of Nedcommunity, the Italian association of non-executive and independent directors.

LEONARDO QUAGLIATA

REGULAR STATUTORY AUDITOR

In office since May 2018

Belonging list: majority (Ministry of Economy and Finance)

Born in Rome on 21 October 1953. Appointed Regular Auditor of Leonardo S.p.a. in the Shareholders’ Meeting held on 15 May 2018 and confirmed for an additional three-year mandate by the Shareholders’ Meeting held on 19 May 2021.

He was bestowed the Knight of the Order of Merit of the Italian Republic with Presidential Decree of 27 December 2019. He took the degree in Business and Economics with honours at the “La Sapienza” University of Rome in 1977. He is a Certified Public and Professional Accountant. He is the founder and owner of the chartered account firm *Studio Commercialista Quagliata* based in Rome. He is an expert in company law with specific expertise in governance and control issues of limited liability companies, and also as concerns the regulations on criminal and administrative liability of entities under Legislative Decree 231/2001. He held lessons and participated as speaker in conferences and seminars in relation to the tasks and responsibilities of the Board of Statutory Auditors.

He is currently, among other things, Chairman of the Board of Statutory Auditors of Terna Rete Italia S.p.A., ACEA Produzione S.p.A., Telespazio S.p.A., Ferrovie dello Stato International S.p.A.. He was, *inter alia*, Chairman of the Board of Statutory Auditors of ErgyCapital S.p.A. (a company listed on the Stock Exchange), Infratel Italia S.p.A., Rai Cinema S.p.A., Nuova Sorgenia Holding S.p.A.,



AgustaWestland S.p.A., Finmeccanica Global Services S.p.A., Finmeccanica Group Real Estate S.p.A., Galileo Avionica S.p.A., Space Software Italia S.p.A., Ferrovie dello Stato Sistemi Urbani S.r.l., he was also Regular Statutory Auditor of SACE S.p.A., RFI - Rete Ferroviaria Italiana S.p.A., Ansaldo S.F. S.p.A., MBDA Italia S.p.A., ACEA ATO2 S.p.A., ENEL Gas S.p.A., ENEL Rete Gas S.p.A. and ENEL Distribuzione Gas S.p.A., Interporto campano S.p.A. and Capital Dev S.p.A.. Mr Quagliata is the Chairman of the Board of Auditors of some scientific and cultural Foundations and Associations and he was the Chairman of the Board of Auditors of Hospitals and Local Health Units. He is the Chairman of an Advisory Committee and of an Investment Committee of two real estate funds (of which one is listed) managed by DeA Capital Real Estate SGR.

He has been and still is the Chairman of the Supervisory Board pursuant to Legislative Decree 231/2001 and BoD member in various important Italian companies.

Within his professional activity, he has been collaborating for many years with the Civil and Criminal Court and with the Court of Appeal of Rome, as court-appointed expert, receiver, official receiver, consignee and liquidator.

AMEDEO SACRESTANO

REGULAR STATUTORY AUDITOR

In office since May 2021

Belonging list: majority (Ministry of Economy and Finance)

Born in Castellammare di Stabia (Naples) on 4 September 1968. Regular Auditor of Leonardo S.p.a. since 19 May 2021.

He is a certified public accountant and auditor, registered with the Rome Association. He graduated with honors in Economics in 1994, and is enrolled in the Register of publicists journalists from 2001. In 2018 he graduated in Law and joined the Bar in 2021. He has been a director of the Association of Certified Public Accountants and Accounting Experts of Nocera Inferiore (Salerno); a member of the Meeting of delegates of the National Social Security and Welfare Fund for Certified Public Accountants; the chairman of the National Certified Public Accountants Association (ANDoC); the president of the National Study Committee on Project Financing of the National Council of Certified Public Accountants. At present he is the chairman of the Board of Auditors of the National Council of Certified Public Accountants and Accounting Experts. As an expert of Confprofessioni (Italian Confederation of Self-employed Professionals), he takes part in coordination meetings with the Ministry of Economy and Finance and the Revenue Agency for the updating of ISA. As a former Officer of the Italian Finance Police, firstly for military service and, subsequently, as an Officer on permanent duty, he was responsible for tax audits and judicial investigations into large companies, at the 6th Group of (Special) Divisions of the Central Tax Police Unit in Rome. As a former



researcher in Tax Law at the Research Institute of the National Council of Certified Public Accountants, he has been collaborating since 2001 with major law and tax firms in Rome and Milan. He is a Court-appointed Expert at the Civil Court of Rome and is an advisor to the Public Prosecutor's Office at the Courts of Rome and Nocera Inferiore (Salerno) as regards matters of financial, tax and corporate crimes.

He is a member of committees and bodies for planning and internal control in public and private entities. He has been a member of the 2nd Level Monitoring Body for the proper use of EU funds on behalf of the Ministry of University and Scientific Research. He was a member of the Technical Project Financing Unit of the Presidency of the Campania Regional Government from 2001 to 2005. Again at the Campania Regional Government, he was a member of the Regional Economic Planning Committee from 2007 to 2009. He has been a member of numerous boards of statutory auditors and boards of directors of joint-stock companies. He has taught for Scuola Superiore dell'Economia e delle Finanze, Formez, Sole 24 Ore training centres, IPSOA, Zucchetti, Paradigma, Stoà, Euroconference, Istituto di Ricerca dei Dottori Commercialisti, and several Italian Universities. He was a member of the Scientific Committee of the Master's Degree in "Rules and Tax" (*Norme e Tributi*) of the Sole 24 Ore in 2013. He was a Professor of Project Financing and of Methodologies and Processes of Business Valuation at the University of Teramo from 2004 to 2012. He collaborated, on an ongoing basis, with the editorial staff of "Norme e Tributi" of the Il Sole 24 Ore from 2001 to 2015. He has published more than 800 popular and / or scientific articles on taxation and businesses, working with various newspapers and magazines (Il Sole 24 Ore, Il Fisco, La rivista della Guardia di Finanza, Il Giornale dei Dottori Commercialisti, Le società, Corriere Tributario, Finanza & Fisco, Guida Normativa, Guida al Diritto, Guida agli Enti Locali, Agevolazioni & Incentivi).

Independence

The assessment of the independence of the members of the monitoring body is the responsibility of the Board of Statutory Auditors and is carried out, on the basis of the information gathered by the Statutory Auditors themselves or in any case available to the Company, at the first meeting after the appointment, as well as periodically, on an annual basis or when material events arise. The results of the assessments carried out are notified to the Board of Directors, which informs the market through a press release after the first assessment carried out by the monitoring body, as well as within the context of the preparation of this Report for any subsequent assessment during the term of office.

Following the appointment of the new monitoring body on the part of the Shareholders' Meeting held on 19 May 2021, the Board of Statutory Auditors of Leonardo established that all of its regular members met the independence requirements prescribed by law and by the Code as at the meeting held on 16 June 2021. The results of the assessment were promptly notified to the Board of Directors



and circulated by a press release. Finally, at the meeting held on 22 February 2022 the Board of Statutory Auditors considered the continuity of the requirements of independence of each Regular Auditor. In its independence assessment the Board of Statutory Auditors followed the same criteria laid down for Directors in the new Code, as approved and stated, with regard to the independence assessment of the Board of Directors, in para. 4.7 above.

Duties

In addition to the supervisory functions (pursuant to Art. 149 of the Consolidated Law on Financial Intermediation) already listed in paragraph 1 of this Report, the Board of Statutory Auditors performs the duties assigned to it (pursuant to Art. 19 of Legislative Decree 39/2010) in the capacity as “Internal Control and Auditing Committee”. In this capacity, the Board is appointed:

- to inform the governing body of the outcome of the statutory audit and send it the report drawn up by the independent auditors in accordance with applicable legislation (additional report) supported by observations, if any;
- to monitor the financial reporting process and submit advice or suggestions having the purpose of ensuring its integrity;
- to check the effectiveness of the internal quality control and business risk management systems and that of the internal audit system if applicable, with respect to the financial reporting made by the entity being audited, without encroaching on its independence;
- to monitor the statutory audits of the annual and consolidated financial statements, also having regard to any findings or conclusions of any quality checks that have been carried out by Consob on the audit firm, if available;
- to satisfy itself of and monitor the independence of the statutory independent auditors, specifically as regards the adequacy of the performance of services other than auditing;
- to take responsibility for the procedure followed in order to select the statutory independent auditors and submit a reasoned proposal to the Shareholders’ Meeting as to the appointment concerning the statutory audit of accounts (according to the methods and within the time limits set out in applicable regulations) and the determination of related fees.

The Board of Statutory Auditor verifies the correct application of the assessment procedures and of the criteria adopted by the Board of Directors to assess the independence of its members; furthermore, it oversees whether the Procedure adopted by the Company regarding Related Party Transactions conforms to the principles reported in the Consob Regulation, as well as the relative compliance, and reports to the Shareholders’ Meeting within the context of the Report prepared as per Art. 153 of the Consolidated Law on Financial Intermediation.



In particular, in this regard the Board of Statutory Auditors constantly supervises if the Company correctly applies the Procedure applicable on the matter and receives specific information flows set out therein, as referred to in para. 4.9 above.

Furthermore, the Board: has the power to request the Chief Audit Executive to perform controls on specific corporate activities or transactions; among other things, it supervises compliance with the provisions laid down in Legislative Decree 254/2016, also through specific in-depth analyses, reporting the related results in the Annual Report to the Shareholders' Meeting; receives from the Surveillance Body, for information purposes, those reports that the latter deemed well-grounded; moreover it receives information on privacy (from the Company Data Protection Officer) and on anti-corruption (from the Group General Counsel) on a periodic basis.

The Statutory Auditors take part in the meetings of the Board of Directors and receive, at the same time as the Directors, the documentation on the issues on the agenda. Statutory Auditors also attend Shareholders' Meetings and Board of Directors' Committee meetings.

In performing its work, the Board of Statutory Auditors liaises with the Company's OUs in charge of control, the Independent Auditors, the Control and Risks Committee, the Surveillance Body under Legislative Decree 231/2001 and with the Officer in charge of financial reporting under Law 262/2005.

