

Airbus Helicopters is a typical example of a well-balanced business mix between platform manufacturing and services, civil and military markets.

### 3. Lead the transformation of the Aerospace and Defence industry to meet the emerging Environmental, Social and Governance standards

The world is currently facing tremendous global challenges: climate change, severe weather patterns, deforestation, political instability, increasing population to name a few. Environmental, social and governance standards are high on the Company agenda in response to these challenges. ESG is now considered critical by investors, shareholders, customers and employees.

The Company is convinced it has a leading role to play in shaping a necessary industry transformation. The Company supports the global UN Sustainable Development Goals and aims at setting ambitious standards for a better and more connected world.

Fulfilling societal expectations is a top priority for the Company, and it will be the prerequisite to future success: consequently the Company has launched in 2019, as an integral part of Airbus Next Chapter, a project with the goal to reinforce and embed into its culture, responsible and sustainable behaviours and actions.

## Key Enablers

The three strategic axes of the Company are supported by the following ten enablers:

### 1. Europe

Airbus is THE European company: the European leader in Aerospace and Defence, with around 130,000 employees and a strong industrial footprint in France, Germany, Spain and the UK. At the same time, the Company is a key enabler to European sovereignty through its defence and space solutions.

To successfully address the future challenges of the global Aerospace and Defence industry, the Company needs to retain and boost its role as trusted supplier and partner to its European Home Nations France, Germany, Spain and the UK. Despite Brexit, the UK is key to the Company's industrial footprint.

The Company supports the launch and development of European Air and Space programmes, such as FCAS or Eurodrone, the cooperation with industrial partners and competitors on those programmes and facilitates potential further industry specialisation and consolidation.

### 2. Globalisation

The Company connects people with its aircraft and digital communication solutions around the world. It is a globally-operating company with more than 15,000 employees outside its Home Nations.

In 2019, the Company has further strengthened its world-wide industrial presence. In the US and Canada, the Single Aisle production ramp-up continued, while the A220 FAL in Mobile (US) was set-up and aircraft assembly commenced. The signature of a Memorandum of Understanding with the Chinese government on Single Aisle and A350 will further develop the industrial cooperation with China.

The Company pursues an international development to get closer to its customers and markets, and to leverage best resources world-wide by:

- focusing on dedicated countries, depending on the target and asset for the country: market size, local industrial capabilities or innovation resources;
- re-assessing and re-designing the activities, globally and locally in each function, including industrial footprint for more coherence;
- diversifying the Company's staff and skills, develop talents and promote mobility.

### 3. Environment

While air travel currently contributes to global CO<sub>2</sub> emissions, air quality and noise pollution, the Company believes a future sustainable aviation model is achievable. The Company intends to take a leadership position on answering environmental challenges to ensure future generations will fly without a detrimental impact to the environment.

The Company has developed a clear overall strategy on environment and continued its execution in 2019:

- the first priority of the Company is to progressively decarbonise the fleet and reduce other emissions (noise, NOx, particulates, etc.). The Company has committed to the Air Transportation Action Group (ATAG) industry goals of halving CO<sub>2</sub> emissions by 2050, in line with the 2°C Paris objective. This will be achieved by: developing more efficient technologies (in 2019, the A321XLR was launched, bringing 30% lower fuel burn per seat than previous-generation aircraft), supporting the deployment of Sustainable Aviation Fuels (SAF), optimising the operations and infrastructures, as well as supporting market-based measures. In 2019, the Chief Technology Officers from seven major aerospace manufacturers, including the Company, committed to cooperate to drive the sustainability of aviation;
- in other product areas, the Company is actively contributing to enable actions against climate change. The development of detailed earth observation satellites and geospatial solutions provides highly sophisticated monitoring capabilities for climate change, agriculture, deforestation or natural disasters;
- the Company is working on minimising the impact its sites and supply chain have on energy, CO<sub>2</sub>, waste, air and water. The Company launched "High5+" in 2019, a cross-divisional plan to reach the ambitious objectives of its 2030 Vision and prepare the goals for 2050.

### 4. Ethics, Compliance and Reputation

The ambition of the Company is to be known as a company with "integrity inside": integrity in its people, partners and suppliers. This means that the Company does business in the right way to ensure its stakeholders have confidence in its activities and to protect the Company's reputation. Consequently, Ethics and Compliance are at the heart of what the Company does across all operations, businesses and continents. This means that the Company constantly improves its Ethics and Compliance Programme to ensure effective processes and procedures are in place to manage business ethics / anti-corruption compliance, export control compliance and data protection. The Company is also strengthening the related culture throughout the Company in line with its values.

Against the backdrop of today's challenging geopolitical environment, throughout 2019 the Company has in particular focused on enhancing its internal processes and processes to ensure that its business activities comply with the ever changing sanctions and embargo legislation.

