Rules of procedure of the Control and Risks Committee

Disclaimer
These Rules of procedure of the Control and Risks Committee have 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 these Rules of procedure and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

LEONARDO

March 2021

Article 1

Establishment – Chairmanship

1. The Control and Risks Committee (the "Committee") is established by resolution of the Board of Directors of Leonardo S.p.A.
2. The Committee is composed of at least three Directors, as established by the Board of Directors at the time of the Committee's appointment; the Directors shall be all non-executive and their majority is independent. The Committee has expertise that is consistent with the company's industry and assessment of its risks; at least one member of the Committee has adequate knowledge and experience in accounting, finance or risk management.
3. During its first meeting, the Committee shall appoint a Chairman, unless such person has already been appointed by the Board of Directors. The Chairman shall be chosen from among the independent Directors.
4. The meetings of the Committee shall be attended by the Chairman of the Board of Statutory Auditors, or by another Statutory Auditor appointed by said Chairman; the Chairman, the Chief Executive Officer as well as the other members of the Board of Statutory Auditors, may also attend such meetings. Furthermore, by invitation of the Committee, through its Chairman, on the basis of the specific items to be discussed, may attend the meeting other persons, including other members of the Board of Directors, employees of the Company or of Group Companies.
5. Should a member of the Committee leave office for whatever reason, the Board of Directors shall appoint a new member in accordance with the provisions of the previous subparagraphs.
6. The term of office of the Committee shall coincide with that of the Board of Directors, and prior termination of the Board's term of office shall automatically determine termination of the Committee.

Article 2

Meetings and Resolutions

1. The Committee shall meet on a regular basis, to perform its functions and duties as set forth in Article 3 below, at least once every three months, at the same time as the Board of Directors' approval of the regular financial reports.

   The Committee may meet anywhere, including abroad, and it shall avail itself of the services of a Secretary who shall be appointed during the committee's first meeting.

2. The Committee's meetings shall be convened by the Chairman, or by the Secretary when appointed to do so by the Chairman, or when a written request to hold such meeting is submitted by at least two members, with at least three days' notice and in a manner that guarantees the confidentiality and timeliness of the meeting and makes it possible to verify receipt of the notice. In urgent cases, the Committee may be convened with one day's notice. The notice of the meeting indicates the location, date and time thereof,

together with the items on the agenda to be discussed and resolved upon. The meeting of the Committee convened without the above-mentioned procedures will in any case be valid if all the members are present or the majority of the members are present and the absent members are informed of the meeting.

3. The Board of Directors' Secretary's Office shall assist the Chairman and members of the Committee in organizing and conducting the Committee's meetings.

4. The Committee's meetings may be held via videoconferencing or eventually via teleconferencing, provided that all those attending can be identified, and are permitted to follow, and intervene in, discussion of the questions dealt with, and to view documents in real time.

5. The Committee's meetings shall be chaired by the Chairman, or if such is absent or prevented from attending, by the oldest member of the Committee.

6. In order for a meeting to be valid, the majority of Committee members must be present.

7. The resolutions of the meeting shall be passed by the majority vote of those present; in the event of a tied vote, the Chairman shall have the casting vote.

8. The meetings and Committee's resolutions shall be recorded in the minutes, which shall be signed by the Chairman of the meeting and by the Secretary and the Chairman of the Committee shall inform the Board of Directors thereof during the first available meeting.

Article 3

The Committee's Functions and Duties

1. The Control and Risks Committee has a duty to provide support, through its due preliminary activities, to the Board of Directors' evaluations and decisions regarding the internal control and risk management system, and regarding the approval of periodical financial and non-financial reports. Within this context, the Committee supports the Board of Directors:

   a) in regard of the definition of the guidelines of the internal control and risk management system, in accordance with the Company's strategies;

   b) in regard of the evaluation, at least once a year, of the suitability of the internal control and risk management system in relation to the nature of the company and its risk profile, and of the efficacy of said system, the results of such evaluation being reported each year in the Corporate Governance Report;

   c) in regard of the approval, at least once a year, of the Working Plan drawn up by the Head of the Group Internal Audit department;

d) in regard of the evaluation of the results set out by the Auditors in any letter containing suggestions, and in the additional report addressed to the Board of Statutory Auditors;

e) in regard of the appointment and dismissal of the Head of the Group Internal Audit department, in regard of the determination of said Head's remuneration in relation to the company policy, and in regard of the possess of adequate resources to carry out his/her duties.

2. The Committee, in supporting and assisting the Board of Directors, shall also take care of the duties listed below:

a) assesses, after hearing the Financial Reporting Manager, the External Auditor and the Board of Statutory Auditors, the correct application of the accounting principles and their homogeneity for the purposes of preparing the consolidated financial statement;

b) assesses, after hearing the Chief Financial Officer, the correctness of the process of preparing the periodic financial and non-financial information so that it is suitable to correctly represent the Company's business model, its strategies, the impact of its activities and the performance achieved;

c) examines, in agreement with the Sustainability and Innovation Committee, the content of the Consolidated Non-financial Statement relevant to the internal control and risk management system;

d) expresses its views on specific aspects pertaining to identification of the principal corporate risks;

e) examines the regular reports and those of particular importance drawn up by the Group Internal Audit department;

f) monitors the independence, adequacy and efficiency of the Group Internal Audit department supervising the activities of said department in the event that the Chairman be delegated operating powers;

g) can entrust the Group Internal Audit department with the task of carrying out specific controls on defined operational areas; such a request is contextually conveyed to the Chair of the Board of Statutory Auditors;

h) reports to the Board of Directors, at least once every six months, and in any case at the time of the approval of the draft financial statements and of the six-monthly financial report, with regard to those activities carried out and to the adequacy of the internal control and risk management system;

i) supports, with adequate preliminary activities, the Board of Directors assessments and resolutions about management of risks arising from detrimental facts which the Board has become aware of;

j) verifies the pursuing of the objectives of the Sustainability Plan in concert with the Sustainability and Innovation Committee;

k) performs any other duties it may be assigned by the Board of Directors;

l) analyses, with reference to the issues of its relevant competence, the matters that are relevant to Leonardo for the long-term value generation.

Finally, the Control and Risks Committee shall also perform the functions of a Committee for Related Parties Transactions, on the basis of the "Procedure for Related Parties Transactions" approved by the Company pursuant to Article 4 of CONSOB Regulation no. 17221 of March 12 2010, and subsequent amendments and additions thereto (the "Procedure"), and shall exercise the respective powers, also through one or more of its members specifically appointed in accordance with the provisions of the aforesaid Procedure.

Article 4
Powers

In performing its functions, the Committee is entitled to access the information it requires to perform its duties, and to avail itself of the assistance of company departments, or of external consultants at the Company's expense, provided that such are suitably bound to due confidentiality, and do not find themselves in any situation that could compromise their independent judgement.

The Company shall provide the Committee with the funding it requires to carry out its duties.

Article 5
Ethical conduct

The members of the Committee are bound to perform their functions in a professional, transparent, independent manner, and their conduct must be in keeping with the Company's ethical principles. To this end, said members must refrain from any actions or forms of conduct that contravene such requirements.

Article 6
Final provisions

The Committee may submit to the Board of Directors, in the light of applicative practice, any proposals for amendments of these Rules pertaining to the performance of the same Committee.



Piazza Monte Grappa, 4
00195 Roma
T +39 06324731
F +39 063208621

leonardocompany.com