
Report of the Board of Directors

(Issued as of 17 February 2021)

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Dear Shareholders,

This is the Report of the Board of Directors (the “**Board Report**”) on the activities of Airbus SE (together with its subsidiaries referred to as the “**Company**”) during the 2020 financial year, prepared in accordance with Dutch law.

For further information regarding the Company’s business, finances, risk factors and corporate governance, please refer to the Company’s website: www.airbus.com.

1. General Overview

Airbus pioneers sustainable aerospace for a safe and united world. The Company constantly innovates to provide efficient and technologically-advanced solutions in aerospace, defence, and connected services. In commercial aircraft, Airbus offers modern and fuel-efficient airliners and associated services. Airbus is also

a European leader in defence and security and one of the world’s leading space businesses. In helicopters, Airbus provides the most efficient civil and military rotorcraft solutions and services worldwide.

2. Summary 2020

As a consequence of the pandemic, the Company needed to revise its 2020 priorities, in particular in regards to the commercial aircraft activities. The revised Top Company Objectives (“**TCOs**”) reflected the essential targets that had to be achieved in order to adapt successfully to the COVID-19 environment. The TCOs mirror the Company’s own business focus and its core pillars of **safety, quality, integrity, and compliance** and focused on protecting the core business by securing deliveries. The commitment to Ethics & Compliance remained unchanged. The following revised TCOs were made available to employees:

Industrial Performance

Secure our Supply Chain, stabilise end to end planning and achieve nominal flow on Single Aisle, transforming the ways of working to a Quality First approach (zero outstanding work).

Customer

Secure 2020 deliveries and manage the backlog in a volatile market.

Financial Performance

Contain cash and secure liquidity while taking action to improve competitiveness.

People

Adapt our company and workforce to the crisis in a responsible manner that upholds the Company’s Values, while ensuring Health and Safety and reinforcing our commitment to Ethics & Compliance.

The Company always:

- keeps customers at the heart of what it does and collaborates to deliver value and reliability;
- serves those who rely on its products and services: safety and quality are non-negotiable;
- makes health and safety at work everyone’s priority;
- promotes a speak up and listen up culture, always acting with integrity and respect while enforcing the Company’s Code of Conduct and Ethics & Compliance standards and principles; and
- creates an inclusive culture where collaboration, empowerment, continuous learning, and accountability are valued.

2020 was a year dominated by the pandemic, in particular for the commercial aircraft activities. The Company showed resilience and adapted to the challenges of the new COVID-19 environment. Despite the situation, the Company achieved several important operational and commercial milestones. A selection of key announcements follows (the full list of announcements is available at www.airbus.com/newsroom.html).

- Airbus delivered 566 commercial aircraft to 87 customers in 2020, in line with the production adaptation plan set out in April 2020 in response to the COVID-19 pandemic. In order to overcome international travel restrictions, the Airbus team developed an innovative e-delivery solution which represented more than 25% of the 2020 deliveries, allowing customers to receive their aircraft while minimising the need for their teams to travel. In 2020, Airbus recorded a total of 383 new orders (268 net orders) showing continued customer endorsements in all market segments. The A220 won 64 new orders, confirming it as the leading aircraft in its category. The A320 Family won 296 new orders including 37 A321XLR. In the widebody segment, Airbus won 23 new orders including two A330s and 21 A350s.
- Airbus delivered its first US-assembled A220 aircraft from Mobile, Alabama, underlining its role as a global aircraft producer and heralding the arrival of a new era in Airbus aircraft production in the United States. In 2015, Mobile became home to Airbus' first US-based commercial aircraft manufacturing facility. Now celebrating five years of production, it has grown from an initial workforce of around 250 staff producing A320 Family aircraft, to 1,000 employees building both the A220 and A320 aircraft families.
- The A330-800 received joint Type Certification from the European Aviation Safety Agency (“EASA”) and the Federal Aviation Administration (“FAA”). The A330-800, part of a true new-generation A330neo family, is the most efficient longest range entry-level widebody and incorporates new Rolls-Royce Trent 7000 engines, a new 3D-optimised wing and new Sharklets using lighter composite materials.
- Airbus Corporate Jets won its first orders for the ACJ TwoTwenty, totalling six aircraft following its launch. Entry into service of the first ACJ TwoTwenty by Comlux Aviation is targeted for early 2023.
- Airbus Helicopters logged 289 gross orders (net: 268 orders) in a challenging market heavily impacted by the economic consequences of the COVID-19 pandemic, reinforcing the Division's position on the civil and parapublic market. Additionally, it delivered 300 rotorcraft worldwide despite the pandemic travel restrictions, resulting in a stable 48% share of the civil and parapublic market and thus allowing Airbus Helicopters to maintain its market-leading position.
- Airbus Helicopters' multi-role twin engine H160 received its type certificate from the EASA, marking a new chapter for the programme.
- The five-bladed H145 was certified by both EASA and the US Federal Aviation Administration during 2020. The certification covers the full range of capabilities, including single-pilot and instrument flight rules (“IFR”) and single engine operations (Cat. A/VTOL), along with night vision goggle capability.
- The German Bundeswehr ordered 31 NH90 NFH helicopters, to be known as Sea Tiger, for the German Navy's shipborne operations. The helicopters will replace the German Navy's Sea Lynx Mk88A fleet which entered into service in 1981. The Bundeswehr has already ordered 18 NH90 Sea Lion naval transport helicopters, seven of which have already been delivered.
- The prototype of Airbus Helicopters' VSR700 Unmanned Aerial System (“UAS”) performed its first free flight. The VSR700 performed a ten minute flight at a drone test centre near Aix-en-Provence in the south of France. This is a significant step in the programme following the first flight in November 2019 when the prototype was tethered to comply with regulatory requirements.
- Airbus signed a contract to deliver 38 new Eurofighter aircraft to the German Air Force. This makes Germany the largest ordering nation in Europe's biggest defence programme. The order, also known by its project name Quadriga, covers the delivery of 30 single-seater and 8 twin-seater Eurofighters. Three of the aircraft will be equipped with additional test installations as Instrumented Test Aircraft for the further development of the Eurofighter programme.
- Airbus was awarded a contract for the development, supply and integration of 115 Eurofighter ESCAN Radars for the German and Spanish Eurofighter fleet. It marks the largest order so far for the world's most modern electronically scanned array radar, Captor-E. The contract signature followed the approval by both governments in the second half of 2020.
- The governments of France and Germany awarded Dassault Aviation, Airbus, together with their partners MTU Aero Engines, Safran, MBDA and Thales, the initial framework contract (Phase 1A), which launches the demonstrator phase for the Future Combat Air System (“FCAS”). This framework contract covers a first period of 18 months and initiates work on developing the demonstrators and maturing cutting-edge technologies, with the ambition to begin flight tests as soon as 2026.
- Airbus successfully completed the In-Orbit Commissioning (“IOC”) of the European Space Agency's Solar Orbiter spacecraft. Due to COVID-19 related restrictions, the commissioning presented a challenge to the teams who would normally work together in the office to complete the IOC process but instead met online to make sure the process was tackled quickly and efficiently.
- The Airbus-built European ocean satellite “Copernicus Sentinel-6 Michael Freilich” successfully begun its “Seeing-the-Seas” mission. In November 2020 the satellite lifted-off from Space Launch Complex 4E at Vandenberg Air Force Base in California, USA.
- Airbus signed a contract with Intelsat to build two OneSat satellites operating in multiple frequency bands for Intelsat's next-generation software-defined network. The satellites will be based on Airbus' OneSat product line, the latest generation of fully flexible, in orbit reconfigurable, Software Defined Satellites. OneSat is designed to deliver the optimal balance between performance, flexibility and competitive cost per bit, while maintaining Airbus' unrivalled product reliability.
- Airbus revealed three concepts for the world's first zero-emission commercial aircraft which could enter service by 2035. These concepts each represent a different approach to achieving zero-emission flight, exploring various technology pathways and aerodynamic configurations in order to support the Company's ambition of leading the way in the decarbonisation of the entire aviation industry. All of these concepts rely on hydrogen as a primary power source – an option which Airbus believes holds exceptional promise as a clean aviation fuel and is likely to be a solution for aerospace and many other industries to meet their climate-neutral targets.
- In 2020, the Airbus Foundation refocused to respond to the COVID-19 pandemic. It prioritised support for humanitarian actions of its NGO partners, transporting medical supplies in addition to organising aid transports and providing satellite imagery following devastating floods and hurricanes around the world. The Foundation also continued to use its global reach to inspire and develop children, including supporting their parents and teachers. With many schools shifting to in-classroom learning, the Airbus Foundation Discovery Space proved valuable in offering a fun and engaging way for children to explore the science behind flight and moon travel. Given changing societal challenges, the Airbus Foundation's strategic priorities – Humanitarian Aid and Youth Development – were broadened and now include “Environment”, focusing on nature preservation and assisting the climate change mitigation actions of its NGO partners.

3. Share Capital and Stock Price Evolution

3.1 Shareholding and Voting Rights

Issued Share Capital

As of 31 December 2020, Airbus SE's issued share capital amounted to €784,149,270, divided into 784,149,270 shares of a nominal value of €1 each. The issued share capital of Airbus SE as of such date represents 26.14% of the authorised share capital of €3 billion comprising three billion shares. The holder of one issued share has one vote and is entitled to profit in proportion to his/her participation in the issued share capital ⁽¹⁾.

Modification of Share Capital or Rights Attached to Shares

The shareholders' meeting has the power to authorise the issuance of shares. The shareholders' meeting may also authorise the Board of Directors, for a period of no more than five years, to issue shares and to determine the terms and conditions of share issuances.

Holders of shares have a pre-emptive right to subscribe for any newly issued shares in proportion to the aggregate nominal value of shares held by them, except for: (i) shares issued for consideration other than cash, (ii) shares issued to employees of the Company and (iii) shares issued pursuant to a previously granted right to subscribe for those shares. For the contractual position as to pre-emption rights, see "– 3.2: Relationship with Principal Shareholders".

The shareholders' meeting also has the power to limit or to exclude pre-emption rights in connection with new issuances of shares, and may authorise the Board of Directors, for a period of no more than five years, to limit or to exclude pre-emption rights. All resolutions in this context must be approved by a two-thirds majority of the votes cast during the shareholders' meeting, in the case where less than half of the capital issued is present or represented at said meeting.

However, the Articles of Association of Airbus SE ("**Articles of Association**") provide that the shareholders' meeting is not authorised to pass any shareholders' resolution to issue shares, or to grant rights to subscribe for shares, if the aggregate issue price is in excess of €500 million, per share issuance, and no preferential subscription rights exist in respect thereof (by virtue of Dutch law, or because they have been excluded by the competent corporate body). The same limitation applies if the shareholders' meeting wishes to designate the Board of Directors to have the authority to resolve on such share issuance or granting of rights. These limitations in the Articles of Association can only be changed by the shareholders' meeting with a 75% voting majority.

Pursuant to the shareholders' resolutions adopted at the Annual General Meeting ("**AGM**") held on 16 April 2020, the powers to issue shares and to grant rights to subscribe for shares and to limit or exclude preferential subscription rights for existing shareholders have been delegated to the Board of Directors for the purpose of:

1. employee Share Ownership Plans and share-related Long-Term Incentive Plans, provided that such powers shall be limited to 0.14% of Airbus SE's authorised share capital; and
2. funding Airbus SE and any of its subsidiaries, provided that such powers shall be limited to 0.3% of Airbus SE's authorised share capital.

Such powers have been granted for a period expiring at the AGM to be held in 2021, and shall not extend to issuing shares or granting rights to subscribe for shares if: (i) there is no preferential subscription right (by virtue of Dutch law, or because it has been excluded by means of a resolution of the competent corporate body) and (ii) it concerns an aggregate issue price in excess of €500 million per share issuance.

At the AGM held on 16 April 2020, the Board of Directors was authorised for a period of 18 months from the date of such AGM to repurchase shares of Airbus SE, by any means, including derivative products, on any stock exchange or otherwise, as long as, upon such repurchase, Airbus SE would not hold more than 10% of Airbus SE's issued share capital, and at a price per share not less than the nominal value, and not more than the higher of the price of the independent trade and the highest current independent bid on the trading venues of the regulated market of the country in which the purchase is carried out.

The shareholders' meeting may reduce the issued share capital by cancellation of shares or by reducing the nominal value of the shares by means of an amendment to the Articles of Association. The cancellation of shares requires the approval of a two-thirds majority of the votes cast during the shareholders' meeting in the case where less than half of the capital issued is present or represented at the meeting; the reduction of nominal value by means of an amendment to the Articles of Association requires the approval of a two-thirds majority of the votes cast during the shareholders' meeting (unless the amendment to the Articles of Association also concerns an amendment which under the Articles of Association requires a 75% voting majority).

At the AGM held on 16 April 2020, the Board of Directors and the Chief Executive Officer ("**CEO**") were authorised, with powers of substitution, to implement a cancellation of shares held or repurchased by Airbus SE, including the authorisation to establish the exact number of the relevant shares thus repurchased to be cancelled.

(1) Except for the shares held by Airbus SE itself and subject to certain other exceptions under Dutch law.

Securities Granting Access to Airbus SE’s Capital

There are no securities that give access, immediately or over time, to the share capital of Airbus SE (see “Notes to the IFRS Consolidated Financial Statements – Note 36.3: Financing Liabilities”).

Changes in the Issued Share Capital in 2020

In the course of 2020, a total number of 976,155 new shares were issued, all of which were issued in the framework of the 2020 Employee Share Ownership Plan (“ESOP”).

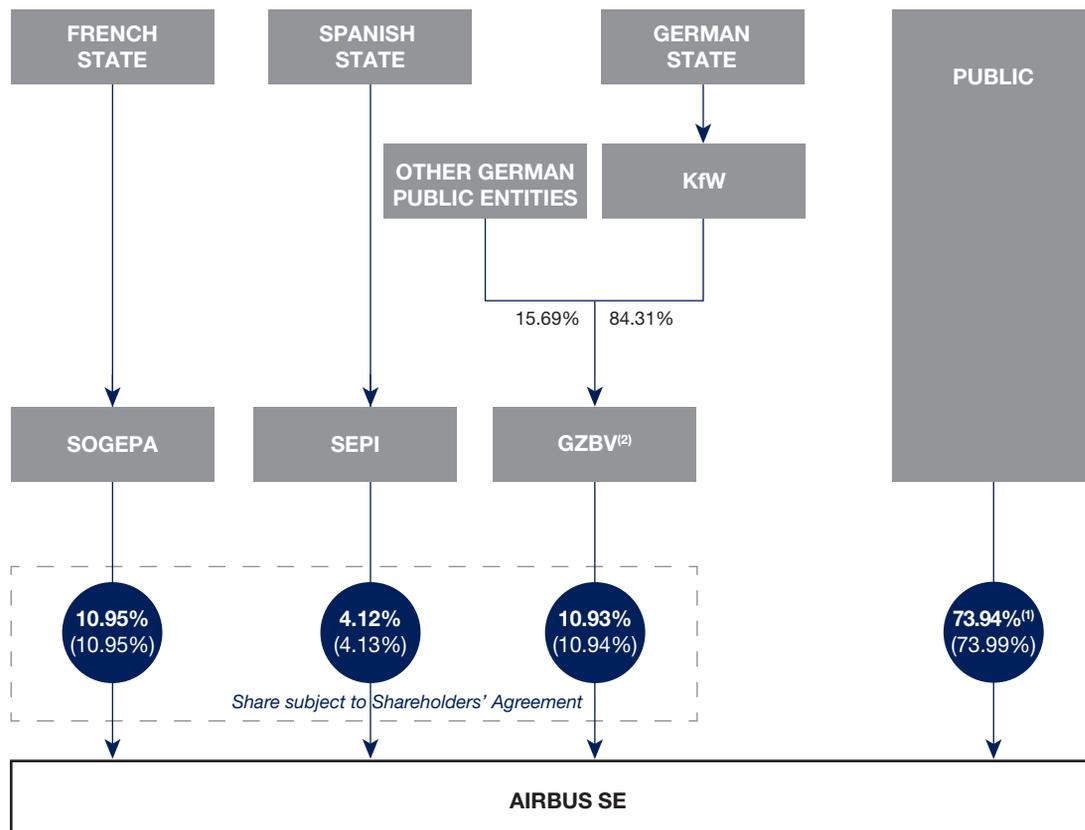
Repurchases and Cancellations of Shares in 2020

During 2020 (i) Airbus SE repurchased 32,422 shares and (ii) none of the treasury shares were cancelled. As of 31 December 2020, Airbus SE held 432,875 treasury shares.

Shareholding Structure at the End of 2020

As of 31 December 2020, the French State held 10.95% of the outstanding Airbus SE shares through Société de gestion de participations aéronautiques (“Sogepa”), the German State held 10.93% through Gesellschaft zur Beteiligungsverwaltung GZBV mbH & Co. KG (“GZBV”), and the Spanish State held 4.12% through Sociedad Estatal de Participaciones Industriales (“SEPI”). The public (including the Company’s employees) and Airbus SE held, respectively, 73.94% and 0.06% of Airbus SE’s share capital.

The diagram below shows the ownership structure of Airbus SE as of 31 December 2020 (% of capital and of voting rights (in parentheses) before exercise of the convertible bond).



(1) Including shares held by the Company itself (0.06%).

(2) KfW & other German public entities.

Shareholders may have disclosure obligations under Dutch law. These apply to any person or entity that acquires, holds or disposes of an interest in the Airbus SE's voting rights and/or capital. Disclosure is required when the percentage of (actual or deemed) voting rights, capital interest or gross short position reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% or 95% (whether because of an acquisition or disposal of shares or other instruments, or because of a change in the total voting rights or capital issued). Disclosures must be made to the Netherlands Authority for the Financial Markets ("AFM") immediately. Additional disclosure and/or publication obligations apply under European regulations for net short positions in respect of Airbus SE.

In 2020, the below listed entity has notified the AFM of its substantial interest in Airbus SE. For further details, please refer to the website of the AFM at: www.afm.nl.

- Capital Research and Management Company owns 9.90% of the voting rights in Airbus SE (9.63% directly and 0.27% indirectly owned by Capital Group International, inc.).

Right to Attend Shareholders' Meetings

Each holder of one or more shares may attend shareholders' meetings, either in person or by written proxy, speak and vote according to the Articles of Association. However, under (and subject to the terms of) the Articles of Association, these rights may be suspended under certain circumstances. A shareholder, or another person who has the right to attend a shareholders' meeting, can be represented by more than one proxy holder, provided that only one proxy holder can exercise the rights attached to each share.

The persons who have the right to attend and vote at shareholders' meetings are those who are on record in a register designated for that purpose by the Board of Directors on the 28th day prior to the day of the shareholders' meeting (the "**Registration Date**"), irrespective of who may be entitled to the shares at the time of that meeting.

As a prerequisite to attending the shareholders' meeting and to casting votes, Airbus SE, or alternatively an entity or person so designated by Airbus SE, should be notified in writing by each holder of one or more shares and those who derive the aforementioned rights from these shares, not earlier than the Registration Date, of the intention to attend the meeting in accordance with the relevant convening notice.

Shareholders holding their Airbus SE shares through Euroclear France S.A. who wish to attend general meetings will have to request from their financial intermediary or account holder an admission card and be given a proxy to this effect from Euroclear France S.A. in accordance with the relevant convening notice. For this purpose, a shareholder will also be able to request that its shares be registered directly (and not through Euroclear France S.A.) in the register of Airbus SE. However, only shares registered in the name of Euroclear France S.A. may be traded on stock exchanges.

In order to exercise their voting rights, the shareholders will also be able, by contacting their financial intermediary or account holder, to give their voting instructions to Euroclear France or to any other person designated for this purpose, as specified in the relevant convening notice.

Pursuant to its Articles of Association, Airbus SE may provide for electronic means of attendance, speaking and voting at the shareholders' meetings in such circumstances, and subject to such conditions as determined by the Board of Directors.

Notification Requirements and Mandatory Disposal Threshold Restricting Ownership to 15%

Under the Articles of Association, each shareholder must notify Airbus SE when it (or another party in respect of its interest in Airbus SE) must make a notification to the AFM of a substantial interest or short position with respect to Airbus SE, when its interest (alone or with concert parties) reaches or crosses the Mandatory Disposal Threshold (as defined below) or subject to certain conditions and exemptions, when changes occur in the composition, nature and/or size of any interest held by it or by its concert parties in excess of the Mandatory Disposal Threshold (as defined below). Failure to comply with these obligations may, subject to a prior notification by Airbus SE, result in the suspension of voting and attendance rights until the shareholder has complied with its obligations.

The Articles of Association prohibit any shareholder from holding an interest of more than 15% of the share capital or voting rights of Airbus SE, acting alone or in concert with others (the "**Mandatory Disposal Threshold**"). An interest ("**Interest**") includes not only shares and voting rights, but also other instruments that cause shares or voting rights to be deemed to be at someone's disposal pursuant to the Dutch Financial Supervision Act, and must be notified to the Dutch regulator, the AFM, if certain thresholds are reached or crossed. Any shareholder having an interest of more than the Mandatory Disposal Threshold must reduce its interest below the Mandatory Disposal Threshold, for instance by disposing of its Excess Shares, within two weeks after such notification by Airbus SE. Upon receipt of such notification, the voting, attendance and dividend rights attached to the Excess Shares shall be suspended. The same applies to concerts of shareholders and other persons who together hold an interest exceeding the Mandatory Disposal Threshold. Should such shareholder or concert not comply with not exceeding the 15% Mandatory Disposal Threshold by the end of such two-week period, the voting, attendance and dividend rights attached to all shares held by such shareholder or concert shall be suspended, and their Excess Shares would be transferred to a Dutch law foundation ("*Stichting*"), which can, and eventually must, dispose of them. The suspension of shareholder rights described above shall be lifted once a shareholder or concert complies with its obligations under the Articles of Association.

The Dutch law foundation would issue depositary receipts to the relevant shareholder in return for the Excess Shares transferred to the foundation, which would entitle the relevant shareholder to the economic rights, but not the voting rights, attached to such Airbus SE shares. The foundation's Articles of Association and the terms of administration governing the relationship between the foundation and the depositary receipt holders provide, *inter alia*, that:

- the Board Members of the foundation must be independent from Airbus SE, any grandfathered persons and their affiliates (see "– 3.1: Exemptions from Mandatory Disposal Threshold") and any holder of depositary receipts and their affiliates (there is an agreement under which Airbus SE will, *inter alia*, cover the foundation's expenses and indemnify the Board Members against liability);
- the Board Members are appointed (except for the initial Board Members who were appointed at incorporation) and dismissed by the Management Board of the foundation (Airbus SE may however appoint one Board Member in a situation where there are no foundation Board Members);
- the foundation has no discretion as to the exercise of voting rights attached to any of Airbus SE shares held by it and will in a mechanical manner vote to reflect the outcome of the votes

cast (or not cast) by the other shareholders, and the foundation will distribute any dividends or other distributions it receives from Airbus SE to the holders of depositary receipts; and – no transfer of a depositary receipt can be made without the prior written approval of the foundation's Board.

For any shareholder or concert, the term “**Excess Shares**”, as used above, refers to such number of shares comprised in the interest of such shareholder or concert exceeding the Mandatory Disposal Threshold which is the lesser of: (i) the shares held by such shareholder or concert which represent a percentage of the Company's issued share capital that is equal to the percentage with which the foregoing interest exceeds the Mandatory Disposal Threshold; and (ii) all shares held by such person or concert.

This restriction is included in the Articles of Association to reflect Airbus SE's further normalised governance going forward, aiming at a substantial increase of the free float and to safeguard the interests of Airbus SE and its stakeholders (including all its shareholders), by limiting the possibilities of influence above the level of the Mandatory Disposal Threshold or takeovers other than a public takeover offer resulting in a minimum acceptance of 80% of the share capital referred to below.

Exemptions from Mandatory Disposal Threshold

The restrictions pursuant to the Mandatory Disposal Threshold under the Articles of Association do not apply to a person who has made a public offer with at least an 80% acceptance (including any Airbus SE shares already held by such person). These restrictions also have certain grandfathering exemptions for the benefit of shareholders and concerts holding interests exceeding the Mandatory Disposal Threshold on 2 April 2013 (the “**Exemption Date**”), which is the date of first implementation of the Mandatory Disposal Threshold.

Different grandfathering regimes apply to such shareholders and concerts, depending on the interests and the nature thereof held by each such shareholder or concert on the Exemption Date.

Airbus SE has confirmed that: (i) the specific exemption in article 16.1.b of the Articles of Association applies to Sogepa, as it held more than 15% of the outstanding Airbus SE's voting rights and shares including the legal and economic ownership thereof on the Exemption Date; and (ii) the specific exemption in article 16.1.c of the Articles of Association applies to the concert among Sogepa, GZBV and SEPI, as they held more than 15% of the outstanding Airbus SE's voting rights and shares including the legal and economic ownership thereof on the Exemption Date.

Mandatory Public Offer Under Dutch Law

In accordance with Dutch law, shareholders are required to make a public offer for all issued and outstanding shares in Airbus SE's share capital if they – individually or acting in concert (as such terms are defined under Dutch law summarised below), directly or indirectly – have 30% or more of the voting rights (significant control) in Airbus SE. In addition to the other available exemptions that are provided under Dutch law, the requirement to make a public offer does not apply to persons, who at the time the takeover provisions under Dutch law came into force, already held – individually or acting in concert – 30% or more of the voting rights in Airbus SE. In the case of such a concert, a new member of the concert can be exempted if it satisfies certain conditions.

Amendments to the Articles of Association

According to the Articles of Association, resolutions to amend the Articles of Association require a two-thirds majority of the votes validly cast at a general meeting of shareholders, unless they concern amendments to a limited number of provisions thereof, in which case a 75% voting majority will be required. The proposal containing the literal text of a proposed amendment must be available for inspection by shareholders at Airbus SE's headquarters, from the day the meeting is convened until after the end of the meeting.

3.2 Relationship with Principal Shareholders

In 2013, GZBV, a subsidiary of Kreditanstalt für Wiederaufbau (“**KfW**”), a public law institution serving domestic and international policy objectives of the Government of the Federal Republic of Germany, Sogepa and SEPI, entered into a shareholders' agreement (the “**Shareholders' Agreement**”). The Shareholders' Agreement, further details of which are set out below, does not give the parties to it any rights to designate Members of the Board of Directors or management team or to participate in the governance of Airbus SE. Airbus SE has also entered into state security agreements with each of the French State and German State, which are also described in more detail below.

3.2.1 Corporate Governance Arrangements

Corporate governance arrangements of Airbus SE were substantially changed in 2013, resulting in changes in the composition of the Board of Directors and its internal rules, as well as amendments to the Articles of Association of Airbus SE. These changes were intended to further normalise and simplify Airbus SE's corporate governance, reflecting an emphasis on best corporate governance practices and the absence of a controlling shareholder group. Changes to Airbus SE's corporate governance arrangements in the Articles of Association, included: (i) disclosure obligations for shareholders that apply when their interests in Airbus SE reach or cross certain thresholds and (ii) ownership restrictions prohibiting any shareholder from holding an interest of more than 15% of the share capital or voting rights of Airbus SE, acting alone or in concert with others (see “– 3.1: Exemptions from Mandatory Disposal Threshold”).

3.2.2 Shareholder Arrangements

Grandfathering Agreement

The French State, Sogepa, the German State, KfW and GZBV (all parties together the “**Parties**” and each, individually, as a “**Party**”) entered into an agreement with respect to certain grandfathering rights under the Articles of Association. Below is a summary of such agreement.

Individual Grandfathering Rights

A Party that is individually grandfathered pursuant to Article 16.1.b of the Articles of Association (such Party holding “**Individual Grandfathering Rights**”) shall remain individually grandfathered in accordance with the Articles of Association if the concert with respect to Airbus SE (the “**Concert**”) is subsequently terminated (for instance by terminating the Shareholders’ Agreement) or if it exits the Concert.

Loss of Individual Grandfathering Rights

A Party holding Individual Grandfathering Rights as well as any of its affiliates who are grandfathered pursuant to Article 16.1.b in conjunction with Article 16.3 of the Articles of Association (such affiliates holding “**Derived Grandfathering Rights**”, and the Individual Grandfathering Rights and the Derived Grandfathering Rights, together, the “**Grandfathering Rights**”) shall all no longer be entitled to exercise their Grandfathering Rights in the event:

- the Concert is terminated as a result of it or any of its affiliates having actually or constructively terminated such Concert; or
- it or its relevant affiliate(s) exit(s) the Concert,

and such termination or exit is not for good cause and is not based on material and ongoing violations of the Concert arrangements, including, without limitation, of the Shareholders’ Agreement, by the other principal Member of the Concert.

In the event that in the future the voting rights in the Company of the other principal Member of the Concert, together with those of its affiliates, would for an uninterrupted period of three months represent less than 3% of the outstanding aggregate voting rights of Airbus SE, the Grandfathering Rights of the Party, including its affiliates which were no longer entitled to use their Grandfathering Rights, shall from then on revive and Sogepa and GZBV shall jointly notify Airbus SE to that effect.

Notification to the Company

Airbus SE will not be required to take any of the actions provided for in Article 15 of the Articles of Association pursuant to the post-Concert Grandfathering Agreement unless and until it receives: (i) a joint written instruction from Sogepa and GZBV with respect to the taking of any of the actions provided for in Article 15 of the Articles of Association pursuant to the post-Concert Grandfathering Agreement, or (ii) a copy of a binding advice rendered by three independent, impartial and neutral Expert Adjudicators in order to settle any dispute between the Parties arising out of or in connection with the post-Concert Grandfathering Agreement.

Airbus SE will not incur any liability to any of the Parties by taking such actions following receipt of any such joint instruction or binding advice and the Company will not be required to interpret the post-Concert Grandfathering Agreement or any such joint instruction or binding advice. Notwithstanding the description

under “Various provisions – Jurisdiction” below, the courts of the Netherlands will have exclusive jurisdiction to resolve any dispute, controversy or claim affecting the rights or obligations of the Company under the post-Concert Grandfathering Agreement.

Various Provisions

Termination. The post-Concert Grandfathering Agreement terminates only if either the French State and its affiliates or the German State and its affiliates no longer hold shares in the Company.

Governing law. Laws of the Netherlands.

Jurisdiction. The courts of the Netherlands shall have exclusive jurisdiction. This is binding advice for any dispute, controversy or claim arising out of or in connection with the post-Concert Grandfathering Agreement, in accordance with the procedure set forth in the post-Concert Grandfathering Agreement; provided, however, that application to the courts is permitted to resolve any such dispute controversy or claim.

Governance of the Company

Below is a further description of the Shareholders’ Agreement, based solely on a written summary of the main provisions of the Shareholders’ Agreement that has been provided to Airbus SE by Sogepa, GZBV and SEPI (all parties together the “**Shareholders**”).

Appointment of the Directors: The Shareholders shall vote in favour of any draft resolution relating to the appointment of Directors submitted to the shareholders’ meeting of Airbus SE in accordance with the terms and conditions of the German State Security Agreement and the French State Security Agreement (as described below). If, for whatever reason, any person to be appointed as a Director pursuant to the German State Security Agreement or the French State Security Agreement is not nominated, the Shareholders shall use their best endeavours so that such person is appointed as a Director. Sogepa and GZBV shall support the appointment of one Spanish national that SEPI may present to them as Member of the Board of Directors of Airbus SE, provided such person qualifies as an independent Director pursuant to the conditions set forth in the rules governing the internal affairs of the Board of Directors (the “**Board Rules**”), and shall vote as Shareholders in any Shareholders’ meeting in favour of such appointment and against the appointment of any other person for such position. If, for whatever reason, the French State Security Agreement and/or the German State Security Agreement has/have been terminated, KfW or Sogepa, as the case might be, shall propose two persons, and the Shareholders shall exercise their best endeavours so that these persons are appointed as Directors. Directors can be dismissed by the General Meeting at all times.

Modification of the Articles of Association: Sogepa and GZBV shall consult each other on any draft resolution intending to modify the Board Rules and/or the Articles of Association. Unless Sogepa and GZBV agree to vote in favour together of such draft resolution, the Shareholders shall vote against such draft resolution. If Sogepa and GZBV reach a mutual agreement on such draft resolution, the Shareholders shall vote in favour of such draft resolution.

Reserved Matters. With respect to the matters requiring the approval of a Qualified Majority at the Board level (“**Reserved Matters**”), all the Directors shall be free to express their own views. If the implementation of a Reserved Matter would require a decision of the Shareholders’ meeting of Airbus SE, Sogepa and GZBV shall consult each other with a view to reaching a common position. Should Sogepa and GZBV fail to reach a common position, Sogepa and GZBV shall remain free to exercise on a discretionary basis their votes.

Prior consultation: Sogepa and GZBV shall consult each other on any draft resolution submitted to the Shareholders’ meeting other than related to Reserved Matters and the Board Rules.

Balance of Interests

The Shareholders agree to pursue their common objective to seek a balance between themselves and their respective interests in Airbus SE as follows:

- to hold as closely as reasonably possible to 12% of the voting rights for Sogepa, together with any voting rights attributable to Sogepa and/or to the French State, pursuant to Dutch takeover rules except for voting rights attributable due to acting in concert with the other parties;
- to hold as closely as reasonably possible to 12% of the voting rights for GZBV, together with any voting rights attributable to GZBV and/or to the German State, pursuant to Dutch takeover rules except for voting rights attributable due to acting in concert with the other parties; and
- to hold as closely as reasonably possible to 4% of the voting rights for SEPI, together with any voting rights attributable to SEPI and/or to the Spanish State, pursuant to Dutch takeover rules except for voting rights attributable due to acting in concert with the other parties.

Mandatory Takeover Threshold

The total aggregate voting rights of the Shareholders shall always represent less than 30% of the voting rights of the Company, or less than any other threshold the crossing of which would trigger for any Shareholder a mandatory takeover obligation (the “**MTO Threshold**”). In the event that the total aggregate voting rights of the Shareholders exceed the MTO Threshold, the Shareholders shall take all appropriate actions as soon as reasonably practicable, but in any event within 30 days, to fall below the MTO Threshold.

Transfer of Securities

Permitted transfer. Transfer of securities by any Shareholder to one of its affiliates.

Pre-emption right. Pro rata pre-emption rights of the Shareholders in the event any Shareholder intends to transfer any of its securities to a third party directly or on the market.

Call option right. Call option right for the benefit of the Shareholders in the event that the share capital or the voting rights of any Shareholders cease to be majority owned directly or indirectly by the French State, the German State or the Spanish State as applicable.

Tag-along right. Tag-along right for the benefit of SEPI in the event that Sogepa, the French State or any of their affiliates and any French public entity and GZBV, the German State or any of their affiliates and any public entity propose together to transfer all of their entire voting rights interests.

Various Provisions

Termination. The Shareholders’ Agreement may cease to apply in respect of one or more Shareholders and/or their affiliates, subject to the occurrence of certain changes in its or their shareholding interest in Airbus SE, or in its or their shareholders.

Governing law. Laws of the Netherlands.

Jurisdiction. Arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce, with the seat of arbitration in The Hague (the Netherlands).

3.2.3 Undertakings with Respect to Certain Interests of Certain Stakeholders

Airbus SE has made certain undertakings and entered into certain agreements in connection with certain interests of its former core shareholders and the German State.

State Security Agreements and Related Undertakings

Airbus SE and the French State have entered into an amendment to the existing convention between them relating to the Company’s ballistic missiles business (as so amended, the “**French State Security Agreement**”). Under the French State Security Agreement, certain sensitive French military assets are held by a Airbus SE subsidiary (the “**French Defence Holding Company**”). The French State has the right to approve or disapprove of – but not to propose or appoint – three outside Directors on the Board of Directors of the French Defence Holding Company (the “**French Defence Outside Directors**”), at least two of whom must qualify as Independent Directors under the Board Rules if they are Members of the Board of Directors. Two of the French Defence Outside Directors are required also to be Members of the Board of Directors of Airbus SE. French Defence Outside Directors may neither (i) be employees, managers or corporate officers of a company belonging to Airbus SE (although they may be Members of the Board of Directors of Airbus SE) nor (ii) have material ongoing professional relationships with Airbus SE.

Airbus SE and the German State have entered into an agreement relating to the protection of essential interests to the German State’s security (the “**German State Security Agreement**”). Under the German State Security Agreement, certain sensitive German military activities are pursued directly or indirectly by a Airbus SE subsidiary (the “**German Defence Holding Company**”). The German State has the right to approve or disapprove of – but not to propose or appoint – three outside Directors to the Supervisory Board of the German Defence Holding Company (the “**German Defence Outside Directors**”), at least two of whom must qualify as Independent Directors under the Board Rules if they are Members of the Board of Directors. Two of the German Defence Outside Directors are required to also be Members of the Board of Directors. The qualifications to serve as a German Defence Outside Director are comparable to those to serve as a French Defence Outside Director.

In February 2021, Airbus SE and the Spanish State entered into an agreement relating to the protection of essential security interests to the Spanish State (the “**Spanish State Security Agreement**”). Under the Spanish State Security Agreement, certain sensitive Spanish military assets are held by a Company’s subsidiary (the “**Spanish Defence Holding Company**”). Pursuant to the Spanish State Security Agreement, Airbus SE

granted the Spanish State a pre-emption right to acquire the sensitive assets as defined under the Spanish State Security Agreement. The pre-emption right applies in case the Spanish Defence Holding Company wishes to sell the sensitive assets to an entity outside Airbus or outside Spain's territory. In such case, the Spanish State has the right to acquire the sensitive assets.

Dassault Aviation

Airbus SE entered into an agreement with the French State pursuant to which Airbus SE:

- grants the French State a right of first offer in case of the sale of all or part of its shareholding in Dassault Aviation;
- commits to consult with the French State prior to making any decision at any shareholders' meeting of Dassault Aviation;
- Airbus SE holds 9.90% of Dassault Aviation's share capital and 6.12% of its voting rights.

Stock Exchange Listings

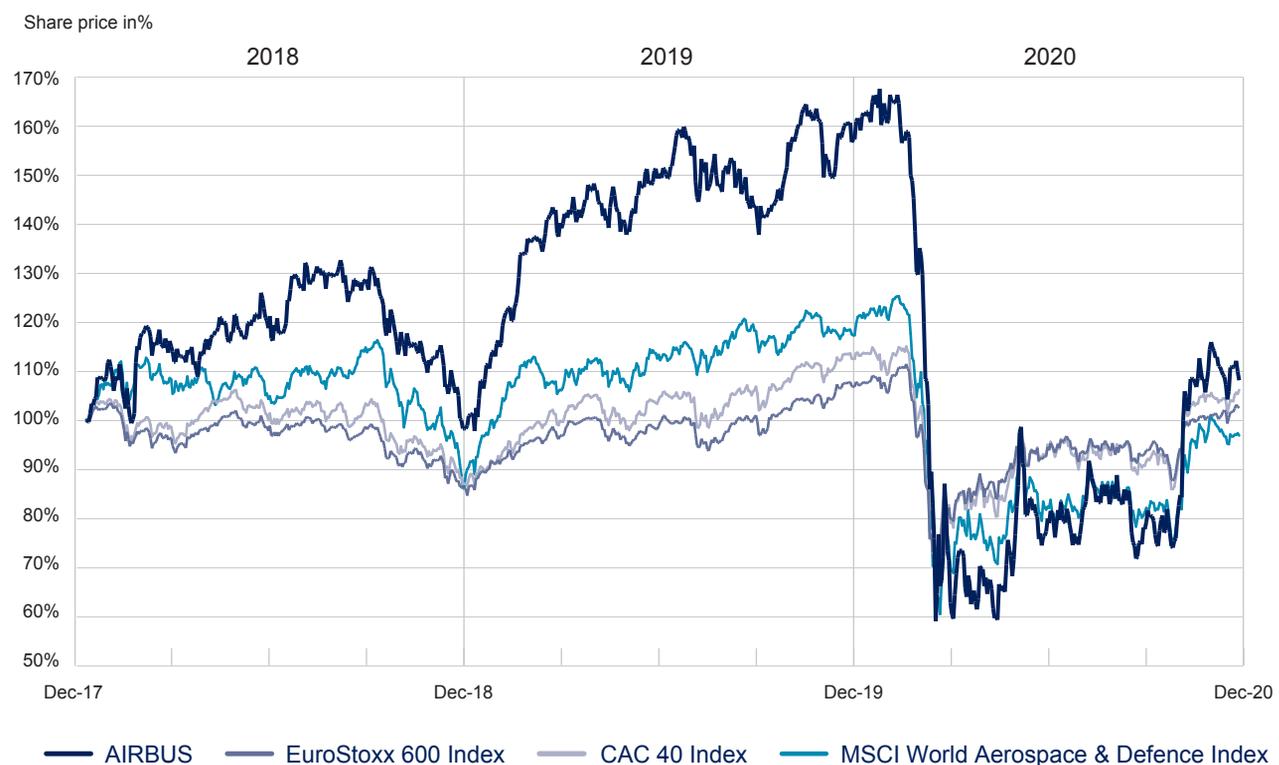
Airbus SE has undertaken to the parties to the Shareholders' Agreement that, for the duration of the Shareholders' Agreement, Airbus SE's shares will remain listed exclusively in France, Germany and Spain.