Moreover, the Board of Statutory Auditors – that constantly attends the meetings of the Control and Risks Committee - receives the necessary operational assistance for the performance of its own auditing work from the Chief Audit Executive, obtains all the Audit Reports and examines the Annual Audit Plan.

In the course of the financial year, the monitoring body plans meetings with the Boards of Statutory Auditors of the companies that are directly owned or "strategic" (in order to allow a profitable exchange of information with specific regard to the corporate operations, the characteristics of the internal control and risk management system and the corporate organisation), as well as with the Top Management, the Heads of the main OUs and the Division Managers of Leonardo and, where necessary, with the Top Management of the directly-owned or "strategic" companies.

The Board of Statutory Auditors meets the Surveillance Body as per Legislative Decree 231/2001 on a periodic basis, with the purpose of also obtaining the information necessary for it to fulfil its responsibility for overseeing the functioning of and compliance with the Organisational Model and its reviews.

The Statutory Auditors, including together with the Directors, attend induction sessions to broaden their knowledge of the role that the business organisation plays within the Group, as well as of the industrial sectors in which Leonardo operates. In addition to the initiatives as referred to in para. 4.5



above regarding Board induction, specific activities were organised during the financial year 2021 following the installation of the new Board of Statutory Auditors.

In order to assist them in coming to a better knowledge of the scenario in which Leonardo operates and of its legislative and regulatory framework, both the Auditors and the members of the Board of Directors are specially informed and updated by the Group General Counsel regarding legislation and self-regulation in order to help them in the performance of their functions.

The Board consults the Group General Counsel and the involved units within the Company to obtain further information regarding the reference legislative and self-regulation framework.

In performing their duties, the Statutory Auditors avail themselves of the services of the Secretary's Office of the Board of Statutory Auditors, which reports to the Group General Counsel and assists the Board in carrying out all the formalities necessary for the conduct of their supervisory functions.

Leonardo's Board of Statutory Auditors has adopted its own **RULES OF PROCEDURE** (available in the Corporate Governance section of the Company's website, Governance Model area), which govern the methods of functioning and responsibilities of the body, in compliance with the provisions of law, regulations and by-laws, in line with the main organisational aspects of Leonardo's governance model, and in the light of the principles and rules laid down by the Corporate Governance Code and by the Rules of conduct of the boards of statutory auditors of listed companies.

The Board of Statutory Auditors must report on its supervision activity to the Shareholders' Meeting in the specific Report prepared pursuant to Art. 153 of the Consolidated Law on Financial Intermediation, which is published together with the Annual Financial Report.

Meetings

The Board of Statutory Auditors (pursuant to Art. 2404 of the Italian Civil Code) must meet at least every ninety days.

During the 2021 financial year, the Board of Statutory Auditors held no. 27 meetings of an average duration of about two hours. During the 2022 financial year, no. 7 meetings had been held as at the date of approval of this Report.

The Board's meetings may be held by tele-conference or video-conference, provided that all the participants may be identified and are able to follow the discussion, to simultaneously intervene in the discussion of the issues dealt with, as well as to peruse the documents in real time.

Below are the data concerning the presence of the Statutory Auditors at the meetings of the Board of Statutory Auditors, as well as at the meetings of the Board of Directors, which were held during the 2021 financial year.



	Board of Stat. Auditors	Attendance B.o.D.
Luca Rossi Chairman	no. 27/27 meetings	no. 12/12 meetings
Anna Rita de Mauro (1)	no. 13/13 meetings	no. 5/5 meetings
Sara Fornasiero	no. 27/27 meetings	no. 12/12 meetings
Leonardo Quagliata	no. 27/27 meetings	no. 11/12 meetings
Amedeo Sacrestano (1)	no. 13/13 meetings	no. 5/5 meetings

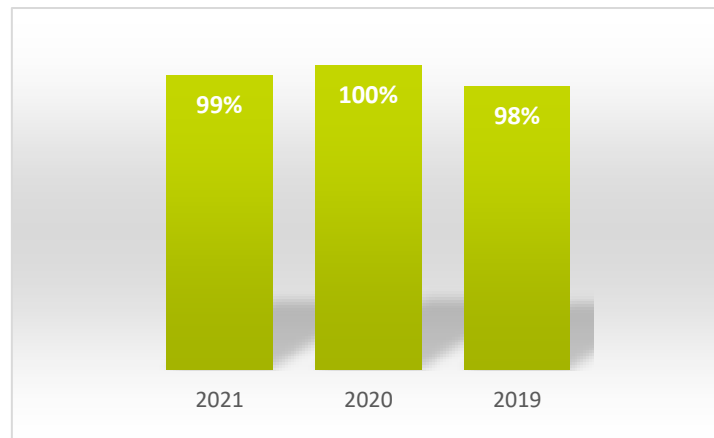
(1) In office from 19 May 2021

STATUTORY AUDITORS LEAVING OFFICE

Francesco Perrini (2)	no. 14/14 meetings	no. 6/7 meetings
Daniela Savi (2)	no. 13/14 meetings	no. 7/7 meetings

(2) In office until 19 May 2021

**Board of Statutory Auditors
Average attendance at the meetings**



Remuneration

Within the scope of the self-appraisal process carried out during the 2021 financial year - at the end of which the outgoing members of the Board of Statutory Auditors issued the Guidelines to



shareholders for the renewal of the monitoring body - the Board carried out in-depth analyses on the amount of work required to perform the duties as a Statutory Auditor of Leonardo, sending them to the Company for their inclusion in the Remuneration Report. These in-depth analyses were also reported in the Guidelines to shareholders for the renewal of the monitoring body. The Shareholders' Meeting held on 19 May 2021 set the fees due to the members of the monitoring body appointed for the three-year period from 2021 to 2023 (a gross amount of € 80,000 per year for the Chairman; a gross amount of € 70,000 per year for each Regular Auditor). For detailed information on the fees paid during the 2021 financial year, for any reason and in any form (including by subsidiaries and associates) to each member of the Board of Statutory Auditors, reference should be made to the second section of the Remuneration Report (under Art. 123-*ter* of the Consolidated Law on Financial Intermediation, TUF), which is also made available – within the time limits and in the manners prescribed by law – on the Company's website. The second section of this Report will be submitted to the consultative voting at the next Shareholders' Meeting called to approve the 2021 Financial Statements.

Conflict of interest management

As required by the Code, any Statutory Auditor who holds, either on his/her own account or on behalf of third parties, an interest in a given transaction is required to promptly and fully inform the other Statutory Auditors and the Chairman of the Board of the related terms, nature, origin and scope.

The members of the governing and control bodies of Leonardo and of the Group companies (and, therefore, also the members of Leonardo's Board of Statutory Auditors) are also subject to the Company's Code of Ethics (see para. 15 below), which is aimed – among other things - at preventing any conflict of interest. In this regard, the recipients of the Code of Ethics are required to promptly and fully inform the Surveillance Body pursuant to Legislative Decree 231/2001 if they should find themselves in a situation involving any actual or potential conflict of interest.

Self-evaluation

Each year the Board of Statutory Auditors of Leonardo carries out a self-evaluation process - begun since 2017 – with the aim of collecting the Board members' opinion about the Board composition and functioning, anticipating what was later provided for in the Rules of Conduct issued by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti*).

On 24 February 2021, on the basis of the results of the self-evaluation process performed with the support of the external advisor, Eric Salmon & Partners S.r.l., the outgoing Board of Statutory Auditors approved a document whereby the **Guidelines of the Board of Statutory Auditors to the Company's shareholders** on the optimal composition of the new monitoring body were issued and made available in a timely fashion in the shareholders' meeting area of the Company's website, in



order to provide shareholders with an appropriate tool to support the selection of candidates to be included in the lists for the renewal of the Board of Statutory Auditors.

In continuity with previous years and in line with the provisions of its Rules of Procedure, the new Board of Statutory Auditors of Leonardo carried out a self-evaluation process (the first annual assessment in its mandate) aimed at gathering the opinions of its members regarding the composition and functioning of the Board, also with specific reference to the areas of competence and experience reflected in the renewed composition of the same.

The process, coordinated by the Technical Secretariat of the Board of Statutory Auditors, was carried out with the support of the independent external experts Eric Salmon & Partners S.r.l.; with regard to the **methodology**, the self-evaluation was carried out through a qualitative and quantitative analysis of the results of a questionnaire completed by each Statutory Auditor and of the individual follow-up interviews.

At the end of these activities, at the meeting of 22 February 2022 the Board shared the Report containing the **results of the self-evaluation for 2021**. At the same meeting the Board also shared an executive summary of the Board's self-assessment process, instructing the Chairman to send it to the Board of Directors in order to include the related contents in this Corporate Governance Report, as provided below.

The results of the analysis show a very high degree of satisfaction on the part of the Statutory Auditors with regard to the profile and mix of competencies which appears balanced and consolidated, also in terms of overall diversity of the Board, including gender, seniority in the position and age, as well professional background and experience. The same satisfaction was expressed with regard to the way in which the Board operates, the cohesive and collaborative internal climate, the leadership expressed by the Chairman, and relationships with other corporate bodies and functions, including, in particular, with the Technical Secretariat of the Board of Statutory Auditors. With a view to a continuous improvement even in the remaining term of their office, the Statutory Auditors underline the importance of continuing the virtuous and intense induction process already started by the Group.

With regard to the diversity profiles of the Board of Statutory Auditors, reference should also be made to paragraph 12 below.

12. DIVERSITY CRITERIA AND POLICIES (ART. 123-BIS, PARA. 2, LETT. D-BIS), TUF)

Below is the information regarding the policies that the Company follows with regard to diversity in the composition of the governing and control bodies, as well as regarding the objectives, implementation methods and results of the related application.



These policies, which were adopted in compliance with the provisions under Legislative Decree 254/2016 and Art. 123-bis, para. 2, lett. d-bis) of Consolidated Law on Financial Intermediation, as well as in line with the recommendations of the Code, concerning diversity, including gender diversity, are aimed at defining an ideal composition of the corporate bodies.

