

Sustainability

is a continued priority

2020 was a landmark year for sustainability, as the Company made pioneering sustainable aerospace a strategic goal in line with its purpose: We pioneer sustainable aerospace for a safe and united world.

Sustainability helps both the Company's long-term success and its responsibility for meeting society's present needs without compromising those of future generations. For the Company, the term sustainability fully encompasses the notions of both responsibility and sustainability, in line with current business practices, and reflects a more comprehensive and integrated approach to the topic. Acting responsibly is a prerequisite to ensuring sustainability.

The Board Committee overseeing Ethics and Compliance broadened its scope in 2020 and became the Ethics, Compliance and Sustainability Committee, taking responsibility for embedding sustainability-related topics in strategy and objectives. The Company's progress on sustainability topics now represents an important part of its remuneration policy.

By adopting the United Nations' Sustainable Development Goals (SDGs) framework, the Company has embraced a shared blueprint for the future. The sustainability strategy was refined during the year to emphasise four core commitments linked to the SDGs. Goals for each of these commitments will be finalised in 2021, with clear targets and key performance indicators so that progress can be monitored. To accelerate the Company's sustainability initiatives, a new Sustainability and

Environment function was formed from the combination of two predecessor departments.

The four priority commitments in sustainability are as follows. The list also includes references to the relevant SDGs:

Sustainability commitments

1. Lead the journey towards clean aerospace (SDG 9 Industry, innovation & infrastructure; SDG 12 Responsible consumption & production; SDG 13 Climate action; SDG 17 Partnerships for the goals)

The Company's foremost ambition as an aircraft manufacturer is to be a leader in the decarbonisation of aviation, as demonstrated by the unveiling in 2020 of the 'ZEROe' hybrid-hydrogen concept aircraft. A core ambition is to bring the world's first zero-emission commercial aircraft to market by 2035. The Company is also investing resources into examining and reducing the impact of its in-service products together with all actors in the sector. Reporting has been extended to include the in-use emissions of commercial aircraft delivered in 2019 and 2020 – known as the Use of Sold Products (Scope 3).

Turning to industrial operations, the High5+ initiative aims to reduce the footprint of all Airbus activities globally and across the supply chain. It has specific targets for 2030, against a 2015 base line, for cutting energy consumption, CO₂ emissions, water consumption, volatile organic compound emissions and waste production.

The Company has included targets of a 3% further reduction in CO₂ emissions and a 5% reduction in purchased water for 2021 as part of its top objectives compared to 2020.



Commitment to the UN SDGs

The Company continues to support the United Nations' Sustainable Development Goals (SDGs) by acting responsibly, leading sustainable innovation and partnering with stakeholders to set the standards in aerospace and defence.



Quality education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



Gender equality

Achieve gender equality and empower all women and girls.



Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Industry, innovation, and infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.



Responsible consumption and production

Ensure sustainable consumption and production patterns.



Climate action

Take urgent action to combat climate change and its impacts.



Peace, justice and strong institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.



Partnerships for the goals

Strengthen the means of implementation and revitalise the global partnership for sustainable development.

2. Respect human rights and foster inclusion

(SDG 4 Quality education; SDG 5 Gender equality; SDG 8 Decent work & economic growth; SDG 16 Peace, justice & strong institutions)

During 2020, a new Human Rights Steering Committee was established, which provides strategic guidance to support related decision making. The Company continued its efforts to improve gender balance, including the number of women in management positions, as well as awareness of disability. Twenty-six percent of all new recruits were female during 2020. There are two female members of the Executive Committee and three female members of the Board of Directors. The Company also took part in programmes to promote quality education and mentorship for young people from socially deprived backgrounds.

3. Build our business on the foundation of safety and quality

(SDG 8 Decent work & economic growth; SDG 12 Responsible consumption & production)

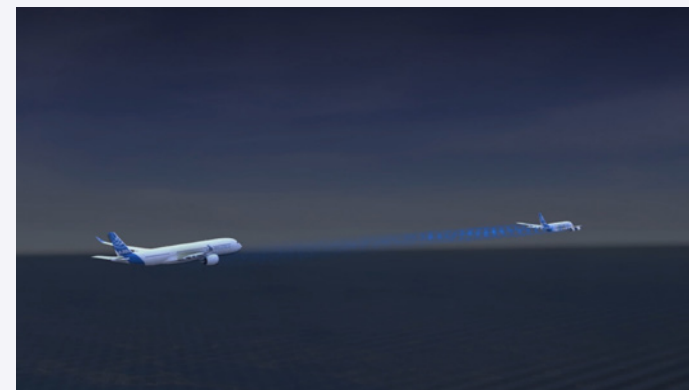
The Company's number one priority is the continued safe transport of everyone, and everything, that flies aboard its products. In 2020, a range of activities were pursued to promote a strong health and safety culture. Included was the People Safety at Work initiative, which deployed various packages at company sites focused on industrial changes and culture-change activities. During the year, considerable health and safety efforts were focused on the management of COVID-19 issues to safeguard employees' health and welfare. Despite the challenging environment, more than 103,070 hours of health and safety training were delivered to 37,599 individual employees between October 2019 and September 2020.

4. Exemplify business integrity

(SDG 16 Peace, justice & strong institutions)

Ethics and Compliance (E&C) continued to be a top priority, as it was in 2019 and 2018. In its list of priorities for 2020, the Company set the objective to: "Adapt our company and workforce to the crisis in a responsible manner that upholds our values, while ensuring health and safety and reinforcing our commitment to Ethics and Compliance." As in previous years, there was a strong focus on relevant training for employees. Between 1 October 2019 and 30 September 2020, employees followed 309,682 E&C e-learning sessions, including on bribery, corruption and export control. Additionally, 3,501 employees attended live classroom training on different E&C topics in 2020, the majority of which was delivered in virtual classrooms due to the pandemic.

More information about the Company's sustainability activities and strategy can be found in the Non-Financial Information section of the Universal Registration Document 2020.



Partners join fello'fly initiative

Airbus was joined by two airline customers and three air navigation service providers to demonstrate the operational feasibility of its fello'fly initiative. Imitating the behaviour of birds, which fly together to use as little energy as possible, flying an aircraft in the smooth updraft of another aircraft could reduce fuel consumption by 5-10% per trip.



Airbus Foundation's active year

In a year when many children were forced to study from home, the Airbus Foundation launched its #AirbusDiscoverAtHome series on social media. It also continued to deliver aid to disaster zones. Following a major explosion, the Foundation and its partners sent a fully-loaded A350 to Beirut with 90 cubic metres of aid on board.

1.2 Non-Financial Information

1.2.1 The Company's Approach to Sustainability

The Company is now using the term "sustainability" to fully encompass both the notions of responsibility and sustainability, not only to be in line with current business practices but also to reflect a more comprehensive and integrated approach to sustainability. It understands that acting responsibly is a prerequisite, essential to ensuring sustainability, now at the heart of the Company's new purpose and business strategy. For a description of the Company's business model and strategy, see "– Information on the Company's Activities – 1.1.1 Overview".

Sustainability at the Company focuses on the long term success of the Company while ensuring that society can meet its present needs without compromising the ability of future generations to do the same. By adopting the 17 United Nations Sustainable Development Goals ("SDGs"), the Company embraces a shared blueprint and common reference as to what will guarantee a sustainable future. It also offers a framework to align its sustainability contributions.

In 2019, with the impulse of the Next Chapter transformation, the Company took on the task of rethinking its company purpose and in identifying its most essential contributions to society. With its new purpose statement "We pioneer sustainable aerospace for a safe and united world", the Company defines why it exists: to lead the way in the decarbonisation of our industry and sustainable global travel, to unite and safeguard the citizens of the world, and continually expand human knowledge of our universe, from critical events on earth to the exploration of space.

The Company's purpose is brought to life *via* its strategy which defines what it does, plans and prioritises. The "what it does" is reflected first and foremost in the product and services portfolio offered to its customers. Its aircraft are essential to uniting families, business leaders, medical professionals, students and diplomats worldwide. In 2019, the aviation sector helped unite 4.5 billion passengers⁽¹⁾, many of which used Airbus aircraft. In parallel, its helicopters are critical to ensuring medical emergency missions, firefighting missions, search and rescue missions and the performance of geological and wildlife surveys amongst others.

Its defence and space portfolio assists government authorities, emergency service providers and healthcare providers in safeguarding citizens worldwide by providing communication, collaboration and intelligence knowledge solutions. Solutions such as Airbus Earth monitoring systems are critical to better understanding the impact of climate change and to monitoring deforestation, ensuring positive contributions to SDG 13, "Climate Action" and SDG 15, "Life on Land".

The COVID-19 crisis has also revealed aviation's significant value under such critical circumstances, by transporting such goods as masks and ventilators in record time, making a key contribution to SDG 3, "Good Health and Wellbeing". In addition, aircraft helped stranded families return home, thanks to 39,200 repatriation flights of 5.4 million passengers between March and September 2020. As many faced travel restrictions, this crisis has also raised awareness of the psychological benefits of travel and the physical connection for which the Company and the industry play an essential role.

Conscious of the valuable societal needs the Company can satisfy *via* its range of products and services, Airbus wants to lead a sustainable industry transformation.

Furthermore, the Company's contribution to society and the SDGs goes well beyond what it offers directly through its products and services.

For example, it also contributes significantly to SDG 8 "Decent Work and Economic Growth". According to the 2019 ATAG Benefits Beyond Borders fact sheet, prior to the COVID-19 crisis, the aviation sector supported 87.7 million jobs worldwide, 11.3 million of which were direct jobs in the industry, known for its high-value added professions. Another 18.1 million jobs were supported through the aviation industry supply chain and 13.5 million through induced benefits of industry and employee spending. Finally another 44.8 million jobs supported in the tourism industry.

(1) ATAG Aviation Benefits Beyond Borders Global Fact Sheet – September 2020.

Economic benefits

87.7 million

Jobs supported by aviation worldwide

- 11.3 million direct jobs in the industry:
 - 648,000 at airport operators
 - 5.5 million in other on-airport jobs
 - 3.6 million at airlines
 - 1.3 million in civil aerospace
 - 237,000 at air navigation service providers
- 18.1 million jobs supported through the aviation industry supply chain
- 13.5 million jobs through induced benefits of industry and employee spending
- 44.8 million jobs supported in the tourism industry

\$3.5 trillion

Global contribution to GDP, 2018
(4.1% of world economic activity)

4.3x

Aviation jobs are, on average,
4.3 times more productive than other jobs

35%

Worldwide trade by value carried
by air transport, 2018 (\$6.5 trillion).
By volume: 0.5%

17th

If aviation were a country, it would rank
17th in size by GDP

Reference: ATAG Aviation Benefits Beyond Borders Global Fact Sheet – September 2020.

The COVID-19 crisis has also put the important economic contribution of aviation in the spotlight, as travel restrictions and health preoccupations slowed global traffic dramatically. According to the September 2019 ATAG COVID-19 Analysis Fact Sheet, 46 million jobs and US\$ 1.8 trillion worth of economic activity, normally supported by aviation, were at risk.

Despite these exceptional circumstances, Airbus continues to play an important role in welcoming thousands of apprentices, working students, interns and young graduates thanks to its extensive early career programs, making it a major contributor to SDG 4, "Quality Education". In Germany alone, there were over 2,000 apprentices and dual students employed as of 31 December 2020 with 640 of them being new entries over the year.

Airbus is conscious of the value it brings to society, and it wants to bring this value in a sustainable way, ensuring it can continue to unite and safeguard while minimising its social and environmental impact. This remains a challenge that the Company is taking seriously as demonstrated by its "ZEROe" concepts, Airbus is targeting the world's first zero-emission commercial aircraft to enter service by 2035. Pioneering sustainable aerospace can offer the Company a competitive advantage, while improving resilience, and ensuring it maintains its license to operate. Conversely, lack of progress could represent a risk to the Company. Beyond the influence of its purpose, this explains why sustainability is an essential part of the corporate strategy.

In 2020, to increase its focus on sustainability efforts, the Company revamped its sustainability strategic framework around the following four priority commitments:

– Lead the journey towards clean aerospace



– Respect human rights and foster inclusion



– Build our business on the foundation of safety and quality, and



– Exemplify business integrity



The process of constructing and selecting these four commitments was a multi-functional effort, led by the Sustainability & Environment and Strategy teams, with the support of Corporate Affairs and of members of the Sustainability Network (formerly known as the R&S Network) regrouping representatives across numerous functions of the Company.

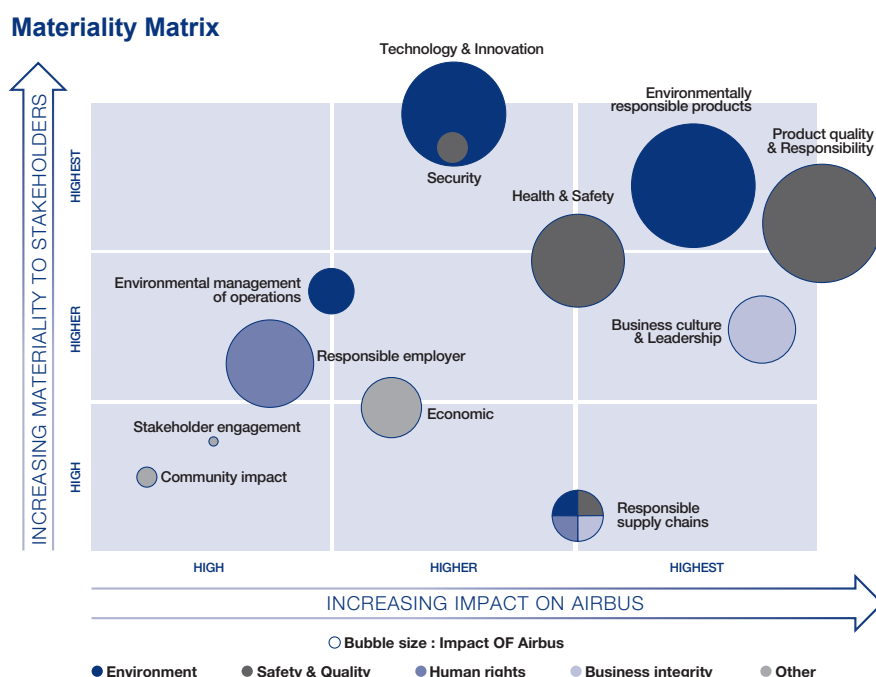
The objective is to set clear ambitions across each commitment with agreed key performance indicators ("KPIs") and targets enabling the Company to monitor progress towards these ambitions. This process has begun in 2020 and will continue to mature over 2021.

Several sources were essential in deciding on the four commitments, including the 2019 materiality assessment, a thorough benchmark, an analysis of market and regulatory trends, an evaluation of ESG risks in the Company's risk report, a gap analysis and the consideration of the Company's values.

Conscious that a business cannot be sustainable without creating shared long-term value for all of its stakeholders, dialogue is an important part of the Company's approach to sustainability. The responsibility for stakeholder engagement, as a general rule, is decentralised and employees are encouraged to initiate, develop and maintain relationships and dialogue with their respective stakeholders. However, at a more strategic level the 2019 materiality assessment was a critical exercise in capturing the voice of 12 of its most important stakeholder groups, helping the Company identify which ESG issues were most material to them, and integrating this into its strategy. These key stakeholder groups included customers, suppliers, partners, NGOs, investors, employees, authorities, governments, industry associations, MRO providers, airports and the community at large.

The materiality viewpoint of stakeholders was compared with that of the Company, in addition to an analysis of which ESG issues it had, or could have, the most impact on. This led to the following three-dimensional materiality matrix, fundamental in establishing the Company's four commitments.

Materiality matrix 2020



Source: Datamaran.

Governance and Organisation

2020 was also a year when the Company strengthened its governance around sustainability. The former Ethics & Compliance Committee of the Board of Directors was expanded to include sustainability as a whole, with the first meeting of the Ethics, Compliance and Sustainability Committee ("ECSC") taking place in October 2020. For further information about the ECSC, see "– Corporate Governance – 4.1.1 Corporate Governance Arrangements".

The ECSC is responsible for assisting the Board of Directors to oversee the Company's:

- culture and commitment to ethical business, integrity and sustainability;
- Ethics & Compliance programme, organisation and framework for the effective governance of ethics and compliance, including all associated internal policies, procedures and controls; and
- sustainability strategy and effective governance to ensure that sustainability-related topics are taken into account in the Company's strategy and objectives.

Under the Board Rules, the Board of Directors delegates the day-to-day management of the Company to the CEO, who, supported by the Executive Committee makes decisions with respect to the management of the Company, including sustainability. The Executive Committee has the responsibility to provide top level expectations and direction while overseeing and validating the sustainability strategy. This entails validating sustainability targets including those integrated into the Top Company Objectives.

The Executive Committee is supported by several committees or boards linked to our four sustainability commitments. The Environment Executive Steering Committee, the Inclusion & Diversity Board as well as the Product Safety Board. Other sustainability topics are brought directly to the attention of the Executive Committee without first being discussed in specific committees or boards.



On the organisational front, an important step came in January 2020 when the former Responsibility & Sustainability and Environmental Affairs departments merged to create one new integrated department, named Sustainability & Environment. The aim is to leverage the expertise of the former Environmental Affairs team in regulatory monitoring and management systems to accelerate the overall sustainability ambitions of the Company. Within this new department, a dedicated "Develop & Engage" team was created to help develop a greater coordination and advancement of sustainability policies, objectives, and roadmaps across countries, Divisions, affiliates and regions. It also aims to develop global plans for employee engagement in sustainability and for employee involvement in local communities.

The Company also believes the integration of sustainability criteria in its reward mechanisms is an important enabler for accelerating its sustainability ambitions. In 2020, the Company integrated a sustainability component into the Common Collective Component of the CEO's Variable Remuneration, accounting for 20% of the payout. This principle also applied to the other members of the Executive Committee who do not serve on the Board of Directors, and to a large extent to all Executives employed at the Company. As for employees below senior manager level, sustainability criteria has been integrated as part of the operational targets impacting the payout of success sharing schemes which are implemented in the Company in more than 30 countries. For more details regarding the Company's remuneration schemes, see "– Corporate Governance – 4.2 Remuneration Policy".

Reporting

In regards to overall sustainability reporting the Company has chosen to report against the Global Reporting Initiative ("GRI") standards. Not only are these standards one of the most internationally used and recognised reporting standards today, but their intent is to answer the needs of a variety of stakeholder groups, which is also aligned with the Company's focus on stakeholder engagement and dialogue.

Furthermore, as a member of the UN Global Compact since 2003, the Company submits annually its Communication on Progress and has reached "Advanced Level".

You will find these issues covered within the following Sections of this chapter:

- **Lead the journey towards clean aerospace:**
 - 1.2.2 Environment ("environmentally responsible products" and "environmental management of operations" in the matrix);
- **Build our business on the foundation of safety and quality⁽¹⁾:**
 - 1.2.3(a) Aviation and Product Safety ("product quality & responsibility" in the matrix),
 - 1.2.3(b) Health and Safety (same in the matrix);
- **Respect human rights and foster inclusion:**
 - 1.2.4(a) Human Rights ("responsible employer" in the matrix),
 - 1.2.4(b) Inclusion and Diversity ("responsible employer" in the matrix),
 - 1.2.4(c) Labour Relations ("responsible employer" in the matrix),
 - 1.2.4(d) Workforce ("responsible employer" in the matrix),
- **1.2.5 Exemplify business integrity:** Ethical business practices ("business culture & leadership" in the matrix),
- **1.2.6 Responsible supply chain** ("responsible supply chains" in the matrix), and
- **1.2.7 Community engagement** ("community impact" in the matrix).

(1) See section 1.1.8 for Research & Technology ("technology and innovation" in the matrix).

Airbus' Way Forward: Vigilance Plan

The Company is determined to conduct its business responsibly and with integrity. The Company is convinced that promoting responsible business conduct within its value chain is key to sustainable growth.

