



**Ordinary Shareholders' Meeting 10 and 19 May 2021**  
**(I and II call)**

**Explanatory reports pursuant to Article 125-ter of Legislative Decree No. 58/98**

**Agenda**

1. Financial statements as at 31 December 2020 and related reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors. Inherent and consequent resolutions. Presentation of the Consolidated Financial Statements as at 31 December 2020.
2. Appointment of the Board of Statutory Auditors for the three-year period 2021-2023.
3. Appointment of the Chairman of the Board of Statutory Auditors.
4. Determination of the remuneration of the members of the Board of Statutory Auditors.
5. Long-Term Incentive Plan for the management of the Leonardo Group. Inherent and consequent resolutions.
6. 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.
7. 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.

*Disclaimer*

*These Explanatory Reports have been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the Explanatory Reports and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.*

## **Explanatory Report of the Board of Directors on item 1 on the agenda**

Financial statements as at 31 December 2020 and related reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors. Inherent and consequent resolutions. Presentation of the Consolidated Financial Statements as at 31 December 2020.

Dear Shareholders,

The 2020 financial statements, which we submit for your approval, close with a net loss of Euro 93,152,464.65. In light of the foregoing, we submit the following proposed resolution for your approval:

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

- *considering the Report of the Board of Directors;*
- *considering the Report of the Board of Statutory Auditors;*
- *having examined the financial statements at 31 December 2020;*
- *having acknowledged the report of KPMG S.p.A.*

### **resolves**

- *to approve the Directors’ Report on operations and the financial statements at 31 December 2020;*
- *to approve the proposal posed by the Board of Directors of covering the 2020 net loss of Euro 93,152,464.65, through the use of profits carried forward.”*

The financial statements documents are made available to the public at the Company's registered office in Rome, Piazza Monte Grappa No. 4, at Borsa Italiana S.p.A., on the Company's website [www.leonardocompany.com](http://www.leonardocompany.com) (Section "2021 Shareholders’ Meeting") and on the website of the eMarket STORAGE authorised storage mechanism ([www.emarketstorage.com](http://www.emarketstorage.com)) in accordance with the law.

## **Explanatory Report of the Board of Directors on item 2 on the agenda**

### Appointment of the Board of Statutory Auditors for the three-year period 2021-2023.

Dear Shareholders,

at the ordinary Shareholders' Meeting called to approve the financial statements for the year ended on 31 December 2020, the Board of Statutory Auditors of the Company, appointed by the Shareholders' Meeting on 15 May 2018 for the three-year period 2018-2020, will expire. You are therefore called to resolve on the appointment of the Board of Statutory Auditors for the three-year period 2021-2023. The Board will hold office until the date of the Shareholders' Meeting that will be convened to approve the financial statements as at 31 December 2023.

Pursuant to Art. 28 of the Articles of Association, the Board of Statutory Auditors consists of five Regular Auditors and two Alternate Auditors, appointed by the Shareholders' Meeting on the basis of lists submitted by Shareholders.

As for the manner of presentation, filing and publication of the lists submitted by the Shareholders, please refer to the provisions of Art. 28.3 of the Articles of Association as well as to the laws and regulations in force.

In particular, the following is recalled in this regard.

The right to submit lists is granted only to those Shareholders who, either individually or jointly with other Shareholders, hold at least 1% of the share capital entitled to vote at the ordinary Shareholders' Meeting, as established by Art. 28 of the Articles of Association and by Consob with Resolution No. 44 of 29 January 2021.

Each shareholder may submit or participate in the submission of only one list and each candidate may appear on one list only under penalty of ineligibility.

Each list, in which the candidates are listed in consecutive order, is divided into two sub-lists: one for candidates to be elected to the office of Regular Auditor and the other for candidates to be elected to the office of Alternate Auditor.

At least the first candidate in each sub-list must be entered in the official Register of legal auditors and must have been performing statutory audits of accounts for a period of no less than three years.