Diversification of experience, age, seniority and, last but not least, gender, is in fact an essential way of ensuring the right mix of expertise in and knowledge of the Company's business sector. The objective is to combine diversity and business strategy, making full use of the various contributions provided by the bodies in performing their duties and discharging their responsibilities.

Therefore, the policy takes into account, above all, the results of the self-appraisal processes carried out by the Board of Directors and the Board of Statutory Auditors, as reported below.

This paragraph deals with, among other things, the measures adopted and the actions taken by Leonardo in the field of **Gender Equality**, aimed at promoting **equal treatment and opportunities between genders within the company organisation**, with reference to the recommendations of the Code, as well as to **the guidelines issued by the Corporate Governance Committee**.

Board of Directors

Leonardo's policy

Leonardo's policy with regard to diversity in the governing body is a natural element in the structure of the **procedures for self-evaluation** of the functioning of the Board and its Committees and of their size and composition. The diversity factor is in fact a basic element in the self-evaluation process, which contains an in-depth qualitative and quantitative analysis of the characteristics and competencies represented in the Board and its Committees (including professional background, experience, gender and seniority in the position), the aim being to enhancing the range of experience, skills and prospects existing among the members of governing body.

As explained in para. 6.2 above (whose contents should be referred to for the detailed methods of Board evaluation and its findings), self-evaluation is conducted annually by means of effectively structured procedures following practices which have been established in the Company for some time. This Report annually reports on the related findings that, at the end of the term of office and with a view to the Board renewal by the Shareholders' Meeting, are included in **the outgoing Board's Guidelines for the shareholders regarding the qualitative and quantitative composition of the new governing body**, in order to outline the requirements for the composition of an ideal Board.

The described policy also includes the principles, and the ways of putting them into practice, laid down in legislation and in the provisions of the By-Laws regarding **gender equality**, already



remarked on in connection with the appointment of the Board of Directors – under para. 4.2 of this Report – to which reference is made.

Objectives

From the point of view of **purposes**, the main objective is the identification of the elements and requirements which assist in obtaining the *optimum composition within the Board of Directors*. From the point of view of **time targets**, this policy extends, by its very nature, over the term of the mandate (usually three-years) of the body, which undertakes (as a result of the prior Board’s Guidelines) a new three-year self-evaluation process to be completed, at the end of its task, by handing down the next set of Guidelines in favour of shareholders. This allows the Board to identify the various professional backgrounds for a better functioning of the same Board and its Committees, with a view to the fundamental inclusion, integration and complementarity of experiences and skills.

Method of implementation

In taking the findings of the self-evaluation process into consideration, in order to foster the definition of the best proposals to the Shareholders’ Meeting for the renewal of the Board, the outgoing governing body - in accordance with the **recommendations made by the Corporate Governance Committee** and the guidelines of the Code (with specific regard to companies with diffused ownership)– set out its **Guidelines** for the shareholders **regarding the size and composition of the incoming Board of Directors**, and the types of managers and professionals whose presence is deemed to be desirable.

This was implemented by the outgoing Board of Leonardo (holding office for the three-year period from 2017 to 2019), after completing the self-appraisal process conducted during the term of office and in view of the subsequent renewal by the 2020 Shareholders’ Meeting, and issuing the shareholders with its Guidance on the qualitative and quantitative size and composition of the Board of Directors, even on the basis of the recommendations issued by the Nomination, Governance and Sustainability Committee (now Nomination and Governance Committee), in light also of the characteristics of Leonardo’s business sectors .

These Guidelines were disclosed to the shareholders in good time (by **publication on the shareholders’ meeting area of the web site**, beside being later **disseminated as an appendix to the Board’s Explanatory Reports**) compared to the publication of the notice of call of the Shareholders’ Meeting convened to resolve on the Board renewal. Such guidelines constituted **a focal point in the notice of call of the Shareholders’ Meeting**.

In further compliance with the governance directions and the **recommendations of the Corporate Governance Committee** (aimed at making the outgoing Board “accountable” for the adequate



composition of the subsequent body), Leonardo’s outgoing Board of Directors expressly quoted the **recommendation** in its own guidance **for those presenting lists for the renewal of the governing body** “*to explain how the guidance and policies handed down by the outgoing Board with regard to its ideal composition have been followed in selecting candidates.*”

The new Board, which was appointed by the Shareholders’ Meeting held in 2020 and which currently holds office, then started the new self-appraisal process in the scope of which it annually verifies that the various skills are well represented and can evolve in consideration of the Company’s needs.

In the development and procedures for the implementation of the Policy, a special role is entrusted to the **Nomination and Governance Committee**, which supports the Board with its self-evaluation process. When its term of office draws near, the outgoing Board gives the said Committee the preliminary detailed information and evaluations necessary in order to hand down the prescribed Guidelines.

Diversity aspects

In its Guidelines, the outgoing Board weighed up and set out various criteria and requisites. These were distinctive experience and expertise which were considered priority or important factors to be presented as an organic whole, and thus in terms of diversity, in the lists of candidates.

The experience, expertise and profiles taken into consideration (**Skills Directory**) are specifically described within the document of the abovementioned Guidelines, available in the Corporate Governance section of the Company’s website (Board of Directors/Guidelines and Criteria area), to which reference is made.

Final remarks

On the basis of the course of action outlined so far, **the Board holding office applies the described diversity policy**, confirming the soundness of the existing implementing measures, as well as the three-year duration of its present term of office.

In line with the work performed until now, on the basis of the self-evaluation process already started during its term of office, the board will proceed with the possible definition of new preliminary instructions on diversity to be taken into account and developed, again in the framework of Board evaluation with a view to preparing the next set of Guidelines.



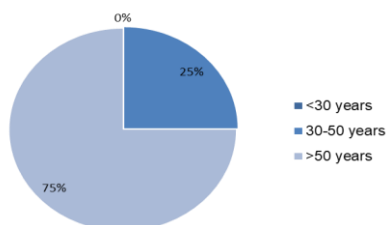
Results

As regards the outcome of the policy described above with regard to the Board members holding office, the set of **diversity aspects** (expertise⁸, experience⁹, seniority in the position⁹, age¹⁰, **gender**) reflected and noted in the current governing body is shown in the summary graphs below. In compliance with the targets suggested by Law (see para. 4.2 concerning the appointment of Directors), the less represented **gender** quota in the present Board of Directors is **2/5** of its members.

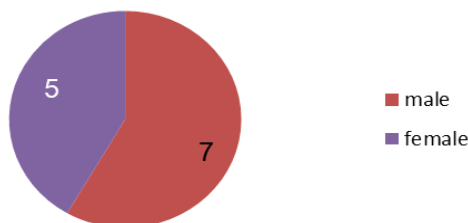
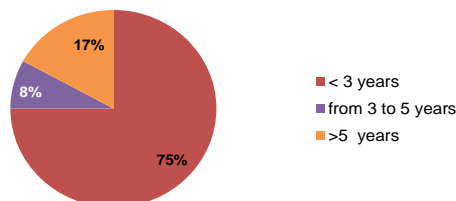
BoD- Skills and Experiences



BoD Breakdown by age



BoD - Seniority



BoD. gender diversity

⁸ February 2022 data.

⁹ At the date of approval of this Report (10 March 2022).



Board of Statutory Auditors

Leonardo's Policy

Leonardo's Policy concerning the Board of Statutory Auditors is also structured within the **self-evaluation** process that this board has started since 2017.

The initiative to proceed with the self-evaluation (which is a sweeping change with respect to the Code) is consistent with the **definition of a diversity policy of the monitoring body**, which includes essential **objectives** such as identifying profiles and requirements suitable to promote an optimum composition of the board, as well as to offer a useful tool to the shareholders who intend to submit a list for the related appointment.

The self-evaluation process, which also includes an in-depth qualitative and quantitative analysis of the characteristics and skills of the Board of Statutory Auditors, embraces diversity as a cornerstone, with a view to enhancing the range of experiences, skills and prospects within the Board.

As referred to in para. 11 (to which reference should also be made for a description of the related **method**), the findings of the self-assessment process and the final assessments expressed by the Board members as to its optimal composition show the diversity within the board as one of the most significant features, as an undoubted strength of the board, in terms of gender, seniority in the position/age and professional background and experience.

Leonardo's Policy concerning the Board of Statutory Auditors also includes the principles, and the ways of putting them into practice, laid down in legislation and in the provisions of the By-Laws regarding **gender balance**.

The outgoing members of the Board of Statutory Auditors (holding office until the Shareholders' Meeting called to approve the 2020 Financial Statements), on the basis of the results resulting from the self-appraisal carried out during the three-year period, issued – at the end of its term of office – the **Guidelines of Leonardo's Board of Statutory Auditors to the shareholders** as to the qualitative and quantitative composition of the monitoring body.

In this case too, the related adoption has constituted **a focal point in the notice of call of the Shareholders' Meeting** convened to resolve on the appointment of the new body for the three-year period 2021-2023.

Diversity aspects

The guidelines issued by the outgoing members of the Board of Statutory Auditors (for the detailed contents of which reference should be made to the document available in the Corporate Governance section/Board of Statutory Auditors area of the Company's website) deal with and outline several elements, in terms of experience or distinctive skills, which are of specific importance for an overall representation of the **diversity profiles** to be considered when preparing the lists of candidates, with a view to an optimal composition of the body.



A comparison of the skills that are considered to be well represented by the Board holding office during the previous three-year period and those that are regarded as essential for the subsequent body, shows a large degree of overlap between the related mix of knowledge, skills and experience and the desired one.

The outgoing members of the monitoring body have therefore deemed it possible to give an opinion towards maintaining the reported mix of competencies and professionalism.

Final remarks

In the context of the course of action outlined above, the **Board of Statutory Auditors**, appointed by the Shareholders' Meeting on 19 May 2021, **applies the described diversity policy** of the monitoring body which will extend over the three-year duration of the current term of office.

Therefore, the Board will seamlessly proceed, based on the path of self-appraisal already embarked on, with the possible definition of new preliminary guidelines, upon the expiry of the mandate and on the basis of the elements that have emerged, to be developed with a view to prepare the subsequent Guidelines.

