EXECUTIVE SUMMARY - REPORT ON REMUNERATION POLICY AND FEES PAID

2026

LEONARDO

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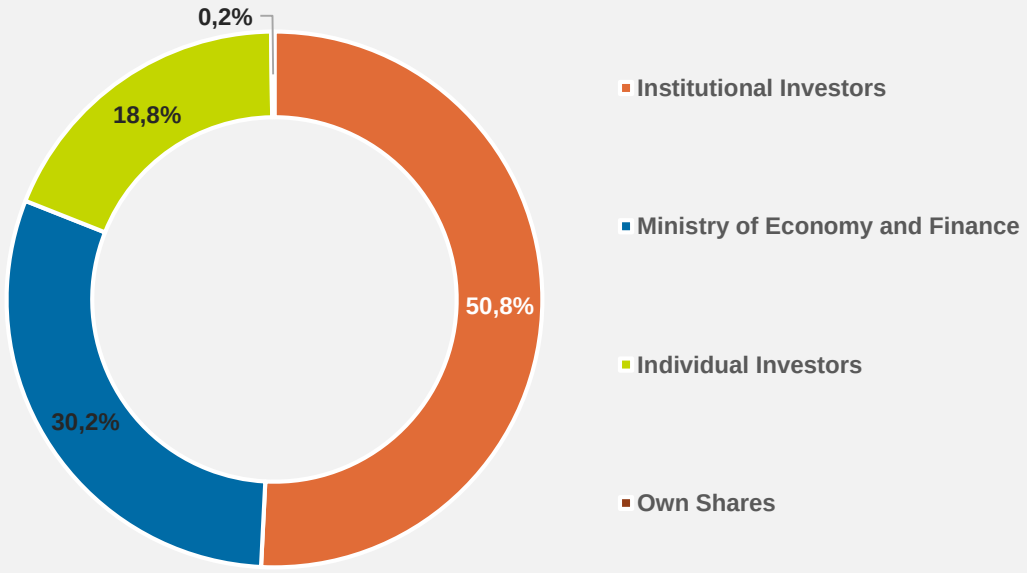
The Leonardo Group

Leonardo SpA is a global high-tech company in the Aerospace, Defence and Security sectors. The Company is based in Italy and employs nearly 60,000 people; it has a significant industrial presence in four markets (Italy, the United Kingdom, the USA, Poland and Israel) and strategic partnerships in the major international markets with high potential.

Leonardo SpA has an organisational structure divided into five Divisions and also operates through subsidiaries and joint ventures (including Telespazio and Thales Alenia Space, joint ventures with Thales, ATR, joint ventures with Airbus and MBDA).

2025 Highlights

Shareholding structure



2026 INDUSTRIAL PLAN (2026-2030)

The 2023-2025 path

In a context characterised by increasingly complex geopolitical and technological scenarios, the issue of defence and security has gradually emerged as a continent-wide, multi-domain challenge. Consequently, these areas can no longer be considered separate or exclusively national but must be addressed through an integrated approach linking space, cyber, and traditional operational domains. This implies strengthening European industrial cooperation, developing advanced digital technologies, and creating interoperable capabilities capable of ensuring strategic autonomy, resilience, and technological superiority.

In this scenario, Leonardo's vision is to respond to three significant challenges in Global defence:

1. **Defence is increasingly based on bytes, as well as on bullets** – The battlefield has changed, moving increasingly towards a combination of conventional and advanced systems, digital technologies, satellite applications and drones;

2. **From conventional Defence to the broader concept of "global security" –** The traditional concept of defence is evolving towards a broader dimension of global security. Regional conflicts have effects that transcend geographical and military boundaries, generating repercussions in key areas such as energy, food supply, social stability, cyberspace, and critical infrastructure. In this context, it is becoming increasingly essential to have the capacity for observation, analysis, and continuous monitoring of scenarios to anticipate risks and strengthen the resilience of each country as a system;

3. **Security as a continental rather than a national issue** - No European country can claim sufficient autonomy, and the current fragmentation of Defence spending is making Europe increasingly weak. The acceleration of technological progress and the rapid succession of unprecedented events in the global geopolitical balance require not only increased investment but, above all, greater synergy, including through standardisation and interoperability of platforms.