Furthermore, pursuant to Art. 28.3 and Art. 28.3bis of the Articles of Association and in compliance with the regulations in force regarding the gender balance, at least two fifths of the Statutory Auditors must be elected from the less represented gender.

Therefore the lists that, considering both sub-lists, present a number of candidates equal to or greater than three must include, in the sub-list of the Regular Auditors, candidates of different genders, considering that the number of representatives of the less-represented gender in the Board of Statutory Auditors of Leonardo must be - by law - equal to two.

If the sub-list of Alternate Auditors of such lists shows two candidates, they must belong to different genders.

The lists of candidates, signed by the Shareholder or the Shareholders submitting them, must be filed at the Company, in the manner provided for in the notice of call of the Meeting and not later than the twenty fifth day prior to the date of the Meeting on first call (and therefore by 15 April 2021), together with information about the Shareholders who have submitted the list, including the percentage of share capital held by the same, and the following documentation:

- a) declarations by each candidate accepting their nomination and stating, under their own personal responsibility, that there are no causes of ineligibility and incompatibility, and the possession of the requirements prescribed by law and by the Articles of Association. In this regard, in particular, please note that each candidate must possess the requirements established by Art. 148, paragraph 3, of Legislative Decree No. 58/98, in addition to the requirements of integrity and professionalism established by the Decree of the Minister of Justice No. 162 of 30 March 2000, pursuant to Art. 148, paragraph 4, of Legislative Decree No. 58/98; each candidate must also declare himself/herself as independent also according to the criteria established by Art. 2 of the Corporate Governance Code for listed companies;
- b) a "curriculum vitae" containing detailed information on the personal and professional characteristics of each candidate which will be published on the Company's website ([www.leonardocompany.com](http://www.leonardocompany.com), Section "2021 Shareholders' Meeting") pursuant to Art. 144-octies of the Consob Regulation No. 11971/99;
- c) taking into account the provisions of Art. 2400, last paragraph, of the Italian Civil Code, a list of the management and control offices held in other companies by the candidates, with the recommendation to ensure the update until the date on which the Shareholders' Meeting is actually held. In this regard, it is recalled that Auditors may not be appointed if they hold the office of Regular Auditor in five issuers, or hold other management or control positions in other companies which together exceed the limit set by current legislation (Art. 144-terdecies of Consob Regulation No. 11971/99);
- d) a statement of the Shareholder, other than those who hold, even jointly, a controlling or majority interest, certifying the absence of any relationship even indirect with the latter, in

compliance with Art. 148, paragraph 2, of the Legislative Decree No. 58/98 and Art. 144-quinquies of Consob Regulation No. 11971/99; with reference to the contents of such statement, Shareholders' attention is drawn on recommendations contained in the Consob Communication No. DEM/9017893 of 26 February 2009.

In addition, note that under Art. 19, paragraph 3, of Legislative Decree No. 39 of 27 January 2010, the members of the Board of Statutory Auditors, which serves as the Internal Control and Audit Committee as required by that legislation, are as a whole competent in the sector in which the Company operates.

The ownership of the minimum shareholding for submission of lists is determined considering the shares registered in the name of Shareholders on the day that the lists are filed with the Company. Shareholders must submit, in the manner provided for the filing of lists, the certification proving ownership of the number of shares represented, even after the filing of the list but in any case by the deadline provided for the publication of the lists by the Company (i.e. by 19 April 2021).

In the event that by 15 April 2021 only one list has been submitted, or lists have been submitted only by shareholders who are connected with each other under the aforementioned Art. 144-quinquies of Consob Regulation No. 11971/99, the Company shall promptly give notice thereof in accordance with applicable law. In such event, lists may be submitted within the subsequent three days (i.e. by 19 April 2021 - first working day after this deadline - by 6.00 p.m.), bearing in mind that the minimum shareholding required for submission of lists is reduced by half and will be equal to 0.5% of the share capital with voting rights in the ordinary Shareholders' Meeting. Compliance with said deadline is necessary in order to enable the Company to publish the lists submitted by the Shareholders by the time limit provided for by Art. 144-octies of Consob Regulation No. 11971/99, which also expires on 19 April 2021.

