

OUR FUTURE TOGETHER

Supplier Code of Conduct



LEONARDO

Supplier Code of Conduct

This Supplier Code of Conduct is built on the model of the International Forum on Business Ethical Conduct, IFBEC¹ and it outlines the rules of conduct and fundamental practices that Leonardo expects from its suppliers (“**Suppliers**”) for a responsible and sustainable business: conduct that complies with the values, principles and standards to which Leonardo (“**Leonardo**”) imprints its business activity.

Sustainability for Leonardo is the ability to have a long-term vision, considering the impacts of its activities on the entire value chain: it is the necessary prerequisite for lasting progress for the benefit of People, the Planet and Prosperity, in agreement with the Sustainable Development Goals of the UN Agenda 2030. Suppliers are an integral part of Leonardo's business ecosystem and a determining element for the implementation of its strategy. It is essential for Leonardo to ensure that its Suppliers share the same values, principles and standards, as well as to promote their participation, in a partnership perspective, in Leonardo's commitment to a sustainable future of the Aerospace, Defense and Security sector. Leonardo requires commitment to responsible business practices and sustainable development from all Suppliers. Wherever Suppliers are located, all business shall be conducted in compliance with this Supplier Code of Conduct.

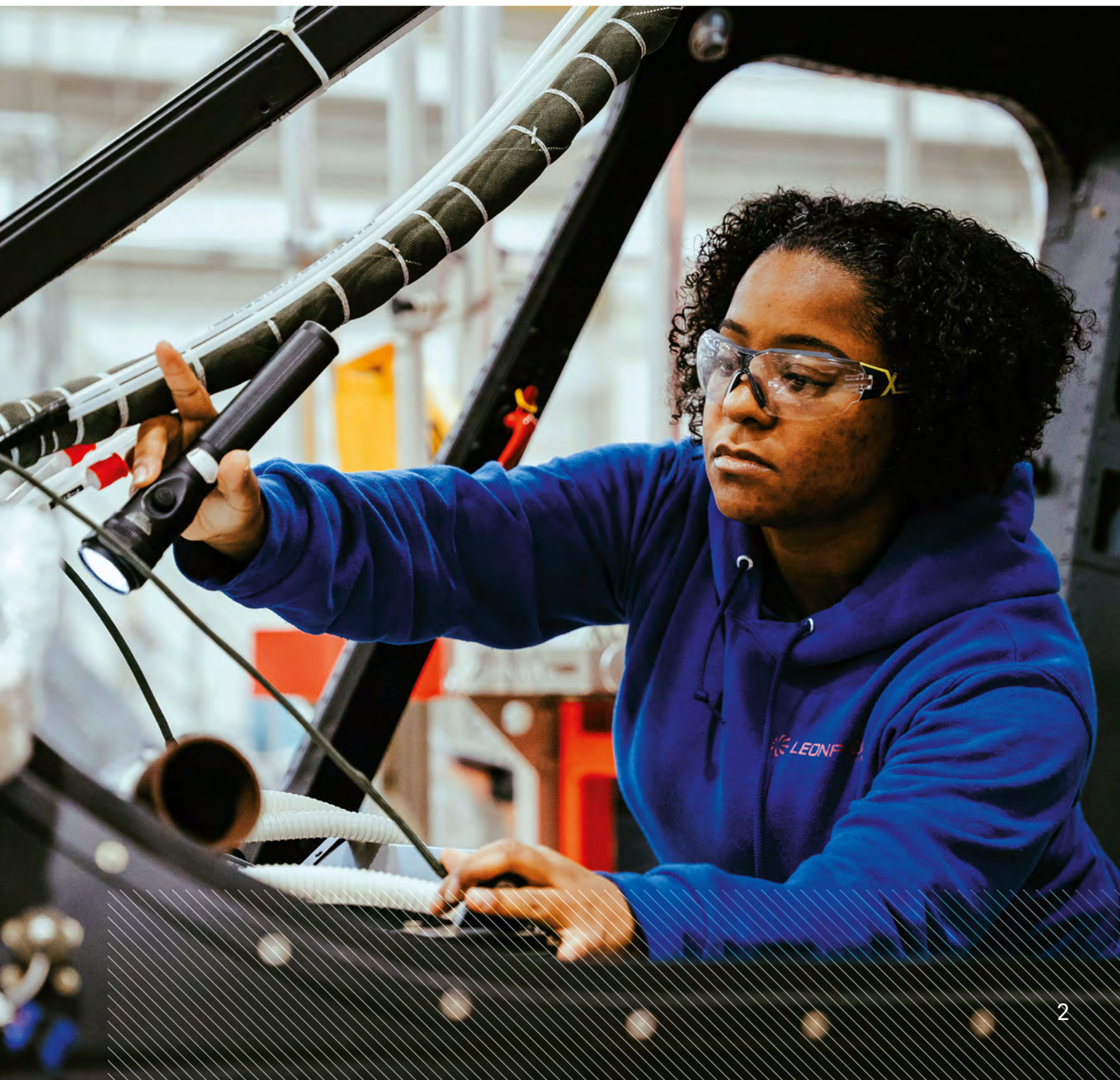
Suppliers are also expected to cascade these principles through their own supply chain and go beyond legal compliance in order to advance in social and environmental responsibility and business ethics.