To respond to these challenges, Leonardo has embarked on a **path of profound transformation**, based on:

- **Strengthening core activities** through greater industrial focus, portfolio rationalisation, and prioritisation of investments in areas of highest strategic value, supported by research and development in digital technologies, the work of the Leonardo Innovation Labs, and the supercomputing capabilities of the davinci-1 super-computer.
- Integrating organic growth with M&A development through **international partnerships, joint ventures, and targeted acquisitions** aimed at strengthening technological capabilities and filling specific gaps in the offering, such as:
    - The **Edgewing JV**, formed by **Leonardo, BAE Systems and Mitsubishi**, for the development of a Sixth-generation fighter jet.
    - **The acquisition of Iveco Defence Vehicles**, to expand the portfolio to Land platforms.
    - The **LMRV JV with Rheinmetall**, for the development of Main Battle Tanks and Tracked Infantry Vehicles.
    - The **LBA JV with Baykar**, for the development of UAV platforms with cutting-edge technology.
    - The creation of an **End-to-End European operator in Space** with the Bromo project, a **JV with Airbus and Thales.**
    - The acquisition of technological players in the **Cyber Security** area, such as **SSH and Axiomatics**, aimed at completing the portfolio of solutions in the sector.

However, this path has helped strengthen the Group's position as an increasingly credible player in the development and provision of **integrated, multi-domain solutions**, in line with the evolution of operating scenarios and customer needs.

This transformation is reflected in the results from 2022 to 2025, in fact:

- **+38% of new orders** to €bil. 23.8 in 2025
  +33% of revenues to €bil. 19.5
- **+44% of EBITA** to €bil. 1.8
- **+86% of FOCF** to €bil. 1.0

These results were greatly appreciated by the market, with **Leonardo's future capitalisation increasing by approximately 6x,** during the reporting period, **to approximately €bil. 34 in January 2026.**

At present, Leonardo operates as a true multinational company with a clear industrial vision and a strong focus on execution.

GUIDELINES OF THE INDUSTRIAL PLAN

When the main international conflicts gradually stabilize in the future, this could lead to a **"new normal" centered on more sustainable and resilient global security**. In this phase, the traditional concept of defence will evolve further towards an integrated and preventive approach, which will require Governments and major industrial players to strengthen and systematise critical infrastructure by exploiting dual-use technologies. The adoption of advanced solutions in the digital, space, and cyber domains, together with the use of platforms, will become a key element in ensuring the protection of economic and social systems in an increasingly connected and complex world.

Consequently, with its **2026-2030 Strategic Plan, Leonardo** aims to complete its transformation **from a defence leader with the most comprehensive product portfolio in all domains of** manned and unmanned defence platforms **to a leading dual-use company in global security**, with capabilities of excellence in **Artificial Intelligence (AI), High-Performance Computing (HPC), Data Analytics, and Cybersecurity**. This positioning is not only intended as a technological evolution, but as a lever to ensure **multi-domain interoperability**, operational resilience, and integrated response capabilities to complex and interconnected global security scenarios. In fact, digitisation and the convergence of physical and cyber systems are key elements in addressing **hybrid and multi-vector threats**, going beyond the traditional siloed approach.

In this vision, the **Michelangelo Dome** represents the primary use case of Leonardo's new vision: an advanced defence system with an **open and modular architecture** that allows the transition from a "siloed" defence to a truly **multi-domain architecture**, integrating sensors, platforms, and command and control on land, sea, air, space, and cyber.

Michelangelo Dome is an ecosystem in which:

- Proprietary and third-party systems (including other **Air Defence Systems**) can be interoperated in real time
- **AI-based data fusion tools** enable the aggregation of information from different domains
- **Multi-layer rapid response** is enabled against a wide spectrum of threats, from hypersonic missiles to swarms of autonomous drones.

With these solutions, Leonardo does not merely provide high-performance defensive capabilities, but aims to offer a **resilient, interoperable, and adaptive global security model**: a framework in which dual-use technology becomes an enabling factor in addressing threats that no longer manifest themselves as isolated events, but as interconnected, evolving, and often sophisticated phenomena. This perspective guides investment in **AI, HPC, cybersecurity, autonomous and collaborative systems**, and the construction of open architectures capable of integrating with both proprietary resources and third-party ecosystems, with a view to end-to-end security and support for institutional partners at the international level.

