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 Executive Committee supported by topic-focused Committees		
Commitments to external frameworks	UN Global Compact, The Ten Principles, Sustainable Development Goals		
Add. ressources ↘: *this symbol indicates a link to an external website*	Sustainability on Airbus.com↘, Airbus Tax Strategy↘ Innovation contributing to a more sustainable world on↘ Airbus.com↘, Earth monitoring and understanding↘ (*e.g.* Climate change monitoring↘, Application for sustainable agriculture)↘, Example partnership for innovation: ANITI project↘, Toulouse University (ANITI)↘, The Future of Hydrogen by the IEA↘, ATAG Benefits Beyond Borders fact sheet↘, ASD Fact Sheet 2021↘ 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 **Lead the journey towards clean aerospace**	Environmental impact of our operations Environmental impact of our products		1.2.2
#2 **Build our business on the foundation of safety and quality**	Product Safety Cybersecurity Health & Safety		1.2.3
#3 **Respect human rights and foster inclusion**	Human Rights Inclusion & Diversity Labour Relations People		1.2.4
#4 **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.

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

KPIs	Target 2030	Baseline 2015[8]	2020	**2021**	2021 *vs.* 2020	2021 *vs.* Baseline
CO_2e 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: 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_2e 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_2e ktons)*	1,085	1,137	+4.8%
SCOPE 3 – Purchase of Goods and Services[6] *(CO_2e ktons)*	11,346	NA	stable
CDP Rating	A-	A-	

Remuneration	CO_2 performance included in CEO and Executives variable remuneration. 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. (2) Established following the Science based Target methodology in line with a 1.5°C pathway. (3) Neutralising residual emissions through permanent removal and storage solutions. (4) Total consumption from stationary sources. (5) Total waste excluding exceptional waste. (6) Scope 3 methodologies are detailed in the environment section hereafter. (7) 2020 figures restated, integrating refined emission factors. (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, 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.

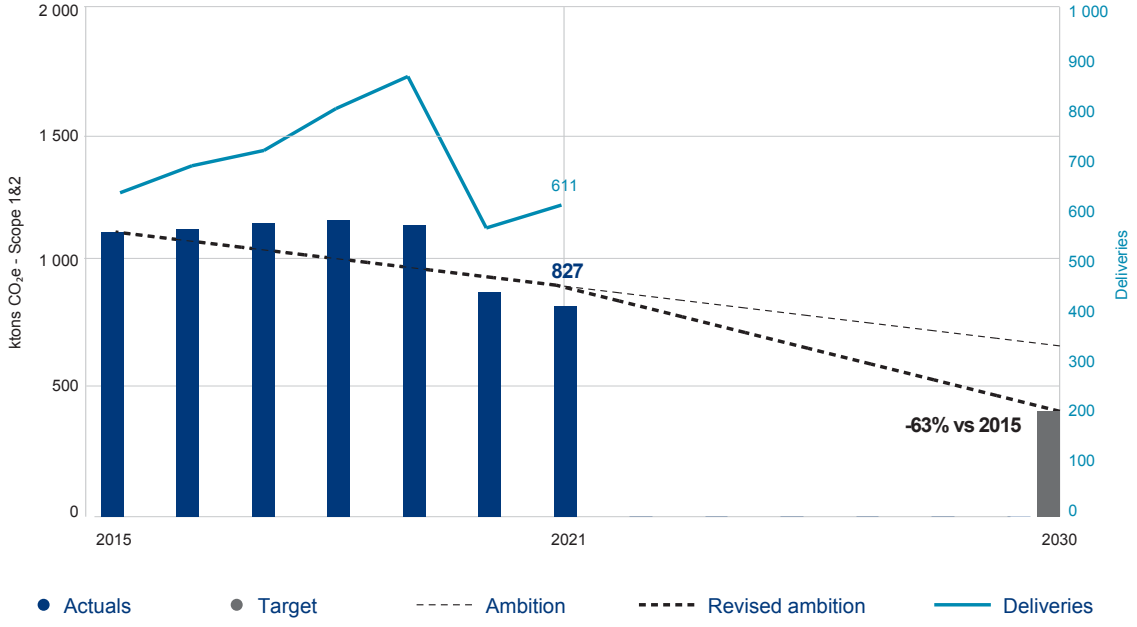
Annual objective on puchased water. *Geographical scope: In 2031:* ***35 sites*** *in Europe, China, USA and Canada, excluded: subsidiaries and Airbus Helicopters sites. Scope of metrics: Volume of purchased water.*

