EXECUTIVE SUMMARY – REPORT ON REMUNERATION POLICY

2024

LEONARDO

The Leonardo Group

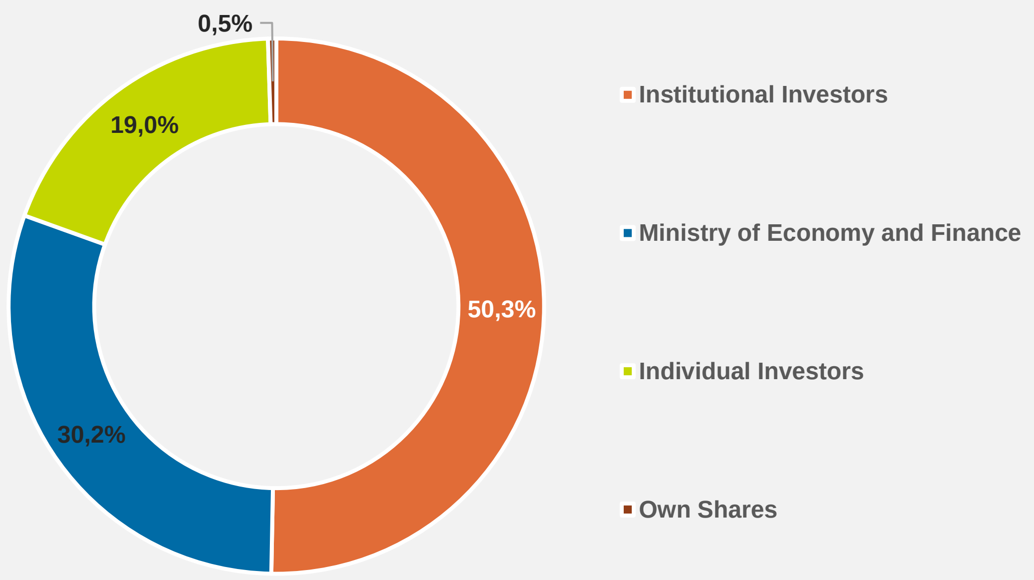
Leonardo SpA is a global high-tech company in the Aerospace, Defence and Security sectors. The Company is based in Italy and employs nearly 53,000 people; it has a significant industrial presence in four markets (Italy, the United Kingdom, the USA, Poland and Israel) and strategic partnerships in the major international markets with high potential.

L 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).

Highlights (31/12/2023)

REVENUES	EMPLOYEES	ORDER BACKLOG	NEW ORDERS
€bil. 15.3	# 53,566	€bil. 39.5	€bil. 17.9

Shareholding structure (March 2024)



INDUSTRIAL PLAN 2024-2028

In the Aerospace, Defence and Security sector, the main players are called upon to operate in a competitive scenario that is increasingly challenging in terms of industrial framework and technological disruption, and in a reference environment that continues to experience **generational changes**, together with a sharp increase in global conflicts and crises.

In this context, **three significant challenges** are emerging that countries are facing and that are radically changing the very concept of defence:

1. **defence is increasingly based on bytes rather than bullets:** warfare is changing, evolving towards a combination of conventional and advanced systems, digital technologies and satellite and drone applications;
2. **from conventional defence to the broader concept of "global security':** regional conflicts have significant repercussions on global security (energy, food, cyber and infrastructure security), thus exacerbating the need for "global awareness" based on secure data framework and governance;
3. **security as a continental rather than a national issue:** no single European nation or player can cope on its own, even more in light of the current fragmentation of defence spending.

OBJECTIVES OF THE NEW INDUSTRIAL PLAN OF LEONARDO

On this basis, the company's positioning and product portfolio are poised to evolve in line with ongoing global changes.

