

REPORT ON THE
POLICY REGARDING
REMUNERATION AND
FEES PAID
2022

LETTER OF THE CHAIRMAN OF THE REMUNERATION COMMITTEE



Michela Patrizia Gianguialano

Dear Shareholders,

as the Chairman of the Remuneration Committee, I am pleased to submit the Report on remuneration policy and fees paid, which was approved by Leonardo's Board of Directors on 7 April 2022, for your consideration.

This report, which has been prepared pursuant to articles 123-ter of the Consolidated Law on Financial Intermediation (TUF) and 84-quater of the Issuers' Regulation and in accordance with the principles of Directive (EU) 2017/828 - SRD II, is aimed at providing shareholders and investors with clear, comprehensive and transparent disclosure on Leonardo's remuneration strategy and systems, while pointing out that they constitute an essential element in the achievement of sustainability and business objectives and the alignment of the interests of shareholders and management, for the creation of sustainable value for all stakeholders in the medium and long term.

The year 2021 and the first months of 2022 were characterised by a continuing scenario of uncertainty, linked to the pandemic and the current complex geo-political situation. In this context, Leonardo has and will continue to support the institutions, for the evaluation of the scenario and its implications for the communities in which it operates. The Group, has demonstrated its solidity and resilience, by fulfilling its commitments and meeting and exceeding the set targets. Leonardo has in fact continued to implement the Be Tomorrow 2030 plan, which was launched in 2020 and which set out a clear vision of the path for the next ten years and beyond: to strengthen and transform the business in order to grow, accelerate the innovation process and increase long-term competitiveness with a view to sustainability, which embraces its entire ecosystem, from customers to the supply chain and the communities in which it operates.

With the actions taken in 2021, Leonardo has paved way to resuming the growth path aimed at sustainable success, thus fully developing its "Purpose" of contributing to a positive impact on the planet.

The remuneration policy strongly supports the implementation of the business strategy and contributes to achieving sustainable success. In 2020 Leonardo started a process to review its policy, aimed at ensuring an ever-greater alignment with the requirements of its stakeholders, through a continuous process of engagement and listening.

As regards 2022, after a benchmarking exercise aimed to ensure full alignment with market best practices, the Committee has defined a report that is in substantial continuity with the document that was approved by the Shareholders' Meeting held on 19 May 2021, with more than 97% of favourable votes.

The policy approved in 2021 had the purpose of strengthening the incentive system linked to ESG objectives, with the application of objectively measurable indicators, relating to Gender Equality, Health & Safety and Climate Change.

In these areas, the remuneration policy has supported concrete actions taken by Leonardo such as, for



example, the replacement of SF₆ gas, used in the manufacturing of helicopters, which has made it possible to reduce Greenhouse Gases emissions by over 20%, thus realising in full the effectiveness of the policy in terms of incentives.

The 2021 Policy also provided for the replacement of the Return On Sales indicator with the Return on Invested Capital indicator, as it is regarded as more suitable for measuring value creation in a capital-intensive sector, as demonstrated by Peer Groups' practices as well.

The 2022 remuneration report therefore sets out a few fine-tuning measures aimed at ensuring increasingly effective incentive policies and full compliance with recommendations from institutional investors. Specifically, provisions have been made for:

- the “malus” system, in addition to claw-back, in relation to variable incentives;
- non-competition agreements, where entered into, are included within the limits of the severance pay;
- additional disclosure on the methods and scope of derogation of the remuneration policy in the exceptional cases provided for by art. 123-ter, paragraph 3-bis, of the TUF.

The 2022 remuneration report is a further step in the review of Leonardo's remuneration policy, aimed at ensuring ever greater alignment with the interests of stakeholders. The Remuneration Committee therefore continues to monitor regulatory developments and market practices, as well as to listen to and engage with stakeholders, in order to provide Leonardo's Board of Directors with additional insights into the evolution of the policy.

On behalf of the Committee, I would like to thank the corporate functions that have contributed to the revision of the remuneration policy and, in particular, the Chief People & Organization Officer Unit for their constant and valuable support.

Together with the Directors Elena Comparato, Federica Guidi, Ferruccio Resta and Marina Rubini, to whom my heartfelt thanks go for their ongoing and successful commitment in their role as members of the Committee, I thank you for the attention you will give to this report, in the hope that it will meet with your full approval at the meeting.

Patrizia Michela Giangualano
Chairman of the Remuneration Committee



REPORT ON THE POLICY REGARDING REMUNERATION AND FEES PAID 2022

Drafted pursuant to arts. 123-*ter* of Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Financial Intermediation - TUF) and pursuant to art. 84-*quater* of CONSOB Resolution no. 11971 of 14 May 1999 (Issuers' Regulation)

www.leonardo.com



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Introduction

This Report has been prepared in compliance with the regulatory provisions in force and in line with the recommendations expressed by the Corporate Governance Code for listed companies, which the Company complies with; it summarises the principles and guidelines on the basis of which Leonardo Spa decides and monitors pay policy and its implementation, with particular reference to the members of the Governing Bodies and Executives with Strategic Responsibilities¹.

This Report, which was approved by the Board of Directors of Leonardo Spa on 7 April 2022, subject to the opinion of the Remuneration Committee, is divided into two Sections:

- The first Section of the document illustrates the remuneration policy adopted for the 2022 financial year, setting out the criteria and guidelines that the Company has adopted in relation to the remuneration of its Governing Bodies' members and other Executives with Strategic Responsibilities.
- The second Section on the fees paid in relation to the previous year analyses and details the fees actually paid to, or in any case assigned, to Directors and Statutory Auditors, as well as to other Executives with Strategic Responsibilities, for the 2021 financial year.

Pursuant to art. 123-*ter* of the TUF, the first Section on remuneration policy is subject to the approval by the Shareholders' Meeting by a binding vote, while the second Section on fees paid is subject to the approval by the Shareholders' Meeting by a consultative vote.

The two sections of the Report on the policy regarding remuneration and fees paid are preceded by a chapter in which the market and investors are presented with some background information useful for reading the Remuneration Policy with a view to the Company's Strategy. This introductory section also provides a summary of the main elements of the Policy that is very easy to read and understand.

If the Shareholders' Meeting does not approve the remuneration policy submitted for voting in accordance with art. 123-*ter*, paragraph 3-*bis*, of the TUF, the Company will continue to pay fees conforming to the most recent remuneration policy approved by the Shareholders' Meeting. The Company will submit a new remuneration policy to the shareholders' vote at the latest at the next following Shareholders' Meeting provided for in art. 2364, paragraph 2, or at the Shareholders' Meeting provided for in art. 2364-*bis*, paragraph 2, of the Italian Civil Code.

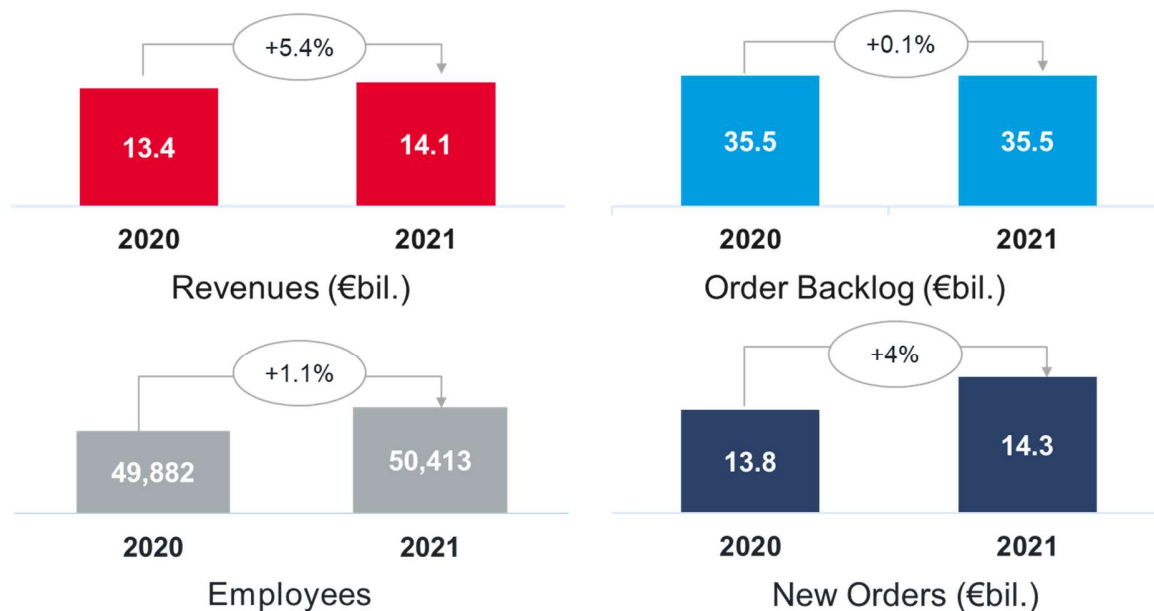
The remuneration policy set out in this Report has also been adopted by the Company, as required by CONSOB Regulation no. 17221/2010 with regard to related-party transactions, also in accordance with and for the purposes of art. 11.2(b) of the Procedure for Related Parties Transactions approved by the Board of Directors on 26 November 2010 and finally updated on 17 March 2022. This document is available at the Company's registered office and on its website (www.leonardo.com), in the specific "Shareholders' Meeting 2022" and "Corporate Governance/Remuneration" sections, on the website of the authorised eMarket STORAGE device (www.emarketstorage.com), as well as with the market management company Borsa Italiana S.p.A.

The Executive Summary is also available in the Remuneration section of the company website at the address "Corporate Governance/Remuneration/Remuneration Summary".

¹ Pursuant to the "Procedure for Related Parties Transactions", which was approved by the Board of Directors on 26 November 2010 and finally updated on 17 March 2022, the concept of "Executive with Strategic Responsibilities" of Leonardo includes the members of the Board of Directors, the Regular Statutory Auditors and any persons who hold the position of General Manager of the Company, the Officer in charge of the Company's financial reporting, pursuant to art. 154-*bis* of the Consolidated Law, as well as the Division Managing Directors and the Heads of organizational units dedicated to the business (they are persons endowed with specific decision-making and greater spending autonomy as a result of being qualified and vested with the responsibility as an "Employer", pursuant to and for the purposes of the regulations governing occupational health and safety, environment and significant accidents). As regards the category of Executives with Strategic Responsibilities, this report only describes the pay policy in relation to the Division Managing Directors, the Head of business organizational units and the CFO/Officer in charge of the Company's financial reporting. The pay policy linked to the members of the Board of Directors and General Manager is described in dedicated paragraphs.

EXECUTIVE SUMMARY
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2021 highlights

**“Be Tomorrow – Leonardo 2030”**

In 2020 Leonardo set out a **renewed strategic vision** projected over the next 10 years, including in order to adapt periodically and with the **necessary flexibility** to the **changing** relevant context and leveraging its **technology skills**, as well as its **human and intellectual capital**.

This vision is described in the **Be Tomorrow – Leonardo 2030 Plan**, which sets out a clear strategy, in which sustainability is increasingly important, founded on three key pillars:

- **Strengthen Our Core** - Further strengthen our core business and operations, including through a more focused and homogeneous portfolio of activities:
 - **Increasing the critical mass** in strategic areas, in particular **Helicopters, Electronics, Cyber security and Unmanned vehicles**, to gain leadership positions at international level;
 - **Strengthening its footprint in global markets**.
- **Transform to Grow** - Make the organization more modern and flexible and adopt innovative business models:
 - **Diversifying the business portfolio** to seize the challenges of the new decade, enhancing cross-sector and distinctive competencies: **Digitisation, Command and Control, Connectivity, Cyber Security**;
 - Responding more effectively to the **needs of our Customers**, by spreading **innovative service-based (X- as-a-service) offer models**, measuring **customer satisfaction** on an ongoing basis and promoting excellence in **Simulation & Training** solutions and systems;






- **Investing in people and skills** in order to be able to support business ambitions.
- **Master the New** - Innovate and create new technologies and new high-tech markets:
 - Through **Leonardo Labs**, technology incubators for the development of innovative competencies across the Company's business areas;
 - By increasing **investment in research**, aligning it with the main competitors;
 - **By focusing on Intelligent Autonomous Systems** to gain leadership in **Remotely Piloted Aircraft Systems (RPAS)** in Europe.

As an **industrial and technological leader**, Leonardo intends to act as an engine of development to contribute to global safety and progress:

- by **contributing to digital independence and autonomy in a pan-European light**;
- by **supporting technological sovereignty** as a vital condition for the growth of the Company and of the countries in which it operates;
- by promoting a new approach to **sustainability**, in terms of **technological and process innovation**, inspired by the **SDGs of the United Nations 2030 Agenda** and the most recent guidelines of the European Green Deal;
- by **developing new capabilities**, both in civil and military sectors, in order to respond to the challenges posed by the complexity of the digital era: **interdependence, interrelationship and speed of evolution**.

Leonardo intends to pursue these **strategic priorities, confirming its objectives of medium-long term** positioning, in order to be a company that is **solid, global** and a driver of innovation and sustainability in the sector **in 2030**.

Leonardo in 2030

 <p>Solid</p> <p>Investment grade</p> <p>Profitable</p> <p>Sound cash conversion ability</p>	 <p>Global</p> <p>World leading company in Helicopters and in Simulation and Training solutions</p> <p>European leading company in Defense Electronics</p> <p>Leading player in international cooperation programmes in Aeronautics</p> <p>European key player in Unmanned systems and solutions in all domains</p> <p>Partner to Security institutions</p> <p>Key Partner of Big Primes and US DoD for strengthening its footprint in the country</p>	 <p>Driver of innovation and sustainability</p> <p>100%-digitalised in processes, production and offering</p> <p>Engine of an innovative eco-system on cross-sector technology</p> <p>Leading benchmark in green innovation in the AD&S sector</p>
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It is with these aims in mind that the Group focused on the **execution** of the Strategic Plan, guided by the principle of **selectivity and focus** during 2021.



Leonardo has in fact been able to respond promptly and effectively to the challenges imposed by a pandemic that is still in progress and intends to continue with determination with the “grounding” of the **strategic projects** that are already in place, in line with the expectations expressed by our Stakeholders and **monitoring their implementation on an ongoing basis** through a specially created **digital dashboard**.

Some highlights



Strengthen Our Core

- ✓ Acquisition of **25%** of **Hensoldt**
- ✓ Acquisition of **30%** of **GEM**
- ✓ Acquisition of **70%** of **Alea**
- ✓ Merger by incorporation of **Vitrociset**
- ✓ Integration of **Kopter**
- ✓ **Partner** of **Tempest** Programme
- ✓ **€mil. 300** for **Aerostructures** plants
- ✓ **New Orders and Revenues** at the high-end of the **Guidance**
- ✓ **FOCF 2021** equal to about **€mil. 200** **double** the expectations
- ✓ Continuous reduction in **debt**



Transform to Grow

- ✓ Launch of Platform **X-2030**
- ✓ Partnership with **Aruba** for **Cloud** solutions of national critical and cyber infrastructures
- ✓ Joining «**Gaia X**»
- ✓ Partnership with **Ericsson** and **O2** for **5G opportunity**
- ✓ Partnership with **Microsoft** for **digitisation of Public Administration**
- ✓ Proposal for the creation of the **National Strategic Hub**
- ✓ Launch of the plan for the **restructuring and relaunch of Aerostructures**
- ✓ **~ 6,700 new hires** (41% under 30): 1,700 under temporary contracts converted into permanent and 5,000 from the market



Master The New

- ✓ Gradual operability of **Leonardo Labs**
- ✓ **Unmanned vehicles** strategy and participation in new programmes
- ✓ **F2LINK**: creation of an integrated eco-system for **technology** for the **aviation of the future**
- ✓ Launch of the «**daVinci1**» **Supercomputer**
- ✓ Strategic investment in **Innovative technology**
- ✓ Partner of **Solvay** for **new materials**

Leonardo Sustainability Plan

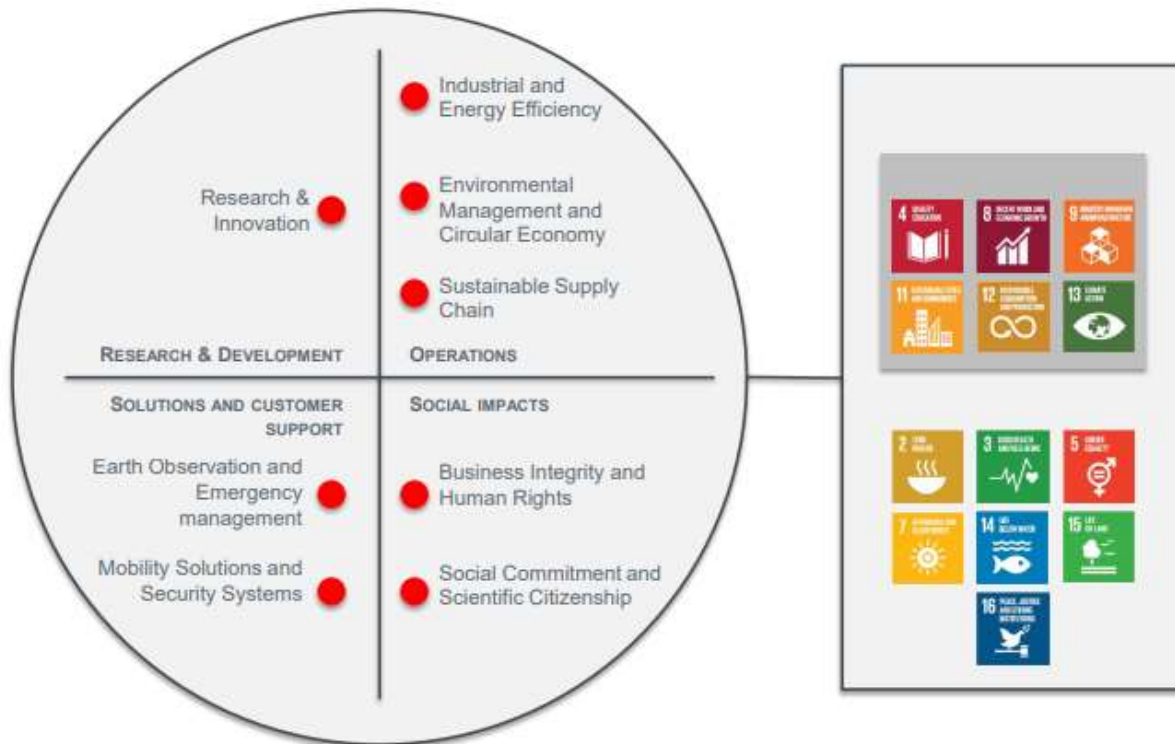
The necessary prerequisite for sustainable success, ensuring lasting progress to the benefit of people, the Planet and prosperity is for Leonardo to take a long-term vision, while considering the impact of its activities across the entire value chain, in accordance with the Sustainable Development Goals of the UN 2030 Agenda (SDGs).

