



**Guidelines on the quantitative and qualitative composition of the Board of Directors of Avio S.p.A.  
deemed optimal for the three-year period 2026–2028**

## 1. Introduction

In compliance with the recommendations of the Corporate Governance Code (namely Article 4, Principle XIII, Recommendation 23), in view of the next renewal of the corporate bodies, on 29 January 2026, the Board of Directors of Avio S.p.A. ("Avio" or the "Company"), upon the opinion of the Appointments and Remuneration Committee and taking into account the experience gained over the concluded three-year period, approved these guidelines on the quantitative and qualitative composition of the Board of Directors deemed optimal for the three-year period 2026–2028.

In light of the above, this opinion outlines the Board of Directors' guidelines on the qualitative and quantitative composition of the administrative body deemed optimal for the three-year period 2026–2028, which is provided to Avio's shareholders to support their assessments when submitting the relevant slates.

In particular, with the aim of facilitating the process of defining the best proposals for the quantitative and qualitative composition of the Board of Directors, this opinion provides shareholders with the following guidelines regarding:

- the size of the new Board of Directors;
- the composition with reference to the managerial and professional profiles whose presence on the new Board of Directors is considered appropriate; as well as
- the personal and professional characteristics deemed suitable for the positions of Chairman of the Board of Directors and of the Chief Executive Officer.

The issuance of these guidelines opinion for Shareholders reflects the outgoing Board of Directors' wish to preserve and develop the experience and knowledge of the Company acquired by the directors during their term of office, in light of the Company's significant growth over the last three years.

In the opinion of the Board of Directors, improving the effectiveness and efficiency of the Company's governance, with appropriate adjustments to address the needs arising from the Company's growth in scale and the increased management complexity also determined by the broadened operational perimeter in new geographical and regulatory contexts, also reflected in fact in the new shareholder structure resulting from the recent share capital increase, as well as the greater diversification across the Space and Defence sectors, will enable the Company to seize future market and business opportunities.

With regard to the composition of the corporate bodies, please also refer to the "Diversity Policies of the Administrative and Control Bodies" (the "Diversity Policy") most recently approved by the Board of Directors on 14 March 2022 and available on the Company's *website* at [www.avio.com](http://www.avio.com).

Furthermore, in accordance with Recommendation 23 of the Corporate Governance Code, the Board invites shareholders who submit a slate containing more than half of the members to be elected to provide adequate information in the documentation submitted for the filing of the slate, regarding the

slate's compliance with the guidelines expressed by the outgoing Board, including with reference to the Diversity Policy.

## 2. Frame of reference

Avio is a leading international group active in the production and development of space launch systems and solid, liquid and cryogenic propulsion systems. The Company operates as prime contractor for the Vega programme and subcontractor for the Ariane programme, as well as being one of the main subcontractors for the design and production of solid propellant engines for the principal European tactical missile programmes.

Over the last three years, the Company has launched new activities in the United States with a view to growing in the US Defence sector, recording significant growth in its business <sup>(1)</sup>. In September 2025, Avio also approved a business plan that envisages a significant increase in revenues by 2030, including among its planned activities the development of its own major industrial facility in the United States. In particular, in order to meet its growth and development programmes, Avio completed a capital increase of Euro 400 million in November 2025 and has the option to further increase its capital by 10% over the next few years. In addition, the Company announced to the market, on January 29, 2026, an upward revision of the 2025 guidance as a result of the increase of backlog and revenues, and exceeded market expectations in respect of net cash position. These results confirm the Company's growth perspectives for the future and, at the same time, also highlight the challenges that it will face in the coming years.

The Company also recorded significant changes in its shareholding structure and the liquidity profile of its shares, namely:

- the largest shareholder has reduced its shareholding by one third and currently holds approximately 19% of the Company's share capital (compared to approximately 29% previously held);
- the free float has increased, on the date hereof approximately equal to 60% of the total;
- approximately 20% of Avio's share capital is currently held by US investors;
- the average liquidity of the shares recorded during 2025 was more than 10 times higher than that recorded in the previous financial year 2024 <sup>(2)</sup>, and the volumes traded on foreign markets increased from approximately 20% at the beginning of 2024 to approximately 50% at the end of 2025 <sup>(3)</sup>;
- market capitalization increased considerably, to over Euro 1.5 billion.