Within the horizon of the Industrial Plan, Leonardo aims at transforming itself into a **technology-based company**, working on **two strategic guidelines**:

i) **strengthening the core business** through an increasingly strategic selectivity, owing to the optimisation of the product portfolio, a renewed approach to innovation driven by targeted R&I and massive digitisation, while standing as a catalyst for the consolidation of European Defence, able to be part of international alliances;

ii) **paving the way for the future**, investing in emerging sectors such as **Cyber** and **Space** domains and focusing the business and product portfolio towards an increasingly efficient capital allocation.

This new posture will guide Leonardo in its evolution, aiming to become:

- **Electronics**: a **Global Player, European leader** and a catalyst for European Cooperation, leveraging the technology spillovers of the GCAP, alliances/JVs, (Land and Naval Defense Systems) and an optimised product portfolio, with a distinctive presence in the US;
- **Helicopters**: a **global leader** in the **civil** sector and a **key player** in the **military** sector through the upgrade of the entire portfolio, adopting new technologies and exploring strategic partnerships to strengthen Leonardo's positioning;
- **Aircraft**: a **Key player** in **international cooperation programmes**, including next-generation combat aircraft, unmanned platforms, evolution of proprietary products and advanced training services;
- **Aerostructures**: a profitable **supplier** thanks to market recovery and operational excellence, able to grow further through diversification and strategic partnerships;
- **Cyber security:** a **key European player** in **cyber security resilience by design**, Secure Digital Platforms and Mission-Critical Communications, with a technology-based value proposition focused on Defence, Space and National Strategic Organizations;
- **Space**: the **European leader** in high value-added segments, leveraging the capabilities of the entire Group, with an active role, through a more effective Space Alliance, in strengthening the European market.

GUIDELINES OF THE INDUSTRIAL PLAN

To realise this vision, Leonardo has defined a three-pronged plan:

1. **organic growth** and **innovation** process, through:
    - targeted investment in R&D;
    - massive digitisation of solutions and production processes;
    - greater customer orientation and the development of high-value services.
2. **business efficiency through**:
    - the rationalisation and focusing of the various businesses and product portfolio;
    - the optimisation of purchasing, engineering and manufacturing activities;
    - the reduction of Corporate Center costs;
3. Complementing growth through inorganic initiatives such as **international alliances and M&A**, to achieve the necessary technological relevance and autonomy in emerging sectors and markets.


L 9890

Leonardo Sustainability Plan

In line with the Strategic Plan and with the priorities that emerged from the impact materiality analysis, Leonardo has developed a Sustainability Plan aimed at covering the entire value chain: from research and development to operations, from customer support solutions to social impacts.

The Sustainability Plan identifies eight thematic areas (clusters) on which to act to address the short, medium and long-term sustainability challenges at a global level and accelerate a sustainable and inclusive transition, in the direction of the Sustainable Development Goals (SDGs).

Each cluster includes specific projects, measured with KPIs related to various ESG pillars according to a structured model based on a data-driven approach, and integrated into a dedicated digital platform.

The Sustainability Plan: clusters, value chain and ESG Pillars (1)

❖ **Sustainability embedded into the entire value chain**
SP projects concern all the phases of the value chain aiming at fully integrating sustainability into the business

❖ **Creating sustainable business value**
Focus on strengthening Leonardo's solutions and technologies that contribute to the security of citizens & infrastructures and to climate action, thus maximizing sustainable business opportunities

❖ **Leveraging on innovation and digitalization**
Technologies and digital are key enablers of sustainable solutions (e.g. technology driven climate action) and processes' efficiency

❖ **Mitigating risks**
SP projects help making business resilient to external stress, thus preventing and protecting from risks along the value chain (e.g. climate risks affecting operations; supplies' disruptions affecting business continuity; etc.)