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 €/tCO_2 to 150 €/tCO_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 40ktCO_2e, 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

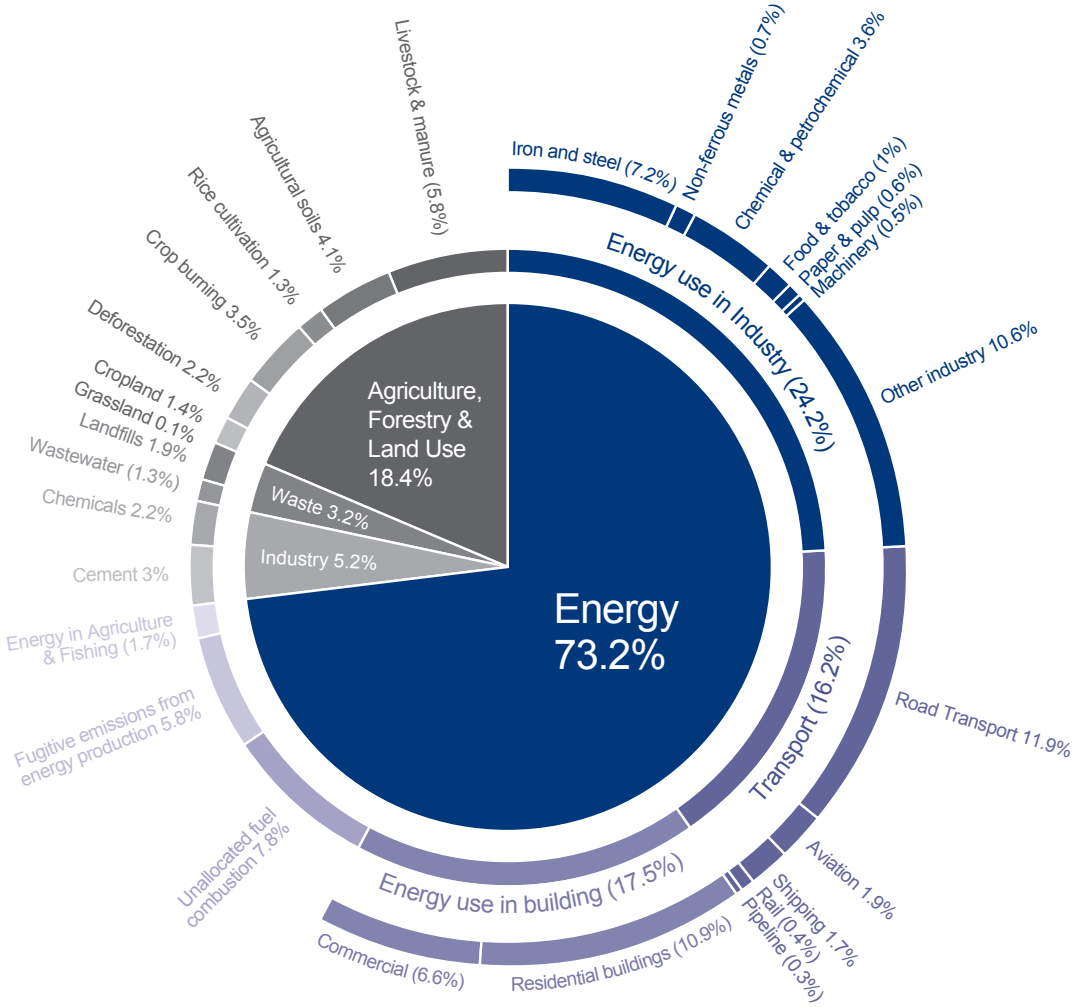
Noise around the Company's sites can also be an important topic for neighbouring communities. The Company is actively engaged with local authorities and the affected population to minimise its impact, by adapting operating times and actively seeking to reduce the noise at the source. In Toulouse, Airbus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