In light of the significant growth recorded by the Company over the last three years and of the enlargement of the shareholding structure, on 29 January 2026, the Board of Directors resolved to submit to the Extraordinary Shareholders' Meeting, called on 3 March 2026, a proposal to adopt certain amendments to the By-laws regarding the governance of the Company in line with best market practices also widely adopted in the international markets where the Company's business is focusing. In particular, this proposals, carefully evaluated by the Company's corporate bodies through a review process – with the support of leading advisor – in order to analyze the benefits linked to a potential increase of the management efficiency and control systems effectiveness, includes, *inter alia*, (i) the

<sup>1</sup> Please note that Avio signed contracts with Raytheon and the US Army in July 2024, followed by new contracts signed in 2025 to provide, *inter alia*, industrial capabilities and expertise in the production, assembly, integration and testing of solid propellant engines for tactical missiles.

<sup>2</sup> Company estimates based on Factset data.

<sup>3</sup> Estimates on Bloomberg data by an advisor engaged by Avio.

streamlining of the administrative body, providing for a fixed number of 9 members (instead of the current rules, which provide for a variable number of Board members ranging from a minimum of 9 to a maximum of 11), and (ii) the amendment of the slate voting mechanism in order to assign (a) at least 7 Directors to the first slate by number of votes and (b) to reserve for the two most voted minority slates – and no longer to a single minority slate – the possibility of expressing the remaining 2 Directors (the “**Proposed Amendments to the By-Laws**”). For further information on the Proposed Amendments to the Articles of Association, please refer to the explanatory report prepared by the Company’s Board of Directors, pursuant to Article 125-*ter* of Legislative Decree 58 of 24 February 1998, as subsequently amended and supplemented, and pursuant to Article 72 of the Regulations adopted by Consob with Resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented, and published on the date hereof, *inter alia*, on the Company’s website.

For further information on the Proposed Amendments to the Bylaws, please refer to the explanatory report of the Board of Directors, prepared in accordance with Article 125-*ter* of the Consolidated Law on Finance and Article 72 of the Issuers’ Regulations, as provided for in Schedule No. 3 of Annex 3A to the Issuers’ Regulations, available, *inter alia*, on the Company’s website.

In recognition of shareholders’ prerogatives in the designation and appointment of members of the administrative body, the Board of Directors expresses its recommendation that managerial stability and continuity will be guaranteed, and that the administrative body be strengthened – where possible – the administrative body with profiles of international standing and with specific expertise in the Defence sector. In particular, continuity in management will enable the Company to leverage the institutional knowledge developed by Avio’s current management, which is necessary to sustaining the Company’s ongoing development and growth in foreign markets (*i.e.*, the United States of America), as well as to achieving Avio’s business objectives <sup>(4)</sup>.

### 3. Quantitative composition of the Board of Directors

The current Article 11.1 of the Articles of Association provides that the Company shall be managed by a Board of Directors composed of nine or eleven members, as determined by the Ordinary Shareholders’ Meeting. Please note, however, that if the Proposed Amendments to the By-Laws are approved by the Extraordinary Shareholders’ Meeting, the new Articles of Association will provide for the Board of Directors to be composed of a fixed number of nine members.

According to established corporate governance rules, the number of members of the administrative body must be appropriate to the size and complexity of the Company’s organizational structure, in order to effectively oversee all company operations, both in terms of management and control. Please note that the correct size of the administrative body must also be determined on the basis of the number and composition of the board committees, for the establishment of which a decisive role is entrusted to members who meet the independence requirement.

In this regard, please note that Avio’s current governance provides for the following internal committees of the Board of Directors: (i) the Control and Risk Committee; and (ii) the Sustainability Committee; (iii) the Appointments and Remuneration Committee.

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<sup>4</sup> Please note that the current top management of the Company (*i.e.*, the Chairman of the Board of Directors and the Chief Executive Officer of the Company) are authorised, as of today, as inside directors – meaning the members of the Board of Directors of Avio USA who are not Officer Directors (*i.e.* authorised officers of Avio USA) or outside directors (*i.e.* US persons with clearance from the Department of Defense (DoD) and approval from the Defense Counterintelligence and Security Agency (DCSA)) – on the Board of Directors of the subsidiary Avio USA, which operates in the Defense sector under a Special Security Agreement signed with the US Department of Defense.