(1) Integration among clusters and pillars is performed according to impact and prevalence criteria

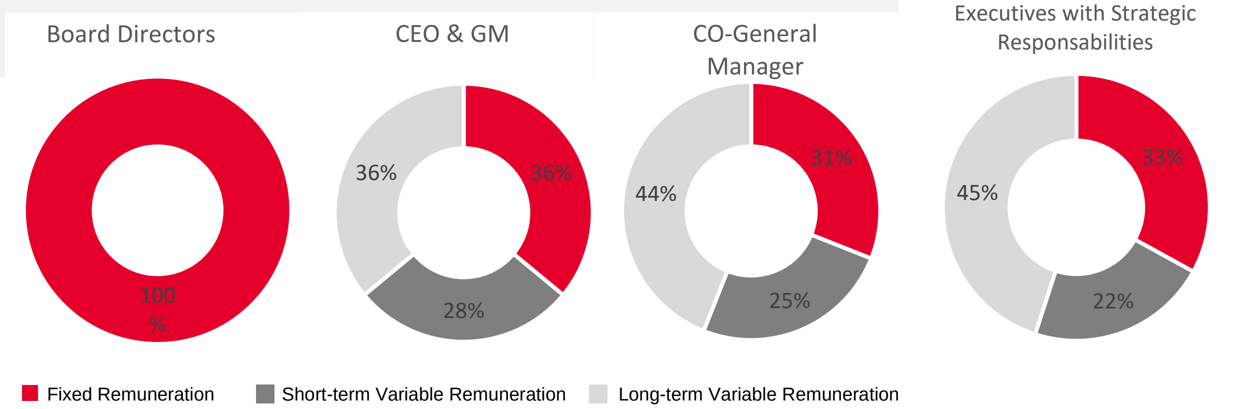
The contribution of the Remuneration Policy to the company strategy

