

**RULES OF PROCEDURE OF THE BOARD OF DIRECTORS**

**Article 1**

**Board of Directors**

The Company shall be governed by a Board of Directors composed of no fewer than eight and no more than 12 members, excluding the director without voting rights appointed in accordance with Article 5.1.3(d) of the Articles of Association. From time to time, shareholders' meetings, before proceeding with the election of the Board of Directors, shall determine the number of members subject to the aforesaid limits.

Pursuant to Article 24.1 of the Articles of Association, the Board of Directors is fully empowered to manage the Company on an ordinary and extraordinary basis. In particular, it may perform any act that it considers appropriate in order to implement and attain the objectives of the Company, save for those acts reserved by law or by the Articles of Association for the shareholders' meeting.

The Board of Directors shall also have the power to adopt resolutions on:

- a) the merger or demerger of the Company in the cases provided by law;
- b) the opening or closing down of branch offices;
- c) the reduction in share capital in the event of the withdrawal of one or more shareholders;
- d) the adaptation of the Articles of Association to legislative provisions;
- e) the relocation of the Company's registered office within the national territory.

**Article 2**

**Role of the Board of Directors**

The Board of Directors:

- a. shall examine and approve the strategic, industrial and financial plans of the Company and the corporate Group to which it belongs, the system of corporate governance of the Company and the Group's corporate structure;
- b. shall assess the suitability of the organisational, administrative and general accounting structure of the Company and subsidiaries with strategic importance<sup>1</sup> prepared by the Chairman and Chief Executive Officer, particularly with reference to the suitability, effectiveness and efficiency of the internal audit system and the handling of conflicts of interest, both of which it shall examine each year;
- c. shall delegate powers to the Chairman and Chief Executive Officer and revoke these if necessary, without prejudice to that reserved exclusively for the Board pursuant to Article 2381 of the Italian Civil Code and in relation to Article 22.3 of the Articles of Association, setting their limits and operating procedures, as well as the frequency with which the Chairman and Chief Executive Officer must report to the Board itself on the activities carried out in connection with his office;
- d. shall determine the pay and contract terms of the Chairman and Chief Executive Officer, if necessary via the Remuneration Committee, which has been given a special mandate for this purpose, and other directors holding specific posts, including membership of committees set up by the Board of Directors in consultation with the Board of Statutory Auditors and pursuant to Article 2389(2) of the Italian Civil Code;
- e. shall assess the general operating performance, specifically taking account of information received from the relevant bodies, and periodically comparing actual to budgeted results;
- f. shall examine and authorise in advance the operations reserved for it by law and by the Articles of Association, and those that are reserved for it by the Articles of Association with the power of delegation to the Chief Executive Officer, and other operations of the Company and its subsidiaries, when these have a significant strategic, economic or financial impact on the Company or its net worth, paying particular attention to situations where one or more directors have a vested interest either for themselves or third parties, and to related party transactions in general;
- g. shall ratify the Rules of Procedure governing its operation and for this purpose shall, at least once a year, conduct an evaluation of the size, composition and operation of the Board and its committees;

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<sup>1</sup> For this purpose, directly controlled companies that have been given responsibility for managing the Group's businesses are considered "subsidiaries with strategic importance", from the point of view of the activities carried out by them directly and through other subsidiaries.

- h. shall provide information about the execution of the aforesaid duties in its corporate governance report.

Finmeccanica's Directors accept their appointment and hold office because they believe they can dedicate the necessary time to their official duties, taking account of the number and type of posts held on boards of directors and boards of statutory auditors of other listed companies on regulated markets, whether in Italy or elsewhere, in financial, banking or insurance companies or in other major companies.

The Board of Directors considers that the number of directorships or auditorships that can be held in companies listed on Italian or foreign regulated markets so as to enable the role of director of the Company to be performed effectively should be no more than five (5). This is identical to the limit currently set by the Articles of Association for Regular Statutory Auditors of the Company. The Board believes that for the purpose of calculating the number of directorships or auditorships, consideration should not be given to any office held by the directors of Finmeccanica in companies controlled or invested in directly or indirectly by Finmeccanica S.p.A.