Leonardo’s Sustainability Plan, in line with the guidelines of the Be Tomorrow - Leonardo 2030 Strategic Plan, translates this vision into actions, projects and practices, measurable in the short and long term.







Technological innovation and digitisation are the cross-sector drivers of the Plan, which are key to facing sustainability challenges at global level, to accelerate a sustainable and inclusive transition: from decarbonisation to circular economy, passing through responsible business conduct, the development of a sustainable supply chain, solutions for emergency management, mobility and safety of people and the Planet, up to the promotion of scientific citizenship and social commitment to enhancing diversity and inclusion. The Sustainability Plan sets out eight thematic areas of action - clusters -, which cover the entire value chain: from research and innovation to operations and the development of new solutions, new business models and social impact, involving, on a cross-sector basis, Divisions, Group Companies and corporate central functions.

Sustainability Plan – Integration into Leonardo value chain



Leonardo Remuneration Policy

Leonardo's Remuneration Policy is designed to meet the challenges posed by the Strategic and Sustainability Plan. The link between variable incentive plans and the Strategic and Sustainability Plan is described below:

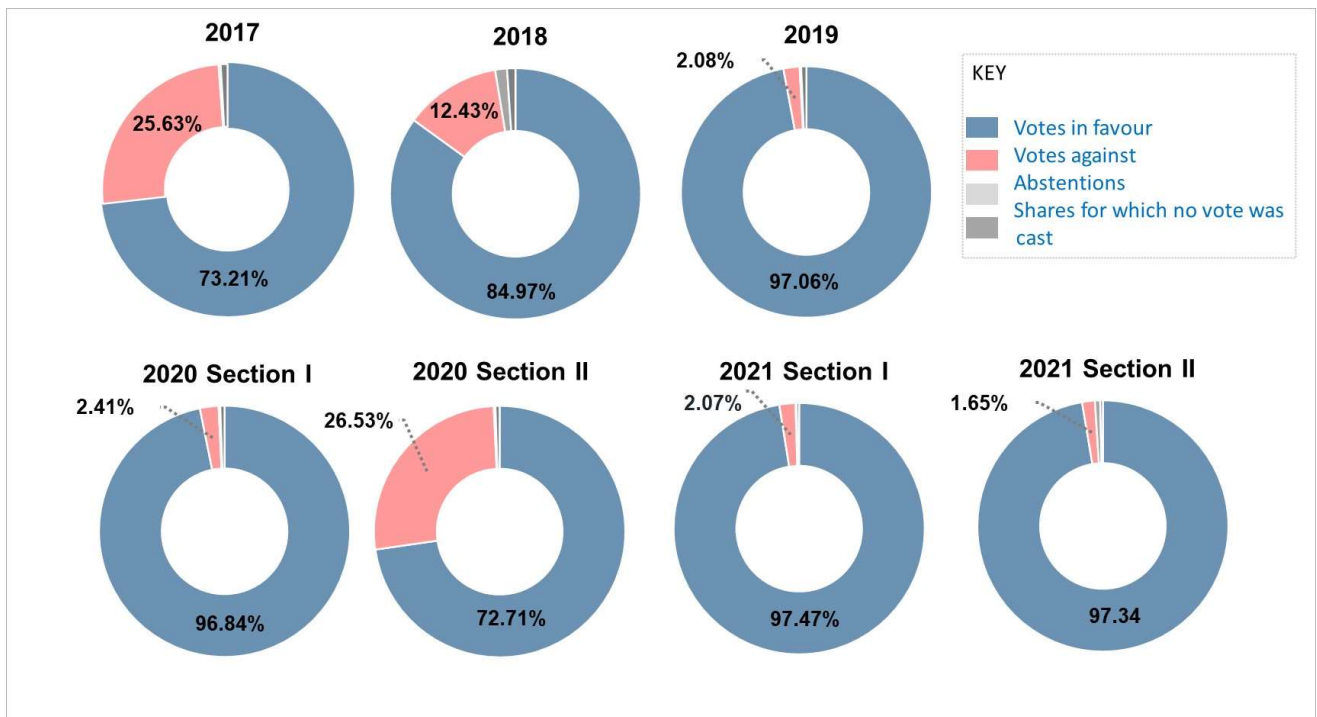
STRATEGIC SUSTAINABILITY PLAN <i>AMBITION FOR A COMPANY...</i>		 SOLID	 GLOBAL	 INNOVATIVE	 SUSTAINABLE
MBO PLAN	EBITA	✓			
	FREE OPERATING CASH FLOW	✓			
	BOOK TO BILL	✓	✓		
	STRATEGIC PLAN ⁽¹⁾	✓	✓	✓	✓
	DOW JONES SUSTAINABILITY INDICES		✓	✓	✓
	ACCIDENT FREQUENCY REDUCTION	✓			✓
LTI PLAN	TOTAL SHAREHOLDER RETURN	✓	✓	✓	✓
	NET DEBT	✓			✓
	RETURN ON INVESTED CAPITAL	✓	✓	✓	✓
	CLIMATE CHANGE		✓	✓	✓
	GENDER DIVERSITY (STEM AREA)		✓	✓	✓

(1) Leonardo's stronger positioning in Defense Electronics






Trend of voting result on the annual remuneration report (2017-2021)




The following graph shows the trend of voting at Shareholders' Meetings relating to the contents of Section I on the remuneration policy in the last five years (2017-2021). It shows a substantially positive trend of votes in favour in these years. The results in general and especially the reasons given for votes against cast at the 2021 Shareholders' Meeting, even through stakeholder engagement and the monitoring of recommendations from proxy advisors, have been taken into account in considering and evaluating the updates and improvements made to the Remuneration Policy and this document.



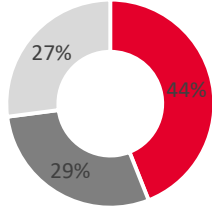
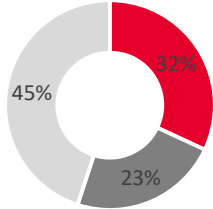
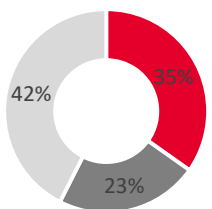
Summary schedule on the Remuneration Policy 2022

FIXED REMUNERATION			
PRINCIPLE AND PURPOSE	CHARACTERISTICS AND PERFORMANCE CONDITIONS	AMOUNTS	REFERENCES
			
It is proportionate to the responsibilities assigned, the contribution requested, competencies and experience.	It is determined with reference to market pay benchmarks and periodically reviewed also in relation to the pay-mix policies	CHAIRMAN € 490,000 p.a., of which: - € 90,000 pursuant to art. 2389, paragraph 1 of the Italian Civil Code - € 400,000 pursuant to art. 2389, paragraph 3 of the Italian Civil Code	Page 31
		CEO €1,000,000 p.a., of which: - € 80,000 pursuant to art. 2389, paragraph 1 of the Italian Civil Code - € 920,000 pursuant to art. 2389, paragraph 3 of the Italian Civil Code	Page 33
		GENERAL MANAGER Fixed remuneration equal to € 652,000.	Page 37
		EXECUTIVES WITH STRATEGIC RESPONSIBILITIES Remuneration set in relation to the responsibilities of the person concerned and the market positioning	Page 40
SHORT-TERM VARIABLE REMUNERATION (LEONARDO GROUP MBO SYSTEM)			
It is an incentive to achieve annual business and sustainability targets set out in accordance with the Strategic Plan and the Budget.	FOR ALL BENEFICIARIES If one or both of the following thresholds is not achieved: - Group EBITA: 85% of budget - Group Free Operating Cash Flow (FOCF): 100% of budget the bonus relating to both KPIs (60% weight for CEO and in a range of between 40% and 50% for Executives with Strategic Responsibilities) is set to zero	CHAIRMAN MBO not envisaged	
	2021 CEO OBJECTIVES 1) Group EBITA (30%) 2) Group FOCF (30%) 3) Strategic Plan Objectives (30%) 4) Inclusion of Leonardo in Dow Jones Sustainability Indices (5%) 5) Average accident frequency rate (5%)	CEO Maximum incentive: 66% of the fixed component (71.7% if we only consider the fees payable for the position of CEO)	Page 31
	GENERAL MANAGER 1) Group EBITA (25%) 2) Group FOCF (25%) 3) Strategic Plan Objectives (40%) 4) Inclusion of Leonardo in Dow Jones Sustainability Indices (5%) 5) Average accident frequency rate (5%)	GENERAL MANAGER Target incentive: 70% of Fixed Remuneration	Page 38
	EXECUTIVES WITH STRATEGIC RESPONSIBILITIES 1) Group EBITA (25%) 2) Group FOCF (25%) 3) Business / Functions Targets (40%) 4) Inclusion of Leonardo in Dow Jones Sustainability Indices (5%) 5) Average accident frequency rate (5%)	EXECUTIVES WITH STRATEGIC RESPONSIBILITIES Maximum incentive: from about 50% to about 80% of the fixed component of remuneration, commensurate with the role	Page 40
	TYPE OF RESULT MEASUREMENT • On / off: Group EBITA, Business Plan Objectives, Sustainability • Payout Range (100%-120%): Group Free Operating Cash Flow Plan subject to Malus and Claw-back clauses		



LONG-TERM VARIABLE REMUNERATION			
PRINCIPLE AND PURPOSE	CHARACTERISTICS AND PERFORMANCE CONDITIONS	AMOUNTS	REFERENCE
			
It is aimed at promoting the pursuit of Leonardo's sustainable success in the long-term.	<p>The features are described for the Long-Term Incentive Plan approved by the Shareholders' Meeting held on 19 May 2021.</p> <p>The Plan provides for a free allotment of the Company's ordinary shares to the CEO, the General Manager and the Executives with Strategic Responsibilities and is structured into three annual awards.</p> <p>2022-2024 OBJECTIVES</p> <ol style="list-style-type: none"> 1) Relative Total Shareholder Return (35%) 2) Group Net Debt (25%) 3) Return on Invested Capital (20%) 4) Climate Change – Ratio of scope 1 and 2 Emissions (10%) 5) Gender diversity - % of female new hires with STEM degree (Science, Technology, Engineering and Mathematics) (10%) <p>RESULT MEASUREMENT</p> <ul style="list-style-type: none"> • Relative benchmarks (TSR): compared to the Peer Group • Absolute benchmarks (Group Net Debt, ROIC, Climate Change, Gender Diversity): compared to the targets of the Strategic Plan <p>NO. OF SHARES ACCRUED AT THE END OF THE PERFORMANCE PERIOD</p> <ul style="list-style-type: none"> • Minimum: 50% of shares awarded • Maximum: 100% of shares awarded <p>PERFORMANCE AND HOLDING PERIOD</p> <ul style="list-style-type: none"> • Performance period: three years • Holding Period: 50% of awarded shares are subject to 2-year non-transferability obligation <p>Plan subject to Malus and Claw-back clauses.</p>	<p>CHAIRMAN</p> <p>LTI not envisaged.</p>	
		<p>CEO</p> <p>Number of shares awarded equal to 62% of the fixed component of remuneration (67.4% if we only consider the fees payable for the position of CEO)</p>	Page 32
		<p>GENERAL MANAGER</p> <p>Number of shares awarded equal to 140% of the fixed component of remuneration</p>	Page 41
		<p>EXECUTIVES WITH STRATEGIC RESPONSIBILITIES</p> <p>Number of shares awarded up to a maximum of 140% of the fixed component of remuneration, commensurate with the role</p>	Page 43
NON-CASH BENEFITS			
Benefits are granted consistently with the purposes of the Leonardo Group's remuneration policy.	Non-cash benefits are defined in accordance with provisions of law, collective bargaining agreements and any other applicable union agreements.	<ul style="list-style-type: none"> • supplementary pension plan • supplementary/replacement health insurance benefits • insurance cover • company car • accommodation for guests' use 	Page 36,40,44
PAY IN THE EVENT OF TERMINATION OF OFFICE AND EMPLOYMENT			
Retention purpose connected with the role in line with long-term strategies, values and interests	They are set in relation to key roles and non-competition obligations.	<p>CHAIRMAN</p> <p>No severance pay.</p>	
		<p>CEO</p> <p>The severance pay equal to 24 months' fees of Short-term Fixed and Variable Remuneration in the event of termination of office or of employment.</p>	Page 36
		<p>GENERAL MANAGER</p> <p>Allowance under the National Collective Bargaining Agreement.</p>	Page 39
		<p>EXECUTIVES WITH STRATEGIC RESPONSIBILITIES</p> <p>Allowance under the National Collective Bargaining Agreement.</p>	Page 43



PAY-MIX TARGET ²			
<p>It shows the weight of various (fixed, short-term variable and long-term variable) components of remuneration</p>	<p>Chief Executive Officer</p> 	<p>Direttore Generale</p> 	<p>Executives with Strategic Responsibilities</p> 
	<p>■ Fixed Remuneration ■ Short-term Variable Remuneration ■ Long-term Variable Remuneration</p>		
	<p>AD: Pag 32</p>	<p>DG: Pag. 37</p>	<p>DIRS: Pag. 43</p>
CHIEF EXECUTIVE OFFICER PAY RATIO VS EMPLOYEES' AVERAGE PAY 2021			
<p>Ratio of CEO's remuneration to employees' average pay</p>	<p>The ratio is calculated between the CEO's total remuneration (fixed + maximum short-term variable elements) and employees' average pay in 2021.</p>	<p>The Ratio was 32.5x in 2021</p>	<p>Page 53</p>

² The Target Pay-mix for the CEO matches maximum pay-mix due to the fact that no over performance is allowed.

SECTION I

REPORT ON THE REMUNERATION POLICY 2022

Governance

Bodies and person involved in the preparation, approval and implementation of the Remuneration Policy

With regard to the governance of the remuneration systems, the following is a more detailed description of the related management activities and the respective responsibilities, divided according to the role played by each body involved in the preparation and approval of the remuneration policy regarding the members of the Governing Bodies, the General Manager and the other Executives with Strategic Responsibilities.

Shareholders' Meeting

The duties of the Shareholders' Meeting – as far as the matters of interest to this Report are concerned - are:

- to set the fees payable to the members of the Board of Directors and the Statutory Auditors;
- to approve any remuneration plans based on financial instruments assigned to Directors, the General Manager, other Executives with Strategic Responsibilities, other employees and consultants, pursuant to art. 114-*bis* of the TUF;
- to examine and assess Section I of the Report regarding the remuneration policy in order to cast a binding vote and Section II of the Report about the fees paid in the previous year to cast a non-binding vote.

Board of Directors

The duties of the Board of Directors – as far as the matters of interest to this Report are concerned - are:

- to determine, on the proposal of the Remuneration Committee, the remuneration of those Directors with delegated powers and of any other Director vested with specific functions following the opinion of the Board of Statutory Auditors;
- to define the Company's policy in relation to the remuneration of Directors, General Manager and other Executives with Strategic Responsibilities, in compliance with the legal provisions in force and with the Corporate Governance Code for listed companies;
- to approve this Remuneration Report and submit it to the Shareholders' Meeting pursuant to, and within the limits set out in, art. 123-*ter*, paragraphs 3-*bis* and 6, of the TUF;
- to submit to the Shareholders' Meeting, upon proposal from the Remuneration Committee, potential remuneration plans based on the allotment of shares or other financial instruments;
- to implement the aforesaid remuneration plans based on shares or other financial instruments, with the support of the Remuneration Committee, as approved by the Shareholders' Meeting.

No Director attends Board of Directors' meetings at which motions regarding his/her own remuneration are

approved.

Furthermore, there has been a Remuneration Committee in the Board of Directors for a long time, the composition and functions of which are detailed below.