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

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

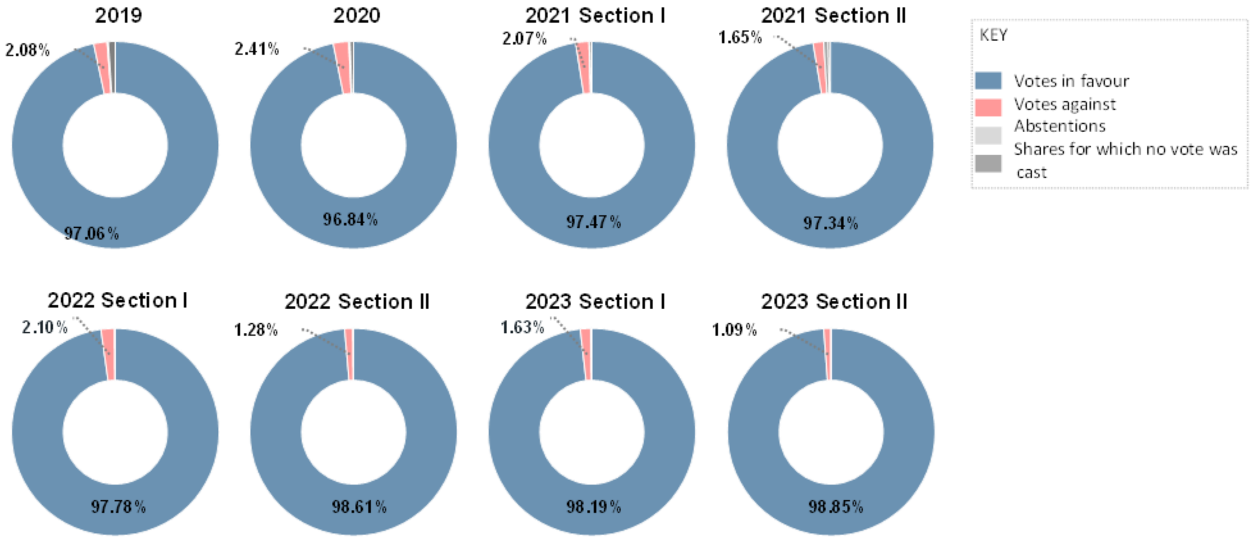
Pay mix

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



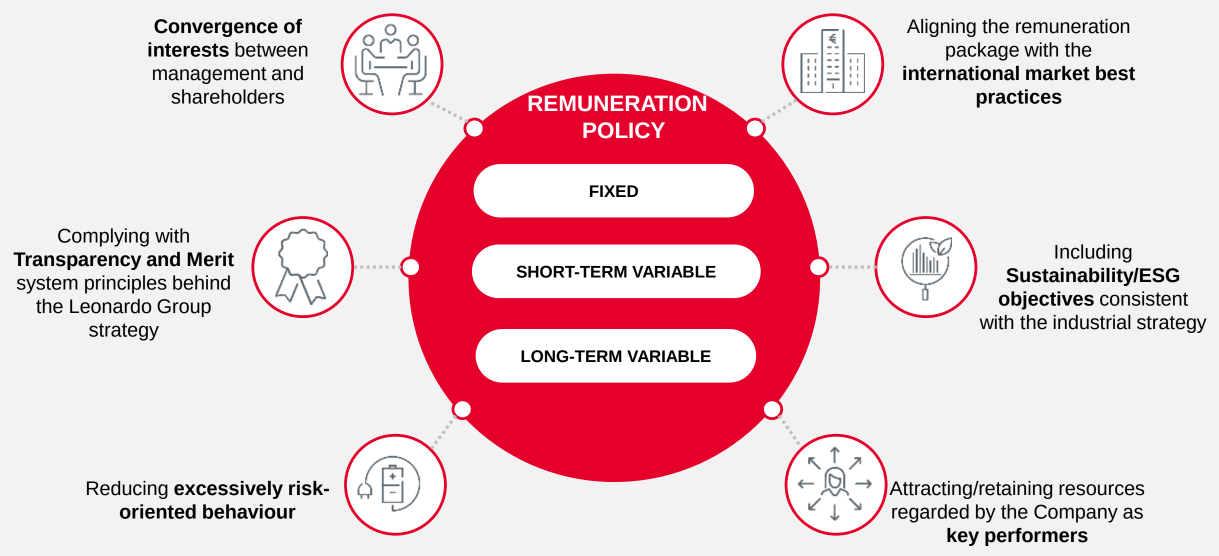
Trend of voting results (2019 - 2023)

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 (2019-2023). It shows a substantially positive trend of votes in favour in these years. The results in general and especially the reasons given for votes against cast at the 2023 Shareholders' Meeting, even though 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.



Principles, Aims and Governance of Remuneration Policy

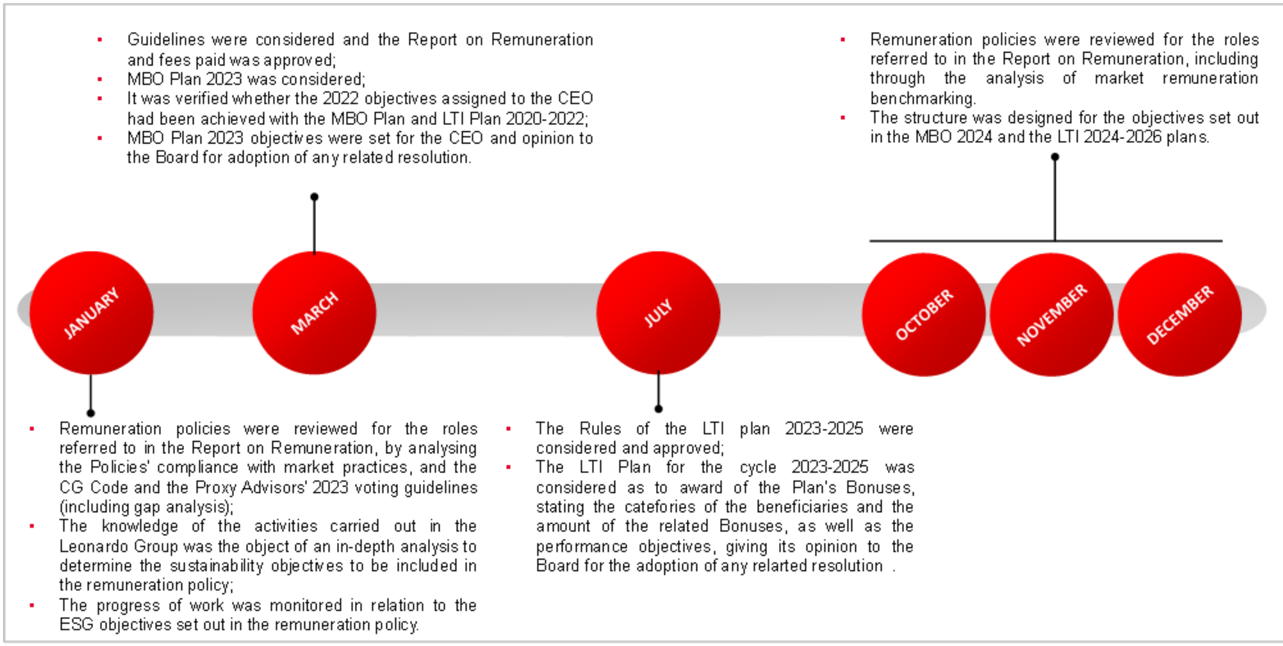
The remuneration policy sets out the principles and the guidelines to determine the remuneration of the members of the Board of Directors, as well as the specific criteria through which the remuneration of the Group's management is established, in accordance with the Governance model adopted by the Company and the recommendations laid down in the Corporate Governance Code.