Given the proposed amendment to the By-laws regarding the introduction of a fixed number of members of the administrative body, the Board of Directors recommends that the new Board will consider integrating the Sustainability Committee into the Control and Risk Committee (thus reducing the number of committees to two), in order to increase the efficiency and effectiveness of the performance of their respective duties. This solution is also in line with the market benchmark analysis, carried out with the support of a leading advisor, from which it results that in 53% of cases the two committees are incorporated, also in consideration of the fact that the financial statements currently include both the financial and sustainability reports.

In light of the experience gained during the last board term and market best practices, the Board also considers it appropriate to reduce the number of its members from the current 11 directors. This decrease would ensure greater effectiveness and operational and decision-making efficiency, while also would allow to containing any increase in corporate governance costs linked to the raised complexity of the scope of associated activities.

The proposed approach is also in line with established market benchmarks for companies of a size comparable to those of Avio.

Therefore, the outgoing Board of Directors considers the appointment of a Board of Directors consisting of nine members to be appropriate.

For further information on the Proposed Amendments to the Bylaws, please refer to the explanatory report of the Board of Directors, prepared in accordance with Article 125-ter of the Consolidated Law on Finance and Article 72 of the Issuers' Regulations, as provided for in Schedule No. 3 of Annex 3A to the Issuers' Regulations, available, *inter alia*, on the Company's *website*.

#### **4. Qualitative composition of the Board of Directors**

The Corporate Governance Code recommends that the administrative body be composed of executive and non-executive directors, a significant portion of whom are independent, all of whom have the professional skills and expertise appropriate to the tasks entrusted to them. The Code also emphasises that the number and skills of non-executive directors must be such as to ensure that they have a significant influence on the decisions taken by the Board, so as to guarantee effective monitoring of management.

Article 11 of the By-laws also provides that all directors must meet the eligibility and professional requirements set out in the law and other applicable provisions, as well as the integrity requirements provided for by Ministerial Decree No. 162 of 30 March 2000 and the regulations in force at the time.

Furthermore, pursuant to the current Article 11.6 of the By-laws, each slate must contain and expressly indicate at least two directors who meet the independence requirements set forth in applicable regulations and the Corporate Governance Code <sup>(5)</sup>. In this regard, please note that the Company's website, at [www.avio.com](http://www.avio.com), contains the Policy on "*Qualitative and quantitative criteria for the assessment of independence requirements pursuant to Recommendation 7, first sentence, letters c) and d), in Article 2 of the Corporate Governance Code*" last approved by the Board of Directors on 14

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<sup>5</sup> Please note that the Proposed Amendments to the Articles of Association provide that: (i) any slate containing no more than 7 (seven) candidates must include and expressly indicate at least 1 (one) director who meets the independence requirements set forth in applicable regulations and the Corporate Governance Code of Borsa Italiana S.p.A.; (ii) conversely, any slate containing more than 7 (seven) candidates must contain and expressly indicate at least 2 (two) candidates who meet the independence requirements set forth in applicable regulations and the Corporate Governance Code of Borsa Italiana S.p.A.

March 2022.

With regard to the professional skills, expertise and experience deemed necessary for the optimal qualitative composition of the Board of Directors, the latter expresses and emphasises the importance of:

- ensuring a balanced synergy of profiles, skills, aptitudes and experience, enabling the Company to effectively address and manage the challenges it will face over the next three years, as well as promoting diversity requirements in terms of international dimension (regardless of nationality), education and professional experience;
- prioritizing profiles with international professional experience that allows for a high level of understanding of global market drivers and the functioning of the Defence and Space sectors;
- identifying profiles with appropriate aptitudes and personal and professional characteristics, capable of ensuring effective collaboration and positive interpersonal interactions in the optimal performance of the role of director;
- ensuring the presence of an adequate number of independent directors, in order to encourage open and careful debate that takes into account the interests of stakeholders.

In this regard, without prejudice to the provisions of paragraph 4.1 below, please note that suitable candidate profiles may also be sought in sectors other than space and defence that have undergone similar transformation and growth, provided that the individuals selected possess managerial skills and appropriate soft skills, such as: authority, personal standing, proactivity, expertise in finance and capital markets acquired through adequate experience in highly complex Italian or international companies or in academia, strong communication and interaction skills, moral integrity, strong strategic understanding, international experience in the sectors where the Company operates, enabling an understanding of global market drivers, the ability to create value for shareholders, and sufficient time and energy to devote to the role, given its nature, quality and complexity.

#### ***4.1 Personal and professional characteristics***

Without prejudice to the provisions of the By-laws and the above, the personal and professional characteristics considered appropriate for the various roles within the Board of Directors, largely in line with those currently found, are as follows.