1

Compliance with Laws

Suppliers must comply with all laws and regulations applicable to their business, including the local laws and regulations of all countries outside their home country in which operations are managed or services are provided.



2

Human Rights

Suppliers are expected to conduct their business and operations in a way that respects human rights by treating their own workers, and those working for their suppliers, with dignity and promoting fair employment practices guarantying acceptable living conditions. This includes providing fair and competitive wages, prohibiting harassment, bullying and discrimination, prohibiting use of child, forced, bonded or indentured labour or prison labour and not engaging in trafficking of persons for any purpose.

2.1

Child labour

Suppliers are expected to ensure that child labour is not used in the performance of work. The term “child” refers to any person under the minimum legal age for employment where the work is performed, and/or the minimum working age defined by the International Labour Organization Convention 138 (ILO), whichever is higher. All workers under the age of 18 must be protected from performing work that is likely to be hazardous or that may be harmful to their health, physical, mental, social, spiritual, or moral development.

2.2

Modern slavery including human trafficking, forced, bonded or indentured labour⁽²⁾

Suppliers must prevent any involvement in all forms of modern slavery, including human trafficking, forced, bonded or indentured labour. All work should be voluntary on the part of the employee. Suppliers are expected to provide all employees with a written contract in a language they understand clearly indicating their rights and responsibilities with regard to wages, working hours, benefits and other working and employment conditions.

Suppliers should not retain any form of employee identification (passports or work permits), nor destroy or deny access to such documentation, as a condition of employment unless required by applicable law.

Suppliers must not charge employees fees, recruitment costs or deposits, directly or indirectly, as a precondition of work. Suppliers must respect the right of workers to terminate their employment after reasonable notice and to receive all owed salary. Suppliers must respect the right of workers to leave the workplace after their shift (see also Wage, Benefit and Working Hours).

Note: (1) The International Forum on Business Ethical Conduct (IFBEC) was created by member companies of the Aerospace Industries Association of America (AIA) and the Aerospace and Defense Industries Association of Europe (ASD). It provides an opportunity to exchange information on best practices in the area of ethical business practices and global trends among industry participants. IFBEC members have developed a set of Global Principles of Business Ethics for the Aerospace and Defense Industry, which were endorsed by AIA and ASD. The Forum is open to all companies willing to share business practices for sustainable competitiveness. The purpose of IFBEC is to promote and foster through the Global Principles the development of global, industry-wide ethical standards for companies that are active in the aerospace or defense business sectors. The IFBEC is also focused on organizing opportunities for industry and relevant stakeholders to exchange information and best practices concerning ethical business challenges, practices and opportunities worldwide. Global Principles affirm the aerospace and defense industries' commitment to ethical business behavior and a uniform set of standards. The Global Principles address business conduct as it relates to zero tolerance of corruption, use of advisors, management of conflicts of interest and respect for proprietary information. Companies that formally adhere to the principles commit to including programmes and policies that foster ethical business conduct consistent with the Global Principles in their corporate business practices.