The Board further considers that in view of current legislation, the decision of whether the maximum limit of directorships has been reached should lie with the shareholders' meeting, adopted at the time of appointment of directors according to the procedures that it deems to be most appropriate.

Based on the information received from directors, each year the Board shall identify and give an account, in its corporate governance report, of the directorships or auditorships held by members of the Board of Directors in the aforesaid companies.

### **Article 3**

#### **Activities of the Board of Directors**

The Board of Directors has assigned the post of Chief Executive Officer to the Chairman of the Company appointed by the shareholders' meeting, who has been allocated responsibility for running and managing the Company and its places of business and branch offices, authorising and performing any and all acts that come within the scope of the day-to-day management of the Company, without prejudice to that reserved exclusively for the Board itself pursuant to Article 22.3 of the Articles of Association, in relation to the following matters:

1. definition of the Company's strategic and organisational guidelines (including plans, programmes and budgets);

2. agreements with sector operators, other companies or groups, whether national or foreign, which are of strategic importance and which do not come within the normal sphere of operations;
3. capital increases, incorporation, transformation, flotation, merger, demerger, liquidation and shareholder agreements relating to directly controlled companies;
4. appointment of new executive directors, or directors, auditors or independent auditors of directly controlled companies;
5. acquisition, exchange and sale of buildings, in addition to leases with a term of more than nine years;
6. medium and long-term credit and debit financial transactions for amounts in excess of €25 million per transaction;
7. issue of guarantees for an amount in excess of €50 million per transaction;
8. recruitment, appointment and dismissal of senior management, as defined in the organisational structure; assignment of consultancy jobs lasting for a period of more than one year or for an amount in excess of €250,000;
9. acquisition of shareholdings, if necessary by exercising options;
10. sale, transfer, leasing, usufruct or any other disposition, as part of joint ventures or otherwise, or the placing of constraints on the business or parts of the business;
11. sale, transfer, licensing or any other disposition, as part of joint ventures or otherwise, or the placing of constraints on technology, manufacturing processes, know-how, patents, industrial projects and any other creative work in any way pertaining to defence-related activities;
12. relocation outside Italy of research and development pertaining to defence-related activities;
13. sale of shareholdings in companies, if necessary by exercising or waiving options, transfer, usufruct, pledging or any other disposition, as part of joint ventures or otherwise, or the placing of constraints on the shareholdings themselves;
14. votes to be cast on the subjects referred to in subparagraphs 10), 11), 12), and 13) at general meetings of subsidiaries, affiliates or investees (the concepts of control and

affiliation shall be taken within the meaning of Article 2359 of the Italian Civil Code) involved in defence-related activities.

The Chairman and Chief Executive Officer shall report each quarter on the exercise of the powers conferred upon him and shall also provide periodic information about the implementation of the decisions adopted by the Board of Directors.

The Company's offices shall provide periodic information about legislative and regulatory changes affecting the Company and its executive bodies and shall assist each director with learning more about particular subjects connected with their post.

Furthermore, the Chairman of the Board of Directors may decide to take the appropriate measures to allow Directors to increase their knowledge of the business and company dynamics so that they may be more effective in their role.

### Article 4

#### Committees

The Board of Directors shall form its own committees, which shall have the task of assisting the Board in the performance of its duties as described above. In this regard, the Board of Directors has set up an **Internal Audit Committee**, **Remuneration Committee** and **Strategic Committee**.

The tasks and composition of each committee are determined by resolution of the Board of Directors when each committee is formed. This resolution also states, in consultation with the Board of Statutory Auditors, the additional consideration due in respect of participation in the committees themselves. The Internal Audit Committee shall mainly be composed of independent directors.

The Remuneration Committee shall be composed of non-executive directors who are for the most part independent.

At least one member of the Internal Audit Committee shall have sufficient experience of accounting and financial matters.

The committees may use external consultants paid for by the Company.

The activities of the Internal Audit Committee and Remuneration Committee shall be governed by specific rules, which shall determine the operating procedures applicable to the tasks assigned to them.

The committees shall report back periodically to the Board of Directors on the activities carried out.

## **Article 5**

### **Independent Directors**

The Board of Directors, without prejudice to the obligation for each director to perform his duties with the proper diligence demanded by the nature of the office and his own specific expertise, shall periodically assess the independence of its members in order to identify any relationship liable to influence judgement.