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LEONARDO SUSTAINABILITY PLAN

Leonardo's mission is to provide technologies for a safer future: innovative integrated solutions for communities' defence, security, and protection that help countries and their institutions safeguard citizens and critical infrastructure, contributing to peace and prosperity in society. In line with this mission, the Industrial Plan, and the priorities that came out of the double materiality analysis, Leonardo has put together a five-year sustainability plan for the period 2026 to 2030, which covers the entire value chain and is fully integrated into the business. It structurally strengthens the link between sustainability and industrial strategy, positioning it as a lever for value creation and an enabler of competitiveness and resilience in the medium to long term. The sustainability plan aims to increase the efficiency and resilience of operations, develop integrated technologies and solutions for the protection of people, infrastructure, and communities, and anticipate and manage risks, strengthening Leonardo's role as a reliable partner to Governments and institutions. **The Plan consists of over 90 high-impact projects,** structured according to an updated **framework that covers the Group's entire business portfolio and geographical scope.**

- **Integrated sustainability throughout the value chain**
- Increasing commitment to **digitisation of solutions and operations** and strengthened **HPC capacity**
- Strong focus on technologies, with a growing role for Space and Cyber solutions
- **Data-driven** approach and **project measurability** based on a **digital ecosystem** and management control

The new framework has been designed to be closely aligned with **the Group's industrial priorities and decision-making processes**. It focuses activities on the main business areas while enhancing the positive impact that the company has on the outside world, concentrating initiatives on four well-established clusters - instead of the eight in the previous version:

- Efficiency in operations with a consequent reduction in environmental and climate impact, and a more resilient supply chain;
- Development of innovative technologies capable of generating a positive impact on society and adaptation to climate change;
- People empowerment, skills development, and social value generation in local communities;
- Compliance with business ethics and human rights principles across all Group activities.

The priorities of the 2026–2030 plan include the development of products and solutions with positive impacts on society - including multi-domain solutions for global security and climate change adaptation -, as well as digital products and services and technologies with reduced environmental impact (e.g., flight simulators), decarbonisation, optimisation of resource use and circularity, with a focus on critical raw materials, the application of Life Cycle Assessment (LCA), and strengthening of a sustainable supply chain.

Projects are defined through clear and measurable objectives and monitored through KPIs integrated into a digital ecosystem dedicated to managing plan performance and supporting the integration of sustainability and industrial objectives.