Note: (2) In accordance with the ILO Forced Labour Convention (No. 29) and the Abolition of Forced Labour Convention (No. 105) definitions.

3

Employment Practices

3.1

Harassment and bullying

Suppliers are expected to ensure that their employees are afforded an employment environment that is free from physical, psychological, sexual, and verbal harassment, intimidation or other abusive conduct.

3.2

Diversity and inclusion

Suppliers are expected to foster a diverse and inclusive work environment where employees are treated with dignity, respect and fairness, regardless of their race, religion, gender, age, ethnic or national origin, disability, sexual orientation or preference, marital status, citizenship status, political preference or other personal characteristic.

Suppliers are expected to provide equal employment opportunity to employees and applicants for employment without discrimination and comply with all non-discrimination laws and regulations. Suppliers must ensure employment, including hiring, payment, benefits, advancement, termination and retirement, based on ability and not any personal characteristics.

3.3

Wages and benefits

Suppliers are expected ensure that their employees have conditions, working hours, economic and regulatory compensation such as to guarantee living wage.

Suppliers must pay workers at least the minimum compensation required by local law and provide all legally mandated benefits. In addition to payment for regular hours of work, workers must be paid for overtime at such a premium rate as is legally required or, in those countries where such laws do not exist, at least equal to their regular hourly payment rate. Suppliers must not permit deduction from wages as a disciplinary measure nor permit any other deductions which are not provided by national law.

3.4

Working hours

Suppliers are expected to operate in consideration of the International Labour Organisation (ILO) standards regulating working, resting hours, maximum consecutive days of work and annual leave. Hours worked beyond the normal work week shall be voluntary and Suppliers must provide a rest period of at least 24 consecutive hours in every seven-day period to all their employees.

3.5

Social dialogue and freedom of association

Suppliers are expected to respect the rights of workers to associate freely and communicate openly with management regarding working conditions without fear of harassment, intimidation, penalty, interference or reprisal. Suppliers are expected to recognize and respect any rights of workers to exercise lawful rights of free association, including joining or not joining any association of their choosing within the appropriate national legal framework.

3.6

Disciplinary and grievance mechanism

Suppliers are expected to have an employee disciplinary process in place to address concerns regarding employee work, conduct or absence. Suppliers are expected to have a grievance mechanism for employees to raise a workplace problem or concern or to appeal a disciplinary decision.

3.7

Migrant workers

The term “migrant worker” refers to a person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national. Suppliers must ensure that migrant workers are employed in full compliance with the immigration and labour laws of the host Country.



4

Integrity & Business Ethics

4.1

Anti-Corruption Laws

Leonardo has zero tolerance for corruption. Suppliers must comply with the anti-corruption laws, directives and regulations that govern operations in the countries in which they do business regardless of any local customs. This also includes compliance with anti-corruption laws that may have extra-territorial application.

We expect Suppliers to conduct reasonable due diligence to prevent and detect bribery and corruption in all business arrangements, including partnerships, the engagement of contractors and sub-contractors, joint ventures, offset agreements, and the hiring of third-party intermediaries such as agents or consultants.



4.2

Illegal Payments

Suppliers must not offer, promise, make, accept or agree to accept any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons.

This includes a prohibition on so called 'facilitation' or 'grease' payments intended to expedite or secure performance of a routine governmental action like obtaining a visa or customs clearance, unless there is a formal legal governmental fee schedule for such expediting services and the government provides receipts.

Suppliers must not offer any illegal payments to, or agree to receive any illegal payments from, any customer, supplier, their agents, representatives or others. We expect Suppliers to prohibit their employees from receiving, paying, and/or promising sums of money or anything of value, directly or indirectly, intended to exert undue influence or improper advantage. This prohibition applies even in locations where such activity may not violate local law.

4.3

Fraud and deception

Suppliers must not seek to gain an advantage of any kind by acting fraudulently, deceiving people, making false claims or allowing anyone else representing them to do so. This includes defrauding or stealing and any kind of misappropriation of property or information.

