



Ordinary Shareholders' Meeting of 17 and 24 May 2024 (1st and 2nd call)

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

Ordinary Part

1. Financial Statements as at 31 December 2023 and related reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors. Related and consequent resolutions. Presentation of the Consolidated Financial Statements as at 31 December 2023.
2. Allocation of the profit for the year.
3. Appointment of the Board of Statutory Auditors for the three-year period 2024-2026.
4. Appointment of the Chairman of the Board of Statutory Auditors.
5. Determination of the remuneration of the members of the Board of Statutory Auditors.
6. Long-term Incentive Plan for the Leonardo Group's management. Related and consequent resolutions.
7. Report on remuneration policy and fees paid: binding resolution on the first section pursuant to Art. 123-ter, paragraph 3-ter, of Legislative Decree No. 58/98.
8. Report on remuneration policy and fees paid: non-binding resolution on the second section pursuant to Art. 123-ter, paragraph 6, of Legislative Decree No. 58/98.

Explanatory Report of the Board of Directors on item 1 on the Agenda

Financial Statements as at 31 December 2023 and related reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors. Related and consequent resolutions. Presentation of the Consolidated Financial Statements as at 31 December 2023.

Dear Shareholders,

The 2023 Financial Statements, which we submit for your approval, close with a net profit of Euro 783,697,113.66.

In light of the foregoing, we submit the following proposed resolution for your approval:

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

- considering the Report of the Board of Directors;*
- considering the Report of the Board of Statutory Auditors;*
- having examined the Financial Statements as at 31 December 2023;*
- having acknowledged the report of EY S.p.A.*

resolves

- to approve the Directors’ Report on operations and the Financial Statements as at 31 December 2023.”*

The Financial Statements documents are made available to the public at the Company's registered office in Rome, Piazza Monte Grappa no. 4 - 00195, at Borsa Italiana S.p.A., on the Company's website www.leonardo.com (Section "2024 Shareholders' Meeting") and on the website of the authorized storage mechanism eMarket Storage (www.emarketstorage.com) in accordance with the law.

Explanatory Report of the Board of Directors on item 2 on the Agenda

Allocation of the profit for the year.

Dear Shareholders,

We submit the following proposed resolution for your approval:

“The Ordinary Shareholders’ Meeting of Leonardo – Società per Azioni:

resolves

- to approve the proposal posed by the Board of Directors of allocating the profit of Euro 783,697,113.66 for the 2023 financial year as follows:*
 - as to Euro 39,184,855.68, equal to 5% of the profit, to legal reserve;*
 - as to Euro 0.28, on account of dividend, by paying it, including any withholding prescribed by law, as from 26 June 2024, with "detachment date" of coupon no. 14 falling on 24 June 2024 and "record date" (i.e., date on which the dividend is payable, pursuant to Art.83-terdecies of Legislative Decree no. 58 of 24 February 1998 and Art. 2.6.6, paragraph 2, of the Regulations for the Markets organized and managed by Borsa Italiana S.p.A.) falling on 25 June 2024; the above provisions refer to each ordinary share that will be outstanding at the detachment date of the coupon, excluding treasury shares in portfolio at that date, without prejudice to the regime of those that will be actually awarded, under the current incentive plans, during the current financial year;*
 - with regard to the remaining amount, to retained earnings.”*

The Financial Statements documents are made available to the public at the Company's registered office in Rome, Piazza Monte Grappa no. 4 - 00195, at Borsa Italiana S.p.A., on the Company's website www.leonardo.com (Section "2024 Shareholders' Meeting") and on the website of the authorized storage mechanism eMarket Storage (www.emarketstorage.com) in accordance with the law.

Explanatory Report of the Board of Directors on item 3 on the Agenda

Appointment of the Board of Statutory Auditors for the three-year period 2024-2026.

