Our investment in Hensoldt is a catalyst for forging a closer partnership that will further strengthen both our positions in the growing defense electronics market; it will enable us to create value for customers and partners through the pooling of strengths, complementary products of the two companies, while preserving national technologies and capabilities. This investment reflects our vision of the importance of building closer cooperation in the European Aerospace and Defense industry and Leonardo’s determination to play an active role in its long-term development.

The merger of RADA into Leonardo DRS, and the consequent listing of the company, represents a significant and strategic step forward, allowing the Group to achieve a unique positioning in the tactical radar segment, guaranteeing a stable domestic presence in the Israeli industrial context and supporting the development of Leonardo’s international market.

All of this progress was underpinned by the strengthening of the Group’s operating performance, the rationalization and efficiency of working capital, a careful investment policy and an efficient financial strategy. In consideration of the performance and the confidence in our future growth path, we have again proposed the payment of a dividend of 0.14 euros per share.

The results achieved are even more significant in the light of a general and national economic framework characterized by inflationary pressures on energy and raw material costs: our results demonstrate the solidity of the Group’s industrial strengths and the ability to react and adapt to complex challenges, as already demonstrated during the pandemic period.

In this context, we continued to pursue with determination our objectives in terms of improving our competitive positioning in international markets and the creation of long-term value.

There were also many actions that we implemented in the ESG area, supporting the Business Plan’s priorities, with the aim of “protecting people and the planet, guaranteeing defense and security, with long-term benefits in terms of development technology, innovation and progress”. These were, in fact, some of the topics covered on the occasion of the first ESG Investor Day in which Leonardo presented significant results on decarbonisation, sustainable innovation, diversity and inclusion, attraction of talent and valorisation of people.

Scope 1 + 2 CO2 emissions were further significantly reduced by 15% compared to 2021, in particular thanks to the commitment to replace SF6 in the helicopter sector and to initiatives for greater energy efficiency.

We have further strengthened the decarbonization journey by announcing a commitment to the Science Based Target initiative, a path on which we will work together with our key suppliers and our customers to reduce emissions along our value chain.

We have made significant progress in terms of social impact starting from the hiring of around five thousand people, with an acceleration on the stabilization of employment contracts and a focus on young people under the age of 30 who, this year, represent 44% of new hires. We continued to support the training of our people, worked on reducing injuries and pushed for the promotion of an inclusive work environment: the presence of women in managerial positions has increased, today 18.6% of the total number of executives and middle managers, and the recruitment of women with a STEM degree, whose ratio to total recruitment with a STEM degree is now 22%.

We have continued to integrate ESG objectives into financial instruments and into the management remuneration plan, demonstrating a leadership that has once again been recognized worldwide by the main sustainability ratings, rankings and indices. During 2022, we continued to work with the United Nations Global Compact, of which we have been members since 2018. Since last year, we have been on the Board of Directors of the Global Compact Network Italy Foundation, which allows us to actively contribute on sustainability discussions.

Today Leonardo is a leading international leader in the Aerospace Defense & Security sector, a solid and global Group, a leader in European collaboration programs, an industrial engine for the development of territories, synonymous with innovation and high technology, in line with the strategic objectives of Be-Tomorrow Leonardo 2030. We have continued to deliver on all our promises and we continue to be confident in the path we have taken. With this, and the fundamental contribution of all 51,000 of our people, we are confident that we can face and gain from the great technological challenges in today’s world and thus confirm the positive evolution of recent years.
A TECHNOLOGICAL AND INDUSTRIAL LEADER IN AEROSPACE, DEFENCE & SECURITY

Leonardo plays a strategic role in the industrial development of the countries in which it operates, with a direct presence in five domestic markets and a commercial network extending worldwide. Innovation, continuous research, digital industry and sustainability are the cornerstones of its business worldwide, while the company’s 51,000-plus people are the engine driving its growth.

SHAREHOLDER BASE

30.2% Ministry of Economy and Finance
0.5% Treasury shares
17.5% Individual investor
51.8% Institutional investors

2022 PRINCIPAL FIGURES ON COMMERCIAL PERFORMANCE

18 AW169 M LUH for the Austrian MoD
C-130J support for the Italian Air Force
MfCS systems for the US Army
Naval guns and logistical support for 4 German Navy frigates
5 AW109Kx helicopters for the Israeli MoD
20 EFA for the Spanish Air Force
32 AW149 for the Polish MoD
AW101/CH-149 SAR upgrade for the Canadian Armed Forces
26 TH-73A for the US DoD
Rating agencies improved Leonardo's outlook during 2022 in light of the operational performance recorded over the past two years, the favourable conditions in its reference sectors and the improvement of credit metrics estimated by agencies in the next 12-18 months.

**AGENCIES**

- **Moody’s**
  - Ba1 / Positive Outlook
  - July 2022

- **S&P**
  - BB+ / Positive Outlook
  - May 2022

- **Fitch**
  - BBB- / Stable Outlook
  - January 2022

Leonardo has strengthened its position on the market with a targeted campaign of mergers & acquisitions resulting in strategic transactions of long-term importance that will enable the Group to be a global player in the Aerospace and Defence sector.

- **EUROPE**
  - **US**

In the Electronics sector, completion in January 2022 of the acquisition of a 25.1% share in Hensoldt created a strategic long-term presence in the German defence market, strengthening the existing partnership with initiatives to collaborate in the development of joint opportunities in the air, land and maritime domains.