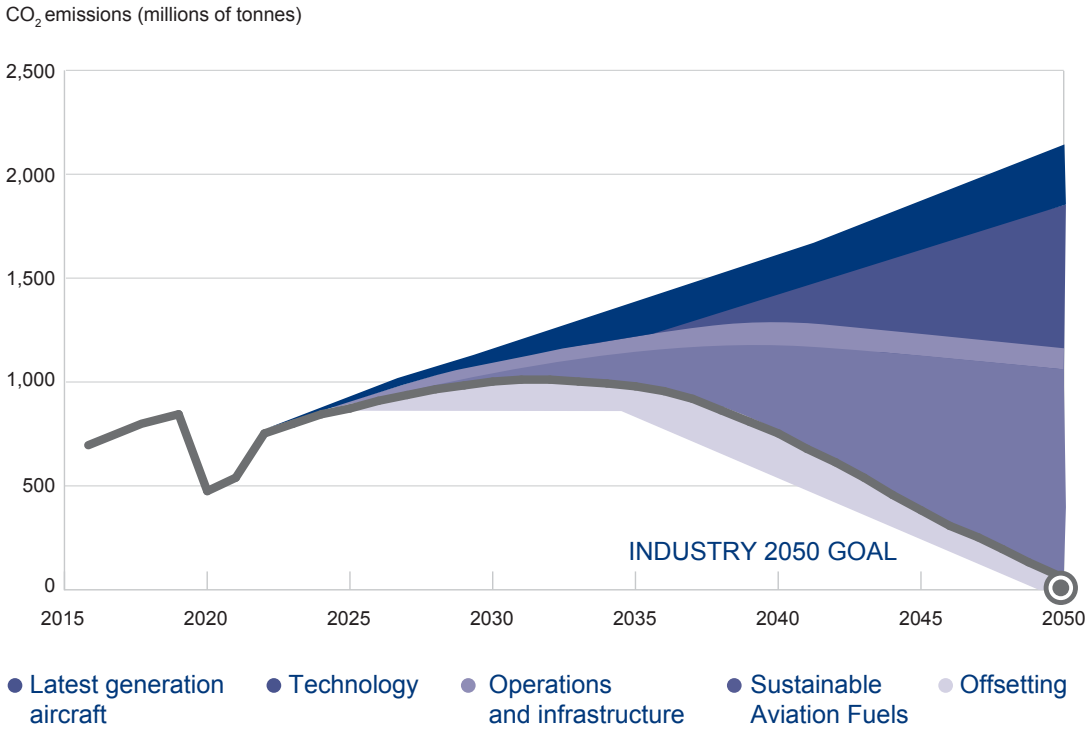
Aviation industry targets

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.