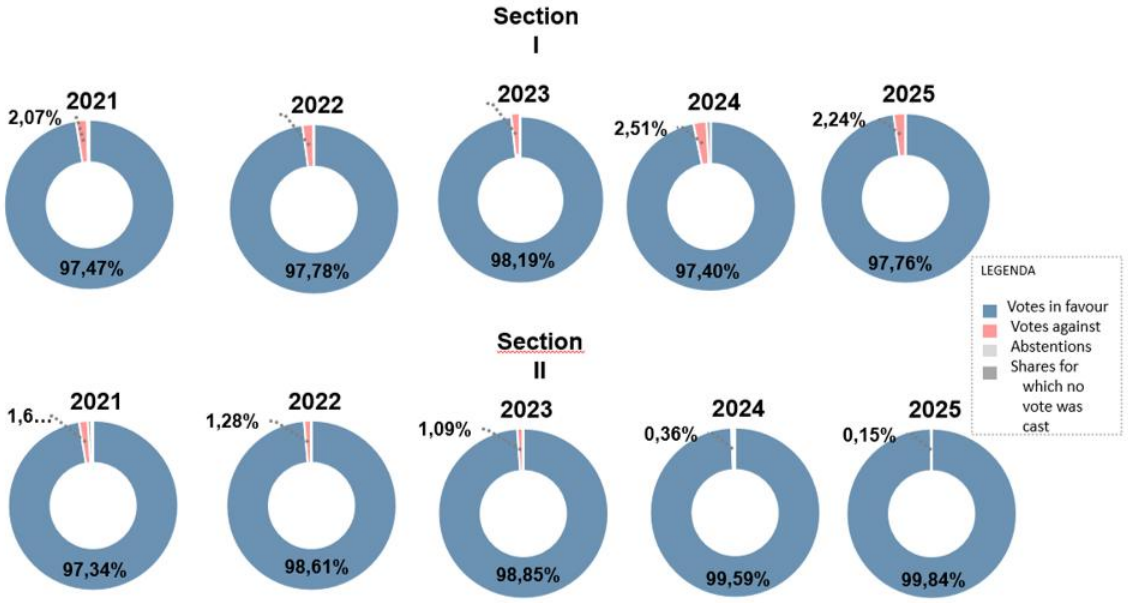
Leonardo Remuneration Policy

Leonardo's Remuneration Policy is designed to meet the challenges posed by the Industrial Plan, of which the Sustainability Plan forms an integral part. The link between variable incentive plans and the Industrial Plan is described below:

	LINES OF THE INDUSTRIAL PLAN	Organic Growth and Innovation	Business Efficiency	International Alliances and M&A	Sustainability
MBO PLAN	EBITA	✓	✓	✓	
	FREE OPERATING CASH FLOW	✓	✓	✓	
	GROUP ORDERS	✓	✓	✓	
	INDUSTRIAL PLAN OBJECTIVES	✓	✓	✓	
	DOW JONES SUSTAINABILITY INDICES		✓		✓
	ACCIDENT FREQUENCY RATE	✓			✓
LTI PLAN	TOTAL SHAREHOLDER RETURN	✓	✓	✓	✓
	NET DEBT	✓	✓	✓	✓
	RETURN ON INVESTED CAPITAL	✓	✓	✓	✓
	GROUP REVENUES	✓		✓	✓
	GENDER DIVERSITY (STEM AREA)				✓
	CLIMATE CHANGE			✓	✓

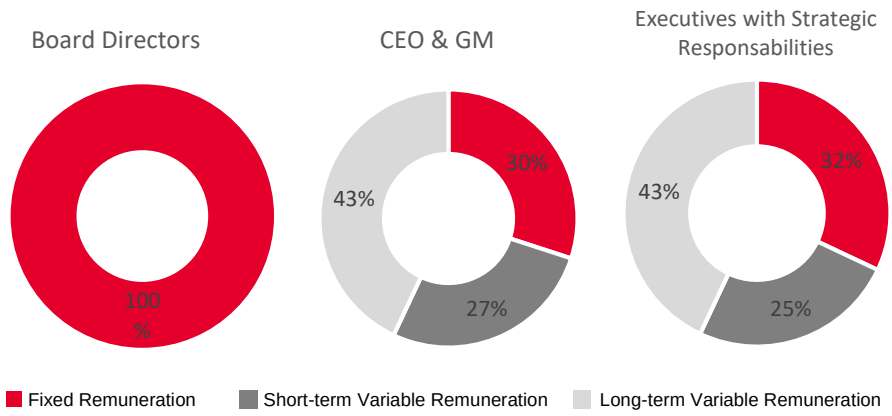
Trend of voting result on the annual remuneration report (2021-2025)

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 (2021-2025). It shows a positive trend of votes in favour. The results in general and especially the reasons given for votes against cast at the 2025 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.



