



***"Organizational, Management and Control Model  
pursuant to Legislative Decree no. 231 of 8th June  
2001"***

***Leonardo Global Solutions S.p.A.***

**Updated by the Board of Directors  
at the meeting of 4th April 2023**

**Available on the company's intranet and website  
[www.leonardoglobalsolutions.com](http://www.leonardoglobalsolutions.com)**



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## DEFINITIONS

<b>"CCNL"</b>	The National Collective Labour Agreement.
<b>"Company"</b>	Leonardo Global Solutions S.p.A. (abbreviated to LGS).
<b>"Consultants"</b>	Individuals who act in the name of and/or on behalf of LGS based on a mandate or other collaborative relationship.
<b>"Crimes"</b>	The types of offences considered by the Decree.
<b>"Decree"</b>	Legislative Decree no. 231 of 8th June 2001.
<b>"External co-workers"</b>	Those parties who have relationships with the Company, whether paid or free of charge, of any kind (such as, by way of example but not limited to, consultants, suppliers and third parties in general).
<b>"GIA"</b>	Group Internal Audit, a centralized function that is responsible for supporting the Board of Directors, the Control and Risk Committee, the Board of Statutory Auditors of Leonardo S.p.A. and the Boards of Directors and Boards of Statutory Auditors of the Group companies, in carrying out assessments of the adequacy and effective function of the Internal Control and Risk Management System of Leonardo Group.
<b>"Instrumental activities"</b>	The set of activities carried out by LGS that present risks of criminal relevance only if, in combination with Sensitive Activities, they support the commission of the offence by constituting its method of execution.
<b>"Intra-company contracts"</b>	Contracts between companies in the Leonardo Group that define of a series of economic and legal relationships.
<b>"Recipients"</b>	Please refer to the information in paragraph 3.4 of the General Part of this Model and to the specific paragraphs of the individual Special Parts.
<b>"Leonardo Group"</b>	Leonardo S.p.A. and all companies and subsidiaries directly or indirectly controlled by it pursuant to Article 2359 of the Italian Civil Code.
<b>"Model"</b>	The Organizational, Management and Control Model envisaged by the Decree, adopted by LGS.



<b>"Narrative Law 262/2005"</b>	Set of operating procedures describing the main administrative, accounting and financial processes adopted by the company Leonardo Global Solutions S.p.A.
<b>"Partner"</b>	Commercial and financial partners of the Company.
<b>"Process Owner"</b>	The person who, by virtue of the organizational position held or the activities carried out, is most involved in the Sensitive Process of reference or has the greatest visibility of it.
<b>"Relationships in the Group"</b>	Legal, administrative, financial and commercial relations existing between Leonardo S.p.A. and other Group companies and/or between Group companies.
<b>"SB"</b>	The Supervisory Body provided for by the Decree.
<b>"Sensitive Activities"</b>	The set of activities of particular importance carried out by LGS as part of Sensitive Processes.
<b>"Sensitive Process"</b>	The set of company activities and operations organized to pursue a specific purpose or manage a specific LGS company area, in areas potentially at risk for committing one or more of the crimes set forth in the Decree, as listed in the Special Parts of the Model, also referred to generically and collectively as risk area(s).
<b>"Top Management"</b>	The Chief Executive Officer of the company Leonardo Global Solutions S.p.A.



# **GENERAL PART**



## 1. LEGISLATIVE DECREE NO. 231/2001 AND RELEVANT LEGISLATION

### 1.1 THE SYSTEM OF ADMINISTRATIVE LIABILITY ENVISAGED FOR LEGAL PERSONS.

The Legislative Decree no. 231 of 8th June 2001, which introduces the "Regulation of the entities with legal personality, the companies and associations, even without legal personality", brought Italian regulations on the liability of legal persons into compliance with a number of international conventions previously signed by Italy, and specifically:

- the *Brussels Convention* of 26th July 1995 on the protection of the European Community's financial interests;
- the *Brussels Convention* of 26th May 1997 on the fight against corruption of public officials of both the European Community and its Member States;
- the *OECD Convention* of 17th December 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions.

The Decree introduced a system of administrative liability (substantially comparable to criminal liability) into the Italian legal system, for companies and associations with or without legal personality (hereinafter referred to as "Entities"), for certain types of offences ("predicate offences") committed, in the interest of or to the advantage of the same, by:

- natural persons who hold representative, administrative or managerial positions for the Entities themselves or of one of their Organizational Units with financial and functional independence, as well as individuals who carry out, even if de facto, the management and control of the Entities in question (so-called "apical");
- natural persons subjected to the management or to the supervision of one of the subjects referred to above (so-called "subordinates").

The administrative liability of the legal person derives from a crime committed by the natural person in the course of business activity. The liability of the Entity is concurrent with and independent of the liability of the natural person. The administrative liability of the Entity is independent in the sense that it may arise even if the natural person who committed the offence is not identified or cannot be charged, or the offence is extinguished for any reason other than amnesty. Before the Decree entered into force, the interpretation of certain principles of the legal system, including the principle that criminal liability under Article 27 of the Constitution applied solely to natural persons, ruled out the possibility of introducing a type of liability for the Entity when the mechanisms ascribed to it were the same ones involved in the criminal liability, leaving for the Entity only a form of joint and several liability in civil proceedings for any damage caused by its employee or the civil obligation arising from the employee's sentence to pay a fine or financial penalty should the employee be insolvent (Articles 196 and 197 of the Code of Civil Procedure).



These objections have been overcome by constructing a form of liability of the Entity which is a *tertium genus* between purely administrative and criminal liability, sharing with the latter some of the criteria for ascribing liability.

The liability envisaged by the Decree also includes offences committed abroad, under the conditions that will be specified below, provided that the State in which the offence was committed does not prosecute for them.

Listed below are the crimes that are currently included in the scope of application of the Decree, as well as their possible relevance for LGS (if the relevant Special Part is prepared):

ARTICLE DECREE	CRIME	SPECIAL PART
24 <sup>1</sup>	Misappropriation of funds, fraud to the detriment of the State, a public body or the European Union or for the purpose of obtaining public funds, computer fraud to the detriment of the State or a public body and fraud in public procurement	A
24-bis <sup>2</sup>	Computer crimes and illegal processing of data	G
24-ter <sup>3</sup>	Organized crime offences	D
25 <sup>4</sup>	Offences of embezzlement, extortion, undue inducement to give or promise benefits, bribery and abuse of office	A
25-bis <sup>5</sup>	Crimes relating to counterfeiting of currency, public credit instruments, revenue stamps and instruments or marks	Non-relevant offences
25-bis.1 <sup>6</sup>	Crimes against industry and trade	H

<sup>1</sup> Article last amended by Legislative Decree No. 75/2020 (Implementation of EU Directive 2017/1371 on the fight against fraud affecting the Union's financial interests by means of criminal law)

<sup>2</sup> Article added by Law No. 48/2008 (Ratification and execution of the Council of Europe Convention on Cybercrime, signed in Budapest on 23 November 2001, and rules to adapt domestic law) and last amended by Decree-Law No. 105/2019 (Urgent provisions on the national cyber security perimeter).

<sup>3</sup> Article added by Law No 94/2009 (Provisions relating to public security)

<sup>4</sup> Article amended by Law 190/2012 (Provisions for the prevention and repression of corruption and unlawfulness in public administration), as well as last amended by Legislative Decree No. 75/2020 (Implementation of EU Directive 2017/1371 on combating fraud affecting the financial interests of the Union by means of criminal law).

<sup>5</sup> Article added by Decree-Law No. 350/2001 (Urgent provisions in view of the introduction of the euro, concerning the taxation of financial income, disclosure of assets held abroad, securitisation and other financial transactions), converted with amendments by Law No. 409/2001 and amended by Legislative Decree No. 125/2016 (Implementation of Directive 2014/62/EU on the protection by criminal law of the euro and other currencies against counterfeiting which replaces Framework Decision 2000/383/JHA)

<sup>6</sup> Article added by Law No 99/2009 (Provisions for the development and internationalisation of enterprises, and in the field of energy)





ARTICLE DECREE	CRIME	SPECIAL PART
25-ter <sup>7</sup>	Corporate crimes	B
25-ter, p. 1, l. s-bis	Offences of Corruption between private individuals	A
25-quater <sup>8</sup>	Crimes for the purpose of terrorism or subversion of the democratic order	C
25-quater.1 <sup>9</sup>	Offences against physical safety, with particular reference to the sexual integrity of women	Non-relevant offences
25-quinquies <sup>10</sup>	Offences against individuals in relation to the protection of minors and enslavement	E
25-sexies <sup>11</sup> and Art. 187-quinquies of Legislative Decree 58/98 <sup>12</sup>	Crimes and administrative offences relating to market abuse	B
25-septies <sup>13</sup>	Culpable offences of manslaughter or severe personal injuries committed in violation of accident prevention regulations and the protection of occupational health	E
25-octies <sup>14</sup>	Offences of receiving, laundering and using money, goods or profits from illegal activities, or self-laundering	F

<sup>7</sup> Article added by Legislative Decree No. 61/2002 regulating criminal and administrative offences in respect of commercial companies, amended by Law No. 190/2012 (Provisions for the prevention and repression of corruption and unlawfulness in public administration), Law No. 69/2015 (Provisions on crimes against the public administration, mafia-type associations and false accounting), as well as most recently by Legislative Decree No. 38/2017 (Implementation of Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector).

<sup>8</sup> Article added by Law No. 7/2003 (Ratification and implementation of the International Convention for the Suppression of the Financing of Terrorism, signed in New York on 9 December 1999, and rules for the adaptation of domestic law)

<sup>9</sup> Article added by Law No. 7/2006 (Provisions regarding the prevention and prohibition of female genital mutilation practices)

<sup>10</sup> Article added by Law No. 228/2003 (Measures against trafficking in persons) and amended by Law No. 199/2016 (Provisions on combating the phenomena of undeclared work, labour exploitation in agriculture and wage realignment in the agricultural sector).

<sup>11</sup> Article added by Law No 62/2005 (Provisions for the fulfilment of obligations arising from Italy's membership of the European Community - Community Law 2004)

<sup>12</sup> Article 187-quinquies of the T.U.F. regulates the liability of the Entity in relation to certain administrative offences provided for in the same Chapter of the T.U.F., according to criteria similar to those provided for by the Decree.

<sup>13</sup> Article added by Law no. 123/2007 (Measures on the protection of health and safety at work and delegation to the Government for the reorganisation and reform of the legislation on the subject) and subsequently replaced by Legislative Decree no. 81/2008 (Consolidated law on health and safety protection in the workplace)

<sup>14</sup> Article added by Legislative Decree no. 231/2007 (Implementation of Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and of Directive 2006/70/EC laying down implementing measures) and amended by Law no.



ARTICLE DECREE	CRIME	SPECIAL PART
25-octies 1	Offences relating to non-cash payment instruments	F-bis
25-nonies <sup>15</sup>	Offences connected with copyright infringement	Non-relevant offences
25-decies <sup>16</sup>	Crime of inducement not to make statements or to make false statements to the Judicial Authorities	A
25-undecies <sup>17</sup>	Environmental crimes	I
25-duodecies <sup>18</sup>	Offence of employment of foreign nationals without a valid residence permit	E
25-terdecies <sup>19</sup>	Crimes of racism and xenophobia	Non-relevant offences
25-quaterdecies <sup>20</sup>	Fraud connected with sports competitions	Non-relevant offences
25 quinquiesdecies <sup>21</sup>	Tax crimes	L

186/2014 (Provisions on the emergence and return of capital held abroad and for strengthening the fight against tax evasion. Provisions on self-laundering).

<sup>15</sup> Article added by Law No 99/2009 (Provisions for the development and internationalisation of enterprises, and in the field of energy)

<sup>16</sup> Article added by Law No 116/2009 (Ratification and implementation of the United Nations Convention against Corruption, adopted by the UN General Assembly on 31 October 2003 with Resolution No 58/4, signed by the Italian State on 9 December 2003, as well as internal adaptation rules and amendments to the Criminal Code and the Code of Criminal Procedure).

<sup>17</sup> Article added by Legislative Decree No. 121/2011 (Implementation of Directive 2008/99/EC on the protection of the environment by means of criminal law, as well as Directive 2009/123/EC amending Directive 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements) and amended by Law No. 68/2015 (Provisions on crimes against the environment).

<sup>18</sup> Article added by Legislative Decree No 109/2012 (Implementation of Directive 2009/52/EC introducing minimum standards on sanctions and measures against employers who employ third-country nationals who are in Italy illegally) and amended by Law No 161/2017 (Amendments to the code of anti-mafia laws and prevention measures, set out in Legislative Decree No 159 of 6 September 2011, to the Criminal Code and to the implementing, coordinating and transitional rules of the Code of Criminal Procedure and other provisions. Delegation to the Government for the protection of employment at seized and confiscated companies)

<sup>19</sup> Article added by Law No 167/2017 (Provisions for the fulfilment of obligations arising from Italy's membership of the European Union - European Law 2017)

<sup>20</sup> Article added by Law No. 39/2019 (Ratification and implementation of the Council of Europe Convention on the Manipulation of Sports Competitions, signed at Magglingen on 18 September 2014)

<sup>21</sup> Article added by Decree-Law No. 124/2019 (Urgent provisions on tax matters and for unavoidable needs, converted, with amendments, by Law No. 157 of 2019) and last updated by Decree-Law No. 75/2020 (Implementation of EU Directive 2017/1371 on the fight against fraud affecting the financial interests of the Union by means of criminal law)



ARTICLE DECREE	CRIME	SPECIAL PART
25-sexiesdecies <sup>22</sup>	Contraband offences	L
25-septiesdecies <sup>23</sup>	Crimes against the cultural heritage	M
25-duodevicies <sup>24</sup>	Laundering of cultural assets and destruction and looting of cultural assets and landscapes	M
Art. 12, Law No. 9/2013 <sup>25</sup>	Liability of entities operating in the virgin olive oil sector for administrative offences deriving from crimes	Non-relevant offences
Article 10, Law No 146/2006 <sup>26</sup>	Transnational offences introduced by Law no. 146 of 16th March 2006, "Law ratifying and executing the Convention and Protocols of the United Nations against transnational organized crime"	Non-relevant offences

With regard to offences that are not included in specific Special Parts, the Company has adopted a set of organizational and procedural controls aimed at ensuring the correct performance of company activities, which are in an abstract way also suitable for preventing the risk of committing such offences, referring in this regard, first of all, to the principles expressed in the Code of Ethics of the Company, in addition to the details of the company procedures with specific reference to the prevention of the offences indicated in the Special Parts of the Model.

