

# PROCEDURE FOR TRANSACTIONS WITH RELATED PARTIES

PURSUANT TO ART. 4 OF CONSOB REGULATION No. 17221/2010, as amended and  
supplemented

Approved by the Board of Directors of  
26 November 2010, as amended and supplemented  
*(last update: March 2022)*

***Disclaimer***

*This Procedure for Related Parties Transactions has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the Procedure and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.*

LEONARDO – SOCIETÀ PER AZIONI  
REGISTERED OFFICE: PIAZZA MONTE GRAPPA 4, ROME.  
SHARE CAPITAL OF € 2,543,861,738.00 FULLY PAID-UP  
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## 1. Introduction

This procedure (the “**Procedure**”) was approved by the Board of Directors of Leonardo S.p.A. (“**Leonardo**” or the “**Company**”) on 26 November 2010 (as well as periodically updated) pursuant to Art. 2391-bis of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of the Consob Regulation containing provisions on related party transactions, adopted with Resolution No. 17221 of 12 March 2010, as amended and supplemented <sup>1</sup> (the “**Regulation**”).

The Procedure has the purpose of defining, on the basis of the principles indicated in the Regulation, rules aimed at ensuring the transparency and substantial and procedural correctness of the Transactions with Related Parties carried out by the Company, directly or through its subsidiaries.

The Procedure is an essential part of the Internal Control and Risk Management System that belongs to the Company and of the Leonardo Organizational Model pursuant to Legislative Decree No. 231 of 8 June 2001.

The Procedure has the value of an instruction given by Leonardo to its subsidiaries under Article 114, section 2, of the Consolidated Finance Act (Legislative Decree no. 58 of 24 February 1998, as amended and supplemented) together with the operational dispositions predisposed in the ambit of the related implementation.

## 2. Definitions

2.1 For the purposes of this Procedure, the following definitions apply:

- a) “**Independent Directors**”: the directors recognized by the Company as independent in accordance with the *Corporate Governance Code* to which the Company adheres.
- b) “**Related Directors**”: Directors who are counterparties of a Transaction or Related Parties of a Transaction the counterparty.
- c) “**Directors involved in the Transaction**”: Directors who have an interest in a Related Party Transaction, on their own behalf or on behalf of third parties, in conflict with that of the Company; for the purposes of the Procedure; the notion includes, by way of example, the "Related Directors", as well as the Directors of the counterparty company of the Transaction or its parent company.
- d) “**Committee for Related Party Transactions**” or “**Committee**”: the Control and Risks Committee established in accordance with the *Corporate Governance Code*, the activities of which are governed by a specific regulation approved by the Board of Directors and available

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<sup>1</sup> Regulation No. 17221/2010 subsequently amended with Resolutions No. 17389 of 23 June 2010, No. 19925 of 22 March 2017, No. 19974 of 27 April 2017 and No. 21624 of 10 December 2020.

on the Company's website ([www.leonardocompany.com](http://www.leonardocompany.com)). Furthermore, the Committee is responsible for issuing its opinion with respect to any changes to the Procedure (with exception of those changes pursuant to Article 13.2 below, if any) in accordance with Article 4, section 3, of the Regulation.

e) **“Market-equivalent or standard terms”**: conditions similar to those usually adopted for unrelated parties for transactions of a corresponding type, size and risk, or based on regulated tariffs or prices, or adopted for persons with whom the Company (or its subsidiaries) is legally obliged to agree a specific valuable consideration. This generally includes adequately documented and verifiable conditions, determined as a result of a competitive procedure (whether public or private) and by virtue of the application of regulations or corporate procedures/guidelines.

f) **“Executives with Strategic Responsibilities”**:

the subjects defined as such on the basis of the international accounting standards listed in the Appendix to the Regulations (**Annex 1**), to which the contents are referred.

For the purposes of the Procedure, Executives with Strategic Responsibilities of Leonardo or – where applicable – of its parent, have to be considered:

- (i) the members of the Board of Directors;
- (ii) the regular members of the Board of Statutory Auditors;
- (iii) those holding the office of Chief Operating Officer;
- (iv) the Executive in charge of preparing the accounting documents of the Company, according to Article 154-*bis* of the Consolidated Act;
- (v) the Heads of Divisions;
- (vi) the Heads of organizational units dedicated to the business.<sup>2</sup>

g) **“Leonardo Group”**: Leonardo and the companies under its direct or indirect control.

h) **“Significant Interests”**: for the purposes of Article 14, section 2 of the Regulation and of Article 11 of the Procedure, Significant Interests have to be considered those interests arising from relations of a participatory or financial nature with the subsidiaries or associates of Leonardo which are counterparties to a specific Transaction, if such relations are able to direct, in an exclusive or priority way, the managing decisions of the Company, the subsidiary or the associate, to the interests of another Related Party of the Company.

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<sup>2</sup> Subjects with specific decision-making autonomy and greater spending autonomy, in line with the attribution to them of the qualification and responsibility of the "Employer", pursuant to and by effect of the regulations on health and safety at workplace, the environment and major accidents.

Significant Interests may be considered existing if the other Related Party (i) is one of the Executives with Strategic Responsibilities either of Leonardo or of one of its subsidiaries or associates and is the beneficiary of a share incentive plan (or other performance-related remuneration) directly and significantly based on the performance of that subsidiary or associate or (ii) has an equity investment in the subsidiary or associate, the effective weighting of which is greater than the effective weighting of the equity investment held directly or indirectly by that related party in the Company. In considering each possible Related Parties relationship, attention is directed to the substance of the relationship and not to its mere legal form. In any case, Significant Interests are not considered to be those deriving from the mere sharing of one or more Directors or other Executives with Strategic Responsibilities between the Company and its subsidiaries or associates.

