

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

LEONARDO S.p.A

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	8/8
2. Internal Controls	6	12/12
3. Support to Employees	7	14/14
4. Conflict of Interest	4	7/8
5. Customer Engagement	7	11/14
6. Supply Chain Management	5	10/10
7. Agents, Intermediaries and Joint Ventures	10	18/20
8. Offsets	4	6/8
9. High Risk Markets	4	7/8
10. State-Owned Enterprises	5	10/10
TOTAL		103/112
BAND		A

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
2
Comments
There is evidence that the company has a publicly stated anti-bribery and corruption commitment which details the company's stance against any form of bribery or corruption within the organisation. It is clear that this commitment was authorised and endorsed by the company's Chairman.
Evidence
<p>[1] Ethics and Compliance (Webpage) Accessed 14/10/2019 https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance "Leonardo applies firmly and at all levels of responsibility's chain a policy of zero tolerance not only against corruption, but also against any illicit, illegitimate behaviour or action that is in contrast with the values that Leonardo considers at the core of its entrepreneurial activity. And this is non-negotiable."</p> <p>Giovanni De Gennaro, Chairman of the Board of Directors Compliance Council, 3 October 2018</p> <p>[3] Anti-Corruption Code (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780 [p.3] Introduction</p> <p>Leonardo S.p.a., in carrying out its business activities, is committed to fight against corruption and to prevent the risk of illegal practices at all work levels and in any geographical area, by disseminating and promoting ethical values and principles, as well as by the implementation of rules of conduct and effective control processes, in line with the requirements set forth by applicable laws and international best practices. In this context, during the meeting on 21 April 2015, the Board of Directors approved the Anti- Corruption Code, revised on 8 May 2019, in order to strengthen the controls incorporated to fight and prevent corruptive practices.</p>

Question
<p>1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:</p> <p>a) All employees, including staff and leadership of subsidiaries and other controlled entities;</p> <p>b) All board members, including non-executive directors.</p>
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has an explicit anti-bribery and corruption policy, which makes reference to the prohibition of bribery, payments to public officials, commercial bribery and facilitation payments. This policy clearly applies to all employees and board members as described in (a) and (b) above.</p>
Evidence
<p>[2] Code of Ethics (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/115131/Code_of_Ethics.pdf?t=1539198439628 [p.3] 1. INTRODUCTION 1.1 The company This Code (hereinafter referred to as the "Code of Ethics") expresses the commitments and ethical responsibilities in the conduct of business and corporate affairs undertaken by anyone carrying out transactions of any nature whatsoever with Leonardo – S.p.A. (hereinafter referred to as "Leonardo" or the "Company"). The principles and provisions of this Code of Ethics are binding on all the following Recipients:</p> <ul style="list-style-type: none"> – members of the Board of Directors, in pursuing the company's affairs by passing the necessary resolutions; – members of the Board of Statutory Auditors when controlling and reviewing the correctness, in both form and substance, of the Company's activities and the operation of the internal control and risk management system; – the employees and all the external co-workers under any type of contract with the company, including on an occasional and/or merely temporary basis; – all those who have relationships of any nature with the Company, whether for a consideration or without consideration. <p>[p.4] 1.5 Application within the Group In the exercise of its direction and coordination activity, Leonardo sees to the circulation of the Code of Ethics to direct or indirect subsidiaries. As a result of this, the ethical principles set forth in this Code of Ethics are shared by all the subsidiaries of Leonardo and are binding on all the recipients.</p> <p>[p.13] 11.1.3 Gifts, Benefits and Promises of Favours Leonardo prohibits all the Recipients to accept, offer or promise, whether directly or indirectly, money, gifts, goods, services or undue favours in the course of their relations with public officers, persons in charge of a public service or private parties, in order to influence their decisions, in view of obtaining preferential treatment, undue services or any other ends.</p> <p>In its relations with the Italian or foreign Public Administration, Leonardo shall not unduly influence the activity, choices or decisions of the other party, for example by offering undue advantages consisting in sums of money or other benefits, employment or assignment of consultancy arrangements, to the public person or his/her family or to natural or legal persons connected to him/her. Any requests or offers of money or favours of any kind whatsoever (including for instance gifts or presents unless of a reasonable value) unduly made to or by anybody acting on behalf of Leonardo in any transactions with the Public Administration (whether Italian or of a foreign country) or private persons (either Italian or foreign) must be immediately reported to the Surveillance Body.</p> <p>[3] Anti-Corruption Code (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780 [p.3] Introduction</p>

[...]

All the recipients and everyone who works in the name and on behalf of Leonardo or for its benefit is therefore committed, without distinction or exception, to observe and enforce these principles within his own function and responsibilities. Such commitment requires that all the parties involved in any business dealing with Leonardo have to act, in all their transactions with the Company, in accordance with rules and methods inspired by the same values.

[p.4] 2. Adoption and implementation

The Anti-Corruption Code is applicable, with immediate effect, to all the recipients indicated hereunder.

The Boards of Directors (or administrative bodies) of Group Companies directly controlled¹ by Leonardo adopt the Anti-Corruption Code at the first possible meeting and ensure that the boards of the respective subsidiaries promptly adopt the same².

Leonardo and the Group Companies³ will exert their best efforts to ensure that companies in which they hold a non-controlling interest (including joint ventures), adopt the rules of the Anti-Corruption Code.

¹ The companies directly controlled by Leonardo S.p.a. pursuant to section 2359 of the Italian Civil Code.

² The companies indirectly controlled by Leonardo S.p.a. pursuant to section 2359 of the Italian Civil Code.

³ The companies directly or indirectly controlled by Leonardo S.p.a. pursuant to section 2359 of the Italian Civil Code

3. Definitions

For the purposes of this Anti-Corruption Code, the terms listed therein shall have the meaning indicated hereunder.

[p.7] Recipients: the members of the Boards of Directors and Statutory Auditors (or the administrative and control bodies) including employees, collaborators in any capacity of Leonardo and the Group Companies, including anyone who is party to a contract for valuable consideration or free of charge, with Leonardo or the Group Companies.

[...]

4. Roles and responsibilities

All companies directly controlled by Leonardo in accordance with section 2359 of the Italian Civil Code, shall promptly notify the Coordination and Consultation Body for the Prevention of Corruption that the Code has been duly adopted also by their subsidiaries⁴, so as to allow the Body to evaluate the implementation thereof by the Group.

⁴ With reference to foreign subsidiaries, this is applicable as long as it is compliant with the relevant laws.

[p.9] 6. Anti-corruption objectives

All the Recipients – each of them in their respective competence and responsibilities – must:

- repudiate and prevent corruption, in respect of the zero tolerance principle;
- ensure the compliance with all the relevant Anti-corruption laws;
- ensure the implementation of what is required by the anti-corruption management system, as well as its continuous improvement.

[p.10] 7. General rules of conduct

All the Recipients must fulfil the Anti-corruption law and the provisions set out in this Code and in the Anti-corruption Regulatory Instruments.

[...]

In particular, only members of the company bodies of the Group and relevant company structures may engage in relations with the Public Administration and Private Entities. No Recipient may interfere improperly, for example by agreeing, offering or receiving, directly or indirectly, benefits of any kind, in excess of normal business practices or courtesy, or in any case with the intention of obtaining Undue advantages in the conduct of any business activity,

even if such practices are considered to be "customary" in the country in which the Group operates, including facilitation payments.

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
2
Comments
Based on publicly available information, there is evidence that the board is ultimately responsible for the oversight of the company's anti-corruption programme. The company has established a Control and Risk Committee which comprises several board members and provides direct reporting on the anti-corruption programme to the board. There is also evidence that the board engages in formal and direct oversight functions, including reviewing reports from management along with the results of internal and external audits.
Evidence
<p>[7] Anti-Corruption Management System of Leonardo S.p.a. Abstract (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/8352825/Anti-Corruption+Management+System_ENG.pdf?t=1564589953761 [p. 3] KEY PLAYERS</p> <p>Key players of the Anti-Corruption System of Leonardo S.p.a. are the following:</p> <ul style="list-style-type: none"> - Board of Directors; - Top Management; - Coordination and consultation body for the prevention of corruption; Surveillance Body; - Reports Committee; - Anticorruption organisational unit (within Legal, Corporate Affairs, Compliance, Criminal Law and Anticorruption); <p>[p. 4] MONITORING, REVIEW AND CONTINUOUS IMPROVEMENT The Anti-corruption O. U. is in charge of carrying out the monitoring activities of the Anticorruption System. In particular, the monitoring activity concerns the adequacy with respect to the risks and the effective implementation of the Anti-corruption System, as well as the changes that have occurred in the reference standards, in the organization and ...</p> <p>[p. 5] ... in other internal and external factors relevant for the Anti-Corruption System for the purpose of the promotion of updating the Anti-Corruption System - if necessary, in the light of such changes.</p> <p>As part of the Annual Plan, the Anti-Corruption O. U. defines the methods and timing of the monitoring activities.</p> <p>To this end, the Anti-corruption O. U. prepares an annual report, sent to the Group General Counsel and submitted to the attention (i) of the Board of Directors, (ii) of the Control and Risk Committee, (iii) of the Coordination and Consultation Body for Corruption Prevention, and (iv) of the Surveillance Body for matters pertaining to Decree 231 and, most recently, (v) to the Board of Statutory Auditors for matters within its competence in which it reports on the activities performed and the main outcomes, on the operation, adequacy and the implementation of the Anti-corruption System, on the implementation of the Annual Plan, as well as on the results of any internal checks and audits.</p> <p>The Company undertakes to continuously improve the suitability, adequacy and effectiveness of the Anti-Corruption System.</p> <p>[51] Corporate Governance Report 2019 (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/9652751/RCG+2019_EN_06022020.pdf?t=1580993222231 [p.133] Corruption Prevention Coordination and Consulting Board</p>

The Corruption Prevention Coordination and Consulting Board was set up in 2014. It is composed of Leonardo's current Chairman, who in 2017 was given the responsibility for "overseeing the implementation of the corporate governance rules on integrity in corporate behaviour and fighting corruption" and of the pro tempore Chairmen of the Control and Risks Committee, the Board of Statutory Auditors and the Surveillance Body as per Legislative Decree no. 231/2001 of Leonardo. The Board is responsible for coordinating the offices responsible for verifying compliance with the applicable rules of conduct at Group level, and also oversees the application of the Anti-Corruption Code, as well as any related proposals for it to be reviewed or amended.

[6] Corporate Governance Report 2018 (Document)

Accessed 14/10/2019

https://www.leonardocompany.com/documents/20142/115155/body_DEF_CG_REPORT_2018.pdf?t=1539593076532

[p.124] Corruption Prevention Coordination and Consulting Board

The Corruption Prevention Coordination and Consulting Board was set up in 2014. It is composed of Leonardo's current Chairman, who in 2017 was given the responsibility for "overseeing the implementation of the corporate governance rules on integrity in corporate behaviour and fighting corruption" and of the *pro tempore* Chairmen of the Control and Risks Committee, the Board of Statutory Auditors and the Surveillance Body as per Legislative Decree no. 231/2001 of Leonardo. The Board is responsible for coordinating the offices responsible for verifying compliance with the applicable rules of conduct at Group level, and also oversees the application of the Anti-Corruption Code, as well as any related proposals for it to be reviewed or amended.

[4] Ethics and Compliance – Anti-Corruption (Webpage)

Accessed 14/10/2019

<https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/anti-corruption-code>

Zero Tolerance against Corruption

[...]

The Coordination and Consultation Body for the Prevention of Corruption, consisting of the Chairman of Leonardo's Board of Directors and the Chairmen of the Control and Risk Committee, the Board of Statutory Auditors and the Surveillance Body of Leonardo pursuant to Legislative Decree 231/01, coordinates the offices responsible for verifying compliance with the applicable rules of conduct at Group level, and oversees the application of the Anti-Corruption Code, as well as its update.

[3] Anti-Corruption Code (Document)

Accessed 14/10/2019

https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780

[p.8] The Coordination and Consultation Body for the Prevention of Corruption will regularly review the Code, recommending any updates or changes that may be required to the Leonardo Board of Directors, above all as regards developments in the best practices and applicable laws or in the case of critical situations that may be ascertained.

The Leonardo Board of Directors is therefore responsible for making any subsequent amendments and additions to the Code, other than in the case of official amendments and additions introduced by the Coordination and Consultation Body for the Prevention of Corruption through the Legal, Corporate Affairs, Compliance, Criminal Law and Anticorruption and the Group Internal Audit. Any Anti-corruption Regulatory Instrument adopted, or that may be adopted, by Leonardo in order to prevent the risk of corruption, shall be considered as an integral part of the Code. The Coordination and Consultation Body for the Prevention of Corruption will send yearly reports of its activities to the Leonardo Board of Directors, the Board of Statutory Auditors, the Audit and Risk Committee and the Surveillance Body as set forth by Legislative Decree 231/01.

The Disclosures Committee will prepare a six-monthly report summarising the activities carried out and the status of the Action Plan relevant to reports involving any conduct potentially subject to the risk of corruption - for the bodies/company boards of Leonardo and each Group Company - a copy of which will also be sent to the Coordination and Consultation Body for the Prevention of Corruption⁵

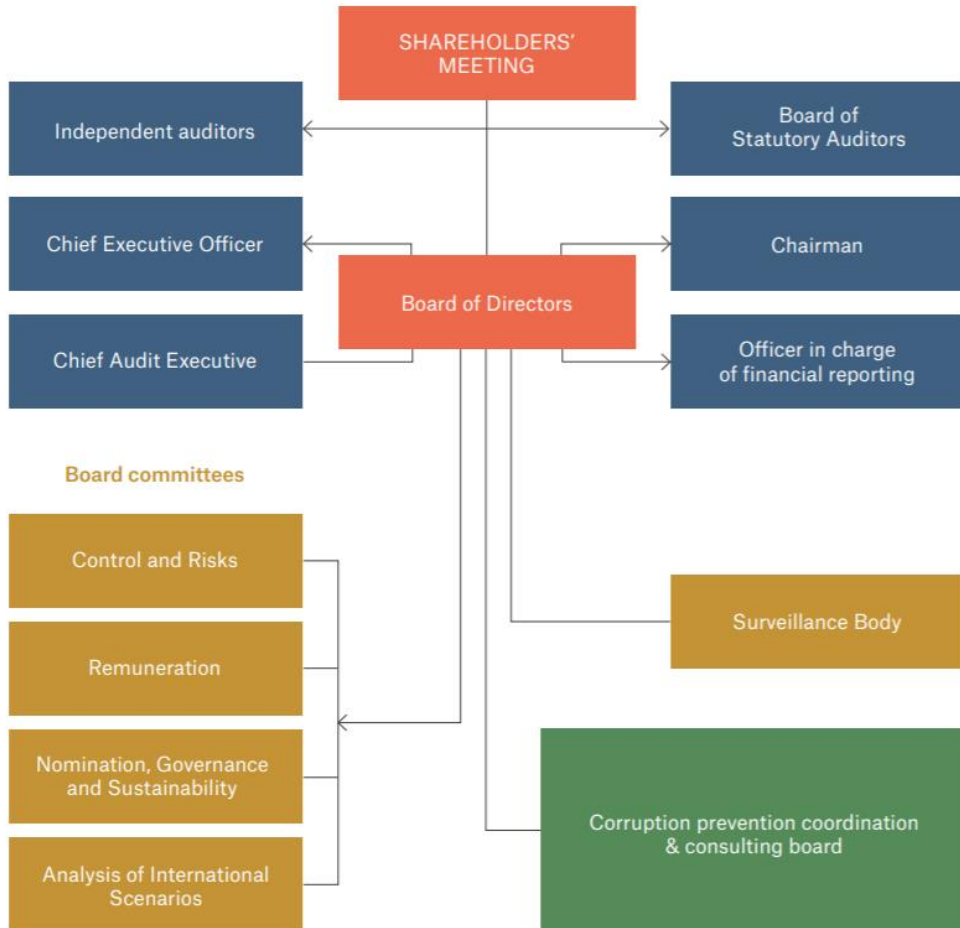
⁵ "Whistleblowing Management Guidelines" approved on 18 March 2015 by the Board of Directors of Leonardo S.p.a and revised on 8 November 2018.

[5] Sustainability Report 2018 (Document)

Accessed 14/10/2019

https://www.leonardocompany.com/documents/20142/116025/Leonardo_2018+Sustainability+Report_Non-financial+Statement-final.pdf?t=1556644909652

[p.34] The corporate governance model



Question
1.4. Is responsibility for implementing and managing the company’s anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company’s programme?
Score
2
Comments
Based on publicly available information, the Chairman of the Board has ultimate responsibility for overseeing the implementation of the company's anti-bribery and corruption programme. An anti-corruption unit is responsible for management and implementation, reporting to the Chairman and the Group General Counsel.
Evidence
<p>[7] Anti-Corruption Management System of Leonardo S.p.a. Abstract (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/8352825/Anti-Corruption+Management+System_ENG.pdf?t=1564589953761</p> <p>[p.3] Moreover, the Board of Director has appointed the Chairman, who has no executive roles, with the responsibility to oversee the execution of corporate governance rules related to integrity in corporate behaviours and fight to corruption. The Anti-Corruption unit reports functionally to the Chairman and hierarchically to the Group General Counsel and has direct access to the Top Management and to the corporate bodies, by means of ad hoc information flows.</p> <p>[4] Ethics and Compliance – Anti-Corruption (Webpage) Accessed 14/10/2019 https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/anti-corruption-code Zero Tolerance against Corruption</p> <p>[...]</p> <p>In Leonardo Spa there is a specific unit responsible for overseeing the anti-bribery management system, monitoring its functioning, adequacy with respect to the risks and effective implementation as well as for promoting update in case of changes of the applicable law and/or the relevant internal or external factors. The Anti-Corruption unit reports functionally to the Chairman and hierarchically to the Group General Counsel and has direct access to the Top Management and to the corporate bodies, by means of ad hoc information flows.</p> <p>[3] Anti-Corruption Code (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780</p> <p>[p.10] Leonardo and the Group’s Companies have to determine specific purposes in order to prevent the risks of corruption and to assess opportunities for improvement of their own anti-corruption management system⁶.</p> <p>⁶ Leonardo S.p.a. established the Anticorruption organisational unit, with the specific task to supervise its anti-corruption management system, in order to regularly monitor, with the support of the relevant Leonardo’s organisational units, the performance, the adequacy toward risks and the implementation of the system, as well as the developments in the relevant laws, in the internal organization and in any other internal or external factors that are significant for the anti-corruption system and its updating. For these purposes, the Anticorruption organisational unit provides an annual plan (that sets out the operating objectives of the anti-corruption system and that must be consistent with the provisions of the Anti-Corruption Code) and, for the monitoring activities, an annual report on the activities carried out and the main results, on the performance, the adequacy, the implementation of the system and the implementation of the annual plan, as well as the results of any internal investigations and audits. The autonomy and the independence of the Anticorruption organisational unit is guaranteed through the direct reporting to a top management member (i.e. Group General Counsel), also through which it has a direct access to the administrative and control bodies.</p>

2. Internal Controls

Question
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has a formal bribery and corruption risk assessment procedure that informs the design of its anti-bribery and corruption programme. The results of risk assessments are reviewed by the board on an annual basis. There is evidence that the results of such reviews are used to develop tailored mitigation plans and to update specific parts of the company's anti-bribery and corruption programme.</p>
Evidence
<p>[7] Anti-Corruption Management System of Leonardo S.p.a. Abstract (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/8352825/Anti-Corruption+Management+System_ENG.pdf?t=1564589953761</p> <p>[p.2] Leonardo's Anti-Corruption Management System has been set up to face the risks of corruption, identified by areas, that the Company may incur, in order to prevent and fight against non-compliant conducts, in respect of the zero tolerance principle.</p> <p>[p.3] 1. RISK ASSESSMENT ACTIVITIES Leonardo periodically identifies and assesses sensitive activities in relation to the crimes as provided by the Legislative Decree no. 231/2001 (the so called "risk assessment"), ...</p> <p>[p.4] ... including bribes, through the analysis of the company's context and the capitalisation of the company's past experiences (so called "case history").</p> <p>In particular, the corruption risk assessment, in relation to business and support processes, is part of and is carried out through the Enterprise Risk Management (ERM) process in order to identify and treat the risks.</p> <p>The ERM activities are continuously being performed taking into account the identified risks, the result of mitigation actions, as well as the identification of emerging risks due to changes of the relevant internal or external factors for Leonardo. The results of the anti-corruption risk assessment activities, reviewed by the Board on annual basis or when significant findings emerge from the risk assessment, inform and strengthen the Anti-Corruption Management System.</p> <p>Finally, the Company draws up the Audit Plan taking into account the results of the risk assessment activities.</p> <p>[3] Anti-Corruption Code (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780</p> <p>[p.10] Leonardo and the Group's Companies have to determine specific purposes in order to prevent the risks of corruption and to assess opportunities for improvement of their own anti-corruption management system⁶.</p> <p>⁶ Leonardo S.p.a. established the Anticorruption organisational unit, with the specific task to supervise its anti-corruption management system, in order to regularly monitor, with the support of the relevant Leonardo's organisational units, the performance, the adequacy toward risks and the implementation of the system, as well as the developments in the relevant laws, in the internal organization and in any other internal or external factors that are significant for the anti-corruption system and its updating. For these purposes, the Anticorruption organisational unit provides an annual plan (that sets out the operating objectives of the anti-corruption system and that must be consistent with the provisions of the Anti-Corruption Code) and, for the monitoring activities, an annual report on the</p>

activities carried out and the main results, on the performance, the adequacy, the implementation of the system and the implementation of the annual plan, as well as the results of any internal investigations and audits.

[8] Annual Financial Report 2018 (Document)

Accessed 14/10/2019

<https://www.leonardocompany.com/documents/20142/120078/Annual+Financial+Report+31-12-18+ENG-2.pdf/53d6ea13-78c0-f715-bff9-ac69d2bf4466?t=1555689706790>

[p.43] Leonardo and risk management

The Group is subject to a number of risks that can interfere with its objectives and results. Risk analysis and management processes are therefore carried out systematically, which include any related response actions, based on specific methods and practices which, in compliance with international regulations and standards, look at the probability of occurrence and the impacts of the risk.

The analysis of the main risks and related mitigation actions presented below is also provided to complete the information reported in the Consolidated Non-financial Statement for 2018.

[p.45]

MAJOR RISKS

ACTIONS

[...]

The Group is exposed to the risk of fraud or illegal activities on the part of employees and third parties

The Group makes every effort in terms of organisation, controls, internal procedures and training to ensure compliance with any and all anti-corruption laws applicable in the domestic and foreign markets in which it operates; however, the possibility cannot be ruled out of employees or third parties behaving in an ethically incorrect or not fully compliant manner. This may also expose the Group to financial responsibility and generate adverse reputational effects, nor can we rule out the possibility of judicial authorities initiating proceedings aimed at establishing any possible liability attributable to the Group, the results and timing of which are difficult to determine and which are likely to entail temporary suspensions from the market concerned.

The Group has set out a model of responsible business conduct aimed at preventing, identifying and responding to the risk of corruption, based on:

- Spreading a company culture, values and rules of conduct, based on the principle of zero-tolerance for corruption;
- Promoting anti-corruption commitment, starting with Top management, adopting a "Tone from the Top" approach;
- Providing training courses for the entire corporate population, and specifically for resources involved in processes that are most exposed to the risk of corruption (Council Programme);
- The Leonardo Group's Anti-corruption Code, which consists of a structured and consistent set of rules based on the principles of integrity and transparency, aimed at combating the risks of illegal practices in the conduct of business and company activities;
- The Whistleblowing Guidelines which define the process of handling these reports by either named or anonymous individuals who become aware of facts or actions of any nature, which are against company internal codes and protocols, laws or regulations.

In 2018 Leonardo S.p.a. was the first company in the world's top ten in Aerospace, Defence and Security to obtain ISO 37001 certification, the first international standard on anti-corruption management systems. Specific actions have also been taken in the responsible management of the supply chain, through the strengthening of supplier qualification, selection and management processes. A specific risk analysis tool is applied to the assignment of tasks to promoters and sales advisors as part of structured due diligence audits based on international best practices.

Question
2.2. Is the company's anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company's anti-bribery and corruption programme is subject to a regular audit process to ensure the programme is consistent with best practice and the business risks facing the company. The company explicitly includes provisions for continuous improvement, supplemented by internal audits as well as an external audit of its anti-bribery management system accreditation every year. There is evidence that high-level audit findings are presented to the board and acted upon by the anti-corruption unit.</p>
Evidence
<p>[5] Sustainability Report 2018 (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/116025/Leonardo_2018+Sustainability+Report_Non-financial+Statement-final.pdf?t=1556644909652 [p.40] LEONARDO - FIRST OF THE TOP 10 GLOBAL AD&S COMPANIES TO BE ISO 37001 CERTIFIED Leonardo SpA stands out from the top ten global players in the sector for the ISO 37001:2016 "Anti-bribery management system" certification, the first international standard for anti-corruption management systems. The important achievement confirms the quality of Leonardo's system of rules and internal controls and its commitment to responsible business practices. The assessment evaluated the structure and adequacy of the management systems of Leonardo SpA and its application in various operating areas of the Company. During the process all the Company's regulatory systems were verified, all the main Company sites in Italy were inspected and the heads of the departments (Corporate and Divisions) exposed to risk areas were interviewed. The compliance of the management system to the ISO 37001:2016 standard, whose certification is valid until 2021, will be annually verified by the third-party certification body by a specific audit.</p> <p>[6] Corporate Governance Report 2018 (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/115155/body_DEF_CG_REPORT_2018.pdf?t=1539593076532 [p.83] In addition to the Board of Directors and to the Control and Risks Committee, the main persons involved in Leonardo's internal control and risk management systems are:</p> <ul style="list-style-type: none"> • Director in charge of the internal control and risk management system; • Head of the Group Internal Audit organisational unit; • Head of the Risk Management organisational unit; • Officer in charge of financial reporting pursuant to Law 262/05; • Surveillance Body formed as per Legislative Decree 231 /2001; • Board of Statutory Auditors. <p>[p.94] 10.4. ORGANISATIONAL MODEL AS PER LEGISLATIVE DECREE 231/01 Legislative Decree no. 231/2001 introduced, into the Italian legal system, a regime of administrative liability against Entities, for certain types of offences committed in the interests or to the benefit of the same. The Company has adopted appropriate measures to prevent it from incurring any criminal liability through the establishment of specific regulatory systems aimed at preventing the commission of any offences contemplated by this Decree on the part of Directors, Statutory Auditors, management, employees, collaborators, or any other party having relationships of any nature with Leonardo S.p.a., either with or without valuable consideration.</p> <p>To this end, on 12 November 2003, the Board of Directors of the Company adopted an Organisational, Management and Control Model as per Legislative Decree 231/01 (hereinafter also referred to as the "Organisational Model") [...].</p> <p>The current Organisational Model is made up of a "General Section" and ten "Special Sections". The "General Section" essentially deals with:</p>

- 1) the Surveillance Body, the information that has to be sent to it, and its reports on the work it has done with respect to corporate bodies;
- 2) staff training and the circulation of the Organisational, Management and Control Model within and outside the Company;
- 3) the disciplinary measures applicable in the event of failure to comply with the requirements in the Model;
- 4) updating and review of the Organisational Model.

[p.95] The duties, activities and functioning of this Body are governed by specific By-Laws, which were approved by the Board of Directors of Leonardo S.p.a. on 15 December 2005 and finally updated on 17 December 2015 in order to adopt the abovementioned change in the composition of the Surveillance Body. The By-Laws entrust the Surveillance Body with wide-ranging tasks for the purposes of monitoring the validity and effectiveness of the Organisational, Management and Control Model as per Legislative Decree no. 231/2001. Within these tasks, among other things, the Surveillance Body receives reports (if any) on the part of company representatives or third parties, holds periodical hearings to hear the Managers responsible for potential areas at risk of offences pursuant to Legislative Decree no. 231/2001, examines reports and disclosures prepared by the corporate units and provides recommendations or instructions to the top management and to the corporate bodies, also with respect to appropriate actions for improving or changing checks. The Surveillance Body has also adopted internal rules.

[3] Anti-Corruption Code (Document)

Accessed 14/10/2019

https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780

[p.10] Leonardo and the Group's Companies have to determine specific purposes in order to prevent the risks of corruption and to assess opportunities for improvement of their own anti-corruption management system⁶.

⁶ Leonardo S.p.a. established the Anticorruption organisational unit, with the specific task to supervise its anti-corruption management system, in order to regularly monitor, with the support of the relevant Leonardo's organisational units, the performance, the adequacy toward risks and the implementation of the system, as well as the developments in the relevant laws, in the internal organization and in any other internal or external factors that are significant for the anti-corruption system and its updating. For these purposes, the Anticorruption organisational unit provides an annual plan (that sets out the operating objectives of the anti-corruption system and that must be consistent with the provisions of the Anti-Corruption Code) and, for the monitoring activities, an annual report on the activities carried out and the main results, on the performance, the adequacy, the implementation of the system and the implementation of the annual plan, as well as the results of any internal investigations and audits. The autonomy and the independence of the Anticorruption organisational unit is guaranteed through the direct reporting to a top management member (i.e. Group General Counsel), also through which it has a direct access to the administrative and control bodies.

[7] Anti-Corruption Management System of Leonardo S.p.a. Abstract (Document)

Accessed 14/10/2019

https://www.leonardocompany.com/documents/20142/8352825/Anti-Corruption+Management+System_ENG.pdf?t=1564589953761

[p.3] 1. RISK ASSESSMENT ACTIVITIES

Leonardo periodically identifies and assesses sensitive activities in relation to the crimes as provided by the Legislative Decree no. 231/2001 (the so called "risk assessment"),

[p.4] including bribes, through the analysis of the company's context and the capitalisation of the company's past experiences (so called "case history").

In particular, the corruption risk assessment, in relation to business and support processes, is part of and is carried out through the Enterprise Risk Management (ERM) process in order to identify and treat the risks.

The ERM activities are continuously being performed taking into account the identified risks, the result of mitigation actions, as well as the identification of emerging risks due to changes of the relevant internal or external factors for Leonardo. The results of the anti-corruption risk assessment activities, reviewed by the Board on annual basis or when significant findings emerge from the risk assessment, inform and strengthen the Anti-Corruption Management System.

Finally, the Company draws up the Audit Plan taking into account the results of the risk assessment activities.

[10] Governance and risk management (Webpage)

Accessed 14/10/2019

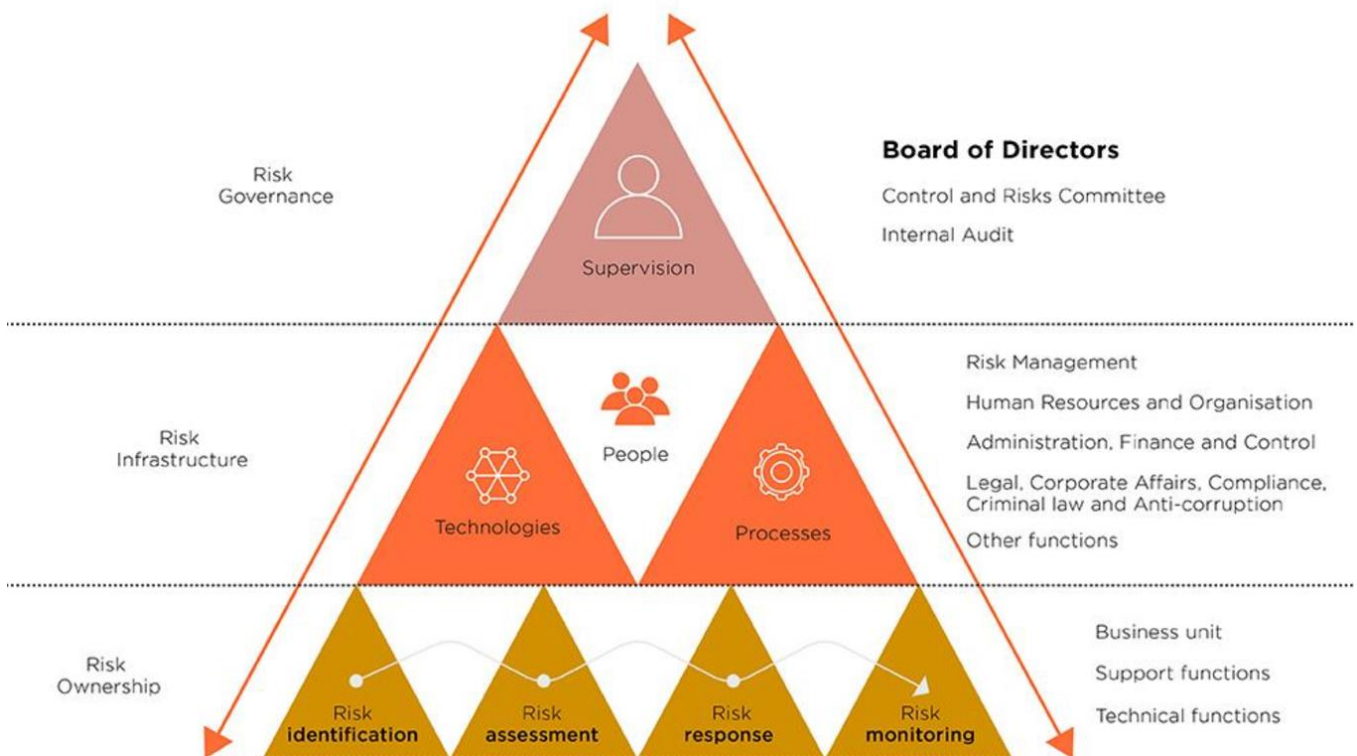
<https://www.leonardocompany.com/en/investors/industrial-plan/risk-management>

Governance and risk management

The Leonardo risk governance, in line with the Corporate Governance Code adopted by Listed companies on a voluntary basis, the Organisation, Management and Control Model as per Leg. Decree 231/01 and the Leonardo's Anti-Corruption Code, as well as in line with national and international standards and best practices, provides that:

- Board of Directors oversees internal control system and risk management system and define their guidelines;
- Control bodies (Control and Risks Committee, Board of Statutory Auditors, Surveillance Body) have access to information and an adequate overview over risk management control systems, consistently with their monitoring responsibilities;
- Second tier functions define processes, procedures and methodologies so that company activities be deal with a “risk based” approach;
- Business units, technical and support functions identify, evaluate and treat project and enterprise risks, with reference to defined objectives and managed processes, giving adequate information to higher reporting levels;
- Internal Audit systematically acquire the results of the activities of risks assessment and monitoring, to perform the related evaluations so as to plan the control activities under their responsibilities.

[...]



[14] Responsible Business Conduct (Webpage)

Accessed 14/10/2019

<https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/responsible-business-conduct>

Internal Controls

The Group Internal Audit organizational unit (o.u.), reporting to the Board of Directors, supports the control bodies in assessing the adequacy and the effectiveness of the functioning of the internal control and risk management system.

According to the International Standards for the Professional Practice of Internal Auditing (specifically Standard nr. 1300), at the end of 2016 Leonardo's Chief Audit Executive undertook a quality assurance and improvement program of the internal audit activity. The program includes, according to International Standards of the Institute of Internal Auditors (IIA), both internal, on an ongoing basis, and external assessment conducted at least once every 5 years by a qualified, third party independent assessor.

The Chief Audit Executive communicates annually the results of both internal and external assessments to the Board of Directors, the Control and Risk Committee and the Board of Statutory Auditors.

Internal and external assessment

The internal assessments consist in on-going monitoring and supervision of the internal audit activity and periodic self-assessment conducted according to the annual Quality Review Plan approved by the Board of Directors. With the main objective of pursuing and maintaining a continuous improvement of Internal Audit activities, Group Internal Audit presents the Quality Assurance and Improvement Program (“QAIP”) – established by the IIA Standard 1300 – to the Control and Risk Committee, on a yearly basis. The QAIP includes several activities relating to:

- Quality Assurance Review of Internal Audit Engagements;
- Support Activities like Quality Assurance documentation, Periodical Group Internal Audit self-assessment, QAIP reporting program and plan etc.;
- Methodology development like KPI, Knowledge sharing days, tool implementation etc.;
- and the consistency with the following rules/requirements are used to assess the Internal Audit activities:
- IIA’s International Standards for the Professional Practice of Internal Auditing (Standards);
- Audit Charter;
- Group Internal Audit Operational Guidelines and other internal references.


The external assessments, in accordance with International Standards, include an opinion on all internal audit activities performed and conclusions about the conformance with the Definition of Internal Auditing, the IIA’s Code of Ethics, the Standards; external assessment may also include recommendations in the perspective of continuous improvement. In 2017 the Group Internal Audit o.u., in response to the external assessment, obtained the Quality Assurance Review certification, with the opinion of “General Conformity” (maximum degree of assessment, according to International Standards).

Audit Plan and procedural framework

- Group Internal Audit internal managers ensure a proper supervision of the engagements, in particular in the most significant stages of the interventions (planning, execution and reporting). Through the supervision, it is also ensured that audit objectives (*Work Program*) are achieved and that Group Internal Audit Operational Guidelines are respected.
- The internal procedural framework, the methodology and the investigation procedures (including Whistleblowing investigation procedures) are subject to regular updates that may be necessary as a result of specific requests of management or Supervisory Bodies, Chief Audit Executive’s guidance, organizational and business changes and/or any developments in the regulation of internal audit professional practices, and in any case at least every three years or in response to changes in the regulatory environment.

Training

Internal auditors and all the related staff conducting investigations on anti-corruption receive dedicated and specific training courses through classroom session, on-line training, training on the job as well as participation in conferences, seminars and external professional courses.

Question
2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company publicly commits to investigating incidents promptly, independently and objectively. There is evidence that the company takes steps to ensure the independence of its investigations. It commits to establishing root causes, putting in place remediation plans and reporting investigative findings to senior management and the board. For whistleblowing cases, there is a procedure in place that stipulates documentation and actions to be taken at every step of the case, from receipt to final outcome, and the company commits to ensure whistleblowers are informed of the outcome. There is evidence that a central body of the company receives and reviews summary information on all incidents on a regular basis.</p>
Evidence
<p>[18] Whistleblowing Management (Webpage) Accessed 15/10/2019 https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/whistleblowing-management-guidelines Leonardo ensures protection from retaliation and other discriminatory actions for anyone who makes a report in good faith about any facts or behaviours in violation of laws and regulations, or Leonardo’s rules and Code of Ethics, or refuses to act unethically.</p> <p>As part of the whistleblowing management process, Leonardo resolved to implement a dedicated online platform aimed at a more effective reporting management architecture, introducing a two-way communication tool with the whistleblowers while protecting their privacy and identity. This platform enables greater support for the phases of receipt, monitoring and repository of filed reports and allows the competent organizational units – during the preliminary investigation and verification phase – to ask the whistleblower, even if anonymous, for any clarifications or further information useful for understanding and analyzing the case. The Company provides whistleblowers with updates on the outcomes of investigations.</p> <p>[...]</p> <p>Investigation system and process</p> <p>The Surveillance Body (“Organismo di Vigilanza”) reviews the reports received at least on a monthly basis. The Reports Committee meets at least on a quarterly basis, and carries out a preliminary analysis of the individual reports in order to verify the need for a supplementary investigation. The Reports Committee reports semiannually on the activities performed to the following corporate bodies: the Board of Directors, the Control and Risks Committee, the Board of Statutory Auditors and the Surveillance Body. In addition, with regard to those reports involving a risk of corruption, the Reports Committee reports semiannually to the corporate bodies listed above on the activities performed, informing also the Coordination and Consultation Body for the Prevention of Corruption.</p> <p>[11] Whistleblowing (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/115182/Whistleblowing+ENG.pdf?t=1563889878952 [p.2]</p> <div data-bbox="108 1776 855 1980" data-label="Image">  </div> <p>[p.5]</p>

5 WHO ANALYSES YOUR REPORT

Your report will be analysed by

A	Surveillance Body >	<ul style="list-style-type: none"> • Independent majority. • In charge of ensuring application and compliance to the Leonardo's Organisational, Management And Control model (pursuant the Legislative Decree 231/2001).
B	Reports Committee >	<ul style="list-style-type: none"> • Composed by the heads of the Group Internal Audit, Legal, Corporate Affairs, Compliance, Criminal Law and Anti-corruption, Chief People Organization and Transformation Officer, Security, and Administration, Finance and Control. • It performs a preliminary analysis of the report received, verifying the need to further investigate the reported facts and informing the competent bodies. • It proposes action plan to strengthen the internal control and risk management system.
C	Group Internal Audit and Security organisational units >	<ul style="list-style-type: none"> • If the Committee considers necessary to carry out further controls, it gives a mandate to the Group Internal Audit or Security organisational units.

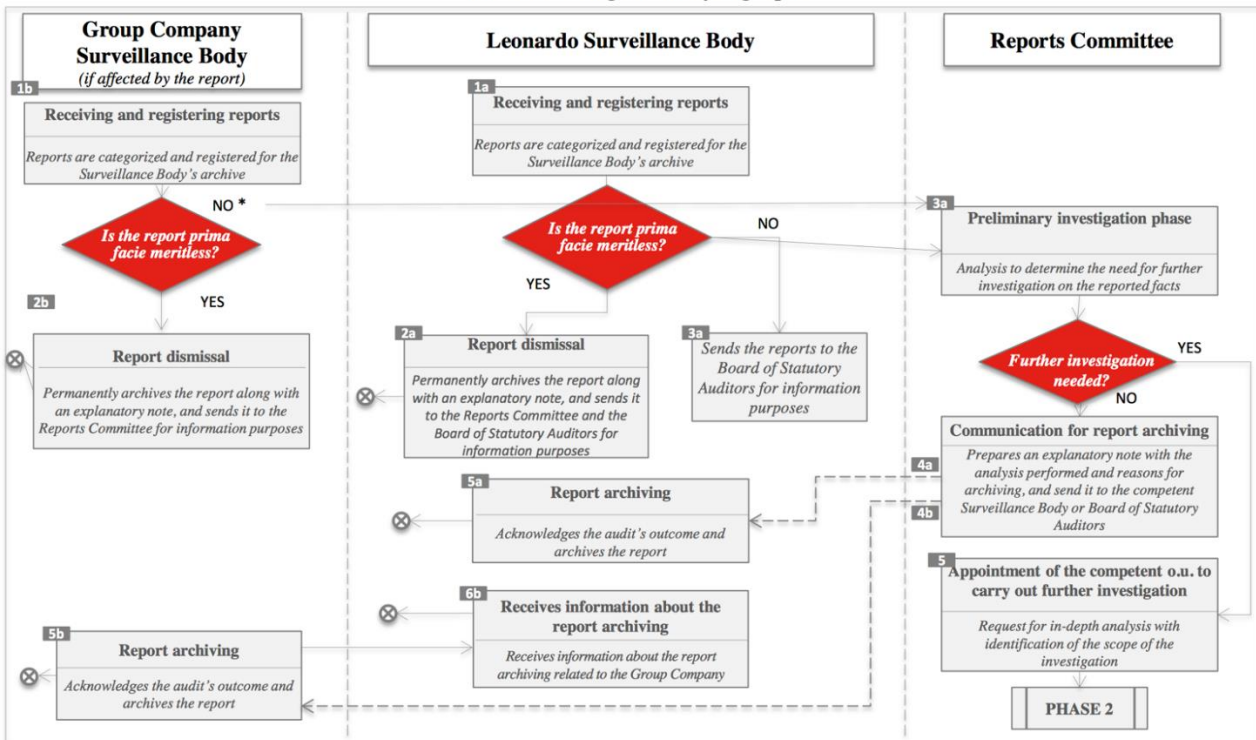
[12] Whistleblowing Management Guidelines Annex 1 (Document)

Accessed 14/10/2019

https://www.leonardocompany.com/documents/20142/115182/ANNEX+1+--+Flow+Chart_2018_11_08+eng.pptx.pdf?t=1545036761697

[p.2]

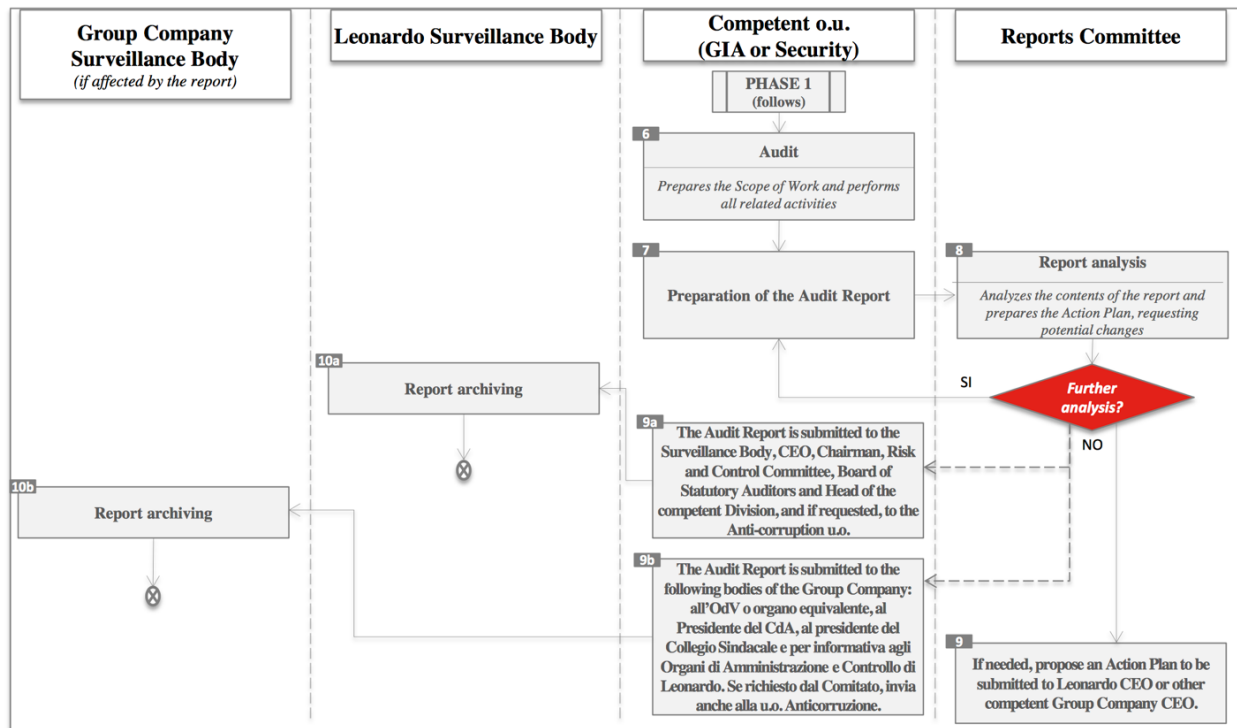
Phase 1: Receiving and analyzing reports



2

[p.3]

Phase 2: Audit and reporting



3

[6] Corporate Governance Report 2018 (Document)

Accessed 14/10/2019

https://www.leonardocompany.com/documents/20142/115155/body_DEF_CG_REPORT_2018.pdf?t=1539593076532

[p.94] The Surveillance Body of Leonardo S.p.a. is currently made up of four external professionals, Enrico Raffaele Squitieri (Chairman and external member from 9 November 2017, replacing the resigning member Enrico Laghi), Angelo Carmona, Angelo Piazza and Saverio Ruperto, as well as of two ...

[p.95] ... internal members, the Group General Counsel Andrea Parrella and the Chief Audit Executive Marco Di Capua. It should be noted that on 17 December 2015 the Company's Board of Directors resolved to make up the numbers of the Surveillance Body with an additional internal member, the Head of Group Internal Audit, in order to ensure that the supervisory work is conducted as effectively and correctly as possible [...]

[13] Whistleblowing Management Guidelines (Document)

Accessed 14/10/2019

<https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/whistleblowing-management-guidelines>

[p.10] 3.4. Reports received by the company

Reports received by the company are processed by the Surveillance Body of Leonardo or other Group Companies, and:

- Dismissed, if considered prima facie meritless or too generic and lacking the minimum elements to be able to commence any in-depth analysis. In any case, such report is kept in the Surveillance Body's archive, along with a brief note explaining the reasons for its dismissal, and sent for information purposes to the Reports Committee and the Board of Statutory Auditors.

If the reports show a valid cause of action, the Surveillance Body transmits them to:

- The Reports Committee, for a preliminary investigation phase;
- The Board of Statutory Auditors for information purposes.

Anyone who receives a report outside of the dedicated reporting channels shall promptly forward it, in its original version, to the Surveillance Body of the competent Group Company or Leonardo (if the report concerns the latter), assuring maximum confidentiality to protect the whistleblower and the identity and reputation of the reported persons.

With respect to reports concerning the Group Companies, the Surveillance Body of the Group Company transmits the received reports, through the above-mentioned reporting channels, to the Reports Committee and, for information purposes, to Leonardo's Surveillance Body and to the Board of Statutory Auditors of the Group Company.

Should a report concerning the Group Company be delivered to Leonardo's Surveillance Body, the latter will forward it to the Surveillance Body of the competent Company for the above-mentioned assessment and, for information purposes, to the Reports Committee.

With regard to reports concerning the Group's international Companies, reference will be made to the Monitoring Body⁴.

⁴ See Directive for international companies with regard to Regulatory Compliance.

[p.11] 3.5. Preliminary investigation phase

The Reports Committee performs a preliminary analysis of the received report, aimed at verifying the need to further investigate the reported facts. This analysis is performed on the basis of the following elements:

- The information provided with the report is detailed enough;
- The reported concerns show a violation of the reference laws and regulations;
- Previous reports/audit having the same subject matter, and already examined;
- Facts or situations, with respect to which an investigation is already underway by public authorities (ordinary or special judicial authorities, administrative bodies and independent authorities invested with surveillance and control functions).

In the event that the Reports Committee deems it unnecessary to investigate further, it draws up a note explaining the analyses performed and sends it, along with the report, to the Leonardo Surveillance Body (or that of the Group Company and for information purposes to that of Leonardo, if the report comes from the Body of the subsidiary itself) for final storage in the dedicated archive.

On the contrary, should the Committee consider it necessary to investigate further, it prepares a request for in-depth analysis with clear identification of the subject matter of the investigation, assigning authority to the Group Internal Audit o.u. or the Security o.u., depending on the type of activities to be performed.

In order to carry out its activities, the Reports Committee can rely upon a Technical Secretariat, which is assigned to the Management Audit and Whistleblowing o.u. within Leonardo's Group Internal Audit o.u.

3.6. Audit activities

Upon previous assignment of authority to carry out an audit, the competent o.u. (Group Internal Audit or Security) prepares a detailed scope of work, including the plan of activities in order to fulfil the assigned audit.

The competent o.u. performs the audit, even with the support of specialized external consultants and/or internal units, as necessary, periodically updating the Reports Committee on the state of the audit progress, if needed.

[p.12] At the end of the audit activities, the Group Internal Audit o.u. or the Security o.u. prepares an Audit Report, which includes the audit results. The Audit Report is then submitted to the Reports Committee for their considerations.

3.7. Audit Report review, submission, and archiving process

Once the Audit Report is submitted to the Reports Committee, the latter verifies whether the audit results match with the audit scope and verification of the reported facts.

Should it be deemed necessary to perform further in-depth analyses, the Reports Committee will request to the competent o.u. to do so.

Once the Audit Report is finalized, the Reports Committee shall submit it to the competent o.u., and respectively to:

- Chairman of the Board of Directors;
- Chief Executive Officer;
- Chairman of the Control and Risk Committee;
- Chairman of the Board of Statutory Auditors;
- Chairman of Leonardo's Surveillance Body;
- Competent Division Managing Director.

In case of Reports concerning one or more Group Companies, the Report will be submitted by the competent OU to the following recipients:

- Company Chairman;
- Chief Executive Officer or equivalent;
- Chairman of the Board of Statutory Auditors;
- Chairman of the Company's Surveillance Body or equivalent body;

and, for information purposes, to Leonardo's Administration and Control Bodies.

The Committee shall also evaluate whether the contents of the Report may have an impact with regard to the risk of corruption and, if necessary, submit the report to Leonardo's Anticorruption OU, within the LSC OU.

If needed, the Reports Committee prepares an action plan in order to strengthen Internal Control and Risk Management System to be submitted to Leonardo's Chief Executive Officer or to those of Group Companies.

[p.13] Once the Audit Report is received, the Surveillance Body of Leonardo and/or of the Group Companies archive it along with the report in the Reports Archive.

3.8. Reporting

On a semiannual basis, the Reports Committee prepares an informative summary of the activities carried out, for:

- Leonardo's Board of Directors;
- Leonardo's Control and Risk Committee;
- Leonardo's Board of Statutory Auditors;
- Leonardo's Surveillance Body;

and, for the reports related to the subsidiary companies:

- Board of Directors of the Subsidiary;
- Board of Statutory Auditors of the Subsidiary;
- Surveillance Body of the Subsidiary.

With regard to those reports concerning conducts subject to the risk of corruption, the Reports Committee prepares an informative summary of the activities carried out for the bodies listed above. Such informative summary will also be brought to the attention of the Coordination and Consultation Body for the Prevention of Corruption.

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company assures itself of the quality of its internal investigations, including those reported through whistleblowing channels. There is evidence that staff tasked with conducting investigations are properly trained and qualified to perform the function. There is evidence that the company's Surveillance Body oversees complaints about the investigation process. The investigations procedure is subject to review at least every three years, or in response to any relevant changes in the regulatory environment.</p>
Evidence
<p>[18] Whistleblowing Management (Webpage) Accessed 15/10/2019 https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/whistleblowing-management-guidelines</p> <p>Reports may include, but are not limited to, the following concerns:</p> <ul style="list-style-type: none"> • attempted, alleged and actual acts of bribery put in place directly, indirectly or solicited by third parties (e.g.: suppliers, consultants, collaborators, customers and intermediaries); • conflicts of interest or other violations of the Code of Ethics; • alleged offences among those set forth by Leonardo Model 231/2001, committed by the company's employees in the interest of or for the benefit of the Group; • unlawful and/or fraudulent activities causing harm to customers or to the company assets; • violations related to the safety of workers. <p>In order to make an effective report, allowing the competent organizational units to investigate satisfactorily on the reported concerns, it is necessary to provide accurate and reliable facts, producing documentary evidence, if available.</p> <p>Assuring confidentiality of the whistleblower, Leonardo offers the following channels to make a report:</p> <ul style="list-style-type: none"> • Website: through the dedicated platform, even anonymously • Email: organismodivigilanza@leonardocompany.com • Mail: Organismo di Vigilanza, Piazza Monte Grappa 4, 00195, Rome, Italy • Fax: +39 06 45538059 <p>Leonardo ensures protection from retaliation and other discriminatory actions for anyone who makes a report in good faith about any facts or behaviours in violation of laws and regulations, or Leonardo's rules and Code of Ethics, or refuses to act unethically.</p> <p>As part of the whistleblowing management process, Leonardo resolved to implement a dedicated online platform aimed at a more effective reporting management architecture, introducing a two-way communication tool with the whistleblowers while protecting their privacy and identity. This platform enables greater support for the phases of receipt, monitoring and repository of filed reports and allows the competent organizational units – during the preliminary investigation and verification phase – to ask the whistleblower, even if anonymous, for any clarifications or further information useful for understanding and analyzing the case. The Company provides whistleblowers with updates on the outcomes of investigations.</p> <p>On a yearly basis, even if not provided by law, Group Internal Audit operational unit GIA informs the Italian National Anti-Corruption Authority ("ANAC") in relation to whistleblowing reports concerning cases of alleged corruption. Such information is mentioned in ANAC's whistleblowing annual reports.</p> <p>Investigation system and process</p> <p>The Surveillance Body ("Organismo di Vigilanza") reviews the reports received at least on a monthly basis. The Reports Committee meets at least on a quarterly basis, and carries out a preliminary analysis of the individual reports in order to verify the need for a supplementary investigation. The Reports Committee reports semiannually on the activities performed to the following corporate bodies: the Board of Directors, the Control and Risks</p>

Committee, the Board of Statutory Auditors and the Surveillance Body. In addition, with regard to those reports involving a risk of corruption, the Reports Committee reports semiannually to the corporate bodies listed above on the activities performed, informing also the Coordination and Consultation Body for the Prevention of Corruption.

Leonardo assures the quality of its internal investigations by having systems in place for complaints about its investigations process through Leonardo Surveillance Body. According to Leonardo's Whistleblowing Management Guidelines, the Surveillance Body will examine any type of concern, including complaints about the investigation process itself, since it will involve a breach of internal procedures.

Within Leonardo's Group Internal Audit ("GIA"), the Management Audit & Whistleblowing organizational unit (o.u.) has operational responsibility for investigating whistleblowing reports. The unit is active since 2015, and is composed of a team of six experienced internal senior auditors, with different professional backgrounds (i.e. legal, tax, economics, HR and security). Within the unit, a new Analysis and Research o.u. has been established with the main tasks of performing fraud investigations and researching new auditing tools and methodologies.

As of 2016, with regard to the quality assurance of the Internal Audit activities – including the whistleblowing investigations carried out by the Management Audit & Whistleblowing o.u. –, upon request of the Control and Risk Committee and the Board of Statutory Auditors, and in compliance with IIA Standard requirements, Leonardo commenced the process to obtain the external certification on activities carried out by GIA, through an independent Quality Assurance Review. At the end of the evaluation, the external consultant expressed an overall opinion of "General Compliance" to the IIA Standards (maximum positive assessment established by the Institute of Internal Auditors) of the activities carried out by GIA. The evaluation has been presented to the Board of Directors and to the Control and Risk Committee. The External Quality Assessment Certificate issued by external consultant is valid for 5 years.

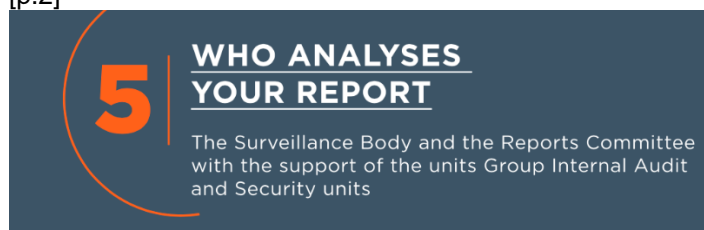
Within GIA, the Corporate Bodies Relations and Quality Assurance o.u. is entrusted with the responsibility of monitoring the Internal Audit activities – including whistleblowing investigations carried out by the Management Audit & Whistleblowing o.u. – through planning and executing an internal quality assurance plan.

[11] Whistleblowing (Document)

Accessed 14/10/2019

<https://www.leonardocompany.com/documents/20142/115182/Whistleblowing+ENG.pdf?t=1563889878952>

[p.2]



[14] Responsible Business Conduct (Webpage)

Accessed 14/10/2019

<https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/responsible-business-conduct>

Audit Plan and procedural framework

- Group Internal Audit internal managers ensure a proper supervision of the engagements, in particular in the most significant stages of the interventions (planning, execution and reporting). Through the supervision, it is also ensured that audit objectives (*Work Program*) are achieved and that Group Internal Audit Operational Guidelines are respected.
- The internal procedural framework, the methodology and the investigation procedures (including Whistleblowing investigation procedures) are subject to regular updates that may be necessary as a result of specific requests of management or Supervisory Bodies, Chief Audit Executive's guidance, organizational and business changes and/or any developments in the regulation of internal audit professional practices, and in any case at least every three years or in response to changes in the regulatory environment.

Training

Internal auditors and all the related staff conducting investigations on anti-corruption receive dedicated and specific training courses through classroom session, on-line training, training on the job as well as participation in conferences, seminars and external professional courses.

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
2
Comments
<p>Based on publicly available information, the company makes a clear commitment to report material findings of bribery and corruption from investigations to the board. There is evidence that an appropriate senior individual is ultimately responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if found necessary.</p>
Evidence
<p>[3] Anti-Corruption Code (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780 [p.22] 12. Penalties and contractual clauses Breach of the rules of conduct set forth by the Code entail, on the part of the Group Companies, internal measures, through the application of disciplinary sanctions, and external measures, through their full cooperation with the relevant public authorities. Any breach will be prosecuted promptly, with appropriate and proportionate disciplinary</p> <p>[p.23] measures, taking into account the criminal relevance of the conduct and filing a criminal proceeding if necessary.</p> <p>[7] Anti-Corruption Management System of Leonardo S.p.a. Abstract (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/8352825/Anti-Corruption+Management+System_ENG.pdf?t=1564589953761 [p.2] Leonardo's Anti-Corruption Management System has been set up to face the risks of corruption, identified by areas that the Company may incur, in order to prevent and fight against non-compliant conducts, in respect of the zero tolerance principle. The Group General Counsel is responsible for disclosing criminal offences to relevant authorities, if found necessary.</p> <p>[13] Whistleblowing Management Guidelines (Document) Accessed 14/10/2019 https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/whistleblowing-management-guidelines [p.13] 3.9. Measures and sanctions In the event the Audit Report reveals that one or more employees engaged in unlawful conduct, the Group will promptly issue appropriate and proportionate measures and sanctions. Taking into consideration the criminal relevance of the above mentioned conduct, the Group will commence a criminal proceedings, should the alleged conduct constitute a crime, pursuant to the provisions of Model 231, the Code of Ethics, and the collective labor agreement or other applicable laws and regulations.</p> <p>[2] Code of Ethics (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/115131/Code_of_Ethics.pdf?t=1539198439628 [p.11] 10. SURVEILLANCE BODY</p> <p>10.1 Tasks and characteristics The task of supervising the operation and compliance of the Code of Ethics is entrusted by the Board of Directors to the Surveillance Board, which has independent powers of initiative and control and appropriate tools to be able to verify and monitor the adequacy and effective implementation as well as the updating of the Code of Ethics.</p> <p>In particular, it must:</p> <p>[p.12] - communicate any violations of the Code of Ethics to the competent bodies, in accordance with the Disciplinary System, for the adoption of possible penalties.</p>

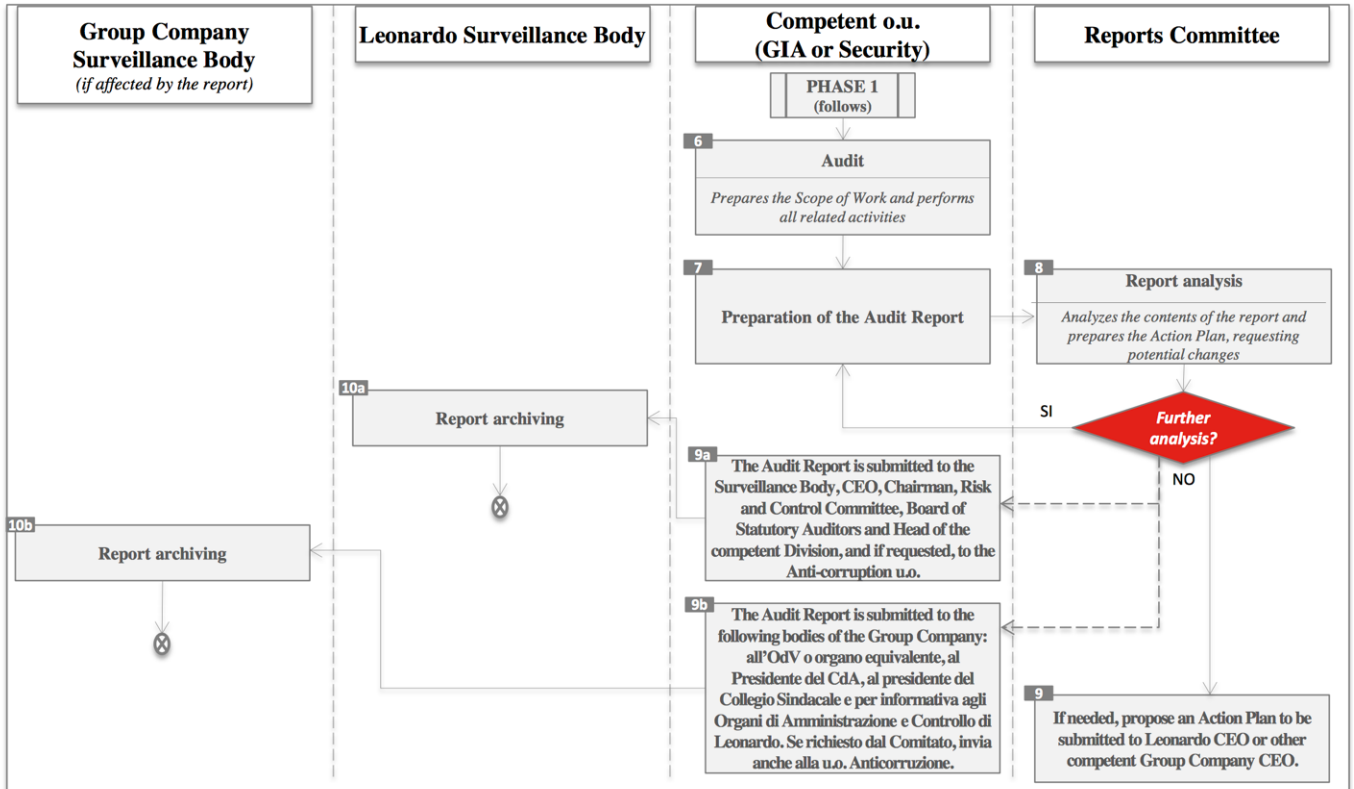
[12] Whistleblowing Management Guidelines Annex 1 (Document)

Accessed 14/10/2019

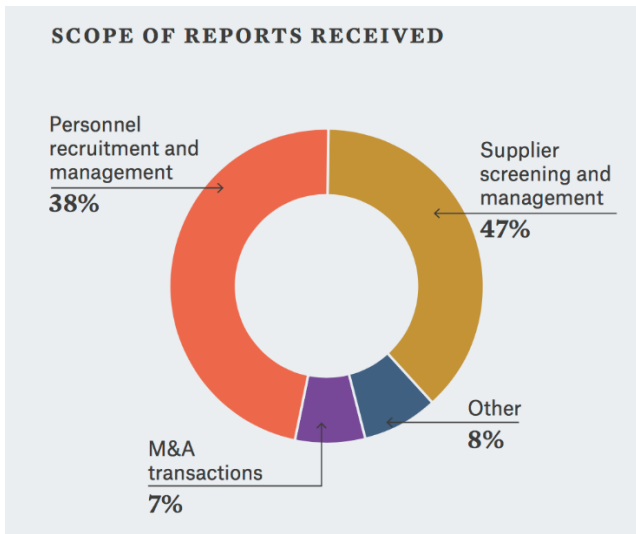
https://www.leonardocompany.com/documents/20142/115182/ANNEX+1+--+Flow+Chart_2018_11_08+eng.pptx.pdf?t=1545036761697

[p.3]

Phase 2: Audit and reporting



Legend
 [] O.U. involved
 [] Performed Activities
 [] Question Mark
 [X] End of process
 [] Alternative flow

Question										
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?										
Score										
2										
Comments										
<p>The company publishes high-level data from bribery and corruption-related incidents and investigations involving company employees at all levels. This includes the number of reports received, including the number received through whistleblowing channels, the number of investigations launched, and the number of disciplinary actions as a result of investigation findings. The information covers the last financial year.</p>										
Evidence										
<p>[4] Ethics and Compliance – Anti-Corruption (Webpage) Accessed 14/10/2019 https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/anti-corruption-code In 2018, Leonardo received 68 whistleblowing reports, 24 of which related to cases of alleged corruption regarding its employees at all levels and third parties. All of those 24 reports were duly investigated by the Group Internal Audit, as appointed by Leonardo’s Reports Committee. Although such investigations did not result in any corruption-related disciplinary actions or dismissals in 2018, Leonardo adopted certain disciplinary actions for other verified violations of its Code of Ethics (i.e. conflict of interest, breach of procurement procedure).</p> <p>[5] Sustainability Report 2018 (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/116025/Leonardo_2018+Sustainability+Report_Non-financial+Statement-final.pdf?t=1556644909652 [p.39] Whistleblowing</p> <p>68 reports received in 2018, of which: > 84% anonymous; > 58% based on valid or partially valid supporting evidences.</p> <p>[p.40]</p> <div data-bbox="108 1317 746 1848" data-label="Figure">  <table border="1"> <caption>SCOPE OF REPORTS RECEIVED</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Personnel recruitment and management</td> <td>38%</td> </tr> <tr> <td>Supplier screening and management</td> <td>47%</td> </tr> <tr> <td>Other</td> <td>8%</td> </tr> <tr> <td>M&A transactions</td> <td>7%</td> </tr> </tbody> </table> </div> <p>[13] Whistleblowing Management Guidelines (Document) Accessed 14/10/2019 https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/whistleblowing-management-guidelines [p.8] 3.1. Involved persons</p>	Category	Percentage	Personnel recruitment and management	38%	Supplier screening and management	47%	Other	8%	M&A transactions	7%
Category	Percentage									
Personnel recruitment and management	38%									
Supplier screening and management	47%									
Other	8%									
M&A transactions	7%									

Pursuant to existing laws and regulations, and in compliance with the best practices, the reporting process may be commenced by:

- Leonardo Group's employees (with any employment agreement), and those who operate by virtue of any other type of work relations, which determine their inclusion in the company, even if not under a regular employment agreement;
- Members of corporate bodies;

[p.9]

- Third parties having business relations with Leonardo Group (e.g.: customers, suppliers, consultants, etc.).

Reports can be about:

- Leonardo Group's employees;
- Members of corporate bodies;
- Group Companies;
- Third parties (e.g.: suppliers, consultants, collaborators, etc.), which may cause, directly or indirectly, economic damage or harm to the Company's image.

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company provides training that outlines the principles of its anti-bribery and corruption policy, including the whistleblowing options available to employees. The company provides this training to all employees across all divisions and countries of operation and in all appropriate languages. The company states that employees are required to undertake training on the anti-bribery and corruption programme at least every three years.</p>
Evidence
<p>[3] Anti-Corruption Code (Document) Accessed 15/10/2019 https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780 [p.20] 10. Staff Training and dissemination of the Anti-Corruption Code</p> <p>The Human Resources and Organization Department of Leonardo ensures that all the employees of the Group are aware of the Code and that all employees must comply with the provisions of the same and contribute to its implementation.</p> <p>The Human Resources Department of Leonardo defines the planning of training courses in accordance with the limitations set forth by the Code and manages, with the operational support of the Human Resources department of each Group company, the training of staff as regards the contents of the Code, giving proof of this to the Coordination and Consultation Body for the Prevention of Corruption.</p> <p>In this context, communication actions include:</p> <ul style="list-style-type: none"> - publication of the Code on the Leonardo website and intranet and that of each Group company; - ensuring that each member of staff receives a copy of the Code and that new members of staff receive a copy at the time of recruitment, signing a declaration that they have received a copy and undertake to become familiar and comply with the provisions of the same. <p>Training courses are organized as follows:</p> <p>[p.21]</p> <ul style="list-style-type: none"> - management staff with functions of representation of the Entity: introductory brochures, meetings with first level managers or classroom workshops with senior managers of the Group who are most exposed to the risk of Corruption; - Other personnel: information is given to new employees at the time of recruitment; an e-learning training course through the corporate intranet (for the new employees, it shall be carried out within three months from their recruitment). <p>The awareness raising and the training of the employees are regularly planned and carried out (on a one-year or three-year basis, in light of the risks faced by the employees according to their roles and responsibilities). Participation in training sessions, including the e-learning course, is mandatory; the Human Resources and Organisation department establishes the modalities, the accountabilities and the expected time to provide these training session and ensures that all members of staff, specifically the new employees, attend the training courses.</p>

During the training session, will be exemplified the operative risks and the possible concrete situations in which corruptive activities may take place, taking into account the specific duties and risks related to each staff category.

Any refresher courses will be held in the case of significant changes to the Code or supervening regulations relevant to the activities of the Group Companies, if the Coordination and Consultation Body for the Prevention of Corruption does not consider that it is sufficient to communicate the changes in the manner described above.

Specific training session will be held for third parties who act in the name or on behalf of Leonardo, taking into account the results of the anti-corruption risk assessment.

This Code must be disclosed through the internal and external channels of communication (e.g. corporate intranet and corporate website) and made available to all the Recipients.

All Group Companies encourage commercial and financial partners, professionals, Sales Promoters and collaborators, customers and suppliers of the company to be aware of and comply with the Code. The above will be asked to sign a declaration confirming that they ...

[p.22] ... have received a copy of the Code, and undertaking to comply with the principles of the same and ensuring compliance thereof by their collaborators.

11. Reports

Leonardo encourages employees, collaborators and anyone who is aware of facts that are contrary to this Code, the Anti-corruption Regulatory Instruments and the Anti-Corruption law to report, even anonymously, possible breaches.

In order to protect the person who submits the report from any sort of retaliation, discrimination or penalization, the Leonardo Group ensures full discretion and confidentiality in managing such reports, from the time of receipt and during the investigation and conclusive stages.

Reports involving Leonardo, may be submitted to:

- organismodivigilanza@leonardocompany.com;
- Surveillance Body, Piazza Monte Grappa 4, 00195 - Rome, Italy;
- Fax number: +39 06 45538059;
- Website: www.leonardocompany.com.

Reports concerning Group Companies may be submitted through the specific channels decided by each Company.

The regulations of the "Whistleblowing Management Guidelines", approved on 18 March 2015 by the Leonardo Board of Directors and revised on 8 November 2018, are applicable in full.

[14] Responsible Business Conduct (Webpage)

Accessed 15/10/2019

<https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/responsible-business-conduct>

Continuous training

We invest in the training of our people with the objective to raise awareness of expected behaviour and reinforce our model for responsible business conduct. We carry out training differentiated for the different functions, from the Board of Directors, to managers and employees, available in in the languages of our domestic markets (Italian, English and Polish).

In this respect, the Compliance Council is a core moment for the Company, in which the Top Management along with internal and external specialists take part. The business and trade compliance topics dealt with during the Compliance Council are disseminated throughout the Divisions by means of dedicated workshops.

[8] Annual Financial Report 2018 (Document)

Accessed 15/10/2019

<https://www.leonardocompany.com/documents/20142/120078/Annual+Financial+Report+31-12-18+ENG-2.pdf/53d6ea13-78c0-f715-bff9-ac69d2bf4466?t=1555689706790>

[p.45]

MAJOR RISKS

ACTIONS

[...]

The Group is exposed to the risk of fraud or illegal activities on the part of employees and third parties

The Group makes every effort in terms of organisation, controls, internal procedures and training to ensure compliance with any and all anti-corruption laws applicable in the domestic and foreign markets in which it operates; however, the possibility cannot be ruled out of employees or third parties behaving in an ethically incorrect or not fully compliant manner. This may also expose the Group to financial responsibility and generate adverse reputational effects, nor can we rule out the possibility of judicial authorities initiating proceedings aimed at establishing any possible liability attributable to the Group, the results and timing of which are difficult to determine and which are likely to entail temporary suspensions from the market concerned.

The Group has set out a model of responsible business conduct aimed at preventing, identifying and responding to the risk of corruption, based on:

- Spreading a company culture, values and rules of conduct, based on the principle of zero-tolerance for corruption;
- Promoting anti-corruption commitment, starting with Top management, adopting a "Tone from the Top" approach;
- Providing training courses for the entire corporate population, and specifically for resources involved in processes that are most exposed to the risk of corruption (Council Programme);
- The Leonardo Group's Anti-corruption Code, which consists of a structured and consistent set of rules based on the principles of integrity and transparency, aimed at combating the risks of illegal practices in the conduct of business and company activities;
- The Whistleblowing Guidelines which define the process of handling these reports by either named or anonymous individuals who become aware of facts or actions of any nature, which are against company internal codes and protocols, laws or regulations.

[15] Sustainability targets (Document)

Accessed 15/10/2019

<https://www.leonardocompany.com/documents/20142/5334341/obiettivi-ENG.pdf?t=1556646800669>

[...]

	COMMITMENTS	TARGETS	MAIN PROGRESS IN 2018
Being a smart employer able to attract and nurture talent	Investing in training and development programmes	Over 100 hours of training for each employee in the 2018-2022 period	Provided 20 hours of training per employee Activated around 900 between internships, apprenticeships and training courses
	Identifying and encouraging the skills for today and tomorrow	Mapping and assessment of the Group skills Initiatives to encourage young generations to study STEM subjects	More than 500 skills mapped in the Group Introduction of the Leadership Framework – set of cross-functional and managerial competencies – and integration in the Performance and Development Management Involvement as educational partner in STEM initiatives (for example, National Geographic Festival of Sciences and Big Bang Fair)
	Encouraging generational turnover, ensuring excellence in terms of competences and professionalism	New employees under 30 hired equal to at least 40% of the new hiring in 2022	Employees under 30 hired equal to 38% of total new hiring Over 1,100 employees participating in the early retirement plan as per article 4 of the Italian "Fornero Law" (Legislative Decree no. 201/2011)
	Creating an inclusive work environment	Women hired equal to at least 32% of total new hiring in 2022	Women employees hired equal to 21% of total new hiring
Promoting a responsible business model	Promoting responsible business practices	Certification of the anti-bribery management system by 2019	Obtained ISO 37001 certification for Leonardo SpA
	Training commercial advisors and sales promoters	Training of commercial advisors and sales promoters by 2019	Activity commenced in line with new Guidelines for commercial advisors and sales promoters
	Increasing employee awareness of responsible business	Increase of employee awareness of the whistleblowing system by 2019	Carried out intranet awareness campaign directed at all employees

[2] Code of Ethics (Document)

Accessed 14/10/2019

https://www.leonardocompany.com/documents/20142/115131/Code_of_Ethics.pdf?t=1539198439628

[p.5] 2.3. Dissemination and observance of the Code of Ethics

Leonardo promotes the knowledge and obedience of the Code of Ethics by all the Recipients, requiring their observance of it and providing for adequate disciplinary actions or contractual sanctions, in the event of default. The Recipients are therefore required to be familiar with the contents of the Code of Ethics - asking and receiving any necessary explanations on their interpretation from the relevant company's Organisational Units - to observe the Code and to contribute to its implementation, by reporting any weaknesses or breaches (or even attempted breaches) that they may become aware of.

To this purpose, the Company provides specific education/training programmes to its employees, tailored to the different needs and responsibilities of the attending staff.

[p.6] 3.4 Human Resources and Code of Ethics

Through its Organisational Units and dedicated resources, Leonardo promotes and encourages acquaintance with the Code of Ethics, relevant protocols and amendments and knowledge of the areas of activity of the various structures including assignments of responsibilities, reporting lines, description of duties and training of personnel. The information on and knowledge of the Code of Ethics and the Anti-Corruption Code are promoted, first of all, by distributing them to the employees and co-workers in various capacities, who, at the start of their contractual relationships, and requiring them to sign a declaration that they have read the Code and there exists no conflict of interest. Secondly, Leonardo provides its employees and co-workers in any capacity and at any level, with special training and follow-up programmes organised by the competent Organisational Units, including on the contents of the Code of Ethics.

Question
<p>3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:</p> <ul style="list-style-type: none"> a) Employees in high risk positions, b) Middle management, c) Board members.
Score
2
Comments
<p>Based on publicly available information, there is evidence that employees in certain positions receive different anti-bribery and corruption training. The company makes specific reference to all three categories of employees. The company indicates that training frequency is based on a differentiation of risk, and that training is refreshed on either a one-year or three-year basis depending on the risk exposure of the employee.</p>
Evidence
<p>[14] Responsible Business Conduct (Webpage) Accessed 15/10/2019 https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/responsible-business-conduct Continuous training We invest in the training of our people with the objective to raise awareness of expected behaviour and reinforce our model for responsible business conduct. We carry out training differentiated for the different functions, from the Board of Directors, to managers and employees, available in in the languages of our domestic markets (Italian, English and Polish).</p> <p>[3] Anti-Corruption Code (Document) Accessed 15/10/2019 https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780 [p.20] Training courses are organized as follows:</p> <p>[p.21]</p> <ul style="list-style-type: none"> – management staff with functions of representation of the Entity: introductory brochures, meetings with first level managers or classroom workshops with senior managers of the Group who are most exposed to the risk of Corruption; <p>[...]</p> <p>The awareness raising and the training of the employees are regularly planned and carried out (on a one-year or three-year basis, in light of the risks faced by the employees according to their roles and responsibilities).</p>

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company reviews the effectiveness of its anti-bribery and corruption communications and personnel training programme. There is evidence that the company has a system to do this through an anonymized employee survey conducted annually. It is clear that the results of these reviews are then used to update specific parts of the company's anti-bribery and corruption communications and training programme, with a review of the programme taking place at least every three years.</p>
Evidence
<p>[5] Sustainability Report 2018 (Document) Accessed 15/10/2019 https://www.leonardocompany.com/documents/20142/116025/Leonardo_2018+Sustainability+Report_Non-financial+Statement-final.pdf?t=1556644909652 [p.39] Engage people Business Compliance</p> <ul style="list-style-type: none"> - 11,494 hours of training for Divisions and the subsidiaries, 6,347 participants. - 38 people involved on a classroom training on how to assess the risk profile of commercial advisors and sales promoters. <p>[...]</p> <p>Anti-corruption</p> <ul style="list-style-type: none"> - 10,280 employees trained on the Anti- Corruption Code and on the Organisational, Management and Control Model. <p>[7] Anti-Corruption Management System of Leonardo S.p.a. Abstract (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/8352825/Anti-Corruption+Management+System_ENG.pdf?t=1564589953761 [p.4] Training activities are differentiated by functions and risks to which employees are exposed and repeated periodically (on a one-year or three-year basis, in light of the risks faced by the employees according to their roles and responsibilities). Moreover, Leonardo provides for awareness raising activities on all relevant third parties. The effectiveness of anti-corruption communications and training activities is monitored through the verification, at any time and with the support of the relevant OUs, of the personnel trained within the time frame of the training plan, as well as through a yearly</p> <p>[p.5] anonymized survey regarding, inter alia, the quality of the training activities¹. Such data are then used to improve and review, on a continuous basis and at least every three years, the Company's anti-corruption communication and training activities within the framework of the Anti-Corruption Management System of Leonardo S.p.a. For more details please see also the Anti-Corruption Code, par. 10. "Staff Training and dissemination of the Anti-Corruption Code".</p> <p>[49] Updated Anti-Corruption Code (Document) Accessed 16/02/2020 https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_26+september+2019.pdf?t=1571824577630 [p.21] Training courses are organized as follows:</p> <ul style="list-style-type: none"> • Management staff with functions of representation of the Company: introductory brochures, meetings with first level managers or classroom workshops with senior managers of the Group who are most exposed to the risk of Corruption; • Other personnel: information is given to new employees at the time of recruitment; an e-learning training course through the corporate intranet (for the new employees, it shall be carried out within three months from their recruitment).

[p.22] Leonardo and the Group Companies will conduct an annual anonymized survey of their employees to ensure that their employees at all levels are aware and feel assured of this commitment.

[17] Life at Leonardo (Webpage)

Accessed 15/10/2019

<https://www.leonardocompany.com/en/about-us/careers/life-at-leonardo>

At the beginning of 2019, in particular, we carried out an anonymous survey aimed at all employees worldwide, which confirmed the high level of engagement of our people and their pride in working at Leonardo.

Thanks to the survey, we were also able to assess the confidence of our employees in Leonardo's commitment to the integrity of the business, explored further with some specific questions also on the possibility of reporting any unethical behaviour without fear of retaliation.

In response to the results that emerged, a specific action plan was launched that involved all the Divisions, Companies and Professional Areas of the Group.

Question
3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
2
Comments
<p>Based on publicly available information, there is evidence indicating that the company's incentive schemes are designed in such a way that they simultaneously promote ethical behaviour and discourage corrupt practices. The company incentivises ethical conduct through its performance and development management and leadership frameworks. There is evidence that financial rewards included in the company's incentive schemes must be proportionate to salaries for all employees. There is evidence indicating that the policy applies to employees in sales roles.</p>
Evidence
<p>[50] Integrity for Leonardo (Webpage) Accessed 16/02/2020 https://www.leonardocompany.com/en/about-us/careers/life-at-leonardo/integrity-for-leonardo Leonardo's employees evaluation model (Performance and Development Management - PDM) and the related incentive scheme (Management by Objectives, career progression) are based on the Leadership Framework, which includes, among others, the pillar of Integrity in business for the evaluation of ethical aspects. Integrity in business means acting in an ethical manner, at the same time rejecting unethical behaviour and corrupt practices by all employees at all levels, in line with the commitment to embrace the Company's policy of zero tolerance towards corruption.</p> <p>All bonuses and incentive schemes for all Leonardo employees must always be reasonable and proportionate to employees' salaries so as not to unduly encourage a "win at all costs" attitude among employees based upon disproportionately large financial incentives for success.</p> <p>Leonardo and the Group Companies do not penalize any employee for losing a competition or not achieving his/her sales target, if such loss of business is a consequence of the employee's compliance with Leonardo's Anti-corruption Management System and Code of Ethics.</p> <p>In addition to other penalties for failure to comply with Leonardo's Anti-Corruption Code and Code of Ethics in performing his or her duties, an employee who violates these principles will be subject to the loss or claw-back of any incentive payment that the employee is eligible for or has received for the year in which the non-compliant behaviour occurred.</p> <p>[35] Compliance (Webpage) Accessed 17/10/2019 https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/compliance Furthermore, a new contest involving employees at Group level was launched to promote ethical behaviours and discourage corruption: nine Integrity Actions, proposed by five Divisions and four Leonardo Subsidiaries/Joint Ventures, competed during the Compliance Council and were voted by on-line survey, open to all Group employees. A high level Leonardo Committee (composed of Chairman of the BoD, CEO, Group General Counsel, Chief People, Organization & Transformation Officer, Chairman of the Supervisory Body, Chairman of the Control and Risks Committee, Chairman of the Board of Statutory Auditors and Communications Officer) chose the winning Integrity Action among the three finalists proposed by Telespazio, Electronics and Helicopters Divisions.</p> <p>On 9th December 2019, in occasion of the International Anti-Corruption Day, the winning Integrity Action was announced: "<i>Bridging generations in integrity</i>", presented by the Joint Venture Telespazio. The winning team was rewarded by the Chairman and CEO of Leonardo during a dedicated ceremony in December 2019. The winning Integrity Action will be implemented during 2020 throughout the Group.</p> <p>[5] Sustainability Report 2018 (Document)</p>

Accessed 15/10/2019

https://www.leonardocompany.com/documents/20142/116025/Leonardo_2018+Sustainability+Report_Non-financial+Statement-final.pdf?t=1556644909652

[p.61] The Leadership Framework: a compass for all employees

Eight key skills that represent the set of aptitudes and capacities that must be part of the professional and personal expertise of each person in the Group, guiding behaviours that support change and growth. The new Leadership Framework is a "to be" model, and it is the basis on which each employee is measured in the context of the Performance & Development Management.

[...]

Integrity in business

Work in a loyal and reliable way, carrying out the daily activities according to the principles of correctness, integrity and transparency.

[8] Annual Financial Report 2018 (Document)

Accessed 14/10/2019

<https://www.leonardocompany.com/documents/20142/120078/Annual+Financial+Report+31-12-18+ENG-2.pdf/53d6ea13-78c0-f715-bff9-ac69d2bf4466?t=1555689706790>

[p.55] Performance & Development Management (PDM) – In 2018 there was the third edition of the annual process for the appraisal of the performance which, in a univocal, traceable and transparent manner, measures the results achieved by the employees involved. The resources concerned were 24,429 (in divisions and subsidiaries, Leonardo MW, Telespazio, Leonardo Global Solutions and Sogepa) among executives, middle managers, office workers and, for some foreign companies, blue collar workers, with a level of participation higher than 98% for the third consecutive year. The process allowed the resources involved to hold a structured feedback meeting with their manager to discuss the appraisal made in the previous year and the allocation of objectives for the current year. The staff members subject to appraisal had the opportunity to give their opinion on the process and 91% confirmed that it was useful. The main innovation in 2018 concerned the introduction of the new Leadership Framework model, which is described below, in relation to which the resources were appraised for their competencies.

People Review – A new process of analysis and appraisal of resources was conducted for each Division/Company and Central Structure, with the aim of mapping part of Leonardo's population of particular interest, involving 1,115 employees, including executives, middle managers and office workers. "High potential" resources were also identified through this process, equal to 48% of the total population basis under analysis, and Future Leaders were selected, some of whom were subsequently involved in the first edition of the "Accelerate" programme.

[p.56] In 2018 the remuneration and incentive policies were mainly aimed at attracting and retaining resources with high professionalism and technical and management skills. As a whole, the levels of remuneration were managed in accordance with the principles of transparency and merit, so as to ensure the pay progression to reflect not only the complexity of the positions held and of the duties assigned, but also the outcome of the appraisal processes applied.

[16] Remuneration Report 2018 (Document)

Accessed 14/10/2019

https://www.leonardocompany.com/documents/20142/115953/body_Remuneration_Report_2018.pdf?t=1540390087771

[p.23] Overall remuneration structure

The fixed remuneration of Executives with Strategic Responsibilities and other managerial resources is proportionate to the role and responsibilities assigned to them, also considering the market positioning with respect to comparable Italian and international companies, as well as in relation to individual benchmarks for positions with similar levels of responsibility and managerial complexity.

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
2
Comments
<p>Based on publicly available information, the company clearly states that any employee who refuses to act unethically, in keeping with the company's ethical and anti-bribery and corruption values and policy, will be protected and supported even where such actions result in a loss of business or another disadvantage to the company. There is evidence that the company assures itself of its employees' confidence in this commitment through annual anonymised surveys.</p>
Evidence
<p>[18] Whistleblowing Management (Webpage) Accessed 15/10/2019 https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/whistleblowing-management-guidelines Whistleblowing Management</p> <p>[...]</p> <p>According to the Italian legislation on whistleblowing (Law n. 179, November 30, 2017), Leonardo ensures protection from retaliation and other discriminatory actions for anyone who makes a report in good faith about any facts or behaviours in violation of laws and regulations, or Leonardo's rules and Code of Ethics, or refuses to act unethically.</p> <p>[3] Anti-Corruption Code (Document) Accessed 15/10/2019 https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780 [p.18] In pursuit of the company objectives, the worker must be aware that any conduct in breach of the Code or the Anti-corruption law will not be tolerated, even if such conduct abstractly favours Leonardo.</p> <p>[17] Life at Leonardo (Webpage) Accessed 15/10/2019 https://www.leonardocompany.com/en/about-us/careers/life-at-leonardo At the beginning of 2019, in particular, we carried out an anonymous survey aimed at all employees worldwide, which confirmed the high level of engagement of our people and their pride in working at Leonardo. Thanks to the survey, we were also able to assess the confidence of our employees in Leonardo's commitment to the integrity of the business, explored further with some specific questions also on the possibility of reporting any unethical behaviour without fear of retaliation.</p> <p>In response to the results that emerged, a specific action plan was launched that involved all the Divisions, Companies and Professional Areas of the Group.</p> <p>[35] Compliance (Webpage) Accessed 17/10/2019 https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/compliance Furthermore, a new contest involving employees at Group level was launched to promote ethical behaviours and discourage corruption: nine Integrity Actions, proposed by five Divisions and four Leonardo Subsidiaries/Joint Ventures, competed during the Compliance Council and were voted by on-line survey, open to all Group employees. A high level Leonardo Committee (composed of Chairman of the BoD, CEO, Group General Counsel, Chief People, Organization & Transformation Officer, Chairman of the Supervisory Body, Chairman of the Control and Risks Committee, Chairman of the Board of Statutory Auditors and Communications Officer) chose the winning Integrity Action among the three finalists proposed by Telespazio, Electronics and Helicopters Divisions.</p>

On 9th December 2019, in occasion of the International Anti-Corruption Day, the winning Integrity Action was announced: “**Bridging generations in integrity**”, presented by the Joint Venture Telespazio. The winning team was rewarded by the Chairman and CEO of Leonardo during a dedicated ceremony in December 2019. The winning Integrity Action will be implemented during 2020 throughout the Group.

[50] Integrity for Leonardo (Webpage)

Accessed 16/02/2020

<https://www.leonardocompany.com/en/about-us/careers/life-at-leonardo/integrity-for-leonardo>

Leonardo's employees evaluation model (Performance and Development Management - PDM) and the related incentive scheme (Management by Objectives, career progression) are based on the Leadership Framework, which includes, among others, the pillar of Integrity in business for the evaluation of ethical aspects. Integrity in business means acting in an ethical manner, at the same time rejecting unethical behaviour and corrupt practices by all employees at all levels, in line with the commitment to embrace the Company's policy of zero tolerance towards corruption.

All bonuses and incentive schemes for all Leonardo employees must always be reasonable and proportionate to employees' salaries so as not to unduly encourage a "win at all costs" attitude among employees based upon disproportionately large financial incentives for success.

Leonardo and the Group Companies do not penalize any employee for losing a competition or not achieving his/her sales target, if such loss of business is a consequence of the employee's compliance with Leonardo's Anti-corruption Management System and Code of Ethics.

In addition to other penalties for failure to comply with Leonardo's Anti-Corruption Code and Code of Ethics in performing his or her duties, an employee who violates these principles will be subject to the loss or claw-back of any incentive payment that the employee is eligible for or has received for the year in which the non-compliant behaviour occurred.

[49] Updated Anti-Corruption Code (Document)

Accessed 16/02/2020

https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_26+september+2019.pdf?t=1571824577630

[p.21] Training courses are organized as follows:

- Management staff with functions of representation of the Company: introductory brochures, meetings with first level managers or classroom workshops with senior managers of the Group who are most exposed to the risk of Corruption;
- Other personnel: information is given to new employees at the time of recruitment; an e-learning training course through the corporate intranet (for the new employees, it shall be carried out within three months from their recruitment).

[p.22] Leonardo will support and protect any employee who refuses to act unethically in accordance with this Code and the Code of Ethics, even when such actions contributed to or resulted in a loss of business or other competitive disadvantage to Leonardo.

In order to protect the person who submits the report from any sort of retaliation, discrimination or penalization (regardless of whether he or she is a Recipient), the Leonardo Group also ensures full discretion and confidentiality in managing such reports, from the time of receipt and during the investigation and conclusive stages. Leonardo and the Group Companies will conduct an annual anonymized survey of their employees to ensure that their employees at all levels are aware and feel assured of this commitment.


[7] Anti-Corruption Management System of Leonardo S.p.a. Abstract (Document)

Accessed 14/10/2019

https://www.leonardocompany.com/documents/20142/8352825/Anti-Corruption+Management+System_ENG.pdf?t=1564589953761

[p.6] WHISTLEBLOWING

Leonardo supports and protects any employee who refuses to act unethically, even if such behaviour contributed to or resulted in a loss of business.

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company promotes a policy of non-retaliation against all whistleblowers and employees who report bribery and corruption incidents, including those employed by the group as third parties. The company commits to assure itself of its employees' confidence in this commitment through annual anonymised surveys.</p>
Evidence
<p>[13] Whistleblowing Management Guidelines (Document) Accessed 15/10/2019 https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/whistleblowing-management-guidelines [p.4] Wanting to further implement its reference documents and the highest international standards, these Guidelines define and describe the process for managing reports, even anonymous ones, by anyone who becomes aware of facts contrary to law or to the internal rules and regulations of the Group.</p> <p>1.2. Effectiveness and scope These Guidelines will take effect immediately and their implementation is mandatory and binding for Leonardo and all Group Companies, which will adopt them through Board resolution within 60 days from the date of approval of this document. The above-mentioned companies will communicate the successful adoption of these Guidelines to the Leonardo Surveillance Body.</p> <p>[p.7] 2.2. Guarantee of anonymity The Group encourages anyone who becomes aware of suspicious practices to report them, ensuring non-retaliation policies and confidentiality for the whistleblower, on the one hand, and protection from defamatory reports for the reported person, on the other hand.</p> <p>In order to create an environment where employees are comfortable raising issues and concerns without fear of retaliation, Leonardo Group maintains discretion and confidentiality policies and procedures during the entire report management process, from the time the report is received to the preliminary investigation and conclusion phase.</p> <p>[11] Whistleblowing (Document) Accessed 15/10/2019 https://www.leonardocompany.com/documents/20142/115182/Whistleblowing+ENG.pdf?t=1563889878952 [p.2]</p>  <p>[p.4] 3.WHO CAN REPORT ? Anybody who becomes aware of the existence of suspicious practices, including:</p> <ul style="list-style-type: none"> • Leonardo Group's employees (whatever the type of contract), and those who in any case work within the organization; • members of corporate bodies; • third parties having business relations with Leonardo Group (customers, suppliers, consultants, etc.).

[30] Supplier Code of Conduct (Document)

Accessed 16/10/2019

https://www.leonardocompany.com/documents/20142/6633947/Leonardo_suppliers_code_conduct_080519.pdf?t=1557385183180

[p.3] Whistleblowing

Our suppliers are encouraged to report, even anonymously and without fear of retaliation, actual or potential ethical concern by the Company whistleblowing system.

[17] Life at Leonardo (Webpage)

Accessed 15/10/2019

<https://www.leonardocompany.com/en/about-us/careers/life-at-leonardo>

At the beginning of 2019, in particular, we carried out an anonymous survey aimed at all employees worldwide, which confirmed the high level of engagement of our people and their pride in working at Leonardo. Thanks to the survey, we were also able to assess the confidence of our employees in Leonardo's commitment to the integrity of the business, explored further with some specific questions also on the possibility of reporting any unethical behaviour without fear of retaliation.

In response to the results that emerged, a specific action plan was launched that involved all the Divisions, Companies and Professional Areas of the Group.

[18] Whistleblowing Management (Webpage)

Accessed 15/10/2019

<https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/whistleblowing-management-guidelines>

Whistleblowing Management

[...]

According to the Italian legislation on whistleblowing (Law n. 179, November 30, 2017), Leonardo ensures protection from retaliation and other discriminatory actions for anyone who makes a report in good faith about any facts or behaviours in violation of laws and regulations, or Leonardo's rules and Code of Ethics, or refuses to act unethically.

[2] Code of Ethics (Document)

Accessed 14/10/2019

https://www.leonardocompany.com/documents/20142/115131/Code_of_Ethics.pdf?t=1539198439628

[p.3] 1. INTRODUCTION

1.1 The company

This Code (hereinafter referred to as the "Code of Ethics") expresses the commitments and ethical responsibilities in the conduct of business and corporate affairs undertaken by anyone carrying out transactions of any nature whatsoever with Leonardo – S.p.A. (hereinafter referred to as "Leonardo" or the "Company"). The principles and provisions of this Code of Ethics are binding on all the following Recipients:

- members of the Board of Directors, in pursuing the company's affairs by passing the necessary resolutions;
- members of the Board of Statutory Auditors when controlling and reviewing the correctness, in both form and substance, of the Company's activities and the operation of the internal control and risk management system;
- the employees and all the external co-workers under any type of contract with the company, including on an occasional and/or merely temporary basis;
- all those who have relationships of any nature with the Company, whether for a consideration or without consideration.

[p.17] 14. BREACHES OF THE CODE OF ETHICS – PENALTY SYSTEM

14.1 Reporting breaches

When a committed, attempted or requested breach of the rules of the Code of Ethics is reported, the Company ensures that no-one, in the workplace, is subject to any retaliation, illegal conditioning, hardship and discriminating treatment of any kind, for reporting to the Surveillance Body the breach of the Code of Ethics in compliance with Art. 10.2 above.

[3] Anti-Corruption Code (Document)

Accessed 15/10/2019

https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780

[p.22] 11. Reports

Leonardo encourages employees, collaborators and anyone who is aware of facts that are contrary to this Code, the Anti-corruption Regulatory Instruments and the Anti-Corruption law to report, even anonymously, possible breaches.

In order to protect the person who submits the report from any sort of retaliation, discrimination or penalization, the Leonardo Group ensures full discretion and confidentiality in managing such reports, from the time of receipt and during the investigation and conclusive stages.

Question
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?
Score
2
Comments
<p>Based on publicly available information, the company has multiple channels to report instances of suspected corrupt activity and seek advice on the company's anti-bribery and corruption programme. Channels are sufficiently varied to allow the employee to raise concerns across the management chain and to a relevant external body. These channels allow for confidential and anonymous reporting. They are available and accessible to all employees in all jurisdictions where the company operates, including those employed by the group as third parties, suppliers and joint venture partners, and in all relevant languages.</p>
Evidence
<p>[3] Anti-Corruption Code (Document) Accessed 15/10/2019 https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780 [p.22] 11. Reports Leonardo encourages employees, collaborators and anyone who is aware of facts that are contrary to this Code, the Anti-corruption Regulatory Instruments and the Anti-Corruption law to report, even anonymously, possible breaches.</p> <p>In order to protect the person who submits the report from any sort of retaliation, discrimination or penalization, the Leonardo Group ensures full discretion and confidentiality in managing such reports, from the time of receipt and during the investigation and conclusive stages.</p> <p>Reports involving Leonardo, may be submitted to:</p> <ul style="list-style-type: none"> – organismodivigilanza@leonardocompany.com; – Surveillance Body, Piazza Monte Grappa 4, 00195 - Rome, Italy; Fax number: +39 06 45538059; – Website: www.leonardocompany.com. – Reports concerning Group Companies may be submitted through the specific channels decided by each Company. <p>[2] Code of Ethics (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/115131/Code_of_Ethics.pdf?t=1539198439628 [p.12] 10.2 Reports to the Surveillance Body In order to facilitate the flow of information and submissions towards the Surveillance Body, two dedicated information channels have been established (organismodivigilanza@leonardocompany.com; codice.etico@leonardocompany.com) through which anybody becoming aware of any behaviour of any kind (even omissions) in violation of the Code of Ethics may freely, directly and on a confidential basis report it to the Surveillance Body.</p> <p>Reports may also be sent by mail to the address: Organismo di Vigilanza, pursuant to Legislative Decree 231/01, Leonardo S.p.a., Piazza Monte Grappa n. 4, 00195 Rome – Italy or through the corporate website. Such Body examines the reports received, including anonymous ones according to the provisions of the Whistleblowing Management Guidelines.</p> <p>The Company ensures maximum protection and confidentiality for the reporting being and protection from defamatory reports.</p> <p>[7] Anti-Corruption Management System of Leonardo S.p.a. Abstract (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/8352825/Anti-Corruption+Management+System_ENG.pdf?t=1564589953761</p>

[p.6] WHISTLEBLOWING

Leonardo supports and protects any employee who refuses to act unethically, even if such behaviour contributed to or resulted in a loss of business.

Leonardo S.p.a. encourages, through the Whistleblowing Management Guidelines, anyone who becomes aware of suspicious practices or breaches of the Anti-Corruption Management System to report them, even anonymously, ensuring protection – against any form of retaliation, discrimination and/or penalisation - and confidentiality to the whistleblower and protection from defamatory reports to the reported person, throughout the entire report management process. The Company, moreover, assures itself of its employees' awareness and confidence in the protection from any sort of retaliation granted by Leonardo, by means of an annual and anonymized survey regarding this commitment.

The report management process is organised into the following phases: (i) reception of the report; (ii) investigation; (iii) audit execution; (iv) report analysis and actions plan (when provided); (v) filing of the reports and initiation of the due communications; (vi) monitoring of the action plan (when provided); and (vii) reporting activities. Leonardo offers the following confidential channels for reporting concerns:

- Website: also anonymously, through the dedicated platform;
- Email: organismodivigilanza@leonardocompany.com;
- Mail to: Organismo di Vigilanza, Piazza Monte Grappa 4, 00195, Rome, Italy;
- Fax number: +39 06 45538059.

Leonardo commits to analyse the reports received in any language.

[11] Whistleblowing (Document)

Accessed 15/10/2019

<https://www.leonardocompany.com/documents/20142/115182/Whistleblowing+ENG.pdf?t=1563889878952>

[p.4] 3. WHO CAN REPORT?

Anybody who becomes aware of the existence of suspicious practices, including:

- Leonardo Group's employees (whatever the type of contract), and those who in any case work within the organization;
- members of corporate bodies;
- third parties having business relations with Leonardo Group (customers, suppliers, consultants, etc.).

4. HOW TO REPORT

Through your preferred channel, you can report crimes, irregularities, or behavior against the law, the values or codes of conduct of the Group.

Website also anonymously

Email: organismodivigilanza@leonardocompany.com

Mail: Organismo di Vigilanza, Piazza Monte Grappa 4 – 00195, Roma, Italia

Fax: +39 06 45538059

[18] Whistleblowing Management (Webpage)

Accessed 15/10/2019

<https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/whistleblowing-management-guidelines>

Whistleblowing Management

[...]

In order to make an effective report, allowing the competent organizational units to investigate satisfactorily on the reported concerns, it is necessary to provide accurate and reliable facts, producing documentary evidence, if available.

Assuring confidentiality and anonymity of the whistleblower, Leonardo offers the following channels to make a report:

- Website: www.leonardocompany.com through the dedicated platform
- Email: organismodivigilanza@leonardocompany.com
- Mail to: Organismo di Vigilanza, Piazza Monte Grappa 4, 00195, Rome, Italy
- Fax number: +39 06 45538059

[19] Management of Reports (Webpage)

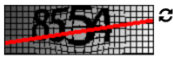
Accessed 15/10/2019

<https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/whistleblowing-management-guidelines/management-of-reports>
Management of reports
 Anonymous

 Qualified

Message*

Attachment



Text Verification *

Send

Reset

[30] Supplier Code of Conduct (Document)

Accessed 16/10/2019

https://www.leonardocompany.com/documents/20142/6633947/Leonardo_suppliers_code_conduct_080519.pdf?t=1557385183180

[p.3] Whistleblowing

Our suppliers are encouraged to report, even anonymously and without fear of retaliation, actual or potential ethical concern by the Company whistleblowing system.

[13] Whistleblowing Management Guidelines (Document)

Accessed 15/10/2019

<https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/whistleblowing-management-guidelines>

[p.9] 3.3. Reporting channels

Leonardo offers the following confidential channels for reporting concerns:

Website: www.leonardocompany.com through the dedicated IT platform;

Email: organismodivigilanza@leonardocompany.com;

Mail to: Organismo di Vigilanza, Piazza Monte Grappa 4, 00195, Rome, Italy;

Fax number: +39 06 45538059.

Each Group Company offers its own channel for reporting concerns.

[51] Corporate Governance Report 2019 (Document)

Accessed 16/04/2020

https://www.leonardocompany.com/documents/20142/9652751/RCG+2019_EN_06022020.pdf?t=1580993222231

[p.99] The Surveillance Body of Leonardo S.p.a. is currently made up of four external professionals, Enrico Raffaele Squitieri (Chairman and external member from 9 November 2017, replacing the resigning member Enrico Laghi), Angelo Carmona, Angelo Piazza and Saverio Ruperto, as well as of two internal members, the Group General Counsel Andrea Parrella and the Chief Audit Executive Marco Di Capua. The duties, activities and functioning of this Body are governed by specific By-Laws, which were approved by the Board of Directors of Leonardo S.p.a. on 15 December 2005 and finally updated on 17 December 2015. The By-Laws entrust the Surveillance Body with wide-ranging tasks for the purposes of monitoring the validity and effectiveness of the Organisational, Management and Control ...

[p.100] ... Model as per Legislative Decree no. 231/2001. Within these tasks, among other things, the Surveillance Body holds periodical hearings to hear the Managers responsible for potential areas at risk of offences pursuant to

Legislative Decree no. 231/2001, examines reports and disclosures prepared by the corporate units and provides recommendations or instructions to the top management and to the corporate bodies, also with respect to appropriate actions for improving or changing checks. Moreover, Surveillance Body receives reports (if any) about breach of the Organisational Model on the part of company representatives or third parties. The Surveillance Body has adopted its own internal rules.

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
2
Comments
Based on publicly available information, there is evidence that the has a policy that defines conflicts of interest, including actual and potential conflicts. The policy explicitly covers all of the categories of possible conflicts listed in the guidance. The company states that this policy applies to all employees and board members, including those at subsidiaries and other controlled entities.
Evidence
<p>[20] Code of Ethics (Webpage) Accessed 15/10/2019 https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/code-of-ethics Code of Ethics Leonardo considers it appropriate and necessary to adopt a Code of Ethics which expresses the values to which all those who have entered into a relationship of any kind with our Company must conform, by accepting responsibilities, roles and rules.</p> <p>The Leonardo Code of Ethics also aims to prevent any situation that might present a conflict of interest. These include, but are not limited to, assessing potential conflicts of interest that may arise from employee relationships, governmental relationships, financial interests and other positions held.</p> <p>[2] Code of Ethics (Document) Accessed 15/10/2019 https://www.leonardocompany.com/documents/20142/115131/Code_of_Ethics.pdf?t=1539198439628 [p.3] 1. INTRODUCTION 1.1 The company</p> <p>This Code (hereinafter referred to as the "Code of Ethics") expresses the commitments and ethical responsibilities in the conduct of business and corporate affairs undertaken by anyone carrying out transactions of any nature whatsoever with Leonardo – S.p.A. (hereinafter referred to as "Leonardo" or the "Company").The principles and provisions of this Code of Ethics are binding on all the following Recipients:</p> <ul style="list-style-type: none"> – members of the Board of Directors, in pursuing the company’s affairs by passing the necessary resolutions; – members of the Board of Statutory Auditors when controlling and reviewing the correctness, in both form and substance, of the Company’s activities and the operation of the internal control and risk management system; – the employees and all the external co-workers under any type of contract with the company, including on an occasional and/or merely temporary basis; – all those who have relationships of any nature with the Company, whether for a consideration or without consideration. <p>[p.4] 1.5 Application within the Group</p> <p>In the exercise of its direction and coordination activity, Leonardo sees to the circulation of the Code of Ethics to direct or indirect subsidiaries. As a result of this, the ethical principles set forth in this Code of Ethics are shared by all the subsidiaries of Leonardo and are binding on all the recipients.</p> <p>[p.8] 6. CONFLICT OF INTEREST</p>

6.1 Company and personal interests

The relationship between Leonardo and its Directors and employees at any level is based upon complete trust. It is the primary duty of each director and employee to use the Company's assets and their own working capacity to achieve the Company's interests, in compliance with the principles set forth in the Code of Ethics and representing the values adopted by Leonardo.

From this viewpoint, Directors, employees and co-workers in any capacity of Leonardo must avoid any situation and abstain from any action that could cause a personal interest, either direct or indirect, to interfere with and hamper the capacity to take impartial and objective decisions in the interest of the Company. Any conflict of interest would not only be in contrast with the applicable law and the principles set forth in the Code of Ethics, but also prove detrimental to the Company's image and integrity.

Upon signing the declaration that no conflict of interest exists, at the time of the start of the contractual relationship - see point 6.2 below - the Recipients exclude that any commercial activities of a personal and/or family nature they may have or their tasks and offices within the Company may overlap or anyway intersect with each other, thus giving rise to the risk of

[p.9] an instrumental use of their functional capacity. Any situation of conflict, even only potential, must be promptly communicated in detail to the Company – and precisely to one's senior in line and of the Surveillance Body pursuant to Legislative Decree no.231/01. The individual in potential conflict shall refrain from being involved or participating in any act that might prejudice the Company or any third parties, or damage their image.

Similarly, consultants and commercial partners must undertake specific commitments intended to avoid any situation of conflict of interests, refraining from using, in any way and any title whatsoever, the activity carried out on behalf of the Company with a view to achieving any illicit advantage for themselves or for others.

[3] Anti-Corruption Code (Document)

Accessed 15/10/2019

https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780

[p.3] Introduction

[...] All the recipients and everyone who works in the name and on behalf of Leonardo or for its benefit is therefore committed, without distinction or exception, to observe and enforce these principles within his own function and responsibilities. Such commitment requires that all the parties involved in any business dealing with Leonardo have to act, in all their transactions with the Company, in accordance with rules and methods inspired by the same values.

[p.4] 2. Adoption and implementation

The Anti-Corruption Code is applicable, with immediate effect, to all the recipients indicated hereunder.

The Boards of Directors (or administrative bodies) of Group Companies directly controlled¹ by Leonardo adopt the Anti-Corruption Code at the first possible meeting and ensure that the boards of the respective subsidiaries promptly adopt the same².

Leonardo and the Group Companies³ will exert their best efforts to ensure that companies in which they hold a non-controlling interest (including joint ventures), adopt the rules of the Anti-Corruption Code.

¹ The companies directly controlled by Leonardo S.p.a. pursuant to section 2359 of the Italian Civil Code.

² The companies indirectly controlled by Leonardo S.p.a. pursuant to section 2359 of the Italian Civil Code.

³ The companies directly or indirectly controlled by Leonardo S.p.a. pursuant to section 2359 of the Italian Civil Code

3. Definitions

For the purposes of this Anti-Corruption Code, the terms listed therein shall have the meaning indicated hereunder.

[p.7] Recipients: the members of the Boards of Directors and Statutory Auditors (or the administrative and control bodies) including employees, collaborators in any capacity of Leonardo and the Group Companies, including anyone who is party to a contract for valuable consideration or free of charge, with Leonardo or the Group Companies.

[p.10] 7. General rules of conduct

All the Recipients must fulfil the Anti-corruption law and the provisions set out in this Code and in the Anti-corruption Regulatory Instruments.

Thereto, in order to comply with this Code, the following general principles must be complied with in the main risk and risk-conducive areas:

[p.11] - impartiality and absence of conflicts of interest: the Recipients of the Code must act with professionalism, impartiality and in compliance with Anti-corruption law. They must therefore avoid all and any situations that might give rise to a conflict of interests, and which may - even potentially - affect their ability to act in the interests of the company and in accordance with such Laws;

[p.18] In pursuit of the company objectives, the worker must be aware that any conduct in breach of the Code or the Anti-corruption law will not be tolerated, even if such conduct abstractly favours Leonardo.

In particular, in order to avoid any conflict of interest, including potential conflict of interests, the Leonardo Group requires its staff to declare, upon recruitment, that the same has no conflict of interest with the company.

[21] Focus on personnel selection (Document)

Accessed 15/10/2019

<https://www.leonardocompany.com/documents/20142/8352825/Personnel+Selection.pdf?t=1564570538017>

[p.3] The personnel selection and hiring process is implemented in compliance with current regulations; in particular, during personnel selection and recruitment stages, Leonardo collects from the candidates/new recruits the documentation and self-certifications needed in order to carry out a series of checks intended to ensure compliance, including:

- Informative questionnaire to be compiled by candidates;
- privacy notification to be given to candidates and signed with specific approval of the purposes of personal data processing;
- Self-certification of anti-corruption verifications;
- Declaration of absence of conflict of interest;

Question
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has procedures to identify, declare and manage conflicts of interest, including actual and potential conflicts. The Surveillance Body has oversight and accountability for handling cases. The policy mentions that disciplinary measures will apply if the Code of Ethics, in which conflicts of interest is regulated, is breached. The company indicates that all conflict of interest declarations must be submitted to the Surveillance Body.</p>
Evidence
<p>[2] Code of Ethics (Document) Accessed 15/10/2019 https://www.leonardocompany.com/documents/20142/115131/Code_of_Ethics.pdf?t=1539198439628 [p.8] 6. CONFLICT OF INTEREST 6.1 Company and personal interests</p> <p>The relationship between Leonardo and its Directors and employees at any level is based upon complete trust. It is the primary duty of each director and employee to use the Company's assets and their own working capacity to achieve the Company's interests, in compliance with the principles set forth in the Code of Ethics and representing the values adopted by Leonardo.</p> <p>From this viewpoint, Directors, employees and co-workers in any capacity of Leonardo must avoid any situation and abstain from any action that could cause a personal interest, either direct or indirect, to interfere with and hamper the capacity to take impartial and objective decisions in the interest of the Company. Any conflict of interest would not only be in contrast with the applicable law and the principles set forth in the Code of Ethics, but also prove detrimental to the Company's image and integrity.</p> <p>Upon signing the declaration that no conflict of interest exists, at the time of the start of the contractual relationship - see point 6.2 below - the Recipients exclude that any commercial activities of a personal and/or family nature they may have or their tasks and offices within the Company may overlap or anyway intersect with each other, thus giving rise to the risk of</p> <p>[p.9] an instrumental use of their functional capacity. Any situation of conflict, even only potential, must be promptly communicated in detail to the Company – and precisely to one's senior in line and of the Surveillance Body pursuant to Legislative Decree no.231/01. The individual in potential conflict shall refrain from being involved or participating in any act that might prejudice the Company or any third parties, or damage their image.</p> <p>[...]</p> <p>6.2 Prevention of conflicts of interest</p> <p>In order to prevent conflicts of interest, even only potential, Leonardo, when conferring an appointment or commencing an employment relationship, requires its Directors, employees, consultants and anyone who cooperates, at any title, with the company to sign a statement that excludes the possibility of a conflict of interest between the individual and the Company. Such statement also includes a commitment to inform, promptly and in detail, the Surveillance Body pursuant to Legislative Decree 231/01, of any situation of a real or potential conflict of interest the signatory is involved in.</p> <p>Leonardo also requires that anyone who becomes aware of a conflict of interest must promptly report it through dedicated channels (organismodivigilanza@leonardocompany.com and codice.etico@leonardocompany.com), to the Surveillance Body pursuant to Legislative Decree 231/01.</p>

[p.11] 10. SURVEILLANCE BODY

10.1 Tasks and characteristics

The task of supervising the operation and compliance of the Code of Ethics is entrusted by the Board of Directors to the Surveillance Board, which has independent powers of initiative and control and appropriate tools to be able to verify and monitor the adequacy and effective implementation as well as the updating of the Code of Ethics.

In particular, it must:

- monitor and assess, on the basis of the approved work plan, the validity over time of the Code of Ethics and procedures, promoting, after consultation of the corporate departments involved, all necessary actions in order to ensure its effectiveness ;

[p.12] - verify the application of the Code of Ethics and detect behavioral deviations that may possibly emerge from the analysis of information flows and reports received;

- promote, in cooperation with the Human Resources Dept. of the Corporate Center, at the relevant corporate facilities, an adequate training process of the personnel through appropriate initiatives for the diffusion of knowledge and understanding of the Code of Ethics;
- communicate any violations of the Code of Ethics to the competent bodies, in accordance with the Disciplinary System, for the adoption of possible penalties.

Each member is selected exclusively on the basis of its professionalism, integrity, competence, independence and functional autonomy.

[p.17] 14.2 Penalty system

14.2.1 General principles

Breaches of the principles set forth in the Code of Ethics damage the trusting relation between Leonardo and the Recipients.

Such breaches will be incisively, promptly and seriously followed up by the Company, through adequate and proportionate disciplinary measures, regardless of the criminal implications of the relevant behaviours and of the criminal proceedings which might arise when such behaviours represent an offence.

The consequences of the breaches of the principles set forth in the aforementioned Code must be taken into serious consideration by all the Recipients: for such purpose Leonardo will circulate the Code of Ethics to anybody involved and keep everyone informed of the penalties provided in the event of a breach and the methods and procedures for applying such penalties.

To safeguard its image and its company resources, the Company does not have any dealings whatsoever with parties who do not intend to operate in strict observance of all applicable laws and regulations, and/or refuse to act in accordance to the values and principles set forth in the Code of Ethics and to adhere to the procedures of the Company.

14.2.2 Directors and Statutory Auditors

In the event of violation of the Code of Ethics by one or more Directors and/or Statutory Auditors of Leonardo, the Surveillance Body pursuant to Legislative Decree 231/01 informs the Board of Directors and the Board of Statutory Auditors who, based on their respective responsibilities, shall proceed to take one of the following measures depending on the seriousness of the violation and the powers provided by the law and/or the Articles of Association:

- statements in minutes of meetings;
- formal injunction;

- revocation of appointment;
- request of calling or calling of a Meeting the agenda of which must comprise the adoption of adequate measures against the individuals responsible for the violation, including legal proceedings for the assessment of the director's responsibility towards the Company and the redress of the damages suffered by the Company.

Considering that the Directors of Leonardo are appointed during the Company Shareholders' Meeting, in the event of breaches of the Code of Ethics that may jeopardise the relationship of trust with the Company member involved, or anyway in the event of serious reasons connected to the protection of the interest and/or image of the Company, a Shareholders' Meeting shall be called to pass resolutions on the possible revocation of the appointment.

[p.18] 14.2.3 Penalties for employees

Executives and Pilots

If any executive or pilot, in carrying out activities in risk areas, is in breach of any provisions of the Code of Ethics or adopts a conduct which violates the provisions of such Code, suitable measures shall be taken against the said executives or pilots, in compliance with the provisions of applicable laws and the National Collective Labour Agreement.

In particular:

- where the violation of one or more provisions of the Code of Ethics is as serious as to compromise the trusting relationship with the company and prevent the possibility of any continuation, even temporary, of the employment, the executive/pilot shall be dismissed without notice.
- where the violation is a minor one but is anyway serious enough to compromise irreparably the trusting relationship with the company, the executive/pilot shall be dismissed for a cause, with notice.

Workers, Employees and Middle Management

In line with the provisions of the National Collective Labour Agreement for Workers of the private engineering industry and plant installation and the Corporate Disciplinary Code:

- the worker who infringes the internal procedures as provided in the Code of Ethics or who, in carrying out activities in a risk area, adopts a conduct which is not in compliance with the provisions of such Code, shall be subject to verbal warning, written admonition, fine or suspension from work and remuneration, depending on how serious the infringement is, as such conduct must be construed as a violation of employee's duties, which the above-mentioned National Collective Labour Agreement identifies as detrimental to the company's discipline and morale;
- the worker who, in carrying out activities in risk areas, commits a significant breach of the provisions of the Code of Ethics, shall be subject to dismissal with notice, as such conduct shall be construed as a violation of a more serious nature than those identified under point above;
- the worker who, in carrying out activities in risk areas, adopts a conduct which is unequivocally aimed at the perpetration of an offence for which a penalty is provided in the Decree or which is in violation of the provisions of the Code of Ethics and such as to raise against the company any of the measures provided for in Legislative Decree 231/01, shall be subject to dismissal without notice, as such conduct shall be construed as a very serious violation which causes serious ethical and/or material damage for the Company.

This document, for all the purposes of the law, shall supplement the Corporate Disciplinary Code adopted by the Company and is subject to publication and notification procedures pursuant to Article 7 of the Italian workers bill of rights.

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a procedure which includes controls to assess and regulate employment and offers of employment or consultancy engagement to current and recently departed public officials, including politicians. There is evidence indicating the policy requires the involvement of the Senior Compliance Officer in employment discussions with former or current public officials, a review of conflict of interest and restrictions on their activities if such conflicts of interest are identified.</p> <p>In accordance with Italian law, the company has a policy to implement a cooling-off period of at least three years before public officials are permitted to have any form of contact or relationship with their former organisation on the company's behalf. However, there is no clear evidence that this requirement extends to all of the company's countries of operation.</p>
Evidence
<p>[53] Updated Code of Ethics (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/115131/Code+of+Ethics_26+September+2019.pdf?t=1571824607368</p> <p>[p.9] In order to prevent conflicts of interest, even only potential, Leonardo, when conferring an appointment or commencing an employment relationship, requires its Directors, employees, consultants and anyone who cooperates, at any title, with the company to sign a statement that excludes the possibility of a conflict of interest between the individual and the Company. Such statement also includes a commitment to inform, promptly and in detail, the Surveillance Body pursuant to Legislative Decree 231/01, of any situation of a real or potential conflict of interest the signatory is involved in. Leonardo does not contract with or retain the services of serving politicians of the Italian Parliament or Government.</p> <p>Moreover, Leonardo imposes controls to assess and regulate the employment of current and recently departed public officials in accordance with relevant law. Specifically, before hiring an employee, the HR department receives a self-declaration on the absence of any actual, potential or perceived conflict of interest.</p> <p>In all cases, Leonardo policy requires a cooling off period of at least three years as required by Italian law before public officials, who exercised powers of authority or negotiation on behalf of the Public Administration, are permitted to have any contract with Leonardo.</p> <p>Leonardo also requires that anyone who becomes aware of a conflict of interest must promptly report it through dedicated channels (organismodivigilanza@leonardocompany.com and codice.etico@leonardocompany.com), to the Surveillance Body pursuant to Legislative Decree 231/01.</p>
<p>[2] Code of Ethics (Document) Accessed 15/10/2019 https://www.leonardocompany.com/documents/20142/115131/Code_of_Ethics.pdf?t=1539198439628</p> <p>[p.12] 11. EXTERNAL RELATIONS 11.1 Relations with Authorities, Public Institutions and other bodies representing the Public Interest 11.1.1 Relations with the Authorities and the Public Administration Relations with public officers or persons in charge of a public service, who work on behalf of the central or local Italian Public Administration, or on behalf of legislative bodies, European Union institutions, public international and foreign organisations and any foreign State - with the judiciary, public surveillance authorities and other independent authorities, as well as with private partners operating a public utility under government licence, as inherent to Company activities, shall be conducted with spirit of cooperation, in strict compliance with applicable laws and regulations and with the principles set forth in the Code of Ethics and the Anti- Corruption Code, in such a way as not to compromise the integrity and reputation of both parties.</p>
<p>[21] Focus on personnel selection (Document)</p>

Accessed 15/10/2019

<https://www.leonardocompany.com/documents/20142/8352825/Personnel+Selection.pdf?t=1564570538017>

[p.3] The personnel selection and hiring process is implemented in compliance with current regulations; in particular, during personnel selection and recruitment stages, Leonardo collects from the candidates/new recruits the documentation and self-certifications needed in order to carry out a series of checks intended to ensure compliance

[...]

Moreover, during assessment of the requirements of each candidate, the Company also complies strictly with the dispositions of Article 53 item 16-ter of Italian Legislative Decree 165/2001 as amended (so-called Severino Law) which envisages a period of 3 years during which the subject must not have exercised powers of authority or negotiation on behalf of the Public Administration that may affect relationships between the latter and Leonardo SpA.

[25] Abstract of the Guidelines on Commercial Advisors and Sales Promoters (Document)

Accessed 15/10/2019

https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+and+sales+promoters+guide+lines_ENG.pdf?t=1564570482524

[p. 2] 3. General rules of conduct

The start of the process related to the identification and appointment of Commercial Advisors (CA), Sales Promoters (SP) and Lobbyists (LO) shall always be consequent to valid, clear and well-defined commercial reasons. The assignment can be granted only and exclusively in full compliance with the rules described in the Guidelines.

4. Summary

The use of intermediaries is known to represent one of the largest corruption risk areas in conducting business worldwide. For this reason, Leonardo strives to continuously strengthen its risk management and internal control systems in order to prevent, detect and respond to corruption, with a zero-tolerance approach.

The commercial advisory agreements are related to the provision of services in favor of the Company in support of commercial policies, strategies or activities or in support of offset agreements related to industrial compensation.

Sales promotion agreements, instead, aim to support the awarding of a contract for the supply of products or services by the Company, however – in accordance with the principles set out in the Guidelines – SP do not act in the name of and on behalf of Leonardo S.p.a..

Lobbying agreements, obviously only where permitted by the relevant legislation, aim at advocating the Company's interests and supporting the Company's position in the legislative and administrative bodies of the territory in a responsible manner.

[p. 3] The Due Diligence activities require also the implementation of the Risks Analysis methodology by means of a Risk Score tool that measures the risk level associated to the appointment, resulting in a risk score based on the evaluation of specific Red Flags.

[...]

The Risk Score provides also additional ten Red Flags, defined "drivers", that identify the specific risk level of the appointment, requiring the definition and implementation of the related treatment actions. The "drivers" include, among others:

[p. 4] - family or professional or personal links of the CA/SP/LO (and/or its shareholders) with members of the Public Administration, Institutional Clients, State controlled companies, private entities or suppliers of Leonardo which may cause conflicts of interest or improper influence.

[52] Updated Focus on personnel selection (Document)

Accessed 16/04/2020

https://www.leonardocompany.com/documents/20142/8352825/Personnel+Selection_ENG_update+25+feb+2020.pdf?t=1582707035254

[p.3] The employment of current or recently departed public official is subject to the approval of the Head of the HR department. In such cases, the HR department receives a selfdeclaration on the absence of any actual, potential or perceived conflict of interest, verified according to relevant laws.

If the candidate declares the presence of any such conflict, the HR department takes into account mitigation measures, ranging from restrictions of activities to the termination of the process. Finally, Leonardo's policy in compliance with Article 53 item 16-ter of Italian Legislative Decree 165/2001 as amended by the Law 190/2012 (so-called Severino Law), requires a cooling off period of at least three years before public officials, who exercised powers of ...

[p.4] ... authority or negotiation on behalf of the Public Administration, are permitted to have any contract with Leonardo. If such requirement is not met, the hiring process must be stopped.

[25] Abstract of the Guidelines on Commercial Advisors and Sales Promoters (Document)

Accessed 16/04/2020

https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+sales+promoters+lobbyists+guidelines_ENG_update+25+feb+2020.pdf?t=1582707031406

[p.5] The risk level evaluation may be "low", "medium" or "high". In case of a "high" risk level, the assessment regarding the appointment requires the direct involvement of the Senior Compliance Officer as well as of the Head of the Anticorruption O.U.

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
2
Comments
The company publishes a clear statement that it does not contract serving politicians in all countries of operation.
Evidence
<p>[22] Stakeholder Engagement (Webpage) Accessed 15/10/2019 https://www.leonardocompany.com/en/about-us/sustainability/approach-and-reporting/our-stakeholders We communicate regularly with companies, political and economic institutions, the scientific community, cultural world and other relevant stakeholders, to understand their own expectations and requests of mutual interest. In this way, we cultivate stable and lasting relationships over time, based on integrity and fairness.</p> <p>[...]</p> <p>Leonardo S.p.a. does not contract or retain services from serving politicians of the current Italian Parliament and/or members of the current Government and applies the same rules and principles in all countries where the Group is active, in compliance with local laws and regulations.</p>

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question			
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?			
Score			
0			
Comments			
<p>Based on publicly available information, the company has a policy prohibiting corporate political contributions. This policy applies to all employees, board members, third parties and other entities controlled by the company. However, the company’s US subsidiary has a Political Action Committee (PAC) and therefore the company receives a score of '0'.</p>			
Evidence			
<p>[2] Code of Ethics (Document) Accessed 14/10/2019 https://www.leonardocompany.com/documents/20142/115131/Code_of_Ethics.pdf?t=1539198439628 [p.13] 11.1.2 Relations with political and trade-union organisations Leonardo does not encourage or discriminate against any political organisation or trade union, whether directly or indirectly.</p> <p>The Company does not make any direct or indirect contributions whatsoever to political parties, movements, committees and political or trade union organisations, to their representatives and candidates, except as set forth in specific laws.</p>			
<p>[5] Sustainability Report 2018 (Document) Accessed 15/10/2019 https://www.leonardocompany.com/documents/20142/116025/Leonardo_2018+Sustainability+Report_Non-financial+Statement-final.pdf?t=1556644909652 [p.113]</p>			
GRI 415 Public Policy			
415-1	Political contributions	Code of Ethics	p. 14 The Leonardo Group does not make any direct or indirect contributions whatsoever to political parties, movements, committees and political or trade union organisations or to their representatives and candidates, except as set forth in the specific laws. In the United States, direct or indirect political expenses and contributions linked to federal election are forbidden. Leonardo DRS has established a committee financed by employees, the “Political Action Committee” (PAC). Contributions to PAC are rigorously voluntary. Code of Ethics and Business conduct (Leonardo DRS) - p. 13.
<p>[53] Updated Code of Ethics (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/115131/Code+of+Ethics_26+September+2019.pdf?t=1571824607368 [p.13] 11.1.2 Relations with political and trade -union organisations</p>			

Leonardo does not encourage or discriminate against any political organisation or trade union, whether directly or indirectly. The Company does not contribute corporate funds to political parties, movements, committees and political or trade union organisations, including their representatives and/or candidates. The above does not apply, however, to any charitable purpose initiatives, which Leonardo regards as an essential value as it carries out actively and sensibility with persons and entities who engage in social activities.

[54] Sustainability and Innovation Report 2019 (Document)

Accessed 16/04/2020

<https://www.leonardocompany.com/documents/20142/116025/2019+sustainability+report+Leonardo.pdf?t=1588264339937>

[p.137]

415-1	Political contributions	Code of Ethics	<p>p. 14</p> <p>The Company does not contribute corporate funds to political parties, movements, committees and political or trade union organisations, including their representatives and/or candidates. The prohibition in the Code of Ethics on political contributions applies to all Leonardo entities in every Country worldwide, including the United States.</p> <p>In the United States where voluntary contributions to a Political Action Committee ("PAC") by eligible employees are permitted by law, the operation of the PAC is supervised and monitored for legal compliance to ensure they are not used as vehicles for bribery and corruption and, in any case, PAC contributions are published with disclosure on beneficiary and amount at the following link: https://disclosurespreview.house.gov/lc/lcxmlrelease/2018/YY/700871308.xml.</p> <p>p. 10 - Code of Ethics and Business Conduct (Leonardo DRS).</p>
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Question																																																		
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?																																																		
Score																																																		
2																																																		
Comments																																																		
In publicly available evidence the company provides a link to the contributions made by its US subsidiary's Political Action Committee. The information provided includes details of the recipient, amount, country of recipient and the name of the corporate entity that made the contribution. There is evidence indicating that the data is updated and released on an annual basis.																																																		
Evidence																																																		
<p>[55] Lobbying Contribution Report (Webpage) – link provided through the Sustainability Report 2019 Accessed 16/02/2020 https://disclosurespreview.house.gov/lc/lcxmlrelease/2018/YY/700871308.xml</p> <p>CONTRIBUTIONS</p> <table border="1"> <thead> <tr> <th>#</th> <th>Contribution Type:</th> <th>Contributor Name:</th> <th>Amount:</th> <th>Date:</th> </tr> </thead> <tbody> <tr> <td># 0.</td> <td>FECA</td> <td>Leonardo DRS PAC</td> <td>\$1,000.00</td> <td>07/02/2018</td> </tr> <tr> <td></td> <td>Payee:</td> <td>Honoree:</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Vicky Hartzler for Congress</td> <td>Vicky Hartzler</td> <td></td> <td></td> </tr> <tr> <td># 1.</td> <td>FECA</td> <td>Leonardo DRS PAC</td> <td>\$2,500.00</td> <td>07/02/2018</td> </tr> <tr> <td></td> <td>Payee:</td> <td>Honoree:</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Kevin McCarthy for Congress</td> <td>Kevin McCarthy</td> <td></td> <td></td> </tr> <tr> <td># 2.</td> <td>FECA</td> <td>Leonardo DRS PAC</td> <td>\$1,000.00</td> <td>07/30/2018</td> </tr> <tr> <td></td> <td>Payee:</td> <td>Honoree:</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Friends of Paul Mitchell</td> <td>Paul Mitchell</td> <td></td> <td></td> </tr> </tbody> </table> <p>[evidence continues over 32 rows to cover all contributions made by the company PAC]</p>	#	Contribution Type:	Contributor Name:	Amount:	Date:	# 0.	FECA	Leonardo DRS PAC	\$1,000.00	07/02/2018		Payee:	Honoree:				Vicky Hartzler for Congress	Vicky Hartzler			# 1.	FECA	Leonardo DRS PAC	\$2,500.00	07/02/2018		Payee:	Honoree:				Kevin McCarthy for Congress	Kevin McCarthy			# 2.	FECA	Leonardo DRS PAC	\$1,000.00	07/30/2018		Payee:	Honoree:				Friends of Paul Mitchell	Paul Mitchell		
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	Friends of Paul Mitchell	Paul Mitchell																																																

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a policy and procedure covering both charitable donations and sponsorships to ensure that they are not used as vehicles for bribery and corruption. There is evidence that these procedures include criteria for donations, due diligence on recipients, and that donations are approved by senior management.</p> <p>However, while the company publishes some information on its charitable contributions on an annual basis, this is not sufficiently detailed for a score of '2'. The company does not publish information on the amount of its donations for each recipient nor does it state which corporate entity made the payment.</p>
Evidence\
<p>[3] Anti-Corruption Code (Document) Accessed 15/10/2019 https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780 [p.17] 9.2 Sponsorships and contributions to associations and entities Any sponsorship of and contribution to an association or entity must include a prior due diligence and subsequent control, in order to verify:</p> <ul style="list-style-type: none"> – the nature, extent or fame of the event, project or activity; – the identity, reputation, professional conduct and integrity of the recipients of the sponsorship or contribution; – that the initiative is permitted by law; – that the event, project or activity that justifies the payment are conducted according to the expectations of Leonardo or the Group Company that makes the payment. <p>[23] Sponsorships – Abstract on the process (Document) Accessed 15/10/2019 https://www.leonardocompany.com/documents/20142/8352825/LDO_summary_SPONSORSHIPS_ENG.pdf?t=1564570550342 [p.2] 1. FRAMEWORK AND SCOPE The Company has defined specific rules aimed at regulating the process of managing sponsorships for entities, associations and foundations by Leonardo S.p.a. and has formalized specific internal regulations for the definition of roles, responsibilities, operating methods of the subjects involved, controls and due diligence activities related to the process.</p> <p>2. GENERAL PRINCIPLES The management of Sponsorship is compliant with the applicable national and international regulation and with the principles indicated in the Organizational, Management and Control Model pursuant to Legislative Decree no. 231/2001, in the Code of Ethics and in the Anti-Corruption Code of Leonardo Group. The following general principles must be complied with:</p> <ul style="list-style-type: none"> – separation of responsibilities; – signing power system; – clarity and simplicity; – impartiality and absence of conflicts of interest; – traceability and filing. <p>3. GENERAL RULES OF CONDUCT In line with company regulations for sponsorships it is necessary to:</p> <ul style="list-style-type: none"> – verify the feasibility of the initiative and its consistency with the company strategy and the relevant legislation; – provide adequate documentation and motivations to support the sponsorship;

- indicate in a timely manner the expected beneficiary and all the assessments related to the reputational and honourableness requirements needed;
- respect the approval process;
- report the activities.

4. SUMMARY

The Company annually identifies sponsorship initiatives.

The planning and the related cost flows into the annual budget for approval by the Top Management.

The Company has defined certain controls to guarantee compliance with corporate principles and rules of conduct and has identified specific selection criteria for the initiatives.

With this in mind, it implemented a verification process on the recipients / beneficiaries of the identified initiative (due-diligence).

In particular, the counterparty's due diligence activities include, among others, the acquisition of all useful information of a corporate, financial and regulatory nature, with particular attention to honourability requirements.

Where necessary, the Company requests additional information from the other party, including the criminal certificate and / or pending or equivalent charges and / or the judicial register of the legal representative and top managers.

The results of the assessments identified provide for the allocation of a level of attention on the basis of which the Company decides whether or not to proceed with the initiative.

[p.3] The assessments are carried out taking into account the potential risk factors and in line with the company strategy, the general principles contained in the Model 231/01, the Code of Ethics and the Group's Anti- Corruption Code.

Any violations of or derogations from the internal and external regulations must be promptly communicated to the Surveillance Body ex Legislative Decree No. 231/01.

Leonardo S.p.a. does not make charitable donations (excluding in kind donations coming from the programme Responsible Canteen).

[5] Sustainability Report 2018 (Document)

Accessed 15/10/2019

https://www.leonardocompany.com/documents/20142/116025/Leonardo_2018+Sustainability+Report_Non-financial+Statement-final.pdf?t=1556644909652

[p.20]

Breakdown of added value

€ million	2016	2017	2018
Total gross added value²	12,882	12,306	13,126
Suppliers (cost for the purchase of goods and services)	7,570	7,454	8,024
Employee remuneration	3,159	3,111	3,376
Loan capital remuneration	498	529	368
Public administration remuneration	122	106	63
Community investments and sponsorships	5	6	4
Company remuneration	1,528	1,100	1,290
Total value distributed	12,882	12,306	13,126

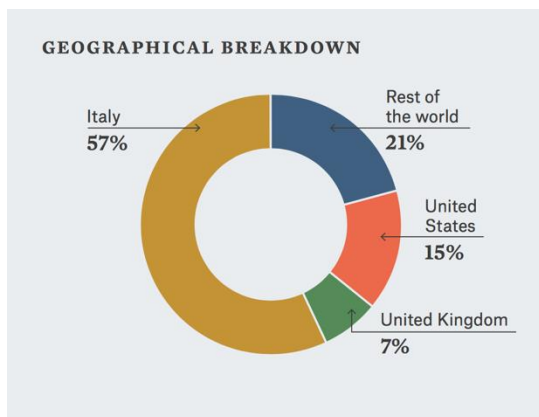
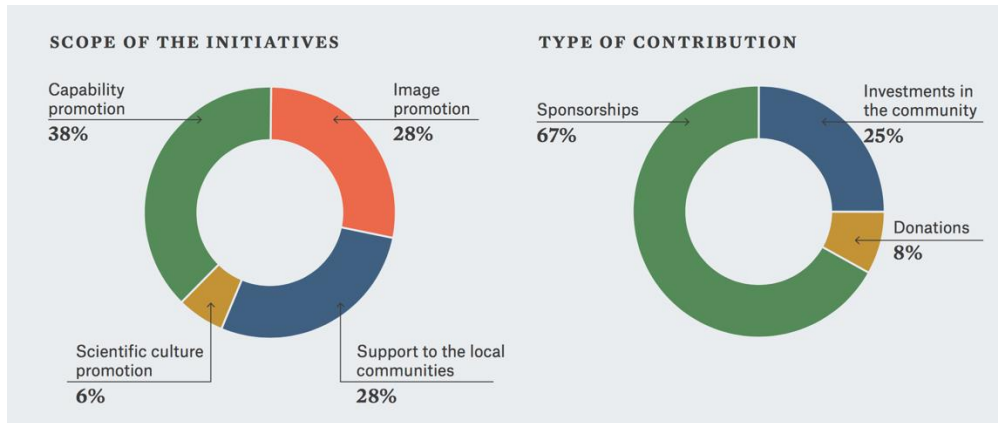
[p.65] Commitment to the community

Leonardo contributes to the development of the communities and territories in which it operates, offering the heritage of its industrial culture and the voluntary involvement of its people and former employees.

This commitment evolves over time, focusing on changes in the social context, in order to have a positive impact on the emerging social needs, in the cultural and social fields as well as in the environment protection and welfare support.

In 2018, the investments in the communities amounted to roughly €4.1 million (7% of which were in kind donations related to the Responsible Canteens Programme).

Investments in social initiatives



[p.66] The four Company museums – Agusta Museum (Cascina Costa, Varese), Melara Association Museum (La Spezia and Brescia), Officine Galileo Museum (Campi Bisenzio, Florence) and Radar Museum (Fusaro, Naples) – act as a reference point for the communities and areas thanks to the commitment of its employees, volunteers and seniors. Together with the Ansaldo Foundation, they are responsible for promoting, enhancing and protecting the culture, historical heritage, experience and industrial traditions of the companies that made Leonardo’s history.

LEONARDO IN SUPPORT OF GENOA

Given its longstanding relationship with Genoa, Leonardo stepped in to assist its citizens affected by the collapse of the Morandi Bridge. During the crisis stage, it made accommodation available to those people moved out of their homes at risk and distributed more than 10,000 hot meals in the subsequent two months. In addition and to assist the circulation of traffic and supervise critical areas, Leonardo offered video systems to monitor alternatives for heavy traffic and a mobile unit connected to the local police by radio and the town council’s operations room. About 700 employees joined the smart working programme, for which a specific training session has been provided.

A RENEWED INDUSTRIAL HUMANISM: LEONARDO - CIVILTÀ DELLE MACCHINE FOUNDATION

Foster dialogue with civil society, promote industrial and business culture in the territories, enhance cultural heritage and museums and spread knowledge: these are the objectives of Leonardo - Civiltà delle Macchine Foundation, set up in November 2018. The projects will be designed to enhance the historical and technological heritage, nurture a new “industrial humanism” that promotes the idea of technology at the service of the common good, spread culture and industrial training to increase attractiveness and territorial development. The historical magazine “Civiltà delle Macchine” will be issued again as a publishing initiative to bridge the gap between humanistic and scientific cultures, in the wake of the experience gained in the period between 1953 and 1979, thanks to the contributions of prestigious collaborators like Giuseppe Ungaretti, Alberto Moravia and Carlo Emilio Gadda.

“GOLD AWARD” FOR SUPPORTING THE UK ARMED FORCES

Along with other major companies in the United Kingdom, Leonardo was awarded the Employer Recognition Scheme Gold Award for its work supporting the Country’s Armed Forces. This is the highest recognition from the UK Ministry of Defence for companies that employ and support service personnel, veterans and their families. Leonardo signed the Armed Forces Covenant whereby the United Kingdom commits to encourage the employment of veterans, supporting employees who choose to be members of the Reserve Forces and the local cadet units in the local communities and local schools.

[p.67] Main social initiatives in 2018

Culture and the environment

- Academies, theatres and foundations - Leonardo supported museums like the Museo del Novecento in Milan as well as concert seasons of some of the most important Italian music institutions, such as the San Carlo Theatre in Naples, the Royal Theatre in Turin and the Santa Cecilia National Academy in Rome.
- FAI - Leonardo supports Fondo Ambiente Italiano participating in the membership programme Corporate Golden Donor that offers all the employees the possibility to join the association at special conditions.

Families and local community

- Open Days at Leonardo sites - The Open Day at the Caselle Sud (Turin) site aimed at children and teenagers was an opportunity for dialogue and awareness with questions and curiosity on historic aircraft, exhibited in the hangar, as well as on the new generation of aircraft, such as the C-27J and the ATR 72MP. This year was the 5th edition of the event, which is part of the “Open Airports” initiative organised by the Turin airport management company.
- My Safe Parent at Work - A one-day event organised by the Świdnik site in Poland to promote awareness of health and safety in the workplace through a competition open to employees’ children. 76 children presented their themed drawings to be shown in an exhibition and also took part in first aid exercises.

Research

- Telethon - Leonardo, in occasion of the Christmas festivities, supported the Telethon Foundation engaged in biomedical research for the treatment of rare genetic diseases.

Welfare and solidarity

- Against food waste - Through the Responsible Canteens Programme, started in 2013, food surplus produced by canteens at 21 of the Group’s biggest Italian sites is collected in favour of non-profit organisations, thus transforming the food into resources for those most in need. The programme is managed in partnership with the Fondazione Banco Alimentare non-profit organisation, through the Siticibo programme, and in collaboration with the suppliers of canteen services. In 2018, roughly 160,000 portions of food were distributed, worth around €305,000. Since the programme’s start-up, the equivalent of €1.9 million has been collected.
- Food collection - 15 tonnes of long-term foodstuffs, 25% more than in the previous year, collected for 24 non-profit organisations already members of the Responsible Canteens Programme. Roughly 30,000 employees at 28 Italian sites took part in the initiative as well as some canteen service suppliers, one of which donated nearly one tonne of foodstuffs.
- Volunteering work - In 2018, Leonardo set up a “volunteer board” in order to spread out the volunteering activities performed by the employees and to match needs and donated time, skills and goods.

- Armed Services YMCA - Leonardo DRS supports the non-profit organisation in the United States that has specialised programmes and provides assistance to roughly 500,000 members of the US military and their families.
- Fisher House Foundation - Leonardo DRS supports the non-profit organisation that provides accommodation to families of service personnel and veterans in hospital. The houses are built by US service personnel and healthcare centres.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has a policy that defines lobbying and sets out the values and behaviours that constitute 'responsible' lobbying. It refers to certain standards of conduct and oversight mechanisms that apply to all lobbyists. There is evidence that this policy applies to all employees, board members and third parties lobbying on the company's behalf.</p>
Evidence
<p>[24] Focus on responsible Lobbying (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/8352825/Focus+on+Responsible+Lobbying_ENG_update+25022020.pdf?t=1582707033220</p> <p>[p.2] Leonardo conducts its business in compliance with the principles of loyalty, fairness, transparency, efficiency, obedience to the law¹ and the values expressed in the Code of Ethics and the Anti-Corruption Code and requires a similar behavior from everyone with whom it holds business and/or financial relationships of any nature whatsoever, particularly when they involve the choice of other parties in transactions, suppliers, business partners, consultants etc.²</p> <p>Leonardo recognizes that lobbying activity gives rise to certain potential risks involving, for example, gifts and hospitality to government officials, attempting to obtain undue influence, and actual or perceived conflicts of interest. It is Leonardo policy - which applies to all employees, board members and third parties lobbying on behalf of Leonardo Spa or the Leonardo Subsidiaries throughout the world - to require strict compliance by all lobbyists (internal, external and association) performing services on behalf of the Company with the anti-corruption principles and standards of conduct set forth in Leonardo's Code of Ethics and its Anti-Corruption Code, which expressly apply to all such lobbyists.</p> <p>Lobbying appointments aim at advocating the Company's interests and supporting the Company's position in the legislative and administrative bodies of the territory in a responsible manner. The Company does not tolerate any conduct in violation of the rules and, therefore, contrary to the values of Leonardo Spa, providing for specific rules applicable to the third parties as well as contractual clauses safeguarding the Company against any improper behavior.</p> <p>The conduct of all internal lobbyists - employees of Leonardo and Leonardo Subsidiaries – is monitored for strict anti-corruption compliance by their hierarchical supervisors, according to internal rules. The conduct of any association lobbyists is subject to the ongoing oversight, supervision and monitoring for strict anti-corruption compliance by the respective Leonardo S.p.a, or Leonardo Subsidiaries' organizational structures in charge of Government Affairs/Government Relations. For the other external lobbyists the oversight control system of their conducts is, in first instance, ensured by the competent company Marketing and Sales structures and followed by a more enhanced analysis by the relevant Compliance functions, as described in this document as well as in the Abstracts of Guidelines 2/2018 and Directive 2/2019.</p> <p>[p.3] The appointment of external lobbyists is regulated by the Guidelines 02/2018 and Directive 02/2019 of Leonardo Spa which set the principles and rules for the selection, assessment and approval of agreements related to all external commercial consultants, including those performing lobbying in territories where the local legislation permits this kind of consultancy. The Guidelines are applicable to Leonardo Spa and the Directive to all the subsidiaries worldwide. The mentioned Guidelines and Directive also establish the standards related to oversight mechanisms of control in order to counter, among others, bribery, corruption and unethical behaviour.</p> <p>Any conduct by persons other than the Personnel of the Leonardo Group in breach of the Anti-corruption Code or the Anti-corruption law, will be examined to evaluate whether it is necessary to adopt appropriate measures, such as unilateral termination of the contract, and will be provided by specific contractual clauses.³</p>

The process related to the selection, assessment and appointment of the Lobbyist (LO) is the same as for Commercial Advisors (CA) and Sales Promoters (SP). It requires an accurate analysis and evaluation of the risks associated to each lobbying appointment (Enhanced Due Diligence) as indicated in the abstracts of the Guidelines 2/2018 and Directive 2/2019 and the proposed remuneration must be consistent with the activities to be performed by the Lobbyist defined clearly in the specific contract.

The principles that must be complied with are:

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

During the Due Diligence activities, all candidates are required to provide a statement in which they declare to have received all relevant Leonardo documentation, including the Code of Ethics, the Anti-corruption Code and the Charter of Values. All third parties are mandatorily required to be aligned with and act in accordance with the Leonardo Code of Ethics, the Anti-corruption Code and any relevant procedural standards and policies, as well as with all applicable national and international anti-corruption and anti-bribery legislation, in order to finalize the relevant contract. These requirements are also always reflected in the contractual clauses framework. Third parties are contractually obliged to submit periodic “Activity Reports” with evidence of all activities performed in relation to the appointment, substantiating all the elements necessary to identify the efforts ...

[p.4] ... provided in favor of Leonardo. All reports are scrutinized and approved by the competent Company Units, including Business Compliance structures, in order to ensure continuous oversight and monitoring and, if necessary, activate additional verifications.

All candidates must declare to perform ethics training to their employees. All the above documentation and declarations as well as the successful performance of the Leonardo training course are mandatorily required in order to have the possibility to collaborate with Leonardo. No exceptions are allowed.

With reference to Leonardo in-house lobbyists, employees who perform activities involving both formal and informal contacts with politicians and senior public officials in accordance with their role in the Company, they are subject to the general internal Codes and rules as well as to specific provisions in accordance with the relevant legislation and regulation in force.

All the Leonardo Group employees must abide (with formal commitment) with the standards and rules defined by the Code of Ethics and by the applicable Anti-Corruption Code.

Furthermore, in compliance with the Italian anti-corruption legislation, Leonardo Spa employees must submit a specific declaration certifying the Public Authorities they met, the date, place and topics discussed. All such declarations are timely submitted to the Surveillance Body for appropriate information and analysis. Likewise, Leonardo Group employees worldwide are subject to analogous monitoring and oversight mechanisms of control, structured in accordance with the criteria set by the relevant internal Company rules and applicable laws and regulations.

As far as lobbying activities in Italy are concerned, despite no laws or regulations are in force, the Presidential Office of the Chamber of Deputies of the Italian Parliament has issued a resolution dated 8 February 2017 that disciplines the activity of representing interests in the Chamber of Deputies⁴. Leonardo has duly and timely registered its inhouse lobbyist professionals (Company employees) who carry out activities of representation of interests towards Members of the Chamber in the relevant Register⁵.

[25] Abstract of the Guidelines on Commercial Advisors and Sales Promoters (Document)

Accessed 16/04/2020

https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+sales+promoters+lobbyists+guidelines_ENG_update+25+feb+2020.pdf?t=1582707031406

[p.2] 1. FRAMEWORK AND SCOPE

Leonardo conducts its business in compliance with the principles of loyalty, fairness, transparency, efficiency, obedience to the law and the values expressed in the Code of Ethics and the Anti-Corruption Code and requires a similar behaviour from everyone with whom it holds business and/or financial relationships of any nature whatsoever, particularly when they involve the choice of other parties in transactions, suppliers, business partners,

consultants etc.1. These Guidelines define the general principles and rules related to the selection, assessment and appointment of Commercial Consultants, including Commercial Advisors (CA), Sales Promoters (SP) and Lobbyists (LO), as well as to the drafting and managing of the related contracts by Leonardo S.p.a.2 Leonardo S.p.a., on the basis of these Guidelines confirms its position of zero-tolerance against corruption and, in general, against any unethical conduct in violation of the rules and, as such, contrary to the values, principles and standards of Leonardo S.p.a. 3

2. GENERAL PRINCIPLES

The relevant process is based on compliance with applicable rules and regulations (national and international), in accordance with the principles set forth in the Organizational, Management and Control Model as per the Italian Legislative Decree 231/01, the Code of Ethics and the Anti-corruption Code of Leonardo.

In particular, the principles that must be complied with are:

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

Any conduct by persons other than the Personnel of the Leonardo Group in breach of the Anti-corruption Code or the Anti-corruption law, will be examined to evaluate whether it is necessary to adopt appropriate measures, such as unilateral termination of the contract, and will be provided by specific contractual clauses.4

3. GENERAL RULES OF CONDUCT

The start of the process related to the identification and appointment of CA, SP and LO shall always be consequent to valid, clear and well-defined commercial reasons. The assignment can be granted only and exclusively in full compliance with the rules described in the Guidelines.

[p.3] 4. SUMMARY

The use of intermediaries is known to represent one of the largest corruption risk areas in conducting business worldwide. For this reason, Leonardo strives to continuously strengthen its risk management and internal oversight control systems in order to prevent, detect and respond to corruption and unethical behaviour, with a zero-tolerance approach.

[...]

Lobbying agreements, obviously only where permitted by the relevant legislation, aim at advocating the Company's interests and supporting the Company's position in the legislative and administrative bodies of the territory in a responsible manner5.

[p.5] The appointments can have a validity of maximum two years.

Tailored training on ethics, anti-corruption and compliance topics is required to be performed by the third parties. The course is structured on four modules which include the content of Leonardo's Business Compliance Guidelines and Directive (applicable to Leonardo Subsidiaries. Please refer to Abstract on Directive 2/2019 for more details) with a final test.

[p.6] 5. MONITORING AND REPORTING

In accordance with Leonardo oversight mechanisms of control, all the CA/SP/LO, by executing specific contractual clauses and possible additional declarations, are required to guarantee the full compliance with Leonardo internal Codes and rules as well as with all applicable national and international anti-corruption and anti-bribery legislation. Third parties are contractually obliged to submit periodic "Activity Reports" with evidence of all activities performed in relation to the appointment, substantiating all the elements necessary to identify the efforts provided in favor of Leonardo. All reports are scrutinized and approved by the competent Company Units, including Business Compliance structures, in order to ensure continuous oversight and monitoring and, if necessary, activate additional verifications. In particular, the SP/CA/LO agreements provide the possibility for Leonardo or any of its duly authorized representatives to access, inspect and examine documents, papers and records of the SP/CA/LO involving transactions related to the agreement, during its period of validity and in any case prior to the payment of the final instalment. Should any violation of the aforementioned contractual obligations or the nontruthfulness of the information and/or declarations be verified, either directly by Leonardo or as a result of investigations conducted by

an inquiring authority, Leonardo has the right to suspend and possibly terminate the related contract, without prejudice to the right to compensation for any damage incurred.

[32] Abstract of the Directive on Commercial Advisors and Sales Promoters (Document)

Accessed 16/04/2020

https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+sales+promoters+lobbyists+directive_ENG_update+25+feb+2020.pdf?t=1582707029349

[Same evidence as above]

[26] Representation expenses, hospitality and gifts (Document)

Accessed 14/10/2019

https://www.leonardocompany.com/documents/20142/8352825/LDO_summary_REPRESENTATION%2BEXPENSES%2BHOSPITALITY%2BAND%2BGIFTS.pdf?t=1564570551537

[p.3] - It is expressly forbidden to accept, promise, offer or pay, directly or indirectly, sums of money, gifts, goods, services, favours or other benefits to third parties, including public officials or public service employees, to influence the decisions, in view of more favourable treatment or undue performance or for any other purpose.

[2] Code of Ethics (Document)

Accessed 14/10/2019

https://www.leonardocompany.com/documents/20142/115131/Code_of_Ethics.pdf?t=1539198439628

[p.3] 1. INTRODUCTION

1.1 The company

This Code (hereinafter referred to as the "Code of Ethics") expresses the commitments and ethical responsibilities in the conduct of business and corporate affairs undertaken by anyone carrying out transactions of any nature whatsoever with Leonardo – S.p.A. (hereinafter referred to as "Leonardo" or the "Company"). The principles and provisions of this Code of Ethics are binding on all the following Recipients:

[...]

- the employees and all the external co-workers under any type of contract with the company, including on an occasional and/or merely temporary basis;
- all those who have relationships of any nature with the Company, whether for a consideration or without consideration.

[p.4] 2. GENERAL PRINCIPLES

2.1 Compliance with laws and regulations

[...]

The Recipients' transactions with Public Institutions and Authorities must adhere to the highest standards of fairness, transparency and cooperation, in full observance of applicable laws and regulations and in line with the Recipients' institutional roles.

[3] Anti-Corruption Code (Document)

Accessed 15/10/2019

https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780

[p.7] Recipients: the members of the Boards of Directors and Statutory Auditors (or the administrative and control bodies) including employees, collaborators in any capacity of Leonardo and the Group Companies, including anyone who is party to a contract for valuable consideration or free of charge, with Leonardo or the Group Companies.

[p.21] All Group Companies encourage commercial and financial partners, professionals, Sales Promoters and collaborators, customers and suppliers of the company to be aware of and comply with the Code. The above will be asked to sign a declaration confirming that they ...

[p.22] ... have received a copy of the Code, and undertaking to comply with the principles of the same and ensuring compliance thereof by their collaborators.

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
2
Comments
<p>Based on publicly available evidence, the company publishes a list of the topics on which it lobbies and its aims. The company provides specific aims and topics for each of its divisions. The evidence indicates that this information is provided for every jurisdiction in which the company lobbies.</p>
Evidence
<p>[24] Focus on responsible Lobbying (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/8352825/Focus+on+Responsible+Lobbying_ENG_update+25022020.pdf?t=1582707033220</p> <p>[p. 4] The main activities related to Leonardo are the following:</p> <ul style="list-style-type: none"> • monitoring of the legislative provisions of interest; • presentation of Leonardo's position with respect to specific topics in order to provide the legislator with useful elements for the adoption of measures; <p>[p.5]</p> <ul style="list-style-type: none"> • support in development of information procedures requested by the competent parliamentary bodies (parliamentary hearings); • contacts with members, counselors and officials of the relevant committees of interest, through written (mail) and oral (meetings) communications, aimed at: <ul style="list-style-type: none"> ➢ defining Leonardo's participation in parliamentary hearings; ➢ providing information on Leonardo's industrial programs at international, national and local level; ➢ receiving parliamentary documentation related to issues of Company interest. <p>Furthermore, in accordance with the relevant European Union regulation, Leonardo S.p.a. is also registered in the European Transparency Register with identification number 02550382403-01, under Section II In-house lobbyists and trade / business / professional associations / Companies & Groups.</p> <p>The fields of interest related to the registration are:</p> <ul style="list-style-type: none"> • Borders and Security • Budget • Business and Industry • Competition • Digital economy and society • Employment and Social Affairs • Enlargement • Environment • External Relations • Foreign affairs and security policy • Institutional affairs • International co-operation and development • Justice and Fundamental Rights • Regional Policy • Research and innovation • Single market • Trade • Trans-European Networks • Transport. <p>[p.6] All registered parties must abide by the Code of Conduct, as defined in Annex 3 of the 2014 European Union Interinstitutional Agreement on said Transparency Register.</p>

REPORTING 2018

The lobbying contracts stipulated with third parties by Leonardo Spa in accordance to Guidelines 02/2018 provide for a total expenditure of slightly less than USD 200K and are referred to the territory of Canada for activities related to the development of business opportunities of the Aircrafts and Electronics Divisions (see Attachment 1).

Expenditure for In-House lobbyists (Leonardo Spa) amounts to approximately 380K USD with respect to EU and NATO activities related to Aerospace Security and Defence (Registration on EU Transparency Register).

The 2018 total expenditure for Lobbying activities (in-house and external lobbyists) by the Leonardo Subsidiaries is referred to the area of North America and amounts to approximately USD 1.3 million (USA: 92% of the total amount and Canada: 8% of the total amount). The charts in the next page highlight the breakdown of the expenditure that includes both external and in-house Lobbying.

Leonardo Subsidiaries avail themselves of lobbyists in support of their positions and products, in relation to the sectors in which they operate, namely aerospace, defence and security. In particular, the activities are associated to issues and funding relevant to, among others, the public procurement of aircraft, helicopters, protective systems and vehicles and related research & development. For further details, reference should be made to the Attachment.

[p.8] Attachment 1:

Details on the Lobbying activities related to the Leonardo Spa – Year 2018

– Leonardo Aircraft Division

Lobbying activity with respect to: Canadian Commercial Corporation (CCC); Global Affairs Canada (GAC); House of Commons; Innovation, Science and Economic Development Canada (ISED); National Defence (DND); Prime Minister's Office (PMO); Privy Council Office (PCO); Public Services and Procurement Canada (PSPC); Senate of Canada; Transport Canada (TC); Treasury Board Of Canada Secretariat (TBS). Subject matters: Defence, Economic Development, Employment and Training, Government Procurement, Industry, International Trade, Regional Development; Research and Development; Transportation.

Specific issues: to pursue business with the Government of Canada with a focus on the Fighter Lead-In Training (FLIT) program and Snowbirds Replacement project with the Royal Canadian Air Force.

–Leonardo Electronics Division

Lobbying activity with respect to: Global Affairs Canada (GAC); House of Commons; Innovation, Science and Economic Development Canada (ISED); National Defence (DND); National Research Council (NRC); Prime Minister's Office (PMO); Privy Council Office (PCO); Public Services and Procurement Canada (PSPC); Treasury Board Of Canada Secretariat (TBS). Subject matters: Defence, Government Procurement

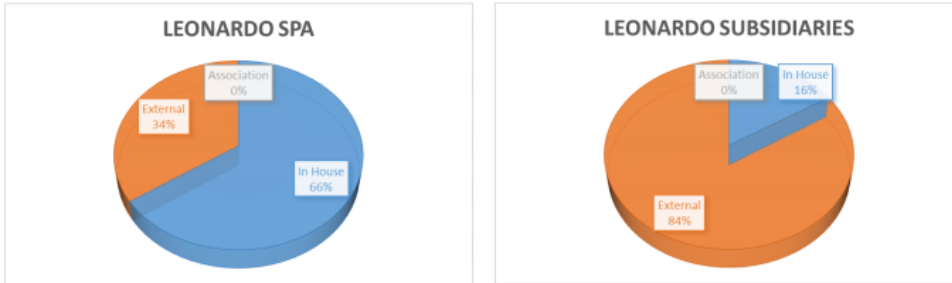
Specific issues: to expand its business in the market of naval systems and ammunition with the Department of National Defence in support of the Royal Canadian Navy and the Canadian Army.

[list continues over the following two pages to list activities per division]

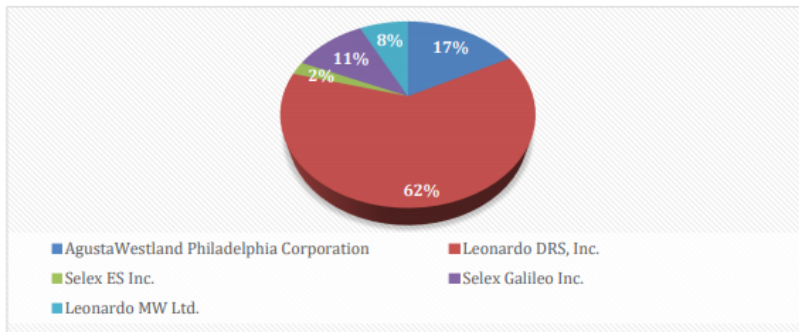
Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company provides details of its global lobbying expenditure. The data is correct up to the most recently reported financial year. Expenditure data is broken down by corporate entity, geography, internal lobbyists v external lobbyists v association lobbying. The evidence indicates that the figure reported represents the company’s expenditure on all lobbying activities worldwide. The company provides an explanation of how the figures in the data have been calculated.</p>
Evidence
<p>[22] Stakeholder Engagement (Webpage) Accessed 15/10/2019 https://www.leonardocompany.com/en/about-us/sustainability/approach-and-reporting/our-stakeholders Stakeholder Engagement</p> <p>[...]</p> <p>In 2018, the lobbying contracts accounted for around \$1.5 million (approx. \$1 million in both 2017 and 2016) for activities in North America.</p> <p>[24] Focus on responsible Lobbying (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/8352825/Focus+on+Responsible+Lobbying_ENG_update+25022020.pdf?t=1582707033220 [p.6] REPORTING 2018</p> <p>The lobbying contracts stipulated with third parties by Leonardo Spa in accordance to Guidelines 02/2018 provide for a total expenditure of slightly less than USD 200K and are referred to the territory of Canada for activities related to the development of business opportunities of the Aircrafts and Electronics Divisions (see Attachment 1). Expenditure for In-House lobbyists (Leonardo Spa) amounts to approximately 380K USD with respect to EU and NATO activities related to Aerospace Security and Defence (Registration on EU Transparency Register).</p> <p>The 2018 total expenditure for Lobbying activities (in-house and external lobbyists) by the Leonardo Subsidiaries is referred to the area of North America and amounts to approximately USD 1.3 million (USA: 92% of the total amount and Canada: 8% of the total amount). The charts in the next page highlight the breakdown of the expenditure that includes both external and in-house Lobbying.</p> <p>Leonardo Subsidiaries avail themselves of lobbyists in support of their positions and products, in relation to the sectors in which they operate, namely aerospace, defence and security. In particular, the activities are associated to issues and funding relevant to, among others, the public procurement of aircraft, helicopters, protective systems and vehicles and related research & development. For further details, reference should be made to the Attachment.</p>

[p.7]

Details on the proportion between external, association and in-house lobbying expenditure in the Leonardo Group (Leonardo Spa and Leonardo Subsidiaries) - Year 2018



Details on the Lobbying expenditure related to the Leonardo Subsidiaries - Year 2018 (total amount 1.3 M USD)



All figures reported have been calculated by disaggregating expenditures of Leonardo Spa and Leonardo Subsidiaries for the reporting period 2018, taking into consideration expenditures related to external, internal and association lobbying.

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has a policy and procedure on the giving and receipt of gifts and hospitality with clear procedures designed to ensure that such promotional expenses are bona fide and not used for bribery. This policy establishes financial limits for the different types of promotional expense that employees may encounter, and there is evidence of an approval procedure. The policy also explicitly addresses the risks associated with gifts and hospitality given to and received from public officials. The company's policy includes a clear statement that all gifts and hospitality above certain thresholds are recorded in a dedicated register.</p>
Evidence
<p>[26] Representation expenses, hospitality and gifts (Document) Accessed 16/10/2019 https://www.leonardocompany.com/documents/20142/8352825/LDO_summary_REPRESENTATION%2BEXPENSES%2BHOSPITALITY%2BAND%2BGIFTS.pdf?t=1564570551537 [p.2] 1. FRAMEWORK AND SCOPE</p> <p>Leonardo has defined the rules aimed at regulating the process of representation expenses, hospitality and gifts and has formalized the appropriate internal standard for the definition of roles, responsibilities, operational and financial limits and data management.</p> <p>2. GENERAL PRINCIPLES</p> <p>The management of representation expenses, hospitality and gifts is compliant with the applicable national and international regulation and with the principles indicated in the Organizational, Management and Control Model pursuant to Legislative Decree no. 231/2001, in the Code of Ethics and in the Anti-Corruption Code of Leonardo Group.</p> <p>The following general principles must be complied with:</p> <ul style="list-style-type: none"> – separation of responsibilities; – signing power system; – clarity and simplicity; – impartiality and absence of conflicts of interest; – traceability and filing. <p>3. GENERAL RULES OF CONDUCT</p> <p>In line with company regulations, representation expenses and gifts must:</p> <ul style="list-style-type: none"> – be placed in good faith and in relation to a legal business principle; – be consistent with industry practices; – take into account the profile of the beneficiary with regard to habits in institutional or professional relationships and in respect of local cultures; – not be motivated by the aim of exercising unlawful influence or by the expectation of reciprocal exchange; – be reasonable and in any case such as not to be interpreted as aimed at obtaining favorable treatment by the beneficiary; – be aimed at beneficiaries who perform roles relating to corporate activities and which imply reputation and good repute requirements; – comply with accepted professional courtesy standards; – be initiated exclusively by the subjects, depending on their role and the role held within the Company.

4. SUMMARY

The Company annually identifies events in occasion of which to give gifts or in relation to which it is expected to incur expenses of representation and hospitality.

The planning and the related cost flows into the annual budget for approval by the Top Management.

The Company has also identified precise value thresholds to be respected both with reference to representation expenses (with the limit of €300 for hospitality expenses) and to the giving/receiving of gifts (with the limit of €350 and €150 for giving or receiving gifts respectively, according to Legislative Decree no. 231/2001).

The Company has implemented operational methods of process management, authorization controls and monitoring activities to guarantee compliance with corporate principles and rules of conduct.

[p.3] With this in mind:

- It is expressly forbidden to accept, promise, offer or pay, directly or indirectly, sums of money, gifts, goods, services, favours or other benefits to third parties, including public officials or public service employees, to influence the decisions, in view of more favourable treatment or undue performance or for any other purpose.
- The gift can not be substantiated in a cash payment.
- In business relationships with consultants, suppliers, negotiating counterparts, commercial and/or financial partners, press, political institutions or associations, benefits (both direct and indirect), gifts, courtesy and hospitality are prohibited, except they are of modest value and do not compromise the image of the Company and can not be interpreted as aimed at obtaining favourable treatment.

The Company conducts an annual monitoring of the gifts given in order to avoid any concentration on the beneficiaries themselves. All the gifts offered, above the threshold of €50, are noted in a special register (c.d. Register of Offered Bids) containing, furthermore, the relevant information on the gift itself and on the beneficiary. Any violations or derogations from the internal and external regulations must be promptly communicated to the Surveillance Body ex Legislative Decree No. 231/2001.

[3] Anti-Corruption Code (Document)

Accessed 16/10/2019

https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780

[p.16] 9.1 Gifts and business expenses

Any gift and business expenses should:

- be made or received in good faith and in connection with legitimate business purposes;
- not consist of a cash payment;
- not be made or received in order to exercise undue influence, or any expectation of reciprocity;

[p.17]

- be reasonable, and in any case should not imply that the same are made or received to obtain preferential treatment;
- be addressed to beneficiaries who cover a role related to activities of the company, and must comply with generally recognised requirements of reputation and integrity;
- take into account the profile of the beneficiary as regards practices in institutional or professional relationships;
- be implemented pursuant to specific company approvals (e.g. gift catalogue, structures that offer agreed discounted terms);
- conform with generally accepted standards of professional courtesy;
- comply with applicable laws and regulations.

[2] Code of Ethics (Document)

Accessed 16/10/2019

https://www.leonardocompany.com/documents/20142/115131/Code_of_Ethics.pdf?t=1539198439628

[p.13] 11.1.3 Gifts, Benefits and Promises of Favours

Leonardo prohibits all the Recipients to accept, offer or promise, whether directly or indirectly, money, gifts, goods, services or undue favours in the course of their relations with public officers, persons in charge of a public service

or private parties, in order to influence their decisions, in view of obtaining preferential treatment, undue services or any other ends.

In its relations with the Italian or foreign Public Administration, Leonardo shall not unduly influence the activity, choices or decisions of the other party, for example by offering undue advantages consisting in sums of money or other benefits, employment or assignment of consultancy arrangements, to the public person or his/her family or to natural or legal persons connected to him/her. Any requests or offers of money or favours of any kind whatsoever (including for instance gifts or presents unless of a reasonable value) unduly made to or by anybody acting on behalf of Leonardo in any transactions with the Public Administration (whether Italian or of a foreign country) or private persons (either Italian or foreign) must be immediately reported to the Surveillance Body.

[p.14] 11.2.2 Gifts, donations and benefits

In conducting business dealings with consultants, suppliers, other parties in transactions, business and/or financial partners, all donations or benefits (both direct and indirect), gifts, acts of courtesy or hospitality of any kind are forbidden, unless of modest value and such that they may not jeopardize the image of the Company, and not be interpreted as aimed at obtaining a preferential treatment.

In particular, any gift should:

- be given or received in good faith and in relation to legitimate business purposes;
- not be a cash payment;
- not be motivated by the purpose of exercising improper influence or the expectation of reciprocity;
- be reasonable and in any case such that it cannot be interpreted as aimed at obtaining favorable treatment;
- be addressed to beneficiaries who perform roles related to the business activities and which meet the requirements of reputation and generally recognized good reputation;

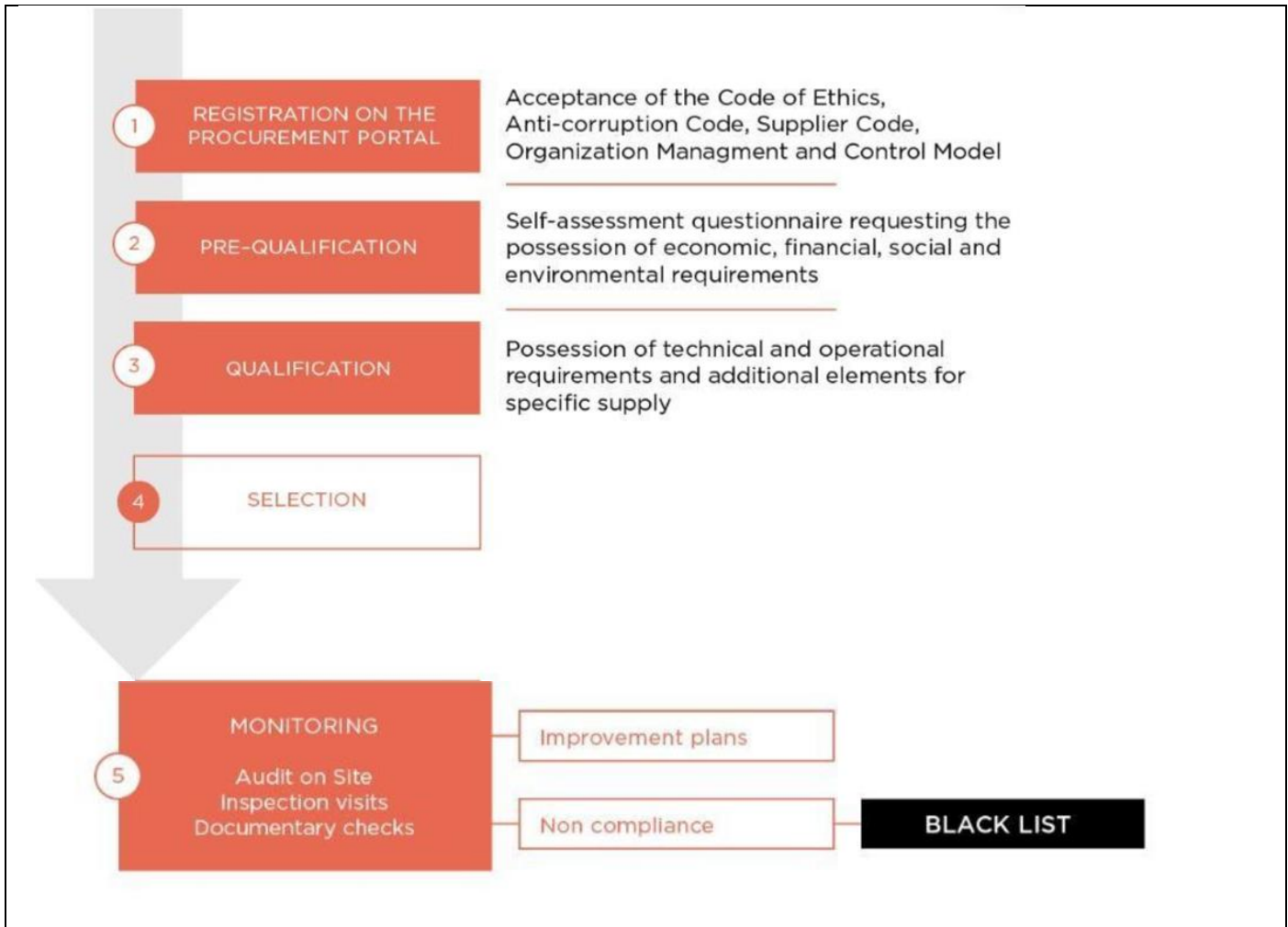
[p.15]

- take into account the profile of the beneficiary with respect to the practices in institutional or professional relationships;
- be expected by specific business requirements (i.e. catalog of gifts, accommodation facilities);
- comply with generally accepted standards of professional courtesy;
- comply with the applicable laws and regulations.

Any Director, Statutory Auditor or employee who receives gifts which exceed ordinary business practice for granting preferential treatment in any corporate activities, shall promptly report it to the Board of Directors, the Board of Statutory Auditors or, if an employee, his/her superior, who shall immediately inform the specific bodies and/or competent Organisational Unit of the Company, for all the appropriate controls and any consequent measures.

6. Supply Chain Management

Question
6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company requires the involvement of its procurement department in the establishment of new suppliers. This department is ultimately responsible for providing oversight of the company's supplier base. The company assures itself that proper procedures regarding the onboarding of suppliers are followed through an annual audit.</p>
Evidence
<p>[29] Our supply chain (Webpage) Accessed 16/10/2019 https://www.leonardocompany.com/en/about-us/sustainability/development-of-supply-chain Our supply chain</p> <p>[...]</p> <p>Suppliers have to be compliant with our economic, financial, ethical, legal and anti-corruption requisites, already verified during the pre-qualification phase and monitored throughout the period of the supply relationship by the Supply Chain and Procurement office.</p> <p>[27] Supplier register (Webpage) Accessed 16/10/2019 https://www.leonardocompany.com/en/suppliers/becoming-a-supplier/albo-fornitori Supplier register</p> <p>[...]</p> <p>The requirements for the pre-qualification of suppliers will be checked at least every two years or when significant changes occur. If these requirements are not fulfilled, the pre-qualification of the supplier will be revoked. In case of prequalification granted with alert, the requirements will be checked annually. When there are risk factors (including risk concerning the ownership structure), a reputational analysis is requested and performed by the O.U. Security.</p> <p>The supplier onboarding process is supervised by Leonardo's Group Internal Audit, which performs annual audits to verify the compliance with procedures, as part of the annual risk-based Audit Plan. Leonardo updates or reviews supplier onboarding procedures periodically, also taking into account the audits results.</p> <p>[28] Sustainable supply chain (Webpage) Accessed 16/10/2019 https://www.leonardocompany.com/en/suppliers/becoming-a-supplier/sustainable-supply-chain Sustainable supply chain</p> <p>[...]</p> <p>All phases of the selection process and the relationship with the supplier are managed through the Procurement web portal, which guarantees transparency and traceability of information.</p>



Question

6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?

Score

2

Comments

Based on publicly available information, there is evidence that the company has formal procedures to conduct risk-based due diligence when engaging and re-engaging with any suppliers. The due diligence process explicitly includes establishing the ultimate beneficial ownership of the supplying company. There is evidence indicating that the highest risk suppliers are stated to be subject to enhanced due diligence. This process is conducted at least every two years or when there is a significant change in the business relationship. The company indicates that supplier relationships will be subject to review, and potential termination, if any red flags highlighted in the due diligence cannot be mitigated.

Evidence

[28] Sustainable supply chain (Webpage)
 Accessed 16/10/2019

<https://www.leonardocompany.com/en/suppliers/becoming-a-supplier/sustainable-supply-chain>
 Sustainable supply chain

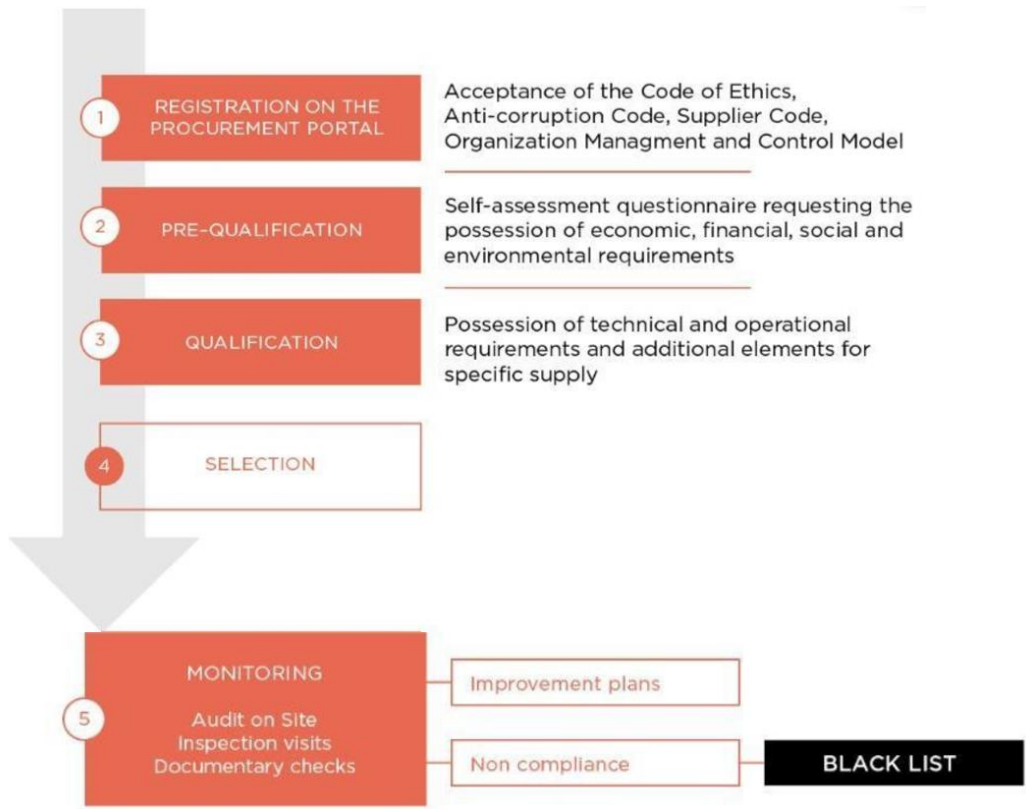
[...]

In 2018 Leonardo performed around 4,500 pre-qualifications and completed around 4,600 qualifications of suppliers.

Leonardo blacklisted six suppliers as a result of violations of ethical and anti-corruption principles and revoked the pre-qualification of eight suppliers for ethical-legal reasons.

Concerning the final beneficiary due diligence, Leonardo launched in-depth verifications on over 63 suppliers due to the presence of trust companies in the control ownership structure. Among these, Leonardo revoked the pre-qualification of 19 suppliers who did not disclose their final beneficiaries.

[...]



[27] Supplier register (Webpage)

Accessed 16/10/2019

<https://www.leonardocompany.com/en/suppliers/becoming-a-supplier/albo-fornitori>

Supplier register

At Leonardo, we use a single supplier register, managed and overseen for the entire Group by Leonardo Global Solutions. This means we can manage the supplier lifecycle from the self-application phase through to pre-qualification and qualification, as well as subsequent performance assessment.

This is how the supplier qualification process works:

Self-nomination: Here you can become a potential supplier and be invited to participate in Leonardo's negotiation processes. After completing the self-application form, you will be asked to fill in specific questionnaires for selected product categories. Leonardo may periodically request that this be updated.

Pre-qualification: Becoming a pre-qualified supplier is required to take part in Leonardo's business processes. This involves the assessment of ethical-legal (including those related to anticorruption measures, composition of ownership structure/final beneficiary, etc.) and economic-financial requirements, managed by the Procurement department of Leonardo Global Solutions. If the requirements are not met and/or the risks emerging from the pre-qualification process cannot be mitigated, it is not possible to become Leonardo suppliers.

Qualification: Being a qualified supplier to a Leonardo Division or a Group Company is mandatory before signing a contract or being issued with a purchase order by the specific Leonardo Division or Group Company. At this stage, technical, organisational and productive requirements of the supplier are assessed and qualification is assigned by the relevant divisional Procurement and Quality System departments. The requirements needed during the pre-qualification phase of the supplier are subject to verification every 2 years, or when significant changes occur, and they subject to audit; in case of qualification granted with alert, the verification takes place annually.

When there are risk factors (including risk concerning the ownership structure), a reputational analysis is requested and performed by the O.U. Security.

[5] Sustainability Report 2018 (Document)

Accessed 16/10/2019

https://www.leonardocompany.com/documents/20142/116025/Leonardo_2018+Sustainability+Report_Non-financial+Statement-final.pdf?t=1556644909652

[p.41] Suppliers

Leonardo asks its suppliers to sign the Code of Ethics, the Anti-Corruption Code, the Organisational, Management and Control Model and its Supplier Code of Conduct, which prohibit forced labour and human trafficking and which require the protecting of health and safety in the workplace. Furthermore, during the screening process, suppliers are assessed to verify that they meet further requirements related to the protection of employment and people. In addition, reputation checks of third parties Leonardo intends to work with are performed. In the United Kingdom, these checks are performed in accordance with the Modern Slavery Act. Leonardo has social clauses to protect works in the case of contract handovers.

- 90% of purchases from EU Countries, the United States and Canada.
- 100% of suppliers accept the Supplier Code of Conduct.
- Over 4,500 suppliers screened, including on social, legal and ethical issues.
- Over 600 reputational reports on third parties.

[p.78] Supply quality

The supplier screening process, managed on the procurement portal to ensure transparency, includes a pre-qualification stage where the potential supplier's economic- financial, ethical-legal, social and environmental requirements are verified. The subsequent stage involves the verification of the technical and operating capabilities for specific supplies. Moreover, the monitoring activities put in place ensure that the suppliers retain the necessary requirements throughout the supply contract. They are temporarily or permanently excluded from the supplier list in the case of serious or repeated violations.

Through the Supply Chain Programme Risk Management Project, starting from 2018, the supply contracts set with selected suppliers include a binding requirement to exchange information on shared risks that have impacts on the projects. This requirement gives greater information about the project activities and timing, the causes of risks, the risk events expected to take place in the short and long term and their effects, identifying in a jointly manner the most efficient mitigation actions.

[p.79]

COMMITMENTS AND REQUIREMENTS

Registration on the Portal	Code of Ethics	Anti-Corruption Code	Supplier Code of Conduct	Organisational, Management and Control Model	
Pre-qualification	Financial requirements	Pension and social contributions	No criminal sanctions	Not added to the international black lists (*)	~4,500 pre-qualification checks performed
	Check of environmental crimes	No use of child, forced or illegal labour	Compliance with anti-corruption regulations	Trade compliance	
Qualification	Technical and professional requirements	Environmental certifications (ISO 14001, etc.)	Health and safety certifications (OHSAS 18001)		~4,600 qualification checks completed
	Quality certifications	Cyber security (***)	Respect of hazardous materials regulations (REACH, RoHS, etc.)		

ALLOCATION OF SUPPLIES

Selection/ Competition	Checks of specific competition requirements	Supply terms and conditions	Compliance with conflict mineral regulations	~3,500 transactions for bids on the Portal
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MANAGEMENT AND MONITORING OF SUPPLIERS

Management	Monitoring activities (documents, inspections, on-site audits)	Improvement plans	Revocation pre-qualification	Black list	~1,600 inspections of indirect suppliers 6 black-listed suppliers
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(*) Check only carried out for suppliers in at-risk Countries.

(**) 2015 Modern Slavery Act in the United Kingdom and Code Title 22, chapter 78 in the United States.

(***) Checks launched from 2018.

[3] Anti-Corruption Code (Document)

Accessed 16/10/2019

https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780

[p.14] 8.3 Procurement of goods and services

Addressees involved in the procurement of goods and services must act in accordance with the governance system of the company organization and the internal approval processes of the Group Companies for which they work.

As a rule, staff covering duties involving corporate procurement functions must be rotated. The procurement of goods and services must comply with principles of:

- cost effectiveness, efficiency, promptness and accuracy;
- free competition, equal treatment, non-discrimination, transparency;
- proportionality and advertising;
- minimizing risks and maximizing value.

[...] The purchase of goods and services must comply with the following principles:

Qualification of suppliers

- [...] the persons who qualify a new supplier, and the persons who carries out analysis and due diligence activities (verification of ethical, financial, technical, safety and workplace health requirements, etc.) prior to qualification, must be different;

[p.15]

- [...] periodic monitoring and updating of the qualified suppliers list in order to verify that the qualification requirements still apply;
- assessment by and feedback from functions who request goods or services supplied by qualified suppliers must be traceable at all times.

[...] Management of the contract with the supplier

- monitoring the progress of supplier activities;
- compliance of the activities carried out by the supplier with respect to the contractual provisions must be checked (acceptance of goods or services).

Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company requires suppliers to have adequate anti-bribery and corruption policies and procedures in place. It is explicitly stated that all suppliers must have policies that prohibit bribery and facilitation payments, as well as those that address conflicts of interest, gifts and hospitality and whistleblowing. There is evidence that the company takes active steps to ensure this by requiring that all suppliers follow the anti-bribery policies and procedures of the company and the Supplier Code of Conduct. The company assures itself of this by contractually requiring this with every purchase order.</p>
Evidence
<p>[30] Supplier Code of Conduct (Document) Accessed 16/10/2019 https://www.leonardocompany.com/documents/20142/6633947/Leonardo_suppliers_code_conduct_080519.pdf?t=1557385183180 [p.2] Anti-corruption and integrity</p> <p>Leonardo has zero tolerance for corruption and ask suppliers to comply with all applicable laws and regulations relating to anti-bribery and anti-corruption, including the Company Code of Ethics and the Anti- corruption Code. We expect our suppliers to implement and duly manage adequate and effective internal control and compliance systems for such purposes.</p> <p>Gifts, hospitality and facilitation payments</p> <p>Our suppliers must comply with the Company's conduct on Gifts and Hospitality, must abstain from make any facilitation payments and promptly report to the Company any request or demand for any undue financial or other advantage received.</p> <p>[p.3] Whistleblowing</p> <p>Our suppliers are encouraged to report, even anonymously and without fear of retaliation, actual or potential ethical concern by the Company whistleblowing system.</p> <p>[31] Purchase order - Terms and conditions for the supply of goods and services (Document) Accessed 16/10/2019 https://www.leonardocompany.com/documents/20142/115803/T%26C+2019_eng.pdf/b78d1583-83df-4bb5-6e5f-82cfa5376538?t=1564555814100 [p.3] 17. Anticorruption Laws, Organizational Management and Control Model Pursuant to Legislative Decree n.231/01, Anti-corruption Code and Code of Ethics.</p> <p>17.1 In the performance of the Contract, the Supplier shall comply with the applicable anticorruption laws (the "Anticorruption Laws").</p> <p>17.2 The Supplier also undertakes to comply with, and to have any of its employees and/or sub suppliers, all principles provided in the Company's Organizational Management and Control Model pursuant to Legislative Decree 8th June 2001 n. 231 (" Model 231") adopted by Leonardo, in the Code of Ethics and in the Anticorruption Code of the Leonardo Group (hereinafter collectively referred to as the "Codes") available on the Company's website, regarding which the Supplier declares its thorough knowledge and acceptance.</p> <p>17.3 The non-compliance, even partial, with the principles established in the Model 231 and/or in the Codes and/or in the Anti-Corruption Laws shall constitute a serious non-fulfilment and shall give the Company the right to</p>

terminate the Contract respectively by sending a registered letter containing the brief indication of the circumstances proving the non-fulfilment.

In the event of news or press information alleging such non-compliance, pending all related investigations, the Company shall have the right to suspend and/or terminate the Contract by means of registered letter containing indications of the circumstances from which such non-compliance may be reasonably deduced.

[28] Sustainable supply chain (Webpage)

Accessed 16/10/2019

<https://www.leonardocompany.com/en/suppliers/becoming-a-supplier/sustainable-supply-chain>

For this reason, Leonardo asks suppliers for precise commitments and strict economic, financial, ethical-legal, social and environmental standards. We verify suppliers' commitments during the pre-qualification phase and monitor the approach throughout the supply relationship. Furthermore, by means of our purchasing contracts or subcontracts' approval, we ask our suppliers to ensure that their own sub-suppliers observe the conditions set forth in Leonardo's Code of Ethics, in the Anti-Corruption Code and in the Organizational, Management and Control Model, as well as the sub-suppliers comply with laws and directives regarding corruption and bribery.

[2] Code of Ethics (Document)

Accessed 16/10/2019

https://www.leonardocompany.com/documents/20142/115131/Code_of_Ethics.pdf?t=1539198439628

[p.3] 1. INTRODUCTION

1.1 The company

This Code (hereinafter referred to as the "Code of Ethics") expresses the commitments and ethical responsibilities in the conduct of business and corporate affairs undertaken by anyone carrying out transactions of any nature whatsoever with Leonardo – S.p.A. (hereinafter referred to as "Leonardo" or the "Company"). The principles and provisions of this Code of Ethics are binding on all the following Recipients:

[...]

- the employees and all the external co-workers under any type of contract with the company, including on an occasional and/or merely temporary basis;
- all those who have relationships of any nature with the Company, whether for a consideration or without consideration.

[p.4] 1.5 Application within the Group

In the exercise of its direction and coordination activity, Leonardo sees to the circulation of the Code of Ethics to direct or indirect subsidiaries. As a result of this, the ethical principles set forth in this Code of Ethics are shared by all the subsidiaries of Leonardo and are binding on all the recipients.

[p.13] 11.1.3 Gifts, Benefits and Promises of Favours

Leonardo prohibits all the Recipients to accept, offer or promise, whether directly or indirectly, money, gifts, goods, services or undue favours in the course of their relations with public officers, persons in charge of a public service or private parties, in order to influence their decisions, in view of obtaining preferential treatment, undue services or any other ends.

In its relations with the Italian or foreign Public Administration, Leonardo shall not unduly influence the activity, choices or decisions of the other party, for example by offering undue advantages consisting in sums of money or other benefits, employment or assignment of consultancy arrangements, to the public person or his/her family or to natural or legal persons connected to him/her. Any requests or offers of money or favours of any kind whatsoever (including for instance gifts or presents unless of a reasonable value) unduly made to or by anybody acting on behalf of Leonardo in any transactions with the Public Administration (whether Italian or of a foreign country) or private persons (either Italian or foreign) must be immediately reported to the Surveillance Body.

[p.18] 14.2.4 Measures towards co-workers, auditors, consultants, partners, other parties in transactions and other external persons

Any conduct adopted in the context of a contractual relationship by co-workers, auditors, consultants, partners, other parties in transactions and other parties external to the Company and which is in contrast with the lines of conduct indicated by the Code of Ethics shall cause a unilateral termination of the contractual relationship, in application of the clauses that Leonardo includes in any agreement.

In cases where the violations are committed by temporary workers or within contracts for works or services, the sanctions will be applied to the worker, upon the successful outcome of the assessment of the violations by the worker above, by its employer (leasing agency or contractor) and the proceedings could also give rise to actions against the leasing agency or contractor above.

[3] Anti-Corruption Code (Document)

Accessed 14/10/2019

https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780

[p.3] All the recipients and everyone who works in the name and on behalf of Leonardo or for its benefit is therefore committed, without distinction or exception, to observe and enforce these principles within his own function and responsibilities. Such commitment requires that all the parties involved in any business dealing with Leonardo have to act, in all their transactions with the Company, in accordance with rules and methods inspired by the same values.

3. Definitions

For the purposes of this Anti-Corruption Code, the terms listed therein shall have the meaning indicated hereunder.

[p.7] Recipients: the members of the Boards of Directors and Statutory Auditors (or the administrative and control bodies) including employees, collaborators in any capacity of Leonardo and the Group Companies, including anyone who is party to a contract for valuable consideration or free of charge, with Leonardo or the Group Companies.

[...]

The effective implementation of this Code – and the compliance with its provisions – is verified through audit activities.

[p.9] 6. Anti-corruption objectives

All the Recipients – each of them in their respective competence and responsibilities – must:

- repudiate and prevent corruption, in respect of the zero tolerance principle; ensure the compliance with all the relevant Anti-corruption laws;
- ensure the implementation of what is required by the anti-corruption management system, as well as its continuous improvement.

[p.10] 7. General rules of conduct

All the Recipients must fulfil the Anti-corruption law and the provisions set out in this Code and in the Anti-corruption Regulatory Instruments.

There to, in order to comply with this Code, the following general principles must be complied with in the main risk and risk-conducive areas:

[...]

- impartiality and absence of conflicts of interest: the Recipients of the Code must act with professionalism, impartiality and in compliance with Anti-corruption law. They must therefore avoid all and any situations that might give rise to a conflict of interests, and which may - even potentially - affect their ability to act in the interests of the company and in accordance with such Laws;

[...]

In particular, only members of the company bodies of the Group and relevant company structures may engage in relations with the Public Administration and Private Entities. No Recipient may interfere improperly, for example by agreeing, offering or receiving, directly or indirectly, benefits of any kind, in excess of normal business practices or courtesy, or in any case with the intention of obtaining Undue advantages in the conduct of any business activity, even if such practices are considered to be "customary" in the country in which the Group operates, including facilitation payments.

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
2
Comments
Based on publicly available information, there is evidence that the company takes steps to ensure that its sub-contractors have adequate anti-bribery and corruption programmes in place and that the substance of its anti-corruption and bribery programme and standards are included in subcontracts throughout the supply chain. This evidence is in the form of a clear statement about the minimum standards of ethical behaviour expected throughout the supply chain, which the company enforces through its contracts with its own suppliers.
Evidence
<p>[31] Purchase order - Terms and conditions for the supply of goods and services (Document) Accessed 16/10/2019 https://www.leonardocompany.com/documents/20142/115803/T%26C+2019_eng.pdf/b78d1583-83df-4bb5-6e5f-82cfa5376538?t=1564555814100 [p.3] 17. Anticorruption Laws, Organizational Management and Control Model Pursuant to Legislative Decree n.231/01, Anti-corruption Code and Code of Ethics.</p> <p>17.1 In the performance of the Contract, the Supplier shall comply with the applicable anticorruption laws (the "Anticorruption Laws").</p> <p>17.2 The Supplier also undertakes to comply with, and to have any of its employees and/or sub suppliers, all principles provided in the Company's Organizational Management and Control Model pursuant to Legislative Decree 8th June 2001 n. 231 (" Model 231") adopted by Leonardo, in the Code of Ethics and in the Anticorruption Code of the Leonardo Group (hereinafter collectively referred to as the "Codes") available on the Company's website, regarding which the Supplier declares its thorough knowledge and acceptance.</p> <p>[28] Sustainable supply chain (Webpage) Accessed 16/10/2019 https://www.leonardocompany.com/en/suppliers/becoming-a-supplier/sustainable-supply-chain For this reason, Leonardo asks suppliers for precise commitments and strict economic, financial, ethical-legal, social and environmental standards. We verify suppliers' commitments during the pre-qualification phase and monitor the approach throughout the supply relationship. Furthermore, by means of our purchasing contracts or subcontracts' approval, we ask our suppliers to ensure that their own subsuppliers observe the conditions set forth in Leonardo's Code of Ethics, in the Anti-Corruption Code and in the Organizational, Management and Control Model, as well as the subsuppliers comply with laws and directives regarding corruption and bribery.</p>

Question

6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?

Score

2

Comments

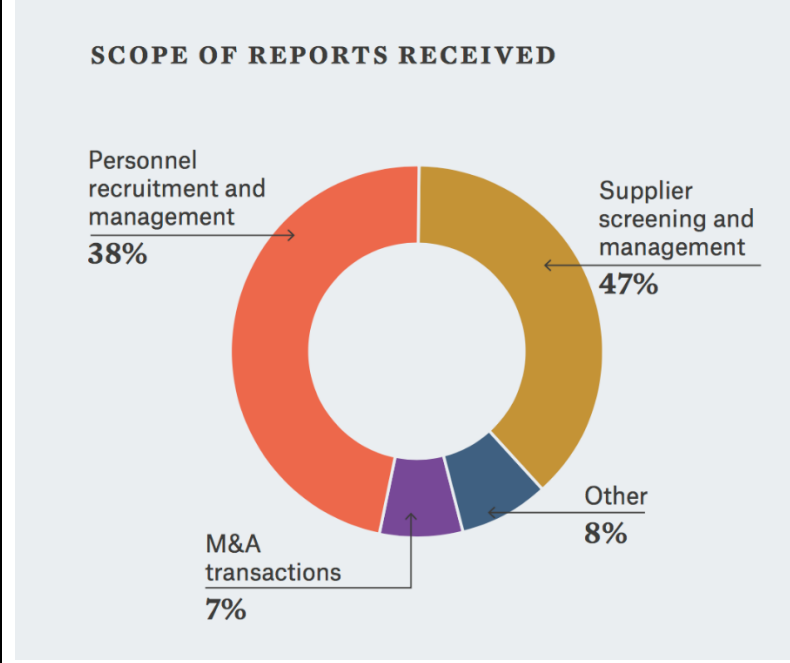
The company publishes high-level data from all ethical, bribery or corruption-related incidents and investigations involving suppliers. This includes the number of investigations launched and the number of disciplinary actions as a result of investigation findings. This data is published on an annual basis covering cases in the past 12 months.

Evidence

[28] Sustainable supply chain (Webpage)
 Accessed 16/10/2019
<https://www.leonardocompany.com/en/suppliers/becoming-a-supplier/sustainable-supply-chain>
 Sustainable supply chain

[...]
 In 2018 Leonardo launched 188 investigations into suppliers relating to ethical/anti-corruption concerns and activated 20 actions against suppliers (such as revocation or termination) as a result of these investigations.

[5] Sustainability Report 2018 (Document)
 Accessed 16/10/2019
https://www.leonardocompany.com/documents/20142/116025/Leonardo_2018+Sustainability+Report_Non-financial+Statement-final.pdf?t=1556644909652
 [p.41]



7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has a policy covering the use of agents. The policy addresses the corruption risks associated with the use of agents and provides details of specific controls to mitigate these risks. The company commits to establishing and verifying that the use of agents is, in each case, necessary to perform a legitimate business function. There is evidence indicating that the policy applies to subsidiaries and joint ventures.</p>
Evidence
<p>[25] Abstract of the Guidelines on Commercial Advisors and Sales Promoters (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+sales+promoters+lobbyists+guidelines_ENG_update+25+feb+2020.pdf?t=1582707031406</p> <p>[p.2] 1. FRAMEWORK AND SCOPE Leonardo conducts its business in compliance with the principles of loyalty, fairness, transparency, efficiency, obedience to the law and the values expressed in the Code of Ethics and the Anti-Corruption Code and requires a similar behaviour from everyone with whom it holds business and/or financial relationships of any nature whatsoever, particularly when they involve the choice of other parties in transactions, suppliers, business partners, consultants etc.1. These Guidelines define the general principles and rules related to the selection, assessment and appointment of Commercial Consultants, including Commercial Advisors (CA), Sales Promoters (SP) and Lobbyists (LO), as well as to the drafting and managing of the related contracts by Leonardo S.p.a.2 Leonardo S.p.a., on the basis of these Guidelines confirms its position of zero-tolerance against corruption and, in general, against any unethical conduct in violation of the rules and, as such, contrary to the values, principles and standards of Leonardo S.p.a. 3</p> <p>2. GENERAL PRINCIPLES The relevant process is based on compliance with applicable rules and regulations (national and international), in accordance with the principles set forth in the Organizational, Management and Control Model as per the Italian Legislative Decree 231/01, the Code of Ethics and the Anti-corruption Code of Leonardo.</p> <p>In particular, the principles that must be complied with are:</p> <ul style="list-style-type: none"> - identification and segregation of responsibilities; - clear designation of signing authority; - clarity and simplicity; - impartiality and absence of conflicts of interest; - traceability and accurate record-keeping. <p>Any conduct by persons other than the Personnel of the Leonardo Group in breach of the Anti-corruption Code or the Anti-corruption law, will be examined to evaluate whether it is necessary to adopt appropriate measures, such as unilateral termination of the contract, and will be provided by specific contractual clauses.4</p> <p>3. GENERAL RULES OF CONDUCT The start of the process related to the identification and appointment of CA, SP and LO shall always be consequent to valid, clear and well-defined commercial reasons. The assignment can be granted only and exclusively in full compliance with the rules described in the Guidelines.</p> <p>[p.3] 4. SUMMARY</p>

The use of intermediaries is known to represent one of the largest corruption risk areas in conducting business worldwide. For this reason, Leonardo strives to continuously strengthen its risk management and internal oversight control systems in order to prevent, detect and respond to corruption and unethical behaviour, with a zero-tolerance approach.

[...]

Lobbying agreements, obviously only where permitted by the relevant legislation, aim at advocating the Company's interests and supporting the Company's position in the legislative and administrative bodies of the territory in a responsible manner⁵.

[p.5] The appointments can have a validity of maximum two years.

Tailored training on ethics, anti-corruption and compliance topics is required to be performed by the third parties. The course is structured on four modules which include the content of Leonardo's Business Compliance Guidelines and Directive (applicable to Leonardo Subsidiaries. Please refer to Abstract on Directive 2/2019 for more details) with a final test.

[p.6] **5. MONITORING AND REPORTING**

In accordance with Leonardo oversight mechanisms of control, all the CA/SP/LO, by executing specific contractual clauses and possible additional declarations, are required to guarantee the full compliance with Leonardo internal Codes and rules as well as with all applicable national and international anti-corruption and anti-bribery legislation. Third parties are contractually obliged to submit periodic "Activity Reports" with evidence of all activities performed in relation to the appointment, substantiating all the elements necessary to identify the efforts provided in favor of Leonardo. All reports are scrutinized and approved by the competent Company Units, including Business Compliance structures, in order to ensure continuous oversight and monitoring and, if necessary, activate additional verifications. In particular, the SP/CA/LO agreements provide the possibility for Leonardo or any of its duly authorized representatives to access, inspect and examine documents, papers and records of the SP/CA/LO involving transactions related to the agreement, during its period of validity and in any case prior to the payment of the final instalment. Should any violation of the aforementioned contractual obligations or the nontruthfulness of the information and/or declarations be verified, either directly by Leonardo or as a result of investigations conducted by an inquiring authority, Leonardo has the right to suspend and possibly terminate the related contract, without prejudice to the right to compensation for any damage incurred.

[32] Abstract of the Directive on Commercial Advisors and Sales Promoters (Document)

Accessed 16/04/2020

https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+sales+promoters+lobbyists+directive_ENG_update+25+feb+2020.pdf?t=1582707029349

[Same evidence as above]

[33] Focus on Joint Ventures (Document)

Accessed 16/04/2020

<https://www.leonardocompany.com/documents/20142/8352825/Focus+on+JV+eng+25022020.pdf?t=1582709744759>

[p.3] Following the M&A transaction, the target company must comply with the provisions of the Anti-corruption Code as well as all the principles set by Leonardo's internal guidelines, policies and procedures (e.g. Commercial Advisors, Sales Promoters and Lobbyists – Business Compliance). In associated companies and companies in which Leonardo is a minority shareholder, in consortia, associations and foundations in which Leonardo has a direct or indirect interest, as well as in partnership structures (e.g. Joint Ventures), Leonardo, as per Directives n.10 and n.11, through its representatives on the Administrative Body or at the shareholders' meeting, plays an active role in the adoption of the Compliance Program by the entity.

In particular as regards Joint Ventures, including those in which Leonardo is a minority shareholder, Leonardo and the Group Companies work through their representatives to ensure acceptance by the Joint Venture of the provisions of the Anti-Corruption Code, in order to prevent any conduct that might imply breach of the anti-corruption law, while Leonardo and the Group Companies shall have the authority to carry out anti-corruption checks, as part of the activities relevant to the Joint Venture.

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to engaging any agents and intermediaries at least every two years or when there is a modification to the contract. The company also indicates that it will refresh its due diligence prior to making any payments to agents and intermediaries. All agents and highest risk intermediaries are subject to enhanced due diligence. The company commits to not engaging or terminating its engagement with agents or intermediaries where the risks identified in the due diligence cannot be mitigated.</p>
Evidence
<p>[25] Abstract of the Guidelines on Commercial Advisors and Sales Promoters (Document) Accessed 16/10/2019 https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+and+sales+promoters+guidelines_ENG.pdf?t=1564570482524</p> <p>[p.3] The process related to the identification of the CA/SP/LO is based on criteria of transparency, competence, cost-efficiency and fairness and the proposed remuneration must be consistent with respect to the activities to be performed by the CA/LO or, in case of an SP, to the customary practice for similar products/services in the territory and normal market values or amounts usually foreseen in the commercial praxis. The preliminary identification of the SP / CA / LO falls under the responsibility of the sales team and is performed prior to the Business Compliance verification process. Such identification is carried out with the support of an IT "tool" which, through the use of objective evaluation parameters, determines the eligibility or not of the candidate to the subsequent Business Compliance assessment phase. Only those candidates who obtain at least the minimum score, in fact, will undergo the subsequent Due Diligence checks.</p> <p>The Business Compliance structures of Leonardo carry out an accurate analysis and evaluation of the risks associated to each commercial advisory, sales promotion or lobbying appointment (Enhanced Due Diligence) prior to the signature of the Contract, as well as afterwards during its performance. The Due Diligence activities are also carried out in case of any substantial modification, extension or renewal of the Contract.</p> <p>The Enhanced Due Diligence consists in the following activities:</p> <ol style="list-style-type: none"> 1. verifications on the legal aspects based on legal opinions released by local law firms. Furthermore, a monitoring and alert system is in place to ensure that Leonardo is promptly informed by the local firms about any modifications of the relevant rules and regulations; 2. verifications on aspects of ethical and reputational nature with the support of external investigative service providers issuing specific reports; 3. analysis and evaluation of the risks, so-called "Red Flags"; 4. verifications on the requirements of the CA/SP/LO with respect to the reference legislation. <p>The Due Diligence activities require also the implementation of the Risks Analysis methodology by means of a Risk Score tool that measures the risk level associated to the appointment, resulting in a risk score based on the evaluation of specific Red Flags.</p> <p>In particular, the Risk Score provides for six Red Flags, defined "gates", whose presence implies a "Not Acceptable" risk level, with the subsequent impossibility to proceed with the appointment. As mere examples, the "gates" include, among others:</p> <ul style="list-style-type: none"> – impossibility to identify the final beneficial owner; – convictions and/or pending criminal proceedings related to the crime of corruption or to offences

that could have an impact on the intermediary's professional morality or that could in any case potentially damage Leonardo's reputation, against the CA/SP/LO and/or in case of a legal entity, its controlling shareholders/beneficiaries/individuals operating within such legal entity;

- requests by the CA/SP/LO of indirect or anomalous or non-transparent payment methods or invoicing.

The Risk Score provides also additional ten Red Flags, defined "drivers", that identify the specific risk level of the appointment, requiring the definition and implementation of the related treatment actions.

The "drivers" include, among others:

- the "Transparency International Corruption Perception Index" related to the Territory where the services under the scope of agreement are to be performed by the CA/SP/LO is between 0 and 49 (high level of corruption);

[p.4]

- investigations related to corruption or to offences that could have an impact on the intermediary's professional morality or that could in any case potentially damage Leonardo's reputation, against the CA/SP/LO or, in case of a legal entity, against its controlling shareholders/directors/beneficiaries/ individuals operating within such legal entity;
- family or professional or personal links of the CA/SP/LO (and/or its shareholders) with members of the Public Administration, Institutional Clients, State controlled companies, private entities or suppliers of Leonardo which may cause conflicts of interest or improper influence.

The risk level evaluation may be "low", "medium" or "high". In case of a "high" risk level, the assessment regarding the appointment requires the direct involvement of the Senior Compliance Officer as well as of the Head of the Anticorruption O.U.

[...]

As previously mentioned, prior to any payment in favor of the CA/SP/LO a refreshed Due Diligence is carried out in order to verify the validity of the information obtained prior to the execution of the agreement, as well as the absence of Red Flags, and in the case of an SP, the adequacy of the documentation providing evidence of the causal link between the activities performed by the SP and the contract with the customer.

[...]

The appointments can have a validity of maximum two years. Training courses on ethics, anticorruption and compliance topics are performed for the third parties.

5. MONITORING AND REPORTING

All the CA/SP/LO, by executing specific contractual clauses and possible additional declarations, are required to guarantee the full compliance with the national and international anti-corruption and anti- bribery legislation of reference. Should any violation of the aforementioned contractual obligations or the non-truthfulness of the information and/or declarations be verified, either directly by Leonardo or as a result of investigations conducted by an inquiring authority, the Company has the right to suspend and possibly terminate the related contract, without prejudice to the right to compensation for any damage incurred. The above provisions highlight that all CA/SP/LO are constantly monitored. In the table that follows the sanctions applied are summarized:

[p. 5]

YEAR	INCIDENTS	SUSPENSIONS	TERMINATIONS	NO FURTHER ACTIONS	WORK IN PROGRESS
2017	5		1	4	
2018	3	1	1	1	
07/2019	3	2			1

[32] Abstract of the Directive on Commercial Advisors and Sales Promoters (Document)

Accessed 16/10/2019

https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+and+sales+promoters+directive_ENG.pdf?t=1564570481224

[same evidence as above]

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company asks its agents to disclose their beneficial ownership to the company, which it verifies as part of its due diligence processes. The company states that it will not engage with agents or intermediaries if beneficial ownership cannot be established. The company also indicates that if any of the information provided by the agents or intermediaries is found to be inaccurate, it may suspend or terminate the contract.</p> <p>However, the company scores ‘1’ as there is no clear evidence of a commitment to independently verify the beneficial ownership information of high risk agents.</p>
Evidence
<p>[25] Abstract of the Guidelines on Commercial Advisors and Sales Promoters (Document) Accessed 16/10/2019 https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+and+sales+promoters+guide+lines_ENG.pdf?t=1564570482524 [p.3] The Enhanced Due Diligence consists in the following activities:</p> <p>[...]</p> <p>The Due Diligence activities require also the implementation of the Risks Analysis methodology by means of a Risk Score tool that measures the risk level associated to the appointment, resulting in a risk score based on the evaluation of specific Red Flags.</p> <p>In particular, the Risk Score provides for six Red Flags, defined “gates”, whose presence implies a “Not Acceptable” risk level, with the subsequent impossibility to proceed with the appointment. As mere examples, the “gates” include, among others:</p> <ul style="list-style-type: none"> ➤ impossibility to identify the final beneficial owner; <p>[p.4] As previously mentioned, prior to any payment in favor of the CA/SP/LO a refreshed Due Diligence is carried out in order to verify the validity of the information obtained prior to the execution of the agreement, as well as the absence of Red Flags, and in the case of an SP, the adequacy of the documentation providing evidence of the causal link between the activities performed by the SP and the contract with the customer.</p> <p>[...]</p> <p>All the CA/SP/LO, by executing specific contractual clauses and possible additional declarations, are required to guarantee the full compliance with the national and international anti-corruption and anti- bribery legislation of reference. Should any violation of the aforementioned contractual obligations or the non-truthfulness of the information and/or declarations be verified, either directly by Leonardo or as a result of investigations conducted by an inquiring authority, the Company has the right to suspend and possibly terminate the related contract, without prejudice to the right to compensation for any damage incurred.</p> <p>[32] Abstract of the Directive on Commercial Advisors and Sales Promoters (Document) Accessed 16/10/2019 https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+and+sales+promoters+directive_ENG.pdf?t=1564570481224 [same evidence as above]</p>

Question
7.1.4 Does the company’s anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
2
Comments
There is evidence that the company’s anti-bribery and corruption policy applies to all agents and intermediaries acting for or on behalf of the company. All agents and intermediaries are subject to anti-bribery and corruption clauses in their contracts, which include audit rights and termination rights.
Evidence
<p>[25] Abstract of the Guidelines on Commercial Advisors and Sales Promoters (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+sales+promoters+lobbyists+guidelines_ENG_update+25+feb+2020.pdf?t=1582707031406</p> <p>[p.4] During the Due Diligence activities, all candidates are required to provide a statement in which they declare to have received all relevant Leonardo documentation, including the Code of Ethics, the Anti-corruption Code and the Charter of Values. All third parties are mandatorily required to be aligned with and act in accordance with the Leonardo Code of Ethics, the Anti-corruption Code and any relevant procedural standards and policies, as well as with all applicable national and international anti-corruption and antibribery legislation, in order to finalize the relevant contract. These requirements are also always reflected in the contractual clauses framework.</p> <p>[p.6] In accordance with Leonardo oversight mechanisms of control, all the CA/SP/LO, by executing specific contractual clauses and possible additional declarations, are required to guarantee the full compliance with the Leonardo internal Codes and rules as well as with all applicable national and international anticorruption and anti-bribery legislation of reference. Third parties are contractually obliged to submit periodic “Activity Reports” with evidence of all activities performed in relation to the appointment, substantiating all the elements necessary to identify the efforts provided in favor of the Subsidiary. All reports are scrutinized and approved by the competent Company Units, including Business Compliance structures, in order to ensure continuous oversight and monitoring and, if necessary, activate additional verifications.</p> <p>In particular, the SP/CA/LO agreements provide the possibility for Leonardo or any of its duly authorized representatives to access, inspect and examine documents, papers and records of the SP/CA/LO involving transactions related to the agreement, during its period of validity and in any case prior to the payment of the final instalment. Should any violation of the aforementioned contractual obligations or the nontruthfulness of the information and/or declarations be verified, either directly by Leonardo or as a result of investigations conducted by an inquiring authority, Leonardo has the right to suspend and possibly terminate the related contract, without prejudice to the right to compensation for any damage incurred.</p> <p>[32] Abstract of the Directive on Commercial Advisors and Sales Promoters (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+sales+promoters+lobbyists+directive_ENG_update+25+feb+2020.pdf?t=1582707029349</p> <p>[p.4] During the Due Diligence activities, all candidates are required to provide a statement in which they declare to have received all relevant Leonardo documentation, including the Code of Ethics, the Anti-corruption Code and the Charter of Values. All third parties are mandatorily required to be aligned with and act in accordance with the Leonardo Code of Ethics, the Anti-corruption Code and any relevant procedural standards and policies, as well as with all applicable national and international anti-corruption and antibribery legislation, in order to finalize the relevant contract. These requirements are also always reflected in the contractual clauses framework.</p> <p>[p.6] In accordance with Leonardo oversight mechanisms of control, all the CA/SP/LO, by executing specific contractual clauses and possible additional declarations, are required to guarantee the full compliance with the Leonardo internal Codes and rules as well as with all applicable national and international anticorruption and anti-bribery legislation of reference. Third parties are contractually obliged to submit periodic “Activity Reports” with evidence of all activities performed in relation to the appointment, substantiating all the elements necessary to identify the efforts provided in favor of the Subsidiary. All reports are scrutinized and approved by the competent</p>

Company Units, including Business Compliance structures, in order to ensure continuous oversight and monitoring and, if necessary, activate additional verifications.

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
2
Comments
<p>Based on publicly available information, there is evidence that incentive structures for agents are addressed as a factor in bribery and corruption risk. The company places a clear threshold on sales-based commissions to agents and states that remuneration to agents is paid only in staged payments over the course of their contract, based on milestones. The company also commits to only paying agents into bank accounts where the company has its registered office.</p>
Evidence
<p>[25] Abstract of the Guidelines on Commercial Advisors and Sales Promoters (Document) Accessed 16/10/2019 https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+and+sales+promoters+guidelines_ENG.pdf?t=1564570482524 [p.3] The remuneration for the CA/LO's activities consists in a fixed amount, payable in periodic milestones. The reimbursement of expenses is allowed provided that such expenses are documented, justified, reasonable and previously authorized by the competent Company units.</p> <p>The remuneration for the activities carried out by the SP consists of commission (so-called success fee) that is due in case of successful award of a sales or supply contract. Remuneration is calculated as a percentage of the value of the sale or supply contract and is payable – on a pro-quota basis - following receipt of payment from the client (milestones). Even for the SP the reimbursement of expenses is allowed provided that they are documented, justified, reasonable and previously authorized by the competent Company units.</p> <p>A “Fee Policy” has been recently defined setting limits to the percentages payable to the third party (inversely proportional to the value of the sales and/or supply contract) with a maximum amount not to be exceeded as remuneration (cap).</p> <p>As previously mentioned, prior to any payment in favor of the CA/SP/LO a refreshed Due Diligence is carried out in order to verify the validity of the information obtained prior to the execution of the agreement, as well as the absence of Red Flags, and in the case of an SP, the adequacy of the documentation providing evidence of the causal link between the activities performed by the SP and the contract with the customer.</p> <p>In no case payments can be made in cash or by means of not traceable methods or otherwise different from a bank transfer, nor on accounts in territories other than the one in which the SP/CA/LO has its registered office/ residence.</p> <p>[32] Abstract of the Directive on Commercial Advisors and Sales Promoters (Document) Accessed 16/10/2019 https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+and+sales+promoters+directive_ENG.pdf?t=1564570481224 [Same evidence as above]</p>

Question																		
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?																		
Score																		
1																		
Comments																		
<p>The company publishes a figure of the number of agents it currently contracts disaggregated by contract type. The list covers the most recent financial year.</p> <p>However, the list falls short of the minimum level of detail required in score '2' as the company does not publish the names of agents.</p>																		
Evidence																		
<p>[25] Abstract of the Guidelines on Commercial Advisors and Sales Promoters (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+sales+promoters+lobbyists+guidelines_ENG_update+25+feb+2020.pdf?t=1582707031406 [p.3] For proper information, the following table describes the details of the contracts in force as of March 31st 2019 for the Leonardo Group with reference to SP/CA/LO.</p> <p><i>Number of contracts in force as of March 31st 2019</i></p> <table border="1"> <thead> <tr> <th>TYPE</th> <th>Leonardo S.p.a.</th> <th>Leonardo Subsidiaries</th> </tr> </thead> <tbody> <tr> <td>SP</td> <td>97</td> <td>49</td> </tr> <tr> <td>CA</td> <td>9</td> <td>19</td> </tr> <tr> <td>LO</td> <td>2</td> <td>6</td> </tr> <tr> <td>MULTIPLE TYPE (SP/CA)</td> <td>1</td> <td>1</td> </tr> <tr> <td>TOTAL</td> <td>109</td> <td>75</td> </tr> </tbody> </table>	TYPE	Leonardo S.p.a.	Leonardo Subsidiaries	SP	97	49	CA	9	19	LO	2	6	MULTIPLE TYPE (SP/CA)	1	1	TOTAL	109	75
TYPE	Leonardo S.p.a.	Leonardo Subsidiaries																
SP	97	49																
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Question																								
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?																								
Score																								
2																								
Comments																								
Based on publicly available information, there is evidence that the company publishes high-level data from all bribery and corruption-related incidents and investigations involving its agents. This includes the number of incidents and the types of sanctions applied as a result of investigation findings. This data is published on an annual basis.																								
Evidence																								
<p>[25] Abstract of the Guidelines on Commercial Advisors and Sales Promoters (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+sales+promoters+lobbyists+guidelines_ENG_update+25+feb+2020.pdf?t=1582707031406</p> <p>[p.6] 5. MONITORING AND REPORTING In accordance with Leonardo oversight mechanisms of control, all the CA/SP/LO, by executing specific contractual clauses and possible additional declarations, are required to guarantee the full compliance with Leonardo internal Codes and rules as well as with all applicable national and international anti-corruption and anti-bribery legislation. Third parties are contractually obliged to submit periodic “Activity Reports” with evidence of all activities performed in relation to the appointment, substantiating all the elements necessary to identify the efforts provided in favor of Leonardo. All reports are scrutinized and approved by the competent Company Units, including Business Compliance structures, in order to ensure continuous oversight and monitoring and, if necessary, activate additional verifications. In particular, the SP/CA/LO agreements provide the possibility for Leonardo or any of its duly authorized representatives to access, inspect and examine documents, papers and records of the SP/CA/LO involving transactions related to the agreement, during its period of validity and in any case prior to the payment of the final instalment. Should any violation of the aforementioned contractual obligations or the nontruthfulness of the information and/or declarations be verified, either directly by Leonardo or as a result of investigations conducted by an inquiring authority, Leonardo has the right to suspend and possibly terminate the related contract, without prejudice to the right to compensation for any damage incurred.</p> <p>The above provisions highlight that all CA/SP/LO are constantly monitored. In the following table the sanctions applied are summarized, taking into account that no incidents involved lobbyists:</p> <table border="1"> <thead> <tr> <th>YEAR</th> <th>INCIDENTS</th> <th>SUSPENSIONS</th> <th>TERMINATIONS</th> <th>NO FURTHER ACTIONS</th> <th>WORK IN PROGRESS</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>5</td> <td></td> <td>1</td> <td>4</td> <td></td> </tr> <tr> <td>2018</td> <td>3</td> <td>1</td> <td>1</td> <td>1</td> <td></td> </tr> <tr> <td>07/2019</td> <td>3</td> <td>2</td> <td></td> <td></td> <td>1</td> </tr> </tbody> </table>	YEAR	INCIDENTS	SUSPENSIONS	TERMINATIONS	NO FURTHER ACTIONS	WORK IN PROGRESS	2017	5		1	4		2018	3	1	1	1		07/2019	3	2			1
YEAR	INCIDENTS	SUSPENSIONS	TERMINATIONS	NO FURTHER ACTIONS	WORK IN PROGRESS																			
2017	5		1	4																				
2018	3	1	1	1																				
07/2019	3	2			1																			

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to entering joint ventures. There is evidence indicating that the company's due diligence process includes checks on the owners of the partner company and joint ventures operating in high risk markets are subject to enhanced due diligence. There is evidence that the company conducts anti-bribery and corruption due diligence both prior to entering into a joint venture and when there is a significant change in the business relationship.</p>
Evidence
<p>[33] Focus on Joint Ventures (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/8352825/Focus+on+JV+eng+25022020.pdf?t=1582709744759</p> <p>[p.2] 1. FRAMEWORK AND SCOPE Leonardo S.p.a. has codified operational standards and controls with regard to the assessment, approval and implementation for entering into strategic alliances, including Joint Ventures. The Company has adopted appropriate internal regulations for the definition of roles, responsibilities, operative standards for the parties involved, checks and due diligence activities related to the process. The relevant framework currently in force is the Procedure on M&A Transactions. Its scope includes but is not limited to governance of the steps leading up to Leonardo's becoming partner in a Joint Venture, as it addresses the wide variety of the many M&A transaction types and aims at detecting, assessing and mitigating a number of risks, including inter alia corruption and bribery. The following document is focused on Joint Venture transactions and associated aspects regarding anti-corruption/anti-bribery and ethics.</p> <p>[...]</p> <p>3. GENERAL RULES OF CONDUCT In accordance with the company regulations, any Joint Venture transaction must be based on the principles of correctness, transparency and professionalism:</p> <ul style="list-style-type: none"> - making a preliminary assessment of the feasibility, relevance and strategic and economic coherence of the operations with respect to the strategic guidelines defined by the Company; - maintaining the utmost confidentiality on information acquired during the course of operations; - ensuring the homogeneity of the evaluation criteria adopted; - creating and formalizing a due diligence on the potential counterpart in relation to any operation; - guaranteeing the absence of any conflict of interest, even potentially, with reference to personal, professional or family relationships between the potential counterpart and the Company. <p>4. IMPLEMENTATION AND INTEGRITY CONTROLS According to its internal procedures, Leonardo applies a high risk-based approach on all the potential partners conducting a comprehensive due diligence review, in order to verify, among others, the reputational profile of the object of the M&A operation, the counterpart, but also the company, if already existing. The due diligence is renewed in case of any significant changes in the business relationship. In particular, before becoming partner in a Joint Venture, Leonardo investigates the following areas:</p> <ul style="list-style-type: none"> - the Partner profile, including the non-inclusion in lists maintained by relevant international organisations; - if the company which is targeted for becoming the Joint Venture exists already, then also: <p>[p.3]</p> <ul style="list-style-type: none"> - the identity and the reputational, honourability and integrity requirements of the associates (ownership) and directors;

- the possible corruption risk areas and other risk areas related to the offences pursuant to Legislative Decree No.231/2001;
- the existence of relevant policies pursuant to Legislative Decree No. 231/2001 and/or to comparable legislation in other systems; - the existence of any proceedings, penalties or convictions, for infringements of Legislative Decree No. 231/2001 and/or of the regulations in force in other systems with similar purposes, borne by the company covered by the M&A operation and, in the case of Joint Venture, of its partner, associates and directors;
- if the company has an anti-corruption policy

[3] Anti-Corruption Code (Document)

Accessed 16/10/2019

https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780

[p.15] 8.4 M&A Transactions

Any M&A transaction, including any corporate or contractual collaboration under a Joint Venture, must include a due diligence of the counterparty in order to verify:

[p.16]

- the identity, reputation, professional conduct and integrity of the shareholders and directors of the companies involved in the M&A transaction and, in the case of Joint Venture, of the Partner;
- the potential corruption risk areas of the company involved in the M&A transaction or Joint Venture;
- if the companies involved in the M&A transaction or Joint Ventures have an anti- corruption policy;
- the existence of proceedings, penalties or sentences for breach of the Anti-corruption law, against the companies involved in the M&A transaction and, in the case of a Joint Venture, against the Partner, shareholders, directors or the management thereof.

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company commits to establishing and implementing anti-bribery and corruption policies in all of its joint ventures. It does so by requiring joint ventures to adopt its own programme. The company includes audit and termination rights in its contracts with joint venture partners.</p>
Evidence
<p>[33] Focus on joint venture (Document) Accessed 16/10/2019 https://www.leonardocompany.com/documents/20142/8352825/Joint+Ventures_ENG.pdf?t=1564570596506 [p.3] If the joint venture meets the legal parameters for being considered a subsidiary, Leonardo, as the Parent company, will ensure that the joint venture complies with the provisions of the Anti-corruption Code.</p> <p>Following the M&A transaction, the target company must comply with the provisions of the Anti- corruption Code. In particular as regards Joint Ventures, Leonardo and the Group Companies, will work through their representatives to ensure acceptance by the Joint Venture of the provisions of the Code, in order to prevent any conduct that might imply breach of the anti-corruption law, while Leonardo and the Group Companies should have the authority to carry out anti-corruption checks, as part of the activities relevant to the Joint Venture.</p> <p>Any violations or deviations from the internal and external legislation must be promptly communicated to the Surveillance Body ex Legislative Decree No. 231/2001. Any conduct that is or threatens to be in breach of the Anti-corruption Code or the Anti-corruption law, will be examined to evaluate the adoption of ad hoc provisions which may include contract termination.</p> <p>[3] Anti-Corruption Code (Document) Accessed 16/10/2019 https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780 [p.4] 2. Adoption and implementation The Anti-Corruption Code is applicable, with immediate effect, to all the recipients indicated hereunder.</p> <p>The Boards of Directors (or administrative bodies) of Group Companies directly controlled by Leonardo adopt the Anti-Corruption Code at the first possible meeting and ensure that the boards of the respective subsidiaries promptly adopt the same.</p> <p>Leonardo and the Group Companies will exert their best efforts to ensure that companies in which they hold a non-controlling interest (including joint ventures), adopt the rules of the Anti-Corruption Code.</p> <p>[p.16] [...] following the M&A transaction, the company made subject of the acquisition, merger and contribution must comply with the provisions of the Code.</p> <p>In particular as regards Joint Ventures, Leonardo and the Group Companies, will work through their representatives to ensure acceptance by the Joint Venture of the provisions of the Code, in order to prevent any conduct that might imply breach of the Anti-corruption law, while Leonardo and the Group Companies should have the authority to carry out anti- corruption checks, as part of the activities relevant to the Joint Venture.</p> <p>[p.25] Employees, auditors, consultants, partners, counterparties and other external parties Any conduct by persons other than the Personnel of the Leonardo Group in breach of the Code or the Anti-corruption law, will be examined to evaluate whether it is necessary to adopt appropriate measures, such as unilateral termination of the contract, and will be provided by specific contractual clauses.</p>

Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
2
Comments
In publicly available evidence the company commits to take an active role in preventing bribery and corruption in all of its joint ventures. There is evidence to support the company's commitment. The company indicates that it will work through its board representatives to ensure the adoption of a compliance programme. It also periodically performs assessments and holds staff meetings and workshops on anti-bribery and corruption.
Evidence
<p>[3] Anti-Corruption Code (Document) Accessed 16/10/2019 https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780 [p.16] In particular as regards Joint Ventures, Leonardo and the Group Companies, will work through their representatives to ensure acceptance by the Joint Venture of the provisions of the Code, in order to prevent any conduct that might imply breach of the Anti-corruption law, while Leonardo and the Group Companies should have the authority to carry out anti- corruption checks, as part of the activities relevant to the Joint Venture.</p> <p>[33] Focus on Joint Ventures (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/8352825/Focus+on+JV+eng+25022020.pdf?t=1582709744759 [p.3] If the Joint Venture meets the legal parameters for being considered a Subsidiary, Leonardo, as the Parent company, will ensure that the Joint Venture complies with the provisions of the Anti-corruption Code. Following the M&A transaction, the target company must comply with the provisions of the Anti-corruption Code as well as all the principles set by Leonardo's internal guidelines, policies and procedures (e.g. Commercial Advisors, Sales Promoters and Lobbyists – Business Compliance). In associated companies and companies in which Leonardo is a minority shareholder, in consortia, associations and foundations in which Leonardo has a direct or indirect interest, as well as in partnership structures (e.g. Joint Ventures), Leonardo, as per Directives n.10 and n.11, through its representatives on the Administrative Body or at the shareholders' meeting, plays an active role in the adoption of the Compliance Program by the entity.</p> <p>In particular as regards Joint Ventures, including those in which Leonardo is a minority shareholder, Leonardo and the Group Companies work through their representatives to ensure acceptance by the Joint Venture of the provisions of the Anti-Corruption Code, in order to prevent any conduct that might imply breach of the anti-corruption law, while Leonardo and the Group Companies shall have the authority to carry out anti-corruption checks, as part of the activities relevant to the Joint Venture.</p> <p>Various Leonardo S.p.a organizational units, each in their specific area of responsibility (i.e. Compliance, Audit, Risk Management), periodically perform assessment activities, staff meetings and workshops in order to verify the development and the effectiveness of the entities' control systems, taking on an active role in the prevention and mitigation of all relevant risks, including bribery and corruption.</p>

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company has policies and procedures in place to address the corruption risks associated with offset contracting. The company requires offset partners to adhere to its anti-bribery and corruption standards through appropriate contractual clauses. The company has a dedicated body responsible for the monitoring and oversight of its offset activities throughout the lifecycle of each project. There is evidence that employees within this body receive anti-bribery and corruption training.</p>
Evidence
<p>[34] Focus on Offset (Document) Accessed 17/10/2019 https://www.leonardocompany.com/documents/20142/8352825/Offset_eng.pdf?t=1564570511286 [p.2] Generically referred to as offset but including industrial participation, offset management in Leonardo is primarily governed by the principles set forth in its internal Codes, including Leonardo’s Code of Ethics and Anti-corruption Code, and based on the applicable national and international regulations.</p> <p>Leonardo adopts coordinated offset practices across the Group based on an autonomous but collaborative business model with shared information, transparency and coherency on the development of good practices, professional development and cooperation. Such business model frames an environment conducive to coordination through operational and strategic working groups.</p> <p>Offset in Leonardo is managed through a two layered structure, according to the Offset Corporate Guideline and Directive:</p> <ul style="list-style-type: none"> • Offset functions in each Division, responsible for the fulfilment of the obligations and related activities; • Corporate Offset Management function, for coordinating and monitoring the Divisions; to ensure compliance with the internal procedures; to address aspects impacting on International Strategic Campaigns, and to collaborate with associate functional areas. The function ensures also a centralized management of strategic Offset Authority relationships and leads on indirect solutions. <p>The offset obligations are monitored throughout the whole lifecycle at a Divisional level and coordinated at a cross-Divisional level.</p> <p>Staff in the Offset and related functions receive anti-corruption training. There is also a programme of Offset awareness at many levels in the organisation.</p> <p>[...]</p> <p>Additionally, the same national and international standards of ethics, anti-corruption and conduct employed by Leonardo are demanded of our Partners through specific contractual clauses in the Offset agreement. The Internal Audit function independently reviews and reports on process compliance.</p>
<p>[35] Compliance (Webpage) Accessed 17/10/2019 https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/compliance The Compliance Council constitutes one of the pillars of Leonardo Compliance Programme. Its main objective is to promote a corporate culture founded on the observance of the rules and on the Company’s values. Compliance with the law, transparency and correct management conduct, good faith, trust and cooperation with the stakeholders are crucial to compete efficiently and fairly in the market.</p>

This event is held annually and involves the Top Management of the company, the first-level management and the key-persons and represents an essential occasion of exchange of views among the company's different realities and to raise awareness of employees about the risks in conducting business.

[...]

For each day of the Compliance Council there will be speeches and contributions by distinguished experts external to the Company, from Academic and Forensic environment, as well as Anti-corruption training sessions for all the participants, held by the manager in charge of Anti-corruption function, aimed at both disseminating information on normative aspects and training on practical risk situations.

The main recipients of the initiative will be the functions of Marketing & Sales, Offset, Procurement and Supply Chain, Operations, Customer Support, Lines of Business, Administration, Finance and Control, Internal Audit, Competitive Analysis and Strategies, Legal, Corporate Affairs, Compliance, Criminal Law and Anticorruption, Risk Management. The objective is to reach an audience of approximately 700 participants.

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
2
Comments
Based on publicly available information, there is evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on offset partners. This process specifically includes checks on the beneficial ownership of partners and any potential conflicts of interest. As part of this process, the company's policy also commits to establishing and verifying that the offset obligation proposed is founded on a legitimate rationale. The company refreshes this due diligence whenever there is a significant change in the business relationship.
Evidence
<p>[34] Focus on Offset (Document) Accessed 17/10/2019 https://www.leonardocompany.com/documents/20142/8352825/Offset_eng.pdf?t=1564570511286 [p.2] Partners involved in offset solutions are subject to detailed anti-bribery and corruption due diligence before entering in a contractual relationship and successively (in case of significant changes, extension or renewal), in order to verify any risk factor associated to potential corruption, including:</p> <ul style="list-style-type: none"> - verification of the legitimate grounds of the offset agreement; - check on ethical and reputational aspects; - identification of the Final Beneficiary; - identification of any conflict of interests (including family, personal or professional relationships between the counterparty and/or its associates and governmental representatives).

Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
1
Comments
<p>The company publishes an aggregate figure of the number of offset agents it employs for the most recent financial year.</p> <p>However, the list falls short of the minimum level of detail required for a score of '2'. The company does not publish the names of its offset agents and brokers.</p>
Evidence
<p>[56] Updated Focus on Offset (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/8352825/Offset_eng+update.pdf?t=1576851139930 [p.2] FY 2018 data Number of agents/broker/consultancy firms 1: 7 Number of indirect offset projects: 31 (mainly regarding production/manufacturing and procurement from local suppliers)</p> <p>1 Partners that have a contract with Leonardo to support offset, so not the beneficiaries or local companies working on offset projects.</p>

Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
1
Comments
The company publishes aggregate information about its indirect offset projects for the most recent financial year. However, the list falls short of the minimum level of detail required for a score of '2'.
Evidence
<p>[56] Updated Focus on Offset (Document) Accessed 16/04/2020 https://www.leonardocompany.com/documents/20142/8352825/Offset_eng+update.pdf?t=1576851139930 [p.2] FY 2018 data Number of agents/broker/consultancy firms1: 7 Number of indirect offset projects: 31 (mainly regarding production/manufacturing and procurement from local suppliers)</p>

9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
2
Comments
Based on publicly available evidence, the company acknowledges the corruption risks associated with operating in different markets, and there is evidence that it has a risk assessment process in place to account for these specific risks, with clear risk management procedures in place. The results of risk assessments have a direct impact on business decisions and inform the development and implementation of additional controls. The company provides examples of these controls.
Evidence
<p>[57] Project Risk Management (Website) Accessed 16/04/2020 https://www.leonardocompany.com/en/investors/industrial-plan/risk-management/project-risk-management</p> <p>Project Classification</p> <p>Determination of the Risk Class of the project, with reference to its relevance to the business: A = high risk, B = medium risk, C = low risk. The classification is based on specific indicators of economic impact, strategic impact and intrinsic risk, the latter referring to a series of influencing variables, such as, for example: context/country (eg risk of political instability, corruption, etc.), market/customer, type of contract, industrial partnership composition, supply chain, complexity, degree of technological innovation, etc.</p> <p>Risk Identification</p> <p>Identification of Project Risks (and Opportunities), with the support of specific tools (e.g. Checklist, historical risk Archive), through the precise analysis of the contractual scenario, of the activities subject of supply and of the related budget. The identified risks may be of operating (technical-industrial, contractual, patrimonial assets and market), strategic, financial and of compliance nature. Each identified risk must be described in terms of causes/events/effects, in order to highlight the essential elements for its management with appropriate treatment plans.</p> <p>[...]</p> <p>RISK TREATMENT ACTION PLAN</p> <p>Risk treatment, that is analysis of causes/events/effects and identification of the treatment actions, specific and special, to reduce the impact of risks on the project. Identification of the actions corresponding to common causes to various risks.</p> <p>Calculation of the net benefit of the treatment actions identified, choice and implementation of the treatment actions.</p> <p>As an example, in case of a particular transaction or operation in a high-risk market, including bribery and corruption risks, Leonardo and the Group Companies will develop a Risk Treatment Action Plan, which addresses all significant identified risks. Accordingly, Leonardo and Group Company management will evaluate, in consultation with the Legal, Corporate Affairs, Compliance, Criminal Law and Anti-corruption function, whether the Risk Treatment Action Plan adequately addresses the identified risks. Based on this evaluation, Leonardo and the Group Companies, in consultation with the Legal, Corporate Affairs, Compliance, Criminal Law and Anti-corruption function, will decide whether enhanced anti-corruption due diligence and other controls need to be incorporated into the Risk Treatment Action Plan or whether the risks cannot be adequately mitigated, leading to a decision not to pursue business in that high-risk market.</p>

[25] Abstract of the Guidelines on Commercial Advisors and Sales Promoters (Document)

Accessed 16/04/2020

https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+sales+promoters+lobbyists+guidelines_ENG_update+25+feb+2020.pdf?t=1582707031406

[p.5] The Risk Score provides also additional ten Red Flags, defined “drivers”, that identify the specific risk level of the appointment, requiring the definition and implementation of the related treatment actions. The “drivers” include, among others:

- the "Transparency International Corruption Perception Index" related to the Territory where the services under the scope of agreement are to be performed by the CA/SP/LO;

[32] Abstract of the Directive on Commercial Advisors and Sales Promoters (Document)

Accessed 16/04/2020

https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+sales+promoters+lobbyists+directive_ENG_update+25+feb+2020.pdf?t=1582707029349

[Same evidence as above]

[3] Anti-Corruption Code (Document)

Accessed 17/10/2019

https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780

[p.3] Introduction

Leonardo S.p.a., in carrying out its business activities, is committed to fight against corruption and to prevent the risk of illegal practices at all work levels and in any geographical area, by disseminating and promoting ethical values and principles, as well as by the implementation of rules of conduct and effective control processes, in line with the requirements set forth by applicable laws and international best practices. In this context, during the meeting on 21 April 2015, the Board of Directors approved the Anti- Corruption Code, revised on 8 May 2019, in order to strengthen the controls incorporated to fight and prevent corruptive practices.

[1] Ethics and Compliance (Webpage)

Accessed 17/10/2019

<https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance>

Preventing risks, acting with integrity

In order to prevent the risk of illicit practices, at all work levels and in any geographical area, we disseminate our ethical values as well as we define clear rules of conduct and implement effective control processes, in line with the requirements set forth by applicable laws and international best practices.

[36] Controls on exports and Sensitive countries (Webpage)

Accessed 17/10/2019

<https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/trade>

Elements of the trade compliance program

Risk analysis

The risk analysis, expected by the Guidelines and Directive is performed and repeated on a regular basis with reference to the company transactions involving defence materials, goods and services, technical data and applications for dual use and, within the sensitive countries, with reference also to commercial products. This analysis takes into account the laws of the jurisdictions in which Leonardo and the respective subsidiaries are incorporated and operate (including the countries in which supplies are performed), as well as EU and US laws that define and control the export and marketing of such goods and services. The risk analysis process is subject to review on a regular basis and also on the occasion of special events that may expose to Trade Compliance risks (for example mergers, acquisitions, development of new products or services).

[...]

Monitoring politically sensitive transaction

Some transactions, even non-related to export or re-export of materials subject to restriction and directed towards countries concerned with embargoes, sanctions or other restrictive measures ("Sensitive Countries"), are subject to prior notification and periodic reporting.

The list of Sensitive Countries for the Leonardo Group, subject to periodical review by the Head of TCO, is currently the following:

- Afghanistan
- Belarus
- Burma
- Central African Republic
- Cyprus
- Cuba
- Democratic Republic of Congo
- Eritrea
- Fiji
- Haiti
- Iran
- Iraq
- Ivory Coast
- Lebanon
- Liberia
- Libya
- Moldova
- North Korea
- People's Republic of China, excluding Hong Kong and Macau
- Russia
- Sierra Leone
- Somalia
- Sri Lanka
- South Sudan
- Sudan
- Syria
- Ukraine
- Venezuela
- Vietnam
- Yemen
- Zimbabwe

[...]

Assessment of the Program

A periodic assessment of the Trade Compliance Program shall be carried out according to Guideline 16/2016 and Directive 5/2016.

Question

9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?

Score

2

Comments

Based on publicly available information, the company publishes a list of all of its consolidated subsidiaries and non-fully consolidated holdings. The list includes the percentages owned and countries of incorporation for each entity. The list is complete and updated on at least an annual basis. The company also published information in the most recent financial year on the countries of operation of its largest subsidiaries.

Evidence

[8] Annual Financial Report 2018 (Document)

Accessed 17/10/2019

<https://www.leonardocompany.com/documents/20142/120078/Annual+Financial+Report+31-12-18+ENG-2.pdf/53d6ea13-78c0-f715-bff9-ac69d2bf4466?t=1555689706790>

[p.182]

List of companies consolidated on a line-by-line basis (amounts in currency)

Company name	Registered office	Participating company	Currency	Share capital	% Group ownership		% Group shareholding
					Direct	Indirect	
3083683 NOVA SCOTIA LIMITED	Halifax, Nova Scotia (Canada)	ENGINEERED SUPPORT SYSTEMS INC	CAD	-		100	100
AGUSTA AEROSPACE SERVICES AAS SA	Grace Hollogne (Belgium)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL	EUR	500,000		100	100
AGUSTAWESTLAND AUSTRALIA PTY LTD	Essendon, Victoria (Australia)	LEONARDO INTERNATIONAL SPA	AUD	400,000		100	100
AGUSTAWESTLAND DO BRASIL LTDA	Osasco (Brazil)	LEONARDO INTERNATIONAL SPA SELEX ES INTERNATIONAL LTD	BRL	11,817,172		100	100
AGUSTAWESTLAND HOLDINGS LTD	Yeovil, Somerset (UK)	LEONARDO SPA	GBP	500,000	100		100
AGUSTAWESTLAND INDIA PRIVATE LTD (IN LIQ.)	New Delhi (India)	AGUSTAWESTLAND SPA AGUSTAWESTLAND LTD	INR	11,519,450		100	100
AGUSTAWESTLAND INTERNATIONAL LTD	Yeovil, Somerset (UK)	AGUSTAWESTLAND SPA AGUSTAWESTLAND LTD	GBP	511,000		100	100
AGUSTAWESTLAND LTD	Yeovil, Somerset (UK)	LEONARDO MW LTD	GBP	1,520,304		100	100
AGUSTAWESTLAND MALAYSIA SDN BHD	Kuala Lumpur (Malaysia)	AGUSTAWESTLAND HOLDINGS LTD	MYR	2,500,000		100	100
AGUSTAWESTLAND NORTH AMERICA INC	Wilmington, Delaware (USA)	AGUSTAWESTLAND HOLDINGS LTD	USD	1		100	100
AGUSTAWESTLAND PHILADELPHIA CO	Wilmington, Delaware (USA)	LEONARDO SPA	USD	20,000,000	100		100
AGUSTAWESTLAND SPA	Rome	SOGEPA SPA	EUR	120,000		100	100
ALENIA AERMACCHI SPA	Rome	SOGEPA SPA	EUR	120,000		100	100
ANSALDOBREDA SPA	Naples	LEONARDO SPA	EUR	10,000,000	100		100
BREDAMENARINIBUS SPA	Rome	SOGEPA SPA	EUR	1,300,000		100	100
DAYLIGHT DEFENCE LLC	Wilmington, Delaware (USA)	DAYLIGHT SOLUTIONS INC.	USD	1		100	100
DAYLIGHT SOLUTIONS INC.	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	1		100	100
DRS ADVANCE ISR LLC	Wilmington, Delaware (USA)	DRS D.S. LLC	USD	-		100	100
DRS C3 & AVIATION COMPANY	Wilmington, Delaware (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	1		100	100
DRS CONSOLIDATED CONTROLS INC	Wilmington, Delaware (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	1		100	100
DRS DEFENSE SOLUTIONS LLC	Wilmington, Delaware (USA)	LEONARDO DRS INC	USD	-		100	100
DRS ENVIRONMENTAL SYSTEMS INC	Wilmington, Delaware (USA)	ENGINEERED SUPPORT SYSTEMS INC	USD	2		100	100

[The list continues]

[p.183]

List of companies consolidated using the equity method (amounts in currency)

Company name	Registered office	Participating company	Currency	Share capital	% Group ownership		% Group shareholding
					Direct	Indirect	
A4ESSOR SAS	Neuilly Sur Seine (France)	LEONARDO SPA	EUR	100,000	23.10		23.10
ADVANCED ACOUSTIC CONCEPTS LLC	Wilmington, Delaware (USA)	DRS D.S. LLC	USD	-		51	51
ADVANCED AIR TRAFFIC SYSTEMS SDN BHD	Shah Alam (Malaysia)	SELEX ES INTERNATIONAL LTD	MYR	10,000,000		30	30
AGUSTAWESTLAND AVIATION SERVICES LLC	Abu Dhabi (United Arab Emirates)	LEONARDO SPA	AED	58,010,000	30		30
AMSH BV	Rotterdam (the Netherlands)	LEONARDO SPA	EUR	36,296,316	50		50
AVIO SPA	Rome	LEONARDO SPA	EUR	90,964,213	25.88		25.88
C-27J AVIATION SERVICES INC.	Ottawa (Canada)	LEONARDO CANADA CO	CAD	10,000		30	30
CARDPRIZE TWO LIMITED	Basilidon, Essex (UK)	LEONARDO MW LTD	GBP	1		100	100
CONSORZIO ATR GIE	Toulouse (France)	LEONARDO SPA	USD	-	50		50
CONSORZIO TELAER (IN LIQ.)	Rome	E - GEOS SPA SELEX ES SPA	EUR	103,291		100	67.52
DISTRETTO TECNOLOGICO AEROSPAZIALE SC A RL	Brindisi	LEONARDO SPA	EUR	150,000	24		24
E - GEOS SPA	Matera	TELESPAZIO SPA	EUR	5,000,000		80	53.60
ELETTRONICA SPA	Rome	LEONARDO SPA	EUR	9,000,000	31.33		31.33

[The list continues]

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List of subsidiaries and associates valued at cost (amounts in currency)						
Company name	Registered office	Participating company	Currency	Share capital	% Group ownership Direct Indirect	% Group shareholding
ADVANCED MALE AIRCRAFT LLC	Al Ain, Muwajji (United Arab Emirates)	LEONARDO SPA	AED	200,000	49	49
ANSALDOBREDA FRANCE SAS (IN LIQ)	Marseille (France)	ANSALDOBREDA SPA	EUR	200,000	100	100
CCRT SISTEMI SPA (IN FALL)	Milan	SOGEP A SPA	EUR	697,217	30	30
CHONGQING CHUANYI ANSALDOBREDA RAILWAY TRANSPORT. EQUIP.CO.LTD	Chongqing (China)	ANSALDOBREDA SPA	CNY	50,000,000	50	50
EARTH LAB LUXEMBOURG S.A.	Luxembourg	TELESPAZIO FRANCE SAS	EUR	5,375,000	54.40	34.17
ELSA COM - UKRAINE JOINT STOCK COMPANY	Kiev (Ukraine)	E - GEOS SPA	UAH	7,945,000	49	49
INDUSTRIE AERONAUTICHE E MECCANICHE RINALDO PIAGGIO SPA (AMM.STR.)	Genoa	SOGEP A SPA	EUR	103,567	30.98	30.98
UTM SYSTEMS & SERVICES SRL	Naples	LEONARDO SPA	EUR	10,000	60	30
LEONARDO INTERNATIONAL LTD ex PCA ELECTRONIC TEST LTD	Rome	TELESPAZIO SPA	GBP	1	100	100
		LEONARDO MW LTD				

Below are the main changes in the scope of consolidation at 31 December 2018 in comparison with 31 December 2017:

COMPANY	EVENT	MONTH
Companies which entered the scope of consolidation:		
Leonardo Futureplanner (Trustee) Limited	newly established	January 2018
Torpedo South Africa (PTY) Ltd	acquired	April 2018
Leonardo International Spa	newly established	May 2018

Companies which left the scope of consolidation:		
ZAO Artetra	deconsolidated	April 2018
Indian Rotorcraft Ltd	sold	May 2018
AgustaWestland Politecnico Advanced Rotorcraft Ceenter S.C. a R.L. (in liq.)	deconsolidated	June 2018
Zaklad Obrobki Plastycznej SP. Z O.O.	sold	December 2018
Aviation Training International Ltd	sold	December 2018

Old name	New name	Month
SELEX ES for Trading of Machinery Equipment and Devices WLL	Leonardo for Trading of Machinery Equipment and Devices WLL	February 2018
PCA Electronic Test Ltd	LEONARDO International Ltd	April 2018
S.C. Elettra Communications S.A.	LEONARDO Romania Aerospace, Defence & Security S.A.	May 2018
SELEX ES Technologies Ltd	LEONARDO Technologies & Services Ltd	August 2018
SELEX ES GmbH	LEONARDO Germany GmbH	September 2018
Alenia North America-Canada Co.	LEONARDO Canada Co.	November 2018
Oto Melara Iberica S.A.U.	LEONARDO Hispania S.A.U.	November 2018
AgustaWestland Portugal S.A.	LEONARDO Portugal S.A..	December 2018

[37] Global presence - UK (Webpage)
 Accessed 17/10/2019
<https://www.leonardocompany.com/en/global/europe/uk>

Where we are

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[Company publishes country-specific webpages for all of its global operations]

[54] Sustainability and Innovation Report 2019 (Document)
 Accessed 14/05/2020

<https://www.leonardocompany.com/documents/20142/116025/2019+sustainability+report+Leonardo.pdf?t=1588264339937>
 [p.132]

<p>201-1</p>	<p>Direct economic value generated and distributed</p>	<p>SIR</p>	<p>p. 28</p> <p>The following list includes the Parent Company and the main subsidiaries in the 4 domestic markets (fully consolidated) and the main Countries of operations at 31 December 2019 (these companies are incorporated in the main Country of operation). These subsidiaries are selected based on materiality in terms of revenues, number of employees, fixed assets and tax contribution.</p> <ul style="list-style-type: none"> • Leonardo SpA - Italy • Leonardo MW Ltd - United Kingdom • Leonardo DRS Inc. - United States • PZL-Świdnik SA - Poland • Leonardo Global Solutions SpA - Italy <p>These subsidiaries account for:</p> <ul style="list-style-type: none"> • 95% of revenues • 90% of fixed assets • 93% of employees • 99% of taxes paid
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Question

9.3 Does the company disclose its beneficial ownership and control structure?

Score

2

Comments

The company is publicly listed on the Milan Stock Exchange and therefore automatically receives a score of '2'. The company also discloses some information on its beneficial owners on its website.

Evidence

[39] Stock Exchange (Webpage)
 Accessed 17/10/2019
<https://markets.ft.com/data/equities/tearsheet/summary?s=LDO:MIL>

Leonardo SpA
 LDO:MIL ▾
 Industrials > Aerospace & Defense

PRICE (EUR)	TODAY'S CHANGE	SHARES TRADED	1 YEAR CHANGE	BETA
10.24	↓ -0.355 / -3.35%	2.72m	↑ 1.79%	1.2800

Data delayed at least 15 minutes, as of Oct 18 2019 11:21 BST.

[38] Shareholders base (Webpage)
 Accessed 17/10/2019
<https://www.leonardocompany.com/en/investors/stock-info/shareholders-base>
 Shareholders base at February 2019

DISTRIBUTION OF SHAREHOLDERS

Category	Percentage
Institutional Investors	51.2%
Ministry of Economy and Finance	30.2%
Retail Investors (Only Domestic)	17.2%
Treasury Shares	0.6%
Unidentified	0.8%

[...] Significant holdings

List of individuals/entities with significant holdings in the share capital, updated on the basis of disclosures made pursuant to art. 120 of the TUF.

Name	%
Ministero dell'Economia e delle Finanze updated as of 30 January 2017	30.204

[6] Corporate Governance Report 2018 (Document)

Accessed 18/10/2019

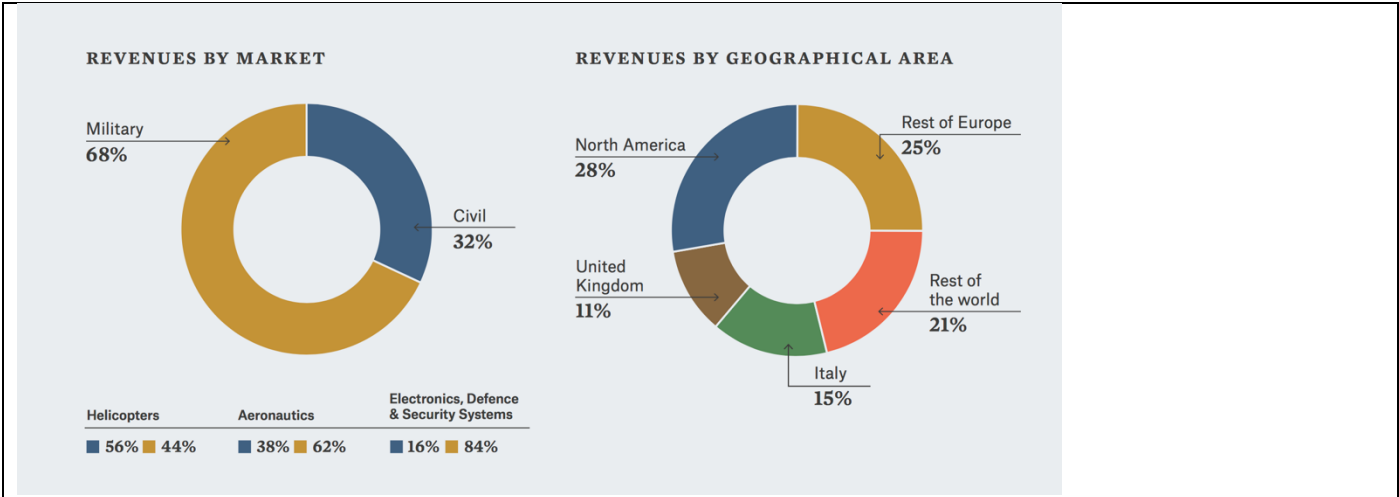
https://www.leonardocompany.com/documents/20142/115155/body_DEF_CG_REPORT_2018.pdf?t=1539593076532

[p.137]

TABLE 1: INFORMATION ON THE SHAREHOLDER STRUCTURE*Significant stakes in the share capital*

SHAREHOLDERS	<i>% of ownership</i>
	<i>on the ordinary capital</i>
	<i>and voting capital</i>
Ministry of Economy and Finance	30.204

Question												
9.4 Does the company publish a percentage breakdown of its defence sales by customer?												
Score												
1												
Comments												
<p>The company publishes some information on its defence sales by market and geographical area. The company mentions specific customers (Italy, the US, the UK) representing 53% of its defence sales.</p> <p>The remaining 47% is an aggregate figure of the reminder of its defence clients by geographical area, and therefore is insufficiently detailed for the company to receive a score of '2'.</p>												
Evidence												
<p>[58] Sector Results (Webpage) Accessed 16/02/2020 https://www.leonardocompany.com/en/investors/results-and-reports/sector-results</p> <p>Defence revenues</p> <table border="1"> <thead> <tr> <th></th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Italy</td> <td>16%</td> </tr> <tr> <td>United Kingdom</td> <td>10%</td> </tr> <tr> <td>United States of America</td> <td>27%</td> </tr> <tr> <td>Rest of Europe</td> <td>20%</td> </tr> <tr> <td>Rest of the World</td> <td>27%</td> </tr> </tbody> </table> <p>[5] Sustainability Report 2018 (Document) Accessed 17/10/2019 https://www.leonardocompany.com/documents/20142/116025/Leonardo_2018+Sustainability+Report_Non-financial+Statement-final.pdf?t=1556644909652 [p.18]</p>		2019	Italy	16%	United Kingdom	10%	United States of America	27%	Rest of Europe	20%	Rest of the World	27%
	2019											
Italy	16%											
United Kingdom	10%											
United States of America	27%											
Rest of Europe	20%											
Rest of the World	27%											



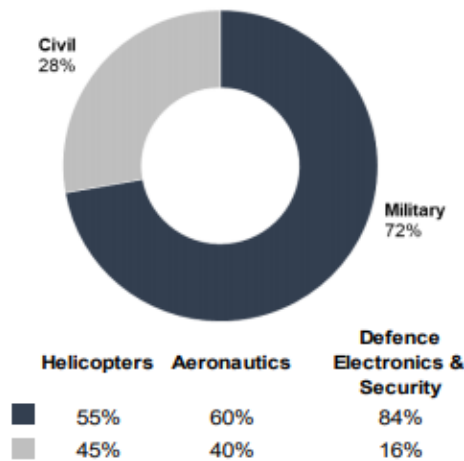
[54] Sustainability and Innovation Report 2019 (Document)

Accessed 16/04/2020

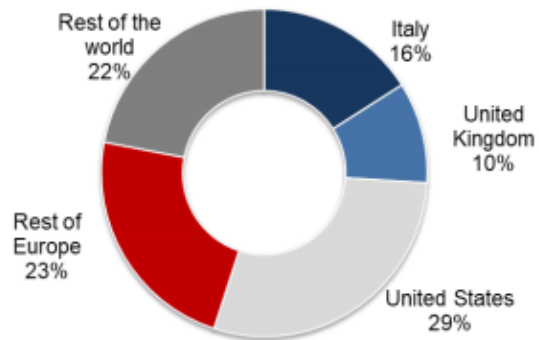
<https://www.leonardocompany.com/documents/20142/116025/2019+sustainability+report+Leonardo.pdf?t=1588264339937>

[p.27]

Revenues by market



Revenues by geographical area



10. State-Owned Enterprises (SOEs)

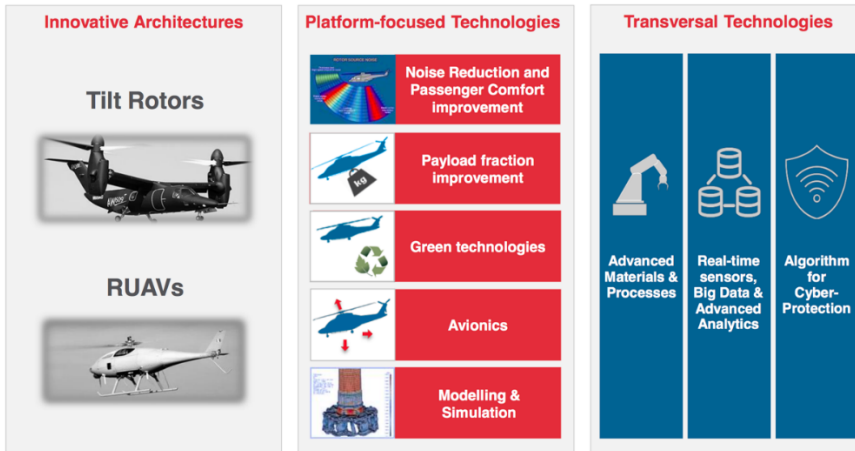
Question																
10.1 Does the SOE publish a breakdown of its shareholder voting rights?																
Score																
2																
Comments																
The company is a publicly listed company with voting shares admitted to trading on a regulated market in the European Economic Area. The company publishes ownership and voting rights for the state entity which has a stake of over 10%.																
Evidence																
<p>[6] Corporate Governance Report 2018 (Document) Accessed 18/10/2019 https://www.leonardocompany.com/documents/20142/115155/body_DEF.CG.REPORT.2018.pdf?t=1539593076532</p> <p>[p.14] F) VOTING RESTRICTIONS (Art. 123-bis, para. 1, lett. f), TUF) In accordance with the laws on privatisation (Law 474/94 as amended), the Corporate By-Laws (Art. 5.1-bis) provide that voting rights relating to shares held above the maximum limit of 3% may not be exercised.</p> <p>[p.137]</p> <p style="text-align: center;">TABLE 1: INFORMATION ON THE SHAREHOLDER STRUCTURE</p> <p style="text-align: center;"><i>Significant stakes in the share capital</i></p> <table border="1"> <thead> <tr> <th rowspan="3">SHAREHOLDERS</th> <th>% of ownership</th> </tr> <tr> <th>on the ordinary capital</th> </tr> <tr> <th>and voting capital</th> </tr> </thead> <tbody> <tr> <td>Ministry of Economy and Finance</td> <td style="text-align: right;">30.204</td> </tr> </tbody> </table> <p>[39] Stock Exchange (Webpage) Accessed 18/10/2019 https://markets.ft.com/data/equities/tearsheet/summary?s=LDO:MIL</p> <div style="border: 1px solid #ccc; padding: 10px; background-color: #f9f9f9;"> <p>Leonardo SpA LDO:MIL ▼</p> <p>Industrials > Aerospace & Defense</p> <table border="0"> <tr> <td>PRICE (EUR)</td> <td>TODAY'S CHANGE</td> <td>SHARES TRADED</td> <td>1 YEAR CHANGE</td> <td>BETA</td> </tr> <tr> <td>10.24</td> <td style="color: red;">↓ -0.355 / -3.35%</td> <td>2.72m</td> <td style="color: green;">↑ 1.79%</td> <td>1.2800</td> </tr> </table> <p><small>Data delayed at least 15 minutes, as of Oct 18 2019 11:21 BST.</small></p> </div> <p>[45] Composition (Webpage) Accessed 18/10/2019 https://www.leonardocompany.com/en/about-us/our-company/corporate-governance/board-of-directors/composition</p>	SHAREHOLDERS	% of ownership	on the ordinary capital	and voting capital	Ministry of Economy and Finance	30.204	PRICE (EUR)	TODAY'S CHANGE	SHARES TRADED	1 YEAR CHANGE	BETA	10.24	↓ -0.355 / -3.35%	2.72m	↑ 1.79%	1.2800
SHAREHOLDERS		% of ownership														
		on the ordinary capital														
	and voting capital															
Ministry of Economy and Finance	30.204															
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10.24	↓ -0.355 / -3.35%	2.72m	↑ 1.79%	1.2800												

(1) Taken from the list submitted by the shareholder Ministry of the Economy and Finance, which owns about 30,204% of the share capital, which, at the vote, has obtained the voting majority (about 62% of the share capital represented at the Shareholders' Meeting)

(2) Taken from the list submitted by a group of savings management companies and institutional investors, holding altogether about 1,910% of the share capital, which, at the vote, has obtained the voting minority (about 37% of the share capital represented at the Shareholders' Meeting).

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
2
Comments
The SOE's commercial and public policy objectives are made publicly available on its website and are updated on at least an annual basis or whenever there is a change in objectives.
Evidence
<p>[41] ARTICLES OF ASSOCIATION (Document) Accessed 18/10/2019 https://www.leonardocompany.com/documents/20142/115158/By%2BLaws%2B16%2BMay%2B2019_DEF.pdf?t=1560433963518 [p.1] PART II CORPORATE PURPOSE Art. 4 4.1 The corporate purpose consists of the direct or indirect performance, also through shareholdings in other companies, of manufacturing, systems-related, equipment- related, research and training activities in advanced technology sectors, with ...</p> <p>[p.2] ... particular reference to the electronics, IT, aerospace, transport, energy, electromechanical and mechanical sectors, and the provision of services associated therewith; the technical and financial coordination of subsidiary and affiliated companies and the provision to them of financial and management services; the acquisition, sale, management and placement of public and private securities, equities, bonds, credit instruments and transferable securities in general, in compliance with the restrictions provided by law; intermediation also in the "currency" sector, with particular reference to operations pertaining to export credit insurance and finance and any other transaction permitted or delegated by special laws intended to facilitate the disposal, management, administration and collection of amounts receivable from commercial or industrial activities carried out by third parties or goods and/or services supplied by same, in addition to the acquisition and disposal of said receivables in any form and under any conditions, with or without recourse.</p> <p>[40] Industrial Plan Presentation (Document) Accessed 18/10/2019 https://www.leonardocompany.com/documents/20142/0/body_Presentation_Industrial_Plan_30_01_2018.pdf?t=1544107560216 [p.26] Executing a plan to deliver a return to sustainable growth Key pillars for sustainable growth</p> <p><i>Key pillars for sustainable growth</i></p> <p>The diagram illustrates five key pillars for sustainable growth, arranged around a central core. The central core is a red circle with a white sunburst pattern, containing the text 'CLEAR VISION AND MARKET STRATEGY'. Five grey rectangular boxes, each with a red border, surround the center. Each box contains a title and a brief description. The pillars are: 1. 'BEST IN CLASS OFFER PORTFOLIO' (Strengthen our products & services value proposition), 2. 'TECHNOLOGY IMPROVEMENT & INNOVATION' (Sustain rotorcraft technological competitiveness and keep investing in disruptive innovation), 3. 'PARTNERSHIPS' (Select and leverage the right partners along the entire Value Chain), 4. 'GO TO MARKET' (Ensure robust route to market for military programmes and civil products), and 5. 'EXECUTION EXCELLENCE' (Commit to continuous improvement to reach execution excellence). The 'TECHNOLOGY IMPROVEMENT & INNOVATION' and 'EXECUTION EXCELLENCE' boxes are circled in red in the original image.</p>

[p.27] Executing a plan to deliver a return to sustainable growth
Focus on Technology & Innovation Leadership



Consolidate innovation leadership and technological excellence by developing, maintaining and expanding state-of-the-art and front-end product development & innovation capabilities across the entire Product Portfolio

[p.28] Executing a plan to deliver a return to sustainable growth
Focus On Execution Excellence: Improvement Program

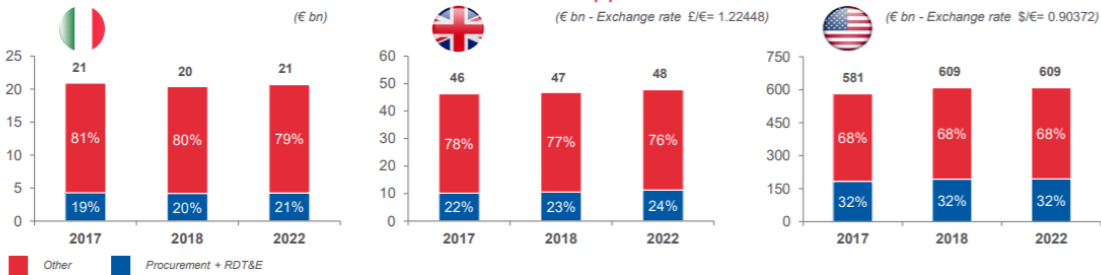


Continuous improvement program to deliver execution excellence and improve product market attractiveness, lower operating costs and cash generation

[p. 35]

Improving markets provide a strong backdrop for our growth plan

Our domestic markets remain stable... with some opportunities



Substantially flat Defence Budget

Possible additional funds in the next few years

Italy is bucking the trend compared to other NATO Countries

Procurement continue to receive a limited amount

Moderate growth in the UK Defense Budget under pressure

Confirmation of the Security initiatives outlined in the SDSR and funding

Defence Equipment Plan in place

Brexit uncertainties

Increasing trend in US Defence Spending more than 3% of National GDP

Procurement expected to grow

Boosted Cyber Security funds (Cyberspace included)

Some funds allocated to Foreign Military Financing

[p. 43]

Still too diversified – what are we going to do about it?

Portfolio reshaping

- Allocation of capital**
 - Directed to our core businesses and competencies
- Partnering with other/larger companies**
 - Broader shoulders to access commercial opportunities
 - Reduces investment of capital and management time
- Selected disposals and acquisitions**
 - We will update you when we have something to say

[p. 51]

Key Strategic Campaigns

Being closer to the customers and its needs

> 70 Key Campaigns for over € 20 bn in 2018-2020, excluding US

«Big shots» in US, not included in baseline plan: T-100, UH-1N

Top priority Countries accounting for over € 1 bn each

- Algeria
- Poland
- Qatar
- Pakistan
- Kuwait
- Malaysia
- Egypt
- Saudi

Centralised Governance challenging and control, full divisional accountability, continuous tracking, focused team

Tight link with the Country & Regional Offices, full Support of Italian & UK Institutions, coordinated UK & IT efforts on Export campaigns (i.e. Helicopters)

[51] Corporate Governance Report 2019 (Document)

Accessed 16/04/2020

https://www.leonardocompany.com/documents/20142/9652751/RCG+2019_EN_06022020.pdf?t=158099322231

[p.10] Objectives and corporate mission

Leonardo is a high-tech global corporation in the core sectors of Aerospace, Defence and Security (A,D&S) with the ability to design and implement, building on the application of dual use technologies, products, systems, services and integrated solutions for both civil and military customers. Firmly established in four domestic markets – Italy, the United Kingdom, the United States and Poland -, Leonardo has also a strong presence in France and Germany in addition to being a party to important strategic cooperation and partnership arrangements in the world's main high-potential markets.

The Group operates with the mission to be a driving force of technological innovation, by developing competitive products and services, in addition to working out sustainability solutions by steady commitment to economic and social progress and the protection of health and the environment. Through the steady commitment to the development of high-tech products, thanks to the investments in Research&Development along with the highly skilled human capital the Company has, Leonardo fosters and spreads the culture of innovation and the debate on the centrality of this topic.

Leonardo is the result of a great business history deeply rooted into the Italian and European industrial history and is today the culmination of a long, radical process of transformation of the Group, of the renewal and replacement of the previous management holding company: the transformation into a single, integrated operational industrial enterprise has redesigned the Company's structure in order to make it more compliant with the requirements of customers and the market, readier to carry on with its mission to create long-term value– also through the efficacy of its own governance model - for its shareholders and for all main stakeholders. For more details on the process of reshaping the Company's organisational structure and on the development of the "One Company", reference should be made to paragraph 15

[p.17]

Trends and scenarios

Main trends



Need for greater security and geopolitical stability

- > \$1,822 billion global Defence spending in 2018, increased by 2.6% (compared to the previous year).¹
- > NATO's European members are committed to spending 2% of GDP on Defence by 2024 (1.37% in 2018).

Geopolitical developments, increased migration and the fight against terrorism have led Countries to focus more on security, earmarking resources and rolling out joint and integrated instruments, particularly in the European Union. The common objective shared by European Countries, the set-up of the Permanent Structured Cooperation (PESCO) and other modes of structural cooperation in the Defence sector form part of the larger objective of stability and security, at the core of policies and investments for sustainable development. At the same time, geopolitical conflicts may affect the export of defence solutions, which may be subject to specific authorisations.



Digital transformation and Artificial Intelligence

- > Internet of Things: 26 billion connections in 2019, which will increase to 75 billion in 2025.²
- > Among the five main global risks, cyber-attacks on infrastructures are ranked fifth.³

Digital technologies and increasingly sophisticated algorithms are leading to the transformation of business models, allowing for the development of new products and services, replacing humans in the most repetitive tasks, with processes guided by data and increasingly heightened automation. At the same time, the increased connectivity between things, networks and systems poses new problems, including ethical ones, and requires greater caution regarding personal privacy. In order to take full advantage of the potential of new technologies, it is crucial to understand their social, economic and cultural impact, while enhancing cyber security and resilience in the event of cyber-attacks. In particular, the spread of the Artificial Intelligence has made it necessary at various institutional levels to define tailored strategies explaining ethical orientations and investment policies.

Leonardo's actions

- > Solutions for the security of people, territories and critical infrastructures.
- > Participation in European programmes (including OCEAN2020 for maritime surveillance, Team Tempest for the development of European defence aircraft, European MALE RPAS for the development of the MALE European drone).
- > Dialogue and collaboration with business partners and institutions.
- > Responsible business practices to comply with export regulations.

- > 2030 Masterplan for innovation, focused also on digital transformation.
- > Creation of Leonardo Labs for research into the future's technologies.
- > Secure by design approach for the development of products and services.
- > Promotion of a culture of cyber risk prevention.
- > Responsible development of Artificial Intelligence in the main technological domains, particularly in the unmanned systems sector.
- > Participation in working groups in order to define a national Artificial Intelligence strategy.

Main trends



Evolution of key skills

- > 65% of children at primary school today will end up working in completely new job types that do not yet exist.⁴
- > 49% of work activities in the global economy have the potential to be automated by 2055.⁵

Globally, 54% of companies report talent shortages; out of 44 Countries, 33 are experiencing more difficulty attracting these qualified talents compared to 2018, in particular, the United States, Mexico and Italy.⁶ Within a context characterised by rapid change and the pervasiveness of new technologies, learning and developing new skills is fundamental, especially those in the STEM area (Science, Technology, Engineering and Mathematics). In OECD member Countries, six out of ten adults do not have basic IT skills or computer skills. In many European Countries, the skill mismatch between employment demand and the job market requirements is on the rise. If this is not dealt with appropriately, the risk of a skill shortage could increase, potentially affecting companies' competitive edge (in the past 20 years, the share of high-skilled jobs has grown by 25%).⁷



Fight against climate change and resource management

- > 16 of the 17 warmest years have occurred since 2000.⁸
- > On a global scale, by 2030, energy, water and food will need to increase by 50%, 40% and 35%, respectively.⁹

In order to accomplish the commitment made by Governments at the COP21 and next conferences to limit the global temperature increase to 1.5 °C compared to pre-industrial levels, by reducing greenhouse gas emissions, it is necessary to develop capabilities to mitigate risks and adapt to new climate contexts. This commitment is strengthened in Europe by the Green Deal, which aims to make Europe the first climate-neutral continent by 2050. Furthermore, it is estimated that, by 2050, total demand for materials will reach levels requiring twice as many resources than the world can provide. Such increases make it necessary the transition to a production and consumption system characterised by a more rational and sustainable management of resources. In this regard, the European Commission has already adopted measures for circular economy.

Leonardo's actions

- > Collaboration with institutions, universities and technical schools in order to bring together the academic world and the labour market.
- > Programmes for talent management and development of key skills in-house.
- > Action plans aimed at attracting, retaining and motivating people.
- > Culture of innovation and ongoing specialist training.
- > New forms of open and collaborative innovation with university students and start-ups.
- > Technical and managerial training initiatives for the growth and development of the sector value chain.
- > Scientific citizenship initiatives to introduce STEM subjects to young people.

- > 2030 Masterplan on sustainability, integrating SDGs and the recent guidelines of the European Green Deal.
- > Investments in R&D activities and participation in national and European programmes for the development of products and services with a reduced environmental impact and technologies for the management of air, maritime and urban traffic.
- > Research and use of innovative materials to promote recycling and reuse.
- > Satellite services to monitor the Earth and geo-information and cutting edge technologies for the prevention and management of emergencies.
- > Methodologies, technologies and innovative processes for the efficient use of resources.
- > New technologies for training, logistics and the maintenance.
- > Reduction of hazardous substances in materials and products, in line with the European REACH regulation, which promotes the recycling and reuse of certain materials.

[continues on the following four pages]

Question
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
Score
2
Comments
<p>The company is open and clear about the nomination process, appointment and composition of its board and provides details of its board members. The company discloses details of its nomination process, including the criteria for nomination and which company representatives are involved in the nomination. For each board member, the company discloses whether that person has any connection to the company, is an independent director, or whether they are a state representative.</p>
Evidence
<p>[42] Board of Directors (Webpage) Accessed 18/10/2019 https://www.leonardocompany.com/en/about-us/our-company/corporate-governance/board-of-directors The Board of Directors is composed of a number of directors that shall be at least 8 and not more than 12, in accordance with the provisions of the Articles of Association; they are appointed by the Shareholders' Meeting on the basis of the "list voting" mechanism. The Meeting also established the number of members, the duration of their office and the remuneration due to the members of the Board.</p> <p>[43] Guidelines of the Board of Directors of Leonardo SpA to the Shareholders on the size and composition of the new Board of Directors (Document) Accessed 18/10/2019 https://www.leonardocompany.com/documents/20142/115356/body_Guidelines_to_the_shareholders_26_01_2017_ENG.pdf?t=1540196695530 <p>[p.2] Introduction Leonardo SpA (herein "Leonardo" or the "Company" or the "Group") complies with the Corporate Governance Code of Borsa Italiana, which recommends (in Article 1.C.1, paragraph h) that, when the terms of the Boards of Directors of listed companies expire, the outgoing Boards provide their Shareholders with guidance on the size and composition of the new Board of Directors, i.e. on the composition of the slates of candidates to be elected as new Directors.</p> <p>The Board of Directors of Leonardo, whose term expires upon approval of the annual financial report 2016, having</p> <ul style="list-style-type: none"> received the opinion of the Nomination, Governance and Sustainability Committee, which it commissioned to conduct an initial review on the size and composition of the Board of Directors itself; considering the results of the Board of Directors' own Self-Assessment for the financial year 2016; provides the Shareholders, in view of election of the new Board of Directors for the 2017-2019 term: with a description of the new status of Leonardo, achieved during the term that is about to expire, and its evolution to be pursued during the 2017-2019 term, as outlined and announced to the market with the existing Business Plan 2015-2019; experience, expertise and opportunities for ensuring continuity within the Board of Directors deemed by the Self-Assessment 2016 to be priorities or highly relevant for the composition of the new Board of Directors; guidelines on the size of the new Board of Directors and the professionals deemed appropriate by the new Board of Directors. <p>[44] RULES OF PROCEDURE OF THE NOMINATION, GOVERNANCE AND SUSTAINABILITY COMMITTEE (Document) Accessed 18/10/2019 https://www.leonardocompany.com/documents/20142/115680/body_7_Clean_2_05_10_Reg_Com_Nomine_Governance_e_Sostenibilit_sett_2016_ENG.pdf?t=1540286783354 <p>[p.3] Article 3 Functions and Duties</p> <p>The Nomination, Governance and Sustainability Committee performs the functions and duties set out below:</p> <p>[...]</p> </p></p>

– it expresses opinions to the Board of Directors on the number of board members and the composition of the board, and makes recommendations on the managerial and professional profiles whose presence on the board is deemed appropriate;

[45] Composition (Webpage)

Accessed 18/10/2019

<https://www.leonardocompany.com/en/about-us/our-company/corporate-governance/board-of-directors/composition>

BOARD OF DIRECTORS

Name and Surname

Giovanni de Gennaro (1)



Date of birth: 1948

Role: Chairman

First appointment: 2013

Alessandro Profumo (1)



Date of birth: 1957

Role: Chief Executive Officer

First appointment: 2017

Guido Alpa (1)



Date of birth: 1947

Role: Member (independent)

First appointment: 2014

Committee: Nomination, Governance and Sustainability (Chairman) / Control and Risks

[...]

Paolo Cantarella (2)



Date of birth: 1944

Role: Member (independent) and Lead Independent Director

First appointment: 2011

Committee: Control and Risks (Chairman) /Nomination, Governance and Sustainability

[List continues for remainder of board members]

Updated 16 May 2017

(1) Taken from the list submitted by the shareholder Ministry of the Economy and Finance, which owns about 30,204% of the share capital, which, at the vote, has obtained the voting majority (about 62% of the share capital represented at the Shareholders' Meeting)

(2) Taken from the list submitted by a group of savings management companies and institutional investors, holding altogether about 1,910% of the share capital, which, at the vote, has obtained the voting minority (about 37% of the share capital represented at the Shareholders' Meeting).

Question
10.4 Is the SOE's audit committee composed of a majority of independent directors?
Score
2
Comments
Based on publicly available information, there is evidence that the company's Control and Risks Committee is composed of a majority of independent directors. The company discloses the names and the status of each member.
Evidence
<p>[46] Control and Risks Committee (Webpage) Accessed 18/10/2019 https://www.leonardocompany.com/en/about-us/our-company/corporate-governance/board-of-directors/committees/control-and-risks</p> <p>The Control and Risks Committee is currently composed of 5 non-executive Directors, all of which are "independent" and are assigned the task of supporting - with appropriate auditing activities - the assessments and decisions of the Board of Directors pertaining to the internal control and risk management system as well as those relating to the approval of periodical financial reports.</p> <p>The Committee is also entrusted with monitoring the autonomy, compliance, efficacy and efficiency of the Internal Audit department: the Committee monitors the latter's activities if the Chairman of the Board is delegated operating powers.</p> <p>Committee activities are governed by specific Regulations that are approved by the Board of Directors. The Committee also acts as "Committee for Related Parties Transactions", in compliance with the provisions of the specific Procedure adopted by the Board of Directors.</p> <p>updated on 16th of May 2017</p> <p>Control and Risks Committee Members Paolo Cantarella (Chairman, independent) Guido Alpa (independent) Fabrizio Landi (independent) Silvia Merlo (independent) Luca Bader (independent)</p>

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
2
Comments
Based on publicly available evidence, the SOE has a clear system in place for asset transactions, with responsibility assigned at board level for managing transactions. There is evidence indicating that asset transactions are scrutinised by an audit body. The SOE states that all transactions are documented. Financial results from asset acquisitions or disposals are made publicly available in the SOE's financial reports.
Evidence
<p>[2] Code of Ethics (Document) Accessed 18/10/2019 https://www.leonardocompany.com/documents/20142/115131/Code_of_Ethics.pdf?t=1539198439628</p> <p>[p.10] 8. PROTECTION OF COMPANY ASSETS - CUSTODY AND MANAGEMENT OF THE COMPANY ASSETS 8.1 Protection of the Company assets The Company implements all actions and provisions in order to:</p> <ul style="list-style-type: none"> - properly evaluate the company's assets, goods, receivables and actions, not by giving them values higher or lower than those due; - strictly comply with the rules established by the law to protect the integrity and effectiveness of the share capital and always in compliance with the Company's internal procedures, that are based on those rules, in order not to jeopardize the rights of the creditors and third parties generally; - behave in a correct, transparent and collaborative manner, in compliance with the legal standards and internal company procedures in all activities aimed at the preparation of financial statements and other corporate communications required by law and addressed to shareholders or the public in order to provide true and correct information on the economic, equity and financial position of the Company; - keep, if the event of drafting of information prospectuses or documents to be published, correct behavior, in accordance with the law, for the protection of the investors' assets, as well as efficiency and transparency of the capital market. <p>The Company considers the truthfulness, fairness and transparency of the accounting, financial statements, reports and other corporate communications required by law and addressed to shareholders or the public, essential principles in the conduct of its business. This requires that the validity, accuracy, completeness of the basic information for the records in the accounts are in-depth.</p> <p>All transactions that are significant in economic, financial or equity terms must be adequately recorded and for each registration there must be adequate supporting documentation in order to be able, at any time, to make checks attesting the characteristics and motivations of the ...</p> <p>[p.11] ... operation and sufficient to identify who authorized, performed, recorded and verified the operation itself.</p> <p>8.2. Custody and management of the Company assets</p> <p>Leonardo endeavours to work so as to use available resources, in compliance with applicable law and corporate by-laws and in line with the values of the Code of Ethics, with a view to guaranteeing, increasing and strengthening the Company's assets, for the protection of the Company, its shareholders, creditors and the market.</p> <p>Recipients are directly and personally responsible for the protection and legitimate use of the (tangible and intangible) assets and the resources entrusted to carry out their functions.</p> <p>None of the Company's property assets may be used for purposes other than those specified by it or for illegal purposes and must comply with the law and regulations and the operating procedures.</p> <p>[47] Rules of the Procedure of the Board of Directors (Document) Accessed 18/10/2019</p>

https://www.leonardocompany.com/documents/20142/115161/body_May_2017_Regolamento_CdA_ENG.pdf/ba2711c5-0f0c-9173-078e-62452d0008f5?t=1539597318006

[p.5] Activities of the Board

[p.6] 6. medium and long-term debit and credit transactions with an individual value of more than € 50 million, except in urgent cases for which the Chief Executive Officer may also provide directly beyond that limit reporting to the Board of Directors;

7. pledging guarantees for values in excess of € 50 million per transaction;

[...]

9.the acquisition of shareholdings in companies, also through the exercise of option rights, except for transfers of intergroup equity investments even if the Company is the transferor, without prejudice to paragraph 14;

[p.13] The Control and Risks Committee shall also perform the functions of a Committee for Transactions with Related Parties, previously provided for as part of the duties of the Internal Control Committee on the basis of the “Procedures for Transactions with Related Parties” approved by the Board of Directors pursuant to Article 4 of CONSOB Regulation no. 17221 of March 12, 2010 (and subsequent amendments and additions thereto).

[48] Annual Report 2018 (Webpage)

Accessed 30/10/2019

https://www.leonardocompany.com/documents/20142/115962/LDO_RFA2018_ENG_15.05.19.pdf/2c5a9ae8-da57-c4f7-f487-68ddb6b517d?t=1558685477527

9. Intangible assets

	Goodwill	Development costs	Non-recurring costs	Concessions, licences and trademarks	Acquired through business combinations	Other intangible assets	Total
1 January 2017 restated							
Cost	6,096	1,289	2,073	559	1,326	603	11,946
Amortisation and impairment losses	(2,273)	(785)	(601)	(228)	(861)	(465)	(5,213)
Carrying amount	3,823	504	1,472	331	465	138	6,733
Investments	-	43	195	3	-	13	254
Sales	-	-	-	-	-	-	-
Amortisation	-	(62)	(46)	(16)	(98)	(38)	(260)
Impairment losses	-	(6)	-	-	-	-	(6)
Increase for business combination	80	-	-	1	70	-	151
Other changes	(225)	(20)	20	(54)	(25)	(18)	(322)
31 December 2017 restated							
	3,678	459	1,641	265	412	95	6,550
<i>Broken down as follows:</i>							
Cost	5,747	1,100	2,078	627	1,283	429	11,264
Amortisation and impairment losses	(2,069)	(641)	(437)	(362)	(871)	(334)	(4,714)
Carrying amount	3,678	459	1,641	265	412	95	6,550
Investments	-	47	196	5	-	25	273
Sales	-	(1)	-	-	-	-	(1)
Amortisation	-	(30)	(26)	(18)	(98)	(31)	(203)
Impairment losses	-	(3)	(52)	-	-	(1)	(56)
Other changes	55	4	1	(45)	8	5	28
31 December 2018							
	3,733	476	1,760	207	322	93	6,591
<i>Broken down as follows:</i>							
Cost	5,706	1,147	2,261	585	1,331	458	11,488
Amortisation and impairment losses	(1,973)	(671)	(501)	(378)	(1,009)	(365)	(4,897)
Carrying amount	3,733	476	1,760	207	322	93	6,591
31 December 2017 restated							
Gross value			4,694				

[p. 146] In practice, the Group has established an operational hierarchy between calculating the fair value net of transaction costs and value in use, where the value in use is estimated first, and then only after, if it is lower than

the carrying value, is the fair value net of transaction costs determined. In particular, the value in use is measured by the unlevered discounting of the cash flows resulting from the Group's five-year business plans prepared by the management of the CGUs and incorporated into the plan approved by Leonardo's Board of Directors, projected beyond the explicit time horizon covered by the plan according to the perpetuity growth method (terminal value), using growth rates ("g-rate") no greater than those forecast for the markets in which the given CGU operates.

[p. 148] Other intangible assets Investments in "Development costs" refer to the Electronics, Defence & Security Systems (€mil. 27) and Helicopters (€mil. 20) sectors. Investments attributable to "Non-recurring costs" are mainly related to the Helicopters (€mil. 70), Electronics, Defence & Security Systems (€mil. 67) and Aeronautics (€mil. 59) sectors. As regards programmes that benefit from the provisions of Law 808/1985 and that are classified as functional to national security, the portion of capitalised non-recurring costs, pending the fulfilment of the legal requirements for the classification under receivables, is separately disclosed under other non-current assets (Note 12). Receivables for grants assessed by the grantor in relation to capitalised costs (shown here net of the related grants) are illustrated in Note 27.

Total research and development costs, comprising also "Development costs" and "Non-recurring costs" just mentioned, are equal to €mil. 1,440, of which €mil. 171 expensed and the remainder included in sales contracts or covered by grants.

"Concessions, licences and trademarks" includes in particular the value of licenses acquired in previous years in the Helicopters segment. With regard to the full acquisition of the AW609 programme, this value also comprises the estimated variable fees due to Bell Helicopter on the basis of the commercial performance of the programme (Note 23).

[p. 150]

10. Property, plant and equipment

	Land and buildings	Plant and machinery	Equipment	Other tangible assets	Total
1 January 2017 restated					
Cost	1,545	1,602	2,080	1,222	6,449
Amortisation, depreciation and write-offs	(629)	(1,133)	(1,420)	(892)	(4,074)
Carrying amount	916	469	660	330	2,375
Investments	14	19	39	139	211
Sales	-	-	(2)	(1)	(3)
Depreciation	(48)	(86)	(119)	(53)	(306)
Impairment losses	(2)	(3)	(3)	(3)	(11)
Increase for business combination	2	-	-	3	5
Other changes	(2)	27	26	(89)	(38)
31 December 2017 restated	880	426	601	326	2,233
<i>Broken down as follows:</i>					
Cost	1,542	1,609	2,117	1,240	6,508
Amortisation, depreciation and write-offs	(662)	(1,183)	(1,516)	(914)	(4,275)
Carrying amount	880	426	601	326	2,233
Investments	10	24	44	157	235
Sales	(4)	(1)	(2)	(3)	(10)
Depreciation	(45)	(83)	(116)	(52)	(296)
Impairment losses	-	-	(16)	(1)	(17)
Other changes	53	36	40	(108)	21
31 December 2018	894	402	551	319	2,166
<i>Broken down as follows:</i>					
Cost	1,599	1,664	2,177	1,277	6,717
Amortisation, depreciation and write-offs	(705)	(1,262)	(1,626)	(958)	(4,551)
Carrying amount	894	402	551	319	2,166

The most significant investments amounted to €mil. 94 in the sectors of Electronics, Defence & Security Systems, €mil. 56 for Aeronautics (mainly for progress on the B787 programme), €mil. 46 for Helicopters and €mil. 39 for Other activities.

“Other tangible assets” also include the value of tangible assets under construction (€mil. 133 at 31 December 2018 against €mil. 134 at 31 December 2017).

Purchase commitments of property, plant and equipment are recorded in the amount of €mil. 37 at 31 December 2018 (€mil. 49 at 31 December 2017).

[p. 241]

8. Intangible assets

	Goodwill	Development costs	Non-recurring costs	Concessions, licences and trademarks	Acquired through business combinations	Other intangible assets	Total
1 January 2017 restated							
Cost	985	1,090	1,958	481	96	302	4,912
Amortisation, depreciation and write-offs	(278)	(682)	(590)	(388)	(39)	(204)	(2,181)
Carrying amount	707	408	1,368	93	57	98	2,731
Effect from mergers/demergers	-	-	6	2	-	-	8
Investments	-	25	185	5	-	8	223
Sales	-	-	-	-	-	-	-
Depreciation	-	(56)	(44)	(19)	(4)	(28)	(151)
Impairment losses	-	-	-	-	-	-	-
Other changes	-	(1)	14	2	-	(1)	14
31 December 2017 restated	707	376	1,529	83	53	77	2,825
<i>Broken down as follows:</i>							
Cost	985	906	1,961	492	96	310	4,750
Amortisation, depreciation and write-offs	(278)	(530)	(432)	(409)	(43)	(233)	(1,925)
Carrying amount	707	376	1,529	83	53	77	2,825
Investments	-	18	117	-	-	2	137
Sales	-	(1)	-	-	-	-	(1)
Depreciation	-	(25)	(24)	(22)	(4)	(25)	(100)
Impairment losses	-	(1)	(47)	-	-	-	(48)
Other changes	-	10	76	8	-	15	109
31 December 2018	707	377	1,651	69	49	69	2,922
<i>Broken down as follows:</i>							
Cost	985	934	2,139	496	96	327	4,977
Amortisation, depreciation and write-offs	(278)	(557)	(488)	(427)	(47)	(258)	(2,055)
Carrying amount	707	377	1,651	69	49	69	2,922
<i>31 December 2017 restated</i>							
Gross value			4,564				
Grants			3,035				
<i>31 December 2018</i>							
Gross value			4,888				

[53] Updated Code of Ethics (Document)

Accessed 16/04/2020

https://www.leonardocompany.com/documents/20142/115131/Code+of+Ethics_26+September+2019.pdf?t=1571824607368

[p.10] Corporate procedures must discipline the correct performance of any operation and transaction, the legitimacy, authorisation, consistency, congruity, proper recording and verification, also with regard to the utilisation of financial resources, of which must be assessable, by means of, but not limited to, the following control means: squaring off account balances, joint signatures, supporting accounting documents, understanding the activities of sales agents, consultants, suppliers, etc.. Each operation shall therefore be supported by adequate, clear and full documentation to be filed with the company records, in order to allow, at all times, a control on the motives, the characteristics of the operation and the exact identification of who, at the different stages, authorised, carried out, recorded and verified the same. The respect of the indications provided in the specific protocols regarding the procedural flows to be observed during formation, decision and recording of company events and their consequences, among other things permits to engender and stimulate at all levels in the business a culture of control, which contributes to improve management efficiency and represents an instrument of support for managerial action.

Non-compliance with the procedures of the Code of Ethics -which must be promptly reported to the Surveillance Body pursuant to Legislative Decree 231/01 - compromises the relationship of trust between Leonardo and those who interact with the Company at any title.

7.2 Accounting transparency

Truthful, precise, full and clear primary data are the prerequisites of transparent accounting and are a fundamental value for Leonardo, also with a view to ensuring that shareholders and third parties have the possibility to have a clear image of the economic, equity and financial position of the Company.

To achieve these conditions, the documentation of the basic facts must first and foremost be complete, clear, truthful, accurate and valid, and must be entered in the accounting books as justification of the records, which must be updated to allow for any appropriate checks. The relevant book entry must reflect in a complete, clear, truthful, precise and valid manner that which has been described in the supporting documentation. In the case of economic and financial elements based on valuations, the relevant book entry shall be made in accordance with the criteria of reasonableness and prudence, explaining clearly in the underlying documentation the criteria which guided the valuation of the asset.

If anyone becomes aware of any possible omission, falsification, irregularity in the books and records of the Company, or of any breach of the principles set forth in the Code of Ethics and in the specific protocols, he/she should immediately report this to the Surveillance Body pursuant to Legislative Decree 231/01. The aforesaid breaches undermine the relationship of trust between employees and the Company and shall lead to a disciplinary process and consequent adequate sanctions.

Within the limits established by applicable laws, Leonardo shall provide exhaustive and prompt information, clarifications, data and documents required by the shareholders, clients, suppliers, surveillance authorities, institutions or bodies in the performance of the respective activities and functions. Any relevant information must be promptly communicated both to the company's bodies in charge of controlling the management of the company, and to the surveillance authorities.

[59] Procedure for Related Parties Transactions (Document)

Accessed 16/04/2020

<https://www.leonardocompany.com/documents/20142/115233/%28ok%29+Related+Parties+Procedure+%28update+as+of+February+2019%29.pdf?t=1551963866041>

[p.3] The aim of the Procedure is to define, on the basis of the principles indicated in the Regulation, rules aiming at ensuring the transparency and substantial and procedural correctness of Related Party Transactions entered into by the Company, either directly or through its subsidiaries.

[...]

[p.12] 6.1.2 The Committee for Related Parties Transactions, once the investigation phase is complete, shall express, in time to allow the relevant body to reach a decision and, as a rule, five days prior to the date scheduled for the approval of the Transaction itself, an explained opinion on the benefits to the Company deriving from the completion of the Transaction of Greater Importance and the convenience and substantial correctness of its terms.

6.1.3 If the Committee for Related Party Transactions considers it necessary or appropriate, it may seek advice from one or more independent experts of its choice in order to issue the non-binding opinion. When choosing such experts, the Committee shall look to persons with recognised professionalism and expertise in the matter in question, judged to be independent and without any conflict of interests.

List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download Date	Link
01	Webpage	Ethics and Compliance	14/10/19	https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance
02	Document	Code of Ethics	14/10/19	https://www.leonardocompany.com/documents/20142/115131/Code_of_Ethics.pdf?t=1539198439628
03	Document	Anti-Corruption Code	14/10/19	https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_2019.pdf?t=1562831340780
04	Webpage	Ethics and Compliance – Anti-Corruption	14/10/19	https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/anti-corruption-code
05	Document	Sustainability Report 2018	14/10/19	https://www.leonardocompany.com/documents/20142/116025/Leonardo_2018+Sustainability+Report_Non-financial+Statement-final.pdf?t=1556644909652
06	Document	Corporate Governance Report	14/10/19	https://www.leonardocompany.com/documents/20142/115155/body_DEF_CG_REPORT_2018.pdf?t=1539593076532
07	Document	Anti-Corruption Management System of Leonardo S.p.a. Abstract	14/10/19	https://www.leonardocompany.com/documents/20142/8352825/Anti-Corruption+Management+System_ENG.pdf?t=1564589953761
08	Document	Annual Financial Report 2018	14/10/19	https://www.leonardocompany.com/documents/20142/120078/Annual+Financial+Report+31-12-18+ENG-2.pdf/53d6ea13-78c0-f715-bff9-ac69d2bf4466?t=1555689706790
09	Webpage	Risk Management	14/10/19	https://www.leonardocompany.com/en/investors/industrial-plan/risk-management/project-risk-management
10	Webpage	Governance and risk management	14/10/19	https://www.leonardocompany.com/en/investors/industrial-plan/risk-management
11	Document	Whistleblowing	14/10/19	https://www.leonardocompany.com/documents/20142/115182/Whistleblowing+ENG.pdf?t=1563889878952
12	Document	Whistleblowing Management Guidelines Annex 1	14/10/19	https://www.leonardocompany.com/documents/20142/115182/ANNEX+1+-+Flow+Chart__2018_11_08+eng.pptx.pdf?t=1545036761697
13	Document	Whistleblowing Management Guidelines	14/10/19	https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/whistleblowing-management-guidelines
14	Webpage	Responsible Business Conduct	14/10/19	https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/responsible-business-conduct
15	Document	Sustainability targets	15/10/19	https://www.leonardocompany.com/documents/20142/5334341/obiettivi-ENG.pdf?t=1556646800669
16	Document	Remuneration Report 2018	15/10/19	https://www.leonardocompany.com/documents/20142/115953/body_Remuneration_Report_2018.pdf?t=1540390087771
17	Webpage	Life at Leonardo	15/10/19	https://www.leonardocompany.com/en/about-us/careers/life-at-leonardo
18	Webpage	Whistleblowing Management	15/10/19	https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/whistleblowing-management-guidelines

19	Webpage	Management of Reports	15/10/19	https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/whistleblowing-management-guidelines/management-of-reports
20	Webpage	Code of Ethics	15/10/19	https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/code-of-ethics
21	Document	Focus on personnel selection	15/10/19	https://www.leonardocompany.com/documents/20142/8352825/Personnel+Selection.pdf?t=1564570538017
22	Webpage	Stakeholder Engagement	15/10/19	https://www.leonardocompany.com/en/about-us/sustainability/approach-and-reporting/our-stakeholders
23	Document	Sponsorships – Abstract on the process	15/10/19	https://www.leonardocompany.com/documents/20142/8352825/LDO_summary_SPONSORSHIPS_ENG.pdf?t=1564570550342
24	Document	Focus on responsible Lobbying	16/04/2020	https://www.leonardocompany.com/documents/20142/8352825/Focus+on+Responsible+Lobbying_ENG_update+25022020.pdf?t=1582707033220
25	Document	Abstract of the Guidelines on Commercial Advisors, Sales Promoters and Lobbyists	16/04/2020	https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+sales+promoters+lobbyists+guidelines_ENG_update+25+feb+2020.pdf?t=1582707031406
26	Document	Representation expenses, hospitality and gifts	15/10/19	https://www.leonardocompany.com/documents/20142/8352825/LDO_summary_REPRESENTATION%2BEXPENSES%2BHOSPITALITY%2BAND%2BGIFTS.pdf?t=1564570551537
27	Webpage	Supplier register	16/10/19	https://www.leonardocompany.com/en/suppliers/becoming-a-supplier/albo-fornitori
28	Webpage	Sustainable supply chain	16/10/19	https://www.leonardocompany.com/en/suppliers/becoming-a-supplier/sustainable-supply-chain
29	Webpage	Our supply chain	16/10/19	https://www.leonardocompany.com/en/about-us/sustainability/development-of-supply-chain
30	Document	Supplier Code of Conduct	16/10/19	https://www.leonardocompany.com/documents/20142/6633947/Leonardo_suppliers_code_conduct_080519.pdf?t=1557385183180
31	Document	Purchase order - Terms and conditions	16/10/19	https://www.leonardocompany.com/documents/20142/115803/T%26C+2019_eng.pdf/b78d1583-83df-4bb5-6e5f-82cfa5376538?t=1564555814100
32	Document	Abstract of the Directive on Commercial Advisors and Sales Promoters	16/04/2020	https://www.leonardocompany.com/documents/20142/8352825/Commercial+advisors+sales+promoters+lobbyists+directive_ENG_update+25+feb+2020.pdf?t=1582707029349
33	Document	Focus on Joint Ventures	16/04/2020	https://www.leonardocompany.com/documents/20142/8352825/Focus+on+JV+eng+25022020.pdf?t=1582709744759
34	Document	Focus on Offset	17/10/19	https://www.leonardocompany.com/documents/20142/8352825/Offset_eng.pdf?t=1564570511286
35	Document	Compliance	17/10/19	https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/compliance
36	Webpage	Controls on exports and Sensitive countries	17/10/19	https://www.leonardocompany.com/en/about-us/our-company/ethics-compliance/trade
37	Webpage	Global presence – UK	17/10/19	https://www.leonardocompany.com/en/global/europe/uk
38	Webpage	Shareholders base	17/10/19	https://www.leonardocompany.com/en/investors/stock-info/shareholders-base
39	Webpage	Financial Times Markets Data	17/10/19	https://markets.ft.com/data/equities/tearsheet/summary?s=LDO:MIL

40	Document	Industrial Plan Presentation	18/10/19	https://www.leonardocompany.com/documents/20142/0/body_Presentation_Industrial_Plan_30_01_2018.pdf?t=1544107560216
41	Document	Articles of Association	18/10/19	https://www.leonardocompany.com/documents/20142/115158/By%2BLaws%2B16%2BMay%2B2019_DEF.pdf?t=1560433963518
42	Webpage	Board of Directors	18/10/19	https://www.leonardocompany.com/en/about-us/our-company/corporate-governance/board-of-directors
43	Document	Guidelines to the Shareholders	18/10/19	https://www.leonardocompany.com/documents/20142/115356/body_Guidelines_to_the_shareholders_26_01_2017_ENG.pdf?t=1540196695530
44	Document	Rules of the Nomination Procedure	18/10/19	https://www.leonardocompany.com/documents/20142/115680/body_7_Clean_2_05_10_Reg_Com_Nomine_Governance_e_Sostenibilit_sett_2016_ENG.pdf?t=154028678
45	Webpage	Board of Directors Composition	18/10/19	https://www.leonardocompany.com/en/about-us/our-company/corporate-governance/board-of-directors/composition
46	Webpage	Control and Risks Committee	18/10/19	https://www.leonardocompany.com/en/about-us/our-company/corporate-governance/board-of-directors/committees/control-and-risks
47	Document	Procedures of the Board of Directors	18/10/19	https://www.leonardocompany.com/documents/20142/115161/body_May_2017_Regolamento_CdA_ENG.pdf/ba2711c5-0f0c-9173-078e-62452d0008f5?t=1539597318006
48	Document	Annual Report 2018	30/10/19	https://www.leonardocompany.com/documents/20142/115962/LDO_RFA2018_ENG_15.05.19.pdf/2c5a9ae8-da57-c4f7-f487-68ddb6b517d?t=1558685477527
49	Document	Updated Anti-Corruption Code	16/04/20	https://www.leonardocompany.com/documents/20142/115134/Anti-Corruption+Code+of+Leonardo+Group_26+september+2019.pdf?t=1571824577630
50	Webpage	Integrity for Leonardo	16/02/20	https://www.leonardocompany.com/en/about-us/careers/life-at-leonardo/integrity-for-leonardo
51	Document	Corporate Governance Report 2019	16/04/20	https://www.leonardocompany.com/documents/20142/9652751/RCG+2019_EN_06022020.pdf?t=1580993222231
52	Document	Updated Focus on personnel selection	16/04/20	https://www.leonardocompany.com/documents/20142/8352825/Personnel+Selection_ENG_update+25+feb+2020.pdf?t=1582707035254
53	Document	Updated Code of Ethics	16/04/20	https://www.leonardocompany.com/documents/20142/115131/Code+of+Ethics_26+September+2019.pdf?t=1571824607368
54	Document	Sustainability and Innovation Report 2019	14/05/20	https://www.leonardocompany.com/documents/20142/116025/2019+sustainability+report+Leonardo.pdf?t=1588264339937
55	Webpage	Lobbying Contribution Report	16/04/20	https://disclosurespreview.house.gov/lc/lcxmlrelease/2018/YY/700871308.xml
56	Document	Updated Focus on Offset	16/04/20	https://www.leonardocompany.com/documents/20142/8352825/Offset_eng+update.pdf?t=1576851139930
57	Webpage	Project Risk Management	16/04/20	https://www.leonardocompany.com/en/investors/industrial-plan/risk-management/project-risk-management
58	Webpage	Sector Results	16/04/20	https://www.leonardocompany.com/en/investors/results-and-reports/sector-results
59	Document	Procedure for Related Parties Transactions	16/04/20	https://www.leonardocompany.com/documents/20142/115233/%28ok%29+Related+Parties+Procedure+%28updated+as+of+February+2019%29.pdf?t=1551963866041