The focus was on the portfolio of Leonardo DRS, with the sale of the Global Enterprise Solutions (GES) and Advanced Acoustic Concepts (AAC) businesses. Agreement was reached for the merger of Rada Electronic Industries, listed on Nasdaq, into Leonardo DRS. This automatically resulted in listing in November 2022 of the latter company on both Nasdaq and Tase (the Tel Aviv stock exchange), reinforcing Leonardo DRS’s position in its core business of sensors and integrated systems.

**FINANCIAL PERFORMANCE**

The economic-financial results for 2022 confirm the Group’s growth path and increase in profitability and cash generation undertaken since 2018.

**ORDERS (€ BIL.)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>15.1</td>
<td>14.1</td>
<td>13.8</td>
<td>14.3</td>
<td>17.3</td>
</tr>
<tr>
<td>Change</td>
<td>+20.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**REVENUES (€ BIL.)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>12.2</td>
<td>13.8</td>
<td>13.4</td>
<td>14.1</td>
<td>14.7</td>
</tr>
<tr>
<td>Change</td>
<td>+4.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**EBITA (€ MLN)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>1,120</td>
<td>1,251</td>
<td>938</td>
<td>1,123</td>
<td>1,218</td>
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<tr>
<td>Change</td>
<td>+8.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**FOCF (€ MLN)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>336</td>
<td>241</td>
<td>40</td>
<td>209</td>
<td>539</td>
</tr>
<tr>
<td>Change</td>
<td>+157.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FOCF 2018 includes the advance for NH90 Qatar, 2018 orders, including NH90 Qatar contract (K 3 BIL.)
INTERNATIONAL PROGRAMMES
AND PARTNERSHIPS

JOINT STRIKE FIGHTER

Eurofighter Typhoon

An industrial programme stemming from international co-operation between the United States, Italy and seven other nations (United Kingdom, Netherlands, Norway, Denmark, Australia, Turkey and Canada). Italy, as a level 2 partner, is responsible for production of the wing assemblies, specific avionic systems, and final assembly and testing of the F35A and F35B variants for the Italian and Dutch fleets.

EURODRONE

Unmanned system

The ATR consortium, a joint venture owned equally by Leonardo and Airbus, is the world’s leading manufacturer of turboprop aircraft for regional transport. The ATR 42 and 72 are the bestselling aircraft in the market segment for 90+ seats. Leonardo produces the entire fuselage, and the vertical and horizontal tail stabilisers, which are made of composite material for all aircraft.

GCAP

Multirole fighter

The GCAP (Global Combat Air Programme) programme involves the UK, Italy and Japan with their respective national industries – among which Leonardo is a strategic partner – and is aimed at developing a “system of systems” based on sixth-generation air combat platforms for multi-domain defence operations, from 2035.

NEXT GENERATION

Civil Tiltrotor

A Leonardo research project promoted under the EU’s Clean Sky 2 programme for development of a new generation tiltrotor with an architecture and technological systems capable of cutting CO2 emissions and noise footprint, while maximising speed and efficiency.

FREMM

European Multi-Mission Frigate

Europe’s most important military naval programme, the result of a partnership between the Italian and French defence industries. Leonardo is responsible for integration of combat systems and supply of advanced equipment.

SHAREHOLDINGS
AND JOINT VENTURES

Leonardo DRS
Defence electronics
80.9%

Hensoldt
Defence electronics
25.1%

Leonardo UK
Defence electronics / Helicopters
100%

PZL-Świdnik
Helicopters
100%

Kopter
Helicopters
100%

MBDA
Defence Systems
25%

Telespazio
Satellite services
67%

Thales Alenia Space
Satellite production
33%

Avio
Space propulsion
29.63%

Leonardo International
Commercial coordination
100%

Leonardo Global Solutions
Services
100%

Leonardo Logistics
Logistics
100%
SUSTAINABLE BUSINESS MODEL

CAPITALS

People and Skills

- 51,392 employees
- 12,200 people in R&D and engineering

Financial Resources

- € 9.5 billion in purchase of goods and services
- € 4.1 billion personnel cost
- € 10.7 billion of net invested capital

Technologies and Intellectual Property

- 6.2 petaflop of computing power
- 27.1 petabyte of storage capacity
- 11 Leonardo Labs

Industrial Assets

- 105 sites and main plants
- € 487 million investments in tangible assets

Relations and Collaborations

- 90 Universities and research centres
- 10,500 suppliers

Energy and Natural Resources

- 79% of electricity from renewable sources
- 51% of waste recovered

Impacts

People

- 4,984 new hires, 59% hold a STEM qualification, 44% under 30 and 24% women
- 1.1 million hours of training delivered to employees
- 966 training opportunities including internship, apprenticeship, traineeship and school-to-work alternation programmes
- 19% reduction in the injury rate compared to 2021

Planet

- 15% intensity of scope 1 and 2 CO₂e emissions reduction (LB) (*)
- 15% scope 1 and 2 CO₂e emissions reduction (MB)
- 4% intensity of waste produced reduction (*)
- 13% intensity of water withdrawals reduction (*)
- 7% intensity of energy consumption reduction (*)

Prosperity

- 55% of sources of financing linked to ESG parameters
- 82% of purchases related to domestic markets
- 30% of investors are signatories to PRI
- Solutions for security and progress in 150 countries

(*) calculated on revenues and vs 2021

MATERIALITY ANALYSIS

The involvement of internal and external stakeholders is a significant part of Leonardo’s business model and is reflected in the materiality analysis that each year identifies risks and opportunities linked to the organisation’s impact on the economy, the planet and people, and the company’s ability to create value in the short, medium and long term. It is a process, based on an approach that integrates a data-driven methodology with extensive consultation with external stakeholders and senior management, aimed at identifying the material issues central to guiding the definition of corporate strategy.