Each year the Board of Directors shall assess the independence of its members based on the information supplied by them and the principles and criteria referred to in Article 3.C.1. of the Self-Regulatory Code of Listed Companies. For this purpose it has defined, in consultation with the Board of Statutory Auditors, the content and procedures applicable to the provision of said information by directors, in addition to the implementing criteria with reference to the Company and indicated below.

#### Independence assessment implementing criteria

The Board of Directors shall assess the independence of its non-executive members on the basis of substance over form and in consideration of the fact that a director is not generally deemed to be independent in situations listed as, but not limited to, the following:

- a) if, directly or indirectly, even through subsidiaries, trustees or other intermediaries, he exercises control over Finmeccanica or is able to exert a significant influence over same, or is party to a shareholders' agreement through which one or more persons exercises control or exerts a significant influence over Finmeccanica. In this case, significant influence is considered to be exerted by those shareholders who directly or indirectly hold at least 10% of the shares of Finmeccanica, as well as the Italian Ministry of the Economy and Finance and Ministry for Economic Development, as holders of "special powers";
- b) if he is, or has been in the previous three financial years, a key person, meaning by this the Chairman, an Executive Director, the Chief Operating Officer or the Co-General Manager of

Finmeccanica, of one of its subsidiaries with strategic importance or of a company controlled jointly with Finmeccanica, or of a company or entity that, individually or in conjunction with others pursuant to a shareholders' agreement, exercises control or exerts a significant influence over Finmeccanica, as defined in subparagraph a);

- c) if, directly or indirectly (for example through subsidiaries or companies of which he is a key person, or as a partner in a professional firm or firm of consultants), he has, or had in the previous financial year, a significant commercial, financial or professional relationship, assessed according to the economic importance of the relationship itself and its importance with reference to the financial situation and net worth of the party concerned<sup>2</sup>:
- with Finmeccanica or one of its subsidiaries or with any of the key persons as defined in subparagraph b);
  - with a party that, individually or in conjunction with others pursuant to a shareholders' agreement, exercises control over Finmeccanica, or – where companies or entities are concerned – with the relevant key persons as defined in subparagraph b);

or if he or she is, or has been during the previous three financial years, an employee of one of said entities.

For the purposes of the independence assessment for persons currently or formerly belonging to the Italian government, a shareholder of Finmeccanica through the Ministry of the Economy and Finance, consideration will be given to current or past employment with the office of the Italian Prime Minister, the Ministry of the Economy and Finance, the Ministry for Economic Development and the Ministry of Defence, and positions that determine or carry out the actions of the administrations concerned;

- d) if he receives, or has received in the previous three financial years, from Finmeccanica or a subsidiary or parent company of Finmeccanica, significant additional remuneration compared with the "basic" emoluments of non-executive directors of Finmeccanica, including participation in incentive plans or performance share plans;
- e) he has been a director of Finmeccanica for more than nine years over the course of the previous 12 years;
- f) if he holds the office of executive director of another company in which an executive director of Finmeccanica holds a directorship;

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<sup>2</sup> The Board of Directors may define quantitative benchmark parameters for this assessment, without prejudice to its discretionary powers in assessing each individual situation, taking account of the Company's best interests, the significance of the relationship and its ability to affect the independence of the director concerned.

- g) if he or she is a shareholder or director of a company or entity belonging to the same group as the company appointed to audit Finmeccanica;
- h) if he is closely related to a person in one of the situations referred to in the previous subparagraphs, meaning by this a) legal spouse or partner, b) parents or children, c) partner's children, and c) partners' family members.

For the purposes of the independence assessment, the Board may in any case, in relation to the particular situation concerning each director, take into consideration any other aspect it deems useful or relevant, adopting additional criteria and/or partially different criteria that prioritise substance over form.

The Board shall submit its assessment of the independence of its members to the Board of Statutory Auditors, which shall verify the correct use of the aforementioned criteria.

The outcome of the Board's assessment shall be disclosed to the market at the time of the appointment and in the annual report on corporate governance.

The result of the examination performed by the Board of Statutory Auditors shall be disclosed to the market in the annual report on corporate governance or in the auditor's report.