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)

Main issues dealt with by the Remuneration Committee in 2023



Remuneration Policy 2024

The following section provides a summary of the 2024 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	€ 920.000	€ 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 & 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	**€ 800.000**	**80%**

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%-125%	1.512 €m 1.440 €m
Performance Gate	Group Economic and Financial	Group Free Operating Cash Flow (FOCF)	25%	Payout Range: 100%-150%	847 €m 770 €m
	Strategic	Group Order Intake	25%	Payout Range: 100%-125%	20.475 €m 19.500 €m
	Strategic	SPACE - 2024-2028 Development Plan and 2024 Milestones Achievement	7,5%	On / Off	Industrial Plan
	Strategic	2024-2028 Efficiency Boosting Plan and 2024 Milestones Achievement	7,5%	On / Off	Industrial Plan
	Sustainability	Inclusion of Leonardo in Dow Jones Sustainability Indices	5%	On / Off	Inclusion of Leonardo
	Sustainability	Accident frequency rate Index	5%	On / Off	If ≤ 3

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

Long-term Variable Component

The Shareholders' Meeting convened in ordinary sessions on 17 and 24 May 2024, on first and second call, respectively, will be called upon, among other things, to approve the Long-Term Incentive Plan of Leonardo. 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 Strategic Plan, as well as a stronger

pay-for-performance link through the introduction of an over-performance mechanism for all beneficiaries under the plan, excluding the Chief Executive Officer and General Manager.
The Plan envisages three annual awards as from 2024, each with a three-year vesting period in line with the table reported below.
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	**€ 1.000.000**	**100%**

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 (target / guidance)	Payout Range
Relative Total Shareholder Return	35%	2026 (Δ vs 2024)	1 2 3 4 5 6 7 8 9 10 11 12 13	100% 100% 100% 100% 75% 75% 50% 0% 0% 0% 0% 0% 0%
Return on Invested Capital	20%	2026	Target (16,6%)	100%
			Minimum (15,2%)	50%
Group Revenues	20%	2024-2026	Target (53.300)	100%
			Minimum (51.891)	50%
Group Net Debt	15%	2026	Target (720)	100%
			Minimum (984)	50%
Climate Change (Scopes 1 and 2 Emission Strenght)	5%	2026	Target (15)	100%
			Minimum (15,8)	50%
Gender Diversity (% of female new hires with a STEM degree)	5%	2024-2026	Target (27%)	100%
			Minimum (26%)	50%

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

Pay in the event of termination of office or of employment

In accordance with the recommendations in the Corporate Governance Code, for the Chief Executive Officer and General Manager, who has a permanent executive employment contract with the company, the severance policy foresee a maximum limit of 24 months of total remuneration; the reference taken is the annual fixed remuneration and the short-term variable remuneration.
Non-competition agreements, where entered into, must be included in the fees due upon termination of office and, therefore, included in the maximum limit of severance pay
With regard to the rights granted under Long-Term Incentive Plans, if termination falls within the cases of Good Leaver[1], the rights will 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.