The Company is determined to drive its four sustainability commitments across its value chain. They include commitments linked to human rights, health and safety and the environment. In 2020, even greater focus has been placed on Airbus' supply chain. With the launch of a dedicated Sustainable Supply Chain Roadmap, the Company intends to accelerate improvements upstream. For the Company's Vigilance Plan for its supply chain, see "– 1.2.6 Responsible Supply Chain", which shall be deemed to be incorporated by reference and form part of this plan.

As far as its own operations are concerned, the Company has adopted internal policies and management tools to perform the assessment, monitoring, mitigation and reporting of risk and compliance allegations, which are embedded into the Company's culture and processes. At the Company, heads of programmes and functions, as well as managing directors of affiliates, supported by respective internal specialists, shall ensure proper deployment of the Company's policies, management of ERM in their fields or perimeters, as well as duly reporting issues to top management. The Company's approach is based on its existing strengths, namely a strong management process already established and adopted by employees, empowerment of specialists and an industry approach whenever possible.

With regard to risk management, the Company performed an in-depth review of its ERM system in 2017 in order to identify potential missing risks related to human rights and fundamental freedoms, health and safety and the environment. Since then, the ERM system is continuously evolving to take into account the most significant risks which can be generated as part of the Company's operations. During 2020, these risks and related response plans were consolidated and were reported to the Company's top management on a regular basis. Sustainability risks are structured around four topics reflecting the Company's four sustainability commitments: environment, human rights, safety, and business integrity. To increase the consideration of sustainability subjects across the Company, the ERM Center of Competence 2020 Confirmation Letter required all organisations to assess if human rights, health & safety and environment risks are identified, assessed, and response plans are in place, and eventually define improvement actions to address these types of risks. For further information on ERM, see "– Corporate Governance – 4.1.3 Enterprise Risk Management System". For further information on the Company's risks, see "– Risk Factors".

To support our commitment to and promotion of a "SpeakUp" culture, the Company has an "OpenLine" to provide employees and third parties with an avenue for raising concerns in a confidential way. For further information on the OpenLine, see "– 1.2.5 Exemplify Business Integrity".

To continuously drive improvement, the Company offers employees over 400 training opportunities, online and in-person, linked to human rights, diversity, health and safety, ethics & compliance, and environmental matters. It continues to deploy the Directors' training programme which is dedicated to risk-exposed populations, such as Managing Directors, Heads of Finance and Board Members of affiliates.

The Airbus Leadership University took the lead to embed sustainability commitments into the development solutions it offers, in order to ensure the Company's managers are trained and equipped to instil the right behaviours, foster cultural change and encourage the search for innovative solutions to answer societal challenges. For example, the Company offers its executives a day-long "Responsible and Ethical Leadership" MasterClass. In addition, in 2020, the Company launched a learning journey for all its leaders with team management responsibilities which includes, as one of its key pillars, the promotion of sustainable business practices.

The foundation for integrity at the Company is the Code of Conduct, which is intended to guide daily behaviour and help employees resolve the most common ethical and compliance issues that they may encounter. The Code of Conduct applies to all employees, officers and directors of the Company as well as entities that the Company controls. Third-party stakeholders with whom the Company engages are also expected to adhere to the Code of Conduct in the course of performing work on the Company's behalf.

All affiliates of the Company (affiliates where the Company owns more than one half of the voting rights, or is able to appoint or discharge more than one half of the members of the Board) with operational activities are expected to deploy similar internal policies applying the Company's directives.

A corporate directive assists the Company affiliates in effectively fulfilling their responsibilities while assuring the Company's ongoing commitment to high standards of corporate governance.

In 2020, the Company, working closely with its two Divisions, approved an update of the company-wide single directive on corporate governance for the Company's affiliates, which defines rules, processes and procedures applicable to the Company's affiliates and their respective boards, directors and officers. The Company leveraged this in-depth work to integrate enhanced requirements on labour and human rights, environment, health and safety and procurement matters into the new directive on the basis of Company related internal policies including:

- International Framework Agreement;
- Agreement on the European Works Council;
- Supplier Code of Conduct;
- Health & Safety Policy;
- the Company's Code of Conduct;
- Environmental Policy;
- the Company's Anti-corruption Policy and related Directives.

Since September 2018, this directive has become a reference for all affiliates from all Divisions, and the Company is working on a regular yearly update to constantly improve it. Based on the updated directive, a newly harmonised questionnaire was sent to all controlled affiliates in 2020 to self-assess their internal controls, including how they relate to the environment, health & safety, human resources and procurement compliance requirements. Regarding the above activities, controlled affiliates were asked to confirm that all relevant Company policies were accessible to their employees and duly communicated to them. If that is not the case, controlled affiliates shall take appropriate actions to remediate the gaps.

To verify that the answers provided to the questionnaire are in line with the Company's expectations, so-called "Fit" checks started to be performed in 2018 on some Finance, Compliance and Governance key controls for controlled affiliates of the Company and its two Divisions. From 20 Fit checks performed in 2018, the Company increased to 70 in 2019 and reached 79 Fit checks in 2020 despite the COVID-19 crisis. 85 Fit checks are targeted in 2021.

Since 2019, affiliates are also asked to regularly evaluate risks via the Company's ERM system, as well as to regularly monitor them as part of their risk assessment process. The Company endeavours to ensure that the procedures to assess, investigate and manage allegations are well aligned throughout the Company.

In 2020, the internal controls process has been reinforced and the coverage extended to jointly controlled and non-controlled affiliates to mainly ensure the proper application of relevant compliance and sustainability policies.

Each affiliate with operational activities has in place a Board of Directors and/or a shareholders' meeting where strategic decisions are made. Each affiliate has an Airbus supervisor who is a member or Chairman of the Board of Directors who ensures that all the Company's requirements are considered by the affiliate's management. At least once a year the agenda of the Board of Directors will include an update on ethics and compliance matters (including training, awareness and any other relevant issues).

For its principal and operational minority joint ventures, the Company will work with the joint-venture partners to ensure the proper application of relevant compliance and sustainability policies.

For further information on the Company's approach to the environment, see "– 1.2.2 Lead the Journey Towards Clean Aerospace – Environment". For further information on the Company's approach to human rights and health and safety, see 1.2.4 and 1.2.3 respectively.

1.2.2 Lead the Journey Towards Clean Aerospace

Environment

I. Introduction

In line with the Company's purpose "**pioneering sustainable aerospace for a safe and united world**" and to drive the transition of the air transport system towards climate neutrality, our foremost ambition as an aircraft manufacturer is to bring the first zero emission (also referred to as "**ZEROe**") commercial aircraft to the market by the mid of the next decade and to play a leading role in the decarbonisation of the aviation sector. The Company is investing major resources into examining and reducing the impact of its products in operation together with all actors within the aviation sector. As a supporter of the Task Force on Climate-related Financial Disclosures ("**TCFD**"), the Company does not only rigorously track and measure its own impact in its sites, products and services, but it also works in cooperation with its worldwide supply chain to drive more effective environmental management, decarbonise its industry and foster circularity by optimising resource utilisation. To help the Company reach its vision it places innovation at the core of this effort by investing in research, new technologies and sustainable solutions.

II. Governance

Environmental policy

The Company has put sustainability at the heart of its company strategy and governance, making it a clear priority. We take a holistic approach to measuring and acting upon our environmental performance by assessing the environmental impact of our internal operations as well as providing capabilities to our customers to reduce the impact of the products in operation. This also means introducing a lifecycle perspective

and mitigating the risks and impacts at all stages along the lifecycle, from the procurement of raw materials, through the design and manufacturing of our products, to their in-service life until their retirement.

This is driven through the Company's environmental policy and it is illustrated by four key ambitions:

- lead the decarbonisation of the aerospace sector aiming to bring the first zero emission commercial aircraft to market by 2035;
- reduce our industrial environmental footprint at sites worldwide and throughout our supply chain;
- develop a more circular model, leveraging ecodesign and digitalisation to optimise material utilisation and reduce use of critical resources;
- enhance our current product and services portfolio contributing positively to climate change mitigation and adaptation.

The industry faces a variety of environmental challenges, including climate change, and the Company invests and cooperates with stakeholders across the value-chain in researching and implementing innovative ways to meet them.

The Company recognises its role in contributing to reduce the global environmental footprint of the sector and the importance of aligning and respecting the commitments of the Paris Agreement. Climate change may also affect the environmental conditions in which the Company's manufacturing activities and products are operated. Another area of attention is the elimination of regulated substances posing a risk to human health or the environment. The Company is continually seeking technically-feasible sustainable solutions to reduce the environmental impacts of its products and operations, in cooperation with its suppliers and industrial stakeholders.

Organisation and responsibilities

Two main management structures are relevant for the governance in sustainability matters and climate change: the Board of Directors and the Executive Committee.

As mentioned above, the Board of Directors is supported by its recently expanded committee, the ECSC. In practical terms, the ECSC as a committee of the Supervisory Board oversees strategic decision-making and the execution of the approved sustainability strategy, including areas such as innovation and environmental and climate action.

Nonetheless, until today, carbon reduction initiatives and sustainability projects have been regularly discussed at Board of Directors level under the review of the "General report" which is part of the first items on the agenda of each Board meeting.

To support the Executive Committee in environmental matters, especially climate-related, an Environment Executive Steering Committee ("**EnC**") was established. The EnC gathers some members of the Executive Committee and senior managers responsible for environmental topics. It meets monthly to review the progress and take decisions on all matters related to the environmental strategy. The EnC reviews climate change related topics, including the progress on greenhouse gas ("**GHG**") emissions reduction objectives, the decarbonisation strategy and climate related risks.

Environmental operations are led by the Sustainability & Environment department described above, whose role is to guide the business in environmental matters and to set the policy and deploy, drive and improve the Environmental Management System ("**EMS**") throughout the Company.

The Company's EMS is based on ISO 14001:2015. Airbus was the first aircraft manufacturer to be ISO 14001 certified, and continues to show its commitment by having been recertified to ISO 14001: 2015 in November 2019, and confirmed by a certification surveillance audit in 2020. Airbus also monitors environmental regulatory developments to understand, evaluate and prepare for legal and regulatory evolutions applicable to its activities and products.

Disclosure of environmental indicators

The Company actively monitors its environmental data throughout the organisation in order to measure the environmental impact of its site operations, track its performance and communicate information on environmental matters to internal and external stakeholders.

Since 2010, the Company has published environmental data verified by external auditors. Below is a selection of externally reviewed environmental indicators.

Annual reporting of performance indicators table

Environmental performance	GRI	KPI	Unit	2020	2019
Energy	EN3	Total energy consumption (excluded electricity generated by CHP on site for own use) ✓	GWh	3,482	4,108
		Energy consumption from stationary sources ✓	GWh	1,270	1,391
		Energy consumption from mobile sources ✓	GWh	794	1,113
		Total electricity consumption, heat & steam consumption excluding CHP for own use ✓	GWh	1,417	1,604
		Of which purchased electricity from renewable sources (REC)	GWh	226	142
		Generated electricity from CHP on-site for own use ✓	GWh	179	188
Air emissions	EN16	Total Scope 1 + Scope 2 CO ₂ emissions ✓	ktons CO ₂ e	783	954
		Total direct CO ₂ emissions (Scope 1) ✓	ktons CO ₂ e	470	578
		Total indirect CO ₂ emissions (Scope 2) ✓	ktons CO ₂ e	313	376
	EN17	Indirect CO ₂ emissions Business Travel (Scope 3) ✓	ktons CO ₂ e	22	109
		Indirect CO ₂ emissions Oversize Transportation ⁽¹⁾ (Scope 3)	ktons CO ₂ e	128	169
		Indirect CO ₂ emissions Use of Sold Product (Scope 3) ✓	ktons CO ₂ e	443,252	736,003
		Of which indirect emissions from the production of fuel ✓	ktons CO ₂ e	79,313	131,696
	EN20	Total VOC emissions ⁽²⁾ ✓	tons	1,112	1,474
Water	EN21	Total SOx emissions	tons	14	15
		Total NO _x emissions	tons	238	282
	EN8	Total water consumption ✓	m ³	3,332,617	4,081,726
Waste	EN22	Total water discharge	m ³	3,090,932	3,754,017
		Total waste production, excluding exceptional waste ✓	tons	74,879	99,361
		Material recovery rate ✓	%	51.0	53.9
EMS certification	EN23	Energy recovery rate	%	20.7	21.2
		Number of sites with ISO 14001 / EMAS certification ⁽³⁾ vs total number of covered by environmental reporting	Unit	62/79	62/80
		Workforce effectively covered by reporting over workforce subject to reporting according to the environmental guidelines	%	96	94

Geographical scope

- Reported data covers 79 sites. Airbus environmental reporting guidelines include sites worldwide with a workforce on-site higher or equal to 50 employees. Note that only 100% consolidated entities are taken into account.

Scope of metrics

- 2019 baseline has been recalculated to integrate changes in accounting methodology: Gas emission factor for France according to Base Carbone 2015 for 2015 to 2019 data, Oversize transport emission factors update, Mobile FAL electricity & gas perimeter update, Stationary energy consumptions actuals update, Renewable Energy Certificates actuals update.

✓: 2020 data audited by EY®. 2020 data covers 94.7% of active workforce.

(1) Oversize emissions cover transport of large and non standards shipments. Values cover aircraft commercial activities and are estimated.

(2) 2020 VOC emissions data is estimated. 2020 actuals will be consolidated during April 2021.

(3) Number of sites covered by the environmental reporting which are certified ISO 14001.

As part of its transparency policy, the Company provides climate change related data and information to the CDP annually, providing its investors and other interested parties with the insight they need. In 2020, the Company has been awarded the A- score, up from B in 2019.

III. Risk Management

Environmental risk and opportunities are managed following the Company's ERM system and requirements defined within the ISO14001:2015 certified EMS. Identification of specific environmental risks and opportunities is defined by internal guidance and notably highlights the Life Cycle Perspective approach to be adopted and the inputs to be considered: environmental aspects and impacts, compliance obligations and other issues and requirements including stakeholders' expectations or environmental objectives.

Risks and opportunities are reported quarterly to the Executive Committee of each Division and top risks, including climate related risks, are consolidated at Company level to be brought to the attention of the Board of Directors and reviewed semi-annually.

1. Climate-related risks

Climate-related risks are described in "– Risk Factors – 4 Environment, Human Rights, Health & Safety Risks" and shall be deemed to be incorporated by reference and form part of the Non-Financial Information.

1. Information on the Company's Activities /

1.2 Non-Financial Information

2. Regulated Chemicals

Evolution of the chemicals' regulatory framework may lead to short- and long-term potential bans and restrictions, and result in business disruption across the Company's value chain.

With the aim of protecting human health and the environment, regulators at national and international level have developed a stringent set of legal requirements that are continuously evolving to regulate, minimise the use of and eliminate various substances.

In order to reduce the use of targeted substances and mitigate the risk of disruption in its operations and supply chain, the Company's policy is the development of alternative technologies that use substances of less concern and substitution of these when suitable alternatives meeting stringent certification and airworthiness criteria are available for deployment. Complementary to substitution, digital solutions are being developed to improve traceability of regulated substances in our products from the early design steps down to the end of life.

IV. Initiatives

Industrial Operations

The Company is engaged in an industrial transformation to anticipate mid-term evolutions of its industrial systems as well as looking for longer term solutions to build its "factories of the future". This company-wide initiative will support the reduction of its environmental footprint on air, soil and water quality, climate change, biodiversity and resource availability. An evaluation

of hotspots based on life cycle assessment studies of some Company products is also ongoing to help focus on appropriate topics.

In 2019, the Company rolled out High5+, a 2030 plan to reduce the footprint of the Company's activities globally and reach out to the supply chain. High5+ engages sites and functions, making sure that each area plays its part in delivering the global 2030 objectives. These objectives have been set in absolute value compared to 2015 levels to reduce energy consumption, CO₂ emissions, water consumption, VOC emissions and waste production as follows:

- energy and CO₂: reduce energy consumption by 20% and reduce direct (scope 1), indirect (scope 2) and oversize transportation (scope 3) net GHG emissions by 40%. This target has been set following the "Science Based Targets" methodology in line with a "well below 2° C" scenario. Longer term, the Company has set as its own ambition to reach net-zero GHG emissions for its manufacturing sites and its site operations by 2050;
- waste and raw materials: divert 100% of the waste from landfilling and incineration without energy recovery, and reducing the amount of waste produced by 20%;
- air emissions: comply with air emissions regulations with 0% increase of air emission by 2030;
- water: develop strong maintenance and rehabilitation programs to improve reliability and lower costs in order to reduce water purchase by 50%, with no increase in water consumption.

Below is a table showing the status of the Company's performance relative to the High5+ objectives.

	2030 Target	Baseline (2015)	2019	2020	2020 v. 2019	2020 v. baseline	Covered scope
Energy (GWh)	-20%	2,911	2,980	2,673	-10%	-8.2%	76.8%
CO ₂ e (ktons)	-40%	1,060	1,102	880	-20%	-17.0%	94.4%
Waste:							
Landfilled and incineration without energy recovery	0%	20%	25%	28%			
Waste produced	-20%	102,944	99,122	74,710	-25%	-27.4%	99.8%
Air emissions:							
VOC (tons)	0% increase	1,445	1,474	1,112	-25%	-23.0%	100.0%
NOX (tons)	0% increase	256	281	237	-15%	-7.3%	99.7%
SOX (tons)	0% increase	15	15	14	-7%	-5.2%	100.0%
Water:							
Water purchased (m ³)	-50%	3,096,681	3,563,517	2,817,841	-21%	-9.0%	99.4%
Water consumption (m ³)	0% increase	3,486,848	4,061,565	3,315,304	-18%	-4.9%	99.5%

Geographical scope

- 73 sites. Subsidiaries added in 2020 perimeter of High 5+ (contributing to baseline): Premium Aerotec, Stelia and PZL;
- Excluded sites: ATR Blagnac, ATR Franczal, Satair Ashburn, Satair Copenhagen, Satair Miami, Satair Singapore.

Scope of metrics

- Energy: Natural gas consumption, Propane consumption, Stationary Distillate fuel oil consumption, Biomass consumption, Purchased electricity consumption, Purchased heat/steam consumption;
- GHG Scope 1 & Scope 2: all GHG emissions associated with Energy metrics, GHG emissions reductions from Renewable Certificate & Sustainable Aviation Fuel, GHG emissions from jet fuel aircraft / Kerosene consumption, GHG emissions from kerosene consumption from Beluga flights;
- Scope 3: GHG Emissions from Oversize Transport;
- Scope 3: Use of Sold Product data is excluded from coverage calculation;
- Volume of purchased water, Water consumption;
- Total amount of waste produced, Amount of waste going to energy recovery, Amount of waste going to material recovery, Amount of waste going to landfill (calculated as Total amount of waste produced – Amount of waste going to energy recovery – Amount of waste going to material recovery) and excluding exceptional waste;
- Total VOC emitted, Total NO_x emitted, Total SO_x emitted.

The 2020 status shows a significant decrease of environmental footprint compared to 2019 due to the unexpected and unprecedented COVID-19 crisis, materially affecting the Company's commercial aircraft operations.

CO₂ emissions have decreased by around 20% in 2020 due to the decrease of industrial activities mainly in the Company's commercial aircraft operations. Purchased water volume has followed a similar trend, decreasing by 21% in Europe, which reflects the impact of lower activities and presence on site due to confinement and remote-working scheme deployment as well as some efficient recovery on leak detection and remediation.

Overall waste produced and VOC emitted have dropped by around 25%, reflecting the production rate reduction of Airbus commercial aircraft industrial activities.

Nevertheless, significant effort has been made on every environmental aspect with regards to metering and digitising data acquisition and analysis in order to comply with long-term objectives.

For 2020, the CO₂ and Water annual performance is described in the table below:

	Target	2019	2020	2020 v. 2019	Covered scope
CO ₂ e (ktons)	-2.7%	909	724	-20.4%	77.5%
Water (m3)	-5%	2,465,934	1,998,721	-18.9%	70.5%

Annual objective on CO₂

Geographical scope

- In 2020: **42 sites**. Additional sites are integrated in the scope each year, when efficient monthly monitoring and projects roadmap are available;
- Excluded: subsidiaries and Airbus sites outside Europe.

