

BUSINESS COMPLIANCE

Focus on Lobbying activities

Leonardo¹ conducts its business in compliance with the principles of loyalty, fairness, transparency, efficiency, obedience to the law and the values expressed in the Leonardo S.p.a, Code of Ethics², as well in the Charter of Values, the Anti-Corruption Code and the Policy on the Respect of Human Rights, applicable to the entire Leonardo Group, requiring a similar behavior by all of its employees, suppliers, business and financial partners, consultants, etc.

Leonardo requires strict compliance with the principles and standards of conduct set forth in Leonardo's Code of Ethics and its Anti-Corruption Code, by all employees, members of the Board of Directors and third parties, including those to whom lobbying appointments are assigned.

Lobbying activities aim at advocating the Company's interests and supporting the Company's position at various levels in the legislative and administrative bodies of the territory in a responsible manner. The Company does not tolerate any conduct in violation of the rules and, therefore, contrary to the values of Leonardo, providing for specific rules applicable to the third parties as well as contractual clauses safeguarding the Company against any improper behavior.

The appointment of external lobbyists³ (LO) is regulated by the **Business Compliance Group Directive LDO-DI-015-A** which sets the reference principles and general rules concerning the identification, analysis and appointment of Commercial Advisors, Sales Promoters, Lobbyists and Commercial Distributors/Resellers as well as the management of the relevant contracts by Leonardo S.p.a. or its Subsidiaries in order to ensure compliance with the relevant national and international laws and regulations, prevent the risk of committing crimes and monitor the ethical and reputational aspects underlying commercial intermediation appointments.

The Directive also establishes the oversight mechanisms of control in order to prevent and counter, among others, bribery, corruption and unethical behavior. The oversight control system is, in first instance, ensured by the competent Company Marketing and Sales structures and followed by a more enhanced analysis by the relevant Compliance functions, as described in the abstract of Directive. Any conduct by persons other than the personnel of the Leonardo Group in breach of the Anti-corruption Code or the Anti-corruption law, will be examined to evaluate whether it is necessary to adopt appropriate measures to protect the Company, such as unilateral termination of the contract, and will be provided by specific contractual clauses.⁴

The process related to the identification, analysis and appointment of Lobbyists is the same as for Commercial Advisors, Sales Promoters, Commercial Distributors and Resellers and, likewise, is carried out on the basis of transparency, competence, cost-efficiency and fairness. The process requires an accurate evaluation of the risks associated to the lobbying appointment (Enhanced Due Diligence), as indicated in the Directive, and the proposed remuneration must be consistent with the services that the Lobbyist is required to provide.

¹ Leonardo Spa is the first company among the top ten global players in the Aerospace, Defense and Security sector to obtain ISO 37001:2016 "Anti bribery management systems" certification, the first international standard for anti-corruption management systems.

² The ethical principles set forth by the Leonardo S.p.a. Code of Ethics are shared by all directly or indirectly controlled Subsidiaries and are binding on all the recipients.

³ Permitted exclusively for the Subsidiaries incorporated under non-Italian law and only in the Countries where it is permitted by the current relevant legislation. Group companies incorporated under Italian law may, however, enter into Sales Promotion/Commercial Advisory assignments with parties who - according to the local regulations of the countries in which they are to perform their activities - qualify as 'Lobbyists', stating clearly in the relevant contracts that the appointment is not related to Lobbying, and that it includes only Sales Promotion/Commercial Advisory activities.

⁴ Leonardo Group Anti-corruption Code, pag. 25, English Version



The principles that must be complied with are:

- identification and segregation of responsibilities;
- clear designation of signing authority;
- clarity and simplicity;
- impartiality and absence of conflicts of interest;
- traceability and accurate record-keeping.

During the Due Diligence activities, all candidates are required to declare they have received all relevant Leonardo documentation, including the Code of Ethics, the Anti-corruption Code and the Charter of Values. All third parties are mandatorily required to be aligned with and act in accordance with the abovementioned documents and with any relevant Company procedural standards and policies, as well as with all applicable national and international anti-corruption and anti-bribery legislation, in order to finalize the relevant contract. These requirements are also always reflected in the contractual clauses. Third parties are contractually obliged to submit periodic “Activity Reports” with evidence of all activities performed in relation to the appointment. Such reports are scrutinized and approved by the competent Company Units, in order to ensure continuous oversight and monitoring and, if necessary, activate additional verifications immediately.

Moreover, all candidates must perform training for the benefit of their employees on the topics of ethics, anti-corruption and compliance.

All the above documentation and declarations as well as the feedback on the successful performance of the Leonardo online training course —mandatory in order to confer the appointment – are necessary conditions to collaborate with Leonardo. No exceptions are allowed.

