# Prioritising sustainability

**Sustainability is at the core of Airbus SE's strategy and operations, as stated in its purpose: "We pioneer sustainable aerospace for a safe and united world". The Company aims to lead the way in the decarbonisation of aerospace, to unite and safeguard the citizens of the world, and continually expand human knowledge of the universe, from Earth observation to space exploration.**

Above all, Airbus SE has four priority sustainability commitments that are in line with the United Nations' Sustainable Development Goals (SDGs) and guide its businesses when contributing to society. They are in the areas of clean aerospace; safety and quality; human rights and inclusion; and business integrity.

Over the past few years, these commitments have become central to the Company's strategy and top priorities. 2021's activities showed how they are increasingly important both within ongoing activities and research and development. This was illustrated by the Airbus Summit in Toulouse, focusing on sustainable aerospace, which brought together people from across the industry and others with a specific goal: to foster deeper cooperation and collaboration.

## 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.

The highlights of progress made in 2021 across the priority commitments follow:

### 1 – Lead the journey towards clean aerospace


The Company has set key environmental ambitions to support the journey to clean aerospace. These involve: leading the decarbonisation of the aerospace sector with an aim to bring the first zero-emission commercial aircraft to market by 2035; reducing the environmental impact at its sites worldwide and in the supply chain; developing a more circular model from design to end of life, leveraging eco-design and digitalisation; and enhancing the current product and services portfolio to contribute positively to climate change mitigation and adaptation.

Specifically, the roadmap to reducing emissions includes renewing current fleets with the best in class aircraft, investing in technologies for zero-emission aircraft and smart Air Traffic Management (ATM) solutions, and developing and deploying Sustainable Aviation Fuel (SAF).

In 2021, the Company continued to evaluate and mature hydrogen technologies that could power a zero-emission aircraft by 2035. Dedicated Zero-Emission Development Centres were established in Germany, France and Spain, and partnerships were announced to promote the use of hydrogen at airports. Turning to SAF, all Airbus commercial aircraft and helicopters are already certified to fly with a blend of up to 50% SAF. The Company's ambition is to certify 100% SAF use for its commercial aircraft and helicopters by 2030 and thereby significantly reduce lifecycle $CO_2$ emissions. In 2021, an A350, an A319neo and an H225 helicopter each flew with 100% SAF in one of their respective engines.

To provide greater transparency, in its 2020 non-financing reporting the Company began disclosing Scope 3 'in-use' emissions generated by its commercial aircraft and this was extended to civil helicopters and to upstream emissions of its supply chain as part of the 2021 non-financial reporting. Bolder targets have now been set for the Company's industrial emissions with a new objective to reduce direct (Scope 1) and indirect (Scope 2) emissions by 63% by 2030 compared to a 2015 base line and within a 1.5°C pathway and to neutralise residual emissions using permanent carbon removal solutions. Also targeted is a 20% reduction in energy consumption, a 20% reduction in waste produced and a zero percent increase in volatile organic compound air emissions.

The Company's defined top 2021 objectives for a 3% year-on-year reduction in industrial $CO_2$ emissions and a 5% cut in purchased water were surpassed. For 2022, a 5% reduction in $CO_2$ compared to 2021 is targeted, in line with its 2030 roadmap.

### 2 – Build our business on the foundation of safety and quality


Safety and quality are guiding principles for the Company and central to its activities. Within this, the health and safety of employees is a top priority and there is a continued focus on ensuring a strong safety culture. Importantly, the Company acts to promote safety through initiatives such as the 'PeopleSafety@Work' project in the Airbus commercial aircraft business and the 'WECare' campaign at Airbus Defence and Space. In addition there is the 'Safe Together' initiative at Airbus Helicopters. Virtual classes are used widely for health and safety training and were further developed in 2021 to cover statutory training in areas such as first aid. Despite the challenging environment of the pandemic, more than 128,795 hours of health and safety training were delivered to 28,144 employees between October 2020 and September 2021.

### 3 – Respect human rights and foster inclusion

The Company is committed to upholding human rights principles and standards, and makes efforts to continually improve inclusion in its various forms. During 2021, the Company worked to consolidate commitments to human rights standards and principles as well as expectations in this respect into a specific internal human rights policy. During the year a number of employees undertook dedicated training sessions to raise their awareness of human rights. Turning to inclusion and diversity, Airbus SE has long been a champion of diversity. For instance, it has a target to increase the percentage of external female hires and also promotes unconscious bias training for employees.

### 4 – Exemplify business integrity

As in previous years, Ethics and Compliance (E&C) was a top priority in 2021. A dedicated E&C programme seeks to ensure business practices conform to applicable laws, regulations and ethical business principles while reinforcing a culture of integrity and 'speaking up'. To adapt to the continually evolving regulations and promote this culture, there is a sharp focus on awareness training. All employees are required to undergo a minimum amount of compliance training via e-learning. Between 1 October 2020 and 30 September 2021, employees followed 284,774 E&C e-learning sessions, including on bribery, corruption and export control. Furthermore, 5,050 employees attended live classroom training on different E&C topics, most of which was delivered virtually due to the pandemic.

More details on the Company's approach to sustainability can be found in the Non-Financial Information section of the Universal Registration Document.


**Active year for Airbus Foundation**
The Airbus Foundation continued to support partners in COVID-19 and disaster response by coordinating humanitarian aid flights to Ivory Coast, Uganda and Nepal. Helicopter flight hours were chartered in Chile and Papua New Guinea to support communities impacted by COVID-19 and in Haiti to conduct aerial assessment following an earthquake. The Foundation also responded to satellite imagery requests from partners for disaster assessment and response plans. The Airbus Foundation Discovery Space digital platform was enriched with new educational videos and activities.

**The Airbus Summit: pioneering sustainable aerospace**
Airbus SE brought together leading figures from across aerospace and beyond to debate the industry's sustainability challenges. They discussed the unparalleled cooperation that will be required across industry, government, airlines, airports, energy companies and civil society. Key players from the energy and airport industries discussed how their ecosystems must develop to allow greater use of SAF and deploy hydrogen infrastructure. The increasing role of space-based systems in detecting climatic and environmental change was acknowledged.

**New technologies for Flightlab, CityAirbus NextGen**
Airbus Helicopters started test flights aboard Flightlab, a platform-agnostic flying laboratory designed to mature new technologies. These include hybrid and electric propulsion, as well as technologies for autonomous flight, sound reduction, improvements to maintenance and flight safety. These technologies could later equip the current helicopter range and even future fixed-wing or eVTOL platforms. At the Airbus Summit, plans for the CityAirbus NextGen all-electric flying vehicle designed for the Urban Air Mobility market were revealed.

**Sharing skies to cut $CO_2$ emissions**
Airbus performed the first long-haul demonstration of more efficient formation flight in general air traffic regulated transatlantic airspace, with two test A350 aircraft flying three kilometres apart from Toulouse to Montreal. Over 6 tonnes of $CO_2$ emissions were saved, confirming the potential for more than a 5% fuel saving on long-haul flights as part of the fello'fly demonstrator project. Flight control systems developed by Airbus position the follower aircraft safely in the wake updraft of the lead aircraft, allowing it to reduce engine thrust and fuel consumption.

# Products

## The Family Concept – Commonality across the Fleet

Airbus' aircraft families promote fleet commonality. This philosophy takes a central aircraft and tailors it to create derivatives to meet the needs of specific market segments. For example, both variants of the A220 have a significant level of common parts and can be operated by a single pilot pool. Alternatively, the A320, A330, A350 and A380 all share the same cockpit philosophy, fly-by-wire controls and handling characteristics, enabling pilots to transfer among these aircraft within the Airbus family with minimal additional training. Cross-crew qualification across families of aircraft provides airlines with significant operational flexibility. In addition, the emphasis on fleet commonality permits aircraft operators to realise significant cost savings in crew training, spare parts, maintenance and aircraft scheduling. The extent of cockpit commonality within and across families of aircraft is a unique feature of Airbus that, in management's opinion, constitutes a sustainable competitive advantage.

In addition, technological innovation has been at the core of Airbus' strategy since its creation. Each product in the Airbus family is intended to set new standards in areas crucial to airlines' success, such as cabin comfort, cargo capacity performance, economic performance, environmental impact and operational commonality. Airbus innovations often provide distinct competitive advantages, with many becoming standard in the aircraft industry.

***A220 Family.*** Complementing the A320 Family, the A220-100 and A220-300 models cover the segment between 100 and 150 seats and offer a highly comfortable five-abreast cabin. With the most advanced aerodynamics, carbon fiber reinforced polymer (CFRP) materials, high-bypass Pratt & Whitney PW1500G engines and fly-by-wire controls, the A220 delivers 25% lower fuel burn per seat compared with previous generation aircraft. In addition to the airliner versions, 2020 saw the launch of the ACJ Two Twenty business jet, based on the A220-100, combining an intercontinental capability of over 12 hours flight duration with unmatched personal space and comfort. Airbus manufactures, markets and supports A220 aircraft under the Airbus Canada Limited Partnership agreement (*q.v.*) finalised in 2018. In 2020, Airbus delivered the first US-assembled A220-300 aircraft from Mobile, Alabama.

Primary competitors to the A220 Family are the Embraer EMB190-E2 and EMB195-E2 and the Boeing 737 Max 7.

During 2021, Airbus received 64 gross orders for the A220 Family of aircraft and 38 net orders, with 50 aircraft having been delivered.

A220 FAMILY TECHNICAL FEATURES

| Model | Entry-into-service | Typical seating[1] | Range *(km)* | Length *(metres)* | Wingspan *(metres)* |
|---|---|---|---|---|---|
| A220-100 | 2016 | 100 to 120 | 6,390 | 35.0 | 35.1 |
| A220-300 | 2016 | 120 to 150 | 6,297 | 38.7 | 35.1 |

(1) Two-class layout.

***A320 Family.*** With more than 16,000 aircraft sold, and over 10,000 delivered by the end of 2021, the A320 Family of single-aisle aircraft includes the A319 and A321 derivatives, as well as the ACJ corporate jet. Each aircraft in the A320 Family shares the same systems, cockpit, operating procedures and cross-section.

At 3.95 metres diameter, the A320 Family has the widest fuselage cross-section of any competing single-aisle aircraft. This provides a roomy six-abreast passenger cabin, a high comfort level and a spacious under floor cargo volume. The A320 Family incorporates digital fly-by-wire controls, an ergonomic cockpit and a modern structural material selection. The primary competitor is the Boeing 737 series.

Airbus continues to invest in improvements across the product line, as exemplified by the development of the A320neo family, including the A319neo, A320neo, A321neo and ACJ variants of the A319neo & A320neo. The A320neo Family incorporate many innovations including latest generation engines and cabin improvements which together deliver up to 20% in fuel savings compared with earlier A320 family aircraft. The A320neo with Pratt & Whitney engines was the first variant to receive Type Certification, from EASA and FAA, in November 2015, followed by the A320neo with CFM engines in May 2016. The A321neo with Pratt & Whitney engines received Joint Type Certification in December 2016 and with CFM engines in March 2017. Type Certification for the A319neo with CFM engines was achieved in December 2018 with the Pratt & Whitney engine variant the following year.

The A320neo Family versions have over 95% airframe commonality with the A320ceo (current engine option) versions, enabling them to fit seamlessly into existing A320 Family fleets – a key factor for Airbus customers and operators. All orders for the A318ceo have been met and a full transition to the Neo variants of the other models is nearing completion. Continuing support for the large in-service A320ceo fleet is undiminished as new opportunities arise, including those in the developing passenger-to-freighter conversion market.

Recognising a market requirement for increasing range capability, the A321neo has been developed to incorporate additional flexibility in cabin configuration with optional design weight and fuel capacity enhancements to produce the 4,000nm range capable A321LR. In 2019, Airbus launched the A321XLR, combining single-aisle efficiency with widebody range and comfort, and resulting in an unmatched product offering for all operator types in the key mid-range market area.

Since its launch in December 2010, the A320neo Family has received 7,895 firm orders from more than 100 customers, with a total of 2,076 aircraft delivered to the end of 2021. A320neo deliveries commenced in February 2016 followed by the first A321neo in April 2017 and in August 2019 the first A319neo.

Overall, the A320neo family retains an approximate 60% market share of the backlog against the Boeing 737 MAX Family.

During 2021, Airbus received 661 gross orders for the A320 Family of aircraft and 437 net orders, with 483 aircraft having been delivered.

A320 FAMILY TECHNICAL FEATURES

| Model | Entry-into-service | Typical seating[1] | Range *(km)* | Length *(metres)* | Wingspan *(metres)* |
|---|---|---|---|---|---|
| A319 | 1996 | 110 to 140 | 6,850 | 33.8 | 35.8[2] |
| A320 | 1988 | 140 to 170 | 6,200 | 37.6 | 35.8[2] |
| A321 | 1994 | 170 to 210 | 5,950 | 44.5 | 35.8[2] |
| A319neo | 2019 (ACJ) | 120 to 150 | 6,760 | 33.8 | 35.8 |
| A320neo | 2016 | 150 to 180 | 6,390 | 37.6 | 35.8 |
| A321neo | 2017 | 180 to 220 | 7,400 | 44.5 | 35.8 |
| A321XLR | | 180 to 220 | 8,700 | 44.5 | 35.8 |

(1) Two-class layout.
(2) with sharklets.

***A330 Family.*** With 1,839 aircraft sold (of which 353 A330neo) and 1,464 delivered, the A330 Family covers all market segments with one twin-engine aircraft type and is designed to typically carry between 220 and 300 passengers in three-class configurations or over 400 passengers in high-density. The A330 Family offers high levels of passenger comfort as well as large under-floor cargo areas. The A330-200 version is also offered as a military platform and as a cargo variant. A passenger-to-freighter conversion is offered by the ST Engineering / EFW partnership for both the A330-200 & A330-300, meeting the logistical needs of the rapidly growing e-commerce market.

The competitors of the A330 Family are the Boeing 767, 777 and 787 aircraft series.

The latest evolution of the A330 Family is the A330neo (new engine option), comprising the A330-800 and A330-900 versions. These aircraft incorporate latest generation Rolls-Royce Trent 7000 engines and enhanced aerodynamics for improved fuel efficiency. The first flight of the A330-900 took place in October 2017 and both Type Certification and first delivery were achieved in 2018, with TAP Air Portugal taking delivery of its first three A330-900s during the year. Certification and first delivery of the A330-800, to Kuwait Airways, took place during 2020.

A330 FAMILY TECHNICAL FEATURES

| Model | Entry-into-service | Typical seating or payload[1] | Maximum range *(km)* | Length *(metres)* | Wingspan *(metres)* |
|---|---|---|---|---|---|
| A330-200 | 1998 | 210 to 250 | 13,450 | 58.8 | 60.3 |
| A330-200F | 2010 | 61 tonnes | 7,400 | 58.8 | 60.3 |
| A330-300 | 1993 | 250 to 290 | 11,750 | 63.66 | 60.3 |
| A330-800neo | 2020 | 220 to 260 | 15,094 | 58.8 | 64.0 |
| A330-900neo | 2018 | 260 to 300 | 13,334 | 63.7 | 64.0 |

(1) Three-class configuration.

***A350 XWB Family.*** The A350 XWB is a family of wide-body aircraft, designed to typically accommodate between 300 and 410 passengers. The A350 XWB offers enhanced cabin features, Rolls-Royce Trent XWB engines, advanced aerodynamics and systems technology, with more than 50% composite materials in the fuselage structure. The A350 XWB's main competitors are the Boeing 787 and 777 aircraft series. Initial delivery of the A350-900 variant took place in December 2014 to Qatar Airways.

With the Ultra-Long Range (ULR) version of the A350-900 launched in 2015, the A350 XWB demonstrated its versatility by offering the capability to perform flights of up to 19 hours. The first A350-900 ULR was delivered in September 2018 to Singapore Airlines. Highlighting the type flexibility, Airbus delivered the first A350-900 Domestic to Japan Airlines during 2019.

Partnering the A350-900 is the seven metre longer A350-1000, which was delivered to its first customer, also Qatar Airways, in February 2018. Offering additional capacity for both passengers and cargo without compromising on range, the A350-1000 is the ideal replacement for previous generation aircraft in the 350-400 seat capacity market.

In 2021, Airbus launched the A350F freighter offering three tonnes more payload and more range than a competing 777F. With unbeatable efficiency in terms of fuel burn, $CO_2$ emissions and economics, the A350F is the only freighter capable of meeting the latest ICAO requirements.

At the end of 2021, the total orders for the A350 XWB Family stood at 917 aircraft, including 11 for the A350F. With 461 aircraft having been delivered, including 55 during the year, the backlog stood at 456 aircraft.

A350 XWB FAMILY TECHNICAL FEATURES

| Model | Entry-into-service | Typical seating or payload(1) | Maximum range *(km)* | Length *(metres)* | Wingspan *(metres)* |
|---|---|---|---|---|---|
| A350-900 | 2014 | 300 to 350 | 15,000 | 66.8 | 64.8 |
| A350-1000 | 2018 | 350 to 410 | 16,100 | 73.8 | 64.8 |
| A350F | | 109 tonnes | 8,700 | 70.8 | 64.8 |

(1) Three-class layout.

***A380.*** The double-deck A380 is the world's largest commercial aircraft flying today. Its cross-section provides flexible and innovative cabin space, tailored to the needs of each airline. The aircraft is capable of carrying over 500 passengers in a comfortable four-class configuration over a range of 8,000nm / 14,800km.

In February 2019, following a review of its operations, Emirates announced the intention to reduce its A380 order book. As a consequence and given the lack of order backlog with other airlines, the final five deliveries of the A380 took place during 2021.

A380 TECHNICAL FEATURES

| Model | Entry-into-service | Typical seating(1) | Maximum range *(km)* | Length *(metres)* | Wingspan *(metres)* |
|---|---|---|---|---|---|
| A380-800 | 2007 | 400 to 550 | 14,800 | 72.7 | 79.8 |

(1) Four-class layout.

## Customer Services

Customer Services' primary mission is to secure safe and efficient aircraft operations thanks to a wide range of customer centric and value-added services.

In 2021, the worldwide economy and air travel industry showed signs of traffic recovery with an average increase in the number of flight cycles of +19% vs 2020 according to IATA, however still -25% below 2019.

Together with the growing aircraft operators' appetite for solutions to further optimise, digitalise and decarbonise their operations, Airbus aftermarket saw an improvement in the demand for existing and new products and services.

Here are some examples:

- Recovering number of Airbus Flight Hour Services (FHS) and cabin upgrades deals;
- Extension of the Skywise Digital Alliance with Delta Airlines to GE, offering combined fleet management solutions;
- Launch of the Mission+, an integrated solution providing pilots all information they need in one single application on a globe-centric display, including electronic navigation charts, mission management, weather depiction as well as performance and operational manuals;
- Launch of the Beluga transport services for outsized freight under the umbrella Airbus Transport International (ATI) subsidiary;
- MoU signature between Airbus the city of Chengdu and Tarmac Aerosave for the development of the first sustainable aircraft "life cycle" service centre in China. This agreement covers a range of activities from aircraft parking and storage, to maintenance, upgrades, conversions, dismantling and recycling services for various aircraft types.

In 2022, Airbus Customer Services priority will be to keep accompanying and supporting its customers in the safe and efficient return back to service and ramp-up of their activities.

To do so, a range of solutions are available to help reduce customers´ operating costs, increase aircraft availability, and enhance the quality of their operations and passenger experience.

With a worldwide network of 7,000 employees (including subsidiaries) made up of hundreds of technical specialists who provide Airbus' customers with advice and assistance 24 hours a day, seven days a week; 250 field service representatives positioned in over 100 cities worldwide for on-site assistance to our operators and system of empowered local teams in Asia, Africa, China the Middle East and the US; Airbus targets to remain at the forefront of the industry.

To succeed in this context, Airbus Customer Services will continue working on the transformation plan started before the crisis through optimisation and simplification of our products and further industrialisation of activities to decrease costs and increase efficiency; becoming a relevant contributor to the financial success of Airbus.

## Aircraft Leasing Trading and Financing

Airbus favours cash sales, and does not envisage customer financing as an area of business development. However, Airbus recognises the commercial need for manufacturers to assist customers in arranging financing of new aircraft purchases, and in certain cases to also participate in the financing, particularly during a time of crisis.

Extension of credit or assumption of exposure is subject to corporate oversight and monitoring, and follows strict standards of discipline and caution. Airbus' dedicated customer finance team has accumulated decades of expertise in aircraft finance. When Airbus finances a customer, the financed aircraft generally serves as collateral, with the engine manufacturer participating in the financing. These elements assist in reducing the risk borne by Airbus. The difference between the gross exposure resulting from the financing and the collateral value is fully provisioned for

(for further information, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 27: Sales Financing Transactions"). Airbus' customer financing transactions are designed to facilitate subsequent sell-down of the exposure to the financial markets, third-party lenders or lessors.

In 2021, Airbus continued to benefit from market appetite for both aircraft financing and sale and leaseback lessor opportunities, supported by a sustained level of liquidity available in the market. Airbus customer financing exposure remained limited in 2021 and in 2020 and decreased compared to 2019. Airbus will continue to provide direct aircraft financing support as it deems necessary. Management believes, based on its experience, that the level of provisioning protecting Airbus from default costs is adequate and consistent with standards and practice in the aircraft financing industry. See "– Risk Factors – Financial Market Risks – Sales Financing Arrangements".

In 2020, Asset Management, Leasing Market and Customer Finance merged to create the Aircraft Leasing Trading and Financing department. The asset management activity is now managed by the Trading commercial team with support from Portfolio / Operations and Project Management / Technical and Services teams.

Trading activity has not changed substantively and it continues to consist mainly in (i) supporting new aircraft sales campaigns through the trading (cradle to grave) and the placement of all types of used aircraft (for cash or lease), (ii) assisting Airbus entities/internal departments in finding/placing aircraft assets on the market (iii) managing and assisting in the remarketing of inventory aircraft and (iv) acting as remarketing agent for an airline/financier to remarket its aircraft. Trading activity also involves the sell down of leases, loans (secured and unsecured) and design of structured lease solutions with customers' credits.

Finally, it also provides a full range of services, including assistance with entry-into-service, interior reconfiguration and maintenance checks.

## Operations

### Industrial Organisation

Airbus' industrial organisation reflects the end-to-end industrial flow in single-aisle and wide-body value streams respectively. Production flows from the supply chain, through constituent and major component (wing, forward and aft fuselage, and nose and centre fuselage) assembly through to final assembly in Toulouse, Hamburg, Tianjin and Mobile. Aircraft are then handed over to programme management for delivery to customers. The industrial flow is secured by Quality and enabled by Procurement as well as four transverse functions responsible to provide the skills, standards and services necessary for (1) smooth industrial planning, logistics and transport, (2) integrated manufacturing engineering, (3) eradication of non-quality, and (4) highest operational excellence and sound performance management.

The Procurement organisation is responsible for both the contractual and operational relationship with the supplier base. Its aim is to ensure that purchased parts and services are delivered at the most competitive conditions, on time, cost and quality. A dedicated Procurement Operations team manages the delivery stream from the supply chain in accordance with the agreed conditions to enable the production flow.

The Quality First initiative launched in the second half of 2019 in Hamburg, with a strong focus on standards and quality gate adherence, was further deployed in 2020 leading to improved quality gate performance along both value streams. The Quality function ensured the granting in 2020 of all necessary EASA certification, POA, DOA, MOA and EN9100 accreditations through compliance to our internal standards and processes and associated audits.

This way of working along end-to-end value streams promotes a strong sense of collaboration in the service of customers, as well as reactivity and agility with the highest safety and quality standards.

In 2021, the achievement of 611 commercial aircraft deliveries was made possible thanks to the performance of our Airbus' global production facilities in Europe, the US, Canada and China. The COVID-19 crisis has demonstrated the importance of proximity to Airbus' customers especially in face of travel restrictions.

Airbus is now preparing for the future aircraft demand by enabling a bigger share on A321 delivery capabilities.

2021 delivery performance and rate evolution:

- A220 family: 50 A220 delivered. The A220 monthly production rate at five per month at the end of 2021. The rate is targeted to increase to around rate six per month in early 2022, with a monthly production rate of 14 envisaged by the middle of the decade.
- A320 family: 483 deliveries achieved. Airbus is on its trajectory to achieve rate 65 by summer 2023.
- A330: 18 deliveries achieved. Airbus expects to increase the A330 production rate, from around two to almost three aircraft per month on average at the end of 2022.
- A350: 55 deliveries achieved. Airbus expects to increase the A350 production rate from around five per month to around six in early 2023.
- A380: five deliveries achieved. The last A380 was delivered end of 2021. Many A380s will continue to fly with Airbus' support, for many years.

### Engineering

Airbus Technology and Engineering is a global organisation that develops civil aircraft and aircraft components, and in-service aircraft modifications and that conducts innovative research applicable to the next generation of aircraft and services. The team operates transnationally, with most engineers employed in France, Germany, the UK and Spain. A population of experienced aerospace engineers was also employed worldwide at five other engineering centres in Wichita (Kansas, US), Mobile (Alabama, US), Moscow (Russia), Bangalore (India) and Beijing (China) at the end of 2021.

The organisation has a strong delivery focus in support of today's programmes as well as future developments and it is structured as follows. The Centers of Competences (CoC) provide skilled resources to work on tasks, develop methods and tools, and generate solutions on topics related to airframe, systems, flight physics, propulsion, cabin and cargo. The architect and integration centre ensures, together with a team of senior aircraft architects and the programme chief engineers, that a consistent and multi-disciplinary approach is applied during aircraft development. The strategy and transversal integration centre ensures consistency between engineering and corporate

strategy, acts as the referent for configuration management, process, methods and tools for engineering, and drives the forward looking transformation of the function.

Research & Technology activities continue to deliver incremental innovations for existing aircraft, matured breakthrough technologies, with reinforced focus on industrial aspects. For further information, see "– 1.3 Other Corporate Activities".

# Airbus Canada, Regional Aircraft, Aerostructures, Seats, Aircraft Conversion

## Airbus Canada Limited Partnership

Airbus Canada Limited Partnership ("**Airbus Canada**") has been established on 1 July 2018 following the transaction between Airbus, Bombardier and Investment Quebec. In February 2020, Bombardier exited the partnership. At the end of 2021, the Airbus Canada shareholding structure was 75% Airbus and 25% Investment in Quebec. By the end of 2021, Airbus Canada had approximately 2,500 employees.

Airbus Canada has developed a family of all-new design efficient aircraft with two products: the A220-100 and the A220-300. The A220-100 is a solution for opening new routes with urban and challenging operations. The A220-100 has typical seating between 100 and 120 passengers and a range of approximately 6,400km. The A220-300 is well suited to be one of the best network feeders. The A220-300 has typical seating between 120 and 150 passengers and a range of approximately 6,300km. Both aircraft deliver 25% lower fuel burn per seat than previous generation aircraft, half the noise footprint, and decreased emissions. In addition to the airliner versions, in 2020 Airbus Canada has launched the ACJ TwoTwenty, creating a new business jet market segment by offering an intercontinental capability of over 12 hours flight duration with unmatched personal space and comfort.

In 2021, Airbus Canada has delivered 50 aircraft (compared to 38 aircraft in 2020) and has a backlog of 475 aircraft as of December 2021. Through the end of December 2021, 193 A220 have been delivered.

Industrial Footprint: A220 has two final assembly lines, one in Mirabel and one in Mobile.

## ATR

ATR (Avions de Transport Régional) is a world leader in the market for regional aircraft up to 90 seats. Its aircraft has 200 operators in 100 countries. ATR is an equal partnership between Airbus and Leonardo, with Airbus' 50% share managed by Airbus ATR organisation. Headquartered in Toulouse, ATR employs about 1,600 people. Since the start of the programme in 1981, ATR has registered net orders for 1,788 aircraft (513 ATR 42s and 1,275 ATR 72s).

In 2021, following the impact of the COVID-19 crisis on ATR customers' markets, ATR delivered 31 new aircraft (compared to 10 in 2020) and recorded net firm orders for 22 new aircraft (compared to 14 in 2020). As of 31 December 2021, ATR had a backlog of 167 aircraft (compared to 176 in 2020).

By the end of 2021, ATR has delivered 1,621 aircraft.

### Products and Services

***ATR 42 and ATR 72***. ATR has developed a family of high-wing, twin turboprop aircraft in the 30- to 78-seat market which comprises the ATR 42 and ATR 72, designed for optimal efficiency, operational flexibility and comfort. Like Airbus, the ATR range is based on the family concept, which provides for savings in training, maintenance operations, spare parts supply and cross-crew qualification. The ATR 72-600 is the lowest seat per mile cost aircraft on the 70 seat segment.

In 2020, the ATR72 freighter has been developed, since then ATR achieved the delivery of six ATR72-600F to FedEx Express (one in 2020 & five in 2021).

Finally, the Company's aircraft family is being extended with the development of the 42-600S. With the "S" representing Short Take-Off and Landing (STOL), this new version of the ATR 42-600 offers take-off and landing capabilities on runways as short as 800m with 40 passengers on board in standard flight conditions.

In order to complete the short-term product evolution, ATR is also coupling the PW 127 XT new turboprop to this ATR 42-600s version. The PW 127 XT will be available over 2022 for both ATR 72-600 and ATR 42-600.

***Customer service***. ATR has established a worldwide customer support organisation committed to supporting aircraft over their service life. Service and training centres and spare parts warehouses are located in Toulouse, Paris, Miami, Singapore, Bangalore, Auckland, Sao Paulo and Johannesburg. ATR worldwide presence also includes representative offices in Beijing and Tokyo.