Governance

- Responsible and ethical business conduct
- Business continuity
- Sound Corporate Governance

People

- Working conditions, health and safety
- Skill management and talent attraction
- Active support in developing skills in the STEM area
- Diversity and inclusion

Planet

- Environmental impact of the use of materials
- Natural resources management and conservation of ecosystems
- Climate change, adaptation/mitigation
- Development of Earth observation technologies

Prosperity

- Citizen security
- Solutions’ quality, security and performance
- Cyber security and data protection
- R&D, innovation and advanced technology
- Sustainable supply chain
- Customer relations
- Digital transformation

ESG AWARDS

Sustainability Leader in the Dow Jones Sustainability Indices of S&P Global for 13 years, with the highest score in the Aerospace and Defence industry for the fourth year in a row

Confirmed among the leaders in the fight against climate change by CDP (an international non-profit organisation), one of the best rated companies in the Aerospace & Defence sector.

Ranked in Band A of the Defence Companies Index on Anti-Corruption and Corporate Transparency (DCI) of Transparency International.

Assigned an A rating by MSCI ESG Ratings.

One of the companies included in the MIB ESG INDEX on the Italian Stock Exchange (Euronext), Italy’s leading blue chip indicator for the 40 best companies in terms of ESG performance.

Included in the Bloomberg Gender-Equality Index 2023 for the third year in a row.
**People Worldwide**

**Workforce Evolution**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Team</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>45,134</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>51,392</td>
<td>+6,258</td>
</tr>
</tbody>
</table>

**Worldwide**

- **Employees under 30**: from 8.2% to 11.2%
  - +2,072 employees
- **Women managers**: from 15.1% to 18.7%
  - +455 employees
- **Women hired**: >4,900

**Employees by Age**

- **< 30 years**: 11%
- **30-50 years**: 53%
- **> 50 years**: 36%

**Employers by Gender**

- **Men**: 81%
- **Women**: 19%

**Countries**

- **Italy**: 63%
- **UK**: 15%
- **US**: 14%
- **Poland**: 5%
- **Israel**: 0.5%
- **Rest of the world**: 2.5%

Performance 2018-2022, baseline 2017
Leonardo has always placed great importance on co-operating with the education system: universities, polytechnics, research centres and schools represent strategic partners for creating an open, shared education system focused on continuous learning, as well as programmes and projects centred on innovation and research.

Starting from the formula of Advanced Technical Institutes, now known as ITS Academies, the company supports a ‘strategic reservoir’ for the development of professional skills and the enhancement of communities’ economic fabric and industrial vocation.

The Aerotech Academy, on the other hand, is an example of an advanced education programme within the company, dedicated to the new frontiers of engineering. The result of a partnership with the Federico II University of Naples, the programme has involved more than 50 students in the past 24 months - many of whom later came to work within the company - in project work focused on innovation in aerostructures and Industry 4.0.

THE ECOSYSTEM OF KNOWLEDGE AND SKILLS

At the end of 2022, an agreement was formalised between the Leonardo Foundation, the Emilia-Romagna Region, Liguria Region, Umbria Region, MITD, Cyber Security Agency, Confindustria INDIRE, National ITS Association and the Minister of Education to create a national ecosystem of digital skills, with the aim of creating ITS Academy curricular training courses aimed at various roles.

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LEONARDO TRAINING ACADEMIES

In building and promoting a culture of education and training to improve business competitiveness and generate value for stakeholders, Leonardo has developed a comprehensive network of Training Academies. They are characterised by the use of digital platforms, simulation systems and LiveVirtualConstructive (LVC) learning environments, making use of proprietary methods, augmented reality, artificial intelligence and deep learning. These institutions offer internationally recognised training programmes for professionals connected with the company’s fields of business and provide ongoing updating of inhouse skills, with the emphasis on ‘employability’ and ‘lifelong learning’.

Helicopters Training Academies

The Academies are globally recognised centres of excellence for training helicopter pilots, maintenance technicians and operators. These training facilities offer qualification programmes for specific product models and aeronautical regulations, based on international standards.

International Flight Training School (IFTS)

In the aircraft arena, the IFTS provides training for military pilots under a partnership between Leonardo and the Italian Air Force.

Aircraft Academy

The Academy provides training that is focused on qualifications and skills in professional aircraft maintenance.

Cyber & Security Academy

In the area of cyber and security, the Academy provides training in the technological, regulatory, methodological and process aspects of security to support institutions, defence organisations, the public sector, critical infrastructure bodies and businesses in the secure digital transition and protection against cyber threats.

Aerostructures Academy

In the field of aerostructures, the Academy updates expertise dedicated to the development of new production lines.

Radar & Sensors Academy

In Electronics, the Academy develops specific training programmes for the domains of land, maritime, avionics, electrooptical and IRST (infrared search and track).

Impact of virtual training systems on the environment:

>220,000 tonnes reduction in CO₂e emissions since 2018
## Electronics for defence and security

Multi-domain technological solutions for border security and management of critical infrastructure. C4ISTAR (Command, Control, Communication, Computers, Intelligence, Surveillance, Target Acquisition, Reconnaissance) sensors and systems, and self-protection equipment allowing forces in the field to have full awareness of the operational scenario and access to superior information.

In terms of global security, Leonardo protects institutions, businesses and citizens, guaranteeing the security of digital ecosystems and the resilience of strategic assets: secure digitalisation of processes, infrastructure and applications, mission- and business-critical communication technologies and solutions, systems and platforms for ongoing threat monitoring and response in both the physical world and cyberspace.