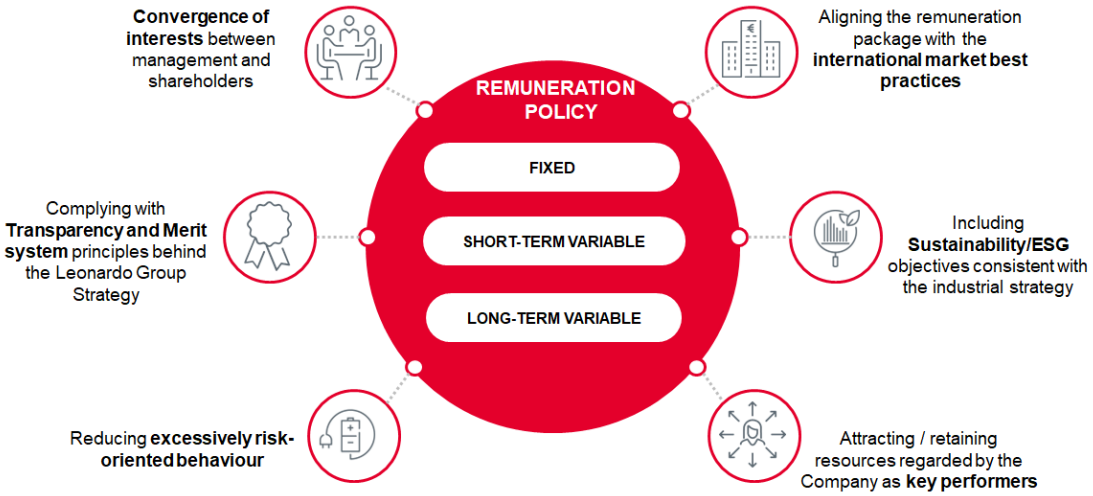
Pay mix

The charts below refer to the pay-mixes, calculated by considering the valuation of short- and long-term incentives after assuming results by target.



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 determining the Remuneration Policy for the Chief Executive Officer and General Manager, and Other 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"[1] by also empowering management to listen to and engage with various stakeholders and to create value for different sources of capital. 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.

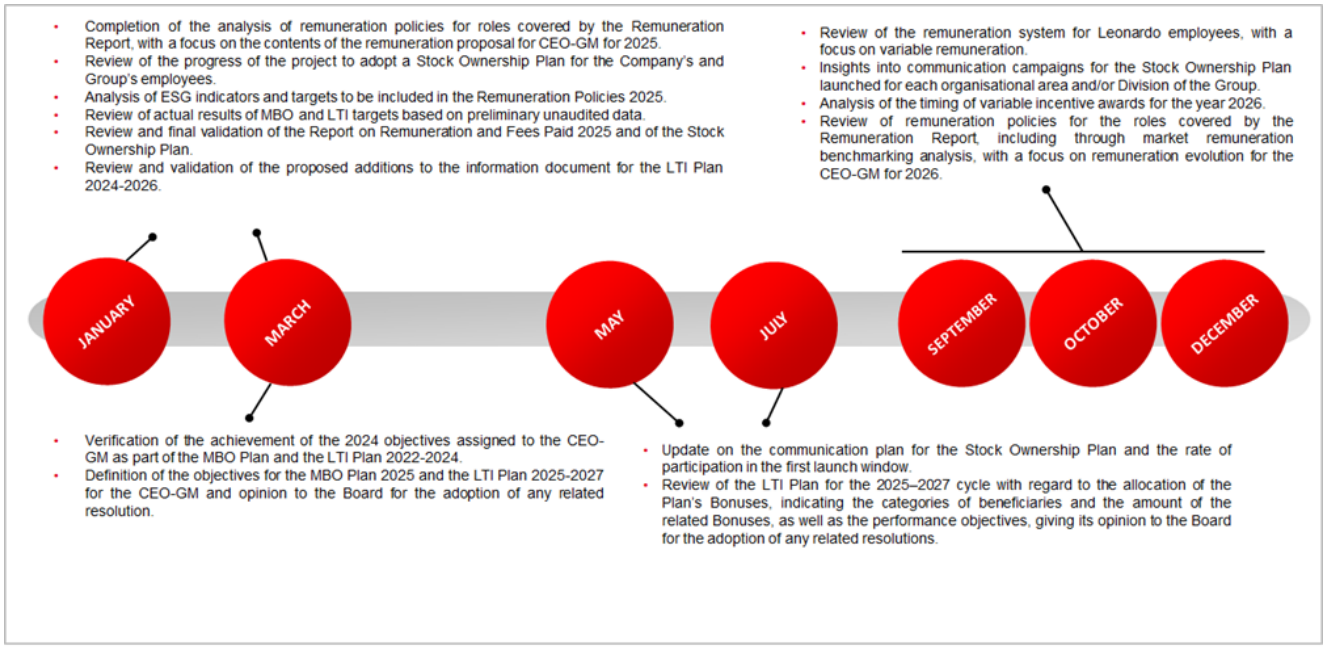
The policy aims to attract and motivate human resources who have the professional qualities required to carry out their duties and fulfil their responsibilities, through adequate remuneration systems that are aimed at pursuing the Company's long-term interests with respect to new areas for the creation 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 at 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 the indicators used to measure the remuneration, without prejudice to the existence of an upper limit on incentives.