**The Chairman** should:

- have sufficient experience and authority to ensure the proper and transparent management of the Board of Directors, as well as to promote integration between the various skills within the Board and the necessary synergies with the Chief Executive Officer;
- possess recognised international standing and a reputation that enables him or her to act effectively as a guarantor for all shareholders and stakeholders, also taking into account the role of the Chairman of the Board of Directors under the *“Policy for managing dialogue with Avio S.p.A. shareholders and other stakeholders”* approved by the Board of Directors on 3 March 2022 (the **“Engagement Policy”**);
- possess personal characteristics that foster a strong sense of cohesion among the members of the Board of Directors and mutual trust;
- have adequate knowledge of corporate governance, having gained significant previous experience in the governance of listed companies;
- possess adequate knowledge of the international capital market, both on regulated and private

markets;

- possess expertise in the economic and financial field and have gained previous experience in extraordinary transactions and growth investments, as well as experience and familiarity with the management of strategic and business issues within boards of directors; and
- have adequate knowledge of the space and defence sector and its main drivers, preferably with direct experience in the various segments of the sector.

**The Chief Executive Officer** should:

- have consolidated previous experience in the role of Chief Executive Officer of listed multinational companies and have gained experience in managing international businesses, with a high level of complexity in terms of geography, markets/products and technologies, in the space and defence sector;
- have specific knowledge of the space and defence sector and its main drivers, preferably with direct experience in the space launchers and missile propulsion systems sector, at least in Europe and the United States;
- possess a strong ability to develop strategic vision to define Avio's future role and positioning in the sector, taking into account existing and future constraints and market opportunities;
- have the ability to manage relations with Avio's main stakeholders and with national and international institutions (international institutional and private customers, international industrial partners, national and international institutions, with particular reference to those in the European Union and the United States);
- possess the ability to manage relations with investors and investment management companies in regulated capital markets, also taking into account the role assigned to the Chief Executive Officer by the Engagement Policy, and also have the ability to build relationships in the private capital sector, both equity and debt, on an international basis;
- have a vision and ability to oversee the entire industrial chain, manage the main aspects of operational and industrial activities, and have experience in managing international industrial partnerships. In addition, knowledge of production processes and product platforms over a multi-year period and experience in companies that have had to adapt to new technological and production paradigms are considered positively;
- have experience in M&A/acquisitions aimed at growth in size and/or the acquisition of new skills and technologies, as well as experience in project financing with regard to the implementation of new greenfield investment projects;
- possess personal skills suited to leadership and a management style oriented towards teamwork, including the ability to motivate and express technical and managerial authority, a strong aptitude for communicating ideals and values, transparency, the ability to communicate a strong sense of belonging, the ability to understand and adapt to external changes, and the ability to take an entrepreneurial approach to business growth prospects.
- possess adequate knowledge of the English language and the US regulatory framework on national security, as well as professional skills recognised by local authorities that enable the holder to take on roles of responsibility in the governance of the subsidiary Avio USA.

Furthermore, in view of the strategic importance of the sector in which the Company operates, the renewal of the administrative body must comply with the conditions established by the Presidency of the Council of Ministers, pursuant to Article 1, paragraph 1, letter a) of Decree Law No. 21 of 15 March

2012, converted by Law No. 56 of 11 May 2012 (the so-called golden power decree). In this regard, please note that the Prime Ministerial Decree of 24 November 2016 establishes that the Chief Executive Officer of Avio must be an Italian citizen.

**The 8 Directors other than the Chief Executive Officer, including the Chairman of the Board of Directors,** should all be non-executive and **predominantly independent**. In general, these directors should:

- a) have proven managerial and/or professional skills that are diverse in order to provide a set of complementary skills and experience. In particular, it is recommended that candidates for the role of Director preferably possess one or more of the following professional characteristics:
  - experience and expertise in legal, corporate and/or compliance matters;
  - experience and expertise in sustainability issues relating to environmental, social and governance matters and their impact on business;
  - experience and expertise in capital markets (both regulated and private, both equity and debt);
  - experience in top-level institutional relations on an international basis;
  - experience in the space sector, on the end-customer side, or in related sectors;
  - experience in the military sector, particularly in the field of missiles;
  - knowledge and experience in the space and defence sectors in the United States and of the regulations in force in those countries regarding national security and the control of exports of technological information;
  - experience in the top management of listed companies or companies of comparable complexity and size to Avio;
  - experience and expertise in finance, accounting and/or risk management;
  - experience in organisational and human resources aspects as well as in top management remuneration policy through incentive tools, including share-based incentives.