### Helicopters

Research, design, development and production of helicopters for civil and defence applications. Leonardo’s helicopters, from the 1.8-tonne single-engine to the 16-tonne three-engine, fulfill missions ranging from public utility, public order, offshore, search and rescue, EMS (Emergency Medical Services) and defence on land and at sea. To respond to the needs of future vertical mobility, Leonardo is committed to researching innovative technologies and platforms, such as the tiltrotor and the remotely piloted helicopter, and to developing a new generation of light helicopters with hybrid/electrical propulsion.

- **4,550** helicopters in service in **150** countries, employed by **1,500** operators
- **700** helicopters engaged in Search & Rescue worldwide
- **12,400** pilots and technicians trained in 2022
- **40,000** hours of training in simulation environments
- Autonomous capability to develop and integrate systems and avionics
- A leader in the design and construction of transmissions

## 2022 Annual Report Summary

### 2022 Revenues out of Leonardo Total

- **31%**
  - **€ 4.6 BIL.**
  - **€ 33 BIL.** Civil Market 2022-2031
  - **+3.5%** Civil Market CAGR 2022-2031
  - **€ 114 BIL.** Defence market 2022-2031
  - **-3.3%** Defence market CAGR 2022-2031

- **45%**
  - **€ 7.2 BIL.**
  - **€ 3,165 BIL.** Market 2022-2031
  - **+4.7%** Civil Market CAGR 2022-2031

### 2022 Orders

- **€ 6.1 BIL.** 2022 Orders
- **€ 13.6 BIL.** 2022 Portfolio

### 2022 Portfolio

- **€ 8.6 BIL.**
- **€ 15.2 BIL.**

### Defence Market CAGR 2022-2031

- **-3.3%**
- **-3.3%**

### Civil Market CAGR 2022-2031

- **+3.5%**
- **+4.7%**
Aircraft

Design, development and production of latest-generation aircraft that meet the needs of the most complex operational scenarios: from basic training to complex defence and peacekeeping operations; from tactical transport to humanitarian and firefighting support; from command and control to intelligence, surveillance and reconnaissance. Leonardo’s aircraft, characterised by advanced performance, innovative systems and sensors, and reduced maintenance requirements, have digital capabilities that can constantly improve training systems.

> 30,000 aircraft produced, delivered and supported globally
> 20,000 pilots trained
> 2,000 training aircraft sold in more than 40 countries
> 1,200 aircraft managed at about 50 sites/bases

Aerostructures

As a partner of the world’s leading commercial aircraft manufacturers, Leonardo is involved and specialises in the production and assembly of major structural components made of both composite materials and conventional metal for commercial and military aircraft, helicopters and unmanned aircraft. Leonardo participates in the most important programmes in the sector, such as the Boeing 787 Dreamliner, the Airbus A220 and A321, and the ATR series of bestselling regional turboprops.

> 1,800 ATRs sold to about 200 airlines in 100 countries
> 2,000 fuselage sections produced for the Airbus A321

2022 ANNUAL REPORT SUMMARY
UNMANNED TECHNOLOGY

Development of unmanned technology is a frontier of innovation for which Leonardo is producing remotely piloted systems for air, land and maritime applications in both civil and military missions. These modular, flexible solutions integrate platforms, radar and electro-optical sensors, mission systems and ground control stations. In this context, Leonardo supplies technologies and services for the management and protection of unmanned air traffic, Unmanned Traffic Management (UTM).

### Key Figures

- **50** Falco remotely piloted aircraft systems sold worldwide
- **825** unmanned systems – including 125 surveillance aircraft and 700 target drones – delivered worldwide
- **>30 KM** the route travelled by an experimental electric drone, in partnership with the Bambino Gesù Children’s Hospital in Rome, to transport biomedical material
- **up to 100 KG** the maximum load carried by drones powered by electrical propulsion for logistics services developed by Leonardo and FlyingBasket and used to transport freight for Poste Italiane, Italy’s postal service.

### Achievements

- **3rd edition of the Leonardo Drone Contest**, the only open innovation project in Italy, held in partnership with six Italian universities, promoting the development of AI for applications in unmanned systems.

Leonardo covers the entire value chain of the space industry, including the manufacture of satellites and orbiting infrastructure, the production of high-tech equipment and sensors, as well as management of satellite services and propulsion and launch systems. These capabilities, stemming from over 60 years of experience, have been consolidated with the aid of a strategic partnership between Leonardo and Thales for the Space Alliance and Leonardo’s industrial participation in Avio.

### Space

- **> 50** atomic clocks on board the Galileo constellation
- **> 2 MLN** radar images acquired by the COSMO-SkyMed constellation developed by ASI in co-operation with the Italian Ministry of Defence
- **> 170** antennas at the Fusco Space Centre of Telespazio, the world’s most important teleport for civil use
- **> 50%** of the living space of the International Space Station developed by Thales Alenia Space
- **2.5 metres** – the length of the robotic arm developed to bring Martian soil samples back to Earth with NASA’s Mars Sample Return

The world’s most powerful hyperspectral instrument on board the ASI PRISMA satellite

### Market

- **€ 1,521 BIL.**
- **2022-2031**
- **+ 5.2 %**
- **CAGR**
- **2022-2031**
ENERGY SELF-PRODUCTION PROGRAMME

Contracts signed to operationally launch Leonardo’s self-production programme for renewable sources, covering 10% of the annual energy needs of the sites concerned

National Strategic Hub (NSH), a project company owned by Leonardo, TIM, Cassa Depositi e Prestiti and Sogei, begins work to provide Italy’s public sector with efficient, secure Cloud infrastructure

Italy’s first project, with the support of Leonardo and the Leonardo Foundation, for an experimental digital high school providing students with a solid background in the STEAM disciplines

VALIDATION OF ESG SUSTAINABILITY-LINKED

'Sustainability-Linked' financing from the European Investment Bank with innovative KPI – the first example in the A&D sector – linked to ESG technological targets, with particular attention paid to Leonardo’s increase in computing power per capita

GCAP is an international collaboration between Italy, the UK and Japan and their respective defence industries to develop a sixth-generation platform capable of multi-domain operations, set to enter service from 2035.

