GENERAL INFORMATION

- ✓ GENERAL REPORTING CRITERIA
- ✓ GOVERNANCE
- ✓ STRATEGY AND STAKEHOLDER ENGAGEMENT
- ✓ MANAGING IMPACTS, RISKS AND OPPORTUNITIES – DOUBLE MATERIALITY
- ✓ SUSTAINABILITY MANAGEMENT POLICY

General reporting criteria

Preparation of the CSS

The Consolidated Sustainability Statement (CSS) is prepared in accordance with Legislative Decree 125/2024 and forms an integral part of the Report on Operations included in the 2024 Integrated Annual Report. The CSS is prepared annually in accordance with the European Sustainability Reporting Standards (ESRS). In particular, the double materiality analysis, whose process and related results are set out in the following section, takes into consideration the ESRS datapoints, which include, where appropriate, considerations on the value chain, as well as on the company's direct operations.

CSS structure

The CSS is structured into the 4 sections "General Information", "Environmental Information", "Social Information" and "Governance Information", in accordance with *Appendix D: Structure of the ESRS sustainability statement* of ESRS 1 "General requirements". In addition, certain information required by ESRS 2 "General disclosures" referring to the strategy and business model has been reported in "PART 1 - GROUP PROFILE, STRATEGY AND RESULTS" of the Report on Operations in order to facilitate the connection with financial reporting. Finally, it should be noted that within the "Social Information" section, disclosures are made concerning the impacts, risks and opportunities related to the issues of "Innovation" and "Supply chain development", which are essential issues of Leonardo's commitment to contribute to the global security of citizens and communities in general, that have emerged as relevant from the double materiality analysis[25].

Features of disclosures

The information provided in the CSS and in the related "Annex to the Report on Operations - Note of the CSS", which is an integral part of the Report on Operations, meets the qualitative requirements set forth in Appendix B of ESRS 1, i.e.: relevance, faithful representation, comparability, verifiability, understandability. The time intervals for the short, medium and long term used are those provided in ESRS 1 "General requirements" (1 year, up to 5 years, and over 5 years respectively) unless otherwise stated in the document. Unless otherwise stated, the information reported is compared at least with the previous reporting period. Any estimates or assumptions, corrections of errors or restatements of metrics or targets are disclosed in the document[26]. All forward-looking disclosures are the result of reasonable assumptions made by Leonardo's management but, due to their nature, are inherently characterised by elements of uncertainty.

The datapoints referring to the expected financial effects are partially not covered in this CSS in order to allow Leonardo to carry out a more complete analysis and evaluation of them, in accordance with Appendix C: List of phased-in Disclosure Requirements of ESRS 1.

Some data/information provided in previous editions of the Integrated Annual Report on sustainability performance, linked to the aspects that emerged as relevant from the double materiality analysis, is available in the "Annex to the Report on Operations – Note of CSS".

[25] Please see "Managing impacts, risks and opportunities – double materiality".

[26] In particular, the environmental performance referred to the last months of the year was, in some cases, subject to estimation. The estimate adopted varies depending on the circumstances and the type of KPI, and may be linear or based on specific evaluations related to the business and the expected operating performance. Any estimates and calculation methods referring to the value chain are indicated in detail in the document.

Scope of consolidation and approval

The CSS refers to the fiscal year 2024 (1 January 2024 - 31 December 2024) and is submitted for approval by Leonardo's Board of Directors' meeting held on 11 March 2025. The Sustainability and Innovation Committee and the Control and Risks Committee reviewed the general layout of the Consolidated Sustainability Report, as well as the completeness and transparency of disclosures, and issued a prior opinion for approval by the Board of Directors.

The scope of consolidation includes companies consolidated line-by-line in the financial statements (for a complete list of the companies included in the scope of the consolidated financial statements, please refer to the paragraph "Annex: Consolidation Area")[27].

As from the 2025 financial year, some of the Group's subsidiaries will fall within the scope of application of Legislative Decree 125/2024 and may take advantage of the exemption clause set forth in Article 7 of the same Decree. These companies are listed starting from 2025 in this Integrated Annual Report as required by ESRS 2 BP-1 dp 5 b ii.

Starting from 1 January 2024 the Telespazio Group joined the consolidation perimeter of Leonardo, therefore part of the changes compared to the previous year can be attributed to this circumstance, as precisely reported in the document, as applicable.

Other reporting frameworks and standards

For the sake of completeness of sustainability reporting and continuity of disclosure with respect to previous years, the Integrated Annual Report is also drawn up by taking into consideration the Integrated Reporting Framework, the standards of the Sustainability Accounting Standards Board (SASB) for the Aerospace & Defence sector, as published by the International Sustainability Standards Board (ISSB) in December 2023[28], the Sustainable Development Goals (SDGs), and the Ten Principles of the United Nations Global Compact. The statement of reconciliation against SASB standards is published in the "Content index" section of the "Annex to the Report on Operations – Note of CSS".

Independent audit

In compliance with Legislative Decree 125/2024, the CSS was subject to limited review, except for the information on the indicators provided in section "SASB Content Index", in accordance with the provisions of the Standard on Sustainability Assurance Engagement – SSAE (Italy).

In addition, with reference to FY2024 and for the fourth consecutive year, a selection of indicators (shown below) has been subjected to comprehensive examination (reasonable assurance) in accordance with the provisions of the "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB). The indicators subjected to full examination are listed below.

[27] The document also includes information related to the value chain where available and consistent with the findings of the dual materiality analysis. For further details, please refer to the dedicated chapters.

[28] The Integrated Reporting Framework and the standards issued by the Sustainability Accounting Standards Board (SASB) were merged within the IFRS Foundation with the work completed, in August 2022, on the consolidation of the Value Reporting Foundation (VRF), which, in turn, had been created in June 2021 through the merger of the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB). The International Sustainability Standards Board (ISSB), created within the IFRS Foundation to develop sustainability-related disclosure standards, promotes the use of both of them. In December 2023, ISSB published an updated version of the SASB standards in order to improve their applicability at an international level, regardless of the reference jurisdiction while at the same time not altering their structure or purpose.

- **E1-5 Energy consumption and mix** - as required by DPs 37 (a, b and c), 39, 40 and 41
- **E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions** - as required by DPs 48 (a) and 49 (a and b)
- **CO2 emission intensity Scopes I and II on revenues (grams/euros) - location-based** (KPI Entity specific) - with regard to DR E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions, DPs 53 and 54
- **Water withdrawals** (KPI Entity specific) - with regard to DR E3-4 Water consumption, DP 28 (a)
- **E5-5 Resource outflows** - as required by DP 37 (a)
- **S1-6 Characteristics of the undertaking's employees** - as required by DP 50 (c) with the addition of total new hires by gender and age group (KPI Entity specific) and STEM women out of total new hires in the STEM area (KPI Entity specific)
- **S1-14 Health and safety metrics** - as required by DP 88 (c)
- **S1-13 Training and skills development metrics** - as required by DP 83 (b)
- **S1-9 Diversity metrics** - as required by DP 66 (a and b) with the addition of the breakdown by job category and gender (KPI Entity specific).

For additional information about the scope of the audit work and the procedures performed by the independent auditors, reference should be made to the "Independent Auditors' Report on the CSS as of 31 December 2024" included in the document. The information summarised in the ESRS Content Index is included in the scope of the limited assurance engagement. The document is published on the Company's website at www.leonardo.com.

Reporting scope

The 2024 environmental reporting scope[29] covered 129 sites around the world. The scope has been based on the materiality of the environmental impact from operating sites, the number of employees of Leonardo SpA's and its subsidiaries consolidated on a line-by-line basis. In order to ensure consistency with the consolidation criteria of the Consolidated Financial Statements, the Group's environmental data do not include those of the joint ventures, over which Leonardo does not exercise operational control. The personnel and other social and governance information reporting scope corresponds to 100% of companies consolidated on a line-by-line basis in the 2024 Consolidated Financial Statements. Any possible limitations are set out from time to time in this document.

Sites covered by the environmental reporting scope

	2023	2024
Italy	55	60
United Kingdom	7	8
United States	30	27
Poland	1	1
Rest of the World	18	33
Total sites	**111**	**129**

[29] Environmental data, as reported through the Group's web-based system (and in particular those relating to energy consumption), were obtained through: direct measurements (e.g., meters and consumption measurement systems); calculations (e.g., bills; purchase orders/invoices); estimates based on the number of employees and/or activities carried out. In particular, with regard to emissions into the atmosphere, where sites have monitoring systems (e.g., industrial sites), these are calculated from laboratory analyses carried out during the year. If these analyses are not carried out (e.g., at office sites and/or in cases where the production processes conducted are not characterised by emissions into the atmosphere), the Group's reporting system automatically calculates the NO_X and SO_2 emissions produced, based on the annual consumption of methane and diesel fuel for the production of energy/heat and emission coefficients available in literature.

Governance

The role of the administrative, management and supervisory bodies with regards to sustainability topics

Pursuant to the Corporate Governance Code and its company Rules, the Board of Directors examines and approves the strategic and industrial plans of the Company and the Group, including based on the analysis of material topics, periodically monitors the implementation of the industrial plan and defines the nature and level of risk compatible with the Company's strategic objectives, including in its evaluations any and all elements that may be relevant to the generation of long-term value[30].

Specifically, the Board of Directors, assisted by the Board Committees, promotes the integration of sustainability into the Group's strategies and business, and carries out the analysis of material topics relevant to Leonardo. In particular, the Board of Directors, assisted by the Sustainability and Innovation Committee and the Control and Risks Committee, sets out the key guidelines on sustainability and monitors the pursuit of sustainability objectives.

The role of Board committees

The **Sustainability and Innovation Committee**, which is composed of five non-executive directors, mostly independent, establishes whether the Sustainability Plan objectives have been pursued, and examines the general approach of the CSS, in collaboration with the Control and Risks Committee. It also monitors interactions with ESG stakeholders and Leonardo's positioning in ESG ratings and Sustainability indices.

The **Control and Risks Committee**, composed of five non-executive directors, mostly independent, provides opinions to the Board of Directors on, among other things, the assessment of: (i) the management of risks, including medium- and long-term risks, so that the main risks[31] are properly identified, as well as adequately measured, managed and monitored; (ii) the determination of the degree of compatibility of these risks with a management that is consistent with the set strategic objectives.

The Control and Risks Committee also examines, in agreement with the Sustainability and Innovation Committee, the content of periodic non-financial reporting insofar as relevant to the internal control and risk management system.

The Board of Statutory Auditors, as part of the performance of the broader functions it has been vested with under the legal system, oversees compliance with law, including the statutory requirements prescribed on CSS, including the reporting standards, monitoring of the CSS and related attestation of compliance.

On an annual basis, the Board of Directors and the Board of Statutory Auditors carry out - each on its own behalf and autonomously - a self-assessment process on their functioning, as well as on their composition, also taking into account the specific skills and experience represented within the two bodies, including those relevant to sustainability. The Directors and Statutory Auditors participate in induction sessions, including on the basis of the results of these self-assessments[32], which are aimed at deepening, sometimes with the

[30] For more information on the composition of the governing and control bodies and their competences, please refer to the chapter "Governance information".

[31] Including, in coordination with the Sustainability and Innovation Committee, any risks that are relevant from a sustainability perspective.

[32] For more details, please see the chapter "Governance information".

support of experts, their knowledge of the Group's activities and businesses, as well as of any material topics with a view to creating long-term value.

In order to strengthen the sustainability governance system, in addition to emphasising sustainability in the remuneration policy as set out below, Leonardo has adopted a Sustainability Operational Model (i.e. a Group Directive), which sets out actions, roles and responsibilities to ensure the integration of sustainability into its business[33]. In this regard, the organisational structure of the Chief Sustainability Officer, reporting directly to the CEO and General Manager, is responsible for integrating sustainability throughout the business value chain. Specifically, on the basis of the impacts, risks and opportunities identified through the double materiality analysis[34], it designs the strategy, which includes environmental, social and governance topics, and related objectives, drafts the Sustainability Plan[35], in line with the Group's Industrial Plan, and sets out and monitors the relevant KPIs for sustainability performance planning. Within the framework of the Model, the Sustainability Managers, appointed in the Group's Divisions, Corporate functions and investee companies, are the point of reference for the management of sustainability work within their related organisations: they are involved in the process of defining, implementing and monitoring the Sustainability Plan and targets, give actual implementation to sustainability-related objectives, in line with the Group's strategy. The preparation of the Consolidated Sustainability Report, an integral part of the Integrated Annual Report, is managed under the responsibility of the Chief Financial Officer (CFO), who acts as the Officer in charge of financial reporting pursuant to Legislative Decree 125/2024.

In 2024, during the meetings of the Sustainability and Innovation Committee, there was the analysis of issues related to sustainability strategy and the Sustainability Plan 2024-2028, the progress of sustainability projects and goals, and the Group's decarbonisation strategy. The Committee also reviewed the overall approach, completeness and transparency of the CSS[36], as well as monitored the double materiality process, receiving detailed information and disclosures on outcomes and impacts, risks and opportunities relevant to Leonardo.

Integration of sustainability-related performance in incentive schemes

The objective of the remuneration and incentive policy in 2024 was to attract and motivate people with the professional skills to carry out assignments and fulfil responsibilities assigned to them, in line with the management's interests and with the priority objective of creating value. To do this, the policy has been designed in order to ensure a balance between the variable component of remuneration and the fixed one, while also establishing a balance between short- and long-term incentives, and an alignment of the remuneration and incentive system with the pursuit of long-term interests (in terms of both economic-financial performance and ESG), ensuring that the variable component is connected with the results achieved and paying great attention to the objectivity of metrics used to measure performance. Specifically, long-term remuneration of the CEO and General Manager and of the Top Management, approved by the Board of Directors, is 10% linked to the achievement of Scope 1 and 2 market-based CO_2 emission reduction targets, calculated as intensity on revenues, and to the increased hiring of women with STEM degrees with two payout ranges (50% minimum target, 100% full target). In parallel, short-term remuneration is, on the whole,

[33] For more details, please also see the Remuneration Report 2024: Remuneration | Leonardo.

[34] For more details on the double materiality analysis and its findings, please see the paragraph "Managing impacts, risks and opportunities – double materiality".

[35] And coordinates the related initiatives, including those related to the development of the supply chain.

[36] For more details on the activities carried out during the year on the part of the Sustainability and Innovation Committee, and the issues it has dealt with, please see the Corporate Governance Report 2025: Corporate Governance Report | Leonardo.

10% dependent on Leonardo's inclusion in the Dow Jones Sustainability Indices and the accident frequency Index (with on/off payout)[37].

In addition to the Chief Executive Officer, population involved in the Short-Term Incentive Plan (MBO) is equal to about 1,070 Group executives, including Managers with Strategic Responsibilities and Top Managers of Leonardo. Population involved in the Long-Term Incentive Plan is equal to about 250 Group executives, including Managers with Strategic Responsibilities and Top Managers of Leonardo. Starting from 2021, middle managers in Italy have been assigned a bonus target[38].

10% of long-term variable remuneration and **10%** of short-term variable remuneration linked to sustainability objectives	**97.4%** favourable votes cast by the 2024Shareholders' Meeting on Remuneration Policy	**37x** ratio of total CEO remuneration to employees' median remuneration

Due diligence

Leonardo's sustainability due diligence process is rooted in the Group's double materiality analysis; for any updates, reference should be made to the relevant section. Requirements for sustainability due diligence and risk management are also integrated into business processes through company policies, directives and procedures. [39]

Specific due diligence processes are carried out on promoters and consultants, associations, in collaboration agreements, on suppliers, including with regard to the issue of conflict minerals and on potential customers and end users. In addition, in view of the future implementation of the Corporate Sustainability Due Diligence Directive (CSDD), a process is underway to strengthen corporate procedures and processes related to due diligence activities in both environmental and human rights. A mapping table between the elements of the duty of care and the disclosures provided in the CSS regarding Leonardo's due diligence process can be found in the "Annex to the Report on operations – Note of the CSS".

Respect for human rights

Leonardo has defined specific principles and rules of conduct aimed at spreading a culture of respect for human rights universally recognised in line with the United Nations' Universal Declaration of Human Rights, the International Labor Organisation (ILO) Conventions, the Organisation for Economic Co-operation and Development (OECD) guidelines and the Charter of Fundamental Rights of the European Union. Leonardo's commitment to respect for human rights is expressed within its Code of Ethics, which extends to direct and indirect employees, suppliers, customers and anyone who has any kind of relationship with the company. Moreover, this vision is referred to and reinforced in the Charter of Values, the Group Policy on Human Rights, which is accessible to all stakeholders, the Supplier Code of Conduct, and the recent adoption of the Diversity, Equity and Inclusion Policy.

The management of people, supplier relations and the sale and distribution of products are the areas of the Group that, through a specific analysis conducted on the basis of the ISO 26000 guidelines, have been identified as most exposed to the risk of violations of human rights. For each of these areas, the Group has

[37] For more details, please see the Remuneration Report 2024: Remuneration | Leonardo.
[38] As agreed in the Company Supplementary Agreement on 21 May 2021. Under the same agreement, a portion of the remuneration of all other employees was linked to a variable component (performance bonus) linked to the Group's results of operations and, depending on the levels, to individual performance.
[39] For instance, for the environmental part, the main reference documents are the Supplier Code of Conduct, the Group HSE Policy and the Biodiversity Policy.

put in place various measures[40] to monitor the protection of human rights in order to prevent any related risks. All three areas share the mechanism for handling reports, and any alleged human rights violations (either signed or anonymous) through a dedicated communication channel[41].

Risk management and internal controls over sustainability reporting

Leonardo identifies and updates the risks referred to the process of preparing the CSS, measuring them in terms of impact and probability, on a periodical basis. As early as in recent years, the company has begun to set up an internal control model, taking as a reference what is already in place for financial data, whose reporting process is generally more mature than that of sustainability data. Specifically, documents have been developed for the Group's main divisions/legal entities, which describe the operational methods of data collection and formalise the inherent checks necessary to ensure the robustness of the process. The Internal Audit function – on request of the Officer in charge of financial reporting - subjects these checks to annual testing activities, the outcomes of which - along with the related action plan to close any gaps - are shared with the Board Control and Risks Committee. This model of internal control over sustainability data is among the key elements that have enabled Leonardo, among the very first companies in Italy, to achieve reasonable assurance on its sustainability KPIs since the 2021 Financial Statements.

Strategy and stakeholder engagement

Strategy, business model and value chain

For a description of the Group's business model, value chain, industry sectors, markets, results of operations and financial performance highlights, please refer to the Group Profile[42]. Leonardo's revenues are generated within the “Manufacturing - Aerospace, defence and services” business segment[43].

Interests and views of stakeholders

Continuous engagement with internal and external, domestic and international, stakeholders is a core element of Leonardo’s strategy to create shared value. The Company nurtures stable, long-lasting relationships based on integrity and transparency, by dialoguing with and involving its stakeholders, through organisational units established to understand their interests and expectations. Stakeholder relations moments[44] are opportunities to strengthening its bond with the industrial, economic and social context while helping the company to improving its business management practices and increasing its knowledge level, in line with the new national, European and international regulatory framework. In particular, stakeholder opinions that emerged during the process of defining material topics are brought to the attention of the

[40] For more details, please refer to the specific sections in the chapter “Social information”.
[41] The Whistleblowing Guidelines are available on the website. The dedicated channel is humanrights@leonardo.com.
[42] For more details on products and services see the specific sections in the chapter “Value Chain”.
For more details on stakeholder relations see the table below.
For more details on the supply chain, consumers and end users see the sections “Supply Chain Development” and “Consumers and End Users” in the chapter “Value Chain”.
[43] According to the classification reported in: “European Sustainability Reporting Standards – SEC 1 Sector classification - Exposure draft” of 4 June 2024.
[44] Including: employee engagement, materiality analysis, events dedicated to the financial community, participation in industry associations, collaborations within research and technology development programs, support of local projects and digital events.

Sustainability and Innovation Committee during the annual sharing of the outcomes of the double materiality analysis and the process it implements.

Key Stakeholder	Ways of engagement	Purposes	Example of results from engagement
Employees	Welfare and Wellbeing programs, including SmartWorking Employee listening channels Annual performance appraisal system Training activities for skills acquisition/enhancement Initiatives aimed at promoting internal mobility	Work-life balance Employee wellbeing Professional development	Reduced resignation Increased attraction Employer branding Talent retention
Trade Unions	Ongoing dialogue with workers' organisations through establishing specific observatories and committees under the Company Supplementary Agreement (i.e., equal opportunities)	Involving trade unions on diversity, equity and inclusion issues	Sharing of DE&I policies
Suppliers	Supplier Awards Training on sustainability issues ESG performance appraisal Organisation of Supplier Conferences and workshops on sustainability issues with suppliers and/or AD&S Associations Promotion of supply chain sustainability	Improving supply chain performance and sustainability Supporting the implementation of best practices Promoting responsible sourcing, including of minerals and metals Protecting human and labour rights of workers Decarbonisation of the supply chain	Improved supplier relationship Support projects activated Streamlined supplier expectations. Supplier improvement plans Informed supplier selection Trial testing and first purchase agreements of low-carbon solutions
Business partners	Participation in European research programs Implementation of energy efficiency projects Participations in national and international research projects, working groups and multisectoral consultations Strategic collaboration with the Air Force	Development, integration and validation of innovative structural and systems technologies Developing new high-efficiency and low-carbon sustainable civil aviation technologies and construction of PV plants Reducing the carbon footprint of plants Strengthening a centre of excellence for advanced military pilot training	Progress in the degree of maturity in enabling technologies for various applications and advanced systems architecture Optimised management resulting in energy efficiency of production plants Construction of self-generating power plants
Industrial associations	Participation in local and trade associations of the Confindustria system Participation in the top management bodies of Confindustria Nazionale and Federmeccanica Technical thematic groups at national and local levels Events, workshops and publications	Dialogue and discussion among companies on issues of common interest and their promotion with local, national and EU institutions Sharing and developing best practices and environmental solutions for the AD&S sector, as well as in training Developing case studies and macro-economic surveys	Increased understanding and dissemination of new trends in human capital management among businesses Training system (University/Technical High Schools) strengthened to support youth employment Supply chain projects developed, which are aimed at taking actions of common interest and supporting the adoption of best practices by SMEs, including from a sustainability perspective (CSR/ESG)
Customers	Market surveys, customer interactions at trade shows and events, sponsorships Customer satisfaction surveys Collaborations to create new solutions and services	Understanding of customer needs and priorities, including in the area of new sustainable products	Strong and lasting relationships established with customers Implementation of solutions appreciated by the market
Financial stakeholders	Events and conference calls to present annual and interim results Regular communication with financial analysts, institutional investors and more generally financial stakeholders on strategic, financial and ESG issues, including through events and roadshows Participation in conferences	Proactive and transparent communication with all financial stakeholders, with a view to increasing understanding of each other's views as well as value creation in the medium to long term	Group's performance appreciated by the financial community, as well as transparency and proactivity in financial communication (e.g., analyst comments after results)
International organisations, NGOs, networks and think tanks	Participation in conferences and workshops, implementation of studies and research aimed at strengthening dialogue and talks with other industrial entities, representatives of institutions, and cultural and technical associations, including through the sharing of best practices and case studies	Enhancing Leonardo's positioning Disseminating the culture of corporate social responsibility, at the economic, social and environmental levels Enhancing associates' skills in various areas, including sustainability	Conferences and papers on European Defence Cycle of conferences on topics of strategic interest Acquisition of new expertise in various areas of interest (e.g. DE&I)
Traditional and Digital Media	Production of multimedia content, side by side with multi-channels, to achieve a communication offer adapted to the specific needs of each stakeholder	Strengthening qualified notoriety and positioning as a leading player in the new European defence industry system	Increased in news reports dedicated to Leonardo and interviews with Top Management Increased number of followers on social media and visits to company web pages
Central and local institutions	Organisation of working groups with government, institutional and industry representatives Participation in public-private working groups to develop projects, plans and policies Support provided to initiatives to strengthen security and foster green and digital transition	Promoting Leonardo's guidelines and reputation by conveying Group requests and interests to external stakeholders Dialoguing with institutions to understand their needs with respect to Leonardo's business	Talks developed to promote and protect Leonardo's requests (e.g., NEMESI, Defence Programs, institutional visits)
Universities, schools, and research institutes	Funding of PhD scholarships Research projects and collaborations Initiatives to support schools and academia Provision of free educational resources	Developing innovative and sustainable solutions Supporting national research within the framework of the NRRP Promoting career paths and growth in STEM skills Orienting students in choosing STEM education/university programmes	Collaborations with universities and research centres in Italy and around the world Provision of funded or co-funded PhD scholarships Projects with schools and high schools (e.g. STEM Lab and PCTO*) **courses for soft skills and orientation*

Description of the process to identify and assess material impacts, risks and opportunities

The methodology required by ESRS incorporates the concept of double materiality, which combines the view of impact materiality and financial materiality. Impact materiality involves identifying, assessing and prioritising the main impacts generated by the Group (inside-out perspective), along the entire value chain, on the environment, society and governance issues, taking into account the perspective of both external stakeholders relevant to the Group and internal stakeholders. Likewise, financial materiality identifies, assesses and prioritises ESG risks and opportunities with an impact on the Group's objectives (outside-in perspective). In line with this principle, Leonardo has carried out impact materiality in continuity with the methodology developed in 2023 while for financial materiality a process leveraging the company's Enterprise Risk Management (ERM) has been adopted. The two processes have been carried out following three steps - identification, assessment and prioritisation of impacts (Impact materiality) and risks and opportunities (Financial materiality).

Double materiality process

Identification of impacts, risks and opportunities

Impact materiality - Based on European and international regulatory and policy requirements, Leonardo's impacts from the previous year, peer benchmark analyses, Leonardo's Business Plan, artificial AI-based data analysis, and bearing in mind the requirements of the ESG Ratings, 29 impacts[45] were identified and defined, which the company has/could have on the economy, society and the environment.

Financial materiality - The phase of identifying risks and opportunities through the company's ERM, on the other hand, was preceded by preparatory work to update the potential risk and opportunity topics for Leonardo with regard to the ESG risk/opportunity drivers, taking into account the external and internal reference context, the Group's impacts and dependencies and the sustainability objectives, including the Science Based Targets (SBT), to which the Group is committed. There are 35 ESG risk/opportunity drivers identified, 8 of which are new compared to 2023.

Assessment of impacts, risks and opportunities

Impact materiality - In continuity with 2023, the assessment of sustainability impacts contributing to impact materiality took place through a stakeholder engagement process, which involved, through an online questionnaire and, for the Group's Sustainability Managers, a dedicated workshop, 516 people[46].

Financial materiality - In the context of the company's Enterprise Risk Management process, the Process Owners and Risk Owners of the divisions and head office functions, with the support of the Risk Managers and Sustainability Managers, were called upon to identify and assess business risks and opportunities starting from the 35 ESG risk/opportunity drivers previously defined, identifying treatment actions in line with the reference risk appetite.

[45] Of which: 15 positive and actual; 9 negative and potential; 5 negative and actual.

[46] Of which: 69 key internal stakeholders (C-level; Board of Directors; Sustainability Managers) and 447 key external stakeholders identified by the Sustainability Managers for each area of competence in Italy, the United Kingdom and the United States.

Prioritisation of impacts, risks and opportunities

Impact materiality - Data collected from stakeholder impact assessments and through a data analytics system were prioritised by using significance and likelihood criteria. Subsequently, a statistical materiality threshold was applied to the impacts. Finally, impact materiality resulted in the aggregation of impacts into 14 material topics.

Financial materiality - From the consolidation of the evidence of appropriately prioritised ESG-related risks and opportunities, the results of Financial materiality were determined, which can be summarised into 12 material topics.

The combination of the material topics emerging from impact materiality and those resulting from financial materiality determined the final list of 15 material topics of Leonardo as a result of the double materiality analysis[47]. The results of the double materiality process, which is part of the limited assurance assignment carried out by the audit firm with regard to the compliance of the Consolidated Sustainability Statement with current regulations, were shared with the Sustainability and Innovation Committee and approved by the CEO.

Disclosure Requirements in ESRS covered in the Consolidated Sustainability Statement

A reconciliation table between the information provided in the Consolidated Sustainability Reporting and the disclosure requirements of the ESRS reported on by Leonardo (including the individual data points provided for by other European regulations and set forth in Appendix B of ESRS 2 is provided in the "Annex to the Operations Report – Note of the CSS - Index of ESRS contents".

Managing impacts, risks and opportunities – Double materiality

Material impacts, risks and opportunities and their interaction with strategy and business model

Leonardo has identified impacts, risks and opportunities through the double materiality analysis, whose process is illustrated below. The table below shows the impacts, risks and opportunities for each material topic. Skills development, global security and climate change emerge as the most relevant issues for Leonardo. The environmental impact of use of materials and circularity, cybersecurity, resilience and data protection are also priorities.

[47] For more details on the findings, please see "Strategy and stakeholder engagement".

TOPIC	IMPACT/FINANCIAL MATERIALITY	IMPACTS/RISKS/OPPORTUNITIES	VALUE CHAIN	TIME HORIZON	POS/NEG - OPP/ THREAT	ACT/POT	PILLAR	ESRS standard
Business integrity, compliance and anticorruption	IMPACT	Possible wrongdoing or unethical behavior of Leonardo, its employees, third parties or suppliers along the value chain.	Whole VC	Short/Medium/Long	Negative impact	POTENTIAL	Governance	G1
	FINANCIAL	Reputational risk associated with potential violations related to anti-corruption, unfair business practices, breaches of international standards as well as ethical violations related to AI technologies.	Whole VC	Short/Medium	Threat	POTENTIAL		G1-S3
	FINANCIAL	The complexity and diversification of ESG regulations expose Leonardo and its representatives to compliance risks resulting in possible penalties and/or civil or criminal liabilities and reputational damage.	Operations	Short/Medium	Threat	POTENTIAL		G1
Climate change	IMPACT	Contribution to climate change mitigation thanks to the development of Leonardo's sustainable aviation products and services.	Downstream	Medium/Long	Positive impact	ACTUAL	Planet	E1
	IMPACT	Contribution to climate change mitigation and adaptation thanks to Leonardo's technologies and solutions, the analysis of climate change phenomena and the adoption of mitigation actions.	Downstream	Medium/Long	Positive impact	ACTUAL		E1
	IMPACT	Contribution to climate change due to greenhouse gas emissions of Leonardo's operations, supply chain, products and investments.	Whole VC	Medium/Long	Negative impact	ACTUAL		E1
	FINANCIAL	Leonardo's flagship technologies, such as product virtualization and innovative materials, and the development of low-GHG emissions aircrafts (SAF) can open new market opportunities and respond to clients' growing requests for decarbonized products.	Whole VC	Short/Medium/Long	Opportunity	POTENTIAL	Prosperity Planet	E1
	FINANCIAL	GHG emissions created by Leonardo's processes can expose the company to regulatory risks related to the evolution of regulations and policies, to reputational risks deriving from missing emission reduction public targets, and financial risks related to access to credit tied to processes' decarbonization performances.	Operations	Short/Medium	Threat	POTENTIAL	Planet	E1
	FINANCIAL	There is a regulatory and reputational risk stemming from ESG rating requirements and customers demanding decarbonized products. In addition, there is a reputational risk linked to the achievement of Scope III disclosed targets. Finally, there are financial risks related to access to credit linked to products' decarbonization performances.	Whole VC	Short/Medium/Long	Threat	POTENTIAL		E1

TOPIC	IMPACT/FINANCIAL MATERIALITY	IMPACTS/RISKS/OPPORTUNITIES	VALUE CHAIN	TIME HORIZON	POS/NEG - OPP/ THREAT	ACT/POT	PILLAR	ESRS standard
Cyber security & resilience and data protection	IMPACT	Leonardo's contribution-thanks to its solutions such as secure cloud and cyber security services-to cyber resilience, protection of strategic information and continuity of essential services.	Downstream	Short/Medium/Long	Positive impact	ACTUAL	Prosperity	S3
	FINANCIAL	Operational, regulatory and reputational risks related to cyberattacks on Leonardo products and services for public or private clients.	Whole VC	Short/Medium/Long	Positive impact	POTENTIAL	Governance	S3- S4
Diversity, equity	IMPACT	Contribution of Leonardo to equal opportunities of professional development without discrimination, thanks to the promotion of a fair and inclusive culture in the workplace, dedicated policies and governance as well as the mentorship and training programmes.	Whole VC	Medium/Long	Positive impact	ACTUAL	People	S1- S2
	IMPACT	Possible discrimination or harassment cases against Leonardo's employees and external workers.	Upstream and Operations	Short	Negative impact	POTENTIAL		S1- S2
Environmental impact of material use and circularity	IMPACT	Reduction of Leonardo's environmental impacts associated to industrial production thanks to development of circular manufacturing and design processes.	Whole VC	Medium/Long	Positive impact	ACTUAL	Planet	E5
	IMPACT	Contribution of Leonardo to environmental pollution and progressive depletion of natural resources due to raw materials and fossil fuels consumption, and waste production and disposal.	Whole VC	Short/Medium/Long	Negative impact	ACTUAL		E5
	FINANCIAL	Operational, regulatory and reputational risks related to the objectives either required by the national and international regulation or set by the Company in terms of waste and hazardous substances.	Upstream and Operations	Short/Medium/Long	Threat	POTENTIAL		E2- E5
	FINANCIAL	Critical raw materials that are key for Leonardo's products, yet subject to scarsity or geopolitical rivarly, could expose the company and its supply chain to risks related to business continuity, costs fluctuation and regulatory risks.	Upstream and Operations	Short/Medium	Threat	POTENTIAL		E5
	FINANCIAL	Product design and / or process reengineering based on circularity and the creation of circular value chains mitigate the risks of critical raw materials dependency, leading to competitive advantage coming from a greater business resilience.	Operations and Downstream	Short/Medium/Long	Opportunity	POTENTIAL		E5
Global security	IMPACT	Contribution of Leonardo to emergency management thanks to its solutions and systems.	Downstream	Short/Medium/Long	Positive impact	ACTUAL	Prosperity	S3
	IMPACT	Contribution of Leonardo to global security, protection of people, infrastructure and territories.	Downstream	Short/Medium/Long	Positive impact	ACTUAL		S3
	FINANCIAL	Geopolitical instability and hybrid threats are driving toward Global Security, with emerging technologies and digitalized platforms increasingly become crucial for the protection of citizens and critical infrastructure; this new paradigm could create new business opportunities for Leonardo, also from a sustainability perspective.	Whole VC	Medium/Long	Opportunity	POTENTIAL		S3
	FINANCIAL	In the context of Global Security, failure to secure partnerships, inorganic growth, and internationalization could undermine competitiveness.	Operations and Downstream	Medium/Long	Threat	POTENTIAL		S3

TOPIC	IMPACT/FINANCIAL MATERIALITY	IMPACTS/RISKS/OPPORTUNITIES	VALUE CHAIN	TIME HORIZON	POS/NEG - OPP/ THREAT	ACT/POT	PILLAR	ESRS standard
Health and safety	IMPACT	Serious injuries or occupational diseases of Leonardo's employees' or its external workers.	Operations	Short/Medium	Negative impact	POTENTIAL	People	S1
	FINANCIAL	Employees may be exposed to safety risks, particularly those working in production sites, testing products or handling toxic materials and substances during manufacturing. Employees may be exposed to safety risks, particularly those working in production sites, testing products or handling toxic materials and substances during manufacturing.	Upstream and Operations	Short/Medium	Threat	POTENTIAL		S1
Natural resource management and biodiversity	IMPACT	Contribution to protection and conservation of ecosystems, natural resources and people thanks to Leonardo's technologies and solutions.	Downstream	Medium/Long	Positive impact	ACTUAL	Planet	E4
	IMPACT	Contribution to air pollution due to the pollutants' emissions of Leonardo's operations, its supply chain, products and investments.	Whole VC	Short/Medium/Long	Negative impact	ACTUAL		E2
	IMPACT	Decrease of water quality and availability due to Leonardo's activities along the value chain.	Whole VC	Short/Medium/Long	Negative impact	ACTUAL		E3
	IMPACT	Biodiversity loss and harm to ecosystems associated to Leonardo's value chain activities.	Whole VC	Medium/Long	Negative impact	ACTUAL		E4
	FINANCIAL	Water scarcity scenarios could expose the company to risks of reduced or disrupted water supply, impacting business continuity. In addition, water availability is tied to reputational risks related to regulatory compliance and Leonardo's water withdrawal reduction targets.	Whole VC	Short/Medium	Threat	POTENTIAL		E3
Protection of human rights	IMPACT	Possible human rights violations of individuals and communities caused by Leonardo's solutions.	Downstream	Short/Medium	Negative impact	POTENTIAL	Governance	S3
	IMPACT	Possible human rights violations in Leonardo's operations and along its supply chain (e.g. workers' rights violations including those related to freedom of association and expression, safe and healthy working environment, discrimination, living wage/fair pay as well as violations associated to extraction and trade of materials used, modern slavery, child labour, forced labour, etc.)	Upstream and Operations	Short/Medium/Long	Negative impact	POTENTIAL		S1- S2
Research and development, innovation and advanced technologies	IMPACT	Contribution of Leonardo to enhance research, development and innovation thanks to its capabilities, investments and collaborations with universities, research centers, start-ups and other entities.	Whole VC	Medium/Long	Positive impact	ACTUAL	Prosperity	entity specific
	IMPACT	Leonardo's contribution to technological progress through development of advanced and digital technologies.	Whole VC	Short/Medium/Long	Positive impact	ACTUAL		entity specific
	FINANCIAL	Failure to address diversity, equity and inclusion aspects in products' design and development could pose reputational risks with reference to responsible use of technologies, facing controversial situations concerning ethical aspects.	Downstream	Medium/Long	Threat	POTENTIAL	People	S4

TOPIC	IMPACT/FINANCIAL MATERIALITY	IMPACTS/RISKS/OPPORTUNITIES	VALUE CHAIN	TIME HORIZON	POS/NEG - OPP/ THREAT	ACT/POT	PILLAR	ESRS standard
Skills development, talent attraction and employee wellbeing	IMPACT	Improved quality of life for Leonardo's employees through targeted work-life balance and corporate welfare initiatives.	Operations	Short/Medium	Positive impact	ACTUAL	People	S1
	IMPACT	Strengthening the professional development and skills of Leonardo's employees.	Operations	Short/Medium	Positive impact	ACTUAL		S1
	IMPACT	Leonardo's contribution to developing scientific and technological skills both within and outside the Group, with a special focus on youth and women education.	Operations and Downstream	Medium/Long	Positive impact	ACTUAL		S1- S3
	FINANCIAL	Risk of high competition in attracting STEM talents in the AD&S sector, along with high turnover and structural shortage of skilled resources.	Operations	Short/Medium/Long	Threat	POTENTIAL		S1
	FINANCIAL	Risk that the ecological and digital transition could not be fully managed due to the shortage of specialized technical skills.	Operations	Short/Medium/Long	Threat	POTENTIAL		S1
Solutions' quality, safety and performance	IMPACT	Negative effect on users and customers due to possible non-adequate performances or malfunctioning of Leonardo's products.	Downstream	Short/Medium/Long	Negative impact	POTENTIAL	Prosperity	S4
	FINANCIAL	Products' quality and safety are a key competitiveness factors for the AD&S sector; even minor issues or faults could pose significant reputational and safety risks.	Whole VC	Short/Medium	Threat	POTENTIAL		S1- S4
Sustainable supply chain	IMPACT	Contribution of Leonardo to the growth, development and sustainable transition of its supply chain also thanks to dedicated programs.	Upstream	Short/Medium	Positive impact	ACTUAL	Prosperity	n/a
	FINANCIAL	There are risks for Leonardo associated to the decarbonization of its supply chain: potential failure to meet SBTi targets and possible financial impacts if suppliers struggle to access capital due to increasing ESG requirements.	Upstream	Short/Medium	Threat	POTENTIAL	Planet	E1
Value creation for the society	IMPACT	Leonardo's positive impacts on the welfare of local communities and production countries.	Whole VC	Short/Medium/Long	Positive impact	ACTUAL	Prosperity	S3
ESG-related competitiveness and market risks	FINANCIAL	Different national priorities with respect to ESG aspects could create competitive asymmetries potentially impacting market share and profitability.	Whole VC	Short/Medium	Threat	POTENTIAL	Prosperity	G1
	FINANCIAL	Reputational risk due to the possible increase of institutional clients from "controversial" countries in Leonardo's portfolio, potentially affecting lenders' and investors' on ESG evaluations.	Operations	Short/Medium	Threat	POTENTIAL		G1

Sustainability management Policy

Topic	Policy
Pollution, Water resources and consumption, Biodiversity and ecosystems, Resource use of and circular economy Own workforce	**HSE Policy -** Leonardo has adopted an integrated Health, Safety and Environment (HSE) Policy[48] to promote and manage the health and safety of its workers and environmental protection in an integrated manner, according to principles of prevention, protection and continuous improvement, and is committed to ensuring sustainable development and the effective reduction of energy consumption and environmental impacts of production processes. This policy, approved by the CEO, also aims to establish appropriate measures so that the Group's supply chain (including suppliers, contractors and service providers) operates in line with the health, safety and environmental standards adopted. As reported in the HSE Policy itself, Leonardo aims to: engage workers, suppliers and customers in ongoing compliance with health, safety and environment principles, objectives and criteria in order to improve standards; ensure communication and information for stakeholders and training and education of workers to ensure skills transfer and proper functioning of processes; and collaborate with external stakeholders (e.g., universities, research centres, business partners, institutions, networks), including through partnerships, initiatives and projects aimed at promoting HSE issues. *Climate change and decarbonisation* – The HSE Policy provides for Leonardo's explicit climate change commitments related to: > reduction of energy consumption, definition and pursuit of objectives for continuous improvement of environmental performance; > reduction of environmental impacts and corporate and process strategic choices oriented towards minimising and controlling climate-changing gas emissions, as well as promoting from the design phase of products and services, approaches oriented towards eco-design and the assessment of their life cycle. *Pollution, Water resources and consumption, Biodiversity and ecosystems, Resource use and circular economy* **-** Leonardo is committed to guiding corporate, process and innovation strategic choices with a view to both the careful management and sustainable use of natural raw materials, water resources and energy sources and the protection of the soil, subsoil and biodiversity of ecosystems. In particular, the Group promotes a policy of reducing impacts through the efficiency of production processes, the implementation of waste reduction plans and circular economy programs, including the creation of circular supply chains as possible mitigation actions for the risk related to environmental pollution, and the recovery of water resources, as well as a reduced use of hazardous substances and preparations. Leonardo is committed to reducing in absolute value its water withdrawals and improving water efficiency, with particular attention to those made in water-stressed areas and ensuring adequate treatment of water at discharge, operating in compliance with applicable laws and stakeholder expectations. The Group pursues investments in industrial water circularity and the search for redundant sources (rainwater) as possible actions to mitigate risks related to the scarcity of water resources. Leonardo's commitment to implementing the ISO 14001-certified HSE Management System at all Group sites ensures both compliance with the limits and restrictions imposed by environmental regulations and monitoring of the process of reducing impacts.

[48] Available at link.

Pollution, Use of energy resources	**Energy Policy -** Leonardo has an energy policy that aims to structurally reduce the Group's energy impact. To this purpose, Leonardo implements a centralised energy governance model, spreading a culture of action based on the sustainability of business initiatives and the containment of energy requirements. Consistently with the HSE Policy, the Group is committed to implementing actions to guarantee: compliance with laws and regulations; the development of a standardised analysis and management model that guarantees the Group's rational use of energy; the achievement of targets to reduce consumption and associated emissions; the centralised management of initiatives through a specific investment programme; performance monitoring; training and awareness-raising for personnel to develop an energy-aware culture as a personal asset.
Pollution, Water resources and consumption, Biodiversity and ecosystems, Resource use and circular economy Workers in the value chain Supply chain development	**Supplier Code of Conduct –** In 2024 Leonardo published the Supplier Code of Conduct[49], based on the International Forum on Business Ethical Conduct (IFBEC). The Code, approved by the CEO, defines the rules of conduct and fundamental principles that Leonardo expects of its suppliers for responsible and sustainable business management. Leonardo requires suppliers to establish a management system for the integration of environmental considerations into the design of their products or services. In addition, Leonardo expects suppliers to meet all regulatory requirements for environmental compliance and to commit to protecting the environment and biodiversity, understood as primary assets, by actively adopting and pursuing a strategy of environmental sustainability and decarbonisation. Leonardo requires suppliers to minimise waste and prevent pollution, by shipping products in appropriate outer packaging and promoting reusable/recycled packaging materials, including reducing the use of disposable plastic.
Pollution	**REACH Directive and Policy** – In 2024 the Company confirmed the existing REACH Directives and Policies, with the aim of reducing the use of hazardous substances in its processes and products.
Biodiversity and ecosystems	**Biodiversity Policy** – In June 2024 Leonardo published a Group Biodiversity Policy approved by the CEO. In this policy, Leonardo promotes the growth of its business by aiming to reverse the trend with respect to the use of natural resources throughout the value chain, also involving external stakeholders. The Group is therefore committed to the reduction and mitigation of impacts on nature and the environment, the protection and regeneration of ecosystems and biodiversity starting from protected areas and/or high-biodiversity areas (KBAs) with critical habitats for flora and fauna species near its production sites, and to also reducing the impacts of deforestation on site by promoting habitat protection and regeneration and reforestation projects. Specifically, Leonardo is committed to: > encouraging the use of renewable energy sources and reduce climate-altering emissions to mitigate climate change[50], reduce pollution and preserve the habitats of flora and fauna in the areas surrounding production sites and in the context of product testing and training activities (airports); > promoting the sustainable and traceable use of natural raw materials and water resources; > reducing the use of hazardous substances used in industrial processes;

[49] Available at link.

[50] The list of biodiversity impacts is defined by IPBES - Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, and included in the recommendations of the Taskforce on Nature-related Financial Disclosures: a) land-use change, freshwater, sea; b) exploitation of material resources; c) climate change; d) pollution; e) invasive species.

	> leveraging technological innovation to also assess and mitigate impacts on biodiversity.
Resource use and circular economy	The Group has also adopted a policy for the management of materials procured in conflict areas [51], in which it pays particular attention to due diligence on incoming materials concerning respect for human rights, in particular through the Human Rights Impact Assessment tool related to conflict minerals.
Own workforce	**Policy on Human Rights –** For more information, please see the paragraphs: "Governance" of the chapter "General information", "Workers in the value chain", "Value for communities and social impact" and "Consumers and end users" of the chapter "Social information". **Diversity, Equity and Inclusion Policy -** This policy lays down the rules the Group has adopted in relation to respecting diversity, promoting a collaborative and inclusive working environment, and preventing any type of discrimination.
Workers in the value chain Supply chain development	**Leonardo Supplier Register Management** procedure, which includes pre-qualification, qualification processes and blacklists.
	Procurement of goods, and provision of general, technical and manufacturing services Directive, which defines that Leonardo's procurement process should be based on the principles of: > free competition, equal treatment and non-discrimination; > timeliness, fairness and transparency; > overall competitiveness of the supplier, taking into account performance (quality and timing), cost-effectiveness (costs), industrial capacity (volumes and skills), sustainability (ESG); > maximisation of value.
	Key Suppliers Assessment Management Procedure - **LEADS**, which defines the Assessment process of Leonardo's Key Suppliers, selected within dedicated projects with a view to continuous improvement and sustainable development of the Supply Chain. The process aims to better understand the performance and potential of its key suppliers, with specific regard to sustainability and development issues and risks, by monitoring 3 axes: 1) performance, in terms of quality, punctuality and costs, 2) capabilities, in terms of managerial, technical, and operational issues, and asset availability and innovation capacity, 3) sustainability, as maturity and performance with respect to ESG issues and compliance and risk management practices.
R&D, innovation and advanced technology	In 2024, there was the reconfirmation of the pre-existing Directives and Policies related to Cyber Resilience in the product life cycle and the updating of the procedure for collaborative research projects, for the identification of initiatives and management of public funding, and the definition of the new operating instructions for participation in the NATO Industrial Advisory Group (NIAG) and Science and Technology Organisation (STO) studies. In the second half of the year, work commenced on the updating of the procedures for Intellectual Property Management and the analysis of those relating to Open Innovation, which regulate Relations with Universities and Research Centres and Collaboration with Innovative Start-Ups. The objective of this work is to foster the growth and sustainable management of IPRs (Intellectual Property Rights) portfolios, the competitive positioning of the Group, the protection in the dissemination of technical and scientific information, and the support for the protection and industrial exploitation of the results achieved in R&D projects by the Engineering and Innovation areas of the Divisions and by the Leonardo Innovation Labs.

[51] With specific regard to gold, tantalum, tungsten, tin and cobalt. For more details, please see the Policy on Conflict Minerals.

	Moreover, also as a result of a corporate reorganisation, a phase of updating the procedures relating to Technological and Product Innovation Planning and Strategic Planning has been initiated, with a view to ensuring full synergy between technological projects and the business strategy, in line with the guidelines set out in the industrial plan.
Business conduct	The principles and values that guide Leonardo's actions and inspire its corporate governance are: the Charter of Values, the Code of Ethics, the Anti-Corruption Code, and the Organisational, Management and Control Models adopted pursuant to Legislative Decree 231/2001 by Leonardo S.p.a. and its Italian Subsidiaries, and the Compliance Programs adopted by foreign subsidiaries in accordance with local regulations. **Business compliance** – In 2024, the company rules on Business Compliance[52] were updated, which, in addition to incorporating the organisational changes that have taken place, confirmed the training obligation (with successful passing of the learning test) for commercial intermediaries as a requirement for eligibility for appointment, providing in addition the Legal Representative's obligation to extend the course content to all those involved, as well as the strengthening of certain control safeguards[53]. **Trade compliance** - Leonardo has set out an internal compliance program (ICP) - Trade Compliance Program - in order to ensure full compliance with applicable laws and the provisions issued by the competent authorities on the matter. The Trade Compliance Program allows for the prompt identification and implementation of compliance with any applicable Italian, EU and international regulations regarding the export and import of defence, dual-use or commercial goods and/or services subject to regulatory requirements, as well as obligations related to embargoes, sanctions or other trade restrictions, including political commitments made under the Common Foreign and Security Policy (CFSP) framework, and international regulations and conventions signed by Italy and the European Union[54]. Furthermore, the Trade Compliance Program also provides for due diligence audits on potential customers and end-users, including in relation to lists of sanctioned people and organisations. Advanced monitoring concerns transactions that directly or indirectly involve Sensitive Countries and also includes specific checks on respect for human rights. In this regard, a tool called Human Rights Impact Assessment (HRIA) has been introduced with the aim of setting out the main risk factors with reference to the issue of human rights[55]. **Lobbying activities** – Direct and indirect advocacy activities are carried out by Leonardo in accordance with the principles of transparency, and Leonardo's Code of Ethics, as well as in compliance with current regulations and the principles and standards of conduct set forth in Leonardo's Code of Ethics, Anti-Corruption Code and other company rules. They are carried out, moreover, with the support of a solid governance model based on well-defined responsibilities at all levels and specific processes and procedures. In particular, lobbying activities and the related risk of undue influence are managed through the rules laid down in the Group Directive referred to in the paragraph above on Business Compliance. The ethical/reputational analyses conducted on the basis of the aforementioned Directive are also aimed at the prevention of risks related to the crime of undue influence provided for by Italian legislation and the regulations of the countries in which Leonardo operates.

[52] Specifically, the Group Directive on Sales Promotion/Commercial Advisory, Lobbying and Distribution/Reselling.

[53] Specifically, an additional assessment step has been introduced for fees to promoters above a certain threshold (Fee Policy Waiver Committee).

[54] Leonardo operates in strict compliance with all international treaties and conventions signed and ratified by the Italian Government, which include – but are not limited – to: "The Biological and Chemical Weapons Convention", "The Anti-Personnel Landmines Convention", "1980 Convention on Certain Conventional Weapons (Protocol III and IV)", "The Convention on Cluster Munitions", the "Treaty on the Non-Proliferation of Nuclear Weapons" (NPT) and the "Nuclear Suppliers Group (NSG)".

[55] For more details, please refer to the paragraph "Consumers and end-users".

ENVIRONMENTAL INFORMATION

- ✓ CLIMATE CHANGE AND DECARBONISATION
- ✓ POLLUTION
- ✓ WATER AND WATER CONSUMPTION
- ✓ BIODIVERSITY AND ECOSYSTEMS
- ✓ RESOURCE USE AND CIRCULAR ECONOMY
- ✓ DISCLOSURE PURSUANT TO ARTICLE 8 OF REGULATION (EU) 2020/852 (TAXONOMY REGULATION)

Climate change and decarbonisation

Materiality and Leonardo approach

The year 2024 was the hottest year on record globally, with global average temperatures exceeding pre-industrial levels by 1.5°C[56]. The effects of the climate crisis have an impact on all sectors, including AD&S. Companies in the sector are on the one hand committed to reducing greenhouse gas (GHG) emissions and on the other hand identifying and developing global security solutions to mitigate climate change risks. Against this backdrop, the AeroSpace and Defence Industries Association of Europe (ASD) has outlined the following strategic priorities for decarbonising the sector, including:

- reducing GHG emissions from operations (Scope 1 and 2), in line with the 1.5°C target under the Paris Agreement;
- collaborating with the supply chain to minimise Scope 3 emissions;
- harnessing technology and innovation to decarbonise platforms and products.

The AD&S sector is also promoting the development of various technologies in order to be able to contribute to climate change adaptation and mitigation. In line with major industry peers, Leonardo is committed to strengthening its leadership in security and technology that can promote sustainability and climate action. The latter aims to avoid the most impactful effects of climate change and be a lever to increase the competitiveness of Leonardo's sustainable business proposition. Over the past four years, the Group has, in fact, reduced its direct and indirect (Scope 1 and 2 market-based) emissions by 43% compared to the baseline of 2020. At the same time, it is playing an active role in supporting suppliers' decarbonisation roadmap on the one hand and developing products with reduced impact on climate and ecosystems on the other, with the aim of reducing Scope 3 emissions. In line with this strategy, Leonardo is committed to achieving ambitious decarbonisation targets validated by the Science-Based Target initiative (SBTi) [57] in 2024.

Climate change mitigation

Leonardo is aware that the activities of its production sites and its entire value chain are in close connection with surrounding ecosystems and communities. Responsible use of natural resources, monitoring and management of waste produced, containment of emissions and energy consumption, as well as protection of biodiversity are among drivers of Leonardo's sustainable business strategy aimed at mitigating risks and seizing opportunities in the short, medium and long term by leveraging the efficiency of its processes, products and services, digitalisation and new technologies. A key element of this strategy is combating climate change, which engages Leonardo in rethinking its production processes with the aim of promoting the transition to a low-carbon economy, mitigating the effects of climate change-related risks and seizing the opportunities of its solutions by employing them as drivers of climate action. The pursuit of the commitment and the validation of decarbonisation targets by SBTi strengthens the efforts Leonardo is promoting to reduce its direct and indirect emissions[58].

[56] Source: https://climate.copernicus.eu/year-2024-set-end-warmest-record.
[57] For more details: https://sciencebasedtargets.org/companies-taking-action.
[58] For more information, please see "Metrics and targets".

Climate change adaptation

Leonardo is aware of the urgent need to develop and adopt solutions to adapt to the effects of climate change, which is already underway and will drive global warming in the coming years, with increasingly frequent and catastrophic extreme events. In this context, Earth observation and monitoring products and solutions are needed to monitor climate trends and deal with extreme events and emergency situations. Adaptation to climate change requires actions, skills, and technologies that the Group can help provide thanks to its technological assets and an integrated, multi-domain approach. Specifically, Leonardo provides several global monitoring solutions and products for "Search & Rescue" missions and capable of operating in the most extreme conditions.

Transition plan and climate change strategy

In line with the new Industrial Plan, Leonardo's climate change strategy, which is part of the Sustainability Plan, is approved by the Board of Directors and leverages digitalisation, consumption efficiency and technological advances, and data management as the main catalysts for reducing the Group's GHG emissions while promoting the development of innovative and sustainable products and services. Leonardo's near-term goal of reducing GHG Scope 1 and 2 emissions has been classified by SBTi as in line with keeping global warming within the 1.5°C threshold[59] and is being pursued through financial planning and investment decisions that take into account environmental parameters[60]. The share of these investments referring to the Full Potential LED Lighting Program, installation of electric charging stations and to digital energy monitoring falls under the scope of the economic activities covered by the Taxonomy Regulation and are therefore reported in the percentages of eligibility/ alignment of the Capex and Opex KPIs[61]. Leonardo is not excluded from the EU Paris-Aligned Benchmarks[62].

Integration of sustainability-related performance in incentive schemes

As already described in the chapter on "General Information - Governance", 5% of the long-term variable remuneration of the CEO and General Manager, Co-General Manager and Group executives and managers with strategic responsibilities is linked to the reduction of CO_2 emission intensity (calculated as the ratio of Scope 1 and Scope 2 market-based emissions to revenues[63]).

[59] For more information, please see "Metrics and Targets".
[60] For more information on the decarbonisation targets set by Leonardo, as well as the levers and the actions to be taken to achieve them, please see the following paragraphs.
[61] These initiatives are traced, respectively, in the following economic activities under the Taxonomy Regulation with respect to Objective 1 Climate Change Mitigation: 7.3 Installation, maintenance and repair of energy efficiency equipment; 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings); and 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.
[62] Specifically, Leonardo is not engaged in the production or development of controversial weapons or in activities that would lead to automatic exclusion under applicable regulatory criteria. Leonardo actively adheres to ESG principles and aligns its activities with the goals of the Paris Agreement.
[63] The numerator of this intensity is one of the 3 decarbonisation KPIs set by Leonardo and validated by SBTi. For more details, please see the following paragraph "Metrics and targets".

Managing impacts, risks and opportunities

Process to identify climate-related risks and opportunities

Leonardo pays attention to the impact of both its activities on the environment and climate change on its business, taking a systematic approach to identifying and assessing its risks and opportunities.

Physical risks

Leonardo assesses physical risks through scenario analysis, using two climate pathways (SSP-RCP):

- RCP 8.5 ("Business-as-usual"): temperature increase of between 3.3°C and 4.5°C.
- RCP 2.6 (accelerated transition): limited increase of between 1.5°C and 2.0°C.

The analysis was conducted in 2024 through a preliminary screening of the entire operational network, identifying 61 priority sites, in which 84% of the Group's total employees work – for more in-depth assessments. The criteria used include the strategic relevance of the site in the value chain and exposure to climate hazards, assessed with a metric that weights the present and expected future impact of 8 reference climate hazards[64], for which, based on preliminary results, Leonardo has identified the relevant risk profile[65]. With regard to the most critical situations, two specific analyses have been started:

- drought risk analysis for the identification of sites with higher water vulnerability and the definition of priority mitigation measures;
- climate risk assessment on some industrial sites, through technical surveys and detailed analysis, with the aim of discovering vulnerabilities and identifying planning and mitigation actions for any possible extreme weather events. These activities have enabled prioritisation of actions, aligning physical risk management with sustainability and business continuity objectives.

Transition risks

The four categories of risks and opportunities[66] identified by the ESRS to find the implications of the transition to a low-carbon economy have been evaluated, mostly qualitatively[67], against three scenarios:

- the IEA NZE (Net Zero Emissions) 2050 scenario, which is the most ambitious decarbonisation scenario;
- the IEA APS (Announced Pledges Scenario), which considers full implementation of all climate commitments announced by governments, but without additional measures, resulting in an intermediate trajectory between NZE and STEPS;

[64] The 8 climate hazards are: fire, flood, extreme wind, heat, drought, intense precipitation, hail, and cold.
[65] Specifically: intense precipitation, cold, and hail have high current relevance but their impact is expected to be stable in the future, indeed decreasing for cold; heat and drought, on the other hand, are the climate emergencies of the future, and especially drought has the potential to cause disruption of production activities at sites with water-dependent industrial processes; flood and extreme wind are the most relevant acute hazards and their impact is highly concentrated on coastal sites in the former case, and on U.S. sites in the latter.
[66] Policy & Legal, Technology, Market and Reputation.
[67] Specifically, the following have been considered: the probability category - distinction between already defined factors (e.g., Carbon Price), endogenous factors (e.g., achievement of SBTi targets) and exogenous factors (e.g. adoption of ESG criteria in public procurement); scope of application: analysis of risk exposure for each business division, considering GHG emissions, weight on turnover and sensitivity of ESG stakeholders; temporal proximity - assessment of the time horizon of manifestation of risks, distinguishing between immediate and future shocks; intensity of impact - estimation of direct financial impacts (reduced revenues, increased costs) and indirect impacts (reputational risks).

- the IEA STEPS scenario (Stated Policies Scenario), which is a more conservative assumption of mere implementation of existing policies, and therefore does not guarantee achievement of climate ambitions.

TRANSITION RISKS		DESCRIPTION
Policy and Legal	Carbon Pricing mechanisms	The estimated impact of direct costs (ETS I, ETS II, and CBAM) and, to a greater extent, indirect impacts related to Scope 1, 2, and 3 emissions varies depending on the scenario and strategy adopted by Leonardo. The delta between NZE and STEPS is higher in the absence of a net zero strategy while it gradually decreases in an accelerated transition scenario.
	Reporting obligations	Leonardo has mitigated the risk with dedicated ESG compliance teams. However, regulatory tightening could create critical issues for the supply chain composed mainly of SMEs.
Technology	Replacement of existing products with lower-emission alternatives	The Aerospace, Defense and Security sector is exposed to potential technological disruption, on which Leonardo maintains an ongoing commitment to research and development, also leveraging "green" funding. The pressure could intensify in an NZE scenario.
	Risk of unsuccessful investment in new technologies	Leonardo's R&D activities may carry the risk of unsuccessful investments, mitigated by diversification from a broad portfolio of innovative projects.
Market	Changing consumer and/or customer preferences	The integration of ESG criteria into public and private procurement could affect Leonardo's market share if the company does not maintain competitive alignment in ESG practices with respect to competitors. The emphasis on ESG criteria would be accentuated in an NZE scenario.
	Increased cost of raw materials	In the STEPS scenario, the absence of adequate environmental policies could lead to unsustainable resource exploitation, causing price increases or shortages of essential inputs for production processes in the medium to long term. In the APS scenario, the implementation of climate commitments announced by governments could lead to an accelerated evolution of demand for low-emission technologies, generating pressures on prices and availability of strategic inputs for production processes in the medium term. In the NZE scenario, policies to transition to a low-emission economy could cause price increases or shortages of essential inputs for production processes in the short to medium term.
Reputation	Increased scrutiny and risk of negative feedback from stakeholders	Failure to achieve SBTi goals could damage Leonardo's reputation with key stakeholders (customers, suppliers, investors, and employees), limiting its ability to attract financial and human capital, with such risks accentuated in an NZE scenario.

The scenario analyses described above inform the process of identifying impacts, risks and opportunities as part of the climate change double materiality analysis reported in the paragraph "Managing impacts, risks and opportunities – double materiality." Mitigation of these risks is an integral part of Leonardo's commitment to align with a global decarbonisation pathway through an SBTi commitment while the assessment of market opportunities already mentioned is reflected in the Group's Industrial Plan[68].

[68] For more details on policies, please refer to the paragraph "Sustainability management policy" section of the "General information" chapter.

Actions and resources in relation to climate change policies

Climate change mitigation

Leonardo addresses climate change with an integrated approach involving all emission categories (Scope 1, 2 and 3). The company is committed to improving energy efficiency in its operations, transforming production processes through solutions with lower environmental impact[69], and accelerating the adoption of energy from renewable sources. At the same time, Leonardo promotes decarbonisation along the supply chain with supplier engagement and support initiatives and develops innovative, more efficient and alternative fuel compatible products and services, such as SAFs.

Main levers for reducing CO_2 emissions in their operations (Scope 1 and 2)

These achievements and the attainment of Leonardo's future goals on Scope 1 and 2[70] stem from an organic decarbonisation strategy based on four key pillars that translate into several concrete initiatives:

- Energy efficiency;
- Efficiency of energy transformation plants and processes;
- Rebalancing the energy mix and use of renewable sources[71];
- Other projects.

Energy efficiency  *More efficient use of energy, reducing waste*	**Full Potential Lighting Programme** – Work is continuing on the massive programme to replace lighting systems with LED technology, envisaged in the Sustainability Plan. In the period from 2021 to 2024, investments of about €mil. 29 were completed, which will allow, when fully operational, to save about 27 GWh/year, equal to more than 8,000 tons of CO_{2e} avoided per year, which must be added to the 6,000 tons of CO_{2e} avoided per year thanks to the first installations completed in the period from 2014 to 2020. The Programme, on which Leonardo has decided to give maximum acceleration and which will see the completion of the installations in 2025, envisages an overall investment of about €mil. 31 (of which more than €mil. 5 in 2024) and an estimated reduction ofy about 31GWh/year, equivalent to about 10,000 tons of CO_{2e} avoided per year. The Programme will also make it possible to improve working environments, with regard to all impacted areas: industrial, offices, and outdoor areas[72].
Energy transformation plant and process efficiency  *Optimisation of infrastructure / technology / processes*	**Thermal Energy Consumption Efficiency** - Construction site works continue on the new thermal plant at the Vergiate factory, which will replace the current steam generators with more energy-efficient machines. The new system, which will be in operation by 2026, will be able to reduce gas consumption by about 900,000 m^3 per year, equal to about 1,800 tons of CO_{2e} avoided, through an investment of more than €mil. 6, of which €mil. 3.4 in 2024. During 2024, work commenced on the efficiency analysis of additional thermal power plants installed at the main Leonardo sites. As from 2025, these assessments will be further explored with a detailed design on 2 pilot sites of the Aerostructures Division (Nola and Pomigliano) in order to then proceed with the subsequent implementation phases.

[69] No nature-based solutions are used at present.
[70] For more information on the target, please refer to the Metrics and Targets section.
[71] In general, Leonardo is continuing its decarbonisation journey with a structured plan that involves the identification, assessment and implementation of all the levers to be put in place. As such, the work of identifying decarbonisation activities is continuous and evolving over time in order to ensure the achievement of the challenging targets that have been set.
[72] Furthermore, it should be noted that Leonardo has obtained the ISO 50001 energy certification for six production sites.

Energy mix rebalancing  *Gradual electrification and replacement with lower GWP sources, thus reducing dependence on fossil fuels.* *Integration of certified electricity from sustainable sources and biofuels with the goal of lowering operation-related emissions.*	**Energy Self-Production Programme** - Following the formalisation of an additional batch of contracts in 2024, for a total installable capacity of about 43 MWp, there are 19 agreements in place for the construction of plants. The Nola photovoltaic plant, with an installed capacity of 7.8 MWp (approx. 20% of the total) was completed in 2024, with a self-consumption from solar energy of about 2,500 MWh in 2024; the addendum for a further plant expansion, for an additional 2 MWp of capacity, is in the process of being formalised. Other plants are at different stages of implementation: one site awaiting activation, 7 sites with operations started at construction sites, and 10 sites with design and permitting activities in progress. Furthermore, additional solutions are being analysed with the aim of maximising electricity production from on-site plants, reducing dependence on fossil fuels, and diversifying risks associated with volatile energy markets. It is estimated that the self-consumed PV energy relating to the plants already contracted will reach a value of more than 55GWh/year, when fully operational, equivalent to about 17,500 tons of CO_{2e} per year avoided. The outcome of the authorisation procedures, which are currently in progress, will confirm these values and the timing of construction of the plants, with the aim of giving maximum acceleration to the project. The systems hosted at Leonardo's plants will be owned by a third-party partner who will make available a portion of the energy produced available to the sites, thus helping to reduce the withdrawal of electricity from the external grid and associated costs.
	Renewable Electricity – Leonardo continues its program on global adoption of electricity from renewable sources. In 2024, with an investment of more than € 1.6 million, 86% of the electricity purchased by the group is covered by Guarantees of Origin certifying that it indirectly comes from renewable sources, up from 2023 (+1 p.p.). In this way, Leonardo is actively contributing to supporting the energy transition, including at the country level, powering operations with certified renewable electricity, demonstrating a concrete commitment to a sustainable, low-carbon future.
Other projects  *Integration of certified electricity from sustainable sources and biofuels with the goal of lowering operation-related emissions.*	**SAFs for Internal Testing and Acceptance Flights -** Leonardo confirms its commitment to reducing emissions from its flying products by ensuring that it can operate with fuel blends containing up to 50% SAF (Sustainable Aviation Fuels). For this purpose, the company is considering partnerships with several SAF manufacturers to increase their use during in-house pre-delivery flight activities, such as aircraft testing and acceptance, thus contributing to the reduction of anthropogenic CO_{2e} emissions related to its flight operations. The company is also engaged in research programs on an ongoing basis, which involve the percentage increase of SAF in fossil-based fuel blends, providing for an investment of about €1.5 million, of which about €th. 200 were spent in 2024, and the remaining amount is planned for the plan period from 2025 to 2028.
	Electric and hybrid cars – Leonardo's corporate fleet (long-term rental) in Italy consists of 74% hybrid/electric drive vehicles (+31 p.p. compared to 2022), with the goal of achieving 80% by 2025. With regard to carpool, the current share of green vehicles is 55%. This includes the Green Vehicles project, which reached an outlay of more than €mil. 1, in 2024, with savings of more than 600 tCO_{2e}, and provides for the plan period from 2025 to 2028 an additional investment of more than €mil. 1.5 for an expected reduction of more than 400 tCO_{2e}.
	Virtualisation - Leonardo has developed advanced simulation systems for pilot and operator training. Systems such as the Virtual and Extended Reality Simulator (VxR) for helicopters or the Modular Interactive Trainer for Helicopter Operation (MITHOS) not only improve the effectiveness of training but also reduce the emissions from the actual flight hours required for training.

Main levers to reduce CO2 emissions along the supply chain (Scope 3)

Over the past two years, Leonardo conducted a careful examination of its Scope 3 emissions in order to identify, in line with SBTi-approved decarbonisation targets, the areas of greatest commitment toward which to promote its decarbonisation actions, including: the supply chain, products and services, and other Scope 3 emissions reduction initiatives (employee mobility, waste and logistics).

Reduction in emissions in the supply chain

Leonardo leads the way in reducing emissions along its supply chain, promoting a programme of supplier engagement geared toward creating a community that is aware of and committed to achieving increasingly ambitious sustainability goals. In order to also achieve the SBTi-validated goal of engaging suppliers to support them in setting science-based decarbonisation targets, the Group has taken actions dedicated to training, awareness and support for sustainability reporting planning, bringing the supplier decarbonisation path into line with SBTi standards. Leonardo intends to further strengthen its commitment through the development of specific skills in suppliers by implementing targeted training programs, workshops, and advice, involving experts and industry leaders to promote sustainable solutions.

Collaboration with sector peers

In 2023 Leonardo, as a member of IAEG[73], promoted the voluntary adoption by major market players of a shared standard for measuring the ESG performance of suppliers in the AD&S sector, with the goal of increasing the sustainability of the operations of the aerospace industry and related supply chain. For this purpose, IAEG has selected the EcoVadis platform, a world leader in sustainability assessments.

This project in the sector, active in 2024 as well, enables Original Equipment Manufacturers (OEMs) to assess strengths and improvements at the industry level and put in place collaborations to accelerate the expected improvements in the industry. At the same time, such an approach allows suppliers to conduct a single assessment, to be shared with all international customers, thus avoiding the need to undergo multiple specific assessments, ensuring a significant increase in the effectiveness and efficiency of the process. Furthermore, suppliers have the opportunity to access the EcoVadis platform on favourable terms and take advantage of the resources it contains to support the improvement of their ESG performance.

12 major AD&S groups have already joined the initiative and have begun to build a pool of more than 5,000 companies operating in the sector, including more than 750 suppliers of Leonardo[74], which have been assessed by EcoVadis and which have made their scorecards available for the sector initiative.

[73] IAEG, International Aerospace Environmental Group, is a non-profit organisation comprising 54 leading Aerospace, Defence and Security companies that together account for over 70% of the industry at a global level.

[74] Relating to legal entities or large groups, to which more than 1,100 individual suppliers in Leonardo's register correspond. For more details, please see the paragraph "Supply chain development".

Reduction in emissions through the development of products and services

In line with the SBTi-validated[75] target, Leonardo is active in reducing Scope 3 emissions related to the use of its sold products and services by promoting innovative solutions, such as the use of alternative materials and state-of-the-art fossil fuel substitutes, which enable the customer to reduce emissions generated in the phase of use.

Virtualisation  *Virtualisation has over the years seen growth both in training of pilots and aircraft maintenance work of related personnel.*	**Pilot training** – Through the implementation of simulators, Leonardo enables virtual pilot training, thus significantly reducing the need for flights on real platforms, with consequent reduction in the use of fuels and production of climate-altering emissions[76]. Training systems through virtual training (Embedded Training Systems) allow online training with real and/or virtual actors in a tactical scenario shared between aircraft, ground simulators and monitoring and control stations, with real-time data exchange through data links (aircraft-to-ground) and communication networks (ground-to-ground). The production of simulators is one of the activities under the European Taxonomy regulation, with regard to the climate change mitigation objective[77]. For this activity, verification of compliance with the significant contribution criteria is still in progress.
Reducing emissions during aircraft operation  *Using sustainable fuel, reducing aircraft weight and developing hybrid-electric propulsion systems.*	**Use of Sustainable Aviation Fuel (SAF)** - Up to -80% CO_{2e} emissions over the entire life cycle can be achieved through the use of SAF compared to traditional fuel. At present, Leonardo has 12 helicopter models that can operate on fuels with up to 50% of SAF. In the first quarter of 2025 Leonardo will complete verification of the ability for in-service owner aircraft to operate with drop-in fuels with up to 50% of SAF. Leonardo aims to assess the compatibility of current "in-service" aircraft without changes to the aircraft and fuel distribution infrastructure. In this regard, Leonardo will commence work on some experimental activities, in cooperation with the Air Force's Experimental Flight Department (RSV) in order to issue clearance to conduct demonstration flights of a SAF-fuelled M346 aircraft. These flights are preparatory to the SAF evaluation for the PAN (National Aerobatic Team) configuration, also involving the partners and suppliers of the affected facilities, to verify the possibility of conducting the first test flights during 2025. The SAF-PAN project is structured into two phases, which will lead from an initial clearance for demonstration flights with 50% SAF blend to the challenging final goal of providing a clearance for 100% SAF blend. Leonardo is also active in various national and international councils to monitor and analyse technological advances towards the definition of both 100% SAF drop-in fuels for in-service aircraft and newly formulated 100% SAF fuels for future aircraft. **Electric or Hybrid Platforms** – The activities relating to the study of cutting-edge technologies and impacts from hybrid/electric propulsion systems are in progress with Leonardo Innovation Labs, including through the national H2Craft research initiative, under the NRRP, with the Polytechnic University of Turin and cutting-edge entities such as PowerCell and PunchDumarey. In the European civil sector, Leonardo is involved in the Clean Aviation programme with participation in 9 research projects, 2 of which are company-led (HERA, HERFUSE), aimed at identifying regional aircraft configuration, innovative system architectures and frontier technologies enabling a significant reduction of environmental impact through hybrid-electric propulsion. The projects are in collaboration with a major European ecosystem involving, among others, Airbus, Safran and GE-Avio Aero.

[75] For more information on the target, please refer to the section on Metrics and Targets.

[76] CO_{2e} emissions produced with one hour of simulator are about 1/10th of those of one hour of real flight.

[77] Activity 3.6 Manufacturing of "Manufacture of other low carbon technologies". For more details, please see Disclosure pursuant Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)".

Other projects to reduce Scope 3 emissions

Sustainable mobility of employees and shipping  *Commitment to reduce employee emissions in home-work commutes and shipping*	**Sustainable employee mobility** – Some home-work commute Plans have been prepared for 39 company sites in Italy, 9 of which on a voluntary basis, which provide for the implementation of several projects aimed at encouraging more sustainable home-to-work mobility. In 2024, Leonardo incurred expenses of about €mil. 3.2 to support employees in making sustainable mobility choices, including: the continuation of smart working, the adoption of an app to encourage carpooling, through a cashback system, between colleagues and cycling, walking and company shuttles, maintaining the shuttle service at numerous company sites, installing covered parking spaces for bicycles, providing grants for the purchase of public transport season tickets, and agreements to encourage the use of bicycles and trains. In 2024, the adoption of the app and the implementation of carpooling saved about 500 tCO_{2e}. **Logistics –** Implementation of the Transportation Control Tower to make the Group's shipping management more efficient while reducing emissions under Scope 3, through consolidation of shipping and reduction of dedicated transport and, where possible, with a shift to more sustainable modes of transport (e.g., maritime transport). A reduction of 5% in CO_2 emissions was achieved in 2024, which is expected to remain stable in 2025[78].

Climate change adaptation

Various Leonardo products and services contribute to climate adaptation of customers and end users, in different areas: from satellite observation of the Earth to responding to emergencies created by extreme weather events.

	**Crewed and uncrewed helicopters and aircraft** - Leonardo has a Medium-Altitude Long-Endurance class product portfolio, based on the aircraft of the "Falco family" and a technology evolution roadmap for use in environmental surveillance and monitoring missions, emergency management and border control in a connected environment and highly integrated with other infrastructures.
	Search and Rescue (SAR) and Emergency Medical Services (EMS) - Leonardo also develops multi-mission configurations of aircraft for search and rescue and emergency medical missions, and designed for excellent performance under the most demanding operating conditions in natural disasters, fires, pollution control and humanitarian relief (AW family, ATR and C-27J Special Version and C-27J Firefighting).
	**Global monitoring** – Timely and quality data analysis is essential for decision-making in a variety of areas. The real-time integration and processing, including thanks to Artificial Intelligence, concerning large amounts of data coming from various sources (including satellites, drones, etc.) is at the heart of global monitoring. Such satellite geo-information services are useful for monitoring emergencies such as floods, fires, earthquakes, and tornadoes, providing tools and solutions aimed at facilitating climate change adaptation.

As early as 2024, Leonardo conducted several activities, including a study in collaboration with LGS and Univiersità Vanvitelli, which enabled the identification and implementation of a number of climate change mitigation and adaptation measures, some of which have already been described in this chapter. Moreover, at the end of 2024, it started a specific climate scenario analysis activity as described in the section "Process for identifying climate risks and opportunities".

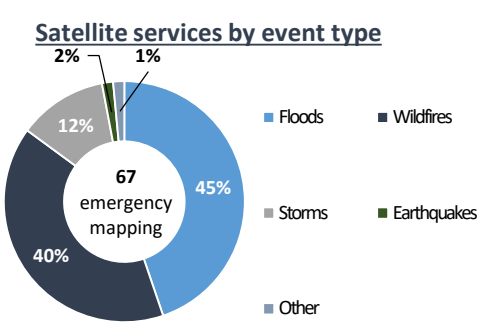
[78] Baseline 2019.

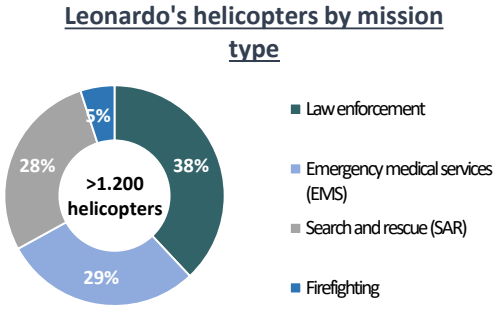
Focus: Leonardo's solutions for planet monitoring

Copernicus - Leonardo, through its subsidiary e-GEOS, provides information in support of the Copernicus Emergency Rapid Mapping Service, which provides standardised mapping products to support emergency management that enable verification of the pre-event situation, to identify the most affected locations, and to assess the intensity and severity of damage. e-GEOS, as part of the Copernicus programme, also leads the European Ground Motion Service (EGMS), which provides European coverage maps of ground movements with millimetre accuracy, using InSAR (Interferometric Synthetic Aperture Radar) measurements derived from Sentinel-1 data[79].

Cooperation between the Italian and Vietnamese Ministries of the Environment - In 2024, as part of a cooperation project to support the climate change adaptation strategy in the most vulnerable areas of South-East Asia[80], Leonardo, through its subsidiary e-GEOS, has made available to the Italian MASE and Vietnam Ministries its expertise in processing and exploiting analyses based on radar, optical and other sensor data, interferometry, hydraulic models, artificial intelligence and response to emergencies and climate change by being awarded the development of an Operations Center (Geo Information Centre, GIC).

X-2030 – Finally, among the products with an impact in terms of climate change adaptation is the X-2030 platform, which is a "system of systems", a command and control, communication, cyber and intelligence solution for monitoring the territory, through collecting and correlating information from available sensors and databases, used, for example, for monitoring environmental and anthropic events, preventing risks (including those caused by climate change) and environmental crimes, monitoring archaeological sites, and for city management and urban security purposes.





[79] The technology is also applied to monitor the structural integrity of dams, bridges, railways, and buildings, by also using higher spatial resolution data, in particular from the COSMO-SkyMed/COSMO-SkyMed Second Generation constellation for assessing the likelihood of hazards such as landslides or subsidence induced or exacerbated by climate change.

[80] The cooperation project on "Set up and implementation of a Geo-Information System for Climate Change Vulnerability, Risk Assessment and Environment monitoring for Viet Nam based on remote sensing Technology" was started by the Italian Ministry of Environment and Energy Security (MASE) in cooperation with the Ministry of Natural Resources and Environment of Vietnam.

Focus: Leonardo's advocacy activities and collaborations on environment and climate

Leonardo is committed to playing a constructive role in the global effort to combat climate change and during 2024 it participated in numerous initiatives and working groups focused on climate and, more generally, environmental issues, with the aim of identifying best practices and contributing to the public debate. Before joining a working group, association or any other organisation, Leonardo carries out an assessment to verify, among other things, the adherence and alignment of these activities with the strategic objectives of Leonardo, including sustainability goals and commitments on environmental issues, including those on decarbonisation validated by SBTi and considered to be in line with the Paris Agreements. Key initiatives include:

International Aerospace and Environment Group (IAEG) - Leonardo is a member and is part of the Board of Directors of the IAEG, an organisation including the industry's leading companies committed to advancing innovative environmental solutions and standards for aerospace. In 2024, Leonardo discussed environmental sustainability issues, including the development of alternative technologies and the reporting and management of GHG emissions.

Climate and Defence (C&D) Task Force – At the European level, Leonardo is a founding member of the Climate and Defence (C&D) Task Force of the AeroSpace and Defence Industries Association of Europe (ASD) and its subgroups on Ecodesign and Sustainable Supply Chain.

European Round Table (ERT) - Leonardo participates in the Energy Transition and Climate Change group of the European Round Table (ERT), and is part of the Confindustria Environment Technical Group in Italy.

United Nations Climate Change Conference (COP 29) - Further confirming its commitment to a decarbonisation roadmap in line with the Paris Agreement, Leonardo took part in COP29[81] during which it had the opportunity to showcase the substantial contribution that the advanced technology solutions in its portfolio can make to the decarbonisation of cities and territories in terms of climate change adaptation and mitigation. The event was an opportunity to bring together representatives from industry, and from public and financial institutions[82].

Metrics and targets

Targets related to climate change

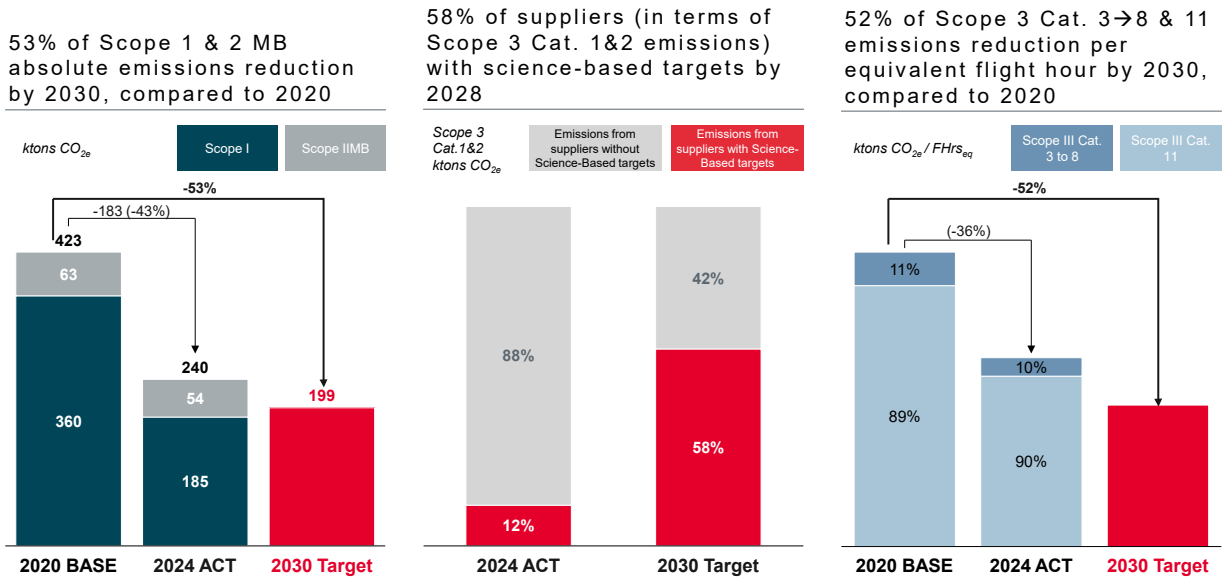
As part of its climate strategy, Leonardo has defined three short-term emission reduction targets, which were validated by the Science-Based Targets Initiative (SBTi) in 2024. These targets, aligned with international frameworks for the containment of global warming, reflect the company's concrete commitment to a transition towards more sustainable operating and production models.

Targets	*Description*
53% reduction in direct and indirect (**Scope 1 and 2 market-based**) emissions from business operations and energy consumption **by 2030**, **compared to 2020**	*This target refers to 100% of Scope 1 and 2 emissions and focuses on the implementation of actions and initiatives to improve the efficiency of business operations, and reduce energy consumption and their impact in terms of direct and indirect emissions[83]. The 2024 figure of -43% confirms the trend of the Group's roadmap.*
Involving 58% of suppliers (in terms of Scope 3 Cat. 1&2 emissions), **which must develop and set science-based decarbonisation targets by 2028**	*Cat. 1&2 emissions account for 54% of total Leonardo's Scope 3 emissions in 2024. This target promotes supply chain decarbonisation through the creation of a community*

[81] Held in Baku, Azerbaijan.
[82] Thanks to the participation of: Ministry of Environment and Energy Security, EU Special Envoy for Climate and Environment Anthony Agotha and representatives of financial institutions such as Cassa Depositi e Prestiti.
[83] For more details on the actions defined by Leonardo, please see "Climate change mitigation – Main levers for reducing CO2 emissions in their operations (Scope 1 e 2)".

	involving over 500 suppliers[84]. The figure reached by 2024 represents an advance of about 21% over the target.
52% reduction in Scope 3 Cat. 3 to 8 and Cat. 11 emissions in terms of CO_{2e} **per flight equivalent hour by 2030, compared to 2020**	*This target focuses mainly on the use of products sold (Cat. 11), which constitutes more than 40% of the Group's total carbon footprint, in addition to considering other residual Scope 3 emission categories. Leonardo plans to achieve the Cat. 11 target through: the development and market introduction of low-impact products, such as the AW09 helicopter, and the virtualisation of the offering, particularly with state-of-the-art simulators[85]. The progress on the target to 2024 is approximately -36%.*

The latter two targets have been defined to cover at least 67% of the total Scope 3 emissions of Leonardo. This approach ensures that the company's efforts are consistent with international frameworks and aimed at reducing the main sources of indirect emissions along the entire value chain[86].

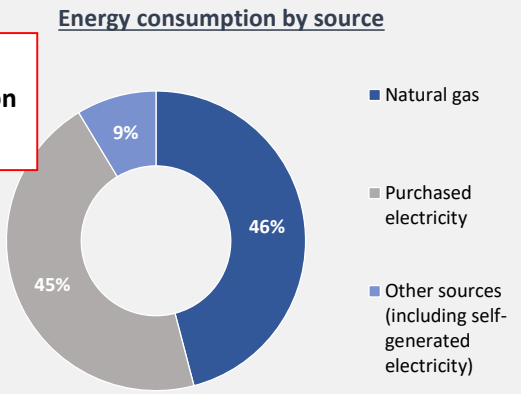


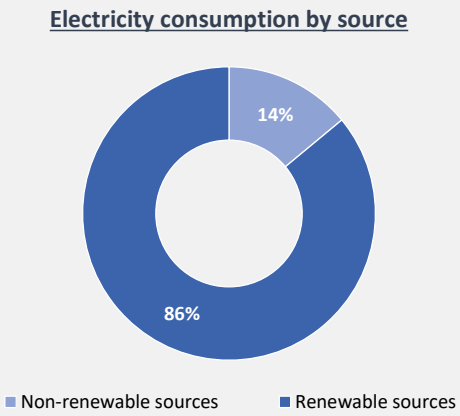
In addition to the SBTi decarbonisation roadmap, Leonardo UK is committed to achieving Net Zero by 2050 across the entire value chain, including through the achievement of intermediate targets as reported in the Leonardo UK Carbon Reduction Plan. Scope 1 and 2 emissions have decreased by 68% since 2018, with the purchase of renewable energy as the main reduction factor.

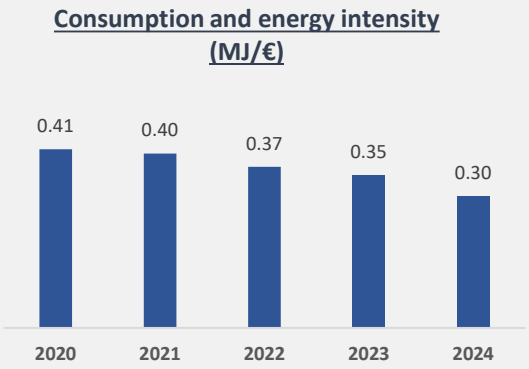
[84] In this community, the company will share specific awareness-raising and training programmes on sustainability reporting, supporting suppliers in adopting SBTi targets and fostering a collaborative transition to low-carbon practices.
[85] Furthermore, Leonardo has defined decarbonisation pathways for other indirect emissions, such as those generated by business travel and employee commuting. For more details, please see the previous paragraphs.
[86] Please see the document SBTi CORPORATE NEAR-TERM CRITERIA.

Energy consumption and mix

Energy consumption 5,377 TJ







Intensity of energy consumption on revenues: 0.30 (-13% compared to 2023). The denominator of this KPI is equal to the revenues reported in the Leonardo Group's consolidated financial statements[87].

Energy consumption: 5,377 TJ (+1.2% compared to 2023), of which 39% from renewable sources, including:

- Consumption of electricity acquired: 2,443 TJ, equal to 679 GWh (+6% compared to 2023), of which 86% from renewable sources;
- Natural gas consumption: 2,469 TJ, equal to 68.6 million m3 (+1% vs 2023), mainly used for heating;
- Other sources (of which self-prduced electricity): 465 TJ, -17% vs 2023.

E1 - Climate Change

Energy consumption and mix	Unit	2023	2024
Fuel consumption from coal and coal products	*MWh*	n.a.	0
Fuel consumption from crude oil and petroleum products	*MWh*	102,753.00	69,557.00
Fuel consumption from natural gas	*MWh*	675,988	685,665
Fuel consumption from other fossil sources	*MWh*	739.00	1,022.00
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	*MWh*	149,395	141,371
Total fossil energy consumption	*MWh*	**928,875**	**897,615**
Share of fossil sources in total energy consumption	*%*	**63.0**	**60.1**
Total consumption from nuclear sources	*MWh*	**n.a.**	**5,028**
Share of consumption from nuclear sources in total energy consumption	*%*	**n.a.**	**0.3**
Fuel consumption for renewable sources	*MWh*	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	*MWh*	546,276	588,301
The consumption of self-generated non-fuel renewable energy	*MWh*	130	2,726
Total renewable energy consumption	*MWh*	**546,406**	**591,027**
Share of renewable sources in total energy consumption	*%*	**37.0**	**39.6**
Total energy consumption	*MWh*	**1,475,281**	**1,493,670**
Energy intensity (Energy consumption / net revenue)	*MWh/M€*	**96**	**84**

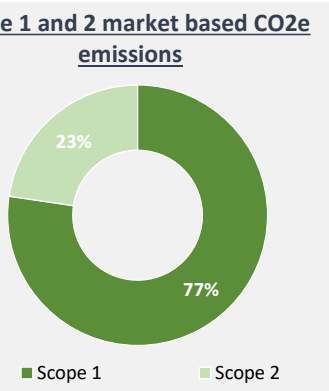
[87] The primary reference Nace code of the Aerospace, Defence and Security sector - C30.3 - falls within the sections referred to as 'High climate impact sectors', meaning 100% of Leonardo's energy consumption and revenues are related to activities of this type.

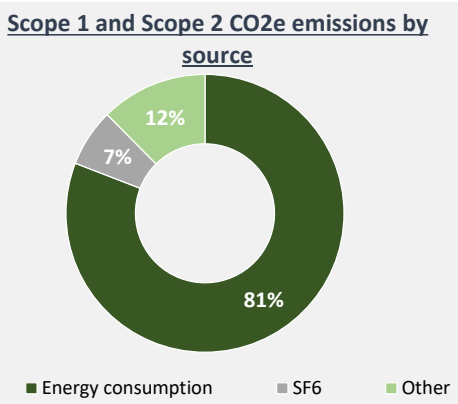
Carbon credits and internal carbon pricing

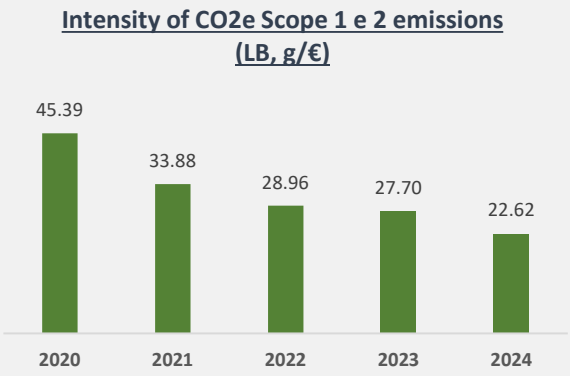
Leonardo has no GHG emission offset or mitigation projects financed with carbon credits. Leonardo makes use of the shadow price scheme, the value of which is determined by reference to that of European Emissions Trading Scheme (ETS) allowances, the EU's regulatory tool for encouraging greenhouse gas reduction by the largest emitting installations through the purchase of CO^2 allowances[88]. Leonardo, which operates 8 Italian sites subject to ETS[89], adopts this carbon price to assess the cost-effectiveness of any investments to be made to reduce emissions from installations subject to the EU ETS and others located in countries where ETS-like regulatory tools may be applied in the future. In addition, new European regulations providing for the application of the ETS scheme to intra-EU flights as well could push customers toward products with lower consumption and emissions. For these reasons, the carbon price is taken into account for business decisions related to the identification of energy efficiency projects, investments underpinning the decarbonisation pathway regarding Scope 1 and Scope 3 upstream emissions (cat. 1 and 2), and the identification of business opportunities by, for example, directing research and development activities.

Scopes 1, 2 and 3 emissions[90]

CO_{2e} emissions Scope 1 + 2 (MB) 239,824 t







Intensity of CO_{2e} emissions Scope 1 and 2 (Location-Based) on revenues: 22.62 (-18% compared to 2023). The denominator of this KPI, as well as that of the other KPIs on the emitting entity published in the financial statements, is equal to the revenues reported in the Leonardo Group's consolidated financial statements.

CO_{2e} Emissions Scope 1 and 2 (Market-Based): 239,824 t (-4% compared to 2023, including:

> Scope 1: 185,446 t of CO_{2e} (-5% compared to 2023), of which 16,096 t connected with the use of gas SF_6 (-23% compared to 2023).

> Scope 2 Market-based: 54,378 t of CO_{2e} (-1 % compared to 2023).

[88] Carbon price relates to the operations of the entire Group.

[89] Figure at 31 December 2024. They were 12 in 2013.

[90] Scope 1 and 2 GHG emissions are calculated from primary data, such as energy consumption, reported through the Group's web-based system by: direct measurement (e.g., meters and consumption metering systems), calculation (e.g., utility bills; purchase orders/invoices), estimates based on number of employees and/or activities conducted. The emission factors used are reported in the ESRS content index (E1-6).
Furthermore, Leonardo does not exercise any operational control over Joint Ventures and unconsolidated companies, so their emissions are not considered in either Scope 1 or Scope 2 category.

GHG Emissions (E1-6)	Unit	2023	2024
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions	tCO_2	195,682	185,446
% of Scope 1 GHG emissions from regulated ETS	%	52	56
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions	tCO_2	227,905	216,386
Gross market-based Scope 2 GHG emissions	tCO_2	55,088	54,378
Scope 3 GHG emissions			
Cat. 1	tCO_2	2,263,633	2,608,667
Cat. 2	tCO_2	149,149	159,300
Cat. 3	tCO_2	34,594	34,514
Cat. 4	tCO_2	17,027	16,229
Cat. 5	tCO_2	26,371	22,768
Cat. 6	tCO_2	27,200	28,649
Cat. 7	tCO_2	54,713	82,752
Cat. 8	tCO_2	12,170	9,316
Cat. 9	tCO_2	*(2)*	*(2)*
Cat. 10	tCO_2	*(3)*	*(3)*
Cat. 11 [8]	tCO_2	3,215,336	2,205,409
Cat. 12	tCO_2	*(4)*	*(4)*
Cat. 13	tCO_2	*(5)*	*(5)*
Cat. 14	tCO_2	*(6)*	*(6)*
Cat. 15	tCO_2	*(7)*	*(7)*
Gross Scope 3 GHG emissions	tCO_2	**5,800,193**	**5,167,604**
Total GHG emissions (location-based)	tCO_2	**6,223,780**	**5,569,436**
Total GHG emissions (market-based)	tCO_2	**6,050,963**	**5,407,428**

Total GHG emissions (location-based) per net revenue	tCO_2 / M€	**407**	**314**
Total GHG emissions (market-based) per net revenue	tCO_2 / M€	**396**	**304**

(1) Leonardo's business is cyclical so a +/- 15% YoY variability between 2020 and 2030 is forecast on Cat. 1 and 11 emissions. This YoY variability reduces to +/-6% in the 2027-2030 timeframe due to several high-impact programs coming to an end and business stabilizing on lower emissions / higher volumes platforms.
(2) Not Applicable: Leonardo manages and pays the delivery of products and services directly to the customer. Therefore, according to GHG protocol, emissions related to transportation and distribution of sold products are tracked and reported under the upstream transportation and distribution category because Leonardo purchases the service. Thus, downstream transportation and distribution emissions are not applicable.
(3) Negligible - around 0.05% of total Scope 3 emissions.
(4) Negligible - around 0.01% of total Scope 3 emissions.
(5) Leonardo's business is based on selling products, not on leasing them. Therefore, this category is not applicable.
(6) Leonardo does not have any franchises. This category is therefore not applicable to its business activities.
(7) Negligible - around 0.5% of total Scope 3 emissions.
(8) The reduction of Scope III cat.11 emissions does not affect the SBTi target boundary and related KPI.

Pollution

Materiality and Leonardo approach

Leonardo's production processes can generate impacts on the environment due to air pollution - caused by emissions from its own operations, supply chain, products, and investments -, water discharge and the generation of energy and waste (both hazardous and non-hazardous). Leonardo has established special plans shown in the dedicated sections of this chapter "Environmental information" in order to limit such impacts.

Managing impacts, risks and opportunities

Processes to identify pollution-related risks and opportunities

AD&S industry's production processes involve the use of chemicals (including hazardous ones) that can have an adverse impact on ecosystems. At the same time, Leonardo is committed to ensuring full compliance with stringent European and national regulations related to the use of polluting and hazardous chemicals.

Impacts and risks are assessed, monitored and updated, on a periodic basis, through environmental and context analyses, in accordance with the ISO 14001 and ISO 45001 standards, in order to prepare improvement programmes, monitoring plans and through research and development projects, including with the involvement of third-party specialists - and ongoing training activities[91].

79% of employees at sites with **ISO 14001** certified environmental management systems	**1,731 environmental audits** (1,519 in 2023), of which 1,657 conducted inhouse and 79 by third parties	About **277,000 hours of training** in environmental, health and safety (HSE) issues

2024 figures

Actions and resources related to pollution

In accordance with the ISO 14001 certification standards, the Group regularly performs environmental assessments and monitoring the progress of strategic plans to reduce impacts. Furthermore, it takes out specific insurance policies in order to mitigate the consequences of unexpected events.

Soil and air emissions

Leonardo implements various activities to reduce pollutants emitted into the atmosphere through new processes, technologies and more efficient abatement systems. These include eliminating or reducing diffuse and/or fugitive pollution in the atmosphere, and eliminating emission sources. These activities contribute to minimising or completely eliminating relative emissions, including NO_x, SO_2 and VOC emissions. Leonardo's sites where production processes are carried out, which involve the controlled use of hazardous substances operate in line with specific regulations to manage risks and any potential impact on the environment. The operation of contaminated sites and ongoing remediation procedures in the Group is based on an approach of responsibility and sustainability to implement the best technical and operational solutions.

[91] A description of the process for identifying impacts, risks and opportunities related to pollution prevention and control is given in the chapter "". For more details on impacts/dependencies of Leonardo sites, including in terms of pollution, please also see the paragraph "Biodiversity and eco-systems". For more information on policies, please refer to the paragraph "Sustainability management policy" of the chapter "General information". General information - Managing impacts, risks and opportunities – double materiality

At its various sites in Italy and abroad, Leonardo has implemented processes to improve wastewater quality. Produced domestic and industrial wastewater is sent to purification and treatment processes before discharge. Through these treatments, risks associated with the quality of water leaving production processes are reduced and the impact of water emissions on the terrestrial ecosystem and the waterways involved is also reduced[92].

Reduction of pollutants during the use of products

Reduction of pollutants produced by the operation of aircraft and sensors is pursued by the Group as a competitive advantage over customer and stakeholder expectations. During 2024, the following actions were implemented as part of multi-year projects:

Pollutant emissions - The electrification and hybridisation of aircraft such as in the development of ATR Evo or the developments of the Clean Aviation project, allow a drastic reduction of Volatile Organic Compounds from combustion into the atmosphere during the operational life; in particular through the development of the new generation Tiltrotor civil helicopters, a reduction is achieved in normalised NO_x emission of about 50% versus AW139 and other volatile chemical compounds.

Acoustic noise, and light and electromagnetic disturbance - These are among the main impacts and risks of the Group's business to human health and ecosystems related to the use of aircraft and active electromagnetic sensors during testing activity stage and during the operational life. Reduction of noise, such as from helicopter blades and aircraft turbines, is being pursued through specific development projects, including the Tiltrotor, and new nacelles for aircraft turbines.

Finally, the reduction of typical urban transport noise is also facilitated by projects to optimise the timing of urban electric transport through traffic monitoring and control solutions in the Genova IV assi project.

Hazardous substance management

Leonardo, whose business is at the end of the supply chain, is committed to managing chemicals and mixtures deemed harmful to human health and ecosystems through material procurement and supplier qualification stages. The management of such substances is complex both because of the stringent performance, safety and certification requirements of its products and because some hazardous substances are not universally identified as such in materials entering production processes[93].

Leonardo has identified the hazardous substances used in industrial processes, started a rationalisation of the substances purchased, in compliance with the restrictions and exceptions provided for by the REACH Regulation, and provided for mitigation plans for each division, as well as specific objectives for the reduction, and, where technically possible, the elimination of hazardous substances from products while also taking advantage of eco-design initiatives that make it possible to identify alternatives with lower impact right from the design phase. Substitution projects involve operating expenses that are incurred from essentially in-house sources. In addition, in some cases Leonardo collaborates, when useful, with third-party business partners to identify, develop and test together alternative solutions, including within the framework of national and European research and funding programs, and involves suppliers in the management of hazardous substances and compliance with REACH regulations through contractual clauses and training courses on the subject.

In compliance with the REACH Regulation and the RoHS Directive, Leonardo targets the reduction of the use of hexavalent chromium in processes for hard coatings of parts with high thermomechanical strength and a need for corrosion protection in very challenging environments. The Group has also started an analysis of

[92] For more details, please see the following chapter "Water and water consumption". The operation of contaminated sites and ongoing remediation procedures in the Group, 25 in 2024, is based on an approach of responsibility and sustainability to implement the best technical and operational solutions.

[93] Such as, for example, for Per- and Polyfluoroalkyl Substances (PFAS).

PFAS (Per- and Polyfluoroalkyl Substances) in the supply chain, which are present in paints or insulation and elastic materials for a gradual reduction of their use in its processes and products. During 2024, the "Phase out of CrVI" project planned an investment of €mil. 6.86 for the complete substitution of hexavalent chromium with alternative substances in all of the Group's approximately 80 industrial processes by 2034, and the elimination or replacement of CrIV was achieved for some processes as early as in 2024.

Collaboration with stakeholders on the use of hazardous substances

ASD - Leonardo participates and leads the working group of the European Aerospace and Defence Association (ASD) on REACH and chemical substances, supporting the actions towards the European Commission and Parliament and the dialogue with the European Defence Agency (EDA)[94].

AIAD (Italian Industry Federation for Aerospace, Defence and Security) - Leonardo also chairs AIAD's REACH Working Group to coordinate dialogue with the Italian Ministry of Defence and political counterparts.

MoD UK – Leonardo participates in the UK Ministry of Defence's Sustainable Procurement Working Group to share best practices in managing industry policies, including REACH regulations and GHG protocols.

ADCR - Leonardo participates in the Aerospace and Defence Chromium ReAuthorisation Consortium (ADCR), contributing to specific reports, including a socio-economic analysis in which it involved over 70 key suppliers that could be impacted by the substitution plans, in order to mitigate the risk of discontinuity in the business particularly linked to the substitution of some chromates with alternative solutions.

RINA-Centro Sviluppo Materiali – Within the working group on Critical Raw Materials[95], Leonardo has activated collaboration with RINA-Centro Sviluppo Materiali, one of the research and development partners, concerning alternative coating creation techniques, preferring chemical processes with reduced environmental impact.

Metrics and objectives

Targets related to pollution

Leonardo acts in compliance with the REACH regulations with the objective of reducing the use of hazardous substances from its processes and products by 15% by 2025 and 50% by 2032 compared to 2022, considering the specific features of each business in which it operates[96]. The reduction is calculated based on the indicator "kilograms of SVHC substances purchased (in Annex XIV of the Regulation as at 31 December 2022) per production hours.

Target	Unit	2024	Target	Target year
Use of hazardous substances (compared to 2022)	%	2.78	-15%	2025
		(-10%)	-50%	2032

Pollution of air, water and soil

Leonardo's European sites report to the European Pollutant Release and Transfer Register (E-PRTR), which is kept by ISPRA (Italian Institute for Environmental Protection and Research) in Italy, any exceedance of the levels of pollutant emissions to air, water, and soil required by Annex II to Regulation (EC) No 166/2006.

[94] Among the projects carried out in this context are the definition of a guideline to simplify the approach for waste management in the sector (Waste Framework Directive; the creation of a Working Group within the Chemical Strategy for Sustainability REACH and Classification, Labelling and Packaging (CLP) to inform the European Union of the needs of the sector in view of the update of the REACH and CLP regulations; participation in the CEFIC (European Chemical Industry Council) round tables to follow initiatives related to product sustainability and safe and sustainable design.

[95] Within the scope of the Incubator Forum on Circular Economy in European Defence (IFCEED) project of the European Defence Agency.

[96] The effectiveness of the objectives is monitored through the indicator mentioned above. For stakeholder involvement, please refer to the double materiality, in the paragraph "Managing impacts, risks and opportunities – Double materiality":

Likewise, Leonardo monitors that its non-EU sites also comply with the limits set by local regulations, or, if more stringent, the same as those set by Regulation (EC) No 166/2006. As at the reporting date of this report, there are no reported exceedances of emission levels for 2023. Micro-plastics are neither used nor produced.

Substances of concern and substances of very high concern

Leonardo is equipped with specific tools for collecting and reporting information related to substances of very high concern (SVHC) and substances of concern (SoC) to ensure compliance with current regulations. In Leonardo, the use of these tools, combined with the strong working synergy, therefore allow a proactive assessment and management of the impacts on both health and environmental matrices, as well as, through appropriate mitigation plans, a minimisation of risks related to the use of these substances. Likewise, the Group requires its suppliers to comply with current regulations related to the use of these substances, enhancing these best practices towards end customers as well.

SOC and SVHC	Unit	2023	2024
Total SOC	*t*	n.a.	2,541
Total SVHC	*t*	n.a.	70

Financial effects related to pollution

During 2024, the number of environmental violations reported by regulatory bodies is 2 (Frosinone and Southampton), one of which (Frosinone) resulted in monetary penalties of €th. 0.64 imposed in the year. In 2024, the total remediation costs incurred were instead €mil. 12.6.

Water and water consumption

Materiality and Leonardo approach

Droughts and floods pose a serious threat in many countries, with risks spreading from typically more exposed sectors, such as agriculture, to other businesses, including Aerospace and Defence. It is predicted that, by the middle of this century, more than half of the world's population will live in "water-stressed" areas where water supplies are insufficient to meet demand in a sustainable manner[97].

Leonardo's sites are located on different continents, resulting in different operating environments, and some of them are in water-stressed areas. Water is a major component for Leonardo's production processes, including, for example, electroplating plants, painting processes, rain tests on products, and also air conditioning systems for working and production environments (e.g., clean rooms, cooling towers).

In order to direct a proper management strategy, Leonardo conducts a Water Site Risk Analysis, on a periodical basis, to assess the water risk to the business at production sites. The results of the analysis are incorporated into mitigation projects and activities aimed at implementing withdrawal efficiency and reuse (e.g., collection and reuse of rainwater, and recovery and reuse of share of wastewater).

Managing impacts, risks and opportunities

Process for identifying water-related risks and opportunities

The analysis of impacts and risks is periodically updated within the framework of the Environmental Management Systems, monitoring the production growth of each plant/site, which could increase the consumption of water resources, and evaluating the benefits obtained from the implementation of investment projects aimed at reducing the use of water resources, proposing new initiatives each year. Leonardo puts in place projects through the Sustainability Plan, which are aimed at mitigating business continuity risks related to future scenarios of water scarcity, especially for production sites located in high-stress areas[98].

Actions and resources related to water policies

The Group has designed a water management strategy that aims to achieve the Group's water withdrawal reduction target through two pillars:

- making the water networks of its sites more efficient through revamping and measurement tools;
- implementation of water circularity, including through treatment plants allowing the reuse of wastewater, a synergic objective with the reduction of liquid waste.

[97] Source: The Economist.

[98] A description of the process for identifying impacts, risks and opportunities related to water risk prevention and control is provided in the chapter "General information - Managing impacts, risks and opportunities – double materiality".
For more information on policies, please refer to the paragraph "Sustainability management policy" in the chapter "General information".

Water network efficiency  *Water efficiency of networks through revamping and water recycling*	**Water Audit Cycle (WAC) and Smart Water –** These two projects initially involved the realisation of desktop studies on the analysis of plant water balances, types of use and treatment systems for primary water, wastewater (domestic, industrial and technological plants) with in-depth on-site investigations at 9 Italian sites and one foreign site. The resulting projects, in the period 2022-2024, grouped under the Smart Water Programme, implemented plant revamping and the strategic installation of approximately 80 new smart meters. These projects allowed for a reduction of about 128 Ml/year in 2024 of water supplied compared to 2019, with economic resources allocated in 2024 of about €th. 578 and € 2 mln envisaged for next years.
Implementation of water circularity  *In line with Water Circularity principles*	**Upgrading of existing treatment plants and actions for the recovery and reuse of wastewater and rainwater** - Through specific analyses and in-depth studies, improvement actions have been identified that concern both the upgrading of existing treatment plants and actions for the recovery and reuse of wastewater and rainwater, for non-drinking purposes. These actions, an integral part of Phase 3 of the Smart Water Programme, will be implemented from 2025. Furthermore, several water recovery and reuse projects were implemented and/or started in 2024. Among these: > at the La Spezia site, work was completed on the upgrading of the industrial wastewater treatment plant, which will lead to savings both in terms of reduced water withdrawals and in the reduction of liquid waste produced[99]; > at the Foggia site, planning is underway for the recovery and reuse of rainwater; > at the Caselle site the evapoconcentrator project for galvanic processes has been started. The initiative to improve the efficiency of liquid waste produced by surface chemical treatments consists of installing a vacuum evaporator (evapoconcentrator), which will allow the recycling and extraction of water for industrial reuse from the concentrated liquids for galvanic processes and penetrating liquids, which are currently managed as waste. The aim is to reduce both waste produced and industrial water withdrawals.

Metrics and targets

Targets related to water

With the aim of reducing its impacts on the environment and minimising risks on its production processes, Leonardo has set a target of reducing absolute volumes of water withdrawals - and consequently consumption - by 25% by 2030 compared to baseline 2019. This target, which is thus irrespective of business performance, becomes even more significant in view of the fact that the Group's production volumes are expected to grow further in the coming years. In pursuit of this goal, Leonardo prioritises interventions in water-stressed areas and generally aims to improve the quality of the water it returns to the environment downstream of the production process. The strategy implemented so far has resulted in a 21% reduction in water withdrawals[100] in 2024 compared to 2019.

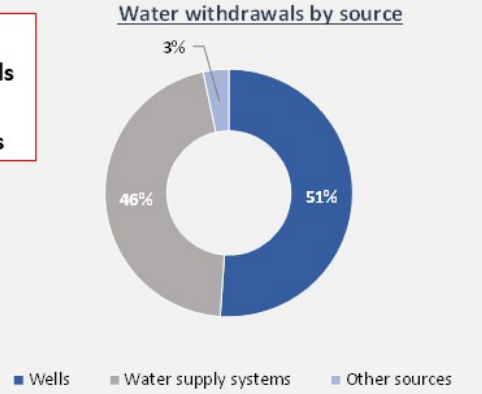
[99] The innovative approach selected is the result of an overall analysis of the conditions and an improvement of the production processes upstream of the plant in order to decrease the input of pollutants already in the wastewater production phase, thus minimising the waste produced and increasing the effectiveness of the intervention.

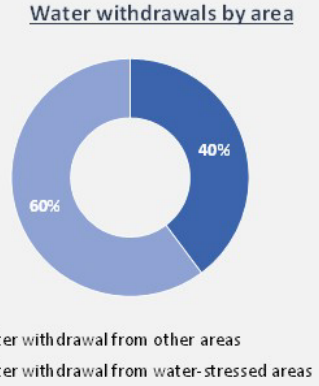
[100] With regard to water withdrawn from traditional sources (wells/aqueducts).

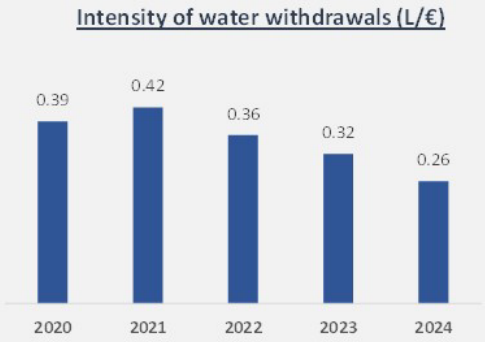
Water consumption

During 2024, Leonardo withdrew 4,646,924 m^3 of water and discharged[101] 2,912,200 m^3, having reported a consumption[102] of 1,734,725 m^3. Of this, 63.5% was realised in water-stressed areas[103]. Water intensity, calculated as the ratio of water consumption to revenue, is 97.66 m^3/€mil..

Water withdrawals 4,647 megalitres







- Intensity of water withdrawals on revenues: 0.26 (-19% compared to 2023).
- Water withdrawals: 4,647 megalitres (-5.7% compared to 2023). The reduction in withdrawals was mainly obtained through a structured programme to monitor water consumption, and investments related to water network efficiency, as well as to projects to recover water;
- Reused and recycled water is equal to 173 megalitres (about 4% of total water withdrawals);
- Withdrawals from water-stressed areas are equal to 2,798 megalitres (-6.6% compared to 2023).

E3 - Water and Marine Resources			
Water consumption	**Unit**	**2023**	**2024**
Total water withdrawals	m^3	4,929,455	4,646,925
Total water discharged	m^3	2,733,578	2,912,200
Total water consumption	***m³***	**2,195,877**	**1,734,725**
Total water withdrawals in areas at water risk	m^3	2,953,926	2,797,701
Total water discharged in areas at water risk	m^3	1,762,283	1,696,495
Total water consumption in areas at water risk	***m³***	**1,191,643**	**1,101,206**
Total water recycled and reused	***m³***	**390,291**	**173,241**
Total water stored	***m³***	**n.a.**	**63,965**

Water intensity (Water consumption/Net Revenues)	***m3/M€***	**144**	**98**

[101] Not considering unused and discharged rainwater and unused MISE water.

[102] Water consumption is the amount of water entering the perimeter of the company (or plant) that is not discharged back into the aquatic environment or to third parties. It is calculated as the difference between water withdrawals and discharges resulting from them. Withdrawals and most discharges (including all those at Group production sites) are derived from manual/automatic readings from meters. A residual part of discharges - mainly related to some office activities - is instead determined by estimation.

[103] The 2023 data have been recalculated through the new calculation methodology for identifying water-stressed areas applied for 2024 (ref. Tool Aqueduct Water Risk Atlas), in accordance with the ESRS.

Biodiversity and ecosystems

Materiality and Leonardo approach

The relationship between industrial activity and the biome (fauna and flora) takes the form of continuous iterations with the environment in which the company operates, resulting in impacts on biodiversity and ecosystems associated with Leonardo's value chain and creating some dependencies on ecosystem services. These interactions can be grouped into 5 clusters: climate change, change in the use of land, water and oceans, use of material resources and their restoration, pollution, introduction/removal of invasive alien species[104]. The Group considers ecosystem conservation to be a resilient element of its business and aims:

- on the one hand, to mitigate impacts and regenerate biodiversity, both locally, in the territories where industrial sites are located, and during the phases of use of its products and services in the global ecosystem;
- on the other hand, to seize any possible business opportunities with regard to the supply of safety-oriented technologies and products, which also find application in monitoring and maintaining the "natural capital"[105].

In order to further deepen the analysis of interactions of its business with ecosystems, Leonardo started an assessment[106] in 2024, which was based on the methodology of the Science-Based Targets Network (SBTN[107]) framework, which involves the performance of 5 successive phases: "Assess", "Interpret&Prioritize", "Measure, Set & Disclose", "Act", and "Track". During 2024, Leonardo started the first stages of this process with a view to continuous deepening and improvement in line with the Group's strategy of decoupling business growth from the use of natural resources.

Biodiversity strategy

Leonardo has designed, in order to ensure the resilience of its business model, a strategy aimed at decoupling business growth from resource consumption and mitigating impacts on environment and biodiversity, which, leveraging its technological capabilities, focuses on:

- monitoring and control of ecosystems both local at the sites where it operates and global;
- promoting circular businesses throughout the value chain;
- reducing the use and recycling of raw materials (including critical materials and water), and replacing them with innovative technological processes.

In identifying targets, metrics, actions and plans to be implemented for biodiversity protection, the Group considers: the "EU Biodiversity Strategy for 2030", the "EU Nature restoration Law", and the "Kunming-Montreal Global Biodiversity" framework. In accordance with the data-driven approach that informs the Group's sustainability strategy, the biodiversity transition plan will be designed on the basis of measurable KPIs and objectives.

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[104] In accordance with the provisions of TNFD (Taskforce on Nature-related Financial Disclosures) recommendations.

[105] Including: satellite sensing solutions, artificial intelligence, and natural emergency response and disaster recovery systems.

[106] The analysis started during 2024 focused on the Group's direct operations, with the aim to gradually extend the scope of the analysis to the upstream and downstream value chain in the coming years. Specifically, the supply chain was only considered in the analysis of biodiversity impacts related to the procurement of technical and natural raw materials.

[107] For more details, please see: Science-Based Targets Network.

Managing impacts, risks and opportunities

Process to identify pollution-related risks and opportunities

As is well known, "business as usual" generates impacts on the natural capital on which business itself depends[108]. In being aware of this, Leonardo deploys actions that in some cases produce a reduction in impacts on biodiversity, such as those for decarbonisation and optimisation of environmental resources[109] while in others they enable biodiversity gains, as in the case of actions for active regeneration of ecosystems. In order to better define Leonardo's impacts and dependencies, and as previously reported, in 2024 Leonardo started a biodiversity assessment, based on its own operations, and applying the LEAP approach[110]. Specifically, the assessment involved the 35 largest production sites that account for 38% of the Group's industrial footprint. In adopting a multidisciplinary approach, Leonardo has:

- identified material impacts and dependencies for manufacturing activities through an on-desk analysis by using the ENCORE tool[111];
- assessed physical and reputational risks based on the geographical area of manufacturing sites by using the WWF Filter software tool[112];
- analysed ecosystems and prioritised sites through the IBAT software[113], based on criteria of materiality of business impacts and sensitivity. The latter in particular measures the vulnerability and reparability of ecosystems for species through the STAR methodology.

From the analysis of the results of the work performed, a list of the sites whose interdependencies are found to be the greatest has been prepared and will be investigated in further steps of analysis[114].

Actions and resources related to biodiversity

Leonardo implements numerous actions[115] to protect biodiversity, referring to the specific features of the geographical area in which the various production sites are located. By way of example, one of the most

[108] Such as the availability of water in local aquifers, soil, air thermoregulation, etc..

[109] Including a reduction in water supply and waste.

[110] LEAP (Locate site specific interactions, Evaluate Impacts and Dependencies, Assess Risks and Plan Actions) is the approach envisaged in the TNFD recommendations and ESRS.

[111] Please see the link: https://encorenature.org/en. Specifically, the main impacts are related to: emission of toxic pollutants to water and soil; disturbance factors such as noise, EM radiations, and light from facilities; abiotic resource extraction related to use in the Critical Raw Materials Group; and use of land. The main dependencies are: resilience of ecosystems to extreme weather events such as storms and floods; water purification, ensuring water quality including in reservoirs used for water withdrawal at sites; solid waste remediation through decomposition and metabolisation; climate regulation and cultural education; and biomimicry-based technology research activities.

[112] Please see the link: https://riskfilter.org/biodiversity/home. Specifically, physical risks include: change in the use of land, related to the size of Leonardo production sites, and pollution. Among the reputational ones: the impact on protected/conserved areas and local communities.

[113] Integrated Biodiversity Assessment Tool (IBAT).

[114] A description of the process of identifying impacts, risks and opportunities related to the protection of biodiversity and ecosystems can be found in the paragraph "Managing impacts, risks and opportunities – double materiality" in the chapter "General information". For more information on policies, please refer to the paragraph "Sustainability Management Policy" in the "General information" chapter.

[115] Leonardo did not use offsets in its action plans.

important actions carried out by the Group is the reforestation of forests with native species[116]. In addition, Leonardo carries out specific development projects to assess and minimise the acoustic, luminous and electromagnetic impacts of products in the electromagnetic sensor domain for the environment and air transport, as well as the dispersion of harmful materials and substances. At the Vergiate airport, for example, Leonardo implements practices to minimise the impact on local flora and fauna by combining them with the safety of helicopter testing operations. Finally, Leonardo involves its employees and suppliers in the United Kingdom in conservation actions to improve ecosystems in areas off its sites[117].

Biodiversity assessment pilot project at the Nerviano site

The Nerviano site, with the highest potential for ecosystem restoration among those analysed, was the subject of a specific assessment project conducted by 3Bee and involving a team of specialists. The aim is to extend this type of assessment and cover other priority sites.

The in-depth on-site assessments carried out by 3Bee are based on satellite data from Copernicus and specific sensors installed on site, which detect the concentration of PM 2.5 and PM 10 particulate matter and the presence of pollinating insects through acoustics. Specific hives of bumblebees have also been installed, which promote the pollination of plant species, in addition to enabling their monitoring.

In this way, a biodiversity KPI was measured, which considers the impact of the change in the use of land[118], as well as hydrogeological risk indices.

Furthermore, Leonardo acts as a provider of services and a supplier of products for biodiversity protection, seizing its business opportunities. Technologies for monitoring and observing the evolution of local and global ecosystems, and protecting natural capital are mainly based on satellite monitoring and artificial intelligence. A lot of technology components manufactured by Leonardo are flexible and multi-objective, enabling applications and services for both security and biodiversity[119]. In addition, hyperspectral radar and EO technologies and instruments have made it possible for the Group to participate in the most important global governmental development programmes on vegetation health assessment and flora damage detection based on the analysis of chlorophyll photosynthesis[120]. Lastly, satellite services for forest and agricultural monitoring and the development of solutions in the field of water and food insecurity are worth mentioning[121].

[116] Specifically, at the Cameri site as a remedial action at newly-built facilities and at the Foggia site, the latter being one of the most impacted in the analysis conducted with the tools mentioned above.
[117] Specifically, in 2024, more than 50 employees and suppliers participated in the reforestation project consisting of planting 10,000 native shrubs to create hedges at two sites in the United Kingdom, which are crucial because they provide food and habitat for pollinators.
[118] MSA-LU, Medium Species Abundance due to Land Use.
[119] Among them are natural emergency response and disaster recovery systems, including the C-27J Fire Fighter aircraft and IR camera sensors for monitoring warm-blooded animals and mainly mammals for research and wildlife reporting purposes.
[120] Specifically, in the oceanic domain, we highlight the OIC visible hyperspectral instrument for photosynthesis, natural process for CO_2 capture, and pollution detection for the satellite platform NASA's PACE, whereas in the terrestrial domain, we highlight ESA's satellite (FLEX - FLuorescence, EXplorer) to be launched in 2025 equipped with the high-resolution spectrometer Floris to detect fluorescence intensity from 800 km.
[121] Within the framework of the CENTAUR project as part of the Copernicus services.

Collaborations with stakeholders on biodiversity

CSR Europe - Among the various collaboration projects, Leonardo participates in the Biodiversity Alliance, together with leading global industry partners, with the aim of sharing best practices on ecosystem management for Corporations, intercepting the most relevant biodiversity trends and proposing improvements in EU Biodiversity regulation.

NBFC Strategic partner - The Group also has a framework agreement signed with NBFC (National Biodiversity Future Center)[122] to plan biodiversity regeneration actions by also leveraging business opportunities for the Group in the nature tech market.

Somerset Wildlife Trust Consultancy - **UK** - Partnership to carry out on-site biodiversity audits, and identify opportunities for ecosystem enhancement based on planting, including in line with the metrics established by the Biodiversity Net Gain regulations.

Metrics and targets

Targets and impact metrics related to biodiversity

In considering the relevance of biodiversity-related risks and opportunities identified, Leonardo has not set any further targets beyond those on climate change, water, pollution and waste reported in the dedicated chapters. In particular, the targets set by the Group on the following topics are relevant to ecosystem changes:

- reduction of water withdrawals, especially in areas of water scarcity since they reduce competition between natural habitats and industrial anthropogenic systems on water resources;
- reduction of waste since it reduces potential pollution during treatment and recycling phases[123].

Distance from areas of high biodiversity value	Within a radius of 5 km	Within a radius of 20 km (exlcuding those within a radius of 5 km)
Sites	75	30
Surface of the area (km2)	19	3

The surface of Leonardo sites near or within protected areas and/or areas of high biodiversity value is about 42.5% of the total area[124].

[122] The leading research center in Italy coordinated by the National Research Council of Italy (CNR).

[123] In addition, the Group's targets on pollution, on the reduction of substances hazardous to humans and the environment, and on the proper use of resources reported in the paragraph "Pollution" are relevant for the reduction of impacts on biodiversity.

[124] Protected Areas or KBAs (Key Biodiversity Areas), obtained through the IBAT Software. In addition to this metric, the metrics relating to the reduction of water withdrawals and waste production reported throughout the Group are also relevant for measuring impacts/dependencies related to ecosystem change.

Resource use and circular economy

Materiality and Leonardo approach

The use of materials continues to grow globally by an average of more than 2-3% per year. Extraction and processing of material resources (fossil fuels, ores, non-metallic minerals and biomass) cause more than 55% of GHG emissions. Combined interventions on resource efficiency, energy and climate, would reduce growth in the use of materials by 30% by 2060, thus reducing GHG emissions by more than 80% from current levels[125]. In this, promoting circularity can have a positive impact on society by stimulating innovation and employment: the International Labour Organization has estimated that circular economy can generate between 7 and 8 million new jobs worldwide from 2019 to 2030[126].

The main levers of circularity in AD&S are additive manufacturing, Digital Twin, and advanced recycling processes[127]. Design geared toward circularity of materials and the creation of circular supply chains, decreasing dependence on raw materials, can lead to greater business resilience in the long term, in addition to being a factor in risk mitigation.

Leonardo promotes a transition to a circular economy based on decoupling business growth from resource consumption (including water and technical and natural raw materials). Through the development of circular manufacturing and design processes Leonardo is committed to reducing the impacts associated with its industrial production by focusing on strategic choices that foster value creation processes towards new models of circular economy[128], with the aim of extending the durability of products, providing dematerialised products and as services, reducing their energy requirements during the use phase and facilitating the reuse of materials at the end of their life cycle. For Leonardo, the circular economy approach extends to the entire value chain with practices ranging from the adoption of recycled materials and sustainable raw materials and Eco-design at the design stage to end-of-life management of products (take back) and the circular valorisation of production waste from output materials.

Critical raw materials

Circular business models contribute to the resilience of the Group's business by reducing dependence on the sourcing of technical and natural materials and in particular Critical Raw Materials (CRM) and strategic raw materials defined in the CRM Act. In addition, the adoption of secondary raw materials in the supply chain will, in some cases, lead to a reduction in the cost of procurement.

From analysing the Group's value chain it emerges that the availability and cost of critical raw materials used, among which the most massive are aluminium and titanium, depend on the evolving geopolitical environment; moreover, Strategic Raw Materials such as silicon, germanium, gallium, lithium, and rare earths are irreplaceable for the digital transition in which the Group is engaged.

Leonardo's circular strategy regarding this type of materials includes: reducing the use of raw materials through the gradual deployment of eco-design, additive manufacturing, and digital twin of products and processes; replacing critical raw materials with alternative materials; and increasing the share of recycled materials at the entry point of production cycles and in waste.

[125] Source: «Bend the trend» Global Resources Outlook 2024 | UNEP.

[126] Following the three archetypes defined by WEF: use of circular resources, life extension and sharing of resources. Source: WEF: Circular Transformation of Industries: Unlocking Economic Value 2025.

[127] Source: A Circular Economy for Civil Aerospace By James Domone, Philippa Bliss and Matt Copus.

[128] Source: WEF: Circular Transformation of Industries: Unlocking Economic Value 2025.

Managing impacts, risks and opportunities

Process to identify circular economy-related risks and opportunities

A description of the process of identifying impacts, risks and opportunities related to the use of resources and circular economy is given in the chapter "General information - Managing impacts, risks and opportunities - double materiality".

With regard to critical raw materials input for Leonardo production, the geopolitical situation and the inherent socio-environmental footprint for the procurement of some raw materials[129] cause some risks in part related to business continuity, including with regard to the supply chain, leading to an increase in the cost of these materials, especially for energy and digital transition and, in part, of compliance and reputational related to compliance with European regulations and policies[130].

For more details on policies, please refer to the "Policies for managing sustainability issues" section of the "General information" chapter.

Actions and resources related to circular economy

The transition to a circular business model forms an integral part of Leonardo's Sustainability Plan strategy and projects. Specifically, a transformative approach is being pursued across the entire value chain of the products and materials used: reuse, reconditioning, life extension, product as a service are already implemented as best practices while other models such as circular supply chain, extended producer's responsibility, industrial symbiosis are opportunities for the Group's evolving and increasingly circular business. In addition, the waste hierarchy is implemented by favouring in order of priority: waste prevention, preparation for reuse, and recycling.

Aircraft structures capable of maintaining a **service life level in excess of 20 operating years**[131]	**57% of waste generated recovered in 2024**	**Over 75,000 tons of CO_2 avoided** thanks to the use of virtual training systems in 2024	To date, **more than 70%** of Leonardo's aircraft and helicopters are made from **recyclable metal parts**	**Additive manufacturing** for aircraft components[132] saves energy and **reduces waste by up to 60%**

[129] Linked to the use of e.g. "Conflict minerals," cobalt, etc..

[130] Including those on requirement for European strategic independence on certain materials and pressure for use of recycled raw materials.

131 Leonardo study presented to Cotec in November 2018: "The circular economy in the aviation sector, paper for specific use by the Cotec Foundation".

132 Such as M-345 or the Tiltrotor.

Optimising the use and choice of materials *From the very design and through eco-design and additive manufacturing to obtain products that reduce the use of resources throughout the life cycle, in order to also maximise the use of secondary raw materials right from the entry to production processes*	**Life Cycle Assessment (LCA)** – LCA is one of the methods used for optimising resources and the carbon footprint of products and processes and also useful for comparing circular and linear business models. As part of the development of the next-generation civil tiltrotor aircraft (NGCTR), which aims to reduce CO_2 emissions by up to 50% and noise emissions by 30% during take-off and up to 75% in flyover condition compared to the average values of rotary-wing aircraft currently on the market, a "from Cradle to Gate" LCA was conducted to quantify the environmental benefits obtained from the design of additively manufactured transmission components and composite wing structures. The project required resources of €th. 400 for 2024 and plans €2m for the following years. Leonardo will implement a model in line with ISO 14040 and 14044 standards, develop the necessary skills by creating an LCA model specifically for rotary-wing aircraft. This model will clearly define the inputs, outputs, methodological choices, and associated limitations, allowing critical points (hotspots) to be identified throughout the helicopter life cycle and interventions to be designed to improve them. With the support of detailed LCA models, eco-design approaches will gradually be extended to more complex macro-systems of rotary-wing aircraft products.
Dematerialising and virtualising, product as a service *Increasingly using digital platforms for industrial processes and solutions offered to customers through the adoption of digital twins and selling simulated flight hours in lieu of flight hours performed on the helicopter product for training purposes*	**Digital Twin** - The use of the Digital Twin makes it possible to reduce the use of resources in prototyping, testing and training on developed products, and to rethink production cycles. Processing on cloud enables further dematerialisation of infrastructure for running software services. In 2024, research and innovation projects on the Digital Twin of products were further expanded in all business areas. The Group promotes the "Product-as-a-service" model applied to multi-scenario simulators in the Helicopters, Aircraft, and Defense Electronics & Security sectors, to software sold as licenses to use algorithms operating on central infrastructure and shared among multiple customers, and to IT infrastructure such as, for example, the Group's on-premise supercomputers that can be shared among several customers. The Rotorcraft Digital Twin project employs resources of €th 653 for 2024 and €th 250 for the following years. In this context, we must note the **NEMESI** project, which through a process of transformation of production processes of ATR aircraft based on digitalisation, automation of production and application of technologies inspired by the Industry 4.0 model, will allow the Pomigliano d'Arco and Nola sites of Leonardo to be transformed into smart factories. With a budget in 2024 of €7.3M OpEx and €17M CapEx, and a planned further €15.7M for the following years, NEMESI allows a reduction in both materials in the prototyping, through digital twin, of the fuselage, and manufacturing waste, through additive manufacturing and automation of the aluminium riveting operation of aerostructures. The joining of the entire fuselage in the new production line was carried out in 2024.
Extending the useful life of products *Product durability is a hallmark of Leonardo's value proposition, which makes strategic, mission-critical assets in extreme environments with operational lives of tens of years*	**Customer Support & Training** - The Group implements the valorisation of used products through reuse, and predictive maintenance, including through predictive models and AI. Specifically, Leonardo promotes actions to extend the useful life of products through repair, refurbishment and rebuilding activities such as the sale of spare parts; take back and sale of second-hand goods from the Helicopter sector. These activities might be eligible, and in some cases, aligned with the European Taxonomy, for details of which see the dedicated section "Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)". **WEEE Circulation and Social Integration with Project at Bollate Penitentiary** - From 2020, Leonardo contributes to an innovative project at Bollate Penitentiary aimed at combining circular economy and positive social impact[133]. The initiative focuses on the recovery and reuse of end-of-life electronic devices. The Group manages with the highest cyber security standards, including that of the US National Security Agency, the secure erasure of data as a

[133] Encouraging the re-employment of inmates, involved in the recovery and remanufacturing of electronic devices.

	stage of its business before the assets are sold to third parties, after which the devices are remanufactured, and then resold[134]. Finally, Leonardo manages the **end-of-life of satellites**, with projects for both satellite life extension and the monitoring and management of space debris in orbit[135].
Promoting recycling and selling by-products *Managing the end of life of products. Through partnerships and industrial symbiosis, Leonardo is proposed as a driver for the creation of circular supply chains involving the supply chain and customers, and also extended to application domains outside AD&S*	The Group pursues the goal of reducing the volume of non-recycled waste, particularly through the recovery of materials in the cycle of its production activities such as manufacturing waste and end-of-life materials and assets. **Carboresin composites recycling supply chain** - Leonardo, in collaboration with its suppliers and technology partners such as Herambiente and Syensqo, brings to industrial scale the circular process for recycling thermoset matrix composites, materials that are complex to recycle but widely used in aeronautics because of their unique mechanical strength and structural specialisation characteristics. These materials will be re-impregnated with thermoplastic polymers or thermosetting resins for the production by injection moulding. A residual percentage will then also be made available to the secondary market for applications in external domains such as automotive (open loop circularity). At full capacity, up to 300-500 tons/year of carbon fiber scrap is expected to be delivered for recycling. The project used economic resources of €th. 310 in 2024 and planned for the following years € 1.8 million. **Waste Prevention Program** – Under the programme, Leonardo has identified improvement actions involving on-site treatment, using evapo-concentration systems, concerning industrial wastewater that is currently managed as liquid waste. The most notable projects are those focused on water circularity that involve the combined treatment and reduction of liquid waste that makes up the largest contribution of waste for disposal and industrial wastewater. **Aluminium scrap as a by-product** – Leonardo has implemented a process of qualifying metal residues, based on the briquetting of aluminium chip, and steel cutting surpluses from machining operations on production sites as by-products. These by-products, thus upgraded, can be reintroduced into the industrial market as purchasable and usable assets by foundries and steel mills in a context of industrial symbiosis. The project will allow from 2025 a reduction of about 44 tons of aluminium waste. **CLOSER** – This is a research project aimed at the creation of a European supply chain capable of taking, requalifying and recirculating waste products from semiconductor foundry with regard to lapping and cutting of GaN, with the aim of recovering critical raw material in compliance with European directives (European Chips Act).

[134] A key part of the project is urban mining, i.e. the recovery of high-quality A++ raw materials through the separation of components from waste electrical and electronic equipment (WEEE).

[135] Space situation awareness project with resources of €th. 100 in 2024 and €th.750 in following years.

Leonardo's collaborations on circularity and eco-design

Stakeholder engagement is one of the pillars of Leonardo's circular economy strategy and the main way in which it is translated into concrete actions and projects.

IAEG – Within IAEG, of which Leonardo is a member and part of the Board of Directors, the company participates in some working groups[136] to ensure alignment with and maintain positioning on relevant strategic trends in the industry on the topic of circular economy.

AIAD (Italian Industry Federation for Aerospace, Defence and Security) – Even as a result of the attention shown by the governmental customer stakeholder in Defence on the issues of circularity and adaptation of assets for climate change mitigation and adaptation, Leonardo has contributed, in coordination with AIAD, to the drafting of the "Guidelines for adaptation of military forces and equipment to climate change".

European Defence Agency (EDF) - The Group also participates in the EDF's "Incubator Forum on Circular Economy in European Defence (IFCEED)" project, with the aim of producing pilot projects on the circular economy of armaments and for strategic autonomy for the military market in collaboration with the military customer itself, contributing to Working Groups dedicated, in particular, to the topics of Ecodesign and Critical Raw Materials.

European Space Agency (ESA) - Leonardo, as a signatory to ESA's "Statement for Sustainable Space", is also involved in Taskforces and Working Groups on Ecodesign and Life Cycle Assessment for the Space industry.

Metrics and targets

Targets related to circular economy

With the aim of reducing its impacts on the environment and minimising risks on its production processes, Leonardo has set an absolute target of reducing the volumes of total waste produced - both hazardous and non-hazardous - by 15% by 2030 compared to 2019. This target, which is thus irrespective of business performance, becomes even more significant in view of the fact that the Group's production volumes are expected to grow further in the coming years. In pursuit of this goal, Leonardo also pays significant attention to eco-design, increasing the rate of circular use of materials, and minimising the consumption of raw materials, in addition to waste management. Many of the products in the AD&S domain are mission critical: therefore, Leonardo, driven by customer needs and the need for safety, pursues product durability as a value proposition of solutions in its design. In addition, the Group, in compliance with the stringent limits of waste regulations, also takes action on preparation for effective treatment of waste and end-of-life materials while also implementing effective waste collection and sorting, purifying waste and compacting it into volume for disposal as by-products, and destroying the data within end-of-life IT equipment to enable its reuse. The strategy implemented so far has made it possible to reduce 15% of waste generated in 2024 compared to 2019.

Resource inflows

Within its manufacturing processes, Leonardo uses raw materials and semi-finished products. In particular, it processes significant quantities of critical raw materials such as aluminium and titanium and high-value circular materials such as carbon fiber composites, down to small quantities of rare earths and conflict minerals for digital transition. Another significant type is materials with a packaging function. In 2024, Leonardo purchased a total of 23,6 ktonnes of materials[137].

[136] Including "WP 14 Circularity" and "WP 12 on Life Cycle Assessment" in which Leonardo is present, in addition to the existing group on the management of hazardous substances, the development of alternative technologies, and on authorisations related to chemicals (REACH - Registration, Evaluation, Authorisation and Restriction of Chemicals).

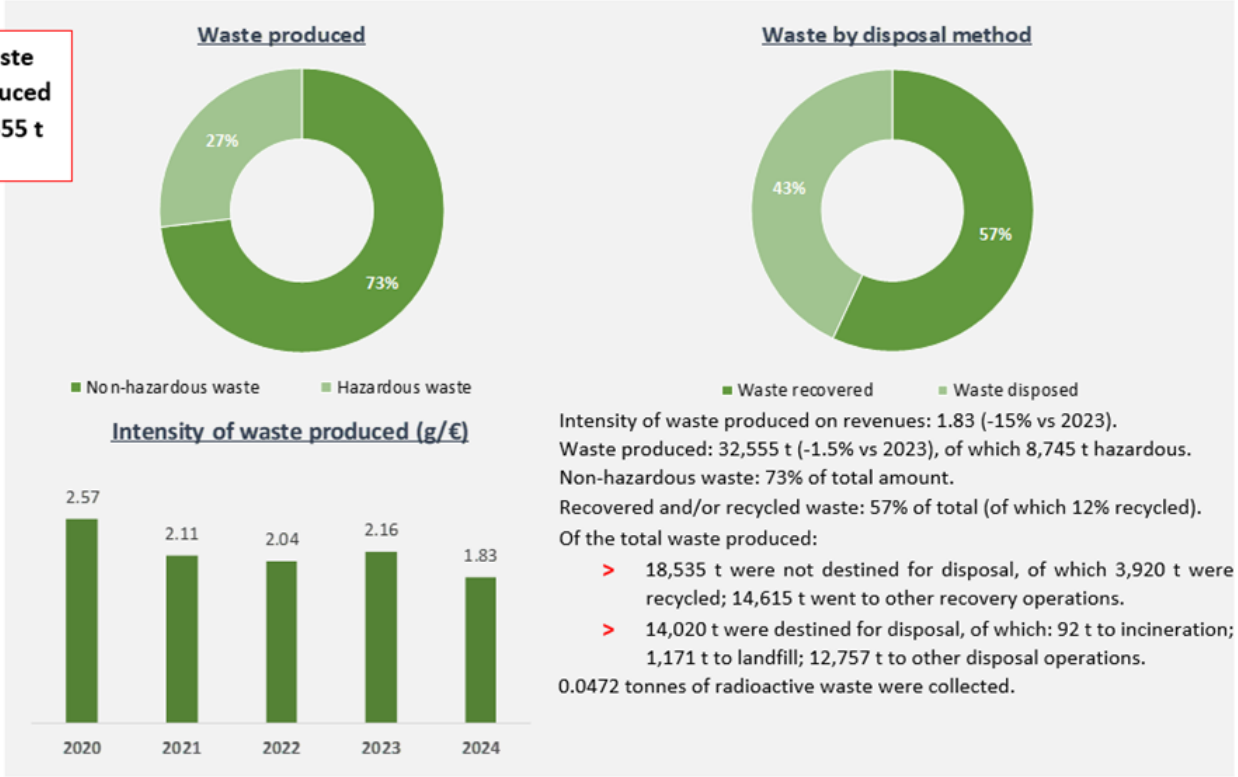
[137] Among them, none related to reused or recycled secondary components.

E5 - Resource use and circolar economy			
Resource inflows	**Unit**	**2023**	**2024**
Total weight of products and technical and biological materials	*t*	n.a.	23,590
% of biological materials used (from sustainable supply chain)	*%*	n.a.	0
Total weight of secondary reused or recycled components, secondary intermediary products and secondary materials used (including packaging)	*Kg*	n.a.	628,601
% of secondary reused or recycled components, secondary intermediary products and secondary materials used	*%*	n.a.	0

Resource outflows[138]

The waste produced is largely non-hazardous, falling mainly into the following classes: packages for transporting plastic, wood and paper goods, liquids from industrial processes such as electroplating, or from air conditioning and cooling of process plants, and those from machining scrap. The Group's strategy aims to reduce waste through circular practices and efficiencies in operations by implementing technical and regulatory solutions to valorise production waste and end-of-life products as by-products and encourage their reuse. Furthermore, Leonardo pursues the goal of increasing the share of waste sent for recovery in the Group's total waste through circular supply chains where reuse of end-of-life materials is not possible. In addition to what is required by regulations from managing partners and consortia, Leonardo is requesting evidence of the supply chain up to the "End of Waste" or the production of "secondary raw materials" as part of the WEEE project for waste from Urban mining, which includes the recycling of data center materials, or the reuse of end-of-life consumer electronics, in order to further improve waste traceability.

Waste produced 32,555 t



Intensity of waste produced on revenues: 1.83 (-15% vs 2023).
Waste produced: 32,555 t (-1.5% vs 2023), of which 8,745 t hazardous.
Non-hazardous waste: 73% of total amount.
Recovered and/or recycled waste: 57% of total (of which 12% recycled).
Of the total waste produced:

- 18,535 t were not destined for disposal, of which 3,920 t were recycled; 14,615 t went to other recovery operations.
- 14,020 t were destined for disposal, of which: 92 t to incineration; 1,171 t to landfill; 12,757 t to other disposal operations.

0.0472 tonnes of radioactive waste were collected.

[138] With respect to products, please refer to the chapter 'Industry results and outlook' and what was reported earlier in this section with reference to aircraft life, the use of recyclable materials and additive manufacturing for aircraft components.

Resource outflows	Unit	2023	2024
Total amount of waste generated	*t*	**33,065**	**32,555**
Total amount diverted from disposal	*t*	**16,342**	**18,535**
of which Hazardous	*t*	2,236	2,687
of which Non-hazardous	*t*	14,106	15,848
of which Reused	*t*	0	0
of which Recycled	*t*	3,664	3,920
of which Other recovery operations	*t*	12,678	14,615
Total amount directed to disposal	*t*	**16,723**	**14,020**
of which Hazardous	*t*	6,201	6,059
of which Non-hazardous	*t*	10,522	7,961
of which Incenerated	*t*	795.0	92
of which Disposed in landfill	*t*	1,276	1,171
of which Other disposal operations	*t*	14,652	12,757

Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

Leonardo publishes the required information for the year 2024 on the percentages of revenues, CapEx and OpEx related to eligibility/non-eligibility and alignment/non-alignment for all economic activities related to climate change mitigation and adaptation goals and reported in the "Climate Delegated Act", as well as for those under the "Climate Delegated Act" supplement[139], and for the economic activities related to the remaining four objectives included in the "Environmental Delegated Act". It should be noted that, in accordance with the requirements of the regulations, as from this Integrated Annual Report, Leonardo provides information on eligibility and alignment on all activities and for all environmental objectives, as opposed to what was published last year where the disclosures covered eligibility and alignment only for the first group of activities while for the last two only disclosures on eligibility were provided. In view of the above, and as already anticipated in the last edition of the Integrated Annual Report, Leonardo's 2024 performance against the European Taxonomy is scarcely comparable with what was published last year. The guidelines provided in Annex I attached to the "Disclosures Delegated Act" have been considered for the definition of the denominators of revenues, CapEx and OpEx. Any information necessary for the calculation of the KPIs envisaged by the Taxonomy is extracted from the IT accounting systems of Leonardo and of its divisions/legal entities and corresponds, therefore, to the information used for the preparation of the Group's income and cash flow statements. In this way, the due level of granularity of the analyses is ensured, on the one hand, and, on the other hand, the risk of double counting is eliminated, both when the same economic activity contributes to more than one objective and in the case of intercompany revenues. OpEx considered are largely related to expensed R&D activities, according to a principle of materiality and in accordance with regulatory requirements. For an activity to be considered aligned with the Taxonomy, in addition to establishing the significant contribution to the goal, it is necessary to verify that economic activities do not significantly undermine the achievement of the other environmental objectives through the assessment of compliance with "Do Not Significant Harm (DNSH)" criteria. Furthermore, it is needed to ensure compliance with the clause of "minimum safeguards", as defined in Article 18 of Regulation (EU) 2020/852, in accordance with the OECD Guidelines for multinational enterprises and the United Nations Guiding Principles on Business and Human Rights. Below are details of the analyses carried out by Leonardo with regard to the 3 macro-criteria provided for in Regulation (EU) 2020/852: analysis of the substantial contribution to one or more of the 6 environmental objectives ("significant contribution"), analysis of the "Do Not Significant Harm - DNSH" criteria, and analysis of compliance with social safeguards ("minimum safeguards").

ANALYSIS OF ELIGIBILITY AND "SIGNIFICANT CONTRIBUTION" CRITERIA

The analysis is divided into:

- "Core business" referring to Leonardo's main business activities;
- "Other business-related activities" closely related to the business and referring to initiatives such as repair, refurbishment, and remanufacturing and sales of spare parts.
- "Other ancillary activities" to the production process related to non-primary processes.

"Core" business

As already mentioned, some activities relevant to AD&S were added with the regulatory additions of 2023:

[139] I.e. the "Commission Delegated Regulation amending the Taxonomy Climate Delegated Act".

Climate change mitigation

- Production of fixed-wing and rotary-wing aircraft related to the Helicopters, Aircraft and Aerostructures sectors, including the production of electronics components for avionics in the Defense Electronics & Security sector (code 3.21 Manufacturing of aircraft).

Transition to a circular economy

- Manufacture of electrical and electronic equipment related to the Defense Electronics & Electronic Security, and Aircraft sectors (code 1.2 Manufacture of electrical and electronic equipment).

Although a significant part of the Aerospace, Defense and Security core business is thus "eligible" for the EU taxonomy, it still remains "unaligned", since the technical screening criteria for the two relevant activities seem to have been designed for commercial goods, without considering the peculiarities of the defence sector.

In addition, the legislation emphasises the relevance of some aircraft for carrying out "disaster risk management" activities with a view to climate change adaptation and recognises the potential need to define specific "Technical Screening Criteria" in the future with respect to their production[140]. The commitment to develop such criteria also appears to be reiterated in the policy statement published by the Platform on Sustainable Finance in January 2025[141]. In agreeing with this need, Leonardo hopes for the prompt inclusion of the production of such aircraft, both fixed-wing and rotary-wing, among the activities that are relevant to the climate change adaptation goal. The remaining AD&S activities - such as those related to the production of ground-based and sea platforms, as well as cyber and space activities - are not included.

"Other" business-related activities

Climate change mitigation

- Manufacture of simulators related to the Helicopters and Aircraft sectors (code 3.6 Manufacture of other low carbon technologies).

Transition to a circular economy

- Repair, refurbishment and remanufacturing related to the Defense Electronics & Security, and Cyber Security & Solutions sectors (code 5.1 Repair, refurbishment and remanufacturing).
- Sales of spares parts within the scope of Customer Support & Training activities of Defence Electronics & Security sector (code 5.2 Sale of spare parts).

With regard to these activities - which is considered in some cases to meet all the criteria for substantial contribution - and two others[142], the European Commission appears to have ruled out, in a recent document published in December[143], the potential eligibility of the Aircraft, Helicopters, and Aerostructures sectors[144],

[140] In the regulations applicable to date (please see COMMISSION DELEGATED REGULATION (EU) 2023/2485), the "Technical Screening Criteria" are available only for the performance of disaster risk management activities in the strict sense (and not also for the production of the aircraft required to carry out these activities).

[141] Platform on Sustainable Finance Draft Report on Activities and Technical Screening Criteria to be Updated or Included in the EU Taxonomy.

[142] Specifically: sales of second-hand goods potentially applicable to the Helicopters sector (code 5.4 Sales of second-hand goods) and "Product-as-a-service", and other circular use- and result-oriented service models potentially applicable to simulators in the Helicopters and Aircraft sectors (code 5.5 Product-as-a-service and other circular use- and result-oriented service models).

[143] DRAFT COMMISSION NOTICE published on 29 November 2024.

[144] Specifically, the European Commission has indicated that for such activities the list of NACE codes provided, which excludes the reference one for aircraft manufacturing (30.3 Manufacture of air and spacecraft and related machinery), should not be considered merely indicative, as is normally the case for other economic activities in the Taxonomy.

limiting the scope of application of taxonomy to services provided in a few specific sectors, and resulting in a much narrower application that could have a negative impact on the achievement of circular economy objectives in Europe. Leonardo therefore believes that it is important to broaden the scope of eligibility to fully include the AD&S sector.

Other ancillary activities

Climate change mitigation[145]

- 4.15. District heating/cooling distribution;
- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles;
- 7.1 Construction of new buildings;
- 7.2 Renovation of existing buildings;
- 7.3 Installation, maintenance and repair of energy efficiency equipment;
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings);
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings;
- 9.1 Close to market research, development and innovation.

ANALYSIS OF "DNSH" CRITERIA

Leonardo's management has positively assessed compliance with the "Do Not Significant Harm (DNSH)" criteria envisaged for economic activities that contribute substantially to the goals listed above, with the exception of the criterion referring to the control and prevention of pollution, for details of which please refer to the "Appendix to the Report on Operations - Note of the CSS 2024".

Climate change mitigation (codes 5.1, 5.2, 5.5)

This criterion requires that climate-altering emissions associated with any heat/cooling or cogeneration production, including electricity, be less than 270 gCO_{2e}/kWh. It also requires the development of a strategy to measure and reduce emissions along the value chain and for which please refer to the chapter "Climate Change and Decarbonisation".

Climate change adaptation (codes 5.1, 5.2, 5.5, 6.5, 7.1, 7.2, 7.3, 7.4, 7.5)

This criterion requires robust climate risk and vulnerability assessment. Leonardo has conducted specific scenario analyses in order to identify the main physical risks to which production sites, including those relevant for activities of interest for the European Taxonomy, are exposed. For more details on the findings of these analyses (also including transition risk assessments) and related initiatives undertaken, please see the paragraph "Climate change and decarbonisation" in the "Environmental Information" chapter. Furthermore, Leonardo invests in the development of initiatives, products, and services that facilitate climate change adaptation of both its own manufacturing operations and of the society in general.

Sustainable use and protection of water and marine resources (Codes 5.1, 5.2, 5.5, 7.1, 7.2)

79% of employees are at sites with ISO 14001-certified environmental management systems, which also include issues concerning the responsible use of water. It should be noted that specific water flow requirements were reported with regard to the use of water in built or renovated buildings. In addition,

[145] Of these, activities 6.5, 7.3, 7.4, 7.5 all meet the criteria for substantial contribution. Activities 7.1 and 7.2 meet them in some cases. Activities 4.15 and 9.1 do not meet them. Activity 9.1 is also eligible for the climate change adaptation objective.

Leonardo has taken various actions at its manufacturing plants, aimed at reducing water withdrawals and analysing water risk[146].

Transition to a circular economy (Codes 6.5, 7.1, 7.2)

Vehicles within the Leonardo fleet meet the requirements prescribed in terms of reusability/recyclability/ recoverability and for the management of their end of life. It should be noted that criteria related to waste generation were also met in the case of construction/renovation of buildings.

Pollution prevention and control (Codes 5.1, 5.2, 5.5, 6.5, 7.1, 7.2)

Repair, renovation and reconstruction activities, as well as those related to the construction and renovation of Leonardo buildings are expected to be compliant with the regulatory requirements prescribed by regulations relating to the use and presence of chemicals, restriction on the use of chemicals and pollutant emissions. Moreover, the Leonardo's car fleet must meet the requirements prescribed by the Taxonomy on European standards on pollutant emissions, tires and engine noise.

ANALYSIS OF "MINIMUM SAFEGUARDS"

Leonardo has positively assessed compliance with the safeguards prescribed by the Taxonomy with reference to: human rights - including workers' rights among which the gender pay gap -, gender diversity of the Board, corruption, fair competition and taxation.

Human Rights - Leonardo has set out specific principles and rules of conducts aimed at spreading a culture of respect for universally recognised human rights in line with the United Nations' Universal Declaration of Human Rights, the International Labor Organisation (ILO) Conventions, the Organisation for Economic Co-operation and Development (OECD) guidelines, the United Nations Guiding Principles on Business and Human Rights and the Charter of Fundamental Rights of the European Union. As also reported in the disclosure required by the Sustainable Finance Disclosure Regulation, referring to Principal Adverse Impacts (PAIs)[147], in order to strengthen the surveillance system, the Group promotes the protection of human rights along the value chain, supporting its dissemination among its stakeholders, including though the action under the Sustainability Plan and by participating in multilateral initiatives to create synergies between associations, businesses and institutions[148]. Furthermore, Leonardo is committed to the promotion of gender equality in terms of fair remuneration.

Corruption and fair competition - Leonardo acts with integrity and transparency in compliance with regulations and with zero tolerance for any type of corruption to ensure the most proper management of the business and to establish relationships of trust and collaboration with employees, customers, suppliers and all other counterparties, which are asked to accept and apply the principles and values stated in the Charter of Values, the Code of Ethics and other codes of conduct. Leonardo confirms its commitment to respecting and promoting the Ten Principles of the United Nations Global Compact related to human rights, labour, environment and anti-corruption. The model for the responsible conduct of business, inspired by national and international best practices, is based on company codes of conduct and a system of clear rules, periodically updated, which guide compliant and responsible behaviour[149].

Taxation – With the goal of maximum possible reduction of tax risk, Leonardo governs taxation, in all the jurisdictions in which it operates, in accordance with the Tax Strategy, adopting behaviour characterised by the utmost transparency and cooperation with tax authorities. For this purpose, Leonardo S.p.a., on a voluntary basis, joined the Cooperative Compliance scheme in Italy as early as from 2016, providing for the adoption of a system for the detection, measurement, management and control of tax risk in all business processes with an impact on the computation of taxes and tax compliance (Tax Control Framework - TCF), the operation of which is reported, on an annual basis, in a report brought to the attention of the Board of Directors and transmitted to the Tax Authorities[150].

For more details on KPIs, please see the Annex to the Report on Operations – Note of the CSS 2024.

[146] For more details on water management, please see the paragraph on "Water and water consumption" in the "Environmental information" chapter.

[147] For more details, please see this file.

[148] For more details, please see the paragraph on "Governance" in the "General information" chapter.

[149] For more details, please see the paragraph on "Business conduct" in the chapter on "Information on governance".

[150] For more information, please see "Business conduct" of the "Information on governance" chapter.

SOCIAL INFORMATION

- ✓ OWN WORKFORCE
- ✓ VALUE CHAIN
- ✓ VALUE FOR COMMUNITIES AND SOCIAL IMPACT
- ✓ INNOVATION

Own workforce

Materiality and Leonardo approach

Leonardo employs 60,468 people (including due to the consolidation of the Telespazio Group as from 1 January 2024), 94% of whom are located in Italy, United Kingdom, United States and Poland. This human capital is mainly composed of staff with a STEM qualification, characterised by generational diversity that fosters the exchange of experiences and skills.

Employees in the world

				**REST OF THE WORLD**
36,704	8,957	7,782	3,300	3,725
61%	15%	13%	5%	6%

Leonardo puts people at the centre: no goal could be achieved without a safe and stimulating workplace in which equal opportunity is a pivotal element.

In order to strengthen its role as an accelerator of technological evolution and progress in the countries in which it operates, Leonardo is strongly oriented toward seizing all the opportunities and challenges of innovation; for this purpose, it is constantly working to attract talent and bring the best skills, both technical and managerial, into the company, guaranteeing people continuous professional development, opportunities for internal mobility and international comparison, including through the use of innovative digital processes and tools capable of involving the entire company population.

Leonardo also considers the protection and safety of its male and female workers to be a priority, and to this end implements all appropriate measures preparatory to the elimination and/or mitigation of risks related to the performance of their professional duties and the resulting impacts, including the risk of harassment.

Human capital evolution indicators

+12.9%	**Employees under 30**	**Women managers**
growth of workforce	**from 13.0% to 15.0%**	**from 15.1% to 17.7%**
(+6,902 employees)	**of workforce**	**of total managers**

2023-2024 variation

Managing impacts, risks and opportunities

Leonardo has over time adopted several policies with the aim of properly managing issues and risks related to its people. For further details, reference is made to section “Sustainability management policy” in chapter “General information”.

In relation to the Policy on Human Rights, following an analysis carried out on the basis of ISO 26000 guidelines, people management has been identified as one of the Group's areas of activity potentially exposed to the risk of violations of human rights. Specifically, the Policy provides: for

- Prohibition on all discrimination against gender, race, skin colour, language, religion, political opinions, sexual orientation, nationality, social status or background, trade union membership, age or disability or any other type of discrimination or intolerance towards diversity.
- Prohibition on all forms of exploitation of child, forced or illegal labour.
- Guarantee for political and trade unions' rights.
- Protection of data of natural persons, especially sensitive data, whether they be employees, collaborators, visitors, customers or suppliers.
- Protection of health and safety of male and female workers, in compliance with applicable provisions and the highest standards in terms of safety and hygiene.
- Promotion of health and safety, of workplace conditions and of diversity culture and inclusion, also through working groups formed by company and labour unions representatives.

99% of employees in **OECD** countries	**75%** of employees **under collective agreements**	**22%** of employees are members of **trade unions**

The perspective of male and female employees and their representatives regarding the risks and impacts on Leonardo's workforce related to sustainability issues is taken into account in the materiality analysis (see relevant section).

Furthermore, Leonardo every year implement a number of male and female employee listening and engagement initiatives in order to strengthen a sense of belonging, steer change towards a shared direction, and support the broader community through solidarity projects. These initiatives are aimed at the entire company population without any exclusion or discrimination.

Major employee listening and engagement projects in 2024

Diversity, Equity & Inclusion survey (DE&I) 2024 – More than 14,200 people in Italy participated in the DE&I 2024 Survey, aimed at exploring the perception and degree of awareness on the pillars of DE&I in the company, with specific insights dedicated to gender equality, visible and invisible disabilities and multigenerationality. The survey also devoted a focus to the issue of workplace harassment, highlighting that people are fully aware (92%) that this expression refers to all behaviours detrimental to a person's dignity and integrity, and more than one in two people acknowledged Leonardo's commitment to combating harassment (53%). Based on the results of the Survey, an improvement plan was initiated, which included, among the actions implemented, the establishment of the first two Employee Resource Groups (ERGs) in Italy dedicated to "Gender Equality" and "Disability."

Company Catering Survey 2024 - The survey involved 40 Leonardo Group locations in Italy. The objective of the Survey was to delve into people's opinions about the company catering service (quality and variety of meals, professionalism of the staff, cleanliness, comfort of the environments and speed of service, as well as questions about food preferences and any special needs), in order to make the offer increasingly responsive to the eating habits of the Leonardo population. Launched at the end of October, the Survey recorded a 54% response rate and enabled targeted improvement actions to be taken at individual sites.

As part of the management of risks and negative impacts on the Group's people, Leonardo has made available the Whistleblowing channel, the use of which is regulated by the document on Whistleblowing Management Guidelines.

Actions related to own workforce

Leonardo, in relation to the identified material impacts, risks and opportunities, has put in place multiple initiatives, reported in the following paragraphs. These initiatives are identified in order to mitigate the effects on its workforce, subject to verification and confirmation through its corporate tools (e.g., whistleblowing, supervisory board).

Moreover, Leonardo conducts its activities with the aim of not causing or contributing to material adverse impacts on its people.

Labor protection and welfare

Leonardo undertakes various initiatives for the labor protection and welfare of all employees that include, for instance, the guarantee for fair and adequate wages (taking account, also through second level bargaining, inflation in the various geographical areas), the monitoring of working hours as per contract and overtime, the involvement of workers' representatives to verify work conditions, the monitoring of any gap between male and female salaries, as well as social protection measures in addition to what is provided for in the national collective labor agreements. In addition, Leonardo applies the provisions of the relevant collective bargaining agreements in case of events related to illness, injury, maternity and retirement, in order to ensure adequate protections for its people.

Since January 2024, the process of gradual and progressive implementation of the measures provided for in the agreement for the renewal of the Company Supplementary Agreement signed on 20 December 2023 began.

Specifically, during 2024, in addition to the adjustments to pay schemes, the additional welfare measures governed by the Company Supplementary Agreement, applicable to all employees, were also implemented for the first time, such as the strengthening of the supplementary healthcare and pension model, the activation of new forms of protection in the event of death or permanent disability, the Leonardo Loyalty Bonus and the birth bonus. Similarly, all Leonardo people were able to benefit from additional forms of flexibility in working hours, designed to support targeted needs such as parenting, frailty, inclusion and gender equality, care needs, and support for victims of gender-based violence.

November 2024 saw the conclusion of the early retirement plan under Article 4 of Law no. 92/2012, which had been launched in 2022 and has seen 105 employees voluntarily join since January 2024.

In 2024, Leonardo resorted to social shock absorbers limited to the Grottaglie production unit. The decline in the site's production volumes, due to a progressive reduction in Customer demand, led the Company to start preliminary talks with the Trade Unions, as a result of which a union agreement was signed to strengthen the site's production diversification process and recourse to the Ordinary Redundancy Fund scheme was initiated.

The year 2024 on the one hand saw the strengthening of economic, physical and psychological wellbeing as pivotal elements of the Welfare&Wellbeing strategy, achieving outstanding results in terms of the adoption of initiatives; on the other hand, it was a year of important development, through the creation of the Professional Family of Welfare Coaches to support Leonardo's people and the expansion of its proposal, with the launch of the new Family Wellbeing pillar, which aims to extend the attention to the work-life balance of

male and female employees to the family sphere as well. In fact, two important initiatives have been launched in this area:

- the Leonardo Summer Camp, an innovative weeklong summer camp for the children of Leonardo employees aged between 6 and 17, and attended by more than 500 children;
- the Leonardo Care, a counselling and guidance service designed for employee caregivers, which enables access at subsidised rates to in-home nursing services, companionship services, social-welfare and social-healthcare-workers.

Diversity, equity and inclusion

Leonardo's approach to Diversity, Equity and Inclusion (DE&I) is based on the fundamental principles of respecting Human Rights and promoting equal opportunities and is grounded in the Company's Charter of Values and Code of Ethics. This approach was strengthened in 2023 with the appointment of the position of DE&I Manager and the issuance of the DE&I Policy.

In fact, transforming every difference into an opportunity for growth represents for Leonardo a strategic factor of competitiveness, talent attraction, human capital enhancement and innovation, all key elements to ensure the sustainable growth of the Group and create an increasingly collaborative and inclusive working environment in which each person can feel free and safe to express themselves to realise their full potential.

It is a people-centred cultural model, which is further confirmed by the introduction of targets related to the recruitment of women with STEM qualification[151] in the long-term Remuneration Policy for Top Management.

As evidence of this commitment, in 2024 Leonardo obtained the **Gender Equality Certification** in Italy, which also attests to the implementation of a **Gender Equality Management System (SGPG)** complying with the requirements established by the reference practice UNI/PdR 125:2022, with which it has structured operating methods and processes to make DE&I issues an integral part of the Company's ordinary management. This important achievement was attained by assessing the degree to which diversity and equal opportunity are promoted and protected in different areas: culture and strategy, governance, training and growth opportunities, pay equity, parenting and work-life balance protection, and communication.

The Gender Equality Strategic Plan (GESP) is integrated into Leonardo's Sustainability Plan 2024-2028 and consists of projects that meet the core principles underpinning Leonardo's approach to DE&I: compliance with DE&I laws, rules and regulations; promotion of and respect for multiculturalism; active listening to people's needs; training initiatives and programs dedicated to women's empowerment and the promotion of STEM study paths and careers based on Leonardo role model to support the educational system; promotion of a better work-life balance, including through programmes and tools to enhance parenting and care; strategies for managing the needs of different generations living together in the company; measures to foster the inclusion and development of people with visible and invisible disabilities; training on unconscious bias for the entire company population. The GESP provides for the control over time of the progress and performance of each project that comprises it (milestones, costs, KPIs) through a dedicated digital platform and reporting campaigns. The periodic review makes it possible to monitor the degree of implementation of the projects and to identify specific corrective and improvement actions, as well as useful information for reformulating the Policies and the Strategic Plan itself while taking account of any changes in the business environment that require updates, modifications and/or further training actions.

[151] For further details see paragraph "Governance" in chapter "General information"

Major DE&I projects

Springboard Programme – This is an international project dedicated to the personal and professional development of women with the aim of strengthening self-awareness, assertive style, positive thinking, goal achievement and satisfaction at work and in personal life. Four international editions were completed in 2024; with the new participants, the Springboard Community now consists of more than 250 women from different nationalities in the Leonardo Group.

LIFEED – Transforming life experiences into key skills for professional growth. Digital programmes aimed at parents with children aged 0-18 and caregivers. The goal is to challenge the stereotype that career and private life are often in conflict, highlighting how skills gained in family settings can foster the development of core competencies in the professional sphere as well. These programmes are structured according to the principle of life-based learning.

Employee Resource Group (ERG) – Groups dedicated to promoting D&I strategy and awareness. In 2024 the first two ERGs were also launched in Italy dedicated on gender equality and disability issues, joining the 7 already active in the United Kingdom. The two groups are composed of about 40 Leonardo people in Italy who translate the Italian DE&I plan into concrete actions, also based on the evidence from the DE&I 2024 Survey, to make Leonardo an increasingly inclusive workplace.

Disability – Leonardo has established several programs dedicated to disability issues, through which, for example, Leonardo UK has been accredited as a Disability Confident Level 2 Employer, in recognition of the company's commitment to bring to the workplace the skills and talents that people with disabilities possess and to enable everyone to succeed.

Employer Branding and talent attraction

In 2024 Leonardo implemented numerous initiatives in support of Employer Branding and Recruiting, with the aim of attracting the best talent to the labour market and sourcing the skills of interest for its various businesses, including by leveraging all growth opportunities and concrete initiatives launched to support wellbeing, flexibility, and work-life balance.
Among the most important initiatives are:

- induction and development programs aimed at the best new graduate or undergraduate talent carried out in collaboration with Universities, focusing both on training courses aimed at induction into the company (HR Graduate Program, Future Loading, Sustainability Excellence Program), and through thesis projects carried out at Leonardo sites (DeepDive), and through the provision of scholarships (Girls@Polimi);
- new partnerships to make the world of high technology increasingly attractive to women, supporting their inclusion in the company, including through the promotion of professional opportunities offered by Leonardo;
- a referral program, which allows employees to refer professionals and receive a bonus if they are hired, in recognition of their contribution to strengthening the company's attraction and recruitment strategy.

"Caring Company 2024" of Lifeed: recognition obtained by Leonardo in Italy for promoting caring leadership that is attentive to work-life balance and the enhancement of people's full potential.	Inclusion in **Fortune Italy and RINA's "Best in DE&I"** rating	**In the Top 5 of Potential Park's Italian ranking** for its attraction and communication strategy towards younger generations	**"Disability Confident level 2 employer":** recognition obtained by Leonardo UK for attention to employees with disabilities	**Investors in People**, **Investors in Young People** and **We Invest in WellBeing** at Gold level in the United Kingdom	**Ranked second among companies chosen** by young professionals in STEM fields and fifth for STEM students in **Universum's Most Attractive Employer Italy 2024** ranking. Among the **Most Attractive Companies of 2024 for GenZ on Joinrs** in Italy

Skill management and enhancement

Leonardo's industrial strategy aims to attract and manage the job profiles and skills needed to meet the new challenges posed by the market, including the risk of their obsolescence.

The company's skill management and enhancement schemes support people throughout their career in the company, stimulating lifelong learning and activating upskilling and reskilling processes, also with a sustainable perspective.

The use of innovative technology tools in the various areas of people management and development is a key factor for change and radical improvement in the Group's overall performance. In particular, the most recent initiatives for the development of new skills aim to align the competencies of our human resources with the needs of the future, design training programmes and reduce outsourcing and recourse to the market, leveraging a digital approach that combines data mining, artificial intelligence and Massive Open Online Courses (MOOC) training platforms.

With this in mind, Leonardo has long had a skills mapping and surveying framework in place with the intention of monitoring core competencies for roles operating in the Company, which was profoundly revised in 2024, in particular, through tools such as the Draup talent intelligence platform, thanks to which an analysis of emerging roles and competencies in the Aerospace and Defence sector can be carried out.

At the training level, Leonardo has put in place several activities and projects[152], including programmes for leadership development, coaching and mentoring paths, paths for new skills required by digital transformation. These also comprise the Coursera training platform, the "UP" international advanced management training course, the skillgym digital platform for soft skill development, and the Sustainability Excellence Programme, an important development experience not only for Leonardo's Sustainability professional family, but also for employees who are confronted daily with issues related to the areas of sustainability. The main training and development projects dedicated to specific business areas included: in the Project Management area, the new PM Academy training course (about 300 PMs involved in 2024), aimed at project and program managers from all business sectors, which also makes use of soft skill training scenarios on the SkillGym platform created specifically for Leonardo; in the Procurement & Supply Chain area, as part of the Supplier Engagement Plan, the training course dedicated to different topics related to sustainability, for example, why and how to measure GHG emissions, how to Define a Science-Based Target, what are the levers to decarbonise, and how to engage suppliers on these issues (209 participants in 2024).

In order to maximise the development opportunities of its people, Leonardo is committed to ensuring appropriate career plans, including through the use of tools such as job posting, which has enabled a significant percentage of open positions to be filled internally: Italy 13%, Poland 13%, US 5%, and UK 23%.

61.5% of employees hold a STEM qualification	**42.54% of new hires** hold a STEM qualification	**About 1,4 million hours** of training delivered	**1,281 training courses** activated with educational system[153]

2024 figures

[152] Training paths are also open to part-time and temporary workers

[153] Including stages, apprenticeship programs, traineeships, and school-to-work alternation schemes.

Health and safety

Leonardo considers the protection and safety of its workers as a priority, and therefore implements all appropriate measures preparatory to the elimination and/or mitigation of risks related to the performance of their professional activities and the resulting impacts. Among the tools used to ensure compliance with adequate standards, according to the HSE Management System certified according to the ISO 45001 standard, are health and safety audits, both internal and external, which are mainly aimed at maintaining Management System certifications, as well as at compliance audits, and the definition of continuous improvement plans and objectives for the pursuit of targets.

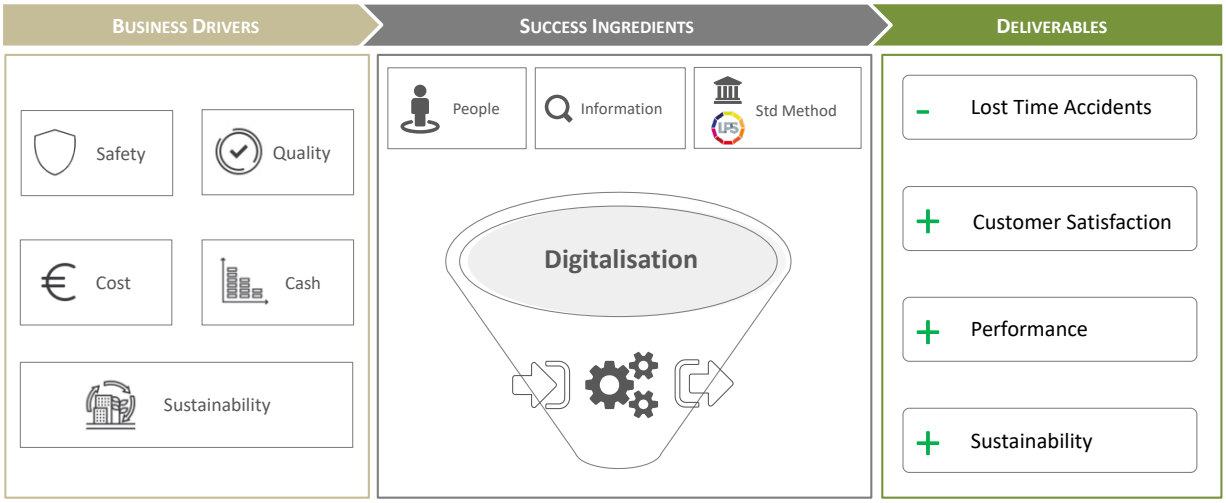
77% of employees work at sites with **ISO 45001** certified Health and Safety Management System	**1.7 injuries per million of hours worked** (-16.5% vs 2023)	**2,016 audits** conducted on health and safety, of which 1,896 internal and 120 external

Leonardo has implemented various projects to ensure both the health and safety of its people, including supplementary healthcare, Workplace Health Promotion initiatives to promote prevention and the adoption of healthy lifestyles (e.g., breast cancer prevention, and early prostate cancer diagnosis campaigns), assistance programs, travel security, safety and health programs to ensure the safety of both its male and female workers abroad and its suppliers through supply chain improvement projects and programs.

Change management models in the business: Leonardo Production System[154]

The Leonardo Production System is the agile production system inspired by the World Class Manufacturing (WCM) method, by which Leonardo pursues the objective of optimising efficiency and productivity through an approach oriented to continuous improvement in the management of processes and programs, which is capable of ensuring more and more quality and safety. In 2024 the programme was further strengthened as the manufacturing management model for the Group. The consistent application of the programme and its focus on the highest priority areas have made possible important results in terms of Occupational Safety, Quality, Productivity and Sustainability.

LPS Framework



[154] Related to material topics "Health & Safety" and "Solutions' quality, safety and performance".

The enablers of the programme are people skills development, and digital transformation, which are key factors for gaining and maintaining competitive advantage in order to ensure long-term success. Digitisation has also made it possible to accelerate the application of best practices among different professional families in manufacturing, an element that has enabled the further development of the program within the Group.

About **6,500 people** involved in 18 manufacturing plants (+about 10% vs 2023)	About **22,000 projects for continuous improvement**, of which 8,100 developed in 2024	More than **-90% of injuries** and **+30% of productivity** in the areas in which the LPS system has been implemented	Quality: in 2024 there was a further **improvement of 12% on in-house problems**

Metrics[155] and targets

Five targets have been set that testify Leonardo's commitment to guarantee an inclusive workplace offering equal opportunities, defined by management based on the topics most relevant to the company and from industry benchmarks. Leonardo monitors their progress and puts improvement actions in place to enable their achievement.

Target	Unit	2024	Target	Target year
% of women of total new hires	%	24%	32%	2025
% of women of total new hires in STEM areas	%	23%	30%	2025
% of women at managerial level	%	18%	20%	2025
% of women of total employees	%	20%	20%	2025
% of women in succession plans	%	30%	27%	2025

Characteristics of the undertaking's employees		S1-6
	2023	2024
Gender	Number of employees	
Men	43,070	48,183
Female	10,496	12,284
Other	n.a.	-
Not disclosed	n.a.	1
Total employees	**53,566**	**60,468**

Employees by employment contract and gender				
2024				
Female	Men	Other	Not disclosed	Total
Number of employees				
12,284	48,183	-	1	**60,468**
Number of permanent employees				
11,913	46,762	-	1	**58,676**
Number of temporary employees				
371	1,421	-	-	**1,792**
Number of non-guaranteed hours employees				
-	-	-	-	**-**
Number of full-time employees				
11,319	47,763	-	1	**59,083**
Number of part-time employees				
965	420	-	-	**1,385**

[155] For comments on the performance of key indicators, please refer to chapter "Group Results And Financial Position" paragraph "Sustainability performance indicators".

Employees by employment contract and gender				
2023				
Female	Men	Other	Not disclosed	Total
Number of employees				
10,496	43,070	n.a.	n.a.	**53,566**
Number of permanent employees				
10,184	41,948	n.a.	n.a.	**52,132**
Number of temporary employees				
312	1,122	n.a.	n.a.	**1,434**
Number of non-guaranteed hours employees				
-	-	n.a.	n.a.	**-**
Number of full-time employees				
9,642	42,781	n.a.	n.a.	**52,423**
Number of part-time employees				
854	289	n.a.	n.a.	**1,143**

Employees by employment contract and Country					
2024					
Italy	United States	United Kingdom	Poland	Other countries	Total
Number of employees					
36,704	7,782	8,957	3,300	3,725	**60,468**
Number of permanent employees					
36,331	7,730	8,437	2,761	3,417	**58,676**
Number of temporary employees					
373	52	520	539	308	**1,792**
Number of non-guaranteed hours employees					
-	-	-	-	-	**-**
Number of full-time employees					
36,057	7,556	8,621	3,283	3,566	**59,083**
Number of part-time employees					
647	226	336	17	159	**1,385**

Employees by employment contract and Country					
2023					
Italy	United States	United Kingdom	Poland	Other countries	Total
Number of employees					
33,306	7,329	8,106	2,913	1,912	**53,566**
Number of permanent employees					
32,966	7,274	7,683	1,716	2,493	**52,132**
Number of temporary employees					
340	55	423	420	196	**1,434**
Number of non-guaranteed hours employees					
-	-	-	-	-	**-**
Number of full-time employees					
-	-	-	-	-	**-**
Number of part-time employees					
-	-	-	-	-	**-**

Characteristics of the undertaking's employees		S1-6
Employees by Country		
	2023	2024
Country	Number of employees	
Italy	33,306	36,704
United States	7,329	7,782
United Kingdom	8,106	8,957
Poland	2,913	3,300
Other countries	1,912	3,725
Total	**53,566**	**60,468**

Characteristics of the undertaking's employees			S1-6
Employee turnover	Unit	2023	2024
Total employees leaving	**N.**	**4,039**	**3,922**
Percentage of employees leaving on total employees	**%**	**8**	**6**

Characteristics of non-employees in the undertaking's own workforce			S1-7
Workers other than employees	Unit	2023	2024
Supervised workers	**N.**	**2,325**	**2,361**

Non-employees' data are related to supervised workers, calculated as the number of people as of Dec. 31, 2024.

Collective bargaining coverage and social dialogue			S1-8
2024	Employees - EEA (for countries with >50 empl. representing >10% total empl.)		Social Dialogue
Coverage rate	Employees - EEA (for countries with >50 empl. representing >10% total empl.)	Employees - Non EEA (for countries with >50 empl. representing >10% total empl.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)
0-19%		United States	
20-39%			United Kingdom
40-59%		United Kingdom	
60-79%			
80-100%	Italy, Poland		Italy, Poland

Collective bargaining coverage and social dialogue			S1-8
2023	Employees - EEA (for countries with >50 empl. representing >10% total empl.)		Social Dialogue
Coverage rate	Employees - EEA (for countries with >50 empl. representing >10% total empl.)	Employees - Non EEA (for countries with >50 empl. representing >10% total empl.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)
0-19%		United States	n.a.
20-39%			n.a.
40-59%		United Kingdom	n.a.
60-79%			n.a.
80-100%	Italy, Poland		n.a.

Industrial Relations (% on total employees)	Unit	2023	2024
Employees covered by collective bargaining	n.	41,196	45,557
	%	77	75
Employees who are members of trade unions	n.	16,855	13,311
	%	31	22
Meetings with trade unions	n.	498	755
Employees covered by workers' representatives	n.	n.a.	37,707
	%	n.a.	62
Total hours of strike in the reporting period	h.	43,362	78,704

Diversity metrics			S1-9
Employees by Age Group	**Unit**	**2023**	**2024**
< 30 years	N.	6,941	9,058
30-50 years	N.	27,940	30,928
> 50 years	N.	18,685	20,482

Diversity metrics			S1-9
Top management composition	**Unit**	**2023**	**2024**
Men	n.	177	159
	%	84	80
Female	n.	34	39
	%	16	20
Other	n.	-	-
	%	-	-
Not disclosed	n.	-	-
	%	-	-

Regarding the "Top management" category, the percentage is calculated considering first-level (directly reporting to the CEO) and second-level managerial positions.

The executive team (including the CEO) is made up of 19 men (79.2%) and 5 women (20.8%).

Persons with disabilities			S1-12
Employees with disability	**Unit**	**2023**	**2024**
Total employees with disability	**N.**	**1,705**	**1,803**
Employees with disability Rate	**%**	**3**	**3**
Employees with disability by gender	**N.**	**1,705**	**1,803**
Men	N.	1,211	1,255
	%	71	70
Female	N.	494	548
	%	29	30
Other	N.	n.a.	-
	%	n.a.	-
Not disclosed	N.	n.a.	-
	%	n.a.	-

Training and skills development metrics			S1-13
Average hours of training per employee	**Unit**	**2023**	**2024**
Training hours	**hours**	**24.1**	**23.0**
Training hours by gender			
Men	hours	24.8	23.2
Female	hours	21.3	22.5
Other	hours	n.a.	-
Not disclosed	hours	n.a.	19.0
Training hours by employee category			
Managers	hours	15.1	13.9
Middle managers	hours	21.1	22.1
White collars	hours	22.4	22.8
Blue collars	hours	30.7	25.0

Performance appraisal			S1-13
Total employees assessed	**Unit**	**2023**	**2024**
Employees with performance appraisal	N.	29,059	41,091
	%.	54	68
Employees assessed by gender	**Unit**	**2023**	**2024**
Men	N.	22,534	31,562
	%	52	66
Female	N.	6,525	9,528
	%	62	78
Other	N.	n.a.	-
	%	n.a.	-
Not disclosed	N.	n.a.	1
	%	n.a.	100

Health and safety metrics			S1-14
Injuries of employees	**Unit**	**2023**	**2024**
Number of injuries of employees	**N.**	**179**	**174**
Injury Rate (IR) of employees by gender	**i**	**2.03**	**1.70**
Men	i	2.15	1.74
Female	i	1.51	1.53
Other	i	n.a.	-
Not disclosed	i	n.a.	-

Injuries of workers not employees	**Unit**	**2023**	**2024**
Number of injuries of workers not employees	**N.**	**8**	**16**
Total Injury Rate of workers not employees	**i**	**2.57**	**4.01**

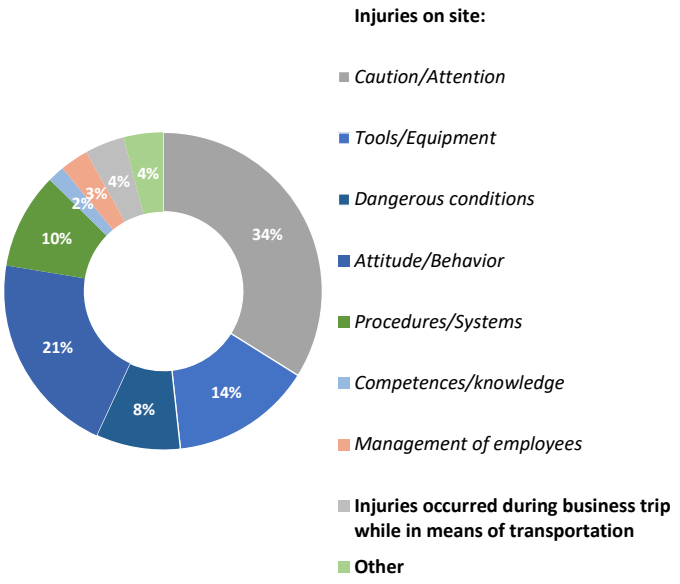
Injuries of Value Chain Workers	**Unit**	**2023**	**2024**
Number of injuries of Value Chain workers	**N.**	**n.a.**	**75**

Fatalities from work-related injuries and from work-related ill-health	**Unit**	**2023**	**2024**
Fatalities from work-related injuries and from work-related ill-health of employees	**N.**	**-**	**-**
Fatality Rate of employees	**i**	**-**	**-**
Fatalities from work-related injuries and from work-related ill-health of not employees	**N.**	**-**	**-**
Fatalities Rate of workers not employees	**i**	**-**	**-**
Fatalities from work-related injuries and from work-related ill-health of Value Chain workers	**N.**	**n.a.**	**-**

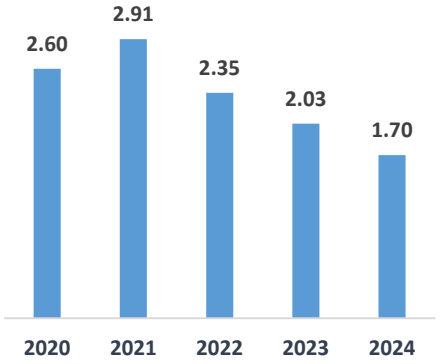
NOTES:
- The injury is defined in this way if it has been communicated to the competent authorities and if it has caused the inability to work to one or more days.
*- The Injury Rate (IR) is calculated by using the following formula: (Total injuries/Total worked hours)*1,000,000. Non-employee workers refer to the category of supervised workers.*

Health and safety indicators of employees	Unit	2023	2024
Total occupational diseases	N.	29	8
Occupational Disease Rate (ODR)	i	0.07	0.02
Total number of lost days	days	15,195	5,421
Lost Days Rate (LDR)	i	34.54	10.58
Absenteeism Rate (AR)	i	4.83	6.98

Main causes for injuries in 2024



Injury rate 2020-2024



Health and safety metrics			S1-14
% of employees covered by quality management systems certified	Unit	2023	2024
Health and safety management systems	%		
ISO 45001:2018 Certification	%	81	77
Environmental management systems	%		
ISO 14001:2015 Certification	%	82	79
Quality management systems	%		
ISO 9001 Certification	%	89	89
AS/EN 9100:2018 Certification	%	83	79

ISO 45001-certified sites are 70, ISO 14001-certified sites are 77, ISO 50001-certified sites are 6, ISO 9001-certified sites are 107, AS/EN 9100-certified sites are 81[156].

[156] As part of the activities carried out by external auditors with the above-mentioned certifications (conducted on an annual basis for the purposes of new certification / maintenance / renewal of certification), systematic assessments are performed that also cover the risk management process, its tools and methodologies.

Work-life balance metrics			S1-15
Work-life balance metrics	**Unit**	**2023**	**2024**
Employees entitled to parental leave	**N.**	**53,566**	**60,468**
Percentage of employees entitled to parental leave	**%**	**100**	**100**
Employees who took parental leave during the reporting period, by gender	**N.**	**1,726**	**1,895**
Percentage of employees who took parental leave during the reporting period, by gender	**%**	**3**	**3**
Men	N.	1,288	1,456
	%	2	2
Female	N.	438	439
	%	1	1
Other	N.	n.a.	-
	%	n.a.	-
Not disclosed	N.	n.a.	-
	%	n.a.	-

Remuneration metrics			S1-16
Remunerative metrics	**Unit**	**2023**	**2024**
Gender pay gap	%	98	98
Remuneration ratio of the highest paid individual to the median annual total remuneration for all employees	i	36	37

All Leonardo employees receive fair pay, in line with reference parameters. In relation to incidents of discrimination or violation of human rights, please refer to the chapter “Governance”.

Value chain

Workers in the value chain

Materiality and Leonardo approach

Leonardo has, through its large international network of suppliers and customers, a very significant indirect impact on the environment and society. Leonardo's commitment to ensuring a responsible value chain, which also pays proper attention to its workers, is one of the elements of the Group's sustainability strategy.

For these reasons, too, the perspective of suppliers and customers is taken into account in the Group's materiality analysis[157].

Managing impacts, risks and opportunities

Leonardo is committed to carrying out its activities in full respect of human rights, which are integrated into the Group's Code of Ethics and Charter of Values, as well as in the Group's Policy on Human Rights and regarding externally set and validated targets (e.g., SBTi decarbonization target), and has adopted appropriate processes to avoid violations, promoting the culture of integrity also outside the company and improving its business and trade compliance systems on an ongoing basis.

In order to strengthen the system of safeguards, the Group promotes the protection of human rights along the value chain, supporting its dissemination among its stakeholders, including by participating in multilateral projects to create synergies between associations, businesses and institutions.

Leonardo requires its suppliers to comply with the Code of Ethics, the Organisational, Management and Control Model and the Supplier Code of Conduct, which include commitments in relation to:

- Protection of the right to work and equal opportunities, promoting dignity, health, freedom, equality of all workers, rejecting all the forms of discrimination, whether directly or indirectly, also with reference to political or trade union related aspects;
- Non-involvement in forced labour, human beings trafficking, and exploitation of child labour and forced labour generally speaking;
- Payment of the minimum wages and benefits legally mandated, as well as working conditions, working time and fair compensation complying with the laws and the standards applicable in the countries where the supplier operates;
- Safety and protection of health in the workplace in compliance with current regulations regarding Health & Safety [158].

Leonardo, moreover, carries out reputational checks of third parties with which intends to establish contractual relationships and envisages social clauses to protect workers in the case of contract handovers.

98% of purchases from OECD countries.	**100%** of suppliers accepts the relevant Code of Conduct within the accreditation and pre-qualification process in Leonardo's supplier register and in Joscar.	More than **5,600** suppliers which are also evaluated on social and ethical-legal issues

[157] For more details, please see the paragraph "Managing impacts, risks and opportunities – double materiality".
[158] For more details, please see the Supplier Code of Conduct of Leonardo.

Leonardo provides for the dissemination of the contents of its Policy on Human Rights, including through awareness-raising and training actions, and to verify that they are implemented in an effective manner, through appropriate periodic monitoring mechanisms, aimed at updating any potential risk areas and optimising the effectiveness of negative impact prevention and mitigation actions, with a view to continuous improvement of human rights protection.

In order to promptly identify and manage any violations, potential risks and adverse impacts on human rights, Leonardo makes available to all stakeholders in its value chain specific mechanisms for the management of reports, either signed or anonymous, as prescribed in the Whistleblowing Management Guidelines and through the dedicated channel (humanrights@leonardo.com).

The information on the reporting system and how it is used are made known to the value chain through Leonardo's website and the Supplier Code of Conduct.

In addition, in the supplementary agreement, additional safeguards are provided for the benefit of workers employed by contractor firms, which are also proposed and negotiated with the trade union representatives of Leonardo. These safeguards range from health and safety, social security, union rights to employment guarantees.

Actions related to workers in the value chain

In order to prevent risks which are also associated with the protection of human rights and the health and safety of supply chain workers, Leonardo also launched specific actions that intervene at different stages of relations with its suppliers: from the application to become a supplier, to the pre-qualification and qualification phases to enter the register, up to the verification audits and development plans of suppliers[159].

In the pre-qualification phase, it must be established that certain requirements are met for an assessment of the risk associated with establishing a relationship with a potential supplier, which allow reputational audits of the counterparty to be carried out. If potential risks emerge from these analyses, Leonardo also conducts further verifications with the supplier, which may also take any “self-cleaning” actions.

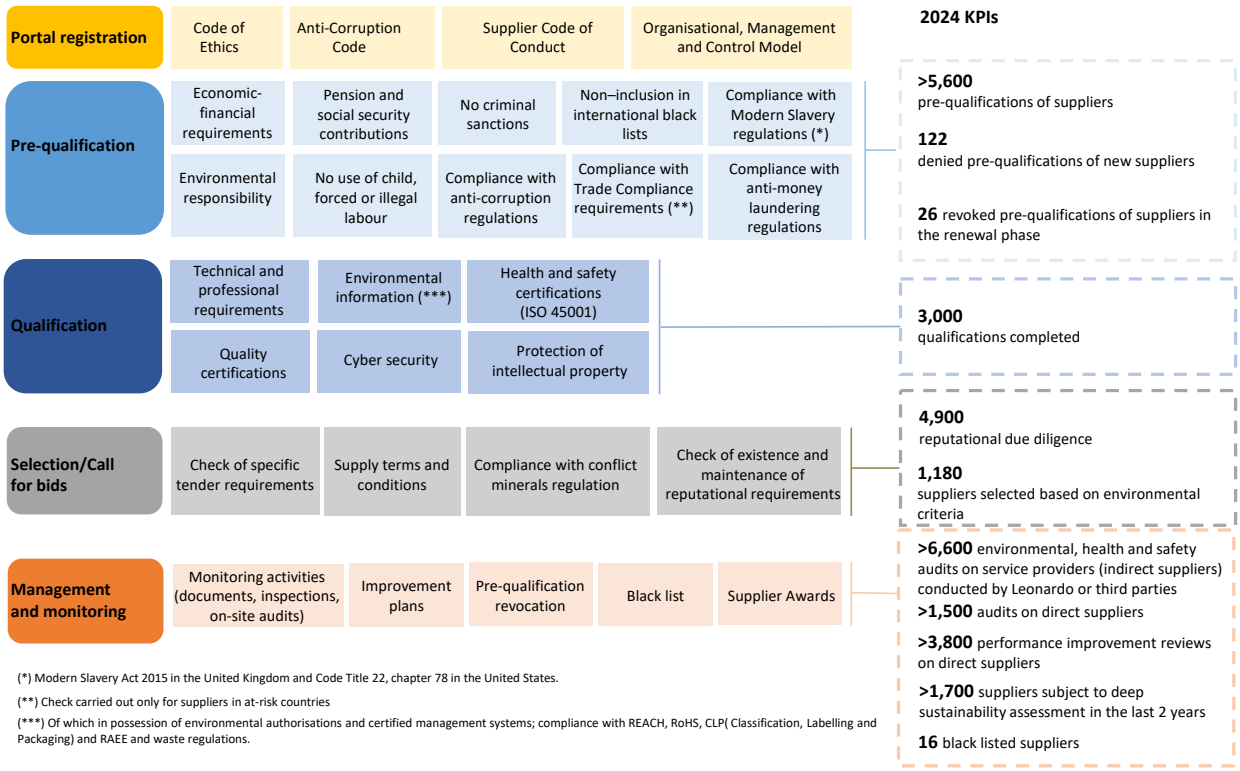
This is followed by the qualification phase, during which the technical, organisational and operational capabilities linked to specific supplies are assessed, as are the minimum requirements demanded by Leonardo regarding environmental management, health and safety protection, cyber security and intellectual property protection, which are also regulated by specific contractual clauses. The ongoing satisfaction of the requirements is monitored through periodic control activities throughout the term of the contractual relationship, both through recurring audits and through audit plans, going as far as temporary or definitive exclusion from the Register in cases of serious or repeated failures. As for supplier audits on HSE issues, every year Leonardo sets out an audit plan and selects the suppliers that will have to be audited in the subsequent year. The audit consists of checks carried out by Leonardo personnel or by a third-party entity and is also an opportunity to inform the supplier of any possible opportunity for improvement. In any case of non-conformity, Leonardo always asks the supplier to take a corrective action, reported by the supplier in an Action Plan, complete with the related date of implementation, which is verified by Leonardo in the subsequent audit.

Successful satisfaction of the requirements stipulated in the pre-qualification and qualification phases is necessary for the award of a tender and the placement of a purchase order, and thus to become an effective supplier of Leonardo. In addition, for some product areas, supplier selection also takes into account the availability of specific additional ESG requirements, for example ISO 14001, ISO 45001 certifications and other

[159] For more details on supplier development programmes, please see the paragraph “Supply chain development ”.

quality, cyber security and sustainability certifications. Leonardo set itself the target of including ESG criteria within 2028 in at least 70% of the new main tenders awarded.

In the United Kingdom, Leonardo has also been actively involved since 2015 in the JOSCAR (Joint Supply Chain Accreditation Register) industry project to qualify joint suppliers in order to rationalise the number of communication channels used and provide a single point of access for both current Aerospace and Defense suppliers and new companies looking to enter the market[160].



Supply chain development

Materiality and Leonardo approach

Leonardo's supply chain is made up of more than 11,000[161] companies around the world, which provide goods and services to all the entities of the Group and contribute on a daily basis to the competitiveness of the business, ensuring compliance with quality and safety requirements in the supplies and actively collaborating in the management of contracts and open innovation processes. It is a supply chain that includes both international players in the sector of AD&S, which supply highly complex systems and subsystems integrated into Leonardo platforms and many small and medium-sized enterprises (SMEs), the technological specialisation of which contributes to the creation and success of our products.

[160] About 800 companies have already registered on the portal.
[161] Including 683 significant tier-1 suppliers, representing 56% of the total spent to suppliers, to which must be added 41 significant non-tier-1 suppliers.

€bil. 11.6 **of purchases of goods and services**	**65%** **incidence of purchases on revenues**	**83%** **of purchases related to domestic markets, with a supply chain of about 7,000 SMEs**

Local supply chains – Incidence of National SMEs in domestic countries[162]


85%


74%


63%


82%

Leonardo's considerable industrial footprint in its domestic markets has in fact enabled the development of local supply chains with a high intensity of knowledge and innovation, which are a key asset for the relevant local areas in terms of economic and employment impact and even more so for the quality of the skills developed and the technological content of the products and services we create. This is where most of the Group's purchases are concentrated and Leonardo, as emerged in the double materiality analysis, acts as a driver to the growth of the chain, through the creation of partnerships and the implementation of development programmes. This objective relies on four key pillars within which projects, initiatives and concrete tools are developed to support our Group's growth, building a sustainable partnership with the excellences in the supply chain, while optimising costs and creating value, in compliance with Leonardo's security and compliance standards.

4 Pillars of Leonardo's procurement and supply chain strategy

Sustainable growth	**Efficiency and value creation**	**Delivery / Excellence of processes**	**Security & Compliance**

Leonardo has developed a Supplier Code of Conduct, published on its website. The code strengthens the principle that suppliers are an integral part of Leonardo's business ecosystem and are a key determinant in the implementation of its sustainability strategy: therefore, it is crucial that they share the same values, principles and standards as Leonardo and participate, in a partnership perspective, in Leonardo's efforts to develop a sustainable future for the Aerospace, Defence and Security sector, considering the impacts of its activities on the entire value chain.

[162] Calculated as the number of SMEs out of total suppliers by country.

Managing impacts, risks and opportunities

In recent years, the focus on environmental, social and governance (ESG) issues has progressively increased at all stages of collaboration with suppliers: from the application to become a supplier, to the pre-qualification and qualification stages to enter the register, from the selection criteria to the contract Terms and Conditions, to verification audits and supplier development plans. An important element in this context is the SBTi-validated supplier engagement target that the Group has set with a deadline of 2028, which requires 58 percent of suppliers for emissions to set science-based decarbonization targets by 2028[163]. For more information on the policies, please refer to the "Sustainability Management Policy" paragraph of the "General Information" chapter.

Actions related to the supply chain development

An essential prerequisite to achieve the growth envisaged in the Industrial Plan, is the excellence of the supply chain, which must be able not only to ensure adequate operational performance, but also to be able to cope with the new complex challenges posed by the market, which require financial strength, expertise and rapid adaptation response. With this in mind, in 2018 Leonardo launched a programme for the development and growth of its suppliers - **LEAP** (Leonardo Empowering Advanced Partnership) with the aim of accelerating and supporting the growth of SMEs in the AD&S supply chain, making them more financially strong, able to invest and work on higher value-added projects and ready to compete on an international scale. LEAP has marked a paradigm shift in relations with suppliers, moving beyond a management model based merely on business relationships and cost reduction, with a view to establishing effective collaborative engagement, medium- to long-term partnerships, capable of fostering investment and accompanying the growth of the supply chain's excellences in terms of both service quality and size. The programme incorporates innovation and sustainability objectives, raising the supply chain's ambitions toward digital transformation, cyber security and the transition towards a more sustainable supply chain. An improvement plan has then been prepared for each supplier, which makes use of the development projects put in place by Leonardo, even in collaboration with third-party stakeholders, including: the managerial training and mentoring Elite-Leonardo Lounge programme for entrepreneurs, developed with the Italian Stock Exchange's Elite scheme to improve managerial expertise and capabilities, strategic vision, internationalisation and sustainability of enterprises; the package of financial support tools for the supply chain, developed with the Group's main banking partners; technical/specialist and managerial training courses, provided free of charge to suppliers; assessments on digital maturity and cyber security to develop Industry 4.0 projects, carried out in partnership with the Confindustria DIH network; workshops on sharing the technology roadmap and the creation of an open innovation network to improve the ability to innovate; the provision of shared services delivered by Leonardo (such as regarding raw materials and transport) and a performance appraisal model. Overall, more than 200 SMEs were supported with specific development projects.

[163] For more informations see "Climate change and decarbonization"

LEAP – Supply chain development projects

Sustainability Assessment - **+1,700 Italian and foreign suppliers**, equal to about 70% of new orders placed by Leonardo, **subject to a thorough sustainability assessment within the past 2 years**

Leading promoter of the IAEG project in the AD&S sector for ESG performance assessment[164]

With regard to the LEADS (Leonardo Assessment and Development for Sustainability) model assessment, Leonardo has gradually replaced, as from 2023, its proprietary assessment model with the EcoVadis rating, which has been adopted as the reference for AD&S supply chain sustainability assessment as part of the industry initiative promoted by IAEG[165] (International Aerospace Environmental Group). Through the EcoVadis platform, which saw a substantial expansion of Leonardo's supplier membership in 2024 (totalling more than 1,100 suppliers), it was possible to further strengthen the assessment process, thus enabling continuous assessment of suppliers and their performance on sustainability issues. This made it possible, in the case of negative assessments, to intercept critical areas at an early stage and activate corrective actions and improvement processes. Based on the results of the ESG Assessment, Leonardo has defined and promoted the "Manifesto for Supply Chain Sustainability," to support and accelerate the transformation of Leonardo's supply chain.

In the United States, the "Supplier Sustainability induction project" is active, involving more than 200 suppliers in order to improve the level of knowledge on ESG issues. In the United Kingdom, several initiatives have been launched with suppliers, both through dedicated workshops and their direct involvement in specific projects, particularly on biodiversity issues.

[164] In terms of onboarding of new suppliers.

[165] For further information, please see paragraph "Climate change and decarbonisation".

Toward supply chain decarbonization

To achieve supply chain decarbonization goals, establishing strong, medium- to long-term partnerships with suppliers is critical. These will enable the development of new competencies aimed at measuring, reducing, and monitoring GHG emissions. With this in mind, Leonardo established a multifunctional and specifically trained team in 2024 that has defined a program of supporting, progressive initiatives tailored to the maturity and size of suppliers.

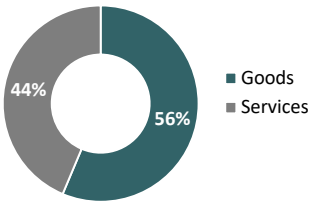
Key actions include adopting a sustainability assessment, in partnership with IAEG and ECOVADIS, launching training and coaching initiatives, working with AD&S industry associations to create a supportive ecosystem, and introducing an incentive system that rewards suppliers' ESG performance. The new supply chain-related goals were presented at two Supplier Conferences attended by Leonardo's top management and more than 150 suppliers, respectively.

Metrics and targets

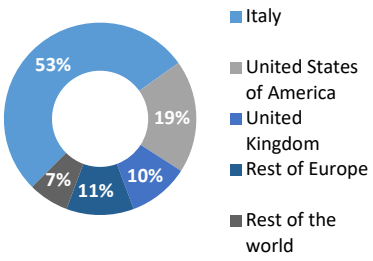
As evidence of Leonardo's commitment to promoting a sustainable supply chain, including increasing supplier engagement and an incentive mechanism to enhance supplier commitment and performance on sustainability issues, 3 targets have been set.

Targets	Unit	2024	Target	Target year
% of suppliers for emissions with “science-based” objectives	%	12%	58%	2028
Number of key suppliers to whom to deliver training on sustainability issues	N	198	≥ 500	2027
% (in value) of the major new tenders awarded that include ESG criteria or requirements	%	20%	>70%	2028

Purchase by category



Purchase by country



Consumers and end users

Materiality and Leonardo approach

One of the main objectives of the Group is to provide innovative and safe technology solutions to its customers. From the design and development of products, services and solutions to after-sales service, Leonardo searches and applies high levels of quality, safety and sustainability, in compliance with the relevant standards and regulations in order to become a trusted partner for its customers. For Leonardo, customer centricity means in fact thinking every day about the positive impact of its business, responding to every possible operational need of its customers and striving to anticipate what could become their critical issues in the future.

The ability to provide reliable products and solutions in terms of quality, safety and performance has positive impacts for its customers and end-users, generating credibility in the market with consequent positive impacts on economic and financial indicators as well.

For these reasons, too, the perspectives of its customers are taken into account in the materiality analysis, as detailed in the dedicated chapter[166].

Managing impacts, risks and opportunities

The sale and distribution of company products have been identified as one of the most exposed Leonardo areas to the risk of violations of human rights[167]. The company is therefore committed to preventing risks of illegal practices through the Trade Compliance Program, under which Leonardo uses tools and processes for counterparty due diligence and monitoring of activities in Sensitive Countries. In particular, in relation to the Sale of its products, we must note:

- Development of technology solutions for the security and protection of citizens, national institutions, technological sovereignty, and the resilience of countries;
- Non-involvement in the production, development, storage, trade and/or sale of non-conventional weapons (e.g. cluster bombs, landmines, biological and chemical weapons, blinding laser weapons, incendiary weapons, and depleted uranium weapons);
- Non-involvement in nuclear weapons production or maintenance activities;
- Ensuring, by means of the Trade Compliance Program, full compliance with applicable laws and provisions of competent authorities for Trade Compliance issues (i.e. obligations for embargoes, sanctions or other trade restrictions);
- Due diligence on whether potential customers and end-users are in blacklists and other checks in case of transactions with Sensitive Countries;
- Full-scale use of the Human Rights Impact Assessment tool to analyse, through specific red flags, the conduct of business activities to check for compliance with internationally recognised human rights;
- 560 transactions monitored in Sensitive Countries.

Human Rights Impact Assessment

Human Rights Impact Assessment (HRIA) is an analysis tool, with which Leonardo has defined, the main risk indices with reference to human rights and the potential impact of the activities carried out by the Company , in order to apply the provisions of the Group's Policy on respect for human rights and to take action in line with the Company's objectives and Sustainability Plan. The analysis is carried out both "by Country" and "by transaction".

The introduction of the HRIA tool has expanded the list of Sensitive Countries (for which please refer to the link published on the company's website), allowing for expanded oversight of the Group's business transactions.

In particular, through the "by Country" analysis, the Countries are identified, which, despite the absence of specific sanction programmes, have been reported by national and international bodies (e.g. UN and EU) due to violations of human rights, with specific regard to: serious acts of internal repression, violations of international humanitarian law; belonging to conflict zones in the trade of "3TG" minerals (so-called conflict minerals), thus including them in the list of Sensitive Countries for the company and, therefore, establishing the obligation to notify any transaction involving them, either directly or indirectly.

On the other hand, the "by transaction" analysis has made it possible to implement the risk analysis tool relating to transactions with Sensitive Countries, adding two drivers relating to the respect for human rights that are linked to the HRIA "by Country".

[166] For more details, please see the paragraph "Managing impacts, risks and opportunities – double materiality".
[167] For more information, please see the paragraph "Respect of human rights".

Finally, Leonardo also participates in multilateral initiatives to create synergies between associations, businesses and institutions. In order to further strengthen its concrete commitment to human rights due diligence, representatives from Leonardo's Sustainability and Compliance functions attended and completed UN Global Compact's Accelerator on Business and Human Rights (BHR) during 2024, aimed at guiding and assisting businesses to identify salient human rights, establish a long-term due diligence process and a baseline plan on risks and impacts related to human rights.

Leonardo provides for the dissemination of the contents of its Policy on Human Rights, including through awareness-raising and training actions, and to verify that it is implemented in an effective manner, through appropriate periodic monitoring mechanisms, aimed at updating any potential risk areas and optimising the effectiveness of negative impact prevention and mitigation actions, with a view to continuous improvement of human rights protection. For this purpose, Leonardo makes available mechanisms for the management of reports, either signed or anonymous, as prescribed in the Whistleblowing Management Guidelines and through dedicated channels (humanrights@leonardo.com).

Customer satisfaction is among the objectives of Leonardo's Strategic Plan, and this is also why various measures of customer confrontation and engagement have been put in place in order to handle any inquiries, monitor the level of customer satisfaction, and take any corrective actions in a timely manner.

Customer Service initiatives in support of customers

Customer Satisfaction – With the use of the Net Promoter System (NPS) methodology during 2024, more than 100 customers were involved from the civil, military and government markets in about 50 countries all over the world in measuring Customer Satisfaction. The objectives have been achieved to obtain a deeper and more complete knowledge of the perception of Leonardo solutions on the part of its customers and to identify and implement corrective measures, with a view to continuous customer service improvement. In the last year, measurements were also extended to most of courses delivered by the divisions' Training Academies for which Leonardo has already collected and analysed more than 3,000 feedbacks.

Digital Customer Service initiatives – Leonardo makes available to its customers advanced Customer Relationship Management and e-commerce platforms, which enable better management of customers' requests and ensure a single point of access (Leonardo Customer Portal) for all after-sales services, including training activities and an ever-increasing number of advanced digital services aimed at ensuring a better customer digital experience.

Leonardo Logistic Network – Leonardo's international footprint is a critical success factor for offering increasingly effective logistics support to our customers, guaranteeing them an all-around assistance throughout the product life cycle and promoting the development of new lines of business. In pursuit of these goals, Leonardo has initiated the "Leonardo Logistic Network" project, which aims to strengthen the foreign network by optimising its operating models and planning to locate significant technical and industrial capabilities in major customer markets so as to increase customer proximity and offer better service levels to support current and future installed bases.

Actions related to consumers and end users[168]

Customer support and training solutions

Leonardo offers customised solutions and innovative, value-added after-sales support services: from the offer of integrated services to continuous upgrading of Systems in order to ensure customers extended operational availability and performance over time, from training programmes in complex and multi-domain

[168] For actions related to cyber and security solutions please refer to the chapter "Governance information ".

operational scenarios and training, in terms of both skills and expertise, collecting and processing any feedback from the field which is required to maintain continuous and ongoing direct contact with end users and build a strategic relationship in the long term. The development of the Customer Support, Services & Training business and the improvement in customer satisfaction are among the objectives of Leonardo's Strategic Plan, which are pursued through a transformation that involves technologies, the organisation, processes, procedures, compliance with standards and regulations, the way of doing business and, above all, people. Consolidation of the services business is focused on "customer capability", to be ensured by leveraging some key concepts for greater resilience: customer centricity, their demand for technology to be provided "as-a-service", continuous improvement, development of hard and soft skills, data management and analysis, through the application of smart technology and increasingly digitised processes and products. With a view to sustainable innovation, Customer Experience and the use of advanced digital technologies turn into a measurement of satisfaction in the use of the Systems, coupled with the ability to improve the product and its operations, ensuring the management integrity of information and transparency in customer communication.

In line with the ever-increasing and more advanced market demands, customer support training is based on interoperable and combined technologies – Live, Virtual and Constructive – to ensure an immersive reproduction of systems in their operational use. The use of flight simulators allows for expanding training effectiveness and reducing real flight hours, thus reducing environmental and acoustic impacts, and making a more efficient use of the Defence budget. Virtual and augmented reality technologies, together with artificial intelligence, are also used for preventive and predictive maintenance, thus helping to mitigate inefficiencies and reduce the environmental and logistics impacts, and enabling remote operations, thereby reducing physical travel to support operations.

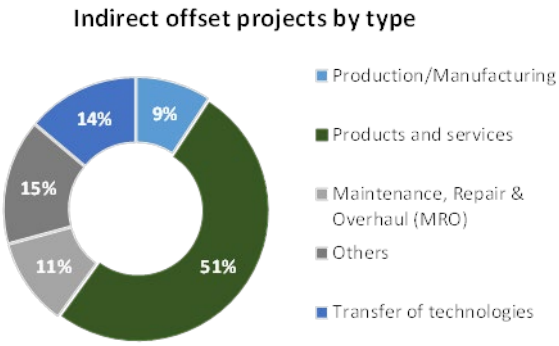
Approximately 55,000 training hours delivered through flight simulators	**Over 15,000 pilots and operators** of helicopters and aircraft trained	**First place** among helicopter companies in **ProPilot's ranking** for quality of after-sales support, for the sixth year running

Data 2024

Industrial collaboration programmes

Leonardo collaborates with its international customers to generate economic and industrial benefits, both in the civil and Defence sectors, under industrial offset agreements. In 2024, Leonardo had 65 indirect offset contracts in place around the world [169].

[169] For more details, please see the paragraph "Business conduct" and document on offset management on Leonardo website.



Quality and Safety

Leonardo pursues the goal of ensuring the highest safety and quality of products and services, striving to deliver them to customers on time and without any defects. For this purpose, the Group uses company engineering and manufacturing processes based on recognised procedures and standards, promotes continuous training and information of people on quality and safety of products and services, and integrates methodologies of risk management, product life cycle management and crisis management. Leonardo operates in accordance with ISO9001, AS/EN9100, AS/EN9110 quality management standards, as well as with NATO AQAP 2110/2210/2310 standards, and those of design, production, and maintenance organisations in civil and military environments, and adopts and implements all customer specifications and procedures within its management and related documentation to ensure utmost compliance with required quality standards.

In addition, the quality and safety of the Group's products and services are attested by company and third-party audits. In fact, the products made internally and those commissioned to third-party suppliers, selected and qualified according to the standards adopted, are subject to internal audits and a final verification of conformity by the quality function of each factory on an ongoing basis, in compliance with contract requirements and/or other safety regulations. Furthermore, the quality and safety of the Group's products and services is attested by third-party certifiers through specific audits on an annual basis. Based on the type of products and services produced, Leonardo is also subject to certain audits on the part of the competent Authorities, including government bodies and customers, in the field of Safety and, if applicable, airworthiness.

Each division adopts a centralised governance system, which provides for Safety Management Systems at the local function level, control and risk assessment procedures and manuals, preventive tests to verify the quality and safety of products and services before being delivered to customers, crisis management procedures involving recall systems and procedures of products not complying with safety requirements, customer alert, product tracking and other specific processes. Of fundamental importance are the continuous improvement plans, which, in close connection with the technology roadmap, improve the quality standard of parts, processes and services on an ongoing basis, and ensure the continuous updating of the “Lesson Learnt” register for new developments.

Leonardo is also committed to the training of all staff members involved in the quality and safety of the solutions produced through specific training on an annual basis[170]. Training activities are also implemented annually to support customers and suppliers.

[170] In the area of operational quality, special training courses related to root cause research tools, the identification of countermeasures and the assessment of their robustness are released. Trained people are evaluated with specific tests certifying

Compliance with high quality standards is also required from suppliers, both in the qualification phase to guarantee materials and goods without any defect in design, and in the phase of manufacturing and installation.

89% of employees

operate at **sites certified according to the ISO9001** quality standard

85% of suppliers

in terms of total purchase value **with certification of process quality**

Furthermore, Leonardo plays an active role in the evolution of sector standards and regulations through its participation in the main international organisations, including IAQG (International Aerospace Quality Group), EAQG (European Aerospace Quality Group), RMS (Regional Management Structure) and SAE (Society of Automotive Engineers), and contributes to designing the EPAS (European Plan for Aviation Safety implemented by the European aviation authority with all Member States). Since 2018, it has guided the OPC Operations Council, formerly IAQG's Strategy Working Group, which defines quality standards and the related certification scheme format, measuring effectiveness and developing the global database of best practices. In Italy, as a member of AIAD, Leonardo sits on the Quality Committee, which pays particular attention to supporting small-and medium-sized enterprises, with regard to mandatory regulations and customer-specific quality and safety requirements.

Process quality

A significant improvement was achieved in the quality management of processes and products through the use of a standardised QA Matrix across all Divisions, which is a tool that allows the collection of all "non-quality" events, the assessment of their impact, the "root causes" and the prioritisation of the best solutions for process control and its standardisation. In 2024, the matrix was implemented at 20 sites. Priority "non-quality" events were analysed through specific improvement projects, and more than 73% of them were closed and resolved.

Metrics

The breakdown of revenues by customer type and business sector is shown below:

Defence/civil by sector

Defence	60%	91%	96%	11%	26%	12%
Civil	40%	9%	4%	89%	74%	88%

Governmental/non-governmental by sector

Governmental	65%	95%	96%	11%	68%	100%
Non-governmental	35%	5%	4%	89%	32%	-

their learning; among them those who are directly involved in improvement activities and problem solving are evaluated and monitored for their degree of knowledge with special 5-level radar charts on which the gap is also measured with respect to an expected target.

Value for communities and social impact

Materiality and Leonardo approach

With a workforce of more than 60 thousand employees, a global presence spread across 150 countries, and a supply chain of more than 11 thousand suppliers, the Leonardo Group generates positive impacts within the local communities and in the countries in which it operates in terms of direct and indirect employment, as well as the economic value induced by its business.

Moreover, the Group's highly technological DNA has also guaranteed an important contribution related to the development of scientific and technological skills on the ground. Tutoring, coaching, training and apprenticeship programs, often carried out in collaboration with educational institutions, making use of advanced, digital means, are key tools not only for transmitting distinctive knowledge and preparing new generations for future challenges, but also for ensuring the competitiveness of the company and the sector, in the face of the strong mismatch of skills, which sees a scarcity of STEM qualifications on the market.

In this dual perspective, the Group's impact has been material in promoting a sustainable growth model based on the creation of shared value, inclusiveness and knowledge transfer for its people, external society, and the territories in which the company operates[171].

Managing impacts, risks and opportunities

Leonardo is committed to conduct its business in full respect of human rights, which are integrated into the Group's Code of Ethics and Charter of Values, as well as in the Group Policy on Human Rights, and has adopted appropriate processes to avoid violations, including with regard to the affected communities[172]. To this end, Leonardo makes available specific mechanisms for the management of reports, either signed or anonymous, as prescribed in the Whistleblowing Management Guidelines and through dedicated channels (humanrights@leonardo.com).

Actions related to Communities

Leonardo generates shared value for communities by spreading its business culture through engagement and awareness-raising activities that promote social, economic and environmental development of the territories that host the Group's production sites, collaborating with entities, associations and foundations, partners and non-profit organisations. For this purpose, it launches, supports and incentivises projects with social impact, aimed at disseminating knowledge and technologies, promoting scientific culture and the dissemination of STEM disciplines, according to an approach of inclusion and with special attention to gender equality. It also invests in the growth of the community by volunteering skills and knowledge transfer. Leonardo's commitment is also expressed through the Group's Foundations, which contribute to activities targeted at the development of local areas and the achievement of the Agenda 2030 Sustainable Development Goals, in line with the Group's sustainability strategy and goals.

- **Leonardo ETS foundation** pursues non-profit, civic, solidarity and socially useful purposes, with the aim of promoting the cultural growth of civil society with regard to the subjects of science, technology and industry. Among the objectives of the Foundation is to contribute to the renewal of

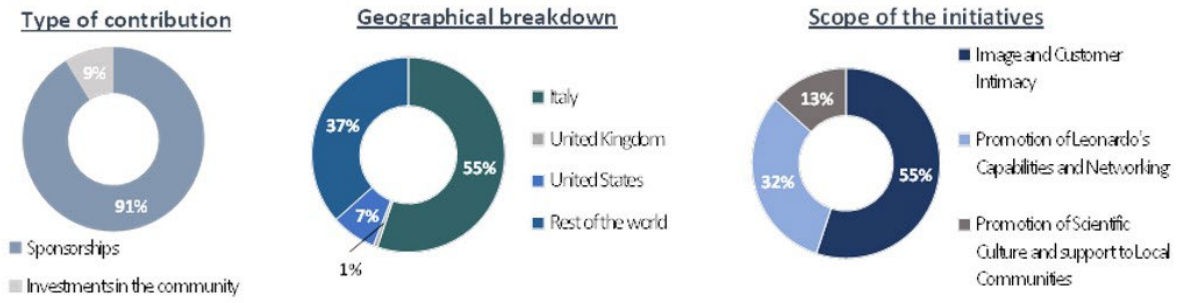
[171] For more details, please see the paragraph "Managing impacts, risks and opportunities – double materiality".

[172] For more details, please see the paragraph "Human rights" and the Policies of paragraphs "Consumers and end-users" and "Supply chain development".

teaching in schools to support the education of male and female students and facilitate the understanding of social complexity through STEM disciplines, and to develop an effective communication strategy through the Outreach project, which is mainly aimed at young people to whom free digital content is dedicated to reduce the generation gap that exists in the country.

- **Ansaldo-Leonardo Group Foundation** has been working for over 20 years in the recovery, protection, preservation and enhancement of the historical-cultural heritage. At present, it has over 100 archival collections, either its own or entrusted by third parties, which preserve the memories in the entrepreneurial, industrial, and technological areas, in particular of companies that have operated in the Liguria region. It is also committed to the enhancement of its heritage through digitisation, organisation of exhibitions and events, publication of books, educational programmes for schools, curricular internships and PhD projects. Specifically, the digitisation plan has seen the collaboration of associations engaged in training and job placement for people with disabilities.
- **Med-Or Foundation** aims to promote cultural, research and scientific training activities, to strengthen ties, exchanges and international relations between Italy and the countries of the enlarged Mediterranean area. It is an innovative, global and collaborative entity that aims to combine skills and capabilities of industry with the academic world for the development of geo-economic and socio-cultural partnership. In 2024, Med-Or contributed, in particular, to the education of young men and women students from the relevant geographical areas through the funding of scholarships, at national and international Universities and educational institutions, and the organisation of cultural and research projects.

The Group's commitment to fostering the socio-cultural development of the territories in which it operates also translates into economic action: in 2024, Leonardo invested about 5 €mil in sponsorship initiatives aimed at communities and the promotion of culture and scientific research. The choice of activities to be carried out has favoured wide-ranging projects that would allow the creation of partnerships and collaborations, through the support of cultural institutions, initiatives of a social and solidarity nature as well as research and innovation projects.



Digital education, scientific culture and technological expertise

The promotion of digital education and sharing scientific knowledge, technological expertise, and innovation with the communities concerned form an integral part of Leonardo's strategy to strengthen the innovation chain and reduce the educational and social gap in the territories in which it operates. Leonardo fosters upskilling and reskilling programmes dedicated both to keeping its people constantly up to date with technological developments, and to support the dissemination of scientific culture to external communities by making available its wealth of knowledge and distinctive skills. Promoting scientific culture and spreading STEM subjects, including with a view to inclusion, are core values for the Group, as well as distinctive factors in competitiveness to be pursued by fostering the development of technical and scientific skills in the

communities concerned. Commitment to promoting STEM subjects, taking actions to help young people navigate their choice of study programmes, is a key lever to counter the so-called skills mismatch, i.e., the gap between companies' demand for specialist staff and the skills of young people entering the job market.

Over 5.2 million people reached with online Outreach (Website, Linkedin, Instagram, and Facebook) programmes.	More than **430 children (48% girls),** hosted at 6 Leonardo sites for the Leonardo Constellation project, in collaboration with 10 non-profit associations.	Over **1,600 schools,** more than **2,300 teachers** and **80,000 students involved** in the STEMLab project. More than **4,400 students** have completed the PCTO "*In volo con Leonardo*".	About **2,200 hours of teaching** and collaboration programmes in place (lectures, internships etc.) with 10 Technical High Schools**.**

Leonardo has a network of STEM ambassadors who operate in the various geographical areas, which, through training and popularisation activities delivered in collaboration with junior high schools and Technical High Schools, encourage new generations to undertake STEM-related courses of study. In 2024, within the scope of the School-Business System project, promoted by the ELIS consortium, Leonardo made available to male and female students the testimonies of about 40 role models and subject matter experts with STEM backgrounds, who provided training sessions to students to support their future educational orientations. In this context, there is also the Young Women Empowerment Program - YEP, dedicated to female students in Southern Italy and promoted by the Ortygia Business School Foundation.

In the United Kingdom, Leonardo has more than 200 STEM ambassadors working with local schools and colleges to promote awareness of these programmes. In 2024, the company offered internships at its locations to 258 students from schools across the United Kingdom.

Generating shared value, between distinctive knowledge and social commitment

Leonardo Constellation - Project in cooperation with the non-profit association Il Cielo Itinerante to bring the new generations closer to the world of AD&S and STEM subjects. 6 Leonardo sites opened their doors to 434 children, with a total participation of over 800 people.

Outreach Project - The activities of the Leonardo ETS Foundation were strengthened with the inauguration of the Multimedia Production Centre in 2024, created with the aim of disseminating scientific and technological culture through multimedia content and dedicated channels. The impact of the actions undertaken was significant (+330% viewing of the Foundation's website).

A scuola di STEM - A project in collaboration with Edulia-Treccani for the dissemination of STEM disciplines to students through free lessons, thanks also to the agreement between the Leonardo ETS Foundation and the Ministry of Education and Merit.

Aerotech Academy - Advanced training course in collaboration with the Federico II University of Naples for the placement of young STEM people in companies. 4 editions from 2020 with over 100 students (94% employed, 26% of whom women). In 2024, the 5th edition will be launched in Campania and the 1st edition in Apulia with the Polytechnic University of Bari and the University of Salento, with a total of 55 participants (27% women).

Responsible Canteens - Programme to recover surplus food from the canteens of the main Italian sites in favour of non-profit organisations, in cooperation with the Banco Alimentare ETS Foundation. More than 200,000 portions of food distributed in 2024 for a total economic value of 384,300 euro (more than 3.5 million euro since 2013).

Plastic Free - In 2024, more than 1.4 tonnes of waste collected in the 5 clean-up events organised with the environmental volunteer organisation. Since 2021, 350 employees have joined, helping to collect over 3 tonnes of waste.

Innovation

Materiality and Leonardo approach

Leonardo's new industrial plan stipulates that organic growth will be achieved mainly through the contribution of R&D and technological innovation, with digital technologies such as artificial intelligence, digital twin and deep digital technologies[173]. In 2019 Leonardo, among the first in the world, equipped itself with a high-performance computing tool and with one of the largest cloud computing interfaces in the aerospace and defence industry. Another key element of Leonardo's Industrial Plan is the massive digitisation of operational solutions to improve product competitiveness, optimise processes, and offer new services ("servitization").

Managing impacts, risks and opportunities[174]

Actions related to innovation

In order to improve the competitiveness of its products, in a perspective of long-term sustainable success, Leonardo has built an integrated innovation ecosystem to intercept nascent technological solutions and oriented towards an efficient cross-fertilisation between different business sectors. This ecosystem actively supports the two internal innovation engines: the engineering and R&D areas of the Group's Divisions and Companies and Leonardo Innovation Labs, which are the central laboratories set up in 2020 with the aim of anticipating technological innovation by integrating long-term technological research and supporting the Company in introducing emerging and sustainable technology into products and services.

+5.7% patents in 2024 compared to 2020	Collaborations with **more than 90 universities and research centres** in Italy and in the world	Over **170 PhD scholarships** either funded or co-funded, currently active in Italy and the UK	**17,000 people** dedicated to **R&D** work	**8.2 petaflops** computing power and **52.4 petabytes** of storage capacity

Leonardo's innovation system is powered by key tools such as: open innovation, with its many channels of listening and discussion, and contests on the newest and most topical issues, networking with Universities and Research Centres, innovation Communities, internal working groups established with the objective of accelerating innovation culture by sharing best practices and skills, and the Intellectual Property (IP) Office for the management of the portfolio of patents and brands. At the end of the year, with the new organisational structure, Leonardo's innovation vision embarked on a new path, strongly focused on digital technologies as an essential element of innovation in all areas of Leonardo and across the entire value chain, from laboratories to market delivery.

[173] Including: (high performance computing, cloud computing and big data analytics).

[174] A description of the process of identifying impacts, risks and opportunities related to "Research and Development, innovation and advanced technologies" is given in the "General information - Managing impacts, risks and opportunities – double materiality" chapter. For more information on policies, please refer to the "Sustainability management policy" section of the "General information" chapter.

Leonardo Innovation Labs

Leonardo Innovation Labs are the technology incubators conceived to support the Group in long-term research and development of the most innovative technologies. The Laboratories are focused on 4 enabling pillars of the digital continuum: Artificial Intelligence, Digital Twin, Quantum Computing and Deep Digital Technologies (Big Data, High Performance Computing and Cloud) and on research areas related to Leonardo's business: Quantum Technologies, Optoelectronics, Materials, Autonomous and Robotic Systems, Advanced Power & Energy Systems. These facilities are embedded in Leonardo's industrial sites with the aim of facilitating technology transfer to the Divisions. The Labs thus turn out to be fertilisers for local areas while allowing Leonardo to centralise the development of frontier technologies. During 2024, the "Labs as a service" model had become well established, in which the Labs work as incubators on basic and pre-industrial research projects agreed and planned with the Divisions. The year 2024 also saw the updating of the Labs' technology roadmaps, thus ensuring full alignment with the development guidelines outlined in the Group's industrial plan for the five-year period from 2024 to 2028. In this context, the convergence of the real and digital dimensions and the key role of data with all the operational consequences arising from its management, including the strategic one of protection, took on particular importance. The main objectives of the Laboratories were 1) the application of the research developed in the Labs within new Leonardo products, 2) the economic exploitation of the main results, 3) the strengthening of the relationship with the end users of the company's products, 4) the consolidation of synergies between Division researchers and engineers, 5) the entry of highly specialised personnel within the Divisions[175], and 6) the promotion of internally-incubated talent, including through the transfer of various researchers from the Laboratories to specific Divisions, fostering the development of skills and knowledge in order to strengthen the know-how necessary for the company's growth.

Funding programs for research and innovation

In 2024 Leonardo expanded its participation in regional, national and supranational military and civilian research and innovation funding projects and programs.

Leonardo has acquired 13 Projects, including 2 in the Research category and 11 in the Development category, with a budget composed of approximately €mil. 62.7 of grants from the European Commission and €mil. 39 of co-funding from the Italian Ministry of Defence. Leonardo thus obtains 76.5% over the number of projects submitted and 90% over the requested budget. During 2024, Leonardo formalised its agreement to joining five European Defence Agency (EDA) projects related to hyperspectral, optical and Synthetic-Aperture Radar (SAR) technologies applicable to space and aeronautical platforms, as well as new impact-resistant materials for military applications. Leonardo has also played a key role in the NATO Industrial Advisory Group (NIAG), participating in seven of the ten studies launched in 2024 and has been actively participating in major NATO projects while also collaborating on the definition of its space strategy.

In the national sphere, Leonardo has started two major projects under the National Military Research Plan (PNRM), MILSCA (Military Space Cloud Architecture), which is an innovative space cloud platform, both on the ground and in orbit, and SEAFENCE, which is an advanced protection system designed to strengthen the security of ports and sensitive sites through three concentric layers of defence. Under the National Recovery and Resilience Plan (NRRP), the SPACE IT UP project was acquired, in which Leonardo will work on the areas of monitoring the planet, combating environmental hazards, and technological developments related to space exploration.

[175] For more details on Leonardo's commitment to attracting talent please see "Own workforce".

Within the framework of European regional funding, Leonardo has acquired the CLOSER project, which aims to reduce the European allied industry's dependence on supplies of valuable or rare materials[176], and the DARE project in which Leonardo will study new solutions towards digital autonomy in Europe for HPC systems. Under the Horizon Europe DEP (Digital Europe Programme), the award of the AEROSEC project was made official, whose goal is to develop a highly secure, cloud-based collaborative platform for the management of sensitive and multinational industrial projects in the aeronautics and security industry, including civil safety.

Open innovation & multi-contest

During 2024, Leonardo continued to pursue the Open Innovation model, enhancing the expertise within the Group and leveraging openness with third-party entities to ensure its competitiveness and ability to design and manufacture future products and solutions and to be able to respond to technological, environmental and social challenges. Cooperation with third-party entities allows for the integration of additional capabilities and additional input that enriches Leonardo's overall vision and provides access to technology and talent in the field of STEM disciplines[177]. In 2024 the company resumed several projects launched in previous years, involving third-party players in collaboration agreements with customers, universities, research centres, Spin-offs and Start-ups looking for new technological trends. These include: the Innovation Award, now in its 18th edition, by which Leonardo collects innovative ideas and rewards particularly deserving projects, direct collaboration with Start-Ups and Spin-Offs, and scouting for solutions to innovation questions both through collaboration with industrial partners and through the proprietary "Solvers Wanted" platform. Leonardo has also pursued collaboration with third-party Innovation ecosystems such as "Open Italy", for the launch and management of various co-innovation projects with Start-ups, and participates in ecosystems for dissemination of best innovation practices such as the Digital Observatories of PoliMI (Polytechnic University of Milan) (Startup Thinking), the Innovation Roundtable and BDR – Borsa Della Ricerca. Being aware of the role of Start-Ups in technological innovation, Leonardo participates in the Deal Flow of several Accelerators, including those promoted by CDP (Cassa Depositi e Prestiti), Plug and Play, ACN (National Cybersecurity Agency) and ESA (European Space Agency), as well as of the opportunities given by NATO Diana (Defense Innovation Accelerator for the North Atlantic).

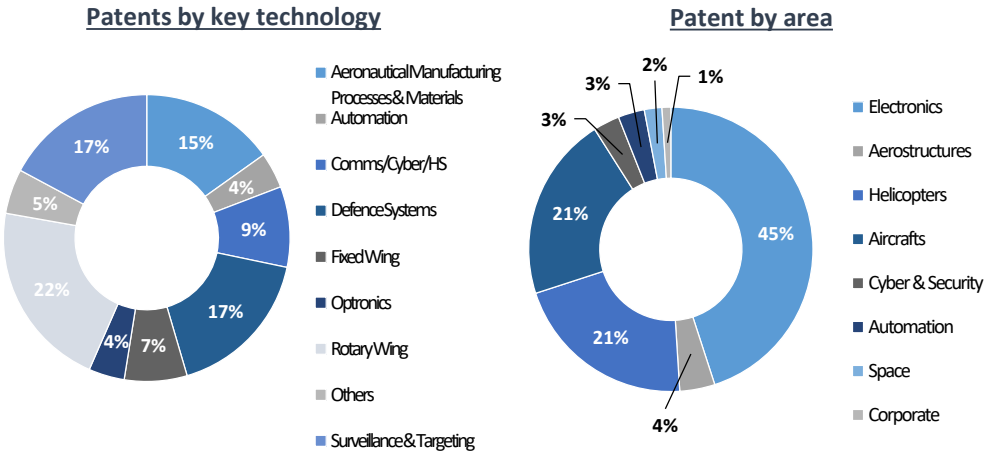
Network with universities and research centres

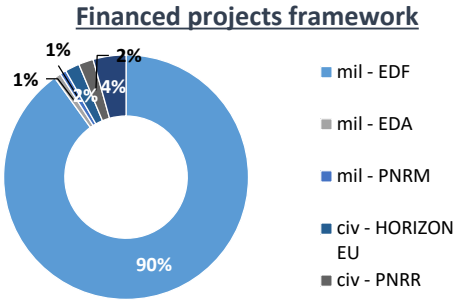
Leonardo considers relations with universities and research centers as of strategic importance and maintains a mapping of more than 90 universities and research centres in Italy and worldwide, including through indicators from third-party sources. This mapping makes it possible to identify the entities with which to enter into framework agreements and select partner universities with which to enter into direct collaboration agreements and to grant PhD scholarships for Leonardo Innovation Labs and Divisions[178]. Leonardo funds or co-funds more than 170 PhD scholarships, in collaboration with 20 universities in the United Kingdom and 34 in Italy. Collaborations with academia have also been strengthened through Leonardo's participation in NRRP M4C2 initiatives (Mission 4 Component 2 - From research to business) and those that have arisen to support the development of technologies and skills, including those of the new sixth-generation aeronautics platforms.

[176] Such as, for example, Gallium and Silicon.

[177] For more details on Leonardo's commitment to attracting talent please see "Own workforce".

[178] Specifically, during 2024 framework agreements were entered into with the Alma Mater Studiorum University of Bologna, the Federico II University of Naples, the Polytechnic Universities of Milan and Turin, the Rome La Sapienza University, the University of Genoa, and CINI, CINECA and CNIT. During the year, Leonardo profitably continued partnerships with Imperial College London for future high-level scientific and technological collaborations. With regard to PhD scholarships, Leonardo awarded 35 fellowships in 2024 with 19 different universities in Italy, on topics such as Materials, Artificial Intelligence, Robotics and Digital Technologies.





Metrics and targets

With the aim of further enhancing its digital infrastructure and achieving its research and development goals described in this chapter and in the "Sector results and outlook" chapter, Leonardo has set targets of an increase in both computing power and storage capacity per capita of 40% in 2025 compared to 2020. The numerator is respectively the number of flops and bytes in relation to employees in Italy.

Target	Unit	2024	Target	Target year
Increase in computing power per capita (vs 2020)	%		40	2025
Increase in storage capacity per capita (vs 2020)	%		40	2025

GOVERNANCE INFORMATION

- ✓ **BUSINESS CONDUCT**

Business conduct

Materiality and Leonardo approach

Leonardo's corporate governance is aimed at protecting and maximising the long-term value of the Company for the pursuit of sustainable success, via the optimal management of resources with respect to strategic objectives, effective company risk control, utmost market transparency and integrity of decision-making processes, in the interest of all stakeholders. Leonardo acts with integrity and transparency in compliance with regulations and with zero tolerance for any type of corruption to ensure the most proper management of the business and to establish relationships of trust and collaboration with employees, customers, suppliers and all other counterparties, asked to accept and apply the principles and values stated in the Charter of Values, the Code of Ethics, the Anti-Corruption Code inspired by, among others, the 2003 United Nations Convention against Corruption and other codes of conduct[179]. In conducting its business, Leonardo confirms its commitment to respecting and promoting the Ten Principles of the United Nations Global Compact related to human rights, labour, the environment and anti-corruption.

Managing impacts, risks and opportunities

Process to identify risks and opportunities related to anti-corruption

A description of the process of identifying impacts, risks and opportunities related to "business integrity, compliance and anti-corruption" is provided in the chapter "General information - Managing impacts, risks and opportunities – double materiality".

The role of the administrative, management and supervisory bodies

Leonardo's corporate governance model, based on the traditional administration and control model, conforms to the guidelines of the Corporate Governance Code (approved by the Corporate Governance Committee and promoted by, among others, the Italian Stock Exchange), which is adhered to by the Company, and to international best practices. The model is based on a system of rules of conduct and ethical principles underlying a Group culture that guides stakeholder relations and synergistic dialogue with institutions and civil society. As part of this model, the Board of Directors (BoD) is the main body entrusted with the power to define business strategy and structures in coherence with the Company's management and control activities. The BoD, with the support of board committees and the relevant company units and departments, is responsible for setting out the strategic guidelines for the pursuit of the objectives. Top Management and those reporting directly to them are responsible for the implementation and observance of these ethical principles while also promoting the continuous improvement of the model of responsible conduct and a strong culture of integrity for the purpose of long-term value generation by overseeing the process of managing business impacts, risks and opportunities. In addition, the BoD has appointed the Chairman to oversee the implementation of corporate governance rules with regard to the integrity of corporate behaviour and anti-corruption.

The current BoD was appointed by the Shareholders' Meeting held on 9 May 2023 for the three-year period from 2023 to 2025, in compliance with the criteria for gender, age, mix of skills and experience balance set in the policies on diversity. Following its appointment, the Board set up four committees from among its

[179] Including the Whistleblowing Management Guidelines, Organisational, Management and Control models and Compliance Programmes developed in accordance with the applicable regulations of each Country in which the Company operates (Leonardo SpA has adopted an Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001).

members, with functions in the areas of Control and Risks, Remuneration, Nomination and Governance, Sustainability and Innovation.

With regard to the issues mentioned above, the Board of Statutory Auditors performs specific supervisory functions pursuant to law with specific regard to: a) compliance with provisions of law, regulations and articles of association and observance of the principles of proper management; b) the adequacy of the Company's organisational structure, as well as of the internal control and risk management system and of the administrative and accounting system, including the reliability of the latter in reporting management events in a correct manner; c) the manner in which the corporate governance rules laid down in the Code are implemented in a concrete manner; d) the adequacy of the instructions given to subsidiaries in relation to the information to be provided in order to comply with the disclosure requirements prescribed by law and Regulation (EU) No. 596/2014[180].

Both members of the Board of Directors and members of the Board of Statutory Auditors believe that they have a good understanding of matters pertaining to the ethical conduct of business[181].

Among the 5 members of the governance, management and control bodies appointed in 2024, 2 held positions of governance, management and control in public administration in the two years before the appointment[182].

Features of the BoD[183]

	Leonardo	Average FTSE-MIB[184]
Number of Directors	12	12.4
Number of Directors appointed by minority shareholders	4	2.4
Number of independent Directors	9	8.1
Number of executive Directors	2	1.7
Number of women Directors	5	5.4
Average age	57	59
Average tenure (years)	2	4.8
Meetings held in 2023	12	12.8

Board committees

a) **Control and Risks**	**b) Remuneration**	c) **Nomination and Governance**	d) **Sustainability and Innovation**
Directors: 5	Directors: 5	Directors: 5	Directors: 5
% independent: 80%	% independent: 100%	% independent: 100%	% independent: 80%
Meetings held in 2024: 18	Meetings held in 2024: 10	Meetings held in 2024: 10	Meetings held in 2024: 13
Attendance rate: 96%	Attendance rate: 98%	Attendance rate: 98%	Attendance rate: 95%

[180] For more details, please see the Corporate Governance Report of Leonardo: Corporate Governance Report | Leonardo.

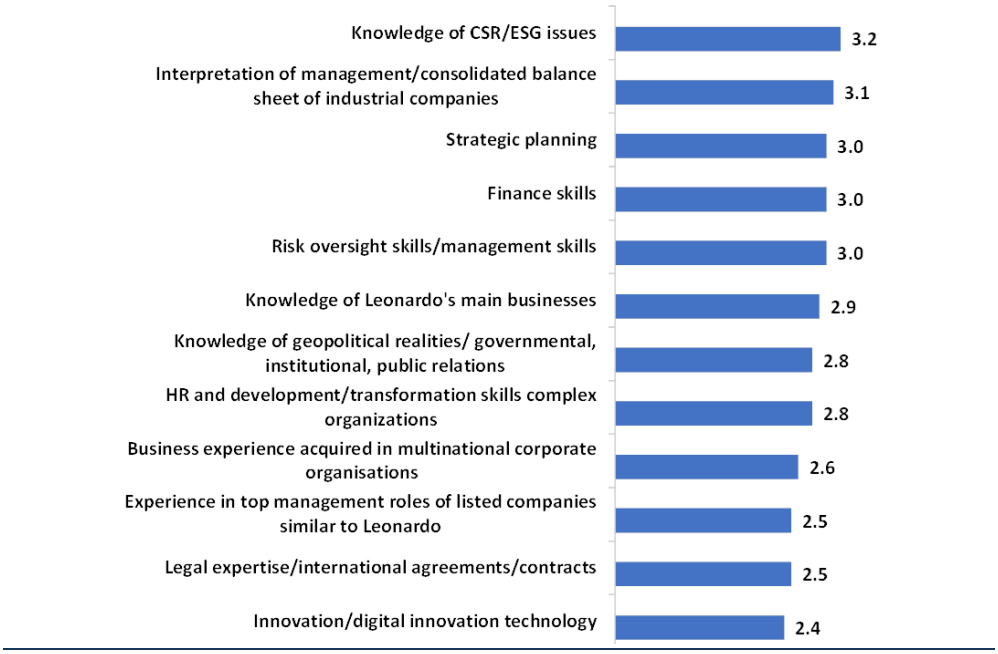
[181] Specifically, with specific regard to Corporate Social Responsibility and ESG issues, the score of both the BoD and the Board of Statutory Auditors stand at 3.2 out of 4, as reported in the matrix on skills and experience.

[182] Specifically, in one case as a member of the board of directors of FormezPA, and in the other as chairman of the board of statutory auditors of GEPAFIN S.p.A., of which the majority shareholder is the Regional Government of Umbria.

[183] The attendance rate is calculated as the number of events attended/number of meetings convened. The source of the FTSE MIB data is Assonime.

[184] Year 2023.

BoD competences and experiences

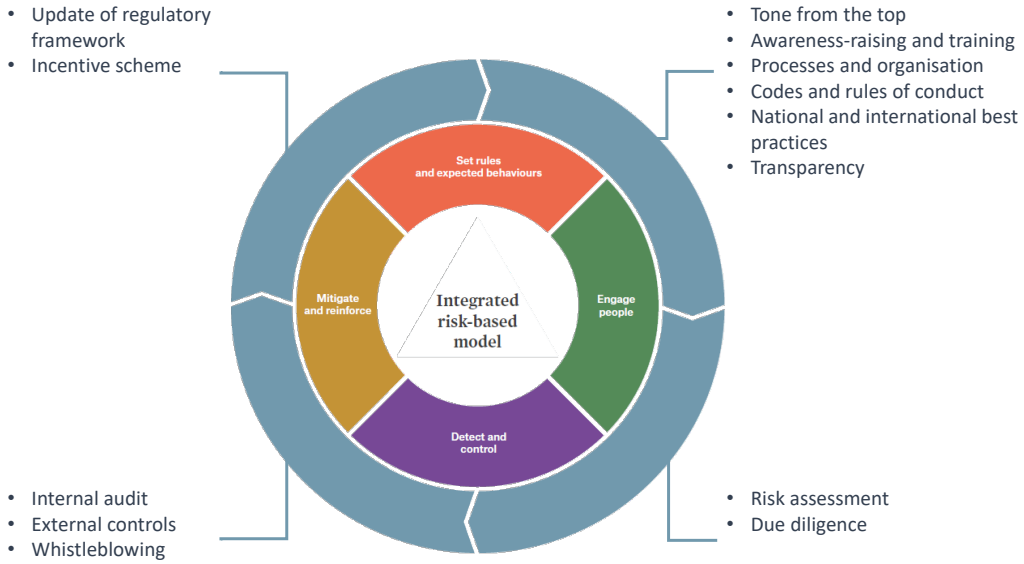


Business conduct policies and corporate culture

Leonardo's model for the responsible conduct of business, inspired by national and international best practices, is based on company codes of conduct and a system of clear rules, periodically updated, which guide compliant and responsible behaviour, including the Charter of Values, Code of Ethics, Anti-Corruption Code, and the Organisational, Management and Control Models adopted, pursuant to Legislative Decree 231/2001, by Leonardo S.p.a. and its Italian Subsidiaries, and the "Compliance Programmes" adopted by foreign subsidiaries in accordance with local regulations. Constantly raising the awareness and training of employees and third parties[185], due diligence tools and internal audits, risk assessment methods, in addition to the adoption of a transparent approach on corporate information and processes, help to strengthen a governance and management system capable of preventing any possible risk, promoting and developing an ethical business culture. Leonardo has also adopted the Common Industry Standards of the Aerospace and Defence Industries Association of Europe (ASD) and the Global Principles of Business Ethics for the Aerospace and Defence Industry of the International Forum on Business Ethical Conduct (IFBEC) and collaborates with TRACE International.

[185] Leonardo's employees and counterparties are regularly and periodically involved in training activities related to anti-corruption and compliance issues, in line with the values and principles laid down in the Code of Ethics, the Anti-Corruption Code, the Charter of Values and the Supplier Code of Conduct. For more details, please see the subsequent paragraphs. All Leonardo employees involved in compliance processes attend annual refresher courses related to compliance issues.

Responsible business conduct model



Business and Trade Compliance

The process to select commercial intermediaries provides for ethical-reputational analyses and an in-depth assessment of the risks related to each specific engagement in accordance with company rules and in full compliance with applicable regulations, including as part of industrial offset agreements[186]. With regard to risk analysis, some risk factors ("Red Flags") had been reformulated in 2023 in order to more precisely and effectively identify the riskiness that can be associated with engagements, taking into due consideration the operational experience gained over the years[187]. In updating the company rules on Business Compliance, an effort was made to streamline and simplify the methodology for filling out the forms related to third-party due diligence so as to make the perception of any criticality more intuitive and immediate.

231 counterparties including sales promoters, commercial advisors, distributors, resellers and lobbyists, with contracts in place, **3** of which for offset support	**704 due diligence and reputational risk analyses** carried out on counterparties and potential commercial partners	**More than 150 hours of training** delivered to sales promoters, commercial advisors and lobbyists through **79** online courses

In 2024 more than 15,000 hours of training on national and international trade compliance regulations were delivered to about 9,500 people from various business functions and third-party suppliers. In addition, more than 15,000 hours of business compliance training were delivered to more than 13,000 people.

[186] For more details on offsets, please see "Industrial collaboration programmes" in the paragraph Consumers and end-users".
[187] For more details, please see the paragraph "Consumers and end-users".

Cybersecurity and data protection

In order to ensure the security of data, sensitive information and intellectual property, Leonardo has implemented a structured governance system, based on specific roles, processes, procedures and checks, through which it manages the entire cycle of the process from defining security requirements for information systems to detecting threats and establishing the countermeasures to take in response to attacks that have taken place. The cyber defence system provides for specific organisational measures - in compliance with regulations and standards that set out specific requirements and time limits for reporting incidents or data breaches -, as well as continuous training of operators and operational tools, concentrated in Italy, which are updated on an ongoing basis. Leonardo also fosters a cyber risk prevention culture both inside the company and towards the outside world through the participation in working groups at national and international level, with collaborations involving institutional and governmental players and sectors such as telecommunications, banking/finance, energy, manufacturing and services. Courses and awareness initiatives are provided periodically on cybersecurity-related issues, including through bulletins and news published on the Security Portal (accessible by employees[188]) . The great emphasis that Leonardo places on the protection of sensitive and critical information is confirmed by the information security management system (ISMS) it has in place, which is an integral part of the company's security and compliance strategy. Leonardo also establishes cyber security requirements with respect to third parties it works with (e.g., customers, suppliers), ensuring that they comply with the company's cyber security and data protection policies.

Leonardo is committed to ensuring full compliance with data protection regulations, in line with the national Privacy Code and the General Data Protection Regulation (GDPR) of the European Union, as well as any other applicable legislation in this area. This commitment translates into the adoption of an integrated system of technical and organisational measures designed to protect the fundamental rights and freedoms of data subjects, as well as to mitigate the risks associated with any possible violations. The protection covers employees, collaborators, customers, suppliers, guests and any other person whose data is being processed. The technologies adopted are designed to monitor, detect and respond to threats and security breaches in a timely manner. In parallel, organisational procedures provide for strict control of information flows and processing operations so as to ensure that all activities comply with applicable regulations. Leonardo has appointed a group Data Protection Officer (DPO), who oversees, monitors, and provide advice on personal data processing and acts as a contact person for supervisory authorities and data subjects. The DPO also supports the organisation in fulfilling its obligations under applicable regulations. Leonardo has established detailed procedures for handling security incidents, including data breaches. These procedures include staff training, the availability of rapid and secure reporting channels, and an immediate response system to take remediation and mitigation measures in accordance with the timing and manner required by law[189].

[188] Furthermore, ISO 27001 certification of the information security management system has been maintained at Group level and for the perimeter of Travel Security and Business Security (Physical Security & T.U.L.P.S.), the latter updated with the new PSOC (Physical Security Operation Center) premises adjusted to meet the requirements of the standard governing the requirements for operations centers. ISO 27001 certification has also been obtained for the Enterprise Security perimeter. ISO 27701 (Privacy Information Management System) has been maintained for the Travel Security and Cyber & Information Security perimeters; ISO 27035 certification was also maintained for the latter. Finally, Leonardo also maintained the FIRST and Trusted Introducer certification of its CERT (Cyber Emergency Readiness Team). In 2024, more than 30,000 hours of training were delivered on cyber security.

[189] Leonardo's approach to data protection is characterised by the utmost transparency and accountability. Every processing activity is documented and monitored, with the aim of ensuring effective control and demonstrating full compliance with applicable regulations at all times. Leonardo exclusively selects suppliers who demonstrate that they offer adequate guarantees to meet the requirements of the GDPR and national legislation. In addition, the company adopts a rigorous risk assessment process in cases of

In 2024 no data breaches were detected, which impacted or originated from company systems of a material magnitude under current regulations. Data breaches were detected on third-party systems (unrelated to Leonardo management) with potential impacts on personal data of employees. Such occurrences have been carefully monitored and addressed in terms of disclosure and security actions to protect those affected. Also with regard to the IT and cyber security services offered by Leonardo, no data breach notices involving personal data of customers, relevant under current regulations, were received in 2024.

Business Continuity

Leonardo guarantees its business continuity and resilience through effective responses and reactions, in order to safeguard the sustainability of its business, as well as the reputation and integrity of its organisation, in addition to the interests of its stakeholders. The Business Continuity Management System (BCMS)[190] supports the definition, implementation and handling of procedures that ensure continuity of its company processes necessary for priority activities. In accordance with the provisions of standard ISO 22301, Leonardo has updated its operational methodology, confirmed in company procedures, such as Policies and Directive. In 2024 Leonardo started the BCMS cycle on additional perimeters specified by the management and continued work on the activities that had already started in 2022 and 2023. The Business Impact Analysis and related results have allowed strategies and solutions to be set out as countermeasures to any possible business disruption, which are reported in the Continuity Plans, allowing a reduction in the insurance premium on the properties of Leonardo.

Prevention of corruption

Leonardo has been among the first companies, in the world's top ten in the AD&S sector, to obtain ISO 37001:2016 certification, which is valid for three years and undergoes an annual surveillance audit conducted by a third-party Certifying Body. During 2024 Leonardo renewed this certification by achieving one of the goals of the sustainability plan[191], confirming the company as one of the leaders in the fight against corruption thanks to its constant commitment against bribery and the improvement of the system of prevention of related risks. Leonardo's anti-corruption policies are communicated to all members of governing bodies, employees and business partners in all geographies where the Group operates.

In 2024, there were no convictions issued as part of criminal proceedings against Group Companies, nor were there any cases of dismissals due to judicially established cases of corruption.

transferring personal data outside the European Economic Area (EEA), ensuring that any transfer takes place in full compliance with applicable regulations.

[190] ISO 22301 certified for some perimeters concerning the Corporate functions of Leonardo S.p.A. (Administration and Budget OU, Security – Travel Security, Enterprise Security & Business Continuity and Security Threat Research and Analysis OU), the Data Center in Genoa, Pomigliano, and the SOC in Chieti.

[191] For more information on the Group's sustainability goals, please see the paragraph "Sustainability Goals and Plan".

Leonardo's Anti-Corruption System

Leonardo's Anti-Corruption System has been designed on the basis of the areas of corruption risk to which the company is exposed, with the aim of preventing and countering any conduct that does not comply with applicable regulations, according to a "zero tolerance" principle. All those who work on behalf and in the interest of Leonardo without distinction and exception are, therefore, committed to observing and enforcing these principles within the scope of their functions and responsibilities. Moreover, the Company requires that all parties with whom it has relations, for any reason, act with rules and methods inspired by the same values. The regulatory tools on which the Anti-Corruption System adopted by the Company is based are the Anti-Corruption Code, the Code of Ethics, the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001, Procedures, Directives and Material Operating Instructions. The Anti-Corruption System is supervised by a specific corporate function - which reports hierarchically to the Chief Compliance Officer and functionally to the Chairman of the Board of Directors -, which monitors its operation, adequacy with respect to risks and effective implementation, promoting its updating following amendments in the relevant regulations and/or relevant internal or external factors. Leonardo verifies the adequacy and effectiveness of the Anti-Corruption System on an ongoing basis, monitoring the areas exposed to corruption risk (Anti-Corruption Risk Assessment, ACRA).

With regard to the above-mentioned areas, corruption risk assessment with respect to company business and support processes is carried out through the application of the Enterprise Risk Management (ERM) process and methodology, which involves the assessment and possible treatment of any identified risk. The findings of risk assessment are used to identify specific treatment actions aimed at risk mitigation. These findings are also used to identify and update any relevant risk areas. ERM activities are carried out in relation to the evolution of each identified risk, the outcome of defined mitigation actions, and the possible emergence of new risks related to changes in relevant internal or external factors. The findings of risk assessment contribute to the continuous improvement of the Anti-Corruption System.

Training is an essential element in reducing the Company's exposure to the risk of corruption. Training work is structured in a differentiated manner, taking into account the functions and risks to which staff are exposed, is repeated periodically, and its effectiveness is monitored through the verification of trained personnel[192]. In addition, third-party awareness and training activities are planned. Awareness raising and training take place on a regular basis and at planned intervals, due to the risks associated with the role performed and the function held. Participation in the training sessions, as well as the e-learning course, is mandatory. In 2024, more than 2,700 people trained in anti-corruption and more than 4,500 people trained in Legislative Decree 231/2001 (also including crimes against PAs)[193].

Furthermore, Leonardo routinely conducts due diligence on third parties, including, promoters, commercial advisors, lobbyists, distributors/ resellers, potential customers, service centers, and business partners[194].

[192] Training is structured on the following levels:

- Managerial and representative staff: introductory brochures, meetings with first-level Managers or classroom workshops with Group executives who are most exposed to corruption risk;
- Other Personnel: information at the time of recruitment for new hires; training course conducted by e-learning mode through computer support at the company intranet.

[193] In 2024 , a classroom training session was also organised for Top Management and first-level Managers, dealing with regulations under Legislative Decree 231/2001, the Organisational, Management and Control Model under Legislative Decree 231/2001 of Leonardo S.p.a., the Company's Code of Ethics and the Group's Anti-Corruption Code.

[194] Specifically, the following activities were carried out in 2024: 130 enhanced due diligence audits on promoters, commercial advisors, distributors, resellers, and lobbyists. The red flags reported were mitigated with necessary treatment actions, and none of them led to the impossibility of awarding the assignments; 308 due diligence audits carried out before payments to promoters, commercial advisors and lobbyists; 237 due diligence audits on potential customers, service centers and business partners, 340 reports containing reputational and enhanced due diligence audits on individuals and legal entities of interest to Leonardo, 47 National Security Audits reports, 478 threat analysis reports shared with top management and business and security operating units, 1,028 Early Warning Security reports on events or signals potentially risky to the security of Leonardo and its travellers abroad, and 1,040 Forecast Calendar on events relevant to the security of Leonardo offices in Italy.

Whistleblowing

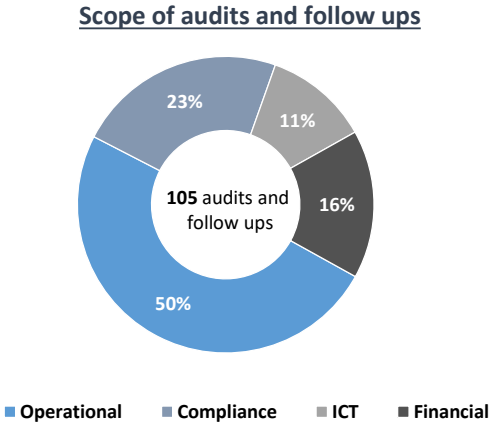
All breaches (behaviours, acts or omissions), even if only potential, of laws or Company Protocols that harm the public interest or the integrity of the Leonardo Group can be reported, even anonymously, through the Internal Reporting Channel[195]. In accordance with the regulatory provisions on whistleblowing, reports are handled by the Management Audit & Whistleblowing O.U., operating within the Group Internal Audit O.U. of Leonardo S.p.a.[196], in order to provide a common Group-wide discipline on the procedures and prerequisites for making internal reports, as well as on the channel, procedures and prerequisites for making external reports. In order to guarantee the protection of whistleblowers from any act of retaliation, discrimination or penalisation against them and to promote a corporate culture based on transparency and integrity, Leonardo ensures discretion and confidentiality in the entire whistleblowing management process by adopting the appropriate precautions. Furthermore, the possibility of making reports in complete anonymity is recognised through the Whistleblowing Platform, an IT tool that uses an encryption system[197]. In 2024, 72 reports were received, recording a 24% increase over those received in 2023 (58), concerning both Leonardo S.p.a. and Group Companies, located in Italy and abroad. 31% of cases consisted of qualified reports. From the analysis of the contents being reported, there are issues that can be traced back to the following subjects and business processes[198]:

- 53% Human resource management;
- 17% Procurement;
- 5% Corporate security management (Security);
- 5% HSE system definition and implementation;
- 5% Legal and Compliance management;
- 15% Other residual processes[199].

The reports received were all investigated in order to enable appropriate decisions by the Supervisory Board of Leonardo S.p.a. or of the Group Company and the Whistleblowing Committee. With regard to the investigation activities concluded in 2024, concerning reports received in the year or previously, in 3 cases (25%), elements of feedback were found, sometimes partial[200]. The outcomes of the aforementioned audit activities allowed for the activation of disciplinary and/or sanctioning procedures against individuals and the adoption of organisational measures and/or company rules aimed at improving and strengthening the Internal Control and Risk Management System.

With regard to the 105 routine audits included in the Aggregate Audit Plan 2024, the following are the main areas of focus:

[195] Whistleblowing platform accessible from: https://whistleblowing.leonardo.com/.
[196] Following a specific process regulated in the Whistleblowing Management Guidelines | Leonardo.
[197] In general, Leonardo provides information initiatives on whistleblowing for its employees on its website, within the company intranet and in specific company documents. Specific references are also provided in training campaigns.
[198] A report may have covered one or more areas.
[199] Including: Innovation, communications and institutional relations, Product/Service & Program Quality, Administration Finance and Control. In addition, it should be noted that with regard to Leonardo S.p.a. perimeter, 10 reports received in 2024 related to issues within the scope of application of the Diversity, Equity and Inclusion Policy.
[200] All three cases involved violations pertaining to potential conflicts of interest. In contrast, there were no cases of bribery and concussion, discrimination and harassment, violation of customer privacy, and money laundering and insider trading.



Finally, the Group Internal Audit O.U. conducted 10 quality review audits in 2024, all of which resulted in General Compliance with IIA international standards and carried out internal audit self-assessment and continuous improvement activities, in accordance with its Mandate and in relation to maintaining the third-party quality certification.

Lobbying activities

Leonardo, through the appropriate corporate functions, carries out activities aimed at institutions to support its business reputation and strategy, present the company's position with respect to specific issues, and understand potential future business opportunities. These activities mainly consist of monitoring specific regulatory developments and organising meetings with government and parliamentary representatives on matters of interest. Leonardo's representatives who carry out these activities are enrolled in special public registers. According to the current wording of Article 346-*bis* of the Italian Criminal Code and in consideration of the lack of organic regulations on the subject of lobbying in Italy, company rules only provide for the possibility of conferring this type of assignment for non-Italian Subsidiaries, in those countries in which local regulations permit the signing of such contracts.

In 2024, the expenses for lobbying activities carried out exclusively by the Group's non-Italian Subsidiaries in the countries in which it is permitted by the relevant regulations in force, amounted to approximately USDmil. 2 (about USDmil. 2 in 2023 and USDmil. 1.7 in 2022) and mainly related to the United States and, to a lesser extent, Germany and Poland. In particular, among the main areas for which the non-Italian Subsidiaries made use of the support from lobbyists during 2024 are those involving: i) technologies related to optical recognition systems for infrastructure and transport for sale to government agencies and commercial customers, ii) the purchase and/or upgrade of helicopters on the part of government agencies and local authorities, iii) research and development programmes for submarines, technologies for advanced protection systems, and naval, ground-based and satellite communication systems, lasers and sensors[201].

[201] Leonardo is enrolled in the Transparency Register of the Ministry of Businesses and Made in Italy - MIMIT in acronym, with the identification number 2016-64321218-138, among companies and trade, business and professional associations and in particular in the section "Businesses and Groups". Leonardo is also enrolled in the European Transparency Register under code 02550382403-01. Per For more details on the lobbying activities of Leonardo, please see BUSINESS COMPLIANCE Focus on Lobbying activities.

Payment practices

The company makes monthly payments of all overdue and payable invoices, in order to meet its contractual commitments, which are not standardized and can vary from supplier to supplier and range on average between 60 and 90 days. In addition, there are no legal proceedings currently pending due to late payment.

Tax transparency

With the aim of reducing tax risk as much as possible, Leonardo governs taxation, in all jurisdictions in which it operates, in accordance with its Tax Strategy[202], by adopting behaviour characterised by the utmost transparency and cooperation with the tax authorities. For this purpose, as early as from 2016, Leonardo S.p.a. joined, on a voluntary basis, the Cooperative Compliance scheme in Italy[203], which provides for the implementation of a system for the detection, measurement, management and control of tax risk in all company processes with any possible impact on tax computation and tax compliance (Tax Control Framework - TCF), whose functioning is reported annually in a report brought to the attention of the Board of Directors and forwarded to the tax authorities. The TCF takes the form of a clear assignment of roles and responsibilities, mapping of any tax risk associated with business processes, which is maintained always updated, as well as their measurement and control through effective monitoring procedures, as well as of the implementation of corrective actions to remedy any shortcomings, and the training and awareness-raising of company staff in tax matters. Tax risk control and management tools have also been adopted, outside of the scope of Cooperative Compliance agreements with local tax authorities, by the main foreign subsidiaries Leonardo S.p.a..[204]

For a numerical disclosure, please see the “Annex to the Report on Operations - Note to the CSS 2024”.

[202] “Guidelines for the management of taxation” approved by the Board of Directors on 26 January 2017. In this regard, it should also be considered that the company incentive system of the Leonardo’s function dealing with tax matters does not provide for specific objectives linked to the reduction of the tax rate.

[203] Legislative Decree no. 128/2015.

[204] Specifically, Leonardo UK, Leonardo DRS and PZL-SWIDNIK.

STATEMENT ON THE CONSOLIDATED SUSTAINABILITY STATEMENTS PURSUANT TO ART. 154-BIS, COMMA 5TER OF LEGISLATIVE DECREE 58/98 AS AMENDED AND SUPPELMENTED

The undersigned Roberto Cingolani as Chief Executive Officer and Managing Director and Alessandra Genco as the Officer in charge of Financial and Sustainability Reporting for Leonardo Spa, certify, in accordance with Article 154-bis of Legislative Decree 58 of 24 February 1998, comma 5-ter, that the Sustainability Statement included in the Consolidated Report has been drawn up:

- in accordance with the reporting standards applied pursuant to directive 2013/34/UE of the european Parliament and the Council of 26 June 2013 and of Legislative Decree 6 September 2024, n. 125;
- with the specification adopted pursuant to Article 8, paragrafh 4 of regulation (UE) 2020/852 of the european Parliament and the Council of 18 June 2020.

Rome, 11 march 2025

Chief Executive Officer and General Manager	Officer in charge
(Roberto Cingolani)	(Alessandra Genco)

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Leonardo S.p.A.

Independent auditor's report on the limited assurance of the Consolidated Sustainability Statement in accordance with Article 14-bis of Legislative Decree n. 39, dated 27 January 2010

Independent auditor's report on a selection of indicators presented in the Consolidated Sustainability Statement

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Independent auditor's report on the limited assurance of the Consolidated Sustainability Statement in accordance with Article 14-bis of Legislative Decree n. 39, dated 27 January 2010 (*Translation from the original Italian text*)

To the Shareholders of
Leonardo S.p.A.

Conclusions

We have been appointed to perform a limited assurance engagement pursuant to Articles 8 and 18, paragraph 1, of Legislative Decree n. 125 dated 6 September 2024 (hereinafter "Decree") on the Consolidated Sustainability Statement of Leonardo S.p.A. and its subsidiaries (hereinafter "Group" or "Leonardo Group") for the year ended on 31 December 2024 (hereinafter "CSS"), prepared in accordance with Article 4 of the Decree, included in the specific section of the Report on operations of Leonardo Group.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the Leonardo Group CSS for the year ended on 31 December 2024, has not been prepared, in all material aspects, in accordance with the reporting principles adopted by the European Commission pursuant to European Directive 2013/34/EU (European Sustainability Reporting Standards, hereinafter also referred to as "ESRS");
- the information included in the paragraph "Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)" of the CSS has not been prepared, in all material aspects, in accordance with Article 8 of European Regulation n. 852 dated 18 June 2020 (hereinafter "Taxonomy Regulation").

Elements underlying the conclusions

We have performed a limited assurance engagement in accordance with the Sustainability Reporting Assurance Standard ("Principio di Attestazione della Rendicontazione di sostenibilità") – SSAE (Italy). The procedures performed in this type of engagement vary in nature and timing compared to those necessary for conducting an engagement aimed at obtaining a reasonable level of assurance and are also less extensive. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained if the engagement aimed to acquire a reasonable level of assurance. Our responsibilities under this Standard are further described in the section "*Auditor's responsibility for the Assurance on the Consolidated Sustainability Statement*" of this report.

We are independent in accordance with the standards and principles regarding ethics and independence applicable to the assurance engagement of the CSS according to Italian law.

Our audit firm applies the International Standard on Quality Control (ISQM Italy) 1, under which it is required to establish, implement, and operate a quality management system that includes instructions and procedures on compliance with ethical principles, professional principles, and applicable legal and regulatory provisions.

We believe we have obtained sufficient and appropriate evidence on which to base our conclusions.

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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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Other Matters – Comparative information

The comparative information included in the CSS for the year ended on 31 December 2023, has not been subjected to verification.

Responsibility of the directors and Board of Statutory Auditors for the Consolidated Sustainability Statement

The directors are responsible for the development and implementation of procedures used to identify the information included in the CSS in accordance with the requirements of the ESRS (hereinafter the "Materiality assessment process") and for the description of such procedures in the paragraph "*Managing impacts, risks and opportunities – Double materiality*" of the CSS.

The directors are also responsible for the preparation of the CSS, which contains the information identified through the Materiality assessment process, in accordance with the requirements of Article 4 of the Decree, including compliance with:

- the ESRS;
- Article 8 of the EU Taxonomy Regulation regarding the information contained in the paragraph "*Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)*".

This responsibility entails the establishment, implementation, and maintenance, as required by law, for that part of internal control that they consider necessary in order to allow the preparation of the CSS in accordance with the requirements of Article 4 of the Decree, free from material misstatements caused by fraud or not intentional behaviors or events. This responsibility also includes the selection and application of appropriate methods for processing the information as well as the development of assumptions and estimates regarding specific sustainability information that are reasonable under the circumstances.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Intrinsic limitations in the preparation of the Consolidated Sustainability Statement

As indicated in paragraph "Basis of Preparation," for the purpose of reporting prospective information in accordance with the ESRS, the directors are required to prepare such information based on assumptions, described in the CSS, regarding events that may occur in the future and possible future actions by the Group. Due to the uncertainty associated with the realization of any future events, both concerning the occurrence itself and regarding the extent and timing of its occurrence, the variations between actual values and prospective information could be significant.

As indicated in the paragraph "Basis of preparation", the information related to Scope 3 greenhouse gas emissions is subject to greater intrinsic limitations compared to Scope 1 and 2, due to the limited availability and accuracy of the information used to define such information, both quantitative and qualitative, as well as due to reliance on data, information, and evidence provided by third parties.

Auditor's responsibility for the Assurance of the Consolidated Sustainability Statement

Our objectives are to plan and perform procedures to obtain a limited level of assurance that the CSS is free from material misstatements, due to fraud or not intentional behaviors or events, and to issue

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a report containing our conclusions. Errors may arise from fraud or not intentional behaviors or events and are considered significant if it can be reasonably expected that they, individually or in the aggregate, could influence the decisions made by users based on the CSS.

In the context of the engagement aimed at obtaining a limited level of assurance in accordance with the Sustainability Reporting Assurance Standard ("Principio di Attestazione della Rendicontazione di Sostenibilità") – SSAE (Italy), we exercised professional judgment and maintained professional skepticism throughout the duration of the engagement.

Our responsibilities include:

- considering the risks to identify the information in which a significant error is likely to occur, whether due to fraud or not intentional behaviors or events;
- defining and performing procedures to verify the information in which a significant error is likely to occur. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error arising from not intentional behaviors or events, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or manipulation of internal controls;
- directing, supervising, and conducting the limited assurance of the CSS and assuming full responsibility for the conclusions regarding the CSS.

Summary of the work performed

An engagement aimed at obtaining a limited level of assurance involves performing procedures to obtain evidence as a basis for formulating our conclusions.

The procedures performed on the CSS were based on our professional judgment and included interviews, primarily with the company personnel responsible for preparing the information included in the CSS, as well as documents analysis, recalculations and other procedures aimed to obtain evidence considered appropriate.

In particular, we performed the following procedures, partly in a preliminary phase before the end of the year and subsequently in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies, and the context in which it operates concerning sustainability issues;
- understanding the processes underlying the generation, detection, and management of the qualitative and quantitative information included in the CSS, including the analysis of the reporting perimeter;
- understanding the process implemented by the Group for identifying and assessing relevant impacts, risks, and opportunities based on the principle of Double Materiality concerning sustainability issues and verifying the related information included in the CSS;
- identifying the information for which there is a likelihood of a significant error risk;
- defining and performing analytical and substantive procedures, based on our professional judgment, to address the identified significant error risks, including:

    - for the information collected at the Group level:
        - carrying out inquiries and document analysis regarding qualitative information, particularly policies, actions, and targets on sustainability issues, to verify consistency with the evidence collected;

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- performing analytical procedures and limited assurance procedures on a sample basis regarding quantitative information;

- for the information collected at site level, conducting on-site visits for Leonardo S.p.A. (Pomigliano site – Aerostructures; Caselle Nord site – Aircrafts), Leonardo UK Ltd (Edinburgh site – Electronics and Yeovil site – Helicopters), Leonardo US Holding LLC (Dallas Expressway site – DRS), Wytwornia Sprzetu Komunikacyjnego "PZL-Swidnik" Spolka Akcyjna (Świdnik site – helicopters) and Telespazio S.p.A. (Fucino site – Spazio). These sites were selected based on their activities and their relevance to the metrics of the CSS. During these visits, we conducted interviews with Group personnel and obtained documentary evidence regarding the determination of the metrics;

- regarding the requirements of Article 8 of the EU Taxonomy Regulation, understanding the process implemented by the Group to identify eligible economic activities and determine their aligned nature based on the provisions of the EU Taxonomy Regulation, and verifying the related information included in the CSS;
- cross-checking the information reported in the CSS with the information contained in the consolidated financial statements in accordance with the applicable financial reporting framework or with the accounting data used for the preparation of the consolidated financial statements or with the management data of an accounting nature;
- verifying the structure and presentation of the information included in the CSS in accordance with the ESRS;
- obtaining the representation letter.

Rome, 14 March 2025

EY S.p.A.
Signed by: Riccardo Rossi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

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Independent auditor's report on a selection of indicators presented in the Consolidated Sustainability Statement
(Translation from the original Italian text)

To the Board of Directors of
Leonardo S.p.A.

We have been appointed to perform a reasonable assurance engagement on a selection of indicators (hereinafter "Selection of Indicators") for the year ended 31 December 2024, presented in the Consolidated Sustainability Statement of Leonardo S.p.A. and its subsidiaries (hereinafter the "Group" or "Leonardo Group") for the year ended December 31, 24 (hereinafter "CSS"), identified in paragraph "*General reporting criteria - Independent audit*" and reported in the section "*Auditor's responsibility*" of this report.

Responsibility of the directors for the Selection of Indicators

The directors are responsible for the preparation of the Selection of Indicators in accordance with the "*European Sustainability Reporting Standards*" issued by the European Commission (hereinafter also referred to as "ESRS"), identified by the directors themselves as reporting criteria in paragraph "*General reporting criteria - Independent audit*" of the CSS.

The directors are also responsible for the part of internal control that they deem necessary in order to allow the preparation of the Selection of Indicators that are free from material misstatements caused by fraud or not intentional behaviors or events.

Auditor's independence and quality control

We are independent in accordance with the ethics and independence principles of the *International Code of Ethics for Professional Accountants* (including *International Independence Standards*) (*IESBA Code*) issued by the *International Ethics Standards Board for Accountants*, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our audit firm applies the *International Standard on Quality Control* (*ISQM Italy*) 1 and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditor's responsibility

It is our responsibility to express, on the basis of the procedures performed, an opinion about the compliance of the Selection of Indicators with the reporting criteria set forth by the ESRS. Our work has been performed in accordance with the criteria of the principle *International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the *International Auditing and Assurance Standards Board (IAASB)* for reasonable assurance engagements. This principle requires the planning and execution of work in order to obtain a reasonable assurance that the Selection of Indicators is free from material misstatements.

EY S.p.A.
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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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As part of our engagement, we have performed procedures aimed at obtaining evidence on the data and information related to the Selection of Indicators. The procedures defined are based on the auditor's professional judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In performing these risk assessment procedures, the auditor considers the internal control related to the Selection of Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Below are reported the Selection of Indicators on which the engagement has been performed:

- E1-5 Energy consumption and mix - DPs 37 (a, b and c), 39, 40 and 41;
- E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions - DPs 48 (a) and 49 (a and b);
- CO2 emission intensity Scopes I and II on revenues (grams/euros) - location-based (Entity Specific metric) - with regard to DR E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions, DPs 53 and 54;
- Water withdrawals (Entity specific metric) - with regard to DR E3-4 Water consumption, DP 28 (a);
- E5-5 Resource outflows - DP 37 (a);
- S1-6 Characteristics of the undertaking's employees - as required by DP 50 (c) with the addition of total new hires by gender and age group (Entity specific metric) and STEM women out of total new hires in the STEM area (Entity specific metric);
- S1-14 Health and safety metrics - DP 88 (c);
- S1-13 Training and skills development metrics - DP 83 (b);
- S1-9 Diversity metrics - as required by DP 66 (a and b) with the addition of the breakdown by job category and gender (Entity specific metric).

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Selection of Indicators for the year ended 31 December 2024, presented in the CSS of Leonardo S.p.A. and its subsidiaries, identified in paragraph "*General reporting criteria - Independent audit*" and reported in the section "*Auditor's responsibility*" of this report, has been prepared, in all material aspects, in accordance with the reporting principles established by the ESRS and identified in paragraph "*General reporting criteria - Independent audit*" of the CSS.

Rome, 14 March 2025

EY S.p.A.

Signed by: Riccardo Rossi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

PART 3 – Other information on the Report on Operations