Specific Rights

French State: Pursuant to the "French State Security Agreement", Airbus SE has granted to the French State: (a) a veto right, and subsequently, a call option on the shares of Airbus SE performing the ballistic missiles activity exercisable under certain circumstances, including if (i) a third party acquires, directly or indirectly, either alone or in concert, more than 15% or any multiple thereof of the share capital or voting rights of Airbus SE, or (ii) the sale of the shares of such companies carrying out such activity is considered, and (b) a right to oppose the transfer of any such shares.

German State: Pursuant to the "German State Security Agreement", Airbus SE and the German Defence Holding Company have granted to German State a pre-emption right to acquire the sensitive activities, as defined under the German State Security Agreement. The pre-emption right applies in case the German Defence Holding Company wishes to sell the sensitive activities to an entity outside Airbus SE, or outside the German territory, or the shares of a controlled entity which hosts sensitive activities. In such case, the German State may acquire the shares of such controlled entity. Furthermore, the German State has the right to acquire the sensitive activities in case Airbus SE intends to allocate the sensitive activities outside Germany or to give-up the sensitive activities.

3.3 Share Price Performance 2020



In 2020, the Airbus SE share price decreased throughout the year to close at €89.78, down -31%.

After opening at €132.58 in January, the Airbus SE share price started the year in positive territory, reaching an all time high in January, at €139.00, in the wake of the 2019 strong performance. The Airbus SE share price then sharply decreased in February and March following the COVID-19 outbreak and the spread outside China, down to its lowest point in 2020 at €49.07 on 18 March 2020.

While widespread lockdowns continued to weigh on stock performance, the Airbus SE share price slightly increased in Q2, supported by the announcement of measures to strengthen Airbus' liquidity and the adjustment of production levels to the new environment.

In early June, the Airbus SE share price followed global markets with a strong increase, reflecting optimism on a faster than expected economic recovery, peaking at €81.91 on 8 June 2020. Subsequently, this rally has been partially reduced due to a more pessimistic outlook on the recovery of the global economy as published by the International Monetary Fund and the Fed.

In Q3, the Airbus SE share price was rather stable. In July, the share price increased in line with the market, on the sentiment of a slowing pace of infection and the Airbus SE H1'20 results which were well received by the market under the circumstances. After the summer, shares went down again following an increasing fear of resurgence of the pandemic, new travel restrictions and the general uncertainty around the US presidential election. (EuroStoxx 600 +0%, S&P 500 +8%).

Shares recovered in Q4 supported by the announcement of effective vaccines and following a reassuring 9m disclosure, when Airbus SE announced a positive Free Cash Flow ("FCF") before M&A and customer financing in the third quarter 2020 and issued a guidance to achieve at least a breakeven FCF in the fourth quarter 2020.

With an annual decrease of -31% in 2020, Airbus SE shares underperformed the Eurostoxx 600 (-4%) and the CAC40 (-7%), as well as Aerospace & Defence sector (MSCI World Aerospace & Defence -17%).

3.4 Dividend Policy

In December 2013, Airbus formalised a dividend policy demonstrating a strong commitment to shareholder returns. This policy targets sustainable growth in the dividend within a pay-out ratio of 30%-40%.

However, in 2020, the COVID-19 pandemic has severely disrupted the world economy, commercial air traffic, commercial aircraft demand the aerospace industry and consequently, the Company's business operations and financial performance.

As the global health and economic crisis still evolves, the Company's business, results of operations and financial condition continue to be materially affected by the COVID-19 pandemic, and the Company continues to face significant risks and uncertainties.

As a result, there will be no dividend proposed for 2020. (FY 2019: dividend proposal of € 1.80 per share was revoked following the COVID-19 outbreak).

This decision aims at strengthening the Company's financial resilience by protecting its Net Cash position and at supporting the Company's ability to adapt as the situation evolves.

In the absence of a dividend proposal for 2020, no resolution related to a dividend proposal will be presented at the AGM.

4. Corporate Governance

4.1 Management and Control

4.1.1 Composition, Powers and Rules

Under the Articles of Association, the Board of Directors consists of at most 12 Directors, who each retire at the close of the AGM held three years following their appointment. Under the Board Rules, at least a majority of the Members of the Board of Directors (*i.e.*, 7/12) must be European Union (“EU”; any reference in the Board Rules to the EU includes the United Kingdom (“UK”) and its constituent countries, notwithstanding a withdrawal of the UK from the EU) nationals (including the Chairman of the Board of Directors) and a majority of such majority (*i.e.*, 4/7) must be both EU nationals and residents. No Director may be an active civil servant. The Board of Directors has one Executive Director and 11 Non-Executive Directors. While the Board of Directors appoints the CEO, the CEO is required to be an Executive Director and must be an EU national and resident; therefore it is anticipated that the Board of Directors will appoint as CEO the person appointed by the shareholders as an Executive Director. At least nine of the Non-Executive Directors must be “Independent Directors” (including the Chairman of the Board of Directors).

Under the Board Rules, an “Independent Director” is a Non-Executive Director who is independent within the meaning of the Dutch Corporate Governance Code (the “Dutch Code”) and meets additional independence standards. Specifically, where the Dutch Code would determine non-independence, in part, by reference to a Director’s relationships with shareholders who own at least 10% of the Company, the Board Rules determine such Director’s non-independence, in relevant part, by reference to such Director’s relationships with shareholders who own at least 5% of the Company. According to the criteria of the Dutch Code and the Board Rules, all Non-Executive Directors (including the Chairman) presently qualify as an “Independent Director”.

The Remuneration, Nomination and Governance Committee (the “RNGC”) of the Board of Directors is charged with recommending to the Board of Directors the names of candidates to succeed active Board Members after consultation with the Chairman of the Board of Directors and the CEO.

The Board of Directors, deciding by simple majority vote, proposes individuals to the shareholders’ meeting of the Company for appointment as Directors by the shareholders’ meeting. No shareholder or group of shareholders, or any other entity, has the right to propose, nominate or appoint any Directors other than the rights available to all shareholders under general Dutch corporate law.

In addition to the membership and composition rules described above, the RNGC, in recommending candidates for the Board of Directors, and the Board of Directors in its resolutions proposed to the shareholders’ meeting regarding the renewal or appointment of Directors, are both required to apply the following principles:

- the preference for the best candidate for the position;
- the preference for gender diversity between equal profiles;
- the maintenance of appropriate skills mix and geographical experience;

- the maintenance, in respect of the number of Members of the Board of Directors, of the observed balance among the nationalities of the candidates in respect of the location of the main industrial centres of the Company (in particular among the nationals of France, Germany, Spain and the United Kingdom, where these main industrial centres are located); and
- at least a majority of the Members of the Board of Directors (*i.e.*, 7/12) shall be EU nationals (including the Chairman), and a majority of such majority (*i.e.*, 4/7) shall be both EU nationals and residents (including the UK and its constituent countries, notwithstanding a withdrawal of the UK from the EU).

In accordance with these principles, the Board of Directors shall continue to seek greater diversity with respect to gender, age, geography, education, profession and background.

In 2020, Mr Dunkerley and Mr Gemkow joined the Board of Directors as Non-Executive Directors replacing Mr Ranque and Mr Lamberti. Both with a comprehensive expertise in the airline industry and finance, they have the right competencies and personal skills to fulfil their position in line with the Board of Directors’s expectations and the evolution of the Company’s business.

At the end of 2020, the average age of the Members of the Board of Directors was 59. The proportion of female representatives is today at 25%. The Board of Directors composition shows a balanced mix of experience with, for example, six Members having aerospace industry skills, six having geopolitical skills, nine having finance skills, four having information or data management skills and four having manufacturing and production skills. More details about the diversity of the Members of the Board of Directors are available in the table shown on page 21 (*Airbus SE Board of Directors until AGM 2021*).

The Board of Directors is required to take into account, in the resolutions proposed in respect of the renewal or nomination of Directors presented to the shareholders’ meeting, the undertakings of the Company to the French State, pursuant to the amendment to the French State Security Agreement, and to the German State, pursuant to the German State Security Agreement, in each case as described more fully above. In practice, this means that at all times the Board of Directors needs to have: (i) two Directors who should also be French Defence Outside Directors (as defined above) of the French Defence Holding Company (as defined above) who have been proposed by the Company and consented to by the French State and (ii) two Directors who should also be German Defence Outside Directors (as defined above) of the German Defence Holding Company (as defined above) who have been proposed by the Company and consented to by the German State.

The RNGC endeavours to avoid a complete replacement of outgoing Directors by new candidates and draws up an appointment and reappointment schedule for the Directors after consultation with the Chairman and the CEO. In drawing up such a schedule, the RNGC considers the continuity of company-specific knowledge and experience within the Board of Directors, also taking into account that a Director should at the time of his/her appointment or re-appointment not be older than 75 years

and ensuring that at least one third of Directors' positions are either renewed or replaced every year for a term of three years. This is to avoid large block replacements of Directors at one single AGM, with the corresponding loss of experience and integration challenges, provided that exceptions to these rules may be agreed by the Board of Directors if specific circumstances provide an appropriate justification for such exceptions.

Voting and Rules

Most Board of Directors' decisions can be made by a simple majority of the votes cast by Directors (a "**Simple Majority**"), but certain decisions must be made by a two-thirds majority (*i.e.*, eight favourable votes) of votes cast by the Directors regardless of whether they are present or represented in respect of the decision (a "**Qualified Majority**"). In addition, amendments to certain provisions of the Board Rules require the unanimous approval of the Board of Directors, with no more than one Director not being present or represented (including provisions relating to nationality and residence requirements with respect to Members of the Board of Directors and the Executive Committee). However, no individual Director or class of Directors has a veto right with respect to any Board of Directors' decisions.

Powers of the Members of the Board of Directors

The Board Rules specify that in addition to the Board of Directors' responsibilities under applicable law and the Articles of Association, the Board of Directors is responsible for certain enumerated categories of decisions. Under the Articles of Association, the Board of Directors is responsible for the management of the Company. Under the Board Rules, the Board of Directors delegates the execution of the strategy as approved by the Board of Directors and the day-to-day management of the Company to the CEO, who, supported by the Executive Committee and its executive leadership team, makes decisions with respect to the management of the Company. However, the CEO should not enter into transactions that form part of the key responsibilities of the Board of Directors, unless these transactions have been approved by the Board of Directors.

Matters that require Board of Directors' approval include among others, the following items (by Simple Majority unless otherwise noted):

- approving any change in the nature and scope of the business of the Company;
- debating and approving the overall strategy and the strategic plan of the Company;
- approving the operational business plan of the Company (the "**Business Plan**") and the yearly budget of the Company (the "**Yearly Budget**"), including the plans for Investment, research and development ("**R&D**"), Employment, Finance and as far as applicable, major programmes;

- nominating, suspending or revoking the Chairman of the Board of Directors and the CEO (Qualified Majority);
- approving of all of the Members of the Executive Committee as proposed by the CEO and their service contracts and other contractual matters in relation to the Executive Committee and deciding upon the appointment and removal of the Secretary to the Board of Directors on the basis of the recommendation of the RNGC;
- approving the relocation of the headquarters of the principal companies of the Company and of the operational headquarters of the Company (Qualified Majority);
- approving decisions in connection with the location of new industrial sites material to the Company or the change of the location of existing activities that are material to the Company;
- approving decisions to invest and initiate programmes financed by the Company, acquisition, divestment or sale decisions, in each case for an amount in excess of €300 million;
- approving decisions to invest and initiate programmes financed by the Company, acquisition, divestment or sale decisions, in each case for an amount in excess of €800 million (Qualified Majority);
- approving decisions to enter into and terminate strategic alliances at the level of the Company or at the level of one of its principal subsidiaries (Qualified Majority);
- approving matters of shareholder policy, major actions or major announcements to the capital markets; and
- approving decisions in respect of other measures and business of fundamental significance for the Company or which involves an abnormal level of risk.

The Board of Directors must have a certain number of Directors present or represented at a meeting to take action. This quorum requirement depends on the action to be taken. For the Board of Directors to make a decision on a Simple Majority matter, a majority of the Directors must be present or represented. For the Board of Directors to make a decision on a Qualified Majority matter, at least ten of the Directors must be present or represented. If the Board of Directors cannot act on a Qualified Majority Matter because this quorum is not satisfied, the quorum would decrease to eight of the Directors at a new duly called meeting.

In addition, the Board Rules detail the rights and duties of the Members of the Board of Directors and set out the core principles which each Member of the Board of Directors shall comply with and shall be bound by, such as acting in the best interest of the Company and its stakeholders, devoting necessary time and attention to the carrying out of his/her duties and avoiding any and all conflicts of interest.

Airbus SE Board of Directors until AGM 2021

Board member Age*, Gender, Nationality	Status	Since	Term expires	Primary occupation & Other mandates	Director expertise	Committee attendance			
						Board attendance	Audit	RNGC	ECSC**
 René OBERMANN*** 57, M, German	Independent	2018	2021	Chairman of the Board of Directors of Airbus SE and Managing Director of Warburg Pincus Deutschland GmbH		13/13	2/2 (until AGM 2020)		1/1 (until AGM 2020)
 Guillaume FAURY 52, M, French	Executive	2019	2022	Chief Executive Officer of Airbus SE		13/13			
 Victor CHU*** 63, M, Chinese / British	Independent	2018	2021	Chairman and CEO of First Eastern Investment Group		13/13	5/5		
 Jean-Pierre CLAMADIEU*** 62, M, French	Independent	2018	2021	Chairman of the Board of Engie and member of the Board of AXA SA		13/13		4/4	 (from AGM 2020) 4/4
 Ralph D. CROSBY, Jr. 73, M, American	Independent	2013, previous re-election in 2020	2023	Member of the Board of Directors of American Electric Power Corp.		13/13	5/5		
 Lord DRAYSON (Paul) 60, M, British	Independent	2017, previous re-election in 2020	2023	Founder & CEO of Sensyne Health plc and Co-Founder & Chairman of Sensyne Health Holdings Ltd		13/13		4/4	3/4
 Mark DUNKERLEY 57, M, British	Independent	2020	2023	Member of the Board of Spirit Airlines Inc.		7/8 (from AGM 2020)	3/3 (from AGM 2020)		
 Stephan GEMKOW 61, M, German	Independent	2020	2023	Member of the Board of Amadeus IT Group and Flughafen Zürich AG		8/8 (from AGM 2020)	3/3 (from AGM 2020)		
 Catherine GUILLOUARD 56, F, French	Independent	2016, previous re-election in 2019	2022	Chairwoman and Chief Executive Officer of RATP Group and member of the Supervisory Board of SYSTRA and of KPN		13/13	 5/5		4/4
 Amparo MORALEDA*** 56, F, Spanish	Independent	2015, previous re-election in 2018	2021	Member of the Board of Directors of Solvay SA, CaixaBank SA and Vodafone PLC		12/13		 4/4	4/4
 Claudia NEMAT 52, F, German	Independent	2016, previous re-election in 2019	2022	Member of the Board of Management of Deutsche Telekom AG		12/13		3/4	
 Carlos TAVARES 62, M, Portuguese	Independent	2016, previous re-election in 2019	2022	Chief Executive Officer of Stellantis N.V.		11/13			
Board and Committee meetings in 2020						13	5	4	4
Average attendance rate in 2020						97%	100%	94%	94%

* As of 17 February 2021.



Chair

** The remit of the former Ethics and Compliance Committee has been extended to sustainability matters in July 2020 and has been renamed Ethics, Compliance and Sustainability Committee ("ECSC").

*** To be re-elected in 2021.

The professional address of all Members of the Board of Directors for any matter relating to Airbus SE is Mendelweg 30, 2333 CS Leiden, The Netherlands.



Changes in the composition of the Board in the course of 2020

Until 2020 AGM			From 2020 AGM*		
Name	Age	Status	Name	Age	Status
Mr. Denis RANQUE	69	Independent	Mr. Mark DUNKERLEY	57	Independent
Mr. Hermann-Josef LAMBERTI	65	Independent	Mr. Stephan GEMKOW	61	Independent

* Further information on the Board members can be found in the above table "Airbus SE Board of Directors until AGM 2021".

Changes in the Board Committee composition in the course of 2020

Committee	Until 2020 AGM		From 2020 AGM*	
	Name	Status	Name	Status
Audit	Mr. Hermann-Josef LAMBERTI	Member	Mr. Mark DUNKERLEY	Member
	Mr. René OBERMANN	Member	Mr. Stephan GEMKOW	Member
	Mr. Denis RANQUE		Mr. Jean-Pierre CLAMADIEU	
Ethics, Compliance and Sustainability	Mr. Hermann-Josef LAMBERTI	Member		
	Mr. René OBERMANN	Member		
	Mr. Jean-Pierre CLAMADIEU**	Member		

* Further information on the Committee members can be found in the above tables "Airbus SE Board of Directors until AGM 2021" and "Changes in the Board Committee composition in the course of 2020".

** Mr. Jean-Pierre Clamadieu replaced Mr. Denis Ranque as Chair of the Ethics, Compliance and Sustainability Committee from AGM 2020.

 Chair

The Board of Directors makes sure it has the required mix of experience, qualifications, skills and industrial knowledge necessary to assist the Company in formulating and achieving its overall strategy, together with the specific expertise required to fulfil the duties assigned to him or her as Member of one of the Board of Directors' committees. The Board of Directors also believes that a diverse composition among its Members with respect to gender, experience, national origin, etc. is valuable for the quality and efficiency of its work.

4.1.2 Operation of the Board of Directors in 2020

Board of Directors Meetings

Due to the exceptional circumstances, the Board of Directors met 13 times during 2020 and was frequently informed of developments through reports from the CEO, comprising regular updates on the COVID-19 situation, including on the employees' and Company's health, as well as on the developments on the strategic and operational activities. The average attendance rate at these meetings was 97%.

In 2020, a substantial share of the Board of Directors activities was directly or indirectly related to the COVID-19 crisis. Throughout the year, the Board of Directors reviewed and discussed the operational and commercial situation of programmes as well as

the overall financial situation of the Company with a strong focus on funding needs and cash management. In order to ensure the necessary financial flexibility to cope with important cash requirements related to COVID-19, the Board of Directors decided to withdraw the 2019 dividend proposal before the 2020 AGM and suspend the voluntary top up in pension funding.

For Commercial Aircraft, this comprised *inter alia* regular reviews of market, sales, supply chain and productions status as well as decisions taken in relation to Human Capital, including the Company resizing measures imposed by the COVID-19 crisis.

For Defence and Space, it concerned notably the progress on the Eurodrone and the Future Combat Air System programmes and the challenges faced on the Space side. For the Helicopters business, the Board of Directors focused its review on the overall market situation that contracted in the COVID-19 crisis context and the support and services activities that remained strong despite the circumstances.

The Board of Directors dedicated a full session in 2020 to the review of key aspects of the Company's strategy, including the announced zero-emission flight ambition by 2035 as well as additional time during other sessions to specific strategy opportunities and projects.

Moreover, the Board of Directors reviewed the Company's financial results and forecasts and maintained an emphasis on both Enterprise Risk Management ("ERM") and internal control. A particular focus was also made on cyber security

and sustainability initiatives, notably with the decision made by the Board of Directors in July 2020 to extend the remit of the former Ethics & Compliance Committee to sustainability matters, encompassing Environment (including climate change), Human Rights and Inclusion, Safety & Quality as well as Business Integrity (see paragraph 4.1.3 for further details).

Following the settlements reached with the French, UK and US authorities in January 2020 in relation to the Serious Fraud Office / Parquet National Financier / US Department of Justice / US Department of State investigations, the Board of Directors and its Ethics, Compliance and Sustainability Committee remained fully committed and provided full support throughout the year to the post-settlement activities. The Board of Directors pays close attention to the Company's active engagement with its shareholders to ensure that its approach to governance, compliance and sustainability are well understood and continues to reflect shareholders' expectations. The conclusion in 2020 of these investigations demonstrated Airbus' strong motivation to cooperate with the relevant authorities and to implement stronger reporting and compliance standards to prevent a re-occurrence of such events. Despite recognising the improvements made to the Company's reporting and compliance standards, some shareholders opposed the proposals relating to the Board's discharge at the 2020 AGM. Opposing shareholders voiced concern over Airbus' previous practices. Their vote should not be interpreted as an opposition to Airbus' strengthened governance and compliance standards.

The Board of Directors also reviewed and discussed other topics of significant importance to the Company such as the measures taken to mitigate a no-deal Brexit situation, the potential impact of the US elections, the reciprocal application of tariffs on commercial aircraft being imported to and from the US and crisis management matters.

Furthermore, the Board of Directors played a key role in the succession planning of both the Chairman and Board Members in preparation for the appointment of René Obermann as Chairman of the Board in replacement of Denis Ranque and of the appointment of two new Non-Executive Directors, Mark Dunkerley and Stephan Gemkow in April 2020. The Board of Directors also worked on the top management succession planning and performed talent reviews. The impact of the COVID-19 crisis on the remuneration structure was also addressed and appropriate actions taken accordingly.

Due to the COVID-19 crisis context, no off-site Board meeting was held in 2020, preventing the Board of Directors from continuing to visit industrial sites. More generally, the Board of Directors met virtually several times due to confinement measures and travel restrictions nevertheless without hampering the efficiency of Board of Directors functioning.

Board Evaluation 2020

As a matter of principle, the Board of Directors implements a continuous evaluation process based on a three-year cycle. As part of this process, every three years, a formal evaluation of the functioning of the Board of Directors and its Committees is conducted with the assistance of a third-party expert. In the year succeeding such an outside evaluation, the Board of Directors performs a self-evaluation and focuses on the implementation of the improvement action plan resulting from the third party assessment. In the intervening second year, the General Counsel, being also the Secretary of the Board of Directors, issues a questionnaire and consults with Board Members to establish an internal evaluation which is then discussed with Board Members.

The year 2020 would have been the start of a new cycle, but it was decided to add to the previous cycle one exceptional year without the support of a third party expert due to estimated

limited added value considering the recent changes in the Board of Directors composition – new Chairman and two new Directors and the restrictions imposed by COVID-19. Therefore in November 2020 an internal evaluation was carried out by the Board of Directors based on an extensive questionnaire issued by the General Counsel.

The questionnaire primarily covered governance and Board of Directors topics, Board of Directors and Committees functioning, Board of Directors composition and selection process, dynamic between Board of Directors and Management and amongst Board Members, Board of Directors decision-making process, Committees' contributions and Board Secretary support. To take current events into account, a specific COVID-19 section was added.

In its 2020 internal evaluation, the Board of Directors confirmed overall satisfaction with the progress made since the Board of Directors evaluation of last year and the implementation of the actions carried forward from the "**Improvement Action Plan**" recommended by Heidrick & Struggles, following the last formal evaluation.

Whereas during 2019 an almost entirely new management team was put in place making a remarkably encouraging start in its interactions with the Board of Directors, in 2020 the newly nominated Chairman had to cope from the beginning with the enormous and far reaching impacts the COVID-19 pandemic was imposing on the world and on the aeronautics industry specifically. In this difficult context, the Company's management of the COVID-19 crisis was seen as appropriate. In addition, the Company's governance, dynamic and performance is viewed as satisfactory, with excellent relationships between the Management, the Chairman and the Board Members. The resulting limited interpersonal interactions between the Board Members did not hamper an efficient decision-making but impacted a smoother familiarisation between the new Board Members.

The Board Members notably valued good Board meeting preparation, suitable time allocation to agenda items as well as satisfactory contributions of the Board Committees, elements which greatly contribute to the Board of Directors' efficiency. In addition, the Board highlighted its collegial, cooperative and effective functioning as a team. The Board of Directors expects this trend to continue.

Following the last Board of Directors evaluation, the frequency of participation of Top Management members to Board meetings has significantly increased.

The Board of Directors has spent additional time on strategy and Top Management succession planning, as well as on other important matters for which discussions would need to be continued such as digitalisation/industrialisation, cyber security/IT, innovation, employee engagement, competitive environment and market positioning, sustainability & environment and safety.

The remit of the Ethics & Compliance Committee was enlarged in 2020 to include environment and sustainability matters. The Directors underlined that the Board of Directors should in addition spend further dedicated time on geopolitical developments, business model evolution and portfolio management. In addition, Executive Committee succession planning is expected to be more extensively discussed by the Remuneration, Nomination, Governance Committee and Board.

Finally, the Board Members expressed their overall satisfaction with regards to the Board of Directors composition, selection and nomination process and highlighted the necessity to continue with the process of the staggering board principle in order to further develop the diversity of gender within the Board of Directors.

4.1.3 Board Committees

The Audit Committee

Pursuant to the Board Rules, the Audit Committee, which is required to meet at least four times a year, makes recommendations to the Board of Directors on the approval of the annual Financial Statements and the interim accounts (Q1, H1, Q3), as well as the appointment of external auditors and the determination of their remuneration. Moreover, the Audit Committee has responsibility for verifying and making recommendations to the effect that the internal and external audit activities are correctly directed, that internal controls are duly exercised and that these matters are given due importance at meetings of the Board of Directors. Thus, it discusses with the auditors their audit programme and the results of the audit of the Financial Statements, and it monitors the adequacy of the Company's internal controls, accounting policies and financial reporting. It also oversees the operation of the Company's ERM system and keeps a strong link to the Ethics, Compliance and Sustainability Committee. For further details in this regard, see "– 4.5: Enterprise Risk Management System". Please refer to Annex E of the Board Rules for a complete list of responsibilities of the Audit Committee.

The Chairman of the Board of Directors and the CEO are invited to attend meetings of the Audit Committee. The CFO and the Head Accounting Record to Report are requested to attend meetings to present management proposals and to answer questions. Furthermore, the Head of Corporate Audit & Forensic and the Chief Ethics & Compliance Officer are requested to report to the Audit Committee on a regular basis.

In 2020, this Committee met five times with an average attendance rate of 100%. It fully performed all of the duties and discussed all of the items described above. In particular, it performed reviews of internal controls, corporate audit (including major findings and audit plan for 2020) and accounts (*i.e.* 2019 full year accounts, 2020 Q1, H1 and Q3 accounts, 2020 forecasts, specific provisions) and independence of external auditors. In addition, regular ERM and Legal & Compliance updates were presented to the Audit Committee and discussed in meetings.

The Ethics, Compliance and Sustainability Committee

To reinforce the role and involvement of the Board of Directors on sustainability-related topics, the remit of the former Ethics & Compliance Committee established in 2017 was extended to sustainability matters in July 2020. The Committee was renamed Ethics, Compliance and Sustainability Committee ("**EC&S Committee**" or "**ECSC**") and the Board Rules have been amended accordingly. Pursuant to the revised Board Rules, the main mission of the EC&S Committee is to assist the Board of Directors in overseeing the Company's culture and commitment to ethical business, integrity and sustainability. The EC&S Committee is empowered to monitor the Company's Ethics & Compliance programme, organisation and framework in order to make sure that the Company's Ethics & Compliance governance is effective (including all associated internal policies, procedures and controls). This includes the areas of money laundering and terrorist financing, fraud, bribery and corruption, trade sanctions and export control, data privacy, procurement and supply chain compliance and anti-competitive practices.

The EC&S Committee is also empowered to oversee the Company's sustainability strategy and effective governance and ensure that sustainability related topics are taken into account in the Company's objectives and strategy.

The EC&S Committee makes recommendations to the Board of Directors and its Committees on all Ethics, Compliance or Sustainability-related matters and is responsible for providing to the Audit Committee any necessary disclosures on issues or alleged ethical and compliance breaches that are financial and accounting-related. The EC&S Committee maintains a reporting line with the Chief Ethics & Compliance Officer, who is requested to provide periodic reports on its activities.

The Chairman of the Audit Committee and the Chairman of the RNGC are members of the EC&S Committee. Unless otherwise decided by the EC&S Committee, the CEO and the Chairman of the Board of Directors are invited to attend the meetings. From time to time, independent external experts are also invited to attend EC&S Committee meetings.

The EC&S Committee is required to meet at least four times a year. In 2020, the EC&S Committee met in total four times with an average attendance rate of 94%. All of the above described items were discussed during the meetings and the EC&S Committee fully performed all the above described duties. In particular, following the settlements reached with the French, UK and US authorities in January 2020 in relation to the Serious Fraud Office / Parquet National Financier / US Department of Justice / US Department of State investigations, the Committee performed regular reviews of the post settlements activities (including compliance and export control updates). Notably, the ITAR Special Compliance Officer appointed in 2020 under the Consent Agreement with the US State Department was introduced to the EC&S Committee and regular updates on his activities were provided. The first EC&S Committee meeting under its extended form took place in October 2020 during which a sustainability strategic review was performed.

The Remuneration, Nomination and Governance Committee

Pursuant to the Board Rules, besides its role described in section 4.1.1 above, the RNGC consults with the CEO with respect to proposals for the appointment of the members of the Executive Committee, and makes recommendations to the Board of Directors regarding the appointment of the Secretary to the Board of Directors. The RNGC also makes recommendations to the Board of Directors regarding succession planning (at Board of Directors, Executive Committee and Senior Management levels), remuneration strategies and long-term remuneration plans. Furthermore, the RNGC decides on the service contracts and other contractual matters in relation to the Members of the Board of Directors and the Executive Committee. The rules and responsibilities of the RNGC have been set out in the Board Rules.

In addition, the RNGC reviews the Company's top talent, discusses measures to improve engagement and to promote diversity, reviews the remuneration of the Executive Committee Members, the Long-Term Incentive Plans ("**LTIP**"), and the variable pay for the previous year.

Finally, the RNGC performs regular evaluations of the Company's corporate governance and makes proposals for changes to the Board Rules or the Articles of Association.

The Chairman of the Board of Directors and the CEO are invited to attend meetings of the RNGC. The Chief Human Resources Officer ("**CHRO**") is requested to attend meetings to present management proposals and to answer questions. The CEO leaves the meetings when the RNGC discusses his/her remuneration or personal situation.

Pursuant to the Board Rules, the Chair of the RNGC automatically fulfils the function of “**Lead Independent Director**”. In this role he/she is responsible for (i) replacing the Chairman in his/her absence at meetings of the Board of Directors, (ii) organising the annual appraisal of the Chairman’s performance by the Board of Directors and (iii) acting as an intermediary for and between the other Directors when necessary.

The RNGC is required to meet at least four times a year. In 2020, it met four times with an attendance rate of 94%; it discussed all of the above described items during the meetings and it fully performed all of the above described duties. In particular, the RNGC discussed the executive remuneration structure in the COVID-19 context, the extension of the EC&S Committee remit as described above and the revision of the Company’s Insider Trading Rules to align with current market practice while remaining compliant with applicable regulations. The RNGC also worked on a 360 feedback exercise for the CEO and performed in depth reviews of the Top Management succession plan and more generally of key talents.

4.1.4 Executive Committee Nomination and Composition

The CEO proposes all the Members of the Executive Committee of the Company (the “**Executive Committee**”) for approval by the Board of Directors, after consultation with (i) the Chairman of the RNGC and (ii) the Chairman of the Board of Directors, applying the following principles:

- the preference for the best candidate for the position;
- the maintenance, in respect of the number of Members of the Executive Committee, of the observed balance among the nationalities of the candidates in respect of the location of the main industrial centres of the Company (in particular among the nationals of France, Germany, Spain and the United Kingdom, where these main industrial centres are located); and
- at least two-thirds of the Members of the Executive Committee, including the CEO and the CFO, being EU nationals and residents.

Role of CEO and Executive Committee

The CEO is responsible for executing the strategy, as approved by the Board of Directors, and for managing the day-to-day operations of the Company’s business with the support of the Executive Committee (“**EC**”) and its executive leadership team through Executive Leadership Meetings (“**ELM**”) to which the EC members participate. The CEO shall be accountable for the proper execution of the day-to-day operations of the Company’s business.

ELMs are held on a regular basis and aim at advising the CEO on his day-to-day role and ensuring that EC members report back on business progress, updates and concerns, addressing Company-wide topics including corporate matters, approving all vacancies and promotions above certain levels.

The EC further supports the CEO in performing these tasks. Under the leadership of the CEO, the EC is responsible for business strategy as well as organisational matters and management of the business, monitoring key projects/ products and major investments, overseeing performance targets, whether it be financial, individual, programmes or support functions, outlining policies to motivate, recruit and retain employees. It is also accountable for regulatory and statutory obligations along with policy matters, communications and market disclosures. It is also the forum where the information or requests for approval destined to the Board of Directors are discussed and approved. The EC members shall jointly contribute to the overall interests of the Company, in addition to each member’s individual operational or functional responsibility within the Company.

The EC comprises the heads of the Divisions and key functions of the Company.

The CEO is the only Executive Director within the Board of Directors and represents the Company on the Board of Directors. Depending on the topic, he usually asks the responsible EC member to join him at Board meetings to present the financials (CFO), programme/product topics (Division heads), HR matters (CHRO) or any other topic where a specialist is needed. This approach allows the Board Members to get to know the EC members and equips them to make judgements when it comes to decisions about key positions.

4.2 Conflict of Interest

Conflict of Interest

The Company has a conflict of interest policy, which sets out that any potential or actual conflict of interest between the Company and any Member of the Board of Directors shall be disclosed and where possible, avoided (please refer to the “Board Rules (Annex D – Article 8: Conflicts of interest)”). This policy is available on the Company’s website: www.airbus.com (Company / Corporate Governance / Governance Framework and Documents), as is the related best principle 2.7 of the Dutch Code (as such term is defined in section 4.3 “Dutch Corporate Governance Code” below), which the Company complied with during 2020. Pursuant to the Articles of Association and the Board

Rules, a conflicted Member of the Board of Directors should abstain from participating in the deliberation and decision-making process relating to the matters concerned. The Board of Directors must approve any decision to enter a transaction where a Director has conflicts of interest that are material to the Company or the individual Director.

In 2020, no transactions were reported. There were, however, related-party transactions: for an overview, please refer to “Notes to the IFRS Consolidated Financial Statements – Note 10: Related Party Transactions”.

4.3 Dutch Corporate Governance Code

In accordance with Dutch law and with the provisions of the Dutch Code, which includes a number of non-mandatory recommendations, the Company either applies the provisions of the Dutch Code or if applicable, explains and gives sound reasons for why they have not been applied.

On 8 December 2016, the Dutch Code was revised; its updated recommendations apply to financial years starting on or after 1 January 2017. The Company welcomed the updates to the Dutch Code and continues supporting its emphasis on topics such as long-term value creation and the importance of culture.

While the Company, in its continuous efforts to adhere to the highest standards, applies nearly all of the current recommendations of the Dutch Code, it must, in accordance with the “comply or explain” principle, provide the explanations below.

For the full text of the Dutch Code, please refer to: www.commissiecorporategovernance.nl.

For the financial year 2020, and in respect of compliance with the Dutch Code, the Company states the following:

1. Securities in the Company as Long-Term Investment

Provision 3.3.3 of the Dutch Code recommends that Non-Executive Directors who hold securities in the Company should keep them as a long-term investment.

Although Non-Executive Directors are welcome to own shares in Airbus SE, the Company does not require its Non-Executive Directors who hold shares to keep them as a long-term investment. The Company considers it is altogether unclear whether share ownership by Non-Executive Directors constitutes a factor of virtuous alignment with stakeholder interest or may be a source of bias against objective decisions.

Provision of 3.1.2 vi of the Dutch Code recommends that the shares awarded to the CEO are held for at least five years after they are awarded. The rules applicable within the Company (as described in section 4.4.2 B e) below) do not impose a minimum of five year holding period for awarded shares; however, the Company believes that potential deviations from this recommendation are significantly limited by the share ownership guideline set forth in section 4.4.2 B f), under which the CEO is expected to hold throughout his/her tenure Airbus SE shares with a value equal to 200% of his/her Base Salary.

2. Dealings with Analysts

Provision 4.2.3 of the Dutch Code recommends meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the Company’s website and by means of press

releases. In addition, it recommends that provisions shall be made for all shareholders to follow these meetings and presentations in real time, and that after the meetings the presentations shall be posted on the Company’s website.

The Company does not always allow shareholders to follow meetings with analysts in real time. However, the Company ensures that all shareholders and other parties in the financial markets are provided with equal and simultaneous information about matters that may influence the share price.

3. Gender Diversity

The composition guidelines regarding gender diversity under Dutch law pursuant designed to ensure that the Board of Directors is composed in a balanced way if it contained at least 30% women and at least 30% men expired on 1 January 2020. A replacement legislative proposal regarding gender diversity rules is currently under discussion. The proportion of the female representation on the Board of Directors is currently at 25%. The Company will in any event continue to promote gender diversity within its Board of Directors in accordance with the principles mentioned in section 4.1.1 above. In addition, the Company will continue to give due consideration to any applicable gender targets in its search to find suitable Board candidates and to actively seek female candidates. However, the Company believes that candidates should not be recruited based on their gender alone; the capabilities and skills of potential candidates are most important in this respect.

Therefore, the importance of diversity, in and of itself, should not set aside the overriding principle that someone should be recommended, nominated and appointed for being “the right person for the job”.

The Company values diversity in the broadest sense, ranging from gender to ethnicity. To this end, the Company is committed to promoting, supporting and leveraging initiatives to increase the diversity within its workforce, as well as at top management and Board levels. With the support of stakeholder input, the Company is diligently working on building a pipeline of suitable candidates. Through these dedicated programmes, the Company is confident of notably improving gender diversity within a reasonable timeframe. Although the Company has not set specific targets with respect to particular elements of diversity, except for the principles described in “– 4.4.1: Composition, powers and rules” and those targets which apply by law, the Company considers attributes such as personal background, age, gender, national origin, experience, capabilities and skills when evaluating new candidates in the best interests of the Company and its stakeholders.

For information on the operation of the Shareholders’ Meeting, its key powers, the shareholders’ rights and how such powers and rights can be exercised, see “– 3.1: Shareholding and voting rights – right to attend Shareholders’ Meetings”.

For information on the composition and operation of the Board of Directors and its respective committees, see “– 4.1.1: Composition, power and rules”, “– 4.1.2: Operation of the Board of Directors in 2020”, and “– 4.1.3: Board Committees”.

For information on (i) significant direct and indirect shareholdings, (ii) holders of shares with special control rights, (iii) rules governing appointment and dismissal of Directors, (iv) amendments to the Articles of Association, and (v) the delegation to the Board of Directors of the power to issue or buy back shares, see “– 3.1: Shareholding and voting rights – Shareholding structure at the end of 2020”, “– 3.2: Relationships with Principal Shareholders”, “– 4.1.1: Composition, powers and rules”, “– 3.1: Shareholding and voting rights – Amendments to the Articles of Association” and “– 3.1: Shareholding and voting rights – Modification of share capital or rights attached to shares”.

4.4 Remuneration Report

4.4.1 Introduction

The RNGC, comprised solely of independent Non-Executive Members of the Board of Directors, is pleased to present the Remuneration Report which comprises the following sections:

Paragraph 4.4.2 presents the proposed Company's remuneration policy ("**Remuneration Policy**") as adopted by the AGM held in 2020 and applicable since 1 January 2020.

Paragraphs 4.4.3 and 4.4.4 respectively describe how the Remuneration Policy was implemented in 2020 in respect of the CEO and of the Non-Executive Members of the Board of Directors.

As a reminder, the AGM held in 2020 supported the implementation of the Remuneration Policy during the financial year 2019 through the approval of resolution 7 with a very high level of votes casted in favour. Therefore, the RNGC did not propose any changes based on this shareholders' vote.

Note: Whilst this chapter 4.4 is presented as the Company's Remuneration Report, only the disclosure included in (or expressly incorporated by reference into) this paragraph 4.4.1 and paragraphs 4.4.3 and 4.4.4 constitute the remuneration report (bezoldigingsverslag) for purposes of Section 2:135b of the Dutch Civil Code and will be included as a separate agenda item for an advisory vote at the AGM 2021.

The cumulated remuneration of all Executive Committee Members is presented in the "Notes to the IFRS Consolidated Financial Statements – Note 34: Remuneration". To the extent that any information presented in this Note relates to matters referred to in Sections 2:383c through 2:383e of the Dutch Civil Code and is not also described in paragraph 4.4.3, such information is incorporated by reference into this Remuneration Report in order to satisfy the requirements of the Dutch Civil Code.