Agreement signed for the launch of a generational mix and skills change plan, to be realised in the two-year period 2023-2024, with a recruitment programme focused on key sectors of the company, in line with the evolution of its business

Leonardo’s first Investor Day focusing on ESG (Environmental, Social and Governance) issues, to underline the priority assigned to ESG concerns in Leonardo’s Industrial Plan

Agreement for the merger of Rada, a leading Israeli maker of tactical military radar systems, into Leonardo DRS with automatic listing of the latter on both Nasdaq and Tase (Tel Aviv stock exchange)

The Leonardo Cyber & Security Academy is a new advanced educational institute providing institutions, companies and strategic infrastructure organisations with training and qualifications in the field of security

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Finalised the acquisition of a 25.1% share in HENSOLDT, a leading German company in sensors for defence and security applications. The agreement strengthens the partnership that has been under way between the two companies for some time

Launch of an five-year plan for growth and development to achieve a position of European leadership in Defence Electronics, with reinforcement of production lines thanks to the ‘Factory of the Future’

Sale of the stake in Advanced Acoustic Concepts (AAC) and sale of the Global Enterprise Solutions (GES) business to continue the process of refocusing Leonardo DRS’s business portfolio
LEONARDO

BE TOMORROW 2030

The Be Tomorrow—Leonardo 2030 strategic plan expresses a clear vision of the company’s path for the next 10 years and beyond: strengthening and transforming the business in order to grow, accelerating the process of innovation, and increasing long-term competitiveness in the pursuit of sustainability. The aim is to develop new capabilities, in both the civil and military sectors, to respond to the challenges posed by the complexity of the digital age: interdependence, interrelation and rapid evolution. In terms of industrial processes, the plan focuses on the convergence between manufacturing and the digital sphere as a factor in transforming production and design models.

PRIORITY FOR DEVELOPMENT

Strengthen our “Core”

- Increasing critical mass in strategic areas: Helicopters, Electronics, Cyber and Uncrewed Aircraft, to strengthen and to acquire a position of international leadership
- Strengthening our presence in global markets
- Evolving our approach to the market, from product supplier to global partner

Transform to grow

- Diversifying the portfolio of activities and making the most of distinctive and transversal skills: Digitalisation, Command and Control, Connectivity, Cyber Security
- Responding ever more effectively to customers’ demands, with innovative service-based supply models (X-as-a-service), ongoing measurement of customer satisfaction, and excellence in Simulation & Training solutions and systems
- Investing in people and skills to support the ambitions of the business

Master the new

- Through the Leonardo Labs, high-tech incubators for the development of innovative skills that can be applied to all the Group’s businesses
- Increasing investment in research activities
- Focusing on Autonomous Intelligent Systems to build leadership across all domains

TARGETS ACHIEVED IN 2022

- Partnership in the Global Combat Air Programme (GCAP)
- Acquisition of a 30% stake in GEM
- Acquisition and integration of Kopter
- Acquisition of a 70% stake in Alex
- Acquisition of a 25.1% stake in Hensoldt
- Finalising the merger of Rada and listing of Leonardo DRS

- Launch of the LEAP programme to develop the supply chain
- Creation of the International Flight Training School (IFTS)
- Plan to relaunch the Aerostructures Division
- Industrial Reorganisation of the Electronics Division
- Launch of the X-2030 platform

- Creation of the Leonardo Labs
- Leadership in ESG ratings and indicators
- Sustainability operating model integrated within the Group
- Commitment to the Science Based Target initiative
- Participation in the Skydweller programme
- Operation of the davinci-1 supercomputer

- Launch of the Cyber & Security Academy
- Launch of the Business Innovation Factory - BIF
- Definition of a new strategy for the Uncrewed Aircraft segment
- Launch of a new Global Monitoring proposition
- Partnership with partners of security institutions
- National partner of choice for the monitoring of infrastructure and territories (Global Monitoring)
- National partner for the implementation of the PNRR – Italy’s recovery and resilience plan

DRIVER OF INNOVATION

- Fully digitalised processes, production and offering
- The engine of an innovative ecosystem along interconnected technological lines
- Point of reference for sustainability innovation in the AD&S sector

SOLID

- Investment grade
- Profitable
- Solid cash conversion capability

GLOBAL

- Global Leader in Helicopters and in Simulation and Training solutions
- European number one in Defence Electronics
- Key position in collaborative international aeronautical programmes
- Key player in Europe in unmanned systems and solutions for all domains
- Partner of security institutions
- National partner of choice for the monitoring of infrastructure and territories (Global Monitoring)
- National partner for the implementation of the PNRR – Italy’s recovery and resilience plan

TARGETS FOR 2030

- Participation in the Skydweller programme
Leonardo - IIT Joint Lab, Centauro

2022 ANNUAL REPORT SUMMARY

INNOVATION IN NUMBERS

- €2.0 BIL. invested in Research & Development in 2022
- > 90 universities and research centres around the world collaborating with Leonardo
- 12,200 people involved in Research and Development activities
- > 6.2 PetaFlops of computing power
- 27.1 PetaBytes of storage capacity

INTELLECTUAL PROPERTY

The type of patents developed focus primarily on dual-use technologies in sectors related to AD&S (Aerospace, Defence & Security), assisting small and medium-sized enterprises in the development of their products and supporting emerging start-ups. In 2022, centralised governance policies on Intellectual Property (IP) were implemented to foster growth and sustainable management of IP rights portfolios, protection covering the dissemination of technical-scientific information, and protection and industrial enhancement of results achieved in R&D initiatives by Leonardo and Leonardo Labs researchers.