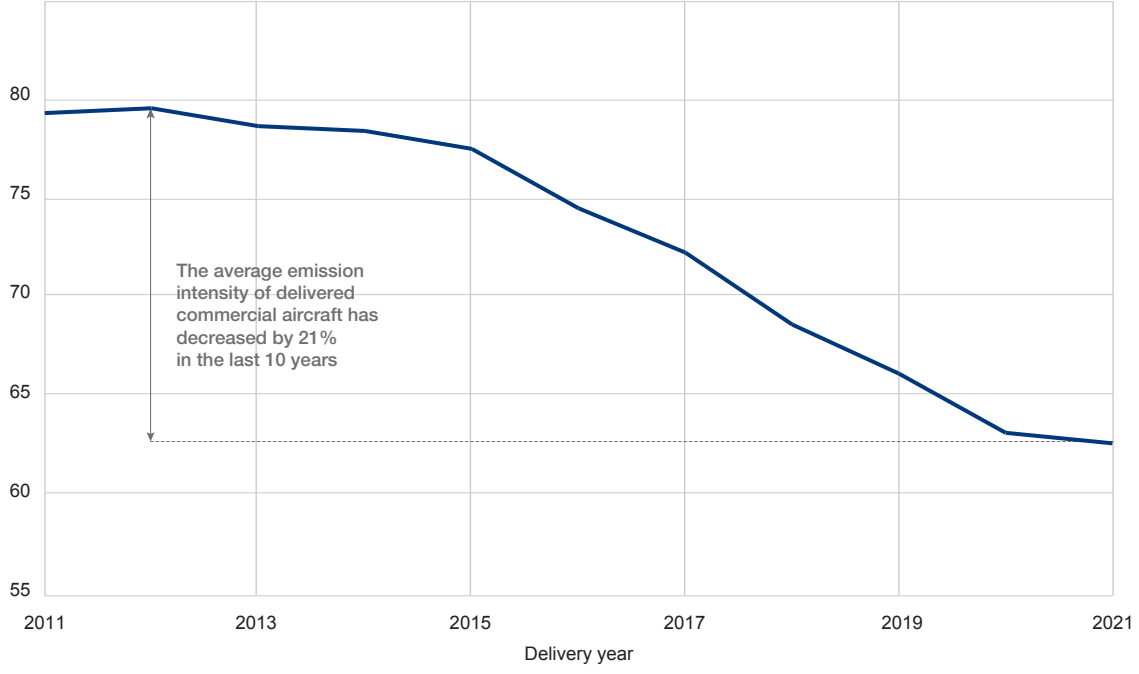
Strategic pathway 1. Renew current fleets with best in class aircraft

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.

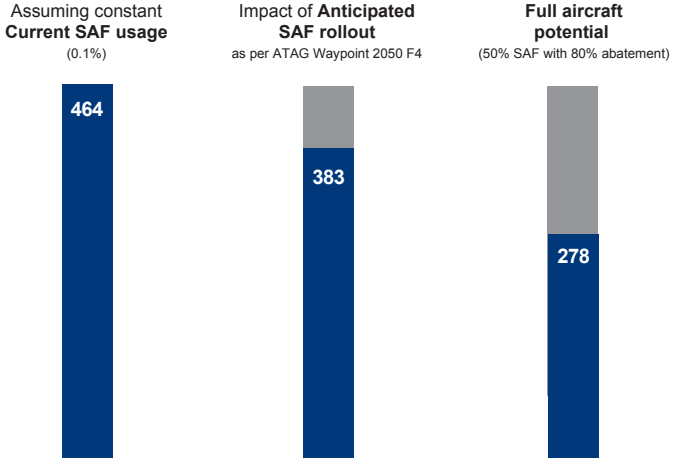
Reporting of emissions from value chain

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_2e



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 460MtCO_2e (of which around 80Mt are linked to upstream fuel production), which translates to an average efficiency of 62.6gCO_2e per passenger-kilometre. In 2020, the Company delivered 566 aircraft with resulting estimated life-time emissions of around 440MtCO_2e (of which 80Mt are linked to upstream fuel production) and average efficiency of 63.1gCO_2e 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$MtCO_2e$.

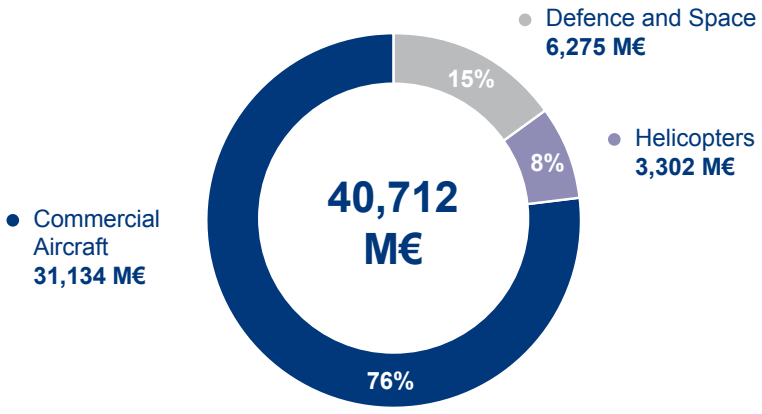
Methodology

- 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.

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.