4.4

Competition and antitrust

Suppliers must not enter into formal or informal anti-competitive arrangements that fix prices, collude, rig bids, limit supply or allocate/ control markets. They must not exchange current, recent, or future pricing information with competitors. Suppliers must not participate in a cartel or any activity that would unlawfully restrain or impact competition.

4.5

Gifts/business courtesies

Suppliers are expected to compete on the merits of their products and services. Suppliers must not use the exchange of business courtesies to gain an unfair competitive advantage. In any business relationship, Suppliers must ensure that the offering or receipt of any gift or business courtesy is permitted by applicable laws and regulations, and that these exchanges do not violate the rules and standards of the recipient's organization, and are consistent with reasonable marketplace customs and practices. No cash gifts or cash equivalent should be offered or accepted.

4.6

Insider trading

Suppliers and their personnel must not use any material or non-publicly disclosed information obtained in the course of their business relationship with Leonardo as the basis for trading or for enabling others to trade in the stock or securities of any company.

4.7

Conflict of interest

Suppliers are expected to avoid all conflicts of interest or situations giving the appearance of a conflict of interest. Suppliers will provide immediate notification to all affected parties in the event that an actual or potential conflict of interest arises. This includes a conflict between Leonardo and personal interests or those of close relatives, friends or associates.



5

Environment, Health & Safety

5.1

Environmental, health & safety management system

Suppliers are expected to conduct their business in a manner that actively manages environmental risks across their operations, products and supply chain. Suppliers are expected to establish an appropriate environmental management system (e.g. ISO14001 or equivalent), including policies and procedures aimed at effectively managing their environmental performance, including integrating environmental considerations into their product design or service.

Suppliers are expected to comply with all environmental compliance regulatory obligations and to commit themselves to protecting the environment and biodiversity, intended as primary assets, actively adopting and pursuing a strategy of environmental sustainability and decarbonization.

Suppliers are expected to establish an appropriate health and safety management system (e.g. ISO45001 or equivalent) including policies aimed at protecting the health, safety of employees, contractors, visitors and others who may be affected by their activities by striving to eliminate fatalities, work-related injuries, occupational disease and limiting exposure to safety hazards.

5.2

Substances and chemical management

Suppliers must comply with applicable laws and regulations on restrictions and safe use of chemicals/substances and hazardous materials.

Suppliers are expected to communicate to Leonardo up to date information regarding environmental, health and safety (EHS) matters of their products to enable safe usage of the products in the whole life cycle.

Suppliers are further expected to cooperate with Leonardo to enable downstream requirements in relation to Suppliers' products and/or services to be fulfilled.

5.3

Sustainable product and process development

Suppliers are expected to actively support the sustainability strategy of Leonardo sharing reasonable level of information and making their best effort to develop, manufacture and deliver innovative products and processes that have the lowest possible environmental impact throughout the lifecycle.

Suppliers are expected to reduce their carbon footprint impact, improve their efficiency of usage of energy, water and natural resource, minimize waste and use of hazardous materials,

dispatch goods in an adequate outer packaging and foster reusable / recycled packaging materials such as reduced usage of single used plastic and responsibly manage their air emissions.



6

Information Protection

6.1

Confidentiality

Suppliers shall keep in strict confidence all technical or commercial know-how, specifications, inventions, processes or initiatives which are of a confidential nature and any other confidential information concerning the Leonardo's business, its products, services or personal information which Suppliers may obtain.

6.2

Protecting sensitive, confidential, proprietary information and personal data

Suppliers are expected to ensure that all sensitive, confidential and proprietary information is appropriately protected.

Suppliers must comply with applicable data privacy laws and regulations on the collection, processing and transfer of personal data and information.

Suppliers must not use information for any purpose (e.g. advertisement, publicity, and the like) other than the business purpose for which it was provided, unless there is prior authorization from the owner of the information.

Suppliers must protect the sensitive, confidential and proprietary information of others, including personal data/information, from unauthorized access, destruction, use, modification and disclosure, through appropriate physical and electronic security procedures, including mitigating emerging risk to information systems by implementing appropriate IT cyber security programmes.

Suppliers must report any suspected or actual data breach or security incident as soon they are aware to Leonardo by reporting to the dedicated email address:

security.incidents@leonardo.com.