ATR Asset Management addresses the market for second-hand aircraft by assisting in the placement and financing of used and end-of-lease aircraft.

### Production

The ATR fuselage is produced in Naples, Italy, and ATR wings are manufactured in Merignac near Bordeaux, France. Final assembly takes place in Saint Martin near Toulouse on the Airbus commercial aircraft production site. Flight-testing, certification and deliveries also occur in Toulouse. ATR outsources certain areas of responsibility to Airbus, such as wing design and manufacturing, flight-testing and information technology.

## Airbus Atlantic

As of 1 January 2022, Airbus Atlantic is a wholly-owned subsidiary of Airbus, gathering forces, resources and means of Airbus Nantes and Montoir-de-Bretagne plants, central functions associated to these activities and STELIA Aerospace sites worldwide.

Counting 13,000 employees in five countries and three continents, Airbus Atlantic is the new world n°2 player in aerostructures market, n°1 in pilot seats and in the top 3 for premium passenger seat marketed under the STELIA Aerospace brand.

Positioned at the heart of Airbus industrial system, Airbus Atlantic aims at delivering state-of-the-art quality and operational excellence to Airbus and to aircraft manufacturers such as Dassault Aviation, Bombardier and ATR, as well as to worldwide airlines with its premium passenger seat range.

Relying on its aerostructure, pipes and ducts, cabin interior and pilot seat divisions:

- Airbus Atlantic has a wide range of metallic and composite aerostructure capabilities, from Build-to-Print to Design & Build solutions, including fully equipped and tested aircraft sections;
- Airbus Atlantic designs, develops and manufactures bended and welded pipes and ducts covering all ATA systems;
- Airbus Atlantic designs and manufactures luxury First Class and Business Seats for key partners in the world including Lufthansa, Singapore Airlines, China Airlines, Air France or Etihad Airways;
- Airbus Atlantic provides cockpits and pilot seats, and offers support from design to production, including after-sales service;
- Airbus Atlantic's mission is to drive competitiveness with the flexibility, speed, simplicity and agility of an aerostructure Tier-1.

## Premium AEROTEC

Premium AEROTEC, a wholly owned subsidiary of the Company, is one of the world's leading tier-1 suppliers of commercial and military aircraft structures and is a partner in the major European international aerospace programmes.

Its core business is the development and production of large aircraft components from aluminium, titanium and carbon fiber composites (CFRP). Premium AEROTEC is Europe's no. 1 in this segment with roughly 7,000 employees at various sites in Germany and Romania. Premium AEROTEC is represented by its products in all Airbus commercial aircraft programmes. The current military programmes include the Eurofighter "Typhoon" and the military transport aircraft A400M.

In order to contribute successfully to the shaping of the future of aviation, the engineers and developers at Premium AEROTEC are continuously working on the new and further development of lightweight and highly durable aircraft structures. They cooperate closely with universities and research institutes in the process. Premium AEROTEC plays a significant role in the design of new concepts in such fields as carbon composite technologies (including thermoplastic processes) or 3D-printing of aircraft components made of titanium or aluminium.

Airbus launched in 2021 a project to place fuselage aerostructure assembly activities at the heart of Airbus' production system.

In Germany, end of January 2022, Airbus and social partners have agreed to establish a company for state-of-the-art aerostructures assembly. The aerostructure assembly of aircraft fuselages, currently spread across the company and subsidiaries (of which Premium AEROTEC), are planned to be merged and fully integrated into the group as a core activity on 1 July 2022.

## Elbe Flugzeugwerke GmbH – EFW

EFW combines various aviation and technology activities under a single roof: development and manufacturing of flat fibre-reinforced composite components for structures and interiors, the conversion of passenger aircraft into freighter configuration, maintenance and repair of Airbus commercial aircraft as well as engineering services in the context of certification and approval.

On 17 June 2015, Airbus signed an agreement with Singapore-based ST Aerospace Ltd. (STA) to offer passenger-to-freighter (P2F) conversion solutions for its A320 and A321 aircraft. STA acquired an additional 20% of the shares of EFW, Dresden (Germany) by way of a contribution in kind and a capital increase to EFW. The transaction closed on 4 January 2016. Consequently, 45% of the shares of EFW were retained and Airbus effectively lost its control over EFW (previously reported in Airbus).

EFW has been the excellence center for Airbus conversions for more than 25 years and re-delivered 200 converted aircraft of the first Airbus conversion programme (A300/A310) to over 40 customers worldwide, thereof the largest Express carriers in North America and Europe but also renowned General Freight and Combination Carriers.

Based on the latest freighter conversion programmes, the A330P2F, A321P2F and A320P2F, EFW is driving the development of the Airbus freighter family.

By the end of 2021, in total 14 A330P2F have been re-delivered, after a modest start of this programme, the customer demand for conversions of this wide body aircraft increased remarkably during 2020 and over the past year, and has been superseding by end of 2021 the conversion requests concerning the latest single aisle programme of A321P2F which was entering the market back in 2020.

After achieving the STC for the A321P2F in February 2020, the FAA certification in July 2020, the world's first A321P2F aircraft has been delivered in September 2020 to launch customer Vallair entering into service in October of that year and is since than operated by Qantas for Australia Post.

In 2021, four further A321P2F have been re-delivered.

By the end of 2021 EFW had secured well above 60 A321P2F and above 90 A330P2F orders.

EFW is increasing the conversion capacity such that it is possible to induct over 60 aircraft (approximately 30 A330s and A321s) for conversions per year for the Airbus P2F programmes by 2024 meaning to treble capacity compared to 2021.

## 1.1.3 Helicopters

Airbus Helicopters is a global leader in the civil and military rotorcraft market, offering one of the most complete and modern range of helicopters and related services. This product range currently includes light single-engine, light twin-engine, medium and medium-heavy rotorcraft, which are adaptable to all kinds of mission types based on customer needs. See "– 1.1.1 Overview" for an introduction to Airbus Helicopters.

### Ambition & Strategy

Airbus Helicopters continues to execute its ambition to lead Helicopters and pioneer new VTOLs for a sustainable future.

The strategic priorities of Airbus Helicopters are:

- **Customer Loyalty:** Airbus Helicopters continues to deliver the best-in-class products and services to grow in the value chain of its customers, continuously improve customer satisfaction and speed up digital and technological transformation of service offering;
- **Innovation & Sustainability:** Airbus Helicopters continues to build a sustainable innovative eco-system, mature techno-bricks for multiple platforms, develop collaborative innovations for eVTOL and deploy demonstrators and disruptive concepts;
- **Defence & Security:** Airbus Helicopters continues to act as a global defence & security leader through a robust military strategy product policy, as a preferred partner to home countries, reinforcing military programmes' attractiveness to address new markets and seizing sales campaigns opportunities to continuously grow its military market share.

### Transformation

The Company remains focused on aviation safety, quality and lead time to continuously improve customer satisfaction.

Airbus Helicopters continues to refine and execute its transformation plan in order to maintain its competitiveness in the face of market evolutions and retain its ability to invest in the future.

Airbus Helicopters continues to deploy data governance and accelerate its digital transformation based on standard capabilities, and foster digital mindset and community of practice.

Airbus Values remain a model for its leaders and employees.

#### Commitment to Innovation

In 2021, Airbus Helicopters ramped up deliveries of its five-bladed H145, both new build and retrofits, for various mission segments that the aircraft has been designed to address. The Company also delivered the first version of the H160 to the Japanese operator All Nippon Helicopter, representing a major milestone for this innovative helicopter.

At the beginning of the year, Airbus Helicopters started in-flight tests on board its helicopter Flightlab, a platform-agnostic flying laboratory exclusively dedicated to maturing new technologies. Airbus Helicopters' Flightlab provides an agile and efficient test bed to quickly test technologies that could later equip Airbus' current helicopter range, and even more disruptive ones for future fixed-wing aircraft or (e)VTOL platforms.

Airbus Helicopters intends to pursue the testing of hybrid and electric propulsion technologies with its Flightlab demonstrator, as well as exploring autonomy, and other technologies aimed at reducing helicopter sound levels or improving maintenance and flight safety.

Airbus Helicopters also made important steps towards decarbonising its products, adopting a three-fold approach using SAF, hybridisation, and electrification.

In order to drive the deployment of biofuels, Airbus Helicopters has launched a SAF User Group dedicated to the rotary-wing community. Airbus Helicopters has also started using SAF for training and test flights at its French and German sites as the majority of its product range is already certified to fly with a blend of up to 50% SAF. In November, an Airbus H225 performed the first ever helicopter flight with 100% SAF powering one of the Safran Makila 2 engines. The flight, which took place at Airbus Helicopters' headquarters in Marignane, marks the start of a flight campaign aiming to assess the impact of unblended SAF on the helicopter systems in view of certifying the use of SAF blends that exceed today's 50% limit.

Regarding hybridisation, Airbus Helicopters, in partnership with the French Civil Aviation Authority DGAC, started flight testing an engine back-up system ("**EBS**") onboard its Flightlab. The project opens the way to a future hybridised propulsion system for light helicopters while delivering concrete flight safety improvements in the short-term. The campaign's main target is to enhance flight safety of single engine operations by providing emergency electrical power in case of a turbine failure. To conduct these tests the Flightlab was equipped with a 100 KW electric motor connected to the main gearbox, which can provide electrical power for 30 seconds in the event of engine failure. By giving the pilot extra time to react and maintain rotor speed, the engine back-up system contributes to a safer and smoother autorotation maneuver to the ground. The current flight tests include the simulation of engine failure in different flight conditions, including takeoff and landing procedures and corresponding limitations. While evaluating the safety margins and performance benefits, the flight campaign also aims to demonstrate a performance increase, thanks to the prompt electric power input. The potential benefit in terms of Maximum Take-Off Weight is to compensate for the mass of the EBS system itself and to provide helicopter operators with additional payload.

At the Airbus Summit held in September 2021, the Company announced its plans for CityAirbus NextGen as the emerging UAM market begins to firm up. Benefitting from the lessons learned from the two previous demonstrators, the fully electric vehicle is equipped with fixed wings, a V-shaped tail, and eight electrically powered propellers as part of its uniquely designed distributed propulsion system. It is designed to carry up to four passengers in a zero emissions flight in multiple applications with a 80 km range and a cruise speed of 120 km/h, making it perfectly suited for operations in major cities for a variety of missions. The prototype's first flight is planned for 2023, paving the way for certification as early as 2025.

On the military side, Airbus Helicopters and the French Armament General Directorate ("**DGA**") have launched the development of the H160M and its associated support ecosystem in the frame of the Joint Light Helicopter programme (Hélicoptère Interarmées

Léger ("**HIL**")). The contract includes the development of several prototypes and the delivery of a first batch of 30 aircraft (21 for the army, 8 for the navy and one for the air force). The French Ministry for the Armed Forces plans to order a total of 169 H160M helicopters, or Guépard as it will be known in the French armed forces. Deliveries will start in 2027 beginning with the French Army.

The first of a new generation of helicopters, the H160M is derived from the EASA-certified H160. It benefits from a low cost of operations and optimised flight safety. The H160 was designed to be a modular helicopter, enabling its military version, with a single platform, to perform missions ranging from commando infiltration to air intercept, fire support, and anti-ship warfare in order to meet the needs of the army, the navy and the air force. To ensure a high level of availability while reducing operating costs, the H160M's support and services needs were taken into account from early in its design phase. Innovative and simplified, the H160M's support is based on the exploitation of data through analytics. Airbus Helicopters will guarantee a high level of availability through an innovative maintenance contract. Airbus Helicopters commits to an innovative management of maintenance and aircraft availability through a dedicated organisation that has proven to be successful.

Airbus Helicopters also made progress on the VSR700, its fully-fledged unmanned aerial system ("**UAS**"), by pursuing its flight envelope expansion test campaign in 2021. In April, the UAS performed a test flight that pushed its speed limit to 60kts (more than 110 km/h), entirely opening its flight envelope at low speed. Thanks to this milestone, the VSR700 programme is getting closer to its goal: providing the French Navy with a sea-demonstration-compatible UAS.

### Focusing on Customers

Airbus Helicopters' top priority from a customer support and service perspective is to ensure its work results in the best customer experience possible.

2021 saw the Division continue its work on digitalisation, analytics and integrated global contracts with the roll-out of two new offers: HCare Classics and HDataPower.

HCare Classics is a custom-made set of services for its legacy fleet of approximately 2,000 in-service H120, Dauphin, Puma and Gazelle helicopters. It is a customer-centric, results-based approach that has been derived from customer feedback and is aimed at easing the lives of the 750 customers operating these aircraft. The package brings a collaborative approach to fleet management, aiming to anticipate and treat issues of obsolescence and aircraft longevity. The entirely new organisational model behind the offer involves a dedicated plateau that brings together contract managers (as the voice of the customer) and product specialists, from design office experts to members of the supply chain.

Airbus Helicopters is investing both time and money to make its supply chain for the legacy fleet more robust: significant budgets are invested to reinforce the supply chain, buy-back of used aircraft to source parts, committed production lead times to secure the availability of parts, and a 24/7 worldwide AOG and specialised parts transportation service. All aspects of legacy helicopter operations are thus taken into account in a single contract, with performance commitments related to services that are performed by Airbus Helicopters.

The HDataPower pack is composed of a set of digital services addressing our latest generation of helicopters: the H135, H145, H175 and H160. It is designed to boost flight, airworthiness and maintenance operations through easy-to-use digital solutions leveraging data generated by helicopter systems, such as flight data recorders and avionics systems (Helionix®), or maintenance software and applications used to manage fleets.

The HDataPower pack is aimed at supporting these Helionix®-equipped helicopters at all steps of an operator's journey, with an uninterrupted digital chain of solutions fully integrated with Airbus Helicopters systems. It facilitates instant exchanges across functions and organisations, optimises interactions in fleet management while reducing human pressure and risks, and cuts workload and costs thanks to advanced analytics solutions.

Through the digitisation and in-depth analysis of flight, maintenance and logistics operations, the HDataPower pack sets the stage for improvement and time savings, translating to higher fleet availability, enhanced operational safety, optimised costs and sustained asset value.

### Aviation Safety

Airbus Helicopters' chief priority is to enhance aviation safety for the thousands of men and women around the world who are transported in its aircraft every day. Airbus Helicopter' ambition is to further reduce the accident rate by of the Airbus helicopter fleet in service. Airbus Helicopters also aims to be a leader in aviation safety.

In order to achieve these goals, Airbus Helicopters strives to:
- define and develop new safety measures and initiatives to support the operations of its customers;
- continue to mature the company-wide global aviation Safety Management System (SMS).

This commitment to aviation safety is also reflected across all theinternal activities related to the lifecycle of a helicopter, with a focus on meeting industry quality and safety standards, and going beyond when applicable. All this is based on continuously enhancing the strong safety culture in the Company.

## Market Drivers

According to market forecasts produced by Airbus Helicopters, around 20,000 civil helicopters and 14,000 military helicopters are expected to be built globally over the next 20 years. The helicopter market has started to recover in 2021, but is expected to remain a challenging environment due to persistent economic uncertainties lengthening sales cycle in particular in military (budget allocation postponement or reduction), delayed growth of emerging markets (especially in Asia) and the Oil & Gas downturn.

Helicopters sold in the civil and parapublic sector, where Airbus Helicopters is a leader, provide transport for private owners and corporate executives, offshore oil operations, diverse commercial applications and state agencies, including coast guard, police, medical and fire-fighting services. Thanks to its existing mission segment diversity, the helicopter market (both platforms and services activities) is expected to be resilient through the coming decade, even though one of the key segments, Oil & Gas continues to experience challenging conditions.

The civil and parapublic market has seen a good recovery from the COVID-19 pandemic performing almost at pre-pandemic level (582 units and €2.8 billion in bookings). On top of this rebound, the civil market has been boosted in particular in value by a significant Russian order (around 130 units and €1.3 billion). EMS, public services, and PBA showed the greatest recovery contributing to 85% of the civil and parapublic bookings. Airbus Helicopters expects the civil and parapublic market to remain challenging in the short-term but believes that the demand over the next 20 years will be driven by large replacement needs from advanced economies and by growth from emerging countries (especially in Asia still largely under equipped).

Airbus Helicopters' market data indicates that in 2021, worldwide deliveries of civil and parapublic turbine helicopters of five seats and above stood at 471 units.

Demand for military helicopters and related services is mainly driven by budgetary and strategic considerations, and the need to replace ageing fleets. Airbus Helicopters believes that the advanced age of current fleets, the emergence of a new generation of helicopters equipped with integrated systems and the ongoing introduction of combat helicopters into many national armed forces will contribute to increased military helicopter procurement in the medium term. Nevertheless, demand from the military sector has historically been subject to large year-to-year variations due to evolving strategic considerations, and may be limited, due to budgetary constraints on public spending in some regions like Western Europe and Middle East, while other regions like Asia Pacific or Eastern Europe are expected to continue to grow. Despite recent threats and a growing geopolitical instability, the increased economic difficulties, the saturation of the Western countries markets, as well as priorities given to operational needs (*e.g.*, spare parts, availability improvement), have resulted again in a low military market in 2021. With 460 units booked (€9.1 billion), the military market continues to experience lower bookings than before the COVID-19 pandemic. According to Airbus Helicopters' market data, worldwide deliveries of military turbine helicopters has reachedto 470 units in 2021 (478 units in 2020).

## Competition

Airbus Helicopters' primary competitors in the civil and parapublic sector are Leonardo and Bell.

The civil and parapublic sector has seen more local competitors in recent years (China, India, Japan, South Korea and Turkey). Airbus Helicopters has maintained its leading market share (without considering the exceptional Russian order) in a more dynamic market, with 59% in units in 2021, followed by Bell and Leonardo with respectively 16% and 15%.

Airbus Helicopters' main competitors in the military sector remain Sikorsky, Boeing and Russian Helicopters, thanks to large captive market and strong political support for export, but also Leonardo especially in terms of value.

The military sector is highly competitive and is characterised by major restrictions on foreign manufacturers' access to the domestic defence bidding process (*i.e.* US, China and Russia). Thanks to major military campaigns (H135, H145M, HIL, H225M) in 2021 Airbus Helicopters maintained a market share in this sector of 16% in unit. The Division will continue to focus on large military campaigns in 2022.

## Customers

More than 3,000 operators currently fly Airbus Helicopters' rotorcraft in over 150 countries. Airbus Helicopters' principal military clients are Ministries of Defence ("**MoDs**") in Europe, Asia, the US and Latin America. In the civil and parapublic sector, Airbus Helicopters has a leading market share in Europe, the Americas and Asia-Pacific.

With 52% of the worldwide market share-based on deliveries in 2021, the versatility and reliability of Airbus Helicopters products have made them the preferred choice of the most prominent civil and parapublic customers (turbine helicopters of five seats and above).

## Products and Services

Airbus Helicopters offers a complete range of helicopters that covers nearly the entire civil and military market spectrum, which it continuously improves with leading-edge technologies. This product range includes single-engine, light twin-engine, medium and medium-heavy helicopters, and is based on a series of new-generation platforms designed to be adaptable to both military and civil applications. In addition, products share multiple technical features as part of a family concept approach.

The following table sets forth Airbus Helicopters' existing product line, consisting of optimised products for different mission types:

| Helicopter Type | Primary Missions |
|---|---|
| **Single Engine ("Écureuil" family)** | |
| H125 "Écureuil" / H125M "Fennec" | Public Services(1), Military Utility(2) & Armed Reconnaissance, Corporate / Private, Commercial Pax Transport & Aerial Work |
| H130 | Commercial Pax Transport & Multipurpose, Emergency Medical, Tourism, Corporate / Private |
| **Light Twin Engine** | |
| H135 / H135M | VIP, Military Utility & Armed Reconnaissance, Emergency Medical, Public Services(1) |
| H145 / LUH (UH-72) / H145M | VIP, Military Utility(2), Emergency Medical, Public Services(1) |
| **Medium ("Dauphin" family)** | |
| H160 | Corporate / Private, VIP, Oil & Gas, Public Services(1) |
| H175 | Corporate / Private, VIP, SAR, Emergency Medical, Public Services(1), Oil & Gas |
| **Medium-Heavy** | |
| H215 "Super Puma" / H215M "Cougar" | Civil Utility, Military Transport / SAR, Oil & Gas |
| H225 / H225M | SAR, Combat-SAR, Military Transport, Oil & Gas, VIP, Public Services(1) |
| NH90 (TTH / NFH) | SAR, Military Transport, Naval |
| **Attack** | |
| Tiger | Combat, Armed Reconnaissance / Escort |

(1) Public Services includes homeland security, law enforcement, fire-fighting, border patrol, coast guard and public agency emergency medical services.
(2) Civil Utility includes different kinds of commercial activities such as aerial works, electrical new gathering (ENG), passenger and cargo transport.

### Civil Range

Airbus Helicopters' civil range includes intermediate single-engine, light twin-engine, medium and medium-heavy helicopters, which are adaptable to all mission types based on customer needs. To maintain and strengthen its competitive edge in the civil sector, Airbus Helicopters is maintaining R&D investments including:

- certification of the H160 by EASA in July 2020;
- improvement of the existing range (*i.e.* H145 certified by EASA in June 2020) in the field of performances and safety in order to meet customer's requirements;
- preparing the future H generation with major upgrades and new products pursuing a fast-paced product range renewal.

### Military Range

Airbus Helicopters' military range comprises platforms derived from its commercial range (such as the H145M and H225M respectively derived from the H145 and H225) as well as purely military platforms developed for armed forces (the NH90 and the Tiger).

Designed for modern multi-mission capabilities and cost effectiveness throughout its lifecycle, the NH90 has been developed as a multi-role helicopter for both tactical transport (TTH) and naval (NFH) applications. The programme, mainly financed by the governments of France, Germany, Italy and the Netherlands, has been jointly developed by Airbus Helicopters, Leonardo of Italy and Fokker Services of the Netherlands as joint partners in NATO Helicopter Industries (NHI) in direct proportion to their countries' expressed procurement commitments. Airbus Helicopters' share of NHI is 62.5%. There were 27 NH90 deliveries in 2021, for a cumulative total of 468 deliveries as of the end of 2021. The NH90 fleet has accumulated ~329,000 flight hours.

On the Combat segment the Mark3 upgrade of the Tiger helicopter will introduce state of the art mission systems, including manned-unmanned teaming, new avionics and next generation of weapons (antitank/air to ground missile, laser guided rockets) in order to address future requirements of the French and Spanish armies. The launch of the Tiger Mark3 development is targeted in 2022. A cumulative total of 185 Tigers have been delivered by year-end. The Tiger fleet has accumulated more than ~155,000 flight hours.

Airbus is also a major contractor to the US Army, having been chosen to supply the service's UH-72A Lakota helicopter. As of 1 January 2022, 483 aircraft had been delivered to the US Department of Defense for operation by US Army and Army National Guard units, the Navy and foreign military sales buyers.

### Customer Services

With more than 3,000 operators in over 150 countries, Airbus Helicopters has a large fleet of some ~12,000 in-service rotorcraft to support. As a result, customer service activities to support this large fleet generated 44% of Airbus Helicopters' revenues for 2021.

Airbus Helicopters' customer service activities consist primarily of maintenance, repairs, spare parts supply, training and technical support. In order to provide efficient worldwide service, Airbus Helicopters has established an international network of subsidiaries, authorised distributors and service centres.

### Operations Strategy

Implementing a new industrial model is one of the fundamental components of the Division transformation, enabling it to be more competitive and to target industrial excellence, by controlling costs and increasing the First Time Right rate (on all products from legacy to new programmes) while meeting the highest requirements in terms of quality and safety. The three pillars of the new industrial model are site specialisation, a new industrial architecture and the deployment of flexible assembly lines.

Specialised sites contribute to anchoring quality and safety fundamentals while boosting Airbus Helicopters' competitiveness. Like many manufacturers, one of the objectives is to produce each helicopter sub-assembly at a dedicated site. This means that the production sites are focused either on manufacturing operations with high added value or with a specific technological content. A good example of this transformation is the Paris-Le Bourget site, where all of Airbus Helicopters' blade design, industrialisation and production activities will be concentrated. The specialisation of these sites makes it possible to avoid the duplication of skills and industrial means.

Thanks to the redistribution of operations and economies of scale, each site contributes to the optimised production of the entire range and becomes more resilient to market fluctuations.

The helicopter is divided into major sub-assemblies that can be produced, assembled and tested in parallel, thus shortening the industrial cycle. The H160 is designed to be assembled in just 40 days thanks to this new architecture. Reducing end to end cycles is a key driver of competitiveness as well as an answer to customer requirements.

Rendering industrial system more modular through flexible assembly lines is an additional means to enhance its competitive edge on the market.

In a versatile market context, the Division's assembly lines must be able to assemble several different types of helicopters. This multi-product capability will be a key factor in terms of flexibility.

The deployment of the new industrial model is well engaged with more than 85% achieved at the end of 2021.

In addition to site specialisation, Best Cost Countries (BCC) strategy is also an important stream of the Division's industrial transformation to improve our competitiveness. Airbus Helicopters' home plants are exclusively in high cost countries. To improve our product cost in the make perimeter, the Division develops an allocation of work with complex technology to the home plants and simple parts in BCC. This is being contemplated with a simplification of the supply chain. The main technologies for BCC are aluminium airframe and mechanical parts. For aluminium airframe, the factory in Mexico is fully operational since 2020 and COVID-19 negative workload impact is expected to be fully recovered in 2022. For mechanical parts, the Hungarian project has been signed in 2020 and first sub-items will be delivered in 2022.

In parallel to the industrial aspects, Airbus Helicopters Operations is working to shape a competitive supply base with high industrial performance to reduce missing parts and avoid disruptions.

Strong monitoring, anticipation and management of the Supply Chain risks have been implemented to ensure business continuity.

To finish, Airbus Helicopters Operations is also working to shape what "Factory of the Future" could look like for each plant / center of excellence in terms of products, processes & skills of tomorrow, digitalisation, connectivity and sustainability performances.

## 1.1.4 Defence and Space

Airbus Defence and Space is a reliable partner to commercial and governmental customers worldwide, whose products and services ensure mission success across Air, Land, Sea, Space and Cyber:

- **Military Aircraft** designs, develops, delivers and supports military aircraft and systems. It is the leading fixed-wing military aircraft supplier in Europe, and one of the market leaders for combat, mission, transport and tanker aircraft worldwide. Key products include the Eurofighter Typhoon, the A400M, the A330 Multi Role Tanker Transport ("**MRTT**") and the C295;
- **Unmanned Aerial Systems** develops, delivers and operates UAS solutions for defence and institutional missions;
- **Space Systems** covers a broad range of civil and military space offerings. Its satellite solutions for telecommunications, earth observation, navigation and science include spacecraft, ground segments and payloads for institutional customers as well as the export market. It also manufactures orbital and space exploration systems. Space transportation capabilities (comprising launchers and services) are offered *via* ArianeGroup, a 50/50 Airbus-Safran joint venture;
- **Connected Intelligence** elaborates specific solutions for defence, governmental, civil and commercial customers under five main business clusters: Intelligence, Secure Communications, Cyber Security, Special Security programmes and Secure Land Communications.

### Strategy

The strategic purpose of Airbus Defence and Space is to shape and deliver sovereign Air and Space power for a secure and connected world.

To achieve this, Airbus Defence and Space is applying its strategy across three domains:

- **Air Power**: Airbus Defence and Space is leveraging momentum in Franco-German-Spanish cooperation, pursuing new European programme opportunities as it works to deliver its vision for Future Air Power. Key opportunities include Future Combat Air System ("**FCAS**"), Eurodrone and special mission aircraft, among others. Airbus Defence and Space is also working to shape and address future secure,

upgradeable, and dynamic network along with Command and Control architecture requirements while continuing to evolve existing platforms and capabilities (*e.g.* Eurofighter Typhoon, A330 MRTT, A400M, C-295, predictive aircraft maintenance) for long-term competitiveness to future force structures;
- **Space**: As Europe's space leader, Airbus Defence and Space will continue to create ever more competitive products, working with European governments and institutions to ensure the long-term health of the entire European space industrial base. In tandem, Airbus Defence and Space will evolve its product portfolio (*i.e.* equipment, satellites, vehicles and infrastructure) and take a targeted approach to international expansion. In parallel, Airbus Defence and Space is developing end-to-end solutions and accelerating new products and services to strengthen its position across the space value chain. Conscious of the need to maintain a sustainable space environment, Airbus Defence and Space is also working in collaboration with international organisations on space debris prevention;
- **Information Superiority**: Digital transformation and digital platforms will be a key enabler to unlocking greater value from the Company's portfolio while providing new data-driven services and business models. The Division will continue to provide imagery intelligence, aircraft in-service support and other services while striving to be a leader in end-to-end secure connectivity across satellite, terrestrial, maritime and airborne networks and communication domains.

Globally, Airbus Defence and Space intends to leverage its existing products and services, innovate new offerings, and strike selected strategic partnerships in order to strengthen its position in the US and other targeted international markets.

## Market

Airbus Defence and Space is active in governmental, institutional and commercial markets. As a general trend, defence budgets in Europe are forecasted to continue to grow, triggered by geopolitical reasons, heightened security risks, intensity of natural disasters in Europe, initiatives supporting strategic autonomy and continuous development of domestic defence industries. A fourth round of collaborative Permanent Structured Cooperation (PESCO) projects has been launched, European Defence Fund (EDF 2021) calls for proposals concluded, the European Medium Altitude Long Endurance ("**MALE**") drone development programme progressed with the contract with OCCAR signed on 24 February 2022, while FCAS negotiations advance for the Demonstrator Phase 1B, and the full integration of the Spanish industry is under way. In addition, EU Member States have defined a number of projects in the frame of the EU Recovery and Resilience Facility (RRF) that aim at building and strengthening space capabilities. Together, this provides sales opportunities in Europe. Market access outside the home countries may be subject to restrictions or preconditions such as national content, local industrial participation or the provision of export licenses. Nevertheless, Airbus Defence and Space, in conjunction with Airbus, is well-placed to benefit from growth in defence expenditure.