With regard to the mechanism for the appointment of auditors elected by list mechanism, please refer to what is stated in the notice of call of the Shareholders' Meeting and Art. 28.3 of the Articles of Association, which also provides as follows:

- each person entitled to vote may vote only one list;
- at least two of the Regular Auditors and at least one of Alternate Auditors will be chosen from among those registered in the official Register of legal auditors who have performed statutory audits of accounts for a period of no less than three years;
- Auditors that do not meet these requirements will be chosen from among those who have at least three years' experience in the activities or duties listed in Art. 28.1 of the Articles of

Association, with reference to matters and sectors that are useful for the activities listed in Art. 4 of the Articles of Association (corporate purpose);

- three Regular Auditors and one Alternate Auditor shall be taken from the list that obtains the majority of votes of Shareholders attending the Meeting, in accordance with the provisions of Art. 28.3, paragraph 11 letter a), of the Articles of Association;
- two Regular Auditors and one Alternate Auditor will be taken from the minority lists, in accordance with the provisions of Art. 28.3, paragraph 11, letter b), of the Articles of Association.

Finally, please note that, pursuant to Art. 28.3bis of the Articles of Association, for the appointment of one or more Regular and Alternate Auditors that, for any reason, are not elected with the above procedures, the Shareholders' Meeting shall resolve with the majorities provided by law in compliance with the principle of representation of minorities and the applicable regulation on gender balance.

Finally, the Shareholders are invited to read the document "*Guidelines of the Board of Statutory Auditors of Leonardo S.p.a. to the Shareholders on the composition of the Board of Statutory Auditors*", attached to these Reports, prepared by the Board of Statutory Auditors on the basis of the results of its self-assessment process and in line with diversity policies. This document was published on the Company's website on 19 March 2021.

The lists of candidates properly submitted, together with the above mentioned information and documentation, are made available to the public at the registered office, at Borsa Italiana S.p.A., as well as on the Company's website ([www.leonardocompany.com](http://www.leonardocompany.com), Section "2021 Shareholders' Meeting") and on the authorised storage mechanism eMarket STORAGE ([www.emarketstorage.com](http://www.emarketstorage.com)), within twenty-one days before the date of the first call (i.e. by 19 April 2021).

In relation to the above, we invite you to vote at the Shareholders' Meeting for one of the lists of candidates for the position of Regular Auditor and for the position of Alternate Auditor, among those that will be submitted, filed and published in accordance with the provisions set out above.

**Explanatory report of the Board of Directors on item 3 on the agenda**

Appointment of the Chairman of the Board of Statutory Auditors.

Dear Shareholders,

it is recalled that – in accordance with Art. 148, paragraph 2-bis, of Legislative Decree No. 58/98 and with Art. 28.3, paragraph 15, of the Articles of Association – the Chairman of the Board of Statutory Auditors is appointed by the ordinary Shareholders' Meeting among the Regular Auditors elected by the minority shareholders.

The Shareholders are invited to read the document "*Guidelines of the Board of Statutory Auditors of Leonardo S.p.a. to the Shareholders on the composition of the Board of Statutory Auditors*", attached to these Reports, prepared by the Board of Statutory Auditors on the basis of the results of its self-assessment process and published on the Company's website on 19 March 2021.

In relation to the above, the Shareholders are invited to vote on the appointment of the Chairman of the Board of Statutory Auditors from among the Regular Auditors elected by the minority shareholders.

## **Explanatory report of the Board of Directors on item 4 on the agenda**

### Determination of the remuneration of the members of the Board of Statutory Auditors.

Dear Shareholders,

it is recalled that - in accordance with Article 2402 of the Italian Civil Code and Article 28.1 of the Articles of Association - the remuneration of the Statutory Auditors shall be determined by the ordinary Shareholders' Meeting at the time of their appointment, for the entire term of their office.