Independent directors shall meet at least once a year without other directors being present. Meetings shall be convened on the initiative of the Lead Independent Director or at the request of the other independent directors.

## **Article 6**

### **Lead Independent Director**

The Board of Directors, excluding the Chairman and Chief Executive Officer, shall appoint the Lead Independent Director, who is assigned the task of leading and coordinating the requests and contributions of non-executive directors.

In particular, the Lead Independent Director shall:

- assist the Chairman with ensuring that directors receive comprehensive information in a timely fashion;

- convene, independently or at the request of other Board members, special meetings of independent directors to discuss issues considered of interest to the operation of the Board of Directors or to the running of the Company;
- assist with the assessment of the Board of Directors;
- assist the Chairman with drawing up the annual calendar of meetings of the Board of Directors;
- inform the Chairman of any matters to be submitted for the examination and assessment of the Board of Directors.

## **Article 7**

### **Convocation of meetings**

The Board of Directors shall be convened by the Chairman in a notice containing an indication of the items on the agenda.

Individual members of the Board of Directors may ask the Chairman to include items on the agenda. If he decides not to grant the request, the Chairman shall inform the Board member concerned immediately.

## **Article 8**

### **Notice of meeting**

The notice of meeting shall be sent at least five days in advance by telegram or fax to the address that each member of the Board of Directors and of the Board of Statutory Auditors has previously indicated to the Secretariat of the Board<sup>3</sup>.

In cases deemed to be an emergency by the Chairman, the notice shall be sent as soon as possible in view of the circumstances.

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<sup>3</sup> Article 20.2 of the Articles of Association stipulates that meetings shall be convened "at least three clear days before the date set for the meeting".

**Article 9**

**Supporting documents**

To facilitate a discussion of the items on the agenda, members of the Board of Directors and Statutory Auditors shall be sent supporting documents containing the key points to allow a proper understanding and appraisal of the issues concerned, according to the object of the resolutions expected to be adopted during the meeting.

The supporting documents shall be prepared by the Board Secretariat on the basis of fact sheets containing the key points necessary for each member of the Board to be properly informed for the purposes of the resolution.

**Article 10**

**Distribution of documents**

The supporting documents shall be sent to each member of the Board of Directors and of the Board of Statutory Auditors by e-mail or fax on the date of convocation of the meeting, wherever possible, and in any case no more than three days prior to the date set for the meeting, except in an emergency, when the documents shall be made available as soon as possible.

If the Chairman considers it appropriate in view of the subject-matter and the corresponding resolution, the documents may be distributed at the meeting itself. In this case, the members of the Board of Directors and of the Board of Statutory Auditors shall be informed in advance, within the period indicated in the previous paragraph, that, if they so choose, they may still access the information at the Company's head office a few days before the meeting. The Chairman shall verify with the relevant department of the Company that the aforesaid information has effectively been made available to the directors and auditors, acknowledging same at the start of the meeting.

**Article 11**

**Meeting attendance**

Board meetings may if necessary be attended remotely, either by teleconference or videoconference, on condition that the Secretariat of the Board is informed in advance, that all

participants can be identified and are able to follow the proceedings and contribute to the discussion, and that they can see in real time any documents distributed during the meeting.

The Chairman may invite Company management or other persons or external consultants to attend Board meetings if their presence is considered useful by the Chairman in view of the business to be discussed.

Such persons shall in any case be required to observe the confidentiality obligations applicable to Board meetings.

## **Article 12**

### **Meetings and resolutions**

Meetings of the Board of Directors shall be conducted by the Chairman in the manner deemed by him to be most appropriate in order to allow the Board to fulfil its duties.

The corresponding resolutions shall be adopted in accordance with the law and the Articles of Association of the Company.

For resolutions pertaining to related party transactions, the specific criteria and guidelines for the identification of such transactions and the corresponding code of conduct approved by the Board of Directors shall apply.

## **Article 13**

### **Minutes**

Following the meeting, draft minutes shall be sent to all Directors and Statutory Auditors for any observations that they might have, to be compiled by the Secretariat of the Board.

The final version of the minutes shall then be submitted for formal approval of the Board, generally at the next meeting.

