



**RULES OF PROCEDURE
OF THE NOMINATION, GOVERNANCE AND SUSTAINABILITY COMMITTEE**

September 2016

Disclaimer

These Rules of Procedure of the Nomination, Governance and Sustainability Committee have been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of these Rules of Procedure and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

Article 1

Establishment - Chairmanship

1. The Nomination, Governance and Sustainability Committee is set up by means of a resolution passed by the Board of Directors of Leonardo S.p.a..
2. The Committee consists of at least three Directors appointed by the Board of Directors at the time of nomination by means of a majority vote, the majority of whom shall be independent.
3. At its first meeting, the Committee elects its Chairman, if the latter has not already been appointed by the Board of Directors. The Chairman of the Board of Statutory Auditors, who may designate another regular Statutory Auditor as his/her substitute, shall attend the Committee meetings; may also participate the Chairman of the Board of Directors, the Chief Executive Officer and General Manager, as well as the other members of the Board of Statutory Auditors. By invitation of the Committee, through its Chairman, on the basis of the specific items to be discussed, may attend the meeting other persons, including other members of the Board of Directors, employees of the Company or of Group Companies
4. If a member of the Committee should no longer be in office for any reason, the Board of Directors will appoint the new member in accordance with the procedures described above.
5. The duration of the mandate conferred upon the Committee is the same as that of the Board of Directors. If the mandate of the Board of Directors should cease in advance for any reason, the Committee will step down from office immediately.

Article 2

Meetings and Resolutions

1. The Committee meets at regular intervals to carry out its duties and functions as described in article 3 below.
2. The Committee may meet in any location, within or outside Italy, and makes use of the services of a Secretary, to be appointed during the first meeting.
3. The meetings are convened by the Chairman, or by the Secretary at the request of the latter, or when a written request for a meeting is made by at least two Committee members, by telegram, fax or email giving at least 72 hours notice. In urgent cases, the Committee meetings may be convened with advance notice of 24 hours. The notice of convening shall specify the location, date and time of the meeting and the items on the agenda to be discussed and resolved upon.
4. The Secretary to the Board of Directors assists the Chairman and members of the Committee with the running of its meetings and the related activities.
5. The Committee meetings may be held via videoconferencing or eventually via teleconferencing, on condition that it is possible to identify all the participants and that they are able to follow the events and intervene on the matters under discussion simultaneously, and examine documents in real time. If these

requirements are satisfied, the official location of the meeting is that in which the Chairman is present.

6. The Committee meetings are chaired by the Chairman or, if he is absent or otherwise unable to attend, by the oldest Committee member.
7. The Committee meetings are deemed validly convened only if the majority of the members are present.
8. The resolutions are passed by the majority of the votes of those attending. In the event of a tie, the Chairman has the casting vote.
9. The meetings and Committee's resolutions shall be recorded in the minutes, which shall be signed by the Chairman of the meeting and by the Secretary and the Chairman of the Committee shall inform the Board of Directors thereof during the first available meeting. The Committee shall also provide to the Board of Directors, at least every six months, a report with regard to those activities carried out.

Article 3 Functions and Duties

The Nomination, Governance and Sustainability Committee performs the functions and duties set out below:

- it prepares the evaluation process about the functioning of the Board (board evaluation), by making proposals to the Board of Directors with respect to the engagement of a firm professionally focused in such field, identifying topics intended to be the subject-matter of the evaluation and defining methods and timing of the proceedings;
- it expresses opinions to the Board of Directors on the number of board members and the composition of the board, and makes recommendations on the managerial and professional profiles whose presence on the board is deemed appropriate;
- it makes recommendations to the Board of Directors based on the respective orientation on the maximum number of positions as director or auditor that may be held by any individual which are compatible with the effective performance of the duties of a Director of the Company;
- it proposes to the Board of Directors candidates for the office of Director in the event of co-opting, when it is necessary to replace independent Directors;
- it carries out, at the request of the Board of Directors: preliminary activities for the purposes of the assessment by the Board itself of the adoption, if any, of a plan for the replacement of executive Directors; preliminary activities as to the preparation, if any, of the plan itself; preliminary activities in order to keep updated the procedures aimed at facing any possible crisis management situation;
- it monitors the evolution of legal provisions and of national and international best practices on corporate governance, updating the Board of Directors in case of significant changes;
- it verifies the compliance of the corporate governance system adopted by the Company and the Group with the provisions of law, the recommendations of the Corporate Governance Code, and the national and international best practices;

- it submits to the Board of Directors proposals for the review of the corporate governance system, if deemed necessary or appropriate;
- it examines in advance the annual report on corporate governance to be published together with the annual financial statements;
- it verifies, in concert with the Control and Risks Committee, the pursuing of the objectives of the Sustainability Plan and its consistency with the Group's Business Plan;
- it oversees the sustainability issues connected to the business activities and promotes the dynamics of interaction with all the stakeholders (stakeholder engagement);
- it examines the general approach of the Sustainability and Innovation Report, as well as the completeness and transparency of the disclosure, issuing on the matter a preliminary opinion for the approval by the Board;
- it monitors the inclusion of the Company in the main Sustainability/ESG Indices and promotes its participation to the relevant initiatives and events in this field.

Article 4 Powers

In performing its functions, the Committee has the right to access all the information necessary to enable it to carry out its duties, and may avail itself of the assistance of the company organisational Units, or outside consultants at the Company's expense, provided these latter are adequately bound by the necessary confidentiality commitments and do not find themselves in positions that might compromise their independence of judgment.

The Company provides the Committee with the financial resources it requires to carry out its duties

Article 5 Ethical Conduct

The Committee members are obliged to perform the mandate conferred upon them in a professional and transparent manner, and with independence of judgment, and their conduct must comply with the ethical principles of the Company. To this end, they must refrain from actions and conducts which would violate said requirements.

Article 6 Final provisions

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