It should be underlined that, in this regard, the ordinary Shareholders' Meeting of 15 May 2018 determined the remuneration of the Board of Statutory Auditors about to expire as follows: (a) Euro 70,000.00 gross per year for each of the Statutory Auditors; (b) Euro 80,000.00 gross per year for the Chairman of the Board of Statutory Auditors.

Shareholders are invited to read the document "*Guidelines of the Board of Statutory Auditors of Leonardo S.p.a. to the Shareholders on the composition of the Board of Statutory Auditors*", attached to these Reports, prepared by the Board of Statutory Auditors on the basis of the results of its self-assessment process and published on the Company's website on 19 March 2021, as well as what is reported in the first Section of the Report on the policy regarding remuneration and fees paid, in relation to the remuneration of the Board of Statutory Auditors.

In relation to the above, Shareholders are invited to vote on the determination of the remuneration of the members of the Board of Statutory Auditors on the basis of the proposals that may be presented in the manner and within the terms indicated in the notice of call of the Shareholders' Meeting.



## **Explanatory Report of the Board of Directors on item 5 on the agenda**

### Long-Term Incentive Plan for the management of the Leonardo Group. Inherent and consequent resolutions.

Dear Shareholders,

we submit for Your approval the proposal of a Long-Term Incentive Plan based on financial instruments (hereinafter the "Incentive Plan") for the management of the Leonardo Group, defined by the Board of Directors on the basis of the preliminary activities carried out by the Remuneration Committee of the Company.

The characteristics of the Plan are described in the Information Document drawn up by the Company pursuant to Art. 84-bis of the Consob Regulation No. 11971/99 ("Issuers Regulations"), that is made available to the public - within the terms provided by the existing provisions of law - at the Company's registered office, at Borsa Italiana S.p.A., on the Company's website ([www.leonardocompany.com](http://www.leonardocompany.com), Section "2021 Shareholders' Meeting"), and on the website of the authorised storage mechanism eMarket STORAGE ([www.emarketstorage.com](http://www.emarketstorage.com)).

You are therefore invited to read the Information Document.

With reference to the implementation of the Incentive Plan as detailed in the Information Document, it is recalled that:

- the Leonardo Shareholders' Meeting of 15 May 2018 authorised the availability of the treasury shares held time by time by the Company for the purposes of the incentive plans that the Company has approved and that it may approve in the future;
- as of today, the Company has No. 2,976,680 treasury shares;
- in order to serve the incentive plans, the Board of Directors may request the Shareholders' Meeting to authorise the purchase of treasury shares in the future.

In light of the above, we submit for Your approval the following proposal for resolution on the fifth item on the agenda:

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

- *having regard to the provisions of Art. 114-bis of Legislative Decree 58/98 and of Art. 84-bis of the Issuers' Regulation;*

**resolves**

*to approve the Long-Term Incentive Plan for the management of the Leonardo Group, within the terms and according to the conditions described in the Information Document prepared by the Company pursuant to Art. 114-bis of the Legislative Decree No. 58/98 and Art. 84-bis of Consob Regulation No. 11971/99, granting the Board of Directors all the powers necessary for the implementation of the Plan including the power of sub-delegation to the Chief Executive Officer to be exercised on the basis of the preliminary and/or consultative activities carried out by the Remuneration Committee.”*

## **Explanatory Report of the Board of Directors on item 6 on the agenda**

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 express 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 illustrates the Company's policy for the 2021 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 2021 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.leonardocompany.com](http://www.leonardocompany.com) (Section "2021 Shareholders' Meeting") and on the website of the authorised storage mechanism eMarket STORAGE ([www.emarketstorage.com](http://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 sixth 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 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 24 March 2021 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.”*