For a detailed description of the offences, please refer to the text of Legislative Decree 231/2001.

For further details, please refer to Annex 7.1 "LGS\_Catalogue Offences\_231".

## 1.2 SANCTIONS

The sanctions provided for, against the Entity, for administrative offences dependent on a crime are as follows:

- **pecuniary sanctions;**
- **disqualification sanctions;**

<sup>22</sup> Article added by Legislative Decree No. 75/2020 (Implementation of EU Directive 2017/1371 on the fight against fraud affecting the financial interests of the Union by means of criminal law)

<sup>23</sup> Article added by Law No. 22/2022 of 9.3.2022 (Provisions on crimes against cultural heritage)

<sup>24</sup> Article added by Law No. 22/2022 of 9.3.2022 (Provisions on crimes against cultural heritage)

<sup>25</sup> Article 10, Law No 9/2013 (Rules on the quality and transparency of the virgin olive oil sector)

<sup>26</sup> Article 10, Law No. 146/2006 (Ratification and implementation of the United Nations Convention and Protocols against Transnational Organized Crime)



- **confiscation;**
- **publication of the judgment.**

Pecuniary sanctions, applicable to all offences, are determined through a system based on "*quotas*" of no less than one hundred and no more than one thousand and varying in amount between a minimum of Euro 258.23 and a maximum of Euro 1,549.37.

The judge determines the number of quotas taking into account the seriousness of the offence, the degree of the Entity's liability, and the activity carried out to eliminate or mitigate the consequences of the fact and to prevent the perpetration of additional offences. The amount of the fee is determined based on the economic and equity conditions of the Entity, in order to ensure the effectiveness of the sanction (Article 11 of the Decree).

These financial sanctions are reduced if, before the first degree judgement, the Entity has taken effective action to prevent the criminal activity from having further consequences, to ensure the evidence of the offences and the identification of the persons responsible, or for the seizure of the sums or other benefits transferred, and has eliminated the organisational deficiencies that led to the offence by adopting and implementing organizational models suitable for preventing offences of the type committed.

The disqualification sanctions, with a duration of no less than three months and no more than two years (in cases of crimes against the P.A. as provided for by Law 3/2019, with a duration of no less than four years and no more than seven years, if the crime was committed by apical management, and no less than two years and no more than four years if it was committed by subjected parties) are aimed at the specific activity to which the Entity's offence refers and consist of:

- disqualification from carrying out the activity;
- the prohibition to contract with the Public Administration, except to obtain the performance of a public service;
- suspension or revocation of authorizations, licenses or concessions functional to the commission of the offence;
- exclusion from subsidies, funding, contributions or grants and the eventual revocation of those already awarded;
- the prohibition from publicizing goods or services.

The disqualification sanctions are applied in the cases exhaustively indicated by the Decree, only if at least one of the following conditions is met<sup>27</sup>:

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<sup>27</sup> The legislator has considered applicable the disqualification sanctions only for some types of offences for the following categories: offences against the Public Administration (Articles 24 and 25 of the Decree); computer crimes and illegal processing of data (Article 24-*bis* of the Decree); organized crime (Article 24-*ter* of the Decree); forgery of money, public credit cards, revenue stamps and identification instruments or identity marks (Article 25-*bis* of the Decree); crimes against industry and trade (Article 25-*bis.1* of the Decree); corporate crimes (Article 25-*ter* of the Decree); Crimes for the purpose of terrorism or subversion of the democratic order (Article 25-*quater* of the Decree); mutilation of female genital organs (Article 25-*quater.1* of the Decree); offences against individuals (Article 25-*quinquies*



1) the Entity has derived a significant profit from the crime and the crime was committed, alternatively, by:

- apical subjects;
- persons subjected to the management and supervision of others when the commission of the offence was determined or facilitated by serious organizational shortcomings;

2) in case of reiteration of the offenses.

The type and duration of the disqualification sanctions are established by the judge, taking into account the seriousness of the offence, the degree of liability of the Entity and the activity carried out by the Entity to eliminate or mitigate the consequences of the fact and to prevent the perpetration of additional offences. Instead of applying the sanction, the judge may order the continuation of the Entity's activities by a judicial commissioner.

Precautionary measures can also be applied, some of which bring forward the prohibitions and suspensions referred to in disqualification sanctions, when there is serious evidence to believe that the Entity is responsible for committing the crime and there are well-founded and specific elements that make it appear that there is a concrete danger that crimes of the same nature as the one being prosecuted will be committed (Article 45). In this case too, instead of the precautionary disqualification measure, the judge may appoint a judicial commissioner.

The disregard of disqualification sanctions represents an autonomous crime provided for by the Decree (Article 23).

Finally, the Decree provides for confiscation of the price or profit of the crime; when this is not possible, the confiscation may include sums of money, assets or other utilities of equivalent value.

When a disqualification sanction is imposed on the Entity, publication of the conviction may be ordered.

### **Disregard of disqualification sanctions**

The offence referred to in Article 23 of the Decree punishes anyone who, when performing the activity of the Entity to which a disqualification sanction or precautionary measure has been applied, fails to comply with the obligations or prohibitions inherent in such sanctions or measures.

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of the Decree); manslaughter or severe personal injuries committed in violation of occupational health and safety provisions (Article 25-septies of the Decree); receiving, laundering and using money, goods or profits from illegal activities, as well as self-laundering (Article 25-octies of the Decree); Offences relating to non-cash payment instruments (Art. 25-octies 1); offences connected with copyright infringement (Article 25-nonies of the Decree); environmental crimes (Article 25-undecies of the Decree), employment of foreign citizens without a proper permit; racism and xenophobia (Art.25-terdecies); fraud in sports competitions (Art. 25- quaterdecies); tax crimes (Art. 25-quinquiesdecies); smuggling (Art. 25-sexiesdecies); crimes against the cultural heritage (Art. 25-septiesdecies); laundering of cultural assets and destruction and looting of cultural assets and landscapes (Art. 25-oc-tiesdecies);.transnational offences (Law 146/2006)



For the purposes of this rule, all those activities carried out by the Entity that may in any way interfere with the execution of a disqualification sanction or a precautionary disqualification measure are taken into account.

In this regard, it should be noted that the disqualification sanctions that can also be applied as a precautionary measure, as set out in Articles 9 and 45 of the Decree, are:

- disqualification from carrying out the activity;
- suspension or revocation of authorizations, licenses or concessions functional to the commission of the offence;
- the prohibition to contract with the Public Administration, except to obtain the performance of a public service;
- exclusion from grants, financing, contributions or subsidies and, where applicable, revocation of those already granted;
- the prohibition from publicizing goods or services.

In particular, the offence may occur when, during or on conclusion of the proceedings concerning the administrative liability of the Entity to which the active party belongs or of another Entity with which the said party has, on behalf of the company, relations of any kind, a disqualification measure under the Decree is applied - on a precautionary or final basis.

*By way of example, the case is cited of an Entity which has been subject to the precautionary disqualification measure prohibiting it from contracting with the Public Administration and which, in breach of that order, through a third party or in a concealed form, has a contractual relationship with the Public Administration. Again, it may be the case that, following the application to the Entity of a measure prohibiting the advertising of goods or services, the company continues to advertise its services by means of concealed forms of advertising].*

### **1.3 ATTEMPTED CRIMES AND CRIMES COMMITTED ABROAD**

In the case of attempted commission of the predicate offences, the financial penalties and disqualifying sanctions are reduced by between one third and one half, while the imposition of penalties is excluded in cases if the Entity voluntarily prevents the action from being carried out or the event from taking place. The exclusion of sanctions is justified, in this case, by virtue of the interruption of any relationship of identification between the Entity and the subjects who act in its name and on its behalf. This is a particular hypothesis of the so-called "active withdrawal", provided for by Article 56, paragraph 4, of the Criminal Code.

The Entity is also liable for offences dependent on predicate offences committed abroad.

- On the basis of the provisions of Article 4 of the Decree, the Entity may be held liable for offences covered by the Decree committed abroad, under the





following conditions: the offence must be committed abroad by a person provided for under Article 5, paragraph 1 of the Decree<sup>28</sup>;

- the Entity must have its head office in the territory of the Italian State;
- the Entity can only be held liable in the cases and under the conditions set out in Articles 7, 8, 9, 10 of the Criminal Code.

If the cases and conditions referred to in the aforementioned articles of the criminal code exist, the Entity is liable provided that the State where the act was committed does not take action against it.

#### **1.4 PROCEDURE FOR ASSESSMENT OF OFFENCES AND ASSESSING THE ADEQUACY OF THE MODEL**

Liability for administrative offences arising from a criminal offence is established within criminal proceedings.

For reasons of efficacy, uniformity and procedural economy, the Decree incorporates the principle of *simultaneous processus* with the proceedings to confirm the offence before the criminal court, i.e. the rule whereby liability of the Entity and the natural person is ascertained as part of the same proceedings before the criminal court. The general principle is based on *simultaneous processus*, except in specific cases identified by the Code.

The ascertainment of the Entity's liability, attributed to the criminal judge, takes place through verification of the existence:

- of the predicate offence
- of the interest or advantage of the Entity in the commission of the offence by its top manager or a subordinate;
- an organizational deficiency, known as "organizational fault", which made it impossible to prevent the commission of the predicate offence by the natural person.

#### **1.5 THE EXEMPTING EFFECT OF THE ORGANIZATIONAL MODEL**

Articles 6 and 7 of the Decree provide that the Entity's liability is ruled out when the management body has adopted and effectively implemented, before the offence was committed, organizational and management models capable of preventing offences of the kind committed.

The assessment is conducted according to the criterion of "posthumous prognosis". The judgement of suitability is, in other words, formulated according to an essentially *ex ante* criterion, whereby the judge ideally places himself in the company situation at the time when the offence occurred in order to test the adequacy of the Model adopted.

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<sup>28</sup> Art. 5, para. 1, Legislative Decree 231/01: "The Entity is liable for offences committed in its interest or to its advantage: a) by persons who hold representative, administrative or managerial positions of the Entity or one of its Organizational Units with financial and functional independence as well as by persons who exercise, even if *de facto*, the management and control of the same; b) by persons subjected to the management or supervision of one of the persons referred to in letter a)". However, for greater completeness, see what is reported in the "Definitions" of the Model ("Recipients").



In addition, the task of supervising the functioning of and compliance with the Model, as well as proposing its updating, must have been entrusted to a Body of the Entity ("Supervisory Body", "**SB**") that is endowed with autonomous powers of initiative and control. In particular, in the case of offences committed by persons in an apical position, Article 6 provides for exoneration if the Entity proves that:

- the persons who committed the offence acted fraudulently evading the aforementioned Model;
- there has been no omission or insufficient supervision by the SB.

As far as persons in a subordinate position are concerned, Art. 7 foresees the exemption in the case in which the Entity has adopted and effectively implemented, before the commission of the crime, a suitable organizational, management and control Model.

The Decree also provides that the Model, in order to be suitable, must meet the following requirements:

- identification of the areas within the scope of which there is the possibility of offences being committed;
- provision of protocols aimed at planning the training and implementation of the Entity's decisions in relation to the offences to be prevented;
- identification of the methods of management of financial resources suitable to prevent the commission of such offences;
- provision of information obligations towards the SB;
- introduction of an internal *disciplinary system* suitable for sanctioning non-compliance with the measures indicated in the Model;
- whistleblowing system, for the reporting of violations of the Organizational, Management and Control Model, and investigation of the event/situation reported.

### **Groups of companies**

LGS is a Company subject to the management and coordination of Leonardo S.p.A.<sup>29</sup>.

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<sup>29</sup> Leonardo, in the exercise of the management and coordination activity attributed to it by Article 2497 of the Italian Civil Code and respecting the organizational, management and operational autonomy of the Group companies, requires its direct or indirect subsidiaries, subject to Italian law, to adopt and implement Models which take into account the specific risk profiles connected to the actual operations of each company, in pursuit of the following objectives: a) to ensure correct behaviour, in compliance with laws, industry regulations and the principles expressed in the Leonardo Group Anti-Corruption Code and the Code of Ethics adopted by the Company; b) to make all those operating within the Group context aware that any unlawful conduct may give rise to the application of criminal and administrative sanctions, with serious damage to the assets, operations and image not only of any company involved, but also of Leonardo and the other Group companies. All Group companies are required to comply with the rules and principles contained in the Group's Charter of Values, the respective Codes of Ethics, the Group's Anti-Corruption Code, the Whistleblowing Guidelines, the Directives, their own procedures and other corporate documents, as well as applicable national, international and local regulations.





This circumstance generates the need to make certain clarifications regarding the administrative liability of companies within a group of companies.

In the Italian legal system, the group is considered as a unit only from an economic perspective, not also from a legal perspective.