Suppliers must comply with all the applicable laws governing intellectual property rights assertions, including protection against disclosure.



7

Global trade and export control

7.1

Import

Suppliers must ensure that their business practices are in accordance with all applicable laws, directives and regulations governing the import of parts, components, technical data and services.

7.2

Export control

Suppliers must ensure that their business practices are in compliance with Export Control laws and regulations including the US, EU and any applicable national regulations, including compliance with Sanctions and Embargoes legislations. Suppliers shall provide truthful and accurate export control classification, information and obtain export control licenses or otherwise authorizations when required and must communicate any declarations where necessary.

7.3

Responsible sourcing of minerals

Suppliers must comply with applicable laws and regulations regarding direct and indirect⁽³⁾ sourcing of critical materials, and “conflict minerals” (tin, tantalum, tungsten and gold).

Suppliers shall reasonably assure that the “conflict minerals” as well as critical materials, which may be contained in the products they deliver are sourced responsibly.

Suppliers are expected to identify with adequate measures, including due diligence, if these minerals originate from conflict regions, providing supporting data on their sources when requested.

Note: (3) Integrated in purchased products, components, parts.

7.4

Counterfeit parts

Suppliers are expected to develop, implement, and maintain effective methods and processes appropriate to their products to minimize the risk of counterfeit parts and materials being delivered. Effective processes should be in place to detect, report and quarantine counterfeit parts and materials and to prevent such parts re-entering the supply chain. If counterfeit parts and/or materials are detected or suspected, Suppliers should provide immediate notification to the recipients of such counterfeit parts and/or materials.

7.5

Product safety and quality

Suppliers are expected to comply with all laws and regulations on product safety and quality, supplying products and/or services according to the agreed safety and quality standards. Suppliers are expected to have quality assurance processes in place to identify any defects and implement corrective actions.

7.6

Payment of taxes and social security contributions

Suppliers must ensure they comply with all applicable tax and labour laws and regulations in the countries where they operate and be open and transparent with the relevant authorities. Under no circumstances should Suppliers engage in deliberate tax or social security contribution evasion or facilitate such evasion on behalf of others. As such, Suppliers must put in place effective controls to minimize the risk of tax or social security contribution evasion or its facilitation, and provide appropriate training, support and whistleblowing procedures to ensure their employees understand and implement them effectively and can report any concerns.

7.7

Payment practices

Suppliers are expected to be fair and reasonable in their payment practices and pay undisputed and valid invoices on time in accordance with agreed contractual payment terms and applicable laws.

8

Maintain Accurate Records

Suppliers are expected to create, store and maintain business records, and not alter any record entry to conceal or misrepresent the underlying transaction represented by it.

Suppliers are expected to have in place appropriate related controls to ensure the above activities are accurately and securely performed. All records, regardless of format, made or received as evidence of a business transaction must fully and accurately represent the transaction or event being documented. Records should be retained based on the applicable retention requirements.



9

Governance & Reporting Management Systems

9.1

Consequences for violating the code

In the event that the expectations of this Code are not met, the business relationship may be reviewed and corrective action pursued subject to the terms of the related procurement contract(s), up to the removal from the Leonardo's supplier register.

9.2

Leonardo open line

Leonardo encourages anyone who becomes aware of ethical concerns, violations (behaviors, acts or omissions) of laws or internal company protocols that are, even potentially, detrimental to the public interest or to the integrity of the Group, to file a whistleblowing report, even anonymously and without fear of retaliation, through the Internal Reporting Channel identified in the Whistleblowing Platform⁽⁴⁾.

Leonardo implemented an online platform dedicated to managing reports, introducing a two-way communication system with whistleblowers, while protecting their privacy, identity or anonymity through which they may, on a voluntary basis, raise alerts related to Leonardo in the areas of bribery, human rights, environment and health and safety and product safety. This medium is available through

- web Site: <https://whistleblowing.leonardocompany.com>;

For the communications related to the companies belonging to the Leonardo Group, in addition to the above mentioned digital platform, still remain valid the specific communication channel activated by each company.

Note: (4) For more information, please consult the Whistleblowing Management Guidelines available in the dedicated section of Leonardo's website.