Scope of metrics

- Scope 1 & Scope 2: Natural gas consumption, Propane consumption, Stationary Distillate fuel oil consumption, Biomass consumption, Purchased electricity consumption, Purchased heat/steam consumption, Mobile Distillate fuel oil consumption & all GHG emissions associated, GHG emissions from Flight Tests jet fuel aircraft / Kerosene consumption (except Airbus Helicopters and Airbus Defense & Space), GHG emissions from kerosene consumption from Beluga flights;
- Scope 3: GHG Emissions from Oversize Transport;
- Scope 3: Use of Sold Product data is excluded from coverage calculation;
- Excluded: refrigerant leakage, butane consumption, electricity on site from CHP, emissions due to processes.

Annual objective on water purchase

Geographical scope

- In 2020: **34 sites**. Additional sites are integrated in the scope each year, when efficient monthly monitoring and projects roadmap are available;
- Excluded: subsidiaries and Airbus sites of outside Europe.

Scope of metrics

- Volume of purchased water.

Other Initiatives

Since 2019, a blend of SAFs is used in the operation of the Company's Beluga transport aircraft used for internal logistics and will progressively ramp up by 2030. In 2021, flight test activities will be included in this ambition.

In the same timeframe, the share of renewable electricity used in industrial operations in Europe will progressively increase to reach 100% before 2030.

The Company also promotes the development of a circular economy model, investing heavily in Life Cycle Assessment ("LCA") tools and leveraging digitalisation to optimise material utilisation and reduce use of critical resources. As an example, as part of its Ecodesign initiative, the Defence and Space Division used LCA in the development of the Sentinel satellites that it is building for the ESA.

The Company has also been proactive in seeking ways to reuse and recycle materials beyond their initial life. Not only does the Company send around 50% of its waste to be recycled, but today, through the TARMAC Aerosave joint venture, more than 90% of an aircraft weight is recycled or reused through a

Annual objectives

In order to better embed this ambition into the Company's performance management, the Executive Committee agreed in 2019 to include a reduction target for 2020 (compared to 2019) of -2.7% for CO₂ and -5% for purchased water (see table below) as part of the Company's top objectives.

In 2020, the Executive Committee agreed to include reduction targets of -3% for CO₂ and -5% for water for 2021 (compared to 2020) as part of the Company's top objectives.

As such, these annual targets form part of the CEO's and other Executive Committee members' remuneration. In 2021, the CO₂ target will also be included as a non-financial KPI in the variable remuneration of executives and success sharing for all eligible employees.

selective dismantling (reverse manufacturing) process. In 2021, all carbon fibre waste from commercial aircraft production will be recycled by a specialised subcontractor.

Wherever its industrial activities have an impact on biodiversity (e.g. when building a new site or extending an existing one), the Company is engaged with local partners on conservation and remediation projects to preserve the affected flora and fauna and ensure they are not adversely affected by the Company's activities.

Noise around the Company's sites can also be an important topic for neighbouring communities. The Company is actively engaged with local authorities and the affected population to minimise its impact, by adapting operating times and actively seeking to reduce the noise at the source. In Toulouse, Airbus has launched the Median initiative regrouping actors in charge of flight activities around the airport to find the most effective solution to reduce noise levels.

Light pollution caused by Airbus activities has been deemed to be non-material to the Company's value chain.

Use of Carbon Offsetting

In 2019, the Company introduced a mechanism to compensate emissions of activities for which reduction and use of renewable energy are not sufficient to meet the internal targets, such as air and sea activities. This mechanism follows an approach of avoiding and reducing GHG emissions in absolute value first to later compensate when necessary. Due to the COVID-19 crisis and related production rate adaptation, no compensation was required in 2020 to achieve CO₂ reduction targets. As part of its plan to tackle scope 3 emissions, the Company also compensates all emissions linked to air business travel.

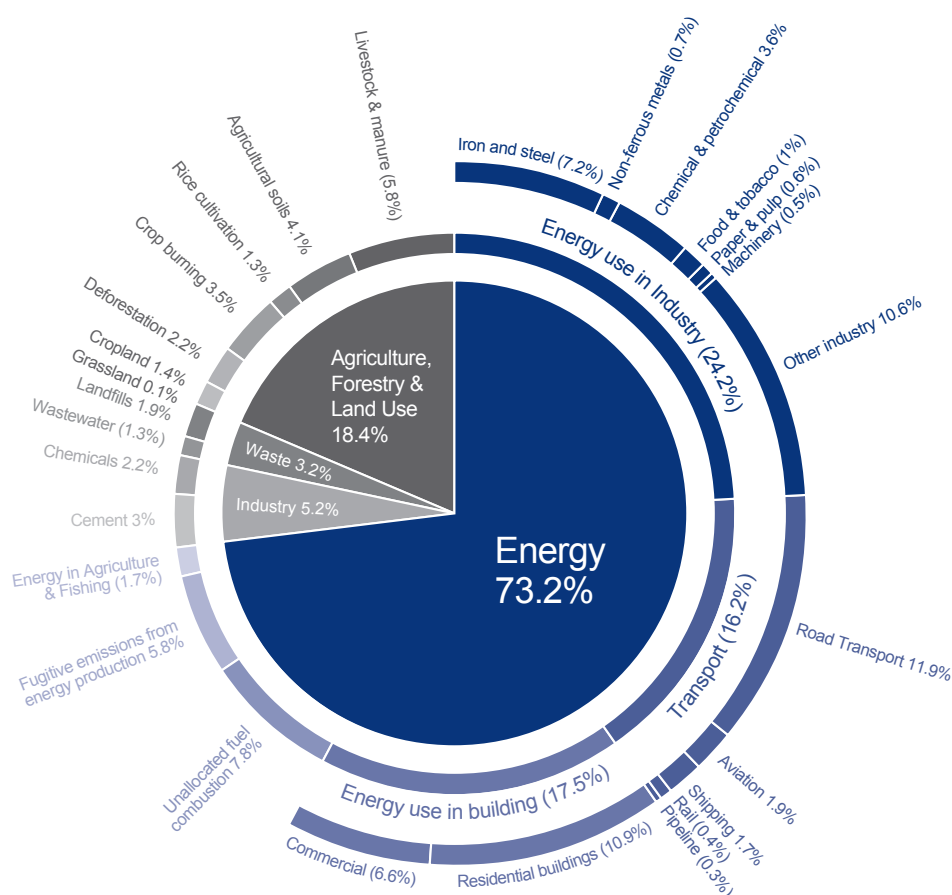
The Company built a rigorous procurement process based on the concepts of additionality, real (permanent) reduction, prevention of double counting, prevention of overestimation and no additional harm. As a minimum, the carbon offsets need to be certified by the Gold Standard (or Verra for certain projects) and the supplier needs to show proof of how each one

of the mentioned criteria were met. In addition, understanding that these carbon offsetting programs may have gaps in their methodologies, it was requested additional proof of how such gaps are managed by the provider. Moreover, certain societal aspects were considered, such as prevention of child labour and the relation with the communities surrounding the projects.

Product Operations

Aviation connects and unites people, cultures and business. It drives economies and development, creates jobs and safeguards world peace by promoting multilateralism, diplomacy and conflict resolution. A more connected world is a more prosperous world. Prosperity is critical to driving human progress and addressing the world's greatest challenges, especially climate change: according to [Our World in Data](#), air transport as a whole represents approximately 2% of global human-induced GHG emissions, and around 12% of the transport sector emissions – see graph 1.

Graph 1: Global greenhouse gas emissions by sector – source: Our World in Data with data from Climate Watch, the World Resources Institute (2020)



The Company is committed to contributing to meeting the Paris Agreement targets and leading the decarbonisation of the aviation sector in cooperation with all stakeholders. The Company is convinced that carbon-neutral aviation is not only possible, but achievable within our life-time. This is why the Company has the

ambition to develop the world's first zero-emission commercial aircraft by 2035. In parallel, the Company is also developing a multifaceted climate-impact programme for commercial aircraft. This includes a focus on SAF, Air Traffic Management ("ATM") solutions and market-based measures.

Reporting of Airbus' Emissions from Sold Products

The main contribution of the Company's value chain on climate change comes from the use of sold products, especially related to its commercial aircraft activities. This was highlighted by internal studies done in 2019 showing that over 97% of a commercial aircraft product's GHG emissions occur during the flight operation phase.

In order to provide the level of transparency expected by stakeholders and following recommendations from the TCFD, the Company has extended its reporting to include the in-use emissions of commercial aircraft delivered in 2019 and 2020 (Scope 3 – Use of sold products). In the future, this reporting will progressively be extended to the impact of the Company's other families of products, for which the calculation methodologies are still under development. By taking this significant step, the Company becomes the first aircraft manufacturer to report on the emissions produced by its products during their operation.

In 2019, the Company delivered a record 863 commercial aircraft. Based on an average life-time in service of around 22 years (average life-times specific to each aircraft type were used in the calculation), the total CO₂ emissions for these products over their

anticipated life-time is estimated at around 740MtCO₂e (of which around 130Mt are linked to upstream fuel production), which translates to an average efficiency of 66.6gCO₂e per passenger-kilometre. In 2020, the Company delivered 566 aircraft with resulting estimated life-time emissions of around 440MtCO₂e (of which 80Mt are linked to upstream fuel production) and average efficiency of 63.5gCO₂e per passenger-kilometre.

For the purpose of this calculation, the operating conditions of the aircraft were considered to be static over the whole service life. Therefore, it has to be taken into account that these numbers do not reflect the anticipated gradual introduction of decarbonisation measures such as SAF and probably constitute a "worst case scenario" in terms of carbon intensity. As such they represent an unmitigated scenario that can only serve as a general basis to assess carbon emissions efficiency improvements over time.

The Company calls for a sectoral alignment on these methodological aspects through the relevant international bodies in order to provide consistency in the way such impacts are calculated and communicated throughout the air transport sector.

Methodology

- The Company's emission calculation methodology was developed by a joint team comprising key personnel from the Engineering and Environment departments and is aligned with the guidance provided by the Greenhouse Gas Protocol. The external auditor performed a review of the calculation methodology applied by Airbus and assessed the reasonableness of the supporting assumptions.
- The Company has used a number of assumptions based on internal and external information including assumptions based on publicly-available data. These assumptions include the aircraft load factor, the current penetration rate of sustainable aviation fuels, their CO₂ reduction potential and the indirect emissions index from jet fuel production, emission factors, as well as aircraft operational usage and average in-service lifetime. Primary data collected within the Company was also used, such as the type of sustainable aviation fuel considered or aircraft performance and configuration parameters.

Key Hypothesis

- The estimation includes emissions related to CO₂, CH₄ and N₂O. Emissions related to NO_x were estimated and excluded given the uncertainty related to the NO_x emission factors and the relatively low contribution of this emission stream.
- Emissions related to aircraft engine start and taxiing have been included, however, emissions from the Auxiliary Power Units (APU) and ground handling equipment have been excluded.

Aviation Industry Targets

The aviation sector's efforts to reduce its environmental footprint are not starting today. Significant achievements have already been made. CO₂ emissions per revenue passenger kilometre have been reduced by around 50% since the 1990s. Aviation has managed to decouple the increase in CO₂ emissions from its traffic growth and has improved its energy intensity quicker than any other mode of transport.

In 2008, the aviation sector was also the first to commit to ambitious CO₂ emission reduction goals through the Air Transport Action Group ("ATAG"):

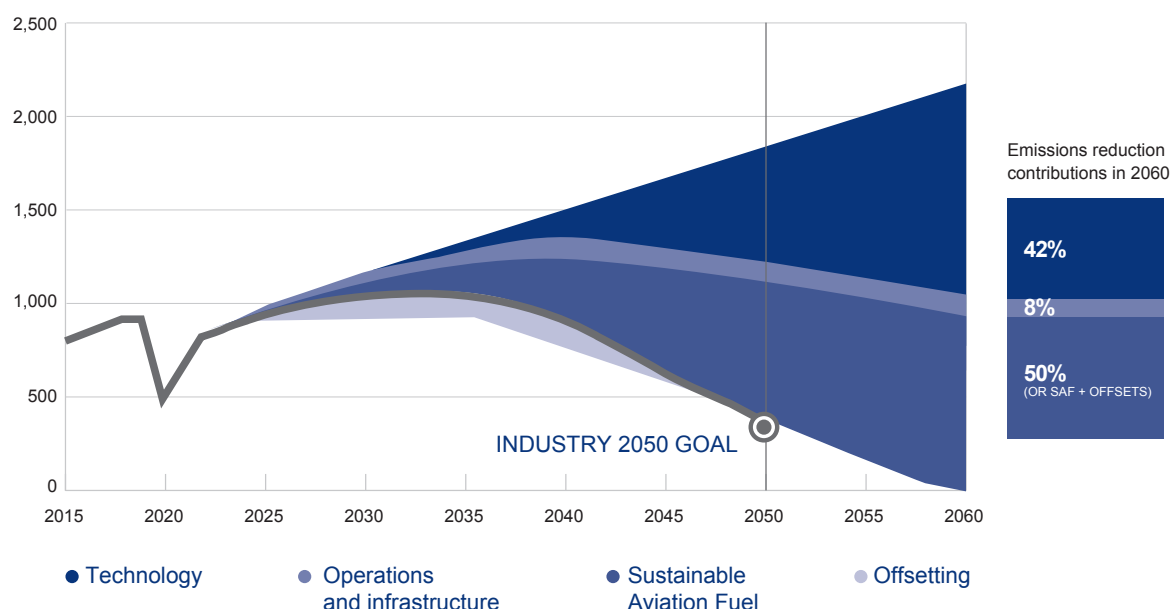
- improving the fuel efficiency of the worldwide fleet by an average of 1.5% per annum between 2009 and 2020. This first target has been achieved with more than 2% CO₂ reduction per annum throughout the period;
- stabilising emissions from 2020 with carbon-neutral growth. This means that even though air travel is increasing, greenhouse gas emissions will not;
- reducing net emissions from aviation by 50% by 2050 compared to 2005 levels.

Since 2019, the ATAG has further worked to confirm these goals can be attained by assessing several scenarios with ranges of improvement for each mitigation option (technology and design improvements, operational and ATM enhancements, SAF and hydrogen non drop-in solutions, and International Civil Aviation Organization's ("ICAO") CORSIA offsetting mechanism).

The ATAG updated its ambition with the "ATAG Waypoint 2050" report released in September 2020, which confirms that the 2050 ambition is indeed attainable, but that global aviation will be able to hit net-zero emissions a decade or so later, with some parts of the world able to move faster towards this point. In its most ambitious scenario, a reduction of up to 40% of CO₂ emissions can be achieved through technological developments, as illustrated by the scenario S3 – see Graph 2.

The Company believes that an approach which focuses on accelerating technological development, in complement to a dynamic deployment of SAF, should be pursued. This would form a strong basis for the development of hydrogen powered aircraft and the associated infrastructure and minimise the recourse to offsetting to achieve the ambition.

Graph 2: The aviation industry's roadmap to significant emissions reduction by 2060



Source: ATAG Waypoint 2050 report (2020)

On the European scene, the EU Green Deal offers many opportunities for the Company and the European aviation industry to speed up the transition: the Company shares the ambition to reach a net zero carbon aviation ecosystem in Europe by 2050, and will contribute to the EU's 2030 ambition. At the international level, the Company actively supports and strongly encourages ICAO to introduce a global level of ambition in setting meaningful long term aspirational goals for international aviation in 2022 and hence to maintain a global level playing field.

Airbus' Roadmap to Reducing Emissions

The Company is investing in and focusing its efforts on five key areas to reduce its environmental footprint, in support of the overall sector ambition as highlighted above:

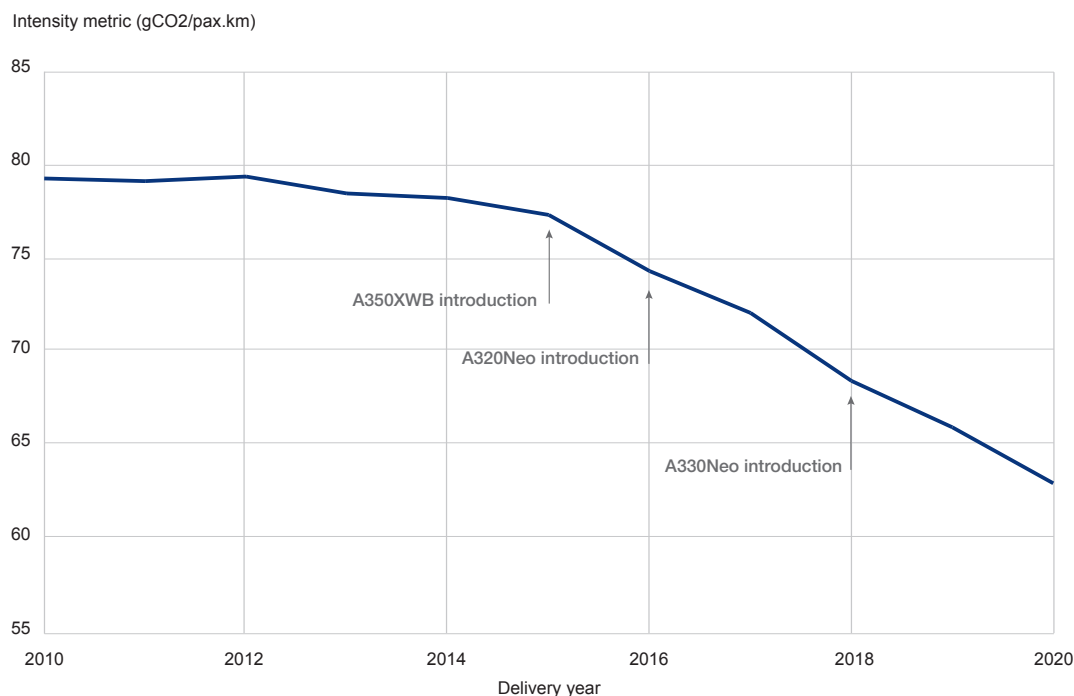
1. Replacing Current Fleets with More Performant Aircraft

The Company is continuously improving its products through new designs, advanced materials, upgraded systems and more fuel-efficient engines. Thanks to significant investments into new aircraft designs, the Company's commercial aircraft products have reached a rolling average of 2.1% fuel efficiency improvement annually over the past ten years, exceeding targets set by the industry through ATAG – see graph 3.

The Company's commercial aircraft portfolio comprises today the most efficient aircraft product line:

- A350 and A330neo offer 25% reduction in fuel burn and significantly reduced noise footprints versus the previous generation of aircraft;
- the A320neo family brings a 20% reduction in fuel burn, and nearly half the noise footprint;
- A220 offers 25% reduction in CO₂ emissions per seat versus previous generation of small single-aisle aircraft, 50% reduction in noise footprint and 50% fewer NO_x emissions than the standards.

Graph 3: Average intensity metric (gCO₂/pax.km)



2. Investing in Technologies Enabling us to Market Zero-Carbon Vehicles

The Company is committed to contributing to developing, building and testing alternative-propulsion systems – powered by electric, hydrogen and/or solar technology – to enable the aviation industry to disruptively reduce the CO₂ emissions of commercial aircraft, helicopters, satellites and future urban air mobility vehicles. In 2019, the Company invested €3.4 billion in R&D for the development and improvement of its product line.

Zero-emission Commercial Aircraft Ambition

The Company's work in electric flight has laid the groundwork for our future concept of zero-emission commercial aircraft known as ZEROe. The Company is now exploring a variety of hybrid-electric and hydrogen technology options.

Hydrogen is a high-potential technology with a specific energy-per-unit mass that is three times higher than traditional jet fuel. If generated from renewable energy through electrolysis, it emits no CO₂, thereby enabling hydrogen-based synthetic fuels to potentially power large aircraft over long distances in a carbon neutral way.