The Group of companies is not among the recipients of the 231 regulation listed in Article 1 of the Decree.

Confindustria, the Association of Italian Industries, has also expressed its opinion on the Group's 231 responsibility, devoting paragraph V to the subject in its 2014 – and 2021 – Guidelines for Organizational Models ("Liability for crimes in Groups of Companies"). This document clarifies that the Group cannot in itself be considered as a direct centre of imputation of responsibility for 231 crime, since it is not included among the subjects indicated in Article 1 of Legislative Decree 231/2001 (no "Group Liability"). On the other hand, the extension of liability to the holding/parent company for the offence committed by the subsidiary is considered admissible, even if it cannot automatically be held that the fact that the company belongs to a group per se means that the choices made, for example, by the subsidiary pursue an interest that transcends its own, being instead attributable to the entire group or to its holding or parent company. This is also because there is no guarantee provided by top management of the holding/parent company in relation to preventing the commission of offences within the subsidiaries.

Therefore, for criminal liability to arise, the offence committed in the subsidiary must have brought about a specific and concrete benefit - actual or potential and not necessarily of a financial nature - for the parent company<sup>30</sup>.

The holding company must therefore exercise management and coordination over its subsidiaries without systematically and continuously interfering in subsidiary management, which would make it a de facto director of the subsidiaries, potentially liable under Decree 231 should a predicate offence be committed within the subsidiary. In accordance with the majority of case law that has emerged on the subject of 231 liability and Groups of Companies, in addition to the case just described, the holding company may be held liable for 231 purposes under Article 110 of the Code of Criminal Procedure for involvement of a top manager/employee of the holding company in an offence committed by a top manager/employee of the subsidiary, and, as established in case law (Criminal Court of Cassation, section IV, no. 32899 2021), with specific reference to

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<sup>30</sup> The case law on legitimacy (see Italian Supreme Court of Cass. Sect. II. crim., sentence no. 52316 of 2016, which adopted the principle of law developed by the Court in sentence no. 24583 of 2011, Cass. Sect. V crim.) has clarified that the entity's interest in or benefit from the commission of the offence must be established in concrete terms. Liability may only be extended to the holding company if: a) a predicate offence has been committed in the immediate and direct interest or to the advantage not only of the subsidiary but also of the holding company; b) natural persons functionally connected to the holding company took part in the commission of the predicate offence by making a causally relevant contribution in terms of complicity, proven in a concrete and specific manner.



culpable offences, where risk management is performed by the top management of the parent company for areas of risk connected to the subsidiary's business activity.

Therefore, Leonardo S.p.A., in the exercise of its management and coordination powers and acting in compliance with the principles of proper corporate and business management of the group, must require the adoption and effective implementation by all group companies of their own organizational models, indicating the structure of the code of conduct, the common principles of the disciplinary system and the relevant implementation protocols. In parallel, LGS, as the recipient of the precepts of the Decree, while complying with the directions and implementation methods provided by the holding company, according to the organizational and operational structure of the group, independently prepares and revises its own Model, reflecting its own business framework and providing - where appropriate - ethical and behavioural principles specifically determined in relation to the sector of activity of the entity and the crimes relevant to it.

Finally, it should be pointed out that, in this context, LGS, as a subsidiary, requests support from the competent holding company function to assist the adoption, implementation and monitoring of its model. In this regard, the parent company's Internal Auditing function, which has distinct independence standards and whose scope of action also extends to the Company (which does not have its own audit structure), is called upon to support Company management in relevant initiatives for the purposes of Decree 231. In particular, Internal Audit can promote overall consistency of approach with respect to the holding company guidelines, while respecting the decision-making autonomy of each organization.

## **2. CONFINDUSTRIA BEST PRACTICES AND GUIDELINES**

The preparation of this Model is inspired by industry best practices and the Guidelines issued by Confindustria<sup>31</sup>.

The path indicated by them for the elaboration of the Model can be schematized according to the following fundamental points:

- identification of the *areas at risk*, aimed at verifying in which areas/sectors of the company the crimes may be committed;
- preparation of a control system capable of reducing risks through the adoption of specific protocols. This is supported by the coordinated set of Organizational Structures, activities and operating rules applied - on the instructions of top management - by the management and company staff, aimed at ensuring a good internal control system.

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<sup>31</sup> Issued on 7 March 2002, the Guidelines have been updated by Confindustria several times in the following years. The latest version released by Confindustria is dated June 2021.



The most relevant components of the preventive control system proposed by Confindustria are:

- code of ethics;
- updated, formalized and clear organizational system;
- manual and computer procedures;
- powers of authorization and signature;
- control and management systems;
- communications to and training of staff;
- integrated control system.

With regard to culpable offences, in addition to those mentioned above, the Guidelines provide as a specific control principle the adoption of a monitoring system for the management of health and safety at work.

In addition, the preventive control system must comply with the following control principles:

- verifiability, traceability, consistency and congruity of each operation;
- operational management: integration of the control system with the overall management of corporate processes;
- segregation and separation of duties (no one person can independently manage all stages of a process);
- documentation of controls.

Again, the control system must provide for:

- a whistleblowing policy, governing the procedures for making *whistleblowing* reports and for managing them, setting out distinct stages and responsibilities;
- the establishment of a Supervisory Body, as the recipient of the reports referred to in the preceding point, which should preferably be composed of external persons, the main requirements for whom are:
  - autonomy and independence;
  - professionalism;
  - continuity of action.
- obligation on the part of the company departments, in particular those identified as being most "at risk", to provide information to the SB, also on a structured basis or to report anomalies or inconsistencies found in the information available (in the latter case, the obligation is extended to all employees without following hierarchical lines);
- possibility of implementing organizational solutions within groups of companies that centralize at the Parent Company the operating resources to be dedicated to supervision under Legislative Decree 231/01 also in the companies of the Group itself, provided that:
  - the SB is established in each subsidiary;



- it is possible for the SB of the subsidiary to use the operating resources of Leonardo S.p.A. dedicated to supervision on the basis of a predefined contractual relationship;
- the persons used by the SB of Leonardo S.p.A., when performing checks at the other companies of the group, take on the role of external professionals who carry out their activities in the interest of the subsidiary, reporting directly to the SB of the latter, with the confidentiality constraints of an external consultant.

Finally, in order to strengthen the transparency of information on business activities, the above Guidelines have devoted a paragraph to the disclosure of non-financial information. On this point, although the Company is not one of the entities obliged to prepare an individual non-financial statement (NFS) for each financial year, it is included in the consolidated statement prepared by Leonardo. It is understood that the decision not to follow the Guidelines in certain specific points does not invalidate the validity of a Model. In fact, since the latter is drafted with reference to the peculiarities of a particular company, it may differ from the Guidelines, which are general in nature.

### **3. ADOPTION OF THE ORGANIZATIONAL AND MANAGEMENT MODEL BY LEONARDO GLOBAL SOLUTIONS**

#### **3.1 MISSION AND CORPORATE OBJECTIVES**

The main process areas covered by LGS are:

- **Group Purchasing:** LGS aims to contribute to the reduction of operating costs, the rationalisation and control of expenditure, and the control and streamlining of related processes, through the management of procurement and, in particular, the following related services: a) the negotiation, conclusion and/or preparation of contracts and/or framework agreements with selected and qualified suppliers ("Strategic Sourcing"); b) the management of individual purchase requisitions and the issue of the relevant purchase orders to selected suppliers ("Operational Procurement").

#### Procurement Services

LGS is entrusted with responsibility for the entire purchasing process for specific product categories ("core business" and "non-core business") through the granting by Leonardo Spa and Leonardo Group companies of a specific irrevocable mandate with representation and a power of attorney to perform the legal acts necessary for the purchase of goods and/or services relating to the selection of suppliers, negotiation, preparation, amendment, withdrawal from and termination of purchase orders and contracts. For additional product categories not covered by the aforementioned mandate with representation, LGS provides framework agreements concluded in favour of Leonardo Spa and Leonardo Group companies.



- **Real Estate:** As part of the management of the real estate assets (almost all owned by LGS) used by Leonardo and its Divisions in Italy, LGS is responsible for looking after and obtaining maximum value from the properties through the integrated management of administration, technical and maintenance, environmental and energy aspects related to the Group's offices and industrial plants. LGS, through a network of local offices coordinated by a central hub, is responsible for a vast real estate portfolio, carrying out the following activities: a) Property & Asset Management, for the optimisation, day to day management, redevelopment, enhancement and commercial exploitation of owned real estate assets; b) Engineering and Project Management for real estate assets according to the specific industrial needs of the companies using the site and the development of their core business; c) Environmental Management; d) Environmental Services; e) Energy Management and management of related efficiency initiatives; f) consultancy services for the management of the cost estimation, design and execution process for infrastructure and civil works ("Construction").

#### Property & Asset Management

The integrated management of real estate assets includes both activities relating to the management of assets in use by Group Companies/Divisions and activities relating to the management of assets that are no longer operational/decommissioned. In particular, LGS has responsibility for:

- ensuring the technical and administrative management of the assets and their compliance with town planning and land registry requirements;
- managing ordinary maintenance;
- identifying activities/investment projects for extraordinary maintenance and/or new infrastructure;
- developing strategies to maximise value from real estate that is no longer in use, including both use for income generation (e.g. leasing or sales) and conversion from industrial to civil use;
- assessing the characteristics of the Group's non-strategic real estate assets and identifying opportunities for leasing and/or renegotiation of existing contracts.

#### Engineering and Project Management

LGS oversees infrastructure modernisation or expansion through an expert technical department which regularly and promptly checks progress on projects, from the feasibility study through to the handover of the completed works, while at the same time providing the support services required for the construction of new infrastructure or the expansion of existing infrastructure to meet the new or changed industrial needs of the Group Companies/Divisions.

#### Environmental Management



In line with the Group's environmental strategies and policies, LGS has responsibility for:

- defining environmental prevention policies and managing related risks with regard to owned assets;
- planning, scheduling and implementing environmental audit programs and checks at sites under its ownership, with particular regard to sites leased to LDO Divisions/Companies;
- implementing the Company's ISO 14001-certified Environmental Management System;
- guaranteeing specialist technical support to the Company's Organizational Units for specific projects, the sale of real estate, the closure of industrial sites and monitoring and control of environmental investigation and reclamation activities at owned sites used by Leonardo Companies/Divisions;
- overseeing the entire reporting process for Leonardo's Environmental Capital as required for Leonardo's Integrated Report and NFS, Leonardo's participation in the CDP- Carbon Disclosure Project and DJSI (Dow Jones Sustainability Index), as per the relevant service contract;
- providing Leonardo with Water and Waste Sustainability Services: Water & Waste Management Plan; management and coordination of Water Assessments and Waste Assessments, as per relevant service contract.

#### Environmental Services

As part of the reclamation procedures and related activities for which Leonardo S.p.A. is the "owner" under Articles 242 or 245 of Legislative Decree 152/2006, LGS provides specific consultancy services aimed at supporting the management of monitoring and investigation, characterisation and environmental reclamation activities, it being understood that Leonardo S.p.A., as owner of the site reclamation procedure, remains the sole party responsible for the procedure itself and all related activities and costs. In particular, these services, which are also provided by third-party providers, consist of support to the process manager for:

- management of the requirements set by the supervisory and control bodies;
- technical choices relating to the remediation procedures underway at the sites concerned;
- review and, where necessary, modification of the technical documents/reports prepared by the aforementioned third-party suppliers for submission to the supervisory and control bodies;
- supervision of the monitoring activities carried out by said external providers;
- identification of additional work to be performed, the need for which has emerged during the execution of the activities;



- preparation of any technical specifications and documents that may be required for the activities to be entrusted to the aforementioned external providers;
- participation in technical round tables/service conferences held by supervisory and control bodies.

#### Energy Management

LGS supports Leonardo Corporate to improve the energy performance of the sites used by Leonardo through:

- planning and implementation of regular audits to ensure the energy consumption profile of the sites is always up-to-date;
- use of a single model for the technical and financial project analysis, to identify priority initiatives and for the submission of investment proposals, including assessment of contractual models involving third-party financing;
- support for Divisions using the site in implementing the identified initiatives;
- preparation of guidelines, policies and procedures to ensure the correct use of energy resources, both for civil and industrial use;
- management of the "Energy Efficiency Program", by monitoring the status of initiatives, checking the savings achieved against project assumptions and reporting, in "Sustainability" projects, on the initiatives implemented and the related energy benefits.

#### Construction

In line with the Guidelines issued by Leonardo Spa on 17 November 2021 with reference to the management of cost estimation, design and construction process for infrastructure and civil works as part of programs related to the supply of core products by Leonardo, LGS provides certain Leonardo Divisions with:

- services related to the management of the pre-sale phase;
- services related to the management of the bidding phase;
- "Project Management" consultancy services for: i) design, ii) execution and iii) testing of infrastructure works, including support for the handover of the works to customers (domestic and/or foreign);
- "Program Management Office" consultancy services dedicated to monitoring and reporting on the consultancy activity provided.

Leonardo Spa remains the owner of the job order to which the aforementioned services refer and, in particular, exclusively responsible for managing relations with the customer.

- **Facility Services for Buildings, People and the Business:** LGS centrally manages Facility Management services for the Leonardo Group. These are essentially divided into three macro-areas: a) Building services; b) Staff services; c) Business services.





#### Building services

These include all activities aimed at ensuring the continuous functioning of the sites where the customer company carries out its operations, in compliance with quality, environmental hygiene and safety standards and functional operating requirements. In particular, these services cover: maintenance and operation of general plant and buildings; ordinary and extraordinary cleaning; pest control and sanitation; maintenance of green areas; snow removal and de-icing; office layout and removals; portage and furniture.

