

# BUSINESS COMPLIANCE

**Abstract of the Group Directive on  
Commercial Advisors, Sales  
Promoters, Lobbyists and  
Commercial Distributors/Resellers**

## 1. FRAMEWORK AND SCOPE

Leonardo conducts its business in compliance with the principles of loyalty, fairness, transparency, efficiency, respect for the law and values set out in the Code of Ethics<sup>1</sup>, as well as in the Charter of Values, the Anti-Corruption Code and Policy on Respect of Human Rights, applicable to the entire Leonardo Group, and requires a similar behavior from its employees, suppliers, business and financial partners, consultants etc.

The Business Compliance Group Directive LDO-DI-015-Rev. B, issued in August 2024, defines the general principles and rules related to the identification, analysis and appointment of Commercial Advisors (CA), Sales Promoters (SP), Lobbyists (LO)<sup>2</sup> and Commercial Distributors (DC)/Resellers (RC) [the “intermediaries”], as well as to the drafting and managing of the related contracts by Leonardo S.p.a. and its Subsidiaries.

Leonardo, pursuant to the above-mentioned Directive, defines the principles to be complied with in order to ensure respect of the relevant national and international regulations, thus confirming its position of zero-tolerance against any unethical conduct in violation of the rules and, as such, contrary to the values, principles and standards of Leonardo S.p.a.<sup>3</sup> Such principles are adopted by the Leonardo Group’s Subsidiaries by means of specific corporate implementing procedures.

## 2. GENERAL PRINCIPLES

The process is based on compliance with applicable rules and regulations (national and international), in accordance with the principles set forth in the Organizational, Management and Control Model - as per the Italian Legislative Decree 231/01 - of Leonardo S.p.a. and of the Italian Subsidiaries which have adopted such Model, as well as in the Compliance Programs adopted by the Subsidiaries pursuant to the relevant local legislation, in Leonardo’s Code of Ethics, as well as in the Charter of Values, in the Anti-Corruption Code and in the Policy on Respect of Human Rights of the Leonardo Group.

In particular, the following principles must be respected:

- identification and segregation of responsibilities;
- clear designation of signing authority;
- clarity and simplicity;
- impartiality and absence of conflicts of interest;
- traceability and accurate record-keeping.

<sup>1</sup> The ethical principles set forth by the Leonardo S, p.a.’s Code of Ethics are shared by all directly or indirectly controlled Subsidiaries and are binding on all the recipients.

<sup>2</sup> The possibility of signing Lobbying contracts is expressly excluded for the Companies of the Group incorporated under Italian Law.

<sup>3</sup> Leonardo Spa is the first company among the top ten global leaders in the Aerospace, Defense and Security sector to obtain ISO 37001:2016 "Anti bribery management systems" certification, international standard for anti-corruption management systems.



Any conduct by persons other than the Personnel of the Leonardo Group in breach of the Anti-corruption Code or the anti-corruption law, will be evaluated in order to verify whether it is necessary to adopt appropriate measures to protect the Company, such as unilateral termination of the contract, as provided for by specific contractual clauses<sup>4</sup>.

### 3. GENERAL RULES OF CONDUCT

The start of the process related to the identification and appointment of CA, SP, LO, DC and RC can be made only in case of valid, clear and well-defined commercial reasons. The appointment can be assigned only and exclusively in full compliance with the rules described in the *Directive*.

### 4. SUMMARY OF THE DIRECTIVE

The use of commercial intermediaries is known to represent one of the largest corruption risk areas in the conduct of business worldwide. For this reason, Leonardo strives to continuously strengthen its risk management and internal oversight control systems in order to prevent, detect and respond to corruption and unethical behavior, with a zero-tolerance approach.

The commercial advisory agreements are related to the provision of services in favor of Leonardo in support of commercial policies, strategies or activities or in support of offset agreements related to industrial compensation.