Because hydrogen has a lower volumetric energy density, the visual appearance of future aircraft will likely change. This is to better accommodate hydrogen storage solutions that will be bulkier than existing jet fuel storage tanks.

From hydrogen propulsion (via direct burn or fuel cells) to hydrogen-based synthetic SAF, from pod configuration to blended-wing aircraft, The Company is evaluating, maturing and validating radical technological breakthroughs which could be hosted on its zero-emission aircraft by 2035.

The Company is also investing in the proper facilities to test these new technologies. Inaugurated in October 2019, the E-Aircraft System House ("EAS") is, with more than 3,000m², the largest test house dedicated exclusively to alternative propulsion systems and fuels in Europe. This means the Company can now test the latest electric motors and hybrid-electric engines directly on its own premises, and develop its own low-emission alternative propulsion units.

The Company goes beyond technology maturation by collaborating with the right ecosystem. In 2019, the Company signed a Memorandum of Understanding with airlines such as SAS Scandinavian Airlines and easyJet to jointly research into a zero-emission aircraft eco-system and its infrastructure requirements. The Company is also part of the Hydrogen Council and launched a joint-venture in 2020 with ElringKlinger in order to benefit from the huge cross-industry experience of others, and accelerate its ambition.

Zero-emission Urban Air Mobility

Since 2014, the Company has been exploring how recent technology advancements – from battery capacity and autonomy to electric propulsion – can help drive the development of new kinds of aerial vehicles with the potential for zero emissions when powered by renewable energies. In May 2018, the Company created the Urban Mobility entity to take its exploration into cutting-edge commercial urban air mobility solutions and services to the next level.

1. Information on the Company's Activities /

1.2 Non-Financial Information

The idea for a compact “flying taxi” first came from the Company’s desire to take city commuting into the air in a sustainable way. The Company began by rethinking traditional aircraft architecture, creating a multirotor design based on electric motors. Thus, CityAirbus was born. To date, the CityAirbus sub-scale model has flown more than 100 test flights.

Zero-emission High-Altitude Pseudo-Satellite

Today, the Company is advancing solar cell technology to enable unmanned aerial vehicles to stay aloft in the stratosphere for extended periods – using only sunlight as energy.

The Company’s work in solar flight is focused on:

- developing advanced photovoltaic solar panels that are lighter, more flexible and capable of capturing more energy per m² of surface;
- converting captured solar energy into electrical energy to power an electric-propulsion system and other onboard equipment;
- harnessing solar energy into a rechargeable energy storage system, thereby enabling the aircraft to fly at night with unlimited autonomy.

The Company’s flagship programme, **Zephyr**, is a high-altitude pseudo-satellite that is powered exclusively by solar energy.

3. Investing in Smart ATM Solutions and Optimised Operations

The Company is developing digital solutions (through its subsidiary Navblue and its digital platform Skywise), and will continue to support its customers to minimise fuel consumption with best operational practices, innovative services and training. Improving operations and infrastructure could contribute to emission reductions by around 10%. The Company supports initiatives aimed at reducing ATM inefficiencies (such as the Single European Sky Air Traffic Management Research programme – SESAR), while working on disruptive practices, such as formation flying.

In November 2019, the Company launched the fello’fly project which aims to demonstrate the technical, operational and commercial viability of two aircraft flying together for long-haul flights. Through fello’fly, a follower aircraft will retrieve the energy lost by the wake of a leader aircraft, by flying in the smooth updraft of air it creates. This provides lift to the follower aircraft allowing it to decrease engine thrust and therefore reduce fuel consumption in the range of 5-10% per trip. By end 2020, the Company’s fello’fly had signed agreements with two airline customers; Frenchbee and SAS Scandinavian Airlines, as well as three Air Navigation Service Providers (ANSP) to demonstrate its operational feasibility; France’s DSNA (Direction des Services de la Navigation Aérienne), the UK’s NATS (National Air Traffic Services) and European Eurocontrol.

In December 2020, after two years of experimental entry-into-service programmes and more than 20,000 flights carried out by about 90 A320 aircraft from six airlines (Air France, British Airways, easyJet, Iberia, Novair and Wizzair), the “4D-Trajectory Based Operations” project led by the Company alongside more than 15 partners in the frame of the SESAR programme came to an end. The project focused on analysing the real-time transmission of four-dimensional trajectory data (latitude, longitude, altitude, time) as a solution to better inform ATM operations, and significantly improve aircraft emissions.

4. Developing and Deploying SAF

The main driver of the Company’s commercial aircraft products emissions and CO₂ intensity is the energy source. Although they only represented a small share of aviation’s current fuel use in 2020, SAF (biomass-based or synthetic) are key in the air transport sector decarbonisation strategy.

Since 2008, the Company has acted as an important catalyst in the certification process, demonstration flights, partnerships and policy advocacy of sustainable jet fuel. Since 2011, over 250,000 commercial flights have used SAF.

All the Company commercial aircraft are already certified to fly with a fuel blend including up to 50% of SAF, and the Company ambition is to reach a certified 100% blending capacity. SAF produced using the most advanced pathways can provide CO₂ emission reduction of up to 80%. This means that today, the emissions from aircraft currently offered by the Company could be reduced by 40% if their potential was fully used. As detailed above (see Section “Aviation industry targets”), the Company supports decarbonisation scenarios which include an ambitious rollout of SAF. Under such scenarios, the Company estimates that products delivered in 2020 could see their life-time emissions reduced by around 10% thanks to the gradual introduction of SAF during their operational life.

However, today the price and global production capacity remain the main constraints preventing operators from massively incorporating these types of fuels. The rapid scale-up of SAF plays a major role in aviation’s decarbonisation scenarios, decreasing emissions of the Company’s product in use. The Company therefore supports policies that would incentivise their usage.

5. Encouraging Temporary CO₂ Emission Compensation Schemes

Finally, temporary CO₂ emission compensation will be instrumental to stabilising aviation’s emissions in the medium term until disruptive solutions reach maturity. For that reason, the Company supports ICAO’s CORSIA as the only global market-based measure for international aviation.

Sustainable Space Products

Beyond commercial aviation, the Company’s Defence and Space Division delivers satellites and intelligence that informs decision making on significant environmental issues. Its aerial imagery of climatic and environmental changes around the planet reveals the scale of change and dependencies at work.

The Company is working to ensure a sustainable space environment to prevent space debris and protect valuable national assets, such as satellites, that are in orbit around the globe. Airbus Defence and Space is the first company to test technologies which clear out space junk and avoid spacecraft collisions. Three main debris-removal technologies have been tested in orbit: harpoon, net and vision-based navigation.

As space law evolves, the Company is committed to ensuring its products meet these new regulations (such as the French Space Operations Law requiring to avoid satellite collisions and ensure the safe removal of spacecraft from useful orbit at the end of life) as it believes in the importance of promoting sustainable space.

Substances Roadmap

Many substances used in the global aerospace industry to achieve high levels of product quality and meet stringent technical performance, airworthiness and reliability requirements are subject to strict regulation.

In the aerospace industry, regulations on substances impact key processes and products, such as surface treatments, paints and fire protection.

The Company remains committed to move towards replacement of such substances in products and processes. To help achieve this, the Company has put in place a portfolio of activities and projects, working with suppliers to identify, develop, qualify and deploy new technologies and solutions that avoid the use of substances classified as posing a risk to human health or the environment, whilst satisfying airworthiness, certification and performance requirements.

The Company also engages with suppliers to promote the adoption of a similar approach through regular communication and more widely, by working together with the aerospace industry to promote worldwide harmonisation of regulations and ways of working, taking into account the sector's safety and lifecycle specificities.

Using information obtained from its suppliers, the Company tracks, registers, assesses and declares regulated substances. Since 2011, the Company has analysed the impact of over 1,100 substances and qualified and deployed substitutes for over 100 substances in 300 products.

Currently, the Company is actively working to substitute 65 substances in its own design, and an additional 45 in its supply chain, over the next five years.

The Company invests substantial time and resources in research and development for technologies that use alternatives to regulated substances. When it can be demonstrated that these technologies meet the strict safety and reliability criteria required for aviation, the Company seeks to implement them in its aircraft design and manufacturing. For example, in 2006, the Airbus Chromate-Free project was launched with the aim of developing, qualifying and deploying chromate-free alternatives to materials containing and processes using chromates in aircraft production and maintenance. Chromate-free external paint systems developed initially for the A380 programme are now used in

all Airbus commercial aircraft manufacturing programmes and across the aerospace industry. Another example is the Airbus Basic Primer project that researches potential alternatives with the aim of phasing out the green chromated primer coat.

V. Future Outlook

The Company is always researching innovative ways to improve the environmental performance of its products. Below are a few examples of such projects that will make future aircraft more sustainable.

In order to advance aerodynamics research, the Company has developed a scale demonstrator aircraft with the first inflight, freely flapping wing tips that could revolutionise aircraft wing design through a biomimetic approach. Known as AlbatrossONE, this remote controlled aircraft has already taken its first flights to prove the concept.

In 2020, the Company revealed MAVERIC (Model Aircraft for Validation and Experimentation of Robust Innovative Controls), its "blended wing body" scale model technological demonstrator. MAVERIC features a disruptive aircraft design that has the potential to reduce fuel consumption by up to 20% compared to current single-aisle aircraft. The "blended wing body" configuration also opens up new possibilities for propulsion systems type and integration, as well as a versatile cabin for a totally new on-board passenger experience.

In an effort to improve the circularity of its products and reduce the need for non-renewable resources, the Company actively researches innovative new materials that could be used in the next generation products. Such projects include for instance bamboo based bio-composites for aircraft structures, or using algae to turn the atmosphere's CO₂ into carbon fibre.

"We have made the commitment to bring CO₂ emissions to half of 2005 levels by 2050. A new generation of technology, research and development, and our total respect for the planet lay the foundation for a more sustainable aviation industry. By demanding more of ourselves in the areas of research, supply, production and operations, we can demand less of our planet. This clears the path toward a future in which we can connect more people than ever before, in the most sustainable way possible." Guillaume Faury – Airbus CEO

1.2.3 Build Our Business on the Foundation of Safety and Quality

a. Aviation and Product Safety

I. Introduction

The Company believes that everyone in our industry has a role to play to further enhance the safety of the air transport system. Flying today is safer than ever before, and collective efforts continue to ensure it will be even safer by anticipating and responding to risks, threats and challenges. Whilst the foundations of the air transport system are built on regulatory compliance, the safety culture at the Company goes beyond compliance with certification and continued airworthiness requirements to also focus on safety enhancement activities in products and services and implementing enhancements when appropriate. This also extends to the products and services of the Company's Defence and Space Division that offer communication, collaboration and intelligence knowledge solutions to assist government authorities, emergency service providers and healthcare providers. For further information, see "Information on the Company's Activities – 1.1.4 Defence and Space".

II. Governance

A dedicated safety organisation within the Company acts as an independent voice of safety. The Chief Product Safety Officer for the commercial aircraft activities of the Company reports directly to the CEO and is the Chairman of the Product Safety Board ("PSB"). Several Executive Committee members and senior executives are part of the PSB. This ensures proactive safety decision making is based on multidisciplinary assessments at the highest decision level of the Company. The PSB makes decisions regarding technical aspects, safety governance and strategy.

Airbus Safety Management System

Consistent with ICAO Annex 19, the Company's Corporate Safety Management System ("SMS") is based on the four ICAO pillars of safety policy and objectives, safety risk management, safety assurance and safety promotion. The Company's Corporate SMS principles also integrate the end-to-end approach to safety with the Company's suppliers and operators. This is facilitated by an appointed Corporate SMS Officer and SMS officers per function with support from a network of nominated SMS Representatives throughout the Company.

Airbus Safety Strategy

The Company's safety strategy is based on the top safety threats or opportunities and provides the associated key safety objectives for the safe operation of Airbus aircraft. It is a five-year projection, which is reviewed and updated annually, and responds to EASA's annual European Plan for Aviation Safety.

Regulatory Compliance

Product certifications are provided by the competent aviation authorities including the main civil aviation authorities and specific military authorities. Within each Division, and according to their respective functions, the Company works to ensure compliance through design and certification of products under EASA Part 21 Design Organisation Approvals (DOA); ECSS-Q ST-40-C for (Space Products) and Def-Stan 00-56 (Defence Products); manufacturing under Production Organisation Approvals (POA); monitoring of in-service safety through approved EASA Part-M

Continuing Airworthiness Management Organisations (CAMO); aircraft maintenance and retrofit operations conducted in line with civil and military EASA Part 145 regulations; and training provided to flight crews, cabin crews and maintenance crews through EASA Part 147 Approved Training Organisations (ATO).

The certified organisations within the Company where specific approvals are granted by the aviation authorities, are audited and monitored by these authorities to ensure compliance with regulatory requirements. Additional audits are conducted by third parties as part of the quality certifications appropriate to each Division, including EN9100, EN9001, EN9110, AQAP 2110, AQAP 2210 and AQAP 2310.

Commitment to Just and Fair Culture

The product safety and quality of the Company's products is its first priority. Each employee of the Company, at any level, shall do their utmost to ensure that product safety is never compromised and quality is considered in everything they do. This commitment is documented and endorsed with the signature of the CEO, Executive Committee members and top management of all functions. It includes the commitment to ensure the appropriate reporting channels are available and known to all employees to report product safety and quality related matters in an atmosphere of trust and empowerment.

III. Risk Management

Applying proactive risk management principles has contributed to significant improvements for the safety of flight in recent decades. This risk management approach drives the Company's Corporate Safety Process, which has been in place for more than 15 years. It supports the principles of the Company's safety enhancement culture, going beyond compliance with certification and airworthiness duties.

IV. Initiatives

Consistent with its end-to-end approach and as part of its safety strategy, the Company has several collaborative initiatives that contribute to reinforcing resilience capabilities in the air transport system and enhancing the safety level of its products with all key actors.

For example, the Company is working with its supply chain to extend its safety enhancement principles with its suppliers. This includes specific SMS forums and initiatives with its suppliers, which reinforce the collaborative approach for optimising responses to in-service feedback and reports.

D10X (short for Air Transport Safety, Destination 10X Together) is another collaborative initiative with airlines. The aim of D10X is to propose pragmatic solutions together with operators of Airbus aircraft for the key safety issues identified within this network.

Sharing safety information is a key contributor to increasing the level of safety. There have been 25 flight safety conferences with the Company's customers since the first was held in 1994. Another means of sharing information is through "Safety first", the Company's safety magazine contributing to the enhancement of safety for aircraft operations by increasing knowledge and communication on safety related topics. It reaches over 50,000 readers in the aviation community every month via the website safetyfirst.airbus.com and the Safety first app.

In addition to these external safety promotion initiatives, the Company invests in internal safety promotion with the objective to continuously reinforce the safety culture of all employees. This is supported by different means including communication campaigns, training, safety awareness sessions, and development of a Safety Promotion Centre. SMS officers are nominated and trained in all key business functions to ensure implementation and operation of SMS within the Company, including safety promotion. The above mentioned commitment to a just and fair reporting culture is another example of initiatives

that promote the Company's safety culture. These elements are integrated in the Company's SMS action plan.

All of these initiatives and the enhancement of the safety culture, combined with the benefits brought by technology, leads to continuous improvement of the safety records. This is illustrated in statistics (below) showing that the latest fourth-generation jets are the safest. All Airbus Fly-By-Wire family aircraft (including A320, A330/A340, A380, A350, A220 fleets) are the latest fourth-generation aircraft.

Function SMS Officers Deployment & Training

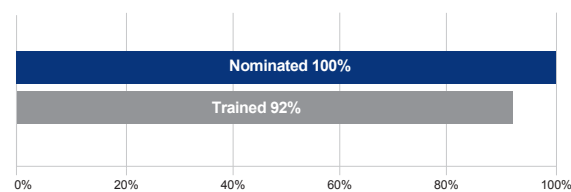


Fig. 1 (above) 2020 SMS Network - % of SMS officers nominated and trained (target 100%)

10 Year Moving Average Fatal Accident Rate (per million flights) per Aircraft Generation

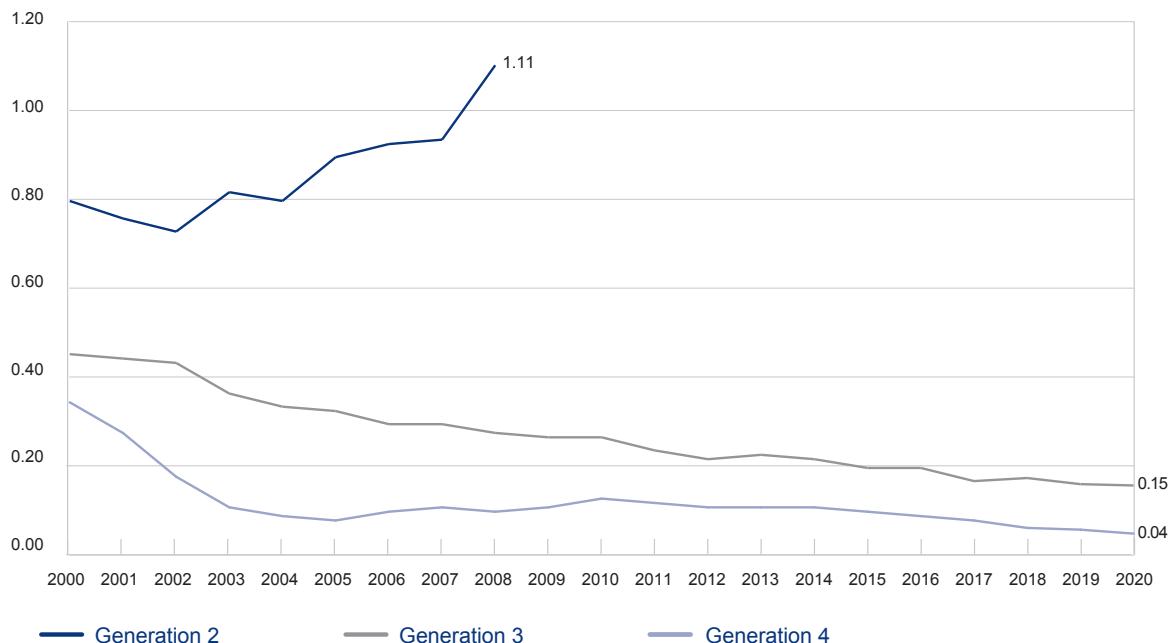


Fig. 2 (above) 10 year moving average fatal accident rate (per million flights) per aircraft generation.

b. Health and Safety

I. Introduction

The Company's philosophy is that the protection of people is not only about compliance, it is an ethical and commercial imperative. The Company wants to be a company where the safety, health and welfare of people is valued as an integral part of our business sustainability. It therefore strives to maintain world class standards of health and safety.

In 2020, the Company has pursued health and safety performance improvements in our top company objectives, continuing our journey to ensure that everyone feels responsible for the health and safety of themselves and others.

II. Governance

The Airbus Occupational Health and Safety Policy sets the framework and integrates health and safety activities that support our goal. The Policy applies company-wide to Airbus commercial aircraft activities, the Company's Helicopters Division and Defence and Space Division, including affiliates in which Airbus has a controlling holding. The Policy principles are also reflected in the Company's Code of Conduct.

As expressed in the Airbus Occupational Health and Safety Policy and the Company's Code of Conduct, the Company has worked on a number of priorities, principles and key initiatives in 2020, including:

- the continued identification and management of risks to people and the business that could arise from our work activities;
- the application of the principles of the International Standard, ISO 45001 for our management system; and
- the development of a culture in which we all take responsibility for our health and safety and that of others.

Constantly measuring and monitoring our health and safety performance is a key activity for the Company, in order to stimulate continuous improvement.

Health and safety resources are organised as a company-wide function. This Centre of Excellence contains dedicated Centres of Expertise, which address the various specialised disciplines of health and safety. The Centres of Expertise take a transversal cross-divisional approach, engaging a network of competent professionals in all operational entities. The aim is to ensure

the global presence of competent professionals, to support a consistently high standard of health and safety management throughout the Company, including all necessary measures for the identification, evaluation and elimination or mitigation of health and safety risks.