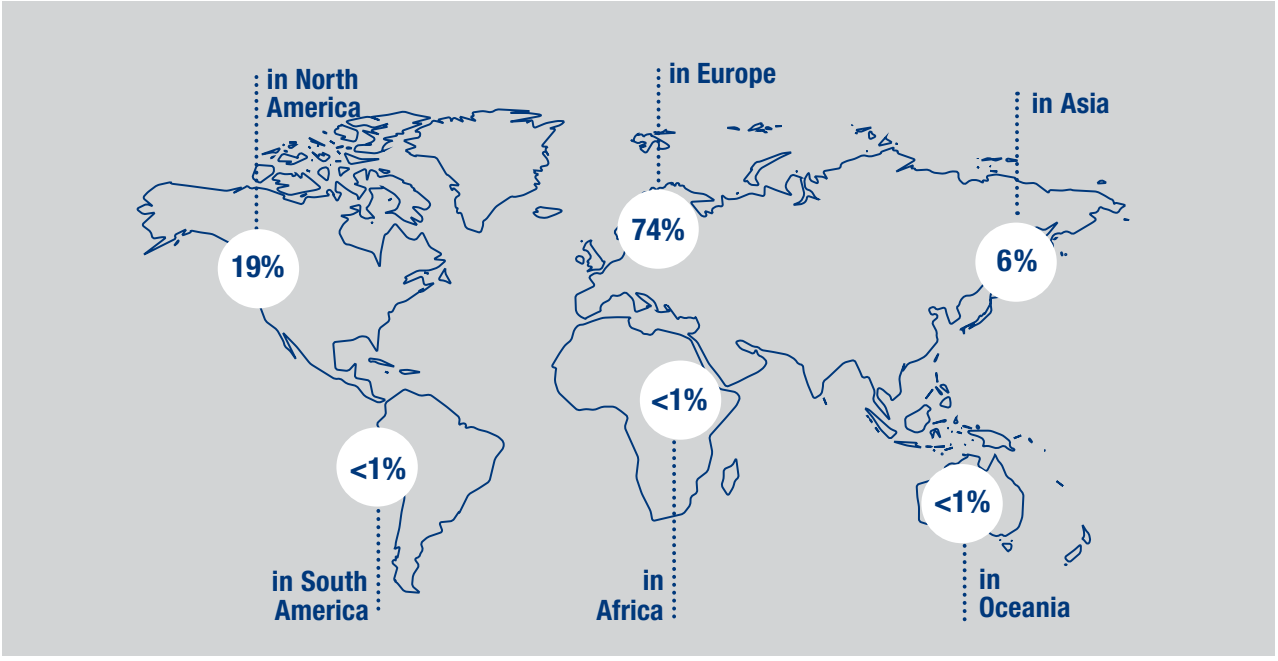


In 2020, the overall external sourcing volume of the Company was valued at around €41 billion and shared between Divisions with 76% for the Company's commercial aircraft business, 15% for the Company's Defence and Space Division and 8% for the Company's Helicopters Division.

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 204 - Procurement Practices 308 - Supplier Environmental Assessment 408 - Child Labor 409 - Forced or Compulsory Labor 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 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. (2) Based on 2019 risky suppliers *(see details further in § Risk Management/1. Supply base risk mapping)*. (3) Based on 2020 turnover. (4) Subsidiaries excluded from the scope.
Additional resources	Supplier Code of Conduct, Environmental Policy Statement, Responsible Mineral Policy statement, Be an Airbus supplier on Airbus.com 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

and Space Division implemented criteria on sustainability in the call-for-tender procurement process. Only those suppliers which meet criteria, including in particular agreement to comply with the Company's Supplier Code of Conduct, can continue with the call for tender procurement process. Positive answers to additional criteria, such as commitment to the SDGs, sustainable projects, life-cycle assessment, waste and packaging reduction, will prioritise suppliers for further selection. It has been agreed that this approach will be extended to the whole Company in January 2022.