#### Staff services

These include the planning and management of activities designed to enhance the well-being of those who work in the company, in line with the Group's sustainability objectives.

In particular, these services cover: in-house food service (canteen and catering); automatic vending machines for hot or cold beverages and foodstuffs; management of lunch vouchers and arrangements with external providers; travel within and outside facilities; relocation.

#### Business services

These include all the activities that support the company's core business, enabling the effective performance of work activities, also through the use of dedicated platforms and digital technologies.

In particular, these services cover: business travel; travel validation, fleet management and fuel cards; mobility management; management and preservation of digital documents; printing and document digitisation centres; centralised archives; mail sorting and delivery service; office materials management (electronic catalogue); set-up and hospitality support for exhibitions and trade fairs, events and delegations; management of representative offices abroad.

### **3.2 LEGAL STRUCTURE AND GOVERNANCE STRUCTURE**

The Company's corporate governance model complies with the provisions of the Italian Civil Code and other legislative and regulatory provisions governing companies (in particular those contained in the T.U.F.).

The administration and control system adopted, based on the traditional model, is structured as follows:

- The Shareholders' Meeting, which is responsible for passing ordinary and extraordinary resolutions on matters reserved for it by law or by the By-Laws.
- Board of Directors, vested with the broadest powers for the administration of the Company, with the power to carry out all appropriate actions for the achievement of the corporate purposes, with the exclusion of the acts reserved - by law and by the By-Laws - to the Shareholders' Meeting.
- Board of Statutory Auditors, which is responsible for monitoring: a) compliance with the law and the articles of association, as well as respect for the





principles of correct administration; b) the adequacy of the Company's organizational structure, the internal control system and the administrative and accounting system, also with reference to the reliability of the latter in correctly representing management events; c) the adequacy of the instructions given to Subsidiaries in relation to the information to be provided in order to fulfil reporting obligations.

### **3.3. ORGANIZATIONAL STRUCTURE**

Leonardo Global Solutions is a sole shareholder company, subject to the management and coordination of LEONARDO - SOCIETA' PER AZIONI. The administration and control system adopted is the traditional one, with a Board of Directors and a Board of Statutory Auditors. Within this system, the Board of Directors is the main body assigned strategic policy-making powers to direct the business and define the organizational structures.

In particular, LGS has an Organizational Structure that assigns responsibilities and identifies hierarchic reporting lines based on the Company's size and operating structure, as well as on the needs imposed by the market.

The organizational structure reporting directly to the Chief Executive Officer consists of:

- business structures, consisting of two Departments, defined to ensure the coordination and direction of the key areas of activity (Real Estate and Procurement), which are in turn divided into Business Units that ensure the development and oversight of the company's core business. In particular:
  - Real Estate, Infrastructures & Site Services Department
    - BU Civil Infrastructures
    - BU Facility Management & Site Services
  - Procurement, Supply Chain & Digital Services Department
    - Indirect Purchasing BU
    - Purchasing for Production BU
- staff organizational structures composed of Organizational Units that ensure the direction and coordination of the Company. In this context, it should be noted that some of these have been entrusted with the management of staff services for the Group, as well as environmental policy services.

### **3.4. REASONS FOR LEONARDO GLOBAL SOLUTIONS S.p.A. ADOPTING THE ORGANIZATIONAL, MANAGEMENT AND CONTROL MODEL UNDER LEGISLATIVE DECREE 231/01**

In order to ensure that the behaviour of all those who operate within or with the Company always complies with the law and is consistent with the principles of fairness and transparency in the conduct of business and company activities, Leonardo Global Solutions S.p.A. has adopted the Organizational, Management and Control Model in line with the provisions of the Decree and based on the Confindustria Guidelines.



In particular, the following are recipients of this Model and, within the scope of their specific competencies, are required to know and comply with it:

- the members of the Board of Directors, in setting objectives, deciding on activities, implementing projects, proposing investments and in any decision or action relating to the Company's performance;
- the members of the Board of Statutory Auditors, in monitoring and verifying the formal and substantial correctness of Company activities and the functioning of the internal control system;
- the Chief Executive Officer and Executives, in giving substance to the Company's management activities as well as in the management of internal and external activities;
- employees and all co-workers under any type of contract with the company, for any reason, even occasional and/or only temporary.
- those who have relationships with the Company, whether in return for payment or free of charge (such as, by way of example but not limited to, consultants, suppliers and third parties in general).

The Recipients are required to strictly comply with all the provisions of the Model.

#### **3.4.1 PURPOSES OF THE ORGANIZATIONAL, MANAGEMENT AND CONTROL MODEL**

The Model prepared by Leonardo Global Solutions is based on a structured and organic system of preventive protocols that:

- identify the areas and processes of possible risk within the corporate activities, i.e. those activities where the possibility of committing offences is deemed to be higher;
- define an internal regulatory system, aimed at preventing offences, which includes, among other things:
  - a Code of Ethics, which expresses the commitments and ethical responsibilities in conducting the business and corporate activities undertaken by employees, directors and co-workers of the Company in various capacities;
  - a system of delegated authorities of internal functions and powers of attorney that ensures a transparent representation of the training process and implementation of decisions;
  - formalized procedures aimed at regulating the operating methods in the areas at risk;
- require an Organizational Structure adequate for company activities, aimed at inspiring and controlling the correctness of behaviours, guaranteeing an organic assignment of tasks, applying a fair segregation of duties and ensuring that the desired structures of the Organizational Structure are actually implemented, through:
  - a formally defined organization chart consistent with the activities to be carried out;



- a system of delegated authorities of internal functions and powers of attorney to represent the Company externally, aimed at segregation of duties;
- identify the processes of management and control of financial resources in activities at risk of crime;
- attribute to the SB the task of supervising the functioning of and compliance with the Model and of proposing its updating.

The purpose of the Model is to:

- direct the system of corporate governance;
- firmly establish that Leonardo Global Solutions does not tolerate unlawful conduct - even if carried out in the interest or to the advantage of the Company - as such conduct is contrary to the ethical principles to which Leonardo Global Solutions intends to adhere;
- prepare a structured and organic system of prevention and control aimed at reducing the risk of committing offences related to corporate activities, with particular regard to reducing any illegal behavior;
- inform all those who operate within or for Leonardo Global Solutions in the "areas of activity at risk" that in the event of violation of the provisions contained therein, they may be committing an offence liable to penal and administrative sanctions, not only against themselves but also against the company;
- inform all those who work within or for Leonardo Global Solutions that the violation of the provisions contained in the Model will result in the application of appropriate sanctions against or the termination of the contractual relationship with the person responsible for such violation;
- prevent and punish conduct in violation of the Model through the imposition of disciplinary and/or contractual sanctions.

#### **3.4.2 THE ORGANIZATIONAL, MANAGEMENT AND CONTROL MODEL PREPARATION PROCESS**

The Organizational Model is a dynamic document, the result of constant adaptation to regulatory, legal and organizational developments. This document is therefore the result of a series of activities, which have taken place over time, aimed at identifying "significant offences" (i.e. those presumed crimes envisaged by Legislative Decree 231/2001 that in abstract terms could be committed in LGS), "sensitive" areas and processes in LGS and prevention measures adopted or to be implemented in the Company.

From a methodological point of view, therefore, we proceeded according to the activities indicated below:

##### ***Risk mapping***

- analysis of the business context for the purpose of identifying and updating the mapping of risk areas;



	<ul style="list-style-type: none"> <li>- identification of processes and activities that are hypothetically subject to the commission of predicate offences referred to in the Decree;</li> <li>- identification of corporate activities and at risk processes/activities through: (i) examination of company documentation, e.g. organization chart, procedures, powers of attorney, organizational arrangements; (ii) interviews with function managers within the company structures;</li> <li>- on conclusion of the assessment activity, drafting of the map of risk areas, presented to and approved by the Board of Directors.</li> </ul>
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<b>Analysis of Potential Risks</b>	<ul style="list-style-type: none"> <li>- identification of the offences that could potentially be committed within the context of the company's activities, with a description of the opportunities for criminal activity and the ways in which the unlawful conduct is committed.</li> </ul>
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<b>As-in analysis</b>	<ul style="list-style-type: none"> <li>- analysis and assessment of the suitability of the existing system of preventive controls;</li> <li>- identification of the internal control systems already in place(e.g. formal procedures and/or practices adopted, verifiability, documentation or "traceability" of operations and controls, separation or segregation of duties, etc.) through the acquisition of information provided by the corporate structures and the analysis of documentation;</li> <li>- within the identified risk areas, interviews with department heads, formalized in special survey forms, in order to track improvement actions;</li> <li>- analysis of the components of the preventive control system:             <ul style="list-style-type: none"> <li>• <b>organizational</b> system, in terms of compliance with the criteria of system formalization and segregation of duties;</li> <li>• <b>Group directives and procedures</b>, in terms of the existence of formal procedures governing the activities carried out by the structures;</li> <li>• <b>authorisation system</b>, in terms of the existence of authorisation and signatory powers consistent with the organizational and management responsibilities assigned and actually carried out, with a focus on powers of attor-</li> </ul> </li> </ul>
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	<p>ney and internal delegation of powers, also taking into account the results of the interviews with the Process Owners (POs);</p> <ul style="list-style-type: none"><li>• <b>system of proxies and powers of attorney</b>, with a specific focus on environmental and occupational safety issues and on compliance with the prevailing legal guidelines on (i) definition of responsibilities, (ii) allocation of spending powers and powers to take action when a risky event occurs;</li><li>• <b>management control system</b>, with regard to the profiles/roles involved in the process and the ability of the system to provide timely warning of the existence and emergence of critical situations;</li><li>• <b>system for monitoring and managing documentation</b>, in terms of an appropriate system for monitoring processes, results and any nonconformities, as well as an appropriate documentation management system to allow traceability of operations;</li><li>• <b>formalized ethical principles</b>, in terms of appropriate principles set out in the Company's Code of Ethics to govern each activity exposed to crime risk;</li><li>• <b>disciplinary system</b>, in terms of the adequacy of the system of sanctions against conduct in violation of the principles and provisions set out in the company's regulatory framework, committed by top management and employees;</li><li>• <b>communication to and training of personnel</b>, in terms of updates in line with changes to the Organizational, Management and Control Model based on regulatory and legal developments;</li><li>• <b>activities carried out through external companies</b> ("outsourcers"), in terms of formalization of the services provided under specific contracts, of control systems for the activities actually carried out by the external companies and with regard to the procedures for authorising payments.</li></ul>
<b>Gap Analysis</b>	<ul style="list-style-type: none"><li>- on conclusion of the as-in analysis, identification of the gaps revealed within the LGS preventive system to be filled to align with the principles and provisions of the Decree, the</li></ul>



	<p>2014/2021 Confindustria Guidelines and national and international practices, with tracking of corrective and/or improvement activities within the control system;</p> <ul style="list-style-type: none"><li>- when conducting the above activities, focusing not only on the areas of activity selected as most exposed to the risk of offences, but also on those indirectly "instrumental" to the commission of offences, e.g. the purchase of goods and services;</li><li>- in-depth exploration within the risk areas of activities in which Leonardo Global Solutions S.p.A. has or could have relationships not directly with counterparties but through third parties.</li></ul>
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### 3.5 DOCUMENT STRUCTURE

This document (Model) consists of a "General Part" and "Special Parts" prepared for the different types of offences at which Leonardo Global Solutions is considered to be at possible risk, contemplated in the Decree, structured as described below.

The "**General Part**" includes a brief description of: the regulatory framework of the Decree; the structure and governance of the Company and its Internal Control System; the purposes, recipients and basic elements of this Model; the rules governing the establishment of the Supervisory Body; the penalties applicable in the event of violation of the rules and prescriptions contained in the Model; personnel training and diffusion of the Model in the corporate and non-corporate context; the rules governing the procedures for updating the Model.

The "**Special Parts**", on the other hand, are dedicated to the different types of predicate offence considered relevant for the Company at the outcome of the risk assessment activity, to the areas at risk and the related sensitive activities, as well as to the rules of conduct and the specific control principles to monitor the risks.

In particular, based on the specific activity of Leonardo Global Solutions S.p.A., the following offences have been identified as **most relevant** - and therefore subject to specific in-depth analysis in the Special Parts of the Model.