- i) “**LSC**”: Corporate Affairs, *Compliance*, Criminal Law and Anti-corruption O.U. (managed by the *Group General Counsel*) established within Leonardo.
- j) “**Related Party Transaction**” or “**Transaction**”: any transfer of resources, services or obligations between the Company and a Related Party, regardless of whether valuable consideration has been agreed;
- k) “**Transactions of Negligible Amount**”: the following Transactions, identified by the Company (pursuant to Article 4, paragraph 1, subpara. a) of the Regulation) on the basis of the following criteria:
  - 1) - assignment of remuneration and economic benefits, in any form, for an amount not exceeding € **250,000** per year, or
    - assignments for intellectual work for an amount not exceeding € **500,000**,to the following subjects:
    - a) to members of the management and control bodies or other Executives with Strategic Responsibilities of Leonardo or, where applicable, of its controlling party;
    - b) to members of Leonardo's Supervisory Board or, where applicable, of its controlling entity;
    - c) to the close relatives of the subjects referred to in subparas. a) and b) above;
    - d) to entities in which a party referred to in subparas. a), b) and c) above holds a significant share, in any case not less than 20% of the voting rights;
  - 2) other transactions not more than € **3 million**.
- l) “**Transactions of Lesser Importance**”: Transactions other than Transactions of Greater Importance and Transactions for Smaller Amounts.

- m) **“Transactions of Greater Importance”**: Transactions in which at least one of the indexes of significance set forth in Annex 3 of the Regulation, applicable depending on the specific Transaction, exceeds the thresholds therein. In accordance with paragraph 1.3 of Annex 3 to the Regulation, the Company has decided not to identify significance thresholds lower than the aforementioned criteria for Transactions that might have an impact on the operational autonomy of the issuer.
- n) **“Ordinary Transactions”**: Transactions falling in the ordinary course of business and related financial activities of the Company and/or the Leonardo Group; in case of Transactions carried out through subsidiaries it is considered, in order to assess the regular nature of the Transaction, the activity carried out by the subsidiary, except where such subsidiary is a special purpose vehicle set up to perform that Transaction, in which case the regularity must also be verified with regard to at least one of the activities carried out by Leonardo Group.
- o) **“Body competent to resolve on the Transaction”**: the Board of Directors for transactions falling in its competence, as well as – limited to Transactions of Lesser Importance – the Chief Executive Officer or the Heads of Divisions or the *Business Unit* Deputy Managing Directors for the transactions to them delegated.
- p) **“Related Parties”**: the subjects defined as such on the basis of the international accounting standards listed in the Appendix to the Regulations (**Annex 1**), to which the contents are referred.
- Pursuant to Article 4, section 2 of the Regulation, the Company has decided to extend the Procedure also to the members of the Surveillance Body of the Company or – where applicable – of its parent.
- q) **“Equivalent Controls”**: the controls set forth in Article 7 below, to be adopted if, with regard to a specific Transaction, one or more members of the Committee for Related Parties Transactions are related Directors.
- r) **“(UE) Regulation No. 596/2014”**: (EU) Regulation No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.
- s) **“Issuers' Regulation”**: the Regulation adopted by CONSOB with Resolution No. 11971 of 14 May 1999, as amended and supplemented, concerning the regulation of issuers.
- t) **“Close family members”**: Close family members relevant for the purposes of the Procedure are the subjects defined as such on the basis of the international accounting standards listed in the Appendix to the Regulations (**Annex 1**), to the contents of which reference should be made.
- u) **“Consolidated Finance Act”**: the Consolidated Finance Act in accordance with the Legislative Decree no. 58 of 24 February 1998 as amended from time to time.

2.2 For any terms not specifically defined in the Procedure, please see the Regulation.

### 3. Identification of Related Parties

#### 3.1 *Related Parties Register*

3.1.1 For the purposes of the Procedure, the Company shall have a special Register in which Related Parties are listed (the “**Register**”).

3.1.2 The LSC/*Group Corporate Affairs* organizational unit of the Company is responsible for the management and updating of the Register with the support of the other organizational units of Leonardo’s Corporate Center and Divisions, for matters falling in their competence, of the Secretaries of the Board of Directors, of the Board of Statutory Auditors and of the Surveillance Body, as well as of the relevant organizational units of the companies of Leonardo Group. To this end, to the extent of their respective relevance, the aforementioned organizational units or Secretariats, according to the provisions of the specific information flows and operational procedures in place within the Group, are required to promptly notify the LSC/*Group Corporate Affairs* organizational unit the supervening circumstances of which they have become aware and which may in any case affect or influence the qualification of a Related Party or the related identifying elements.

3.1.3 The Register and the corresponding updates shall be made available to the organizational units of Leonardo’s Corporate Center and Divisions, in addition to the companies within the Leonardo Group, and used by them to verify the existence of a Related Party Transaction relevant for the purposes of the Procedure.

3.1.4 The organizational units of the *Corporate Center* and the Divisions of Leonardo, as well as the subsidiaries, identify and promptly communicate LSC/*Group Corporate Affairs* the names of one or more persons (“Reference Beings”) responsible for the obligations required by the Procedure (with particular regard to the activities contemplated by the subsequent Articles 4, 5, 6, 8, 10 and 12), as well as the names of one or more persons to be authorized to access the Register, also promptly reporting any subsequent updates.

Unless otherwise specified, the Company will enable each Reference Being to access the Register.

3.1.5 The Register is divided into a section dedicated to Related Parties “Legal Persons”, one dedicated to Related Parties “Natural Persons” and one dedicated to Related Parties “Other Entities”.