Dear Shareholders,

At the Ordinary Shareholders' Meeting convened to approve the Financial Statements for the year ended 31 December 2023, the term of office will expire for the Company's Board of Statutory Auditors appointed by the Shareholders' Meeting on 19 May 2021 for the three-year period 2021-2023. You are therefore called upon to pass resolutions on the appointment of the Board of Statutory Auditors for the three-year period 2024-2026. The members of the Board will remain in office until the date of the Shareholders' Meeting to be convened to approve the Financial Statements as at 31 December 2026.

Pursuant to Article 28 of the Company's Articles of Association, the Board of Statutory Auditors is composed of five regular Auditors and two alternate Auditors, who are appointed by the Shareholders' Meeting according to the list voting mechanism and therefore on the basis of lists submitted by the Shareholders.

It should be noted that among the amendments to the Articles of Association provided for in item 1 of the agenda of the extraordinary session of the same Shareholders' Meeting, the increase in the number of alternate Auditors from two to four is submitted to the Shareholders for their approval (the effectiveness of the appointment of the alternate Auditors on the basis of the new provisions of the Articles of Association that may be approved by the Shareholders' Meeting, will be subject to the registration in the competent Register of Companies of the resolution adopted in extraordinary session). Shareholders who intend to submit a list for the appointment of the Board of Statutory Auditors are invited to take into account this amendment proposal and consider the opportunity to indicate in the list a number of two alternate Auditors of different gender. With regard to the procedures for the submission, filing and publication of the lists prepared by the Shareholders, please refer to the provisions of Art. 28.3 of the Company's Articles of Association and the provisions of law and regulations in force.

In particular, the following should be noted.

The right to submit lists is held exclusively by those Shareholders who, alone or together with other Shareholders, hold a total of at least 1% of the share capital entitled to vote at the Ordinary Shareholders' Meeting, in accordance with Art. 28 of the Company's Articles of Association and Consob Executive Resolution no. 92 of 31 January 2024.

Each Shareholder may submit or contribute to the submission of only one list and each candidate may appear on only one list under penalty of ineligibility.

Each list, in which candidates must be listed by a progressive number, shall be divided into two sub-lists: one sub-list for candidates for the office of regular Auditor, and the other sub-list for candidates for the office of alternate Auditor.

At least the first of the candidates in each sub-list must be entered in the register of legal Auditors and have performed statutory audits of accounts for a period of no less than three years.

Furthermore, pursuant to articles 28.3 and 28.3bis of the Articles of Association and in compliance with the provisions of current regulations on gender balance, at least two-fifths of the members of the Board of Statutory Auditors shall be elected from among those of the less represented gender.

Therefore, lists with three or more candidates, considering both the aforesaid sub-lists, must include, in the sub-list of regular Auditors, candidates of different gender, considering that the number of the less represented gender in the Board of Statutory Auditors of Leonardo shall be equal to two as required by law.

If the sub-list of alternate Auditors from these lists shows two candidates, they must belong to different genders.

The lists of candidates, signed by the Shareholders or the Shareholder who submit/s them, shall be filed with the Company, in the manner envisaged in the Notice of Call of the Shareholders' Meeting and no later than the 25th day prior to the date of the Shareholders' Meeting on first call (and therefore within 22 April 2024), accompanied by information on the Shareholders who submitted them, including an indication of the percentage of the total share capital held by them, and by the following documentation:

- a) the statements in which each candidate accepts their candidature and certifies, under his/her own responsibility, the non-existence of grounds of ineligibility and

incompatibility, that he or she holds the requirements prescribed by law and by the Articles of Association. In this regard, it should be noted that each candidate must meet the requirements set forth in Article 148, paragraph 3, of Legislative Decree No. 58/98, in addition to the integrity and professionalism requirements set forth in the Decree of the Ministry of Justice No. 162 of 30 March 2000, pursuant to Article 148, paragraph 4, of the aforementioned Legislative Decree No. 58/98; moreover it should be noted that each candidate must also declare that he or she may be qualified as independent, also on the basis of the criteria provided for in Article 2 of the Corporate Governance Code;