Remuneration Committee

The Remuneration Committee is composed of the following members:

	Position	Independence	Date of first appointment
Michela Patrizia Giangualano	Chairman	✓ *	May 2020
Elena Comparato	Director		May 2020
Marina Rubini	Director	✓ *	May 2014
Federica Guidi	Director	✓ *	May 2020
Ferruccio Resta	Director	✓ *	May 2020

* Independent director also pursuant to the Corporate Governance Code

The Committee meets periodically to carry out its functions and duties, and its meetings are considered valid if at least a majority of its members attend. The Chairman of the Committee calls and chairs meetings. The Committee is provided with the resources required to carry out its research and investigations. The Committee obtains access to information and to Company structures as necessary for it to perform its tasks, and, through Company channels that make use thereof, consults external advisors in order to ensure independence of judgment. The Head of the Company's Chief People & Organization Officer Organisational Unit is invited to attend the Committee's meeting on a permanent basis and the meetings may be attended, on the invitation of the Committee through the Chairman and in relation to the issues being discussed, by other persons, including non-executive members of the Board of Directors and any employee working for the Company or Group Companies. The entire Board of Statutory Auditors attends the Committee's Meeting. No Director participates in the Committee's meetings in which proposals are put forward to the Board in relation to his/her own remuneration.

The Remuneration Committee is responsible for taking action:

- to give its opinion to the Board of Directors concerning the definition of the Company's remuneration policy of Directors, General Manager and other Executives with Strategic Responsibilities, in compliance with the legal provisions in force and with the Corporate Governance Code;
- to put forward proposals to the Board of Directors for related resolutions in implementation of the remuneration policy established by the same, with reference to
 - the remuneration and regulatory treatment of Directors with delegated powers and of all Directors

vested with specific functions (following the opinion of the Board of Statutory Auditors, when required by art. 2389 of the Italian Civil Code);

- the performance targets related to the variable element of the remuneration of Directors with delegated powers and of any other Director vested with specific functions, monitoring the implementation of the decisions adopted and verifying, in particular, the actual achievement of performance targets;
- to support the Company in defining the best policies for the management of the Group executives as well as the managerial development plans and systems for the Group's key managers;
- to monitor the adoption and actual implementation of measures aimed at promoting equal treatment and opportunities between genders within the company organisation;
- to assess the management's proposals and to give its opinion as to compensation plans based on the allotment of shares or of options for the purchase of the Company's shares in favour of Directors and executives of the Company and of the Group companies, to be submitted to the Board of Directors for its assessment and then to the Shareholders' Meeting for its subsequent approval pursuant to the legal provisions and related implementing Regulations;
- to periodically evaluate the adequacy, overall consistency and actual implementation of the policy for the remuneration of Directors, General Manager and other Executives with Strategic Responsibility;
- to examine in advance the Report on remuneration policy and fees paid;
- to analyse, with reference to the issues within its respective competences, the relevant issues for Leonardo for the generation of long-term value.

The Committee's Meetings are duly recorded in minutes and the work performed is reported by the Chairman of the Committee at the first meeting of the Board of Directors. Furthermore, the Committee provides the Board with a report on the most important issues.

The Committee's operations are governed by special Rules of Procedures, which acknowledge the principles and the recommendations laid down in the Corporate Governance Code.

Since it was formed, the Remuneration Committee has played a role of supporting the top management with one of the most important issues related to the strategic management of the Group's human resources and of its pay and retention policies.

In acting in this role, the Committee has worked out incentive schemes which assist in achieving the Group's results and the objectives of enhancing the value of its stock and of the Group itself.

The Remuneration Committee gives an opinion on the structure and content of this report and submits them to the Board of Directors, which, after having examined them, then submits them to the Shareholders' Meeting for a binding vote on Section I and cast a non-binding vote on Section II, pursuant to art. 123-ter of the TUF.

Main issues dealt with by the Remuneration Committee in 2021

- The Remuneration Policies for Top Management and the fees due to the Directors, the Director with delegated powers and the Chairman were considered, by also taking account of the results of the analyses conducted on the reference Benchmarks
- The new Corporate Governance Code was considered, by assessing its impact on the work of the Committee and deferring its analyses to the Nomination and Governance Committee
- The Committee acknowledged the supplementary agreement of the Leonardo Group
- In-depth analysis on the activities were conducted within the Group to achieve the sustainability objectives set out in the remuneration policy, with a particular focus on Gender Equality

JANUARY - MAY 2021

JUNE – DECEMBER 2021

- The Policy of the short-term incentive Plan (MBO) was considered for 2021
- The Report on remuneration policy and fees paid was considered and approved on a preliminary basis
- It was verified whether the 2020 objectives assigned to the CEO had been achieved within the short-term incentive Plan (MBO) and the Long Term Incentive Plan 2018-2020
- Short-term objectives (MBO) were set for 2021 for the CEO, giving the related opinion to the Board for the adoption of related resolutions
- Long Term objectives were set for the CEO for the 3-year cycle 2021-2023
- The Rules and Disclosure Document were considered and approved for the Long Term Incentive Plan
- Remuneration Systems were considered for the Leonardo Group
- The Long Term Incentive Plan for the cycle 2021–2023 was considered as to the award of the Plan's Bonuses, stating the categories of beneficiaries and the amount of the related Bonuses, as well as the performance objectives, giving its opinion to the Board for the adoption of related resolutions

Board of Statutory Auditors

On remuneration matters, the Board of Statutory Auditors, which regularly participates in the Board of Directors and the Remuneration Committee's meetings, expresses the opinions required by the regulations in force, with particular reference to the remuneration of those Directors vested with specific functions pursuant to art. 2389 of the Italian Civil Code, and it also verifies that said remuneration is in line with the general policy adopted by the Company.

Independent Experts

In the course of 2021, the Chief People & Organization Officer Organisational Unit made use, as external independent experts, of Mercer for activities concerning remuneration.

Other Boards

The Chief People & Organization Officer Organisational Unit, sets out the guidelines, supported by all the technical details necessary for preparing the Remuneration Policy. This Function also acts as a specialist in-house body assisting the Remuneration Committee, for which it prepares the material that the Committee needs in order to carry out its work.

The Administration, Finance and Control Organisational Unit helps set out the operating and financial objectives underlying the short- and long-term plans and verifies that they have been attained and determining the panel for TSR as a performance objective in the long-term incentive system.

The Chief Technology & Innovation Officer Organisational Unit and the Administration, Finance and Control Organisational Unit deal with the ESG matters.

Independent Legal Auditors

The Audit Firm in charge of the statutory audit of the accounts yearly verifies the preparation by the directors of Section II of the Report by carrying out a mere formal check on the publication of the information without expressing any opinion thereon, or on the consistency of such information with the financial statements or its compliance with the regulations, as is required for the review on the preparation of the Non-Financial Statement (“NFS”) pursuant to Legislative Decree 254/2016.

Procedure for approval of Remuneration Policy 2022

In exercising its powers and in accordance with the Corporate Governance Code, the Remuneration Committee expressed a favourable view of the structure and contents of remuneration policy for the purposes of the preparation of this report.

The Report was submitted by the Remuneration Committee to the Board of Directors, which approved it on 7 April 2022.

The remuneration policies determined in accordance with the guidelines provided by the Board of Directors are applied by the bodies authorised to do so with the support of the corporate functions concerned.

The Board of Directors submitted this Remuneration Report approved by them on 7 April 2022 for a binding and consultative vote of the Shareholders’ Meeting.

Finally, this document has been prepared in accordance with best market practices, particularly those in FTSE-MIB companies.

Term of the remuneration policy and derogation procedure in special circumstances

According to the provisions laid down in the paragraph 3-*bis* of art. 123-*ter* of the TUF, this policy has a term of one year.

In exceptional circumstances, Leonardo’s Board of Directors may temporarily derogate from some provisions of the Remuneration Policy laid down in this Report, with a reasoned resolution. Such derogation should not affect, in any case, the compliance with legal and regulatory obligations and should be taken in accordance with Leonardo’s Procedure for Related Parties Transactions (in particular, subject to the reasoned opinion of the Committee for Related Parties Transactions pursuant to the aforesaid Procedure), at the proposal or in any way subject to the opinion of the Remuneration Committee.

In compliance with the provisions of the abovementioned rule, exceptional circumstances mean the situations where the derogation from the Remuneration Policy is required in order to pursue the Company’s long-term interests and sustainability as a whole or to ensure its ability to stay in the market. They include, but are not limited to:

- Significant changes in social and economic scenarios or, in any event, the occurrence of extraordinary and unforeseeable events (e.g. pandemics, conflicts, etc.), affecting the Group and/or the sectors and/or markets in which it operates, which may have a profound impact on the relevant market environment at a global level and/or that of each country/region;
- Substantial variations in the scope of the business activity during the period of validity of the Remuneration Policy (e.g. transfer of a company/branch of business on whose activity the performance objectives of the reference Remuneration Policy were based; acquisition of a significant business, etc.);
- Need to attract and retain people with the most suitable skills and professionalism to run the

business and ensure its sustainable success.

The process also makes it necessary for all persons concerned to abstain from voting on resolutions related to any exception that may involve them.

Exceptions (if any) may concern:

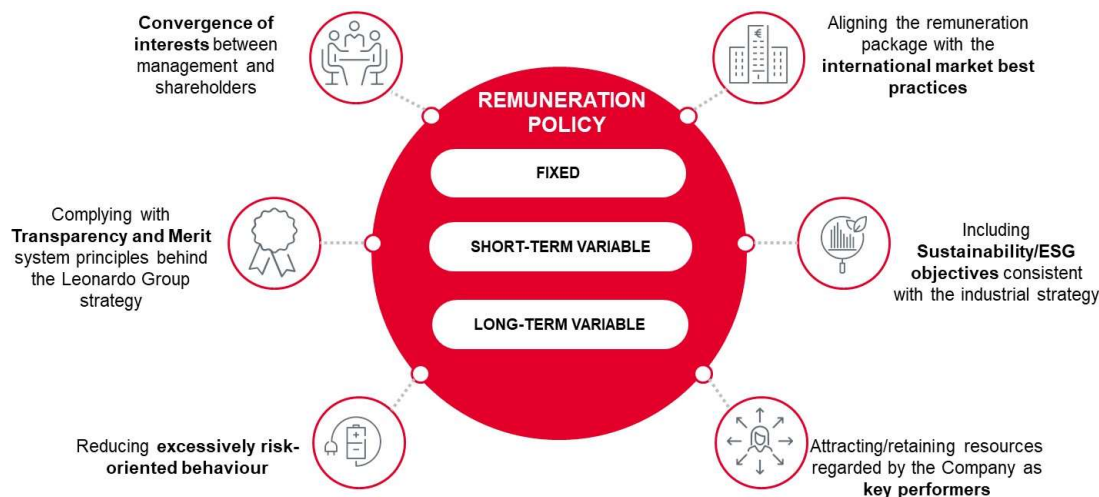
- the parameters and weights related to the assignment and/or award of the variable components of remuneration;
- the granting of indemnities, except for directors, in consideration of specific working conditions and in extraordinary selective situations.

The Board's resolution shall also establish the duration of such exception and the specific elements of the Policy that are waived, in accordance with the provisions laid down above.

Leonardo provides information on any exceptions to the Remuneration Policy applied in exceptional circumstances in Section II Fees paid in the subsequent year.

Purposes and instruments of remuneration policy

The remuneration policy sets out the principles and the guidelines to determine the remuneration of the members of the Board of Directors, as well as the specific criteria through which the remuneration of the Group's management is established, in accordance with the Governance model adopted by the Company and the recommendations laid down in the Corporate Governance Code.



In recent years, there has been a systemic push towards the pursuit of "sustainable success" oriented towards the creation of value not only for shareholders but also for other major stakeholders. In particular, the regulatory authorities at Italian and European levels have encouraged companies to achieve this goal, also through the Corporate Governance Code 2020 and the application of the provisions of the Shareholder Rights Directive II (SRD II).

The sustainability of success is linked to the protection of a broader notion of capital, from economic capital to, for example, environmental, human, social and technological capital.

In determining the Remuneration Policy for the Chief Executive Officer, the General Manager and Executives with Strategic Responsibilities, the Board of Directors confirmed the key elements of the remuneration strategy, which make it "functional to the pursuit of sustainable success"³, by also empowering management to listen to and engage with various stakeholders and to create value for different sources of capital.

The policy aims to attract and motivate human resources who have the professional qualities required to carry out their duties and fulfil their responsibilities, through adequate remuneration systems that are aimed at pursuing the Company's long-term interests with respect to new areas for the creation of value, and the alignment of the management's interests with the priority objective of creating sustainable value for shareholders in the medium/long-term, and has been prepared by taking account of the wages and working conditions of the Group's employees.

In particular, the objective of the variable component of remuneration is aimed to recognising the results that have been achieved, establishing a direct link between remuneration and performance in the short and long term, paying particular attention to the objectivity and measurability of the performance conditions and

³ Corporate Governance Code (art. 5); this concept is also referred to by SRD2, art. 9-bis, paragraph 6, according to which "The remuneration policy shall contribute to the company's business strategy and long-term interests and sustainability and shall explain how it does so

the indicators used to measure the remuneration, without prejudice to the existence of an upper limit on incentives.

Remuneration policy instruments

The remuneration policy of Executive Directors and Executives with Strategic Responsibilities has been formulated as described below:

Fixed Remuneration

The fixed component of remuneration is such that it adequately remunerates the services provided and is proportioned to the assigned duties and responsibilities, in addition to being sufficient to remunerate the services delivered should the variable component not be paid. For those Directors not entrusted with specific duties, the remuneration consists exclusively of a fixed element, to be determined by the Shareholders' Meeting, and it is in no way linked to the achievement of performance targets.

Variable Remuneration

Variable remuneration is divided into a short-term component (typically annual – the MBO scheme) and a long-term component, reserved exclusively for a key manager population.

Short-term Variable Component

The aim of the short-term variable component is to encourage the achievement of the annual objectives laid down in the Company's budget and in line with the Industrial Plan for the relevant year. The MBO Scheme is structured in a manner which creates a transparent link between monetary remuneration and the degree to which the annual objectives have been achieved.

Long-term Variable Component

While maintaining the main architectural elements of the previous LTI plan unchanged, the Long-Term Incentive Plan of Leonardo, approved by the Shareholders' Meeting held on 19 May 2021, has provided for some changes aimed at the structural introduction of sustainability objectives and strengthening the pay-for-performance link, in line with the best market practices.

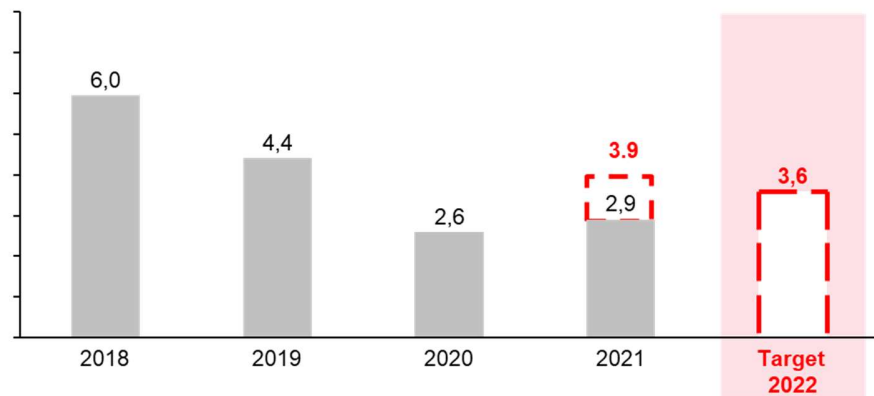
This tool is targeted at key managers, to be selected, on a priority basis, according to a criterion that considers the positions of greatest impact on the Company's business in the medium term, in the executive grade (or equivalent abroad) in the Company, Subsidiaries with their registered offices in Italy or abroad, as well as associates (former employees) in top management and/or other management positions in the Company or Subsidiaries.