<p><b><u>Special Part A</u></b></p> <p>Offences against the public administration and the administration of justice - Articles 24, 25, 25-ter-s and 25-decies</p>	<p><b><u>Special Part B</u></b></p> <p>Corporate Crimes and <i>Market Abuse</i> - Articles 25-ter and 25-sexies and 187-quinquies T.U.F.,</p>	<p><b><u>Special Part C</u></b></p> <p>Crimes for the purpose of terrorism or subversion of the democratic order - article 25-<i>quater</i></p> <p>Offences against individuals in relation to the protection of minors and enslavement - Article 25-<i>quinquies</i></p> <p>Offence of employment of foreign nationals without a valid residence permit - Article 25-<i>duodecies</i></p>
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<b><u>Special Part D</u></b> Organized crime offences – Article 24-ter	<b><u>Special Part E</u></b> Violation of the accident prevention and health and safety at work regulations - Art. 25-septies	<b><u>Special Part F</u></b> receiving, money laundering and use of money, goods or benefits of unlawful origin, self-laundering - Art. 25-octies
<b><u>Special Section F bis</u></b> Offences relating to non-cash payment instruments - Art. 25-octies 1	<b><u>Special Part G</u></b> Computer crimes and illegal processing of data – article 24-bis	<b><u>Special Part H</u></b> Crimes against industry and trade - Article 25-bis Offences connected with copyright infringement (Article 25-novies)
<b><u>Special Part I</u></b> Environmental Crimes -Legislative Decree 121/11, Law 68/2015, Art. 25-undecies <i>Legislative Decree 231/2001</i>	<b><u>Special Part L</u></b> Tax Crimes and Contraband Crimes – articles 25-quinquiesdecies and 25-sexiesdecies	<b><u>Special Part M</u></b> Crimes against the cultural heritage and Laundering of cultural assets and Destruction and looting of cultural assets and landscapes - Articles 25-septiesdecies and 25-duodevicies

It should be noted that, with regard to:

- crimes against industry and trade - Article 25-bis, set forth in Special Part H and limited to the crimes set forth in Articles 473 of the Criminal Code (Counterfeiting, alteration or use of trademarks or distinctive signs or of patents, models and designs) and Article 474 of the Criminal Code (Introduction into the State and trade of products with false marks), as a result of the risk assessment activities carried out, the risk of committing such crimes was considered residual and, therefore, the general control principles described in the General Part and in Special Parts A and B are mainly applicable.
- the offences referred to in Article 25-sexiesdecies (Smuggling), referred to in Special Part L, as a result of the risk assessment activities carried out, it is considered that the offences introduced by Legislative Decree No. 75/2020 of 14 July are difficult to commit since the Company rarely operates with foreign countries, and only for transactions involving liabilities and amounts well below the thresholds laid down by the decree (i.e. evasion of VAT amounting to at least €10 million).
- the offences referred to in Articles 314 (embezzlement), 316 (embezzlement by profiting from the error of others) and 323 of the Criminal Code (abuse of office), the exclusive reference in Article 25 of Legislative Decree 231/01 to the offence against the interests of the European Union, has led to the conclusion that the concrete possibility of these offences being committed is of minor significance, based on the activities carried out by the Company and the checks carried out by the competent company structures. In any case, in relation to these types of offence, the general control principles described in the General Part and Special Part A, as well as the general principles of conduct described in the relevant Special Parts and in the Code of Ethics apply.





- the offence referred to in Article 2629-bis of the Civil Code (Failure to disclose a conflict of interest). Its applicability in the area of listed companies or companies with a broad shareholder base means the concrete possibility of such offences being committed by company representatives is considered of minor significance. In any case, in relation to this type of offence, the general control principles described in the General Part and Special Part B, as well as the general principles of conduct described in the relevant Special Parts and in the Code of Ethics apply.
- for the remaining families of offences provided for in the Decree, as a result of the risk assessment, it was considered that their commission can be estimated as not significant in relation to the Company's sphere of activity. In any case, the risk associated with them is adequately controlled given the general control principles described in the General Part and the Code of Ethics.

For a better representation of the types of offences relevant to the Company's activities, Annex 7.1 to this Model contains the full list of 231 offences, indicating the Special Part in which they are covered.

### **3.6 MODEL ELEMENTS**

As highlighted in Sub Chapter II, the components of the preventive control system adopted by Leonardo Global Solutions S.p.A. are:

- ethical principles aimed at preventing the crimes envisaged by the Decree;
- sufficiently formalized and clear organizational framework;
- authorization framework: powers of authorization and signature consistent with the defined organizational and managerial responsibilities;
- system of internal controls:
  - procedures, manual or computerized, aimed at regulating the activities in company areas at risk with the appropriate control points;
  - management control framework capable of providing prompt notification of the existence and emergence of critical profiles, in particular manual and automatic control principles capable of preventing the commission of Offences or detecting ex-post irregularities that could be in contrast with the aims of the Model;
  - segregation of duties between those who carry out an activity operationally, those who control it, those who authorize it and those who record it;
  - ex-post traceability: the activities and controls carried out within the Sensitive Processes are suitably formalized;
- system of communication and personnel training concerning all the elements of the Model, including the Code of Ethics;
- disciplinary system suitable for sanctioning the violation of the rules of the Code of Ethics and other directions for the Model.





Therefore, hereinafter the principles on which some protocols of the Leonardo Global Solutions S.p.A. Model are based are described that have common characteristics in relation to all the types of offences provided for by the Decree, while - without prejudice to what is prescribed in the present paragraph - reference is made to the Special Parts as regards the protocols that have specific characteristics for each type of offence.

It should be noted that, with regard to the Code of Ethics, the Supervisory Body, the disciplinary system and the personnel training communication system, reference should be made to the subsequent specific chapters of the Model.

➤ **System of ethical principles and rules of conduct**

The Recipients shall respect the ethical principles and general rules of conduct in the performance of their activities and in the management of relations with colleagues, business partners, customers, suppliers and the Public Administration, which can be found in the following source company documents:

- Code of Ethics;
- Principles and rules of conduct, contained in this Model;
- Charter of Values of the Leonardo Group;
- Leonardo Group Anti-Corruption Code;
- Whistleblowing Management Guidelines;
- GDPR Procedures;
- Internal procedures with particular reference to Procedure 1;
- Intra-group contracts and applicable group procedures/directives in LGS.

The prescriptions contained in this Model are integrated with those listed above and are based on its principles. The general principles and rules of conduct contained in this Model therefore complement the already existing ethical principles with the specific requirements necessary to prevent the commission of the relevant Offences.

With particular reference to the Code of Ethics, it represents an instrument adopted autonomously and is susceptible to general application by the Company in order to express the principles of "company deontology" which it recognizes as its own and which it calls upon all Recipients to observe. The Model, on the other hand, responds to the specific requirements of the Decree, and is aimed at preventing the commission of particular types of offences for acts which, insofar as they are committed apparently in the interest or to the advantage of the Company, may result in administrative liability under the provisions of the Decree.

The documents listed above, which contain the Company's ethical principles, must be updated and supplemented promptly in the event that new areas of activity or any problems arising from their effectiveness emerge. The above documents must also be adequately distributed to the Recipients and appropriate training must be provided to the Recipients in order to appropriately



illustrate the content, meaning and scope of application of the ethical principles and rules of conduct.

➤ **Organizational Framework**

The Company's Organizational System (organizational structures/positions, objectives and areas of responsibility) is defined through the issuance of Organizational Provisions (i.e. Service Orders and Internal/Service Communications) by the Chief Executive Officer.

Formalization and dissemination is ensured by the Human Resources Function, which, if necessary, updates the Company's organizational chart on the basis of the organizational provisions issued.

The content of the Organizational Provisions, as well as the updating of the organization chart, is circulated to all company personnel through publication on the company intranet, as well as by e-mail.

Service Notices may have as their subject matter:

- the formalization of roles and responsibilities within the various corporate Organizational Structures;
- the establishment, amendment, suppression of Organizational Structures, committees, projects and corporate working groups.

In addition, the Company also issues and distributes Internal/Service Communications, which deal with organizational and operational aspects of the Company's organization (e.g., documenting developments and changes related to people that have an impact on and are reflected in organizational dynamics) such as:

- managerial appointments;
- the departure from the organization of people who have held key roles or who have made a significant professional and personal contribution during their work in the company.

Attached to the main organizational provisions, the Organizational charts provide a concise, schematic and conventional representation of the structure of the Organizational Structures, making it possible to quickly identify responsibilities and hierarchical ("solid line") or functional ("dotted line") links between Organizational Units.

➤ **Authorization Framework**

The Company's Authorization Framework is set up in accordance with the following requirements:

- the organizational and managerial responsibilities assigned are consistent with the company's activities and objectives;
- delegations of authority and proxies combine tasks with the relative organizational and management responsibilities assigned and actually carried out;



- each proxy and power of attorney unambiguously defines the powers of the delegate and the proxy respectively, specifying the limits and methods of exercise, also by means of operational directions formalized with accompanying letters;
- all those who act in the name and on behalf of Leonardo Global Solutions with respect to third parties, and in particular the Public Administration, must do so based on a specific proxy or power of attorney to represent the Company.

In particular, the system provides for the allocation of:

- permanent representation powers, attributable by means of registered power of attorney drawn up by a Civil Law Notary, in relation to the performance of activities connected with the permanent responsibilities existing within the corporate organization;
- powers to carry out single operations, in each case conferred by means of a power of attorney in compliance with the laws that define representation and with the types of deeds to be entered into, as well as taking into account the different needs of enforceability towards third parties.

In addition, there are proxies connected with health, safety and the environment that assign specific powers of expenditure, control and intervention to the heads of Organizational Units or Business Units that manage activities potentially at risk with specific reference to offences relating to health and safety at work and environmental crimes.

➤ **Company procedures in areas at risk**

Internal procedures are directed towards compliance with the following control principles:

- **segregation of duties:** separating, as far as possible, within each process, the person who makes the decision (decision-making impulse), the person who authorizes, the person who executes that decision and the person who is entrusted with controlling the process;
- **traceability:** written record of each relevant step in the process, including control;
- **formalization:** adequate level of formalization within the company;
- **communication:** adequate level of dissemination and communication within the company;
- **accountability:** identification of roles and responsibilities for the activities/processes subject to regulation.
- **Management of documentation:** Leonardo Global Solutions' documentation is managed in a manner that governs, as appropriate, the updating, distribution, recording, storage and security management of documents and records. Specific control principles, also of a technical nature, exclude the possibility of access to the company's incoming and outgoing protocols



by unauthorized persons and the impossibility of altering the protocols already carried out by the relevant Organizational Units.

The Company's activities are governed by Directives, Procedures and Operating Policies/Instructions.

In particular, Group Directives are issued by Leonardo on topics of common interest to Group companies and in fulfilment of its powers/duties of direction and coordination. The Company directly implements Group Directives or implements them through the development and approval of its own Procedures.

The Procedures operationally regulate a structured flow of activities and information relating to specific issues, also identifying the roles and responsibilities of the parties involved, in accordance with the provisions of Group Directives.

The Policies/Operating Instructions provide guidance on specific issues relating to LGS.

The control system is completed by the Group Internal Audit and the Risk Manager function.

➤ **Management control and cash flow**

The management control system adopted by Leonardo Global Solutions is articulated in the different phases of the elaboration of the annual Budget, analysis of the periodic final balances and elaboration of the forecasts at Company level.

The system involves:

- segregating the subjects/functions involved in the processing and transmitting information;
- developing an adequate and timely system of information flows and reporting, for reporting the existence or emergence of critical profiles.

The management of financial resources is generally defined on the basis of principles marked by a substantial segregation of duties, such as to ensure that all disbursements are requested, prepared, carried out and controlled by separate profiles (as distinct as possible), which, moreover, are not assigned other responsibilities that could lead to potential conflicts of interest. The management of liquidity is based on the criteria of asset preservation, with the related prohibition to carry out risky financial operations, and possible dual signature for the use of liquidity for amounts exceeding predetermined thresholds.

It should be noted that LGS is one of the Leonardo Group companies falling within the scope of application of Law 262/05 on the protection of savings



and regulation of financial markets (so-called "Companies within the scope<sup>32</sup>").

The main significant processes currently included within the scope of application of Law 262/05 are the macro-processes of: accounting closures, accounts receivable and payable, tax compliance, asset management, personnel and finance.

In this sense, the management accounting procedures, as well as the related narratives that the Company has adopted in the above areas and, more generally, the Company's financial management complies with the Leonardo Model for the Internal Control System for Financial Reporting (ICFR) pursuant to Law 262/2005.

### **3.7 AMENDMENTS AND ADDITIONS TO THE MODEL.**

Since this Model is an "act of issuance by the steering body" (in compliance with the provisions of Article 6, paragraph 1, letter a of the Decree) its adoption, as well as subsequent amendments and additions, are the responsibility of the Board of Directors.

In particular, the Board of Directors, also on the proposal of the Supervisory Body, is responsible, with the support of the various functions such as Legal and Corporate Affairs and Compliance as well as Human Resources, Organization and Services, for integrating this Model in the light of significant regulatory changes or organizational changes that may affect the risk assessment.

## **4. SUPERVISORY BODY**

### **4.1 IDENTIFICATION OF THE SUPERVISORY BODY**

The SB carries out its activities with:

- autonomy and independence;
- professionalism;
- continuity of action.

#### **Autonomy and independence**

The requirements of autonomy and independence ensure that the SB is not directly involved in the management activities that constitute the object of its control activity and is immune from any form of interference and/or conditioning by any component of the Company.

These requirements are ensured:

- through the presence among the members of the SB of subjects (including external ones) with adequate professional skills;

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<sup>32</sup> Group companies are considered within the scope, requiring analysis and assessment of the controls, where they are considered material to the consolidated financial statements.



- by ruling out any hierarchical dependence of the SB within the Company(*i.e.* autonomy of control initiative from any form of interference or influence by any member of the organization and, in particular, by the management body);
- by providing for causes of ineligibility and disqualification to ensure the integrity of members;
- through the absence of operational powers for the members of the Supervisory Body, even if it is partially made up of internal members;
- providing for reporting to the Board of Directors or the Board of Statutory Auditors.

In addition, in the performance of its functions, the SB shall be supplied with adequate financial means to conduct its operations.

### **Professionalism**

The members of the SB are in possession of specific technical-professional expertise appropriate to the functions they are called upon to perform, and may also avail themselves of the technical support of persons internal or external to the Company.

### **Continuity of action**

The SB operates at the Company, exercising control powers on an ongoing basis, and normally meets at least once a month to carry out the assigned task.

In particular, the SB must:

- verify the efficiency and effectiveness of the Model with respect to preventing and hindering the commission of the crimes envisaged by the Decree;
- constantly monitor compliance with the Model with the necessary powers of investigation;
- operate permanently at the company in order to ensure an overview of the corporate activities;
- verify the implementation of the Model and ensure that it is constantly updated.