Governance

The Leonardo Group has arranged a process of **Governance of remuneration systems, which involves both corporate bodies** (Shareholders' Meeting, Board of Directors, Remuneration Committee and Board of Statutory Auditors) **and some Corporate Organisational Units** (People & Organization Unit, as well as other Organisational Units with specific expertise in the matters dealt with)

[1] 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".

Main issues dealt with by the Remuneration Committee in 2025:



Remuneration Policy 2026

The following section provides a summary of the 2025 policy elements, without prejudice to the powers of the Shareholders' Meeting and of the newly-appointed Board of Directors to set out fees pursuant to Article 2389, paragraph 1, and Article 2389, paragraph 3, of the Italian Civil Code, respectively.

Board of Directors

For the corporate bodies, except for some directors who are vested with specific duties (CEO & GM), the **remuneration consists exclusively of a fixed element**:

Position	Fees under art. 2389, paragraph 3	Fees under art. 2389, paragraph 1
President of BoD	€ 400.000	€ 90.000
BoD Member	-	€ 80.000

Position	Remuneration for the position of General	Fees under art. 2389, paragraph 1
CEO & GM	€ 1.070.000	€ 80.000

Below are the Fees payable for the participation in the **Board Committees and in the Board of Statutory Auditors**:

Position	Fees
Chairman of the Board Committee	€ 7.500
Member of the Board Committee	€ 2.500
Attendance fee (for each Committee meeting)	€ 2.000
Chairman of the Board of Statutory Auditors	€ 80.000
Member of the Board of Statutory Auditors	€ 70.000

Chief Executive Officer and General Manager

Variable Remuneration

Variable remuneration is divided into a **short-term component** (MBO Scheme) and a **long-term component**.

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 business 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 and provides for the following payment of the:

	Target Bonus	Targer Bonus (% Fixed Remunertion)
CEO & GM	€ 1.035.000	90%

Performance Gate and Objective Table - MBO

	Type of objective	Objective	Weight	Functioning mechanism	Target / Guidance	
Performance Gate	Group Economic and Financial	Group EBITA	25%	Payout Range: 100%-175%	€Bil. 2.4 €Bil. 2.0	If one or both of 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%-200%	€Bil. 1.4 €Bil. 1.1	
	Strategic	Group Order Intake	25%	Payout Range: 100%-150%	€Bil. 31.2 €Bil. 25.0	
		Michelangelo Dome - Roadmap 2026	7.5%	On / Off	Industrial Plan	
		Re-organization of the group's Procurement, Real Estate and General Services area	7.5%	On / Off	Industrial Plan	
	Sustainability	Inclusion of Leonardo in Dow Jones Best-in-Class Indices	5%	On / Off	Inclusion of Leonardo	
		Accident frequency rate	5%	On / Off	FR ≤ 2	

Long-term Variable Component

The Shareholders' Meeting held on 24 May 2024 approved, in an ordinary session, the Long-Term Incentive Plan of Leonardo, whose changes will be submitted to the Shareholders' Meeting to be held on 26 May 2025. While maintaining the main architectural elements of the previous Plan unchanged, the Incentive Plan has introduced a performance objective linked to growth, in alignment with the Industrial Plan, as well as a stronger pay-for-performance link through the introduction of an over-performance mechanism for all beneficiaries under the plan.
The Plan is structured into three annual awards as from 2024, each with a three-year vesting period.