Results

As to the implementing results of the abovementioned policy with reference to the **composition of the Board of Statutory Auditors holding office**, reference should be made to the results of the self-appraisal process conducted by the monitoring body during the first year of its term of office, as described in para. 11.2 above.

In line with the targets contemplated by the Law, the quota of the less represented **gender** is currently equal to **2/5** of the related members.

Gender Equality

Leonardo is always committed to encouraging an inclusive workplace in which diversity is recognised and appreciated in accordance with the directions in the new Code regarding issuers' adoption of **measures that foster equal treatment and opportunities between the genders within the business organisation**.

In this regard, it should be noted that, as early as 2020, the new **Corporate Culture** o.u. was set up – to report to the Chief People Organization and Transformation Officer (now Chief People & Organization Officer) with the aim, among other things, of promoting Leonardo's culture and values and with responsibility for inclusion, diversity and sustainability of people, while also fostering its vocation towards internationalisation.

Among some **additional actions taken in the area of Gender Equality** we must note:



- ✓ as part of the negotiations for the renewal of the Leonardo Supplementary Agreement (with reference to the agreement reached regarding the model of corporate industrial relations which, within the framework of trade union rights of information and consultation, provides for a series of National Bilateral Committees), the **Group Joint Committee for Equal Opportunities and Diversity** was set up, which is composed of 4 company representatives and 4 representatives for each trade union organisation;
- ✓ the Group participated in the Minerva "Azienda di eccellenza al femminile" Award and the "Donna Manager d'eccellenza" Award: the initiative, promoted by Federmanager Roma and Luiss "Guido Carli", with the support of Unindustria, is aimed at encouraging and giving visibility to companies that stand out in the field of gender equality and that adopt policies and strategies aimed at ensuring equal opportunities and career recognition;
- ✓ the **cross-functional Gender Equality Working Group** was set up to monitor the target KPIs (2021 and 2030), as well as a **2021 Action Plan** for the implementation of initiatives to promote a Gender Equality-oriented culture;
- ✓ the **promotion of internal initiatives** addressed at different targets, involving all levels of the organisation, in particular mentorship and coaching, professional growth and female leadership programmes.

The appreciation of feminine talent in Leonardo cuts across all business areas and geographical areas. Specifically, this policy is pursued by involving female employees directly in numerous guidance, training, promotion of the territory and active citizenship projects. The appreciation of gender diversity extends from the career path to the personal dimension, also through the adoption of measures that help to attain a better life-work balance and reconcile family life and working life times better (smart working).

Furthermore, it should be noted that, at the beginning of 2022, Leonardo was included, for the second consecutive year, in Bloomberg's **Gender-Equality Index (GEI) 2022** with the highest score for transparent communication and above-average results for fairness and equal pay, policies against sexual harassment, and corporate brand recognition as a pro-women brand. The GEI stock index measures the performance of listed companies both for transparency in disclosing gender data and for the measures adopted with a view to inclusion and enhancement of diversity. The GEI assesses issuers' practices with reference, in particular, to five specific areas: female leadership and talent enhancement; gender equity and equal pay; inclusive culture; harassment prevention and sanction policies; and brand recognition as a brand that supports the female gender.

Furthermore, it should be recalled that the promotion of gender equality is one of the sustainability objectives that Leonardo is pursuing as part of its "Be Tomorrow – Leonardo 2030" Strategic Plan, inspired by the SDGs (United Nations Sustainable Development Goals) and the European Green



Deal. Specifically, Leonardo is committed to promoting an inclusive environment by encouraging an increase in the proportion of women in the total number of new hires, especially as regards human resources with STEM qualifications.

Finally, it should be noted that the Remuneration Committee, which is already called upon to assist the Company in preparing the best management policies for the Group's managerial resources, is assigned the new specific task of monitoring the adoption and actual implementation of measures in the field of equal treatment and opportunities between genders (see para. 8.1 above).

13. INVESTOR RELATIONS

The Company has long had a dedicated corporate unit in order to promote an ongoing, open relationship with investors and the financial market.

The **Investor Relations & Credit Rating Agencies** organisational unit (reporting directly to the Chief Financial Officer) manages the relationship with shareholders in general, institutional investors (Equity, ESG and Bondholders), Credit-Rating agencies and financial analysts (Equity, ESG and Fixed Income), through a constant, proactive, transparent and timely communication, while also promptly informing the public about events or decisions that may have significant effects on the prices of the financial instruments issued by the Company or of the related financial instruments.

As regards the applicable “*Procedure for the management, processing and disclosure of Leonardo S.p.a.’s confidential and inside information and for the keeping of the Insider List*” and the related responsibilities in the management and disclosure process of the price sensitive information, reference should be made to the contents of para. 4.8 above.

With regard to the procedures to **access information**, the Investors area of the Company’s website provides the details of interest, including the audio/video recording of the conference calls and presentations to the financial community, in addition to the presentation documents and the financial press releases issued by the Company, and information regarding dividends, the share price, the performance of the main stock exchange indices, including credit and ESG ratings. Furthermore, reference should be made to para. 14 below with regard to the information provided to the shareholders at the Shareholders’ Meeting, in the specific Corporate Governance section of Leonardo’s website.

Below is a brief description of the main work of **dialogue and engagement with shareholders, investors and financial stakeholders**.

Financial Disclosure

The o.u. contributes to laying down the financial disclosure strategy and the Group’s equity story, including ESG topics that are relevant to the financial market, in line with the strategic economic-financial objectives and the Industrial Plan. Through the management and the development of the



relationships with both actual and potential financial analysts and institutional investors, the o.u. contributes to make them learn more about Leonardo by organising events, even virtually, focused on the analysis of its strategy, business, commercial performance, economic and financial prospects and ESG topics. A particularly important part of this activity are presentations to the financial market of the Industrial Plan, as well as of interim financial results, also in conference call and by webcast, the management of the Company Roadshows with the Group's management, the Deal Roadshows on the occasion of non-recurring transactions and the Investor Days with site visits, including through virtual tools. On the occasion of the publication of the annual, six-monthly and quarterly data the Company organises conference calls or presentations with institutional investors and financial analysts, with the participation of the press, in order to provide an overview of the results and analyse the main factors that impacted on the performance. After the description of the results, the participants can ask for more details and make specific questions during the Q&A session. Moreover, the o.u. manages and develops an ongoing dialogue with ESG/SRI (Environmental, Social and Governance/Socially Responsible Investment) investors, with the support of the ESG & Integrated Reporting o.u., providing all the information required for a correct evaluation of the Company's state of affairs.

Each year, during the main shows for the sector, including, alternatively, Farnborough (England) or Le Bourget (France), meetings, even virtually, between groups of investors and the Top Management of Leonardo and of the Divisions are organised, proposing specific presentations of the main products and systems present at the airshow (product tour). In 2021 the participation in trade fairs and, more in general, in meetings between groups of investors and the company Top Management took place primarily by electronic means, in compliance with the provisions issued in relation to the health emergency. The Company participated, in 2021 too, in the annual meeting with investors specialising in ESG organised by Borsa Italiana, in order to maintain the dialogue already established with the market on ESG topics.

Moreover, the o.u. manages the relationships with the Italian Stock Exchange and Consob ("Market Division") in the sphere of its responsibility, with specific reference to the disclosure of inside and confidential information, together with the other corporate structures and in particular with the Legal, Corporate Affairs, Compliance, Criminal Law and Anti-corruption o.u..

Credit Rating Agencies

The o.u. is responsible for handling relations with the three Credit Rating Agencies (Moody's, Standard & Poor's, Fitch) which award Leonardo a credit rating and a rating for its bonds.

The credit rating agencies, prominent parties in the financial markets, are privileged interlocutors and therefore are timely informed – in compliance with the EU and domestic regulations on market abuse - on the strategic choices made by management. Individual meetings and conference calls are



arranged periodically in order to provide the latest details of the quarterly results, the economic and financial outlook, the ESG performance and transactions of significance for credit rating purposes, in addition to meetings at which the results for the year are examined, with the participation of the Leonardo management.

Shareholder Engagement – Engagement Policy

In consideration of a significantly increased participation of the international institutional investors at the Leonardo's Shareholders' Meetings (Shareholder Activism), the unit has promptly implemented its commitment to Shareholder Engagement, which is aimed at meeting their needs and expectations and supporting their active part in these meetings. To this end, the o.u. also manages engagement initiatives on ESG topics targeted at investors who adopt investment stewardship approaches (e.g. investors who sign the Principles of Responsible Investments), Proxy Advisors and other categories of financial stakeholders, in coordination with the ESG & Integrated Reporting o.u.. Engagement work consists of arranging conference calls and special meetings with the main institutional investors during the year and during the months leading up to the Shareholders' Meeting with discussions on new scenarios, trends and regulations which are also capable of having impacts on items on the agenda of Shareholders' Meetings and on investors vote.

Leonardo enhances the engagement with its shareholders and the holders of other financial instruments, as well as with institutional investors and asset managers, encouraging a constant and ongoing dialogue that brings benefits both to stakeholders and to the Company.

As required by its own Rules, the Board of Directors has adopted an **engagement policy** “**Engagement Policy for managing the dialogue with the general public of shareholders and other stakeholders**”, aimed at promoting and regulating opportunities for meetings and talks between the Company and its financial stakeholders, as well as at encouraging continuous, proactive, transparent and timely communication, in accordance with the guidelines of the new Code and in line with international best practices, while also taking account of the engagement policies adopted by institutional investors, proxy advisors and asset managers.

In this regard, during the 2021 financial year, the Company embarked – on the initiative of the Chairman and in agreement with the Chief Executive Officer – on an implementation path aimed at drawing up the Policy, in compliance with the current regulations governing the management and circulation of corporate information (i.e. Market Abuse Regulation). Specifically, the Nomination and Governance Committee carried out a structured activity of analysis and assessment of the related contents, on the basis of the contributions prepared by the competent functions of the Company, in order to prepare the text of the policy (the contents of which are summarised below, in compliance with **the recommendations issued by the Corporate Governance Committee**), which was approved



by the Board of Directors on 30 September 2021 and promptly made available to the public in the Investors area of the Company's website.