Focus on ESG objectives

MBO 2022 Occupational Safety – Reduction in Average Accident Frequency rate

 Target of 2022 Policy
 Previous target
 Actual value

Performance of KPIs and targets 2022



Target

- Measured as the ratio of accidents to hours worked. Compared with last year's observation, the indicator is measured on the 1 million hours basis, in line with the GRI standard, rather than on the 200k hours basis. The accidents considered in the indicator are those reported to the competent national authorities (e.g., INAIL in Italy).
- The impact of Covid-19 and reduced civil aircraft production on the final value of KPIs 20 and 21 limits comparability with the 2022 target.
- The 2022 target implies a ~10% reduction from the target set for 2021, and a ~30% reduction from the actual value for the 2-year period 2018-19

Leonardo's commitment

- Accident prevention and reduction have always been a priority for Leonardo, a group that has delivered 194.833 hours of training in this area.
- The implementation of the Leonardo Production System (LPS), inspired by World Class Manufacturing, has been one of the key factors in reducing the frequency of accidents. As part of this and other Health & Safety projects, some specific actions were taken in response to the specific characteristics of the various plants, such as:

Long-term plan for an increased **safety of machine tools**, to make machines safer and raise prevention and protection measures to the highest standards of reference

Dissemination of safety culture, through the setting up of dummies with PPE to be adopted in each manufacturing facility, as well as the provision of video stations for the consultation of safety documents

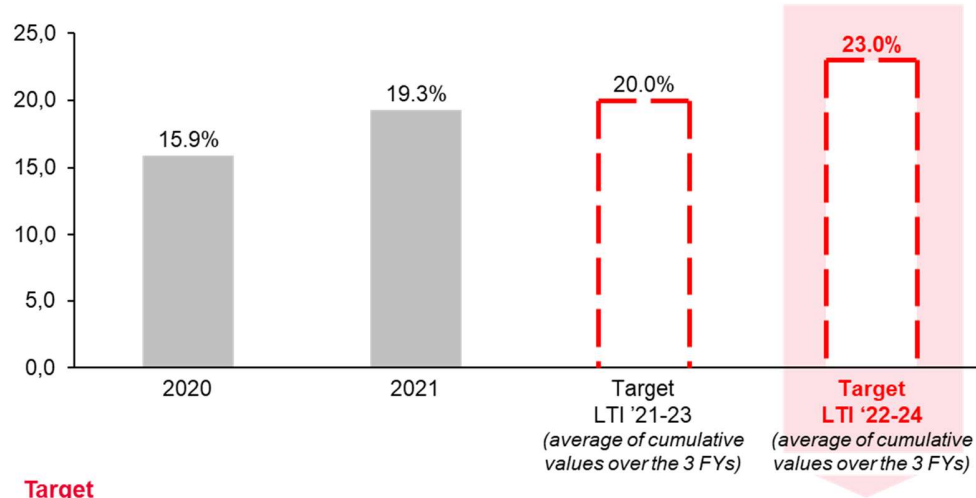
Systems for the automatic distribution of chemical products, which automatically feed process machines and limit the intervention of operators, mitigating the risks associated with any possible spillage



LTI 2022-24 Gender Equality – New female hires in the STEM area

 Target of 2022 Policy
 Previous target
 Actual value

Performance of cumulative KPI and target 2022-2024



Target

- The objective includes a target of 23% new female hires in the STEM area over the 2022-2024 period (average of cumulative values over the 3 FYs)
- It shows significant growth over the 2021 figure, equal to ~19% and the previous LTI '21-23 cycle target, equal to 20%
- Leonardo, in its sustainability plan, sets as a medium-term goal the recruitment of 30% of women in the STEM area fields in 2025

Leonardo's commitments

- Attracting and developing human capital in the STEM area is a critical success factor for achieving the objectives under the BeTomorrow 2030 plan
- Currently women only account for 37% of those enrolled in STEM degrees, compared to 57% of total university enrolment (Ministry of Instruction data 2020-21)
- Hiring women in STEM fields is just one of Leonardo's numerous Gender Equality objectives, which cover the entire lifecycle of human capital, from selection to development, and are supported by a plan consisting of numerous actions including:

Unconscious Bias, a programme dedicated to Leonardo managers, aimed at counteracting cognitive biases and distortions related to gender equality, with more than 20 editions planned

Role Model STEM, a series of inspirational talks delivered by Leonardo female colleagues to middle and high school students, with over 2000 students already involved

Springboard, an international programme for the professional development of women at Leonardo, which has involved more than 100 female colleagues in 2022

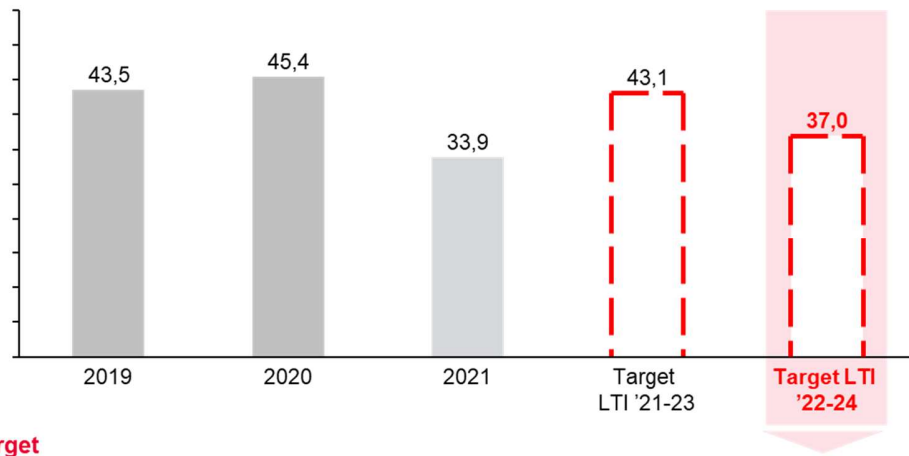


NOTE: the reporting on this KPI was started in 2020: for this reason, no data is available for previous financial periods

LTI 2022-24 Climate Change–Reduction in Scope 1/2 GHG¹ emissions ratio to revenues

 Target of 2022 Policy
 Previous target
 Actual value

Performance of KPI and target at 2024



Target

- Measured as the ratio of Scope 1 and 2 emissions (tCO₂e) to revenues (€mil.) per year
- Scope 1 emissions are generated from sources owned or controlled by the company; scope 2² emissions are indirect in relation to purchased/imported electricity and heat
- Target value for LTI 2022-24 is referred to the 2024 FY value.
- Target at 2024 is equivalent to a 14% reduction from the target set at 2023

Leonardo's commitment

- A significant portion of emissions is linked to the use in manufacturing processes of SF₆ gas, which accounted for ~30% of emissions in the 2-year period 2019-20
- This gas is used in melting and casting operations for the manufacturing of helicopter components
- The project to replace this gas with a gas with lower Global Warming Potential was initiated in late 2020 and has already delivered results beyond expectations

Plan for the replacement of SF₆ gas with gas with lower Global Warming Potential

Implementation of the **Self-production Plan** to increase the % of **self-produced energy from renewable sources**

Implementation of the **Full Potential LED** programme and of the **energy efficiency projects** with zero investment

Procurement of **thermal energy from district heating systems**

Overall **optimisation** of **emission-sensitive manufacturing processes, with revamping and replacement of furnaces and tanks**

Revision of «Autoclave» processes



Core

1 GreenHouse Gases 2 Location-Based Emissions

Reference to market remuneration policies

The Remuneration Committee has continued to use the comparison panels as a reference for the analyses of remuneration positioning and practices on the remuneration structure offered to the Company's Directors and Executives with Strategic Responsibilities.

Below are the Peer Groups of Companies that have been identified:

Role	Provider	Criteria	Peer Group	
Chairman	Mercer	Italian companies comparable to Leonardo by size (capitalization, turnover and number of employees), operational business model, shareholding structure and level of internationalisation. International companies comparable to Leonardo by size and business affinity.	Italian companies	International companies
Non-executive Directors			<ul style="list-style-type: none"> - Brembo - CNH 	<ul style="list-style-type: none"> - BAE Systems - Bombardier - Dassault
Chief Executive Officer			<ul style="list-style-type: none"> - Enel - Eni - Ferrari - Fincantieri - Italgas - Prysmian - Saipem - Snam - Telecom Italia - Terna - Webuild 	<ul style="list-style-type: none"> - Howmet - Aerospace - Hurtington - Ingalls - Meggitt - Northrop-Grumman - Rolls-Royce - Saab - Safran - Spirit - AeroSystems - Textron - Thales
Executives with Strategic Responsibilities	Mercer	Mercer Executive Remuneration Guide Western Europe. This survey only includes information on the Executive workforce of Companies operating in the main European countries.		

Leonardo's remuneration policy has been therefore analysed with respect to the Peer Groups reported above, in terms of instruments and types of objectives used, as well as of competitiveness on the labour market.

The assessment that was carried out has revealed the policy's substantial alignment with market trends with reference to its elements, the instruments used and the features of the incentive systems, including the type of performance objectives.

In terms of remuneration positioning with respect to the Peer Group, the analysis that was carried out has instead showed a limited competitiveness of Leonardo's remuneration policy, which is also reflected in the Group's ability to attract and retain talent. However, the Board of Directors has decided to make only a few corrections to the policy that was approved in 2021 and postpone until the next financial year the opportunity to further revise its structure, in view of the path to evolution and continuous improvement the Company has developed.

Remuneration Policy 2022

Remuneration of the members of the Board of Directors and the Board of Statutory Auditors

This section gives the main features of the remuneration policy for:

- Directors who are not entrusted with specific duties
- Board of Statutory Auditors
- Directors vested with specific duties:
 - Chairman of the Board of Directors
 - Chief Executive Officer

The following paragraphs show the remuneration paid to Directors for the three-year period from 2020 to 2022 and the Statutory Auditors for the three-year period from 2021 to 2023, which are envisaged until the expiry of the related term of office. These fees are in line with the Company's current policy and the recommendations of the Corporate Governance Code, as well as with the remuneration studies carried out with the support of the independent Advisor. With regard to Directors vested with specific duties, as until today, a balanced and challenging mix may be maintained between a fixed component appropriate to the responsibilities assigned and a variable component, set within maximum limits and aimed at pegging their remuneration to the respective performance achieved. It should be noted that the objectives linked to incentive schemes have been set in relation to the strategic plan.

Remuneration of Directors who are not entrusted with specific duties

Remuneration set by the Shareholders' Meeting

The Shareholders' Meeting held on 20 May 2020 set, for the three-year period from 2020 to 2022, the remuneration of the Directors who are not entrusted with specific duties, in a gross amount of € 80,000 per year for each Director. In line with the best market practices, the remuneration awarded to those Directors who are not entrusted with specific duties is not linked in any way to the achievement of specific performance targets, and thus consists of a fixed element only, rather than of a variable element as well. To the fixed component of remuneration set by the Shareholders' Meeting must be added the fees set by the Board of Directors for the participation in Board Committees.

Remuneration for members of Board Committees

The Company's Board of Directors, by a resolution passed on 25 June 2020, set the following fees for the members of the Committees set up within the Board itself:

- € 2,500 per year before tax for each member and € 7,500 per year before tax for the Chairman of the Committee;
- € 2,000 attendance fee, payable on the occasion of each Committee meeting.

Remuneration for members of the Board of Statutory Auditors

On the occasion of the renewal of the Board of Statutory Auditors, the Shareholders' Meeting held on 19 May 2021 set, for the three-year period from 2021 to 2023, the fees due to the members of the Board, in a gross amount of € 80,000 per year for the Chairman and a gross amount of € 70,000 per year for each of other Regular Auditors.

The fees due to the members of the Company's Board of Statutory Auditors are commensurate with the expertise, professionalism and commitment required by the importance of the position held, as well as with the size and sector characteristics of Leonardo, in line with the guidelines of the Corporate Governance Code.

Remuneration of Directors vested with specific duties

Chairman of the Board of Directors

The total remuneration for the 2020 to 2022 term of office of the Chairman of the Board of Directors consists exclusively of the fixed component, composed as follows:

- gross annual fees of € 90,000 pursuant to art. 2389, paragraph 1, of the Italian Civil Code, as resolved by the Shareholders' Meeting held on 20 May 2020.
- gross annual fees of € 400,000: as remuneration payable by virtue of the powers the Board of Directors vested in the Chairman at the meeting held on 20 May 2020 pursuant to art. 2389, paragraph 3, of the Italian Civil Code, after having heard the Board of Statutory Auditors.

No severance payments are determined for the event of early termination of the office or for the event of non-renewal of the mandate of the Chairman.

Furthermore, insurance cover and welfare policies have been provided to the benefit of the Chairman, together with other benefits connected with the performance of duties required of his office and additional powers delegated to him.

Chief Executive Officer

Overall remuneration structure

The Company has entered into a working relationship with the Chief Executive Officer, which will end on the expiry of the term of office of the Board of Directors, expected with the Shareholders' Meeting called to approve the financial statements at 31 December 2022. The solution adopted is favourable for the Company with a view to reducing costs of social security contributions.

For the current 2020-2022 term of office, the fixed and variable remuneration for the position of Chief Executive Officer was set by the Board of Directors' meeting held on 20 May 2020:

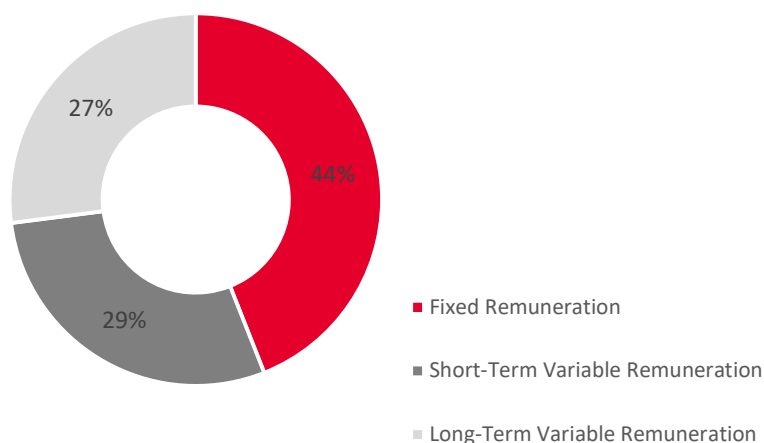
- **FIXED REMUNERATION:**
 - gross annual fees of € 80,000 as a director, pursuant to art. 2389, paragraph 1, of the Italian Civil Code, set by the Shareholders' Meeting held on 20 May 2020;
 - gross annual fees of € 920,000 for the office of the Chief Executive Officer pursuant to art. 2389, paragraph 3, of the Italian Civil Code, set by the Board of Directors' meeting held on 20 May 2020, having heard the opinion of the Board of Statutory Auditors.
- **SHORT-TERM VARIABLE REMUNERATION:** fees of € 660,000 per year, equal to 66% of the overall fixed remuneration (71.7% if we only consider the fees payable for the position of CEO), as maximum short-term variable incentive.

- **LONG-TERM VARIABLE REMUNERATION:** fees of € 620,000 per year, equal to 62% of the overall fixed remuneration (67.4% if we only consider the fees payable for the position of CEO), as maximum long-term variable incentive.

Pay mix

The pay-mix was set as follows:

Pay-mix for the Chief Executive Officer



Short-term variable remuneration

The short-term variable remuneration (MBO) for the Chief Executive Officer consists of maximum overall gross fees of € 660,000 per year (equal to 66% of the overall fixed remuneration) and is subject to the following performance target structure:

	Type of objective	Objective	Weight	Functioning mechanism	Target / Guidance	
Performance Gate	Group Economic and Financial ⁴	Group EBITA	30%	On / Off	€mil. 1,180 €mil. 1,220	If one or both the following thresholds are not achieved: • Group EBITA: 85% of Budget • Group FOCF: 100% of Budget the bonus relating to both KPIs is set to zero
		Group Free Operating Cash Flow (FOCF)	30%	Range Payout: 100%-120%	Approx. €mil. 500	
Strategic	Stronger Leonardo's positioning in Defense Electronics	15%	On / Off	Strategic plan		
	Book to Bill	15%	On / Off	≥ 1		
Sustainability ⁴	Inclusion of Leonardo in Dow Jones Sustainability Indices	5%	On / Off	Inclusion of Leonardo		
	Average accident frequency rate	5%	On / Off	I _t ≤ 3.6		

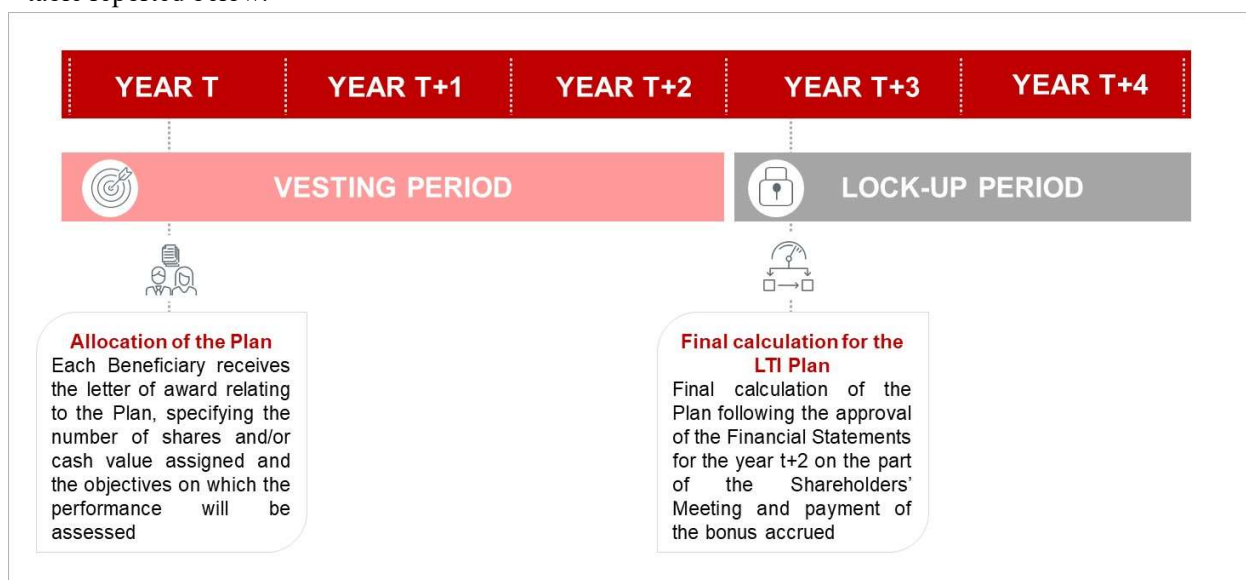
Leonardo's Remuneration Policy 2022 for the Chief Executive Officer, the General Manager and the Executives with Strategic Responsibilities is focused in particular on ESG (Environmental, Social &

Governance) objectives. In particular, as in 2021, the ESG performance is expected to be assessed, in 2022 too, in relation to a further objective linked to the Health and Safety of Leonardo's employees in addition to the objective linked to the inclusion of Leonardo in the Dow Jones Sustainability Indices. This objective is measured through the synthetic indicator of the average Frequency of accidents, which is calculated according to the GRI (Global Reporting Institute) method as number of accidents per 1,000,000 hours worked. The target of 3.6 implies a reduction of ~30% compared to the average frequency for the two-year period from 2018 to 2019, equal to 5.2. If the budget target is over-performed, no overperformance fees will be payable, but consideration will be paid to using it to offset a possible failure to achieve other objectives.