### Military Aircraft

#### Customers

The Military Aircraft Programme Line with its combat aircraft, military transport and mission aircraft, along with related services, mainly supplies the public sector, specifically armed forces.

Customer relationships in this segment are characterised by their long-term, strategic nature and long decision-making cycles. Once a contract is signed its life span, including considerable services business, often lasts for decades. Beyond a strong foothold in home countries, the customer base is increasingly global, in particular due to the success of the A330 MRTT and C295 programmes.

The volatile, uncertain and complex geopolitical situation is gradually leading to a greater importance of defence in Europe. The Franco-German declaration in summer 2017 and the establishment of PESCO by the European Union on 11 December 2017 are also clear signals in this direction. During the Franco-German Defence and Security Council in October 2019, France and Germany committed to strengthen their cooperation. Subsequently, the two countries signed the FCAS Phase 1A of the demonstrator phase in early 2020, while Spain joined the programme at the end of that year. FCAS has been evolving well over the past three years, with the execution and achievement of the Joint Concept Study and the Demonstrator Phase 1A. This led notably to the signing of the Common Operational Requirements Document (CORD) in September 2021 by the three Air Force Chiefs of Staff.

Airbus military aircraft such as A400M, MRTT, Eurofighter and other Airbus manned and unmanned platforms will play key roles in the FCAS ecosystem.

#### Competitors

The market for military aircraft is dominated by large- and medium- sized American and European companies capable of complex system integration. Among the competitive factors are affordability, technical and management capability, and the ability to develop and implement complex integrated system architectures. In particular, dedicated mission aircraft such as the heavy tankers, are derived from existing aircraft platforms. Adapting them requires thorough knowledge of the basic airframe, which generally only the aircraft manufacturer possesses, along with knowledge of systems architecture and systems integration. The skills necessary for the overall systems integration into the aircraft are extensive and the number of players in the world market is very limited.

The main competitors in military transport and mission aircraft include Boeing, Embraer, Lockheed Martin, Northrop Grumman, Dassault Aviation, Leonardo, UAC, Kawasaki, AVIC and Antonov.

Heavy military transport has historically been driven by US policy and budget decisions, therefore has been dominated by US manufacturers and split in strategic and tactical aircraft segments. The A400M represents the Company's entry into this market, at a time when nations are expected to replace their existing fleets. The aircraft is designed to disrupt the difference between strategic and tactical transport by offering both capabilities in one. This saves both time and costs as customers can fly a long range strategic aircraft into a tactical zone of operation.

In terms of revenues, Airbus Defence and Space is the largest combat aircraft manufacturer in continental Europe. The major combat aircraft activities are taking place through the contribution to the Eurofighter Typhoon programme, jointly with the consortium partner companies BAE Systems and Leonardo. Competitors in the segment of combat aircraft include Boeing, Dassault Aviation, Lockheed Martin, Saab and UAC. Eurofighter is a key asset and a capability bridge to FCAS.

### Market Trends

The sale of aircraft is expected to remain stable in the transport and special mission aircraft segments and could grow for the heavy transport segment, where the A400M occupies a unique position.

After-sales services are an important business for Military Aircraft and are continuously growing in line with the deliveries of A400M and A330 MRTT on top of the existing robust revenue stream associated with Eurofighter in-service support. For FCAS, main achievements were the successful delivery of a joint industrial proposal to the governments of France and Germany for the first Demonstrator Phase (Phase 1A) of the programme and the completion of the Joint Concept Study tranche one with the industrial on-boarding of Spain towards the end of 2020.

## Unmanned Aerial Systems

### Customers

UAS solve challenges for commercial, government and military customers alike.

There is notable momentum in Europe for cooperation in large UAS programmes. After the finalisation of Eurodrone contractual negotations between Airbus and OCCAR in 2020, Germany, France and Italy respective governments approved the Eurodrone programme budget in 2021 followed by Spain's budgetary approval in January 2022. The contract was signed by Airbus Defence and Space as industry prime, and by OCCAR on behalf of the nations on 24 February 2022, which will lead to the delivery of 20 Eurodrone systems, along with an initial five-year package of in-service support.

Eurodrone, the first European MALE, will see Airbus Defence and Space as prime contractor, leading a European industrial collaborative programme with the participation of Leonardo and Dassault. Additionally, next generation air superiority programmes such as FCAS will feature strong UAS components, spurring the development of different types of Remote Carriers, and leveraging Manned-Unmanned Teaming (MUM-T) technologies. This is underlined by an initiative from France, Germany and Spain.

Institutional and Government customers are recognising the benefits of UAS for Public Services. An incremental number of applications are requiring UAS solutions in areas such as law enforcement, fire fighting, humanitarian assistance and disaster relief, border protection or emergency services. Civil and enterprise customer interest for UAS continues to grow, with the main focus being on smaller UAS.

Some customers may find a service and leasing model more adapted to their specific needs. UAS services offer further growth potential with different levels of flexibility and customer involvement. Services encompass traditional leasing and flight operations, as well as logistics, MRO and data analytics offers.

### Competitors

With regards to platforms, Chinese, Israeli and US firms are well established in the UAS market segment, along with other European companies such as BAE Systems, Leonardo and Thales, which are competing for new European projects. The market witnesses the emergence of new, smaller, companies worldwide, addressing dedicated UAS or specific services areas. There is room and need for synergies and partnerships between smaller UAS companies and the larger UAS players.

### Market Trends

While defence will remain the largest sector, civil and institutional markets are growing steadily, especially in the smaller UAS tactical categories. 2020 marked the confirmation of the need for a European UAS in the MALE category. Markets will see some movement, including new European collaborative programmes. Services verticals will offer increasingly interesting prospects as the market evolves. The governmental market especially for larger and advanced UAS features strong growth with significant opportunities in Europe, the US and Asia Pacific. Small and flexible UAS see wide application among armed forces and other homeland security agencies alike.

## Space Systems

### Commercial Sector: Telecommunications Satellites, Launch Services

The commercial telecommunication satellite market is highly competitive – with customer decisions primarily based on price, technical expertise and track record. The main competitors for telecommunications satellites are Boeing, Lockheed Martin, MAXAR and Northrop Grumman in the US, Thales Alenia Space in France and Italy and CASC in China. The commercial geostationary telecommunications satellites market continues to show signs of recovery. In parallel, the demand for large constellations of smaller telecom satellites in Low Earth Orbit (LEO) has increased in the last few years. The business model is challenging due to the high upfront CapEx. Airbus is active in this market including direct involvement in the Airbus OneWeb Satellites joint venture and taking the lead on an EU constellation study.

In 2015, Airbus OneWeb Satellites was created, an equally owned joint-venture between Airbus and OneWeb, which is building a global high-speed internet constellation of satellites for its sole customer, OneWeb. This participation is entrepreneurial in nature and has led to a full re-think of satellite design and manufacturing to produce at competitive costs and on relatively short timelines. After a change in ownership in 2020, the company's lead investors are now the Indian Bharti Group and the UK government. Eight launches took place in 2021 meaning 60% of the first constellation is now in orbit and due for completion in 2022. Moreover, OneWeb has clear ambitions to create a second generation constellation.

With the new Bartolomeo Service, Airbus also offers one-stop-shop access to flying payloads in Low-Earth Orbit on the outside of the International Space Station (ISS), which means easy access to Space for both commercial and institutional customers. In 2021, Airbus announced the selection of ClimCam, an African climate monitoring project, to receive a free slot on Bartolomeo.

The market for commercial launch services continues to evolve with ongoing competitive pressure. Arianespace (a subsidiary of ArianeGroup) provides a complete range of launch services with the Ariane, Soyuz, and Vega launchers. Competitors for launch services include SpaceX, ULA and national space agencies. The accessible market to Arianespace for commercial launch services for geostationary satellites is expected to be at around 15-20 payloads per year, decreasing both in mass and in number of launchers compared to the equivalent market back five-six years ago. The commercial market also sees the rise of large constellations for global connectivity, with the ramp-up of OneWeb and other new projects both in the US and in Europe.

### Governmental Sector: Satellites, Space Infrastructure, Launchers, Deterrence

In the public market for Earth Observation (EO) and navigation satellites, competition in Europe is organised on a national and multinational level, primarily through the European Space Agency (ESA), the European Commission (EC) and national space agencies.

Space Systems is the recognised European leader on ESA science programmes, securing in 2021 a new contract for the Ariel exoplanet mission. It is also a major player in the EO segment, already on board of the 12 existing and future Copernicus environment missions In addition, a new important contract has been secured in 2021 to design and manufacture six Galileo second generation satellites for Europe's navigation system. Decisions at the next ESA Ministerial Conference in November 2022 should trigger future European programmes in which Airbus Defence and Space does or may seek to participate.

There is also important export demand for EO systems, in which the Company is the world's leading provider. The export market is expected to continue growing over the medium-term driven by the demand coming from new governmental operators on top of the replacement of existing assets.

The space exploration segment comprises scientific missions, with both crewed and uncrewed space systems, mainly used for solar system exploration. Demand for space exploration systems originates solely from publicly funded space agencies, in particular from ESA, NASA, Roscosmos (Russia) and JAXA (Japan). Such systems are typically built in cooperation with international partners.

The predominant field of activity on this segment is the continuing support to the operations of the ISS, together with vehicle and equipment development programmes and services. Airbus Defence and Space is the prime contractor for the Orion European Service Module for NASA's Artemis Moon-return missions, securing in 2021 a contract for three additional modules, bringing the total up to six. As the future exploration plans of the various national space agencies take shape with a growing focus on a sustainable return to the Moon and further Mars exploration, Space Systems is taking a leading role in providing vehicles, platforms and services to support these ambitious endeavours.

On the military customer side, observation satellite demand has increased in recent years.

There is an increasing demand in the governmental satcom market at home and abroad. In addition to the players in the commercial sector (see above), competition includes OHB in Germany, IAI in Israel, Melco in Japan and ISSR and Energia in Russia.

The equipment segment has benefited from a stable European market, with potential growth to come from developing space countries as well as the US.

ArianeGroup is the lead contractor for Europe's Ariane 5 and Ariane 6 launcher families, responsible for designing, manufacturing and marketing of launch services through its subsidiary, ArianeSpace. It is also responsible of the research, design, development and production of missiles for the French nuclear deterrent force (French Strategic Oceanic Force).

### Connected Intelligence

The Connected Intelligence activities cover secure connectivity, data and intelligence, as well as cyber resilience for defence, institutions and various security, maritime and commercial customers.

The programme line is divided into five programme units: Intelligence, Secure Communications, Cyber Security, Special Security programmes and Secure Land Communications.

***Intelligence:*** provides data-driven systems, services and solutions for fresh data and insights. Imagery is derived from state-of-the-art satellite constellations with a unique combination of global revisit and high-resolution, such as Pléiades Neo. Intelligence provides systems enabling command & control, real-time data fusion and predictive analyses. It also offers data-driven solutions for various commercial segments, including environmental protection, as well as sovereign cloud infrastructures for the defence segment.

***Secure Communications:*** supplies governmental satellite communications, offering multi-domain secure connectivity, satellite connectivity systems and services for armed forces, notably for UK, France, Germany and NATO, providing secure communications at sea, on land and in the air.

***Cyber Security:*** offer ranges from security operation centres, incident response services, key management, cryptography and high-security national solutions, up to consulting and training services. This programme unit has a strong track record in providing reliable products and services to defence and security customers in Europe.

***Special Security Programmes:*** supports border security and the delivery of site security services in Germany.

***Secure Land Communications:*** supplies advanced communication and collaboration solutions, enabling its customers to gather, process and deploy intelligence. The portfolio is tailored to answer the needs of public safety, industrial and commercial customers.

## Products and Services

### Military Aircraft

***A400M – Heavy military transport.*** The A400M is designed to be the most capable new generation airlifter on the market today, aiming to meet the needs of the armed forces worldwide and potential operators for military, humanitarian and peacekeeping missions in the twenty-first century. The A400M can perform the job of three different types of military transport and tanker aircraft by providing different capabilities: tactical (short to medium range airlifter capability with short, soft and austere field operating performance), strategic transport (longer range missions for outsized loads) and tactical tanker.

A total of 176 aircraft have been ordered so far. This includes the seven launch customer nations, Belgium, France, Germany, Luxembourg, Spain, Turkey, the UK, as well as two export customers, Malaysia, recently joined by Kazakhstan (two A400M ordered in 2021). Additionally, Indonesia has signed a letter of intent in 2021 to add air-to-air refuelling and heavy transport capabilities to their legacy transport fleet (two A400M plus four optional).

Type Certificate and Initial Operating Clearance were achieved in 2013. Since then, 105 units have been delivered to eight nations as of 31 December 2021. The A400M has already been deployed in operations since 2014, accumulating more than 110,000 flight hours in service. In 2019, a contract amendment was signed with launch customers on the Global Rebaselining of the A400M programme, under which all parties have agreed to update the production plan and revise the capability roadmap. NSOC 2.0 Type Acceptance by customers was achieved in 2020, followed by NSOC 2.5 Type acceptance in 2021. The programme is now delivering in line with the revised schedule, and moving forward towards SOC3 (final development standard).

***Multi-role tanker transport*** – A330 MRTT. The A330 MRTT, a derivative of the Airbus A330-200 family, offers military strategic air transport as well as air-to-air refueling capabilities at the same time. Its large fuel tank capacity (111t), a benefit of the design of the commercial platform, allows it to dispense fuel in flight to many receiver aircraft without the need for additional fuel tanks. This allows the entire lower deck cargo bay compartment to be available for freight (up to 37t), with the possibility to transport up to 27 standard civil LD3 containers, or up to eight 436L military pallets as well as at the same time the capacity to transport up to 300 troops in the upper deck cabin compartment, with the high level of comfort of a civil airliner. The A330 MRTT is equipped with state of the art refueling systems, including an Aerial Refueling Boom System (ARBS) and under-wing refueling pods and has demonstrated wet contacts with the Automatic Air-To-Air Refuelling (A3R) capability, for which certification is expected in 2022. At the end of 2021, 66 A330 MRTT have been ordered by 14 national operators (more than 94% market share over the past ten years, excluding the US), with 51 platforms already delivered and operating worldwide, accumulating more than 250,000 flight hours in operation.

By the end of 2021, in partnership with Lockheed Martin, the Company answered a formal Request for Information for the KC-Y programme of the United States Air Force, aiming at the replacement of the USAF tankers. The formal Request for Proposal process is expect to run over 2022.

***Eurofighter combat aircraft.*** The Eurofighter multi-role combat aircraft (also referred to as Typhoon) has been designed to enhance fleet efficiency through a single flying weapon system capable of fulfilling both air-to-air and air-to-ground missions.

The Eurofighter Jagdflugzeug GmbH shareholders are Airbus Defence and Space (46% share), BAE Systems (33% share) and Leonardo (21% share). With regard to series production, the respective production work shares of the participating partners within the Eurofighter consortium stand at 43% for Airbus Defence and Space, 37.5% for BAE Systems and 19.5% for Leonardo. Airbus Defence and Space develops and manufactures the centres fuselage and the right wing and leading edge slats for all aircraft, and is in charge of final assembly of aircraft ordered by the German, Spanish and Austrian air forces. In addition, Airbus Defence and Space is responsible for the development of the flight control system and the identification and communication sub-systems.

At the end of 2021, 661 Eurofighter Typhoon aircraft had been ordered by nine customers (UK, Germany, Italy, Spain, Austria, Saudi Arabia, Oman, Kuwait and Qatar), including the order of 38 aircraft in November 2020 from Germany. By the end of 2021 a total of 573 aircraft were delivered. Additionally, in December 2021 the Spanish government authorised the funds for the procurement of new Eurofighters to replace the EF-18A Hornets ageing fleet. Export opportunities are being actively developed together with the other shareholders of the Eurofighter consortium.

***C295*** – Light and Medium military transport/mission aircraft. The C295 is the workhorse of tactical military transport, conducting logistical missions including the transport and delivery of personnel and cargo as well as medical evacuations. The aircraft are deployed in demanding operational environments and have been used for humanitarian missions. The aircraft are also offered as a dedicated mission aircraft with configurations beyond the traditional airlifter version, for example maritime surveillance and anti-submarine warfare, airborne early warning and control, firefighting and intelligence surveillance reconnaissance (ISR), among other missions. In service for more than 20 years, this family of aircraft has proven to be robust, reliable, high-performing, efficient, flexible, easy to operate in any environment, and with low operating costs. 279 orders have been recorded for the C295 by 35 operators at the end of 2021, a year which includes the historical signature with the Indian Air Force for 56 C295 to replace their legacy fleet.

***Military Aircraft Services.*** Airbus Defence and Space offers and provides various services for and related to military aircraft. Throughout the life-time of our aircraft, Military Aircraft Services includes integrated logistics support, in-service support, maintenance and upgrades, along with training and flight hour services. For example, the A330 MRTT contract with the UK Ministry of Defence through the Air Tanker consortium includes alongside 14 aircraft the provision for all necessary infrastructure, training, maintenance, flight management, fleet management and ground services to enable the Royal Air Force to fly air-to-air refuelling and transport missions worldwide. Services support legacy aircraft beyond those types currently in production at Airbus Defence and Space, conducting upgrade programmes for aircraft such as the Tornado and NATO E-3A (or AWACS). Airbus Defence and Space maintains a network of Maintenance, Repair and Overhaul centres strategically located throughout the world for greater proximity to the customer, for example in Seville or Manching in Europe, in Mobile, Alabama (US) or at subsidiaries in Saudi Arabia or Oman. Supporting more than 1,600 aircraft worldwide, the contribution of Services continues to grow, with Ireland joining as the latest customer in the end of 2021.

## Unmanned Aerial Systems

In the field of UAS, Airbus Defence and Space is active at both product and service level, supplying robust and dependable solutions for customers across military, commercial and institutional markets. Solutions span from stratospheric solar powered High Altitude Platform Station (HAPS) to Tactical UAS.

The Zephyr is the world leading solar-electric stratospheric HAPS offering uninterrupted persistence and flexibility. The Manned Unmanned Teaming of Remote Carriers with Manned Platforms

is one of the pillars of the European FCAS. The European MALE RPAS (Eurodrone), developed in a European industrial collaboration will offer advanced strategic capabilities in demanding environments. The multi-mission SIRTAP offers improved performance for high end tactical UAS. Furthermore, Tactical UAS provides a full range of solutions with small fixed wing UAS platforms, adapted to fulfil ISR missions across military and civil markets.

In addition to UAS platforms, Airbus Defence and Space offers UAS services, supporting the German Air Force operations in Mali, and FRONTEX, for surveillance operations in the Mediterranean Sea. With 40 years experience, over 60,000 flight hours and 98% system availability, these services have demonstrated a proven and unmatched success.

## Space Systems

***Human space flight.*** Airbus has played an important role in human spaceflight, beginning with the Spacelab reusable laboratory flown on the US Space Shuttle, followed by the development of the Columbus module for the International Space Station (ISS), the Automated Transfer Vehicle (ATV) resupply spacecraft that serviced ISS and most recently, the addition of the Bartolomeo payload hosting platform, which the Company operates as a service. Airbus' expertise is also being applied to the European Service Module (ESM) planned to equip Orion – the next US NASA spacecraft that will send humans into space: Airbus has been selected by ESA as the prime contractor for the development and manufacturing of six ESMs with the first one to fly on NASA's Artemis I mission in early 2022.

***Telecommunication satellites.*** Airbus Defence and Space produces telecommunication satellites used for both civil and military applications, such as television and radio broadcasting, fixed and mobile communication services and Internet broadband access. Airbus is leading the transformation of the telecoms market with its truly disruptive OneSat product that marks a step change, from both a manufacturing and operational point of view. It enables Airbus to offer customers a market enabling solution at reduced cost and time to orbit. Airbus has six OneSats under contract, three for Inmarsat for the first of their next generation of geostationary Ka-band satellites, Inmarsat GX 7, 8 & 9, one OneSat for Optus, the Australian operator who ordered Optus-11 in July 2020 – with an option for an additional order – and two OneSats for Intelsat signed in December 2020. Airbus also secured two contracts for its all-electric Eurostar Neo platform in 2020, with the Thuraya and Arabsat operators.

***Observation and scientific / exploration satellites.*** Airbus Defence and Space supplies EO satellite systems including ground infrastructures for both civil and military applications. Customers can derive significant benefits from the common elements of Airbus Defence and Space civil and military observation solutions, which allow the collection of information for various applications, such as cartography, weather forecasting, climate monitoring, mineral, energy and water resource management, as well as military reconnaissance and surveillance. Airbus Defence and Space's satellite-based services are essential in supporting sustainable agriculture. They provide insights enabling reduction in the use of Nitrates, and play a significant role in helping agro-industrials like Ferrero or Nestlé monitor adherence to their non-deforestation commitments. Satellite imagery also provides targeted information for disaster relief efforts, either through the Disasters Charter or the Copernicus Emergency services, to support rescue operations.

Airbus Defence and Space also produces scientific satellites and space infrastructure, which are tailor-made products adapted to the specific requirements of the mostly high-end missions assigned to them. Applications include astronomical observation of radiation sources within the Universe, planetary exploration and Earth sciences. Airbus Defence and Space designs and manufactures a wide range of highly versatile platforms, optical and radar instruments and equipment. For example, Airbus Defence and Space is on board all 12 Copernicus Environment missions past and future and in 2020 it launched the Sentinel-6 Ocean monitoring satellite that is part of this, the world's largest climate monitoring programme. On the science side, as prime contractor, Airbus is currently manufacturing the JUICE spacecraft, ESA's next life-tracker inside the Solar System. JUICE will study Jupiter and its icy moons. In 2020 it also secured a contract for the Earth Return Orbiter, the spacecraft that will return the first ever samples from Mars under the NASA-ESA Mars Sample Return programme.

***Navigation satellites.*** Airbus Defence and Space is playing an active role in the current Galileo programme with a nearly 50% work share, including the ground control segment and providing the payloads for the first 22 satellites through its subsidiary SSTL. Airbus is prime contractor for EGNOS V3, the next generation of the European Satellite Based Augmentation System (SBAS) planned to provide the aviation community with advanced Safety of Life services and new services to Maritime and Land users.

***Space Products.*** Airbus Defence and Space serves the worldwide market with space products through its own Airbus brand as well as the brands Jena-Optronik and TESAT. Space Products offers an unmatched and extensive portfolio of embedded subsystems, equipment and services for all types of space applications: telecommunications, EO, navigation, scientific and space exploration missions, manned spaceflight and launchers.

***Launch services.*** Airbus Defence and Space is active in the field of launch services through its ArianeGroup joint venture.

ArianeGroup is responsible for the coordination and programme management of civil activities of the launcher business and relevant participations that have been transferred. ArianeGroup owns a total 74% stake in Arianespace, 46% of Starsem and 51% of Eurockot, providing a complete range of launch services with the Ariane, Soyuz, Vega and Rockot launchers.

***Commercial launchers.*** ArianeGroup manufactures launchers and performs research and development for the Ariane programmes. Member States, through ESA, fund the development costs for Ariane launchers and associated technology. Airbus Defence and Space has been the sole prime contractor for the Ariane 5 system since 2004. In December 2014, the Ariane 6 programme was decided by the ESA ministerial conference with an approval of the joint Airbus Defence and Space and Safran concept. In addition, a new industrial set-up was announced with the creation of ArianeGroup between the two main Ariane manufacturers. This vertical integration secures the future by cutting costs and being more competitive. Ariane 6 is now targeted to be launched in 2022.

***French deterrence systems.*** ArianeGroup as prime contractor holds the contracts with the French State for the submarine-launched deterrence system family.

### Connected Intelligence

***Intelligence*** is recognised as a world leader in geospatial data provision and defence intelligence. It is a global supplier of commercial satellite imagery; the No. 1 European supplier of land command and control solutions as well as a lead supplier of ISR and Air Defence solutions to France, Germany and NATO.

Intelligence manages one of the world's largest satellite fleets, with radar and optical sensors, and resolutions ranging from 25cm to 22m. In addition, the two first Pléiades Neo satellites were launched into orbit in 2021 and are now operational, with two additional ones to be launched mid-2022 to complete the constellation. This will enable it to offer 30cm resolution images with intraday revisit capabilities. Furthermore, the Constellation Optique 3D (CO3D) is currently being developed to deliver 50 cm resolution imagery across the world on a daily basis, scheduled for launch from 2023.

***Secure Communications*** is the European leading provider of secure communications services, bringing together the most comprehensive satellite communications services and systems, and best-in-class secure network services and solutions. It provides governments, military forces and International Agencies with mission-critical voice and high-speed data communications on land, at sea and in the air. One example is the UK "Skynet 5" programme, where Airbus Defence and Space delivers tailored end-to-end in-theatre and back-to-base communication solutions for voice, data and video services, ranging from a single voice channel to a complete turnkey system incorporating terminals and network management. This contract, pursuant to which Airbus Defence and Space owns and operates the UK military satellite communication infrastructure, allows the UK MoD to place orders and to pay for services as required.

***Cyber Security*** provides companies, critical national infrastructures and government and defence organisations with reliable, high-performance products and services to detect, analyse and respond to increasingly sophisticated cyber-attacks. The market growth is driven by an exponential increase in cyber-attacks, the continuous digital transformation in all types of organisation and the increased use of connected assets. Customers belong to both the public and private sector, including companies with high grade security requirements.

***Secure Land Communications*** provides advanced mobile communication and collaboration solutions with the highest standards of security and reliability. These include voice, messaging and multimedia sharing solutions based on Tetra, Tetrapol and Broadband (4G/5G) technologies. The programme unit provides networks, applications, dispatchers, terminals, accessories and services. Among the key achievements for Secure Land Communications in 2021 are the progress made in the Middle East with Aramco in Saudi Arabia, the Tactilon Agnet collaboration solution being used at World Expo in Dubai, and the preparation of the Qatar World Cup. In Asia-Pacific, results are positive, especially in China with more than 20 networks won for the metro. In Europe, several contracts including Tactilon Agnet were signed as well, for instance in Finland and Spain.

## Operations/Engineering

Airbus Defence and Space is headquartered in the Munich region. The main engineering and production facilities of the Division are located in France (Paris region and southwest France), Germany (Bavaria, Baden-Württemberg and Bremen), Spain (Madrid region and Andalusia) and the UK (southern England and Wales). In addition, Airbus Defence and Space operates a global network of engineering centres and offices in more than 80 countries.

## MBDA

The Company's missile business, derives from its 37.5% stake in MBDA (a joint venture between the Company, BAE Systems and Leonardo). MBDA offers missile systems capabilities that cover the whole range of solutions for air dominance, ground-based air defence, maritime superiority and battlefield engagement. Beyond its role in European markets, MBDA has an established presence in export markets like Asia, the Gulf region and Latin America.

The broad product portfolio covers all five principal missile system categories: air-to-air, air-to-surface, surface-to-air, anti-ship and surface-to-surface. MBDA's product range also includes a portfolio of airborne countermeasures such as missile warning and decoy systems and other customer support activities.

The most significant programmes currently under development are the next generation of the successful MICA air-to-air missile (*Missile d'interception, de combat et d'autodéfense*), the SPEAR 3 missile (Selected Precision Effects at Range Capability 3), the precision attack Brimstone 3 missile, the CAMM-ER missile (Common Anti-Air Modular Missile Extended Range), the Anglo-French joint initiative for a FC/ASW (Future Cruise/Anti-Ship Weapon), the development of Anti-ship weapons for the two nations, as well as the battlefield engagement MHT missile (*Missile Haute Trame*).

Recent product upgrades also include the Aster Block 1 NT (New Technology), the air & missile defence systems for France and Italy, the Sea Venom/ANL (*Anti-Navire Léger*) missile for the helicopters of the UK and French navies, as well as the Enforcer/MMP (*Missile Moyenne Portée*) missile for the battlefield.

Further activities include the preparation of hypersonic and direct energy applications/systems for future programmes such as FCAS and Tempest, the production of various aircraft packages for the Eurofighter Typhoon and Rafale existing programmes (including ASRAAM, MICA NT, and Meteor BVRAAM), as well as the production of various packages for frigates and corvettes systems/missiles (including Aster B1, CAMM, VL MICA, Marte ER and Otomat).

## ArianeGroup

Airbus Defence and Space is active in the field of launchers and launch services through its ArianeGroup joint venture, which prior to July 2017 was named Airbus Safran Launchers (ASL).

## 1.1.5 Investments

### Dassault Aviation

In 2013, the Company entered into an agreement with the French State pursuant to which the Company:

- grants the French State a right of first offer in case of the sale of all or part of its shareholding in Dassault Aviation; and
- commits to consult with the French State prior to making any decision at any shareholders' meeting of Dassault Aviation.

The Company holds 9.90% of Dassault Aviation's share capital.

The Company has also issued a euro-denominated exchangeable bonds into Dassault Aviation shares, which matured in June 2021. For further information, please refer to "Notes to the IFRS Consolidated Financial Statements – Note 36.3: Financing Liabilities".