According to the policy, the management of dialogue with financial stakeholders is entrusted to the Chief Executive Officer, who assesses the related timing, methods and contents in coordination with the Chairman of the Board of Directors for the issues and profiles regarding the latter's specific powers (as set out by the Board of Directors and by the Corporate Governance Code/art. 4 of the BoD's Rules of Procedure), relying on the support of the Investor Relations & Credit Rating Agencies o.u.; the Chief Executive Officer also considers the need to involve, in the dialogue, corporate functions other than the Investor Relations & Credit Rating Agencies o.u. or other members of the Board of Directors, in particular the Chairman or the Chairmen of the Board committees.

For the purposes of the policy, the Investor Relations and Credit Rating Agencies o.u. has therefore the task of supporting the Chief Executive Officer in ensuring standardised management of incoming requests for engagement from financial stakeholders and any actions taken at the initiative of the Company. In particular, as a contact person, the Investor Relations and Credit Rating Agencies o.u. considers, on his behalf, any and all requests for engagement that reach the Company, as it is assigned the role of filtering and connecting those coming from financial stakeholders with those from the Company.

Through the Investor Relations & Credit Rating Agencies o.u., financial stakeholders can request to directly interact with the Company on issues regarding economic and financial results and outlook, industrial and strategic plans, corporate governance, social and environmental sustainability, policies on the remuneration of directors and managers with strategic responsibilities, the internal control and risk management system, and the Company's policies governing ethics, transparency and anti-corruption.

The scope of application of the policy does not include:

- the engagement with shareholders concerning the proceedings of the Shareholders' Meeting and the work of assistance relating to their participation in the event;
- the Company's engagement activities that are unrelated to the investment in Leonardo, which are the responsibility of specific corporate functions on the basis of the internal organisation, as well as of the Procedures and practices that are adopted.

Within the scope of the specific role assigned to the Chairman of the Board of Directors (as reported in para. 4.5 above), the Chairman ensures that the Board members, after having heard the Nomination and Governance Committee, receive adequate information on the development and the significant contents of the dialogue that takes place and, in particular: during the Board's meetings, if deemed appropriate in agreement with the Chief Executive Officer, with regard to the most significant issues that emerge from the dialogue; on a six-monthly basis, by means of a periodic report that is



considered in advance by the Nomination and Governance Committee, with regard to the dialogue that takes place during the reporting period. In any case, the Board is promptly informed of a specific dialogue initiative, if deemed appropriate by the Chief Executive Officer in agreement with the Chairman.

During the last few months the dialogue with shareholders and financial stakeholders was conducted as usual, for example by presenting interim results, organising events and roadshows and participating in congresses and conference calls.

The aforesaid engagement activities were attended by the Chief Executive Officer, the CFO and, on the occasion of some specific events, the General Manager, in addition to the Investor Relations & Credit Rating Agencies o.u.. The Company responded to requests in a structured manner, even by providing proactive updates to the financial market on the main issues involved in the dialogue.

14. SHAREHOLDERS' MEETINGS (ART. 123-BIS, PARA. 2, LETT. C), TUF)

Notice of call and disclosures to Shareholders

The Shareholders' Meeting is the body through which shareholders can cast their vote according to the procedures and on the subjects prescribed by law and by the By-Laws. The Shareholders' Meeting is called (Art. 12.2 of the By-Laws) at least once a year to approve the Financial Statements within 180 days of the close of the fiscal year.

Shareholders' Meetings are called by means of a notice published on the Company's website in a specific dedicated area (as well as per extract printed in at least one national daily newspaper), containing the information required by Art. 125-bis of the Consolidated Law on Financial Intermediation, at least 30 days prior to the date set for the Shareholders' Meeting on first call, except for any Shareholders' Meetings called: *i*) to appoint the corporate bodies through the list voting (40 days before the Meeting); *ii*) to resolve on defence measures in the case of a take-over bid (15 days before the Meeting) and *iii*) to resolve on capital decreases and the appointment and dismissal of liquidators (21 days before the Meeting).

The Shareholders who represent, even together with other Shareholders, at least a fortieth of the share capital may make, within the time limits and according to the procedures set out in Art. 126-bis of the Consolidated Law on Financial Intermediation and in the notice of call, additions to the list of issues to be discussed at the Shareholders' Meeting or submit proposed resolutions on any issues that are already on the agenda, specifying the related reasons. In any case, the Shareholders will be entitled to submit, regardless of the shareholding held by each of them, proposed resolutions regarding the issues on the agenda in the course of the Shareholders' Meeting.



The Board shall endeavour to ensure that the shareholders receive accurate and timely information on the items on the agenda, so as to enable each shareholder to make informed decisions on the matters for which the Meeting is responsible.

The Company's focus has always been on ensuring, including through **institutional means of online communication**, that information provided to shareholders is of quality and easily accessible, in compliance with the regulations regarding price sensitive information and the disclosure of "regulated information". In particular, in the specific Corporate Governance section of Leonardo's website, all the material documents regarding the single Shareholders' Meetings are promptly made available to the public (in addition to this Report and the relevant documentation): an appropriate area that is also accessible directly from the website's home page publishes the notice of call, the explanatory Reports of the Meeting's agenda and any and all other documents to be submitted to the shareholders, proxy forms and information on the amount and composition of the share capital, as well as any documents following the meeting (a summary report on voting and minutes of the shareholders' meeting).

In the last two financial years, as reported below (see the 2021 Shareholders' Meeting), the Meetings were held allowing the shareholders to participate exclusively through the Shareholders' Representative (Computershare S.p.A.), as appointed by the Company pursuant to Art. 135-*undecies* of the Consolidated Law on Financial Intermediation. In this regard, the Company promptly provided - in the same dedicated area of the website - the individual resolution proposals submitted by the shareholders pursuant to Art. 126-*bis* of the Consolidated Law on Financial Intermediation, to be put forward to the Shareholders' Meeting.

The Company makes – on its website - a "**Shareholder's Guide**" available to its shareholders, which is updated on an annual basis, in order to provide practical support to enable its shareholders to be actively involved in the life of the Company. The introduction of this tool is aimed, in particular, at facilitating the understanding of the mechanisms for participation in the Shareholders' Meeting, as well as gathering in a single document any information relating to the rights that can be exercised by Leonardo's shareholders. On the occasion of each meeting, a collection of **FAQs** is also prepared and made available online on the website, providing information on each specific Meeting and each item on the agenda, with direct access to the related documentation.

The website's Corporate Governance section also includes, with prompt updates, further information of interest, concerning, among other things, the composition of the corporate bodies and *curricula* of the related members, disclosures on Internal Dealing, minutes of the Shareholders' Meetings and of the Board of Directors meetings, the Company's By-Laws. Moreover, in this section there are also some specific areas with related documentation related to extraordinary transactions. Furthermore, a specific chart is available, which illustrates and summarises the Company's governance system, in



order to offer an overview of the various corporate bodies and to report the respective composition and place within the structure of Leonardo.

Additional sections of the website are related to the information to be provided to Investors (with specific areas dedicated to the approval of interim results and to the related disclosures to the market, including links to access the related webcasts) as well as to Sustainability, Ethics and Compliance issues.

At the beginning of the current 2022 financial year Leonardo further renewed and structured its website, paying constant attention to enhancing and implementing the clarity and availability of the related contents.

At the Shareholders' Meeting called to approve the Annual Financial Statements, the Chief Executive Officer reports – also with the help of specific presentations - on the activity carried out during the financial year and on the Issuer's future plans, providing any necessary clarification.

The Shareholders' Meeting is also attended by the Statutory Auditors, as well as by the Group's Executives invited by the Chairman in relation to the issues being discussed.

Functioning of the Shareholders' Meeting

The Shareholders' Meeting is held in ordinary and extraordinary sessions and may pass resolutions on issues reserved for it by applicable laws, except for the Board's right to resolve (pursuant to Art. 2365, paragraph 2, of the Italian Civil Code and Art. 24.1 of the By-Laws) on the issues specified in para. 4.1 above.

During Ordinary Shareholders' Meetings, resolutions are passed by an absolute majority of those in attendance, with the exception of the matters specified under Art. 22.3 of the By-Laws, for which the favourable vote equal to at least three-fourths of the capital represented at the Meeting is required (Art. 16.5 of the By-Laws).

Extraordinary Shareholders' Meetings also require the favourable vote of at least three-fourths of the capital represented in order for resolutions to pass (Art. 16.4 of the By-Laws).

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors, who directs the proceedings ensuring that discussions take place correctly and that shareholders are enabled to exercise their rights to speak and reply on each item dealt with.

With the purpose of setting out the appropriate procedures for ensuring meetings are conducted in an orderly and constructive fashion, **Shareholders' Meeting Regulations** have been adopted by the Company for some time, which define the main aspects (such as the right to take part in Meetings or to be present at them, rules for debate, voting methods, arrangements for voting operations) so that the proceedings are properly conducted and the shareholders are permitted to exercise their right to speak on the items on the agenda.



In order to ensure that all Shareholders are able to exercise this right, the Regulations contain special provisions concerning the manner in which requests to speak on the individual items on the agenda should be presented, the maximum time Shareholders are allowed to speak and the possibility of asking to be allowed to speak again and to state how they will vote if they wish to do so.

The Regulations also contain provisions for special powers held by the Chairman that enable him to settle conflicts among the persons attending the meeting or to prevent them from arising and to repress abuse of any kind.

Furthermore, the Regulations exactly define procedures for admittance to Shareholders' Meeting locations by those entitled to attend (Art. 4) and expressly provide for procedures for addressing Shareholders' concerns prior to the Meeting (Art. 10) in keeping with the law in force.

The said Regulations are always distributed to Shareholders on the occasion of shareholders' meetings and may be also viewed in the Corporate Governance section of the Company's website.

Right of attendance and voting at the Shareholders' Meeting

Based on the Record Date mechanism, the right to attend Shareholders' Meeting and vote is attested by a specific communication released by a financial broker to the Company in favour of those entitled to voting rights, based on the evidence of their accounting records, seven trading days prior to the date of the Shareholders' Meeting on first call. Any notices given by the broker shall be received by the Company by the end of the 3rd trading day prior to the date set for the Shareholders' Meeting on first call. Shareholders are entitled to speak and vote if their notices reach the Company after the above time limit provided that it does so while the meeting is still in progress.