The Board of Directors of Leonardo Global Solutions S.p.A., in compliance with the prescriptions imposed by the internal regulations issued by Leonardo S.p.A., has conferred the role of SB pursuant to Article 6, letter b of the Decree, to a multi-subjective Organism composed of:

- two external members (hereinafter referred to as "External Members"), one of whom shall be the Chairman, chosen among academics and professionals with proven expertise and experience in legal, financial and internal control issues; in particular they must have adequate and proven experience in the field of application of Decree 231);
- the pro-tempore Manager of the Legal, Corporate Affairs and Compliance Organizational Unit of Leonardo Global Solutions S.p.A. (hereinafter also referred to as the "Internal Member").



The characteristics of the function, duties and activities of the SB are regulated by a specific By-Laws, approved by the Leonardo Global Solutions S.p.A. Board of Directors.

The operational function of the SB may be - upon decision of the same - articulated in a specific Regulation approved by the SB itself.

The SB of Leonardo Global Solutions S.p.A. is endowed, pursuant to Article 6 of the Decree, with "autonomous powers of initiative and control". The SB is also guaranteed the necessary autonomy and independence, professionalism and continuity of action.

In particular:

- the presence among the members of the SB of two external professionals has been considered, also in line with the directions formulated in this regard by Leonardo S.p.A., the most appropriate to ensure the autonomy and independence that the Body must necessarily have;
- professionalism refers to the set of specialist tools and techniques that the Body possesses in order to be able to carry out the assigned activity effectively and is ensured:
  - by the specific legal, control and procedural skills possessed by the members of the Body;
  - by the right of the Body to make use, in order to carry out its task and with absolute autonomy when it comes to budget, of the specific professional skills of both the Organizational Unit to which the Internal Audit functions are delegated and the managers of the various corporate Organizational Units or external consultants; for example, also with regard to the issues of protection of health and safety at work, the SB may make use of all the internal or external resources activated for the management of the relative aspects (RSPP - Health and Safety Officer, ASPP - Health and Safety Managers, RLS - Workers' Health and Safety Representative, MC - Occupational Health Physician, first aid officers, emergency workers), including those provided for by sector regulations. The SB may also decide to delegate one or more specific duties to its own individual members, on the basis of their respective competences, with the obligation to report to the SB. In any case, even with regard to the functions delegated by the SB to individual members or actually carried out by other corporate functions, the responsibility of the SB itself remains;
- continuity of action is ensured by the fact that the Body operates on a permanent basis at the Company, normally meeting at least once a month to carry out the task assigned to it, and that at least one of its members has effective and in-depth knowledge of company processes and is able to have immediate knowledge of any critical profiles.





The duration in office, revocation, replacement and lapse of the members of the SB are regulated by the SB By-Laws approved by the Company's Board of Directors. In particular, the SB remains in office for a period of three years. The Chair and the External Member may only be re-elected once. The Chair remains in office until his or her successor is appointed. In addition, members fall from office if they lose the requirements on the basis of which they were appointed, as detailed in the By-Laws of the SB, to which reference should be made for further details.

The appointment as a member of the SB is conditional, as stated above, on the presence of the requirements provided for by the By-Laws of the SB, as well as on the absence of causes of incompatibility with the appointment itself as expressed in paragraph 4.2 "Requirements of the members of the Supervisory Body".

#### **4.2 REQUIREMENTS FOR THE MEMBERS OF THE SUPERVISORY BODY**

The members of the Supervisory Body must meet the following requirements of integrity:

1. not be a person who has been declared disqualified, incapacitated, bankrupt or sentenced to a punishment entailing disqualification, albeit temporary, from holding public office or the inability to exercise executive offices;
2. not be subject to preventive measures ordered by the Judicial Authorities;
3. not having been convicted, even with a non-final sentence, and not having taken a plea bargain under Articles 444 et seq. of the Criminal Procedure Code, in relation to the offences set out in Legislative Decree 231/01 or offences of the same nature (tax offences, bankruptcy offences, offences against property, offences against public faith, etc.);
4. not being under investigation for crimes of association for the purposes of terrorism, including international terrorism or subversion of the democratic order, mafia-type association, the Camorra or other criminal associations, however locally denominated, which pursue aims or act with methods corresponding to those of mafia-type associations.
5. not having been sentenced, even with a non-final sentence, to imprisonment for a period not less than two years for any non-culpable offence, without prejudice to the effects of rehabilitation.
6. not having been convicted, even with a non-final sentence, in an administrative court for one of the offences envisaged by Articles 187-bis and 187-ter of Legislative Decree 58 of 1998 (TUF - consolidated law on financial intermediation);

The external members of the Supervisory Body must also meet the following independence requirements:





1. no relationship of marriage, kinship or affinity up to the fourth degree with Directors, Auditors or Managers of the Company, of Leonardo S.p.A., or of the Companies of the Leonardo Group;
2. not be in situations that may lead to conflicts of interest, even potential ones, with the Company, with Leonardo S.p.A. or with other companies of the Group; in particular, not have economic relations or appointments of a professional nature with the Company, with Leonardo S.p.A. or with other companies of the Group such as to compromise their independence;
3. not hold the position of Member of the Board of Directors of Leonardo S.p.A. or of another company in the Group;
4. not own, directly or indirectly, shares in the Company, in Leonardo S.p.A. or in another company of the Group such as to compromise independence;

In order to guarantee the requirements of integrity and independence, the external members of the Supervisory Body, at the time of their appointment, and in any case no later than 10 days after their appointment, must make a declaration concerning the absence of any reasons for incompatibility, under penalty of disqualification. In the context of the same declaration, the members of the Supervisory Body undertake to promptly communicate in writing to the Board of Directors of the Company the possible loss of the envisaged requirements of independence and integrity, as well as, more generally, any circumstance arising that makes them incompatible with the performance of their duties.

The following constitute possible just cause for suspension and subsequent removal or disqualification from office, as appropriate:

1. the lack of even one of the requirements of integrity, autonomy and independence specified above (the occurrence of which must be promptly notified by the members of the Supervisory Body);
2. violation of the obligation to attend at least 80% of the meetings of the Supervisory Body;
3. the termination or suspension of the employment relationship with the Company (for internal members);
4. failure to perform or negligent performance of the duties assigned to the Supervisory Body, as well as violation of the Group's Anti-Corruption Code, Code of Ethics and the Model;

In order to guarantee the necessary stability of the SB and to protect the legitimate performance of the functions and the position held from an unjustified removal, the procedures for the revocation of the powers connected to this appointment are indicated below.

The revocation of the powers of one of the members of the SB and the attribution of such powers to another person may only take place for just cause, by means of a specific resolution of the Board of Directors and after consulting the Board of Statutory Auditors and the other members of the SB.



In this regard, "just cause" for revoking the powers connected with the appointment of the SB may include, by way of example:

- serious breach of their duties as defined in the Model and in the By-Laws;
- a conviction of the Company under the Decree or a plea bargaining sentence, even if not final, recognizing the "omitted or insufficient supervision" by the SB, pursuant to the provisions of Article 6, paragraph 1, letter d) of the Decree;
- a conviction or plea bargaining sentence, even if not final, issued against one of the members of the SB for having committed one of the crimes envisaged by the Decree or crimes of the same nature;
- a measure of conviction, even with a non-final sentence, in the administrative court of the Company for one of the administrative offences provided for by the Decree, where the "omitted or insufficient supervision" by the SB results, according to the provisions of Article 6, paragraph 1, letter d) of the Decree;
- an administrative conviction, even with a non-final sentence, against one of the members of the SB for one of the administrative offences referred to in Articles 187-*bis* and 187-*ter* of the T.U.F.;
- breach of confidentiality obligations, as detailed in the SB's By-Laws.

If the revocation is exercised against all the members of the SB, the Board of Directors, having consulted the Board of Statutory Auditors, will appoint a new SB.

Where there are serious reasons requiring it, for example: application of precautionary measures), the Board of Directors will proceed to order - after hearing the opinion of the Board of Statutory Auditors - the suspension from office of one or all of the members of the SB, promptly appointing a new member or the entire Body *ad interim*.

Pending the appointment of the new Supervisory Body, the functions and duties assigned to it are provisionally exercised by the Board of Statutory Auditors, pursuant to Article 6(4-*bis*) of the Decree.

#### **4.3 FUNCTIONS AND POWERS OF THE SUPERVISORY BODY**

The *mission* of the Supervisory Body of Leonardo Global Solutions S.p.A. consists, in general, in:

- examining, on the basis of the Plan of Activities prepared and approved by the Body, the effectiveness and adequacy of the Model in relation to the company structure and the effective capacity to prevent the commission of the offences referred to in the aforementioned Decree, proposing - where deemed necessary - any updates to the Model itself, with particular reference to the evolution and changes in the Organizational Structure or company operations and/or current legislation, as well as in the event of violation of the Model's provisions;



- monitoring - on the basis of the approved Plan of Activities - the effective implementation of the Model, promoting, also after consulting the other company structures involved, all the necessary actions to ensure its effectiveness;
- carrying out, on the basis of the Plan of Activities approved by the Body, periodic checks, including without advance warning, at the company structures deemed to be at risk of offences, in order to check that: activities are carried out in accordance with the Model under Legislative Decree 231/01 adopted and the protocols identified in the Model itself are implemented;
- verifying the implementation and effective functionality of the proposed solutions through a *follow-up* activity;
- verifying, also with the support of the competent structures, the existing powers of authorisation and signature, in order to ascertain their consistency with the organizational and management responsibilities defined and propose their update and/or modification where necessary;
- verifying the acts carried out by persons with signatory powers, in order to verify their consistency both within the scope of the organizational and management responsibilities defined, and within the scope of the powers conferred by the delegating body;
- proposing to the competent company structures, based on the outcome of the activities carried out by the SB, the advisability of drawing up, integrating and modifying operating and control procedures, which adequately regulate the performance of activities;
- defining and managing, in application of the Model under Legislative Decree 231/01, the flow of information that allows the SB to be updated by the company structures concerned with crime risk activities, and establishing communication methods in order to acquire knowledge of any violations of the Model;
- implementing, in compliance with the Model, an effective flow of information towards the competent corporate bodies that allows the SB to report to them on the effectiveness of and application of the Model;
- promoting at the competent corporate structures an adequate training process for personnel, through suitable initiatives for the dissemination of knowledge and understanding of the Model;
- monitoring the effective application of the Model and detecting any irregular behavior that may emerge from the analysis of information flows and reports received and promptly notifying the administrative body of any infringements detected;
- promptly notifying the Board of Directors of any breaches of the provisions - both regulatory and procedural - that may give rise to the offences referred to in the Decree;
- promoting and coordinating initiatives aimed at facilitating the knowledge of the Model and the related procedures by all those who work on behalf of the Company;



- monitoring, also by means of hearings, to ensure that internal managers of the areas at risk of offences are familiar with the tasks and duties connected with the supervision of the area for the purposes of preventing the commission of the offences referred to in the Decree;
- periodically verifying, with the support of the competent structures, the presence and validity of the clauses aimed at ensuring compliance with the Model by third party recipients;
- communicating any violations of the Model to the relevant bodies, in accordance with the disciplinary system, for the purpose of adopting any penalty measures to be imposed on the transgressors.

In order to perform the duties listed in the previous paragraph, the SB is vested with the powers indicated below:

- have financial resources approved by the Board of Directors as part of the annual budgeting process, suitable to support the spending decisions necessary to carry out its functions (e.g. specialist consultancy, updating, etc.). The allocation of the budget allows the SB to operate autonomously and with the appropriate tools to effectively carry out the tasks indicated in this Model, in accordance with the provisions of the Decree;
- access to any corporate document and/or information relevant to the performance of the functions assigned to the SB pursuant to the Decree;
- make use of external consultants and/or professionals with proven expertise in cases where this is necessary for the performance of its activities, observing the internal procedures for the assignment of consultancy tasks;
- require that the heads of company structures promptly provide the information, data and/or news requested from them;
- proceed, if necessary, to the direct interview of employees, Directors and members of the Board of Statutory Auditors of the Company;
- request information from external consultants and professionals, financial and business partners, service providers and auditors as part of the activities carried out on behalf of the Company.

The Body also has the power to coordinate with the Supervisory Body of Leonardo S.p.a. to ensure a uniform interpretation of the relevant regulations and best practices.

The Body meets monthly at the Company's headquarters, also via remote connections. When necessary, the Chairman convenes the Body without delay.

#### **4.4 INFORMATION BY THE SUPERVISORY BODY TO THE CORPORATE BODIES AND TOP MANAGEMENT.**

With regard to reporting activities, the Leonardo Global Solutions SB provides a half-yearly report to the Board of Directors and the Board of Statutory Auditors so that they can adopt the consequent resolutions and undertake the actions



necessary to guarantee the effective and constant adequacy and concrete implementation of the Model.

In particular, half-yearly reporting will focus on:

- the overall activity carried out during the period, with particular reference to the verification of processes sensitive to the Decree;
- the critical profiles that have emerged both in terms of conduct or events internal to the Company and in terms of the effectiveness of the Model;
- an analysis of all the reports received and the actions taken by the SB under the provisions of the Guidelines for the Management of Reports in force at the time;
- proposals to revise and update the Model;
- information on the Activity Plan (adoption and progress).

In addition, the SB submits its annual Activity Plan to the Board of Directors.