More generally, in 2019 the Company launched its new Code of Conduct across the Company which is designed to be one single reference document embedding the Airbus Values and reaffirming its responsibility to doing business with integrity.

## 5. Safety and Security

The number one priority at the Company is product (& services) safety to ensure the continued safe transport of everyone and everything that flies aboard an Airbus product. This is supported by the Airbus Product Safety Vision: "In order to achieve the Company's permanent duty of prevention, the Company constantly champions safety improvements internally, and beyond with its customers and the industry as a whole; thus the Company will be recognised as a reference in safety at the air transport system level".

The Company's policy identifies axes of permanent safety enhancement activities: (i) continuously enhance product intrinsic safety, (ii) continuously do the utmost to improve proactively the safety of operations of the Company's products, (iii) enhance safety culture within the Company, (iv) take a leading position in air transport system-wide initiatives, and (v) be forward thinking for safety.

In 2019, the Company has continued reinforcing the resilience capability of its products against abnormal conditions taking into account industry lessons learnt; as well as launching dedicated initiatives to continue its journey of permanently enhancing its internal safety culture. Beyond the Company's strict perimeter, the deployment of the Company's safety principles towards suppliers has been accelerated.

## 6. Our People

Competences and engagement are the cornerstone of the Company's success and competitiveness. The Company is committed to attracting and retaining engaged people with the right skills, mind-set and behaviours.

The following priorities are set:

- provide a safe and inclusive working environment, living strong values, improving employee experience;
- anticipate, secure and develop competencies through systematic knowledge management and access to life-long learning for all;
- develop a culture that sets its foundations in integrity and compliance and fosters collaboration, empowerment and accountability;
- reinforce diversity, mobility, multicultural teams and integration of the Company's global workforce to support their industrial cooperation and anticipate and respond to geopolitical changes;
- prepare the Company's leaders for what's next, boosting their resilience.

Highlights of key programmes and achievements in 2019 include the following topics:

- the "PeopleSafety@Work" initiative, as well as a comprehensive action plan on Ethics and Compliance have put Safety, Integrity and Compliance at the centre of discussions for all the Company's employees;

- over 86,000 employees joined in the worldwide survey on working environment while hundreds of teams chose to boost their engagement levels by taking action on themes most relevant to them;
- the 2019-2029 edition of the Airbus Global Workforce Forecast was released on the dedicated app, giving unique transparency on the way the Company is handling challenges related to megatrends, demographic changes through its competence strategy;
- the "myPULSE" solution was implemented and is the globally deployed solution all across the Company, covering since September 2019 more than 127,000 employees and more than 119 subsidiaries in 41 different countries in all divisions, being the main and central source of information for HR core data.

## 7. Exploit Digitalisation to Enhance our Current Business as Well as Pursue Disruptive Business Models

Digitalisation will support Airbus' transformation by focusing on five main axes: (i) enabling high employee engagement, (ii) digital operational excellence, (iii) mastering its product data value chain and turning product data into insight, (iv) capturing the end-user experience and (v) driving its business agility.

The Company launched Skywise, a data platform in collaboration with pioneers in data integration and advanced analytics. Skywise has established an early lead in the race to connect the aviation industry since its launch in 2017 at the Paris Air Show. Skywise aims to become the single platform of reference used by all major aviation players to improve their operational performance and business results and to support their own digital transformation.

In 2018, Airbus Defence and Space together with Airbus Helicopters launched the SmartForce suite of services to enable military operators to exploit the data gathered by their aircraft to enhance operational safety, boost mission availability and reduce maintenance support costs.

## 8. Competitiveness

The design, development, manufacturing, marketing and servicing of large-scale aeronautics / space platforms and integrated systems is at the core of the competences of the Company.

The Company performs a strong role as prime integrator managing the supplier base to ensure the on-time and on-quality delivery of a product to the final customer. To provide best value to its customers and face strong competition, the Company is permanently boosting its competitiveness by:

- sustainably improving current programme margins;
- further preparing its short-, mid- and long-term industrial transformation, in particular through the implementation of Digital Design Manufacturing and Services (DDMS);
- strengthening and optimising selected strategic value chain areas and reviewing sourcing strategy;
- leveraging the military portfolio, services, digital, innovation.

## 9. Technology and innovation

The Company innovates every day to ensure that its products are at the forefront of aerospace technology.

After many new product developments in recent years (A320NEO, A321LR, A321XLR, A350), the majority of the Company's revenues are generated today in segments where

the Company has competitive, mature products that are far from the end of their lifecycle.