In 2020, the Company has needed to commit considerable health and safety efforts to the management of COVID-19 pandemic issues. This has restricted the resources available for the development of our global aspiration of ISO45001 based management systems. However, work has continued in this regard at the corporate level, albeit more slowly and the commitment remains unchanged.

Currently about one third of the Company's core entities are already ISO45001 certified, or are OHSAS18001 accredited and are progressively transferring to ISO45001.

III. Risk Management

The health and safety function has naturally taken a leading role in the COVID-19 crisis management. Together with other Company functions, such as procurement, facility management and site management teams; experts from the medical, industrial hygiene and safety teams have defined and coordinated the measures necessary to cope with the COVID-19 pandemic.

To mitigate the risks, the following key actions have been performed:

- providing guidance on the core barrier measures supported by awareness campaigns and material including posters, videos and e-learning courses;
- securing distancing rules and other controls in buildings and common areas;
- purchasing and distributing surgical masks and digital thermometers;
- supporting infection testing activities, both on and off-site;
- following-up COVID-19 positive cases and close contacts;
- reiterating and reinforcing the mental health support by providing, for example, employee Helplines and comprehensive guidance for maintaining both mental and ergonomic health while remote working.

Some figures further representing our initiatives in Europe, around:



Airbus capitalised on its existing network of local support roles jointly referred to as "Safety Ambassadors" to support implementation of COVID-19 management measures. This network provided a significant and valuable resource; as an example, in France and Germany, around 500 Safety Ambassadors were actioned in the Company's Helicopters Division. In Airbus commercial aircraft activities around 1,900 Safety Ambassadors were actioned or further nominated in France, Germany, Spain and the UK. The clear, positive activity of this network during the crisis has reinforced our "We Are One" approach to our health and safety culture.

Sadly, this does not mean that our colleagues have not been touched, and our heartfelt sympathy is with those who have suffered as a result of this pandemic.

The health and safety function has defined the company-wide standards and methods to be applied for risk assessment and control, and the reporting and management of incidents. The system to escalate significant health and safety risks to top management has been reinforced. Serious risks are reported using the Company's ERM system and tool, thereby ensuring efficient and effective decisions are made.

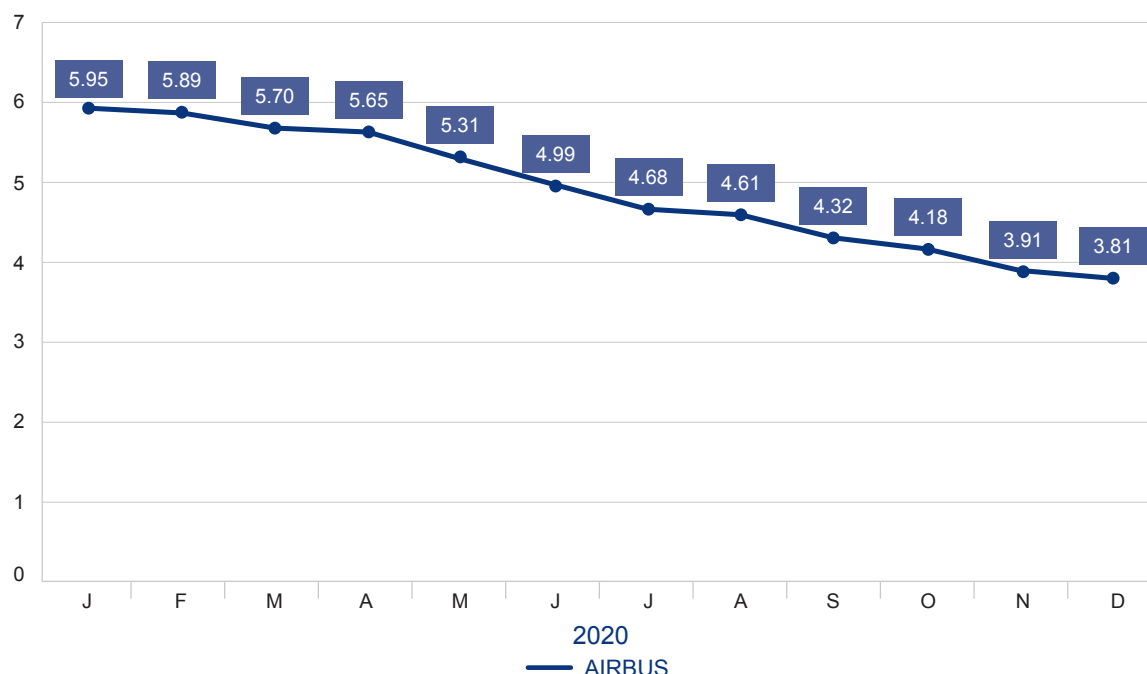
The main health and safety concerns remain the risk of injury, ill-health, asset damage, business interruption and regulatory action. In 2020, the main causes of injury that could arise from

work activities included "slip, trip and fall", ergonomics and the use of hand tools and equipment. These represent the majority of injuries recorded on the FISH global environment, health and safety software platform.

Since 2018, the global scope of the FISH software platform has been progressively extended as an integral part of a company-wide management framework for health and safety. The deployment of the incident management module and the overall harmonisation process have enabled improvements in data collection and analysis, and the production of reports, including the company-wide key performance indicator, (shown in below table). A key improvement in 2020 was the inclusion of apprentices and temporary employees in the measurement of the Lost Time Injury Frequency Rate.

The scope of the incident management module covers Airbus' commercial aircraft business and its Divisions in France, Germany, Spain and UK, as well as the Airbus commercial aircraft plants in Mobile, USA and in Tianjin, China and continues to be progressively extended, including coverage of small sites. Development of the platform is ongoing and the module to support the assessment and management of risks is now an area of focus for the team.

Airbus and its Divisions Rolling 12 months Employee Lost Time Injury Frequency Rate



The rolling year average of the Lost Time Injury Frequency Rate has been very positively impacted in 2020 as a result of the various safety activities and the particular circumstances linked to pandemic. The result is a more than 30% improvement in FR1, with an end of year figure of 3.81 company-wide and 5.12 in the Company excluding the Divisions.

IV. Initiatives

The Company has pursued a range of key activities to promote the health and safety culture in 2020. These activities have been instrumental in the reduction of lost time injuries, and have included:

- the People Safety at Work initiative, which has deployed a range of diverse work packages in different sites, such as industrial changes (work orders improvement, safe assets deployment, safer infrastructure and site traffic safety), and culture-change activities (leadership training, communication and awareness campaigns, and safety mind-set coaching);
- the People Safety network has also driven the wider deployment of the “Safety Corner” and “Safety Lab”, which are places to meet and exchange on safety topics, and to pilot risk management ideas;
- awareness has been further raised by the company-wide communication campaigns for COVID-19, and initiatives such as the “WeCare” initiative within the Company’s Defence and Space Division have addressed health and wellbeing;
- in parallel to the COVID-19 crisis management, the Company’s employees’ health has continued to be protected by programmes that include mandatory and voluntary health checks, health campaigns such as flu vaccination campaigns, skin, vein or cardiovascular screenings, stress or addictions guides, and well-being management.

As well as reminding employees that health and safety is a priority, promoting competence and encouraging skills maintenance, the Company learning strategy supports the integration of health and safety into the business culture.

The Company has pursued the harmonisation of employee training to ensure consistently high standards of delivery.

However, due to the COVID-19 crisis, learning deployment has been impacted, with some non-essential classroom based training deferred to enable a focus on legal and mandatory training. The training team has adapted to the pandemic setting by increasing the volume of digital training and introducing new concepts, such as the “virtual classroom”.

Despite the challenging environment, we have managed to deliver over 103,070 hours of dedicated health and safety training to 37,599 individual employees between October 2019 and September 2020.

The formal Leadership Development Strategy is now in full deployment, with dedicated training programmes for the Company’s executives and leaders of all levels.

More than 350 executives and senior leaders have completed the “Environment and Health & Safety Masterclass” since October 2019, with around 300 of those attending the new “virtual classroom” format introduced in August 2020.

The “Executive Back to the Floor” module, which provides practical skills for leaders to use in shop floor settings, has been so successful that it is now being delivered to other management tiers by specially selected and trained Airbus employees.

Managers at all levels are continuing to attend the “Airbus Environment and Health and Safety Leadership Certificate”. This intensive course has four modules, which, if completed within a certain period, lead to an externally validated “Environment, Health and Safety Certificate”. Over 900 managers have attended modules 1 and 2 since their launch in September 2018. Due to deferment of classroom training in 2020, around 500 managers have been trained in 2020. Modules 3 and 4 will be developed in early 2021, with the objective of starting deployment in Q4 2021.

V. Future Outlook

The Company is committed to securing this positive trend on people safety and business sustainability. Thus further health and safety initiatives are planned for the coming years, including work environment enhancements, mind-set and behavioural changes, and integrating safety routines in the operating systems. Underpinning this activity is the continuing work to define and implement the formal ISO45001 based management system, which will provide the structure, monitoring and analysis necessary for continuous improvement.

1.2.4 Respect Human Rights and Foster Inclusion

a. Human Rights

I. Introduction

As a signatory to the United Nations Global Compact since 2003, the Company is committed to upholding international human rights principles and standards, including the International Bill of Human Rights, the International Labour Organization’s (“ILO”) Declaration on Fundamental Principles and Rights at Work and its Core Labour Standards. In doing so, the Company is implementing policies and processes that meet the requirements of the UN Guiding Principles for Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

During 2019, the Company undertook a human rights impact and gap analysis across its global business to better understand the relevant impacts on human rights. This analysis, conducted with the help of external consultants, considered current and upcoming regulatory requirements and international best

practice as well as growing human rights requirements linked to the UN Guiding Principles for Business and Human Rights within standards such as the UN Global Compact.

During 2020, the Company progressed a number of recommendations outlined in this gap analysis. Details of these actions follow.

II. Governance

During 2020 the Company formalised its governance arrangements for human rights. Accountability for human rights at Executive Committee level has been assigned to the EVP Communication and Corporate Affairs. Starting October 2020, focused human rights updates will be provided to the Executive Committee, at a minimum of twice per year. In addition, regular updates on human rights will be provided to the ECSC at Board level. The Executive Committee will agree and guide the strategic direction of the Airbus’ human rights ambition; agree

and guide the prioritisation of initiatives and resource allocation for implementation; and review the status and effectiveness of actions in progress (including roadmap /targets /KPIs). The ECSC will make and support decisions on identified salient issues and emerging significant risks; make and support decisions on key trends/ legislation and provide feedback and steering as required.

In support of these new governance arrangements and to coordinate action on human rights, a new Human Rights Steering Committee, chaired by the Head of Sustainability & Environment, and Human Rights Multi-Functional Team ("**Human Rights MFT**"), led by an appointed lead for human rights, were created during 2020. The objectives of the Human Rights Steering Committee include providing strategic guidance to support decision making and prioritisation as well as providing guidance and support on progress, whilst the Human Rights MFT will ensure the development and delivery of the human rights roadmap, including actions against agreed targets and support awareness raising and capacity building. In addition, as part of the formalised governance arrangements on human rights, the topic will be presented annually at the Societa Europea Works Council ("**SEWC**") meeting comprising social partners from across the Company's European sites.

III. Risk Management

Human Rights Due-Diligence

During 2020, the Company continued to roll out its supply chain risk mapping programme, run through the Procurement Responsibility & Sustainability team. See "– 1.2.6 Responsible Supply Chain". This built on the work which started in 2018 to map the Company's external suppliers based on high-risk countries and purchasing categories, using third-party data, which considered child labour, modern slavery /forced labour, working time and wages as well as other criteria such as environment and health & safety. In 2019, working with an independent social assurance provider, the Company began evidence based self-assessments on those high-risk suppliers identified through initial mapping. See "– 1.2.6 Responsible Supply Chain". The self-assessments gather evidence on social compliance criteria such as human rights, employment practices and working conditions. By the end of 2020, initial assessments had been launched for all identified external high-risk suppliers. Based on the results of the evidence based self-assessments and internal analysis, the Company will consider additional action including specific improvement action plans and on-site audits as required. This work is in addition to the checks which are carried out at the supplier onboarding stage via the Company's Ethics & Compliance organisation. During 2021, the Company will continue to integrate this process within the Company's supplier qualification and monitoring process.

For information on the Company's revised Supplier Code of Conduct, including strengthened expectations and requirements on human rights, see "– 1.2.6 Responsible Supply Chain".

Building on the supply chain risk mapping programme, during 2020, the Company introduced a due diligence programme of onsite social assessments focused on human and labour rights, covering its own operations (including its subsidiaries and affiliates) using an independent social assurance provider consistent with the assessments carried out in its supply chain. An initial programme of five locations was conducted during 2020, as a pilot exercise to inform the Company's approach

going forward. The sites selected for the pilot were Airbus Defence & Space Ltd at Stevenage in the UK, Airbus Helicopters in Brisbane, Australia, Airbus Helicopters in Mexico, and the Airbus Delivery Centre and the FAL in Tianjin, China. In addition, evidence based self-assessment questionnaires, which included an assessment of policies and processes linked to human and labour rights, were conducted at STELIA Aerospace in France and Premium AEROTEC in Germany, each of which are wholly owned subsidiaries of the Company.

Analysis of the assessments and the recommendations for improvement are ongoing. A minimum of four social assessments will be carried out during 2021.

Airbus' Identified Areas of Salient Issues

The human rights gap analysis undertaken in 2019 included an initial identification of the Company's salient areas of potential human rights risks (see box with impacted groups in parenthesis). This identification was based on benchmarking of industry peers and companies in similar industries and analysis of stakeholder expectations, including consideration from a rightsholder's perspective.

During 2020, the Company, through the Human Rights MFT, reviewed its identified areas of potential human rights risks and took part in an internal workshop to test these risks. In addition, the Company engaged with a number of key external stakeholders, including human rights NGOs, academics/ researchers and industry groups, to gain external feedback. Following these consultations, the areas of salient issues which the Company will focus on during 2021 are as follows (with impacted groups in parenthesis). Taking into account that salient issues may change over time due to internal and external influences, the Company commits to reviewing these issues on a regular basis:

Salient Human Rights Issues

- Impact of products and services on the right to life and liberty (passengers and citizens);
- Data privacy (individuals and their personal data);
- The transition to decarbonisation (supply chain);
- Forced and child labour and other labour rights (contractors and supply chain);
- Diverse and inclusive workplaces (the Company's workforce and contractors).

Salient Human Rights Issues

- Impact of products and services on the rights to life and liberty (passengers and citizens)
- Data privacy (individuals and their personal data)
- Transition to decarbonisation (supply chains)
- Forced and child labour and labour rights (contractors and supply chains)
- Diverse and inclusive workplaces (Airbus workforce and contractors)

As part of the Company's ambition to strengthen its human rights due diligence, owners for each salient issue were identified, each of whom, taking into account stakeholder feedback, began to develop action plans for each salient issue to include the scope,

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the current management arrangements and new actions required as well as the identification of measures of effectiveness. Risks related to these salient issues were embedded into the Company's risk portfolio in the frame of the Company's ERM system. This work will be further developed in 2021.

Impact of Products and Services on the Right to Life and Liberty

Given the wide scope of this salient issue, which touches on each Division, and feedback from external stakeholders, the Company will focus attention in the first instance on its defence portfolio where potential actions include the strengthening of human rights considerations into the Company's Defence and Space Division product lifecycle. Initial work in this area started in 2020 and included the mapping of the product lifecycle process and planning of initial integration of strengthened human rights considerations into country guidance memos that will be part of the review process of the Company's dealings with sanctioned countries. Further actions will progress throughout 2021.

Data Privacy

Privacy risks in the Company exist in relation to its employees, customers and any other individuals that will be impacted by the use of its products and the management of its business. However the scope of the data privacy salient issue is focused on the risk derived from personal data being processed by the Company (e.g., data on employees, suppliers, etc.). The risk linked to the misuse of the Company's products by customers (having potential impact on the privacy of individuals) will be addressed as part of the "impact of products and services" salient issue.

To further deploy the Company's privacy programme throughout the business and affiliates, Data Privacy Focal Points are nominated in the functions and affiliates of the Company (currently one focal point for every 350 employees). The Data Protection Office trains, provides methodologies to and coordinates the Data Privacy network and provides expertise to the business.

The Data Protection Office manages risk by:

- deploying the Airbus Privacy Programme across the whole Company;
- providing data protection laws and regulation guidance and methodologies to the business. Promoting awareness and understanding of the risks, rules, safeguards, and rights in relation to personal data processing;
- cooperating with national data protection authorities;
- maintaining Data Subject Access Rights including the mandatory "right to be informed" and ensuring the lawful basis for processing;
- reporting and mitigating risks through the Company ERM system.

Key issues under review include the transfer of data outside Europe, the impact of Brexit and cyber security. See "– Risk Factors".

The Transition to Decarbonisation

This salient risk was initially "Impact of Climate Change on Livelihoods (climate vulnerable communities)". Whilst the Company understands the contribution aviation has on climate change and the subsequent potential human rights impacts, the focus of this issue has been amended following both internal

and external stakeholder feedback and the Company's initiatives on emissions reduction, in particular its ambition to develop the world's first zero-emission commercial aircraft by 2035. For further information, see "– 1.2.2 Environment". The scope of this salient issue will therefore focus on the human rights risks of sourcing and integrating new technology in the transition to decarbonisation. Work on defining actions will continue in 2021.

Forced and Child Labour and Other Labour Rights

Following feedback from external stakeholders, and based on the size and complexity of the Company's supply chain, this salient issue was expanded to include "other labour rights" focused on the Company's supply chain. Key actions include reviewing the alert systems for human and labour rights, extending the scope of supplier assessments including human and labour rights and focusing on critical, rare earth and conflict materials. For further information, see "– 1.2.6 Responsible Supply Chain".

Diverse and Inclusive Workplace

This salient issue is focused on the Company's workforce and contract workers. As well as prioritising inclusion as one of the key commitments within the Company's sustainability strategy, actions being progressed in this area include eliminating barriers to recruitment and talent development, focusing on inclusive leadership and reinforcing business ownership and accountability for Inclusion & Diversity ("I&D"). For further information, see "– 1.2.4(b) Inclusion & Diversity" in the next Section.

IV. Initiatives

Prioritising Respect for Human Rights

"Respect human rights" was prioritised by the Company as one of the four sustainability commitments agreed by the EC and the ECSC at Board level during 2020. This also included agreement of an ambition for human rights: *"to embed and advance human rights throughout our business, operations and supply chain"*.

Commitment to Respect Human Rights

Building on the human rights commitments and expectations that have existed in various key documents for many years, including within the Airbus International Framework Agreement, signed in 2005, the Company's Code of Conduct and the Company's Supplier Code of Conduct, during 2020, the Company started work to map, consolidate, articulate and embed its commitments to human rights standards and principles, as well as its expectations in this respect, aligned to international human rights standards and principles including the United Nations Guiding Principles for Business and Human Rights, the ILO Core Conventions on Labour Standards and the OECD Guidelines for Multinational Enterprises. This work will continue in 2021.

Grievance and Remediation

During 2020, a number of actions were taken to further strengthen human rights in the Company's "SpeakUp", investigation and remediation processes. These included reinforcing references to human rights within the Company's OpenLine and investigation policies and clarifying the internal reporting process for human rights concerns.

If an allegation of human rights breach received from within the Company or through its supply chain or other third party business relationships is found to be substantiated, remedy would be sought through a variety of mechanisms. If an alert is received via its OpenLine reporting system, the Company commits to acknowledge receipt of the report within two business days. The Company has a global network of internal investigators, tasked with investigating allegations, including those relating to human rights such as forced or child labour, or labour rights and working conditions.

During 2021, the Company will continue to strengthen its processes to monitor human rights alerts and resulting investigations, and will undertake proactive communication on these mechanisms to employees, suppliers and other third party business relationships to raise awareness.