For the CEO and GM the incentive is **fully expressed in ordinary Leonardo S.p.A. shares**

	Target Bonus	Target Bonus (%Fixed Remuneration)
CEO & GM	€ 1.610.000	140%

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:

Objective	Weight	Reference Financial Periods	Performance Range	Payout Range
Relative Total Shareholder Return	35%	2028 (Δ vs 2026)	1 2 3 4 5 6 7 8 9 10 11 12 13	140% 120% 100% 100% 75% 75% 50% 0% 0% 0% 0% 0% 0%
Returned on Invested Capital (%)	25%	2028	Maximum (21,7)	140%
			Target (20,7)	100%
			Minimum (18,6)	50%
Group Revenues	20%	2028	Maximum (€Bil 72)	140%
			Target (€Bil 68.6)	100%
			Minimum (€Bil 66.8)	50%
Group Net Debt	10%	2028	Maximum (€Bil 0.6)	140%
			Target (€Bil 0.8)	100%
			Minimum (€Bil 0.9)	50%
Climate Change (Scopes 1 and 2 Emission Strenght)	5%	2028	Target (11,5)	100%
			Minimum (12)	50%
Gender Diversity (% of female new hires with a STEM degree)	5%	2026-2028	Target (22)	100%
			Minimum (21)	50%

Below it is detailed the **Peer Group** selected for the **Relative TSR**:

Pay in the event of termination of office or employment

In accordance with the recommendations in the Corporate Governance Code, there is a provision for an allowance of up to a maximum of 24 monthly fees to be paid to the Chief Executive Officer and General Manager, working for the company under a permanent executive employment contract, by assuming fixed and short-term variable remuneration as a reference.
Non-competition agreements, where entered into, must be considered in the valuation of fees due upon termination of office and, therefore, included in the maximum limit of severance pay as envisaged. With regard to the rights granted under Long-Term Incentive Plans, if termination falls within the cases of Good Leaver, the rights may 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.

Executives with Strategic Responsibilities

Fixed Remuneration

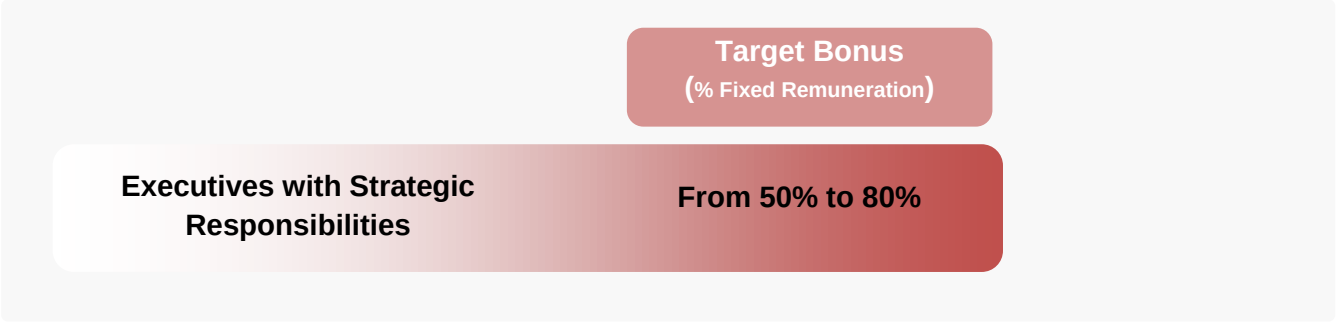
It is such that it **adequately remunerates the services** in relation to the assigned duties and responsibilities. The fixed remuneration of Executives with Strategic Responsibilities, Top Management and other managerial resources is **proportionate to the responsibilities assigned to them** and to the target market positioning.

Variable Remuneration

Variable remuneration is divided into a **short-term component** (MBO scheme) and **a long-term component**.

Short-term Variable Component

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 and provides for the following payment of the Bonus:



The MBO Scheme for Executives with Strategic Responsibilities and other Top Management members is subject to the following structure of performance targets:

	Type of objective	Objective	Weight	Target / Guidance	
Performance Gate	Group Economic and Financial	Group EBITA	From 15% to 25%	€Bil. 2.4 €Bil. 2.0	If one or both of 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)	From 15% to 25%	€Bil. 1.4 €Bil. 1.1	
	Business/Function objectives	Business objectives set according to the responsibilities assigned to each role (e.g. Division EBITA, Division FOCF)	From 40% to 50%		
	Sustainability	Inclusion of Leonardo in Dow Jones Best-in-Class Indices	5%		
		Accident frequency rate	5%		

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 maximum number of shares for awards relating to the 2026-2028 cycle is set at a maximum percentage of 136% of the target number of shares determined by assuming the price of € 49.8939 for the conversion of incentives.