### **3.2 “Legal Persons” section of the Related Parties Register**

3.2.1 The LSC/*Group Corporate Affairs* organizational unit updates the section of the Register listing Related Parties who are classified as “Legal Persons”, on the basis of the information and documents requested by it and received or otherwise made available by the organizational units of Leonardo’s Corporate Center and Divisions for matters falling in their competence, or by the Leonardo Group companies, according to the specific information flows and operating procedures existing within the Group.

### **3.3 “Natural Persons” section of the Related Parties Register**

3.3.1 The LSC/*Group Corporate Affairs* organizational unit updates the section of the Register in which the Related Parties "Natural Persons" are registered, based on the information received from the Secretariats of the Board of Directors, the Board of Statutory Auditors and the Supervisory Body, as well as from the organizational units of the *Corporate Center* and the Divisions, to the extent of their respective competence, relating to the Executives with Strategic Responsibilities and to the members of the Supervisory Body of the Company and, where applicable, of its controlling party. For the purposes of identifying "Natural Person" Related Parties, LSC/*Group Corporate Affairs* requests, through the above-mentioned Secretariats and organizational units, the Executives with Strategic Responsibilities and the members of the Supervisory Body of the Company as well as, where applicable, to the controlling party the communication, by sending a specific declaration of correlation, of the data concerning the Executives with Strategic Responsibilities and the members of the Supervisory Body of the Company (and, where applicable, of the controlling party) and their close relatives.

### **3.4 “Other Entities” section of the Related Parties Register**

3.4.1 The LSC/*Group Corporate Affairs* organizational unit updates the section of the Register in which the Related Parties "Other Companies" are registered, based on the information received from the Secretariats of the Board of Directors, the Board of Statutory Auditors and the Supervisory Body and from the organizational units of the *Corporate Center* and the Divisions, to as per their respective competence, as well as by the controlling party, pursuant to Articles 3.4.2. and 3.4.3 below.

3.4.2 For the purposes of identifying "Other Company" Related Parties, LSC/*Group Corporate Affairs* requests, through the aforementioned Secretariats and organizational units, the Executives with Strategic Responsibilities and the members of the Supervisory Body of the Company, as well as, where applicable, to the controlling party the communication, by sending a specific correlation declaration, of the data concerning the entities in which the Executives with Strategic

Responsibilities and the members of the Supervisory Body of the Company (as well as, where applicable, of the controlling party) and/or their close family members exercise control, joint control or significant influence or hold, directly or indirectly, a significant share, in any case not less than 20%, of the voting rights.

3.4.3 For the purposes of identifying "Other Company" Related LSC/*Group Corporate Affairs* will update the relevant section of the Register on the basis of the information and updates made available by its parent pursuant to Art. 4, paragraph 8, of the Regulations.

#### 4. Identification of Related Parties Transactions

4.1 Before engaging in any transaction, the – *Corporate Centre's* or *Division's* organizational unit responsible for it shall verify, by consulting the Register in accordance with and with the modes set forth in Article 3.1.3 and 3.1.4 above, whether the counterparty is a Related Party and, if so, whether it is a Transaction for a Smaller Amount.

4.2 If the Transaction is with a Related Party and is not of a Negligible Amount, the organizational unit of the *Corporate Center* or the *Division* responsible for the Transaction communicates the relevant information to the LSC/*Group Corporate Affairs* organizational unit (**Start-up Communication**), specifying whether it is an Ordinary Transaction to be concluded at market or standard conditions and providing, in this regard, if so, the relevant and exhaustive reasons, complete with objective evidence suitable to qualify the specific type of exemption referred to in Art. 11.2 below, subpara. c). The information shall indicate adequate news regarding the features of the Transaction such as the parties, the nature, the terms and conditions and the value of the Transaction. The LSC/*Group Corporate Affairs* organizational unit shall verify with the support of the Administration and Budget organizational unit, as well as eventually, of the *Corporate Centre's* or *Divisions'* organizational unit responsible for the Transaction:

- (i) if the Transaction falls within one of the cases of exemption referred to in Art. 11 below, other than Negligible Amount Transactions;
- (ii) whether the Transaction implements a framework resolution adopted pursuant to Art. 9 below;
- (iii) if the Transaction falls within the Transactions of Lesser Relevance or Greater Relevance.

4.3 A specific Committee ("**Executives Committee**") composed of the *Group General Counsel*, the *Chief Financial Officer* and the *Chief Audit Executive* resolves cases in which the nature of the Transaction, for the purposes of applying a type of exemption pursuant to Art. 11 below, is

controversial. The Executive Committee may also verify in advance, where the circumstances so require, the existence of the conditions for the application of the Procedure to the specific Transaction.

In the event that, even after the above-mentioned analyses by the Committee, the nature of the Transaction remains controversial, the assessment is referred to the Committee for Transactions with Related Parties.

The Company also preliminarily submits the Committee for Transactions with Related Parties its assessments in the presence of Ordinary Transactions, of particular complexity or in the face of significant economic values, to be concluded at conditions equivalent to those of the market or standard ones and of Greater Relevance.

- 4.4 If, on the basis of the results of the investigation carried out, it concerns a non-exempt Related Party Transaction in accordance with Article 11 below, the LSC/*Group Corporate Affairs* organizational unit will submit the Transaction to the Committee for Related Party Transactions, providing it promptly and, as a rule, within five days from the date on which the analysis referred to in Articles 4.2 and 4.3 above was carried out, with the information received from the *Corporate Centre's* and Divisions' organizational unit responsible for the Transaction. The Committee on Related Party Transactions will apply the provisions of Article 5 below if it is a Transaction of Lesser Importance or the provisions of Article 6 below if it is a Transaction of Greater Importance. Members of the Committee on Related Parties Transactions must disclose the existence of any related parties with respect to a particular Related Parties Transaction in order to allow the Equivalent Controls to be implemented as referred to in Article 7 below.
- 4.5 If the Transaction falls within one of the cases of exemption referred to in Art. 11 below, other than Transactions of Negligible Amount, or constitutes implementation of a framework resolution, the LSC/*Group Corporate Affairs* organizational unit informs the organizational unit of the *Corporate Center* or the Divisions responsible for the Transaction. The organizational unit of the *Corporate Center* or of the Divisions responsible for the Transaction must immediately inform the Administration and Budget organizational unit (jointly with LSC/*Group Corporate Affairs*) of any update/integration with respect to the information provided with the Start-up Notice, as well as the conclusion of the Transaction (**Communication of Conclusion**), so that the latter proceeds with the annotation of the Transaction in the list referred to in Art. 12 below.
- 4.6 The Administration and Budget organizational unit, in order to determine the Transactions of Greater Importance and also in order to implement Article 10.2 below:

- a) determines and periodically communicates, at the approval of the periodical accounting statements, to the LSC/*Group Corporate Affairs* organizational unit the parameters that must be used to calculate the significance indexes mentioned in Annex 3 to the Regulation;
- b) records and updates the value concerning the Transaction of Lesser Importance, of the same nature or realized to implement a unitary plan, started during the fiscal year with the same Related Party or with subjects related to both the latter and the Company, with the exception of Transactions exempted under Article 11 of the Procedure.

## **5. Transactions of Lesser Importance**

### **5.1 Investigation of Transactions of Lesser Importance**

5.1.1. The Committee for Related Parties Transactions, after receiving from the LSC/*Group Corporate Affairs* organizational unit, based on the communications made by the organizational unit of the *Corporate Center* and Divisions responsible for the Transaction, complete and adequate information regarding the features of the Transaction of Lesser Importance which the Company intends to carry out, shall express – in time to allow the competent body to adopt a decision and, as a rule, five days prior to the date set for the approval of the Transaction itself – an explained non-binding opinion on the benefits to the Company of performing the Transaction and on the convenience and substantial correctness of the corresponding terms. The aforementioned opinion is attached to the minutes of the related Committee meeting.

5.1.2 If the Committee for Related Parties Transactions considers it necessary or appropriate, it may seek advice from one or more independent experts of its choice in order to issue the non-binding opinion. When choosing these experts, the Committee will resort to persons of recognized professionalism and competence on the matters of interest, which the Committee itself has previously verified, taking into account any economic, equity and financial relations indicated in Annex 4 (para. 2.4) to the Regulations, independence and the absence of conflicts of interest.

### **5.2 Approval of Transactions of Lesser Importance**

5.2.1 The body competent to resolve on transactions shall approve Transactions of Lesser Importance subject to an explained non-binding opinion of the Committee for Related Parties Transactions and subject to the reception from the LSC/*Group Corporate Affairs* organizational unit, based on the information provided by the organizational unit of the *Corporate Center* and Divisions responsible for the Transaction, of complete and adequate information regarding the features of the Transaction which the Company intends to carry out promptly and, as a rule, five days prior to the date scheduled for the approval of the Transaction.

- 5.2.2 Where the Board of Directors is responsible for the Transaction, the minutes of resolutions approving Transactions of Lesser Importance must contain an appropriate explanation of the benefits deriving to the company from the completion of the Transaction itself and the convenience and substantial correctness of the corresponding terms.
- 5.2.3 In the event that the Transaction falls within the competence of the Board of Directors and without prejudice to the provisions of Art. 2391 of the Italian Civil Code, the Directors involved in the Transaction abstain from voting on the same; the relevant presence is calculated for the purposes of the *quorum* constituting the board meeting.
- 5.2.4 In relation to Transactions of Lesser Importance which are in the responsibility of the Shareholders' Meeting or which must be authorized by it pursuant to Article 2364, section 1, subsection 5 of the Italian Civil Code for the preliminary phase and approval phase of the motion submitted to the Shareholders' Meeting, the terms of the previous paragraph shall apply subject to proper adjustments.

### 5.3 *Information flows on Transactions of Lesser Importance*

Without prejudice to the information required under Articles 5, para. 8, and Article 6 of the Regulation:

- (i) the Chief Executive Officer shall provide the Board of Directors and the Board of Statutory Auditors, at least once a quarter, with information about the performance of the Transactions of Lesser Importance which are subject to the Procedure (and therefore, with the exception of the Transactions qualified for exemption under Article 11 below);
- (ii) the Company provides the Committee and the Board of Statutory Auditors every six months, through the LSC organizational unit, with information on the Transactions of Lesser Importance implemented (initiated or concluded) in the period, also concerning the Transactions referred to in Art 11 below (other than Negligible Amount Transactions) and the application of the related exemption conditions;
- (iii) without prejudice to the provisions of Art. 17, of (EU) Reg. No. 596/2014, the Company, through the LSC/*Group Corporate Affairs* organizational unit and with the support of the organizational units of the *Corporate Center* or the Divisions responsible for the Transaction, within fifteen days of the end of each quarter of the financial year makes available to the public, at the registered office and in the manner indicated in Part III, Title II, Chapter I of the Issuers' Regulation, a document containing the indication of the counterparty, the object and the consideration of the Transactions of Lesser Relevance approved in the relevant quarter in the presence of a negative opinion of the Committee for Transactions with Related

Parties, as well as the reasons for which it was decided not to share this opinion. Within the same timeframe, the opinion shall be published as an annex to the information document or on the Company's website. If the Committee's favourable opinion is conditional on the acceptance of certain specific observations or indications, the publication of said document will not be necessary in the event that such observations or indications have been adopted by the body competent to resolve on the Transaction.