Five alleged cases of concern related to forced labour and labour rights in the Company's supply chain were identified during 2020. These include alleged forced labour and labour rights concerns in the sites of both tier one and lower tier suppliers. Four of the cases are closed as either unsubstantiated or with a consequential action, whilst one alert is currently still under review by the Procurement Responsibility & Sustainability team. The Company will continue to investigate any new alerts during 2021.

Awareness Raising

During 2020, the Company continued to raise awareness of human rights through communication, presentations and the promotion of its dedicated training on human rights and modern slavery which is available to all employees in four languages. During 2020, 1,493 participants undertook this training (10,096 in total since its launch), which included information on how to identify the signs of human rights abuse and what to do if anybody has concerns. More in-depth training on human rights, including for employees in high-risk areas, is currently under consideration.

In addition, the Company made presentations to its social partners, including the SEWC, to raise awareness of its human rights ambition. There was a commitment from both sides to continue ongoing dialogue to embed and advance respect for human rights and the Company committed to provide an annual update to the SEWC as part of its governance on human rights.

Collaboration

During 2020, the Company engaged with a number of external stakeholders on human rights in order to advance the topic through external collaboration. These included academics, researchers, NGOs, officials and peers.

The Company is also a member of a number of industry trade associations which during 2020 held focused discussions on progressing human rights within the aerospace and defence industry. These include the BDSV (German Industry Association for Security and Defence), ASD (the Aerospace and Defence Industries Association of Europe), GIFAS (French Aerospace Industries Association) and ADS (UK Industry Association for Aerospace, Defence, Security and Space).

The Company was also asked by the UK Ministry of Defence to be the first of its suppliers to complete their Modern Slavery Assessment Tool which the Company completed in January 2020 and will continue to update.

In August 2020, it was announced that a contract had been awarded by the UK Space Agency to a consortium, led by the University of Nottingham Rights Lab, including the Company's Defence and Space Division, on a project to support anti-trafficking efforts in Uganda. The project, known as "Anti-trafficking using Satellite Technology for Uganda's Sustainability" ("ASTUS"), will develop a stakeholder-informed Modern Anti-trafficking Support System ("MASS"), underpinned by satellite imagery and associated geospatial datasets provided by the Company, with the aim of enhancing Uganda's anti-trafficking efforts and progress towards SDG 8. The MASS aims to assist anti-trafficking decision-making and response at scales never seen before.

KPIs

The Company has identified a number of KPIs related to human rights to measure the progress and effectiveness of its actions. During the reporting period, the following KPIs and targets were agreed:

- number of social assessments, including human and labour rights, carried out on the Company's sites, including subsidiaries and affiliates against a target of four per year (five onsite social assessments and two evidence based self-assessment questionnaires were carried out in 2020);
- number of alerts of human rights concerns, including labour rights and forced labour received via OpenLine or other means (five alerts were received in 2020);
- percentage of investigations completed or in progress following reports of concerns linked to human rights, including labour rights and forced labour (100% are complete or in progress);
- number of participants who have completed e-learning modules on human rights and modern slavery (1,493 completed in 2020, 10,096 completed in total);
- percentage of assessments (including human rights) carried out on identified high risk external suppliers (100% of assessments carried out in 2020).

For specific activities related to the Company's supply chain, see "– 1.2.6 Responsible Supply Chain".

V. Future Outlook

During 2021, the Company will continue its focus on embedding and advancing its commitment to respect human rights throughout its business, operations and supply chain, including through the Human Rights MFT. Specific ongoing actions include:

- formally articulating the Company's commitments to human rights principles and standards including the UN Guiding Principles for Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the ILO;
- embedding a process for due-diligence on human rights and strengthened human rights commitments through the Company's business management system;
- prioritising actions based on the Company's identified salient human rights issues;
- strengthening processes to monitor human rights alerts and resulting investigations;
- progressing social assessments focused on human and labour rights throughout the Company's sites, subsidiaries and affiliates;
- capacity building with key teams throughout the Company through development of training, communication and awareness raising.

b. Inclusion & Diversity

I. Introduction

During 2020, "Respect Human Rights and Foster Inclusion" was prioritised as one of the four sustainability commitments. This priority reflects the focus the Company puts on I&D and the 140 nations and 20 different languages that it represents.

An I&D position statement outlines the Company's commitments to creating a safe and inclusive culture, including zero tolerance to discrimination and harassment, whilst the Company's Code of Conduct and Supplier Code of Conduct expresses the expectations of both employees and suppliers in this respect.

In line with the Company's values, a comprehensive I&D strategy drives the Company's approach to embedding I&D focusing on intergenerational, ethnic, social and cultural diversity as well as gender equality, LGBTQ, neurodiversity and disability-friendly policies and hiring processes. The I&D strategy aims to ensure that the Company:

- creates a safe environment and inclusive culture where collaboration, empowerment, continuous learning and accountability are promoted and valued. The Company has zero tolerance for harassment or discrimination of any kind;
- ensures the Company attracts, recruits, develops and retains a large and diverse pool of talent. This talent is a reflection of our customers and suppliers base as well as the communities around us;
- develops a thriving work environment supported by its values system, leadership model as well as a code of conduct understood and practiced by all;
- champions long-term sustainable impact not only in the aviation sector but also in the communities we work in by being signatories to the SDGs.

II. Governance

The I&D team is part of the "DEVELOP Leadership, Culture, Inclusion and Diversity Center of Expertise" within the human resources function and represents each of the Company's Divisions, with regional I&D focal points supporting the implementation of the I&D strategy.

An I&D Advisory Board, chaired by the Chief Human Resource Officer with representatives from the Executive Committee and other Divisional and regional executives, meets quarterly and provides top level oversight and input into the I&D strategy as well as reviewing risks or issues raised, providing support on new initiatives, processes or changes to policy and making appropriate recommendations to the Executive Committee.

In addition, local I&D (including disability) steering committees, championed by senior leaders and executives in the regions, provide additional support to embed and advance the I&D strategy and provide valuable local input into the I&D team and advisory board. The steering committees are supported by a network of diversity business champions.

III. Risk Management

Any identified risks related to I&D are recorded in the Company's ERM and appropriate action plans agreed. Progress is reviewed quarterly.

In addition, any alerts related to I&D raised via the Company's SpeakUp mechanism, including its confidential OpenLine, are investigated in accordance with the Company's investigation process.

IV. Initiatives

During 2020, the Company continued to focus its efforts to redress its gender balance, including the number of women in management positions and an annual target of 33% of all new recruits to be female (26% in 2020), including those entering early in their careers, such as apprentices and graduates. Since 2017 there have been three women on the Board of Directors, compared to zero in 2013, and two women on the Company's Executive Committee.

At the end of 2020:

- 18.7% of the Company's active workforce were women;
- 14% of management positions at the Company were held by women;
- 26% of all new Company recruits were women.

The Company supports various national and international initiatives such as International Women's Day and since 2018 we have committed to the UN Women's Empowerment Principles aimed at empowering women to participate fully in economic life. The Company has also led the "Women in Aviation and Aerospace Charter" and has been instrumental in the development of the "Women in Defence Charter" which demonstrates the commitment of a growing number of organisations across the industry to build a more balanced and fairer industry for women. In addition, the Company launched a "Management Basics Leadership Foundation Programme" to ensure that inclusive leadership becomes the norm at all levels.

The Company is also accelerating change through its employee-led "Balance for Business" network, which has around 10,000 volunteer members worldwide. Initiatives run through this network include roadshows promoting employee-led initiatives such as peer-to-peer mentoring, confidence building and encouraging employees to challenge stereotypes and build their careers. The network also supports some outreach initiatives.

Other employee-led networks such as the Women Innovative Network ("WIN"), the Airbus Africa Network, Spectrum, Pride@Airbus, Generation-A, Seniors Talent and (Dis)Ability ambassadors networks are key to raising awareness of I&D, promoting inclusion, equal rights and increasing visibility. Initiatives include mentoring, leadership development of under-represented groups as well as conferences and discussions open to all employees.

The annual Dis(A)bility Week campaign aims to raise awareness of disability across the Company and worldwide. This includes a series of workshops and awareness sessions on topics such as unconscious bias and psychological disabilities. During 2020 more than 30,000 employees engaged in Dis(A)bility Week activities worldwide, having doubled the participation rate compared to the previous year.

Highlighting that being unique is valued and that difference is welcome, the Company ran a self-declaration campaign during 2020 to promote awareness of the importance of declaring a disability to the Company whilst communicating the benefits of self-declaration for employees and the teams.

The Company also engaged in various social diversity programmes during 2020 in partnership with a number of different associations to promote quality education and mentorship for young people from underprivileged areas. For example, the Company participated in the "PAQTE" and "Plan 10,000" initiated in 2018 by the French government to encourage business to get involved in helping everyone find their place in society by, for example, recruiting from priority neighbourhoods, promoting learning and responsible purchasing and creating a link between neighbourhoods and businesses.

During 2020, the Company disclosed its Gender Pay Gap as required through both French and UK legislation and continues to put measures in place to ensure gender pay parity worldwide. Full details can be found on the Company's website at: <https://www.airbus.com/company/sustainability/reporting-and-performance-data/document-centre.html>.

V. Future Outlook

Priorities for 2021 include continuing the Company's focus on gender parity. Other actions include:

- eliminating systemic barriers during talent recruitment, development and management;
- agreeing targets for external recruitment of women, external recruitment from non-EU countries and external recruitment of people with disabilities;
- extending leadership development programmes to include a focus on I&D and in particular on gender diversity;
- increasing awareness and training on inclusive leadership and unconscious bias;
- leveraging and reinforcing business ownership and accountability through the Company's network of diversity champions.

c. Labour Relations

I. Introduction

2020 has been an unprecedented year due to the COVID-19 crisis which has demonstrated the essential dimension and contribution of having a proactive employee relations strategy in the Company. Throughout the crisis, the Company has undertaken numerous discussions, consultations and negotiations with its social partners, sometimes on a daily basis, to adapt to the evolving situation resulting from both the health and economic crisis. For further information, please refer to "Notes to the IFRS Consolidated Financial Statements – Note 2: Impact of the COVID-19 Pandemic" (2.4 Workforce adaptation).

These various adaptation plans were carried out in line with the common principles and standards of the ILO convention, the OECD Guidelines for Multinational Enterprises and the principles laid down by the UN Global Compact.

Employee relations are underpinned by the Company commitments made in the Company's Code of Conduct and the Airbus International Framework Agreement, signed in 2005.

II. Governance

In the International Framework Agreement ("IFA"), the Company reaffirms its willingness to respect the regulation regarding fundamental human rights, equal opportunities, free choice of employment, as well as prohibition of child labour and respect and ensuring the conditions for social dialogue.

The Company in particular intends, via its agreements, to respect the disposition of the following ILO conventions: numbers 111 (discrimination – employee and occupation), 100 (equal remuneration), 135 (workers' representatives), 29 (forced labour), 105 (abolition of forced labour), 182 (child labour), 138 (minimum age), 87 (freedom of association and protection of the right to organise) and 98 (right to organise and collective bargaining).

The head of each business is responsible for ensuring compliance with these principles. The provisions of this framework agreement define the Company's standards to be applied wherever the Company operates provided they are not in contravention of local law, insofar as more favourable conditions do not exist already. Dedicated processes ensure that the provisions of this agreement are not breached wherever the Company operates, insofar as more favourable conditions do not exist already.

The Company is in continuous dialogue with social partners on its sites in Europe, principally through meetings with management at the European Committee level but also through meetings and negotiations at national or local level. Sites outside Europe are covered by the Company's IFA framing the social dialogue and social culture in line with local labour legislation, culture and practices of respective countries.

Regular social dialogue is ensured as per ILO requirements and local legislation thanks to the Company's SEWC agreement in 2015 and reshaped in 2018.

Labour relations and social dialogue are fully part of the Company's DNA and therefore, its continuous evolution and improvement are embedded in the Company's Human Resources strategy supporting the Company's business challenges. This has been particularly evident throughout 2020. The close working relationship between the Company and employee representatives has demonstrated the value of good employee relations and the value of constructive social dialogue to understand the challenges facing the Company, work through resource adaptation plans and co-design solutions via collective agreements.

III. Risk Management

The European labour relations of the four main countries of the Company (France, Germany, UK, Spain) is also part of the Company Risk Management processes and these risks are reviewed internally on a regular basis. For example during 2020 employee relations focused on ensuring legal compliance regarding national labour laws and immigration and the impact of Brexit. The Company's approach to risk management is also reinforced by a whistle-blowers mechanism provided by the OpenLine, which allows employees to report concerns anonymously.

IV. Initiatives

During 2020, the main focus for the Company's employee and labour relations has been on adapting the business to the health and economic crisis caused by COVID-19 and the preparation of an adaptation plan.

As part of the COVID-19 adaptation plan discussions, the SEWC nominated independent external experts to analyse the social, economic and financial situation of the Company. This included interviews with the Company's top management which informed a detailed report for the SEWC on the impact of COVID-19 on the business and the actions the Company proposed to take.

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In Europe, the Company's social partners were also closely involved in discussions on the health and safety measures taken in the workplace to protect workers and prevent the spread of COVID-19. This included the provision of personal protective equipment (PPE), team rotations, homeworking, social distancing and regular communication particularly on any special site measures.

COVID-19 adaptation plan discussions also resulted in the signature of various collective agreements by the main unions or staff body representatives in France, Germany, Spain and the UK covering all employees in Airbus' commercial aircraft business within these countries. These discussions and agreements enabled dedicated partial unemployment schemes to be implemented in order to adapt activities and the workforce in 2020. In parallel, negotiations on resource adaptations also enabled mechanisms to be put in place to encourage, where possible, voluntary departures whilst not ruling out the need for compulsory redundancies.

These collective agreements were signed by employee representatives and unions including: the KBR / GBR Konzern-/Gesamtbetriebsrat (social partners in all Divisions) in Germany; the three main trade unions represented in the Company in France and three out of the five trade unions represented in the Intercompany Committee in Spain. Unite the Union were actively involved in adaptation measures in the UK.

The agreements provide for a range of social measures including: working time adaptations, voluntary departure schemes, early retirement and the opportunity to pursue personal or professional opportunities outside of the Company, such as business creation.

Consultation and negotiations on adaptation measures have also taken place in other regions with the recognised unions and employee representatives. For example, in Africa and the Middle East, successful negotiations and agreements related to adaptation measures were signed in both Morocco and Tunisia including a working time reduction arrangement; whilst in Latin America, agreements were signed in Queretaro, Mexico, covering headcount reduction, collective vacation and working time reduction.

During 2020, the Company also continued activities aimed at strengthening collaborative and partnership approaches with unions in various countries.

For example, in Canada, the Company has benefited from its first year following the signature of the new collective agreement in Airbus Canada in Mirabel, which succeeded in creating a true partnership with the Québec Association Internationale des Machinistes et Travailleurs de l'Aéronautique (AIMTA). The benefits of this partnership have been clearly evident throughout the COVID-19 crisis where many urgent agreements dealing with the situation were reached, ensuring the continuity of operations, despite severe restrictions imposed by the Québec Government. In addition, as part of the acquisition in 2020 of the Airbus A220

and A330 work package production capability from Bombardier in Québec and the creation of Stelia Aéronautique Saint Laurent Inc., a newly created subsidiary of STelia Aerospace, the group has welcomed more than 300 new employees, 200 of which are members of the AIMTA. The local AIMTA section held a general meeting and a poll, which resulted in 97.8% of members voting in favour of the transfer of their collective agreement to Stelia Aéronautique Saint Laurent Inc.

In addition, the Company is an active member of the Global Deal for Decent Work and Inclusive Growth initiative («Global Deal») that was developed in cooperation with the ILO and OECD. The Global Deal is a multi-stakeholder partnership between governments, business and employers' organisations, trade unions, civil society and other organisations that seeks to make economic growth work for all against a backdrop of rapid changes in the world of work.

During 2020, the Company introduced a new KPI measuring the accident frequency rate as part of its executive and senior manager variable pay and employee success sharing scheme. This new approach has been validated and agreed at the SEWC and demonstrates the shared willingness of the Company and its social partners to introduce important non-financial measures to assess the performance of the Company.

V. Future Outlook

The COVID-19 health and economic crisis will continue to be a key area of focus during 2021 as the Company adapts to the fallout of the pandemic and ensures the successful implementation of its adaptation plan. This will include continuing ongoing dialogue with its social partners, including on organisational changes and new ways of working.

c. Our Workforce

As of 31 December 2020, the Company's workforce amounted to 131,349 employees (compared to 134,931 employees in 2019), 95.58% of which consisted of full-time employees. These statistics take into account consolidation effects and perimeter changes throughout 2020. Depending on country and hierarchy level, the average working time is between 35 and 40 hours per week.

The decrease in total headcount was the result of the COVID-19 adaptation plan in the Company's commercial aircraft business and the already planned restructuring of the Company's Defence and Space Division with some additional adjustments to reflect the impact of the crisis on some of its business lines.

Whilst the number of entries had significantly decreased following a decision to restrict new hires in all businesses impacted by the crisis, the number of leavers had significantly increased as a result of the voluntary departures in the frame of collective agreements.

Despite the crisis, the Company fulfilled commitments towards candidates already selected prior to the crisis and welcomed 5,463 newcomers.

Entries & Leaves	2020	2019	2018
Newcomers	5,463	11,270	10,959
Core Division	2,413	6,643	5,246
Subsidiaries	3,050	4,627	5,713
Leavers (including partial retirement)	7,796	5,842	6,198
Core Division	4,675	2,902	3,245
Subsidiaries	3,121	2,940	2,953

In terms of nationalities, 35.7% of the Company's employees are from France, 32.3% from Germany, 7.7% from the UK and 9.8% from Spain. US nationals account for 2.1% of employees. The remaining 12.4% are employees coming from a total of 134 other countries. In total, 89.9% of the Company's active workforce is located in Europe on more than 100 sites. Furthermore, the Company expects its workforce to evolve naturally to support the business.

Workforce by Business Segment and Geographic Area

The tables below provide a breakdown of the Company's employees by Business segment and geographic area, including the percentage of part-time employees.

The workforce of the Company's Helicopters Division remained stable in line with its business resilience during COVID-19 crisis, while the adaptation plans in the Company's commercial aircraft business and the Company's Defence and Space Division had started to materialise with significant decrease.

Employees by business segment	31 December 2020	31 December 2019	31 December 2018
Airbus ⁽¹⁾	78,487	80,985	80,924
Airbus Helicopters	20,026	20,024	19,745
Airbus Defence and Space	32,836	33,922	33,002
Airbus (former HQ)	0	0	0
Group Total	131,349	134,931	133,671

(1) Airbus includes population of Airbus Former HQ since 1 January 2018.

Employees by geographic area	31 December 2020	31 December 2019	31 December 2018
France	48,231	49,143	48,144
Germany	45,568	45,638	45,387
Spain	11,828	12,637	13,684
UK	9,846	11,109	11,214
US	2,980	3,151	2,489
Other Countries	12,896	13,253	12,753
Group Total	131,349	134,931	133,671

% Part time employees	31 December 2020	31 December 2019	31 December 2018
Group Total	4.42%	4.46%	4.22%

Active Workforce by contract type	31 December 2020	31 December 2019	31 December 2018
Unlimited contract	128,151	130,591	130,131
Limited contract > 3 months	3,198	4,340	3,540

Voluntary departures have triggered an increase in the Company's attrition rate, which in 2020, is 5.8% overall (including subsidiaries) and 9.4% in subsidiaries only.

The Company's headcount reporting includes all consolidated companies worldwide. The internationally comparative figures are based on the active workforce, i.e. the number of permanent and short-term employees, irrespective of their individual

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working times. The headcount is calculated according to the consolidation quota of the respective companies. The scope for HR structure reporting covers about 99.98% of the Company's total active workforce from consolidated companies. In total, about 0.02% of the Company's employees are not included in the scope, as no detailed employee data is available at group level for some companies belonging to the Company, usually recently acquired.

