

MATERIALITY ANALYSIS

A compass for Leonardo's strategic choices



Materiality analysis selects priority topics for Leonardo (material topics) by identifying the most significant impacts the Company and its value chain have on the planet, people, society and the economy. In 2022, Leonardo strengthened the process for defining its material topics by focusing on its own impacts and consolidating the dialogue with stakeholders. The aim was to increase the contribution of the analysis results and integrate the perspective of stakeholders into the Group's strategy and reporting, strengthening the creation of shared value.



IMPACT MATERIALITY

In view of the current context and the many regulatory changes concerning sustainability, in 2022, **Leonardo reviewed its materiality analysis process**. In particular, in line with the Global Reporting Initiative (GRI) standards, the 2022 materiality assessment was conducted from an impact perspective, rather than relevance as in previous years. This evolution has led Leonardo to engage its key stakeholders in greater depth through dedicated focus groups, and to involve an Advisory Board of experts. The analysis was conducted with the broad **involvement of Leonardo's internal functions**, its top management and a significant cross-sectoral group of stakeholders, identified in collaboration with various corporate departments and functions.

MATERIALITY ANALYSIS HIGHLIGHTS

FOCUS GROUPS

32

stakeholders involved in dedicated meetings in Italy and the UK

21

mapped impacts

ONLINE SURVEY

266

stakeholders involved

50

managers involved

181

responses from 11 countries

DATA DRIVEN DOCUMENT ANALYSIS

21

AD&S company reports

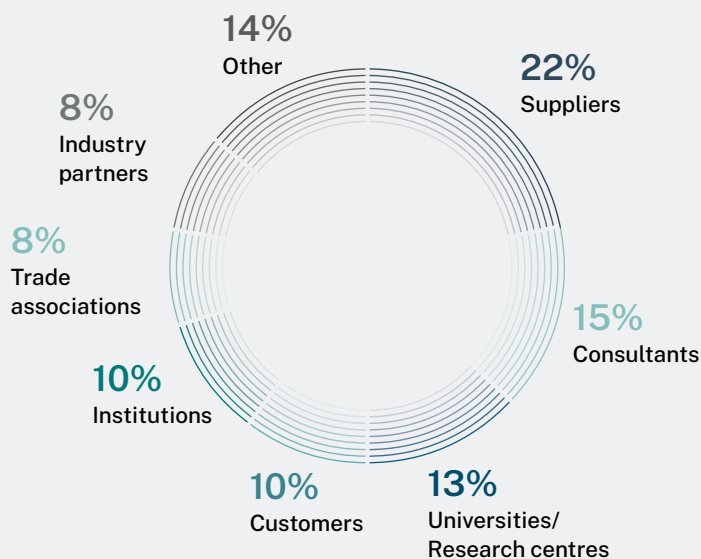
7,600

press articles

2,269

national and international regulations and standards

STAKEHOLDERS INVOLVED BY TYPE



18
MATERIAL
TOPICS

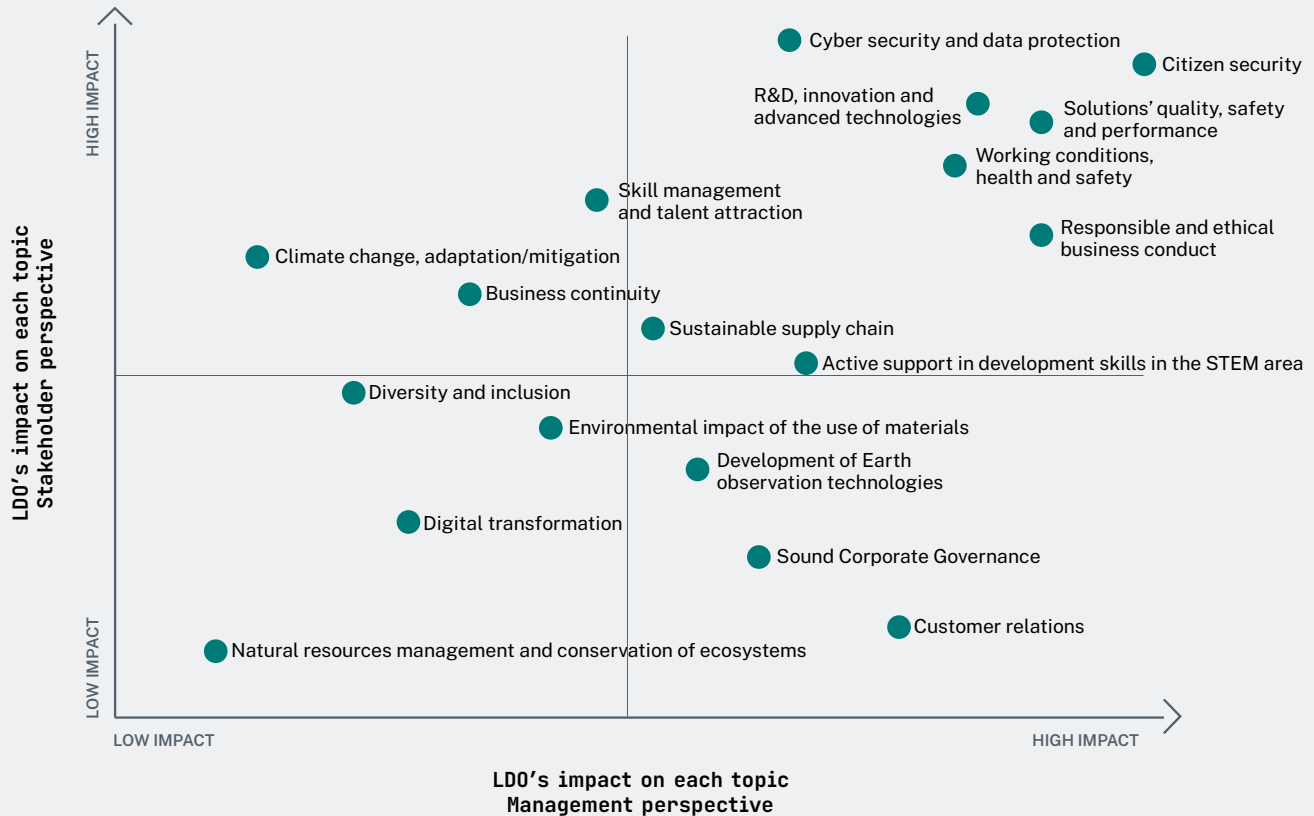
Leonardo's materiality analysis and its results were submitted to the Board's **Sustainability and Innovation Committee** and **approved by the top management**.

The list of the topics was published in the **2022 Integrated Report**.

The process consisted of the following steps: **identification and prioritisation of impacts, data analysis and processing**. The list of material topics was defined after the application of a material threshold that identified the most significant topics. In view of a dynamic materiality, the topics below the threshold (namely *Digital sobriety, Territory and community development, Geopolitical context*) will be monitored, as their impact could evolve upon a changing context.