## **Explanatory Report of the Board of Directors on item 7 on the agenda**

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 express 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 the 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 2020 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.leonardocompany.com](http://www.leonardocompany.com) (Section "2021 Shareholders' Meeting") and on the website of the authorised storage mechanism eMarket STORAGE ([www.emarketstorage.com](http://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 seventh 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 24 March 2021 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.”*

On behalf of the Board of Directors  
The Chairman  
(Luciano Carta)





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## The context

Leonardo's Board of Statutory Auditors consists of five Standing Auditors and two Alternate Auditors, and is appointed by the Shareholders' Meeting on the basis of the "slate vote" mechanism. It performs specific supervisory tasks pursuant to the law, in particular with regard to:

- compliance with the law and the Company's Bylaw;
- compliance with the principles of correct administration;
- risk management as well as the Company's administrative and accounting system management;
- implementation of the corporate governance rules envisaged by the Corporate Governance Code, to which the Company adheres;
- adequacy of the instructions given to subsidiaries in accordance with the law.

The Chairman of the Board of Statutory Auditors is appointed by the same Assembly from among the Statutory Auditors elected by the "minority slate".

Leonardo's Board of Statutory Auditors currently in office is made up of five Standing Auditors (Luca Rossi, Sara Fornasiero, Francesco Perrini, Leonardo Quagliata and Daniela Savi), and two Alternate Auditors (Giuseppe Cerati and Marina Monassi). Sara Fornasiero and the President Luca Rossi were elected from the minority slate. In its current composition, the Board of Statutory Auditors will remain in office until the approval of the 2020 financial statements.

The Board of Statutory Auditors annually carries out a self-assessment process aimed at collecting the opinions of its members, both on the functioning and composition of the Board itself as a whole, also taking into account the evolution of its role over time. On the occasion of the expiry of the mandate, and of the appointment of the new Board of Statutory Auditors on the venue of the approval of the 2020 financial statements, the control body deemed it appropriate to facilitate its self-assessment process with the support of external consultants (Eric Salmon & Partners). This in the twofold objective of:

- verify the composition and functioning of the Board currently in office, identifying its strengths and possible areas for further improvements;
- due to the expiry of the mandate, provide elements in support of the guidelines to shareholders regarding the composition of the future Board.



## The composition and functioning of the current Board of Statutory Auditors

Based on the self-assessment that has been performed, Leonardo's Board of Statutory Auditors is characterized by a **composition that is largely corresponding to the ideal profile of skills and professionalisms**, with a good degree of gender diversity, tenure in the role, and profiles of skills/competences. Although some Statutory Auditors emphasize the importance of strengthening legal and juridical skills, others consider it inappropriate to include overly specialized profiles. Moreover, the Board seems to show the main areas of weakness exactly in those areas which are considered less relevant to the performance of the control activity of the Board itself (e.g. ICT, change management, detailed knowledge of the international markets in which LDO operates, experience in the public sector).

The mix of different professionalisms, personalities, and seniority in office, has been transformed from a potential threat to the proper functioning of the Board, to a fundamental element for "cementing" the working group. The entire Board of Statutory Auditors expresses a **broad and unanimous appreciation for the great personal cohesion**, and for the **collaborative climate** characterized by a "frank" and constructive discussion that makes it possible to exploit at the best the complementary of skills described above.

Among other positive aspects, all the Statutory Auditors agree in a strong appreciation of the induction program that has been carried out; in this regard, it is however necessary to take into account for the future a need for specific induction for the Board of Statutory Auditors – for example on regulatory changes – as well as the opportunity of a dedicated training for the Board of Statutory auditors, especially in case of renewal in its composition, due to the time lag between the renewal of the board of directors and that of statutory auditors itself.