In 2021, the SSCR steering committee agreed to anchor sustainability requirements into the Company's procurement processes. This will be implemented in 2022 and will include an obligation to get confirmation from suppliers to apply and cascade our sustainability principles and environmental requirements. It also includes the agreement from suppliers to regularly fulfil the evidence-based assessment on sustainability and for our most important suppliers to be transparent about their climate change strategy. This will ultimately require suppliers to cooperate when a sustainability risk is identified, including with deep diving in the supplier's supply chain, and require Airbus to take advantage of supplier visits to evaluate operational sustainability management.

In 2020, the process to obtain a commitment from the Company's suppliers to apply the principles of the Company's Supplier Code of Conduct was reviewed. During 2021, 79% of the Company's sourcing volume had committed to its principles (based on a target of 50% in 2021 and 80% by 2022).

In 2021, the Annual Supplier Conference for the Company's commercial aircraft business took place virtually and sustainability was part of the discussions. Three of the Company's suppliers were nominated for the Sustainability Award, which was awarded to *Dynamatic Technologies* for creating a safe working environment for employees, suppliers and customers whilst at the same time helping society by developing low cost ventilators. For the first time, Airbus Defence and Space awarded a supplier for outstanding sustainable behaviour during its supplier conference 2021. Premium AEROTEC GmbH was awarded for its good transparency with regards to chemical substance traceability (REACH), for the extensive collaboration during EHS audits and the immediate implementation of all improvement recommendations.

However, on top of this annual event, discussions with suppliers on sustainability continued during various supplier meetings or virtual supplier conferences for specific commodities.

4. Training & awareness

Throughout 2021, the Procurement Responsibility & Sustainability department supported both internal awareness sessions and workshops as well as external supplier meetings on sustainability topics in the supply chain. The Company's internal Procurement Academy provides training on core competencies and skills to develop procurement expertise and prepare employees within the Procurement department for the challenges of the future. Sustainability modules are embedded in Procurement's newcomer induction path and manager development programme. This training targets supply chain quality managers, ordering officers and buyers.

Additional means have been developed in 2021:

- A toolkit was developed presenting the sustainable supply chain roadmap. It is built around three main chapters:
  - the first chapter focuses on Airbus' ambition for sustainability at the group level, with its four commitments around the environment, human rights, health & product safety and business integrity;
  - the second one, more specifically, concerns the sustainable supply chain, its ambitions and priorities. The three-step approach has also been developed, which consists of commitment, assessment and engagement & development of suppliers;
  - the third chapter focuses on the initiatives detailed earlier in this report: Airbus Supplier Code of Conduct, Supplier Sustainability Assessment – notably led by Intertek –, the decarbonisation of the Supply Chain – including CDP targets –, data transparency in products and processes, product safety and business integrity.

  It gives a clear overview of the actions underway as part of the roadmap with tangible targets and ambitions.

  The purpose of this document is to raise general employee awareness and provide Procurement teams with the necessary visibility on related processes with suppliers. It also provides tangible figures and targets, and a better understanding of the sustainable supply chain roadmap. For the external audience (this toolkit has also been made available to suppliers in the Airbus suppliers portals), it aims to provide greater transparency into the Company's' values, initiatives and the direction it wants to take.
- An internal website has been created to communicate Airbus' sustainability progress in the supply chain and to give a better understanding about the initiatives to Procurement teams.

Two trainings will be developed in 2022: one aimed at increasing employee awareness of supply chain sustainability management, the other one intended to develop buyers' awareness of environmental clauses in contracts.

5. Grievance mechanism

From 2019, the Company's OpenLine has been accessible to external stakeholders, such as suppliers and their employees, as a secure and confidential channel through which they may, on a voluntary basis, raise alerts related to the Company in the areas of bribery, human rights, environment and health and safety. This medium is available through the Company's OpenLine website (www.airbusopenline.com) in 13 languages. For further information on OpenLine, see "– 1.2.5 Exemplify Business Integrity". Access to this OpenLine has been reiterated in the updated Supplier Code of Conduct.