The matrix below represents the results of the analysis: it identifies the degree of **priority for each material topic** and it compares the view of the management with that of external stakeholders.

The high-impact topics – those in the top-right quadrant – **are in line with the Group's core business or with the trends relevant to the Aerospace, Defence & Security sector.** In particular, these topics are linked to the current geopolitical instability, the security situation, the growing need for innovation and technological development, as well as workers' conditions and business integrity. There is also a significant difference between the perspective of management and that of external stakeholders for some topics (e.g. *Climate change* and *Customer relations*).



DOUBLE MATERIALITY

In this phase of regulatory transition, Leonardo explored the **principle of “double materiality”** set out in the Corporate Sustainability Reporting Directive (CSRD), which will enter into force in 2024.

This principle requires material topics to be defined by integrating impact materiality, namely the *inside-out* perspective (impact of Leonardo and its value chain on the planet, people and the economy), with the *outside-in* perspective, that considers the risks and opportunities arising from a given topic and the impact they could have on the company's ability to create value.

Internal stakeholders and the top management were also asked for feedback on the **potential impact the topics may have on Leonardo's creation of financial economic value** (financial materiality). In line with the impact materiality results, **the topics considered to have the greatest impact on financial prospects** (financial materiality) are:

- Research and development, innovation and advanced technologies
- Cyber security and data protection
- Skill management and talent attraction
- Solutions' quality, safety and performance

Although the results of the double materiality analysis were not published in the financial statement, **the evidence emerged will guide the integration of future regulatory requirements into Leonardo's processes**, especially in Europe with the Corporate Sustainability Reporting Directive.