Credit and debit entries in the broker's account after the Record Date are not relevant to the entitlement to exercise voting rights.

The entitled persons can be represented by written proxy, which may be notified to the Company pursuant to Law and By-Laws as indicated in the notice of call. The Company provides the entitled persons with a proxy form for the participation in the individual Shareholders' Meetings. The Company is also entitled (Art. 14 of the By-Laws) to designate a common representative for each Shareholders' Meeting, i.e. a person to which the Shareholders may grant a proxy with instructions on how to vote (which the common representative shall comply with) on all or certain of the items on the agenda. Such proxy must be given by the end of the 2nd trading day prior to the date set for the Shareholders' Meeting, and without incurring expenses.

There has been a Company-appointed shareholders' representative to whom shareholders may give proxies free of charge since the 2012 Shareholders' Meeting.

Finally, as required by Art. 127-ter of the Consolidated Law on Financial Intermediation, the Shareholders may also submit questions on the issues on the agenda before the Shareholders' Meeting, within the time limit (cut-off date) and according to the procedures specified by the



Company in the notice of call. The Company gives answers during the Shareholders' Meeting at the latest; it may also do so on paper at the beginning of the Meeting.

2021 Meeting

In view of the continuing emergency and of the consequent restrictions adopted, while taking account of the fundamental principles of protection of the health of the shareholders and all those involved, at the Shareholders' Meeting held on 19 May 2021 (in line with the extended provisions of Decree Law no. 18 of 17 March 2020, as converted into Law no. 27 of 24 April 2020) the attendance and exercise of voting rights on the part of the shareholders could only take place by granting a specific proxy, containing voting instructions on all or some of the proposals on the agenda, to the Shareholders' Representative (Computershare S.p.A.) appointed by the Company pursuant to Art. 135-*undecies* of the Consolidated Law on Financial Intermediation, according to the procedures illustrated in the notice of call.

In order to facilitate the submission of the proxy and voting instructions on the part of the shareholders, the Company made available the usual forms that can be downloaded from the website in the website section dedicated to the Shareholders' Meeting, as well as a specific link to guide their compilation and online transmission.

The above provisions applied without prejudice to the right of those shareholders who did not intend to make use of the described procedures of attendance, as well as to grant proxies and/or sub-proxies to the Designated Representative pursuant to Art. 135-*novies* of the Consolidated Law on Financial Intermediation, with related voting instructions.

Moreover, in consideration of the described procedures for attending the Meeting and exercising the vote, in order to make it possible for those concerned to exercise their right pursuant to Art. 126-*bis*, paragraph 1, penultimate sentence of the Consolidated Law on Financial Intermediation (submission of individual proposals for resolutions at the Shareholders' Meeting), albeit with terms and methods compatible with the health emergency, as well as with the need for timely disclosure of such proposals the Company granted those entitled to attend the Shareholders' Meeting and exercise their vote the right to submit individual resolution proposals on items already on the agenda, while undertaking to promptly publish them on the website, in order to allow those entitled to give their opinion in an informed manner also on the basis of these new proposals, giving any related voting instructions to the Designated Representative. As mentioned above, the Company promptly provided, in the specific dedicated area of the website, the individual resolution proposals submitted by the shareholders, which had to be put forward to the Shareholders' Meeting.

With regard to the right to pose questions before the Shareholders' Meeting, in order to allow the shareholders to cast their vote through the Designated Representative also on the basis of the related



feedback, the Company provided the answers three days before the actual date of the Meeting by publishing them on the website.

In order to also provide shareholders with all the information necessary for the best awareness in accordance with the voting instructions in due time, the Company also made available online, in the days before the meeting, a presentation of the 2020 results, accompanied by a video message from the CEO to shareholders, in place of the usual illustration during the Shareholders' Meeting.

The Shareholders' Meeting held on 19 May 2021 was attended by the Chairman and the Chief Executive Officer, on behalf of the Board of Directors, and by the Chairman of the Board of Statutory Auditors on behalf of the monitoring body.

15. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (ART. 123-BIS, PARA. 2, LETT. A), 2ND PART, TUF)

Transparency, ethics and anti-corruption are the basis of the governance of Leonardo: through a long and ongoing commitment over the last few years, the Company has strengthened its responsibilities and internal controls, as well as adopted new risk assessment methods with particular attention to anti-corruption issues linked to responsible business management, adopted a new Code of Ethics, set out a specific process to manage reports and promoted internal whistleblowing campaigns. This paragraph provides a description of the main organisational measures taken by the Company, which are additional to what is specifically required by the new Code, within the overall process of strengthening its governance practices.

✓ “One Company” organisational structure

The process of strengthening and rationalising the Group's activities continued in the core sectors of AD&S (Aerospace, Defence and Security) in the “domestic” markets (Italy, USA, UK and Poland) according to the One Company model; likewise, the Group continued consolidating its international footprint in non “domestic” countries through the coordination of subsidiary Leonardo International S.p.A..

Furthermore, as part of the above-mentioned overall process, it should be noted that the merger of Vitrociset S.p.A. (a company that is directly and wholly owned and is focused on the provision of solutions and services for the operational management of technology assets, with applications in the defence, security and space sectors) by incorporation into Leonardo was finalised, with effect from 1 January 2022 including for accounting and tax purposes.

✓ Whistleblowing Guidelines

Leonardo encourages anyone (staff members, partners in Joint Ventures, suppliers, collaborators, customers and third parties in general) who becomes aware of any fact or behaviour contrary to



company codes and protocols and/or to the Law and/or to the relevant Rules, to report them with utmost confidentiality.

The **WHISTLEBLOWING MANAGEMENT GUIDELINES**, which were approved by the Board of Directors in 2015 and finally updated on 17 December 2020, define the process of handling these reports by either named or anonymous individuals, providing for specific audit and intervention procedures. The Guidelines have been fully applied and have been circulated since they were issued, and also during the reporting period, both inside and outside the Company in order to ensure that they are publicised to the greatest possible extent.

The **Whistleblowing Committee**, which has been established for this purpose - composed of the Group General Counsel, the Chief Audit Executive, the Chief Security Officer, the Chief People & Organization Officer and the Chief Financial Officer - receives, from the various Supervisory Boards of the national legal entities and from the other similar Bodies operating in the foreign entities of the Leonardo Group, the reports that they have received and have been regarded as not meriting immediate filing due to unfoundedness. In order to carry out thorough investigations aimed at establishing the contents being reported, the above-mentioned Committee is entitled to use, in the phase of preliminary inquiries and due to the typical nature of the reports, the Group Internal Audit and Security OUs' functions, assessing, during the examination of the results of the audits carried out, *i)* the possible defamatory nature of the report, while possibly issuing the related recommendations, with the support of the Legal, Corporate Affairs, Compliance, Criminal Law and Anti-corruption o.u.; *ii)* whether the contents of the report are relevant for the purposes of the corruption risk, while possibly requesting the results to be shared with the Anti-corruption o.u.; and *iii)* suggesting, where necessary, any possible action to be taken to protect the Company, in order to also strengthen the operation of the Internal Control and Risk Management System.

Reports are handled through specific channels, to which must be added, more recently, the dedicated web platform, a recommended tool for the transmission of reports pursuant to Law no. 179/2017, which ensures the privacy of the reporting party through the encryption of information.

✓ **Anti-Corruption Code**

The **ANTI-CORRUPTION CODE OF THE LEONARDO GROUP** which integrates the rules for preventing and fighting corruption already in place in the Group; it is an organic and coherent system based on the principles of integrity and transparency whose purpose is to counter the risks of unlawful practices in the conduct of corporate business and activities at any working level and in any geographic area. The Code, approved by the Board of Directors in 2015 and finally updated on 26 September 2019, is the strong measure that the Board has decided to take in order to complete the task of boosting internal control safeguards, in accordance with the relevant regulations and in line with the highest international best practices in the sector.



Among the provisions in the Code is one which refers to a training programme whose aim is to prevent the risk of corruption by planning periodic training sessions at regular intervals, which also take account of the risks associated with the position held and the duties performed by the Personnel. During the 2021 financial year, as a confirmation of its role as a leading company in the field of anti-corruption, Leonardo was again awarded - at the end of an audit process carried out by RINA, an independent body providing certification services accredited by Accredia (the Italian accreditation body) - the ISO 37001:2016 certification (**Anti-Bribery Management System Standard**), the first international standard on the anti-corruption management systems. The Anti-Bribery Management System's compliance with the ISO 37001:2016 standard is checked by the Certification Body on an annual basis through a dedicated supervision programme. This result, which was already achieved by Leonardo in 2018, bears witness to the ongoing commitment of the Company, which is strongly focused on the responsible conduct of business and on an approach aimed at integrity, transparency and compliance with the rules applied to prevent and fight corruption. Furthermore, again during the reporting period, and following an in-depth analysis of the world's leading companies in the Defence & Security sector, Leonardo was placed in the highest level ("Band A"), raking first in the **Defence Companies Index on Anti-Corruption and Corporate Transparency (DCI)**, prepared by the non-governmental organisation Transparency International, in recognition of the Company's constant commitment in recent years and the measures put in place, as a result of having adopted more stringent anti-corruption policies and the significant increase in the level of transparency.