- b) a "curriculum vitae" containing detailed information on the personal and professional characteristics of each candidate which will be published on the Company website (www.leonardo.com, Section "2024 Shareholders' Meeting") pursuant to Art. 144-octies of the Consob Regulation no. 11971/99;
- c) taking into account the provisions of Article 2400, last paragraph, of the Italian Civil Code, a list of administrative and control positions held by the candidates in other companies, with a recommendation to ensure that these be updated up to the day the Shareholders' Meeting is actually held. In this regard, it should be noted that persons who hold the position of regular Auditor in five issuers, or who hold other administrative and control positions in other companies which in the aggregate exceed the limit provided for by the relevant regulations in force, may not be appointed as statutory Auditors (Art. 144-terdecies of Consob Regulation no. 11971/99);
- d) a declaration by Shareholders other than those who even jointly hold a controlling or relative majority interest, attesting to the absence of any direct or indirect relationship with the latter pursuant to the provisions of Art. 148, paragraph 2, of Legislative Decree no. 58/98 and Art.144-quinquies of the Consob Regulation No. 11971/99; with reference to the contents of this statement, Shareholders are reminded the recommendations set out in Consob Communication No. DEM/9017893 of 26 February 2009.

Furthermore, in accordance with Art. 19, paragraph 3, of Legislative Decree no. 39 of 27 January 2010, the members of the Board of Statutory Auditors, in their capacity as Internal Control and Auditing Committee as required by the aforesaid regulations, as a whole must be considered competent in the sector in which the Company operates.

The minimum shareholding required to submit lists of candidates is determined by taking into account the shares which are registered in name of any Shareholder on the day on which the lists are filed with the Company. Shareholders shall send to the Company, in the manner provided for the filing of the lists and shown in the notice of call of the Shareholders' Meeting, the certification proving the ownership of the number of shares represented, even after the filing of the list, provided that this takes place within the time limit set out for the publication of the lists on the part of the Company (and therefore by 26 April 2024).

If, on 22 April 2024, only one list has been submitted, or only lists have been submitted by shareholders who are related to each other pursuant to Article 144-quinquies of Consob Regulation No. 11971/99, the Company shall promptly give notice thereof in accordance with the current regulations. In such a case, bearing in mind that the minimum shareholding required for the submission of lists is reduced to half and will therefore be equal to 0.5% of the share capital entitled to vote at the Ordinary Shareholders' Meeting, it will be possible to submit lists in the following three days (that is by 25 April 2024).

With regard to the mechanism for the appointment of the Statutory Auditors elected through list voting, reference should be made Art. 28.3 of the Articles of Association, which specifically provides as follows:

- each person entitled to vote may only vote for one list;
- at least two of the regular Auditors and at least one of the alternate Auditors (two alternate Auditors if the mentioned proposed amendment to the Articles of Association is approved) shall be selected from among those listed in the official Register of Legal Auditors who have performed statutory audits of accounts for a period of no less than three years;
- Auditors who do not fulfil these criteria shall be selected from among those who have at least three years' experience in the activities or functions listed in Art. 28.1 of the Articles of Association, with reference to the subjects and sectors in any case functional to the exercise of the activities listed in Article 4 of the Articles of Associations (corporate purpose);
- three regular Auditors and one alternate Auditor (two alternate Auditors if the mentioned proposed amendment to the Articles of Association is approved) shall be drawn from the list that receives the majority of votes by the Shareholders attending

the Shareholders' Meeting, according to the manner provided for in Art. 28.3, paragraph 11, letter a), of the Articles of Association;

- two regular Auditors and one alternate Auditor (two alternate Auditors if the mentioned proposed amendment to the Articles of Association is approved) shall be drawn from minority lists, in the manner provided for in Art. 28.3, paragraph 11, letter b), of the Articles of Association.