Any minutes relating to resolutions adopted and which require immediate execution may be certified and produced in extract form by the Chairman and Secretary, if necessary before the complete minutes together with any observations have been fully checked.

The supporting documents distributed to members of the Board of Directors and Statutory Auditors shall be filed by the Board.

## **Article 14**

### **Confidentiality obligations**

Directors and Statutory Auditors are required to treat as confidential the documents and information obtained in the course of their duties.

Directors and Statutory Auditors are also required to abide by the rules adopted by the Company for the distribution of said documents and information, in the manner laid down by the specific internal procedures relating to the management and processing of confidential and price-sensitive information.

Deciding whether information is price-sensitive is the responsibility of the Chairman and Chief Executive Officer; the dissemination of such information, via the relevant department, shall take place in accordance with the provisions set forth in Article 114 of Legislative Decree 58/98 and the instructions issued by CONSOB and Borsa Italiana S.p.A.

## **Article 15**

### **Calendar of corporate events**

In accordance with the obligations imposed on listed issuers by the Stock Market Regulations of Borsa Italiana S.p.A., each year the Board of Directors shall approve the calendar of major corporate events, which shall be distributed immediately and in any case no later than January 30 each year. The calendar shall also specify, in relation to meetings of the Board of Directors scheduled for the subsequent financial year, the dates set for the approval of the draft financial statements, the interim report and the quarterly reports, as well as the date on which the shareholders' meeting approving the financial statements is due to take place.

Any meetings of the Board of Directors held to approve provisional statements, in addition to the dates set for the presentation of financial information to financial analysts, should also be indicated where applicable.

If one or more dates have been entered in the annual calendar based on a time interval, the Company is obliged to inform Borsa Italiana as soon as possible of the actual dates of the events concerned.

## **Article 16**

### **Appraisal of the Board of Directors**

At least once a year, the Board of Directors shall perform an appraisal of the size, composition and operation of the Board and its committees, if necessary expressing an opinion on the professionals it believes should sit on the Board.

It shall inform the market of the outcome of this appraisal in its corporate governance report.

## **Article 17**

### **Related party transactions**

The Board of Directors shall have sole authority over the transactions of the Company and its subsidiaries with strategic, economic or financial importance, or those that affect the net worth of the Company, including transactions with related parties.

In consultation with the Internal Audit Committee, the Board shall adopt “**Guidelines and criteria for the identification of material and related party transactions and principles of conduct for related party transactions**”.

The approval and execution of transactions in which a director has a vested interest, either on his own account or on behalf of third parties, shall take place in accordance with the procedures defined in consultation with the Internal Audit Committee. More specifically, directors who have a vested interest, be it even potential or indirect, in transactions submitted for the examination of the Board must inform the Board in a timely and exhaustive fashion about such interest and the related circumstances. Furthermore, such directors shall depart the meeting during the discussion and adoption of the subsequent resolution, or shall abstain from the discussion and adoption of the subsequent resolution should their departure affect the quorum required for the meeting.

**Article 18**

**Internal audit system**

The internal audit system consists of the set of rules, procedures and organisational structures designed to allow, through the proper identification, measurement, management and monitoring of the major risks, sound and correct business management in line with predefined objectives. The Board of Directors, with the support of the Internal Audit Committee, shall define the guidelines for the internal audit system so that the main risks relating to the Company and its subsidiaries can be correctly identified and properly measured, managed and monitored. It shall also determine the criteria for assessing whether these risks are compatible with sound business management.

Finmeccanica's internal audit system currently consists of:

- the Internal Audit Committee;
- the Internal Audit Manager;
- the supervisory body for the implementation and effectiveness of the organizational, management and supervisory model.

The Board shall grant a mandate for the supervision of the internal audit system to the Chairman and Chief Executive Officer, who shall act on the guidelines defined by the Board by planning, implementing and managing the internal audit system.

The Board, based on a proposal of the Chairman and Chief Executive Officer and in consultation with the Internal Audit Committee, shall appoint and dismiss the Internal Audit Manager and shall define his duties and remuneration in accordance with company policy.

The Board, with the help of the Internal Audit Committee, shall assess the suitability, effectiveness and efficiency of the internal audit system at least once a year.