For more details on Scope and Methodology, please refer to the Company's website at www.airbus.com.

Our People

The Company's workforce is managed by the HR function thanks to a set of HR policies and a strong labour structure. HR policies are discussed and agreed with social partners through continuous and regular meeting at global and local levels. The current priorities of the Company's HR function are:

- to ensure that the Company can attract, develop and retain a world-class competent, motivated and flexible workforce, which fits current and future business requirements;

- to facilitate diversity, continuous integration and internationalisation of the Company and contribute to a common culture based on strong company values; and
- to be a global employer of choice and an innovative, inclusive and engaging place to work for all employees.

Training & Mobility

COVID-19 has been destabilising and has had a significant impact on the Company's learning activities, driven by the need to reduce cash spend to secure the short-term survival of the Company. While the various restrictions and national lockdown measures have limited the Company's ability to deploy classroom sessions, the Company invested further in our digital learning platforms to increase digital learning by 74% compared to 2019.

The measures taken to adapt our classroom training sessions to comply with the strictest health and safety measures ensured the delivery of the mandatory and critical training without disruption to operations. The acceleration of our digital learning strategy has allowed employees to remain active in their development during periods of remote working and partial unemployment (according to social agreements).

In 2020, the Company provided more than 1 million training hours to employees.

	2020 ⁽¹⁾	2019 ⁽¹⁾	2018 ⁽¹⁾
Number of Classroom Training	78,443	129,296	114,327
Number of Digital Training	752,702	433,338	248,448

(1) Change of reporting period since 2018: from 1 Oct to 30 Sep.

The training KPIs in this report are provided for the legal entities in which at least one employee has followed a training during the year. These entities' headcount represents 97.6% of the total active workforce from full consolidated companies. Some entities may monitor local trainings outside of the group's centralised training tool MyPULSE, the corresponding additional training is not included in the KPIs above.

In addition, in 2020 more than 33,500 employees benefitted from other leadership development and transformation solutions proposed by the Airbus Leadership University – many of which

were provided in a digital format given the challenging context of 2020. The university continues to strengthen the Company's approach to leadership, offering equivalent opportunities for all leaders to drive their development one step further, while accelerating the culture evolution and human transformation of the Company.

Mobility of employees within the Company's commercial aircraft business and its two Divisions provides overall benefit and value to the Company. In 2020, as of end of December, more than 7,000 employees have changed jobs through internal mobility.

1.2.5 Exemplify Business Integrity

I. Introduction

The Company's Ethics & Compliance programme seeks to ensure that the Company's business practices conform to applicable laws, regulations and ethical business principles, as well as developing a culture of integrity and speak-up. In 2020, Ethics & Compliance continued to be a top priority for the Company as for 2019 and 2018. In its list of priorities for the year, the Company set the objective to: "Adapt our company and workforce to the crisis in a responsible manner that upholds our Values, while ensuring Health and Safety and reinforcing our commitment to Ethics & Compliance".

The Company has worked over the past several years to develop an Ethics & Compliance programme that is structured around the following key risk areas: Business Ethics / Anti-Corruption Compliance, Export Compliance and Data Protection Compliance. Each of these areas is, in turn, supported by dedicated compliance policies and a team responsible for their implementation, together with the identification and proposal of new measures to adapt to a constantly evolving regulatory landscape.

Improving the Ethics & Compliance programme remains a constant and ongoing process, in cooperation with other functions within the Company, in order to sustain and capitalise on our values.

II. Governance

The Ethics & Compliance organisation is part of the Legal Department under the ultimate responsibility of the Company's General Counsel. The aim is to provide strong governance throughout the Company with the global presence of qualified compliance officers who ensure the Ethics & Compliance programme is implemented consistently in the different functional and operational areas.

The Company's Chief Ethics & Compliance Officer, who reports to both the General Counsel and the ECSC of the Board of Directors, leads a dedicated team of Compliance professionals who are responsible for supporting and advising across the Company on compliance related topics, performing risk assessments, drafting policies, conducting third party due diligence, investigating compliance allegations, implementing tools and controls and delivering compliance training.

The ECSC also plays a key role in the oversight and continued development of the Company's Ethics & Compliance programme, organisation and framework for the effective governance of Ethics & Compliance.

In addition to the dedicated Compliance professionals, the Company continued, in 2020, to expand its network of part-time Ethics & Compliance Representatives ("ECRs"), spanning all Divisions, functions, and regions. There were a total of 335 ECRs at the end of 2020, representing a ratio of one ECR per 390 employees. Although the ECR network members are not compliance experts, they play an important role in promoting the Ethics & Compliance programme and culture and serve as points of contact for any employee who has questions about the Ethics & Compliance programme or wishes to raise an Ethics & Compliance concern, including but not limited to bribery or corruption.

Likewise, the network of Data Privacy Focal Points in the business (functions and affiliates) grew considerably in 2020 to around 380. The Data Privacy Office ("DPO") comprises a dedicated team of privacy experts, consisting of divisional and country Data Protection Officers in the EU and appointments in the regions (US, China and Singapore), responsible for privacy compliance within their perimeters. To further deploy the Company's Privacy Programme throughout the business and affiliates, the DPO and Data Protection Directive mandate that Data Privacy Focal Points are nominated in the functions and affiliates of the Company. The DPO trains, provides methodologies to and coordinates the Data Privacy network.

III. Risk Management, Monitoring and Controls

The Company is required to comply with numerous laws and regulations in jurisdictions around the world where it conducts business. This includes countries perceived as presenting an increased risk of corruption.

Accordingly, since 2017, the Company has been conducting a thorough bribery and corruption risk assessment across its two Divisions and different businesses. The results of this risk assessment are embedded and monitored within the Company's ERM framework and highlight, among others, the risk of improper payments being made to or via third parties such as sales intermediaries, lobbyists and special advisors, suppliers, distributors and joint venture or offset partners. Further corruption risks include the use of sponsorships,

donations, or political contributions to improperly benefit decision-makers, or the provision of excessive or overly frequent gifts and hospitality by Airbus employees.

In order to ensure its compliance with Export Control regulations and laws in the EU, US and internationally, the Company continues to review its Export Control compliance programme to ensure it is fit for purpose. Where risks are identified, they are embedded and monitored in the Company's ERM. Identified risks include potential unauthorised access to export controlled data and hardware by third parties and non-compliance with the International Traffic in Arms Regulations ("ITAR"). Regarding Data Privacy, the Company systematically undertakes Privacy Impact Assessment for applications meeting the criteria (nature of the personal data processed or scale of the processing, etc.) as defined by the General Data Protection Regulation ("GDPR"). In addition, risks derived from GDPR are also assessed in the context of the ERM and kept updated.

Specific directives have been adopted to address the Company's key compliance risk areas. These include among others:

- Requirements for Gifts & Hospitality;
- Requirements for Sponsorships, Donations and Corporate Memberships;
- Requirements for the Prevention of Corruption in the Engagement of Sales Intermediaries;
- Requirements for the Prevention of Corruption in the Engagement of Lobbyists & Special Advisors;
- Requirements for Supplier Compliance Review;
- Requirements for Preventing and Declaring Conflicts of Interest;
- Requirements for the Prevention of Corruption related to Mergers & Acquisitions, Joint Ventures, Partnerships and similar Transactions;
- Method for the Prevention of Corruption in the Context of International Cooperation & Offset Activities;
- Requirements for Anti-Money Laundering/Know your Customer;
- Requirements for Export Control Sanctions, Embargoes and Screening;
- Requirements for Export Control Framework;
- Requirements for Export Control Escalation and Voluntary Disclosure;
- Requirements for Export Control Brokering;
- Requirements for Export Control Classification;
- Requirements for Export Control Licences and Agreements;
- Requirements for ITAR Part 130 Reporting;
- Data Protection Directive, Method and Binding Corporate Rules.

The Ethics & Compliance organisation is charged with oversight and monitoring of these directives to ensure that they are being implemented effectively. Periodic controls on key processes are performed and reports provided to the Company's Executive Committee and the ECSC, including recommendations to strengthen the Ethics & Compliance programme where necessary.

In addition, the Corporate Audit & Forensic Department conducts periodic, independent audits of the Company's compliance processes to assess the effectiveness of internal controls and procedures and allow the Company to develop action plans for strengthening such controls.

IV. Initiatives

Awareness and Training

All Company employees are required to undergo a minimum amount of compliance training via e-learning. Additionally, depending on the function, the country and the level of risk implied by their role, certain employees are selected to attend live classroom training as well. Attendance in such cases is mandatory, and managers have a responsibility to ensure that their team members do so.

From 1 October 2019 to 30 September 2020, the Company's employees followed 309,682 Ethics & Compliance e-learning sessions, including on bribery, corruption and export control. Furthermore, 3,501 employees attended live classroom training on different E&C topics in 2020, the majority of which were delivered in virtual classroom settings due to the pandemic.

Likewise the Company also delivered anti-bribery and corruption training towards higher risk third parties, including sales intermediaries, lobbyists and special advisors. In 2020, 80% higher risk third parties were trained on E&C requirements and expectations.

The Company continued the roll out of the data protection e-learning as part of the E&C compulsory training catalogue. Approximately 30,000 employees completed this training in 2020.

Speak-Up Channel: OpenLine

The Company recognises that the Code of Conduct cannot address every challenging situation that may arise, and therefore encourages its employees to speak-up through various channels, including through OpenLine (available at <https://www.airbusopenline.com>). The OpenLine enables users to submit an alert securely and confidentially, and also to ask questions related to Ethics & Compliance.

In 2020, Inclusion & Diversity was expressly added to the definition of the "Human Resources" topic. Product Safety, previously covered by a broader "Procurement and Product Security" topic, is now displayed as a separate category as well.

In addition, the dataprotection@airbus.com mailbox is systematically published in the Company's data protection policies and information notices specific to the various apps, for the purpose of exercising data subject's rights and/or lodging complaints.

The Company protects those who speak up and raise concerns appropriately and in good faith. The Company does not retaliate against anyone who raises a concern, or against those who assist in investigations of suspected violations.

Policies and Procedures

In 2020, the Company updated its anti-bribery and corruption policies related to Sales Intermediaries (Business Partners) and Mergers & Acquisitions, Joint Ventures, and Partnerships, in particular to extend the scope of coverage to teaming and cooperation agreements, and other forms of non-monetary partnership. The Company also issued new ethical guidelines related to (i) competitive intelligence gathering and (ii) resisting solicitation and extortion. All policies and guidelines are made available to employees on the Intranet, and classroom training is delivered to employees who are particularly exposed to the underlying risks as described above.

On the Export Control side, the Company restructured its programme and issued the following new directives: (i) Requirements for Export Control Sanctions, Embargoes and Screening; (ii) Requirements for Export Control Framework; (iii) Requirements for Export Control Escalation and Voluntary Disclosure; (iv) Requirements for Export Control Brokering; (v) Requirements for Export Control Classification; (vi) Requirements for Export Control Licences and Agreements and (vii) Requirements for ITAR Part 130 Reporting.

Under the terms of the Consent Agreement with the US DoS made public on 31 January 2020, the DoS has agreed to settle all civil violations of the ITAR outlined in the Company's voluntary disclosures identified in the Consent Agreement, and the Company has agreed to retain an independent export control compliance officer, who will monitor the effectiveness of the Company's export control systems and its compliance with the ITAR for a duration of three years. See "– Information on the Company's Activities – 1.1.7 Legal and Arbitration Proceedings" (Investigation by the UK, France's PNF, US Departments of State and Justice and Related Commercial Litigation).

V. Future Outlook

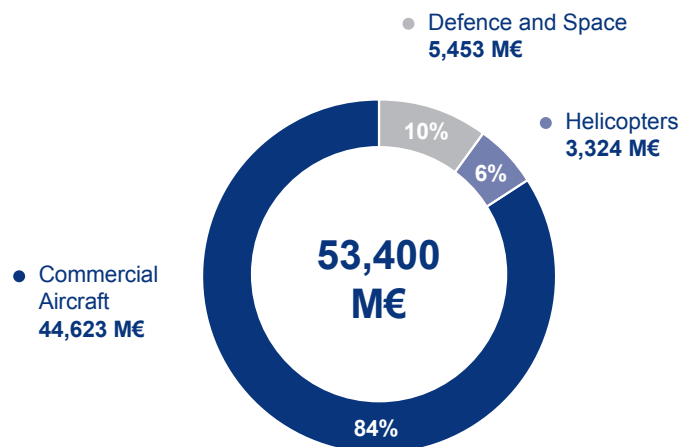
An effective Ethics & Compliance programme is one that, by definition, continuously adapts to changes and improves over time. Going forward, the Company will continue to assess its risks and monitor and test the implementation of mitigation measures at all levels: corporate level, Divisions, regions and local entities.

When misconduct reveals a gap in compliance policies, procedures or tools, the Company undertakes revisions to its Ethics & Compliance programme commensurate with the wrongdoing and in light of lessons learned. While compliance at the Company will therefore always be a work in progress, the Company is committed to this endeavour, as it aims to make its Ethics & Compliance programme sustainable over time.

1.2.6 Responsible Supply Chain

I. Introduction

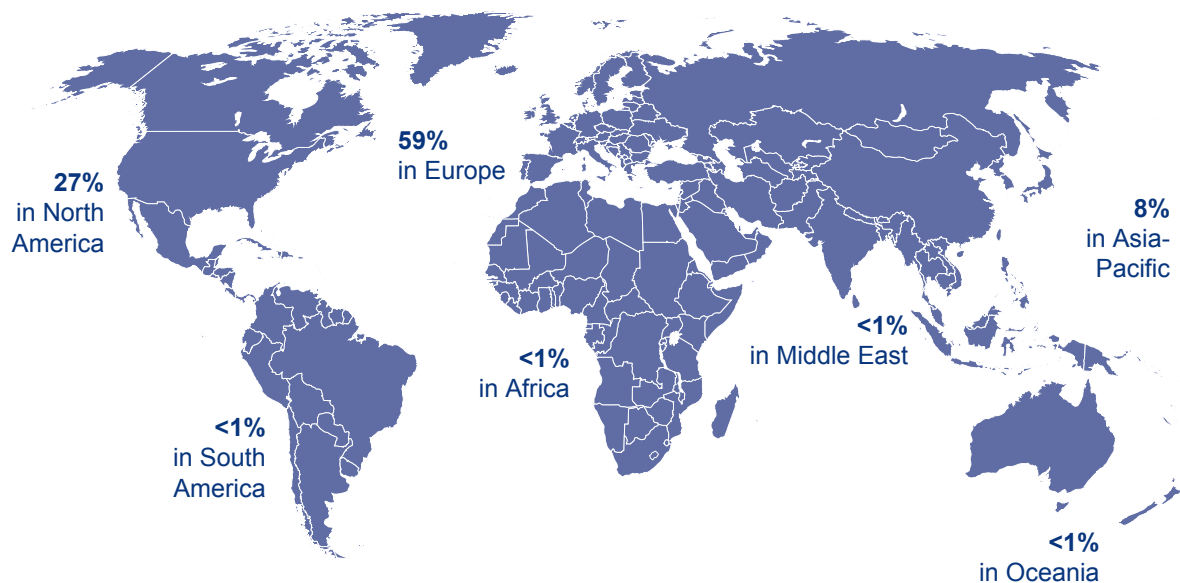
At the end of 2020, approximately 23,000 suppliers from more than 100 countries supply parts, components, systems and services to the Company. In 2019, the overall external sourcing volume of the Company was valued at around €53 billion and shared between Divisions with 84% for the Company's commercial aircraft business, 10% for the Company's Defence and Space Division and 6% for the Company's Helicopters Division.



Source: Procurement Performance & Reporting Services; Airbus Sourcing Report 2020.

Whilst the Company's products and services are sold all over the world, the majority of its supply chain is based in Europe and OECD countries. However, in the past few years, the supply chain has become concentrated and more international. The Company has identified local sourcing in Asia as one of its leading long-term objectives. In addition, and due to increasing consolidation within the aerospace and defence sector, larger work packages are being placed with a smaller number of lead suppliers.

The Company's global sourcing footprint is represented as follows based on Tier1 and subtiers data:



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To promote further globalisation of its sourcing footprint, the Company has established regional sourcing offices in North America, China & East Asia and India.

For the sourcing of indirect goods and services, the Airbus General Procurement function is represented in the regional sourcing offices. Throughout China, India and North America, Airbus General Procurement has over 50 employees managing "Local for Local" activities across 18 sites. Airbus General Procurement continued to grow the global footprint by implementing new developments within Asia Pacific (Singapore and Malaysia) and the Middle East throughout 2020.

As the Company's commercial aircraft business and its two Divisions are certified ISO14001, the Procurement function acts in adherence with ISO 14001 requirements.

II. Governance

Responsible Sourcing and Supplier Management

The Company strives to make environmental and societal responsibility a core element of its procurement process, managing the relationships with suppliers through sourcing strategy, supplier selection, contract management, supplier monitoring and development.

The Company's suppliers must comply with all applicable laws and regulations. In addition, all business should be conducted by suppliers in compliance with the principles of the Company's Supplier Code of Conduct.

The Company's Supplier Code of Conduct is the document of reference for the Company's responsible supplier management (available at <https://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Supplier-Code-Conduct-EN.pdf>). This Supplier Code of Conduct represents the group-wide values and principles in line with internationally recognised standards and conventions (such as OECD and ILO).

In 2020, in order to further embed sustainability activities throughout its supply chain, the Company formalised a Sustainable Supply Chain Roadmap ("SSCR"). This multifunctional and multidivisional team has responsibility for leading and monitoring progress around the implementation of the four commitments of the Company's sustainability strategy throughout the Company's supply chain. This includes environment, human rights and inclusion, safety (including product safety and health and safety and quality) and business ethics. The SSCR reports into a steering committee chaired by the Head of Sustainability & Environment and the Head of Procurement Responsibility & Sustainability and includes the representative of the Chief Procurement Officer of the Company and the Chief Procurement Officer of its two Divisions as well as the Head of Health & Safety, the Head of Product Safety and the Head of Ethics & Compliance, or their nominated representatives. The EVP Communication and Corporate Affairs and the Chief Procurement Officer of the Company act as sponsors of the SSCR. In addition, the Head of Procurement Responsibility & Sustainability department is part of the Procurement Leadership Team (PLT) and is responsible for facilitating the exchange of feedback on sustainability activities between the SSCR and the PLT on a regular basis.

All sustainability activities in the supply chain are based on the following key elements and principles of due diligence following the Organisation for Economic Co-operation and Development ("OECD") Due Diligence Guidance for Responsible Business Conduct:

- supply base risk mapping;
- supplier engagement and contractual requirements;
- supplier assessment/audits and development plans;
- policies, tools and reporting.

For anti-corruption topics in the supply chain, the Procurement department cooperates closely with the Legal & Compliance department.

III. Risk Management

The Company's direct procurement-related risks are embedded into the Company's ERM system. A specific risk category regarding sustainability-related risks in the supply chain has been integrated into the risk management plan.

a) Regulatory Non-Compliance

The Company may not receive sufficient visibility and information from its supply chain in regards to compliance with environmental, human rights, health and safety laws and regulations.

In the event of an industrial accident or other serious incident in the supply chain, or any problems of the supplier to fulfil its operational or product compliance, this may also have a significant adverse effect on the reputation of the Company and its products and services. The Company's reputation may also be affected by the public perception of social and/or environmental impacts of its supply chain's industrial operations on local environments, communities, biodiversity and the general public's health.

b) Supplier's Impact on Local Environment

From the extraction of raw materials to the manufacturing of parts delivered to the Company, a supplier's industrial operations may have significant environmental impacts on the local environment where the activity is performed, with possible impacts on air, water, soil, biodiversity, workers' occupational health and safety and on the health of the general public.

c) Disruption Risk

In the event that a supplier fails to comply with environmental, human rights, health and safety laws and regulations, even if caused by factors beyond its control, that failure may result in the levying of civil or criminal penalties and fines against the supplier. Regulatory authorities may require them to conduct investigations and undertake remedial activities, curtail operations or close installations or facilities temporarily to prevent imminent risks.