✓ **Corruption Prevention Coordination and Consulting Board**

The **Corruption Prevention Coordination and Consulting Board** was set up in 2014. It is composed of Leonardo's current Chairman, who since 2017 has been given the task of "overseeing the implementation of the corporate governance rules on integrity in corporate behaviour and fighting corruption" and of the *pro tempore* Chairmen of the Control and Risks Committee, the Board of Statutory Auditors and the Surveillance Body of Leonardo as per Legislative Decree no. 231/2001. The Board coordinates the work of the bodies responsible for overseeing the rules of conduct within the Group and supervises the application of the Anti-Corruption Code and its updating. The meetings are also attended by the heads of the Group Internal Audit and Legal, Corporate Affairs, Compliance, Criminal Law and Anti-corruption OUs. During 2021, the Board continued the coordination activities of the bodies in charge of monitoring the rules of conduct applicable within the Group and was informed about the Anti-Bribery System of the Company with reference, in particular, to the activities envisaged in the Annual Anti-Corruption Plan for 2021 and with regard to the results of the 2020 programme. Moreover, it was informed of the results of the activities carried out on the reports (by either named or anonymous individuals) received and favourably acknowledged the objective achieved by the Company, which - as mentioned above - reached the highest level of the Defence



Companies Index on Anti-Corruption and Corporate Transparency (DCI) issued by Transparency International.

✓ **Code of Ethics**

It is now some time since the Company adopted a **CODE OF ETHICS** to express the values which all those who maintain relationships of any nature with the Company must abide by, accepting roles, responsibilities, structures and rules. Within the framework of the internal control and risk management system, the Code constitutes a management tool for ethical conduct in business and an effective element in corporate strategy and organisation. Furthermore, Leonardo's Code of Ethics is aimed at preventing any conflict of interest. This work includes, for example, assessing any potential conflict of interest that might arise from relationships with employees, governmental relations, financial interests or any other position held.

Knowledge of and observance of the Code of Ethics by all those who have relationships of different kinds with Leonardo are primary factors for the Company's transparency and reputation and the Company therefore commits itself to making the Code known to all those with whom it has business dealings, expecting such persons to make themselves acquainted with the rules in the Code and to respect them. The Directors are responsible for implementing and reviewing the Code of Ethics; the duty of those to whom it applies is to report any breach to the Surveillance Body pursuant to Legislative Decree 231/2001.

The Code of Ethics includes – among other things - provisions specifically regarding health and safety at work and the environment, thus confirming the importance that the Company attaches to these themes, as well as specific provisions regarding the safeguarding of the corporate assets, again drawing attention to the concepts of truthfulness, integrity and transparency in accounting, in financial statements, in reports and in all other forms of social communication as fundamental principles in the conduct of business. The updated text of the Code of Ethics, which was finally approved on 26 September 2019, is available on the Company's website, in the specific section of Ethics and Compliance.

✓ **Group Management Committee**

Leonardo's **Group Management Committee** has the task of supporting the Management in forming the opinions and making the decisions for which it is responsible, in particular with the aim of sharing Leonardo's business performance at Group level.

Presided over by the Chief Executive Officer, the Group Management Committee is composed of the General Manager, the Division Managers, the Coordinator of the Group's Space activities and Chief Executive Officer of Telespazio, the Chief Executive Officer of Leonardo DRS, the Chief Executive Officer of Leonardo Global Solutions and the Chief Executive Officer of Leonardo



Logistics, the Heads of the first-level OUs of the Chief Executive Officer and of the General Manager of Leonardo, as well as the C.E.O. Chief of Staff, whose duties are to act as Technical Secretary, call and prepare meetings. Furthermore, the Heads of other Group companies or the Heads responsible for other OUs of Leonardo S.p.a. may also be involved according to the items that are dealt with from time to time.

The Committee meets whenever specific circumstances require a meeting to be held.

16. CONSIDERATIONS ON THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE'S LETTER OF 3 DECEMBER 2021

By a letter of 3 December 2021 addressed to the Chairmen of the Boards of Directors of listed companies, and for information to the Chief Executive Officers and Chairmen of the control bodies, the Chairman of the Corporate Governance Committee identified some theme areas that are worthy of particular attention, in order to also support the companies in complying with the new Corporate Governance Code; as usual, the Committee invited to submit the recommendations that had been drawn up to the attention of the governing body, the competent board Committees and the monitoring body, as well as to include in this Report the observations made and any action planned or taken.

The Company's Group General Counsel promptly submitted the letter to the Chairman of the Board of Directors, the Chief Executive Officer and the Chairman of the Board of Statutory Auditors, as well as to the Chairmen of the Board committees. The letter was also sent to the other members of the Board of Directors and of the Board of Statutory Auditors.

The letter was as usual the object of a careful analysis and consideration. Specifically, the aforesaid recommendations, in addition to being drawn to the attention of the Committees (within the sphere of their respective competence) and examined on their whole by the Nomination and Governance Committee, were specifically taken into consideration during Board discussions and Board evaluation, as well as during the preparation and approval of this Report.

Leonardo's Board of Directors, in confirming that the Company largely follows these recommendations, reaffirmed once again its commitment and its constant attention to monitoring compliance with the instructions given by the Committee, both from the substantive point of view of organisational decisions and governance solutions, including their evolution, and from the point of view of quality and the utmost and precise transparency of disclosures provided to the market.

The Committee's recommendations are, as usual, expressly considered and highlighted in the body of this Report, graphically as well (lead text), within the scope of the disclosures provided on the different themes subject to discussion, as well as briefly described in the reference Table below, which acts as an easy guide to these themes.

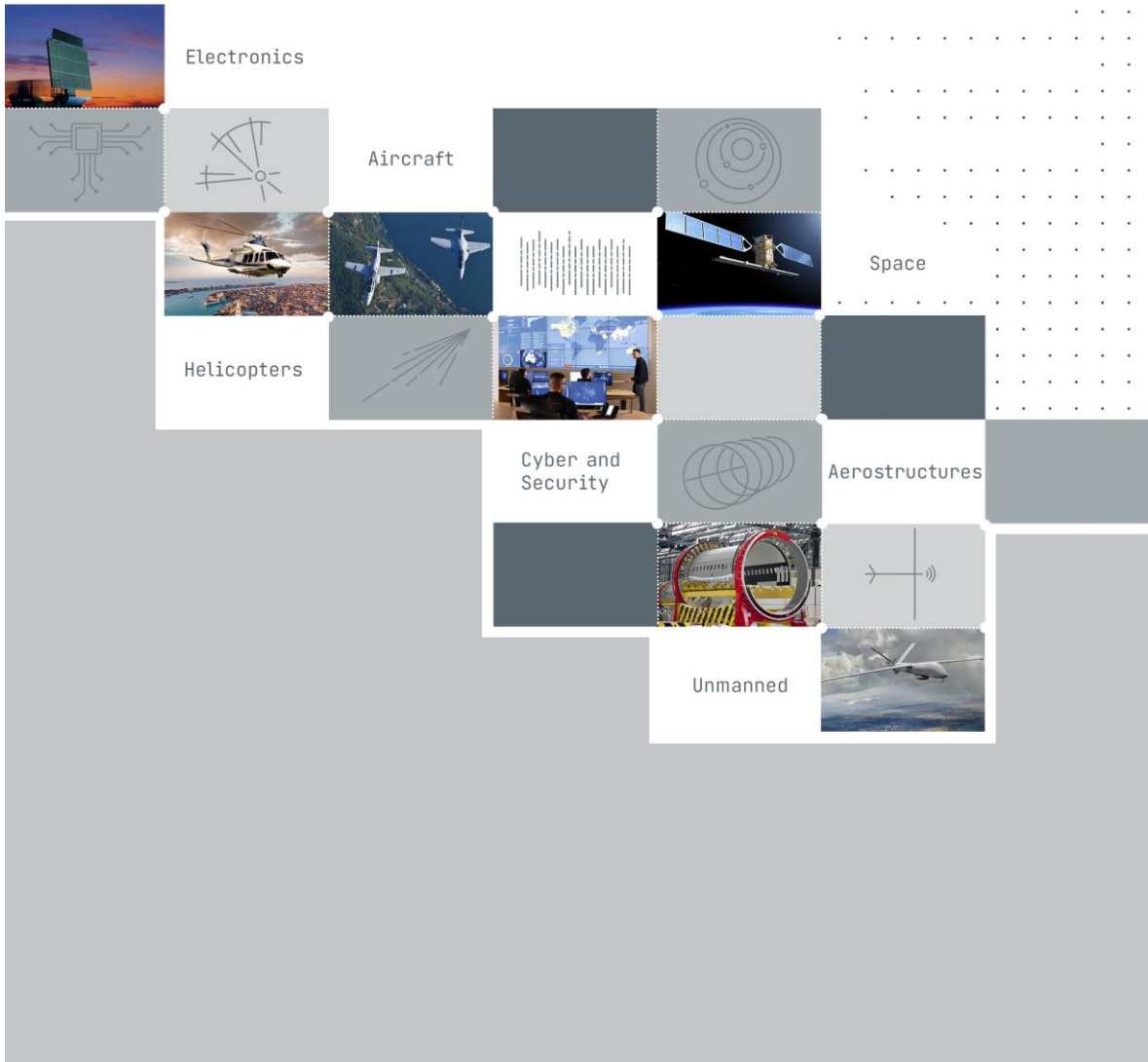


As regards the matters that are more closely related to the remuneration policy and sustainability matters, in addition to the information summarised in this document, reference should be made to the specific and more extensive contents of the Remuneration Report and the Integrated Annual Report made available within the time limits and in the manners prescribed by law.