Long-term variable remuneration

The Shareholders' Meeting held on 19 May 2021 approved the Long-Term Incentive Plan of Leonardo. While maintaining the main architectural elements unchanged, the Incentive Plan has introduced, at a structural level, sustainability performance objectives consistent with the Strategic Plan, as well as the strengthening of the pay-for-performance link by designing payout curves for all objectives.

The Plan envisages three annual awards as from 2021, each with a three-year vesting period in line with the table reported below.



For the Chief Executive Officer, the General Manager and the Executives with Strategic Responsibilities the Plan provides for the free allotment of ordinary shares of the Company, the vesting of which is subject to establishing whether the performance conditions described below have been fulfilled.

For the remaining beneficiaries, the Plan provides for the allocation of a portion of the bonus in the form of ordinary shares of the Company and a portion in the form of cash, depending on the category to which staff members belong, subject to the same performance conditions.

The portion of long-term variable incentive envisaged for the Chief Executive Officer is set up to an overall maximum amount of € 620,000 for each cycle of award, equal to 62% of the overall fixed remuneration.

The maximum number of shares attributable to the Chief Executive Officer for the 2022 - 2024 cycle is

⁴ The final statement of economic, financial and sustainability objectives – which are common for the Chief Executive Officer, the General Manager and Executives with Strategic Responsibilities – is prepared by providing for the following possible adjustments: changes in the perimeter, M&A transactions and, in general, non-recurring operations not envisaged in the Budget-Plan, amendments to accounting or reporting standards, exchange rate effects on the financial statements in foreign currency

determined by dividing the maximum amount set by the unitary price of € 7,33075 per share, used for the conversion of the incentives when implementing the plan. Therefore, the maximum number of shares attributable is set at no. 84.576. As regards the maximum number of shares attributable to the Chief Executive Officer within the scope of the entire plan (2021-2023, 2022-2024 and 2023-2025 cycles), it is estimated, at present, that the maximum number of shares may be equal to about no. 300,000 if all performance targets are achieved in full, on the basis of the terms and conditions already laid down and detailed in the Disclosure Document.

Performance conditions and incentive curve

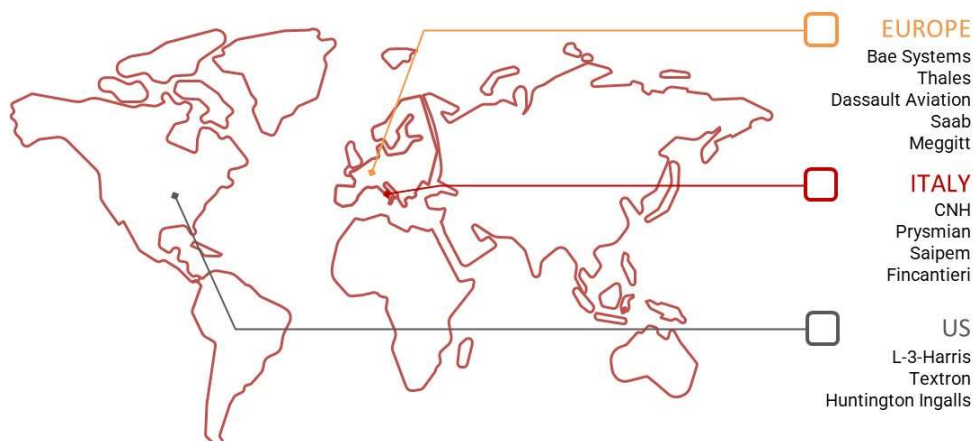
The payment of the incentive is conditional on the achievement of targets relating to a three-year period and linked to the following performance indicators:

KPIs	Weight	Reference Financial Periods	Performance Range (target / guidance)	Payout Range
Relative Total Shareholder Return	35%	2024 (Δ vs 2022)	1	100%
			2	100%
			3	100%
			4	100%
			5	50%
			6	50%
			7	25%
			8	0%
			9	0%
			10	0%
			11	0%
			12	0%
			13	0%
Group Net Debt	25%	2024	Target (< €mil. 2500)	100%
			Minimum	50%
Returned on Invested Capital	20%	2024	Target (> 13%)	100%
			Minimum	50%
Climate Change (Reduction in Emissions of scopes 1 and 2)	10%	2024	37.0	100%
			Minimum	50%
Gender diversity (% of women of total new hires with a STEM degree)	10%	2022-2024	23%	100%
			Minimum	50%

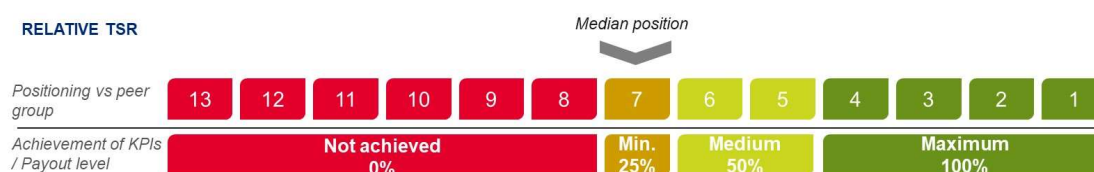
⁵ Average price of ordinary Leonardo shares in the period from 1 January to 31 March 2022, in the application of the resolution passed by the Board of Directors' meeting held on 24 March 2021, which determined to take as reference price for the shares subject to the Long-Term Incentive Plan, the average price of the Leonardo share in the first quarter of the financial period in which the bonus is awarded.

Interim results provide for bonuses that are calculated proportionally using a linear incentive curve. No payments are envisaged below the minimum value.

- Relative TSR:** Leonardo’s performance will be measured in relation to a peer group selected on the basis of comparability analyses of the stock, including companies in the Aerospace and Defence sector at global level and industrial companies in the FTSE MIB index. The panel consists of companies in the relevant sector in Europe and North America for two thirds and of Italian listed companies for one third.



The portion of bonus earned in relation to the relative TSR performance is determined on the basis of Leonardo’s positioning with respect to the peer group, as illustrated below:



A position under the median, therefore, means the payment of a 0% bonus.

- Group Net Debt:** this objective is also included in the previous Plan for which the key role is confirmed in assessing the implementation of the Strategic Plan. This objective is measured on the final value at the end of the vesting period;
- Return on Invested Capital:** this profitability objective is key to Leonardo's Strategic Plan. This objective is measured on the final value at the end of the vesting period.
- Climate Change:** this objective involves reducing emissions of Greenhouse Gases for Scopes 1 and 2. It is one of Leonardo's main commitments regarding the sustainable use of energy resources and the reduction of environmental impact. The indicator is calculated according to the location-based method as a ratio of emissions of Scopes 1 and 2 location-based (tCO_{2e}) to revenues (€mil.) per year (Intensity of CO₂ emissions on revenues). The target of 37.0 at 2024 is consistent with a 14% reduction in emissions with respect to the target for 2021-2023 LTI, equal to 43.1, and constitutes an important objective of the Leonardo Sustainability plan.
- Gender Diversity:** this objective aims to improve Gender Balance, with particular reference to the STEM (Science, Technology, Engineering and Mathematics) areas, which are at the heart of Leonardo's Strategic Plan. This objective – which is calculated as the ratio of female new hires with a STEM degree out of total new hires with a STEM degree – provides for a gradual increase with an average target of 23% over

the three-year period with respect to the exact objective of 30% at 2025.

Vesting period and lock-up

Once the three-year vesting period has elapsed, the plan provides for a two-year lock-up period for the Chief Executive Officer. 50% of the shares awarded will not be transferable during this period.

For more developments, reference should be made to the Disclosure Document relating to the plan that has been filed with the registered office located in Rome, at Piazza Monte Grappa no. 4, on the Company's website (www.leonardo.com) in the Remuneration section that can be consulted at the address "Corporate Governance/Remuneration" and with the market management company Borsa Italiana S.p.a., as well as on the website of the authorised eMarket STORAGE device (www.emarketstorage.com).

Pay in the event of termination of office or employment

In accordance with the recommendations in the Corporate Governance Code, the severance pay is set by providing for a maximum limit that is not higher than two years' remuneration. In any case of revocation of the appointment as Chief Executive Officer and/or of early expiry of the term of office and/or of termination of employment on the part of Mr. Profumo due to just cause, an amount will be paid on account of indemnity and compensation payment, equal to 24 monthly fees; the reference taken for the fixed component will consist of the amount envisaged for his annual fixed remuneration (in accordance with art. 2389, paragraphs 1 and 3, of the Italian Civil Code), while as regards the short-term variable component it will consist of the average of the amount received or accrued in the three years before the expiry of the term of office. The amount calculated in this manner shall be paid together with any other sum due in relation to the termination of employment.

Non-competition agreements, where entered into, are included within the limits of the treatment envisaged in the event of termination of office and, therefore, included in the maximum limit of severance pay.

With regard to the rights granted under Long-Term Incentive Plans, if termination falls within the cases of Good Leaver⁶, the rights will be maintained on a *pro-rata temporis* basis, subject to establishing whether the performance objectives have been achieved according to the times and methods prescribed by the Plan. If termination does not fall within the cases of Good Leaver, the rights granted under the Plan will be lost. It should be noted that the position of Chief Executive Officer is held exclusively within an employment relationship that will end when the term of office of the Board of Directors expires with the Shareholders' Meeting called to approve the 2022 financial statements, expected in May 2023, and, therefore, there is no provision for a notice period.

Other benefits

For the Chief Executive Officer both mandatory forms of insurance cover and non cash benefits are envisaged, in compliance with the provisions of law and in line with Company's practices for Top Management (company car and accommodation for guests' use).

In the same way as with the provisions applied to all executives of Leonardo, the Chief Executive Officer is entitled to receive benefits under supplementary healthcare schemes that are additional to or replace those envisaged by the national supplementary healthcare Funds FASI and ASSIDAI for the category.

⁶ Good Leaver means any case in which the Relationship is terminated as a result of: a) death or total and permanent disability of the Beneficiary; b) termination of the Relationship by the relevant Company for reasons other than just cause, or for any other cause that makes the termination of the Relationship justified due to the conduct of the Beneficiary; c) resignation of the Beneficiary for just cause

Remuneration of General Manager and Executives with Strategic Responsibilities

General Manager

On 25 June 2020, the Board of Directors passed a resolution on an important organisational evolution of the company, by establishing – as from 1 September 2020 - the General Manager function reporting directly to the Chief Executive Officer, whose responsibilities were entrusted to Mr Lucio Valerio Cioffi. The function, to which two Divisions and some organisational units must report, including business units, aims to cope with the new market context characterised by the impacts of COVID-19, but to also accelerate the new phase of implementation of the Be Tomorrow 2030 Strategic Plan, thus increasing flexibility and agility in order to be even more competitive in facing the new challenges that will arise.

Overall remuneration structure

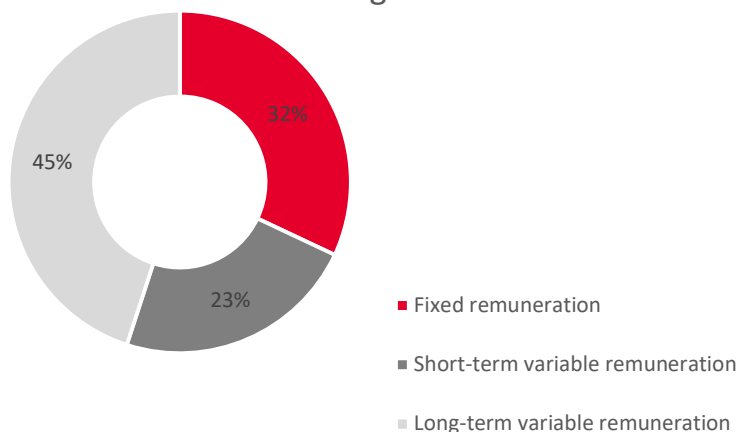
The General Manager's overall remuneration, in line with the remuneration policy described for the Chief Executive Officer, is made up of a fixed component that is proportional to the responsibilities assigned and a variable component aimed at providing incentives to achieve the annual targets set out in the budget, as well as the long-term targets set out in the Strategic Plan:

- **FIXED REMUNERATION:** € 652,000 only composed of Gross Annual Fees as an Executive of the Company;
- **SHORT-TERM VARIABLE REMUNERATION:** € 456,400 per year, equal to 70% of fixed remuneration, as short-term target variable incentive;
- **LONG-TERM VARIABLE REMUNERATION:** € 912,800 per year, equal to 140% of fixed remuneration, as long-term maximum variable incentive.

Pay mix

The pay-mix was set as follows:

Pay-mix for the General Manager



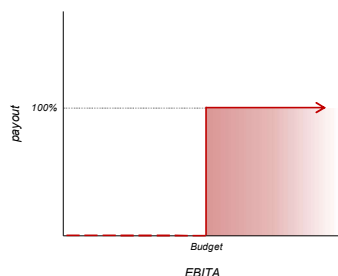
Short-term variable remuneration

The short-term variable remuneration (MBO) for the General Manager consists of target maximum overall gross fees of € 456,400 per year (equal to 70% of fixed remuneration) and is subject to the following performance target structure, as set according to the responsibilities of the General Manager:

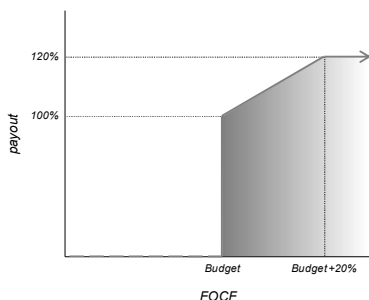
	Type of objectives	KPIs	Weight	Functioning mechanism	Target / Guidance	
Performance Gate	Group Economic and Financial	Group EBITA	25%	On / Off	€mil. 1,180 €mil. 1,220	If one or both the following thresholds are not achieved: • Group EBITA: 85% of Budget • Group FOCF: 100% of Budget the bonus relating to both KPIs is set to zero
		Group Free Operating Cash Flow (FOCF)	25%	Payout Range: 100%-120%	Approx. €mil. 500	
Strategic	Completion of the process to diversify the product portfolio of the Aerostructures division	20%	On / Off	Strategic Plan		
	Setting the target of the Corporate Value Creation & Cost Efficiency project and implementation of efficiency improvement actions 2022	20%	On / Off	Strategic Plan		
Sustainability	Inclusion of Leonardo in Dow Jones Sustainability Indices	5%	On / Off	Inclusion of Leonardo		
	Average accident frequency rate	5%	On / Off	$I_f \leq 3.6$		

If the budget target is over-performed, overperformance fees will be payable to the General Manager and Executives with Strategic Responsibilities, to be linked to the results of the Free Operating Cash Flow.

Performance targets relating to the aforesaid indicators shall be determined by providing for an access threshold for incentive and a restructuring of the bonus as reported below:



- EBITA:
 - no payout if the budget target is not achieved
 - a payout of 100% if the budget target is achieved



■ FOCF

- no payout if the budget target is not achieved
- a payout with linear incentive from 100% to 120% if the budget target is achieved or overperformed

■ Strategic Plan and specific sustainability /ESG Objectives: "ON/OFF" basis:

- Inclusion of Leonardo in Dow Jones Sustainability Indices
- Reduction in Average Accident Frequency Rate

Long-term variable remuneration

The General Manager is a beneficiary of the Long-Term Incentive Plan of Leonardo.

The award for the cycle of the three-year period from 2022 to 2024 for the General Manager is set at a maximum amount of 140% of gross annual fees.

The maximum number of shares attributable to the General Manager for the 2022 - 2024 cycle is determined by dividing the maximum amount set by the unitary price of € 7,3307⁷ per share, used for the conversion of the incentives when implementing the plan. Therefore, the maximum number of shares attributable is set at no. 124.518. As regards the maximum number of shares attributable to the General Manager within the scope of the entire plan (2021-2023, 2022-2024 and 2023-2025 cycles), it is estimated, at present, that the maximum number of shares may be equal to about no. 420,000, if all performance targets are achieved in full, on the basis of the terms and conditions already laid down and detailed in the Disclosure Document.

The functioning methods and mechanisms of the Plan are the same as those described above for the Chief Executive Officer. For more details, reference should also be made to the Disclosure Document relating to the plan that has been filed with the registered office located in Rome, at Piazza Monte Grappa no. 4, on the Company's website (www.leonardo.com) in the Remuneration section that can be consulted at the address "Corporate Governance/Remuneration", and with the market management company Borsa Italiana S.p.a., as well as on the website of the authorised eMarket STORAGE device (www.emarketstorage.com).

Pay in the event of termination of office of employment

With regard to the severance indemnity payable to the General Manager, who works for the Company under a permanent management employment contract, no agreement is envisaged in order to regulate in advance the pay conditions relating to the early termination of employment, except for the severance indemnity fees established by the relevant national collective bargaining agreement (CCNL for Executives of companies that provide goods and services). This agreement provides, in addition to specific rules on notice periods, for an indemnity that is set according to the length of service, up to a maximum of 24 months' total

⁷ Average price of ordinary Leonardo shares in the period from 1 January 2022 to 31 March 2022 in the application of the resolution passed by the Board of Directors' meeting held on 24 March 2021, which determined to take as reference price for the shares subject to the Long-Term Incentive Plan, the average price of the Leonardo Share in the first quarter of the financial period in which the bonus is awarded.

remuneration (Gross Annual Fees and variable remuneration).

Non-competition agreements, where entered into, are included within the limits of the treatment envisaged in the event of termination of office and, therefore, included in the maximum limit of severance pay envisaged in the relevant National Collective Bargaining Agreement.

With regard to the rights granted under Long-Term Incentive Plans, if termination falls within the cases of Good Leaver⁸, the rights will be maintained on a *pro-rata temporis* basis, subject to establishing whether the performance objectives have been achieved according to the times and methods prescribed by the Plan. If termination does not fall within the cases of Good Leaver, the rights granted under the Plan will be lost.