Despite the overall very broad appreciation for the composition, structure and functioning of the Board, witnessed in quantitative terms by 83.2% of responses in full agreement to the questions listed in the self-assessment questionnaire, the only areas in which there is a potential further improvement are the following:

- In the context of a significant commitment due to the complexity of the Group, there seems to be further room to make the **internal workflow** even more efficient, including the timing of meetings and the individual study of documentation to avoid slowdowns during meetings. At the same time, the simplification of some authorization procedures can be evaluated.
- To make this possible, it appears essential to continue along the ongoing path of strengthening the **coordination with the Company Secretariat**, also with the aim of facilitating **timely information**.
- With regard to the adequacy of the remuneration paid to the Statutory Auditors, in consideration of the size and international structure of the Group, the characteristics of the business, the professionalism and the commitment required for the performance of the office, in an increasingly important legal and economic context, the Board of Statutory Auditors, which is also called to perform the duties of the Internal Control and Audit Committee, points out the opportunity for the Shareholders' Meeting to approve **an increase in the remuneration** paid to the control body itself.

In terms of the ideal qualitative-quantitative composition for the future Board of Statutory Auditors of Leonardo – as it will be better articulated in the next paragraph – the analysis of the assessments, expressed both on its current and future structure, confirms a shared opinion in the Board towards maintaining the current mix of skills and professionalisms, even in the event of a review of its composition.



## The ideal qualitative-quantitative composition for the future Board of Statutory Auditors

As anticipated in the introduction, the central element of the "end-of-mandate review" of the Board of Statutory Auditors of Leonardo S.p.A. is represented by the assessment of the "ideal" qualitative and quantitative composition for the future Board that will be appointed with the approval of the 2020 financial statements.

In this regard, **both the analysis of the current mix of skills and the "desired" mix were considered at the same time.** In the first case, the Statutory Auditors were asked to comment on the current presence of an articulated set of competences, while in the second to evaluate, for the same set of competences, the importance they should play in the composition of the future Board of Statutory Auditors.

Comparing the skills considered to be currently well represented with the ones deemed to be essential by all the Statutory Auditors, **a very large degree of overlap emerges between the current mix of knowledge, skills and experiences, and the desired one.**

Among the **skills considered to be currently well represented in the Board**, and which are judged to be equally important for the future, are worth mentioning:

- Knowledge of Leonardo's regulatory system (bylaw, regulations, procedures);
- Corporate governance skills;
- Competences in internal control system;
- Ability to read and interpret financial statements and financial documents;
- Financial and extraordinary transactions skills;
- Accounting skills;
- Expertise in the field of statutory audit;
- Experience and supervisory skills on the adequacy and concrete functioning of the organizational structure and the administrative and accounting systems;
- Experience in administration or control of large corporations;
- Experience and supervisory skills on the adequacy of the internal control structure;
- Risk management skills;
- Competences on sustainability;
- Experience in other listed companies.

Conversely, by analyzing **the skills that are currently less represented in Leonardo's Board of Statutory Auditors, as well as those considered less critical for the future, we can again observe a broad overlap of opinions.** In particular, both the ICT and IT security skills, and the in-depth knowledge of Leonardo's foreign markets of interest, are judged in both cases not present in the current board, as well as unnecessary to be represented for the future. Similarly, neither managerial experiences in public administrations nor experiences of university teaching in relevant subjects, are considered particularly important selection criteria for the future, unless in the very specific case of some members that not are registered in the Register of Auditors.

From what has been observed, it seems to be possible to conclude that the analysis of the assessments expressed both on the current and on the future structure, confirms an opinion, shared by the Board of Statutory Auditors, **towards maintaining the current mix of skills and professionalism, even in the event of a review of the composition of the control body**, ensuring at the same time: i) the presence of the "core" competences (competences of company law, corporate governance, reading and interpretation of financial statements and documents, legal supervision, as well as internal control); ii) adequate experience in the same



role in organizations of similar complexity; iii) maintenance, if not strengthening, of “emerging” skills (primarily sustainability), on which Leonardo’s Board of Statutory Auditors seems to have already fully adapted; while guaranteeing specific induction on Leonardo’s business knowledge, especially at an international level.