With reference to Leonardo Group in-house lobbyists, employees who perform activities involving both formal and informal contacts with politicians and senior public officials in accordance with their role in the Company, they are subject to the general internal Codes and rules as well as to specific provisions in accordance with the relevant legislation and regulation in force. The conduct of all internal lobbyists is continuously monitored by their hierarchical supervisors in order to ensure compliance with the internal rules. Furthermore, in compliance with the Italian anti-corruption legislation, Leonardo S.p.a. employees must submit a specific declaration certifying the public authorities met, the date, place and topics discussed. All such declarations are timely submitted to the Leonardo Surveillance Body for appropriate information and analysis. Likewise, Leonardo Group employees worldwide are subject to analogous monitoring and oversight mechanisms of control, structured in accordance with the criteria set by the relevant internal Company rules and applicable laws and regulations.

As far as lobbying activities in Italy are concerned, despite no laws or regulations are in force, the Presidential Office of the Chamber of Deputies of the Italian Parliament has issued a resolution dated 8 February 2017 that disciplines the activity of representing interests in the Chamber of Deputies⁵. Leonardo has duly and timely registered its in-house lobbyist professionals (Company employees) who carry out activities of representation of interests towards Members of the Chamber in the relevant Register⁶.

⁵ <https://www.camera.it/leg19/1306>

⁶ https://rappresentantiinteressi.camera.it/sito/leagl_37/scheda-persona-giuridica.html



The main activities related to Leonardo are carried out by:

- the acquisition of parliamentary documentation (bills, parliamentary questions, dossiers of proposed amendments, documents of the research services, etc.);
- the organization of meetings with deputies and parliamentary officials in relation to matters of interest.

Leonardo is also registered in the Transparency Register of the Italian Ministry of Enterprises and Made In Italy (MIMIT, formerly Ministry of Economic Development)⁷ with the Identification Number 2016-64321218-13⁸, under the Category “Businesses and trade associations, commercial and professional” and in particular in the section “Businesses and Groups”.

The sectors of interest related to the registration are relevant to:

- Competitiveness, industry and new businesses
- Competition and commerce
- Technical norms
- Companies register
- Incentives and support (business)
- Import/export
- International trade observatory
- International trade policy
- Trade promotion
- Incentives and support (international trade).

Furthermore, in accordance with the relevant European Union regulation, Leonardo S.p.a. is also registered in the European Transparency Register⁹ with identification number 02550382403-01¹⁰, under Section II In-house lobbyists and trade / business / professional associations / Companies & Groups.

The fields of interest related to the registration are:

- Borders and Security
- Budget
- Business and Industry
- Competition
- Digital economy and society
- Employment and Social Affairs
- Enlargement
- Environment
- External Relations
- Foreign affairs and security policy
- Humanitarian aid and civil protection
- Institutional affairs
- International co-operation and development
- Justice and Fundamental Rights

⁷ <http://registrotrasparenza.mise.gov.it/>

⁸ <http://registrotrasparenza.mise.gov.it/index.php/consultare-il-registro/details/6/1700>

⁹ https://ec.europa.eu/info/about-european-commission/service-standards-and-principles/transparency/transparency-register_en

¹⁰ <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=02550382403-01>



- Regional Policy
- Research and innovation
- Single market
- Trade
- Trans-European networks
- Transport.

All registered parties must abide by the Code of Conduct, as defined in Annex 3 of the 2014 European Union Interinstitutional Agreement on said Transparency Register¹¹.

REPORTING 2022

The expenditure related to direct third-party lobbying (specific lobbying appointments conferred to commercial intermediaries) carried out during 2022 exclusively by the Leonardo Group Subsidiaries incorporated under non-Italian law in the Countries where it is permitted by the current relevant legislation amounts to approximately USD 1.7 million (approximately USD 1.8 million in both 2021 and 2020) and is referred mainly to the area of North America (mostly USA), Poland, Germany and Brasil. Over half of the amount is related to activities associated to Leonardo DRS in the U.S.A.

In particular, among the main areas for which the Group's foreign Subsidiaries made use of the support from lobbyists during 2022 are those related to:

- technologies for infrastructure and transport;
- purchase and / or upgrade of aircraft by government agencies, including aircraft for firefighting as well as search and rescue missions;
- naval systems and submarine research and development programmes; technologies for advanced protection systems; ground-based and satellite communication systems; navigation support tools and laser systems.

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¹¹ http://ec.europa.eu/transparencyregister/public/staticPage/displayStaticPage.do?locale=en&reference=CODE_OF_CONDUCT





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