Other benefits

In accordance with the policy envisaged for the Executives with Strategic Responsibilities, the General Manager will receive the mandatory forms of welfare and insurance cover - in compliance with applicable provisions -, as well as non-cash benefits envisaged for top management positions in line with the Company's practices (among which there may be accommodation for guests' use, company car, etc.).

In line with the provisions applied to all executives of Leonardo, the General Manager is entitled to receive benefits under supplementary pension schemes from the national pension Fund Previdai for the category, as well as under supplementary healthcare schemes that are additional to or replace those envisaged by the national supplementary healthcare Funds FASI and ASSIDAI for the category.

Executives with Strategic Responsibilities

Pursuant to the "Procedure for Related Parties Transactions", which was approved by the Board of Directors on 26 November 2010 and finally updated on 17 March 2022, the concept of "Executive with Strategic Responsibilities" of Leonardo includes the members of the Board of Directors, the Regular Statutory Auditors, any persons who hold the position of General Manager of the Company and the Officer in charge of the Company's financial reporting, pursuant to art. 154-*bis* of the TUF, as well as the Division Managing Directors and the Heads of Business Organisational Units⁹.

In relation to the category of Executives with Strategic Responsibilities, the remuneration policy is described below only as regards the Division Managing Directors, the Heads of Business Organisational Units and the CFO/Officer in charge of the Company's financial reporting.

Overall remuneration structure

The fixed remuneration of the Executives with Strategic Responsibilities and other managerial resources is proportionate to the role and responsibilities assigned to them, also considering the market positioning with respect to comparable Italian and international companies, as well as in relation to individual benchmarks for positions with similar levels of responsibilities and managerial complexity.

⁸ Good Leaver means any case in which the Relationship is terminated as a result of: a) death or total and permanent disability of the Beneficiary; b) termination of the Relationship by the relevant Company for reasons other than just cause, or for any other cause that makes the termination of the Relationship justified due to the conduct of the Beneficiary; c) resignation of the Beneficiary for just cause.

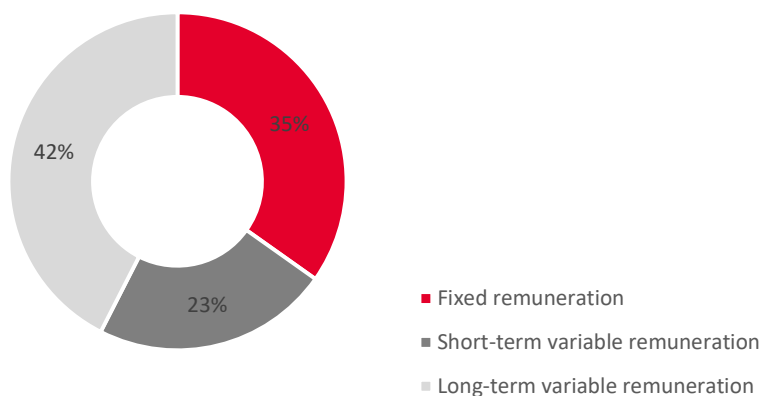
⁹ They are persons endowed with specific decision-making and greater spending autonomy as a result of being qualified and vested with the responsibility as an "Employer", pursuant to and for the purposes of the regulations governing occupational health and safety, environment and significant accidents

Pay-mix

The pay-mix of fixed and variable remuneration components is consistent with the position assigned to the person concerned, the weight of the variable component increases for positions that have greater impact on the Company’s results directly.

The current average pay-mix is determined as follows:

Pay-mix for Executives with Strategic Responsibilities



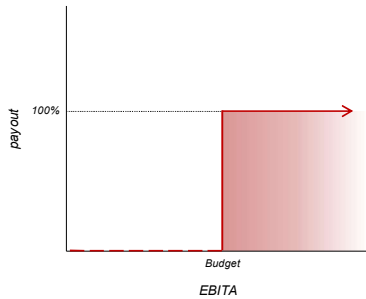
Short-term variable remuneration

Executives with Strategic Responsibilities participate in the short-term variable remuneration plan (MBO). As further recommended by the Corporate Governance Committee of Borsa Italiana S.p.A., a maximum incentive cap is applied to all participants in the MBO system in an amount varying from about 50% to about 80% of fixed remuneration, according to the person’s responsibility in the organisation.

The short-term Incentive Plan for Executives with Strategic Responsibilities is subject to the following structure of performance targets:

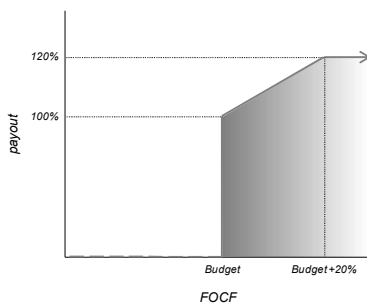
	Type of objective	Objective	Weight	Target / Guidance	
Performance Gate	Group Economic and Financial	Group EBITA	25%	€mil. 1,180 - €mil. 1,220	If one or both the following thresholds are not achieved: • Group EBITA: 85% of Budget • Group FOCF: 100% of Budget the bonus relating to both KPIs is set to zero
		Group Free Operating Cash Flow (FOCF)	25%	approx. €mil. 500	
	Business / Function Objectives	Business objectives set according to the responsibilities assigned to each role (e.g. Division EBITA, Division FOCF)	40%		
	Sustainability	Inclusion of Leonardo in Dow Jones Sustainability Indices	5%		
		Average accident frequency rate	5%		

The performance targets relating to the aforesaid indicators will be established by providing for an incentive entry level and a composition of the bonus as follows:



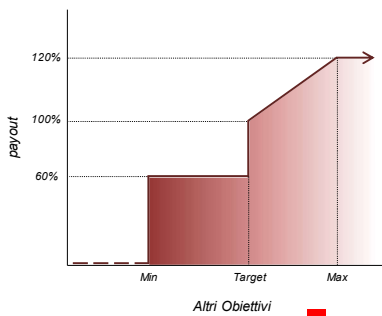
■ EBITA:

- no payout if the budget target is not achieved
- a payout of 100% if the budget target is achieved



■ FOCF

- no payout if the budget target is not achieved
- a payout with linear incentive from 100% to 120% if the budget target is achieved or over-performed



■ Specific Function/Division targets:

ON/OFF basis or according to the performance curve reported on the left side:

- 0 payout up to the minimum amount set for the specific objective
- 60% of payout from the minimum to the targets set for the specific objective and 100% - 120% of payout with linear correlation between the target and the maximum amount set for the specific objective

Specific sustainability/ESG objectives:

"ON/OFF" basis:

- Inclusion of Leonardo in Dow Jones Sustainability Indices
- Reduction in Average Accident Frequency Rate

Long-term variable remuneration

Executives with Strategic Responsibilities are beneficiaries of the Long-term Incentive Plan of Leonardo, which is also reserved for key managers, to be selected, on a priority basis, according to a criterion that considers the positions of greatest impact on the Group's business in the long term.

The allocation for the cycle for the three-year period from 2022 to 2024 is set at a maximum percentage of 140% of the gross annual remuneration, expressed in a number of shares calculated using as reference the price of € 7,3307 used for the conversion of incentives.

The methods and mechanisms of operation of the Plan are the same as those described previously for the Chief Executive Officer. Furthermore, for more details, reference should be made to the Disclosure Document relating to the plan that has been filed with the registered office located in Rome, at Piazza Monte Grappa no. 4, on the Company's website (www.leonardo.com) in the Remuneration section that can be consulted at the address: "Corporate Governance/Remuneration" and with the market management company Borsa Italiana S.p.A., as well as on the website of the authorised eMarket STORAGE device (www.emarketstorage.com).

Pay in the event of termination of office or employment

As regards termination indemnities of Executives with Strategic Responsibilities, working for the Company under a permanent employment contract for their category, the Company has been adopting for some time a policy for which, as a rule, it does not sign agreements covering in advance the pay conditions of early termination of the employment relationship, except for the termination benefits set in the National Collective Bargaining Agreement for the relevant sector (CCNL for Executives of companies providing goods and services).

There are still in place individual agreements entered into in the past that govern in advance the effects of the early termination of employment, in lieu of the pay schemes provided for by the relevant National Collective Bargaining Agreement, set within the maximum limits of the safeguards set out in the same Agreement.

Non-competition agreements, where entered into, are included within the limits of the treatment envisaged in the event of termination of office and, therefore, included in the maximum limit of severance pay envisaged in the relevant National Collective Bargaining Agreement.

With regard to the rights granted under Long-Term Incentive Plans, if termination falls within the cases of Good Leaver¹⁰, it is envisaged that the rights will be maintained on a *pro-rata temporis* basis, subject to establishing whether the performance objectives have been achieved according to the times and methods prescribed by the Plan. If termination does not fall within the cases of Good Leaver, the rights granted under the Plan will be lost.

¹⁰ Good Leaver means any case in which the Relationship is terminated as a result of: a) death or total and permanent disability of the Beneficiary; b) termination of the Relationship by the Company for reasons other than just cause, or for any other cause that makes the termination of the Relationship justified due to the conduct of the Beneficiary; c) resignation of the Beneficiary for just cause.



Other benefits

For Executives with Strategic Responsibilities mandatory social security and insurance covers are envisaged - in compliance with applicable provisions -, as are non-cash benefits envisaged for top management positions in line with the Company's practices (among which may be provided accommodation for guests' use, company car, etc.).

In line with the provisions applicable to all executives of Leonardo, Executives with Strategic Responsibilities are eligible to participate in the supplementary pension benefits with Previdai (the national pension fund for managers of industrial companies), as well as supplementary health insurance benefits in addition to or in place of the benefits under the supplementary healthcare fund for managers of industrial companies FASI and ASSIDAI.

Other form of discretionary, occasional and non-recurring remuneration

It is the Company's policy not to pay discretionary bonuses to Directors. In very selective extraordinary circumstances, there is the possibility of paying the Executives with Strategic Responsibilities, excluding directors and statutory auditors, by Top Management with the support of the Chief People & Organization Organisational Unit – forms of one-off remuneration in consideration of transactions of significant strategic importance to the Group.

Malus and Claw-back

As recommended in the Corporate Governance Code and in accordance with the specific guidelines recently issued by the Corporate Governance Committee, for all variable incentive schemes – both short and long term – malus and claw-back clauses have been put in place whereby the Board of Directors is entitled, through the competent corporate functions, not to pay bonuses being accrued or accrued and not yet paid or to request the beneficiaries to return the bonuses they have received (in the form of cash or the value of the shares allocated to them) if the Board finds that the degree to which their performance objectives have been achieved has been determined on the basis of clearly erroneous or falsified calculations. The claw-back clause applies if the difference between the data utilised and the data rectified has led to a bonus in cash and/or in shares being granted in excess of the amount to which the beneficiaries are actually entitled to and places an obligation on the beneficiaries to return the bonuses that have been unduly paid.

Non-competition agreements

Furthermore, with regard to Executive Directors and other Executives with Strategic Responsibilities and in case of individuals with particularly significant professional skills (such that termination of their employment could represent a risk for the Company), the Company may define, on a case-by-case basis, non-competition agreements, providing for the payment of a compensation commensurate with the duration and scope of the obligations arising from the agreement itself.

At present no non-competition agreement has been entered into with the Chief Executive Officer, the General Manager and Executives with Strategic Responsibilities.

Non-competition agreements, where entered into, are included within the limits of the treatment envisaged

in the event of termination of office and, therefore, included in the maximum limit of severance pay.

Remuneration of the Head of the Group Internal Audit Organisational Unit

The Board of Directors took steps – at the proposal of the Chief Executive Officer, in his capacity as the Director responsible for establishing and maintaining the Internal Control and Risk Management System and subject to the approval of the Control and Risks Committee, to set the remuneration payable to the Head of the Group Internal Audit Organisational Unit.

With specific regard to the variable incentive, it has been proposed in accordance with the Company's policy, while ensuring the resources allocated for the performance of related duties. The short-term variable component of remuneration (MBO) is conditional on the achievement of targets that are exclusively linked to the effectiveness and efficiency of the Group Internal Audit organisational unit.

As regards the long-term variable component, instead of participating in incentive plans established for the Company's management, in order to ensure the sustainability of results over time, the Board of Directors has approved a cash amount replacing the bonus in shares, for the three-year period taken into account, and has set appropriate targets for the role as proposed by the Chief People & Organization Office.

Resolution Proposal – First Section

Report on the policy regarding remuneration and fees paid: resolution on the first section pursuant to art. 123-ter, paragraph 3-ter, of Legislative Decree No. 58/98.

Dear Shareholders,

pursuant to Art. 123-ter, paragraph 3-ter, of Legislative Decree No. 58/98 you are invited to cast your vote, with a binding resolution, on the first section of the Report on the policy regarding remuneration and fees paid pursuant to Art. 123-ter, paragraph 3, of Legislative Decree No. 58/98, which sets out the Company's policy for the 2022 year regarding the remuneration of the members of the Board of Directors, the General Manager and other Executives with Strategic Responsibilities and, without prejudice to the provisions of art. 2402 of the Italian Civil Code, of the members of the Board of Statutory Auditors, as well as the procedures used for the adoption and implementation of this policy.

The resolution on the first section of the Report will have binding effect, as required by Art. 123-ter, paragraph 3-ter, of Legislative Decree No. 58/98.

In line with the provisions of Art. 123-ter, paragraph 3-bis, the 2022 policy is submitted to your attention.

The Report on the policy regarding remuneration and fees paid, which includes the first section, is made available to the public at the registered office, at Borsa Italiana S.p.A., on the Company's website www.leonardo.com (Section "2022 Shareholders' Meeting") and on the website of the authorized storage mechanism eMarket Storage (www.emarketstorage.com), in accordance with the law.

In view of the foregoing, we submit for your approval the following proposal of binding resolution on the third item on the agenda:

"The Ordinary Shareholders' Meeting of Leonardo - Società per azioni:

- *having regard to Art. 123-ter of Legislative Decree No. 58/98 and Art. 84-quater of Consob Regulation No. 11971/99;*
- *having examined the first section of the "Report on the policy regarding remuneration and fees paid", approved by the Board of Directors on 7 April 2022 pursuant to Art. 123-ter of Legislative Decree No. 58/98 and Art. 84-quater of Consob Regulation No. 11971/99 and published by the Company in accordance with the law;*
- *having considered the binding nature of this resolution, pursuant to Art. 123-ter, paragraph 3-ter, of Legislative Decree No. 58/98,*

resolves

to approve the first section of the "Report on the policy regarding remuneration and fees paid" of Leonardo S.p.a."



SECTION II
**IMPLEMENTATION OF
REMUNERATION
POLICIES AND FEES
RELATING TO THE
2021 FINANCIAL YEAR**

First Part – Implementation of 2021 remuneration policies

Also having regard to the periodic assessment of the implementation of the remuneration policy as required by the Corporate Governance Code, the Remuneration Committee considered that the remuneration paid in 2021 was consistent with the policy adopted, and that the principles and practical application were consistent with the market benchmarks in terms of positioning and pay mix.

With reference to the 2021 financial year, the following elements constituted the remuneration paid to the members of the Governing and Supervisory Bodies, the General Manager and the Executives with Strategic Responsibilities.

In compliance with the regulatory developments brought in while implementing the second European directive on shareholder rights (Directive (EU) 2017/828, SRD II), as well as considering the vote cast by the Shareholders' Meeting on the second section of the Report, the Committee has started a revision and updating process, including with reference to the Second Section of the Report, with a view to making the content clearer and easy to read and understand.

In line with the provisions of art. 123- *ter*, paragraph 8-*bis*, of the TUF, the company appointed to carry out the statutory audit of the accounts – EY S.p.A. – has established that the directors have actually prepared the second section of the Report.

Fixed remuneration

[\(Table 1\)](#)

The members of the Board of Directors and the members of the Board of Statutory Auditors received the fixed remuneration determined by the Shareholders' Meeting. The Directors vested with specific functions also received the fixed element of their remuneration, as determined by the relevant bodies of the Company (Table 1, "Fixed Remuneration" column).

Directors who are members of a Committee received the fixed remuneration determined by the Company's Board of Directors, together with the sums paid as attendance fees, on the occasion of each Committee meeting (Table 1, "Remuneration for members of Committees" column).

The Chief Executive Officer, General Manager and Executives with Strategic Responsibilities received the fixed element of their salary as set forth in their respective employment contracts taking into account the effective permanence in the position (Table 1, "Fixed Remuneration" column), including any compensation due pursuant to the applicable provisions of law and contracts (public holidays, travel allowances etc.).

Non-equity variable remuneration (bonuses and other incentives)

[\(Table 1 and Table 3B\)](#)

Payments reported in Table 3B relate to the short-term incentive plan for 2021 – MBO Scheme - described in the 2020 Remuneration Report.



Chief Executive Officer

The short-term variable remuneration for Mr Profumo for the 2021 financial year has been set at an overall maximum gross amount of € 660.000 per year.

The targets are objectively measurable and closely related to the targets set in the Company budget plan and are subject to the achievement of one threshold established consistently with the Group’s key objectives.

Below is a summary of the final results of the 2021 MBO Plan for the Chief Executive Officer:



* Until the achievement of the total maximum amount required by the Determinations

The EBITA value and the Book to Bill value for the calculation of the MBO 2021, was adjusted to take into account the exchange differences deriving from the translations of the financial statements in foreign currency with respect to the assumptions adopted in the Budget.