## **6 Transactions of Greater Importance**

### **6.1 Investigation of Transactions of Greater Importance**

6.1.1 In the case of Transactions of Greater Importance, the Committee for Transactions with Related Parties, possibly by means of one or more of its members specifically delegated, must be promptly involved in the negotiation phase and in the investigation phase by receiving, by the LSC/*Group Corporate Affairs* unit organizational, on the basis of the communications made by the organizational unit of the *Corporate Center* or the Divisions responsible for the Transaction, of a complete and updated information flow also sent pursuant to Art. 4.4. Above and, as a rule, within 5 days from the date on which the checks referred to in Arts. 4.2 and 4.3 were carried out. The Committee, or its appointed representative, may ask for information and make observations to the relevant bodies and individuals in charge of the negotiations or investigation.

6.1.2 The Committee for Related Parties Transactions, once the investigation phase is complete, shall express, in time to allow the relevant body to reach a decision and, as a rule, five days prior to the date scheduled for the approval of the Transaction itself, an explained opinion on the benefits to the Company deriving from the completion of the Transaction and the convenience and substantial correctness of its terms. The aforementioned opinion is attached to the minutes of the related Committee meeting.

6.1.3 If the Committee for Related Party Transactions considers it necessary or appropriate, it may seek advice from one or more independent experts of its choice in order to issue the non-binding opinion. When choosing these experts, the Committee will resort to persons of recognized professionalism and competence on the matters of interest, which the Committee itself has previously verified, taking into account any economic, equity and financial relations indicated in Annex 4 (para. 2.4) to the Regulations, independence and the absence of conflicts of interest.

### **6.2 Approval of Transactions of Greater Importance**

6.2.1 Except for Transactions of Greater Importance which are in the responsibility of the Shareholders' Meeting or which must be authorized by it (see Articles 6.2.5 and 6.2.5 below), the approval of the

Transactions of Greater Importance is reserved to the competence of the Board of Directors of the Company subject to the reasoned favourable opinion of the Committee, as well as upon receipt (promptly and, as a rule, 5 days before the date scheduled for the approval of the Transaction) of a complete and adequate flow of information on the characteristics of the Transaction that the Company intends to carry out, sent by the LSC/*Group Corporate Affairs* organizational unit on the basis of the communications made by the organizational unit of the *Corporate Center* or the Divisions responsible for the Transaction.

- 6.2.2 If the Committee for Related Parties Transactions has expressed an explained opinion against the completion of the Transaction of Greater Importance or has expressed a conditional opinion or any observations, the Board of Directors of the Company may: (i) approve the Transaction of Greater Importance subject to full implementation of the observations made by the Committee for Related Parties Transactions; or alternatively (ii) approve the Transaction of Greater Importance despite the negative opinion or disregarding the Committee's observations, on condition that the Transaction is authorized by the Shareholders' Meeting in accordance with Article 6.2.6 below; or finally (iii) not approve the Transaction of Greater Importance and therefore not proceed with it.
- 6.2.3 The minutes of the resolutions authorizing the Transaction of Greater Importance must provide a proper explanation of the benefit deriving to the Company from the completion of the Transaction itself and the convenience and substantial correctness of its terms.
- 6.2.4 Without prejudice to the provisions of Art. 2391 of the Italian Civil Code, the Directors involved in the Transaction abstain from voting on the same; the relevant presence is calculated for the purposes of the *quorum* constituting the board meeting.
- 6.2.5 If the Board of Directors intends to submit the Transaction of Greater Importance to the Shareholders' Meeting, despite the negative opinion or disregarding the observations made by the Committee for Related Parties Transactions, the Transaction may not be carried out if the majority of unrelated voting shareholders effectively vote against the Transaction, on condition however that the unrelated shareholders present at the meeting represent at least 10% of the voting share capital.
- 6.2.6 In relation to Transactions of Greater Importance which are in the responsibility of the Shareholders' Meeting or which must be authorized by it pursuant to Article 2364, section 1, subsection 5 of the Italian Civil Code, for the negotiation, investigation and approval phase of the motion to be submitted to the Shareholders' Meeting, the terms of the previous paragraph shall apply subject to proper adjustments.

### **6.3 Information flows on Transactions of Greater Importance**

Without prejudice to the disclosure obligations pursuant to Arts. 5 and 6 of the Regulation:

- (i) the Chief Executive Officer shall provide the Board of Directors and the Board of Statutory Auditors, at least once a quarter, with information about the performance of Transactions of Greater Importance which are subject to the Procedure; as regards the Transactions qualified for exemption as referred to in Article 11 below, such information shall concern the performance of the Transactions of Greater Importance which have benefited from the specific exemption provided for in Article 11.2, subpara. (c) of the Procedure for Regular Transactions carried out under market-equivalent or standard terms.
- (ii) the Company provides the Committee through the LSC organizational unit, within the deadline and with the contents of the information pursuant to Articles 13, paragraph 3, subpara. c) i) of the Regulations and 11.2, subpara. (c) of the Procedure, information on the approval/conclusion of Transactions of Greater Importance that have benefited from the specific exemption provided for Ordinary Transactions concluded at conditions equivalent to market or standard ones; the Committee verifies, at the first useful meeting, the correct application of the exemption conditions and that the related assessments are duly recorded;
- (iii) the Company provides the Committee and the Board of Statutory Auditors every six months, through the LSC organizational unit, with information on the Transactions of Greater Importance implemented (initiated or concluded) in the period, also concerning the Transactions referred to in Art 11 below and the application of the related exemption conditions;

## **7. Equivalent safeguards**

- 7.1 In relation to a Transaction with Related Parties in which one or more members of the Committee for Transactions with Related Parties are related Directors, the following equivalent safeguards must be adopted, in order:
- (i) if one of the members of the Committee for Transactions with Related Parties finds him/herself in the above-mentioned situation, the opinion referred to in Articles 5 and 6 above is issued by the remaining three unrelated Independent Directors who are members of the Committee;
  - (ii) if two of the members of the Committee for Related Parties Transactions should find themselves in the situation above, the opinion referred to in Articles 5 and 6 above shall be issued unanimously by the two remaining unrelated Independent Directors of the Committee;