In response to the above a) to c), the Company deploys responsible sourcing activities and specific supplier due diligence actions in the frame of the SSCR.

d) Risk of Product Non-Compliance

The various products manufactured and sold by suppliers must comply with applicable environmental, human rights, health and safety laws and regulations, for example those covering substances and product composition. Even if a supplier seeks to ensure that its products meet the highest quality standards,

increasingly stringent and complex laws and regulations, new scientific discoveries, delivery of defective products or the obligation to notify or provide regulatory authorities or others with required information (such as under the REACH regulation) may force it to adapt, redesign, redevelop, recertify and/or remove its products from the market. Seizures of defective products may be pronounced that could prevent delivery to the Company.

In response, a Procurement Task Force has been established in order to ensure a group-wide governance for supplier management and assessment of chemical regulations and obsolescence impact.

IV. Initiatives: Airbus Supplier Vigilance Plan

The Company requires commitment to responsible business practices and sustainable development from all suppliers and strives to make environmental and social responsibility a core element of its sourcing and supplier management process. This joint commitment is a key element in securing success, conformance to applicable laws and a sustainable future for the aviation industry. For the Company's Vigilance Plan for its own operations, see "– 1.2 Non-Financial Information – 1.2.1 Airbus' Approach to Sustainability".

1. Supply base risk mapping

Social Compliance Risks

Since 2018, the Procurement Responsibility & Sustainability department has carried out proactive social risk mapping in line with international guidance, internal commodity expertise and externally available country indices. The risk mapping includes risks from both a country and a purchasing category perspective considering indices such as child labour, modern slavery/forced labour, recruitment practices, working time, wages, people safety at work and freedom of association. In 2019, this social risk mapping methodology was formalised and published in an internal commodity guide applicable to the Company's commercial aircraft business and its two Divisions.

Environmental Compliance Risks

In addition, the Company has carried out environmental risk mapping, taking into consideration categories such as the existence of hazardous substances, energy consumption, CO₂ emissions, water usage, waste management, air pollution and specific local Chinese environmental regulations. In 2020, this environmental risk mapping methodology was included in the internal commodity guide (see previous Section).

Number of Business-Relevant External Risk Suppliers Identified in 2019 (thereof lower tiers)

Based on the Company's 2018 Sourcing Report and following application of the risk mapping methodology (described in previous Section), 412 suppliers were identified as high risk in 2019.

However, taking into account the number of suppliers who had finished or are decreasing activities with the Company during this time, the number of business-relevant high risk suppliers was reduced to 397 in 2020.

Supplier Factory Visits

In 2019, the Company introduced "the Gemba Walk" pocketbook, applicable to commercial aircraft activities, which is a practical and visual guide for the Company's employees when visiting the shop floor of a supplier, supporting the identification and reporting of risks or improvement opportunities observed during factory visits. A dedicated pocketbook covering environment, health & safety and human rights risks was also developed in 2019 and published on the Airbus intranet. Unfortunately, restrictions put in place during 2020 due to COVID-19 significantly reduced the effectiveness of identifying risks through supplier shop floor visits.

2. Supplier Assessment / Audit and Development

Since 2019, the Company has worked with external expert companies to conduct sustainability-related, evidence-based desktop assessments and specific on-site audits. The assessments cover social compliance criteria such as human rights, labour practices, health and safety and anti-corruption as well as environmental regulations and sustainability criteria based on an environmental questionnaire developed by IAEG. During 2020, all suppliers identified as high risk following application of the Company's risk mapping methodology in 2019 were required to undertake an evidence based desktop assessment. 50% of all those planned have been completed, whilst the remaining are in progress. The results from the assessments are being analysed and the Company is establishing a governance process to follow up on the findings.

Specifically on environmental matters, the Company further fostered REACH awareness in the supply chain and engaged with suppliers to accelerate the substitution and manage the use of the most hazardous substances. In particular, regarding the REACH EHS readiness of suppliers, the Company focused on:

- engagement with 236 *in situ* suppliers through webinars and supplier conferences to develop their readiness to comply with enhanced REACH EHS conditions when working on the Company's sites. Further direct exchanges with the Company's EHS experts has been organised with 26% of them;
- evaluation of the maturity of external suppliers in the Company qualified processes in regards to the future enhanced protection requirements that are being defined by the European Commission:
 - out of 357 suppliers of the Company qualified processes using chromates in industrial operations, the 80 most impacting suppliers have been assessed on-site by a third party on behalf of the Company,
 - in 2020, the Company engaged with those suppliers, which revealed findings and requested them to demonstrate and launch action plans for improvement. By end of 2020, the suppliers have successfully closed approximately 80% of the major findings,
 - a complementary "wave 2" of supplier assessment considering 18 suppliers group wide was initiated in November 2020. This wave of assessments will start with supplier visits in December 2020 and the gap closure and recovery gap coverage should occur in 2021.

3. Supplier Engagement

Contractual Requirements

The Company's standard procurement contract templates have evolved over the last few years to reinforce clauses relating to sustainability and environment that require suppliers to:

- comply with all applicable laws and regulations relating to production, products and services;
- provide information on substances used in manufacturing processes and contained in the product itself;
- provide information on environmental, health and safety matters such as safe usage and management of products across its lifecycle (including waste management);
- implement an Environmental Management System based on ISO 14001 or equivalent;
- comply with the Company's anti-corruption and bribery requirements; and
- comply with the principles of the Company's Supplier Code of Conduct, including with regard to environment, human rights, labour practices, responsible sourcing of minerals and anti-corruption.

In addition, in 2020, the Company's Defence and Space Division implemented criteria on sustainability and environment in the call-for-tender procurement process. Only those suppliers which meet criteria, including in particular agreement to comply with the Company's Supplier Code of Conduct, can continue with the call for tender procurement process. Positive answers to additional criteria, such as commitment to the SDGs, sustainable projects, life-cycle assessment, waste and packaging reduction, will prioritise suppliers for further selection. Consideration will be given during 2021 to extend this process throughout the Company.

In 2019, the full scope of clauses relating to sustainability and environment criteria were included in new contracts and implementation into existing contracts has started according to the contractual roadmap of each purchasing commodity. During 2020, following a review of processes to make them more efficient, the process to obtain from the Company's suppliers a commitment to apply the principles of the Company's Supplier Code of Conduct was reviewed. A target to reach 80% of the Company's sourcing volume committing to apply its principles by 2022 was approved.

In 2020, the physical Annual Supplier Conference for the Company's commercial aircraft business was cancelled due to COVID-19. However, discussions with suppliers on sustainability continued during various supplier meetings or virtual supplier conferences for specific commodities.

4. Training & Awareness

Throughout 2020, the Procurement Responsibility & Sustainability department supported both internal awareness sessions and workshops as well as external supplier meetings on sustainability topics in the supply chain. The Company's internal Procurement Academy provides training on core competencies and skills to develop procurement expertise and prepare employees within the Procurement department for the challenges of the future. Sustainability modules are embedded in Procurement's newcomer induction path and manager development programme. This training targets supply chain quality managers, ordering officers and buyers.

At the Company's Defence and Space Division, Procurement colleagues received mandatory training in sustainability throughout 2020.

5. Policies and Tools

The Company is currently assessing all Procurement processes and tools in order to integrate sustainability-related requirements, where relevant, on top of environmental requirements, which are already largely considered. This will lead over the next years to the adaptation of the Procurement processes and tools managed by the Procurement strategy teams and creation of specific guidelines and/or commodity awareness.

6. Grievance Mechanism

From 2019, the Company OpenLine has been accessible to external stakeholders, such as suppliers and their employees, as a secure and confidential channel through which they may, on a voluntary basis, raise alerts related to the Company in the areas of bribery, human rights, environment and health and safety. This medium is available through the Company's OpenLine website (www.airbusopenline.com) in 13 languages. For further information on OpenLine, see "– 1.2.5 Ethical Business Practices". In addition to OpenLine, the Company's Sustainable Supply Chain Roadmap may receive alerts from other sources including through the supplier onboarding process, media or directly from employees.

During 2020, the Sustainable Supply Chain Roadmap received alerts on five potential allegations relating to forced labour or labour rights in its supply chain. Analysis and/or investigations of those alerts have been completed or are in progress.

7. Work with External Stakeholders

As mentioned under "Environment" in Section 1.2.2, the Company is a founding member of IAEG, which is working on common aerospace industry standards and tools to manage environmental obligations.

More specifically, for the supply chain, IAEG has developed:

- a supply chain environmental survey, which the Company implemented in 2019 and which will be used as the environmental assessment module as mentioned in paragraph 2 above;
- an EMS implementation guideline to encourage a wider uptake of EMSs as appropriate for each supplier in a phased approach and cost effective, consistent and supportive manner;
- the definition of an Environmental Qualification Program to assess and develop the environmental maturity of suppliers. IAEG is currently reviewing the opportunity to extend this qualification programme for the other sustainability topics.

As a co-founder of the International Forum on Business Ethical Conduct ("IFBEC"), the Company is supporting the application of global standards for business ethics and compliance. IFBEC members have established a Model Supplier Code of Conduct which expresses the minimum ethical standards to be applied by suppliers throughout the aerospace and defence industries. It also encourages suppliers to go beyond legal compliance, drawing upon internationally recognised standards in order to advance in social and environmental responsibility and business ethics. During 2020, the Company worked with IFBEC to update and strengthen the IFBEC Model Supplier

Code of Conduct, which was re-issued in November 2020. The update included strengthened requirements around a number of topics including human rights, product safety and environment:

- in addition, the Company added reinforced expectations into its own revised Supplier Code of Conduct, including: Product safety;
- working hours and migrant workers aligned with ILO conventions;
- environment, to specifically account for the Company's environmental policies on substance management and product performance accounting for a life-cycle perspective;
- strengthened communication on the Company's reporting mechanism, OpenLine.

All suppliers will now be asked to sign a confirmation of compliance with the principles of the revised Supplier Code of Conduct (or to confirm their own practices are aligned with the principles set out in this Code), and to cascade these principles throughout their own supply chains.

The Company is committed to support suppliers, where necessary, to improve their own human rights due diligence.

In October 2019, the Company joined the Responsible Business Alliance's Responsible Mineral Initiative ("RMI"), in order to further enforce activities of responsible sourcing while applying industry standards for supplier due diligence and data management in accordance with the OECD framework.

8. Promoting Disability Friendly Companies

Since 2011, in France the Company has been promoting employment of disabled people by its suppliers. This includes a request for relevant bidding suppliers to propose a partnership with a disability friendly company during the call for tender process. In 2019, the global volume of business with disability friendly companies in France was more than €50 million – a number that has been multiplied by six for the last eight years. At the end of 2020, around 60 disability friendly companies are working with the Company compared to ten in 2010. In November 2019, the Company organised its first (Dis)Ability Forum in Hamburg to increase its cooperation with disability friendly companies in Germany. In addition, the first (Dis)Ability Forum in Spain is planned for 2021. During 2020, the Company's subcontracting activities have decreased due to the COVID-19 crisis. This decrease also affected disability friendly companies. The Company regards disability friendly companies as particularly fragile and is committed to support them to get through the economic crisis.

9. Conflict Minerals

The Company places great importance on the responsible sourcing of materials used in manufacturing. Some minerals including 3TG (tin, tungsten, tantalum and gold) are necessary for the proper functioning of components within its products. The Company largely does not directly import minerals but these minerals are found in certain products the Company procures. In that context, the Company requires from all suppliers to comply with applicable laws and regulations on conflict minerals, including 3TG. To outline the Company's commitment to responsible business, the Responsible Mineral Policy was released in 2019 (available at <https://www.airbus.com/company/sustainability/human-rights.html>),

which details its engagement to improve safety and human rights conditions in the mineral supply chains.

The Company is also monitoring developments from the European Commission on critical raw materials (CRM) and is investigating the possibilities to take a deeper look at its related supply chain, through direct involvement and/or trade associations. The update of the Supplier Code of Conduct (available from Q1 2021) will also require suppliers to pay more attention to CRM responsible sourcing.

For the small portion of direct procurement of minerals in the Company's Defence and Space Division, the Company has established a dedicated Conflict Mineral Management System which describes the necessary activities needed to monitor potential future legal obligations linked to the upcoming EU regulations on the importation of 3TG.

10. Plastic-Free Supply Chain

Based on the SDGs, specifically SDG 12 (responsible consumption and production), a plastic-free supply chain project was launched in 2019 within the Company's Defence and Space Division with the aim of reducing, reusing and recycling plastic waste and packaging in the Division's scope of involvement by 2025 (for example, production/maintenance, logistics, offices and supply). Optimised processes are already in place and alternative packaging is being used at some locations. During a pilot case for the Division's Labège site in France, plastic-free packaging alternatives to replace transparent plastic film, plastic sleeves and adhesive tape were successfully implemented from June 2020. From this project alone, annual savings of plastic packaging corresponding to more than 200kg, equivalent to more than 14,000m² of plastic film, has been achieved. Discussions are also ongoing with suppliers to reduce plastic used in shipments and contractual requirements of packaging are reviewed in order to make the change from the current take-make-waste extractive industrial model to a circular economy approach towards a sustainable way to use plastic. Discussions to extend this project to the Company's commercial aircraft activities and the Airbus Helicopters Division and to widen the scope started in 2019 and continued during 2020.

11. CO₂ Emissions

During 2020, the Company engaged with its top suppliers to engage in the Carbon Disclosure Project (CDP) supplier programme. 95 of the Company's top suppliers, covering 67% of the Company's sourcing volume, have been contacted and 47 suppliers have completed the CDP questionnaire.

The results from this questionnaire will allow the Company to identify supplier strengths and potential areas of improvement and to engage with non-responsive suppliers in order to improve the response rate in 2021.

Around 75% of responsive suppliers have set emission targets and make use of Renewable Electricity or Renewable Energy to achieve those targets, integrating into their strategy a Risk and Opportunity approach from a climate change perspective.

In 2021 the Company intends to invite additional suppliers to contribute to the CDP and hopes that those who were not able to respond due to the COVID-19 situation will be in a better position to do so during 2021.

V. Future Outlook

The Sustainability Supply Chain Roadmap will evolve to actively mitigate sustainability risks in the supply chain, adapt to evolving sustainability requirements and support the Company's ambition to be more sustainable. Actions to be progressed during 2021 include:

- development and publication of a comprehensive picture of the Company's ambition towards its suppliers including monitoring progress;
- formalisation and reinforcement of the process to collect alerts relating to sustainability and environment topics from within the Company's supply base;
- reinforcing the adherence of the Company's Supplier Code of Conduct principles throughout the Company's supply base;
- extending the scope of supplier R&S assessments;
- engaging with those suppliers identified as requiring further action based on completed supplier assessments and development of action plans when required;
- further integrating sustainability elements into procurement processes;
- developing specific training modules on Sustainability & Environment and other solutions to support internal awareness in purchasing commodities. This will include awareness on the new Company's Supplier Code of Conduct, and the Company's approach towards sustainability within its supply base;
- the launch of a pilot project to further enhance the collection of digital data from suppliers on conflict minerals, critical material and regulated substances in the Company's delivered products.

Regarding environmental sustainability and substance management, the Company will focus on the following in 2021:

- completing the onsite assessment for REACH EHS assessment for additional suppliers and monitoring their mitigation action plan to close the findings. See above “— 2. Supplier assessment / audit and development”;
- engaging with the key contributors to CO₂ emissions in the supply chain and further development in supplier dialogue, through the CDP, to evaluate opportunities for GHG emission reduction and suppliers' maturity to address the climate change challenges;
- cooperating with suppliers of equipment representative of aerospace products to better assess the environmental impact of Company products and embodiment of Ecodesign and LCA approaches in the Company's DDMS, engaging suppliers to innovate for future products accounting for their life cycle perspective.

1.2.7 Community Engagement

The situation in 2020 as a result of the COVID-19 crisis meant that we had to adapt, but this adaptation does not mean that we stop our responsibility as a company to be a force for positive social impact. In fact, now more than ever, communities around the world need companies like Airbus to help in their recovery.

When the crisis hit, the Company and its employees around the world offered to help, ranging from industrial solutions, to offering air transportation of essential medical supplies to local volunteering.

With air traffic grounded around the world, and Europe facing a severe shortage of PPE across several countries, the Company used its test aircraft to transport over 36 million face masks from China to Europe. Some face masks were used to safeguard employees on Airbus sites and the majority were donated to European governments for onward distribution to frontline health services.

On several Airbus sites, assembly lines were transformed into production lines to manufacture essential PPE. The award-winning Ventilator Challenge UK programme, in which Airbus in Broughton played a major role, brought together a 33-strong consortium of engineering businesses from across the aerospace, automotive and medical sectors to build an incredible 13,437 Penlon ventilators for the NHS. The consortium produced 20 years' worth of ventilators in just 12 weeks and peak production exceeded 400 devices a day.

3D printing also became a vital component in the global response and the Company put its 3D printers to use producing a range of potentially lifesaving equipment. Airbus plants in Spain (Getafe, Illescas, Albacete, Tablada and San Pablo) joined forces to produce 3D-printed protective face shields for healthcare workers. Airbus Protospace in Germany and the Composite Technologie Centre (CTC) in Stade, together with the 3D-printing network in Germany “Medical goes Additive”, and a wider group of German companies and institutions also supported the project to print and deliver visors to regions in Spain which were lacking PPE. Airbus teams in the US worked with local businesses (Wichita) to consolidate the final assembly of donated parts, and the site in Mobile teamed up with the University of South Alabama to produce 3D-printed, reusable face masks and mask tension release bands, all of which were donated to support medical staff.

The pandemic restrictions caused all face to face volunteering to halt, but the Company's employees found innovative ways to pivot. More than 100 employees volunteered to take part in a virtual hackathon, coordinated by the Airbus Humanity Lab. Projects ranged from logistic support to prototyping valves which transformed a diving mask from the brand Decathlon into a safe and reusable face shield. Airbus Balance for Business, an employee volunteer platform with more than 10,000 followers also found innovative solutions to show its support. As an example, Airbus Africa Community was able to share open source plans and prototypes for the manufacture and 3D printing of protective equipment for healthcare workers in Africa. These were widely shared via collaborative digital platforms enabling, for example, Senegalese researchers to use them and start rapid manufacturing of essential material. The Airbus Foundation supported this project through the acquisition of five 3D printers for an NGO in Senegal to print plastic visors and prototype respirators.

As well as sharing its innovation and technical know-how, the Company also used its global reach to inspire and entertain children (and support their parents) around the world, who were spending more time at home. Through its Discovery Space platform, the Airbus Foundation offered a series of fun and engaging videos for children to explore the science behind the Company – from learning how planes fly to travel and life on the moon. Airbus China also developed a series of aviation on-line classes, aiming to inspire interest in aviation and enrich the digital experience of children studying at home.



When the pandemic moves beyond crisis into recovery, the Company commits to strengthening opportunities for its employees to support their local communities. Closely aligned with the Airbus Foundation, a global community engagement programme is under development and is scheduled to be deployed in 2021 to build trusted partnerships with charitable organisations in local communities. The programme will be enabled through a digital platform to create, mobilise and measure the Company's social impact activities against the framework of the UN SDGs.

The Company's principal vehicle for corporate philanthropy, the Airbus Foundation refocused its 2020 budget to respond to the COVID-19 pandemic, prioritising support for the humanitarian actions of its NGO partners. In light of changing societal needs, the Foundation also revisited its mission and a new vision for the Foundation was approved by its Board of Directors in April 2020. As well as retaining strong support for humanitarian and youth development activities, the Airbus Foundation's strategic priorities now include "environment" as a third axis, focusing on nature preservation and assisting the climate change mitigation actions of its NGO partners. For further information on the Airbus Foundation mission and activities, please visit the Airbus Foundation annual report available on the Company's website.

1.3 Recent Developments

On 5 March 2021, the EU and US announced they would suspend all tariffs related to the WTO aircraft disputes for a four-month period.