4.4.2 Remuneration Policy

A – General

The Remuneration Policy covers all Members of the Board of Directors: the CEO (who is the only Executive Director) and the other Members of the Board of Directors (who are the Non-Executive Directors).

Pursuant to a resolution to that effect, the General Meeting may (re)adopt, amend or supplement the Remuneration Policy on the basis of a proposal by the Board of Directors at the recommendation of the RNGC.

The Board of Directors, at the recommendation of the RNGC, may decide to deviate temporarily (and ultimately until the General Meeting adopts an amended version of the Remuneration Policy following the occurrence of such deviation) from any element of the Remuneration Policy as outlined below, if this is necessary to serve the long-term interests and sustainability of the Company or to assure its viability.

The Remuneration Policy in the form set out below in this chapter 4.4.2 has been adopted by the AGM held in 2020 with effect as of 1 January 2020. Given the robust structure of the Remuneration Policy, which was recognised by the positive outcome (with a very high score) of the most recent vote at the Company's general meeting on the Remuneration Policy, the Board of Directors does not believe that amendments to the Remuneration Policy are required this year.

The Remuneration Policy shall be posted on the Company's website as part of the Company's annual report of the Board of Directors.

B – Executive Remuneration – Applicable to the CEO

a) Remuneration Philosophy

The Company's remuneration philosophy aims to provide remuneration that will attract, retain and motivate high-calibre executives, whose contribution will ensure that the Company achieves its strategic and operational objectives, thereby delivering long-term sustainable returns for all shareholders and other stakeholders in a manner consistent with the Company's identity, mission and corporate values.

The Board of Directors and the RNGC are committed to making sure that the Executive remuneration structure (i) is transparent and comprehensive for all stakeholders, (ii) is consistent and aligned with the interests of long-term shareholders, also taking into consideration the employment conditions of the Company's employees and (iii) incentivises further the Company's corporate values by basing variable remuneration components also on the achievement of non-financial targets and metrics using environmental, social or governance criteria via the Responsibility and Sustainability ("**R&S**") performance measure.

Before setting the targets to be proposed for adoption by the Board of Directors, the RNGC considers the financial outcome scenarios of meeting performance targets, including achieving maximum performance thresholds, and how these may affect the level and structure of the Executive remuneration, as well as potential risks for the Company's business which may result from variable compensation. The Board of Directors shall also consider these aspects, based on the RNGC's recommendations.

Also, before making a recommendation relating to the remuneration of the CEO, the RNGC and the Board of Directors shall take note of the views of the CEO with regard to the amount, level and structure of his or her remuneration.

b) Total Direct Compensation and Peer group

The CEO's total direct compensation ("**Total Direct Compensation**") comprises a base remuneration ("**Base Salary**"), an annual variable short-term remuneration ("**Annual Variable Remuneration**" or "**VR**") and a LTIP. The three elements of the Total Direct Compensation are each intended to comprise one-third of the total, assuming the achievement of performance conditions is 100% of the applicable targets.

The level of the Total Direct Compensation for the CEO (Base Salary, VR and LTIP) is set by reference to the median of an extensive peer group (as described in paragraph 4.4.4 item a) below) and takes into account the scope of the role of the CEO and the level and structure of executive rewards within the Company. The benchmark is regularly reviewed by the RNGC with the support of an independent consultant and is based on a peer group which comprises:

- global companies in the Company's main markets (France, Germany, UK and US), excluding financial institutions; and
- companies operating in the same industries as the Company worldwide.

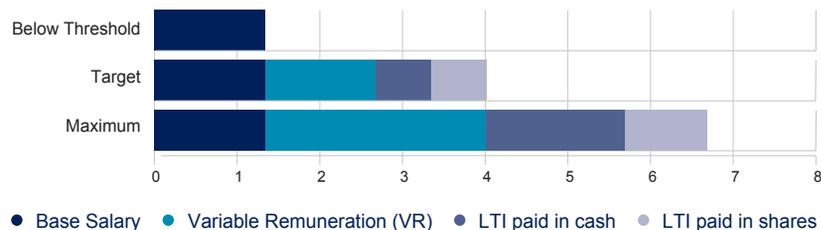
The elements of the Total Direct Compensation are described below:

Remuneration Element	Main Drivers	Performance Measures	Target and Maximum
Base Salary	Reflects market value of position.	Not applicable	1/3 of Total Direct Compensation (when performance achievement is 100% of target).
Variable Remuneration	Rewards annual performance based on achievement of Company performance measures and individual objectives.	Collective (50% of VR): divided between EBIT ⁽¹⁾ (40%); Free Cash Flow ⁽²⁾ (40%) and R&S (20%).	The VR is targeted at 100% of Base Salary for the CEO and depending on the performance assessment, ranges from 0% to 200% of target. The VR is capped at 200% of Base Salary.
		Individual (50% of VR): Achievement of annual individual objectives, divided between Outcomes and Behaviour.	
LTIP	Rewards long-term commitment and Company performance, and engagement based on financial targets aligned with long-term objectives subject to cumulative performance over a 3-year period.	Vesting ranges from 0% to 150% of initial grant, subject to performance over a three-year period. In principle, no vesting if cumulative EBIT is negative. If cumulative EBIT is positive, vesting from 50% to 150% of grant based on EPS (75%) and Free Cash Flow (25%).	The original allocation to the CEO is capped at 100% of Base Salary at the time of grant. The following caps apply to Performance Units: - overall pay-out is capped at a maximum of 250% of the original value at the date of grant; - the value that could result from share price increases is capped at 200% of the reference share price at the date of grant.

(1) The Company continues to use the term EBIT (earnings before interest and taxes). It is identical to Profit before finance cost and income taxes as defined by IFRS Rules.

(2) Airbus defines the alternative performance measure FCF as the sum of (i) cash provided by operating activities and (ii) cash used for investing activities, less (iii) change of securities, (iv) contribution to plan assets for pension schemes, (v) realised treasury swaps and (vi) bank activities. It is a key indicator which allows the Company to measure the amount of cash flow generated from operations after cash used in investing activities.

The following graphic depicts three relevant scenarios for the outcome of the Total Direct Compensation:



Indications assume a Base Salary of € 1.35 million, but the Board of Directors may revise the Base Salary based on the recommendations of the RINGC.

“Below Threshold” includes annual Base Salary; VR at 0%; LTIP not vesting.

“Target” includes Base Salary, VR at target and LTIP grant face value in cash and in shares.

“Maximum” includes Base Salary; maximum VR value (200% of VR at target); maximum LTIP cash grant projected at vesting date (250% of grant value); maximum performance applicable to the number of shares granted (150%). The final value of Performance Shares depends on the share price development which is not capped.

c) Base Salary

The CEO's Base Salary is determined by the Board of Directors, taking into account the peer group analysis mentioned above.

d) Annual Variable Remuneration

The Variable Remuneration is a cash payment that is paid following the end of each financial year, depending on the achievement of specific and challenging performance targets as determined at the beginning of each financial year. The level of the CEO's Variable Remuneration is targeted at 100% of the Base Salary; it is capped at a maximum level of 200% of the Base Salary. The entire variable remuneration is at-risk, and therefore if performance targets are not achieved as per the defined objectives agreed by the Board of Directors, no variable remuneration is paid.

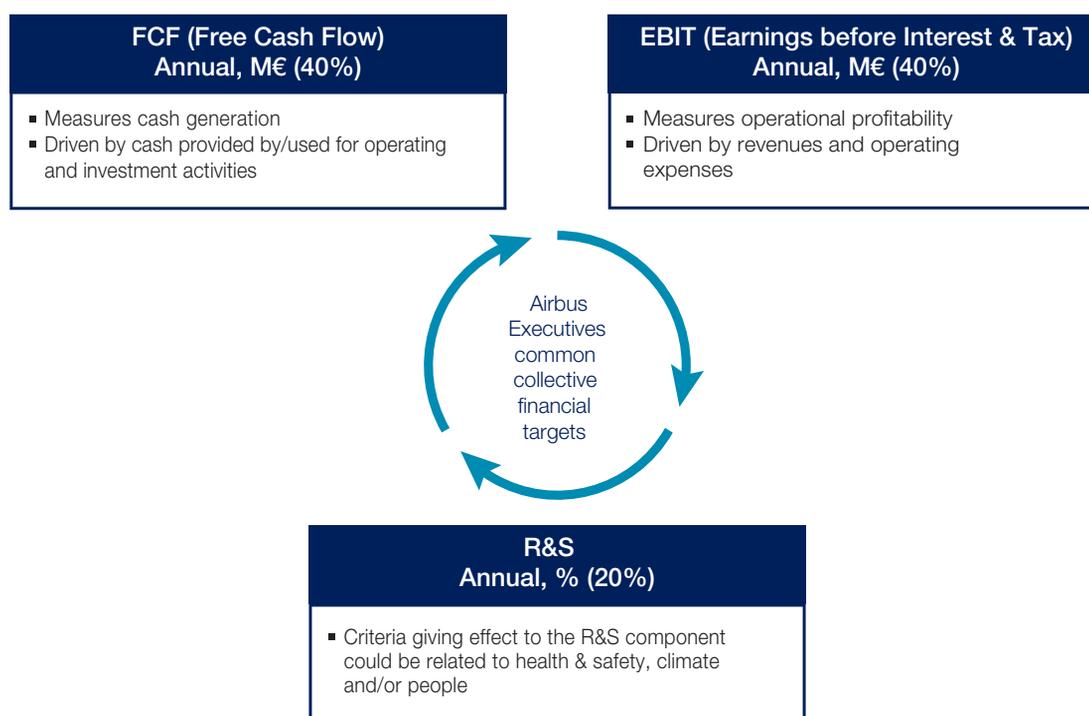
The performance measures that are considered when awarding the variable remuneration to the CEO are split between common collective performance measures and individual performance measures.

Common Collective Component

The common collective component is based on earnings before interest and taxes ("EBIT") (40%), Free Cash Flow (40%) and R&S (20%) objectives (the "**Common Collective Component**"). At the beginning of each year, the Board of Directors sets the targets for these key value drivers at Company and Division levels. The common collective targets relate closely to internal planning and to guidance given to the capital markets (although there may be variations from these). The key value drivers that form the R&S component will be determined by the Board of Directors and disclosed in the implementation section of the Company's remuneration report for the relevant financial year. They can be related to matters such as health & safety, climate and/or people.

To calculate the common collective annual achievement levels, actual EBIT, Free Cash Flow and R&S performance is compared against the targets that were set for the year. This comparison forms the basis for computing achievement levels, noting that the actual EBIT, Free Cash Flow levels are occasionally normalised for a limited number of factors which are outside management's control (such as certain foreign exchange impacts or unplanned merger and acquisition activities). The RINGC's intention is to ensure ambitious financial and R&S targets and to incentivise the CEO's commitment to meeting these targets.

The graphic below illustrates the Common Collective Component, how it is measured and what the key value drivers are:



Individual Component

The individual element ("**Individual Component**") focuses on Outcomes and Behaviour (as defined below). Individual performance is assessed in these two important dimensions, which both contribute to the Company's remuneration philosophy. Among other matters, corporate social responsibility and the Company's corporate values are considered as part of this assessment:

- **Outcomes** encompass various aspects of what the CEO can do to contribute to the success of the business: specific business results he achieves, projects he drives and processes he improves. The individual targets of the CEO are comprehensive and shared with all employees via the Top Company Objectives.
- **Behaviour** refers to the way results have been achieved, which is also critical for long-term success: how the CEO and the Board of Directors work as a team, how the CEO leads the Executive Committee, quality of communication, encouragement of innovation, etc. A specific part of the behaviour assessment relates to Ethics, Compliance, Quality and other Sustainability matters.

The performance of the Individual Component is measured by the RNGC for the CEO and for all the other members of the Executive Committee.

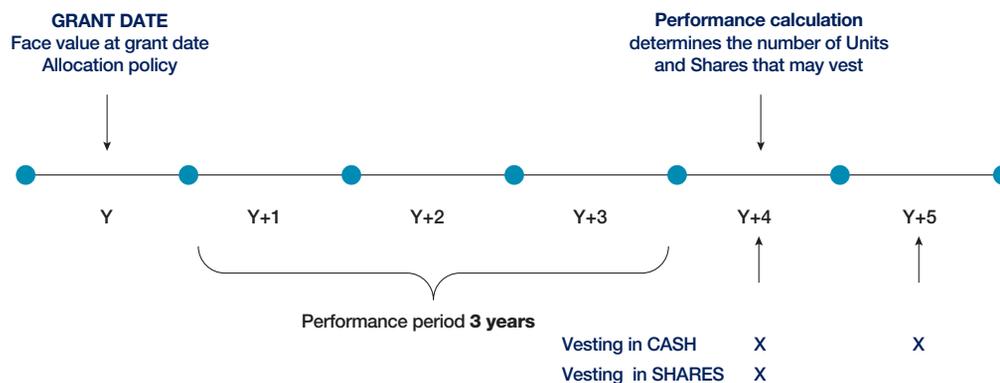
The RNGC discusses the level of achievement of every single target and derives a combined target achievement level for the outcomes. The behavioural part of the Individual Component is also discussed by the RNGC and constitutes an adjustment factor for the target achievement of the outcomes. Finally, the RNGC proposes to the Board of Directors the compound Individual Component of the CEO target achievement made up from the outcomes and behavioural achievements.

e) Long-Term Incentive Plan

The CEO participates in the Company's LTIP in order to increase the alignment with shareholders' interests. The LTIP allows the award of Performance Units ("**Performance Units**" or "**Units**") and/or Performance Shares ("**Performance Shares**" or "**Shares**").

The value of the CEO's LTIP allocation is capped at 100% of the Base Salary at the date of grant and subject to performance conditions. The achievement of the performance criteria is assessed by the RNGC after a three-year period based on relevant financial criteria during this period of three years with stringent targets set in advance and agreed by the Board of Directors at the recommendation of the RNGC.

At the end of this three-year period, the grant is subject to a performance calculation to determine whether and to what extent it should vest. Depending on this calculation (i) Performance Units will vest in two tranches, the payment of which takes place approximately 6 and 18 months following the end of the performance period and (ii) Performance Shares will vest in one tranche, approximately six months following the end of the performance period. This is depicted in the graphic below:



The level of vesting of Performance Shares and Units is subject to the following performance measures:

- 0-50% of the allocation: In principle, this element of the Performance Unit/Share award will not vest if the Company reports negative cumulated EBIT results. Nonetheless, in case the Company's EBIT results are impacted by exceptional and unpredictable circumstances, the Board of Directors, upon recommendation of the RNGC, may decide that a maximum portion of 50% of the allocation will vest;
- 50-150% of the allocation: This element of the Performance Unit/Shares vests based on the two following performance criteria: average earnings per share (75%) ("**Earnings per Share**" or "**EPS**") and cumulative Free Cash Flow (25%).



The vesting of Performance Units and Shares is subject to the following maximum cap:

- the maximum level of vesting is 150% of the number of Units/Shares granted.

The vesting of Performance Units is subject to the following maximum caps:

- the value that could result from share price increases is capped at 200% of the reference share price at the date of grant; and
- the overall pay-out is capped at 250% of the value at the date of grant.

Performance Units and Performance Shares that vest in accordance with the terms and conditions applicable to them are settled without further action being required by the beneficiary.

For each payment in cash, one Unit is equal to the value of one Company share at the time of vesting. The Company share value is the average of the opening share price, on the Paris Stock Exchange, during the 20 trading days preceding and including the respective vesting dates.

f) Share Ownership Guideline

The Board of Directors has established a share ownership guideline pursuant to which the CEO is expected to acquire Airbus SE shares with a value equal to 200% of the Base Salary and to hold them throughout his or her tenure.

g) Benefits

The benefits offered to the CEO are similar to the benefits granted to other executives of the Company and comprise, among other matters, medical, death and disability coverage (both through a social security system or a company plan, depending on the contractual agreement with the CEO), a company car and usual facilities.

Unless the law provides otherwise, the costs and expenses of the CEO are covered, including reasonable costs of defending claims, under the conditions set forth in the insurance policy subscribed by the Company. Under circumstances excluded by the insurance policy, such as an act or failure to act by the CEO that can be characterised as intentional, intentionally reckless, or seriously culpable, there will be no entitlement to any coverage.

h) Retirement

The CEO is entitled to retirement benefits through mandatory applicable state and collective pension plans.

The CEO participates also in a Company pension contributions based plan. This plan consists of an annual pension contribution of 20% of the annual pensionable remuneration (as described in paragraph 4.4.3 item h) below) subject to applicable local practices (if any).

i) Clawback

In accordance with Dutch law, the Board of Directors may adjust a "bonus" (as defined under Dutch law, including short-term remuneration and awards under the Long-Term Incentive Plan subject to performance criteria) awarded to the CEO to a suitable level, if payment or satisfaction of that bonus would be unacceptable under the standards of reasonableness and fairness. Also, the Company may reclaim a bonus already paid, in whole or in part subject to applicable local legal requirements if any, to the extent that such payment was made on the basis of incorrect information regarding the achievement of the targets, objectives and/or conditions underlying the bonus or regarding the circumstances on which the bonus was dependent. The Non-Executive Directors, or a special representative designated by the General Meeting, may demand such repayment on the Company's behalf.

Any such adjustment or clawback will be reported in the notes of the relevant Financial Statements of the Company.

j) Loans

The Company does not provide loans or advances to the CEO.

k) Severance

In case of termination of the CEO's duties at the initiative of the Board of Directors, the CEO shall be entitled to an indemnity equal to one (1) time the last Total Annual Remuneration (defined as Base Salary and VR most recently paid) subject to applicable local legal requirements if any, and provided that the performance conditions (as described in paragraph 4.4.3 item k) below) assessed by the Board of Directors have been fulfilled. If the CEO's appointment as member of the Board of Directors terminates within a period of 12 months or less prior to his retirement date, the termination indemnity will be limited by pro-rating its amount. This will not apply if the CEO's mandate

is terminated for cause (misconduct), in case of resignation or termination on or after his retirement date.

The CEO's appointment terms and conditions include a non-compete clause, which applies for a maximum of one year. The compensation under the non-compete clause is equal to 50% of the last Total Annual Remuneration (defined as Base Salary and VR most recently paid) subject to applicable local legal requirements if any and paid in monthly instalments.

Past LTIP awards may be maintained, in such cases as in the case of retirement or if a mandate is not renewed by the Company for a reason other than cause (misconduct). The vesting of past LTIP awards follows the rules and regulations of the LTIP including performance conditions and is not accelerated in any case. LTIP awards are forfeited for executives who leave the Company at their own initiative, but this is subject to review by the Board of Directors.

The term of the CEO's appointment is linked to his or her mandate as member of the Board of Directors. The termination of the CEO's appointment may be subject to a notice period of six months, except if the CEO's appointment is terminated for cause (misconduct), in which case the CEO's appointment may be terminated immediately, or in case of non-renewal of the CEO's mandate by the General Meeting.

C – Non-Executive Remuneration – Applicable to Non-Executive Directors

The Company's Remuneration Policy with regard to Non-Executive Directors aims at ensuring fair compensation and protecting the independence of the Board's Members. Their remuneration should be commensurate to the time spent and the responsibilities of their role on the Board of Directors.

Fees and Entitlements

Non-Executive Directors are entitled to the following remuneration components:

- a base fee for membership or chair of the Board of Directors;
- a Committee fee for membership or chair on each of the Board's Committees;
- an attendance fee for the attendance of Board meetings (subject to such conditions as may be imposed by the Board of Directors at the recommendation of the RNGC); and
- an attendance fee for the attendance of Committee meetings if and when such Committees would have more than four Committee meetings per year (whether these meetings are held physically or by phone).

Each of these fees is a fixed amount that is determined by the Board of Directors from time to time, at the recommendation of the RNGC.

Committee chairmanship and Committee membership fees are cumulative if the concerned Non-Executive Director belongs to two different Committees. Fees are paid twice a year at the end of each semester (as close as possible to the Board meeting dates).

Non-Executive Directors do not receive any performance or equity-related compensation, and do not accrue pension rights with the Company in the frame of their mandate, except what they would receive in the frame of a current or past executive mandate. These measures are designed to ensure the independence of Board Members and strengthen the overall effectiveness of the Company's corporate governance.

The Company does not encourage Non-Executive Directors to purchase Airbus SE shares.

The Company does not provide loans or advances to the Non-Executive Directors.

Unless the law provides otherwise, the Non-Executive Directors shall be reimbursed by the Company for various costs and expenses, including reasonable costs of defending claims. Under certain circumstances, such as an act or failure to act by a Member of the Board of Directors that can be characterised as intentional, intentionally reckless, or seriously culpable, there will be no entitlement to this reimbursement.

4.4.3 Implementation of the Remuneration Policy in 2020: CEO

This paragraph 4.4.3 describes how the Remuneration Policy was implemented in 2020 with respect to the CEO (Mr Guillaume Faury). As a reminder, the AGM held in 2020 approved the Remuneration Policy through resolution 6 with a very high level of support.

In line with the Remuneration Policy and the expectation of the RNGC and the Board of Directors, the policy is intended to result in a remuneration that will retain and motivate a high-calibre executive, while taking into account best practices as well as employee and shareholder considerations. It should help to ensure that the Company achieves its strategic and operational objectives, thereby delivering long-term sustainable returns for all shareholders and other stakeholders in a manner consistent with the Company's identity, mission and corporate values.

For the reasons indicated in the Board Report issued in 2020, the impact of the penalties resulting from the settlements reached in January 2020, with the French Parquet National Financier ("PNF"), the U.K. Serious Fraud Office ("SFO"), and the US Department of Justice ("DoJ") resolving the authorities' investigations have not been considered in the assessment of the 2019 Variable Remuneration, and will not be considered in the assessment of the ongoing and future incentive plans.

The CEO's remuneration for the year 2020 has been impacted by the COVID-19 crisis (including the impact on the Variable Remuneration, as further detailed below as any employee having a Common Collective Component in her/his Variable Remuneration, and the absence of dividend payments in relation to Airbus SE shares as any other shareholder) without need for adaptation of the Remuneration Policy due to the exceptional circumstances, as confirmed by the Board of Directors upon recommendation of the RNGC. It has proved to be in line with the experience of the stakeholders. Furthermore, the CEO decided to donate the equivalent of his 2019 Annual Variable Remuneration paid in 2020 to non-governmental organisations ("NGOs") and humanitarian organisations, predominantly the partners of the Airbus Foundation and the Airbus Foundation itself.

a) Benchmarking

The latest benchmarks performed in the last years were based on the relevant peer group composed of 76 companies⁽¹⁾ selected from CAC40 in France, DAX 30 in Germany, FTSE 100 in the UK and DJ 30 in the US as well as large European companies having comparable economic indicators such as revenues, number of employees and market capitalisation. Financial institutions were excluded from the peer group.

Based on a review performed by the RNGC in the last years with the assistance of an independent consultant, Willis Towers Watson, it was concluded that the CEO's Total Direct Compensation was at the median level of the peer group as defined in paragraph 4.4.2.B item (b) above.

In addition to external benchmark, the RNGC considers also the remuneration of employees through the review of the evolution of the pay-ratio (see 4.4.3 item (j)).

b) Base Salary

The CEO's Base Salary level on a full year basis is unchanged compared to 2019 and amounts to €1,350,000 (lowered from the Base Salary of the former CEO: €1,500,000).

(1) **France:** Air Liquide, Michelin, PSA, Renault, Saint-Gobain, Sanofi, Schneider Electric

Germany: BASF SE, Bayer Aktiengesellschaft Bayerische Motoren Werke Aktiengesellschaft, Daimler AG, Deutsche Lufthansa, Deutsche Post AG, Deutsche Telekom AG, E.ON SE, Henkel AG & Co., RWE Aktiengesellschaft, Siemens Aktiengesellschaft, Thyssen Krupp AG

UK: Anglo American, BP, GlaxoSmithKline, Glencore, Imperial Tobacco, Rio Tinto, Rolls-Royce, Royal Dutch Shell, Unilever

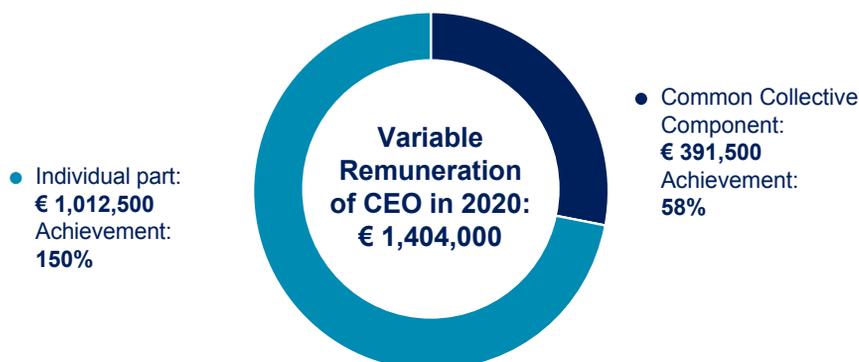
Spain: Acciona, Amadeus, Dia, Enagás, Endesa, Ferrovial, IAG, Meliá Hotels, Naturgy (Gas Natural Fenosa), Repsol, Telefónica

US: Alcoa, Altria, American International Group, Amgen, AT&T, Bechtel Nuclear, Security & Environmental, Best Buy, Cisco Systems, Coca-Cola, Colgate-Palmolive, Comcast, CVS Health, DuPont, GE Aviation, GE Healthcare, General Dynamics, General Motors, Hewlett-Packard, Honeywell, IBM, Ingersoll Rand, Intel, Johnson & Johnson Kimberly-Clark, L3 Technologies, Lockheed Martin, McDonald's, Microsoft, Northrop Grumman, Target, United Technologies, Wal-Mart, Walt Disney

c) Annual Variable Remuneration

As stipulated in the Company's Remuneration Policy, the CEO's VR is targeted at 100% of the Base Salary and capped at 200% of the Base Salary. It is subject to the fulfilment of collective and individual performance targets.

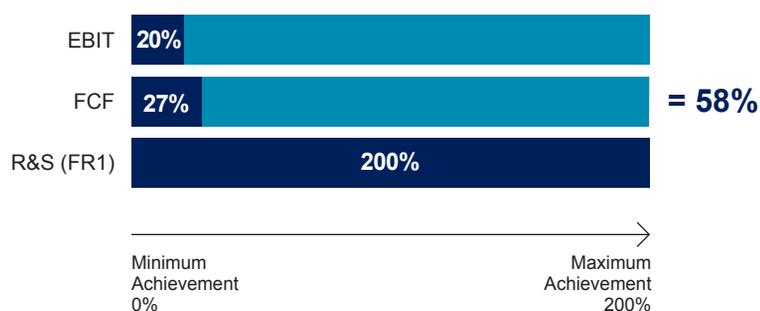
For 2020, the VR of the CEO amounts to an aggregate of €1,404,000 composed of €391,500 (58%) for the Common Collective Component and €1,012,500 (150%) for the Individual Component.



Performance Achievement – Common Collective Component

According to the policy applicable for the financial year 2020, the Common Collective Component for the Company consolidated achievement amounts to 58%. It is based on an achievement of 20% of target EBIT, 27% of target Free Cash Flow, and 200% of target R&S. These criteria apply to all executives having a Common Collective Component in their variable remuneration.

As one of the Company's priorities is to provide a safe and inclusive working environment, it was decided early 2020 that the R&S target for 2020 should be a 15% reduction in Airbus' accident frequency rate (measured by the rolling Lost Time Injury Frequency rate ("FR1") which is the monthly number of lost time injuries per million worked hours averaged over 12 months) compared to 2019. Safety is reviewed across the whole group as further detailed in the Health and Safety section 1.1.7 b) and Airbus' FR1 performance is reported on a monthly basis to the CEO for his health and safety review.



The exceptionally low level of achievement for EBIT and Free Cash Flow is explained by the significant impact of COVID-19 on Airbus Commercial performance, partly mitigated by the A400M positive achievements. Given its prominent size, Airbus Commercial counter performance could not be compensated by the strong achievements of Airbus Helicopters and Airbus Defence & Space. Normalisations were made to exclude exceptional events such as currency exchange differences or restructuring.

Finally, R&S annual target has been overachieved by more than 200% in the exceptional COVID-19 circumstances. The initial objective was to decrease the FR1 from 6.18⁽¹⁾ to 5.25. At the end of 2020, FR1 has been measured at 3.81.

For 2021 R&S component, in addition to the FR1 value driver used in 2020, the Board of Directors decided to select a climate value driver in line with its significant impact in the materiality assessment of the Company's approach to R&S (see: Chapter 6 – Non financial information and other corporate activities – Materiality matrix and paragraph b- Health and Safety in Chapter 6 – 6.1.3: Builds its business on the foundation of safety & quality). In order to support the Company's target of reducing CO₂ emissions by 40% by 2030, the Board of Directors decided to translate this ambition into a concrete objective and include the CO₂ reduction target in the collective variable remuneration of the CEO and all executives. The objective proposed for 2021 is a reduction of 3% versus our actual 2020 CO₂ emissions of our industrial sites and operations. The reference used for 2020 takes into account the effect of the COVID-19 crisis on the production rates while keeping our 2030 target in mind.

It was therefore decided that for 2021 the R&S component would be composed as follows: FR1 for 50% and CO₂ avoidance for 50%.

(1) The 6.18 figure corresponds to the 2019 FR1 figure of 5.58, but includes apprentices and temporary employees together with the Airbus' active workforce.

Performance Achievement – Individual Component

The Individual Component in 2020 results from an achievement level of 150% out of 200%, assessed by the RNGC and approved by the Board of Directors on the basis of the CEO's performance and behaviour, mostly with respect to the way the Company reacted to the COVID-19 pandemic, and remained focused on its strategic agenda.

The Company works with TCOs to measure its performance. They have been adapted to focus on the critical objectives that had to be achieved in order to successfully navigate the COVID-19 environment. The TCOs mirror the Company's business focus and its core pillars of safety, quality, integrity, and compliance whilst protecting the core business by securing deliveries.

The **main factors determining the achievement level**, included, but not limited to:

Outcomes

– Health and Safety

- Protection of people in the early stages of the crisis. Redefining the basic processes and standards at Airbus, in particular in the production environment.
- Contribution to broader society in different forms including sourcing and carrying millions of masks with Airbus flight test aircraft, designing and manufacturing ventilators and visors.
- Defining and implementing more sustainable ways of working under stricter and evolving sanitary conditions.

– Operational

- Securing the supply chain and initiation of monitoring system and support for suppliers at risk.
- Stabilisation of end-to-end planning and achievement of nominal flow on Single Aisle FAL under the hampering circumstances created by the pandemic-related restrictions and contingencies.
- 566 commercial aircraft deliveries to 87 customers in 2020, in line with the production adaptation plan set out in April 2020 in response to the pandemic while managing the backlog orders in a volatile market.
- Delivery of 300 rotorcraft by Airbus Helicopters worldwide, resulting in a stable 48% share of the civil and parapublic market.
- Successful certifications: joint EASA and FAA Type Certification received for the A330-800 and the five-bladed H145, EASA Type Certification received for the multi-role twin engine H160, marking a new chapter for the programme.
- Launch of the demonstrator phase for the FCAS through the award by the Governments of France and Germany of the initial framework contract (Phase 1A) to Airbus Defence & Space and Dassault Aviation, together with their partners MTU Aero Engines, Safran, MBDA and Thales.
- Successful completion of the IOC of the European Space Agency's Solar Orbiter spacecraft.
- Rapid and efficient rollout of GSuite in the crisis as well as implementation of information management and security adaption measures required to allow safe remote working and ensure business continuity.
- Progress on security matters including a reorganisation of the function now reporting directly to the CEO, the reshaping of the governance towards a Company-wide risk-based approach.

– Commercial

- Commercial Aircraft backlog management and commercial renegotiations to support customers and regain some visibility for the internal and external industrial system.
- Securing a total of 383 new commercial aircraft orders (net: 268 orders), demonstrating continued customer endorsements across all market segments.
- 289 gross orders (net: 268 orders) logged by Airbus Helicopters in a challenging market heavily impacted by the pandemic.
- Signing by Airbus Defence & Space of a: (i) contract to deliver 38 new Eurofighter aircraft to the German Air Force; and (ii) major contract for the development, supply and integration of 115 Eurofighter ESCAN Radars for the German and Spanish Eurofighter fleet.

– Balance Sheet

- Early business adaptation and robust and efficient cash containment measures introduced at the start of the pandemic.
- Early securing of additional credit lines, to gain access to liquidity in view of the unknown impacts of the pandemic.
- Airbus' resilience in the most challenging crisis to hit the aerospace industry demonstrated by the 2020 financials: FY revenues €49.9 billion; FY EBIT Adjusted €1.7 billion; FCF before M&A and customer financing FY €-6.9 billion (Q4 €4.9 billion); Net cash position at €4.3 billion.

– Innovation

- Development of an innovative e-delivery solution to overcome international travel restrictions, allowing customers to receive their aircraft while minimising the need for their teams to travel. Such solution represented more than 25% of the 2020 deliveries.
- First free flight of the Airbus Helicopters' VSR700 Unmanned Aerial System (UAS) prototype successfully performed.
- Strong progress of the Airbus de-carbonisation agenda and collaboration with state agencies for broader industry alignment on future R&T priorities.
- Revelation by Airbus of the three concepts for the world's first zero-emission commercial aircraft to enter into service by 2035.

Behaviour

– Ethics & Compliance, Sustainability, Stakeholder Relations

- Successful management of the COVID-19 crisis by the whole management team recomposed in 2019, under the leadership of the CEO.
- As highlighted by the Board evaluation, strengthened and increased communication between the management team and the Board of Directors, co-ordinated by the Chairman and CEO who developed an efficient and trustful relationship.
- Continuous transparent information sharing to the Board of Directors, Executives and more generally all employees about the Company's situation (including financial and operation status as well as the Health & Safety status of the workforce), that proved to be of real support in terms of giving direction and meaning to ensure continuous engagement in an unprecedented crisis.

- Setting the tone at the top by promoting a strengthened approach to Ethics, Compliance and Sustainability throughout the Company:
 - making Responsibility & Sustainability central to the Company’s Priorities, including making sustainability part of the collective component of the Executives’ variable remuneration and formally adding such focus and responsibility into the remit of the former Ethics & Compliance Committee;
 - despite the tremendous business, financial and organisational challenges faced, the Ethics & Compliance programme and Airbus’s corporate culture proved resilient during the COVID-19 crisis. In addition, significant progress was made on the design of the export control programme and for the anti-bribery and corruption aspects focus was made on further maturity, digitalisation, and integration of compliance measures into existing Company;
 - development of a new I&D strategy tied to the Company’s objectives.
- Refocusing of the Airbus Foundation to respond to the COVID-19 pandemic by prioritising the support for humanitarian actions of its NGO partners, transporting medical supplies in addition to organising aid transports and providing satellite imagery following devastating floods and hurricanes around the world.

d) Long-Term Incentive Plan

2020 Grant

Under the Company’s Remuneration Policy, the CEO is eligible to receive a Performance Units and Performance Shares award under the Company’s LTIP. The value of the Performance Unit and Share award is capped at 100% of the Base Salary at the date of grant. During 2020, the CEO was granted an aggregate of 19,840 of Performance Units and Performance Shares. The LTIP awards during 2020, in line with the Remuneration Policy (4.4.2 B item b)), represent one third of the CEO’s target Total Direct Compensation. The table below gives an overview of the Performance Units and Performance Shares granted to the CEO in 2020 pursuant to the LTIP:

UNIT PLAN: NUMBER OF PERFORMANCE UNITS

	Granted in 2020	Vesting dates
Guillaume Faury	9,920	Vesting schedule is made up of two tranches over two years: (i) 50% expected in May 2024 (ii) 50% expected in May 2025

SHARE PLAN: NUMBER OF PERFORMANCE SHARES

	Granted in 2020	Vesting dates
Guillaume Faury	9,920	Vesting schedule is made up of one tranche: (i) 100% expected in May 2024

The grants in 2020 were performed in compliance with the performance measures (average EPS (75%) and cumulative FCF (25%)) described in paragraph 4.4.2 B item e).

Vesting Values in 2020

In 2020, the CEO received both cash payments and vested shares in connection with the vesting of 2015 and 2016 LTIP awards:

- **Cash:** the total cash payment to the CEO amounted to €287,186 in 2020.
- **Shares:**
 - in connection with the 2015 LTIP award, the CEO had elected that 25% of his grant should be deferred into shares. Therefore, the CEO received 1,998 vested shares on the second vesting date for LTIP 2015 (2 June 2020);
 - in connection with the 2016 LTIP award, the CEO had elected that 25% of his grant should be deferred into shares. Therefore, the CEO received 4,272 vested shares on 7 May 2020.

LTIP OVERVIEW: GRANTING AND VESTING

Date of grants	Grant Type	Number	Share price at grant date	Value at grant date	(Un) conditional	Performance achievement	Units with performance achievement	Dates of vesting	Share value at vesting dates*
2015	Units	10,656	€56.31	€600,039	Conditional	75%	7,992	2 vestings in 2019-2020	1 st vesting – 31 May 2019: €112.62 2 nd vesting – 2 June 2020: €55.72
2016	Units	5,696	€52.67	€300,008	Conditional	75%	4,272	2 vestings in 2020-2021	1 st vesting – 7 May 2020: €56.27
2016	Shares	5,696	€52.67	€300,008	Conditional	75%	4,272	1 vesting in 2020	7 May 2020: €53.80
2017	Units	4,404	€73.81	€325,059	Conditional	50%	2,202	2 vestings in 2021-2022	Not yet known
2017	Shares	4,404	€73.81	€325,059	Conditional	50%	2,202	1 vesting in 2021	Not yet known
2018	Units	4,208	€106.94	€450,004	Conditional	Not yet known	Not yet known	2 vestings in 2022-2023	Not yet known
2018	Shares	4,208	€106.94	€450,004	Conditional	Not yet known	Not yet known	1 vesting in 2022	Not yet known
2019	Units	5,530	€122.06	€674,992	Conditional	Not yet known	Not yet known	2 vestings in 2023-2024	Not yet known
2019	Shares	5,530	€122.06	€674,992	Conditional	Not yet known	Not yet known	1 vesting in 2023	Not yet known
2020	Units	9,920	€68.04	€674,957	Conditional	Not yet known	Not yet known	2 vestings in 2024-2025	Not yet known
2020	Shares	9,920	€68.04	€674,957	Conditional	Not yet known	Not yet known	1 vesting in 2024	Not yet known

Calculations may involve rounding to the nearest unit.

* Vesting will occur according to the respective rules and regulations of each plan.

NOTE: 2015 to 2018 awards were granted to Mr Faury before his appointment as CEO and should vest during his mandate.

Performance Conditions of LTIP 2017

- The performance conditions for LTIP 2017 were determined as follows: if the Company reports a positive cumulative EBIT, a minimum portion of 50% of the Performance Units / Shares vest. If the Company reports a negative cumulative EBIT resulting from exceptional circumstances, the Board of Directors can decide at its sole discretion to vest a maximum portion of 50% of the Performance Units / Shares.
- 50% to 150% of the allocation would be granted depending on the compounded achievement of the two following performance criteria:
 - 75% of average EPS (“**Ave EPS**”): determined on a linear basis depending on three-year Ave EPS for the 2017, 2018 and 2019 fiscal years, with the three-year Ave EPS target for an allocation of 100% equal to €4.40; and
 - 25% of cumulative FCF (“**Cum FCF**”): determined on a linear basis depending on three-year Cum FCF for the 2017, 2018 and 2019 fiscal years, with the three-year Cum FCF target for an allocation of 100% equal to €5,774 million.

Review of Achievement of Performance Conditions

On 17 February 2021, the Board of Directors noted the achievement of the performance conditions of the 2017 plan, *i.e.* for the 2018, 2019 and 2020 fiscal years. The three-year Ave EPS was €1.83 and the three-year Cum FCF was €4,311 million, after normalisation to align them with policies in force when setting the target (notably IFRS 15 and A220 impacts).

The cumulative EBIT for the 3-year period is positive, leading, according to the policy, to the vesting of 50% of Performance Shares and Units. The COVID-19 crisis leads to low performance for both average EPS and Cum FCF. The positive performances of 2018 and 2019 exercises did not mitigate the 2020 exercise strongly impacted by the sanitary crisis leading to no vesting above 50%.