In addition to OpenLine, the Company's sustainable supply chain roadmap may receive alerts from other sources including through the supplier onboarding process, media or directly from employees. During 2021, the sustainable supply chain roadmap received alerts on 12 potential allegations relating to environment damages and human rights (forced labour and land rights of the indigenous communities) in its supply chain. Analysis and/or investigations of those alerts have been completed or are in progress according to best practice developed by the Legal & Compliance team including:

- initial review to determine if an investigation is needed;
- investigation: prepare investigation plan, collect documentary evidence, and conduct interviews in a (confidential) and timely manner;

– assessment: analyse information and documentation collected during the investigation, prepare an investigation report summarising the findings and propose remedial actions necessary to reasonably respond to and prevent the recurrence of the conduct, if any;
– closing the investigation and reporting;
– monitoring of the implementation of remedial actions.

6. Work with external stakeholders

As mentioned under "Environment" in section 1.2.2, the Company is a founding member of IAEG, which is working on common aerospace industry standards and tools to manage environmental obligations. More specifically, for the supply chain, IAEG has developed:

– a supply chain environmental survey, which the Company implemented in 2019 and which will be used as environmental assessment module, as mentioned in section 2 above;
– an EMS implementation guideline to encourage a wider uptake of EMSs as appropriate for each supplier in a phased approach and cost effective, consistent and supportive manner;
– the definition of an Environmental Qualification Program to assess and develop the environmental maturity of suppliers. Under Airbus leadership, the IAEG extended this qualification programme to other sustainability topics.
Concretely, the IAEG terms of reference have been reviewed to allow such an extension, presentation by expert companies on supply chain risk assessment and management have been received, benchmark with the IAQG (International Aerospace Quality Group) has been performed and a request for information has been launched to build a sectoral approach for supplier engagement.

In December 2021, the IAEG Board of Directors approved the creation of a working group to develop an ESG supplier engagement programme.

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

All suppliers will now be asked to sign a confirmation of compliance with the principles of the revised Supplier Code of Conduct (or to confirm their own practices are aligned with the principles set out in this Code), and to cascade these principles throughout their own supply chains. The Company is committed to support suppliers, where necessary, to improve their own human rights due diligence.

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

7. Promoting disability-friendly companies

Since 2011, in France the Company has been promoting employment of disabled people by its suppliers. This includes a request for relevant bidding suppliers to propose a partnership with disability-friendly companies during the call for tender process. In 2020, the Company's subcontracting activities have decreased due to the COVID-19 crisis. This decrease also affected disability-friendly companies, but the Company has been committed to support them during the crisis. In 2020, the global volume of business with disability-friendly companies in France was around €40 million, which represents minus 20% compared to 2019 figures. However this number has been multiplied by five for the last ten years and the ambition is to reach around €100 million in 2025, by developing contracts in engineering and IT services thanks to the Digital Consortium (composed of 65 French disability-friendly companies). At the end of 2021, around 60 disability-friendly companies are working with the Company. In November 2021, the Company organised a (Dis)Ability Forum in Toulouse with 35 disability-friendly companies and 150 participants. In 2022, depending on the sanitary crisis, (Dis)Ability Forums could also be organised in Spain and Germany.

8. Responsible mineral sourcing

The Company places great importance on the responsible sourcing of materials used in manufacturing. Some minerals including 3TG (tin, tungsten, tantalum and gold) are necessary for the proper functioning of components within its products. The Company largely does not directly import minerals but these minerals are found in certain products the Company procures. In that context, the Company requires all suppliers to comply with applicable laws and regulations on conflict minerals, including any 3TG conflict minerals. In 2019, the Company released a Responsible Mineral Policy, which details its engagement to improve safety and human rights conditions in the mineral supply chains. As introduced in *§6. Work with External Stakeholders*, the company will benefit from the RMI experience and available audits, tools and standardised ways of working. The Company is also monitoring developments at the European Commission on critical raw materials (CRM) and is investigating the possibilities to take a deeper look at its related supply chain, through direct involvement and/or trade associations. The update of the Supplier Code of Conduct (available since Q1 2021) also requires suppliers to pay more attention to CRM responsible sourcing. The new Supplier Code of Conduct formally requires suppliers to establish a policy and a management system to assure that critical raw materials are sourced responsibly. For the small portion of direct procurement of minerals in the Company's Defence and Space Division, the Company has established a dedicated Conflict Mineral Management System, which describes the necessary activities needed to monitor potential future legal obligations linked to the upcoming EU regulations on the importation of 3TG. For this small portion of direct import, the Defence and Space Division is proactively asking suppliers to disclose proof of responsible sourcing and is cross-checking this data with third parties audits available through the RMI trade association.