The Company prepares for the future by creating more sustainable and environmentally sound products that will use modern Unmanned Traffic Management / Air Traffic Management (ATM) systems and respond to new challenges, such as for example a potential pilot shortage. Innovation has as an underlying target to respond to the Flight Path 2050 targets cutting CO<sub>2</sub> emissions by 75%, NO<sub>x</sub> emissions by 90% and noise emissions by 65% compared to levels from the year 2000. The Company is committed to these targets and will contribute to transforming the aerospace industry, its business conduct and pursue its ambition to build the future of flight.

The Company is excelling in innovation and exploring cutting-edge technologies enabling to create platforms that are easy to manufacture, more automated and more connected:

- easy to manufacture: define new ways of working, switching from product performance to industrial performance;
- more automated, with state of the art computer vision techniques for taxi, take-off and landing;
- more connected: anywhere, anytime, at the gate and in the air, and over oceans, *via* satellite and direct air-to-ground link, enabling enhanced passenger experience and more efficient operations and maintenance.

2019 set the technical foundations for neutral / zero emission commercial aviation led by the inauguration of the E-Aircraft System facility and working with European industry on shaping the next EU Aviation research programme:

- Urban Air Mobility: Vahana has flown over 80 full-scale test flights. CityAirbus full-scale demonstrator conducted its first take-off in May 2019;
- Inauguration of the Airbus China Innovation Center in Shenzhen;
- In-flight trials of connected cabin technologies and in-flight demonstration of autonomous take-off;
- Launch of “fello’fly” flight demonstrator project inspired by nature to flying in “V” shape to save energy and benefit from the “air up wash” of the leader to reduce fuel consumption and CO<sub>2</sub> emissions.

## 10. Customer Centricity

The Company's platforms, product solutions and services are designed with the customers in mind, helping them operate their products more efficiently and serve new markets, providing the best experience for their end users.

Throughout the Company, the Company continuously focuses on enhancing customer trust and loyalty, concentrating on both performance and behaviours leading to:

- improving customer satisfaction before, at, and after delivery;
- putting customer intimacy (understanding) at the centre of the Company's strategy and actions;
- delivering increased support and service offering.

In 2019, Airbus' transformation initiative Next Chapter helped to sharpen the Company's focus on end-to-end delivery and value creation, including customer value.

Taking advantage of digital technologies, Airbus streamlined its ways of working, thus improving transparency to the customers during the delivery process and in-service operations.

Airbus' exchange programme with customers ensured that the products and services address needs of customers and generate value for the business.

The focus was on sharing (promoting) the voice of the customer inside Airbus, giving its employees a better understanding of customer operations and needs.

## Organisation of the Company's Businesses

The Company has organised its businesses into the following three operating segments: (i) Airbus (formerly Commercial Aircraft), (ii) Helicopters and (iii) Defence and Space. Beginning in 2017, the Company merged its Group structure with its largest division Commercial Aircraft. The merger provided the opportunity to introduce a single Airbus brand for the Company and all its entities, effective since January 2017. The segment formerly known as “Airbus Commercial Aircraft” is referred to as “Airbus”. The Company retains Airbus Defence and Space and Airbus Helicopters as Divisions. The chart set out in “— General Description of the Company and its Share Capital — 3.3.6 Simplified Group Structure Chart” illustrates the allocation of activities.

### Airbus (Commercial Aircraft)

Airbus is one of the world's leading aircraft manufacturers of passenger airliners. Across all its aircraft families Airbus' unique approach ensures that aircraft share the highest commonality in airframes, on-board systems, cockpits and handling characteristics. This significantly reduces operating costs for airlines.

Since it was founded in 1970 and up to the end of 2019, Airbus has received net orders for 20,108 commercial aircraft from 421 customers around the world. In 2019, Airbus delivered 863 aircraft (compared to 800 deliveries in 2018) and received 1,131 gross orders (compared to 831 gross orders in 2018), or 82% of the gross worldwide market share (in terms of units) of aircraft with more than 100 seats (compared to 43% in 2018). After accounting for cancellations, net order intake for 2019 was 768 aircraft (compared to 747 aircraft in 2018). As of 31 December 2019, Airbus's backlog of commercial orders was 7,482 aircraft (compared to 7,577 aircraft in 2018).

In 2019, Airbus (Commercial Aircraft) recorded total revenues of €54.77 billion – representing 77% of the Company's revenues. See “— 1.1.2 Airbus”.

### Helicopters

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

Airbus Helicopters delivered 332 helicopters in 2019 (356 in 2018) and received 310 net orders in 2019 (compared to 381 net orders in 2018). Order intake amounted to €7.18 billion (2018: €6.33 billion). Civil contracts accounted for 45% of this order volume, with military sales representing the remaining 55%. At the end of 2019, Airbus Helicopters order book stood at 695 helicopters (2018: 717 helicopters).

In 2019, Airbus Helicopters recorded total revenues of €6.01 billion, representing 8% of the Company's revenues. See “— 1.1.3 Helicopters”.