For reasons of confidentiality, the precise targets set for the average EPS and cumulative Free Cash Flow, even though they have been properly established and validated in a suitable manner, cannot be publicly disclosed as these objectives are considered as competitive sensitive information. Nonetheless, in the spirit of providing the highest level of transparency to our shareholders and to adhere to best practices, retrospective information demonstrating the stringency of the targets set by the Board of Directors is provided for the previous LTIP, as follows:

Date of grants	KPI	Number of units	Target for a 100% allocation	Achieved	Performance achievement in percentage	Compounded performance achievement in percentage	Resulting vesting in number	For comparison, average EPS for the last three reported years at the date of grant
2015	Ave EPS	10,656	€4.02	€2.95	50%	75%	7,992	€2.10 ⁽¹⁾
	Cum FCF		€8,281m	€10,469m	150%			
2016	Ave EPS	11,392	€4.40	€3.35	50%	75%	8,544	€2.76 ⁽²⁾
	Cum FCF		€5,774m	€11,218m	150%			
2017	Ave EPS	8,808	€6.00	€1.83	50%	50%	4,404	€2.28 ⁽³⁾
	Cum FCF		€9,339m	€4,331m	50%			

(1) Average EPS of 2014, 2013 and 2012.

(2) Average EPS of 2015, 2014 and 2013.

(3) Average EPS of 2016, 2015 and 2014.

Based on the above, the ratio between the fixed part of the remuneration of the CEO in 2020 (Base Salary, annual contribution to the Company's defined contribution pension plan and benefits) and the variable part of the remuneration (Variable Remuneration related to 2020 paid-out in 2021 and LTIP vesting in 2020) is 49%/51%.

e) Share Ownership

The CEO owned 21,131 Airbus SE shares on 31 December 2020. The CEO has engaged a personal investment plan in Airbus SE shares to reach the target of 200% of the Base Salary by 2021.

Please refer to the AFM website www.afm.nl for any further information related to the transactions of the CEO.

f) Employee Share Ownership Plan (ESOP)

In March 2020, the Company offered all eligible employees the opportunity to subscribe to a share matching plan, through which the Company matches a certain number of directly acquired shares with a grant of matching shares. This ratio varies depending on the number of shares acquired at fair market value by the employees, with a maximum discount of 44%. The total offering was up to 2.2 million shares of Airbus SE, open to all qualifying employees. Information about the plan can be found on the Company's website.

Under the umbrella of the ESOP 2020, a dedicated UK tax advantageous Share Incentive Plan ("SIP") was also deployed in March 2020.

Although the CEO was eligible for the plan, he did not participate in the ESOP 2020 plan favouring the development of a shareholding among other employees of the Company.

g) Benefits

Costs of benefits provided through applicable mandatory collective and social security plans are accounted for among social charges (please refer to Note 34 to the IFRS Consolidated Financial Statements for further details). The monetary value of other benefits provided to the CEO in 2020 amounts to €33,790.

h) Retirement

Until the end of 2019, the retirement benefit of the CEO accrued through a defined benefit commitment which consists of granting a pension at retirement age equal to 50% of the Base Salary for five years of service in the Executive Committee, including mandatory applicable collective and state pension plans. Such a percentage of pension would accrue gradually to 60% of the Base Salary after ten years of service within the Executive Committee.

Following the Board of Directors decision approved in the AGM 2020, the accrued pension rights under this commitment have been frozen based on the seniority of the CEO as Executive Committee member at the end of 2019. A target replacement ratio has therefore been set at 52% of his Base Salary (*i.e.* 26% of the sum of his Base Salary and his target VR) and will no longer accrue. The pension rights under this commitment remain unvested until the retirement date of the CEO.

The pension rights arising from the Company's defined contribution plan (*i.e.* contribution of 20% of the pensionable remuneration, which is the Base Salary and the most recently paid VR) are deducted from the frozen pension rights described above.

The present value of the remaining CEO's pension obligation related to the frozen defined benefit commitment is estimated annually by an independent actuarial firm according to the international accounting standard IAS19 as applied by the Company for post-employment benefits. As of 31 December 2020, the defined benefit obligation amounted to €9,423,777 (€9,167,371 in 2019). This obligation has been accrued in the 2020 Consolidated Financial Statements and will be updated annually up to the retirement date of the CEO considering future changes on economic assumptions or other factors like salary increase.

For the fiscal year 2020, the cost related to the CEO's pension rights accrued under Company's plans during the year represented an expense of €1,179,332 (*versus* a net profit of €(2,814,868) in 2019 due to the effect of the freeze of the defined benefit commitment).

The annual cost of pension rights accrued under applicable mandatory collective and state pension plans are accounted for among social charges (please refer to Note 34 to the IFRS Consolidated Financial Statements for further details).

i) Clawback

The Board of Directors did not apply any clawback in 2020.

j) Pay Ratio

The Dutch Corporate Governance Code recommends that the Company provides a ratio comparing the compensation of the CEO and that of a "representative reference group" determined by the Company.

The Company's pay ratio is calculated by comparing the cash compensation of the CEO with the average compensation of full-time equivalent permanent employees from France, Germany, the UK and Spain for the Company, excluding subsidiaries (encompassing around 94,000 employees).

The aggregate cash compensation over the 2020 fiscal year was used as a reference amount (*i.e.*, excluding the value of equity incentive awards and other non-cash compensation components). To calculate the ratio, the gross sum of the Base Salary, annual bonus, profit and success sharing, overtime, premium for work conditions and other premiums was taken into account.

Based on this methodology, the ratio between the cash compensation of the CEO (*i.e.* the Base Salary for the CEO and the aggregated VR related to 2019 for the former and current CEO) and the average compensation of full-time equivalent permanent employees for the fiscal year to which this report relates is 38 (for 2019: 49 based on exact figures) (rounded to the nearest integer).

Note for Information on the CEO Base Salary Contemplated for 2021: The evolution of the pay-ratio between 2019 and 2020 is impacted by the change of CEO and the first impacts of the COVID-19 crisis leading to a decrease in remuneration. However, in the current context the RNGC does not contemplate any change in the CEO Base Salary for 2021 compared to 2020.

k) Severance

No payment has been made to the CEO in 2020 related to severance or other termination indemnity.

Under the current CEO's appointment terms and conditions, the payment of an indemnity in case of termination would be subject to performance conditions. These conditions would be fulfilled if the collective and individual components of the VR for the last two financial years preceding the financial year during which the termination occurs have been assessed by the Board of Directors at 100% or more.

l) Development of the Compensation

The table below provides an overview of the development of the direct cash compensation paid to the CEO during a financial year composed by the Base Salary plus the VR (as defined below) and of the Employee Compensation (as defined below).

Financial year	2020	2019	2018	2017	2016
I. CEO's direct cash compensation					
Annual Base Salary (<i>in € thousand</i>)	1,350	1,392 ⁽¹⁾	1,500	1,500	1,500
VR (<i>in € thousand</i>) ⁽²⁾	1,553	2,318	2,168	1,913	1,932
Total	2,903	3,710	3,668	3,413	3,432
Annual Variation	-21.8%	+1.1%	+7.5%	-0.6%	+2.8%
II. Long Term Incentive Plan (<i>in € thousand</i>) ⁽³⁾	1,350	1,350	-	1,500	1,500
III. Company Performance					
EBIT Adjusted (<i>in € million</i>)	1,706	6,946	5,834	4,253	3,955
Annual Variation	-75%	+19%	+37%	+8%	-4%
FCF before M&A and customer financing (<i>in € million</i>)	(6,935)	3,509	2,912	2,949	1,408
Annual variation	-298%	+21%	-1%	+109%	+20%
IV. Employee Compensation (<i>in € thousand</i>) ⁽⁴⁾	75.9	75.1	73.6	71.0	71.1
Annual Variation	+1.0%	+2.0%	+3.6%	0.0%	

(1) Base salary 2019 relates to the former CEO up to 10 April 2019 and to the current CEO from 10 April 2019.

(2) VR paid during the financial year at stake in relation to the previous financial year. In 2020, the VR paid is related to the former CEO from 1 January 2019 up to 10 April 2019 (based on target) and to the current CEO from 10 April 2019 up to the end of the year 2019.

(3) Face value of LTIP granted in the financial year. No LTIP were granted in 2018 to the former CEO due to his future departure.

(4) Average compensation of full-time equivalent permanent employees from France, Germany, the UK and Spain for the Company, excluding subsidiaries, composed by gross sum of the Base Salary, annual bonus, profit and success sharing, overtime, premium for work conditions and other premiums. For the 2020 financial year, the amount presented is still an estimate and will be adjusted next year.

4.4.4 Implementation of the Remuneration Policy in 2020: Non-Executive Directors

This section describes how the Remuneration Policy was implemented in 2020 in respect of the Non-Executive Directors. In line with the Remuneration Policy, the implementation thereof with regard to the Non-Executive Directors aims at ensuring fair compensation and protecting the independence of the Board's Members. Their remuneration should be commensurate to the time spent and the responsibilities of their role on the Board of Directors.

The last review of the Board remuneration was undertaken in 2018 with the support of an independent consultant. The Board remuneration is in line with market practice, incentivises attendance and recognises the strategic role played by the Board of Directors in the Company's developments. The CEO is the only Member of the Board of Directors who is not entitled to any Board Membership fee.

In 2020, Non-Executive Members of the Board of Directors were entitled to the following fees:

a) Board Fees

- Fixed fee for membership of the Board of Directors (EUR/year):
 - Chairman of the Board: 210,000;
 - Member of the Board: 80,000.
- Attendance fees (EUR/Board meeting):
 - Chairman: 15,000;
 - Member: 10,000.

Attendance fees shall decrease by 50% in case of an attendance by phone or a Board meeting held by phone.

b) Committee Fees

- Fixed fee for membership of a Committee (EUR/year):
 - Chairman: 30,000;
 - Member of a Committee: 20,000.
- Attendance fee for membership of a Committee applicable to chair and members (EUR/additional meeting above four meetings per Committee per year, whether these meetings were held physically or by phone):
 - Physical participation: 3,000 if the chair or member is based in Europe and double attendance fee amount, *i.e.* 6,000 if the chair or member is based outside Europe;
 - Participation by phone (whether the meeting is held physically or by phone): 1,500.

For personal reasons, and with regards to the implementation of the Remuneration Policy approved at the AGM in 2016, Denis Ranque decided in 2016 and onwards to waive a portion of

his remuneration as Chairman of the Board of Directors (Board chairmanship fixum and attendance fees). For 2020, considering the COVID-19 crisis context, Denis Ranque decided that such a waiver will correspond to half of his 2020 remuneration (including fixum and attendance fees) as Chairman of the Board of the Company, equivalent to an amount of €43,956 (based on the number of Board meetings held from 1 January 2020 until the end of his mandate on 16 April 2020).

Considering the COVID-19 crisis context, René Obermann decided to waive half of his 2020 remuneration (including fixum and attendance fees) as Chairman of the Board of the Company, equivalent to an amount of €115,673.

These waived amounts are contributed to several non-profit foundations, including the Airbus Foundation.

The remuneration of the Non-Executive Members of the Board of Directors was as follows:

(In €)	2020			2019		
	Fixum ⁽¹⁾	Attendance Fees ⁽²⁾	Total	Fixum ⁽¹⁾	Attendance Fees ⁽²⁾	Total
Non-Executive Board Members						
René Obermann ⁽³⁾	117,738	76,250	193,988	100,000	102,000	202,000
Victor Chu	100,000	78,000	178,000	100,000	107,000	207,000
Jean-Pierre Clamadieu ⁽⁴⁾	127,087	90,000	217,087	114,176	105,000	219,176
Ralph D. Crosby Jr.	100,000	83,000	183,000	100,000	108,500	208,500
Lord Drayson	120,000	80,000	200,000	120,000	105,000	225,000
Mark Dunkerley ⁽⁵⁾	70,879	48,000	118,879	0	0	0
Stephan Gemkow ⁽⁵⁾	70,879	58,000	128,879	0	0	0
Catherine Guillouard ⁽⁶⁾	130,000	93,000	223,000	127,265	95,500	222,765
María Amparo Moraleda Martínez	130,000	85,000	215,000	130,000	105,000	235,000
Claudia Nemat	100,000	80,000	180,000	100,000	74,500	174,500
Carlos Tavares	80,000	70,000	150,000	80,000	65,000	145,000
Former Non-Executive Board Members						
Denis Ranque ⁽⁷⁾	61,731	35,000	96,731	210,000	101,000	311,000
Hermann-Josef Lamberti ⁽⁸⁾	35,274	35,000	70,274	122,735	77,500	200,235
Total	1,243,588	911,250	2,154,838	1,304,176	1,046,000	2,350,176

(1) Fixum includes a base fee for Board membership and Committee membership within the Audit Committee, the Remuneration, Nomination and Governance Committee ("RNGC") and/or the Ethics, Compliance and Sustainability Committee ("ECSC") as the case may be. The fixum for the year 2020 was paid 50% in January 2020 and 50% in July 2020. The fixum for the year 2019 was paid 50% in January 2019 and 50% in July 2019.

(2) 2020 attendance fees include the Board attendance fees and the fees in relation to Audit Committee, RNGC and ECSC meetings. The Board attendance fees related to the first semester 2020 were paid in July 2020, those related to the second semester 2020 were paid in January 2021. The Committees attendance fees related to full year 2020 were paid in January 2021.

(3) Chairman of the Board of Directors since 16 April 2020. Member of the Audit Committee until 16 April 2020. Member of the former Ethics & Compliance Committee between 30 July 2019 and 16 April 2020.

(4) Member of the former Ethics & Compliance Committee between 10 April 2019 and 16 April 2020. Chair of the ECSC since 16 April 2020.

(5) Member of the Board of Directors and of the Audit Committee since 16 April 2020.

(6) Chair of the Audit Committee since 10 April 2019.

(7) Chairman of the Board of Directors and of the former Ethics & Compliance Committee until 16 April 2020.

(8) Member of the Board of Directors and of the Audit Committee until 16 April 2020.

The total aggregated remuneration (*i.e.* fixum and attendance fee) of the Non-Executive Members of the Board of Directors were respectively €2,010,910 in 2018, €2,080,403 in 2017 and €1,750,768 in 2016.

The applicable fixum for Board chairmanship as well as the applicable attendance fees for Board membership and chairmanship remain unchanged since 1 January 2016 (first comprehensive revision since 2007) following the decision made at the 2016 AGM to increase the remuneration of the Chairman (fixum by €30,000 and attendance fees by €5,000) and double (to €10,000) the attendance fees of the Non-Executive Board Members in order to be in line with market practice, incentivise

attendance and recognise the strategic role played by the Board of Directors in the Company developments. The applicable fixum for Board membership as well as Committee membership and chairmanship remain unchanged since 2007.

The applicable attendance fees for Committee membership remain unchanged since 1 January 2019 following the decision made at the 2019 AGM to allocate an attendance fee above four meetings per Committee per year in order to take into account Directors' attendance at a greater number of Committee meetings when the workload substantially intensifies due to exceptional circumstances.

4.4.5 Miscellaneous

Policy for Loans and Guarantees Granted

The Company's general policy is not to grant any loan to the Members of the Board of Directors. Unless the law provides otherwise, the Members of the Board of Directors shall be reimbursed by the Company for various costs and expenses, like reasonable costs of defending claims. Under certain

circumstances, such as an act or failure to act by a Member of the Board of Directors that can be characterised as intentional, intentionally reckless, or seriously culpable, there will be no entitlement to this reimbursement. The Company has also taken out liability insurance ("D&O" – Directors & Officers) for the persons concerned.

4.5 Enterprise Risk Management System

The Company's long-term development and production lifecycle make ERM a crucial mechanism for both mitigating the risks faced by the Company and identifying future opportunities.

Applied across the Company and its main subsidiaries, ERM is a permanent top-down and bottom-up process, which is executed across Divisions at each level of the organisation. It is designed to identify and manage risks and opportunities. A strong focus is put on the operational dimension due to the importance of Programmes and Operations for the Company.

ERM is an operational process embedded into the day-to-day management activities of Programmes, Operations and Functions. The top risks and their mitigations are reported to the Board of Directors through a reporting synthesis, consolidated on a quarterly basis.

The ERM system is articulated along five axes:

- Anticipation: early risk reduction and attention to emerging risks;
- Speak-up & early warnings;
- Robust risk mitigations;
- Opportunities; and
- Strong Governance.

ERM Process

The objectives and principles for the ERM system, as endorsed by the Board of Directors, are set forth in the Company's ERM Policy and communicated throughout the Company. The Company's ERM Policy is supplemented by directives, manuals, guidelines, handbooks, etc. External standards which contribute to the Company's ERM system include the standards as defined by the International Organisation for Standardisation ("ISO").

The ERM process consists of three elements:

- a strong operational dimension – derived from ISO 31000 – to enhance operational risk and opportunity management, looking in particular at identifying and mitigating Single Points of Failure (SPOF);
- a reporting dimension (bottom up and top down), which contains procedures for the status reporting of the ERM system and the risk/opportunity situation; and
- an ERM confirmation dimension, which comprises procedures to assess the effectiveness of the ERM system.

The ERM process applies to all relevant sources of risks and opportunities that potentially affect the Company's activities, its businesses and its organisation in the short-, mid- and long-term. The ERM process is part of the management process and inter-related with the other processes.

All Airbus organisations, including Divisions, subsidiaries and controlled participations, commit to and confirm the effective implementation of the ERM system. The annual ERM Confirmation Letter issued by each organisation is the formal acknowledgement about the effectiveness of the ERM system.

For the main risks to which Airbus is exposed, see Chapter 4.6 "Risk Factors" of this document.

ERM Governance and Responsibility

The governance structure and related responsibilities for the ERM system are as follows:

- the Board of Directors with support of the Audit Committee supervises the strategy and business risks and opportunities, as well as design and effectiveness of the ERM system;
- the CEO, with the top management, is responsible for an effective ERM system. He is supported by the CFO, who supervises the Head of ERM, and the ERM system design and process implementation;
- the Head of ERM has primary responsibility for the ERM strategy, priorities, system design, culture development and reporting tool. He supervises the operation of the ERM system and is backed by a dedicated risk management organisation in the Company focusing on the operational dimension, early warning and anticipation culture development while actively seeking to reduce overall risk criticality by challenging the business. The risk management organisation is structured as a cross-divisional Centre of Competence ("CoC") and pushes for a proactive risk management; and
- the management at executive levels has responsibility for the operation and monitoring of the ERM system in its respective areas of responsibility and for the implementation of appropriate response activities to reduce risks and seize opportunities, considering the recommendations of the internal and external auditors.

ERM Effectiveness

The ERM effectiveness is analysed by:

- ERM CoC, based on ERM reports, confirmation letters, *in situ* sessions (e.g. risk reviews), participation to key controls (e.g. major Programme Maturity Gate Reviews);
- Risk & Opportunity Deep Dives proposed by the ERM CoC and performed by the functions with the involvement and support of the ERM CoC; and
- Corporate Audit, based on internal corporate audit reports.

The combination of the following controls is designed to achieve reasonable assurance about ERM effectiveness:

Organisation	Explanations
Board of Directors / Audit Committee	Regular monitoring The Board of Directors and the Audit Committee review, monitor and supervise the ERM system. Any material failings in, material changes to, and/or material improvements of the ERM system which are observed, made and/or planned are discussed with the Board of Directors and the Audit Committee.
Top Management	ERM as part of the regular divisional business reviews Results of the operational risk and opportunity management process, self-assessments and confirmation procedures are presented by the Divisions or other Airbus' organisations to top management.
Management	ERM confirmation letter procedure Entities and department heads that participate in the annual ERM compliance procedures must sign ERM Confirmation Letters.
ERM CoC	ERM effectiveness measurement Assess ERM effectiveness by consideration of ERM reports, ERM confirmations, <i>in situ</i> sessions (risk reviews etc.), participation to key controls (e.g. major Programme Maturity Gate Reviews).
Corporate Audit	Audits on ERM Provide independent assurance to the Audit Committee on the effectiveness of the ERM system.
E&C	Alert System Detect deficiencies regarding conformity to applicable laws and regulations as well as to ethical business principles.

Board Declaration

Based on the Company's current state of affairs, the reports made directly available to the Board of Directors, coming from different processes, audits and controls and the information it received from management, the Board of Directors believes to the best of its knowledge that:

- the internal risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- this report provides sufficient insight into any material failings in the effectiveness of the internal risk management and control systems;

- it is justified that the Financial Statements have been prepared on a going concern basis; and
- this report states the material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of 12 months after the preparation of the report.

It should be noted that no matter how well designed, the internal risk management and control system has inherent limitations, such as vulnerability to circumvention or overrides of the controls in place. Consequently, no assurance can be given that the Company's internal risk management and system and procedures are or will be, despite all care and effort, entirely effective.

4.6 Risk Factors

The Company is subject to the risks and uncertainties described below that may materially affect its business, results of operations and financial condition. These are not the only risks the Company faces. Additional risks and uncertainties not presently known to the Company, or that it currently considers immaterial may also impair its business and operations.

Although a certain degree of risk is inherent in the Company's business (as described in the risk factors mentioned in this section), the Company endeavours to minimise risk to the extent reasonably possible. To achieve its strategy, the Company is prepared to take modest or low event risks to provide sufficient predictability on profitability and cash flow given the necessity to stay competitive, invest in R&D and manage the diversified business portfolio in a world of uncertain market and economic conditions. Due to the importance of programmes and operations for the Company, a particular focus is put on the operational dimension of risk identification and management. Within the area of legal and compliance risks, the Company seeks to ensure that its business practices conform to applicable laws, regulations and ethical business principles, while developing a culture of integrity. Regarding financial risks, our risk approach can be qualified as prudent and the Company aims to minimise the downside risk through an appropriate liquidity buffer, moderate financial leverage and the use of hedging derivatives and other insurance products.

4.6.1 Financial Market Risks

Global Economic Conditions

The Company's business, results of operations and financial condition are materially affected by global economic conditions.

Market disruptions and significant economic downturns may develop quickly due to, among other things, crises affecting credit or liquidity markets, regional or global recessions, sharp fluctuations in commodity prices (including oil), currency exchange rates or interest rates, inflation or deflation, sovereign debt and bank debt rating downgrades, restructurings or defaults, or adverse geopolitical events (including the impact of Brexit, discussed below and global policy including in the US, European Union and China) or global pandemic diseases such as COVID-19. The previous US administration introduced greater uncertainty with respect to US tax and trade policies, tariffs and government regulations affecting trade between the US and other countries. Such measures affected and may continue to affect countries where our customers and suppliers are located or where the Company has an operational presence or to which its financing activities are linked.

See – “The Company’s business, results of operations and financial condition could be materially affected by Brexit”, “– Business-Related Risks – COVID-19 Risks” and “– Business-Related Risks – Availability of Government and other Sources of Financing”.

The Company’s global presence includes France, Germany, Spain and the UK, fully-owned subsidiaries in the United States (“US”), China, Japan, India and in the Middle East, and spare parts centres in Hamburg, Frankfurt, Washington, Beijing, Dubai and Singapore. The Company also has engineering and training centres in Toulouse, Miami, Mexico, Wichita, Hamburg, Bangalore, Beijing and Singapore, as well as an engineering centre in Russia. There are also hubs and field service stations around the world. The Company also relies on industrial co-operation and partnerships with major companies and a wide network of suppliers. This global presence entails the risk of being affected by weak market and economic conditions in particular in Europe, the US and Asia where it manufactures and to which it sells the majority of its products.

As of 31 December 2020, the Company’s workforce amounted to 131,349 employees of which over 15,000 employed outside our core countries. In terms of nationalities, 35.7% of the Company’s employees are from France, 32.3% from Germany, 7.7% from the UK and 9.8% from Spain. US nationals account for 2.1% of employees. The remaining 12.4% are employees coming from a total of 134 other countries. In total, 89.9% of the Company’s active workforce is located in Europe on more than 100 sites.

It is a priority to ensure that the Company can attract, develop and retain a world-class competent, motivated and flexible workforce, which fits current and future business requirements in each of the countries in which we have a presence. A change in economic conditions in any of the geographies in which we have significant numbers of employees or key employees may therefore impact our ability to compete effectively for employees in such countries.

At the end of 2020, approximately 23,000 suppliers from more than 100 countries supply parts, components, systems and services to the Company. In 2019, the overall external sourcing volume of the Company was valued at around €53 billion. The Company requires its suppliers’ and subcontractors’ services in order to deliver our products and generate revenue and profit. Therefore financial instability in any part of the world that would affect our suppliers or subcontractors, including financial conditions resulting in their inability to obtain credit or even in their insolvency, could impact the Company’s ability to meet its customer obligations in a satisfactory and timely manner. In addition, financial instability affecting suppliers or subcontractors could impact such parties’ ability to meet their obligations under risk sharing partnership agreements entered into with the Company. The COVID-19 pandemic and the resulting health and economic crisis has increased the Company’s exposure to supply chain risk.

The behaviour of our customers and by extension, the demand for, and supply of, the Company’s products and services has been and may continue to be materially affected by global economic conditions. Historically, the Company has experienced that order intake for commercial aircraft has shown cyclical trends, due in part to changes in passenger demand for air travel and the air cargo share of freight activity, which are in turn driven by a range of economic variables including gross domestic product (“GDP”) growth and private consumption levels. A further downturn in economic factors driven by new variants and successive waves of the COVID-19 pandemic and the resulting health and economic crisis and the related drop in air travel in a large part of the world driving our commercial airline business, could lead to a protracted weak demand for our commercial aircraft. The significant growth of our commercial aircraft business relative to the Company’s

Defence, Space and Government activities has diluted the latter’s ability to serve as an effective tool to counter commercial cycles.

Demand for military and parapublic products may be further affected by governmental budget constraints caused by economic pressure and COVID-19 measures.

Therefore protracted weak global economic conditions could directly result in:

- financial distress of airlines and lessors, and potential bankruptcies around the world;
- requests by customers to postpone or cancel existing orders for aircraft (including helicopters) or decisions by customers to review their order intake strategy due to, among other things, lack of adequate credit supply from the market to finance aircraft purchases or increases in operating costs or weak levels of passenger demand for air travel and cargo activity more generally, which could negatively impact the Company’s results of operations;
- variations in public spending for defence, homeland security and space activities, which may lead to termination or reduction of future funding or cancellations or delays impacting existing contracts which could negatively impact the Company’s results of operations; and
- an increase in the amount of sales financing that the Company is requested to provide to its customers to support aircraft deliveries typically secured over the underlying aircraft and bearing exposure to the customer credit risk. See “– Risk Factors – Financial Market Risks – Sales Financing Arrangements”.

In addition, in the Commercial Aircraft industry it is the industry standard to include revision clauses in sales and supplier contracts due to the long terms of such contracts. Such revision clauses can be based on one or multiple indices and therefore, can evolve due to changes in economic measures on which such indices are based, thereby potentially negatively impacting the Company’s results.

The Company generally finances its manufacturing activities and product development programmes, and in particular the development of new commercial aircraft, through a combination of cash flows generated by operating activities, customer advances, European governments’ refundable advances and risk-sharing partnerships with subcontractors. In addition, the Company’s military activities benefit from government-financed research and development contracts. If necessary, the Company may raise funds in the capital markets. Weak economic circumstances leading to liquidity constraints or reduced availability of finance for the Company’s customers, suppliers, European and other governments, and other risk sharing partners may affect the Company’s ability to finance its product development programmes and raise funds in the capital markets.

The Company’s financial results could also be negatively affected depending on gains or losses realised on the sale or exchange of financial instruments; impairment charges resulting from revaluations of debt and equity securities and other investments; interest rates; cash balances; and changes in fair value of derivative instruments. Increased volatility in the financial markets and overall economic uncertainty would increase the risk of the actual amounts realised in the future on the Company’s financial instruments differing significantly from the fair values currently assigned to them.

Although the potential negative impact of global economic conditions have been thoroughly assessed, the consequences thereof could have unforeseen material effects on the Company’s business, results of operations and financial condition, and in particular if these were to impact the Company’s commercial aviation activities or otherwise impact its access to financing.

The Company's business, results of operations and financial condition could be materially affected by Brexit.

On 29 March 2017, the UK triggered Article 50 of the Lisbon Treaty, the mechanism to leave the European Union ("**Brexit**"). The UK left the EU in an orderly manner on 31 January 2020 under the terms of the Withdrawal Agreement, opening a transition period until 31 December 2020.

On 24 December 2020, the EU and UK agreed a deal on their new long-term relationship – the EU-UK Trade and Cooperation Agreement ("**TCA**") – which has been applied provisionally since 1 January 2021. The UK Parliament ratified the TCA on 30 December 2020 but it still awaits ratification by the European Parliament and the Council of the European Union before final conclusion and entry into force.

On 1 January 2021, the UK left the European Single Market and Customs Union. The TCA provides for free trade in goods and limited mutual market access in services, as well as for cooperation mechanisms in a range of policy areas and UK participation in some EU programmes, supported by a common governance and level playing field guarantees. Areas with the most operational relevance for the Company and which were concerned by Brexit were: movement of people, goods, airworthiness, transportation and logistics (air and road transport), environment, export control and data flows and security.

In order to mitigate the risks and anticipate possible consequences associated with Brexit, the Company launched a major Brexit planning project in September 2018 involving the following work streams: People, Certifications, Customs, Procurement & Supply Chain, Transport & Logistics, Export Control, Environment, Security, Capital & Financial Services and Legal.

In 2020, the Company continued to work with suppliers and partners to stockpile parts, prepare its customs and regulatory systems and mitigate potential impacts where possible. The Company has been working with suppliers and partners to assess and improve their readiness levels, and encouraging them to mitigate the potential risks with their own supply chains. In addition, the Company established a cross-divisional and multi-functional quick reaction crisis management organisation to address any unknown events and/or risks which may occur, including during the months after 1 January 2021.

The TCA is expected to prevent the disruption a no-deal scenario would have created. Preliminary analysis confirms that although Brexit will result in a requirement for increased areas of vigilance, additional administrative work and reduced industrial flexibility, the continuity of the Company's business operations and supply chain in particular are not materially threatened.

The cooperation mechanisms agreed upon enable air connectivity between the UK and the EU although airlines will have to adapt to the loss of their existing traffic rights in the other party's territory. With regard to airworthiness specifically, the Company welcomes the provisions of the TCA, including the creation of joint technical coordination bodies for the effective implementation of the various annexes of the agreement and awaits the finalisation and ratification of a Bilateral Aviation Safety Agreement ("**BASA**") between the EU/EASA and the UK/CAA. The Company's Beluga operations were unaffected by the end of the transition period and the first post-transition period set of wings were delivered from Broughton in the UK to Hamburg in Germany on 4 January 2021, as scheduled.

The Company's industrial footprint makes it operationally dependent on surface transport for the movement of supplies. In that respect, the TCA provisions allowing for the continuity of road transport are welcome, but the combined effect of COVID-19 and new customs administrative processes for exporters and importers are resulting in additional burdens.

Customs formalities have necessitated changes to the Company's IT systems with effect from 1 January 2021. The increased administrative burden will be mitigated partially through planned improvements in the Company's digital infrastructure, which will enter into service throughout 2021. The implementation of the new customs systems will limit the Company's flexibility to implement short-notice changes to wing sets before shipping to Final Assembly Lines. A 48-hour freeze period has been implemented as a preliminary, temporary measure.

The Company welcomes that the TCA includes provisions for temporary entry for work purposes with visa-free, short-term business trips and the coordination between the two parties on social security, which will support our business operations. While the fact that a temporary arrangement has been agreed to allow personal data to be transferred from 1 January 2021, it will be important that a satisfactory permanent solution is reached as quickly as possible as these transfers are indispensable to the continuity of our operations.

Although the Company notes the absence of defence and security provisions in the TCA, it does not anticipate significant detrimental consequences from their absence given that most of the major defence and security programmes are organised between nations on a multilateral basis. The provisions in the TCA relating to cooperation on cyber security are also welcome.

The Company has four major engineering and manufacturing facilities and continues to employ a substantial number of highly skilled employees in the UK. Given its shared industrial footprint, the Company must remain vigilant in the medium and long term on the evolution of applicable laws and regulations in the EU and in the UK and the complexities arising thereof in order to avoid disruptions and greater costs to the Company's operations. At this stage the Company expects the agreed level playing field in that respect to limit the most material adverse effects.

Foreign Currency Exposure

At the end of 2020, more than 75% of the Company's revenues are denominated in US dollars, with approximately 60% of such currency exposure "naturally hedged" by US dollar-denominated costs. To the extent that the Company does not use financial instruments to hedge its exposure resulting from this foreign currency mismatch, its profits will be affected by market changes in the exchange rate of the US dollar against these currencies.

There are complexities inherent in determining whether and when foreign currency exposure of the Company will materialise, in particular given the possibility of unpredictable revenue variations arising from order cancellations, postponements or delivery delays. The Company may also have difficulty in fully implementing its hedging strategy if its hedging counterparties are unwilling to increase derivatives risk limits with the Company, and is exposed to the risk of non-performance or default by these hedging counterparties. The exchange rates at which the Company is able to hedge its foreign currency exposure may also deteriorate, as the euro could appreciate against the US dollar for some time, as has been the case in the past and as higher capital requirements for banks result in higher credit charges for uncollateralised derivatives. Accordingly, the Company's foreign currency hedging strategy may not protect it from significant changes in the exchange rate of the US dollar to the euro and the pound sterling, in particular over the long term, which could have a negative effect on its financial condition and results of operations. In addition, the portion of the Company's US dollar-denominated revenues that is not hedged in accordance with the Company's hedging strategy will be exposed to fluctuations in exchange rates, which may be significant. As of 31 December 2020, the total hedge portfolio with maturities up to 2027 amounts to US\$81.0 billion and covers

a major portion of the foreign exchange exposure expected over the period of the operative planning.

Furthermore, the Company is exposed to certain other price risks such as interest rate risks, changes in commodity prices and in the price of its own stocks. Adverse movements of these prices may jeopardise the Company's profitability if not hedged.

Currency exchange rate fluctuations in currencies other than the US dollar in which the Company incurs its principal manufacturing expenses (mainly the euro) may affect the ability of the Company to compete with competitors whose costs are incurred in other currencies. This is particularly true with respect to fluctuations relative to the US dollar, as many of the Company's products and those of its competitors (e.g., in the defence export market) are priced in US dollars. The Company's ability to compete with competitors may be eroded to the extent that any of the Company's principal currencies appreciates in value against the principal currencies of such competitors.

The Company's consolidated revenues, costs, assets and liabilities denominated in currencies other than the euro are translated into the euro for the purposes of compiling its Financial Statements. Changes in the value of these currencies relative to the euro will, therefore, have an effect on the euro value of the Company's reported revenues, costs, EBIT, other financial results, assets, liabilities and equity.

Sales Financing Arrangements

In support of sales, the Company may agree, case by case, to participate in the financing of selected customers. Over the last three years on average (2018 to 2020), the average number of aircraft delivered in respect of which financing support has been provided by Airbus amounted to less than 1% of the average number of deliveries over the same period.

The risks arising from the Company's sales financing activities may be classified into two categories: (i) credit risk, which relates to the customer's ability to perform its obligations under a financing arrangement, and (ii) aircraft value risk, which primarily relates to unexpected decreases in the future value of aircraft. Defaults by its customers or significant decreases in the value of the financed aircraft in the resale market may materially adversely affect the Company's business, results of operations and financial condition.

The Company's sales financing arrangements expose it to aircraft value risk, because it generally retains security interests in aircraft for the purpose of securing customers' performance of their financial obligations to the Company, and/or because it may guarantee a portion of the value of certain aircraft at certain anniversaries from the date of their delivery to customers. Under adverse market conditions, the market for used aircraft could become illiquid and the market value of used aircraft could significantly decrease below projected amounts. In the event of a financing customer default at a time when the market value for a used aircraft has unexpectedly decreased, the Company would be exposed to the difference between the outstanding loan amount and the market value of the aircraft, net of ancillary costs (such as maintenance and remarketing costs, etc.). Similarly, if an unexpected decrease in the market value of a given aircraft coincided with the exercise window date of an asset value guarantee with respect to that aircraft, the Company would be exposed to losing as much as the difference between the market value of such aircraft and the guaranteed amount, though such amounts are usually capped. Through the Airbus Asset Management department or as a result of past financing transactions, the Company is the owner of used aircraft, exposing it directly to fluctuations in the market value of these used aircraft.

In addition, the Company has backstop commitments to provide financing related to orders on the Company's and ATR's backlog. The Company's sales financing exposure could rise in line with future sales growth depending on the agreement reached with customers. The Company remains exposed to the risk of defaults by its customers or significant decreases in the value of the financed aircraft in the resale market, which may have a negative effect on its future financial condition and results of operations.

Liquidity

The Company is exposed to liquidity risk in case of funding needs during a market disruption situation. The liquidity risk can arise when money markets and debt capital markets are closed for new issuances for a period of time. In order to mitigate this risk, the Company maintains:

- significant amounts of highly liquid cash on-balance sheet;
- undrawn committed credit facilities;
- diversified Euro funding programmes (such as a €12 billion euro medium-term note ("EMTN") programme eligible to the Corporate Sector Purchase Programme of the European Central Bank ("ECB"), a €11 billion Negotiable European Commercial Paper programme eligible to the Pandemic Emergency Purchase Programme of the ECB, and a €4 billion Euro Commercial Paper programme eligible to the Covid Corporate Financing Facility of the Bank of England); and
- access to USD funding (through a US\$3 billion US Commercial Paper programme, and a 144A US Dollar bond market).

On 23 March 2020, the Company announced measures to bolster its liquidity and balance sheet in response to the COVID-19 pandemic, including a new €15 billion committed credit facility (the "**New Credit Facility**"), the withdrawal of 2019 dividend proposal with cash value of €1.4 billion, the suspension of voluntary top up pension funding and strong focus on support to customers and delivery.

On 31 March 2020, the Company priced a €2.5 billion triple-tranche bond transaction across 5, 8 and 12-year tenors in the Euro Debt Capital Markets out of its EMTN programme in order to raise long term liquidity. The proceeds have been used to partially term out the €15 billion credit facility.

On 2 June 2020, the Company priced a €3.5 billion triple-tranche bond transaction across 6, 10 and 20-year tenors in the Euro Debt Capital Markets out of its EMTN programme in order to further raise long term liquidity. The proceeds have been used to partially term out the €15 billion credit facility.

On 21 October 2020, the Company cancelled its existing €3 billion revolving credit facility and signed a new €6 billion revolving credit facility with a tenor of three years in order to raise long term liquidity. The incremental portion of the new facility has been used to partially term out the €15 billion facility.

Counterparty Credit

In addition to the credit risk relating to sales financing as discussed above, the Company is exposed to credit risk to the extent of non-performance by its counterparties for financial instruments, such as hedging instruments (US\$81 billion nominal value at 31 December 2020) and cash investments (US\$21.4 billion nominal value at 31 December 2020). However, the Company has policies in place to avoid concentrations of credit risk and to ensure that credit risk exposure is limited.

Counterparties for transactions in cash, cash equivalents and securities as well as for derivative transactions are limited to highly rated financial institutions, corporates or sovereigns. The Company's credit limit system assigns maximum exposure lines to such counterparties, based on a minimum credit rating

threshold as published by Standard & Poor's and Moody's. If neither is present, Fitch ratings is used. Besides the credit rating, the limit system also takes into account fundamental counterparty data, as well as sector and maturity allocations

and further qualitative and quantitative criteria such as credit risk indicators. The credit exposure of the Company is reviewed on a regular basis and the respective limits are regularly monitored and updated.

As of 31 December 2020 the credit exposure had been estimated as follows (in € million):

Source of risk	Exposure	Unexpected Loss Contribution
Banks	4,722	143
Corporates	3,245	56
Sovereign Issuers	737	6
Money market funds	9,486	16
Total	18,189	217

The Company also seeks to maintain a certain level of diversification in its portfolio between individual counterparties as well as between financial institutions, corporates and sovereigns in order to avoid an increased concentration of credit risk on only a few counterparties.

However, there can be no assurance that the Company will not lose the benefit of certain derivatives or cash investments in case of a systemic market disruption. In such circumstances, the value and liquidity of these financial instruments could decline and result in a significant impairment, which may in turn have a negative effect on the Company's financial condition and results of operations.

Moreover, the progressive implementation of new financial regulations and adjustments to existing regulations (MiFiD II/ MiFIR, CRD4, Bank Restructuring Resolution Directive, etc.) will have an impact on the business model of banks (for example, the split between investment banking and commercial banking activities) and on the capital structure and cost of such banks' activities in relation to over-the-counter derivatives, and therefore on the funding consequences of central clearing and collateralisation of over-the-counter derivatives for corporations like the Company. This may ultimately increase the cost and reduce the liquidity of the Company's long-term hedges, for example, as banks seek to either pass-on the additional costs to their corporate counterparties or withdraw from low-profit businesses altogether.