Finally, it should be noted that, pursuant to Article 28.3bis of the Articles of Association, for the appointment of one or more regular and alternate Auditors who are not elected according to the above-mentioned procedures for any reason whatsoever, the Shareholders' Meeting shall pass resolutions, in compliance with the majorities required by law, in accordance with the principle of minority representation and the applicable laws on gender balance.

Shareholders are invited to read the document "Guidelines of the Board of Statutory Auditors of Leonardo S.p.a. to the Shareholders on the composition of the Board of Statutory Auditors", attached to these Reports, prepared by the Board of Statutory Auditors based on the outcomes of the self-evaluation process and in line with diversity policies. This document was published on the Company's website on 19 March 2024.

All those who submit a list that contains a number of candidates exceeding half of the members to be elected are invited to evaluate the opportunity to provide information, in the documentation submitted for the filing of the list, as to whether the list corresponds to the aforementioned Guidelines provided by the Board of Statutory Auditors, also with reference to the diversity criteria reported therein.

The duly submitted lists of candidates, accompanied by the above-required information and documentation, are made available to the public at the registered office, at Borsa Italiana S.p.A., on the Company's website (www.leonardo.com, Section "2024 Shareholders' Meeting") and on the website of the authorized storage mechanism eMarket Storage (www.emarketstorage.com) no later than twenty-one days prior to the date of the Shareholders' Meeting on first call (and therefore by 26 April 2024).

In relation to the foregoing, Shareholders are requested to vote for one of the lists of candidates for the position of regular Auditor and of alternate Auditor, among the lists filed and published in compliance with the above provisions.

Explanatory Report of the Board of Directors on item 4 on the Agenda

Appointment of the Chairman of the Board of Statutory Auditors.

Dear Shareholders,

It should be recalled that – pursuant to art. 148, paragraph 2-bis, of Legislative Decree no. 58/98 and of art. 28.3, paragraph 15, of the Articles of Association – the Chairman of the Board of Statutory Auditors is appointed by the Shareholders' Meeting in ordinary session from among the regular Auditors elected by the minority list.

In relation to the foregoing, Shareholders are invited to vote on the appointment of the Chairman of the Board of Statutory Auditors from among the regular Auditors elected by the minority list.

Shareholders are invited to read the document "Guidelines of the Board of Statutory Auditors of Leonardo S.p.a. to the Shareholders on the composition of the Board of Statutory Auditors" attached to these Reports, prepared by the Board of Statutory Auditors on the basis of the outcomes of the Board's self-evaluation process and published on the Company's website on 19 March 2024.

Explanatory Report of the Board of Directors on item 5 on the Agenda

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

Dear Shareholders,

It should be recalled that – pursuant to art. 2402 of the Italian Civil Code and to art. 28.1 of the Articles of Association – the remuneration of the regular Auditors is determined by the Ordinary Shareholders' Meeting upon their appointment for the entire term of their office.

It should be noted that on 19 May 2021 the Ordinary Shareholders' Meeting determined for the remuneration of the Board of Statutory Auditors, the term of office of which has expired, as follows: (a) a gross amount of Euro 70,000.00 per year for each regular Auditor; (b) a gross amount of Euro 80,000.00 per year for the Chairman of the Board of Statutory Auditors.

In relation to the foregoing, Shareholders are invited to submit proposals to determine the fees due to the members of the Board of Statutory Auditors in the manner and within the time limits set out in the notice of call.

Shareholders are invited to read the document "Guidelines of the Board of Statutory Auditors of Leonardo S.p.a. to the Shareholders on the composition of the Board of Statutory Auditors" attached to these Reports, prepared by the Board of Statutory Auditors on the basis of the outcomes of the Board's self-evaluation process and published on the Company's website on 19 March 2024, as well as of what is reported in the first section of the Report on remuneration policy and fees paid with respect to the remuneration of the control body.