## 1.1.6 Insurance

The Company's Insurance Risk Management function ("**IRM**") is established to proactively and efficiently respond to risks that can be treated by insurance techniques. IRM is responsible for all corporate insurance activities and related protection for the Company and is empowered to deal directly with the insurance and re-insurance markets *via* the Company's inhouse broker entity. IRM's continuous task in 2021 was to further implement and improve efficient and appropriate corporate and project-related insurance solutions.

IRM's mission includes the definition and implementation of the Company's strategy for insurance risk management to help ensure that harmonised insurance policies and standards are in place for all insurable risks worldwide for the Company. A systematic review, monitoring and reporting procedure applicable to all Divisions is in place to assess the exposure and protection systems applicable to all the Company's sites. The Company's insurance programmes cover high risk exposures related to its assets and liabilities.

Asset and liability insurance policies underwritten by IRM for the Company cover risks such as property damage, business interruption, cyber, aviation and non-aviation general and product liability. IRM also provides a Group insurance policy for Supervisory and Managing Board Members and certain other employees of the Company. The Company follows a policy of seeking to transfer the insurable risk of the Company to external insurance markets at reasonable rates, on customised and sufficient terms and limits as provided by the international insurance markets. A difficult global corporate insurance environment remained in 2021 due to the COVID-19 pandemic situation the corporate insurers have maintained their underwriting strategy for large corporations, however, Airbus' positive outlook allowed to differentiate the impact on insurance policies.

The insurance industry and the COVID-19 impact on the Company's risk remain unpredictable and most Group insurance policies are renewed on an annual basis. There may be further demands to change scope of coverage, premiums and deductible amounts. Thus, no assurance can be given that the Company will be able to maintain its current levels of coverage nor that the insurance policies in place are adequate to cover all significant risk exposure of the Company.

## 1.1.7 Legal and Arbitration Proceedings

The Company is involved from time to time in various governmental, legal and arbitration proceedings in the ordinary course of its business, the most significant of which are described below. Other than as described below, the Company is not aware of any material governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have or have had in the recent past significant effects on Airbus SE's or the Company's Financial Position or profitability.

Regarding the Company's provisions policy, the Company recognises provisions for litigation and claims when (i) it has a present obligation from legal actions, governmental investigations, proceedings and other claims resulting from past events that are pending or may be instituted or asserted in the future against the Company, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and (iii) a reliable estimate of the amount of such obligation can be made. Although the Company believes that adequate provisions have been made to cover current or contemplated general and specific litigation and regulatory risks, no assurance can be provided that such provisions will be sufficient. For the amount of provisions for litigation and claims, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 24: Provisions, Contingent Assets and Contingent Liabilities".

If the Company concludes that the disclosures relative to contingent liabilities can be expected to prejudice seriously its position in a dispute with other parties, the Company limits its disclosures to the nature of the dispute.

## Investigation by the UK SFO, France's PNF, US Departments of State and Justice and Related Commercial Litigation

The Company reached final agreements ("the agreements") with the French Parquet National Financier ("**PNF**"), the UK Serious Fraud Office ("**SFO**"), and the US Department of Justice ("**DoJ**") resolving the authorities' investigations into allegations of bribery and corruption, as well as with the US Department of State ("**DoS**") and the DoJ to resolve their investigations into inaccurate and misleading filings made with the DoS pursuant to the US International Traffic in Arms Regulations ("**ITAR**"). The agreements were approved and made public on 31 January 2020.

Under the terms of the agreements, the Company agreed to pay penalties of €3,597,766,766 plus interest and costs to the French, UK and US authorities. This was recognised in the Company's 2019 accounts. The settlements with each authority were as follows: PNF €2,083,137,455, the SFO €983,974,311, the DoJ €526,150,496 and the DoS €9,009,008 of which €4,504,504 May be used for approved remedial compliance measures. All penalties have been paid.

Under the terms of the *Convention judiciaire d'intérêt public* ("**CJIP**") with the PNF, the Company has an obligation to submit its compliance programme to targeted audits carried out by the Agence Française Anticorruption ("**AFA**") over a period of three years.

Under the terms of the Deferred Prosecution Agreement ("**DPA**") with the SFO, no independent compliance monitor will be imposed on the Company in light of the continuing monitorship to be conducted by the AFA.

Under the terms of the DPA with the DoJ, no independent compliance monitor will be imposed on Airbus under the agreement with the DoJ, but the Company will periodically report on its continuing compliance enhancement progress during the three year term of the DPA and carry out further reviews as required by the DoJ.

The agreements result in the suspension of prosecution for a duration of three years whereupon the prosecutions will be extinguished if the Company complies with their terms throughout the period.

Under the terms of the Consent Agreement with the DoS, 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.

Any breach of the terms of the agreements by the Company could lead to rescission by the authorities of the terms of the agreements and reopening of the prosecutions. Prosecution could result in the imposition of further monetary penalties or other sanctions including additional tax liability and could have a material impact on the Financial Statements, business and operations of the Company.

In addition to any pending investigation in other jurisdictions, the factual disclosures made in the course of reaching the agreements may result in the commencement of additional investigations in other jurisdictions. Such investigations could also result in (i) civil claims or claims by shareholders against the Company, (ii) adverse consequences on the Company's ability to obtain or continue financing for current or future projects, (iii) limitations on the eligibility of group companies for certain public sector contracts, and/or (iv) damage to the Company's business or reputation *via* negative publicity adversely affecting the Company's prospects in the commercial market place.

Airbus will continue to cooperate with the authorities in the future, pursuant to the agreements and to enhance its strong Ethics & Compliance culture within the Company.

Several consultants and other third parties have initiated commercial litigation and arbitration against the Company seeking relief. The agreements reached with authorities may lead to additional commercial litigation and arbitration against the Company and tax liability in the future, which could have a material impact on the Financial Statements, business and operations of the Company.

## Securities Litigation

In August 2020, a putative class action lawsuit was filed in US federal court in the state of New Jersey against Airbus SE and members of its current and former management. The Company was served with the complaint in the fourth quarter of 2021. The lawsuit was brought on behalf of alleged shareholders that purchased or otherwise acquired Airbus SE securities in the US between 24 February 2016 and 30 July 2020, and asserts violations of US securities laws. The complaint alleges that defendants made false and misleading statements or omissions concerning, among other things, the Company's agreements approved on 31 January 2020 with the French PNF, the UK SFO, the US DoJ and the US DoS as well as the Company's historic practices regarding the use of third party business partners and anti-corruption compliance. The lawsuit seeks unquantified damages.

In addition, the Company received notification in August 2021 of two separate claims alleging similar facts as the US class action. Two claims have been filed in the Netherlands purportedly on behalf of Airbus investors.

The first Dutch claim was filed in August 2021 by a special purpose vehicle incorporated under the laws of Guernsey, an assignee purportedly representing numerous private shareholders and institutional investors, seeking a declaratory judgment with damages to be assessed in follow on proceedings. This claim is now pending before the Amsterdam District Court.

The second Dutch claim was filed in December 2021 following a demand letter sent by a foundation incorporated under the laws of the Netherlands, a purported representative of unnamed institutional and retail investors worldwide, starting a class action against the Company before the Dutch courts. This second Dutch claim targets the Company, certain of the Company's current and former directors and officers, and the Company's current and former auditors. A procedural hearing is scheduled for the second quarter of 2022.

Both claims allege that the Company violated its reporting obligations by failing to adequately inform investors and providing false or misleading information about its use of intermediaries and alleged corrupt practices, its related financial exposure, internal investigations and subsequent measures taken by the Company, and related criminal investigations, which allegedly impacted the Company's share price.

The Company cannot exclude the possibility that additional claims are filed related to this subject matter attempting different theories of recovery in the same or different jurisdictions.

The Company believes it has solid grounds to defend itself against the allegations. The consequences of such litigation and the outcome of the proceedings cannot be fully assessed at this stage, but any judgment or decision unfavourable to the Company could have a material adverse impact on the Financial Statements, business and operations of the Company.

## Air France Flight 447 Trial

On 1 June 2009, an A330 operated by Air France flight AF447 from Rio de Janeiro to Paris disappeared over the Atlantic Ocean with 228 persons onboard. The wreckage was located in April 2011 after several search campaigns organised by the Bureau d'Enquêtes et d'Analyses (BEA), which published its final investigation report in July 2012. In the wake of the accident, the prosecutor in Paris opened an investigation for involuntary manslaughter and Airbus SAS was charged in March 2011. In September 2019, the investigating magistrates closed the investigation and dismissed all criminal charges after a thorough analysis of the technical and legal elements of the case. However, the Paris Court of Appeal overturned the magistrates' decision and ordered trial for involuntary manslaughter. The Company's appeal to the French Supreme Court has been dismissed. The trial is scheduled to take place in the fourth quarter of 2022. The criminal trial in the Paris Criminal Court and any judgment or decision unfavourable to the Company could result in damage to its business or reputation.

## Qatar Airways Commercial Litigation

Citing surface degradation on some of its A350 fleet and alleging an underlying "design defect", Qatar Airways filed a legal claim against the Company in the London Commercial Court on 17 December 2021. The claim seeks (a) liquidated damages for aircraft grounded by the Qatar Civil Aviation Authority, (b) an order that Airbus must deliver a full root cause analysis for surface degradation issues, and (c) a declaration by the court that Airbus may not deliver any further A350 aircraft to Qatar Airways until alleged "design defects" are cured. The Company rejects Qatar Airways' mischaracterisation of the non-structural surface degradation and the attendant grounding of the aircraft, which underpin the claim. Accordingly, the Company will defend itself vigorously in the proceedings. The consequences of such litigation and the outcome of the proceedings cannot be fully assessed at this stage, but any judgment or decision unfavourable to the Company could have a material adverse impact on the Financial Statements, business and operations of the Company as well as its reputation.

## Other Investigations

The Company is cooperating fully with the authorities in a judicial investigation in France related to Kazakhstan. In this spirit, the Company was interviewed by the investigating magistrates and has been granted the status of "assisted witness" in the investigation.

The Company is also cooperating fully with the authorities in a judicial investigation in France related to Libya. In this spirit, the Company has responded voluntarily to requests for information.

In 2019, the Company self-reported to German authorities potentially improper advance receipt and communication of confidential customer information by employees of Airbus Defence and Space GmbH. The information concerned relates to future German government procurement projects. The self-disclosure by the Company followed an internal review with the support of an external law firm. Both the German Ministry of Defence and the Munich public prosecutor opened an investigation into the matter. The investigation could have an impact on Airbus Defence and Space GmbH's and Airbus Secure Land Communications GmbH's ability to participate in future public procurement projects in Germany. In 2021 the Munich prosecution issued a penalty notice against Airbus Defence and Space GmbH for € 10 million for negligent violation of supervisory duties in connection with this matter. The Company continues to fully cooperate with relevant authorities.

1

# 1.2 Non-Financial Information

## 1.2.1 The Company's Approach to Sustainability

### Purpose

The Company's purpose is to pioneer sustainable aerospace for a safe and united world. It aims to lead the way in the decarbonisation of the aerospace industry, 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. To this aim, the Company designs, manufactures and delivers aerospace products, services and solutions to customers on a worldwide scale bringing essential value to society and contributing to the UN Sustainable Development Goals ("**SDGs**") through its core business and how it runs it.

First of all, **the Company connects**. Connections are vital to making the world a better place. That's why the Company unites people and organisations across the globe; physically with its commercial aircraft and helicopters; and virtually with its connectivity solutions, allowing them to connect and understand each other.

**The Company serves communities**. Its satellites and tracking systems help make oceans safer with solutions that monitor and protect naval routes and maritime assets. Company-built aircraft are instrumental in firefighting, in maintaining energy systems and public safety. Its helicopters are the workhorses that carry out construction and infrastructure projects in hostile or inaccessible areas of local communities as they can often be the only tool able to transport heavy loads, building materials, supplies, cargo and more. Technology solutions from the Company protect many critical systems from cyberattacks.

**The Company saves lives**. When a humanitarian crisis arises, its aircraft help transport patients for urgent medical care, and they assist in search efforts to find those marooned at sea, stranded in the mountains, or isolated in remote regions. Its EO satellites are tasked to acquire images of the concerned area. This imagery is delivered to relevant authorities, together with archived data, to rapidly assess the extent of damage and support rescue planning by allowing actions to be prioritised, and identifying if roads, bridges and airport runways are still operational.

**The Company protects**. Its defence products and services help countries protect their citizens, values and vital infrastructure. In an unstable world, this security is a prerequisite of peace, the rule of law, political stability, democracy, environmental sustainability, human rights, economic development and prosperity, and scientific progress. The Company manufactures helicopters, fighter jets and military transport planes that allow nations to safeguard their airspace and respond to natural disasters. The Company supplies intelligence capabilities as well as terrestrial space and cyber security services. It provides secure communications to governments and organisations devoted to public safety. All help to make the world a safer place. Its defence activities contribute to diplomacy, conflict resolution and a multilateral approach to international relations. By supplying EU and NATO member states with advanced military equipment, it strengthens their diplomatic influence and credibility on the global stage – and in turn that of international institutions such as the UN and NATO, thereby contributing to SDG 16 – Peace, Justice and Strong Institutions.

**The Company explores**. It believes the exploration of our universe will enrich life for generations to come. Its space technologies and satellite imagery solutions continually expand human knowledge of our universe, from the ability to capture and analyse data on climate change and critical events on Earth, to providing the solutions that enable deep-space exploration. For decades, the Company has been at the very heart of space exploration. It's at the forefront of creating the technologies that allow mankind to send spacecraft to planets, moons and comets both near our sun and millions of kilometres away.

| GENERAL | GRI | SDGs | Others |
|---|---|---|---|
| | 102 General Disclosures | 4, 5, 8, 9, 12, 13, 16, 17 | Vigilance Plan |
| Highest governance body(ies) involved | Board of Directors / ECSC<br>Executive Committee supported by topic-focused Committees | | |
| Commitments to external frameworks | UN Global Compact, The Ten Principles, Sustainable Development Goals | | |
| Add. ressources<br>↘: *this symbol indicates a link to an external website* | Sustainability on Airbus.com↘, Airbus Tax Strategy↘<br>Innovation contributing to a more sustainable world on↘ Airbus.com↘, Earth monitoring and understanding↘ (*e.g.* Climate change monitoring↘, Application for sustainable agriculture)↘,<br>Example partnership for innovation: ANITI project↘, Toulouse University (ANITI)↘,<br>The Future of Hydrogen by the IEA↘,<br>ATAG Benefits Beyond Borders fact sheet↘, ASD Fact Sheet 2021↘<br>UN Global Compact↘ | | |

## Additional indirect contributions

The Company's contribution to a more prosperous and sustainable society goes well beyond what it offers directly through its products and services.

For example, as one of the most important players in the aviation industry, the Company contributes significantly to SDG 8 "Decent Work and Economic Growth" as highlighted through the 2020 ATAG Benefits Beyond Borders – global fact sheet, found on the ATAG website (figures reflect pre-COVID-19 situation, a "normal" year for air transport):

### 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

As a major European defence manufacturer, the Company also has significant economic impact across Europe. According to the AeroSpace and Defence Industries Association of Europe (ASD) the industry supports over 462,000 high-skilled jobs across the continent, all contributing to Europe's economic prosperity with €119 billion in annual revenue, €45.6 billion of which are dedicated to exports.

While the Company contributes to the global economy as a whole it also contributes to the economic development of the communities it operates in. Full aerospace ecosystems, often bringing together academia, research centers and corporations, all with high value-added jobs, often develop around the Company's sites such as those in Toulouse or Hamburg. This development is accelerated thanks to the Company's innovation ecosystem such as the recently launched Airbus Scale initiative, a new innovation unit that brings together corporate innovation, start-up engagement and company-building activities. In this approach, Airbus Scale will promote and identify internal corporate innovation opportunities that can be developed into solutions for the external world, bringing them to market and attracting external investments that could result in spin-offs. This generates value for the Company but also the local communities where these new companies will set foot and prosper.

There are many other examples of how, in the process of developing its products and services, the Company is stimulating innovations and developments across the aerospace ecosystem, benefiting society more broadly.

For example, as the Company prepares for its ZEROe aircraft, it is stimulating multiple innovations and development around the use of hydrogen from low carbon and renewable hydrogen production and storage to combustion and propulsion, all beneficial beyond aerospace. As an example, by committing to a hydrogen-powered aircraft by 2035 the Company is priming demand, stimulating low carbon and renewable hydrogen production capacity. Currently, less than 0.1% of global dedicated hydrogen production comes from water electrolysis according to the International Energy Agency (IEA)'s 2019 report The Future of Hydrogen. However, this is expected to rapidly change. The cost of renewable energies is falling at an unprecedented rate. Investment in electrolysers – the "clean" technology used to separate hydrogen and oxygen atoms in water – is expected to boom worldwide.

## Sustainability Commitments

Furthermore, the Company understands that contributing to a sustainable society must be achieved not just through what it does but also how it does it, aiming at minimising negative impact and maximising the positive. In order to give direction and focus, in 2020 the Company updated its sustainability strategic framework around the below listed four sustainability priority commitments that apply across its entire value chain. These commitments are in close connection with the UN SDGs and contribute more specifically to eight of them.

| The Company's **four Commitments** | Material topics | SDGs | Section |
|---|---|---|---|
| **#1**<br>**Lead the journey towards clean aerospace** | Environmental impact of our operations<br>Environmental impact of our products |  | 1.2.2 |
| **#2**<br>**Build our business on the foundation of safety and quality** | Product Safety<br>Cybersecurity<br>Health & Safety |  | 1.2.3 |
| **#3**<br>**Respect human rights and foster inclusion** | Human Rights<br>Inclusion & Diversity<br>Labour Relations<br>People |  | 1.2.4 |
| **#4**<br>**Exemplify business integrity** | Business Integrity |  | 1.2.5 |

Across each commitment the Company has set key performance indicators ("**KPIs**") and targets enabling the Company to monitor progress towards these ambitions. These can be found in "– 1.2.8 ESG Data Board", which gathers all reported sustainability metrics. They can also be found in the related sections of this chapter which is structured around each of the four commitments above, completed by two sections which cut across all four commitments, "– 1.2.6 Responsible Supply Chain" and "– 1.2.7 Community Impact".

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 human rights gap analysis and the consideration of the Company's values.

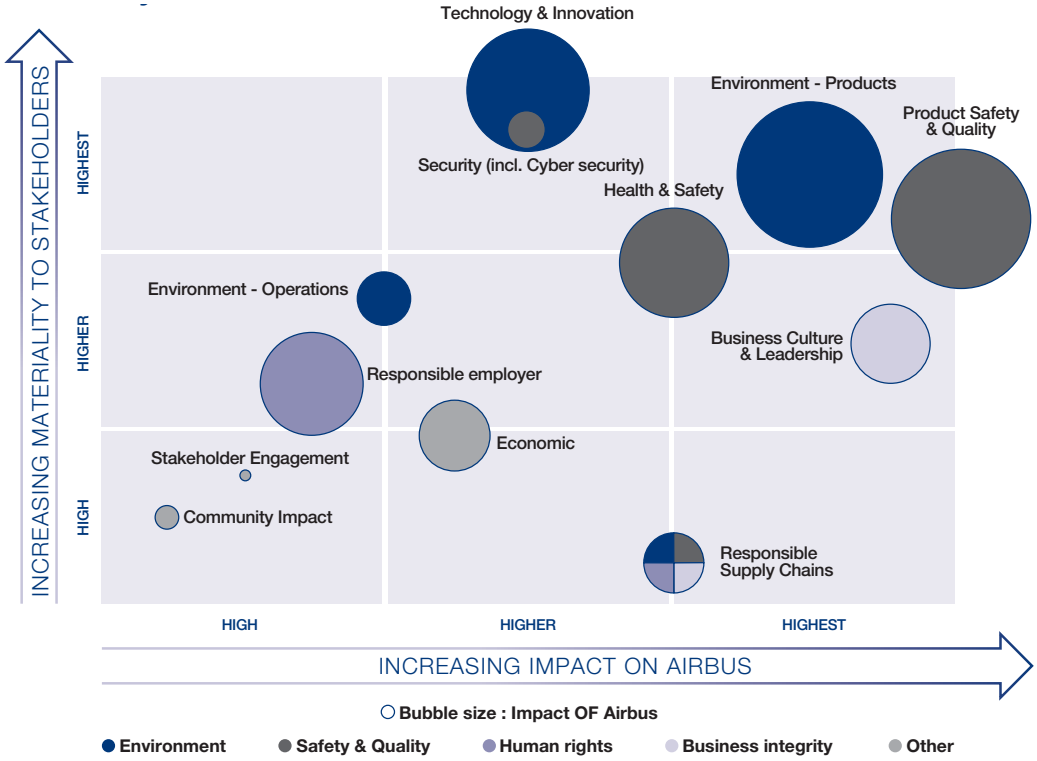
## Stakeholder engagement

At a strategic level, the 2019 materiality assessment was a critical exercise in capturing the voice of 12 of the Company's most important stakeholder groups, helping it identify which ESG issues were most material to them, and integrating this into its strategy. These key stakeholder groups included:

| Customers | NGOs | Authorities | MRO providers |
|---|---|---|---|
| Suppliers | Investors | Governments | Airports |
| Partners | Employees | Industry Associations | Community at large |

The stakeholder viewpoint was captured *via* a mix of surveys and artificial intelligence (*via* analysis of reports, legislation and media sources). The materiality viewpoint of stakeholders was mapped against the actual or potential impact on the Company of identified environmental, social and governance ("**ESG**") issues, in addition to an analysis of which ESG issues the Company has, or could have, the most impact on. These were both captured *via* surveys sent to the Company's executives. Results led to the following three-dimensional materiality matrix, fundamental in establishing the Company's four commitments. The intention is to launch a new assessment in 2022.

## Materiality matrix




*Source: Datamaran.*

## Governance

Conscious of the strategic importance of sustainability, the Company has defined an adapted governance and organisation at the highest level.

Hence, oversight has been established at the Board of Directors level with the Ethics, Compliance and Sustainability Committee ("**ECSC**"). For further information about the ECSC, see "– Corporate Governance – 4.1 Management and Control".

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 the Company's four sustainability commitments:

- the Environment Executive Steering Committee, the Inclusion & Diversity Board as well as the Product Safety Board, all chaired by EC members;
- the Steering Committees of the Human Rights and Sustainable Supply Chain Roadmaps, both sponsored by Executive Committee members.

Other sustainability topics such as Health & Safety and Business Integrity are brought directly to the attention of the Executive Committee.


The Company also believes the integration of sustainability criteria in its reward mechanisms is an important enabler for accelerating its sustainability ambitions. A sustainability component is integrated into the Common Collective Component of the CEO's variable remuneration, accounting for 20% of the payout, see "– Corporate Governance – 4.4 Remuneration Policy". 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 executives employed at the Company.

### Organisation and policy framework

The Sustainability & Environment team put in place in January 2020 at corporate level has continued to develop and expand. Its mission continues to be to:

- Set the ambition level for the four sustainability strategic commitments.
- Identify the levers to achieve this ambition.
- Enable the business to deliver this ambition across the full value chain.
- Engage employees on sustainability.
- Provide clarity on ambition and progress to internal and external stakeholders.

While the Sustainability & Environment team has a Company-wide role to provide direction and check regularly on advancements across all sustainability topics, for each of those topics (*e.g.* Health & Safety, Inclusion & Diversity, Human Rights, etc.), there are related functions, departments or "roadmaps" (multifunctional teams addressing cross functional sustainability topics) driving their continuous improvement. These teams are for the most part supported by dedicated policies which are referred to in the Company's Code of Conduct, a single reference 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.

## 1.2.1.1 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. 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.

**Enterprise Risk Management & Internal Audit:** With regard to risk management, sustainability risks and opportunities are fully embedded in the Company's Enterprise Risk Management ("**ERM**"). 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". Internal audits are also performed regularly across the Company, including on sustainability topics. See "– Corporate Governance – 4.1.4 Internal Audit". External audits are also performed in line with certification requirements as detailed in the related material topic sections.

**Sustainability competencies & employee engagement:** Awareness-raising, competence development and employee engagement are essential to preventing and mitigating sustainability risks and maximising opportunities. To this aim, the Company offers employees over 400 training opportunities, online and in-person, linked to environment, human rights, inclusion & diversity, data privacy, cybersecurity, product/aviation safety, health & safety and ethics & compliance. Training courses linked to sustainability topics were integrated into the 2021 mandatory training list for Company employees. Specific information on training is covered in the related material topic sections.

**Affiliates:** All Company-controlled affiliates are expected to deploy similar internal policies by applying the Company's directives. A Company-wide single directive defines rules, processes and procedures applicable to the Company's affiliates and their respective boards, directors and officers. Its enforcement is supported by the Directors' training programme which, in 2021, was delivered to around 267 people over 18 full-day digital sessions. The single directive assists the Company's affiliates in effectively fulfilling their responsibilities while assuring the Company's ongoing commitment to high standards of corporate governance. It was built on the basis of Company-related internal policies including but not limited to: the Company's Code of Conduct, International Framework Agreement; Agreement on the European Works Council; Supplier Code of Conduct; Health & Safety Policy; Environmental Policy; the Company's Anti-Corruption Policy and related Directives. An online self-assessment is completed on an annual basis by the controlled affiliates to self-assess their internal controls, including how they relate to the environment, health & safety, human resources, governance, finance, procurement and compliance requirements in order to identify any gaps and define remedial action plans as required. Controlled affiliates can update the self-assessment on a quarterly basis based on their progression. Since 2019, affiliates have also been 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.

**Grievance & whistleblowing mechanism:** The Company is committed to maintaining a "speak-up" culture by promoting an open and trusting dialogue with employees at all levels. All employees are encouraged to express their views, defend their opinions, and point out unacceptable behaviour – especially behaviour that violates the Company's Code of Conduct. Employees can raise concerns to their line manager, their human resources business partner, to a Legal & Compliance representative, or through the Company's "OpenLine" hotline (www.airbusopenline.com). The OpenLine is anonymous where legally permissible and also available to external stakeholders, including affiliates and suppliers, and covers all sustainability topics. The Company endeavours to ensure that the procedures to assess, investigate and manage allegations are well aligned throughout the Company. For further information about the OpenLine, see "– 1.2.5 Exemplify Business Integrity".

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.

A dedicated section also appears at the end of this report compiling key information related to the vigilance plan. See "– 1.2.9 Deployment of Vigilance Plan (*Devoir de Vigilance*)".

### 1.2.1.2 Reporting standards

The Company reports against the GRI (Core) standard. A GRI index is available in "– 1.2.12 GRI Index".

TCFD and SASB: Disclosed information is referenced in dedicated tables in sections "– 1.2.11 TCFD Correspondence Table" and "– 1.2.13 SASBI Correspondence Table" respectively.

## 1.2.2 Lead the Journey Towards Clean Aerospace

### I. Introduction

In line with the Company's purpose "**pioneering sustainable aerospace for a safe and united world**" and its aim to drive the transition of the air transport system towards climate neutrality, the Company's foremost ambition as an aircraft manufacturer is to bring the first zero exhaust $CO_2$ emission ("zero emission") commercial aircraft to the market by the middle 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 not only tracks and measures the environmental impact of its sites, products and services, but 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. The Company approach to address climate risks and opportunities follows the four pillars of the TCFD – governance, strategy, risk management, metrics & targets – as reflected in the Company reporting hereafter, and in its answers to the CDP questionnaire published on its website. The Company maintained its A- CDP rating in 2021.

The Company has identified climate change as its most material environmental impact and as such recognises its role in contributing to mitigating the global 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 main area of attention is the elimination or management of regulated substances. 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. Other environmental aspects such as the impact on water resources, the production of waste or the emission of air pollutants are also part of the Company's priorities.