Pension Commitments

The Company participates in several pension plans for both executive as well as non-executive employees, some of which are underfunded. As of 31 December 2020, the provision for retirement plans and similar obligations amounted to €20,543 billion. For information related to these plans, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 32: Post-employment Benefits". Although the Company has recorded a provision in its balance sheet for its share of the underfunding based on current estimates, there can be no assurance that these estimates will not be revised upward in the future, leading the Company to record additional provisions in respect of such plans.

Necessary adjustments of such provisions include but are not limited to (i) the discount factor (dependent in part on interest rates) and the inflation rate applied to calculate the net present value of the pension liabilities, (ii) the performance of the asset classes which are represented in the pension assets, and (iii) behavioural assumptions regarding beneficiaries, and (iv) additional cash injections contributed by the Company from time to time to the pension assets. The Company has taken measures to reduce

potential losses on the pension assets and to better match the characteristics of the pension liabilities with those of the pension assets as a long-term objective. Nevertheless, any required additional provisions would have a negative effect on the Company's total equity (net of deferred tax), which could in turn have a negative effect on its future financial condition.

4.6.2 Business-Related Risks

COVID-19 Risks

New variants and the successive waves of the COVID-19 pandemic, the resulting health and economic crisis and actions taken in response to the spread of the pandemic, including government measures, lockdowns, travel limitations and restrictions, have resulted in significant disruption to the Company's business, operations and supply chain.

The aerospace industry, the financial health of operators, airlines, lessors and suppliers, commercial aircraft market, demand for air travel and commercial air traffic have been severely impacted by the COVID-19 pandemic and the resulting health and economic crisis. As a result, airlines have reduced capacity, grounded large portions of their fleets for months, sought to implement measures to reduce cash spending and secure liquidity. Some airlines are also seeking arrangements with creditors, restructuring or applying for bankruptcy or insolvency protection, which may have further consequences for the Company and its order book as well as other consequences resulting from the related proceedings. The Company will continue to face additional risks and uncertainties resulting from future consequences of the health and economic crisis on operators, airlines, lessors, suppliers and other actors in the air transport industry. See also "– Commercial Aircraft Market Factors" below.

In 2020, a number of measures have been taken by the Company to implement stringent health and safety procedures while taking account of stock levels and production lead-times. In February 2020, the Company suspended operations of the Tianjin Final Assembly Line for approximately one week but was later authorised by the Chinese authorities to restart operations and gradually increase production. In March and April 2020, the Company temporarily suspended certain operations including production and assembly activities at facilities in France, Spain, Germany, UK, US and Canada. The COVID-19 crisis may lead to further disruptions to the Company's internal operations and to its ability to deliver products and services. See also "– Dependence on Key Suppliers and Subcontractors" below.

In addition to its impact on the financial viability of operators, airlines and lessors and the reduction of commercial air traffic, lockdowns, travel limitations and restrictions around the world have posed logistical challenges and may cause disruptions to the Company's business, its operations and supply chain. These measures have and may continue to adversely affect the Company's ability to deliver products and services as well as customers' ability to take delivery of aircraft.

The Company is adversely affected by weak market and economic conditions in markets around the world. Protracted weaker market and economic conditions and their knock-on effects could result in (i) additional requests by customers to postpone delivery or cancel existing orders for aircraft (including helicopters) or other products including services, (ii) decisions by customers to review their fleet strategy, (iii) weak levels of passenger demand for air travel and cargo activity more generally, (iv) a sustained reduction in the volume of air travel for business purposes, and (v) prolonged or additional travel limitations and restrictions, which could negatively impact the Company's results of operations.

The Company delivered 566 commercial aircraft in 2020, 34% fewer than in 2019, in line with the Company's adaptation plan. This reflects customer requests to defer deliveries as well as other factors related to the ongoing COVID-19 crisis. In 2020, the Company recorded 155 cancellations.

On 23 March 2020, the Company secured the New Credit Facility in addition to the existing €3 billion revolving credit facility and withdrew its 2020 guidance due to the volatility of the situation. Given the continued impact of COVID-19 on the business and the associated risks, no new guidance was issued by the Company in 2020 on commercial aircraft deliveries or EBIT.

On 8 April 2020, the Company announced its decision to adapt commercial aircraft production rates to 40 per month for the A320 Family, two per month for A330 and six per month for A350 in response to the new COVID-19 market environment. This represented a reduction of the March 2020 pre-COVID-19 average rates of roughly one third. Subsequently the current market situation led to a slight adjustment in the A350 rate from six to five aircraft a month for now. With these new rates, the Company intended to preserve its ability to meet customer demand while protecting its ability to further adapt as the global market evolves.

On 30 June 2020, the Company announced plans to adapt its global workforce, principally in France, Germany, Spain and the UK, and resize its commercial aircraft activity in response to the COVID-19 crisis. This adaptation was expected to result in a reduction of around 15,000 positions no later than summer 2021. Working time adaptation and mitigation measures supported by the governments have reduced the number of positions subject to the restructuring plan. Taking into consideration the actual departures since the initial announcement, the remaining number of positions subject to the restructuring plan amounts to approximately 6,100 as of 31 December 2020, including pre-retirement headcount under German *Altersteilzeit* ("ATZ").

On 21 January 2021, the Company announced it is updating its production rate planning for its A320 Family aircraft in response to the market environment. The new average production rates for the A320 Family will now lead to a gradual increase in production from the current rate of 40 per month to 43 in Q3 and 45 in Q4 2021. This latest production plan represents a slower ramp up than the previously anticipated 47 aircraft per month from July 2021. The A220 monthly production rate will increase from four to five aircraft per month from the end of Q1

2021 as previously foreseen. Widebody production is expected to remain stable at current levels, with monthly production rates of around five and two for the A350 and A330, respectively. This decision postponed a potential rate increase for the A350 to a later stage.

The Company continues to monitor the market closely. With these revised rates, the Company preserves its ability to meet customer demand while protecting its ability to further adapt as the global market evolves. The Company expects the commercial aircraft market to return to pre-COVID levels by 2023 to 2025.

The Company is monitoring the evolution of the COVID-19 crisis and will continue to evaluate further impacts and additional measures going forward while taking into account the latest industry outlook.

Although the full impact of the COVID-19 pandemic and the resulting health and economic crisis cannot reasonably be assessed at this time given its uncertain duration and extent, the Company's business, its operations and supply chain are likely to be further disrupted by new variants and successive waves of the pandemic, the uncertainty it creates and the resulting health and economic crisis.

The Company's business, results of operations and financial condition have been and will continue to be materially affected by the COVID-19 pandemic, and the Company continues to face significant risks and uncertainties related to new variants and successive waves of the COVID-19 pandemic and its resulting health and economic crisis.

Commercial Aircraft and Helicopter Market Factors

Historically, the Company has experienced that order intake for commercial aircraft has shown cyclical trends, due in part to changes in passenger demand for air travel and the air cargo share of freight activity, which are in turn driven by a range of economic variables, such as GDP growth, private consumption levels or working age population size. Other factors, however, play an important role in determining the market for commercial aircraft, such as (i) the average age and technical obsolescence of the fleet relative to new aircraft; (ii) the number and characteristics of aircraft taken out of service and parked pending potential return into service; (iii) passenger and freight load factors; (iv) airline pricing policies and resultant yields; (v) airline financial health; (vi) the availability of third party financing for aircraft purchases; (vii) evolution of fuel price; (viii) regulatory environment; (ix) environmental constraints imposed upon aircraft operations, such as the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSA"), carbon standards and other environmental taxes; and (x) market evolutionary factors such as the volume of business-related travel or the growth of low-cost passenger airline business models or the impact of e-commerce on air cargo volumes. The COVID-19 pandemic and resulting health and economic crisis may amplify the impact of these factors.

The factors described above may have a material impact on the commercial aircraft industry and therefore, on the Company's financial condition and results of operations. In 2020, the commercial aircraft business segment of Airbus recorded total revenues of €34.97 billion – representing 68% of the Company's revenues. The significant growth of our commercial aircraft business relative to our Defence, Space and Government activities has diluted the latter's ability to serve as an effective tool to counter commercial cycles.

The commercial helicopter market in which the Company operates has shown cyclical trends and could also be influenced by factors listed above. In addition, the civil & parapublic and in particular the oil & gas market softness has led to, and may in future lead to, a postponement of investments in the acquisition of new platforms and a reduction of flight hours. The uncertainty on the lead time of the civil & parapublic market recovery may have an impact on Airbus Helicopters' financial results and could lead to cancellations or loss of bookings and services.

Cyber Security Risks

The Company's extensive information and communications systems, industrial environment and products are exposed to cyber security risks. Cyber security threats are rapidly changing and scenarios of attacks are becoming more sophisticated.

The Company is exposed to a number of different cyber security risks, directly or through its supply chain, arising from actions that may be intentional and hostile, accidental or negligent. Intrusion in systems, leakage of information or theft including industrial espionage, sabotage, destabilisation, corruption and availability of data are the main cyber security risks that the Company faces.

All of the above mentioned risks are heightened in the context of the increasingly common use of digital solutions by the Company (including greater use of cloud services, mobile devices, "internet of things"), increasingly capable adversaries and integration with the extended enterprise. Risks related to the Company's industrial control systems, manufacturing processes and products are growing with the increase of interconnectivity and digitalisation. Moreover, a main challenge is to maintain an appropriate level of security of complex and legacy industrial systems to face attacks from hackers who are improving their techniques and skills at incredible speed.

Finally, the Company is exposed to reputational damage and destabilisation from the growing volume of false and malicious information injected to media and social networks.

While the Company continues to make significant efforts to prevent such risks from materialising, making targeted investments will reduce but not eradicate likelihood and impact through strengthening the business cyber resilience.

The materialisation of one or several of such risks could lead to severe damage including but not limited to significant financial loss, need for additional investment, contractual or reputational performance degradation, loss of intellectual property, loss of business data and information, operational business degradation or disruptions, and product or services malfunctions.

Physical Security, Terrorism, Pandemics and Other Catastrophic Events

Past terrorist attacks, public health crises and the spread of disease (such as the global COVID-19 pandemic or the H1N1 flu pandemic or the Ebola epidemic in 2013-2016) have demonstrated that such events may negatively affect public perception of air travel safety, which may in turn reduce demand for air travel and commercial aircraft. The outbreak of wars, riots or political unrest or uncertainties may also affect the willingness of the public to travel by air. Furthermore, major aircraft accidents may have a negative effect on the public's or regulators' perception of the safety of a given class of aircraft, a given airline, form of design or air traffic management. Flight activity restart requires particular focus on safety aspects such as aircraft destorage, pilot training. As a result of such factors, the aeronautic industry may be confronted with additional

sudden or prolonged reduced demand for air transportation and be compelled to take additional costly security and safety measures. The Company may, therefore, suffer from a decline in demand for all or certain types of its aircraft or other products, and the Company's customers may postpone delivery or cancel orders.

In addition to affecting demand for its products, catastrophic events could disrupt the Company's internal operations or its ability to deliver products and services. Disruptions may be related to threats to infrastructure, personnel security and physical security and may arise from terrorism, natural disasters, fire, damaging weather, and other types of incidents such as drone air traffic disruption. Effects of such events may be amplified if they happen on Single Points Of Failure (SPOFs) for which dedicated identification and mitigations are monitored. Any resulting impact on the Company's production, services or information systems could have a significant adverse effect on the Company's operations, financial condition and results of operations as well as on its reputation and on its products and services.

Dependence on Key Suppliers and Subcontractors

The Company is dependent on numerous key suppliers and subcontractors to provide it with the raw materials, parts, assemblies, systems, equipment and services that it needs to manufacture its products.

The Company relies upon the good performance and financial health of its suppliers and subcontractors to meet the obligations defined under their contracts. A supplier's performance and health may be negatively impacted by a variety of topics including a concentrated customer base and the COVID-19 pandemic and the resulting health and economic crisis.

The Company cannot fully protect itself from non-performance of a supplier which could disrupt production and in turn may have a negative effect on its financial condition and results of operations.

Changes to the Company's production or development schedules may impact suppliers so that they initiate claims under their respective contracts for financial compensation. This may have a negative effect on the financial condition and results of operations of the Company.

As the Company's global sourcing footprint extends, some suppliers (or their sub-tier suppliers) may have production facilities located in countries that are exposed to socio-political unrest or natural disasters which could interrupt deliveries. This may have a negative effect on the financial condition and results of operations of the Company.

The COVID-19 pandemic and the resulting health and economic crisis has increased the Company's exposure to supply chain disruption risk. A reinforced governance has been implemented to manage the potential impacts.

Industrial System Adaptation

As a result of the COVID-19 pandemic and the resulting health and economic crisis and its impact on airlines operations, deliveries of aircraft have been adapted, leading the Company to reduce production rates. In 2020, the Company adapted the production rates on A320 family to rate 40 per month, on the A350XWB programme to rate 5, on the A330 programme to rate 2, and on the A220 programme to rate 3 in Mirabel and to rate 1 in Mobile. In January 2021, the Company announced it is

updating its production rate planning for its A320 family aircraft to rate 43 in Q3 2021 and rate 45 in Q4 2021. The Company will continue to monitor and adapt according to traffic evolutions. Hence, the Company is engaged in a process to adapt its industrial set-up to the new rates. This process is addressing the resource adaptation (headcount, skills & competencies) and the fixed cost reduction (industrial facilities, IT systems) which, in case of non-sufficient decrease, would affect production costs. It has to ensure as well that the lead time increase, as an effect of rate reduction, will be fully compensated by industrial adaptations hence protecting inventory level and lead-time between Aircraft configuration chosen by our customer and Aircraft delivery. This encompasses the full industrial process from supply chain (including raw material, subcontracted work packages, equipment, etc.) to aircraft delivery. In this process, the Company focuses attention on quality industrial adherence. All of these adaptations within industrial assets and resources will have to be led in due balance to remain compatible with further ramp-up needs to cope with airline future demand.

For more details on specific programme risks, see “– Programme-Specific Risks” below.

Technologically Advanced Products and Services

The Company offers its customers products and services that are technologically advanced, so the design, manufacturing, components and materials utilised can be complex and require substantial integration and coordination along the supply chain. In addition, most of the Company's products must function under demanding operating conditions. Throughout the lifecycle of its products, the Company performs checks and inspections, which may result in modifications, retrofits or other corrective actions, each of which may have an adverse effect on production, operations, in-service performance or financial condition. There can be no assurance that the Company's products or services will be successfully developed, manufactured or operated or that they will perform as intended.

Certain of the Company's contracts require it to forfeit part of its expected profit, to receive reduced payments, to provide a replacement launch or other products or services, to provide cancellation rights, or to reduce the price of subsequent sales to the same customer if its products fail to be delivered on time or to perform adequately. No assurances can be given that performance penalties or contract cancellations will not be imposed should the Company fail to meet delivery schedules or other measures of contract performance – in particular with respect to development programmes such as the A220, A350-900 and -1000 XWB, A400M, H175, H160 or Ariane 6 and to modernisation programmes such as the A320neo and the A330neo. See “– Programme-Specific Risks” below.

In addition to the risk of contract cancellations, the Company may also incur significant costs or loss of revenues in connection with remedial action required to correct any performance issues detected in its products or services. Moreover, to the extent that a performance issue is considered to have a possible impact on safety, regulators could suspend the authorisation for the affected product or service.

Any significant problems with the development, manufacturing, operation, performance or safety of the Company's products and services could have a significant adverse effect on the Company's financial condition and results of operations as well as on the reputation of the Company and its products and services.

Dependence on Public Spending and on Certain Markets

In any single market, public spending (including defence and security spending) depends on a complex mix of geopolitical considerations and budgetary constraints, and may therefore be subject to significant fluctuations from year to year and country to country. Any termination or reduction of future funding or cancellations or delays impacting existing contracts may have a negative effect on the Company's financial condition and results of operations. In instances where several countries undertake to enter together into defence or other procurement contracts, economic, political or budgetary constraints in any one of these countries may have a negative effect on the ability of the Company to enter into or perform such contracts.

The Company has a geographically diverse backlog. Adverse economic and political conditions, as well as downturns in broad economic trends in certain countries or regions, may have a negative effect on the Company's financial condition and results of operations generated in those regions.

Availability of Government and Other Sources of Financing

From 1992 to 2004, the European Union and the US operated under an agreement that sets the terms and conditions of financial support that governments may provide to civil aircraft manufacturers. In late 2004, however, the US unilaterally withdrew from this agreement, which eventually led to the US and the European Union making formal claims against each other before the World Trade Organization (“WTO”). While both sides have expressed a preference for a negotiated settlement that provides for a level playing field when funding future aircraft developments, they have thus far failed to reach agreement on key issues.

Separately, Brazil has initiated WTO proceedings citing Canadian support to the C Series aircraft, the aircraft that the Company manufactures, markets and supports as the A220 aircraft under the Airbus Canada Limited Partnership (prior to 1 June 2019 known as the C Series Aircraft Limited Partnership (“CSALP”)) agreement, finalised in 2018. Here too, a negotiated outcome would be preferable. Domestic proceedings in the US based on alleged subsidies to the C Series were dismissed.

On 18 October 2019, the US imposed, among other targeted goods, a tariff of 10% on new aircraft exported from the European Union to the US. On 14 February 2020, the USTR announced the US is increasing the additional duty rate imposed on aircraft imported from the EU to 15%, effective 18 March 2020. The Company's deliveries to the US from the final assembly line (“FAL”) in Mobile are exempted from tariffs. On 30 December 2020, USTR announced the US would impose a tariff of 15% on imports of aircraft manufacturing parts from France and Germany delivered to the final assembly line in Mobile, Alabama. The tariffs could have a material impact on the Financial Statements, business and operations of the Company. Duties on the importation of the Company's products into the US could result in (i) increased costs for the aerospace and airline industries as well as other industries that rely on air transport, (ii) weakening demand for new aircraft and negatively affecting the financial condition of air carriers and lessors, (iii) decisions to defer, reject or reschedule the delivery of new aircraft or limit the routes upon which new aircraft will be used, (iv) increased costs to consumers, and/or (v) damage to the Company's business or reputation via negative publicity adversely affecting the Company's prospects in the commercial market place. See WTO in “– Legal Risks – Legal and Regulatory Proceedings” and please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 39: Litigation and Claims”.

In March 2019, the WTO found that the steps by the US to address US subsidies to Boeing were inadequate. In October 2020, the WTO announced its decision to authorise the EU to impose US\$4 billion in annual countermeasures. In November 2020, the EU imposed tariffs on a range of imports to the EU from the US including 15% on the importation of large civil aircraft from the US.

In prior years, the Company and its principal competitors have each received different types of government financing of product research and development. However, no assurances can be given that government financing will continue to be made available in the future, in part as a result of the proceedings mentioned above. The terms and conditions of any new agreement, or the final outcome of the formal WTO or other trade law proceedings, may limit access by the Company to risk-sharing funds for large projects, may establish an unfavourable balance of access to government funds by the Company as compared to its US competitors or may in an extreme scenario cause the involved governments to analyse possibilities for a change in the commercial terms of funds already advanced to the Company. Moreover, the availability of other outside sources of financing will depend on a variety of factors such as market conditions, the general availability of credit, the Company's credit ratings, as well as the possibility that lenders or investors could develop a negative perception of the Company's long- or short-term financial prospects if it incurred large losses or if the level of its business activity decreased due to an economic downturn. The Company may, therefore, not be able to successfully obtain additional outside financing on appropriate terms, or at all, which may limit the Company's future ability to make capital expenditures, fully carry out its research and development efforts and fund operations.

Competition and Market Access

The markets in which the Company operates are highly competitive. With regard to the Company's commercial aircraft business for aircraft with more than 150 seats, the Company today operates in a competitive duopoly. The design, development and production of commercial aircraft involves high barriers to entry (including certification requirements, large investment needs, skilled competencies and access to technology) and the two main market participants have secured significant order backlogs.

New players are operating or seeking to operate in the Company's existing markets, which may impact the structure and profitability of these markets. In addition, enterprises with different business models and alternative technologies could substitute the Company's services and some of its products or component parts thereof. In some areas, competitors may have more extensive or more specialised engineering, manufacturing and marketing capabilities. There can be no assurance that the Company will be able to compete successfully against its current or future competitors or that the competitive pressures it faces in all business areas will not result in reduced revenues, market share or profit. See "– Environment, Human Rights, Health and Safety Risks – Climate-Related Risks" below.

In addition, some of the Company's largest customers and/or suppliers may develop the capability to manufacture products or provide services similar to those of the Company. This would result in these customers/suppliers marketing their own products or services and competing directly with the Company for sales of these products or services, all of which could significantly reduce the Company's revenues.

In addition, the contracts for many aerospace and defence products are awarded, implicitly or explicitly, on the basis of home country preference. Although the Company is a multinational company which helps to broaden its domestic market, it may

remain at a competitive disadvantage in certain countries, especially outside of Europe, relative to local contractors for certain products. The strategic importance and political sensitivity attached to the aerospace and defence industries means that political considerations will play a role in the choice of many products for the foreseeable future.

Major Research and Development Programmes

The business environment in many of the Company's principal operating business segments is characterised by extensive research and development costs requiring significant up-front investments with a high level of complexity. For the year 2020, research and development expenses were €2.9 billion. For the year 2019, research and development expenses were €3.4 billion (compared to €3.2 billion for the year 2018, mainly reflecting development cost on the A320neo).

Due to the technologically advanced complex nature of the products that the Company produces and the long period, including ramp up time, it takes to produce them, the business plans underlying such investments often contemplate a long payback period before these investments are recouped, and assume a certain level of return over the course of this period in order to justify the initial investment. There can be no assurances that the commercial, technical and market assumptions underlying such business plans will be met, and consequently, the payback period or returns contemplated therein achieved.

Significant technological, skills and industrial challenges exist to achieve the Company's sustainability ambitions for the future generations of aviation. These ambitions require cross industry and cross government collaboration to address the technological risks that need to be overcome. See "– Environment, Human Rights, Health and Safety Risks – Climate-Related Risks" below.

Successful development of new programmes also depends on the Company's ability to attract and retain aerospace engineers and other professionals with the technical skills and experience required to meet its specific needs. Demand for such engineers may often exceed supply depending on the market, resulting in intense competition for qualified professionals. The Company's attrition rate in 2020 was 5.8% overall (including subsidiaries) and 9.4% in subsidiaries only (compared to 4.4% overall and 8.43% in subsidiaries only in 2019). There can be no assurances that the Company will attract and retain the personnel it requires to conduct its operations successfully and in particular to attract and retain aerospace engineers and other professionals with the technical skills and experience required for its research and development programmes. Failure to attract and retain such personnel or an increase in the Company's employee turnover rate could negatively affect the Company's financial condition and results of operations more generally and particularly its ability to successfully execute its research and development programmes.

There is a risk of additional repercussions from COVID-19's impact on skills and expertise. Significant effort has been taken to maintain key resources and support the increased departure of skilled staff with improved knowledge management and knowledge transfer schemes across the Company.

The COVID-19 crisis has the potential to impact key company technological developments and competencies, but despite this risk the Company continues seeking to further its development in sustainable technologies. This commitment directs a significant proportion of the longer term technology research efforts for future products and services and is based on solving complex trades backed by exploring multiple technology pathways. Retaining this ambitious programme is achieved with national research funding through frameworks such as CORAC, LUFO,

ATI, CDTI and Horizon Europe where the frameworks enable the Company and the wider aviation ecosystem to mature and develop the required key competencies and technologies.

No assurance can be given that the Company will achieve the anticipated level of returns from these programmes and other development projects, which may negatively affect the Company's financial condition and results of operations and competitiveness.

In the context of the post-Brexit relationship between the UK and the European Union, there is a risk that the Company might lose access to pooled expertise and knowledge and could face disruptions within its interdependent and extensively integrated research and innovation networks across the UK and the European Union countries. The Company may also face lack of certainty with respect to intellectual property rights for existing or new programmes and established or potential partnerships with private or public organisations, academic institutions and research councils, charities and government departments, where the relevant intellectual property frameworks or user-rights/ownership governing those relationships is dependent on the UK's status as a member state of the European Union.

Acquisitions, Divestments, Joint Ventures and Strategic Alliances

As part of its business strategy, the Company may acquire or divest businesses and/or form joint ventures or strategic alliances. Executing acquisitions and divestments can be difficult and costly due to the complexities inherent in integrating or carving out people, operations, technologies and products. There can be no assurance that any of the businesses that the Company intends to acquire or divest can be integrated or carved out successfully, as timely as originally planned or that they will perform well and deliver the expected synergies or cost savings once integrated or separated. In addition, regulatory, administrative or other contractual conditions can prevent transactions from being finalised. Each acquisition, divestment, joint venture and strategic alliance is very specific in its nature, purpose, risk and opportunities. The Company identifies risks through a detailed and systematic due diligence process and addresses the risks identified through price mitigation and/or appropriate contractual coverage, such as indemnification mechanisms, both being the tailored-made results of complex negotiations with the sellers/buyers and/or partners. The Company's business, results of operations and financial condition may be materially affected if these transactions will not be successfully completed or do not produce the expected benefits.

Public-Private Partnerships and Private Finance Initiatives

Defence customers may request proposals and grant contracts under schemes known as public-private partnerships ("PPPs"). PPPs differ substantially from traditional defence equipment sales, as they often incorporate elements such as:

- the provision of extensive operational services over the life of the equipment;
- continued ownership and financing of the equipment by a party other than the customer, such as the equipment provider;
- mandatory compliance with specific customer requirements pertaining to public accounting or government procurement regulations; and
- provisions allowing for the service provider to seek additional customers for unused capacity.

The Company is party to PPP and private finance initiatives ("PFI") contracts, for example Skynet 5 and related telecommunications services, and in the AirTanker (FSTA) project both with the UK Ministry of Defence. One of the complexities presented by PFIs lies in the allocation of risks and the timing thereof among different parties over the life-time of the project.

There can be no assurances of the extent to which the Company will efficiently and effectively (i) compete for future PFI or PPP programmes, (ii) administer the services contemplated under the contracts, (iii) finance the acquisition of the equipment and the ongoing provision of services related thereto, or (iv) access the markets for the commercialisation of excess capacity. The Company may also encounter unexpected political, budgetary, regulatory or competitive risks over the long duration of PPP and PFI programmes.

Programme-Specific Risks

In addition to the risk factors mentioned above, the Company also faces the following programme-specific risks that could have a material impact on the Company's business, results of operations and financial condition.

The Company faces the following main challenges on its commercial programmes:

- adapt to rate and stabilise operational performance post-COVID-19 while maintaining high safety and quality standards;
- monitor and support the supply chain;
- accompany customers and facilitate deliveries to customers including by remote delivery process;
- ensure a strong customer focus to support return to operations; and
- protect priority projects and deliver developments as per revised plan including A321XLR, A350 Step7 (Standard 2022), Airspace, A330-800, A330-900 251t MTOW, and Digital (DDMS and Skywise).

A320 Family programme. In response to the new COVID-19 market environment, the commercial aircraft production rate for the A320 Family was adapted to 40 per month in June 2020. In January 2021, the Company announced demand for the A320 Family is expected to lead to a gradual increase in production from the current rate of 40 per month to 43 in Q3 and 45 in Q4 2021. The Company monitors proactively and constantly the backlog, the internal and external supply chain, including engines, so as to ensure readiness for further rate adaptations in accordance with traffic evolution, to minimise inventory levels, and secure aircraft storage capacity.

A400M programme. After the Company signed a contract amendment to restructure the contract, risks remain on development of technical capabilities (development effort as well as possible commercial agreement associated costs in order to reach Type Acceptance) and the associated costs, on securing sufficient export orders in time, on aircraft operational reliability in particular with regards to powerplant and on cost reductions as per the revised baseline.

For further information, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 23: Revenue and Gross Margin".

A350 XWB programme. In connection with the A350 XWB programme, the Company faces the following main challenges: to secure revised quarterly delivery targets post-COVID-19, monitor and support the supply chain, reduce recurring costs to improve competitiveness within a widebody market recovering at a slower pace and deliver Step 7 as per adapted plan. Decisions on further rate adaptation will depend on traffic evolution.

A380 programme. In connection with the A380 programme, the Company faces the following main challenges: programme wind-down, delivery of remaining A380s and secure in service support for next decades.

A330 programme. In response to the new COVID-19 market environment, the commercial aircraft production rate for the A330 programme was adapted to two per month in June 2020. In connection with the A330 programme, the main challenges the Company faces are to secure revised delivery targets post-COVID-19, monitor and support the supply chain. Decisions on further rate adaptation will depend on traffic evolution. The developments were on track in 2020: A330-800 was certified in February 2020, A330-900 251t MTOW was certified early October 2020 with a first delivery in November 2020 to Kuwait Airlines.

A220 programme. In connection with the A220 programme, the main challenges the Company faces are to secure the A220 cost reduction trajectory with a strong focus on Design to Cost roadmap, and to ensure an A220 book to bill above one to fill current open slots. As a consequence of the COVID-19 pandemic, the commercial aircraft production rates were adapted in Mirabel to three per month and in Mobile to one per month in 2020. Similar to A320neo programme, attention will remain high on Pratt & Whitney engine maturity in service.

H225 and H215 programme. Airbus Helicopters continues to drive improvements across its product range as part of its commitment to raise safety standards and increase the robustness and reliability of dynamic components. The H225 programme faces a challenge with the supply chain in a COVID-19 context.

H175 programme. In connection with the H175 programme produced in cooperation with Avic, the Company faces the following main challenge: a tough market environment on its main offshore segment.

NH90 and Tiger programmes. In connection with multiple fleets in service, the NH90 programme faces the challenge of assuring support readiness while working on the deliveries of contracts signed in 2019. The Tiger MKIII contract is critical to the future of the programme and requires alignment with OCCAR (Organisation conjointe de coopération en matière d'Armement / Organisation for Joint Armament Co-operation), Germany and Spain. The NH90 programme faces a challenge with the supply chain in a COVID-19 context. Through the dedicated transformation plan launched on the NH90 and maintenance improvement plan initiated on the Tiger, the Company aims to reduce the maintenance burden and improve fleet serviceability.

H160 programme. The main challenge for the H160 programme is to secure the FAA certification despite the COVID-19 travel restrictions that impact negatively flight and training assessment. Even if significant de-risking has been achieved, the finalisation of post-type certificate activities is the priority to ensure the success of the entry into service. Direct Maintenance Cost of the helicopter, Product cost reduction and industrial ramp-up are key challenges.

Border security. In connection with border security projects, the Company faces the following main challenges: meeting the schedule and cost objectives taking into account the complexity of the local infrastructures to be delivered and the integration of commercial-off-the-shelf products (radars, cameras and other sensors) interfaced into complex system networks; assuring efficient project and staffing; managing the rollout including subcontractors and customers. Negotiations on change requests in this respect along with schedule re-alignments remain ongoing. However, the repeatedly prolonged suspension of defence export licenses to Saudi Arabia by the German Government has significantly impacted the Company's ability to deliver the project and is still significantly jeopardising the customer

relationship. As a result of the consequential inability of the Company to execute the full scope of the customer contract, a revised Estimate at Completion (EAC) was performed. As a result a €221 million impairment charge mainly on inventories on top of a €112 million financial expense related to hedge ineffectiveness, have been recognised as of 30 September 2019. The Company continues to engage with its customer to agree a way forward on this contract. The outcome of these negotiations is presently unclear but could result in significant further financial impacts.

4.6.3 Legal Risks

Legal and Regulatory Proceedings

The Company is currently engaged in a number of active legal and regulatory proceedings.

For example, the WTO litigation, which is described in “– Risk Factors – Business-Related Risks – Availability of Government and other Sources of Financing”, is ongoing. For further information on the WTO litigation and trade dispute, please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 39: Litigation and Claims” (WTO).

For the investigation by the UK SFO, France's PNF, and the US Departments of State (“DoS”) and Justice, which is described in “– Risk Factors – Legal Risks – Anti-Corruption Laws and Regulations”, the Company has reached an agreement with the authorities, which was approved by the French and UK courts and US court and regulator on 31 January 2020. The agreement resulted in a fine totalling €3.6 billion plus costs to the French, UK, and US authorities. For further information about the investigation, please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 39: Litigation and Claims” (Investigation by the UK SFO, France's PNF, and US Departments of State and Justice and Related Commercial Litigation).

The Company expects to continue to spend time and incur expenses associated with its defence of legal and regulatory proceedings, regardless of the outcome, and this may divert the efforts and attention of management from normal business operations. Although the Company is unable to predict the outcome of these proceedings, it is possible that they will result in the imposition of damages, fines or other remedies, which could have a material effect on the Company's business, results of operations and financial condition. An unfavourable ruling could also negatively impact the Company's stock price and reputation.

In addition, the Company is from time to time subject to government inquiries and investigations of its business and competitive environment due, among other things, to the heavily regulated nature of its industry. In addition to the risk of an unfavourable ruling against the Company, any such inquiry or investigation could negatively affect the Company's reputation and its ability to attract and retain customers and investors, which could have a negative effect on its business, results of operations and financial condition. See “– Non-Financial Information – Exemplify Business Integrity – 6.1.5 Ethical Business Practices”.

Anti-Corruption Laws and Regulations

The Company is required to comply with applicable anti-bribery laws and regulations in jurisdictions around the world where it does business. To that end, an anti-corruption programme has been put in place that seeks to ensure adequate identification, assessment, monitoring and mitigation of corruption risks. Despite these efforts, ethical misconduct or non-compliance with applicable laws and regulations by the Company, its employees or any third party acting on its behalf could expose it to liability or have a negative impact on its business.

The Company may be subject to administrative, civil or criminal liabilities including significant fines and penalties, as well as suspension or debarment from government or non-government contracts for some period of time. The Company may also be required to modify its business practices and compliance programme and/or have a compliance monitor imposed on it. Any one or more of the foregoing could have a significant adverse effect on the Company's reputation and its business, results of operations and financial condition.

In 2016, for example, the Company announced that it had discovered misstatements and omissions in certain applications for export credit financing for the Company's customers, and had engaged legal, investigative and forensic accounting experts to conduct a review. Separately, the UK SFO announced that it had opened a criminal investigation into allegations of fraud, bribery and corruption in the civil aviation business of the Company, relating to irregularities concerning third party consultants. The Company was subsequently informed that the French authorities, the PNF, had also opened a preliminary investigation into the same subject and that the two authorities will act in coordination going forward. The Company engaged with the government of the US (DoS and DoJ) relating to conduct forming part of the SFO/PNF investigation that could fall within US jurisdiction. The Company also engaged with the government of the US concerning potential issues of ITAR Part 130 and related matters. On 31 January 2020, the French and UK courts and US court and regulator approved an agreement reached by the Company with the authorities. Any breach of the terms of the agreements by the Company could lead to rescission by the authorities of the terms of the agreements and reopening of the prosecutions. Prosecution could result in the imposition of further monetary penalties or other sanctions including additional tax liability and could have a material impact on the Financial Statements, business and operations of the Company. The agreements reached with authorities may lead to additional commercial litigation and arbitration against the Company and tax liability in the future, which could have a material impact on the Financial Statements, business and operations of the Company. For further information, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 39: Litigation and Claims".

Export Controls Laws and Regulations

The export market is a significant market for the Company. In addition, many of the products the Company designs and manufactures for military use are considered to be of national strategic interest. Consequently, the export of such products outside of the jurisdictions in which they are produced may be restricted or subject to licensing and export control requirements, notably by the UK, France, Germany and Spain, where the Company carries out its principal activities relating to military products and services as well as by other countries where suppliers are based, notably, the US. There can be no assurance (i) that the export controls to which the Company is subject will not become more restrictive, (ii) that new generations of the Company's products will not also be subject to similar or more stringent controls or (iii) that geopolitical factors or changing international circumstances will not make it impossible to obtain export licenses for one or more clients or constrain the Company's ability to perform under previously signed contracts. Reduced access to military export markets may have a significant adverse effect on the Company's business, results of operations and financial condition.

Operating worldwide, the Company must comply with several, sometimes inconsistent, sets of sanctions laws and regulations implemented by national/regional authorities. Depending on geopolitical considerations including national security interests

and foreign policy, new sanctions regimes may be set up or the scope of existing ones may be widened, at any time, immediately impacting the Company's activities.

Although the Company seeks to comply with all such laws and regulations, even unintentional violations or a failure to comply could result in suspension of the Company's export privileges, or preclude the Company from bidding on certain government contracts (even in the absence of a formal suspension or debarment).

Furthermore, the Company's ability to market new products and enter new markets may be dependent on obtaining government certifications and approvals in a timely manner.

Dependence on Joint Ventures and Minority Holdings

The Company generates a proportion of its results through various consortia, joint ventures and equity holdings. The Company recognises its share in the results of its equity holdings in the proportion of the stake held. In 2020, the Company's total share of result from these arrangements amounted to €39 million (compared to €299 million in 2019). The Company's individually material joint ventures are ArianeGroup (50%), MBDA (37.5%) and ATR GIE (50%). For further information, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 9: Investments Accounted for under the Equity Method" and "– Note 16: Share of Profit from Investments Accounted for under the Equity Method and Other Income from Investments".

The formation of partnerships and alliances with other market players is an integral strategy of the Company, and the proportion of sales generated from consortia, joint ventures and equity holdings may rise in future years. This strategy may from time to time lead to changes in the organisational structure, or realignment in the control, of the Company's existing joint ventures.

The Company exercises varying and evolving degrees of control in the consortia, joint ventures and equity holdings in which it participates. While the Company seeks to participate only in ventures in which its interests are aligned with those of its partners, the risk of disagreement or deadlock is inherent in a jointly controlled entity, particularly in those entities that require the unanimous consent of all members with regard to major decisions and specify limited exit rights. The other parties in these entities may also be competitors of the Company, and thus may have interests that differ from those of the Company.

Product Liability and Warranty Claims

The Company designs, develops and produces a number of high profile products of large individual value, particularly civil and military aircraft and space equipment. The Company is subject to the risk of product liability and warranty claims in the event that any of its products fails to perform as designed. While the Company believes that its insurance programmes are adequate to protect it from such liabilities, no assurances can be given that claims will not arise in the future or that such insurance coverage will be adequate.

The Company follows a policy of seeking to transfer the insurable risk of the Company to external insurance markets at reasonable rates, on customised and sufficient terms and limits as provided by the international insurance markets. The insurance industry remains unpredictable. There may be future demands to change scope of coverage, premiums and deductible amounts. No assurance can be given that the Company will be able to maintain its current levels of coverage nor that the insurance coverages in place are adequate to cover all significant risk exposure of the Company.

Any problems in this respect may also have a significant adverse effect on the reputation of the Company and lead to a decline in demand for its products and services. Any reputational damage faced by the Company may be exacerbated due to the Company's visibility.

The Company cannot predict at this time the impact on it as a result of any product liability or warranty claims as such will depend on the nature and size of any such claim.

Intellectual Property

The Company continuously seeks to develop and deliver new products to meet customers' evolving needs, while also improving its existing product lines. Technological innovation has been at the core of the Company's strategy since its creation. The Company's innovations often provide distinct competitive advantages, with many becoming standard in the aircraft industry. In addition, the Company designs, develops and produces a number of high profile products of large individual value, particularly civil and military aircraft and space equipment. Therefore, intellectual property ("IP") is one of the Company's most valuable assets and the protection of IP is critical to its business.

The Company relies upon patents, copyright, trademark, confidentiality and trade secret laws, and agreements with its employees, customers, suppliers and other parties, to establish and maintain its IP rights in its products and services and in its operations. In a typical year, the Company files around 800 new priority-establishing patent applications and files globally around 1,600 national patent applications in global markets where it seeks to protect its technology assets. The Company has granted patents for around 10,500 individual technologies with nearly 4,000 patents pending. This level of protection is benchmarked against peer and competitor companies and is considered sufficient to protect core, proprietary differentiating technology which is developed by the Company. Despite these efforts to protect its IP rights, any of the Company's direct or indirect IP rights could be challenged, invalidated or circumvented. Further, the laws of certain countries do not protect the Company's proprietary rights to the same extent as the laws in Europe and the US. Therefore, in certain jurisdictions the Company may be unable to protect its proprietary technology adequately against unauthorised third-party copying or use, which could adversely affect its competitive position. The Company may also face lack of certainty with respect to intellectual property rights for existing or new research and development programmes and established or potential partnerships with private or public organisations, academic institutions and research councils, charities and government departments, where the relevant intellectual property frameworks or user-rights/ownership governing those relationships is dependent on the UK's status as a member state of the European Union.

In the event the Company is unable to adequately procure and protect critical IP it could potentially not implement its business strategy.