The SB must also promptly report to the Chairman and Chief Executive Officer (so-called *ad hoc* information flows) on the following matters:

- any violation of the Model which is regarded as having sufficient grounds, of which it has acquired knowledge of a report by employees or that has been ascertained by the SB itself;
- detected organizational or procedural shortcomings such as to give rise to a real danger that any significant crimes covered by the Decree may be committed;
- regulatory changes particularly relevant for the implementation and effectiveness of the Model;
- the lack of cooperation by the company structures (in particular, refusal to provide the SB with the requested documentation or data, or obstruction of its activity, also determined by the denial of conduct due on the basis of the Model);
- existence of criminal proceedings against individuals who work on behalf of the Company, or of proceedings against the Company in relation to relevant crimes pursuant to the Decree;
- outcome of the assessments ordered following the start of investigations by the Judicial Authorities into relevant crimes pursuant to the Decree;
- any other information deemed useful for the purpose of the Chief Executive Officer taking urgent decisions.

Finally, the SB must report without delay:

- to the Board of Directors, any violations of the Model committed by the Chairman, the Chief Executive Officer and other Company Managers or by members of the Board of Statutory Auditors or by the Auditing Company;
- to the Board of Statutory Auditors, any violations of the Model committed by the Independent Auditors or by members of the Board of Directors so that it may adopt the measures provided for by law.



The Supervisory Body may also be called upon at any time by the aforementioned bodies and may in turn make such a request to report on the operation of the Model or specific situations.

#### **4.5 INFORMATION FLOWS TO THE SUPERVISORY BODY**

Article 6, paragraph 2, letter d) of the Decree imposes the provision in the "Organizational Model" of information obligations towards the Body appointed to supervise the functioning of and compliance with the Model itself and, therefore, in conformity with the provisions of the Model, the Body must be informed, according to the procedures indicated therein, of any information relevant to the application of the Model and its possible updating.

The obligation of a structured information flow is conceived as a tool to guarantee the supervision activity on the effectiveness and efficacy of the Model and for the eventual *ex post* verification of the causes that have made possible the occurrence of the crimes envisaged by the Decree.

##### **4.5.1 REPORTS BY COMPANY REPRESENTATIVES OR THIRD PARTIES**

The SB assesses the reports received, also in anonymous form, taking the appropriate initiatives in compliance with and in accordance with the provisions of the Guidelines for the Management of Reports in force pro tempore.

The following transmission channels are provided for reports: (i) dedicated Group IT platform <https://whistleblowing.leonardocompany.com> (ii) dedicated e-mail address [odv231lgs@leonardo.com](mailto:odv231lgs@leonardo.com), or (iii) by post, to the following address "*Organismo di Vigilanza ex D.lgs. 231/01, Leonardo Global Solutions S.p.A., Piazza Monte Grappa n. 4, 00195, Rome*".

It should be noted that the 2021 Confindustria Guidelines specify that the organizational model must include a prohibition on discriminatory acts against whistleblowers. The effectiveness of this rule must also be ensured by including in the disciplinary system sanctions for breaches of confidentiality obligations and failure to observe the prohibition on retaliatory or discriminatory acts, as well as for unfounded reports made with malice or wilful misconduct.

With regard to this, the Company ensures:

- maximum protection and confidentiality for the reporting subject, without prejudice to legal obligations and the protection of the rights of the Company or of persons wrongly accused and/or in bad faith, as well as the warranty against any form of repercussion, discrimination or penalization (direct or indirect), for reasons directly or indirectly connected to the report; the correct fulfilment of the obligation to provide information by the Recipients, moreover, cannot give rise to the application of disciplinary and/or contractual sanctions;
- protection against defamatory reporting.





Sanctions are also provided for those who violate the measures for the protection of the reporting subjects, those who make any unfounded reports with intent or gross negligence, and those who adopts any form of repercussion, discriminate against or penalize whistleblowers on account of the report, in line with the disciplinary system described in paragraph 6.

For procedures for investigating and verifying reports received, reference should be made to the pro tempore Guidelines for the handling of reports in force.

#### **4.5.2 INFORMATION FLOWS TO THE SUPERVISORY BODY**

All the Recipients of the Model are required to inform the SB of any act, behavior or event of which they have acquired knowledge and that might determine a breach of the Model or, more generally, be potentially relevant for the purposes of the Decree.

As foreseen by the Confindustria Guidelines and BY the best application practices, the information flows to the SB are divided into:

- **ad hoc information flows** concerning current or potential critical profiles for the Company by anyone who becomes acquired knowledge;
- **ongoing disclosure**, represented by relevant information in relation to recurring activities.

In detail, with reference to the **ad hoc information flows**, it is obligatory to promptly transmit the following information to the Leonardo Global Solutions S.p.A. SB:

- measures and/or information from the Judicial Authorities, to the Company, or to its Directors, executives and employees, from which it can be inferred that investigations/verifications are being carried out by the same Authority, for the crimes or administrative offences referred to in Legislative Decree 231/01 or for the relative predicate offences;
- evidence of the disciplinary proceedings carried out for violations of the Model, of the relative outcomes and motivations and of any sanctions inflicted;
- possible existence of situations of conflict of interest between one of the Recipients of the Model and the Company;
- any measures taken by the Judicial Authorities or by the Supervisory Bodies regarding occupational health and safety, from which violations of these rules emerge;
- any measures taken by the Judicial Authorities or by the Supervision Bodies in the field of the environment, from which violations of these rules result;
- eventual changes to, or detected gaps in the corporate and organizational structure;
- eventual changes to, or detected gaps in the procedures;
- conduct that is not in line with the rules of conduct set out in this Model;





- reports from which elements with critical profiles with respect to compliance with the Decree may emerge;
- conduct that is not in line with the rules of conduct provided for in the Model and relative protocols (procedures);
- operations that present risk profiles for the commission of offences;
- commission of offences or performance of acts suitable for committing them;
- the commission of administrative offences.

The SB may ask the Independent Auditors for information regarding the activities carried out by the latter, which are useful for the purposes of implementing the Model and provide for an exchange of information and periodic meetings with the Board of Statutory Auditors and the Auditing Company.

In addition, an *ad hoc* flow of information is provided for internal reports from which responsibility for the offences referred to in Legislative Decree 231/01 emerges, including any anomalies found in the verification activities carried out by the G.I.A.

With reference to **constant information**, the same is provided periodically to the Leonardo Global Solutions S.p.A. SB by means of the transmission of information concerning:

- organizational and procedural changes that are relevant for the purposes of the Model;
- articulation of powers and the system of proxies adopted by the Company;
- request, payment, or management of public or subsidized funding;
- transactions with Related Parties concluded at values other than market values, with express indication of the relative reasons;
- intercompany transactions involving the purchase or sale of goods or services for the Company at values other than market values, with express indication of the relative reasons;
- any financial transfers between the Company and other Group companies that are not justified by a specific contract stipulated at market conditions;
- any transactions of a financial and commercial nature carried out in countries with privileged tax regimes;
- information and training activities carried out for implementation of the Model and participation in the same by personnel;
- communication of any significant changes and/or updates to the procedures put in place to monitor environmental management and health and safety in the workplace and certification of the operation of the relative controls as a whole;
- any disputes resulting from safety and environmental audits by Public bodies and/or Control Authorities (e.g. ARPA, ASL, etc.);
- reports on any accidents that have occurred in the Company as well as so-called "near misses", i.e., all those events that, while not resulting in injury



to workers, may be considered symptomatic of possible weaknesses or gaps in the health and safety system, indicating the necessary measures to be taken for the purpose of adapting the protocols and procedures.

#### **4.5.3 TRANSACTIONS AT RISK: IDENTIFICATION OF INTERNAL MANAGERS AND EVIDENCING PAPERS**

In order to provide due evidence of the operations carried out in sensitive/instrumental areas, all persons assigned powers on the basis of specific powers of attorney by the company to carry out activities (with particular regard to those potentially affected by the risk of offences being committed under Legislative Decree 231/01), become responsible for each individual operation at risk of offence carried out or implemented by them, either directly or through their co-workers. The activities at risk must be communicated to the SB by the aforementioned managers, as well as by the Company's RSPP, by filling out an Evidencing Paper (hereinafter, the Form or Forms) to be updated on a quarterly basis, as required by the relevant Operating Instruction issued by the Company on "Management of information flows to the Supervisory Body".

The Evidence Forms must, among other things, show that:

- due evidence was given of the transactions carried out with the Public Authorities in the areas at risk of crime;
- the directions and contents of the Model have been complied with and that no actions have been taken that were not in line with the Model, nor any infringements of the Model itself.

The aforementioned persons in charge of the activities at risk of offence identified have the task of compiling the declarations and systematically transmitting them to the Body, which takes care of filing them and checking their contents also during the interviews planned periodically with the various managers.

The SB may carry out further checks on the operations in question, which will be recorded in writing.

The Body sees to the issuing and updating of standardized instructions relating to the homogeneous and consistent filling out of the Sheets by the managers of the areas at risk of offence. These instructions shall be in writing and kept in hard copy and electronic format.

#### **4.6 VERIFICATION OF THE ORGANIZATIONAL MODEL**

The Organizational Model will be subject to the following types of checks:

- **monitoring of the effectiveness of the Model** (which takes the form of verifying the consistency between the concrete conduct of the Recipients and the Model itself) through the establishment of a system of periodic declarations by the Recipients of the Model confirming that:
  - due evidence was given of the transactions carried out with the Public Authorities in the areas at risk of crime;



- the directions and contents of the Model have been complied with, the powers of attorney and signature limits have been respected, and that no actions have been taken that were not in line with the Model, nor any infringements of the Model itself.

The persons in charge of the identified risk areas have the task of filling out and forwarding the evidencing papers to the SB, which will take care of filing them and will carry out the related control on a sample basis.

- **verification of procedures:** the effective function of this Model will be verified annually with the methods established by the SB as detailed in the individual Special Parts.

In addition, a review will be undertaken of all the reports received during the year of the actions taken by the SB and the other parties concerned, of the events considered risky and of the awareness of the personnel with respect to the offences envisaged by the Decree, with random checks.

The outcome of this audit, highlighting the possible gaps and with suggestions for action to be taken, will be included in the half-yearly report that the SB prepares for the Board of Directors.

The SB proposes to the Leonardo Global Solutions S.p.A. Board of Directors to update the Model in the cases in which it becomes necessary and/or appropriate due to changes in the regulatory context of reference, organizational or internal protocols of the Company, or due to deficiencies detected in the internal regulatory system.

The amendments resulting from resolutions approved by the Board of Directors are directly made to the Model by the Supervisory Body, with the support of the competent functions.

## **5. PERSONNEL TRAINING AND CIRCULATION OF THE MODEL IN THE CORPORATE ENVIRONMENT AND OUTSIDE THE COMPANY**

### **5.1 PERSONNEL TRAINING**

Leonardo Global Solutions S.p.A. promotes the knowledge of the Model, the relative internal protocols and their updates among all employees who are therefore required to know its contents, observe them and contribute to their implementation.

The Human Resources Function, in cooperation with the SB, manages personnel training on the contents of the Decree and the implementation of the Model, reporting to the SB.

In this context, communications shall involve:

- inclusion of the Model, the Leonardo Group Anti-Corruption Code and the Code of Ethics in the specific "Ethics and Compliance" section of the Company website;
- making the Leonardo Group's Anti-Corruption Code and the Code of Ethics available to all current staff, as well as distributing these documents to new



hires when they join the company and getting them to sign to certify they have received these documents and are committed to knowing about and complying with the relevant provisions;

- *on-line* course, permanently available, on the contents of the Model, the Leonardo Group Anti-Corruption Code and the Code of Ethics;
- updates on changes made to the Model, to the Leonardo Group Anti-Corruption Code or to the Code of Ethics.

The training course is divided into the following levels, which can also be used alternatively depending on the opportunity:

management and/or representative staff: classroom training meetings;

- *e-learning* training course via computer.
- other personnel: information at the time of hiring; *e-learning* training course on an IT support.

Participation in the training sessions, as well as in the on-line course, is compulsory; the Human Resources Department monitors that the training course is taken up by all personnel, including new recruits.

Attendance to the training sessions shall be tracked by requesting a signature of attendance in the form provided and, for “e-learning” activities, through participation statements available on the specific IT platform.

Refresher training sessions will be held in the event of significant changes to the Model, to the Group's Anti-Corruption Code, or the Code of Ethics, where the SB does not deem it sufficient, due to the complexity of the issue, to simply disseminate the change as described above.

## **5.2 INFORMATION FOR EXTERNAL CO-WORKERS AND PARTNERS**

Leonardo Global Solutions promotes the knowledge of and compliance with the Model, the Code of Ethics and the Anti-Corruption Code of the Leonardo Group also among the Company's commercial and financial partners, consultants, professionals and co-workers in various capacities, clients and suppliers.

Leonardo Global Solutions provides for the insertion in the contracts with other parties in transactions having specific contractual clauses for commercial, financial and consulting that foresee, in the event of non-compliance with the principles established in the Model, in the Code of Ethics and in the Anti-Corruption Code of the Leonardo Group, albeit partial, specific express termination clauses that, in said cases, attribute to the Company the right to legally terminate the contracts themselves.



## **6. DISCIPLINARY SYSTEM AND MEASURES IN THE EVENT OF NON-COMPLIANCE TO THE PROVISIONS OF THE MODEL**

### **6.1 GENERAL PRINCIPLES**

The predisposition of an adequate sanctioning system for the violation of the prescriptions contained in the Model is an essential condition to ensure the effectiveness of the Model itself.

In this regard, in fact, Articles 6, paragraph 2, letter e), and 7, paragraph 4, letter b) of the Decree provide that the organizational and management models must introduce *"a disciplinary system suitable for sanctioning failure to comply with the measures indicated in the Model"*.