- (iii) if three of the members of the Committee for Related Parties Transactions should find themselves in the situation above, the opinion referred to in Articles 5 and 6 above shall be issued by the remaining unrelated member of the Committee;
- (iv) in the event that the controls referred to in subparas. (i), (ii) and (iii) cannot be applied, the opinion referred to in Articles 5 and 6 above shall be issued by the Board of Statutory Auditors on condition that if the members of this body have an interest, either on their own account or on behalf of third parties, in the Transaction, they shall inform the other auditors, specifying the nature, terms, origin and extent;
- (v) in the event that the controls referred to in subparas. (i), (ii), (iii) and (iv) cannot be applied, the opinion referred to in Articles 5 and 6 above shall be issued by an independent expert, identified and appointed by the Board of Directors from among those with recognized professionalism and expertise in the matter in question, of which the Board has previously verified, taking into account any economic, equity and financial relations indicated in Annex 4 (para. 2.4) to the Regulations, independence and the absence of conflicts of interest.

7.2 If the Equivalent safeguards are applied, the provisions referred to in the Procedure shall also apply to, and for the benefit of, the persons identified in accordance with Article 7.1 above.

## **8. Transactions carried out through subsidiaries**

- 8.1 For the purposes of this Procedure, “Transactions carried out through subsidiaries” have to be considered those Transactions carried out through the subsidiaries of Leonardo with Related Parties of Leonardo itself, which, on the basis of the company’s bylaws or of proxies, are subject to the prior authorization, examination or assessment of Leonardo or one of its officers. Said Transactions, provided that they are neither of Smaller Amount or Lesser Importance, nor fall in one of the hypotheses of exemption provided for by following Article 11, nor are an implementation of a framework resolution, shall be subject to the prior, non-binding opinion of the Committee for Related Parties Transactions.
- 8.2 Before carrying out the Transactions subject to the prior authorization or prior examination or prior evaluation of Leonardo or a company representative of the latter, the subsidiary, through its competent organizational unit, checks whether the counterparty is one of the subjects identified as Related Party, by accessing the Register pursuant to and with the methods set out in Articles 3.1.3 and 3.1.4 above and, in this case, if the Transaction is of a Negligible Amount.
- 8.3 If the Transaction is carried on with a Related Party and is not for a Smaller Amount, the subsidiary shall provide the *LSC/Group Corporate Affairs* organizational unit - as soon as possible according

to the nature of the Transaction and the minimum information available - with information about the Transaction in question, specifying whether this is a Regular Transaction to be completed under market or standard terms (providing in this regard, if so, the related reasons and objective evidence), so that the aforesaid organizational unit of the Company, with the support of the Administration and Budget organizational unit, as well as, eventually, of the organizational unit of the Company in charge for the matter, may proceed with the controls referred to in Article 4.2 above and, if the Transaction neither is of Greater Importance, nor falls into one of the exemption hypothesis provided for by the following Article 11, nor is the implementation of a framework resolution, submit the Transaction to the Committee for Related Parties Transactions.

- 8.4 The Committee for Related Parties Transactions shall issue its opinion on the Transactions of Greater Importance carried out through subsidiaries in time to allow the competent body of Leonardo to authorize or examine or assess the Transaction (taking into account the different typologies of it) and, as a rule, five days prior to the date scheduled for the authorization, examination or assessment above.
- 8.5 Following the authorization or examination or assessment of the competent body of the Company, the *LSC/Group Corporate Affair* organizational unit shall promptly inform the relevant organizational unit of the subsidiary.
- 8.6 Following the approval of the Transaction – whether of Lesser or Greater Importance - or its conclusion, the competent organizational unit of the subsidiary:
- (i) will promptly provide the *LSC/Group Corporate Affairs* organizational unit with the information necessary for the Company to fulfil the disclosure obligations pursuant to Articles 5 and 6 of the Regulation and referred to in Art. 9.4 above;
  - (ii) will promptly provide the Administration and Budget organizational unit with the information necessary for the purpose of updating the list referred to in Art. 12.2 below, as well as according to the verifications referred to in Art. 4.6, subpara. b) above.

## **9. Framework resolutions**

- 9.1 For the purposes of the Procedure, framework resolutions are allowed providing for the completion by the Company, directly or through subsidiaries, of a series of homogeneous Transactions with certain Related Parties identified from time to time by the Board of Directors.
- 9.2 Framework resolutions shall be adopted by the Board of Directors on the recommendation of the Chief Executive Officer, having consulted the Committee for Related Parties Transactions. Such resolutions shall be effective for no more than one year and shall indicate, with a sufficient degree of precision, the

Transactions in question, the expected maximum amount of the Transactions to be carried out during the relevant period and the reasons for the conditions envisaged in relation to such Transactions.

- 9.3 With reference to the framework resolutions, and subject to the proper adjustments, the provisions of Articles 5 and 6 above shall apply, depending on the foreseeable maximum amount of the Transactions covered by the specific framework resolution, considered on a cumulative basis. Each Transaction concluded as implementation of a framework resolution is not covered by the terms of Articles 5 and 6.
- 9.4 The implementation of each framework resolution shall be notified to the Board of Directors at least once a quarter by the Corporate Centre's and Divisions' organizational unit responsible for the Transaction or by the LSC organizational unit in case of Transactions made through a subsidiary.