The Company has been accused of infringement on occasion and could have additional claims asserted against it in the future. These claims could harm its reputation, result in financial penalties or prevent it from offering certain products or services which may be subject to such third-party IP rights. Any claims or litigation in this area, whether the Company ultimately wins or loses, could be time-consuming and costly, harm the Company's reputation or require it to enter into licensing arrangements. The Company might not be able to enter into these licensing arrangements on acceptable terms. If a claim of infringement were successful against it, an injunction might be ordered against the Company, causing further losses. There are currently no significant claims of IP infringement pending against the Company. Minor claims and pre-dispute matters commonly settle either without the issuance of formal legal proceedings or during initial proceedings.

4.6.4 Environment, Human Rights, Health & Safety Risks

Climate-Related Risks

Climate change may have a major impact on both the Company's industrial operations and its upstream and downstream value chain, including aircraft direct operations and the wider air transport ecosystem along with a strong influence on regulations and stakeholders expectations. Accordingly, climate-related risks can potentially affect the Company's business and competitiveness, its customers and other actors from the aviation industry.

The Company categorises its climate-related risks and opportunities according to the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations. In particular, risks are sorted into two categories: transition and physical.

Transition risks

Technology: The Company has identified the risk of a reduction in the Company's business, results of operations and financial condition if a competitor brings a lower emission product to the market before it does. Delivering on commitments and potential future requirements to mitigate climate impacts will require significant technological developments for the commercial aircraft sector. In the event that a competitor or new market participant has access to technological developments unavailable to the Company and is able to place on the market a large passenger aircraft with significantly lower emissions before the Company, climate mitigation requirements may temporarily push the market towards competing products until the Company can develop a competing alternative, which could lead to a temporary loss of market competitiveness and reduced revenue.

Market: Changes in societal expectations and growing concerns about climate change may impact market demand for air transport. In particular, a change in certain passengers' behaviour or their transition to other transport modes could decrease the demand for the Company's current and future generation of products, causing a loss of revenues.

The development of future products based on the ZEROe concepts will require significant investments in both products and supporting infrastructure, which could directly impact the operating costs of such a product.

The competitiveness of this next generation product will also strongly depend, among other factors, on the evolution of the price of carbon. It is therefore crucial for the Company to account at each step of development for market expectations, while staying affordable for its customers and competitive with regards to competitors' portfolios. The failure to do so could result in the Company losing market share to competitors, as well as affecting the Company's return on investment with regards to future commercial aircraft products.

Policy and Legal: Aviation is a complex industry, with long product development cycles and where change takes a long time to be implemented. A rapid evolution of climate-related policies (such as carbon pricing policies and sustainable aviation fuel policies) and regulatory frameworks (CO₂ standards, sustainable finance, emissions trading systems, aircraft operation restrictions among others) could generate fast-changing requirements and could obstruct new product development pathways. As aviation is a global industry, policies and regulatory frameworks implemented at regional level rather than international level, or evolving at a different speed depending on the region, would

unbalance a competitive level playing field for manufacturers and operators possibly creating market distortion. This could result in a loss of competitiveness for the Company.

Reputation: Reputational risks could be divided in several categories. Firstly, there is a risk that misperceptions about the Company's environmental performance is used as a key decision-making criteria for consumers, investors, or even new talents. Secondly, there is a risk that the Company's reputation is damaged by growing societal concerns about the climate change impact of aviation or by the lack of transparency on progress made to address climate-related issues.

As an example, the Company was the first manufacturer to disclose its ambition to bring a zero-emission aircraft to the market. If the ambition is perceived as unattainable or if the Company is not able to deliver on its ambition it could result in reputational damage leading to reduced investment, loss of revenues and reduced attractiveness. A similar situation could occur if the Company's environmental performance is not on par with its expressed ambition.

Physical Risks

The foreseen consequences of climate change include harsher average weather conditions and more frequent extreme weather events, such as hurricanes, hail storms, heat waves or extreme cold spells. To cope with degraded operational conditions, costly, time-consuming and more frequent redesigns may be required by the Company to improve its products to meet more stringent regulation and certification criteria or standards.

The effects of climate change on weather conditions may impact operating conditions of the Company's industrial activities (including the activities of its supply chain) with higher occurrence and severity of, for instance, hurricanes, hail storms or floods. As a consequence, industrial activities may be disrupted or interrupted if a part of the Company's industrial system or its supply chain is affected or impaired by such events. The Company's future installations may require more stringent requirements and planning to withstand more intense weather events.

Regulatory Risks

The Company's expenditure associated with environmental, human rights, health and safety challenges may increase due to both increased costs of compliance with regulations in those areas as well as reputational and litigation risks.

Given the scope of its activities and the industries in which it operates, the Company is subject to stringent environmental, human rights, health and safety laws and regulations in numerous jurisdictions around the world. The Company therefore incurs, and expects to continue to incur, significant capital expenditure and other operating costs to comply with increasingly complex laws and regulations covering the protection of the natural environment as well as occupational health and safety and human rights. Health and safety expenditures include investments in the identification and the prevention, elimination or control of physical and psychological risks to people arising from work, including chemical, biological, mechanical and physical agents. Risks that could arise from work activities include the possibility of injury, physical and mental ill-health, damage to equipment, business interruption and regulatory action. Any reputational risk and claims against the Company that may result will also need to be managed and may lead to additional health and safety expenditure being required. In 2020, the Company introduced stringent COVID-19 risk management measures in the workplace. However, Company employees have inevitably faced additional physical and mental ill-health risks due to the COVID-19 crisis. The COVID-19 pandemic and associated public health controls,

combined with reduced social contact, has led to health, financial and social uncertainty for many individuals. Environmental protection expenditures include costs to prevent, control, eliminate or reduce emissions to the environment, waste management, the content of the Company's products, and reporting and warning obligations. Current trends indicate that regulatory pressure on the international scene to reduce the environmental footprint of industry is steadily growing (circular economy and resources efficiency, energy transition and climate change engagement, air and water quality improvement). Moreover, new laws and regulations, the imposition of tougher license requirements, increasingly strict enforcement or new interpretations of existing laws and regulations may cause the Company to incur increased capital expenditure and operating costs in the future in relation to the above, which could have a negative effect on the Company's business, results of operations and financial condition.

If the Company fails to comply with environmental, human rights, health and safety laws and regulations, even if caused by factors beyond its control, that failure may result in the levying of civil or criminal penalties and fines against it. Regulatory authorities may require the Company to conduct investigations and undertake remedial activities, curtail operations or close installations or facilities temporarily to prevent imminent risks. In the event of an industrial accident or other serious incident, employees, customers and other third parties may file claims for ill-health, personal injury, or damage to property or the environment (including natural resources). Further, liability under some environmental, human rights, health and safety laws can be imposed retrospectively, on a joint and several basis, and in relation to contaminated sites, without any finding of non-compliance or fault. These potential liabilities may not always be covered by insurance, or may be only partially covered. The obligation to compensate for such damages could have a negative effect on the Company's business, results of operations and financial condition.

In addition, the various products manufactured and sold by the Company must comply with relevant health, safety and environmental laws, for example those designed to protect customers and downstream workers or communities, and those covering substances and preparations, in the jurisdictions in which they operate. Although the Company 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 European Union Regulation known as "REACH", which addresses the production and use of chemical substances) may force the Company to adapt, redesign, redevelop, recertify and/or eliminate its products from the market thereby incurring significant additional costs. Seizures of defective products may be pronounced, and the Company may incur administrative, civil or criminal liability. Any problems in this respect may also have a significant adverse effect on the reputation of the Company and lead to a decline in demand for its products and services.

Despite compliance with all applicable laws and regulations, the Company's reputation and the demand for its products may also be affected by the public perception of environmental and societal impacts of the Company's products in operation (such as the emission of greenhouse gases or noise) and of the impacts of the Company and its supply chain industrial operations on local communities, on the environment and on air and water quality.

The Company cannot predict at this time, the impact on it as a result of environmental, human rights, health and safety matters, and may be adversely affected by them in the manner described above. For further information on sustainability-related risks, see "– 6. Non-Financial Information and other Corporate Activities – 6.1 Non-Financial Information".

5. Financial Performance

The Airbus SE IFRS Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”).

5.1 IFRS Consolidated Financial Statements

Please refer to the “Airbus SE – IFRS Consolidated Financial Statements” and the “Notes to the IFRS Consolidated Financial Statements” for the years ended 31 December 2020 and 2019.

IFRS Consolidated Income Statement

Please refer to the “Airbus SE – IFRS Consolidated Income Statements” for the years ended 31 December 2020 and 2019.

Revenue

Revenue decreased to €49.9 billion (2019: €70.5 billion), driven by the difficult market environment impacting the commercial aircraft business with 34% fewer deliveries year-on-year. A total of 566 commercial aircraft were delivered (2019: 863 aircraft), comprising 38 A220s, 446 A320 Family, 19 A330s, 59 A350s and four A380s. During the fourth quarter of 2020, a total of 225 commercial aircraft were delivered including 89 in December. In 2020, Airbus Helicopters delivered 300 units (2019: 332 units) with revenues increasing by around 4%, benefiting from a favourable product mix and growth in services. Revenues at Airbus Defence and Space decreased by around 4%, mainly reflecting lower volume as well as the impact of COVID-19 on business phasing, mainly in Space Systems.

EBIT and Financial Result

EBIT Adjusted — an alternative performance measure and key indicator capturing the underlying business margin by excluding material charges or profits caused by movements in provisions related to programmes, restructuring or foreign exchange impacts as well as capital gains/losses from the disposal and acquisition of businesses – totalled €1,706 million (2019: €6,946 million). This mainly reflects the weaker commercial aircraft performance, which was supported by a strong contribution from Airbus Helicopters and Airbus Defence and Space.

Airbus’ EBIT Adjusted of €618 million (2019 (restated): €5,947 million) mainly reflects the reduced commercial aircraft deliveries and associated lower cost efficiency. It also includes € -1.1 billion in COVID-19 related charges. In January 2021, an update on production rates was communicated in response to the market environment with rates to remain lower for longer.

Airbus Helicopters’ EBIT Adjusted increased to €471 million (2019: €422 million), mainly driven by strong government-related activities and reliable programme execution. It also includes lower Research & Development (R&D) expenses reflecting the end of the European Union Aviation Safety Agency (EASA) certification process for the five-bladed H145 and the H160.

EBIT Adjusted at Airbus Defence and Space increased to €660 million (2019: €565 million), mainly reflecting cost containment measures and lower R&D expenses, partly offset by the impact of COVID-19, including on the launcher business.

A total of nine A400M military airlifters were delivered during the year, with Belgium taking delivery of its first of seven aircraft in December. Good progress was made with the aircraft’s capability roadmap, including the flight test campaign for Automatic Low Level Flight certification.

EBIT (reported) was € -510 million (2019: €1,339 million), including Adjustments totalling a net € -2,216 million.

These Adjustments comprised:

- € -1,202 million related to the Company-wide restructuring plan;
- € -385 million related to A380 programme cost, of which € -27 million were in Q4;
- € -480 million related to the dollar pre-delivery payment mismatch and balance sheet revaluation, of which € -106 million were in Q4;
- € -149 million of other costs (including compliance), of which € -21 million were in Q4.

The **net loss** was € -1,133 million (2019 net loss: € -1,362 million). It includes the financial result of € -620 million (2019: € -275 million). The financial result largely reflects interest results of € -271 million, Repayable Launch Investment remeasurement impact in the other financial result of € -157 million, as well as a net € -149 million related to Dassault Aviation financial instruments. It also includes the impairment of the OneWeb loan, recognised in Q1 2020.

The reported **loss per share** was € -1.45 (2019: € -1.75).

TABLE 1 – EBIT AND REVENUE BY DIVISION

(In € million)	Revenues			EBIT (reported)		
	2020	2019 ⁽¹⁾	Change	2020	2019 ⁽¹⁾	Change
Airbus	34,250	54,775	(37%)	(1,330)	1,794	-
Airbus Helicopters	6,251	6,007	4%	455	414	+10%
Airbus Defence and Space	10,446	10,907	(4%)	408	(881)	-
Eliminations	(1,035)	(1,211)	-	(43)	12	-
Total	49,912	70,478	(29%)	(510)	1,339	-

(1) Previous year figures are restated to reflect the adoption of a new segment reporting structure for "Transversal" activities as of 1 January 2020. Activities related to innovation and digital transformation, which were formerly reported in "Transversal", are now included in the business segment "Airbus" under the new segment structure. "Eliminations" continue to be reported separately.

IFRS Consolidated Statements of Financial Position

Please refer to the "Airbus SE – IFRS Consolidated Statements of Financial Position" at 31 December 2020 and 2019.

Intangible Assets and Property, Plant and Equipment

Intangible assets decreased by €-392 million to €16,199 million (2019: €16,591 million). Intangible assets mainly relate to goodwill of €12,999 million (2019: €13,019 million).

The annual impairment tests performed in 2020 led to no impairment charge.

Property, plant and equipment decreased by €-620 million to €16,674 million (2019: €17,294 million). Property, plant and equipment include right-of-use assets for an amount of €1,804 million as of 31 December 2020 (2019: €1,543 million).

Investments Accounted for under the Equity Method

Investments accounted for under the equity method decreased by €-48 million to €1,578 million (2019: €1,626 million). They mainly include the equity investments in ArianeGroup, MBDA and ATR GIE.

OTHER INVESTMENTS AND OTHER LONG-TERM FINANCIAL ASSETS

(In € million)	31 December	
	2020	2019
Other investments	2,245	2,516
Other long-term financial assets	1,610	1,937
Total non-current other investments and other long-term financial assets	3,855	4,453
Current portion of other long-term financial assets	468	449
Total	4,323	4,902

Other investments mainly comprise the Company's participations and include the remaining investment in Dassault Aviation (9.90%, 2019: 9.90%) amounting to €742 million at 31 December 2020 (2019: €968 million).

Other long-term financial assets and the **current portion of other long-term financial assets** include other loans in the amount of €1,841 million as of 31 December 2020 (2019: €2,036 million), and the sales financing activities in the form of finance lease receivables and loans from aircraft financing.

Inventories

Inventories of €30,401 million (2019: €31,550 million) decreased by €-1,149 million. This is driven by Airbus (€-746 million), and mainly reflects a decrease in work in progress in line with the production adaptation plan as well as A380 ramp down, partly offset by an increase in stored aircraft reflecting customer requests to defer deliveries, as well as other factors related to the ongoing COVID-19 pandemic.

Provisions

(In € million)	31 December	
	2020	2019
Provisions for pensions	9,980	8,353
Other provisions	10,563	10,561
Total	20,543	18,914
<i>thereof non-current portion</i>	<i>13,998</i>	<i>12,542</i>
<i>thereof current portion</i>	<i>6,545</i>	<i>6,372</i>

Provisions for pensions — As of 31 December 2020, the change in actuarial assumptions resulted overall in a total net increase in pension liability of €1,627 million, principally reflecting the weakening of interest rates in Germany, France, Canada and the UK partly compensated by the performance of the asset market values, resulting from market volatility related to the ongoing COVID-19 pandemic.

Other provisions increased mainly due to the restructuring provision recorded in 2020 in response to the COVID-19 pandemic, partly offset by a decrease in provisions for onerous contracts due to the utilisation and net presentation of the A380, A400M and A220 programme losses against inventories.

Other Financial Assets and Other Financial Liabilities

OTHER FINANCIAL ASSETS

(In € million)	31 December	
	2020	2019
Positive fair values of derivative financial instruments	3,451	996
Others	32	37
Total non-current other financial assets	3,483	1,033
Receivables from related companies	1,158	1,148
Positive fair values of derivative financial instruments	973	444
Others	301	468
Total current other financial assets	2,432	2,060
Total	5,915	3,093

OTHER FINANCIAL LIABILITIES

(In € million)	31 December	
	2020	2019
Liabilities for derivative financial instruments	1,834	2,434
European governments' refundable advances	3,712	3,725
Others	111	1,339
Total non-current other financial liabilities	5,657	7,498
Liabilities for derivative financial instruments	983	1,560
European governments' refundable advances	200	552
Liabilities to related companies	130	159
Others	456	376
Total current other financial liabilities	1,769	2,647
Total	7,426	10,145

The total net fair value of derivative financial instruments increased by €+4,161 million to €+1,607 million (2019: €-2,554 million) as a result of the weakened US dollar versus the euro associated with the mark to market valuation of the hedge portfolio.

Overall, the European governments' refundable advances decreased by €-365 million to €3,912 million (2019: €4,277 million), mainly due to payments made on the A380 programme for an amount of €-505 million offset by the remeasurement described above.

Other Assets and Other Liabilities

OTHER ASSETS

<i>(In €million)</i>	31 December	
	2020	2019
Cost to fulfil a contract	282	351
Prepaid expenses	76	86
Others	125	85
Total non-current other assets	483	522
Value added tax claims	1,025	1,252
Cost to fulfil a contract	557	626
Prepaid expenses	191	147
Others	443	398
Total current other assets	2,216	2,423
Total	2,699	2,945

OTHER LIABILITIES

<i>(In €million)</i>	31 December	
	2020	2019
Others	436	384
Total non-current other liabilities	436	384
Tax liabilities (excluding income tax)	749	614
Others	2,411	6,203
Total current other liabilities	3,160	6,817
Total	3,596	7,201

Total Equity

The Company's shares are exclusively ordinary shares with a par value of €1.00. The following table shows the development of the number of shares issued and fully paid:

<i>(In number of shares)</i>	2020	2019
Issued at 1 January	783,173,115	776,367,881
Issued for ESOP	976,155	1,784,292
Issued for convertible bond	0	5,020,942
Issued at 31 December	784,149,270	783,173,115
Treasury shares	(432,875)	(862,610)
Outstanding at 31 December	783,716,395	782,310,505

Holders of ordinary shares are entitled to dividends and to one vote per share at general meetings of the Company.

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to €6,445 million (2019: €5,975 million) representing an increase of €+470 million. This is mainly due to an increase in other comprehensive income, principally related to the mark to market revaluation of the hedge portfolio of €+2,783 million offset by a change in actuarial gains and losses of €-1,268 million, further compensated by a net loss for the period of €-1,133 million.

The **non-controlling interests** ("NCI") from non-wholly owned subsidiaries decreased to €11 million as of 31 December 2020 (2019: €15 million). These NCI do not have a material interest in the Company's activities and cash flows.

Net Cash

The net cash position provides financial flexibility to fund the Company's operations, to react to business needs and risk profile and to return capital to the shareholders. This flexibility has been essential in managing the Company's operations during the COVID-19 pandemic.

<i>(In €million)</i>	31 December	
	2020	2019
Cash and cash equivalents	14,439	9,314
Current securities	1,618	2,302
Non-current securities	5,350	11,066
Gross cash position	21,407	22,682
Short-term financing liabilities	(3,013)	(1,959)
Long-term financing liabilities	(14,082)	(8,189)
Total	4,312	12,534

The net cash position on 31 December 2020 amounted to €4,312 million (2019: €12,534 million), with a gross cash position of €21,407 million (2019: €22,682 million).

Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

<i>(In €million)</i>	31 December	
	2020	2019
Bank account and petty cash	4,173	1,649
Short-term securities (at fair value through profit and loss)	9,654	7,014
Short-term securities (at fair value through OCI)	512	652
Others	100	(1)
Total cash and cash equivalents	14,439	9,314

Only securities with a maturity of three months or less from the date of the acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, are recognised in cash equivalents.

Securities

The Company's securities portfolio amounts to €6,968 million and €13,368 million as of 31 December 2020 and 2019, respectively. The security portfolio contains a non-current portion of €5,350 million (2019: €11,066 million), and a current portion of €1,618 million (2019: €2,302 million).

Financing Liabilities

<i>(In €million)</i>	31 December	
	2020	2019
Bonds and commercial papers	12,032	6,491
Liabilities to financial institutions	418	244
Loans	94	156
Lease liabilities	1,538	1,298
Total long term financing liabilities	14,082	8,189
Bonds and commercial papers	1,075	0
Liabilities to financial institutions	111	106
Loans	94	127
Lease liabilities	260	262
Others ⁽¹⁾	1,473	1,464
Total short-term financing liabilities	3,013	1,959
Total	17,095	10,148

(1) Included in "others" are financing liabilities to joint ventures.

Long-term financing liabilities mainly comprising of bonds and lease liabilities, increased by € +5,893 million to € 14,082 million (2019: € 8,189 million), mainly due to the issuance of two bonds for a total of € 6 billion. The first bond was split into a 5 year-maturity tranche of € 750 million with a coupon of 1.625%, an 8 year-maturity tranche of € 750 million with a coupon of 2.00% and a 12 year-maturity tranche of € 1 billion with a coupon of 2.375%. The second bond was split into a 6 year-maturity tranche of € 1.25 billion with a coupon of 1.375%, a ten year-maturity tranche of € 1.25 billion with a coupon of 1.625% and a 20 year-maturity tranche of € 1 billion with a coupon of 2.375%.

Short-term financing liabilities increased by € +1,054 million to € 3,013 million (2019: € 1,959 million). The increase in short-term financing liabilities is mainly related to the reclassification of € 1 billion of exchangeable bonds from long-term to short-term due to maturity in June 2021.

Free Cash Flow

Free Cash Flow before M&A and customer financing amounted to € -6,935 million (2019: € 3,509 million), including the payment of the compliance-related penalties of € -3.6 billion in Q1 2020. The Q4 2020 Free Cash Flow before M&A and customer financing of € 4.9 billion reflects the solid level of aircraft deliveries in the quarter, the good performance from Helicopters and Defence and Space, as well as a strong focus on working capital management.

Order Intake and Order Book

Net commercial aircraft orders totalled 268 (2019: 768 aircraft) with the order backlog comprising 7,184 commercial aircraft as of 31 December 2020. Airbus Helicopters booked 268 net orders (2019: 310 units), including 31 NH90s for the German Bundeswehr in Q4 and 11 H160s. Airbus Defence and Space's order intake by value increased 39% year-on-year to € 11.9 billion, a book-to-bill above one, mainly driven by major contract wins in Military Aircraft. This included a contract signed in November to deliver 38 new Eurofighters for the German Air Force.

Order intake by value decreased to € 33.3 billion (2019: € 81.2 billion) with the **order book** valued at € 373 billion on 31 December 2020 (year-end 2019: € 471 billion). The decrease in the value of the commercial aircraft backlog reflects the higher number of deliveries compared to order intake, the weakening of the US dollar and an assessment of the backlog's recoverability.

TABLE 2 – ORDER INTAKE AND ORDER BOOK BY DIVISION

	Order Intake (net)			Order Book		
	2020	2019	Change	2020	2019	Change
Airbus (in units)	268	768	-65%	7,184	7,482	-4%
Airbus (in € million)	16,089	65,769	-76%	324,675	424,082	-23%
Airbus Helicopters (in units)	268	310	-14%	663	695	-5%
Airbus Helicopters (in € million)	5,519	7,179	-23%	15,782	16,627	-5%
Airbus Defence and Space (in € million)	11,862	8,520	+39%	33,505	32,263	+4%

5.2 Information on Airbus SE auditors

	Date of first appointment	Expiration of current term of office ⁽¹⁾
Ernst & Young Accountants LLP Boompjes 258 3011 XZ Rotterdam Postbus 488 3000 AL Rotterdam The Netherlands Represented by A.A. van Eimeren	28 April 2016	14 April 2021

(1) A resolution will be submitted to the Annual General Meeting of Shareholders in 2021, in order to appoint Ernst & Young Accountants LLP as the Company's auditors for the 2020 financial year.

Ernst & Young Accountants LLP has a licence from the AFM to perform statutory audits for Public Interest Entities and its representative is member of the NBA (*Koninklijke Nederlandse Beroepsorganisatie van Accountants* – the Royal Netherlands Institute of Chartered Accountants). The NBA is the professional body for accountants in the Netherlands.

6. Non-Financial Information and other Corporate Activities

6.1 Non-Financial Information

6.1.1 Airbus's Approach to Sustainability

The Company is now using the term “sustainability” to fully encompass both the notions of responsibility and sustainability, not only to be in line with current business practices but also to reflect a more comprehensive and integrated approach to sustainability. It understands that acting responsibly is a prerequisite, essential to ensuring sustainability, now at the heart of the Company's new purpose and business strategy. For a description of the Company's business model and strategy, see “– 1: General Overview” and “– 7: Strategy”.

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

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

The Company's purpose is brought to life *via* its strategy which defines what it does, plans and prioritises. The “what it does” is reflected first and foremost in the product and services

portfolio offered to its customers. Its aircraft are essential to uniting families, business leaders, medical professionals, students and diplomats worldwide. In 2019, the aviation sector helped unite 4.5 billion passengers ⁽¹⁾, many of which used Airbus aircraft. In parallel, its helicopters are critical to ensuring medical emergency missions, firefighting missions, search and rescue missions and the performance of geological and wildlife surveys amongst others. Its defence and space portfolio assists government authorities, emergency service providers and healthcare providers in safeguarding citizens worldwide by providing communication, collaboration and intelligence knowledge solutions. Solutions such as Airbus Earth monitoring systems are critical to better understanding the impact of climate change and to monitoring deforestation, ensuring positive contributions to SDG 13, “Climate Action” and SDG 15, “Life on Land”.

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

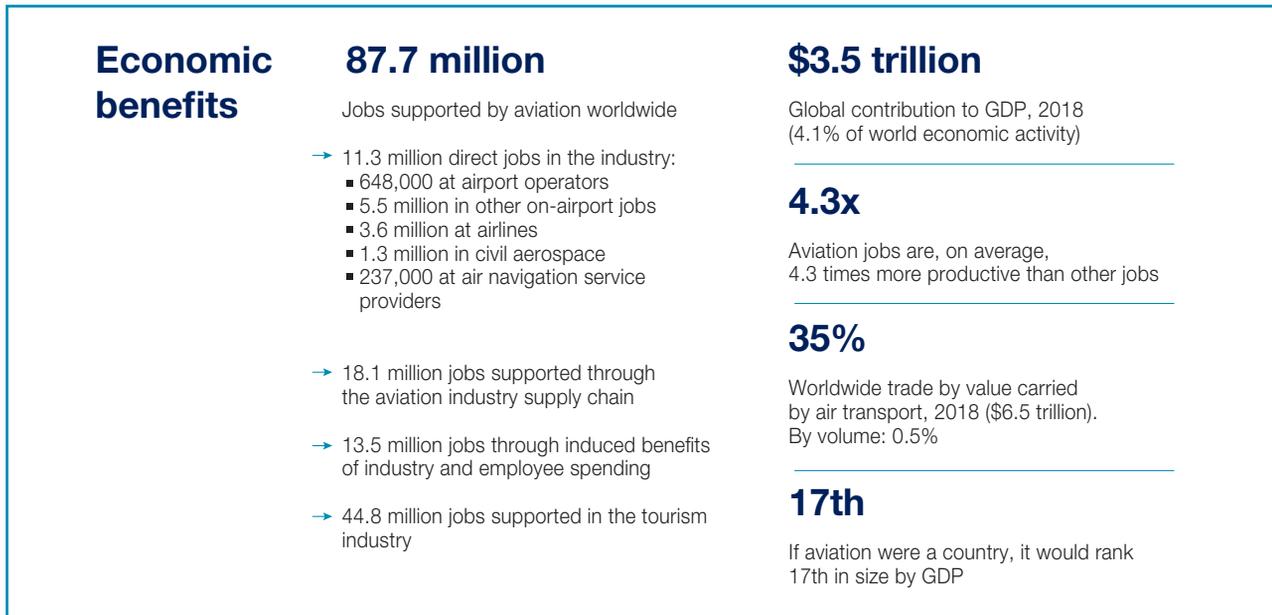
Conscious of the valuable societal needs the Company can satisfy *via* its range of products and services, Airbus wants to lead a sustainable industry transformation.

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

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

For example, it also contributes significantly to SDG 8 “Decent Work and Economic Growth”. According to the 2019 ATAG Benefits Beyond Borders fact sheet, prior to the COVID-19 crisis, the aviation sector supported 87.7 million jobs worldwide, 11.3 million of which were direct jobs in the industry, known

for its high-value added professions. Another 18.1 million jobs were supported through the aviation industry supply chain and 13.5 million through induced benefits of industry and employee spending. Finally another 44.8 million jobs supported in the tourism industry.



Reference: 2020 ATAG Benefits Beyond Borders fact sheet.

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

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

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

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

– Lead the journey towards clean aerospace



– Respect human rights and foster inclusion



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



– Exemplify business integrity



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

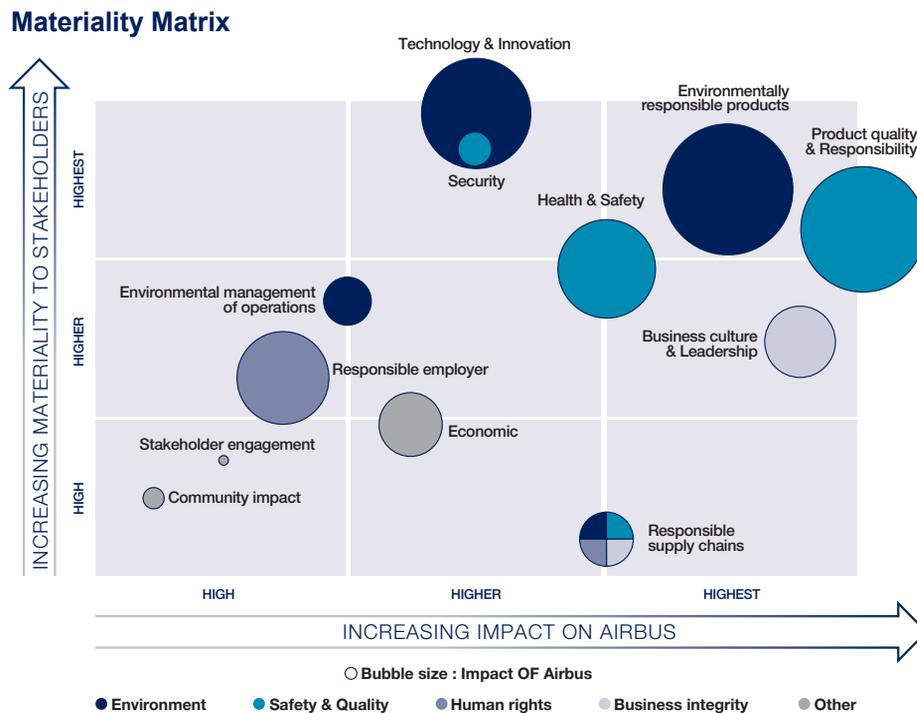
The objective is to set clear ambitions across each commitment with agreed key performance indicators (“KPIs”) and targets enabling the Company to monitor progress towards these ambitions. This process has begun in 2020 and will continue to mature over 2021.

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

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

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

Materiality Matrix 2020



Source: Datamaran.

Governance and Organisation

2020 was also a year when the Company strengthened its governance around sustainability. The former Ethics & Compliance Committee of the Board of Directors was expanded to include sustainability as a whole, with the first meeting of the ECSC taking place in October 2020. For further information about the ECSC, see “– Corporate Governance – 4.1.3 Board Committees”.

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

- culture and commitment to ethical business, integrity and sustainability;
- Ethics & Compliance programme, organisation and framework for the effective governance of ethics and compliance, including all associated internal policies, procedures and controls; and

- sustainability strategy and effective governance to ensure that sustainability-related topics are taken into account in the Company’s strategy and objectives.

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

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



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

The Company also believes the integration of sustainability criteria in its reward mechanisms is an important enabler for accelerating its sustainability ambitions. In 2020, the Company integrated a sustainability component into the Common Collective Component of the CEO’s Variable Remuneration, accounting for 20% of the payout. This principle also applied to the other members of the Executive Committee who do not serve on the Board of Directors, and to a large extent to all Executives employed at the Company. As for employees below senior manager level, sustainability criteria has been integrated as part of the operational targets impacting the payout of success sharing schemes which are implemented in the Company in more than 30 countries. For more details regarding the Company’s remuneration schemes, see “– Corporate Governance – 4.4 Remuneration Report”.

Reporting

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

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

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

- **Lead the journey towards clean aerospace:**
 - 6.1.2 Environment (“environmentally responsible products” and “environmental management of operations” in the matrix);
- **Build its business on the foundation of safety and quality ⁽¹⁾:**
 - 6.1.3(a) Aviation and Product Safety (“product responsibility” in the matrix),
 - 6.1.3(b) Health and Safety (same in the matrix);
- **Respect human rights and foster inclusion:**
 - 6.1.4(a) Human Rights (“responsible employer” in the matrix),
 - 6.1.4(b) Inclusion and Diversity (“responsible employer” in the matrix),
 - 6.1.4(c) Labour Relations (“responsible employer” in the matrix),
 - 6.1.4(d) Workforce (“responsible employer” in the matrix);
- 6.1.5 **Exemplify business integrity:** Ethical business practices (“business culture and leadership” in the matrix);
- 6.1.6 **Responsible supply chain** (“responsible supply chains” in the matrix); and
- 6.1.7 **Community engagement** (“community impact” in the matrix).

Airbus’ Way Forward: Vigilance Plan

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

The Company is determined to drive its four sustainability commitments across its value chain. They include commitments linked to human rights, health and safety and the environment. In 2020, even greater focus has been placed on Airbus’ supply chain. With the launch of a dedicated Sustainable Supply Chain Roadmap, the Company intends to accelerate improvements upstream. For the Company’s Vigilance Plan for its supply chain, see “– 6.1.6 Responsible Supply Chain”, which shall be deemed to be incorporated by reference and form part of this plan.

(1) See chapter 6.2 for Research & Technology (“technology and innovation” in the matrix).

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

With regard to risk management, the Company performed an in-depth review of its ERM system in 2017 in order to identify potential missing risks related to human rights and fundamental freedoms, health and safety and the environment. Since then, the ERM system is continuously evolving to take into account the most significant risks which can be generated as part of the Company's operations. During 2020, these risks and related response plans were consolidated and were reported to the Company's top management on a regular basis. Sustainability risks are structured around four topics reflecting the Company's four sustainability commitments: environment, human rights, safety, and business integrity. To increase the consideration of sustainability subjects across the Company, the ERM Center of Competence 2020 Confirmation Letter required all organisations to assess if human rights, health & safety and environment risks are identified, assessed, and response plans are in place, and eventually define improvement actions to address these types of risks. For further information on ERM, see "– Corporate Governance – 4.5 Enterprise Risk Management System". For further information on the Company's risks, see "– Corporate Governance – 4.6 Risk Factors".

To support our commitment to and promotion of a "SpeakUp" culture, the Company has an "OpenLine" to provide employees and third parties with an avenue for raising concerns in a confidential way. For further information on the OpenLine, see "– 6.1.5 Exemplify Business Integrity".

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

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

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

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

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

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

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

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

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

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

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

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

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

For further information on the Company's approach to the environment, see "– 6.1.2 Environment". For further information on the Company's approach to human rights and health and safety, see 6.1.4 and 6.1.3 respectively.

6.1.2 Lead the Journey Towards Clean Aerospace

Environment

I. Introduction

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

II. Governance

Environmental Policy

The Company has put sustainability at the heart of its company strategy and governance, making it a clear priority. We take a holistic approach to measuring and acting upon our environmental performance by assessing the environmental impact of our internal operations as well as providing capabilities to our customers to reduce the impact of the products in operation. This also means introducing a lifecycle perspective and mitigating the risks and impacts at all stages along the lifecycle, from the procurement of raw materials, through the design and manufacturing of our products, to their in-service life until their retirement.

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

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

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

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

Organisation and Responsibilities

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

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

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

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

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

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

Disclosure of Environmental Indicators

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

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

ANNUAL REPORTING OF PERFORMANCE INDICATORS TABLE

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

Geographical scope

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

Scope of metrics

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

✓: 2020 data audited by EY®. 2020 data covers 94,7% of active workforce.

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

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

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

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

III. Risk Management

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

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

1. Climate-Related Risks

Climate-related risks are described in "– 4.6 Risk Factors – 4.6.4 Environment, Human Rights, Health and Safety Risks" and shall be deemed to be incorporated by reference and form part of the Non-Financial Information.

2. Regulated Chemicals

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

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

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

IV. Initiatives

Industrial Operations

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

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

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

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

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

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

Geographical scope

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

Scope of metrics

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

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

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

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

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

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

	Target	2019	2020	2020 v. 2019	Covered scope
CO ₂ e (in ktons)	-2.7%	909	724	-20.4%	77.5%
Water (in m ³)	-5%	2,465,934	1,998,721	-18.9%	70.5%

Annual objective on CO₂

Geographical scope

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

Scope of metrics

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

Annual objective on water purchase

Geographical scope

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

Scope of metrics

- Volume of purchased water.

Other Initiatives

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

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

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

The Company has also been proactive in seeking ways to reuse and recycle materials beyond their initial life. Not only does the Company send around 50% of its waste to be recycled, but today, through the TARMAC Aerosave joint venture, more than 90% of an aircraft weight is recycled or reused through a selective dismantling (reverse manufacturing) process. In 2021, all carbon fibre waste from commercial aircraft production will be recycled by a specialised subcontractor. Wherever its industrial activities have an impact on biodiversity (e.g. when building a new site or extending an existing one), the Company is engaged with local

Annual objectives

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

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

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

partners on conservation and remediation projects to preserve the affected flora and fauna and ensure they are not adversely affected by the Company's activities.

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

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

Use of Carbon Offsetting

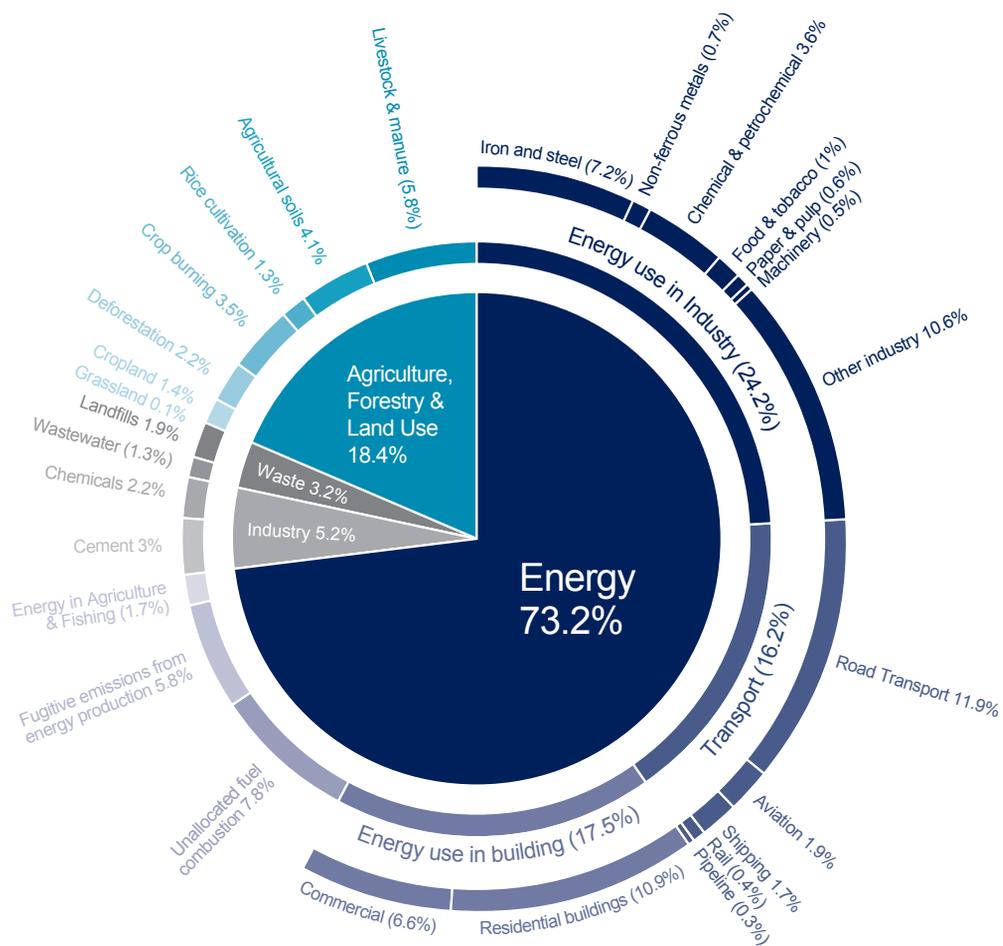
In 2019, the Company introduced a mechanism to compensate emissions of activities for which reduction and use of renewable energy are not sufficient to meet the internal targets, such as air and sea activities. This mechanism follows an approach of avoiding and reducing GHG emissions in absolute value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

The Company built a rigorous procurement process based on the concepts of additionality, real (permanent) reduction, prevention of double counting, prevention of overestimation and no additional harm. As a minimum, the carbon offsets need to be certified by the Gold Standard (or Verra for certain projects) and the supplier needs to show proof of how each one of the mentioned criteria were met. In addition, understanding that these carbon offsetting programmes may have gaps in their methodologies, it was requested additional proof of how such gaps are managed by the provider. Moreover, certain societal aspects were considered, such as prevention of child labour and the relation with the communities surrounding the projects.