The methods and mechanisms of operation of the Plan are the same as those described above for the Chief Executive Officer & General Manager.

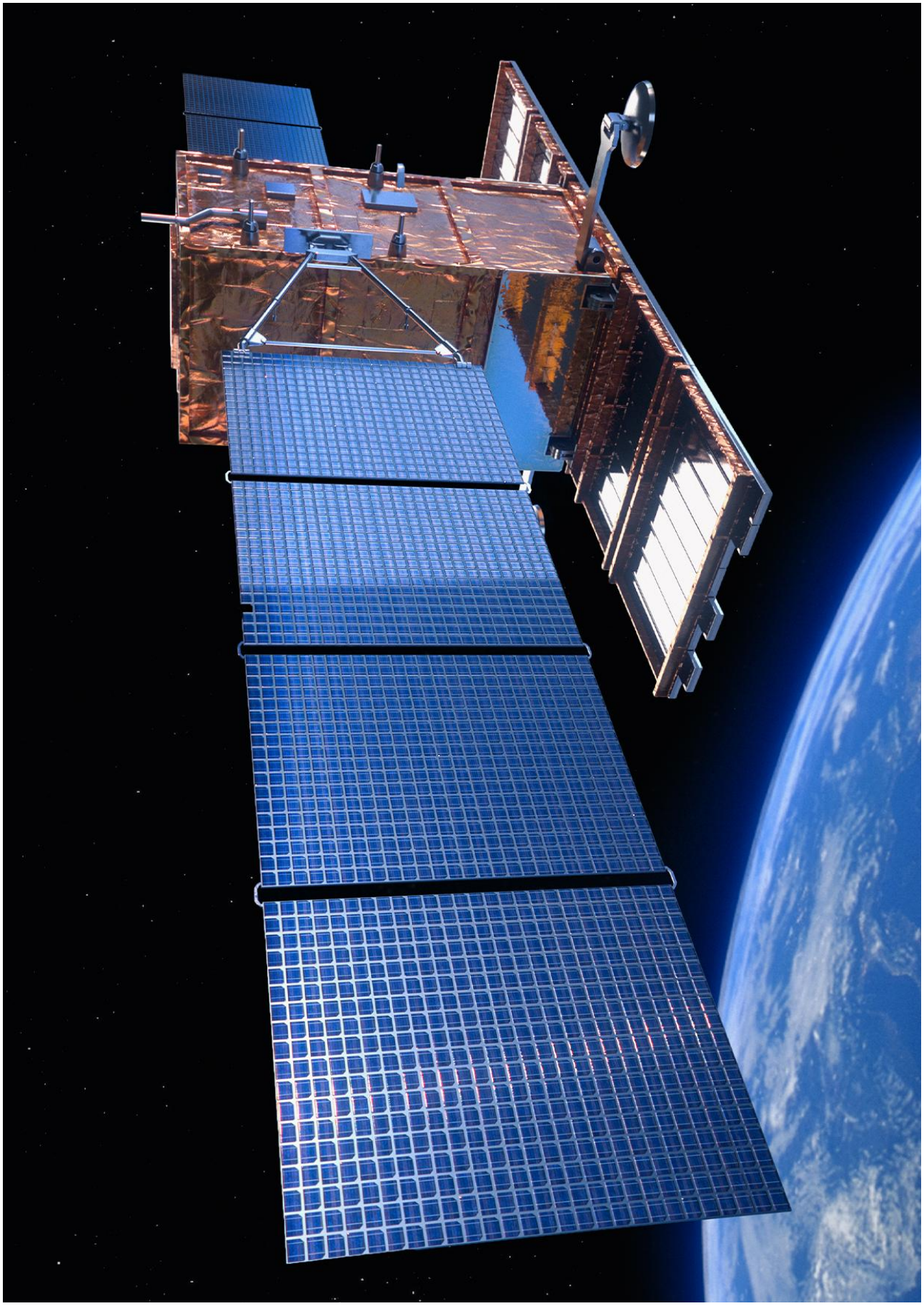
Pay in the event of termination of office or employment

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). 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 remuneration.
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 Leaver[2], it is envisaged that the rights may 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.

[2] 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.



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