For the purposes of this disciplinary system, and in compliance with the provisions of collective bargaining agreements, where applicable, actions or behaviors carried out in violation of the Model constitute conduct subject to sanctions. The identification and application of sanctions must take into account the principles of proportionality and adequacy with respect to the violation/offence alleged. In this regard, the following circumstances are relevant:

- type of offence;
- factual circumstances in which the object of the dispute arose;
- manner of commission of the conduct;
- gravity of the violation/offence, also taking into account the subjective attitude of the agent;
- possible commission of more than one violation/offence within the same conduct;
- possible participation of more than one person in the commission of the violation/offence;
- whether the author of the violation is a re-offender.

The application of disciplinary sanctions is irrespective of the initiation and/or outcome of any criminal proceedings, as the rules of conduct imposed by the Model are assumed by Leonardo Global Solutions S.p.A. in full autonomy and regardless of the type of offence that violations of the Model may determine.

The disciplinary system is constantly monitored by the SB and the Human Resources Function.

Any type of violation of the rules contained in the Model authorizes the SB to request the competent Company Organizational Units to impose one of the sanctions listed below and determined on the basis of the seriousness of the violation committed in compliance with the criteria indicated in the CCNL, where applicable, and the behavior of the author of the violation before (e.g. any previous violations committed) and after the fact (e.g. communication of the irregularity to the SB).

The following, by way of example, constitute violations of the Model:



- non-compliance to the Model, in case of violations aimed at the commission of a crime under the Decree or in case, anyway, of risk that the Company's liability under the Decree might be contested;
- non-compliance to the Model, in the event of violations related, in any way, to the risk areas or sensitive activities indicated in the Special Parts of the Model;
- non-compliance to the Model, in the event of violations related, in any way, to the risk areas indicated as "instrumental" in the Special Parts of the Model;
- omissions in the activities of documentation, conservation and control of the documents mentioned in the protocols (procedures), in order to hinder their transparency and verifiability;
- omissions in oversight by the hierarchical superiors on the conducts of their subordinates in order to verify the correct and effective application of the Model's provisions;
- non participation by the Recipients in the training activities concerning the content of the Model and, more in general, of the Decree;
- violation / or circumventions of the control system, carried out by removing, destroying or altering the documentation provided for in the protocols (procedures), or by preventing control of or access to information and documentation by the persons in charge, including the SB;
- any form, even indirect, of retaliation, discrimination or penalty, against the persons subject to reporting on the violation of the Model and, above all, against the reporting subjects;
- uncooperative behavior towards the SB, consisting, by way of example but not limited to, in the refusal to provide the requested information or documentation, failure to comply with the general and specific directives issued by the SB in order to obtain the information deemed necessary for the performance of its duties, failure to participate in the inspection visits planned by the SB without a justified reason, failure to participate in training meetings;
- violation of the obligations to provide information to the SB (described in paragraph 4.5);
- violation of whistleblowing regulations both with regard to the protection of the confidentiality of the reporting subject and in the case of untrue reports made with malice or gross negligence.

The seriousness of violations of the Model will be assessed by the Human Resources Function on the basis of the following circumstances:

- presence and intensity of the intentional element;
- presence and intensity of negligent, careless, reckless conduct;
- presence and intensity of recidivist conduct;
- extent of the danger and/or consequences of the violation for the Company;



- extent of the danger and/or consequences of the violation for the persons subject to the regulations on the protection of health and safety in the workplace, as well as for the Company;
- foreseeability of the consequences of the conduct in violation;
- time and manner of the violation;
- the circumstances under which the infringement took place.

## **6.2 PENALTIES FOR EMPLOYEES**

### **6.2.1 EMPLOYEES AND MIDDLE MANAGEMENT**

Any conduct by employees in violation of the individual rules of conduct set out in this Model is defined as a *disciplinary offence*.

With reference to the sanctions that may be imposed on said employees, they fall within those provided for in the Disciplinary Code in compliance with the procedures provided for in Article 7 of the Italian Workers' Bill of Rights and any special regulations applicable.

In relation to the above, the Model refers to the categories of punishable facts provided for by the existing sanction system.

These categories describe the sanctioned behaviors, according to the importance of the individual cases considered, and the sanctions actually provided for the commission of the facts themselves according to their seriousness.

In particular, in accordance with the "Criteria of correlation between employee misconduct and disciplinary measures" contained in the current National Collective Labor Agreement for Metalworkers, it is provided that:

- the measures of VERBAL WARNING, WRITTEN ADMONITION, FINE OR SUSPENSION FROM WORK AND FROM REMUNERATION, depending on the seriousness of the violation, shall be applied to any worker who violates the internal procedures envisaged by this Model (e.g. who does not observe the prescribed procedures, fails to inform the SB of the prescribed information, fails to carry out controls, etc.) or adopts, when carrying out activities in areas at risk of crime, a behavior that does not comply with the provisions of the Model itself, since such behavior is a violation of the contract that entails a prejudice to the discipline and morale of the Company;
- in addition, a worker who, in the performance of activities in areas at risk of offence, adopts a significant breach in violation of the provisions of this Model and is unequivocally aimed at committing an offence sanctioned by the Decree, shall also incur in the measure of DISMISSAL WITH NOTICE, since such behavior is more serious than those identified in the previous point;
- finally, the measure of DISMISSAL WITHOUT NOTICE shall also apply to any worker who, in the performance of activities in areas at risk of offence, adopts a conduct unequivocally aimed at committing an offence sanctioned by the Decree or clearly in violation of the prescriptions of this Model, such as to





determine the concrete application against the Company of the measures provided for by the Decree, since the aforementioned conduct must be recognized as causing "serious moral and/or material damage to the Company". The disciplinary system is constantly monitored by the SB and the Human Resources Function.

### **6.2.2 EXECUTIVES**

In the event of violation by executives of the rules of conduct provided for in this Model or the adoption, in the performance of activities in areas at risk, of a conduct that does not comply with the prescriptions of the Model itself, the most appropriate measures will be applied to the persons responsible in accordance with the provisions of the National Collective Labour Agreement for Industrial Executives.

In particular:

- where the violation of one or more provisions of the Model is so serious as to irreparably damage the trusting relationship, not allowing the continuation, even temporary, of the employment relationship, the worker shall be dismissed without notice;
- if the violation is minor but still serious enough to compromise irreparably the trusting relationship, the manager is subject to dismissal with notice.

### **6.3 MEASURES AGAINST DIRECTORS AND STATUTORY AUDITORS.**

In the event of violation of the Model by one or more Directors and/or Statutory Auditors, the SB will inform the Board of Directors and the Board of Statutory Auditors, who - depending on their respective competences - will proceed to take the most appropriate and adequate initiatives in line with the seriousness of the violation and in accordance with the powers provided for by the law and/or the By-Laws (statements in the minutes of the meetings, formal warning, revocation of the appointment/proxy, request for convocation or convening of the Shareholders' Meeting with the appropriate measures against the individuals responsible for the violation on the agenda, etc.).

Taking into account that the Directors are appointed by the Shareholders' Meeting of the Company, in the event that violations of the Model are identified that compromise the trusting relationship with the company representative, or in the event that there are serious reasons connected to the protection of the interest and/or image of the Company (for example, application of precautionary measures or committal for trial of Directors in relation to the commission of crimes from which the administrative liability of the Company may derive), the Shareholders' Meeting will be called to resolve on the revocation of the mandate. In the event of violation of the Model by the entire Board of Directors of the Company, the SB will inform the Board of Statutory Auditors so that the latter may promptly convene the Shareholders' Meeting for the appropriate measures.



In the event of violation of the Model by the entire Board of Statutory Auditors of the Company, the SB will inform the Board of Directors so that the latter may promptly convene the Shareholders' Meeting for the appropriate measures.

#### **6.4 DISCIPLINARY MEASURES AGAINST CO-WORKERS, AUDITORS, CONSULTANTS, PARTNERS, OTHER PARTIES IN TRANSACTIONS AND OTHER EXTERNAL PARTIES, INCLUDING MEMBERS OF THE SUPERVISORY BODY**

Any conduct by co-workers, consultants, auditors, partners, other parties in transactions and other external parties to the Company, including members of the Supervisory Body, that is in contrast with the lines of conduct indicated in this Model and in the Code of Ethics may result in the termination of the contractual relationship, by activating appropriate clauses, as well as the possible presentation of an action for compensation for damages suffered by virtue of the clauses that LGS includes in each contract drawn up by the Legal, Corporate Affairs and Compliance Organizational Unit.

If the Board of Directors is informed of violations of the Model by one or more members of the SB, the Board of Directors will, in collaboration with the Board of Statutory Auditors, take the initiatives deemed most appropriate in line with the seriousness of the violation and in accordance with the powers provided for by law and/or the By-Laws.

In particular, if the violation is committed by a member of the SB who is also an employee or manager of the Company, the sanctions envisaged in compliance with the regulations in force, as well as with the applicable collective labor agreements, shall apply.

In any case, the Board of Directors and the Board of Statutory Auditors will always keep the SB informed of the sanctions inflicted and/or the violations ascertained.

#### **6.5 PROCEDURE FOR THE APPLICATION OF PENALTIES**

The procedure for the imposition of sanctions following the violation of the Model and procedures differs with regard to each category of recipients as regards:

- the notification of the violation to the person concerned;
- contradictory, i.e. the possibility in favor of the person to whom the infringement has been contested to propose arguments in his/her defence;
- determination and subsequent application of the penalty.

The procedure for imposing sanctions will, in any case, begin following receipt by the company bodies from time to time competent and indicated below, of the communication with which the SB reports the violation of the Model.

##### **6.5.1 DISCIPLINARY MEASURES AGAINST DIRECTORS AND STATUTORY AUDITORS**

In the event of a violation of the Model by a person who holds the position of Director, who is not a Company employee, the SB will send the Board of Direc-



tors and the Board of Statutory Auditors a report indicating the conduct observed, attaching any documents proving the violation and/or other elements of verification.

The Board of Directors convenes the member indicated by the SB for a meeting of the Board and, on that occasion, acquires any deductions made by the latter and, on account of the elements acquired, determines the penalty considered applicable, giving reasons for any disagreement with the proposal made by the SB.

The resolution of the Board of Directors and/or that of the Shareholders' Meeting, as the case may be, is communicated in writing, by the Board of Directors, to the interested party as well as to the SB, for the appropriate verifications.

The procedure described above is also applied when a member of the Board of Statutory Auditors is found to have violated the Model within the limits allowed by applicable laws.

If, as a result of such proceedings, the sanction of revocation of the mandate is imposed, the Board of Directors shall promptly convene the Shareholders' Meeting to resolve on the revocation of the Director from office.

If, on the other hand, the Director is bound to the Company by an employment relationship, the procedures contained in paragraph 6.5.2 shall apply.

#### **6.5.2. DISCIPLINARY MEASURES AGAINST EXECUTIVES**

The procedure for assessment of offences with regard to Executives is carried out in compliance with the provisions of current legislation and applicable collective labor agreements.

In particular, the SB transmits to the Top Management and to the Head of the Human Resources Function a specific report indicating the conduct observed, attaching any documents proving the violation and/or other evidence.

Top Management shall convene the Manager concerned and, in agreement with the Head of the Human Resources Function, shall define the position of the person concerned as well as the implementation of the relative sanctioning procedure.

In the event the subject against whom the procedure has been initiated is a senior manager who has been delegated authority by the Board of Directors, and if the investigation activity proves his/her involvement pursuant to Legislative Decree 231/01, it is envisaged that the Board of Directors may decide on the merits of the revocation of the proxies attributed on the basis of the nature of the assignment.

The decision to impose the sanction is communicated in writing to the person concerned, in accordance with the terms provided for by the applicable collective bargaining agreement, by Top Management.



Without prejudice to appeal to the Judicial Authorities, those involved in the proceedings may, within thirty days of receiving the disciplinary measure, promote the establishment of a Conciliation and Arbitration Board, in accordance with the provisions of the collective bargaining agreement applicable to the specific case.

In the event of the appointment of such a Board, the disciplinary sanction shall remain suspended till the award of such body.

#### **6.5.3. DISCIPLINARY MEASURES AGAINST HOURLY WORKERS, OFFICE WORKERS AND MIDDLE MANAGEMENT**

The procedure for the application of sanctions by the Company against hourly workers, office workers and middle management is carried out in compliance with the provisions of Article 7 of the Italian Workers Bill of Rights, the current National Collective Labour Agreement for workers employed in the private metalworking industry and plant installation, as well as the Company Disciplinary Code.

Sanctions shall be applied within six days of receipt of the justifications.

The Employee, without prejudice to the possibility of referring the matter to the Judicial Authority, may, within twenty days of receiving the measure, promote the constitution of a Conciliation and Arbitration Board, in which case the sanction shall remain suspended until the relative pronouncement.

#### **6.5.4. PROCEEDINGS AGAINST THIRD PARTY RECIPIENTS OF THE MODEL**

In order to allow the initiatives foreseen by the contractual clauses indicated in paragraph 6.4 to be taken, the Head of the OU that manages the contractual relationship, in agreement with the Head of the Legal, Corporate Affairs and Compliance OU and on the basis of any decisions taken in the meantime by the Chief Executive Officer (as well as by the Board of Directors if the stipulation of the contract has been decided by the Board), sends the person concerned a written communication containing an indication of the conduct observed, the provisions of the Model that have been violated, any documents and elements supporting the dispute, as well as an indication of the specific contractual clauses whose application is requested.

#### **6.5.5. PROCEEDINGS AGAINST MEMBERS OF THE SUPERVISORY BODY**

The sanctioning procedure of suspension or revocation of office applicable to Directors and Statutory Auditors as per paragraph 6.5.1. is applied *mutatis mutandis*, even if one or more members of the SB are found to have violated the Model.

In this case, the report of the violation will be forwarded to the Chairman of the Board of Statutory Auditors who will draw up a report and forward it to the Board of Directors.