Sales promotion agreements, instead, aim at supporting the award of a sales contract for the supply of products or services by the Company, however – in accordance with the principles set out in the *Directive* – Sales Promoters do not act in the name of and on behalf of Leonardo. Lobbying contracts, allowed exclusively to the companies incorporated under non-Italian law and only where permitted by the relevant local legislation, are aimed at advocating and supporting, in a responsible manner, Leonardo's interests and position before the legislative and administrative bodies of the country of reference<sup>5</sup>.

Commercial Distribution Agreements grant the DC the right to sell specific products and services in specific assigned countries/geographic areas.

Similarly, Reselling agreements provide for the same granting to the RC but on an occasional basis. The process related to the identification of the intermediaries must be based on criteria of transparency, competence, cost-efficiency and fairness and the proposed remuneration must be consistent with the activities to be performed by the CA/LO or, in case of a SP/DC/RC, with the customary practice for similar products/services in the territory and percentages usually applied in the commercial praxis.

The preliminary identification of the intermediaries falls under the responsibility of the sales team and is performed prior to the Business Compliance's verification process. Such identification is carried out with the support of a scoring tool which, through the use of objective evaluation parameters, determines the eligibility of the candidate to the subsequent Business Compliance assessment phase.

<sup>4</sup> The Leonardo Group Anti-Corruption Code. pag. 25, English Version

<sup>5</sup> For further information and details, please refer to the *Focus on Lobbying Activities*.



The Business Compliance structures carry out an accurate analysis and evaluation of the risks associated to each commercial intermediation appointment (*Enhanced Due Diligence*) prior to the signature of the Contract, as well as afterwards during its performance. The Due Diligence activities are also carried out in case of any substantial modification, extension or renewal of the Contract.

The Enhanced Due Diligence consists of the following activities:

1. in-depth analysis of the legal aspects conducted by a dedicated internal Working Group based on legal opinions released by local law firms (the Working Group also works in liaison with the Group's companies);
2. verifications on aspects of ethical and reputational nature with the support of external investigative service providers issuing specific independent reports;
3. analysis and evaluation of the risks (so-called "*Red Flags*");
4. verifications of the intermediaries' requirements with respect to the legislation of reference (registrations, etc.).

During the Due Diligence activities, candidates are provided with all the documentation of reference, including the Code of Ethics, the Anti-Corruption Code and the Charter of Values (the "Codes") and are required to undersign a specific declaration certifying the delivery of the abovementioned documentation. All candidates are required to act in accordance with the Codes and any relevant procedural standards and policies, as well as with any applicable national and international legislation.

These requirements are also included in the relevant contractual clauses.

Whenever possible, an interview with the candidate is also carried out in order to strengthen the candidate's awareness of Leonardo's standards and rules of conduct ("zero tolerance" towards corruption), through a face-to-face meeting, also analyzing any further issues.

The Due Diligence activities also include a risk analysis of the risk factors identified (*Red Flags*) and through a tool ("Risk Grid") that makes it possible to measure the level of risk associated with the appointment by assigning a risk score deriving from the assessment of specific Red Flags.

In particular, the Risk Grid provides for Red Flags, defined "Gates", whose presence represent a "Not Acceptable" risk with the subsequent impossibility to proceed with the appointment.

As mere examples, the "Gates" include:

- impossibility to identify the final beneficial owner, that is verified – as part of the due diligence activities – through external and independent service providers;
- investigations, convictions and/or pending criminal proceedings against the intermediaries related to the crime of corruption, money laundering, mafia, terrorism and, in general, for the relevant crimes pursuant to Legislative Decree 231/01 as well as for the crimes that could have an impact on the intermediary's professional morality or that could, in any case, potentially damage the Leonardo Group's reputation;
- requests by the candidate of indirect or anomalous or non-transparent payment methods or invoicing.



The Risk Grid provides also for additional Red Flags, defined “Drivers”, that identify the ethical-reputational risk level of the appointment. In this case, the methodology provides for the need to identify mitigation actions that allow, therefore, to manage the related risk,

The “Drivers” include, among others:

- "Transparency International Corruption Perception Index" related to the territory where the activities/services under the scope of agreement are to be performed by intermediary;
- ethical-reputational issues – not confirmed by official documents – emerging from non anonymous media sources, referred to events occurred during the past 10 years, in case of ‘corruption’ and ‘bribery’ issues, and/or during the past 5 years for all the other issues;
- family or personal or professional/commercial relationships of the Candidate with Public Officials or members of the Public Administration which may cause conflicts of interest.