According to the percentages of achievement of the Performance Targets, the final results for the 2021 MBO Plan for the Chief Executive Officer were equal to a percentage of 100% of maximum value, equal to € 660.000.

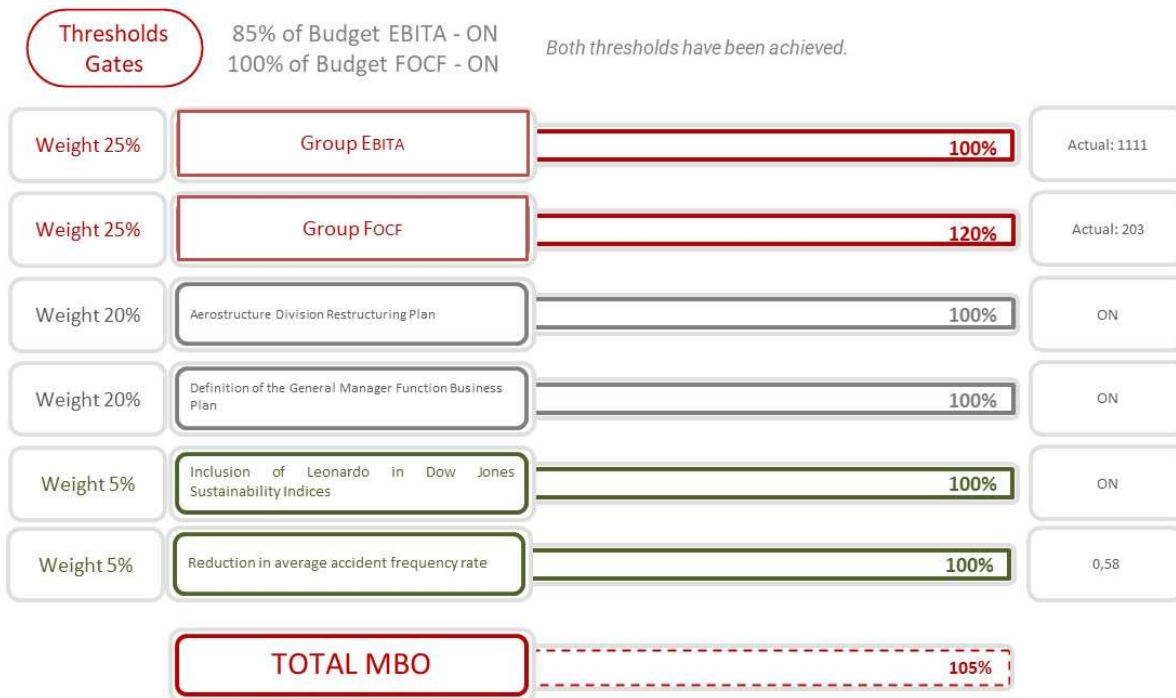
For other functioning mechanisms of the MBO Scheme, reference should be made to the 2021 Remuneration Report, Section I, starting from page 28.

General Manager

The General Manager participated in the Leonardo annual bonus scheme (MBO short-term incentive system) as senior Executives of the Group, according to the terms and conditions laid down in the applicable corporate policy, as described in the 2021 Remuneration Report, to which reference is fully made.

The targets are objectively measurable and closely related to those set in the Company budget plan and are subject to the achievement of an access threshold established consistently with the Group’s key objectives.

Below is a summary of the final results of the 2021 MBO Plan for the General Manager:



The EBITA value and the Book to Bill value for the calculation of the MBO 2021, was adjusted to take into account the exchange differences deriving from the translations of the financial statements in foreign currency with respect to the assumptions adopted in the Budget.

According to the percentages of achievement of the Performance Targets, the final results for the 2021 MBO Plan for the General Manager were equal to a percentage of 105% of maximum value, equal to € 478.983.

For other functioning mechanisms of the MBO Scheme, reference should be made to the 2021 Remuneration Report, Section I, starting from page 34.

Executives with Strategic Responsibilities

The Executives with Strategic Responsibilities participated in the Leonardo annual bonus scheme (MBO short-term incentive system) as senior Executives of the Group, according to the terms and conditions laid down in the applicable corporate policy, as described in the 2021 Remuneration Report, to which reference is fully made.

For the purposes of the final results of the 2021 MBO Plan, reference should be made in full to the following description envisaged for Executives with Strategic Responsibilities.

The amounts relating to the variable remuneration shown in Tables 1 and 3B that follow are calculated on an accruals basis and are subject to the approval of the Financial Statements by the Shareholder's Meeting.

Non-cash benefits and other fees

(Table 1)

Non-cash benefits of the Chairman refer to insurance and welfare policies, as well as to other benefits connected with the performance of duties required of his office and additional powers delegated to him.

Non-cash benefits of the Chief Executive Officer relate to insurance and welfare policies, the allocation of a company car and the accommodation for guests' use.

Non-cash benefits for the General Manager and Executives with Strategic Responsibilities include their participation in the Supplementary Pension Fund with the national Previdai Pension Fund in the sector, the Supplementary/Replacement Health Insurance (FASI), the assignment of accommodation for guests' use, a company car for business and personal use and insurance covers.

Severance pay

(Table 1)

During 2021 no indemnities were paid to Executives with Strategic Responsibilities.

Stock options

(Table 2)

As at the date of this Report, the Company has no stock option plans in place.

Incentive Plans based on financial instruments other than stock options

(Table 3A)

Final calculation for the 2019-2021 cycle

As regards the 2019-2021 cycle of the Long-Term Incentive Plan, the Chief Executive Officer, the General Manager and Executives with Strategic Responsibilities, the payout of the incentive is equal to 0% of the maximum set out, according to the degree of achievement of the performance Targets reported below, due to the indicators underlying the Plan being particularly affected by 2020 Covid-19 impacts on Leonardo's businesses

OBJECTIVE	WEIGHT %	FINAL RESULT	OBJECTIVE ACHIEVEMENT %	DEGREE ACCRUED
- RELATIVE TOTAL SHAREHOLDER RETURN LEONARDO	50%	8° Position	Not Achieved	0%
- AVERAGE RETURN ON SALES	25%	8%	Not Achieved	0%
- GROUP NET DEBT	25%	2.745 €m	Not Achieved	0%
Total Bonus			0% OF MAXIMUM PAYOUT	

The Group Net Debt value for the calculation of the LTI 2019-2021, the 2021 financial statement data was adjusted with non-ordinary phenomena not foreseen / foreseeable in the result profile defined in the 2019-2021 planning cycle

Table 3A reports the details related to the plan.



Allocation of the 2021-2023 cycle

During 2021 it was provided that the Chief Executive Officer and Executives with Strategic Responsibilities will participate in the Long-Term Incentive Plan for the 2021-2023 cycle.

Table 3A reports the maximum attributable number of shares and related fair value.

Specifically:

- for Mr Profumo: for the cycle of the Long-Term Plan for the three-year period from 2021 to 2023 the incentive allocated was set at a maximum amount of € 620,000; therefore, the maximum number of shares attributable was set at 95,968 obtained by dividing the maximum incentive by the price of € 6,4605. This price was taken as a reference for the determination of the incentive in the implementation phase of the plan, at the proposal of the Remuneration Committee and subject to the approval by the Board of Directors, relates to the average price of Leonardo shares during the first quarter of the financial year in which the bonus is paid (for the 2021-2023 cycle it was therefore the first quarter of 2021);
- for the General Manager, the incentive that can be allocated for the plan cycle for the three-year period from 2021 to 2023 was set at a maximum amount of € 650,000. Therefore, as at the date of allocation of the plan, the maximum number of shares attributable was set at 140,856, which was obtained through the calculation system described above;
- for the Executives with Strategic Responsibilities, the incentive that can be allocated for the plan cycle for the three-year period from 2021 to 2023 was set at a maximum amount of € 3,716,073. Therefore, as at the date of allocation of the plan, the maximum number of shares allocated was set at 575,199, obtained according to the same calculation method as described above. The above figures refer to all the persons who carried out the function of Executives with Strategic Responsibilities during 2021. They are pro rata according to the time in the function for those who only served for a fraction of the year.

The final calculation of the number of shares actually earned for the 2021-2023 cycle will be made at the end of the performance period in 2024, and 50% of the allocated shares, once elapsed the three-year vesting period, will be subject to a further one-year lock-up period during which they will not be transferable.

The fair value reported in Table 3A, corresponding to the maximum amount of the incentive that can be allocated upon full achievement of all performance targets, has been calculated on the basis of the following parameters:

- the book value referring to the TSR (adjusted fair value € 3.7);
- the book value referring to the other objectives (€ 6.788);
- the maximum number of shares that can be allocated within the Plan;
- the vesting period effectively elapsed in 2021 (5/36 months, i.e. from 1 August 2021 to 31 December 2021).

Table 3A also reports the values relating to the 2019-2021 cycle and to the 2020-2022 cycle of the Long-Term Incentive Plans based on financial instruments, considering the vesting period effectively elapsed in 2021.

For the mechanisms of the Plans, see the 2021 Remuneration Report, Section I, page 29 and following pages.

Annual changes in fees, Leonardo's performance and Pay Ratio

The table below reports, for the last three financial years, the annual change of the total remuneration of each of the subjects for whom the information referred to in this section of the Report is provided by name:

		2019	2020	2021
Carta Luciano	President	-	302	490
Profumo Alessandro	Chief Executive Officer	1806	1340	1660
Cioffi Lucio Valerio	General Manager	-	214	1130
Frigerio Dario	Director	112	119	132
Rubini Marina	Director	97	113	121
America Carmine	Director	-	70	115
Barletta Pierfrancesco	Director	-	70	127
Comparato Elena	Director	-	68	115
Gianguialano Patrizia Michela	Director	-	70	116
Giannetakis Paola	Director	-	68	121
Guidi Federica	Director	-	66	113
Pinnarò Maurizio	Director	-	72	132
Resta Ferruccio	Director	-	70	116
Employee Average Remuneration		54	55	51
Pay Ratio CEO and Employee Average		33x	24x	32,5x

Values in thousand €

The values for each year are influenced by the different levels of achievement of the variable incentives

Pay Ratio of the Chief Executive Officer: the ratio of total remuneration of the Chief Executive Officer (fixed + short-term + long term accrued in this section) to the average remuneration of employees in 2021 was equal to 32.5x.

The Company's shares held by the Chief Executive Officer (221.219), expressed as a multiple of the fixed remuneration paid in 2021, are equal to about 1,48¹¹.

¹¹ The shares have been valued by using the average price relating to 2021.

Below is the annual change for the last two financial years concerning the Company's results:

	2019	2020	2021
REVENUES (BIL.)	€ 13,8	€ 13,4	€ 14,1
Delta y/y		(-2,7%)	(+5,4%)
ORDER BACKLOG (BIL.)	€ 36,5	€ 35,5	€ 35,5
Delta y/y		(-2,7%)	(+0,1%)
NEW ORDERS (BIL.)	€ 14,1	€ 13,8	€ 14,3
Delta y/y		(-2,5%)	(+4%)
NUMBER OF EMPLOYEES	49.530	49.882	50.413
Delta y/y		(+0,7%)	(+1,1%)

Resolution Proposal – Second Section

Report on the policy regarding remuneration and fees paid: resolution on the second section pursuant to art. 123-ter, paragraph 6, of Legislative Decree No. 58/98.

Dear Shareholders,

pursuant to art. 123-ter, paragraph 6, of Legislative Decree No. 58/98, you are invited to cast your vote, with a non-binding resolution, on the second section of the Report on the policy regarding remuneration and fees paid pursuant to art. 123-ter, paragraph 4, of Legislative Decree No. 58/98 that:

- a) contains the representation of each of the items comprising remuneration of the Members of the Board of Directors and of the Board of Statutory Auditors, of the General Manager and of the other Executives with Strategic Responsibilities;
- b) analytically illustrates the fees paid to the subjects listed above in 2021 for any title and in any form by the Company and by its subsidiaries or associates.

The resolution on the second section of the Report will have non-binding effect as required by Art. 123-ter, paragraph 6, of Legislative Decree No. 58/98.

The Report on the policy regarding remuneration and fees paid, which includes the second section, is made available to the public at the registered office, at Borsa Italiana S.p.A., on the Company's website www.leonardo.com (Section "2022 Shareholders' Meeting") and on the website of the authorized storage mechanism eMarket Storage (www.emarketstorage.com) in accordance with the law.

In view of the foregoing, we submit for your approval the following proposal of non-binding resolution on the fourth item on the agenda:

“The Ordinary Shareholders' Meeting of Leonardo - Società per azioni:

- *having regard to Art. 123-ter of Legislative Decree No. 58/98 and Art. 84-quater of Consob Regulation No. 11971/99;*
- *having examined the second section of the "Report on the policy regarding remuneration and fees paid" approved by the Board of Directors on 7 April 2022 pursuant to Art. 123-ter of Legislative Decree No. 58/98 and Art. 84-quater of Consob Regulation No. 11971/99" and published by the Company in accordance with the law;*
- *having considered the non-binding nature of this resolution, pursuant to Art. 123-ter, paragraph 6, of Legislative Decree No. 58/98,*

resolves

in favour of the second section of the "Report on the policy regarding remuneration and fees paid" of Leonardo S.p.a.”.



Second part – Remuneration paid in the Financial Year 2021

Part two of Section II provides an analytical summary of all the amounts relating to the 2021 financial year, regardless of their nature or form, in favour of those persons who held, during said year, even for a fraction of the period, the position of member of the Governing or Supervisory bodies, General Manager or Executives with Strategic Responsibilities.

This quantitative information is provided below and reported in table form in accordance with art. 123-ter of Legislative Decree no. 58 of February 1998 (Consolidated Law on Financial Intermediation - TUF) and the CONSOB tables referred to in Annex 3A attached to the Issuers' Regulation, Schedule 7-bis.

on behalf of the Board of Directors

the Chairman

Luciano Carta

TABLE 1. REMUNERATION PAID TO MEMBERS OF THE GOVERNING AND SUPERVISORY BODIES, GENERAL MANAGERS AND ALL EXECUTIVES WITH STRATEGIC RESPONSIBILITIES (Amounts in thousands of euro)

LAST AND FIRST NAME(S)	POSITION HELD IN THE FINANCIAL YEAR 2021	TERM OF OFFICE	EXPIRY OF THE TERM OF OFFICE	FIXED REMUNERATION	REMUNERATION FOR THE PARTICIPATION IN COMMITTEES	NON-EQUITY VARIABLE REMUNERATION		NON-CASH BENEFITS	OTHER FEES	FAIR VALUE OF EQUITY PAYMENTS	TOTAL	PAY-MIX BETWEEN FIXED AND VARIABLE REMUNERATION	TERMINATION OR SEVERANCE INDEMNITY	
						BONUSES AND OTHER INCENTIVES	PROFIT SHARING							
Carta Luciano	Chairman	1.1/31.12.2021	FY 2021	400 (iv)				14			504			
Profumo Alessandro	Chief Executive Officer	1.1/31.12.2021	FY 2021	920 (iv)							1.835	Fixed: 56% Variable: 44%	#	
	Director			80 (i)		660		21		154				
Coffi Lucio Valerio	General Manager	1.1/31.12.2021	FY 2021	651 (v)				49		191	1.370	Fixed: 51% Variable: 49%	#	
Frigerio Dario	Director	1.1/31.12.2021	FY 2021	80 (i)	52 (1) (ii)						132			
Rubini Marina	Director	1.1/31.12.2021	FY 2021	80 (i)	41 (2) (ii)						121			
America Carmine	Director	1.1/31.12.2021	FY 2021	80 (i)	35 (3) (ii)						115			
Barletta Pierfrancesco	Director	1.1/31.12.2021	FY 2021	80 (i)	47 (4) (ii)						127			
Comparato Elena	Director	1.1/31.12.2021	FY 2021	80 (i)	35 (5) (ii)						115 (11)			
Giangualano Patrizia Michela	Director	1.1/31.12.2021	FY 2021	80 (i)	36 (6) (ii)						116			
Giannetakis Paola	Director	1.1/31.12.2021	FY 2021	80 (i)	41 (7) (ii)						121			
Guidi Federica	Director	1.1/31.12.2021	FY 2021	80 (i)	33 (8) (ii)						113			
Pimmarò Maurizio	Director	1.1/31.12.2021	FY 2021	80 (i)	52 (9) (ii)						132			
Resta Ferruccio	Director	1.1/31.12.2021	FY 2021	80 (i)	36 (10) (ii)						116			
Rossi Luca	Chairman of the Board of Statutory Auditors	1.1/31.12.2021	FY 2021	80 (i)					1 (12) (iii)		81			
De Mauro Anna Rita	Regular Auditor	19.5/31.12.2021	FY 2021	44 (i)							44			
Fornasiero Sara	Regular Auditor	1.1/31.12.2021	FY 2021	70 (i)					55 (13)		125			
Quagliata Leonardo	Regular Auditor	1.1/31.12.2021	FY 2021	70 (i)					40 (14)		110			
Sacrestano Amedeo	Regular Auditor	19.5/31.12.2021	FY 2021	44 (i)							44			
Perrini Francesco	Regular Auditor	1.1/19.5.2021	FY 2021	27 (i)							27			
Savi Daniela	Regular Auditor	1.1/19.5.2021	FY 2021	27 (i)							27			
Executive with Strategic Responsibilities								2.694		250	860	7.099	Fixed: 50% Variable: 50%	#
(I) Remuneration in the Company drawing up the financial statements				6.598	408		3.833		334	1	1.205	12.379		
(II) Remuneration from subsidiaries and affiliates									95		95			
(III) Total				6.598	408		3.833		334	96	1.205	12.474		

Remuneration details: (i) relevant remuneration approved by the shareholders' meeting; (ii) committee participation fees; (iii) reimbursement of expenses; (iv) remuneration received for the performance of particular offices, pursuant to article 2389, paragraph 3, of the civil code; (v) fixed salaries as an employee.