<i>Corporate Governance Committee Theme areas</i>	<i>Corporate Governance Report Leonardo S.p.a. Disclosures and references</i>		
<p>SUSTAINABLE SUCCESS</p> <p>ENGAGEMENT POLICY</p>	<ul style="list-style-type: none"> ➤ <i>Information on the methods to pursue "sustainable success"</i> ➤ <i>Information on the Engagement Policy</i> 	<ul style="list-style-type: none"> • <i>Para. 1</i> - <i>Sustainability Governance</i> • <i>Integrated Annual Report</i> • <i>Para. 13</i> - <i>Shareholder Engagement -Engagement Policy</i> 	✓
<p>PROPORTIONALITY CORP. GOVERNANCE CODE</p>	<ul style="list-style-type: none"> ➤ <i>Clear classification</i> 	<ul style="list-style-type: none"> • <i>Para. 1</i> - <i>Leonardo profile</i> 	✓
<p>INDEPENDENCE OF THE B.O.D.</p>	<ul style="list-style-type: none"> ➤ <i>Criteria used for materiality assessment</i> 	<ul style="list-style-type: none"> • <i>Para. 4.7</i> - <i>Independence Assessment</i> 	✓
<p>INFORMATION PROVIDED BEFORE BOARD MEETINGS</p>	<ul style="list-style-type: none"> ➤ <i>Rules of BoD and Committees: setting out appropriate deadlines</i> ➤ <i>Information on actual compliance with deadlines</i> 	<ul style="list-style-type: none"> • <i>Para. 4.4</i> - <i>Management of information to the Board of Directors</i> • <i>Para. 5 and ff.</i> - <i>BoD Committees</i> 	✓
<p>APPOINTMENT AND SUCCESSION OF DIRECTORS</p>	<ul style="list-style-type: none"> ➤ <i>Recommendations on B.o.D. renewal</i> 	<ul style="list-style-type: none"> • <i>Para. 12</i> - <i>Diversity criteria and policies</i> 	✓
<p>GENDER EQUALITY</p>	<ul style="list-style-type: none"> ➤ <i>Information on the identification and application of measures</i> 	<ul style="list-style-type: none"> • <i>Para. 12</i> - <i>Gender Equality</i> 	✓
<p>REMUNERATION POLICIES</p>	<ul style="list-style-type: none"> ➤ <i>Variable component</i> ➤ <i>Termination of employment indemnity</i> ➤ <i>Parameters consistent with strategic objectives and sustainable success</i> ➤ <i>Non-financial parameters</i> ➤ <i>Preset and measurable parameters</i> 	<ul style="list-style-type: none"> • <i>Para. 8.2</i> - <i>Remuneration of Directors and Top Management</i> • <i>Remuneration Report</i> 	✓





APPENDIX

TABLE 1: INFORMATION ON THE SHAREHOLDER STRUCTURE AT 10 MARCH 2022*Significant stakes in the share capital ¹⁰*

SHAREHOLDERS	<i>% of ownership</i>
	<i>on the ordinary capital</i>
	<i>and voting capital</i>
Ministry of Economy and Finance	30.204

¹⁰ List updated on the basis of the communications disclosed in accordance with Art. 120 of the Consolidated Law on Financial Intermediation.



TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS

Board of Directors for the three-year period 2020-2022 appointed by the Shareholders' Meeting on 20 May 2020											
Position	Members	Year of birth	Date of first appointment *	Executive	Non-executive	Independent Corp. Gov. Code	Independent Cons. Law on Fin. Intermed.	List (submitters) **	List (M / m) ***	Other positions ****	Attendance BoD meetings (°)
Chairman	Luciano CARTA	1957	20/05/2020		X		X	Shareholders	M	0	12/12
Chief Executive Officer [□] (CEO)	Alessandro PROFUMO	1957	16/05/2017	X				Shareholders	M	0	12/12
Director	Carmine AMERICA	1985	20/05/2020		X	X	X	Shareholders	M	0	12/12
Director	Pierfrancesco BARLETTA	1973	20/05/2020		X	X	X	Shareholders	M	0	12/12
Director	Elena COMPARATO	1968	20/05/2020		X			Shareholders	M	1	12/12
Director and Lead Independent Director	Dario FRIGERIO	1962	04/07/2013		X	X	X	Shareholders	m	2	11/12
Director	Patrizia Michela GIANGUALANO	1959	20/05/2020		X	X	X	Shareholders	m	3	12/12
Director	Paola GIANNETAKIS	1972	20/05/2020		X	X	X	Shareholders	M	0	11/12
Director	Federica GUIDI	1969	20/05/2020		X	X	X	Shareholders	M	0	12/12
Director	Maurizio PINNARO [†]	1951	20/05/2020		X	X	X	Shareholders	M	0	12/12
Director	Ferruccio RESTA	1968	20/05/2020		X	X	X	Shareholders	m	1	11/12
Director	Marina RUBINI	1969	15/05/2014		X	X	X	Shareholders	m	1	12/12
Number of BoD meetings held during 2021: 12											
Quorum for presentation of lists for the appointment of the BoD: 1% of the share capital with voting rights at Ordinary Shareholders' Meeting											

- NOTES**
- Director in charge of establishing and maintaining the internal control and risk management system.
 - * Date on which the Director was appointed for the first time ever to the BoD of Leonardo.
 - ** This column indicates whether the list from which the Director was drawn was submitted by Shareholders or by the BoD.
 - *** This column indicates whether the list from which the Director was drawn was a "majority" (M) or "minority" (m) list.
 - **** This column contains the number of positions as Directors or Statutory Auditors held by the Directors serving in other companies listed on regulated markets (in Italy and abroad), and in finance houses, banks, insurance companies or major companies. The positions are described in full in the Report.
 - (°) This column indicates whether the Director participates in the BoD meetings. All absences from meetings are excused.



TABLE 3: STRUCTURE OF THE BOARD COMMITTEES

Position in the BoD	Members of the BoD	Independent Corp. Gov. Code .	Independent Cons. Law on Fin. Intermed.	Control and Risks Committee (Committee for Related Parties Transactions **)	***	Nomination and Governance Committee *	***	Remuneration Committee *	***	Sustainability and Innovation Committee *	***
<i>Non-executive</i> Chairman	Luciano CARTA		X								
<i>Executive</i> Chief Executive Officer (CEO)	Alessandro PROFUMO										
<i>Non-executive</i> Director	Carmine AMERICA	X	X			M	8/8			M	7/7
<i>Non-executive</i> Director	Pierfrancesco BARLETTA	X	X	M	13/13	M	8/8				
<i>Non-executive</i> Director	Elena COMPARATO					M	8/8	M	7/7		
<i>Non-executive</i> Director Lead Independent Director	Dario FRIGERIO	X	X	C	13/13	M	8/8				
<i>Non-executive</i> Director	Patrizia Michela GIANGUALANO	X	X					C	7/7	M	6/7
<i>Non-executive</i> Director	Paola GIANNETAKIS	X	X	M	12/13					M	6/7
<i>Non-executive</i> Director	Federica GUIDI	X	X			M	7/8	M	7/7		
<i>Non-executive</i> Director	Maurizio PINNARO'	X	X	M	13/13	C	8/8				
<i>Non-executive</i> Director	Ferruccio RESTA	X	X					M	6/7	C	7/7
<i>Non-executive</i> Director	Marina RUBINI	X	X	M	11/13			M	7/7		
Number of Committee meetings held during 2021:		Control and Risks Committee: 13		Nomination and Governance Committee: 8			Remuneration Committee: 7		Sustainability and Innovation Committee: 7		

- NOTES**
- * This column contains the position of the Director in the Committee (C/Chairman, M/Member).
 - ** The Control and Risks Committee also performs the functions of the Committee for Related Parties Transactions.
 - *** This column indicates whether the Director participates in the BoD meetings. All absences from meetings are excused.



TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors (three-year period 2021-2023) appointed by the Shareholders' Meeting on 19 May 2021								
Position	Members	Year of birth	Date of first appointment	Independent Corp. Gov. Code	Attendance at the BoSA meetings *	Attendance at the BoD meetings *	List (M/m) **	Other positions ***
Chairman	Luca ROSSI	1967	08/11/2018 °	X	27/27	12/12	m	0
Regular Auditor	Anna Rita DE MAURO	1970	19/05/2021	X	13/13	5/5	M	0
Regular Auditor	Sara FORNASIERO	1968	15/05/2018	X	27/27	12/12	m	1
Regular Auditor	Leonardo QUAGLIATA	1953	15/05/2018	X	27/27	11/12	M	0
Regular Auditor	Amedeo SACRESTANO	1968	19/05/2021	X	13/13	5/5	M	0
Alternate Auditor	Giuseppe CERATI	1962	16/05/2019	--	--	--	m	1
Alternate Auditor	Eugenio PINTO	1959	19/05/2021	--	--	--	M	2
Number of the Board of Statutory Auditors' meetings held during 2021: 27								
Quorum for presentation of lists for the appointment of the Board of Statutory Auditors: 1% of the share capital with voting rights at Ordinary Shareholders' Meeting °°								

NOTES

- ° Alternate Auditor from 15 May 2018.
- * This column indicates whether the Statutory Auditor participates in the Board of Statutory Auditors' / BoD meetings. All absences from meetings are excused.
- ** This column indicates whether the list from which the Statutory Auditor was drawn was a "majority" (M) or "minority" (m) list.
- *** This column indicates the number of positions as auditor (as a Regular Auditor) held in other issuers. The full list of governing and control positions (Art. 144-terdecies, para. 2, Issuers' Regulations) is published by Consob on its website pursuant to art. 144-quinquiesdecies of the Issuers' Regulations.
- °° Upon the renewal of the Board of Statutory Auditors by the 2021 Shareholders' Meeting, following the submission of just one list by the deadline of the twenty-fifth day prior to the date of the Shareholders' Meeting on first call, the minimum percentage threshold of investment in the share capital of Leonardo required for the submission of the lists was reduced by half (and, therefore, from 1% to 0.5%) pursuant to art. 144-sexies, para. 5, of the Issuers' Regulations.



TABLE 5: STATUTORY AUDITORS LEAVING OFFICE IN THE 2021 FINANCIAL YEAR

Statutory auditors leaving office on 19 May 2021							
Position	Members	Year of birth	Date of first appointment	Independent Corp. Gov. Code	List (M / m) *	Attendance at the BoSA meetings **	Attendance at BoD meetings **
Regular Auditor	Francesco PERRINI	1965	11/05/2015	X	M	14/14	6/7
Regular Auditor	Daniela SAVI	1970	11/05/2015	X	M	13/14	7/7
Alternate Auditor	Marina MONASSI	1954	15/05/2018	--	M	--	--
Number of the Board of Statutory Auditors' meetings held during 2021: 14 (until the expiry of the term of office)							
Quorum for presentation of lists for the appointment of the Board of Statutory Auditors: 1% of the share capital with voting rights at Ordinary Shareholders' Meeting							

NOTES

- * This column indicates whether the list from which the Statutory Auditor was drawn was a “majority” (M) or “minority” (m) list.
- ** This column indicates whether the Statutory Auditor participates in the Board of Statutory Auditors' / BoD meetings. All absences from meetings are excused.





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