## 10. Public information

- 10.1 When Transactions of Greater Importance must be carried out by subsidiaries of the Company, whether Italian or foreign, the latter, through the LSC/*Group Corporate Affairs* organizational unit, with the support of the *Corporate Centre's* and *Division's* organizational units responsible for the Transaction, shall prepare an information document, without prejudice to the provisions of Art. 17 of (EU) Reg. No. 596/2014, and pursuant to and for the purposes of Art. 5 of the Regulation. To this end, the *Corporate Center* organizational unit or the *Division* responsible for the Transaction, or the competent organizational units of the subsidiaries, must immediately inform the LSC/*Group Corporate Affairs* organizational unit of the approval of the Transaction or (if the competent body has resolved to submit a contract proposal) of the conclusion of the contract, thus promptly providing the information necessary for the preparation of the document. The information document is made available to the public within the terms set out in the aforementioned Art. 5, at the registered office and in the manner listed in Part III, Title II, Chapter I of the Issuers' Regulation.
- 10.2 If, during the financial year the Company concludes with the same Related Party, or with parties related to both the latter and the Company, Transactions that are homogeneous or carried out as part of the same unitary plan, which, while not individually classified as Transactions of Greater Importance, if considered on a cumulative basis exceed the thresholds of significance indicated in Annex 3 of the Regulation, the LSC/*Group Corporate Affairs* organizational unit, with the support of the *Corporate Centre's* and *Divisions's* organizational units, or of the competent organizational units of subsidiaries in the case of Transactions carried out through subsidiaries, must prepare an information document. In that case, the provisions of Article 5 of the Regulation shall apply. The Administration and Budget organizational unit shall supervise the Transactions of Lesser Importance carried out by Leonardo and by the subsidiaries in order to examine the existence of the conditions for the accumulation of Transactions. Exempted Transactions within the meaning of

Article 11 of the Procedure do not count for accumulation purposes.

- 10.3 The interim report on operations and the annual management report must contain the information referred to in Article 5, paragraph 8 and in Article 13, paragraph 3, subparagraph c) *ii*) of the Regulation. Information about individual Transactions of Greater Importance may be incorporated by reference to published documents, with an indication of any significant updates.
- 10.4 If a Related Party Transaction is disclosed with the dissemination of a press release pursuant to Art. 17 of (EU) Reg. No. 596/2014, the press release includes, in addition to the information to be published pursuant to the above-mentioned provision, at least the information referred to in Art. 6 of the Regulation.
- 10.5 In the event of a Transaction of Lesser Importance being carried out despite the negative opinion of the Committee for Related Parties Transactions, the terms of Article 5.3 (iii) above shall apply.

## 11. Exempt transactions

- 11.1 The provisions of the Procedure do not apply to Negligible Amount Transactions, as well as to Transactions approved by the Company and addressed to all Shareholders on equal terms, including:
- (a) capital increases subject to option, also to service convertible bonds and free capital increases pursuant to Art. 2442 of the Italian Civil Code;
  - (b) full or partial demergers, with proportional share allocation criteria;
  - (c) reductions in share capital through reimbursement to Shareholders pursuant to Art. 2445 of the Italian Civil Code and purchases of treasury shares pursuant to Art. 132 of the Consolidated Finance Act.
- 11.2 Without prejudice to the duties of periodic financial reporting provided for by Article 5, para. 8 of the Regulation, where applicable, the Procedure does not apply to the following Transactions:
- (a) Transactions relating to share-based compensation plans approved by the Shareholders' Meeting pursuant to Article 114-*bis* of the Consolidated Finance Act and the relevant implementation operations;
  - (b) resolutions on the remuneration of Directors vested with particular offices, other than those referred to in Art. 13, paragraph 1, of the Regulations, as well as the other Executives with Strategic Responsibilities, provided that the requirements of Art. 13, paragraph 3, subpara. b) of the Regulation are met and therefore:
    - that the Company has adopted a remuneration policy approved by the General Shareholders' Meeting;

- that a committee made up exclusively of non-executive directors, whose majority is independent (Remuneration Committee), was involved in the definition of the above-mentioned policy;
  - that the remuneration awarded is identified in accordance with this policy and quantified on the basis of criteria that do not involve discretionary assessments;
- (c) Ordinary transactions concluded at conditions equivalent to market or standard conditions, without prejudice to the obligation to comply with the provisions on disclosure pursuant to Art. 13 of the Regulation. To allow the timely fulfilment of disclosure obligations, Consob and the Committee, pursuant to Art. 13, paragraph 3, subpara. c) i) of the Regulations in the case of Transactions of Greater Importance, the organizational unit of the *Corporate Center* or the Division responsible for the Transaction, or the competent organizational units of the subsidiaries, must inform the LSC/*Group Corporate Affairs* organizational unit without delay - following the Notice of Start of the Transaction, complete with the information elements referred to in the Art. 4.2 above, suitable for qualifying this type of exemption - of the approval of the Transaction or (if the competent body has resolved to submit a contractual proposal) the conclusion of the contract, as well as any updates to the Transaction that benefited from the exemption;
- (d) urgent Transactions that do not fall within the competence of the Shareholders' Meeting or must not be authorized by it, on condition that the criteria set forth in Article 13, section 6 of the Regulation are observed and without prejudice to the reporting obligations indicated in Article 5 of the Regulation, where applicable, as well as the reserve of competence, for Transactions of Greater Importance, responsibility of the Board of Directors;
- (e) Transactions with or between companies controlled, individually or jointly, by the Company, and Transactions with associates of the Company, if in the associates or subsidiaries which are counterparties to the Transaction there are no Significant Interests of other Related Parties of the Company.

## 12. List of Related Parties Transactions

12.1 In order to comply with the periodic financial reporting obligations and to coordinate with the administrative and accounting procedures referred to in Article 154-*bis* of the Consolidated Finance Act, the organizational units of the Company's *Corporate Center* and Division of the Company responsible for the Transaction and the competent organizational units of the subsidiaries shall immediately inform the Administration and Budget organizational unit about any Related Party

Transactions concluded during the reference period.