(#) the proportion is calculated by taking as reference for the fixed part, the values relating to fixed remuneration and non-cash benefits, while for the variable part the bonus and other incentive and the fair value of equity remuneration.

(1) Control and Risks Committee: 33,5k Nomination and Governance Committee: 18,5k

(2) Control and Risks Committee: 24,5k Remuneration Committee: 16,5k

(3) Nomination and Governance Committee: 18,5k Sustainability and Innovation Committee: 16,5k

(4) Control and Risks Committee: 28,5k Nomination and Governance Committee: 18,5k

(5) Remuneration Committee: 16,5k Nomination and Governance Committee: 18,5k

(6) Remuneration Committee: 21,5k Sustainability and Innovation Committee: 14,5k

(7) Nomination and Governance Committee: 26,5k Sustainability and Innovation Committee: 14,5k

(8) Remuneration Committee: 16,5k Nomination and Governance Committee: 16,5k

(9) Control and Risks Committee: 28,5k Nomination and Governance Committee: 23,5k

(10) Remuneration Committee: 14,5k Sustainability and Innovation Committee: 21,5k

(11) The amount relating to the emolument was paid to the Ministry of Economy and Finance.

(12) Cth. 1 for reimbursement of lump-sum expenses.

(13) Cth. 55 for fees due for the position held in other Companies invested by the Group: Cth. 15 from 26/03/2021 to 31/12/2021, Cth. 10 from 01/01/2021 to 31/12/2021 and Cth. 30 from 01/01/2021 to 31/12/2021.

(14) Cth. 40 for fees due for the position held in another Company invested in by the Group.

The reported fees also include those due to persons who held, during the financial year, even for a fraction of the period, the position of Executive with Strategic Responsibilities. The total number of individuals, in addition to those expressed by name, who held the position of Executive with Strategic Responsibilities in the course of 2021 amount to 11.

In addition, the fees not paid in euros were converted into euros using the average exchange rate for 2021.



Table 2. STOCK OPTIONS ALLOCATED TO MEMBERS OF THE GOVERNING BODY, GENERAL MANAGERS AND OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

		OPTIONS HELD AT THE BEGINNING OF THE FINANCIAL YEAR				OPTIONS ALLOCATED DURING THE FINANCIAL YEAR						OPTIONS EXERCISED DURING THE FINANCIAL YEAR			OPTIONS EXPIRED DURING THE FINANCIAL YEAR	OPTIONS HELD AT THE END OF THE FINANCIAL YEAR	OPTION FOR THE FINANCIAL YEAR
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
LAST AND FIRST NAME	POSITION HELD IN FINANCIAL YEAR 2021	PLAN	NUMBER OF OPTIONS	STRIKE PRICE	POSSIBLE PERIOD OF EXERCISE	NUMBER OF OPTIONS	STRIKE PRICE	POSSIBLE PERIOD OF EXERCISE	FAIR VALUE AT THE DATE OF ALLOCATION	DATE OF ALLOCATION	MARKET PRICE OF THE SHARES UNDERLYING ALLOCATION OF THE OPTIONS	NUMBER OF OPTIONS	STRIKE PRICE	MARKET PRICE OF THE UNDERLYING SHARES AT THE DATE OF THE EXERCISE	NUMBER OF OPTIONS	NUMBER OF OPTIONS	FAIR VALUE
Profumo Alessandro	Chief Executive Officer		0			0						0			0	0	
Cioffi Lucio Valerio	General Manager		0			0						0			0	0	
Executives with Strategic Responsibilities			0			0						0			0	0	

TABLE 3A. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS, OTHER THAN STOCK OPTIONS, FOR THE BENEFITS OF THE MEMBERS OF THE GOVERNING BODY, GENERAL MANAGERS AND OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

LAST AND FIRST NAME	POSITION HELD IN FINANCIAL YEAR 2021	PLAN	FINANCIAL INSTRUMENTS ALLOCATED DURING PREVIOUS FINANCIAL YEARS THAT WERE NOT VESTED DURING THE FINANCIAL YEAR		FINANCIAL INSTRUMENTS ALLOCATED DURING THE FINANCIAL YEAR					FINANCIAL INSTRUMENTS VESTED DURING THE FINANCIAL YEAR BUT NOT	FINANCIAL INSTRUMENTS VESTED DURING THE FINANCIAL YEAR AND IMPUTABLE		FINANCIAL INSTRUMENTS FOR THE FINANCIAL YEAR
			NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	VESTING PERIOD	NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	FAIR VALUE AT THE DATE OF ALLOCATION	VESTING PERIOD	DATE OF ALLOCATION	MARKET PRICE AT ALLOCATION	NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	VALUE AT THE VESTING DATE	FAIR VALUE
Profumo Alessandro	Chief Executive Officer	LTI 2019-2021 resolution of 15/5/2018								0	n° 0 gross shares ⁽¹⁾		€ 0
Profumo Alessandro	Chief Executive Officer	LTI 2020-2022 resolution of 15/5/2018	n° 65.210 shares ⁽²⁾	30/10/2020 - 30/10/2023						0	0		€ 77.709 ⁽³⁾
Profumo Alessandro	Chief Executive Officer	LTI 2021-2023 resolution of 19/05/2021			n° 95.968 shares ⁽⁴⁾	€ 547.709	31/07/2021 - 31/07/2024	31/07/2021	€ 6.6973				€ 76.071 ⁽⁵⁾
Cioffi Lucio Valerio	General Manager	LTI 2019-2021 resolution of 15/5/2018									n° 0 gross shares ⁽⁶⁾		€ 0
Cioffi Lucio Valerio	General Manager	LTI 2020-2022 resolution of 15/5/2018	n° 66.509 shares ⁽⁷⁾	30/10/2020 - 30/10/2023						0	0		€ 79.257 ⁽⁸⁾
Cioffi Lucio Valerio	General Manager	LTI 2021-2023 resolution of 19/05/2021			n° 140.856 shares ⁽⁹⁾	€ 803.893	31/07/2021 - 31/07/2024	31/07/2021	€ 6.6973				€ 111.652 ⁽¹⁰⁾
Executives with Strategic Responsibilities (*)		LTI 2019-2021 resolution of 15/5/2018								0	n. 0 gross shares ⁽¹¹⁾		€ 0
Executives with Strategic Responsibilities (*)		LTI 2020-2022 resolution of 15/5/2018	n° 339.459 shares ⁽¹²⁾	30/10/2020 - 30/10/2023						0	0		€ 404.522 ⁽¹³⁾
Executives with Strategic Responsibilities (*)		LTI 2021-2023 resolution of 19/5/2021			n° 575.199 shares ⁽¹⁴⁾	€ 3.282.776	31/07/2021 - 31/07/2024	31/07/2021	€ 6.6973				€ 455.941 ⁽¹⁵⁾



(*) the reported number of shares also includes those persons who held, during the financial year, even for a fraction of the period, the position of Executive with Strategic Responsibilities.

(1) The table reports the final number of shares calculated (equal to 0% of shares allocated) during the 2021 financial year in relation to the 2019-2021 LTI plan.

(2) The table reports the maximum number of shares attributable to the Chief Executive Officer under the 2020-2022 LTI Plan upon full achievement of all performance targets. The final calculation will be made in 2023 at the end of the performance period. 50% of shares allocated to the Chief Executive Officer will be subject to a 1-year lock-up period during which they may not be transferred.

(3) The fair value relating to the 2020-2022 LTI Plan, corresponding to the incentive calculated in relation to the maximum attributable in the event that all performance conditions are satisfied in full, has been calculated on the basis of the following parameters: the relevant book value for TSR (adjusted fair value € 1.73), the relevant book value for the Group Debt and ROS (€ 5.41), the number of shares that can be allocated, the vesting period effectively elapsed in 2021 (12/36 months, i.e. 01.01.2021 - 31.12.2021).

(4) The table reports the maximum number of shares attributable to the Chief Executive Officer under the 2021-2023 LTI Plan upon full achievement of all performance targets. The final calculation will be made in 2024 at the end of the performance period. 50% of shares allocated to the Chief Executive Officer will be subject to a 2-year lock-up period during which they may not be transferred.

(5) The fair value relating to the 2021-2023 LTI Plan, corresponding to the incentive calculated in relation to the maximum attributable in the event that all performance conditions are satisfied in full, has been calculated on the basis of the following parameters: the relevant book value for TSR (adjusted fair value € 3.7), the relevant book value for other performance targets is (€ 6.788), the number of shares that can be allocated, the vesting period effectively elapsed in 2021 (5/36 months, i.e. 01.08.2021 - 31.12.2021).

(6) The table reports the number of the shares effectively calculated in 2021 (0% of those allocated) related to the 2019-2021 LTI Plan.

(7) The table reports the maximum number of shares attributable to the General Manager under the 2020-2022 LTI Plan upon full achievement of all performance targets. The final calculation will be made in 2023 at the end of the performance period. 50% of shares allocated to the General Manager will be subject to a 1-year lock-up period during which they may not be transferred.

(8) The fair value relating to the 2020-2022 LTI Plan, corresponding to the incentive calculated in relation to the maximum attributable in the event that all performance conditions are satisfied in full, has been calculated on the basis of the following parameters: the relevant book value for TSR (adjusted fair value € 1.73), the relevant book value for the Group Debt and ROS (€ 5.41), the number of shares that can be allocated, the vesting period effectively elapsed in 2021 (12/36 months, i.e. 01.01.2021 - 31.12.2021).

(9) The table reports the maximum number of shares attributable to the General Manager under the 2021-2023 LTI Plan upon full achievement of all performance targets. The final calculation will be made in 2024 at the end of the performance period. 50% of shares allocated to the General Manager will be subject to a 2-year lock-up period during which they may not be transferred.

(10) The fair value relating to the 2021-2023 LTI Plan, corresponding to the incentive calculated in relation to the maximum attributable in the event that all performance conditions are satisfied in full, has been calculated on the basis of the following parameters: the relevant book value for TSR (adjusted fair value € 3.7), the relevant book value for other performance targets is (€ 6.788), the number of shares that can be allocated, the vesting period effectively elapsed in 2021 (5/36 months, i.e. 01.08.2021 - 31.12.2021).

(11) The table reports the number of the shares effectively calculated in 2021 (0% of those allocated) related to the 2019-2021 LTI Plan.

(12) The table reports the maximum number of shares attributable to the 2020-2022 LTI Plan upon full achievement of all performance targets. The final calculation will be made in 2023 at the end of the performance period. 50% of shares allocated to the Executives with Strategic Responsibilities – Level A - will be subject to a 1-year lock-up period during which they may not be transferred.

(13) The fair value relating to the 2020-2022 LTI Plan, corresponding to the incentive calculated in relation to the maximum attributable in the event that all performance conditions are satisfied in full, has been calculated on the basis of the following parameters: the relevant book value for TSR (adjusted fair value € 1.73), the relevant book value for the Group Debt and ROS (€ 5.41), the number of shares that can be allocated, the vesting period effectively elapsed in 2021 (12/36 months, i.e. 01.01.2021 - 31.12.2021).

(14) The table reports the maximum number of shares attributable to the 2021-2023 LTI Plan upon full achievement of all performance targets. The final calculation will be made in 2024 at the end of the performance period. 50% of shares allocated to the Executives with Strategic Responsibilities – Level A - will be subject to a 2-year lock-up period during which they may not be transferred.

(15) The fair value relating to the 2021-2023 LTI Plan, corresponding to the incentive calculated in relation to the maximum attributable in the event that all performance conditions are satisfied in full, has been calculated on the basis of the following parameters: the relevant book value for TSR (adjusted fair value € 3.7), the relevant book value for other performance targets is (€ 6.788), the number of shares that can be allocated, the vesting period effectively elapsed in 2021 (5/36 months, i.e. 01.08.2021 - 31.12.2021).

TABLE 3B. CASH INCENTIVE PLANS FOR THE BENEFIT OF THE MEMBERS OF THE GOVERNING BODY, GENERAL MANAGERS AND OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES (€th.)

A	B	(1)	(2)			(3)			(4)
			Annual bonus			Previous Years' Bonuses			Other Bonuses (**)
LAST AND FIRST NAME	POSITION HELD IN FINANCIAL YEAR 2021	PLAN	(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/paid	Deferred	Deferment period	No longer payable	Payable/paid	Still deferred	
Profumo Alessandro	Chief Executive Officer	MBO 2021	€ 660	0	0	0	0	0	
Cioffi Lucio Valerio	General Manager	MBO 2021	€ 479	0	0	0	0	0	
Executives with Strategic Responsibilities (*)		MBO 2021	€ 2.194	0	0	0	0	0	€ 500

(*) The amount reported also includes those due to persons who held, during the financial year, even for a fraction of the period, the position of Executive with Strategic Responsibilities.

(**) The amount includes retention bonuses paid out under individual agreements entered into in the past to which the company is committed to fulfilling and which are no longer replicated, to Executives with Strategic Responsibilities who are regarded as critical for the business, for their skills and experience in the sector, and again in consideration of the pursuit of the sustainable success of the business and the interests of the Company and all of its stakeholders in the medium/long term. This represents the last payment made on the basis of the above-mentioned past agreements.

SECTION III

SHAREHOLDING OF MEMBERS OF GOVERNING AND SUPERVISORY BODIES AND OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

SECTION III

The following table shows the shareholdings in the Company or in its subsidiaries, which are held by persons who held the position of member of the Governing and Supervisory Bodies, or General Manager (stated by name) or Executive with Strategic Responsibilities (stated in aggregate form) in the course of the 2021 financial year, even if only for a fraction of the period in question, as well as by their respective spouses who are not legally separated and minor children. Except as otherwise specified, said shareholdings are deemed to be held directly and by way of property.

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E CONTROLLO, DEL DIRETTORE GENERALE E DEGLI ALTRI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

Surname and Name	Position Held in FY 2021	Investee Company	Number of Shares held at the end of the previous Financial Year (2020) (*)	Number of Shares Purchased	Number of Shares Sold	Number of Shares held at the end of Reporting Period (2021) (**)
PROFUMO Alessandro	Chief Executive Officer	Leonardo S.p.a.	214.903 (1)	6.316 (2)	0	221.219
CIOFFI Lucio Valerio	General Manager	Leonardo S.p.a.	10.393 (3)	4.279 (4)	0	14.672
Executive with Strategic Responsibilities		Leonardo S.p.a.	121.087 (5)	28.820 (6)	0	149.907 (7)

(*) i.e. at the date of appointment, with regard to positions held for a fraction of FY 2021.

(**) i.e. at the date of expiry of the term of office, with regard to positions held for a fraction of FY 2021.

(1) Of which n. 14.903 shares relating to Incentive Plans

(4) shares relating to Incentive Plans

(3) Of which n. 9.636 shares relating to Incentive Plans

(4) shares relating to Incentive Plans

(5) Of which n. 1.750 shares held by the spouse

(6) Of which n. 27.188 shares relating to Incentive Plans

(7) Of which n. 1.750 shares held by the spouse



Implementation status of the 2021-2023 long-term incentive plan

		LONG-TERM INCENTIVE PLAN - CYCLE 2021 - 2023 ALLOCATION FOR FY 2021						
		FINANCIAL INSTRUMENTS OTHER THAN STOCK OPTIONS (ALLOCATION OF SHARES)						
		SECTION 2 NEWLY-ALLOCATED INSTRUMENTS BASED ON THE BoD's DECISION FOR PROPOSAL TO THE SHAREHOLDERS' MEETING						
LAST AND FIRST NAME OR CATEGORY	POSITION	DATE OF SHAREHOLDERS' MEETING RESOLUTION	TYPE OF FINANCIAL INSTRUMENTS	NUMBER OF FINANCIAL INSTRUMENTS (*)	DATE OF ALLOCATION	PURCHASE PRICE (IF ANY) OF INSTRUMENTS	MARKET PRICE AT THE DATE OF ALLOCATION	VESTING PERIOD (*)
Profumo Alessandro	Chief Executive Officer of Leonardo S.p.A.	19/5/2021	Shares of Leonardo S.p.a.	95.968	31/07/2021	-	€ 6,6973	31/07/2021 - 31/07/2024
Cioffi Lucio Valerio	General Manager of Leonardo S.p.a.	19/5/2021	Shares of Leonardo S.p.a.	140.856	31/07/2021	-	€ 6,6973	31/07/2021 - 31/07/2024
Executives with Strategic Responsibilities (1)	-----	19/5/2021	Shares of Leonardo S.p.a.	575.199	31/07/2021	-	€ 6,6973	31/07/2021 - 31/07/2024
Other Executives, employees and collaborators (n. 203)	-----	19/5/2021	Shares of Leonardo S.p.a.	2.080.167	31/07/2021	-	€ 6,6973	31/07/2021 - 31/07/2024

(*) Deferment period of the bonus converted into shares subject to transfer restrictions.

(*) Maximum number of shares attributable under the 2021-2023 LTI plan upon full achievement of all performance targets. The final calculation will be made in 2024 at the end of the performance period. 50% of shares attributable to the Chief Executive Officer, Executives with Strategic Responsibilities and other top management positions, after the 3-year vesting period has elapsed, will be subject to a 2-year lock-up period, during which they may not be transferred.

(1) The reported number of shares also includes those persons who held, during the financial year, even for a fraction of the period, the position of Executive with Strategic Responsibilities.



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