Product Operations

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

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



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

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

Reporting of Airbus' Emissions from Sold Products

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

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

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

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

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

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

Methodology

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

Key Hypothesis

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

Aviation Industry Targets

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

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

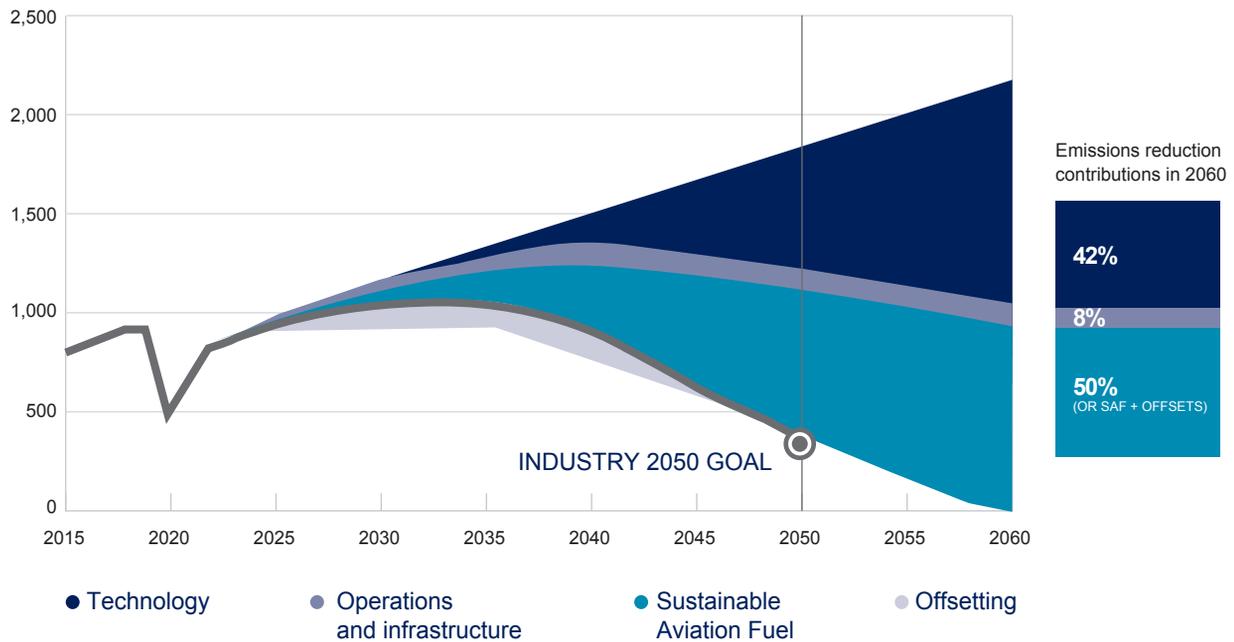
- improving the fuel efficiency of the worldwide fleet by an average of 1.5% per annum between 2009 and 2020. This first target has been achieved with more than 2% CO₂ reduction throughout the period;
- stabilising emissions from 2020 with carbon-neutral growth. This means that even though air travel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

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

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

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

Graph 2: The Aviation Industry's Roadmap to Significant Emissions Reduction by 2060



Source: ATAG Waypoint 2050 report (2020)

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

Airbus' Roadmap to Reducing Emissions

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

1. Replacing Current Fleets with More Performant Aircraft

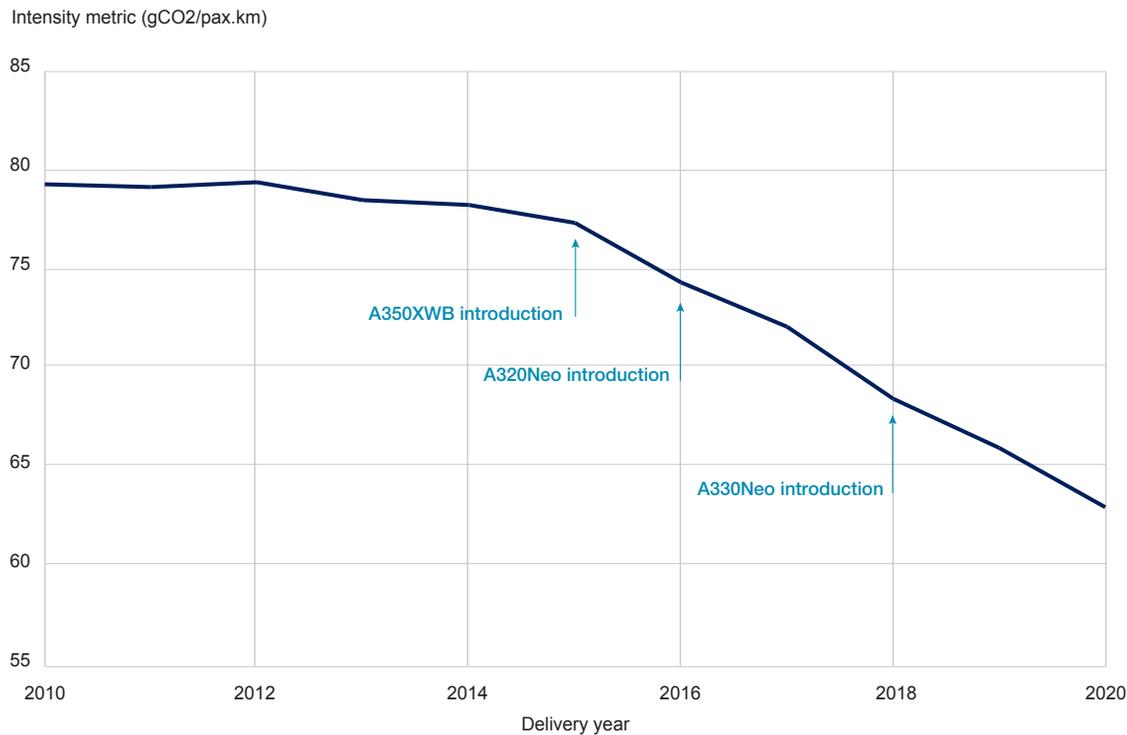
The Company is continuously improving its products through new designs, advanced materials, upgraded systems and more fuel-efficient engines. Thanks to significant investments

into new aircraft designs, the Company's commercial aircraft products have reached a rolling average of 2.1% fuel efficiency improvement annually over the past ten years, exceeding targets set by the industry through ATAG – see graph 3.

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

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

Graph 3: Average Intensity Metric (gCO₂/pax.km)



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

The Company is committed to contributing to developing, building and testing alternative-propulsion systems – powered by electric, hydrogen and/or solar technology – to enable the aviation industry to disruptively reduce the CO₂ emissions of commercial aircraft, helicopters, satellites and future urban air mobility vehicles. In 2019, the Company invested €3,4 billion in R&D for the development and improvement of its product line.

Zero-Emission Commercial Aircraft Ambition

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

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

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

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

The Company is also investing in the proper facilities to test these new technologies. Inaugurated in October 2019, the E-Aircraft System House (EAS) is, with more than 3,000m², the largest test

house dedicated exclusively to alternative propulsion systems and fuels in Europe. This means the Company can now test the latest electric motors and hybrid-electric engines directly on its own premises, and develop its own low-emission alternative propulsion units.

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

Zero-Emission Urban Air Mobility

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

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

Zero-Emission High-Altitude Pseudo-Satellite

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

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

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

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

3. Investing in Smart ATM Solutions and Optimised Operations

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

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

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

4. Developing and Deploying SAF

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

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

All the Company commercial aircraft are already certified to fly with a fuel blend including up to 50% of SAF, and the Company ambition is to reach a certified 100% blending capacity.

SAF produced using the most advanced pathways can provide CO₂ emission reduction of up to 80%. **This means that today, the emissions from aircraft currently offered by the Company could be reduced by 40% if their potential was fully used.** As detailed above (see section "Aviation industry targets"), the Company supports decarbonisation scenarios which include an ambitious rollout of SAF. Under such scenarios, the Company estimates that products delivered in 2020 could see their lifetime emissions reduced by around 10% thanks to the gradual introduction of SAF during their operational life.

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

5. Encouraging Temporary CO₂ Emission Compensation Schemes

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

Sustainable Space Products

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

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

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

Substances Roadmap

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

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

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

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

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

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

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

V. Future Outlook

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

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

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

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

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

6.1.3 Builds its Business on the Foundation of Safety & Quality

a. Aviation and Product Safety

I. Introduction

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

II. Governance

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

Airbus Safety Management System

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

Airbus Safety Strategy

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

Regulatory Compliance

Product certifications are provided by the competent aviation authorities including the main civil aviation authorities and specific military authorities. Within each Division, and according to their respective functions, the Company works to ensure compliance through design and certification of products under EASA Part 21 Design Organisation Approvals (DOA); ECSS-Q ST-40-C for (Space Products) and Def-Stan 00-56 (Defence Products); manufacturing under Production Organisation Approvals (POA); monitoring of in-service safety through approved EASA Part-M Continuing Airworthiness Management Organisations (CAMO); aircraft maintenance and retrofit operations conducted in line with civil and military EASA Part 145 regulations; and training

provided to flight crews, cabin crews and maintenance crews through EASA Part 147 Approved Training Organisations (ATO).

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

Commitment to Just and Fair Culture

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

III. Risk Management

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

IV. Initiatives

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

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

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

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

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

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

Function SMS Officers Deployment & Training

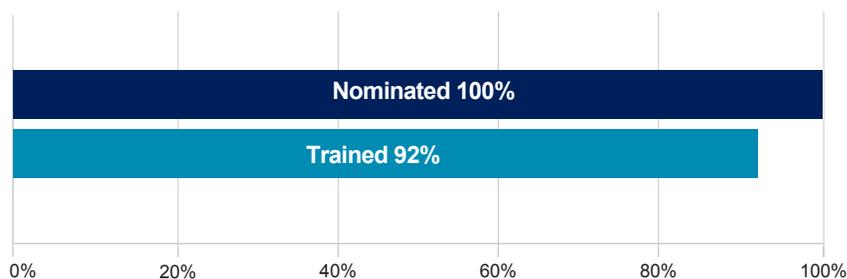


Fig. 1 (above) 2020 SMS Network -% of SMS officers nominated and trained (target 100%).

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

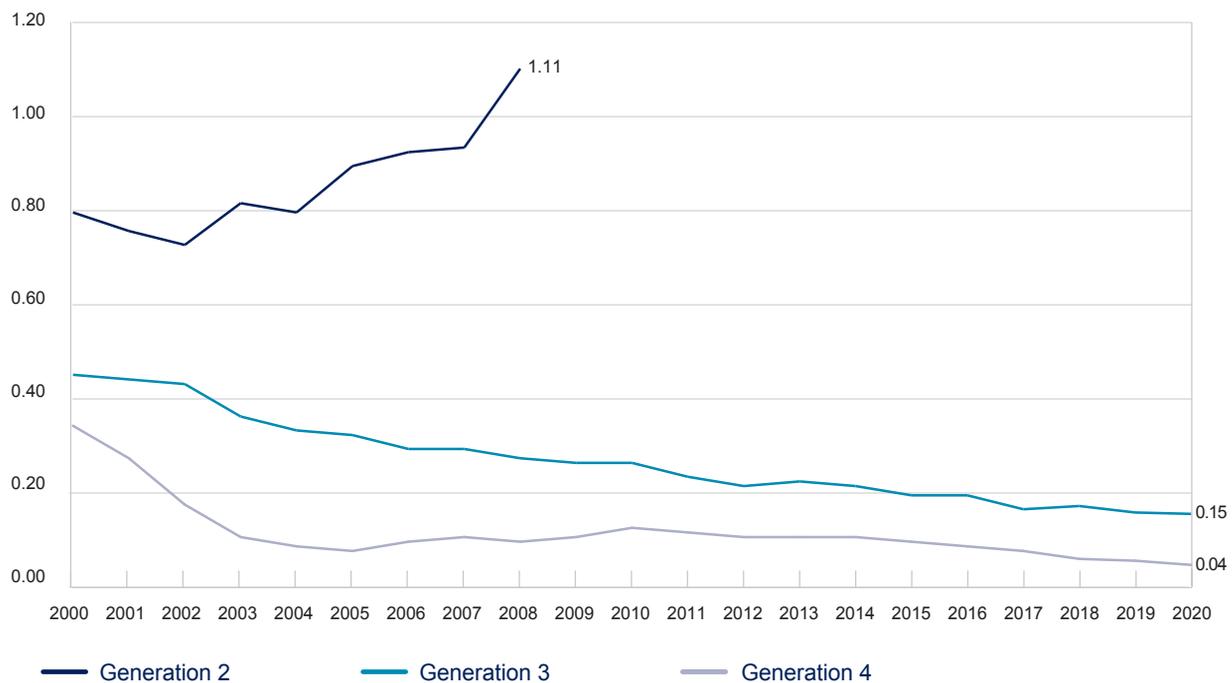


Fig. 2 (above) 10 year moving average fatal accident rate (per million flights) per aircraft generation.

b. Health and Safety

I. Introduction

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

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

II. Governance

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

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

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

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

Health and safety resources are organised as a company-wide function. This Centre of Excellence contains dedicated Centres of Expertise, which address the various specialised disciplines of health and safety. The Centres of Expertise take a transversal cross-divisional approach, engaging a network of competent professionals in all operational entities. The aim is to ensure the global presence of competent professionals, to support a consistently high standard of health and safety management throughout the company, including all necessary measures for the identification, evaluation and elimination or mitigation of health and safety risks.

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

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

III. Risk Management

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

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

- providing guidance on the core barrier measures supported by awareness campaigns and material including posters, videos and e-learning courses;
- securing distancing rules and other controls in buildings and common areas;
- purchasing and distributing surgical masks and digital thermometers;

- supporting infection testing activities, both on and off-site;
- following-up COVID-19 positive cases and close contacts;
- reiterating and reinforcing the mental health support by providing, for example, employee Helplines and comprehensive guidance for maintaining both mental and ergonomic health while remote working.

Some figures further representing our initiatives in Europe, around:



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

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

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

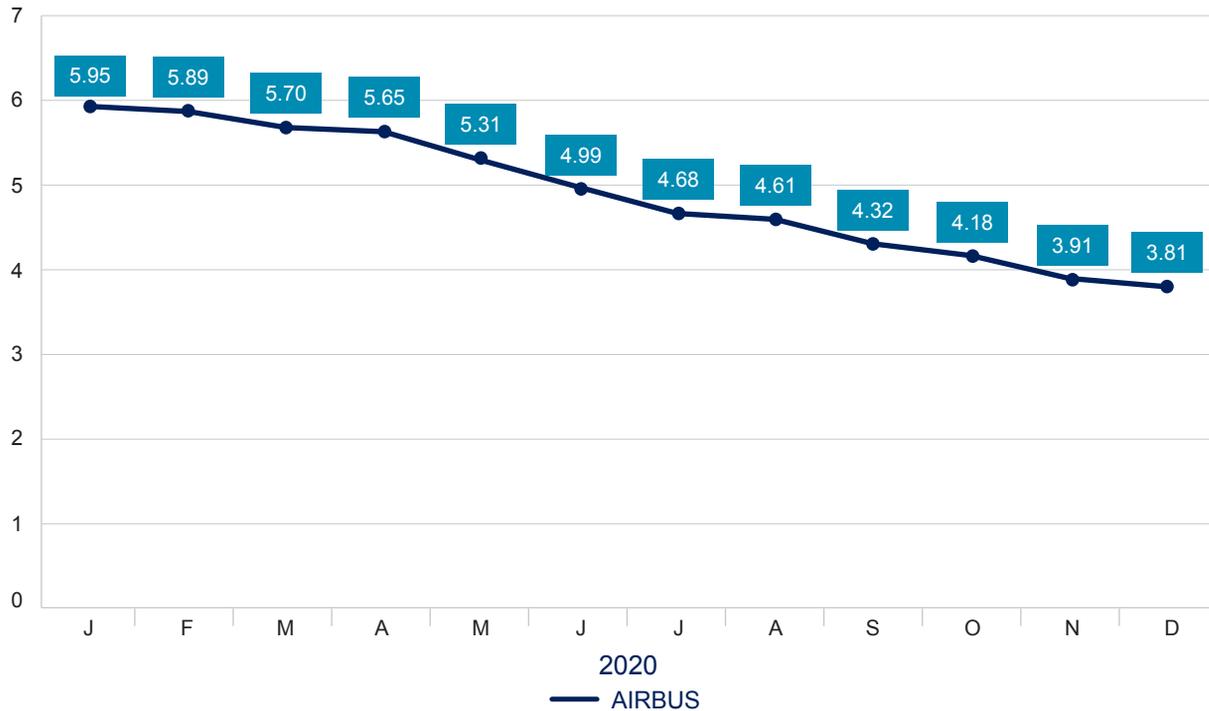
The main health and safety concerns remain the risk of injury, ill-health, asset damage, business interruption and regulatory action. In 2020, the main causes of injury that could arise from work activities included “slip, trip and fall”, ergonomics and the

use of hand tools and equipment. These represent the majority of injuries recorded on the FISH global environment, health and safety software platform.

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

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

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



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

IV. Initiatives

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

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

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

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

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

Despite the challenging environment, we have managed to deliver over 103.070 hours of dedicated health and safety training to 37,599 individual employees between October 2019 and September 2020.

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

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

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

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

V. Future Outlook

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

6.1.4 Respect Human Rights and Foster Inclusion

a. Human Rights

I. Introduction

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

During 2019, the Company undertook a human rights impact and gap analysis across its global business to better understand the relevant impacts on human rights. This analysis, conducted with the help of external consultants, considered current and upcoming regulatory requirements and international best practice as well as growing human rights requirements linked to the UN Guiding Principles for Business and Human Rights within standards such as the UN Global Compact.

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

II. Governance

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

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

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

III. Risk Management

Human Rights Due-Diligence

During 2020, the Company continued to roll out its supply chain risk mapping programme, run through the Procurement Responsibility & Sustainability team. See "– 6.1.6 Responsible Supply Chain". This built on the work which started in 2018 to map the Company's external suppliers based on high-risk countries and purchasing categories, using third-party data, which considered child labour, modern slavery/forced labour, working time and wages as well as other criteria such as environment and health & safety. In 2019, working with an independent social assurance provider, the Company began evidence based self-assessments on those high-risk suppliers identified through initial mapping. See "– 6.1.6 Responsible Supply Chain". The self-assessments gather evidence on social compliance criteria such as human rights, employment practices and working conditions. By the end of 2020, initial assessments had been launched for all identified external high-risk suppliers. Based on the results of the evidence based self-assessments and internal analysis, the Company will consider additional action including specific improvement action plans and on-site audits as required. This work is in addition to the checks which are carried out at the supplier onboarding stage via the Company's Ethics & Compliance organisation. During 2021, the Company will continue to integrate this process within the Company's supplier qualification and monitoring process.

For information on the Company's revised Supplier Code of Conduct, including strengthened expectations and requirements on human rights, see "– 6.1.6 Responsible Supply Chain".

Building on the supply chain risk mapping programme, during 2020, the Company introduced a due diligence programme of onsite social assessments focused on human and labour rights, covering its own operations (including its subsidiaries and affiliates) using an independent social assurance provider consistent with the assessments carried out in its supply chain. An initial programme of five locations was conducted during 2020, as a pilot exercise to inform the Company's approach going forward. The sites selected for the pilot were Airbus Defence & Space Ltd at Stevenage in the UK, Airbus Helicopters Pty in Brisbane, Australia, Airbus Helicopters in Mexico, and the Airbus Delivery Centre and the FAL in Tianjin, China. In addition, evidence based self-assessment questionnaires, which included an assessment of policies and processes linked to human and labour rights, were conducted at STELIA Aerospace in France and Premium AEROTEC in Germany, each of which are wholly owned subsidiaries of the Company.

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

Airbus' Identified Areas of Salient Issues

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

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

Salient Human Rights Issues

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

Salient Human Rights Issues

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

As part of the Company's ambition to strengthen its human rights due diligence, owners for each salient issue were identified, each of whom, taking into account stakeholder feedback, began to develop action plans for each salient issue to include the scope, the current management arrangements and new actions required as well as the identification of measures of effectiveness. Risks related to these salient issues were embedded into the Company's risk portfolio in the frame of the Company's ERM system. This work will be further developed in 2021.

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

Given the wide scope of this salient issue, which touches on each Division, and feedback from external stakeholders, the Company will focus attention in the first instance on its defence portfolio where potential actions include the strengthening of human rights considerations into the Company's Defence and Space Division product lifecycle. Initial work in this area started

in 2020 and included the mapping of the product lifecycle process and planning of initial integration of strengthened human rights considerations into country guidance memos that will be part of the review process of the Company's dealings with sanctioned countries. Further actions will progress throughout 2021.

Data Privacy

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

To further deploy the Company's privacy programme throughout the business and affiliates, Data Privacy Focal Points are nominated in the functions and affiliates of the Company (currently 1 focal point for every 350 employees). The Data Protection Office trains, provides methodologies to and coordinates the Data Privacy network and provides expertise to the business.

The Data Protection Office manages risk by:

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

Key issues under review include the transfer of data outside Europe, the impact of Brexit and cyber security. See "- Corporate Governance - 4.6 Risk Factors".

The transition to Decarbonisation

This salient risk was initially "Impact of Climate Change". Whilst the Company understands the contribution aviation has on climate change and the subsequent potential human rights impacts, the focus of this issue has been amended following both internal and external stakeholder feedback and the Company's ambition to bring the first zero emission commercial aircraft to market by 2035. For further information, see "- 6.1.2 Environment". The scope of this salient issue will therefore focus on the human rights risks of sourcing and integrating new technology in the transition to decarbonisation. Work on defining actions will continue in 2021.

Forced and Child Labour and Other Labour Rights

Following feedback from external stakeholders, and based on the size and complexity of the Company's supply chain, this salient issue was expanded to include "other labour rights" focused on the Company's supply chain. Key actions include reviewing its alert systems for human and labour rights, extending the scope of supplier assessments including human and labour rights and focusing on critical, rare earth and conflict materials. For further information, see "- 6.1.6 Responsible Supply Chain".

Diverse and Inclusive Workplace

This salient issue is focused on the Company's workforce and contract workers. As well as prioritising inclusion as one of the key commitments within the Company's sustainability strategy, actions being progressed in this area include eliminating barriers to recruitment and talent development, focusing on inclusive leadership and reinforcing business ownership and accountability for Inclusion & Diversity ("I&D"). For further information, see "– 6.1.4(b) Inclusion & Diversity" in the next section.

IV. Initiatives

Prioritising Respect for Human Rights

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

Commitment to Respect Human Rights

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

Grievance and Remediation

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

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

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

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

Awareness Raising

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

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

Collaboration

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

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

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

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

KPIs

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

- number of social assessments, including human and labour rights, carried out on the Company's sites, including subsidiaries and affiliates against a target of four per year (five onsite social assessments and two evidence based self-assessment questionnaires were carried out in 2020);
- number of alerts of human rights concerns, including labour rights and forced labour received *via* OpenLine or other means (five alerts were received in 2020);
- percentage of investigations completed or in progress following reports of concerns linked to human rights, including labour rights and forced labour (100% are complete or in progress);

- number of participants who have completed e-learning modules on human rights and modern slavery (1,493 completed in 2020, 10,096 completed in total);
- percentage of assessments (including human rights) carried out on identified high risk external suppliers (100% of assessments carried out in 2020).

For specific activities related to the Company's supply chain, see "– 6.1.6 Responsible Supply Chain".

V. Future Outlook

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

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

b. Inclusion & Diversity

I. Introduction

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

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

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

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

II. Governance

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

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

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

III. Risk Management

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

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

IV. Initiatives

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

At the end of 2020:

- 18% of the Company's active workforce were women;
- 14% of management positions at the Company were held by women;
- 26% of all new Company recruits were women.

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

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

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

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

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

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

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

V. Future Outlook

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

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

c. Labour Relations

I. Introduction

2020 has been an unprecedented year due to the COVID-19 crisis which has demonstrated the essential dimension and contribution of having a proactive employee relations strategy in the Company. Throughout the crisis, the Company has undertaken numerous discussions, consultations and negotiations with its social partners, sometimes on a daily basis, to adapt to the evolving situation resulting from both the health and economic crisis. For further information, please refer to

“Notes to the IFRS Consolidated Financial Statements – Note 2: Impact of the COVID-19 Pandemic, 2.4 Workforce adaptation”.

These various adaptation plans were carried out inline with the common principles and standards of the International Labour Organisation (ILO) convention, the OECD Guidelines for Multinational Enterprises and the principles laid down by the UN Global Compact.

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

II. Governance

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

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

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

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

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

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

III. Risk Management

The European labour relations of the four main countries of the Company (France, Germany, UK, Spain) is also part of the Company Risk Management processes and these risks are reviewed internally on a regular basis. For example during 2020 employee relations focused on ensuring legal compliance regarding national labour laws and immigration and the impact

of Brexit. The Company's approach to risk management is also reinforced by a whistle-blowers mechanism provided by the OpenLine, which allows employees to report concerns anonymously.

IV. Initiatives

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

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

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

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

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

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

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

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

For example, in Canada, the Company has benefited from its first year following the signature of the new collective agreement in Airbus Canada in Mirabel, which succeeded in creating a true partnership with the Québec *Association internationale des machinistes et travailleurs de l'aéronautique* (AIMTA). The benefits of this partnership have been clearly evident throughout the COVID-19 crisis where many urgent agreements dealing with the situation were reached, ensuring the continuity of operations, despite severe restrictions imposed by the Québec Government. In addition, as part of the acquisition in 2020 of the Airbus A220 and A330 work package production capability from Bombardier in Québec and the creation of Stelia Aéronautique Saint Laurent Inc, a newly created subsidiary of STELIA Aerospace, the Group has welcomed more than 300 new employees, 200 of which are members of the AIMTA. The local AIMTA section held a general meeting and a poll, which resulted in 97.8% of members voting in favour of the transfer of their collective agreement to Stelia Aéronautique Saint Laurent Inc.

In addition, the Company is a member of, and has participated in various initiatives and events organised by the Global Deal for Decent Work and Inclusive Growth initiative (Global Deal). Developed in cooperation with the ILO and the OECD, the Global Deal is a multi-stakeholders' partnership that seeks to address two of the greatest challenges of our time: to reduce high and rising inequalities in opportunities and outcomes and to restore fading trust in the ability of governments and institutions to make economic growth work for all against a backdrop of rapid changes in the world of work.

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

V. Future Outlook

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

d. Our Workforce

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

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

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

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

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

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

Workforce by Business Segment and Geographic Area

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

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

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

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

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

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

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

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

The Company's headcount reporting includes all consolidated companies worldwide. The internationally comparative figures are based on the active workforce, i.e. the number of permanent and short-term employees, irrespective of their individual working times. The headcount is calculated according to the consolidation quota of the respective companies. The scope for HR structure reporting covers about 99.98% of the Company's total active workforce from consolidated companies. In total, about 0.02% of the Company's employees are not included in the scope, as no detailed employee data is available at group level for some companies belonging to the Company, usually recently acquired.

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

Our People

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

- to ensure that the Company can attract, develop and retain a world-class competent, motivated and flexible workforce, which fits current and future business requirements;
- to facilitate diversity, continuous integration and internationalisation of the Company and contribute to a common culture based on strong company values; and
- to be a global employer of choice and an innovative, inclusive and engaging place to work for all employees.

Training & Mobility

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

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

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

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

(1) Change of reporting period since 2018: from 1 October to 30 September.

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

In addition, in 2020 more than 33,500 employees benefitted from other leadership development and transformation solutions proposed by the Airbus Leadership University – many of which were provided in a digital format given the challenging context of 2020. The university continues to strengthen the Company's approach to leadership, offering equivalent opportunities for all leaders to drive their development one step further, while accelerating the culture evolution and human transformation of the Company.

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

6.1.5 Exemplify Business Integrity

Ethical Business Practices

I. Introduction

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

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

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

II. Governance

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

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

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

In addition to the dedicated Compliance professionals, the Company continued, in 2020, to expand its network of part-time Ethics & Compliance Representatives ("ECRs"), spanning all Divisions, functions, and regions. There were a total of 335 ECRs at the end of 2020, representing a ratio of 1 ECR per 390 employees. Although the ECR network members are not compliance experts, they play an important role in promoting the Ethics & Compliance programme and culture and serve as points of contact for any employee who has questions about the Ethics & Compliance programme or wishes to raise an Ethics & Compliance concern, including but not limited to bribery or corruption.

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

III. Risk management, monitoring and controls

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

Accordingly, since 2017, the Company has been conducting a thorough bribery and corruption risk assessment across its two Divisions and different businesses. The results of this risk assessment are embedded and monitored within the Company's ERM framework and highlight, among others, the risk of improper payments being made to or *via* third parties such as sales intermediaries, lobbyists and special advisors, suppliers, distributors and joint venture or offset partners. Further corruption risks include the use of sponsorships, donations, or political contributions to improperly benefit decision-makers, or the provision of excessive or overly frequent gifts and hospitality by Airbus employees.

In order to ensure its compliance with Export Control regulations and laws in the EU, US and internationally, the Company continues to review its Export Control compliance programme to ensure it is

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

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

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

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

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

IV. Initiatives

Awareness and Training

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

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

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

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

Speak-Up Channel: OpenLine

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

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

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

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

Policies and Procedures

In 2020, the Company updated its anti-bribery and corruption policies related to Sales Intermediaries (Business Partners) and Mergers & Acquisitions, Joint Ventures, and Partnerships, in particular to extend the scope of coverage to teaming and cooperation agreements, and other forms of non-monetary partnership. The Company also issued new ethical guidelines related to (i) competitive intelligence gathering and (ii) resisting

solicitation and extortion. All policies and guidelines are made available to employees on the Intranet, and classroom training is delivered to employees who are particularly exposed to the underlying risks as described above.

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

Under the terms of the Consent Agreement with the US DoS made public on 31 January 2020, the DoS has agreed to settle all civil violations of the ITAR outlined in the Company’s voluntary disclosures identified in the Consent Agreement, and the Company has agreed to retain an independent export control compliance officer, who will monitor the effectiveness of the Company’s export control systems and its compliance with the ITAR for a duration of three years. Please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 39: Litigation & Claims” (Investigation by the UK, France’s PNF, US Departments of State and Justice and Related Commercial Litigation).

V. Future Outlook

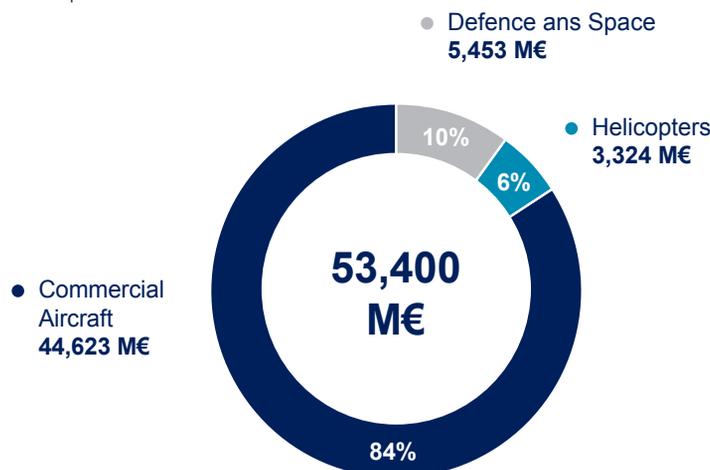
An effective Ethics & Compliance programme is one that, by definition, continuously adapts to changes and improves over time. Going forward, the Company will continue to assess its risks and monitor and test the implementation of mitigation measures at all levels: corporate level, Divisions, regions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

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

6.1.6 Responsible Supply Chain

I. Introduction

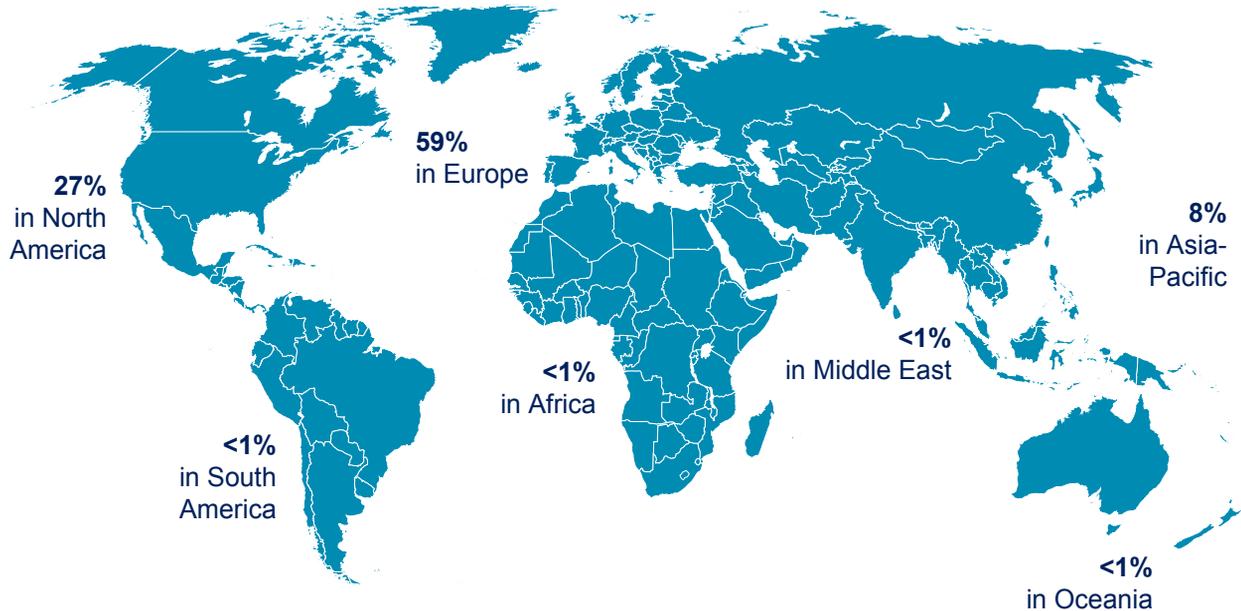
At the end of 2020, approximately 23,000 suppliers from more than 100 countries supply parts, components, systems and services to the Company. In 2019, the overall external sourcing volume of the Company was valued at around €53 billion and shared between Divisions with 84% for the Company’s commercial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



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

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

The Company's global sourcing footprint is represented as follows based on Tier 1 and subtiers data:



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

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

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

II. Governance

Responsible Sourcing and Supplier Management

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

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

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

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

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

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

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

III. Risk Management

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

a) Regulatory Non-Compliance

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

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

b) Supplier's Impact on Local Environment

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

c) Disruption Risk

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

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

d) Risk of Product Non-Compliance

The various products manufactured and sold by suppliers must comply with applicable environmental, human rights, health and safety laws and regulations, for example those covering substances and product composition. Even if a supplier seeks to ensure that its products meet the highest quality standards, increasingly stringent and complex laws and regulations, new scientific discoveries, delivery of defective products or the obligation to notify or provide regulatory authorities or others with required information (such as under the REACH regulation) may force it to adapt, redesign, redevelop, recertify and/or remove its products from the market. Seizures of defective products may be pronounced that could prevent delivery to the Company.

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

IV. Initiatives: Airbus Supplier Vigilance Plan

The Company requires commitment to responsible business practices and sustainable development from all suppliers and strives to make environmental and social responsibility a core element of its sourcing and supplier management process. This joint commitment is a key element in securing success, conformance to applicable laws and a sustainable future for the aviation industry. For the Company's Vigilance Plan for its own operations, see "– 6.1 Non-Financial Information – 6.1.1 Airbus' Approach to Sustainability".

1. Supply Base Risk Mapping

Social Compliance Risks

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

Environmental Compliance Risks

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

Number of Business-Relevant External Risk Suppliers Identified in 2019 (Thereof Lower Tiers)

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

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

Supplier Factory Visits

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

2. Supplier Assessment / Audit and Development

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

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

- engagement with 236 *in situ* suppliers through webinars and supplier conferences to develop their readiness to comply with enhanced REACH EHS conditions when working on the

Company's sites. Further direct exchanges with the Company's EHS experts has been organised with 26% of them;

- evaluation of the maturity of external suppliers in the Company qualified processes in regards to the future enhanced protection requirements that are being defined by the European Commission:
- out of 357 suppliers of the Company qualified processes using chromatates in industrial operations, the 80 most impacting suppliers have been assessed on-site by a third party on behalf of the Company,
- in 2020, the Company engaged with those suppliers, which revealed findings and requested them to demonstrate and launch action plans for improvement. By end of 2020, the suppliers have successfully closed approximately 80% of the major findings,
- a complementary “wave 2” of supplier assessment considering 18 suppliers group wide was initiated in November 2020. This wave of assessments will start with supplier visits in December 2020 and the gap closure and recovery gap coverage should occur in 2021.

3. Supplier Engagement

Contractual Requirements

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

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

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

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

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

4. Training & Awareness

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

5. Policies & Tools

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

6. Grievance Mechanism

From 2019, the Company OpenLine has been accessible to external stakeholders, such as suppliers and their employees, as a secure and confidential channel through which they may, on a voluntary basis, raise alerts related to the Company in the areas of bribery, human rights, environment and health and safety. This medium is available through the Company's OpenLine website (www.airbusopenline.com) in 13 languages. For further information on OpenLine, see “– 6.1.5 Ethical Business Practices”. In addition to OpenLine, the Company's Sustainable Supply Chain Roadmap may receive alerts from other sources including through the supplier onboarding process, media or directly from employees.

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

7. Work with External Stakeholders

As mentioned under “Environment” in section 6.1.2, the Company is a founding member of IAEG, which is working on common aerospace industry standards and tools to manage environmental obligations.

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

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

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

ethics. During 2020, the Company worked with IFBEC to update and strengthen the IFBEC Model Supplier Code of Conduct, which was re-issued in November 2020. The update included strengthened requirements around a number of topics including human rights, product safety and environment.

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

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

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

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

8. Promoting Disability Friendly Companies

Since 2011, in France the Company has been promoting employment of disabled people by its suppliers. This includes a request for relevant bidding suppliers to propose a partnership with a disability friendly company during the call for tender process. In 2019, the global volume of business with disability friendly companies in France was more than €50 million – a number that has been multiplied by six for the last eight years. At the end of 2020, around 60 disability friendly companies are working with the Company compared to 10 in 2010. In November 2019, the Company organised its first (Dis)Ability Forum in Hamburg to increase its cooperation with disability friendly companies in Germany. In addition, the first (Dis)Ability Forum in Spain is planned for 2021. During 2020, the Company's subcontracting activities have decreased due to the COVID-19 crisis. This decrease also affected disability friendly companies. The Company regards disability friendly companies as particularly fragile and is committed to support them to get through the economic crisis.

9. Conflict Minerals

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

The Company is also monitoring developments from the European Commission on critical raw materials (CRM) and is investigating the possibilities to take a deeper look at its related supply chain, thought direct involvement and/or trade associations. The update

of the Supplier Code of Conduct (available from Q1 2021) will also require suppliers to pay more attention to CRM responsible sourcing.

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

10. Plastic-Free Supply Chain

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

11. CO₂ Emissions

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

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

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

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

V. Future Outlook

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

- development and publication of a comprehensive picture of the Company's ambition towards its suppliers including monitoring progress;
- formalisation and reinforcement of the process to collect alerts relating to sustainability and environment topics from within the Company's supply base;

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

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

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

6.1.7 Community Engagement

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

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

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

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

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

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

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

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

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

6.2 Other Corporate Activities

Digital Transformation at Airbus

Overview

For four years, the Company implemented a digital transformation that has made it today an advanced digital company from the early design of its products to its Customers.

2020 was the year of the COVID-19 crisis, and beyond, the year of resilience. Digital was key as we adapted ourselves to new ways of working, making the Company and its customers stronger than ever. The digital strategy introduced in 2016 is a major contributor to this performance.

The Company's resilience resulted from its versatility. By selecting Google Workspace, the Company quickly increased the number of employees working remotely from 3,000 up to 32,000. Some 16,000 Extended Enterprise users connected daily, securing a zero business interruption for the Company, as well as its customers and affiliates. Putting in place strong and modern Information Management, Cyber Security, Data Governance foundations and skills was a foundation of this continuity achievement.