12.2 The aforementioned organizational unit shall prepare a list in electronic format, indicating all Related Parties Transactions arranged either directly or through subsidiaries, with the indication of the counterparty, amount of each Transaction, the dates of issue of any Committee opinion as well as the start and end of the Transaction; the list will also contain specific evidence of the Ordinary Transactions of Greater Relevance concluded at conditions equivalent to market or standard conditions, which have therefore benefited from the exemption pursuant to Art. 11.2 subpara. (c) of the Procedure.

12.3 The Executive in charge of preparing the Company's accounting document is entitled to access the list referred to in Article 12.2 above at any time.

### **13. Final provisions**

13.1 The Board of Directors of Leonardo shall periodically assess, at least once every three years, the suitability of this Procedure and the opportunity to carry out its review, also in the light of the application practices, approving any related changes based on the opinion issued in preventive approach from the Committee for Transactions with Related Parties.

13.2 The Chief Executive Officer may make additions and/or amendments to the Procedure, promptly informing the Committee, in the following cases:

- should adjustments of a purely formal nature be made,
- to implement changes in the Company's organizational structure,
- for adaptations of the Procedure to legislative or regulatory provisions.

13.3 The Company has decided not to adopt the grounds for exemption for urgent Transactions carried out in the crisis situations referred to in Article 11, section 5 of the Regulation.

### **14. Effective date and updates of the Procedure**

The provisions of the Procedure, approved on 26 November 2010 and enforced from 1 January 2011, have been updated on 13 December 2011, on 19 December 2013, as well as on 22 December 2015 (with effect from 1 January 2016), on 20 December 2016 (with effect from 1 January 2017), on 5 February 2021, on 18 December 2019, on 17 June 2021 (effective from 1 July 2021) and on 17 March 2022.

**Annex 1**

*(Appendix to Consob Regulation No. 17221/2010, as amended and supplemented)*

**Definitions of Related Parties and Related Party Transactions**

**and definitions functional to them according to the international accounting standards**

**1. Definitions of related parties and related party transactions according to the international accounting principles**

For the purposes of Article 3, paragraph 1, subpara. a), of this regulation, the definitions contained in the international accounting standards, referred to below apply:

***Related Parties***

***A related party is a person or entity that is related to the entity that draws up the financial statements.***

- (a) A person or a close family member of that person is related to an entity that draws up the financial statements if said person:**
- (i)** has control or joint control of the entity that draws up the financial statements;
  - (ii)** has a significant influence on the entity that draws up the financial statements; or
  - (iii)** is one of the Executives with Strategic Responsibilities of the entity that draws up the financial statements or of one of its parent companies.
- (b) An entity is related to an entity that prepares the financial statements if any of the following conditions applies:**
- (i)** the entity and the entity that draws up the financial statements are part of the same group (which means that each parent, subsidiary and company of the group is related to the others);
  - (ii)** an entity is an associate or a *joint venture* of the other entity (or an associate or a *joint venture* belonging to a group of which the other entity is part);

- (iii) both entities are *joint ventures* of the same third party;
- (iv) one entity is a *joint venture* of a third entity and the other entity is an associate of the third entity;
- (v) the entity is represented by a benefit plan subsequent to the end of the relationship of work for the employees of the entity that draws up the financial statements or of an entity related to it;
- (vi) the entity is controlled or jointly controlled by a person identified in item (a);
- (vii) a person identified in item (a)(i) has a significant influence on the entity or is one of the Executives with Strategic Responsibilities of the entity (or one of its parent companies) [IAS 24, para. 9].

**In the definition of a related party, an associate includes the subsidiaries of the associate and a *joint venture* includes the subsidiaries of the *joint venture*.** Therefore, for example, a subsidiary of an associated company and the investor who has significant influence over the associated company are connected to each other [IAS 24, para. 12].

#### *Transactions with related parties*

**A transaction with a related party is a transfer of resources, services or obligations between a company and a related party, regardless of whether a consideration has been agreed [IAS 24, para. 9]<sup>3</sup>.**

## **2. Definitions functional to those of "related parties" and "transactions with related parties" according to the international accounting standards**

The terms "**control**", "**joint control**" and "**significant influence**" are defined in IFRS 10, in IFRS 11 (Arrangements for joint control) and in IAS 28 (Investments in associated companies and

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<sup>3</sup> **These operations include:**

- merger, demerger by incorporation or demerger in a strictly non-proportional sense, where carried out with related parties;
- decisions relating to the allocation of remuneration and economic benefits, in any form, to the members of the BoD and Supervisory Board and to Executives with Strategic Responsibilities.



*joint ventures*) Investments in associates and joint ventures) and are used with the meanings specified in these IFRSs [IAS 24, para. 9].

#### *Executives with Strategic Responsibilities*

***Executives with Strategic Responsibilities*** are those individuals who have the power and responsibility, directly or indirectly, for the planning, management and control of the Company's activities, including the Directors (Executive or otherwise) of the Company [IAS 24, para. 9].

#### *Close family members*

***Close family members*** of a person are those family members who are expected to influence, or be influenced by, that person in their dealings with the Company, including:

- (a) the children and spouse or cohabitant of that person;**
- (b) the children of that person's spouse or cohabitant;**
- (c) dependents of that person or of the spouse or cohabitant [IAS 24, para. 9].**

### **3. Interpretation principles of definitions**

**3.1** While examining each relationship with related parties, attention must be paid to the substance of the relationship and not just to its legal form [IAS 24, para. 10].

**3.2** The interpretation of the above-mentioned definitions is made by referring to the set of international accounting standards adopted in accordance with the procedure referred to in Article 6 of (EC) Regulation No. 1606/2002.