9. Plastic-free supply chain

Based on the SDGs, specifically SDG 12 (responsible consumption and production), a plastic-free supply chain project was launched in 2019 within the Company's Defence and Space Division, with the aim of reducing, reusing and recycling plastic waste and packaging in the Division's scope of involvement by 2025 (for example, production/maintenance, logistics, offices and supply). As a result of this project, Airbus Defence and Space defined for the first time a single-use plastic reduction total cost of ownership of 5% for the production area. Due to the implementation of plastic-free packaging alternatives, a 14% reduction of single use plastic in the logistics area of all Airbus Defence and Space sites has been achieved for 2021, corresponding to 127,991m^2 of single-use plastic replacement based on inventory done. In addition to this great achievement in logistics, plastic-free alternatives have been tested in the clean rooms of Toulouse-Labege and in the production and maintenance areas in Manching.

By the inclusion of the packaging paragraph in the new Supplier Code of Conduct and by the inclusion of single use plastic clauses in some contractual requirements, we aim to move progressively from the current take-make-waste extractive industrial model to a circular economy approach towards a sustainable way to use plastic.

10. CO_2 emissions

During 2021, the Company engaged with its top suppliers by requesting them to respond to the CDP climate change questionnaire. 169 of the Company's top suppliers, covering 80% of the Company's sourcing volume, were contacted and 121 suppliers have completed the CDP questionnaire (68% in spent). The results from this questionnaire will allow the Company to identify supplier strengths and potential areas of improvement and to engage with non-responsive suppliers in order to improve the response rate in 2022. Next year the Company plans to get responses from 75% in spent of the Company's supply chain.

In 2021, 53% of responding suppliers received an A or B score, representing 61 suppliers. In 2020, 56% of the responding suppliers had received an A or B score representing 25 suppliers. The Company plans to request an improvement plan from suppliers with identified weaknesses and aims to define cooperation activities with suppliers that have already reached an A score. In the years to come, the Company will be able to provide measures and analyses on how the scoring is improving.

The Company also evaluated the carbon footprint of its supply chain, by applying the methodology developed by the IAEG. For further details, see "– 1.2.2. Lead the Journey Towards Clean Aerospace".

V. Outlook

The sustainable supply chain roadmap will evolve to actively mitigate sustainability risks in the supply chain, adapt to evolving sustainability requirements and support the Company's ambition to be more sustainable.

Actions to be progressed during 2022 include:

- the formalisation and reinforcement of the process to collect sustainability-related alerts, the management of those alerts, the engagement with external stakeholders, as well as the communication and reporting on the effectiveness of our actions. This action has been launched into consideration the analysis of the Company's supply chain due diligence performed in 2021 and the German act on supply chain due diligence;
- reinforcing the adherence of the Company's Supplier Code of Conduct principles throughout the Company's supply base;
- extending the scope of supplier sustainability assessments by requesting new suppliers to perform such an assessment and by extending to existing contracts in order to reach 80% of the spend volume in 2025;
- engaging with target suppliers based on supplier assessment outcome,- and developing action plans when required; – further integrating sustainability elements into procurement processes;
- developing specific training modules on sustainability and other solutions to support internal awareness in purchasing commodities. This will include awareness on the Company's new Supplier Code of Conduct;
- the deployment of a digital solution to further enhance the collection of data from suppliers on conflict minerals, critical materials and regulated substances in the products delivered to the Company.

Regarding environmental sustainability and substance management, the Company will focus on the following in 2022:

- engaging and discussing with key CO_2 contributors in its supply chain, leveraging the CDP to identify opportunities to improve their climate change management and reduce emissions.

Cooperating with equipment suppliers to better assess the environmental impact of the Company's products, improve the Company's ecodesign practices and drive supplier innovations that mitigate their products' impact over their entire lifecycle.