To this end, the Company has set key environmental ambitions:
- lead the decarbonisation of the aerospace sector aiming to bring the first zero emission commercial aircraft to market by 2035;
- reduce the 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 the current product and services portfolio contributing positively to climate change mitigation and adaptation.

| **ENVIRONMENT** | GRI | SASB | SDGs | Others |
|---|---|---|---|---|
| | 302 Energy<br>303 Water and Effluents<br>305 Emissions<br>306 Waste | - Energy Management<br>- Hazardous Waste Mgmt<br>- Fuel Economy & Emissions in Use-Phase | 9-12-13-17 | TCFD<br>Vigilance Plan |
| Highest governance body(ies) involved | Board of Directors / ECSC<br>Executive Committee / Environment Executive Steering Committee | | | |
| Related Corporate Policies | Environmental Policy | | | |
| Management system<br>Relevant certifications | EMS – Environmental Management System<br>ISO14001 -88% of workforce covered | | | |

| **KPIs** | Target 2030 | Baseline 2015[8] | 2020 | **2021** | 2021 *vs.* 2020 | 2021 *vs.* Baseline |
|---|---|---|---|---|---|---|
| **$CO_2$e Scope 1&2**[1] *(ktons)* | **-63%**[2] *in line with 1.5°C pathway* "net zero Scope 1&2" by 2030[3] | 1,116 | 882 | 827 | -6% | -26% |
| **Energy**[4] *(GWh)* | -20% | 3,107 | 2,665 | 2,728 | +2% | -12% |
| **Waste:**<br>Waste produced[5] *(tons)* | -20% produced *and 0% landfill and incineration w/o energy recovery* | 107,967 | 74,898 | 69,660 | -7% | -35% |
| **Air emissions:** | | | | | | |
| VOC *(tons)* | 0% increase | 1,464 | 1,047 | 1,051 | 0% | -28% |
| NOx *(tons)* | 0% increase | 15 | 14 | 14 | -3% | -8% |
| SOx *(tons)* | 0% increase | 247 | 239 | 222 | -7% | -10% |
| **Water:** | | | | | | |
| Water purchased *($m^3$)* | -50% | 3,311,578 | 2,865,793 | 2,584,644 | -10% | -22% |
| Water withdrawal *($m^3$)* | 0% increase | 3,754,503 | 3,371,030 | 3,078,590 | -9% | -18% |

| **Other key metrics** (More metrics available in the ESG Data Board) | 2020 | **2021** | 2021 *vs.* 2020 |
|---|---|---|---|
| SCOPE 3 – Use of sold product – Commercial Aircraft[6][7] *($CO_2$e kton)* | 440,361 | 463,592 | +5.3% |
| Delivered aircraft efficiency intensity *($gCO_2$/km.pax)* | 63.1 | 62.6 | -0.8% |
| SCOPE 3 – Use of sold product – Helicopters[6] *($CO_2$e ktons)* | 1,085 | 1,137 | +4.8% |
| SCOPE 3 – Purchase of Goods and Services[6] *($CO_2$e ktons)* | 11,346 | NA | stable |
| CDP Rating | A- | A- | |
| Remuneration | $CO_2$ performance included in CEO and Executives variable remuneration.<br>Targets (on TCO scope): -3% in 2021, -5% in 2022. 2021 performance: actual -7%; retained -6%, net of guaranteed origins in excess of amount planned for target setting. | | |
| KPI assumptions | (1) Scope 2: location based with purchased guarantees of origin deduced.<br>(2) Established following the Science based Target methodology in line with a 1.5°C pathway.<br>(3) Neutralising residual emissions through permanent removal and storage solutions.<br>(4) Total consumption from stationary sources.<br>(5) Total waste excluding exceptional waste.<br>(6) Scope 3 methodologies are detailed in the environment section hereafter.<br>(7) 2020 figures restated, integrating refined emission factors.<br>(8) Baseline was refined to reflect changes in scope, align with GHG protocol guidelines and rectify actuals for some entities. | | |
| Additional resources | Environmental Policy Statement, Environment on Airbus.com, CDP Climate Change Questionnaire on Airbus.com and on CDP website, ATAG Waypoint 2050, IEAG – GHG Reporting Guidance,<br>ITAKA Initiative Towards sustAinable Kerosene for Aviation, Clean Sky initiative, SESAR initiative, Partnership on Smart Cities and Communities (EIP-SCC) | | |

## II. Governance

### Environmental policy

The Airbus Environmental Policy is the top level referential defining the guiding principles, mission, vision and associated top level Initiatives for environment. The policy applies Company-wide, including to affiliates where the Company owns more than one half of the voting rights or the right to appoint the majority of the Board directors to the extent that the shareholders agreement and/or the level of control in force in each relevant affiliate allows it. It covers the Company's employees and contractors whilst on the Company's sites or at work under the responsibility of the Company. The policy takes a holistic approach to measuring and acting upon the Company's environmental performance by assessing the environmental impact of internal operations as well as providing capabilities to the Company's 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 of the lifecycle, from the procurement of raw materials, through the design and manufacturing of products, to their in-service life until their retirement.

### 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 the ECSC. In practical terms, the ECSC as a committee of the Board of Directors oversees strategic decision-making and the execution of the approved sustainability strategy, including areas such as innovation and environmental and climate action.

In 2021, the ECSC reviewed and provided guidance on a number of environmental topics such as the Company's decarbonisation strategy for its direct operations, supply chain and products.

To support the Executive Committee in environmental matters, especially climate-related, an Environment Executive Steering Committee ("EnC") was established in 2019. The EnC is composed of members of the Executive Committee and senior executives Company-wide, 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 and 2021. The Company also monitors environmental regulatory developments to understand, evaluate and prepare for legal and regulatory evolutions applicable to its activities and products.

The Company's environmental strategy is implemented operationally by dedicated multifunctional teams at corporate and/or divisional level. These cover topics such as industrial and site impact, product operation, supply chain or chemical substances.

### Disclosure of environmental indicators

The Company actively monitors its environmental data throughout the organisation in order to measure the environmental impact of its operations, track its performance and communicate information on environmental matters to internal and external stakeholders. Since 2010, environmental data published by the Company is verified by external auditors. This data is included in the ESG data board at the end of this section.

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 2021, the Company has maintained the A- score obtained in 2020.

## III. Risk Management

Environmental risk and opportunities are managed following the Company's ERM system. A specific Sustainability and Environment ERM plan integrates additional requirements defined within the ISO14001:2015 certified EMS and provides a transverse set of rules applicable Company-wide to ensure a consistent management of environmental risks and opportunities.

Relevant criteria for the evaluation of environmental risks and opportunities include: financial impact, impact on environmental performance, impact on EMS certification, as well as legal, supply chain and reputational aspects.

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.

### Climate-related risks

Climate-related risks (adaptation and mitigation) 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.

## IV. Implementation/Activities

### 1. Industrial operations

The Company has been working for many years on the reduction of its environmental footprint, not only its products and services but also its production and facilities. This started in 2006 with the Blue5 programme, supporting the 2020 Vision objectives for the reduction of the Company's industrial environmental footprint.

#### High5+ revised targets in line with a "1.5°C" pathway and neutralising residual emissions by 2030

In 2019, the Company continued with the 2030 vision and extended its programme in order to anticipate increasing environmental regulation, foster employees' engagement and provide answers to stakeholders' expectations for the coming decade.

Named "high5+", the programme is built on a set of ambitious reduction targets covering the five most material environmental impacts for the Company in order to reduce energy consumption, $CO_2$ emissions, water withdrawal, Volatile Organic Compounds (VOCs) emissions and waste production. These objectives have been set in absolute value, with 2015 levels as reference, as follows:

- **$CO_2$**: reduce direct (scope 1) and indirect (scope 2) net GHG emissions by -63% by 2030 compared to 2015. This target has been set by applying the relevant "Science Based Target Initiative" (SBTi) methodology for a near-term target in line with a "1.5°C" pathway. While the Company is working on a detailed pathway for a long-term target in line with the SBTi Net-Zero standard, it has committed to neutralise the scopes 1 and 2 residual emissions from 2030 by using only carbon removals;
- **energy**: reduce energy consumption from stationary sources by 20% by 2030;
- **waste**: reducing the amount of waste produced by 20% by 2030 and divert 100% of the waste from landfilling and incineration without energy recovery;
- **air emissions**: 0% increase of VOCs emissions by 2030;
- **water**: develop strong maintenance and rehabilitation programmes to reduce drinking (purchased) water by 50%, with no increase in overall water withdrawal.

#### Annual objectives and CEO / executives remuneration

In order to better embed this ambition into the Company's performance management, short-term targets are established consistently. The Executive Committee agreed in 2020 to include a reduction target for 2021 (compared to 2020) of -3% for $CO_2$ and -5% for purchased water (see table below) as part of the Company's top objectives.

In 2021, the Executive Committee agreed to include reduction targets of -5% for $CO_2$ for 2022 (compared to 2021) 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, see "– Corporate Governance – 4.2.1 Remuneration Policy". In 2022, the $CO_2$ target will also be included as a non-financial KPI in the variable remuneration of executives.

For 2021, the $CO_2$ and water annual performance is described in the table below:

| | Target | 2020 | **2021** | 2021 v. 2020 | Covered scope |
|---|---|---|---|---|---|
| $CO_2$ *(ktons)* | -3% | 811 | 754 | -7% (-6% retained[(1)]) | 91% |
| Water *($m^3$)* | -5% | 2 101 229 | 1 791 662 | -15% | 69% |

Data audited by EY®

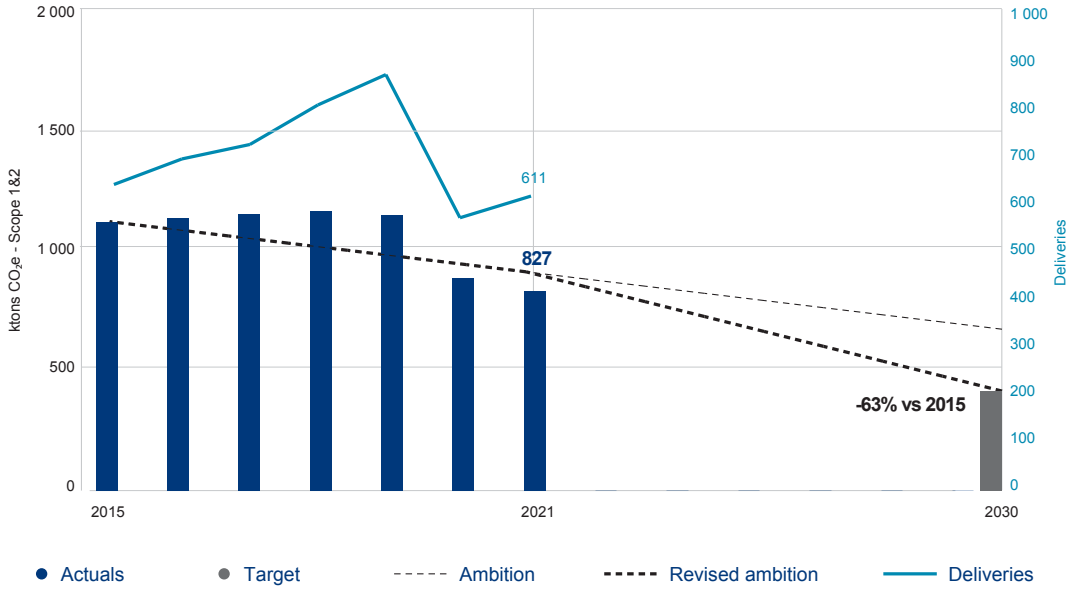
***Annual objective on $CO_2$.*** *Geographical scope: In 2021:* ***48 sites****. Scope of metrics: Scope 1 & 2 (including Oversize Transport) and excluding: refrigerant leakage, butane consumption, electricity on site from CHP, emissions due to processes. Scope 2 is location based with purchased guarantees of origin deduced.*
*(1) Net of guaranteed origins in excess of amount planned for target setting.*

***Annual objective on puchased water.*** *Geographical scope: In 2031:* ***35 sites*** *in Europe, China, USA and Canada, excluded: subsidiaries and Airbus Helicopters sites. Scope of metrics: Volume of purchased water.*
*Scope: The TCO scope os reviewed annually. 2020 data were updated to reflect change in TCO scope accordingly.*

### GHG emissions and energy reduction

Stationary sources (*e.g.* heating, cooling, manufacturing processes etc.) account for c.70% of GHG emissions at the Company's sites and mobile sources (ground vehicles, "Beluga" air transport operations, flight test, etc.) for c.30%. Action plans for reducing emissions from stationary sources mainly rely on increasing energy efficiency and using low carbon energy sources, while plans for reducing mobile sources emissions include switching to lower emission vehicles where possible and avoiding emissions through better planning of flights and logistics and using lower carbon fuels (*e.g.* sustainable aviation fuels (SAF)).

**Fig. High5+ CO2 performance vs. revised ambition**




In 2021, scope 1 and 2 GHG emissions have decreased by around 6% (7% on TCO scope), primarily due to oversize transportation efficiency and operation improvements, reduced flight tests activities and European emission factors improvement that more than offset production ramp-up impact.

Since 2019, SAF is used in the operation of the Company's Beluga transport aircraft for the purpose of internal logistics. In 2022, flight test activities will also start using SAF as part of the Company's revised GHG emissions reduction plan. The share of SAF used in these activities will progressively increase to 50% by 2030.

In the same timeframe, the share of renewable electricity used in industrial operations in Europe will also progressively increase, starting with an increase of 10% of guarantee of origin (GoO) certificates per year and the incorporation of long-term power purchase agreements (PPAs). The PPA project was launched in 2020 and achieved a major milestone in 2021 with the validation of the requirements to purchase renewable and low-carbon energy as well as the selection of suppliers to be finalised in 2022. This will allow the Company to accelerate its ambition to secure 100% renewable and low-carbon energy supply to all sites in Europe by 2024. The Company is investigating opportunities in other regions (eg. US, China) to follow the approach applied to Europe.

In addition, the Company uses an internal carbon price to support investment with positive energy and $CO_2$ reduction impacts on operations. In 2021, this price was updated from 30 €/t$CO_2$ to 150 €/t$CO_2$, giving a clear signal to project leaders on the importance of $CO_2$ footprint reduction and enabling a strong acceleration of project portfolio implementation.

### Carbon offsetting and neutralising residual emissions

Carbon offsetting: in 2019, the Company introduced a mechanism to compensate emissions of activities for which reduction measures and use of renewable energy are not sufficient to meet the internal targets, such as air and sea activities, as well as emissions from air business travel. This mechanism follows an approach of first avoiding and reducing GHG emissions in absolute value to later compensate for residual emissions. 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 or Verified Carbon Standard or Climate, Community and Biodiversity Standards and the supplier needs to show proof of how each one of the mentioned criteria were met. In addition, understanding that these carbon offsetting programmes may have gaps in their methodologies, additional proof was requested of how such gaps are managed by the provider. Moreover, societal aspects were considered, such as prevention of child labour, respect of human rights and the relation with the communities surrounding the projects. The volume of offsets required in 2021 is about 40kt$CO_2$e, procured through offset

producer South Pole in the form of a cluster of compensation and removal projects: aforestation (VCS), landfill gas and waste gas (GS-VER), forest conservation (VCS-CCBS).

Neutralisation of residual emissions: as part of 2030 road map, the Company is developing a plan to neutralise residual emissions. The plan will follow as a minimum the SBTi "Net Zero" standard and the current scientific understanding in its definition of neutralisation by including only permanent removal and storage of carbon from the atmosphere.

### Water management

The Company's water usage is mostly linked to sanitation and general uses (around 85%), while the rest is used in production related processes.

In 2021, the purchased water volume followed a similar trend as $CO_2$, decreasing by 15%. This reflects the increase in remote working (reduced presence on site), also resulting from the COVID-19 situation, as well as an increased water-efficiency and leak repair campaigns. Increased focus is put on the local level of water stress: in 2021, an analysis was conducted based on the World Resource Institute's (WRI) Aqueduct Water Risk Atlas tool in order to understand where the Company's activities have the greatest impact on water resources. In 2022, the action plan will be adapted to reflect the priorities accordingly.

### Air emissions

Air emissions, primarily referring to VOC emissions related to surface treatment, are mostly impacted by the number of deliveries. Substance substitution may also lead to the use of new chemicals with more VOC emissions which need to be monitored. Overall VOCs emitted are stable, reflecting the effort on product substitution even if production rate has increased compared to 2020.

### Material consumption and waste management

The Company promotes the development of a circular economy model, and is proactive in seeking ways to recover, reuse and recycle materials beyond their initial life.

Not only does the Company send around 50% of its waste to be recycled, but already, through the TARMAC Aerosave joint venture, more than 90% of an aircraft's weight is recycled or reused through a selective dismantling (reverse manufacturing) process.

Regarding waste management, a multifunctional team is currently working in order to meet the high5+ ambition, gathering skills across the organisation such as engineering, information management, procurement, industrial operations and facility management.

The focus has been on standardising the existing practices towards waste collectors in order to take into account the involved regulatory framework and to enhance data monitoring and reporting needs. There are also strategic projects ongoing to clarify and enhance site monitoring strategy as well as on waste recycling.

### Hazardous waste

In the Company's European operations, the main sources of hazardous waste are contaminated packaging and chemical waste, especially waste from surface treatment activities, oil, fuel and various chemicals. While chemical waste reduction remains a priority, this is a topic also driven by chemical regulations, the evolution of which may impact the reduction roadmap's ambition and timing (see Chemical Substances section below).

### Biodiversity

When building a new site or extending an existing one, the Company engages with local partners on conservation and remediation projects to preserve flora and fauna where impacted by the Company's industrial activities.

### Digitalisation

The Company leverages digitalisation as an enabler to optimise and reduce its environmental footprint. For example, some applications target to improve design, material utilisation or to optimise critical resources usage.

At the same time, the Company strives to minimise the direct increase in the environmental footprint as a consequence of digital technologies development.

### Life cycle thinking and conscious design

The Company invests in Life Cycle Assessment (LCA) for environmental impact accounting associated with a specific product in accordance with the requirements specified in the standard ISO14040. Detailed LCA studies have been completed for the A220, A320neo and A350XWB product lines, covering over 95% of the Company's deliveries of commercial aircraft products in 2021. These studies are currently being verified by a third party auditor.

In addition, this holistic approach is used to provide a framework for projects to make environmentally conscious design choices to reduce projects footprint and optimise aspects such as product end-of-life management and critical raw materials usage. As an example, as part of its Ecodesign initiative, the Defence and Space Division used LCA for the development of the Sentinel satellites that are built for the European Space Agency (ESA).

### Chemical substances

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 regulations.

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 moving 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, the Company is, in cooperation with its suppliers, developing, qualifying and progressively deploying on all its new aircraft, new Chromate-free corrosion protection and paint systems for aluminium structures. Another example is the halon replacement project that researches alternatives to halon, a highly regulated ozone depleting substance, used for the fire extinguishing systems in engines and cargo areas.

### Noise

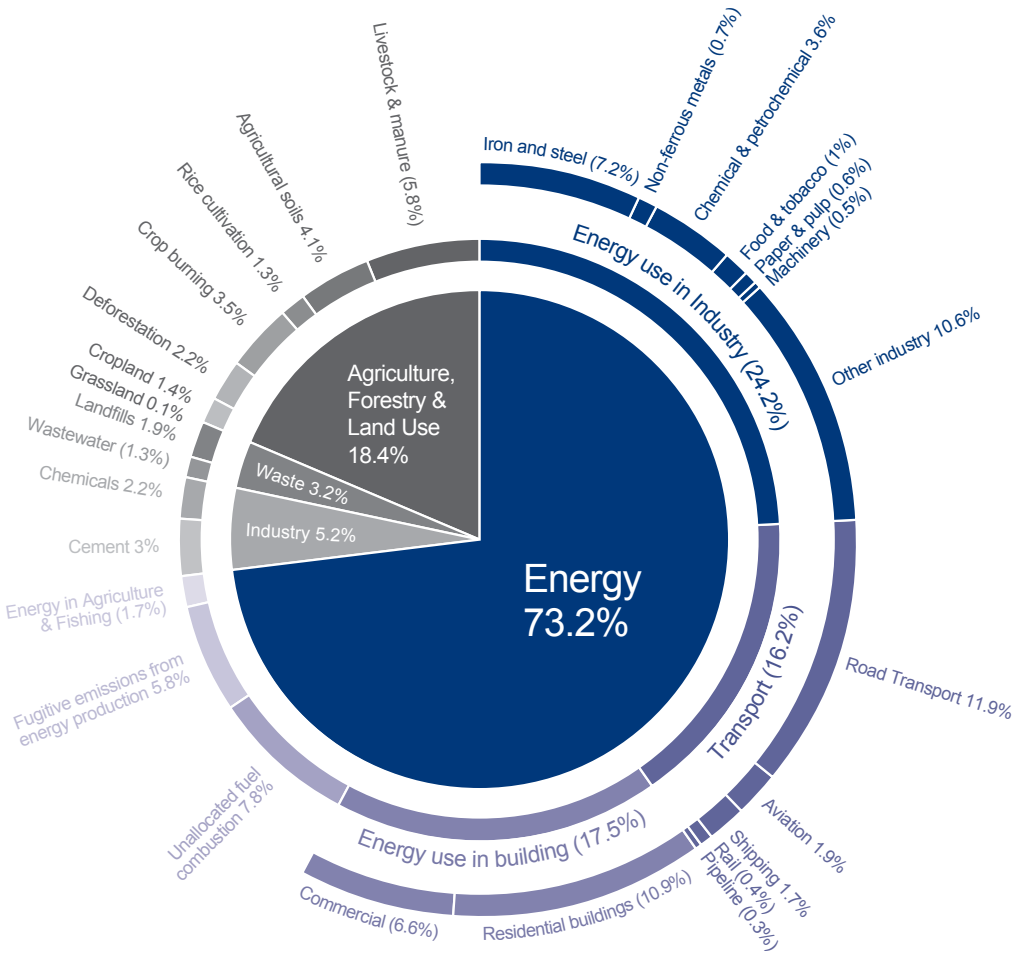
Noise around the Company's sites can also be an important topic for neighbouring communities. The Company is actively engaged with local authorities and the affected population to minimise its impact, by adapting operating times and actively seeking to reduce the noise at the source. In Toulouse, Airbus 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.

## 2. Product operations

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 taking a leading role in the decarbonisation of the aviation sector in cooperation with all stakeholders. The Company is convinced that aviation can achieve net zero $CO_2$ emissions by 2050. 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 new aircraft technology development, sustainable aviation fuel (SAF), hydrogen, air traffic management (ATM) solutions and carbon removal solutions.

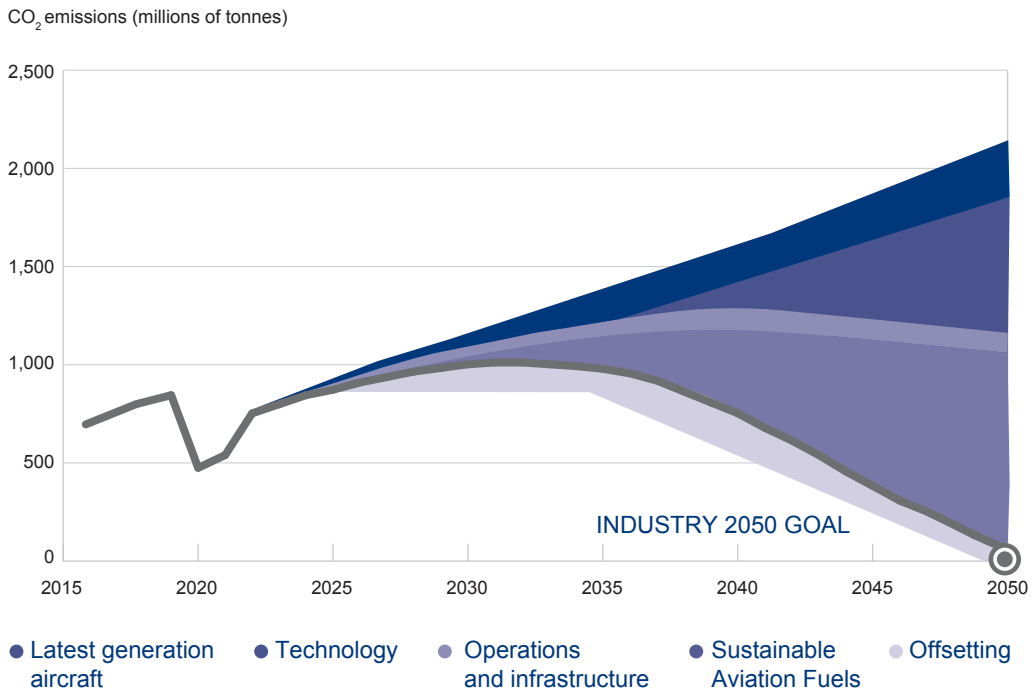
### Aviation industry targets

The aviation sector's measures for reducing its environmental footprint started decades ago and significant achievements have been made. Since the 1990s, the sector has improved significantly the fuel and $CO_2$ efficiency of subsequent generations of aircraft, thereby reducing $CO_2$ emissions per revenue passenger kilometer by more than 50%.

In 2008, the aviation sector was the first to agree at sectoral level on ambitious $CO_2$ emission reduction goals through the Air Transport Action Group ("**ATAG**") by committing to an aspirational goal of reducing net emissions from aviation by 50% by 2050 compared to 2005 levels. In September 2021, ATAG updated its ambition and commitment with the 2021 edition of the "ATAG Waypoint 2050" report to reflect the industry's increased ambition to achieve net-zero carbon emissions by 2050 and contributing to the Paris Agreement goals.

Along with the revised ambition, ATAG provided 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 Organisation's ("**ICAO**") Carbon Offsetting and Reduction Scheme). In the most ambitious scenario, a reduction of up to 40% of $CO_2$ emissions can be achieved through technological developments, as illustrated by Graph 2 below.

**Graph 2: The aviation industry's roadmap to net zero carbon emissions by 2050**




Source: Airbus based on ATAG Waypoint 2050 report (2021) – Scenario 3: "aspirational and aggressive technology perspective"

In Europe, the EU Green Deal creates conditions and 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 Climate Target Plan". At international level, the Company actively supports and strongly encourages ICAO to introduce a global ambition by setting a meaningful long-term aspirational goal to reduce $CO_2$ emissions from international civil aviation, whilst maintaining a global level playing field.

### The Company's roadmap to reducing emissions

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.

The Company is investing in and focusing its efforts on five complementary strategic pathways to reduce its environmental footprint, in support of the overall sector ambition as highlighted above. In 2021, the total research and development spend of the Company amounted to €2.7 billion.

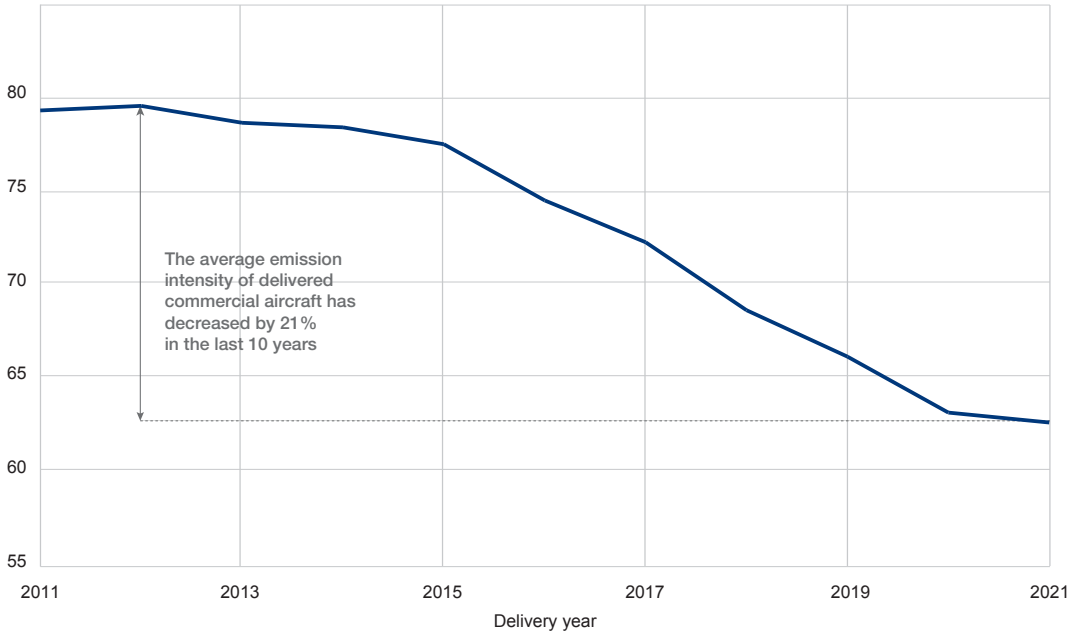
#### *Strategic pathway 1.* Renew current fleets with best in class aircraft

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 technology and 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 includes 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 compared to previous generation of aircraft;
- A220 offers 25% reduction in $CO_2$ emissions per seat *versus* previous generation of small single-aisle aircraft, 50% reduction in noise footprint and 50% fewer NOx emissions than the standards.

**Graph 3: Average intensity metric ($gCO_2e$/pax.km) of sold products**




This continuous improvement is also reflected by the Company's contribution to Europe's CleanSky2 programme, with the use of new materials as well as the design and implementation of new aerostructures and technologies aiming to achieve $CO_2$, NOx and noise reductions. For this purpose a military aircraft C295 from the Company has been used as an in-flight technology demonstrator (flight test bed).

#### *Strategic pathway #2.* Investing in technologies enabling the Company to market zero-carbon vehicles

The Company is committed to contributing to developing, building and testing advanced technologies improving the aerodynamic and structural efficiencies combined with advanced propulsion systems– to enable the aviation industry to reduce $CO_2$ emissions of commercial aircraft, helicopters and future urban air mobility vehicles.

### 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.

The Company believes hydrogen is one of the most promising technologies to reduce aviation's climate impact. If generated from decarbonised electricity through electrolysis, it generates little-to-no $CO_2$ emissions and would essentially allow aviation to be powered by decarbonised energy.

Aviation will be an end use application of hydrogen. The Company sees two primary uses for hydrogen:

- Hydrogen can be combusted through modified gas-turbine engines, or converted into electric power *via* fuel cells. The combination of both would create an efficient hybrid electric propulsion chain powered entirely by hydrogen.
- Hydrogen used to create eFuels (power-to- liquid or power-biomass-to-liquid synthetic fuels in combination with carbon from biomass or enhanced carbon sink sources).

On 21 September 2020, the Company revealed three different hydrogen-powered "ZEROe" concept aircraft. Those illustrate the research that the Company is investing in, with the objective to bring a zero emission commercial aircraft to market in 2035. From hydrogen propulsion 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 required 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 appropriate ecosystems. In 2019, the Company signed a Memorandum of Understanding with airlines such as SAS Scandinavian Airlines and easyJet to jointly research a zero-emission aircraft eco-system and its infrastructure requirements. The Company is also part of several major hydrogen alliances (such as the Hydrogen Council, Hydrogen Europe, European Clean Hydrogen Alliance etc.) and launched a joint-venture in 2020 with ElringKlinger in order to benefit from the huge cross-industry experience of other industries, and accelerate its ambition.

### Zero-emission urban air mobility ambition

Since 2014, the Company has been exploring how recent technology advancements – from battery capacity and autonomy to electric propulsion – could 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.