> Co-General Manager

Fixed Remuneration

	Base Salary
Co-General Manager	**€ 850.000**

[1] 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 relevant 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

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:

	Target Bonus	Target Bonus (%Fixed Remuneration)
Co-General Manager	€ 680.000	80%

In the event of over performance, this value can be increased up to a maximum of approximately 125% of target incentive.

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%-125%	1.512 €m 1.440 €m	If one or both the 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%-150%	847 €m 770 €m	
	Strategic	Group Order Intake	25%	Payout Range: 100%-125%	20.475 €m 19.500 €m	
		Industrial Plan Objectives	15%	On / Off	Industrial Plan	
	Sustainability	Inclusion of Leonardo in Dow Jones Sustainability Indices	5%	On / Off	Inclusion of Leonardo	
		Accident frequency rate index	5%	On / Off	If ≤ 3	

Long-term Variable Component

The Co-General Manager is a beneficiary of the Long-Term Incentive Plan of Leonardo.

The award for the cycle for the Co-General Manager is set at a target amount of 140% of gross annual fees, providing for a maximum incentive of 136% of target incentive in the event of over-performance.

The payment of the incentive is conditional on the achievement of targets for a three-year period linked to the following performance indicators. The maximum bonus relating to the 2024-2026 three-year cycle is as follows:

	Target Bonus (% Fixed Remuneration)
Co-General Manager	**140%**

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

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 (target / guidance)	Payout Range
Relative Total Shareholder Return	35%	2026 (Δ vs 2024)	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%
Return on Invested Capital	20%	2026	Maximum (17,4%)	140%
			Target (16,6%)	100%
			Minimum (15,2%)	50%
Group Revenues	20%	2024-2026	Maximum (54.709)	140%
			Target (53.300)	100%
			Minimum (51.891)	50%
Group Net Debt	15%	2026	Maximum (456)	140%
			Target (720)	100%
			Minimum (984)	50%
Climate Change (Scopes 1 and 2 Emission Strenght)	5%	2026	Target (15)	100%
			Minimum (15,8)	50%
Gender Diversity (% of female new hires with a STEM degree)	5%	2024-2026	Target (27%)	100%
			Minimum (26%)	50%

Pay in the event of termination of office or of employment

With regard to the severance indemnity payable to the Co-General Manager, who works for the Company under a permanent management employment contract, no agreement is envisaged in order to regulate in advance the pay conditions relating to the early termination of employment, except for the severance indemnity fees established by the relevant national collective bargaining agreement (CCNL for Executives of companies that provide 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 (Gross Annual Fees and variable remuneration).

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 , the rights will 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:

	Target Bonus (% Fixed Remuneration)
Executives with Strategic Responsibilities	**From 50% to 80%**

IThe 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 20% to 25%	1.512 €m 1.440 €m	If one or both the 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 20% to 25%	847 €m 770 €m	
	Function / Business 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 Sustainability Indices	5%		
		Accident frequency rate index	5%		

Long-term variable remuneration

Executives with Strategic Responsibilities, the Top Management and other Managerial resources are beneficiaries of the Long-term Incentive Plan of Leonardo.

The methods and mechanisms of operation of the Plan are the same as those described previously for the Co-General Manager.