PATENTS BY KEY TECHNOLOGY

PATENTS BY SECTOR
11 LEONARDO LABS

Leonardo’s constant investment in research and development and its strong orientation towards open innovation have given birth to the Leonardo Labs, a network of technological incubators which support all aspects of engineering in Leonardo’s fields of business. This includes research and development into the most innovative technologies, exploration of emerging technologies, and anticipation of future demands in the market.

A total of 11 laboratories, each with its own technological focus, operate through a number of centres spread across Italy and internationally, with a focus on nine research areas: Artificial Intelligence (AI), Digital Twin and Advanced Simulation, Big Data, High Performance Computing (HPC) and Cloud, Quantum Technologies, Autonomous and Robotic Systems, Electrification, New Materials, and Sustainability.

HPC DAVINCI-1

The davinci-1 supercomputer, one of the world’s most powerful HPCs for the AD&S sector, represents the digital backbone of Leonardo, cutting across all business areas and the Leonardo Labs network.

Davinci-1 supports the Group’s digital transformation process. The davinci-1 High Performance Computing architecture is an integrated supercomputing and Cloud computing platform that combines flexibility with computing power, enabling the use of algorithms (from deep learning to artificial intelligence), the customisation of technological platforms, and the calculation of countless interactions between the data generated (data analysis and Big Data).

Davinci-1 is also a digital enabler for improving product legacy and accelerating evolution of the ecosystem of Leonardo technologies.

150 researchers and PhD candidates involved in the Labs network
69 terabytes of usable data in data lakes
20 mln. gb memory capacity
5 mln. bil. floating-point operations per second
100 gb per second reading and writing speed
LEONARDO PRODUCTION SYSTEM (LPS)

The LPS (Leonardo Production System) has the goal of optimising the efficiency and productivity of Leonardo’s industrial sites with an approach orientated towards ongoing improvement in the management of processes and programmes. The programme is based on WCM (World Class Manufacturing), a structured and integrated production methodology aimed at continuously improving all areas of production performance to guarantee product quality and satisfy customer expectations. LPS is managed by a governance and control system based on standardised evaluation criteria for each technical pillar defined internationally by the WCM Association, of which Leonardo became a member in 2022 - the first company in the A&D sector to do so.

LPS IN NUMBERS

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees in 18 plants involved in improvement projects</td>
<td>~5,000</td>
</tr>
<tr>
<td>Improvement projects</td>
<td>~8,000</td>
</tr>
<tr>
<td>95% reduction in accidents (safety)</td>
<td>+ 30% improvement in productivity</td>
</tr>
<tr>
<td>Improvement projects</td>
<td>~5,000</td>
</tr>
<tr>
<td>Employees involved in improvement projects</td>
<td>286</td>
</tr>
<tr>
<td>95% reduction in accidents (safety)</td>
<td>+ 30% improvement in productivity</td>
</tr>
</tbody>
</table>

Baseline 2019, figures updated to 2022

Leonardo Project Management Model (LPMM)

A new process to improve project performance in terms of time, cost, quality and customer satisfaction. The Leonardo Project Management Model (LPMM) defines a common set of tools and methodologies to strengthen the role, decision-making autonomy and professional and managerial development of project managers and project team members. LPMM is helping to spread a culture of teamwork, increasing knowledge sharing and its application is monitored through Key Performance Indicators covering process and project performance. The combination of LPMM and Change Management initiatives has led to the creation of the Leonardo Project Management Community with over 2,000 people involved in Change Management initiatives, 489 ‘strong matrix’ project teams and completion of three digitalisation projects for Project Management tools.

LPS 4.0

Over the next 10 years, Leonardo will be engaged in enhancing its consolidated businesses and developing technology innovation projects, as outlined in the Be Tomorrow - Leonardo 2030 strategic plan, with the goal of achieving a sustainable transformation of new technological cycles, thanks above all to integration of digital technologies and manufacturing. In this context, Leonardo launched the LPS 4.0 programme, revising the LPS programme to establish a new version featuring a greater focus on digitalisation of production. The development of LPS 4.0 has a direct impact on process transformation costs, helping to improve their sustainability through adoption of digital technologies.

DIGITALISATION

<table>
<thead>
<tr>
<th>Business drivers</th>
<th>Success factors</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security</td>
<td>Standard method</td>
<td>Injuries</td>
</tr>
<tr>
<td>Quality</td>
<td>People</td>
<td>Customer satisfaction</td>
</tr>
<tr>
<td>Cost</td>
<td>Information</td>
<td>Performance</td>
</tr>
<tr>
<td>Cash</td>
<td>Sustainability</td>
<td>Sustainability</td>
</tr>
</tbody>
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LEONARDO EMPOWERING ADVANCED PARTNERSHIPS (LEAP)

Through Leonardo Empowering Advanced Partnerships (LEAP), designed to develop the supplier base, Leonardo aims to optimise supplier relations, while at the same time making the most of the technological capabilities of both players in this new project: the Group and the supply chain. Improvement and development projects are already under way for more than 130 suppliers participating in the LEAP programme. In 2021, the LEAP programme evolved into LEAP Partnership for Sustainability, setting sustainability goals for suppliers in addition to targets for operational performance and cost-competitiveness. The transition to LEAP – Partnership for Sustainability focuses on the Leonardo suppliers’ commitment to innovation, digital transformation, cyber security and the green transition. In 2022, more than 600 key suppliers were assessed in terms of ESG sustainability, identifying strong points and areas for improvement in the supply chain. This analysis inspired the ‘Leonardo Supply Chain Sustainability Manifesto’, addressing three key issues - Digital Transformation, Cyber Security, and People & Planet - through 18 tangible projects with measurable, progressive milestones.