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. Airbus has learned a lot from the test campaigns with two demonstrators: CityAirbus and Vahana. The CityAirbus NextGen revealed at the Airbus Summit in September 2021 combines aspects of both, with the new architecture striking a balance between hover and forward flight. The prototype is paving the way for first flight in 2023 and certification expected around 2025.

Beyond the vehicle, Airbus is working with partners, cities, and city inhabitants in order to create the ecosystem that is essential to enabling this new operating environment to emerge in a true service to society.

### *Strategic pathway #3.* Investing in smart ATM solutions and optimised operations

Improving the efficiency of air transport operations and infrastructure could contribute to emission reductions by around 10%. The Company therefore 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.

Through its subsidiary Navblue, the Company provides services helping its customers to minimise fuel consumption with best operational practices, innovative services and training. The Company also focuses on developing fuel saving procedures for airports and ground operations to minimise the use of engine power and auxiliary power units (APU) while the aircraft is on the ground.

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 November 2021, two A350 test aircraft conducted the first-ever transatlantic fello'fly flight, confirming the potential for fuel savings of more than 5% during long-haul flights.

### *Strategic pathway #4.* Developing and deploying SAF, with all aircraft types 100% SAF compatible before 2030.

Energy source is the main driver in the $CO_2$ emissions and $CO_2$ intensity of products coming from the Company's commercial aircraft activity. Although they only represent a small share of aviation's current fuel use, 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 360,000 commercial flights have used SAF and more than 1 million flights with SAF are expected by 2025 (source: IATA, flynetzero, 2021).

All the Company's commercial aircraft are already certified to fly with a fuel blend of up to 50% SAF. SAF produced by using most advanced pathways can provide $CO_2$ emission reductions of up to 80% throughout their life cycle. This means that already today the emissions from aircraft currently offered by the Company could be reduced by ~40% if their full blending capability was used. The Company's ambition is for its commercial aircraft to

be capable of being operated with 100% SAF before the end of the decade (third scenario on the chart below, "Full aircraft potential").

As detailed above (see "Aviation industry targets"), the Company supports decarbonisation scenarios which include an ambitious rollout of SAF using all possible pathways (HEFA, Alcohol to Jet, Fischer Tropsch, Power to Liquid, etc.). Under such scenarios, the Company estimates that products delivered in 2021 could see their life-time emissions reduced by around 17%, thanks to the gradual introduction of SAF during their operational life (second scenario on the chart below, "Anticipated SAF rollout").

The Company is involved in two main research projects: VOLCAN and ECLIF3, conducted in partnership with important actors of the industry. Both aim at assessing the impact of 100% SAF on engine and fuel systems whilst measuring the positive impact on aircraft's emission and fuel efficiency. First test flights took place in 2021 and the final outcomes will be publicly published by the project partners once available. Both projects will pave the way for going beyond current maximum blending levels for SAF (currently 50%). It will allow the Company to collect information and enable further research activities and technical work in order to reach the goal of gaining 100% SAF certification for commercial flights.

However, today the price and global production capacity remain the main constraints for operators, preventing large-scale incorporation of 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 products in use. As of 2021, 36 countries have implemented SAF policies to support industry's ambition, according to IATA. The Company supports policies that would incentivise their production and usage at affordable costs and is engaged in many initiatives and partnerships promoting the development of SAF production and use (World Economic Forum Clean Sky for Tomorrow Coalition and First Movers Coalition as examples).

#### *Strategic pathway #5.* Encouraging temporary $CO_2$ emission compensation schemes

Finally, $CO_2$ emission compensation will be instrumental to stabilising aviation emissions in the medium term until disruptive solutions reach market maturity. For that reason, the Company supports ICAO's CORSIA as the only global market-based measure for international civil aviation.

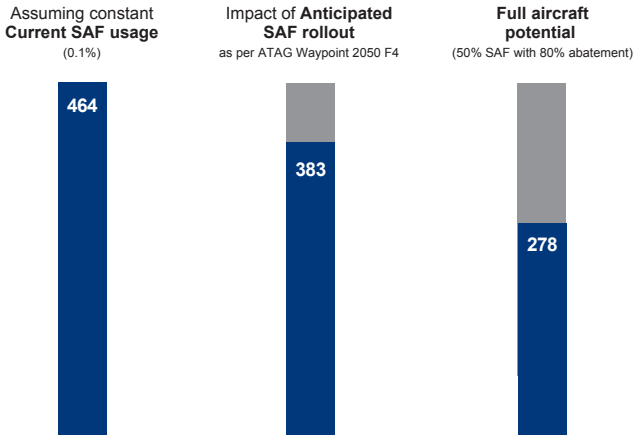
### Reporting of emissions from value chain

#### Scope 3 Use of 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.

In order to provide the level of transparency expected by stakeholders and following recommendations from the TCFD, the Company reports in-use emissions of the products it delivers (Scope 3 – Use of sold products). This started in 2020 with the disclosure of emissions from commercial aircraft products, and was extended to civil helicopters in 2021. The Company will continue to progressively extend the scope of reporting to other families of products, for which the calculation methodologies are still under development. Nevertheless, current results and advanced estimations have shown that the vast majority (over 90%) of the Scope 3 – Use of Sold Product impact of the Company's products is due to the commercial aircraft family of products, and that this situation is unlikely to change once all the product families will have been assessed.

**Fig. Scope 3 emissions reduction levels in potential SAF scenarios, in My $CO_2$e**




### Commercial aircraft products

In 2021, the Company delivered 611 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 $CO_2$ emissions for these products over their anticipated life-time is estimated at around 460Mt$CO_2$e (of which around 80Mt are linked to upstream fuel production), which translates to an average efficiency of 62.6g$CO_2$e per passenger-kilometre. In 2020, the Company delivered 566 aircraft with resulting estimated life-time emissions of around 440Mt$CO_2$e (of which 80Mt are linked to upstream fuel production) and average efficiency of 63.1g$CO_2$e 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, the numbers above do not reflect the anticipated gradual introduction of decarbonisation measures such as SAF, and as a result 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.

In order to better understand the potential impact of SAF on scope 3 emissions, this chart shows three scenarios comparing the current SAF usage, an ambitious deployment scenario as envisaged by ATAG and the maximum reduction potential as allowed by the current 50% blend limit.

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.

### Civil helicopters

In 2021, for 192 civil helicopters delivered, the Company estimated a scope 3 "use of sold product" impact around 1.13 $MtCO_2e$, of which around 0.20 $MtCO_2e$ are linked to upstream fuel production. In 2020, for 201 civil helicopters delivered, the resulting scope 3 "use of sold product" impact was around 1.09 $MtCO_2e$, of which around 0.19 $MtCO_2e$ are linked to upstream fuel production. In 2021, the internal forecast of flying hours used for the calculation was updated, resulting in a slight increase in emissions despite the lower number of deliveries compared to 2020.

**Methodology**

- The Company's emission calculation methodology was developed by a team consisting of 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:
  - For commercial aircraft these assumptions include the aircraft load factor, the current penetration rate of sustainable aviation fuels, their $CO_2$ 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;
  - For civil helicopters, these assumptions include feedback from the market in terms of helicopters operations such as flight hours per year and region where the helicopter is operated. Direct and indirect emissions are included over the product's entire service life. Emission factors are consistent with those used in the commercial aircraft methodology. Sustainable Aviation Fuel impact is not considered.
- Civil helicopters considered for Scope 3 calculations correspond to helicopters produced during the year having reached the "available for flight" status.

**Key Hypothesis**

- The estimation includes $CO_2$ emissions. Emissions related to CH4 and N2O were excluded given the very low levels produced by modern aircraft engines. Emissions related to NOx were estimated and excluded given the uncertainty related to the NOx emission factors and the relatively low contribution of this emission stream.
- Emissions related to commercial aircraft engine start and taxing have been included, however, emissions from the auxiliary power units (APU) and ground handling equipment have been excluded.
- For helicopters, the flight hours model is directly derived from in-service helicopters.

## Scope 3 Purchased goods and services

In 2021 for the first time, the Company has published an estimate of the GHG emissions arising from the goods and services it purchases (Scope 3 – Purchased goods and service based on its 2020 spent). The Company estimates that the 2020 emissions of purchased goods and services were around 11.3$MtCO_2e$.

**Methodology**

- This evaluation was performed using a dedicated tool developed by the International Aerospace Environmental Group (IAEG) offering a choice between two approaches: a "spend based" approach, allocating emissions to each amount spent in specific commodities and a "mass based" approach, allocating emissions to quantities of materials purchased. For this first evaluation, the Company has used the "spend based" approach. While this method embeds a certain degree of uncertainty, considered high by the IAEG on a certain number of emissions factors used in the methodology, it provides a relevant view of the sources of GHG emissions in the Company's supply chain and enables comparison of the various Company's scopes throughout its value chain. The calculation will be refined in future years as better quality data becomes available.

### 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.

The Company through its Defence and Space Division 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

## 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 the aerospace 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 that 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. 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".

| **Aviation / Product Safety** | GRI | SASB | SDGs | Others |
|---|---|---|---|---|
| | 416 – Customer Health and Safety | Product Safety | 12 | |
| Highest governance body(ies) involved | Product Safety Board (PSB), involving several Executive Committee members | | | |
| Related Corporate Policies | Airbus Product Safety Company Policy (A67) | | | |
| Management system Relevant certifications | SMS | Corporate Safety Management System | | |
| | Products | EASA regulation (Parts 21/145/147/M/ORA), EU 996/2010, EU 376/2014 (for Commercial Aircraft products), ECSS-Q ST-40-C (for Space Products) and Def-Stan 00-56 (for Defence Products) EN9100, EN9001, EN9110, AQAP 2110, AQAP 2210 and AQAP 2310 | | |
| | Operations | | | |

| **Key metrics** | 2020 | **2021** |
|---|---|---|
| Fatal accident rate Industry wide[(1)] | $0.04_{(Gen4)}$ | $0.03_{(Gen4)}$ |
| % SMS officers nominated | 100% | 100% |
| % SMS officers trained | 92% | 100% |
| Metrics assumptions | (1) 10 year moving average fatal accident rate (per million flights) per aircraft generation. | |
| Additional resources | Code of Conduct, Product Safety on Airbus.com, Safety in Operations on Airbus.com, Safety investigation on Airbus.com, Health Onboard, Accident Statistics website | |

### 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. Regular reviews with the Board of Directors are also performed.

### Airbus Safety Management System

Consistent with ICAO Annex 19, the Company's Corporate Safety Management System ("**SMS**") is based on the four ICAO pillars: 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.

During 2020-21, Airbus Defence and Space evolved its Product SMS by adapting governance principles from established Airbus Commercial and Military Airsystems SMS to all of its programme lines, including cybersecurity systems, land communications, surveillance systems, drones and more. Programme Line Safety Boards and a shared online reporting tool have been established. Implementation is ongoing.

### Airbus Safety Strategy

To support the Airbus vision for safety – "we constantly strive to enhance safety together in our quest to reach zero accidents." – the Company's product safety strategy is to:

- implement programmes to continuously enhance the safety culture to ensure each employee has a personal and collective engagement consistent with the Airbus safety values;
- provide means so that any employee can report safety concerns;
- ensure product safety is a priority in decision making, and
- share lessons learned and best practices with internal and external stakeholders, and take action as appropriate also based on identified top safety threats or opportunities.

### 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 (for 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

This commitment ensures that 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. It is documented and endorsed with the signatures of the CEO, Executive Committee members and top management.

## 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. Implementation/Activities

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 1,000 aviation professionals daily *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 the SMS within the Company, including safety promotion. As of 31 December 2021, all SMS officers have been nominated and trained. The above-mentioned commitment to a just and fair reporting culture is another example of an initiative that promotes the Company's safety culture. These elements are integrated in the Company's SMS action plan.

Airbus also continues to innovate to benefit from technological evolutions to further enhance both operations and safety.

All of these initiatives lead to continuous improvement of the safety record. 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.

**10 Year moving average fatal accident rate (per million flights) per aircraft generation**

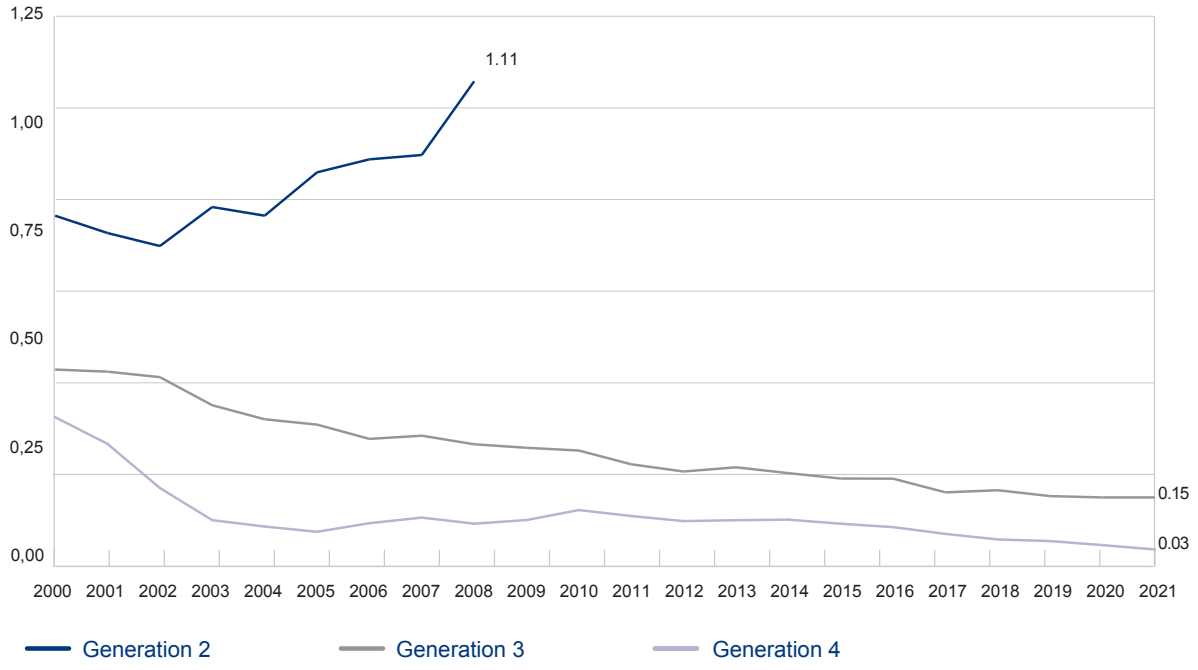



Fig. (above) 10 year moving average fatal accident rate (per million flights) per aircraft generation.

Source of Data: official accident reports, ICAO, Cirium, and Airbus databases. Flight cycle data provided by Cirium.

## b. Cyber Security

### I. Introduction

Cyber security risks have the potential to impact all business operations, employees, plus products and services if incorrectly managed – either in confidentiality, availability or integrity. As such, the company undertakes a continual process of cyber security risk identification and remediation, supplemented with significant cyber security capabilities for the prevention, detection and response to cyber threats and events.

Cyber security risk management is a core element of modern organisations, thus the Company has developed state of the art cyber capabilities for the defence, detection and response to emerging cyber threats. The cyber security paradigm adopts a compliance, regulatory and risk-based approach embedded across four asset bodies: IM, industrial, products & services, and people & workplace.

Developing cyber security as a function of the business, with the relevant capabilities and stakeholders, ensures an evolutionary approach for continued protection against emerging threats and to support the business in securely enabling its digital transformation.

| Cyber security | CRI | SASB | SDGs | Others |
|---|---|---|---|---|
| | | Data Security | 9, 12 | |
| Highest governance body(ies) involved | Corporate Security Council<br>Digital Security Team (cyber Security Validation Body) | | | |
| Related Corporate Policies and Directives | A08 - Airbus Company Security Policy<br>A1044 - Security Requirements for Company Information & Data Classification and Protection<br>A1058 - Security Requirements for Information Systems Management<br>A1043 - Security Requirements for Affiliates<br>A 1664 - Security Requirements for Industrial Automation and Control Systems<br>A 1666 - Requirements for Product Security<br>A1015 0 - Requirements on Information Security for Suppliers<br>A1015 1 - Specific Requirements on Information Security for IT Services Providers | | | |
| Management system | MC AS - Manage Airbus Company Security - aligned to ISO27001 standard<br>MC AS 01: Monitor Identify & Report Company Asset Vulnerabilities<br>MC AS 02: Assess & Treat Company Asset Security Risk | | | |

| **Key metrics** | 2020 | **2021** |
|---|---|---|
| Number of data breaches reported to data authorities | 1 | 1 |
| Percentage involving confidential information | 100% | 100% |
| Cyber security awareness training e-learning participation (started 1 Jan. 2020, reporting period 1 Oct.-30 Sep.) | 10,328 | 67,475 |
| Corporate & IM Cyber Security Headcount | 216,5 | 290 |

## II. Governance

The Company has undertaken a cyber security transformation since 2019 with the establishment of a federated model to digital security encompassing accountable leaders in respective organisational structures such as IT, engineering and operations. A dedicated team for security governance was established, reporting to the company Chief Security Officer (CSO), responsible for the definition and audit of cyber security directives and methods aligned to major industry standards such as ISO27001 or IEC62443. The company Chief Information Security Officer reports to the CSO with a direct reporting line to Airbus CEO. Such an approach ensures localised accountability and reactivity to cyber risks with centralised governance, reporting, technical standards, and processes. Cyber security governance scope encompasses all Divisions and global operations plus affiliates.

### Corporate Security Council

The Company has established a Corporate Security Council, chaired by the Chief Security Officer, for the coordination of security governance and to ensure consolidated security risk reporting from each of the four asset clusters; IT, industrial, product & services, and people & workplace.

### Security governance directives

Security directives are published and audited to ensure the company business, including affiliates and subsidiary companies, follows the same standards for data protection and systems security. Key cyber security directives include:

- A08 – Company Security Policy;
- A1044 – Security Requirements for Company Information & Data Classification and Protection;
- A1058 – Security Requirements for Information Systems Management;
- A1043 – Security Requirements for Affiliates;
- A1664 – Security Requirements for Industrial Automation and Control Systems;
- A1666 – Requirements for Product Security;
- A1015.0 – Requirements on Information Security for Suppliers;
- A1015.1 – Specific Requirements on Information Security for IT Service Providers.

## III. Risk Management

Confidentiality, integrity and availability are well-known to define cybersecurity objectives when thinking about systems risks. Corporate Security owns the accountability of security risk management and is in charge of defining cyber security risks taxonomy and managing the lifecycle in ERM, including strategy, organisation, roadmap and initiatives at Company-wide level.

In terms of cyber security, risk management is the aggregation of continual risk reporting, cyber security validation processes embedded within security by design principles for projects, applications and infrastructures – in addition to the implementation of digital security controls aligned to the Airbus enterprise security architecture standards.

Risk mitigation measures follow the principle of people, process, and technology controls to reduce likelihood and/or impact from cyber incidents. The Company incorporates mandatory cyber security training and awareness for all employees with additional engagements for employees in higher risk categories or where additional regulatory stipulations apply. Security processes are fixed through security governance directives, business management processes (*e.g.* MC.AS.01 Vulnerability Management), and operating models. Technical security controls are implemented and measured in accordance with ISO27001 and other industry standard information security management standards.

The Company implements a number of key technical security controls in the reduction of cyber incident likelihood including the rollout of endpoint protection and data loss prevention tools, the implementation of multi-factor authentication, plus the adoption of enterprise security architecture approaches. To reduce impact from cyber events Airbus operates in-house security operations centers, covering both commercial and national activities; plus a Computer Emergency Response (CERT) team analysing cyber security threat intelligence and activating to rapidly investigate and contain cyber security incidents.

Cyber security risk management is under regular internal and external audit, confirming processes and implementation to both Airbus and Industry standards. Technical audits are also conducted regularly on applications, systems and infrastructures in the form of cyber security penetration testing.

## IV. Implementation/Activities

During the course of 2021, a number of key initiatives have been undertaken to improve the cyber security position, reduce associated risks and decrease the likelihood of successful cyber attacks, including:

- 100% coverage of core Divisional Company-issued laptops deployed with Endpoint Detection & Response (EDR) tools;
- 100% of employees now able to access Google client side encryption tools for encryption of the company data in Google suite;
- 35 of 35 high risk supplier connections now successfully migrated to the new standard secured supplier architecture;
- Restricted CERT extension devised to ensure cyber incident response coverage across both commercial and national infrastructures.

Such activities have successfully reduced the Company's overall cyber security risk picture, and specifically related to the increasing threat from ransomware.

## V. Outlook

There are no signs globally that the threats of cyber attack will dissipate or slow; therefore it is critical that the Company maintains ongoing improvement and response activities in order to reduce associated risks. A number of key initiatives are central to this including:

- Ransomware resilience: as one of the major risks, efforts continue with major investments into ransomware prevention in order to reduce both the likelihood of an incident, but also to significantly increase the resilience and reduce the time to recover critical applications and systems;
- International localisation: extending the federated model of security to encompass international localisation of affiliates with enhanced risk reporting;
- Secure digital transformation: enable digital transformation *via* the design development and deployment of updated security standards for cloud security, application hardening and zero trust networking;
- Security Operations Centre (SOC) 2025 strategy: detecting and rapid response to cyber incidents is a key part of any security practice: thus Airbus will maintain and continue to scale the SOC activities to the needs of the business.

## c. Health and Safety

### I. Introduction

The Company considers health and safety as a top priority that is non-negotiable. Our goal is to enable an environment that's safe and healthy for all. Risk prevention and the promotion of safer and healthier conditions in the workplace are key to enable us to improve the health and well-being of our employees and anyone else who works inside Airbus. By focusing our attention on this, it also helps to improve the nature of the task, working conditions, competitiveness, quality, engagement and sustainability.

| **Health and Safety** | GRI | SASB | SDGs | Others |
|---|---|---|---|---|
| | 403 Occupational Health and Safety | | 8, 12 | Vigilance Plan |
| Highest governance body(ies) involved | Board of Directors / ECSC Executive Committee | | | |
| Related Corporate Policies | Occupational Health and Safety Policy A41, Airbus Code of Conduct | | | |
| Management system | Formal Health and Safety Management Systems | | | |
| Relevant certifications | ISO45001: certified sites cover~ 25% of employees | | | |

| **Key metrics** (More in the ESG Data Board) | 2020 | **2021** |
|---|---|---|
| Lost-Time Injury Frequency Rate | 3.81 | 3.21 |
| Lost-Time Injury Frequency Rate – Commercial Aircraft | 5.12 | 4.31 |
| Near-miss – Commercial Aircraft | | 19,305 |
| Total health and safety training hours delivered | 103,070 | 128,795 |
| Number of employees who received health and safety training | 37,599 | 28,144 |
| Number of employees having attended "EH&SCertificate" modules 1&2 | 418 | 1,309 |
| Core entities with ISO 45001 or similar certification | | ~ one third |
| % of the company-wide workforce covered | | 25% |
| Remuneration | The Lost Time Injury Frequency rate at group level included in the variable remuneration for the Company CEO and executives. 2021 target was achieved. | |
| KPI assumptions | Metrics are reported Company-wide (FISH perimeter) unless stated otherwise. Reporting period for training-related metrics: 1 October to 30 September | |
| Additional resources | People Safety on Airbus.com↘; Code of Conduct – incl. Health and Safety commitment↘ | |

### II. Governance

The Airbus Occupational Health and Safety Policy is a group-wide foundation for the management of health and safety within the workplace. The Policy applies to the Company's commercial aircraft activities, to the Airbus Helicopters and Airbus Defence and Space Divisions, and also to the Company's affiliates.

In 2021, an Airbus Occupational Health and Policy Statement was signed by Guillaume Faury, Airbus CEO, to enhance and reinforce the Policy principles.

The health and safety organisation is part of the Human Resources and Workplace Department under the ultimate responsibility of the Company's Chief Human Resources Officer.

The organisation is called Environment, Health and Safety (EHS). The Head of EHS reports to the Chief Human Resources Officer, and is supported by local EHS business partners. There are also regional EHS business partners in China, North America and APAC. Cross-organisation expertise, support and coordination is provided by centres of expertise, including safety, industrial hygiene, ergonomics and operational environment and occupational health and wellbeing. The EHS organisation is responsible for the health and safety management system and for the operational application of the corporate environment and sustainability management system in the entities.

Approximately one third of the Company's core entities in home countries are now certified to the ISO45001 Standard for health and safety management systems or have a similar certification. Company wide, this means that nearly 25% of employees work on sites where the health and safety management system is certified to ISO45001. Other sites have formal management systems that are not yet formally certified, but operate to the standards required by our health and management systems.

### III. Risk Management

The role of the Airbus' health and safety organisation is to anticipate, identify, evaluate and prevent or mitigate risks to safety, health and well-being, and the business, arising as a consequence of the Company's work activities.

Health and safety requirements have been defined in a directive that applies company-wide, including to the Company's affiliates. The Company's affiliates report on their health and safety management status through the Internal Controls Self Assessment (ICSA) exercise.

Occupational health and safety risks are managed using the framework provided in the Company Methods for "Health and Safety Risk Management" and "Incident Management". Those risks that are considered to have a high potential impact,

including in Airbus affiliates, are monitored by the Company's Enterprise Risk Management (ERM) system.

In 2021, the Company-wide method for risk assessment and control was updated. This method consists of a sequence of logical steps to identify significant hazards, evaluate the risks and prevent, eliminate or mitigate them, following the hierarchy of control principles: elimination, substitution, engineering control, administrative controls and, as a final measure, personal protective equipment.

The method for reporting and managing incidents and near misses has also been refreshed. It harmonises incident reporting between countries, taking into account applicable local regulations. The investigation and root cause analysis process described in this method supports the identification of risks and related mitigation actions.

The principle health and safety concerns in 2021 consisted of the following topic areas:

- COVID-19 and the necessary adaptation of work activities;
- Working environment including for example, work at height; slip, trip and fall risks; site roads and infrastructure.
- Machinery and equipment, such as hand held powered tools, cranes and jigs.
- Physical agents, including noise, vibration and electricity.
- Substances and materials, such as those addressed in REACH regulation.
- Psychological risk, including from the impact of COVID-19 confinement and the related Company adaptations.
- In-situ contractors, including competence, interfaces and site transport.

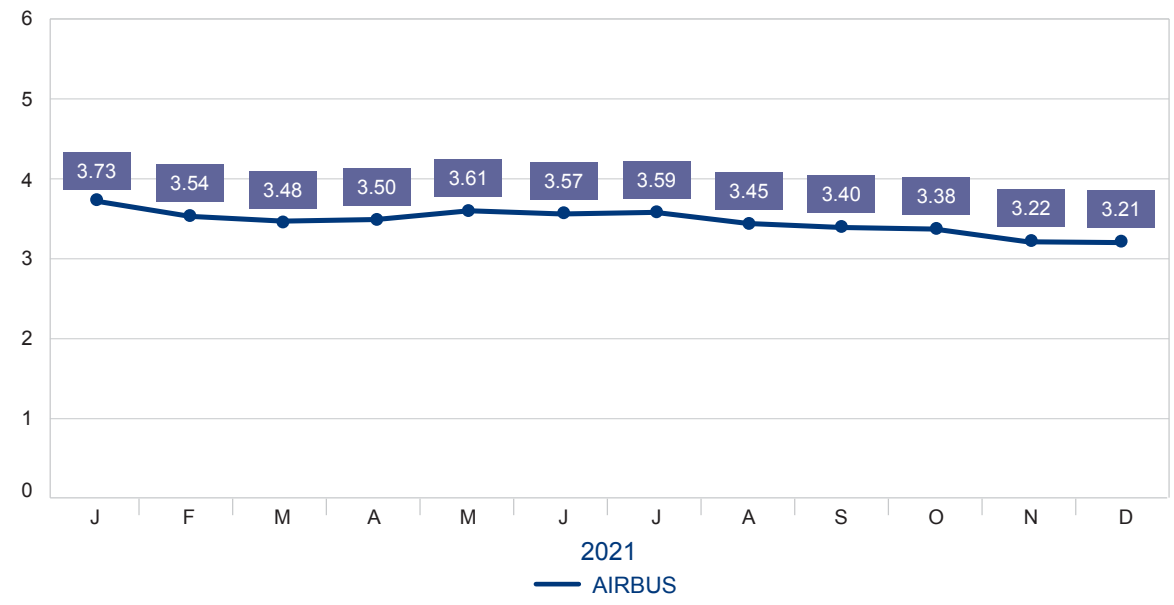
The impact of the ongoing COVID-19 pandemic is a continuing challenge. However, the main causes of occupational injury in 2021 were once again related to slip, trip and fall accidents, ergonomic incidents, and the use of hand tools and equipment. These represented the majority of injuries recorded on the FISH (Federated Information for Environment, Safety and Health), global environment, health and safety platform. In fact, slip, trip, and fall accidents resulted in 25% of the lost time injuries included in the lost time injury frequency rate.

Employees and others on Airbus sites can raise health and safety concerns in a variety of ways. Employees can raise a near miss or incident declaration in FISH using a computer or mobile device. Line managers can share warnings and good practices using a red, amber, green flash alert process. A "go-look-see" process helps managers to identify risks and related mitigation actions. To support the promotion of a "speak-up" culture, the Company has the OpenLine to provide employees and third parties with an avenue for raising concerns.

## IV. Implementation/Activities

The overall incident management harmonisation process is enabling improvements in data collection, analysis and the production of reports. This supports the Company-wide key performance indicators.

**Airbus and its Divisions rolling 12 months employee lost time injury frequency rate**



The rolling year of the lost time injury frequency rate end of year figure amounts to 3.21 Company-wide and to 4.31 in Airbus, excluding the Divisions. Company-wide Airbus experienced a more than 15% improvement in frequency rate. It has been positively impacted in 2021 as a result of the various safety activities and actions taken linked to the pandemic. Frequency rate figures are reviewed monthly by the CEO and the Executive Committee and the data shared with all executives and senior managers in a monthly webinar.

The FISH incident management module already covered all main sites in Airbus and its Divisions in France, Germany and Spain, and in the UK the Airbus commercial aircraft and the Airbus Defence and Space Division sites. It also covered the Airbus commercial aircraft plants in Mobile, US and in Tianjin, China. This year the FISH incident management module has been extended to cover the Airbus Defence and Space Division in Poland. Around 80% of the Company employees including the active workforce, the apprentices and the temporary employees are estimated to be covered under the FISH platform. The FISH perimeter continues to be progressively extended.

The work on incident management has reinforced the reporting of near misses. This has led to a total of 19,305 near misses being declared on FISH in the Airbus commercial aircraft activities. The investigation of near misses identifies cause agents and mitigation actions that support incident prevention measures.

Activity to mitigate risks is promoted and deployed through different channels. Most importantly, the Company stimulates behavioural change, in particular through its "People Safety @ Work" (PS@W) project in Airbus commercial aircraft, the "We Care initiative" in Airbus Defence and Space Division and the "Safe Together" initiative in Airbus Helicopters Division. This embeds a culture of continual improvement in workplace health and safety performance. Examples of particular campaigns include:

- "Team Talk" packages enable managers to discuss safety with their teams.
- Videos illustrating our safety golden rules.
- Campaigns to support a safe return to work after a long break such as summer holidays.
- Site Safety Awards to motivate and engage employees.
- Mindset and behaviour workshops.
- Safety weeks and safety mobilisation days, often topic specific and led by senior managers.
- 'Safety Box' (safety activities) and "Safety Lab" (safety discussions) sessions, in both face to face and virtual meeting modes due to COVID-19.
- Testimonies by employees who have suffered accidents at work.
- Transparent sharing of safety related information, such as frequency rates and "Flash Alerts".
- Mandatory EHS training.

The Company "Safety Ambassadors" knowledge, competences and roles have been reinforced. This network comprises around 1,900 members, and is a significant enabler for culture change. They spread best practices and support activities such as the implementation of COVID-19 measures.

At the operational level, the Airbus commercial aircraft operating system (AOS) includes an assessment grid to evaluate the environment, health and safety maturity level in operational areas. This reinforces the activity to reduce risk, driving the implementation of initiatives such as the PS@W trip hazards removal, mobile steps safety and site traffic infrastructure improvements.

In 2021, the virtual classroom portfolio was further developed, in particular to cover some of the elements of statutory training such as First Aid, and we will continue to develop more digital enabled learning solutions. Consequently, despite the challenging environment of the ongoing pandemic, over 128,795 hours of dedicated health and safety training were delivered to 28,144 individual employees between October 2020 and September 2021.

Managers at all levels are required to attend the "Airbus Environment and Health & Safety (EHS) Leadership Certificate". This intensive course has four modules, which, if completed within a certain timescale, lead to an externally validated "Environment, Health and Safety Certificate". The EHS Leadership modules 1 and 2 were therefore prioritised for the virtual classroom format in 2021. The development of modules 3 and 4 will take place in 2022. A total of around 2,300 employees have now attended these modules since 2019; 1,309 of which in between October 2020 and September 2021.

The "Executive Environment and Health & Safety Masterclass" ensures that the Company top leaders are equipped to drive the strategy of continual improvement in health and safety culture and performance. Overall some 451 executives and senior leaders have completed the Masterclass from October 2020 to September 2021. In the same period some 82 executives, mainly from the plant and final assembly lines, have attended the practical and hands-on "Back to the Floor" training, which enables leaders to proactively and positively engage on safety issues on the shop floor.

Occupational health and wellbeing are key priorities for the Company, as evidenced by the construction of purpose-designed occupational health facilities at Broughton, UK, and at Getafe, Spain, which were completed in 2021.

Naturally COVID-19 has continued to be a critical risk to people and the Company. Mitigation activities have included:

- Providing and maintaining guidance on the core barrier measures, supported by awareness campaigns and material including posters, videos and e-learning modules.
- Supporting national vaccination programmes, where possible. Around 19,500 people were vaccinated on Airbus sites in France, Germany, Spain, UK, the USA and China.
- More than 17,900 COVID-19 tests have been performed on employees in Germany and France, with particular hygiene and testing procedures for delivery teams.
- An employee "COVID-19 Hotline" and case management has been provided by Occupational Health teams.

Whilst certain health initiatives and check-ups were impacted by the COVID-19 situation, key monitoring campaigns were maintained. Psychological health continues to be a focus. In addition to the employee helpline services and the availability of psychologists, training was provided for topics such as mental health awareness and addiction prevention. Support material has also been made available on the Company intranet pages.

With regard to substances, the "REACH-IT" project has continued in Airbus' commercial aircraft business, together with similar initiatives deployed in the Divisions. Manufacturing processes, tools and workstations have been reviewed in light of the REACH authorisation measures for the protection of health, safety and the environment. Now there is a progressive transfer

of this work into operational management systems, to ensure the ongoing maintenance of conformity. A compliance surveillance programme will be launched in 2022.

### V. Outlook

As part of the health, safety and operational environment "2030 Flightpath" vision, we aim to promote and provide standards that are above our minimum legal compliance requirements. Consequently, in 2022 the Company will continue to reduce risk of work-related injury, ill-health and environmental impact, by improving management system elements, monitoring and data analysis.

The Company will therefore continue to increase the geographical deployment and technical scope of the FISH platform to support a strategy of data-driven risk analysis and mitigation. In particular the incident management module is planned for deployment in sites in North America and the Asia Pacific region.

As the corporate ISO45001 based occupational health and safety management system matures, a company Health and Safety Governance Board is planned, to maintain clear oversight and steer the "zero harm" ambition. At national level, occupational health review panels are also planned, to address topics such as occupational disease cause analysis, risk mitigation strategies and emerging competency requirements. The Company will continue to strengthen its efforts to enhance wellbeing and mental health protection.

Further key performance indicators (KPI) are to be introduced, including health KPIs. The FISH platform will enable a wider use of the all injuries frequency rate and the leveraging of near miss data.

## 1.2.4 Respect Human Rights and Foster Inclusion

## a. Human Rights

### I. Introduction

#### A commitment to respect human rights

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 aims to implement policies and processes that respect applicable law in the countries in which we operate and take into acccount the UN Guiding Principles for Business and Human Rights, and the Organisation for Economic Co-operation and Development's ("**OECD**") Guidelines for Multinational Enterprises.

"Respect for human rights" was prioritised by the Company as one of the four sustainability commitments agreed by the Executive Committee and the ECSC at Board level during 2020.

The Company's actions to progress its ambition to "*embed and advance respect for human rights throughout its business, operations and supply chain*" follow recommendations identified through a human rights impact and gap analysis conducted by a specialist external human rights consultancy in 2019. This analysis considered current and upcoming regulatory requirements and international best practice as well as international principles and standards, including the UN Guiding Principles for Business and Human Rights. Details of these actions follow.

| **Human Rights** | GRI | SASB | SDGs | Others | Others |
|---|---|---|---|---|---|
| | 412 Human Rights Assessment | | 4,5,8,16 | | Vigilance Plan |
| Highest governance body(ies) involved | Board of Directors / ECSC Executive Committee | | | | |
| Related Corporate Policies and Reference Documents | Code of Conduct; International Framework Agreement; Airbus Supplier Code of Conduct | | | | |
| Commitments to take into account external standards and frameworks | International Bill of Human Rights, ILO's Declaration on Fundamental Principles and Rights at Work and its Core Labour Standards, OECD Guidelines for Multinational Enterprises, United Nations Guiding Principles | | | | |

| **KPIs** | Target | Target year | 2020 | **2021** | 2021 v. 2020 |
|---|---|---|---|---|---|
| % of investigations completed or in progress[1] | 100% | Permanent | 100% | 100% | - |
| % of sites having undertaken a social assessment[2] | 100% | 2026 | 6% | 14% | +8pp |
| % of findings closed within 18-months[3] | 100% | Permanent | 100% | 100% | - |

| **Other key metrics** | 2020 | **2021** | 2021 v. 2020 |
|---|---|---|---|
| Number of participants to human rights trainings – Cumulative, reporting period: 1 Oct -30 Sep[4] | 4,943 | 5,789 | +846 |
| Number of alerts of human rights concerns[5] | 5 | 4 | -1 |

**KPI and metrics assumptions**:
(1) Following reports of concerns linked to forced and child labour and other labour rights.
(2) % of the Company's sites with over 100 employees, cumulative since 2020, undergoing a social assessment including human and labour rights.
(3) Following social assessments including human and labour rights, carried out on the Company's sites.
(4) Cumulative number of participants who have completed e-learning modules on human rights and modern slavery since 2018.
(5) Including forced labour and labour rights (received *via* OpenLine and other means) from internal sources or through the Company's supply chain

| | |
|---|---|
| Additional resources | Code of Conduct, Supplier Code of Conduct, Modern Slavery Statement, Human Rights on Airbus.com, OECD Guidelines for Multinational Enterprises, ILO Declaration on Fundamental Principles and Rights at Work |

## II. Governance

The EVP Communication and Corporate Affairs has top level accountability for human rights at Executive Committee level. During 2021, following formalisation of the Company's governance arrangements for human rights in 2020, the Company held a number of meetings and presentations to support and advance respect for human rights. These included:

| **Governance** | Number of meetings during 2021 | Key responsibilities |
|---|---|---|
| Human Rights Multi-Functional Team, chaired by the Global Lead for Human Rights | Target 6<br>Achieved 6 | Ensuring the development and delivery of the human rights roadmap, including actions against agreed targets and support for awareness raising and capacity building. |
| Human Rights Steering Committee, chaired by the Head of Sustainability and Environment | Target 3<br>Achieved 3 | Providing strategic guidance to support decision making and prioritisation, as well as providing guidance and support on progress. |
| Specific presentation on human rights at the Executive Committee | Target 2<br>Achieved 3 | Agree and guide the strategic direction of the Company's 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). |
| Specific presentation on human rights at the ECSC | Target 1<br>Achieved 2 | 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. |

The Company will review its governance on human rights as it moves from policy-setting into implementation.

### Human rights policy

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 Supplier Code of Conduct), a key focus for 2021 included efforts to consolidate commitments to human rights standards and principles as well as 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), into a specific internal human rights policy. The Company expects to finalise the policy in 2022.

In addition a number of internal and external stakeholders have supported the creation of the policy including divisional and functional representatives of the Human Rights MFT and Steering Committee and members of the Legal & Compliance team. When finalised, the Company intends to have the policy endorsed by the SE-WC which represents The Company's European social partners. Externally the policy has been reviewed by representatives from specialist expert human rights organisations, academics and civil society.

The human rights policy will help further embed due diligence throughout the Company through the creation of a specific Human Rights Management System and associated Directive. A key focus for 2022 will also include the development of methods and guidelines to support policy adherence as well as communication and associated training prioritising high risk functions.

## III. Risk Management

Risks related to the salient issues were embedded into the Company's risk portfolio in the frame of the Company's ERM system and an associated action plan developed to identify, assess and address identified impacts. Actions are reviewed regularly by the Human Rights MFT and any salient issues requiring particular focus are escalated to the Human Rights Steering Committee as well as the Executive Committee and ECSC as required. An update of actions related to the Company's salient issues follows, with further actions progressing throughout 2022. Taking into account that salient issues may change over time due to internal and external influences, the Company is committed to reviewing them annually.

### Salient Human Rights Issues

| 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*) |

The Company's salient human rights issues (see box with impacted groups in parenthesis) were initially identified through a human rights impact and gap analysis carried out in 2019. This identification was based on a benchmark of industry peers and companies in similar industries and an analysis of stakeholder expectations, including consideration from a rights-holder perspective. These issues were reviewed, updated and validated during 2020 through the Human Rights MFT and engagement with a number of key external stakeholders, including human rights NGOs, academics/researchers and industry groups.

- **Impact of products and services on the right to life and liberty (passengers and citizens):** Actions are ongoing. A multifunctional and cross-divisional team is currently reviewing how to integrate risk-based human rights due diligence through existing processes and tools.
- **Forced and child labour and other labour rights (contractors and supply chain):** Key activities to mitigate the risk of forced and child labour and other labour rights in the Company's supply chain included the roll out of the Company's revised Supplier Code of Conduct, with strengthened expectations on forced and child labour as well as other human and labour rights and a requirement for suppliers to formally confirm adherence to the Supplier Code of Conduct and to cascade the principles throughout their supply chain. In addition, the Company took actions to strengthen its supply chain due diligence including updated risk mapping (country and activity) and a review of its risk identification and alert management process. For further information, see "– 1.2.6 Responsible Supply Chain".
- **The transition to decarbonisation (supply chain):** 2021 was dedicated to identifying the key areas of risk that the Company's transition to decarbonisation may create, affecting in particular human rights. The identified areas include the potential impact on local communities of the production of Sustainable Aviation Fuels (SAF), offset initiatives or specific minerals required in the development and manufacturing of new technology. The Company is already engaged in various coalitions (*e.g.* the Roundtable for Sustainable Biomaterials and the International Sustainability and Carbon Certification) to ensure that human rights dimensions are considered in these areas.
- **Inclusion and diversity:** During 2021 actions to progress this salient issue included agreeing a "25 by 25" gender diversity ambition to increase female representation at executive levels of the Company, creating a robust pipeline including specific leadership programmes for women, such as "MyWay" and, to support inclusive leadership, a mandatory Unconscious Bias training module was rolled out for all employees (with a target to achieve 100% by end of 2021). For further information, see "– 1.2.4b Inclusion and Diversity".
- **Data privacy:** During 2021, the data privacy team continued to implement and improve the data privacy programme throughout the Company. Actions were taken to ensure that the international transfer of personal data is completed in line with new requirements. Further steps were taken to ensure that, prior to contracting, suppliers processing personal data on behalf of Airbus are vetted and the appropriate mechanisms put in place to ensure they process data in line with legal requirements.

### Due diligence

During 2021, the Company began to strengthen its risk-based human rights due diligence taking into account the OECD Due Diligence Guidance for Responsible Business Conduct. This focus, which will continue throughout 2022, included:

– supply chain due diligence;
– due diligence within the Company's own operations;
– product and service due diligence (focused on the Company's Defence Division).

### Social assessments (focused on human and labour rights)

During 2021, the Company conducted a number of onsite social assessments focused on human and labour rights covering its own sites. These onsite assessments were carried out using an independent third-party social assurance provider consistent with the assessments carried out in the Company's supply chain.

Building on the initial pilot carried out during 2020, eight sites (against a target of four) undertook a social assessment during 2021 in countries including Germany, Belgium, US, France, Italy, Malaysia, China and the Philippines. The sites were selected based on an analysis of country risk using publicly available indices (including child labour, forced labour and labour rights), the type of activity (prioritising production facilities) and the number of employees. In addition, any alerts relating to human rights coming from other sources, including the ICSA process, and upcoming legislative requirements were also taken into account.

The Company has a target to ensure that all findings are closed within an 18 month period following assessment. In addition, in order to strengthen its due diligence process, the Company has set a target to ensure that 100% of its sites with over 100 employees are assessed for human and labour rights risks by the end of 2026.

### Supply chain

The Company continued to assess its supply chain for any concerns related to human rights, including forced and child labour and other labour rights, throughout 2021. For further information, see "– 1.2.6 Responsible Supply Chain".

### Grievance and remediation

During 2021, the Company continued to promote its "speak-up" culture for human rights concerns, including reinforcement of the use of its OpenLine confidential reporting system, within its revised Supplier Code of Conduct (see "– 1.2.6 Responsible Supply Chain").

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 investigated four alleged cases of concern related to forced labour and other labour rights from within the Company's supply chain. All of the cases are closed as either unsubstantiated or with a consequential action. The Company will continue to investigate any new alerts during 2022.

## IV. Implementation/Activities

### Awareness raising and training

During 2021, the Company continued to raise awareness of human rights including through the promotion of its dedicated training on human rights and modern slavery which is available to all employees in four languages. During the period October 2020–September 2021, 846 participants undertook this training (5,789 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. In addition, two dedicated virtual awareness sessions were run for the heads of subsidiaries (attended by 140 people) to raise awareness of human rights which included practical examples of how to identify and report risks. The sessions were recorded so that those not able to attend directly could review the recording.

A dedicated e-learning module on human rights, targeting senior managers, including the heads of subsidiaries and controlled affiliates, was produced in 2021 and will be rolled out during 2022. In addition a new e-learning module will be created for all employees to raise awareness of human rights with the intention that this becomes mandatory to all employees from 2023.

Additional topic-based training relating to human rights is also available to all employees of the Company, a number of which are mandatory, including data privacy and inclusion and diversity topics such as unconscious bias.

### Stakeholder engagement and collaboration

During 2021, the Company joined the Global Business Initiative on Business and Human Rights (GBI), a specialist peer learning group focused on advancing respect for human rights throughout the world. As part of its membership, the Company also took part in two dedicated workstreams: downstream due diligence and tracking and measurement, the progress of which were shared with other GBI members.

The Company is also a member of a number of industry trade associations which during 2021 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), ADS (UK Industry Association for Aerospace, Defence, Security and Space) and TechUK (the UK's technology trade association).

The Company also engaged with a number of external stakeholders on human rights in order to advance the topic through external collaboration. These included academics, researchers, civil society organisations, officials and peers. A number of discussions with the Company's investors on the topic of human rights also took place during 2021, including on the topic of forced labour.

In addition, an update of the human rights roadmap was also presented to key internal stakeholder groups including the *Societas Europaea* Works Council ("SE-WC") and the European Committee for Airbus Defence and Space ("ECADS") comprising social partners from across the Company's European sites.

During 2021, the Company's Defence and Space Division continued to work with the UK's University of Nottingham Rights Lab on a project to monitor supply chain human rights challenges across sectors including maritime, agriculture and mining. Analysis of EO satellite imagery helps to identify supply

chain human rights issues, such as flagging suspicious activities for further investigation, or can act as additional evidence for reported supply chain issues. The Division has also started to scope its own supply chain risk assessment tools for the Company by integrating satellite imagery derived intelligence with additional reported data from third parties on potential supply chain human rights risks.

### Regulatory compliance

During 2021, the Company undertook an analysis of current legislation related to human rights including the French *Devoir de Vigilance* Law and the Modern Slavery Acts in the UK and Australia. In addition, the Company undertook an analysis of relevant upcoming legislation including the German Act on Corporate Due Diligence Obligations in Supply Chains. Actions to fill any identified gaps will be undertaken throughout 2022.

During 2021, in accordance with the UK Modern Slavery Act and the Australian Commonwealth Modern Slavery Act, the Company published a Modern Slavery Statement outlining the actions it had undertaken to mitigate modern slavery risks in its global business, operations or supply chain. This Statement was published on the UK Government and Australian Government websites as well as the Company's website. In addition the Company completed the UK Ministry of Defence (MoD) Modern Slavery Assessment Tool.

## V. Outlook

During 2022, the Company will continue its focus on embedding and advancing its commitment to respect human rights throughout its business, operations and supply chain. Specific ongoing actions include:

- finalisation of the Company's human rights policy;
- embedding human rights commitments throughout the Company;
- further progressing risk-based due diligence within the Company;
- prioritising actions based on the Company's Identified salient human rights issues (to be reviewed in 2022);
- progressing social assessments focused on human and labour rights throughout the Company's sites;
- capacity building with key teams including development of training, communication and awareness raising;
- ensuring alignment of actions with current and upcoming legislation.

# b. Inclusion & Diversity

## I. Introduction

"Respect Human Rights and Foster Inclusion" is one of the four sustainability commitments. This priority reflects the focus the Company puts on Inclusion & Diversity ("**I&D**") and is illustrated by the 137 nations and 20 different languages that its employees represent.

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 towards 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 practices. 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;
- 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;
- is committed to have a positive long-term sustainable impact not only in the aviation sector but also in the communities we work in by being signatories to the SDGs.

| **Inclusion & Diversity** | GRI | SASB | SDGs | Others |
|---|---|---|---|---|
| | 405 Diversity and Equal Opportunity<br>406 Non-discrimination<br>408 Child Labor<br>409 Forced or Compulsory Labor | | 4, 5, 8, 16 | Vigilance Plan |
| Highest governance body(ies) involved | Board of Directors / ECSC<br>Executive Committee / Inclusion & Diversity Board | | | |
| Related Corporate Policies and Documents | Human Resources Airbus Company Policy<br>Airbus Code of Conduct, Airbus Supplier Code of Conduct | | | |
| Airbus commitments to take into account external standards or frameworks | Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, ILO Conventions | | | |

| **KPIs** | Target | Target horizon | 2020 | **2021** | 2021 v. 2020 |
|---|---|---|---|---|---|
| % of external hires to be female | 33% | yearly | 26% | 22% | -4% |

| **Other key metrics** (More in the ESG Data Board) | 2020 | **2021** | 2021 v. 2020 |
|---|---|---|---|
| Women in active workforce | 18% | 19% | 1% |
| Board of Directors | 25% | 25% | stable |
| Executive Committee | 16% | 25% | +9% |
| Executives | 13% | 14% | +1% |
| Senior Managers | 14% | 16% | +2% |

| | |
|---|---|
| Additional resources | Code of Conduct – incl. non-discrimination commitment, Inclusion and Diversity on Airbus.com,<br>Airbus International Framework Agreement – incl. Equal Opportunities commitment<br>UN Women's Empowerment Principles – CEO Statement, AD CEO statement,<br>LGBT+ Charter with L'Autre Cercle Association for an inclusive work environment for LGBTQ+ people<br>France Gender Pay Gap Statement 2020, UK Gender Pay Gap Report, Airbus UK I&D Agreement,<br>Women in Aviation and Aerospace Charter; Women in Defence Charter<br>Partnerships supporting people with disabilities (Atouts pour tous, Handisup, Handiproconseil) |

## II. Governance

The I&D team is part of the "DEVELOP 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 globally.

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 reviews risks or issues raised, providing support on new initiatives, processes or changes to policy and make 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 locally and provide valuable input to the I&D team and Advisory Board. The steering committees are supported by a network of diversity Business Champions embedded in the business and who advocate for inclusive leadership.

## 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 "speak-up" culture, including its OpenLine reporting system, are investigated in accordance with the Company's investigation process.

## IV. Implementation/Activities

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, in 2020 the Company launched a "Management Basics & Leadership Foundations Programme" to ensure that inclusive leadership becomes the norm at all levels. In addition our Corporate Gender diversity leadership development launched a cohort dedicated to 50 women leaders of tomorrow. To date this programme has trained over 170 women, including the current cohort.

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 (Racial diversity and inclusion), Pride@Airbus (LGBTQ+), Generation-A (Millennials), 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 *Ability Weeks* campaign aims to raise awareness on disability across the Company and worldwide. This includes a series of workshops and awareness sessions on topics such as: digital accessibility, workplace adaptations, mental health care. During 2021 more than 1,600 employees participated in live workshops, and over 50 events were organised worldwide. Our Airbus Humanity Lab also showcased prosthetic blades made from recycled carbon from our production lines.

Highlighting that being unique is valued and that difference is welcome, the Company ran an awareness campaign during 2021 to promote awareness of the importance of digital accessibility for employees with disabilities as a means for inclusion.

The Company also engaged in various social diversity programmes during 2021 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 *"La France, une chance. Les entreprises s'engagent!"* 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 underprivileged areas promoting education learning and responsible purchasing and creating a link between these underprivileged areas and businesses.

During 2021, 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.

### V. Outlook

Priorities for 2022 include continuing the Company's focus on gender parity. Upcoming actions on I&D include:

- eliminating systemic barriers during talent recruitment, development and management;
- agreeing on 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;
- continued support to encourage STEM studies for young women in schools and universities through mentorship, tutorship, directly or through the associations sponsored by the Company.

## c. Labour Relations

### I. Introduction

In 2021 again, the Company has continued its numerous discussions, consultations and negotiations with its social partners, sometimes on a daily basis in order to discuss company transformation projects aiming at adapting to the evolving situation partly resulting from the health and economic crisis.

These various transformations 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.

| **Labour Relations** | GRI | SASB | SDGs | Others |
|---|---|---|---|---|
| | 402 Labor / Management Relations | | 8, 16, 17 | |
| Highest governance body(ies) involved | Executive Committee | | | |
| Related Corporate Ref Documents | Airbus Code of Conduct, International Framework Agreement, SE-WC agreement (updated 2018) | | | |
| Airbus commitments to take into account external standards and frameworks | ILO's Declaration on Fundamental Principles and Rights at Work and its Core Labour Standards, OECD Guidelines for Multinational Enterprises | | | |

| **Key metrics** | 2020 | **2021** |
|---|---|---|
| Number of meetings with SE-WC (agreement says four per year) | 8 | 12 |
| % workforce covered by collective bargaining agreements | | ca 80% |
| Additional resources | Code of Conduct↘, Airbus International Framework Agreement↘<br>ILO's Declaration on Fundamental Principles and Rights↘<br>OECD Guidelines for Multinational Enterprises↘, the Global Deal Initiative↘ | |

## 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 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.

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 also 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 and Company agreements about social dialogue, for instance in Europe, thanks to the Company's SE-WC agreement which was updated 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. Especially, in cases of restructuring, the Company strives to limit as much as possible the negative impacts on its workforce, and considers employment as a priority.

In line with the Company's global social dialogue strategy and since 2019, the discussions with its social partners have not only been assured at local or European level but have also happened at global level with the creation of the Airbus Global Forum ("**AGF**"). In line with the Company's commitments in terms of Sustainability, the AGF is a clear illustration of the Company's engagement for a responsible social dialogue. The seat allocation for employee representatives is based on headcount distribution across the globe and conditional to existing legal employee representation as per applicable regulations and practices in the relevant countries.

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.

## III. Risk Management

The European labour relations' management of the four home 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 2021, employee relations continued to focus on ensuring legal compliance regarding national labour laws and investing in training the Company's HR professionals about labour law. The Company's approach to risk management is also reinforced by the OpenLine reporting system, which allows employees to report concerns anonymously (where legally permitted).

## IV. Implementation/Activities

During 2021, the Company continued activities aimed at strengthening collaborative and partnership approaches with unions in various countries. The main focus has been on preserving global social dialogue, addressing company transformation projects, and monitoring the implementation and the effects of the COVID-19 adaptation plan and sharing our progress about sustainability.

### Preserving a Global Social Dialogue

The second AGF took place early July 2021 in a digital format and has proven again to be an effective exchange platform between the Company's top leaders in the regions and employee representatives from its European home countries, Poland, Romania, Morocco, Tunisia, Brazil, New Zealand, Australia, Mexico, Canada and China. The AGF agenda triggered insightful discussions around business highlights including the challenges and priorities for 2021 and 2022 as well as I&D, People Ethics & Compliance – especially anti-harassment – and the Company's well-being strategy. It also served as an opportunity to enhance the perspective of the Company's social partners on local and regional practices with regards to social matters, especially out of the Company's European home countries.

At the Company's Airbus Helicopters Division, four European committees have taken place. The main topics have been the follow up of the Division's performance and strategy, the site specialisation strategy and more globally the company transformation, focusing in particular on competitiveness.

At the Company's Airbus Defence and Space Division, six European committees have taken place. The main topics have been the follow up of the adaptation plan, known as Future Planning, including financial competitiveness, the strategy and performance of the Division with a focus on sustainable transformation, including the AD 4.1 reorganisation during the later part of 2021.

### Supporting Company Transformation

"Reshape Supply chain" (RSC) was one of the major company transformation projects in 2021, which was subject to numerous discussions with our social partners at European and local levels. This project aims at creating two aerostructures companies of equivalent position and size in France and Germany (ca. 9,500 employees each) to prepare the future of fuselage aerostructures. As part of the discussions, the SE-WC nominated independent external experts to analyse the social, economic and financial impact of the project. Based on extensive data analysis and interviews, the report supported the project's principles and acknowledged the transparent sharing of information and data by Airbus management that permitted the experts to formulate their opinion. The constructive discussions at European and national level finally resulted in the creation of Airbus Atlantic as of January 2022. The negotiations about the creation of the aerostructures company and its impact on the detail parts activities is continuing with our social partners at company level in Germany, as well as with IG-Metall as legally required by Works Constitution Act and Tariff agreements.

In Spain, many discussions took place to address the consolidation of the industrial activities and the maintenance of the full workload in the Province of Cádiz in the CBC work Centre. National and regional authorities, Airbus, both the internal works council and main national unions agreed to have a commission to monitor fulfillment of the agreements.

### Finalising the implementation of the COVID-19 adaptation plan

In 2020, COVID-19 adaptation plan discussions 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 so that the overall adaptation plan could be completed in 2021 and compulsory redundancies avoided. The agreements provided for a range of social measures including: trainings, internal mobilities, 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 as well as dedicated partial unemployment schemes to be implemented in order to adapt activities and the workforce in 2021. In particular the signature of agreements about shorter working week in the UK, long-term partial unemployment in France and the long-term partial unemployment scheme in Spain (ERTE) have been agreed with the majority of the social partners. In addition a substantial portion of jobs have been secured due to external funding for research and technology programmes, anticipating that these jobs would be needed in the post pandemic recovery phase.

### Preparing the future

The Company is committed to preparing for the future of employment and working conditions together with the social partners:

In Spain, the VI CBA (Collective Bargaining Agreement) has been signed in 2021 with the majority of the social partners from the commercial aircraft business and its two Divisions for a four-year period (2020/2023). The main aspects covered were: salary conditions, working from home, training to face new technologies, early retirement scheme and both employment and gender equality plans.

In France, the Company also started a long-term social dialogue with employee representatives in 2021 in the frame of a project named "Reload" which aims at simplifying and harmonising company agreements related to compensation, benefits, grading, working time duration, health, safety and working conditions to make them more readable for its people and adapted to the Company's challenges. This project aims also at integrating the evolution of the Metallurgic Branch Agreement.

In Germany, apart from the RSC project, the social dialogue was mainly focussed on ensuring industrial and financial performance as a foundation for job security and future programmes in a ramp-up context. Agreements on mandatory work on defined Saturdays at reduced premium rates (compared to similar agreements from 2019) have been achieved for 2021. Approval of additional (flex) capacity is a second brick to ensure ramp-up activities particularly in production areas.

### Enabling for sustainability plans

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 additional personal protective equipment (PPE), team rotations, homeworking, social distancing and regular communication particularly on any special site measures. The social partners in Europe have also been informed about the actions taken and the future endeavours of the Company with regards to the identification and mitigation of risks inherent to Airbus activities and those of its suppliers with regards to human rights, environment and health and safety.

### V. Outlook

In 2021, the Company maintained the accident frequency rate as one of the KPIs integrated in its executive and employee success sharing scheme. It is the Company's intention to continue in this direction; notably it has already engaged further in discussing with social partners about the possible inclusion of another sustainability criteria ($CO_2$) in the remuneration of senior managers from the year 2022.

The Company will continue its dialogue with social partners, sharing its strategy and organisational changes and preparing for our evolving ways of working, as it was done in 2021. The RSC project will continue to be a key area to ensure the successful creation of an aerostructures company in Germany. Other key areas will be the ramp-up of our activities in 2022 and the transformation projects which will be essential to Airbus' future successes.

## d. People

### I. Introduction

The Company's people draw on each other's expertise and experience and puts all our passion and determination to pioneering sustainable aerospace. Human Resources (HR) is at the heart of the Company.

The current priorities of the Company's HR function are:
– engaging, inclusive and high performing leadership;
– skilled workforce and an agile learning organisation;
– inclusive workplace and simplified ways of working.

As of 31 December 2021, the Company's workforce amounted to 126,495 employees (compared to 131,349 employees in 2020), 95.7% of which consisted of full-time employees. These statistics take into account consolidation effects and perimeter changes throughout 2021. Depending on country and hierarchy level, the average contractual 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. Consequently, the number of newcomers had significantly decreased. The decision to restrict new hires in all businesses impacted by the crisis had been taken and the number of leavers had significantly increased as a result of the voluntary departures in the framework of the adaptation plans. Despite the crisis, the Company fulfilled commitments towards candidates already selected prior to the crisis and welcomed 5,655 newcomers. Voluntary departures have triggered an increase in the Company's attrition rate, which in 2021, is 7.4% overall (including subsidiaries) and 12.2% in subsidiaries only.

Reflecting the fact that the Company is an international company, 35.4% of its employees are from France, 31.5% from Germany, 7.7% from the UK and 10.3% from Spain. The remaining 15.1% are employees coming from a total of 134 other countries. In total, 89.1% 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, geographic area

The breakdown of the Company's employees by business segment and geographic area, including the percentage of part-time employees, is available in "– 1.2.8 ESG Data Board".

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 has started to materialise with a significant decrease.

| **People** | GRI | SASB | SDGs | Others |
|---|---|---|---|---|
| | 401 Employment<br>404 Training and Education | | 4, 5, 8, 12 | |
| Highest governance body(ies) involved | Executive Committee | | | |
| Related Corporate Policies | Human Resources Airbus Company Policy | | | |

| **Key metrics**<br>(More in the ESG Data Board) | 2020 | **2021** | |
|---|---|---|---|
| Total number of employees[1] | 131,349 | 126,495 | Breakdowns are available in the ESG Data Board |
| Number of Classroom Training[2] | 78,443 | 78,984 | |
| Number of Digital Training[2] | 752,702 | 967,495 | |
| Total training hours[2] | 1mn | 1.2mn | |
| Average training hours per employee[2] | 10.6 | 10.8 | |

(1) The Company's headcount reporting includes all consolidated companies worldwide. Figures are based on the active workforce, *i.e.* the number of permanent and short-term employees, irrespective of their individual working times, and having worked in the last 30 days. The headcount is calculated according to the consolidation quota of the respective companies. The scope for HR structure reporting covers 100% of the Company's total active workforce from consolidated companies.
(2) Reporting period: from 1 Oct. to 30 Sep.

| | |
|---|---|
| Additional resources | Code of Conduct, Airbus Global Workforce Forecast Book, Working at Airbus<br>Airbus International Framework Agreement, European Commission – Pact for Skills<br>Employer awards 2021: Universum, Glassdoor, Fortune, Top Employer Institute, Forbes |

## II. Governance

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 meetings at global and local levels. The overarching Human Resource policy in place is applicable to all employees and provides them with the description of the core values, mission, vision and top level initiatives for Human Resources Management in accordance with Airbus Mid-term Strategic Plan and external requirements.

The Chief Human Resource Officer is a member of the Executive Committee. HR teams work together across Divisions and geographical boundaries to support regional activities and adapt to business needs.

## III. Risk Management

Any identified risks related to the workforce and its skills and development are recorded in the Company's ERM and appropriate action plans agreed.

In addition, the Company periodically measures the perception of its employees on where the Company stands in terms of company culture and engagement through the "My Working Environment" Company Survey. The employees' feedback provides valuable input to define an action plan, leveraging the Company's cultural strengths to build on and addressing the pain points to be improved. The Company culture and engagement are regularly measured to keep track of the progress and adjust actions.

## IV. Implementation/Activities

### People Development and Competence Assessment

The development of all employees is essential to deliver business success. The Company strives to provide an environment that offers opportunities and the means for continuous growth and development in line with its strategy.

A yearly process derives a short, mid- and long-term competence strategy out of the Company's business strategy by:
- anticipating the supply and demand of competencies;
- identifying, securing and developing key competencies;
- creating added value through synergies, networking and best practices.

Investments in training and learning are prioritised in relation to this competence strategy.

In addition, emerging long-term competence needs are analysed – which might not exist today, and for which specific measures need to be taken, *e.g.* with universities. The Company is actively participating in external forums on competence evolution, such as the World Economic Forum and European Commission.

In order to ensure quality time is dedicated to discuss employee's development, Airbus has, as part of its "manage employee development" process, implemented the Development Talk, which is an exchange between the manager and employee that can take place as often as needed but at least once a year. The purpose of this talk is to discuss the individual development plan of the employee and to bring individual expectations in line with company expectations.

Competence Assessment supports employee development and has to be performed at least every two years.

The company provides to the employee a portfolio of self-awareness solutions and feedback tools, that can be used on a voluntary basis, to prepare, in advance, the development talk and development plan. All agreed development actions are formalised in the employee development plan which has to be validated by the manager. These actions may consist of:
- workplace learning or "on the job solutions" including development *via* mobility, project assignment, etc.;
- social learning, such as mentoring;
- Formal training.

### Training & mobility

COVID-19 has been destabilising and has had a significant impact on the Company's learning activities, resulting from the need to reduce cash spend to secure business continuity. While the various restrictions and national lockdown measures have limited the Company's ability to deploy physical classroom sessions, the Company invested further in its digital learning platforms to increase digital learning that more than doubled compared to 2019.

Measures were taken in parallel to adapt physical classroom training sessions to comply with the strictest health and safety measures ensuring the delivery of the mandatory and critical training without disruption to operations. The acceleration of the 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 addition, in 2021, to support the skills foundations and Top Company Objectives, the Company has defined and assigned compulsory learning plans directly to its employees, covering Ethics & Compliance, Export Control, Data Governance & Protection, Product Safety, Cybersecurity, Internal Controls, Environmental Awareness and other topics. This new approach allows us to secure the needed training and awareness on major company priorities.

In 2021, the Company provided almost 1.2 million training hours to employees. On top of the physical classroom and digital training, in 2021 more than 39,500 employees benefited from leadership development and transformation solutions proposed by the Airbus Leadership University. The university continues to strengthen the Company's approach to leadership, offering opportunities for all leaders to drive their development one step further, while accelerating the culture evolution and human transformation of the Company.

Learning solutions and managerial opportunities are not the only way to develop people in the Company. Development paths give also possibilities to employees to develop specific skills, competence and jobs, such as Project & Program Manager, Architects & Integrator and Expert career paths.

The Company is also involved in the "Pact for Skills" initiative launched by the European Commission to address the up-skilling and reskilling challenge in Europe. It is working together with aerospace and defence industrial companies, public authorities, and education and training providers, to build common upskilling and reskilling programmes and explore ways of working together in skills partnerships.

Mobility of employees within the Company's commercial aircraft business and its two Divisions provides overall benefit and value to the Company. Mobility helps employees develop new skills and competences and serves the business by bringing new ideas and broader perspectives to teams while ensuring to have the right skills in the right place to secure the future. In 2021, as of end of December, more than 10,400 employees have changed jobs through internal mobility.

### Remuneration

The Company's overall remuneration policy is in line with local practices and provides employees with a competitive overall compensation package. It is also an enabler to attract new talents and retain talented employees contributing to the Company's business success.

For employees below manager level, collective labour agreements are applied in the Company's home countries (France, Germany, UK and Spain). This includes wage levels and increases, supplementary grants and gratifications (*e.g.* end of year gratification). Starting at manager level, compensation of employees can contain a variable part. The percentage of such variable pay in total compensation increases at higher hierarchical levels.

Support for health care, unemployment insurance, national and company pension systems as well as social security contributions are mainly subject to national regulations and regulations implemented earlier by the founding companies.

Some benefits or specific worldwide schemes are implemented such as sharing the financial and operational success of the Company with the employees (success sharing scheme) or developing the Company ownership culture (Employee Share Ownership Plan – "**ESOP**").

### Employee Share Ownership Plan

The ESOP allows employees to participate in the success of the Company. This plan is an investment option open to eligible* employees to acquire a certain number of Airbus shares. The ESOP scheme has been running in different formats since the foundation of the Company in 2000. The ESOP scheme since 2011 is a "share matching plan" in which the Company matches the number of shares bought by the employee according to set criteria.

In 2021, more than 54,750 eligible employees from 40 countries have seized the opportunity to subscribe and now own 1.97 million shares. (Eligibility rules: an eligible employee in the frame of ESOP 2021 is part of an entity which is at least 50% owned by Airbus, and has been an employee between 31 December 2020 and 17 March 2021.)

## V. Outlook

Starting in 2022 and over the next three years, the Company is expected to resume recruitment with several thousand positions to be filled in the different functional and geographical areas of the Company to support the recovery and future activity growth, to prepare for the development of future programmes and to continue its generational renewal. A quarter of these recruitments will concern new skills on projects such as those linked to the development of hydrogen aircraft.

Leveraging global attraction campaigns and strengthening collaboration with the business to deliver on staffing needs is key. The staffing challenge will be a joint responsibility between HR and business to deliver on expectations.

In the meantime, the Company will continuously focus on people development to close the gap on critical skills needed and will invest into emerging skills development. The Company aims at becoming an agile learning organisation as reskilling is considered as a major part of the learning culture: in the short-term, to support critical ramp-up projects, and in the long-term to sustain the acceleration of skills shift driven by the Airbus context and external trends.

# 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 reinforcing a culture of integrity and speak-up. In 2021, Ethics & Compliance continued to be a top priority for the Company, following the completion of the first phase of the ongoing monitorship by the Agence Française Anticorruption within the context of the settlement agreements reached between Airbus and the authorities on 29 January 2020. In its list of priorities for the year, the Company set the objective to Speak Up, Listen Up and act with integrity and respect.

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 Privacy 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.

| **Business Integrity** | GRI | SASB | SDGs | Others |
|---|---|---|---|---|
| | 205 Anti Corruption | Business Ethics | 16 | |
| Highest governance body(ies) involved | Board of Directors / ECSC<br>Executive Committee | | | |
| Related Corporate Policies and reference documents | Anti Corruption Policy, Responsible Lobbying Charter<br>Directives: see below, section III. Risk Management<br>Code of Conduct, Supplier Code of Conduct | | | |
| Airbus Commitments to take into account external standards | IFBEC's Global Principles of Business Ethics, FX Global Code | | | |

| **Key metrics** | 2020 | **2021** |
|---|---|---|
| Number of employees per appointed Ethics & Compliance Representatives | 390 | 372 |
| % of employees (non-Exec) who have completed the E&C training objective | 80% | 90% |
| Number of E&C e-learning sessions delivered to employees (Reporting period: from 1 Oct. to 30 Sep.) | 309,682 | 284,774 |
| Number of data privacy e-learning sessions delivered to employees (Reporting period: from 1 Oct. to 30 Sep.)(1) | 35,073 | 9,547 |

(1) In 2021 the reporting period was changed, from calendar years to Oct-Sept periods, and led to restate past year figures accordingly.

| | |
|---|---|
| Additional resources | Airbus Ethics & Compliance webpage, including CEO statement, Airbus Values<br>Anti Corruption Policy, Responsible Lobbying Charter, Airbus' commitment on the protection of Personal Data, Code of Conduct, Supplier Code of Conduct, OpenLine, Compliance at Airbus<br>IFBEC website, Global Foreign Exchange Committee website |

## 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, supporting the day to day business, 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 is coordinating a network of part-time ethics & compliance representatives ("**ECRs**"), spanning all Divisions, functions, and regions. The number of ECRs slightly increased in 2021, with a total of 340 ECRs at the end of 2021 (compared to 335 at the end of 2020). 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. The Ethics & Compliance team is animating the ECRs network, providing continuous training and information of the ECRs.

Likewise, the Personal Data Protection Officer ("**DPO**") relies on a team of data privacy experts to guide, train and advise the business with respect to data privacy requirements, and a network of Data Privacy Focal Points in the business functions and affiliates, to support the Airbus data privacy programme. In 2021, the DPO and the data privacy team were integrated in the Legal & Compliance function.

## III. Risk Management

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 undertakes privacy impact assessments depending on the nature of the personal data processed or scale of the processing. In addition, risks relating to the protection of personal data 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 Compliance Block List;
- 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;
- Guidelines for Competitive Intelligence Gathering Activities
- 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;
- Personal 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. Implementation/Activities

### 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 2020 to 30 September 2021, the Company's employees followed 284,774 Ethics & Compliance e-learning sessions, including on bribery, corruption and export control. Furthermore, 5,050 employees attended live classroom training on different Ethics & Compliance topics in 2021, 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 2021, 81% higher risk third parties were trained on Ethics & Compliance requirements and expectations.

The Company continued the roll out of the data privacy e-learning as part of the Ethics & Compliance compulsory training catalogue. Approximately 9,500 data privacy training sessions were performed in 2021 (reporting period from 1 October 2020 to 30 September 2021). Since the entry into force of the EU General Data Protection Regulation in 2018, the Company's employees performed approximately 90,000 data privacy e-learning sessions.

### "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, I&D 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 privacy policies and information notices specific to the various applications, to ensure that data subjects can exercise their rights and/or lodge 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 2021, the Company continued maintaining its policies and procedures framework, issuing a guidance on third parties categorisation, the compliance block list and translating the Code of Conduct in seven additional languages to maximise the reach of this foundational document. 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 created an Export Control Compliance programme in early 2020 and has launched the cascade of its Export Control requirements through nine directives and methods throughout the Company. The cascade triggers an update of the relevant business processes and is targeted to be completed early 2022.

Under the terms of the Consent Agreement with the US Department of State (DoS) made public on 31 January 2020, the DoS agreed to settle all civil violations of the ITAR outlined in the Company's voluntary disclosures identified in the Consent Agreement, and the Company agreed to retain an independent Special Compliance Officer (SCO), who is monitoring the effectiveness of the Company's compliance with the ITAR for a duration of three years. In 2021, as required under the Consent Agreement, an audit of the Company's ITAR compliance programme was undertaken by external counsel. For further information, please refer to "Notes to the IFRS Consolidated Financial Statements – Note 38: Litigation and Claims (Investigation by the UK SFO, France's PNF, US Departments of State and Justice and Related Commercial Litigation)".

### Responsible Lobbying Charter

The Company is committed to ensuring that any lobbying activity is undertaken in compliance with all applicable laws and its anti-corruption programme. During 2021, the Company launched a Responsible Lobbying Charter (link in table above) aimed at anybody who engages with public officials in any capacity, including third party representatives retained by the Company. The charter outlines the Airbus core principles for responsible lobbying and brings together the key Airbus codes and directives relevant to this topic. The principles are also reinforced by a training module available to all employees.

## V. Outlook

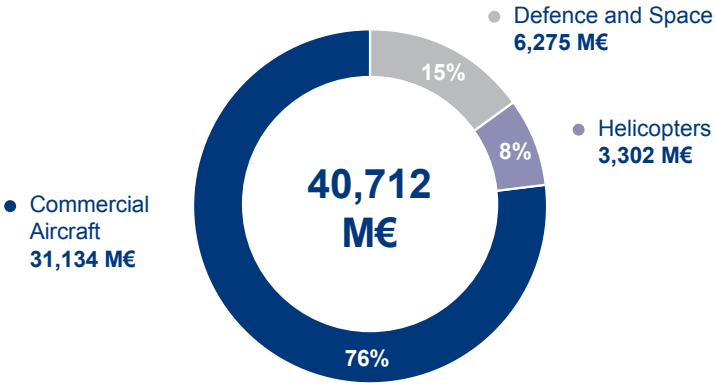
An effective Ethics & Compliance programme is one that, by definition, continuously adapts to changes and improves over time. Going forward, the Company will continue to assess its risks and monitor and test the implementation of mitigation measures at all levels: corporate level, Divisions, regions 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 21,000 suppliers from more than 80 countries supply parts, components, systems and services to the Company.

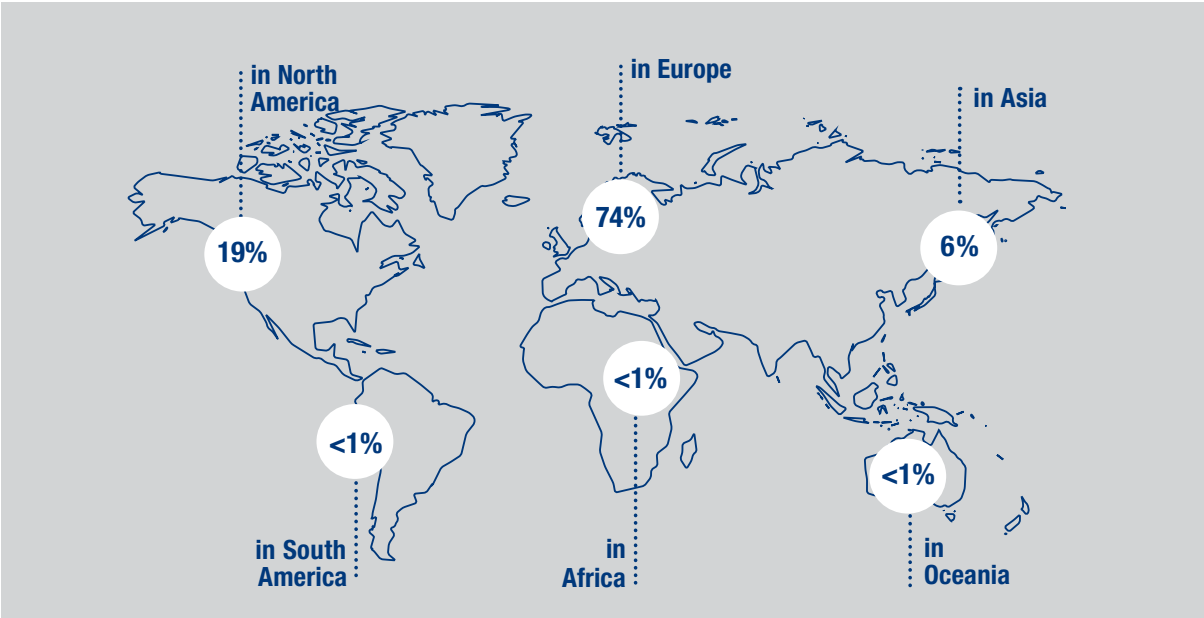



In 2020, the overall external sourcing volume of the Company was valued at around €41 billion and shared between Divisions with 76% for the Company's commercial aircraft business, 15% for the Company's Defence and Space Division and 8% for the Company's Helicopters Division.

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. 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.

Also, Airbus regionally supports Small and Medium Enterprises to contribute to its supply chain, particularly through tier one lead suppliers.

The Company's global sourcing footprint is represented as follows based on Tier1 and sub tiers, based on 2020 Airbus International Footprint data (formerly known as value chain analysis, VCA):



To promote further globalisation of its sourcing footprint, the Company has established regional procurement offices in North America (Washington, DC), India (Bangalore), Asia Pacific (Singapore) and China (Beijing). For the regional sourcing of indirect goods and services, the Airbus General Procurement function is represented in the regional procurement offices. As the Company's commercial aircraft business and its two Divisions are certified ISO14001, the Procurement function acts in adherence with ISO 14001 requirements.

| **Responsible supply chain** | GRI | SASB | SDGs | Others |
|---|---|---|---|---|
| | 102-9 - Supply Chain<br>204 - Procurement Practices<br>308 - Supplier Environmental Assessment<br>408 - Child Labor<br>409 - Forced or Compulsory Labor<br>414 - Supplier Social Assessment | Materials Sourcing | 4, 5, 8, 9, 12, 13, 16, 17 | Vigilance Plan |
| Highest governance body(ies) involved | Board of Directors / ECSC<br>Sustainable Supply Chain Roadmap Steering Committee | | | |
| Related Corporate Policies | Responsible Mineral Policy, Environmental Policy, Health and Safety Policy | | | |
| Certifications | ISO14001 | As Airbus commercial aircraft business and the two Divisions are certified, control and influence of the supply chain is concerned. | | |
| Airbus Commitments to external standards and frameworks | Reference to certain international organisations standards or principles, in particular ILO have been included into the Airbus Supplier Code of Conduct | | | |

| **KPIs** | Target | Target year | 2020 | **2021** | 2021 v. 2020 |
|---|---|---|---|---|---|
| Percentage of sourcing volume[1] of suppliers invited to CDP who have responded | 75% | 2022 | 56% | 68% | +12% |
| Percentage of identified high risk suppliers[2], who have undergone a sustainability assessment | 100% | 2021 | 63% | 95% | +30% |
| Percentage of sourcing volume[3] covered by supplier commitment to the Supplier Code of Conduct[4] | 85% | 2022 | NA | 79% | NA |

| **Other key metrics** | 2020 | **2021** |
|---|---|---|
| Percentage of assessed suppliers not meeting Airbus' sustainability expectations (=red flags) | 12% | 13% |
| Percentage of action plans defined for suppliers not meeting Airbus' sustainability expectations | Not started | 15% |
| Percentage of responding suppliers to the CDP scoring A or B | 56% | 53% |
| Number of sustainability alerts | 5 | 12% |

| | |
|---|---|
| Assumptions | (1) Based on 2019 turnover.<br>(2) Based on 2019 risky suppliers *(see details further in § Risk Management/1. Supply base risk mapping)*.<br>(3) Based on 2020 turnover.<br>(4) Subsidiaries excluded from the scope. |
| Additional resources | Supplier Code of Conduct, Environmental Policy Statement, Responsible Mineral Policy statement,<br>Be an Airbus supplier on Airbus.com<br>IFBEC, Responsible Minerals initiative, OECD Due Diligence Guidelines for Responsible business Conduct |

## II. Governance

The Company strives to make environmental and social responsibility a core element of its procurement strategy. This includes managing the relationships with suppliers throughout the 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 shall be conducted by suppliers in compliance with the principles of the Company's Supplier Code of Conduct, which is the document of reference for the Company's responsible supplier management. 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 2021, the Sustainable Supply Chain Roadmap (SSCR) steering committee validated the supply chain sustainability ambition: to engage and commit our supply chain around Airbus' principles and core values. It translates into four main priorities for a more sustainable supply chain.

– Lead towards clean aerospace, reflected in the decarbonisation of our supply chain, as well as transparency on substances in products and processes.

– Respect human rights and foster inclusion through zero tolerance for forced labour and use of conflict minerals.
– Build our business on the foundation of safety and quality, by spreading the culture of product safety to key suppliers and requiring a safe workplace environment for suppliers' employees.
– Exemplify business integrity expressed thanks to zero tolerance for corruption and screen and approve all our suppliers (see "– 1.2.5 Exemplify Business Integrity").

Those priorities are consistent with the most material topics identified in the Airbus supply chain.

Concrete sustainability targets have been included in the 2021 objectives of the Chief Procurement Officer of Airbus commercial and all direct reports. This includes the deployment of the Supplier Code of Conduct for 50% of the Company spend, the evaluation of all suppliers identified as having sustainability risks, and the assessment of the supplier strategy on climate change for 50% of the Company spend.

The SSCR reports to a steering committee chaired by the Head of Sustainability & Environment, and the Head of Procurement Transformation & Central Services. The steering committee includes the representative of the Chief Procurement Officer of Airbus Commercial and the Chief Procurement Officers of Airbus Helicopters and of Airbus Defence & Space, as well as the Head of Health & Safety, the Head of Product Safety and the Head of Ethics & Compliance, or their nominated representatives. The Executive Vice President Communication and Corporate Affairs and the Chief Procurement Officer of the Company act as sponsors of the SSCR. In addition, the Head of Procurement Transformation & Central Services is part of the procurement leadership team (PLT) and is responsible for facilitating the communication on sustainability activities between the SSCR and the PLT on a regular basis.

The Chief Procurement Officer of Airbus also reports to the ECSC on the progress of Airbus responsible sourcing strategy implementation.

All sustainability activities in the supply chain are based on the following key elements and principles of due diligence following the 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 any anti-corruption topics in the supply chain, the Procurement function 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.

### 1. 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 & 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 fulfill 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.

### 2. 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 adverse environmental impacts on the local environment where the activity is performed, with possible impacts on air, water, soil, biodiversity, workers' occupational health and safety, on the health of the general public, on the land rights of the local or indigenous communities and on forced & child labour.

### 3. Disruption risk

In the event that a supplier fails to comply with environmental, human/labour 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 1. to 3., the Company deploys responsible sourcing activities and specific supplier due diligence actions in the frame of the SSCR.

### 4. Risk of product non-compliance

The various products manufactured and sold by suppliers must, as a minimum, comply with applicable environmental, human/labour 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 and could prevent delivery to the Company.

In response, a Procurement Task Force has been established to ensure group-wide governance for supplier management and assessment of chemical regulations and obsolescence impact. This task force also coordinates communication to suppliers on substance issues and on substitution solutions qualified by the Company.

## IV. Implementation/Activities: Airbus Supplier Vigilance Plan

### 1. Supply base risk mapping

#### Sustainability 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. In 2021, with the support of external advisors, Airbus upgraded its risk mapping methodology building on risk indexes considering the location and the type of activity performed by the suppliers and delivering an ongoing and up to date risk assessment. This risk mapping will be incorporated in 2022 into the Company's supply chain management tools to provide visibility of those risks to the whole procurement organisation.

#### Number of business-relevant external risk suppliers identified in 2021 (including tier ones and lower tiers)

Based on the Company's active supply base and new suppliers identified as possible future partners, 837 suppliers were identified as possible risky suppliers. After business impact and business strategy analysis, 412 suppliers were confirmed as high risk in 2019. In 2021, analysis was updated in consideration of business context evolution, leading to 395 business-relevant high risk suppliers.

### 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 & safety and anti-corruption as well as environmental regulations and sustainability criteria based on an environmental questionnaire developed by IAEG. At the end of 2020, 63% of the suppliers identified as high risk following the Company's 2019 risk mapping methodology have completed an evidence based desktop assessment. In 2021, the percentage of risky suppliers assessed has increased to 95% compared to a target set at 100%.

The progress and results of those assessments have been communicated during events with suppliers and engagement took place with all suppliers presenting findings.

Of the 95% of suppliers completing an assessment, 13% of which (53) have at least one red flag (mainly linked to environmental issues). In 2021, the Company has started to engage on the results asking those suppliers to complete action plans to close any finding.

During 2021, the Company reviewed the self-assessment questionnaire and assessment grid to ensure that a) they are fit for purpose, b) that critical issues are identified and c) there is more efficient completion. Proposed changes include adapting the questions, particularly on environmental topics, to take into account the size of supplier (*e.g.* feedback has told us that smaller suppliers don't necessarily have the resources to complete such a demanding questionnaire) and to the assessment grid to identify critical issues, particularly with regard to human rights and health & safety. In addition, the Company is currently reviewing its relationship with suppliers who refuse to participate in its assessment programme.

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 238 *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 42% 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 96 most impacting suppliers have been assessed on-site by a third party on behalf of the Company. The Company engaged with those suppliers, which revealed findings and requested them to demonstrate and launch action plans for improvement. By end of 2021, all the suppliers have either a comprehensive action plan or successfully closed the major findings.

In 2019, the Company introduced supplier factory visits called "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 since 2020 due to COVID-19 significantly reduced the effectiveness of identifying risks through supplier shop floor visits.

### 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 which 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 (covering both hazardous substances and conflict minerals);
- provide information on environmental, health & 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
- commit to apply and cascade across its supply chain 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, since 2020, the Company's Defence