In addition, candidates with an entrepreneurial approach who have expertise in finance and capital markets, as well as international experience, are preferred.

The following requirements are also recommended:

- belonging to different genders and age groups, in line with Avio's Diversity Policy;
- being individuals with very solid managerial and/or professional profiles, in order to achieve a set of diverse and complementary skills and experiences, capable of ensuring that the Board of Directors effectively oversees the governance of the Company;
- in-depth knowledge of financial issues through managerial and/or professional experience;
- possessing adequate seniority, understood as proven experience in complex organisational contexts in the corporate and/or professional and/or institutional sphere;
- having gained experience on the boards of directors of companies, preferably listed and/or international in nature;
- having a thorough knowledge of the English language;
- knowledge of Information Technology, Digital, Cyber-Security and Artificial Intelligence.

## 4.2 *Gender quotas*

The By-laws provide that the appointment of the Board of Directors shall be carried out in such a way as to ensure that the composition of the Board complies with the laws and regulations in force at the time regarding gender balance.

In this regard, please note that pursuant to Article 147-ter of the Consolidated Law on Finance, as last amended by Law No. 160/2019, the less represented gender must comprise at least two-fifths of the Directors to be elected. Please note that, at the time of publication of this opinion, the outgoing Board of Directors is composed of 5 male members out of a total of 11 members.

Pursuant to Article 11.6 of the By-laws and Article 4.1 of the Diversity Policy, slates for the renewal of the administrative body containing three or more candidates may not consist solely of candidates of the same gender; these slates must include a number of candidates of the less represented gender such as to ensure that the composition of the Board of Directors complies with the legal and regulatory provisions in force from time to time regarding gender balance, it being understood that if the application of the gender distribution criterion does not result in a whole number, this must be rounded up to the next higher unit.

## 4.3 *Multiple roles*

The availability of time to devote to the performance of the role is a fundamental requirement that Directors must be able to ensure in order to diligently perform their duties, taking into account the role held and any positions on Board committees that they may be called upon to hold, as provided for in the annual report on corporate governance and ownership structure.

In accordance with the principles set out in the Corporate Governance Code, it is therefore recommended that candidates accept their nomination and the position of Director only if they believe they can devote the necessary time to the diligent performance of their duties, also taking into account the commitment involved in their other business and professional activities and the number of positions held in other listed companies or companies of significant size.

In particular, in accordance with the provisions of the Diversity Policy and for the purposes of these guidelines, specific account is taken of positions held in companies listed on regulated markets (including foreign markets) (the “**Relevant Companies**”).

### *Chair of the Board of Directors*

The following positions are deemed consistent with the effective performance of the role of Chairman of the Board of Directors:

- no executive positions in other Relevant Companies
- no more than two non-executive positions or positions as statutory auditor in other Relevant Companies.

### *Chief Executive Officer and other executive directors with management powers*

The following positions are deemed consistent with the effective performance of the role of Chief Executive Officer of Avio:

- no executive positions in other Relevant Companies;
- no more than two non-executive positions or positions as statutory auditor in other Relevant Companies.

The same limits also apply to any additional executive directors to whom the Avio Board of Directors

has delegated management powers.

*Non-executive director*

The following positions are deemed consistent with the effective performance of the role of non-executive director of Avio:

- no more than one executive position in other Relevant Companies;
- no more than three non-executive or statutory auditor positions in other Relevant Companies.

In any case, the above limits do not apply to positions held by Avio directors in companies that are directly and/or indirectly controlled by or invested in by Avio, control Avio or are subject to joint control.

Similarly, positions held within companies belonging to the same Group of Relevant Companies are excluded from the calculation of the total number of positions held.

If the above limits are exceeded, the directors shall promptly inform Avio's Board of Directors, which shall assess the situation in light of the specific case and/or the interests of the Company. Following such assessments, the Board of Directors shall request the director to take the necessary decisions, without prejudice to the Board's right to grant any justified exceptions to the maximum limit on the number of positions indicated above. Based on the information provided by its members, Avio's Board of Directors shall identify and disclose, in its annual report on corporate governance and ownership structure, the positions held by them in the administrative and control bodies of other Relevant Companies, providing evidence of any exemptions granted.

THE BOARD OF DIRECTORS