The four years of digital exploration, incubation and industrialisation have resulted in mature industrial-grade digital aviation platforms such as Skywise, Digital Design Manufacturing and Services ("DDMS"), Artificial Intelligence, Advanced Analytics, Airline Sciences, Augmented Reality and Internet of Things. These capabilities have been embedded into the Company's mainstream activities to create a seamless digital experience. This was vital for the production rate adaptation and also for deliveries. As an example, 37 aircraft finished the industrial process early and were sent to delivery centres thanks to a new parts reallocation workflow. The Company focused on its customers, the airlines, developing dedicated applications such as aircraft parking and return to flight, alleviating instantaneous back to business operations.

Digitisation has fostered a change in our mindsets, while empowering employees and unlocking digital possibilities. This has prepared the Company to cope with the challenges of delivering the priority programmes in a fully collaborative digital landscape while transitioning for a sustainable future.

Developing Further Skywise and DDMS as Backbones of Airbus' Digital Continuity

Skywise

At its origin, Skywise was launched to make the data locked in our discrete legacy systems accessible and actionable by those needing it for their day-to-day operations. Quickly adopted by more than 15,000 employees, it has also become an airline favourite. Skywise is now the flagship platform of the aerospace industry's digital transformation, linking original equipment manufacturers, airline customers and aerospace suppliers. In 2020, the Company's open aerospace data platform continued to grow, and proved how the Company's strategy to place data at the heart of the transformation was a successful bet. With data unlocked from previous siloes, a virtuous circle has been created: with in-service data flowing back into operations

and aircraft design, delivering incremental ameliorations and improvements. Data architecture ensures that data becomes the single source of truth powering the Company's operations and products, transforming the Company to a more fact-based, agile, empowered, data-driven organisation. Every airline or supplier reported improvement to their workflows and operations after adopting Skywise. With more than 130 airlines now use Skywise. Based on their testimonials we estimate that Skywise has saved the airline industry at least US\$200 million a year.

This exponential growth was sustained because Skywise was designed from the start with the right framework, a strict data governance implementation and industrial scalability. This made it possible to start small and then scale up. The technology partner's world-leading capabilities in data integration played a key role in the adoption; yet this exponential growth was driven by the focus on value creation focus and engagement model with the business more than by the technology itself.

DDMS

Going one step further, DDMS is taking this transformation up a level by building in native end-to-end digital and data continuity. The expected benefits are immense and require building a new worldwide industrial ecosystem, systems and processes to design, produce and maintain aircraft. DDMS's ambition is no less than to leverage what an Aircraft or Aerospace Product Digital Mock Up ("DMU") can bring, extending it to Simulation, Artificial Intelligence, Manufacturing and Services processes from the early concept and design phase through to the in-service phase. The mandate is to make DDMS ready for the next aircraft programme. As a first key step, DDMS concepts and solutions will be deployed for the Eurodrone programme and for Airbus Helicopters' new products.

Major contributions have been made to the current programmes this year:

- Single-Aisle aircraft Ramp-up: increased availability of the 3D-configured DMU and preparation of the next Solution "Lean Product Lifecycle Management". This resulted in a leap forward in performance (real-time consolidation of the configured DMU) to secure the A321 XLR and cure major issues in Single-Aisle configuration management, improving quality thanks to 3D models, while increasing standardisation and re-use across programmes;
- A321 XLR: delivery of Digital Factory' capabilities, Integration of the Product / Industrial process view for the Rear Center Tank;
- Nacelle Innovative Solution (NIS): completed deployment of DDMS principles (configuration management, co-design). Demonstrator achieved and then stopped. Further demonstration planned in 2021 with Green Pulse programme;
- A350 digital continuity: deployment of the solution at St Nazaire and Hamburg with 100 end users. Expected savings on Standard Operational Instructions updates under measure. The first feedback was positive and in line with ambitions;
- Eurodrone: first deployment of the solution for "Preliminary Design and Configuration Management". These capabilities will be tested by end users early in 2021 for a Go Live at Eurodrone Program T0. The next step in 2021 is to address "Detailed Design and Configuration Management" needs;
- Helicopters: solution deployed for Meca 4.0 reusing NIS demonstrator and A350 digital continuity assets addressing work preparation for the H175 helicopter. Plans for extending to all Airbus Helicopters programmes in the course of 2021.

Leveraging Available, State of the Art, Future-Ready Foundations

Thanks to the integration of the Digital Transformation Office and Information Management teams, the Company has been able to further industrialise and leverage the 11 digital technology platforms created since 2016 (API, Cloud, DevOps, Big Data, IoT, ITSM, Monitoring, Mixed Reality, Artificial Intelligence, Mobile Apps, UI/UX).

The Information Management, Cyber Security and Corporate Security teams continued their transformation programmes in 2020 while navigating the many additional challenges that the pandemic brought.

The year saw a step change in the number of users working from home. Direct secure access to Google Workspace allowed more than 60,000 employees to maintain levels of productivity.

With the ever-changing cyber environment, the ability to detect and respond to threats remains ever critical. Over 200 security incidents were handled every month. We enhanced the detection coverage of our Security Operation Centre by introducing an additional 240 use cases.

Further development of the off-boarding process enabled us to safely release 2,000 users, by securing accesses and controlling data loss. In total, data export was reduced by 81.5% last year against a 200 terabyte baseline. The newly developed on-boarding process ensured that the Company's personal computer ("PC") fleet was kept up-to-date from a cyber perspective, without the need for users to come to the site. This was a key reason why we were successfully protected when one of our major information management suppliers was attacked. In addition, a systematic PC check and quarantine is applied to equipment being returned after a long period of home office use. 2021 will see the project extended to provide secure connectivity to our extended enterprise users, and further reduce the risk of a cyber attack.

The extension of our security controls to protect 94 critical industrial assets was another key step to protecting our production environments.

Insider protection is also becoming a priority and will continue to evolve in 2021, with the development of a cyber security centre of competence in Spain. As part of the ongoing transformation we will continue to improve our internal capability by recruiting new team members in Europe and India.

Continued Exploration to be Ready for Future Step Change Technologies

In 2020, exploration continued in the fields of artificial intelligence, IoT and connectivity, investigating areas where these technologies would bring benefits to the aerospace and defence industry.

Airline Sciences

The aim of the Airline Sciences team is to provide a true, operational digital representation of an airline in all its complexities and business models. Having a bottom-up approach enables the Company to test out different aircraft technologies and concepts, validate product strategy, help out in sales campaigns, develop new services and more importantly, understand the Customers' perspective across all layers of the Company.

With the onset of the COVID-19 crisis in 2020, we were able to repurpose some of the work already carried out and show the effect of dropping traffic demand on airline networks, frequencies, grounding of aircraft, both leased and owned, as well as the overall impact on airline profit and loss. This new capability will not only help the Company to identify the financial strengths or weaknesses of our customers, and the likelihood of failure and recovery, but also help out in seeking new service opportunities. These opportunities may be with airline customers, lessors, investors or other institutional actors.

Furthermore, reflecting society's sensitivity to aviation's effect on climate change, we enhanced our aircraft trajectory engine to encompass non-CO₂ effects such as contrails avoidance. This new capability will be of great importance to the design of the NSA and ZeroE aircraft, as well as for providing rational logic regarding the actual effect of aviation on the climate.

Internet of Things ("IoT")

In 2020, IoT was put at the core of the Company's industrial system for all relevant functional domains (operations, services, logistics). A state-of-the art IoT cloud platform based on the Airbus Public Cloud Platform was successfully industrialised and rolled out to all Company Divisions. Dedicated solutions are available on the premises as well if needed. Over the last three years, more than 150 operational use cases have been explored and over 30 of them have been industrialised with clear targets for cost reduction, quality improvement, shorter time to market, and process efficiency. Over 20,000 smart devices are deployed in operations for tracking parts and logistics, over 500 production machines are connected to the IoT platform with full big data capability. This provides a great basis for future scaling up of Airbus Industry 4.0 activities across the Group. In 2021, there will be a focus on scaling the solutions and delivering cost savings, increasing cyber security protection and integration in the overall Airbus data ecosystem, as well as the roll out of the application in all Airbus regions (China, Asia, US).

Aircraft Connectivity

Despite the 2020 COVID-19 crisis and lockdown, we delivered connected aircraft demonstrators, including EASA certification for one of them, thanks to an imaginative and agile cross-functional team. 2021 will be the year of in-service operations of the demonstrators and the handover to business. The team has also supported the creation of the "Connectivity House", a new organisation established to streamline complex connectivity projects.

Artificial Intelligence

Finally, the Company has advanced new industrial platforms in AI. These technologies include time-series anomaly detection for avoiding failure in our industrial machines and aircrafts, automated classification of export-controlled data to secure our compliance, and shop floor computer vision to gain new visibility into the safety and quality of our manufacturing environment.

Concluding Remarks and 2021 Challenges

In 2020, the Company has shown its ability to adapt quickly in a complex environment. Looking beyond this achievement, 2021 is a time for simplification, especially in our complex Information Systems environment of over 6,000 business applications. Additionally, the completion of the organisation's transition will result in the financial benefits of optimisation.

The digital expertise spread through the organisation by value-adding projects and franchises, and embedded within business functions, will be coordinated by a coherent central value management. The Digital Academy will support employees and managers across the Company by way of communities, in-depth digital knowledge and up-skilling to strengthen digital in everyday ways of working.

2021 will continue the digital transformation. More than ever, speed, agility and change management will be key. For the DDMS programme, it will be a year to build the digital landscape of the future. Security will further boost its ability to handle future threats by deploying a cutting-edge organisation, which will bolster measures to prevent incidents across the Group. This transformation will be also coloured by “green” IT, so contributing to a sustainable decarbonised future.

The digital potential for continuity and end-to-end industrial resilience was demonstrated during this special year. Nevertheless, the possibilities have not been fully realised. We progressed a lot in leveraging the “cloud” and in better understanding how our already efficient industry can be improved even further. This can be done by taking an even closer, more granular and holistic view of the entire ecosystem. There are still margins to be tackled where digital has a major role to play.

These initiatives will continue to succeed if they are addressed in a transverse, open and bold way. All building blocks are in place – what will make the difference is our readiness to take a pragmatic look at them and to act collectively and collaboratively.

Research and Technology

The Airbus Technology Department, led by the Chief Technology Officer (“**CTO**”), is responsible for defining, delivering and protecting all the Company’s Research and Technology (“**R&T**”), enabling technology synergies across the Group, federating innovation the Company’s activities and ensuring expertise in breakthrough technologies. The department applies a lean project-based approach, tracked and managed using earned value management processes. Technological collaboration with external research communities and partners is encouraged and coordinated through the department with technical and scientific experts. These duties are delivered through the capabilities outlined here below.

The Company-wide integration of R&T technology is achieved through cross-portfolio Technology Planning and Roadmapping, giving an exhaustive view of technology targets and investments. In addition, Company-wide engagement with institutional and commercial partners and public agencies is achieved through common R&T Co-operations.

Central R&T (“**CRT**”) is the cross-divisional R&T organisation that prepares the Company’s long-term technological capabilities. CRT leads specific investigations in emerging areas of research and conducts ambitious research projects while leveraging leading academic, scientific and research institutions to best utilise their expertise for achieving the Company’s ambitions.

Development of selected breakthrough technologies are accelerated through Airbus Demonstrators, by employing rapid maturation methods. This function delivers, thanks to its fully owned Airbus UpNext subsidiary, flight demonstrator projects that drive collaborative new ways of working, provide the highest level of transparency and challenge the status quo by embedding Airbus Technology DNA in a highly dynamic environment.

Each Division has its own R&T function, defining and delivering the divisional projects. The Divisional R&T functions are primarily planning, decision making and arbitration teams, which are

accountable within their perimeters to both Technology, Divisional Engineering and Product Strategy. Their responsibilities include securing continuous improvement in Divisional competitiveness and the ability to develop business. Within the Company, commercial specific priority is given to technologies for next-generation aircraft, bringing together product, production system and services.

In order to maximise the Company’s R&T activities, the Divisions leverage the external ecosystem, utilising the portfolio of projects for funding opportunities and engagement with global partnerships, research institutes and universities. This ensures efficient R&T portfolio execution, and benefits from new ways of working including but not limited to agile methodology and minimum viable product demonstration strategy. Responsibilities include securing continuous improvement in Divisional competitiveness and the ability to develop business by establishing and driving the Company’s R&T ambitions.

Fast-Track roadmap owners serve as principal advisors to the CTO on technical vision and roadmaps for associated Technology areas. Fast-Track roadmaps ensure coherency in the portfolio of activities and for the rapid advance of strategic priorities. Today the Fast-Track roadmaps cover:

- Electrification;
- Industrial Systems and Manufacturing;
- Connectivity;
- Autonomy;
- Materials;
- Artificial Intelligence.

The Company’s intellectual property is protected, secured and defended through a central intellectual property function responsible for patent applications, portfolio investigations and portfolio defence.

Technological innovation and outreach to expertise in specific regions is delivered through three units: Acubed in Silicon Valley, Airbus Innovation Centre in China and start-up engagement and development through BizLab.

Key Progress in 2020

Airbus Demonstrators – Airbus UpNext

Airbus UpNext identifies and evaluates the disruptive trends of the aerospace industry and demonstrates their potential for viable products. It uses flying demonstrators to evaluate, mature and validate new technological breakthroughs for the R&T portfolio. It invents and accelerates aerospace research and prototype developments to achieve proof-of-concepts at scale and speed.

The **E-Fan family** of technology demonstrators aimed to demonstrate all-electric and hybrid-electric flight. In April 2020, the Company and partner Rolls-Royce jointly decided to end the E-Fan X demonstrator project. E-Fan X had successfully achieved its three main initial goals:

- launching and testing the feasibility of a serial hybrid-electric propulsion system in a demonstrator aircraft;
- gaining insight to develop a more focused roadmap on how to progress on our ambitious de-carbonisation commitments;
- laying a foundation for the future industry-wide adoption and regulatory acceptance of alternative-propulsion commercial aircraft.

The ZEROe concept planes revealed in September of 2020 unveiled the Company’s investigation and research into hydrogen-based propulsion. The ambition is supported builds on E-Fan X’s technology bricks as well as a follow-up demonstrator.

Airbus UpNext has also engaged in the development of an electrical powertrain intending to demonstrate the feasibility and potential of cryogenic and super-conducting technologies for varying power-level applications.

The **Autonomous Taxi, Take-off and Landing (“ATTOL”)** demonstrator has successfully leveraged computer vision technologies and techniques to enable commercial aircraft to navigate and detect obstacles during taxi, take off, approach and landing. In April 2020, the world’s-first autonomous vision-based flight combining the three functions (taxi/take-off/landing) was successfully performed by an Airbus A350. This marked the completion of the ATTOL demonstrator, a new demonstrator will follow testing the next steps.

The **Fello’Fly** aims to prove the technical, operational and economic viability of wake-energy retrieval for commercial aircraft. In September 2020, a collaboration with Frenchbee and SAS Scandinavian Airlines was publicly announced. In addition, the demonstrator team is partnering with France’s Direction des services de la navigation aérienne (“**DSNA**”), the UK’s NATS, and EUROCONTROL. This consortium will support the demonstration of the operational feasibility of the project.

The **TELEO** aims at providing seamless smart routing in satellite constellations (LEO and GEO). In August 2020, it was agreed that the ARABSAT BADR-8 platform (to be built by the Company) would host the experimental TELEO optical communications payload. The satellite is scheduled for launch in 2023.

A new Airbus UpNext demonstrator focuses on simplifying Vertical Take-Off and Landing (“**VTOL**”)-craft mission preparation and control.

It will include a demonstrator aiming at flight testing high performance wings is included.

Acubed (A3)

Acubed is the Company’s innovation centre in Silicon Valley. Its mission is to provide a lens into the future of the industry, transforming risk into opportunity to build the future of flight now.

The Advanced Digital Design and Manufacturing (“**ADAM**”) project aims to develop methods and tools to drastically reduce development lead-time and production cost by leveraging emerging digital technologies. In 2020, ADAM successfully demonstrated its added-value through several use cases, working collaboratively with Airbus Americas Engineering, SATAIR and Airbus in Europe. Use cases include project EVE for dramatically reducing the time needed for wing stressing on the A321ULR, and a project with SATAIR to use Artificial intelligence to better predict the optimum deployment of spares inventories worldwide.

The Wayfinder project is developing a scalable and certifiable platform for Autonomy and Machine Learning to enable future autonomous flight projects. In 2020, Wayfinder successfully delivered algorithms for detection of runway features for the ATTOL demonstrator enabling fully autonomous computer vision landing of an A350 Flight Test aircraft. In 2020 Wayfinder started Flight Testing on a Beech Baron 58 aircraft for rapidly developing hardware and software for mass data collection.

The Company’s UTM project is focussed on integrating Unmanned Aircraft Systems (“**UAS**”) into aviation with the aim of servicing all forms of airborne traffic and using the UTM space to introduce and test state of the art digital methods for future ATM systems. The Company’s UTM is one of the first FAA approved Low Altitude Authorisation and Notification Capability (“**LANNC**”) providers for drone flights in controlled airspace, and is working with DroneDeploy to provide this service to the market.

Airbus China Innovation Center (“ACIC”)

ACIC, based in Shenzhen, is the first Innovation Centre set up by the Company in Asia. Its mission is to fully leverage China’s local innovation ecosystem – including talents, partners and resources – combining this with the Company’s expertise in aerospace to discover promising technologies, to identify solutions enabling new services, and to fast-track delivery of innovation projects.

Manufacturing Innovation

The team is tasked with leveraging China’s strength in advanced manufacturing to deliver value to the Company’s final assembly lines. It is developing computer vision for workflow/safety, smart tooling, automation in logistics, industrial connectivity, remote inspection and IoT/big data. Prototypes/solutions have been developed and implemented in production environments.

Cabin Experience

Flexible display use cases have been presented to selected customers with positive feedback.

The Cabin Wi-Fi application demonstrator integrated on the A350 MSN002, third party applications were integrated on the Shenzhen Lab to enrich the offer to Chinese customers.

Turning to the Company’s strategic project Keep Trust in Air Travel, the team set up a contractual framework with a local supplier to provide an antimicrobial polish, which disinfects Cabin Surfaces for at least three months after its application. This should come to market in the first half of 2021.

Tech Lab

Wireless sensor development is: a more cost-efficient way to collect data from flight tests via wireless connection, being developed in cooperation with Airbus Helicopter engineering. Phase I was delivered in June 2020. Phase II is scheduled for delivery in the first half of 2021.

A battery testing lab is: screening and testing the latest battery technology in China.

Connectivity

The 5G Air-To-Ground (“**ATG**”) antenna alpha prototype was successfully developed. A beta prototype and flight test is planned 2021.

BizLab

Airbus BizLab is the aerospace accelerator where start-ups and the Company’s intrapreneurs speed up the transformation of innovative ideas into valuable businesses. The “cohort” of start-ups and intrapreneurs must quickly identify an internal Airbus customer, develop the terms for a proof-of-concept and deliver everything within a six-month period. Start-ups and internal projects benefit from access to the Company’s coaches and experts in various domains, and participate in events such as a “demo-day” with the Company’s decision makers, customers and partners.

In 2019, Airbus BizLab signed a contract with the Indian start-up “Traxof Technologies” to automate the talent acquisition process for Airbus’ Information Management organisations in India and Europe and the VR-Pilot Flight Training Solution (“**VRnam**”) was acquired by the Company. The solution allows trainees pilots to learn and practice flows and procedures in an immersive 3D cockpit. Complemented by Airbus simulation competencies, it replaces cockpit simulator time and offers remote training based on an hourly-rate business model.

The internal project “Geotrend” was spun out and is now a start-up, counting more than 25% of France’s CAC 40 index companies as customers of the service. Geotrend is a market and competitive intelligence solution based on artificial intelligence that originated within the Company’s Defence and Space Division.

Internal projects in 2019 included “Flt”, a software solution that provides insight on the future of air traffic using big data, artificial intelligence and scenario-based models. Additionally, the Crowdcraft project implemented by the Airbus’s General Procurement department is a crowdsourcing and crowd staffing platform, which rapidly finds solutions to technical challenges for leveraging worldwide talent. The solutions have reduced cost and work time through more efficient and compliant means for procurement buyers to access goods and services. The “Flight Operations Data 2.0” project has been transferred to “NavBlue” for commercialisation of the end-to-end solution for flight operation data.

Airbus Commercial Aircraft

In response to the COVID-19 crisis, Airbus Commercial’s R&T activity was refocused on zero emission technologies for next generation aircraft, as well as other aircraft system technologies, including propulsion, wing, fuselage, cabin, and industrialisation as a transverse technology stream.

The key achievements in the area of zero-emission technologies include both hydrogen combustion and hydrogen fuel cell technologies, for a highly efficient hybrid-electric propulsion system. Different approaches to integrating the liquid hydrogen storage and distribution system have been considered and will continue to be addressed in 2021. To further explore the possibilities of fuel cell propulsion systems for aviation, the Company has entered into a strategic partnership with a key fuel cell system and component supplier. This partnership will enable co-developing and co-validating aviation-compatible fuel cell stacks. One specific configuration being investigated, amongst others, is the “pod” option of installing stand-alone fuel-cell propulsion systems based on hydrogen fuel cell technology.

In the wing technology area, the high-rate, low-cost wing technologies needed for next generation aircraft have continued to progress during 2020 into the industrial phase. Full size Wing Demonstrators are now in manufacture at a component level, involving Airbus plants across Europe and partners globally. The Industrial System for the assembly of the demonstrators is being installed and the first demonstrator will start the assembly phase in the middle of 2021.

The other main areas of technology development in 2020 include supporting the continuous improvement of Single-Aisle and A350 aircraft. Within industrial systems, more robotics are being deployed across the plants, as are in-process digital feedback and verification. Technologies reducing the Company’s environmental footprint and enabling a more circular economy are also at the heart of the portfolio.

Airbus Helicopters

Despite the crisis, R&T activities made good technical progress in the key streams (Flagships and Safety) which were selected as priority.

Key milestones have been achieved for flagship. The delivery by partners of RACER flight components started and the assembly will be completed by the middle of 2021. The first flight is now planned for the second half of 2022.

From a technology brick perspective, solutions are also in R&T-R&D transition. Light Helicopters HUMS flight demonstration is in preparation on the H130 Flight Lab. The Rotor Strike Alerting System has successfully passed its TRL6 stage and its supplemental technical certificate agreement has been signed with a supplier (NSE company) ahead of in-service deployment. Electrical components of the engine back-up system for the H130 helicopter were delivered and their flight clearance started for a first flight at the beginning of 2021. A new concept of lead lag dampers for heavy helicopters has been demonstrated on the ground and the performance assessment will continue in flight in 2021.

From a programme point of view, the crisis confirmed the priorities already defined. Robust roadmaps based on realistic vision have been set out for mid- and long-term outcomes, namely: CO₂ and noise emission reduction, autonomy and automation, artificial intelligence, urban mobility.

Airbus Defence and Space

In 2020, the challenging economic situation led to a review of the overall R&T Portfolio of projects for the Company’s Defence and Space Division. This exercise of prioritisation was done under the premises of maintaining our core capabilities, focusing only on those technologies that are required for adoption in key products.

The optimisation of the portfolio also offered the opportunity to revise the links between R&T and R&D, and reinforce them where necessary, as well as to restructure the way that the Division addresses its technologies and the link between technology and product. The new portfolio is arranged using the concept of flagships, which represent the main areas of interest for focusing the technology maturation to ensure proper adoption by internal and external customers.

In terms of main technology achievements, we focused on technologies related to automatic processing of information from multiple sources, and enhanced high-resolution satellite image processing and data analytics. Many of those technology bricks are being integrated into the main family of products of the Connected Intelligence Program Line.

In Space, significant effort has also been dedicated to work on core technology bricks for the OneSat and Eurostar NEO family of satellites, in the areas of: propulsion, materials and radiation protection. There is special emphasis on radar developments and on telecom payloads, including significant progress on the optical communications roadmap.

Big achievements have been made in digitalisation and automation for production and assembly, applicable for both aircraft and satellites. Highlighted technologies here are artificial vision, augmented reality and enhanced use of cobots (collaborative robots).

During 2020, we continued developing key technologies for new combat platforms and systems, applicable both for Eurofighter and future elements of the FCAS System-of-Systems. This includes not only platform-related aspects (such as flight physics methods and tools, energy and thermal management developments), but also technology elements related to the cloud-based networking environment in which those platforms will have to operate, combining assets that will have to work collaboratively and in contested environments. This includes manned-unmanned teaming demonstrations.

Central Research and Technology (CRT)

CRT operates in concert with Technology fast tracks and roadmaps to meet strategic objectives, as well as with divisional R&T to ensure the continuation of CRT activities. CRT has 55 projects running concurrently across its six domains. Highlights from these activities include:

- **Blue Sky:** together with Airbus Engineering, Blue Sky (on behalf of the CTO) successfully led the Airbus Quantum Computing Challenge to its conclusion. The worldwide competition was the first of its kind. It made news around the globe and attracted over 1000 people from more than 70 countries. The winner, Machine Reply, was announced in December 2020 at the Q2B conference. A joint follow-on project between Engineering, CRT, and Machine Reply will take place in 2021. In addition, Blue Sky launched a novel research project on biological means of recycling CFRP, opening the door to novel means of ensuring long-term sustainability in aerospace.
- **Communications:** pioneering new communication system architectures and concepts of operation for ultra-high speed connectivity between flying platforms and the terrestrial infrastructure. Proof-of-concept of a special many-core processor design for highly integrated airborne computer systems, including safety-critical and high-performance applications. Unprecedented precision in-door positioning in the aircraft cabin using the existing wireless infrastructure. Adopting research results on secure aircraft-to-ground equipment communications to the “Keep Trust in Air Travel” initiative to sanitise the aircraft cabin against the COVID-19 virus.
- **Materials:** green and sustainable materials and process technologies projects have been accelerated, e.g. assessment of different carbon capture routes to raw materials for carbon fibre composites or eco-efficient value streams for Ti64 circular use (from production chips to new powder). Highly efficient multi-functional structures with integrated printed sensors inside the material lay-up have proven their robustness and functional feasibility during coupon testing. Digitalisation Technologies have been shown to accelerate and improve materials analytics and development processes, e.g. striation counting in failure analytics images, evaluation of computer tomography data or physical-chemical data or simulations with a volume element for composite digital twins. Multi-material printing technologies for tailoring parts has shown its feasibility and triggered new application ideas (new heat exchanger design concepts for zero emission flying).
- **Electrics:** successful demonstration of a high-voltage cable prototype capable of sustaining the required performances in voltage (up to 3 kV) without undesired phenomena such as partial discharges, and with weight and flexibility improvement for installation. The Zero Emission team makes use of this technology.
- **Virtual Product Engineering:** five projects were concluded and successfully handed over to divisional customers addressing topics in efficient High Power Computing, future Model Based System Engineering, modelling and simulation. Topics launched in 2020 will investigate use of Artificial Intelligence in Modelling and Simulation as well as addressing simulation challenges for future Airbus platforms and industrial systems.
- **Data Science:** the team has concluded four major projects that contributed either open or inner source software for use in major projects in the business. A new project, Intelligent Observe Orient Decide Act, has been launched with the aim of improving Commercial Aircraft manufacturing through the delivery of a virtual assistant that integrates planning and scheduling capabilities.

7. Airbus Strategy

7.1 Commercial Leadership, Value Creation and Profitability

2020 has been an unprecedented year for the aviation industry across the globe. The COVID-19 outbreak has demonstrated how severely and fast black swan events can impact the business. In this new environment, the purpose **“We pioneer sustainable aerospace for a safe and united world”** and the key elements of the strategy will support Airbus to focus its efforts around what Airbus contributes to the future:

1. **continue to grow Airbus as an Aerospace and Defence leader;**
2. leveraging its European roots while **pursuing a Global reach** through local actions;
3. **continue to invest in the future** and in an evolving and competitive environment through the right combination of growth, profitability and resilience;
4. **lead the transformation of the aerospace industry** to meet progressing Environmental, Societal and Governance standards.

The strategy answers: 1) what kind of leadership the Company bases its success on, 2) how the Company defines its local and international role, 3) how the Company secures resources to invest in this global leadership, and 4) what role it will take in transforming the industry in line with environmental, social and governance standards going forward.

1. Continue to Grow Airbus as an Aerospace and Defence Leader

Leadership today is not a guarantee for leadership tomorrow. It's the belief of the Company that winning in the future needs to be earned through continuous pioneering both on and around our current portfolio as well as when preparing the future generation products and related services. All executed with the highest quality and safety standards possible.

1.1 Keep Current Portfolio Young and Competitive

Airbus financial success is strongly linked to capitalising on Airbus current commercial aircraft portfolio through incremental improvements. Airbus estimates that all current products have a substantial upside leading to exceptional longevity. This has been done visibly through NEO versions of A320 and A330 and stretches such as the A321XLR, but also in small steps every day on every product. The A330neo and the A350 XWB both deliver high levels of fuel efficiency (25% saving in fuel consumption compared to previous generation aircraft), accelerated pilot onboarding (all wide-body aircraft benefit from a common type rating making pilot training shorter, smoother and lower cost), and dream-inducing comfort through the exclusive Airspace cabin, setting a modern benchmark in passenger comfort and wellbeing.

Airbus' aircraft are also very well suited to serve freighter and VIP markets and are proven to be competitive in selected military niches. With the same logic, the helicopter portfolio expands through military versions of successful commercial products. In the military field, Eurofighter has a performance today beyond customer's initial targets through intelligent upgrades, and remains a very strong competitor for export markets.

1.2 Pioneering for the Next Generation

In preparing their succession, the quest for sustainability will be the game changer that secures continuation of the larger purpose; to unite the world. This quest will fundamentally change aerospace. Not since the introduction of the jet engine has the industry been in front of such a challenge, in particular around new energy sources. However new certification challenges, new materials, new designs, new industrial processes, new business models will also be assessed and could be a source of opportunity. In short, Airbus targets to set the standards and mature the technologies of sustainable aviation.

1.3 Build Advantages Through a Broad Span Within Aerospace and Defence

The synergy of a broad portfolio and the resilience it brings is at the core for Airbus now and also in the future. Most aerospace players nurture a substantial defence and space element in their portfolio to gain synergies and increase stability. For Airbus this is also the path, with the commercial aircraft, helicopters, defence and space activities all part of the portfolio. Hence governmental/military and commercial business, product and services, fixed wing and rotary, satellites and launchers, self and customer funded are elements balancing the market variations, bringing synergies as well as the investment cycles. Additionally, as Digital Design, Manufacturing & Services require similar capabilities across aerospace segments, owning a broad portfolio delivers flexibility in resource allocation and reuse of investments in core capabilities. It is also vital, as seen in the COVID-19 crisis to have strong and complementary businesses alongside commercial aviation within its portfolio.

1.4 Expand as a Leader Towards New Territories

Unmanned Air Mobility (“UAM”) is in the forefront of a revolution to make mobility a three dimensional play in the future. Hence capturing growth in new VTOL/UAM markets on both platforms and services is a major contribution to the helicopter strategy. For defence, the Air and Space power, combining aircraft, unmanned systems and space assets managed with a cloud structure for command and control, will revolutionise performance of Airbus' customers defence needs. In commercial, the quest towards climate neutral solutions will be the game changer.

2. Leveraging its European Roots While Pursuing a Global Reach Through Local Actions

In the past 50 years Airbus went from being a cooperation of local aerospace companies in four European countries to a global leader in commercial aerospace with a strong foothold in defence and space. The ability of industrialists in Europe to work together towards a common goal of creating one leading player in commercial aerospace was decisive to the success story of the Company. Such European vision obviously includes the UK as one of its founding countries.

No aerospace and defence company is more culturally and humanly diverse than Airbus. More than 140 nationalities make up the Company's workforce and over 20 languages are spoken, reflecting the diversity of its global market and customer base. This is a key strength of the Company in addressing global markets. Airbus has built on its strong European heritage to become truly international – with roughly 180 locations and more than 1000 direct suppliers globally. The Company has aircraft and helicopters final assembly lines across Asia, Europe and the Americas.

3. Continue to Invest in Airbus' Future in an Evolving and Highly Competitive Environment Through the Right Combination of Growth, Profitability and Resilience

Aerospace is a major backbone of the global economy and a vital service to people and businesses. Resilience through having sufficient funds available to withstand the first shock; close cooperation with stakeholders to ensure that the overall travel value chain survives; seamless coordination along the supply-chain to detect issues rapidly; reinforcement of balance sheet to continue investing in future competitiveness; are all core to ensure the industry keeps delivering its purpose to the world economy.

The Company believes that the way to remain attractive to investors, employees and society at large is to be at the forefront of innovations and to lead in the global market. This requires discipline on both revenues and the cost base throughout all businesses to gain sufficient volume and profitability to continuously drive the industry forward as a leader. Having successfully increased revenue and profit in recent years, continuous improvement is a must to further support Airbus' resilience and prepare for future investments. As the Company delivers on its strategy as a leader with European roots and global reach, the Company is uniquely positioned to pioneer this industry, deepen the intimacy with its customers, expands its role in Defence, Space and Helicopters whilst delivering shareholder returns in line with market expectations.

4. Lead the Transformation of the Aerospace Industry to Meet Emerging Environmental, Societal and Governance Standards

In essence aviation's licence to grow in the future is linked to sustainability. Improving the environment is at the top of agendas throughout the world. While one may argue for limiting mobility, the Company believes the solution should not hinder connecting and uniting people around the world. Making the world a smaller and more transparent place to live makes it safer and more interesting for all. Discover, learn, share and keep safe are part of

basic human needs and a guiding star for the Company. Air travel brings prosperity through the connections it makes. One in ten jobs around the world is in the travel and tourism industry, and aircraft are the veins in this system. Prosperity is required to deliver the climate neutral transformation of the industry. Hence, the purpose of the Company is to find ways to combine travel and uniting people in a sustainable and safe way. On top, social sustainability and good governance are also integral parts and key to manage the Company's vision for a sustainable future.

Airbus' business is deeply connected with Environmental, Social, and Governance (“ESG”) objectives. The Company believes having more to offer society and need to be continuously aware of its broader impacts.

4.1 Lead the Journey Towards Clean Aerospace

Airbus and the industry at large must ultimately determine ways to eliminate the impact of the aviation industry on climate. This must be achieved by the current generation. It's expected by the flying public and by society at large. Working with Aviation bodies Airbus strives to set the industry on a strong path to the lowest climate impact solutions as part of its commitment to the Paris Agreement. The Company is rising to the challenge of climate change and targets to significantly reduce the climate impact of the aviation sector.

Two main routes are currently followed in parallel to lead the transition of the aviation industry to the lowest climate impact solution. Success in both routes is necessary to reach climate targets. Within Airbus they are named eFuel, sustainable aviation fuel, and ZEROe (zero-emission) through new hydrogen powered aircraft solutions.

eFuel. Focus is on how to increase SAF developments as this will play a key role in reducing the environmental footprint of the aviation industry. Production, distribution and ways to make it affordable are all part of this route. The Company has already successfully established SAF flights out of Hamburg with its Beluga transport aircraft since December 2019 and now also introduces SAF in the delivery of aircraft to customers. However, volume and pricing of SAF is still far from where it needs to be today to go mainstream.

ZEROe. The Company revealed three concepts for the world's first zero-emission commercial aircraft in September 2020. These concepts each represent a different approach to achieving zero-emission flight, exploring various technology pathways and aerodynamic configurations in order to support the Company's ambition of leading the way in bringing the lowest possible climate impact solutions to the aviation industry.

Beyond the aircraft itself, in order to tackle these challenges, airports will also require significant hydrogen transport and refuelling infrastructure to meet the needs of day-to-day operations.

The Company's ambition is to enter into commercial service the first zero-emission aircraft by 2035.

4.2 Build our Business on the Foundation of Safety

Safety cannot be compromised. That's why the number one priority for the Company is safeguarding those who interact with its services and everyone (and everything) that flies aboard or interacts with one of its products. To this end, the Company tackles the product safety approach end to end, and the Company aims to exceed industry standards, focus on safety enhancements in its product line, and support the safe operation of all its products.

As for employee health and safety, the Company aims to permanently and sustainably transform the way the Company thinks and acts in regards to health and safety in the workplace. For the Company it's about more than preventing occupational accidents, and it applies to everyone impacted by the business.

Beyond product and people safety, the Company supports national customers with solutions in their role of guaranteeing safety to their overall populations.

4.3 Respect Human Rights and Foster Inclusion

The Company's respect for human rights is an essential part of responsible business conduct in its business activities and throughout the value chain. The Company believes that everyone who works either for or with the Company contributes to its continued innovation, creativity, and business success. Therefore, it's imperative that the Company fosters empowerment, collaborative working, inclusiveness and diversity to enable a workplace to which people can bring their best selves. The Company ensures that its employees have access to a wealth of education and employee mobility opportunities to grow their skills because the Company strongly believes a more-educated workforce is a more-empowered workforce.

4.4 Exemplify Business Integrity

As the Company's operations span across more than 100 countries, it has a clear obligation to act in conformity to laws and regulations wherever the Company is in the world. The Company conducts its business ethically, based on its values, and not only in compliance with laws and regulations. Furthermore, the Company strives for a culture of integrity in its people, partners and suppliers.

In an effort to improve accountability, the Company is strengthening its current compliance programmes and with the intention to become a benchmark in this area. To this end, the Company has established a dedicated Ethics & Compliance programme and organisation, ensuring that ethical and compliant behaviour is deeply embedded throughout the Company, supported by clear Code of Conduct and Integrity Principles. The Company has an enhanced anti-corruption policy and has conducted more than 160,000 awareness training in the past three years alone.

7.2 Top Company Objectives 2021

Customer

Establish the Company as the partner of choice by building strong customer relationships through the excellence of its people, products and services

Industrial Performance

Achieve end-to-end nominal production and delivery flow and secure end-to-end industrial system resilience, with Product Safety and Quality as a foundation

Financial Performance

Strengthen the Company's financial situation and assure competitiveness

People

Finalise company restructuring, drive business transformation and support employees by living Airbus' values and demonstrating leadership, with safety at work as a shared priority

Sustainability

Progress the Company's decarbonisation ambition and reduce its environmental footprint

Enable the Future

Deliver ongoing top programmes (A321XLR, A350 Step 7, Eurodrone, OneSat, H160...) and services roadmap. Prepare Airbus' future products and industrial system (ZEROe, eFUEL, technology and industry/robotics roadmaps, FCAS). Build the digital landscape of the future with DDMS at the core.

The Company always:

- keeps customers at its heart of what it does to deliver value and reliability;
- considers health, safety and quality as non-negotiable;
- optimises and adhere to end-to-end processes;
- drives change and transformation for performance and competitiveness;
- protects its business from security threats and malicious actions;
- fosters innovation by being open-minded and creative in all its does;
- instils a culture of inclusiveness and continuous learning;
- promotes a speak up and listen up culture and acts with integrity and respect.

The information contained in this Board Report will enable you to form an opinion on the situation of the Company and the operations, which are submitted to you for approval.

For further information and detail regarding the Company's activities, finances, corporate governance and in particular risk factors, the reader should refer to the Company's website www.airbus.com.

The Board of Directors hereby declares that, to the best of its knowledge:

- the Financial Statements for the year ended 31 December 2020 give a true and fair view of the assets, liabilities, Financial Position and profits or losses of the Company and undertakings included in the consolidation taken as a whole; and
- this Board Report gives a true and fair view of the position as per the balance sheet date, and of the development and performance during the 2020 financial year of the Company and undertakings included in the consolidation taken as a whole, and the principal risks facing the Company have been described herein.

8. Financial Targets for 2021

As the basis for its 2021 guidance, the Company assumes:

- no further disruptions to the world economy, air traffic, the Company’s internal operations, and its ability to deliver products and services.

The Company’s 2021 guidance is before M&A.

On that basis, the Company targets to at least achieve in 2021:

- same number of commercial aircraft deliveries as in 2020;
- EBIT Adjusted of €2 billion;
- Breakeven Free Cash Flow before M&A and Customer Financing.

The Board of Directors

René Obermann, Chairman

Guillaume Faury, Chief Executive Officer

Victor Chu, Director

Jean-Pierre Clamadieu, Director

Ralph Dozier Crosby, Jr., Director

Lord Drayson (Paul), Director

Mark Dunkerley, Director

Stephan Gemkow, Director

Catherine Guillouard, Director

Amparo Moraleda, Director

Claudia Nemat, Director

Carlos Tavares, Director

Leiden, 17 February 2021

Airbus SE

European public limited-liability company (Societas Europaea)
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