LOCAL SUPPLY CHAINS: SMEs AS A PERCENTAGE OF THE TOTAL

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>86%</td>
</tr>
<tr>
<td>UK</td>
<td>70%</td>
</tr>
<tr>
<td>Poland</td>
<td>82%</td>
</tr>
<tr>
<td>US</td>
<td>61%</td>
</tr>
</tbody>
</table>

>150 suppliers involved in improvement and development projects in Italy and the United Kingdom, of which more than 130 with LEAP

>22,000 training hours into managerial, technical and specialist skills delivered to suppliers

LEONARDO AND THE BUSINESS ECOSYSTEM

Leonardo’s supply chain is made up of 10,500 companies from across the world that contribute daily to the competitiveness of the business and ensure compliance with requirements for the quality and security of supplies, collaborating actively in the management of contracts. The supply chain includes both international Aerospace, Defence and Security players and technologically specialised SMEs.

THE SUPPLY CHAIN IN NUMBERS

- **€ 9.5 BIL.** value of purchases of goods and services
- 65% impact of purchases on revenues
- 82% of purchases related to domestic markets, with a supply chain of more than 6,300 SMEs

In Italy, Leonardo is at the centre of an ecosystem of about 4,000 companies employing more than 126,000 people. This generates 10.8 billion euros in added value, enabling the development of local supply chains with a high concentration of knowhow and innovation.

PURCHASES BY COUNTRY

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>49%</td>
</tr>
<tr>
<td>UK</td>
<td>20%</td>
</tr>
<tr>
<td>US</td>
<td>11%</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>8%</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>12%</td>
</tr>
</tbody>
</table>

49% Italy

20% US

11% Rest of Europe

12% UK

8% Rest of the World

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Leonardo, in line with the provisions of its Be Tomorrow – Leonardo 2030 strategic plan, has established itself as Italy’s partner in the country’s digital, ecological and industrial transition process. The Group, leveraging its core assets and distinctive skills, has identified seven Clusters of interest which can act as an engine of development, in line with the objectives of the National Recovery and Resilience Plan (NRRP).

NATIONAL RECOVERY AND RESILIENCE PLAN - NRRP

Thanks to its expertise in ‘secure management’ of data, in 2022 Leonardo joined National Strategic Hub (NSH), a company that designs, produces and manages new infrastructure providing Cloud services for public authorities. Through Leonardo’s security operation centres, guaranteeing defence against all types of data violations by external agents, the infrastructure to protect the country’s sensitive data and critical strategic services can now rely on a secure, efficient and dependable Cloud. The goal of NSH is to promote the country’s digital transition, with the target of connecting 75% of Italy’s public authorities to the Cloud by 2026.
CUSTOMER CENTRICITY

TRAINING AND SIMULATION
The training of civilian and military pilots, technicians and maintainers is provided through a global network of training centres and via the extensive use of simulation systems and LVC-capable learning environments to guarantee the highest levels of safety.

SUPPORT AND MAINTENANCE
24/7 support, including remotely through the Leonardo Customer Portal, guarantees technical and logistic services for site management, installation and commissioning, in-service data acquisition, configuration management and obsolescence, technical publications and info-logistics services.

TECHNICAL AND LOGISTICS SERVICES
Leonardo provides its customers with a wide range of services to support operational capability for every type of mission, supporting their long-term industrial and technological growth.

FULL SERVICE
A global network of service centres and logistics guarantees support for platforms and systems throughout their lifecycle. A portfolio of services includes advanced turnkey support using proprietary digital tools to guarantee operability, mission effectiveness, and optimisation of costs and warehousing.

28% of total 2022 revenues from Customer Support, Service and Training
~48,000 hours of training delivered using flight simulators
>13,000 helicopter and aircraft pilots and operators trained
1st for the fourth year running in the ProPilot ranking of helicopter companies by quality of post-sales service
1st in the Product Support Survey ranking of AIN (Aviation International News)
AIRCRAFT

C-27J
Global benchmark for new generation medium-sized tactical turboprop transport aircraft.

M-346 AJT/FA
Among the most advanced jet aircraft for training military pilots. It offers extensive training capabilities, long-term reliability and reduced operating costs.

M-345
Trainer for the basic to advanced phases of military pilot training with performance typical of a jet aircraft and operating costs comparable to those of high-performance turboprop trainers.

LEONARDO FLAGSHIP

HELICOPTERS

AW139
A multi-role helicopter capable of carrying out any type of mission: search and rescue, security, offshore, private and executive transport.

AW119
Multi-role single-engine helicopter with performance and navigation capabilities comparable with higher category models.

AW609
The first tiltrotor for civil and government applications. It combines the benefits of helicopters with those of fixed-wing aircraft.

AW149
The most modern helicopter in its category for defence applications, equipped with state-of-the-art avionics systems.

AW189
Modern helicopter that combines high load capacity and range with low operating costs for offshore transport, rescue and transport missions.

AW101
The most advanced and powerful multi-role helicopter available on the market today. Equipped with sophisticated avionics and mission systems, it guarantees maximum operational efficiency, also thanks to its high degree of autonomy.