Explanatory Report of the Board of Directors on item 6 on the Agenda

Long-Term Incentive Plan for the Leonardo Group's management. Related and consequent resolutions.

Dear Shareholders,

We submit for your approval the proposal for the Long-Term Incentive Plan based on financial instruments (hereinafter the "Incentive Plan") for the Leonardo Group's management, defined by the Board of Directors on proposal of the Company's Remuneration Committee.

The characteristics of the Plan are set out in the Disclosure Document prepared by the Company pursuant to article 84-bis of Consob Regulation no. 11971/99 ("Issuers Regulation"), which is made available to the public at the Company's registered office, at Borsa Italiana S.p.A., as well as on the Company's website (www.leonardo.com, section "2024 Shareholders' Meeting") and on the website of the authorized storage mechanism eMarket Storage (www.emarketstorage.com) in accordance with the law.

Shareholders are invited to read the aforementioned Disclosure Document.

Explanatory Report of the Board of Directors on item 7 on the Agenda

Report on remuneration policy and fees paid: binding resolution on the first section pursuant to Art. 123-ter, paragraph 3-ter, of Legislative Decree No. 58/98.

Dear Shareholders,

Pursuant to Art. 123-ter, paragraph 3-ter, of Legislative Decree No. 58/98, you are invited to cast your vote, with a binding resolution, on the first section of the Report on remuneration policy and fees paid pursuant to Art. 123-ter, paragraph 3, of Legislative Decree No. 58/98, which sets out the Company's policy for the 2024 year regarding the remuneration of the members of the Board of Directors, the General Manager, the Co-General Manager and other Executives with Strategic Responsibilities and, without prejudice to the provisions of Art. 2402 of the Italian Civil Code, of the members of the Board of Statutory Auditors, as well as the procedures used for the adoption and implementation of this policy.

The resolution on the first section of the Report will have binding effect, as required by Art. 123-ter, paragraph 3-ter, of Legislative Decree No. 58/98.

In line with the provisions of Art. 123-ter, paragraph 3-bis, the 2024 policy is submitted to your attention.

The Report on remuneration policy and fees paid, which includes the first section, is made available to the public at the registered office, at Borsa Italiana S.p.A., on the Company's website www.leonardo.com (Section "2024 Shareholders' Meeting") and on the website of the authorized storage mechanism eMarket Storage (www.emarketstorage.com), in accordance with the law.

In view of the foregoing, we submit for your approval the following proposal of binding resolution on the seventh item on the agenda:

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

- *having regard to Art. 123-ter of Legislative Decree No. 58/98 and Art. 84-quater of Consob Regulation No. 11971/99;*

- *having examined the first section of the "Report on remuneration policy and fees paid", approved by the Board of Directors on 4 April 2024 pursuant to Art. 123-ter of Legislative Decree No. 58/98 and Art. 84-quater of Consob Regulation No. 11971/99 and published by the Company in accordance with the law;*
- *having considered the binding nature of this resolution, pursuant to Art. 123-ter, paragraph 3-ter, of Legislative Decree No. 58/98,*

resolves

to approve the first section of the "Report on remuneration policy and fees paid" of Leonardo S.p.a."

Explanatory report of the Board of Directors on item 8 on the Agenda

Report on remuneration policy and fees paid: non-binding resolution on the second section pursuant to Art. 123-ter, paragraph 6, of Legislative Decree No. 58/98.

Dear Shareholders,

Pursuant to Art. 123-ter, paragraph 6, of Legislative Decree No. 58/98, you are invited to cast your vote, with a non-binding resolution, on the second section of the Report on remuneration policy and fees paid pursuant to Art. 123-ter, paragraph 4, of Legislative Decree No. 58/98 that:

- a) provides the description of each of the items comprising the remuneration of the Members of the Board of Directors and of the Board of Statutory Auditors, of the General Manager, the Co-General Manager and of the other Executives with Strategic Responsibilities;
- b) analytically illustrates the fees paid in 2023 to the subjects listed above for any reason and in any form by the Company and by its subsidiaries or associates.

The resolution on the second section of the Report will have non-binding effect, as required by Art. 123-ter, paragraph 6, of Legislative Decree No. 58/98.

The Report on remuneration policy and fees paid, which includes the second section, is made available to the public at the registered office, at Borsa Italiana S.p.A., on the Company's website www.leonardo.com (Section "2024 Shareholders' Meeting") and on the website of the authorized storage mechanism eMarket Storage (www.emarketstorage.com), in accordance with the law.

In view of the foregoing, we submit for your approval the following proposal of non-binding resolution on the eighth item on the agenda:

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

- *having regard to Art. 123-ter of Legislative Decree No. 58/98 and Art. 84-quater of Consob Regulation No. 11971/99;*
- *having examined the second section of the "Report on remuneration policy and fees paid" approved by the Board of Directors on 4 April 2024 pursuant to Art. 123-ter of*

Legislative Decree No. 58/98 and Art. 84-quater of Consob Regulation No. 11971/99 and published by the Company in accordance with the law;

- *having considered the non-binding nature of this resolution, pursuant to Art. 123-ter, paragraph 6, of Legislative Decree No. 58/98,*

resolves

to give a favourable opinion on the second section of the “Report on remuneration policy and fees paid” of Leonardo S.p.a.”

On behalf of the Board of Directors
The Chairman
(Stefano Pontecorvo)



**Guidelines of the Board of Statutory Auditors of Leonardo
S.p.A. to the Shareholders on the composition of the Board of
Statutory Auditors**



CONTENTS

1. Applicable framework	3
2. The composition and functioning of the current Board of Statutory Auditors	4
3. The optimal qualitative and quantitative composition of the future Board of Statutory Auditors	4
4. Evaluation of the Board of Statutory Auditors on commitment required and remuneration	5



1. Applicable framework

The Board of Statutory Auditors of Leonardo, consisting of five Regular and two Alternate Statutory Auditors, is appointed by the Shareholders' Meeting according to the "list voting" mechanism. The Board performs specific supervisory duties pursuant to the law, with particular regard to:

- the compliance with the law and the by-laws;
- the compliance with the principles of correct management;
- management of risks and of the administrative and accounting system of the Company;
- effective implementation of the governance rules provided for in the Code of Corporate Governance (from 2021, the Corporate Governance Code) the Company adheres to;
- adequacy of the provisions given to subsidiaries pursuant to the law.

The Chairman of the Board of Statutory Auditors is appointed by the Shareholders' Meeting from among the Statutory Auditors elected from the minority list.

The current composition of the Board, which was renewed in 2021, is as follows:

Members of the Board of Statutory Auditors	
Chairman	Luca Rossi
Regular Auditor	Anna Rita De Mauro
Regular Auditor	Sara Fornasiero
Regular Auditor	Leonardo Quagliata
Regular Auditor	Amedeo Sacrestano
Alternate Auditor	Giuseppe Cerati
Alternate Auditor	Eugenio Pinto

Each year the Board of Statutory Auditors carries out a self-evaluation aimed at gathering the opinions of the Board members with regard to the functioning and composition of the Board itself as a whole, taking also into account the evolution of its role over time.

On request of the Board of Statutory Auditors, the advisors of Eric Salmon & Partners supported, for the fourth consecutive year, in the process of self-evaluation of the Board.



2. The composition and functioning of the current Board of Statutory Auditors

The Statutory Auditors expressed a positive opinion on the current composition of the Board of Statutory Auditors of Leonardo: the balanced mix of skills and experiences, the overall solidity and high standing have been assessed in a positive manner. Reputation, professionalism and independence meet the high quality standards required. Diversity, assessed in terms of experience, age, gender and background, is in line with the applicable best practices. The Board demonstrated its capacity to hold a quality debate enriched by exchanges of views and challenges, when necessary, suited to the complexity of the issuer.