The maximum bonus relating to the 2024-2026 three-year cycle for ESG and the Top Management is as follows:

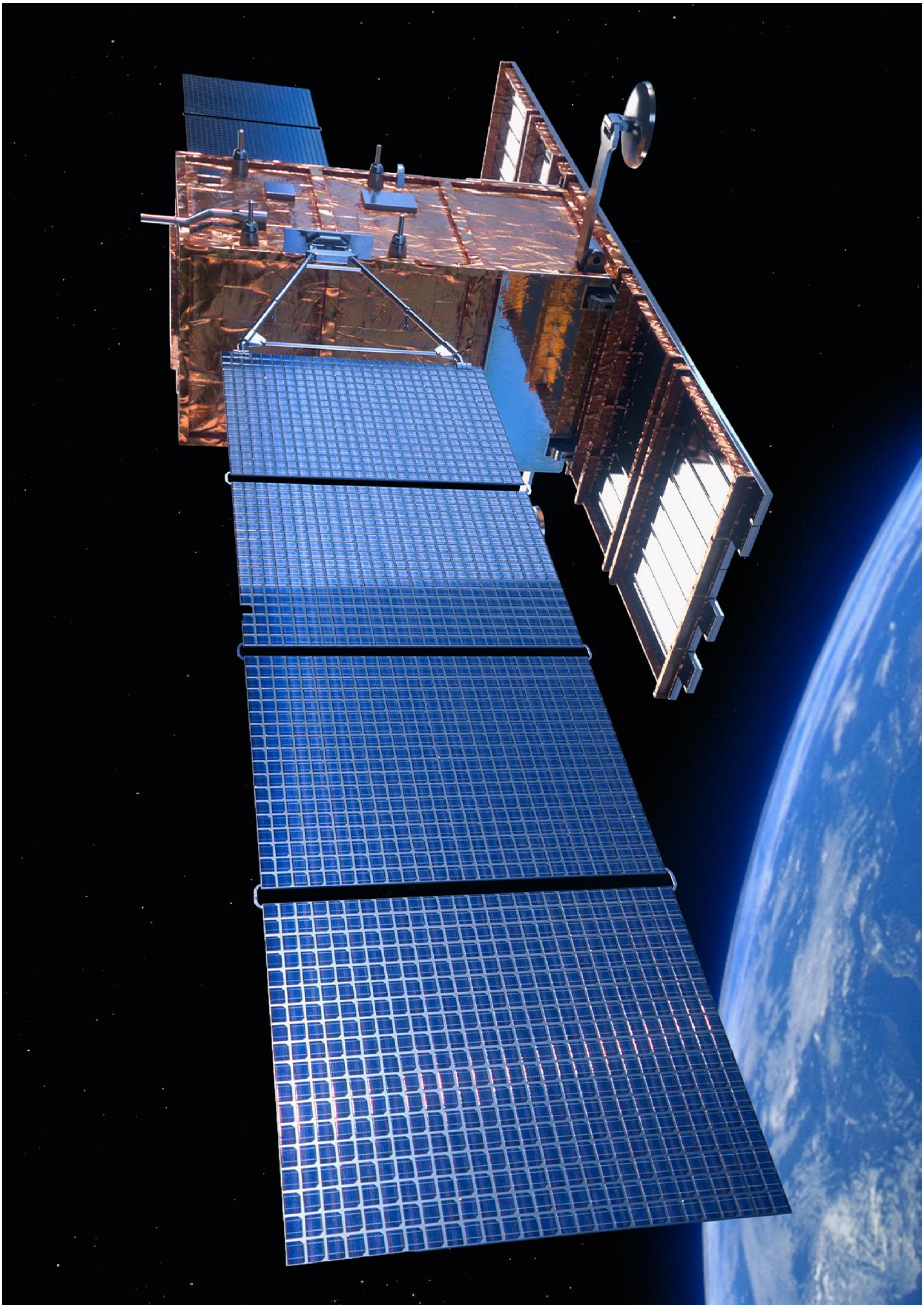
	Target Bonus (% Fixed Remuenration)
Executives with Strategic Responsibilities	**From 60% to 140%**

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 (Gross Annual Fees and variable 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 will 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



Piazza Monte Grappa, 4

00195 Roma

T +39 06324731

F +39 063208621

leonardo.com