The risk assessment process can result in a "low", "medium" or "high" level of risk. In the event of a "high" risk, the direct involvement and assessment of the relevant company management is envisaged, which may involve other company functions competent in relation to the type of Red Flags under analysis.

The remuneration for the CA/LO’s activities consists of a fixed amount, payable in periodic installments (so-called “*retainer fee*”). The reimbursement of expenses is allowed provided that such expenses are documented, justified, reasonable and previously authorized by the competent Company units.

The remuneration for the activities carried out by the SP consists of a commission (so-called “*success fee*”) that is due in case of successful award of a sales or supply contract. Remuneration is calculated as a percentage of the value of the sale or supply contract and is payable – on a *pro-quota* basis - following receipt of payment from the client (*milestones*). Also for the SP, the reimbursement of expenses is allowed provided that they are documented, justified, reasonable and previously authorized by the competent Company units.

A Group “Fee Policy” has also been defined, setting limits to the percentages payable to the counterparty (inversely proportional to the value of the sales and/or supply contract) with a maximum amount of remuneration for the SP not to be exceeded (so-called “*cap*”).

The remuneration for Distribution/Reselling activities consists of reductions (so-called “*Discounts*”) to be applied, pursuant to the terms and conditions detailed in the Distribution/Reselling Contract, on the price of the specific product as identified in the standard catalogue used by each Division/Subsidiary and upon achievement of the objectives, as provided for in the Distribution/Reselling Contract. Reimbursement of expenses is allowed also for such kind of contracts, provided that they are documented, previously justified and, in any case, authorized by the competent Company units.

Prior to any payment a refresh of the Due Diligence is carried out in order to verify the validity of the information as well as the absence of Red Flags, and, in the case of a Sales Promoter, the availability of suitable documentation to demonstrate the causal link between the activities rendered by the SP and the contract with the customer.



In no case payments can be made in cash or by means of not traceable methods or, otherwise, different from a bank transfer, nor to accounts in territories other than the one in which the intermediary has its registered office/residence. Commercial Advisory, Sales Promotion and Lobbying agreements can have a validity of maximum two years, while the maximum duration for Distribution/Reselling contracts is three years.

Mandatory condition for the execution of commercial intermediation contracts is the attendance by the candidates, prior to the contract signature, of specific training activities on the topics of information security, ethics, anti-corruption and compliance, by completing the online course, including the final test.

It is also provided that the Legal Representative, who has carried out the online course, undertakes that all the individuals, involved in the performance of the activities under the agreement, be duly informed about the contents of the training.

All the obligations provided for by the *Directive* for intermediaries are mandatory and cannot be derogated. Failure to carry out the online course is an obstacle to the execution of the relevant contract.

## 5. MONITORING AND REPORTING

According to the *Directive*, all the intermediaries, by undersigning specific contractual clauses and possible additional declarations, must guarantee the full compliance with Leonardo's internal Codes and rules as well as with all applicable national and international legislation. Intermediaries are contractually obliged to provide periodic "Activity Reports", detailing and documenting the activities performed in relation to the appointment.

All reports are reviewed and approved by the competent Company Units in order to ensure continuous and constant monitoring and, if necessary, the timely activation of further verifications.

In particular, Leonardo and its Subsidiaries reserve the right, through their duly authorized representatives, to access, inspect and examine any documents and records of the intermediary related to the activities performed under the agreement. Should any violation of the abovementioned contractual obligations or the non-truthfulness of the information and/or declarations provided be ascertained, either directly by Leonardo or as a result of investigations conducted by an inquiring authority, Leonardo has the right to suspend and possibly terminate the relevant contract, without prejudice to the right to compensation for any damage incurred.

---

Piazza Monte Grappa, 4  
00195 Roma  
T +39 06324731  
F +39 063208621