On conclusion of the mandate of Leonardo's Board of Statutory Auditors, the opinion on its functioning remained extremely positive and highlighted a mutual appreciation and fruitful collaboration among the Statutory Auditors. The relationships between the Board and the other corporate bodies were regarded favourably, including those with the Board of Directors, the External Audit Firm, the Board's internal committees, as well with the risk management and internal audit functions, and the Surveillance Body. Induction activities were also highly appreciated.

The remuneration policy represents the sole and only critical issue: as was already noted in the previous guidelines, considering the dimensions and international structure of the Group, the characteristics of its business, the professional profiles and commitment required in having such a role, within an increasingly complex legal and economic context, the Board of Statutory Auditors points out the advisability of an increase in its remuneration to be resolved on the part of the Shareholders' Meeting.

3. The optimal qualitative and quantitative composition of the future Board of Statutory Auditors

The core aspect of the "end-of-term self-evaluation" of the Board of Statutory Auditors of Leonardo S.p.A. concerns the optimal composition, in qualitative and quantitative terms, which the outgoing Board expresses to the shareholders on the next renewal of the Board itself that will be appointed with the approval of the 2023 financial statements. For this purpose, an analysis was performed of both current and desired skill composition. In the first case, the Statutory Auditors were asked to express their opinion on the current presence - albeit in collective form - of a diversified and complementary set of knowledge, skills and experience, while in the second case to assess the importance that these should have in forming the future Board of Statutory Auditors.

Among the knowledge, skills and experience considered to be currently well represented in the Board, and equally important for the future, the following are highlighted as being of utmost importance:

- Law and contractual expertise
- Accounting expertise
- Skills in reading and interpreting financial documents
- Internal control system and risk management expertise
- Corporate governance expertise
- Sustainability expertise
- Authoritativeness and standing-up skills (ability to defend one's own ideas)
- Experience in supervising the adequacy and effective functioning of the organizational structure and internal control system in large sized limited liability companies
- Experience gained in companies listed on the Stock Exchange

The following are of high importance:

- Statutory audit expertise



- Financial expertise and experience in extraordinary transactions
- Knowledge of the main businesses of Leonardo, the typical scenarios and strategies of the sectors in which it operates
- Experience gained in industrial companies operating at global level, of size and complexity comparable to Leonardo

Less importance (average rating) is instead assigned to university teaching experience in legal, economic, financial and technical-scientific subjects.

With regard to the guidelines to the shareholders on the characteristics and composition of the future Board of Statutory Auditors of Leonardo, worth noting are issues such as diversity (gender, age) and skills.

As to gender, the present Board has maintained a gender balance and, in accordance also with the regulations, there are no grounds for modifying the current proportion. Similar considerations emerged during the self-evaluation in relation also to age. Overall, the current diversity of the Board, as arisen from the self-evaluation processes, fully meets the needs imposed by the dimension and operational complexity of Leonardo and it is hoped that the future Board can keep on in the same fashion.

With regard to the skills, the comparative analysis on the two skill matrices (mix of current and prospective skills of the Board) highlighted a considerable overlap between the current mix of knowledge, skills and experiences and the ideal one of the future Board. This result, in light of the recently renewed Board of Directors – 12 new members out of the total 12 – and of the high technical complexity of Leonardo’s operations, suggests by way of exception to take advantage of the benefits arising from the continuity of the Board actions compared to a possible turnover of a part of its members.

4. Evaluation of the Board of Statutory Auditors on commitment required and remuneration

In order to provide adequate instructions to the shareholders to identify the suitable profiles to propose as statutory auditors of Leonardo S.p.a., the Board of Statutory Auditors asked the People & Organization OU to perform a benchmarking analysis of the remuneration of the Boards of Statutory Auditors, with the support of the Mercer consultant. From such analysis it emerged that the fees paid to the Chairman of the Board of Statutory Auditors (€80,000 per year) and to each regular statutory auditor (€70,000 per year) are lower than the remuneration benchmarks of the compared markets.

Specifically, an element underlying the analysis was the particular commitment required to the members of the monitoring body during their mandate, considering that according to the Company’s practice all the Statutory Auditors should attend the meetings of the internal Board committees.

Below are the 2023 data:

BOARD	NUMBER OF MEETINGS	AVERAGE DURATION
Board of Statutory Auditors	22	2 h
Board of Directors	13	2 h 40’
Control and Risks Committee	11	2h
Remuneration Committee	8	1h 20’
Nomination and Governance Committee	9	1h
Sustainability and Innovation Committee	8	1h 40’

Total meetings 71



The data shown above highlight the significant commitment required to the Statutory Auditors of Leonardo S.p.a. for the fulfilment of duties attributed to them by statutory, regulatory and corporate governance sources. In 2022 the total number of meetings attended by the Board of Statutory Auditors was equal to 75.

Since that for many companies in the FTSE MIB it was not possible, from the analysis of publicly available documentation, to reconstruct the actual attendance of all members of the board of statutory auditors at the meetings of the internal board committees, an initial comparison was made by subdividing the companies in the FTSE MIB to the number of meetings attended by the Board of Statutory Auditors. The companies considered were divided into groups according to the number of meetings held. The number of meetings of the Board of Statutory Auditors of Leonardo S.p.a. was comparable to the group of companies in which the board holds more meetings. In such companies, the remuneration received is significantly higher than in Leonardo.

A second comparison was made with the panel of Italian companies used by the Leonardo Remuneration Committee for the benchmark of the other roles envisaged by the remuneration policy, first of all the CEO-GM. Within this panel Leonardo ranks between the median and the third quartile for “size factors” - capitalization, revenues, Ebit, number of employees - and the remuneration of the Chairman of the Board of Statutory Auditors and regular Statutory Auditor is lower than these benchmarks.

Finally, a third comparison was performed taking into account the recommendation contained in the «Rules of conduct of the boards of statutory auditors of listed companies» of the Italian Accounting Profession, to compare the fee for the chairman of the board of statutory auditor with that of the chairman of the control and risks committee.

The Chairman of the latter Committee reaches a fee amounting to € 115,000, obtained by adding the remuneration determined by the Shareholders' Meeting to that recognized by the Board of Directors for the position of Chairman of the Control and Risks Committee. This comparison does not, however, take into account the fact that each non-executive director is a member of two Committees.

Furthermore, the Board highlights that, as concerns the responsibilities of the monitoring body, the Chairman of the Board of Statutory Auditors of Leonardo S.p.a is assigned with specific certification duties considering the particular business of the Company. The Chairman of the Board of Statutory Auditors of Leonardo is required, among other things, by the Ministry of Enterprises and Made in Italy, to sign an affidavit certifying specific income statement and balance sheet values for the purpose of receiving the subsidies envisaged to support R&D costs incurred by the Company. The provisions of Law no. 808/85 also require the Chairman of the Board of Statutory Auditors to sign statements certifying the actual costs on R&D projects financed in accordance with the mentioned Law.

It should be noted that the remuneration paid to the Board of Statutory Auditors of Leonardo S.p.a. has been the same since 2018. The increase in the level of inflation, specifically in the last period, has evidently eroded the real value of the fee determined some 6 years ago now.

In light of the above considerations, and also taking into account the purposes pursued by recent legislative initiatives (Law no. 49 of 21 April 2023, - the so-called law on fair compensation) for adequate remuneration of professionals, the current Board of Statutory Auditors of Leonardo S.p.a. highlights to Shareholders a limited competitiveness of the fees received by them in comparison to the different market benchmarks considered.