AW169
Latest generation helicopter characterised by high mission versatility for transport, rescue and government missions.
**ELECTRONICS**

**FALCO Xplorer**

MALE (Medium Altitude Long Endurance) class system for surveillance of areas even in severe conditions. The unmanned platform, developed for military and civilian ISTAR (Intelligence, Surveillance, Target Acquisition, Reconnaissance) missions, combines persistence in flight of over 24 hours with a load capacity of up to 350 kg.

**SOFTWARE DEFINED RADIO**

Radio for strategic, tactical, platform applications, providing secure communications, based on broadband SDR technology, with functions and characteristics modifiable via software.

**ATHENA MK2**

Combat management system capable of integrating and coordinating all information from various sensors in real time, guaranteeing complete situational awareness for surface and underwater naval assets.

**KRONOS**

Family of multi-function and multi-mission radars, dedicated to surveillance and air, land and maritime defence.

**OTTO 76/62 SR (Super Rapido)**

Light naval weapon system capable of providing air defence, anti-surface and anti-missile capabilities.

**SOFTWARE DEFINED RADIO**

Family of multi-function and multi-mission radars, dedicated to surveillance and air, land and maritime defence.

**SICOTE**

System to control territory supplied to the military Carabinieri, capable of preventing and analysing threats.

**SPACE**

**COSMO-SkyMed Second Generation**

Italian Earth observation satellite system, equipped with synthetic aperture radar sensors, ensuring global coverage of the planet under all weather conditions.

**SICRAL 3**

Italian satellite system for military communications, guaranteeing interoperability between defence, public safety and civil protection networks.

**Copernicus**

European satellite programme to monitor Earth, the marine and atmospheric environments, and climate change.

**Galileo**


**PRISMA Second Generation**

Italian mission for Earth observation equipped with a hyperspectral sensor to collect data and information on the health of the planet, for the benefit of institutions, the scientific community and citizens.
Leonardo’s Sustainability Plan translates the Group’s sustainability vision and objectives into projects and initiatives that can be measured in the short, medium and long term, through a structured model guided by a data-driven approach. Focusing on the entire value chain – from research and development to operations, from customer support solutions to social impacts – the Plan is divided into eight clusters, each of which includes specific projects, measured with KPIs linked to ESG pillars. During 2022, the Plan was further strengthened, in line with the indications provided by the 2021 materiality analysis, through initiatives that respond to stakeholder requests, with the aim of translating sustainability into a competitive advantage and mitigating risks.

**2022 SUSTAINABILITY PROJECTS**

The Leonardo’s Sustainability Plan features for the 2022 a total of 100 projects distributed across the eight clusters and classified into two main types. Firstly, there are ‘tactical’ projects, which look at benefits in the short-medium term and which contribute to the achievement of the Group’s Sustainability Objectives (48 projects). The second category is ‘transformative’ projects that will produce impacts over the medium-long term (52 projects), taking action, in particular, on the sustainability of products and services provided by the Group. The performance of the Plan is measured, especially in the context of tactical projects, through specific ESG KPIs which are also monitored in terms of achieving Sustainability Objectives. The robustness, coherence and consistency of ESG data are ensured by a bottom-up collection and verification process.
COMMITMENT TO THE PLANET

The transition towards a circular economic model, enabled by technology and the adoption of conscious behaviours, is an integral part of the strategy and projects of Leonardo’s Sustainability Plan, with a transformative approach across the value chain. Leonardo’s circularity strategy is based on four main interconnected areas: optimising the use and choice of materials right from the design stage (for example through eco-design); use of digital platforms to dematerialise and virtualise activities and solutions offered to the customer; extending the useful life of products by optimising maintenance cycles and through forecasting models; and finally promoting the recycling and reuse of materials, with the objective of reducing waste produced by 15% by 2030.

CIRCULAR ECONOMY MODEL

OPTIMISE

- Reduction of materials thanks to advanced design systems
- Application of the Product Lifecycle Management approach and Ecodesign
- Use of composite materials to reduce weight, consumption and impacts
- Study of new materials to encourage reuse and to limit their disposal

SHARE AND DEMATERIALISE

- Sale of flight hours to replace the product
- Virtualisation of product tests
- Training systems delivered through virtual training
- Elimination of paper documentation in production processes

EXTEND USEFUL LIFE

- Optimisation of the maintenance cycle
- Predictive maintenance for helicopters
- Replacement of only those components that have reached the end of their life
- Software updates to extend the life of hardware ‘Buy-back’ of used helicopters

RECYCLE/REUSE

- Use of recyclable metallic materials
- Reconditioning of used components
- Recycling and reuse of auxiliary materials, packaging, assembly jigs and metallic equipment
- Recycling of composite materials (e.g. carboresins)

Main results

- Aircraft structures capable of maintaining a service life level in excess of 20 operating years
- 51% of waste generated recovered in 2022
- More than 220,000 tons of CO₂ avoided through the use of virtual training systems in 2022 (about 48,000 training hours delivered in the year)
- Divisional projects for paperless and digitized management of manufacturing/production document flow to reduce paper use by up to 90% on a single process basis.
In the period 2022-2024, Leonardo will invest annually, on average, €700-800 million*.

Leonardo undertakes to maintain at least 50% of investments aligned with the SDGs.

The initiatives mainly impact SDG 9 “Industry, innovation and infrastructure”, SDG 8 “Decent work and economic growth” and SDG 11 “Sustainable cities and communities”.

55% of the total sources of financing linked to ESG parameters, for a total of €3.26 billion.
For more information: