

Report of the Board of Directors

(Issued as of 16 February 2023)

This document is an unaudited PDF format version of the Board Report and is not the original report included in the audited financial report pursuant to article 361 of Book 2 of the Dutch Civil Code and as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815).

The ESEF-compliant Annual Financial Report of Airbus SE, which includes the Board Report, for the year ended 31 December 2022 has been filed with the AFM in XHTML format and is available on the AFM's website (<https://www.afm.nl/en/professionals/registers/meldingenregisters/financieleverslaggeving>) as well as on Airbus SE's website (<https://www.airbus.com/en/investors/financial-results-annual-reports>).

In any case of discrepancies between this 'PDF format' and the 'XHTML format', the XHTML format prevails.

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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 2022 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 2022

In 2022, the Company focused on navigating an adverse operating environment while moving forward with priorities that support its purpose. Important operational and commercial milestones were achieved, including the first flight of the A321XLR and major contract wins in defence, while progress continued in the field of sustainability.

A selection of key announcements follows (the full list of announcements is available at: <https://www.airbus.com/en/newsroom>).

2.1 Airbus

- Airbus delivered 661 commercial aircraft to 84 customers in 2022. It recorded a total of 1,078 new orders (820 net orders) across all programmes and market segments, including several high-profile commitments from some of the world's leading carriers. The A220 won 127 firm gross new orders. The A320neo Family won 888 gross new orders. In the widebody segment, Airbus won 63 gross new orders including 19 A330s and 44 A350s of which 24 were for the newly launched A350F.
- Airbus' first A321XLR (Xtra Long Range) successfully accomplished its first flight in Hamburg. During the flight, the crew tested the aircraft's flight controls, engines and main systems, including flight envelope protections, both at high and low speed. The A321XLR is the next evolutionary step in the A320neo single aisle family of aircraft. By meeting market requirements for increased range and payload, it creates more value for airlines by enabling economically viable services on longer routes than any comparable aircraft model.
- Airbus hosted its second Summit, bringing together journalists, influencers, business leaders, partners, and industry experts, over two days, to exchange ideas and debate the challenges and opportunities around the theme "Gathering pace towards sustainable aerospace". Major partnerships were announced, notably with Neste on sustainable aviation fuel ("SAF"), with Renault on electrification, with CERN on superconducting technologies, with ArianeGroup on liquid hydrogen technology, as well as with HyPort (a joint venture between ENGIE Solutions and the Regional Agency for Energy and Climate in Occitanie (AREC)) to develop one of the world's first low carbon hydrogen airport production and distribution stations in Toulouse-Blagnac.
- The Qantas Group and Airbus will invest up to US\$ 200 million to accelerate the establishment of a SAF industry in Australia in a landmark agreement. Airbus and Qantas agreed to work together on the sustainability initiative as part of the airline's recently announced orders. These include the A350-1000 to operate 'Project Sunrise' non-stop flights from Australia to New York and London, and the selection of the A220 and A321XLR under the carrier's 'Project Winton' domestic fleet renewal, as well as lower emission aircraft for its subsidiary Jetstar. The new fleet will offer a significant reduction in fuel consumption and carbon emissions of up to 25% from day one, and is already certified for operation using 50% SAF.
- Airbus and Neste, a world-leading producer of renewable fuels, have signed a memorandum of understanding to jointly advance the production and uptake of SAF. Both parties share a vision that SAF is key to helping reduce the greenhouse gas emissions produced by air travel. This collaboration aims to accelerate the aviation sector's transition to SAF. Neste and Airbus recognize that one of the biggest challenges in accelerating SAF use is the ramp-up of SAF production. They will focus on the technical development of SAF, fuel approval and testing of current and future production technologies, as well as investigating how "100% SAF" use can be enabled.

- Airbus has joined the world's largest clean hydrogen infrastructure investment fund, managed by Hy24. Hy24's fund will provide financial capital to back credible, large-scale green hydrogen infrastructure projects world-wide. Airbus' involvement assures its commitment to the scaling up of a global hydrogen economy, a prerequisite for the successful entry-into-service of its hydrogen-powered commercial aircraft by 2035.
- Airbus and Linde, a leading global industrial gases and engineering company, signed a memorandum of understanding to work on the development of hydrogen infrastructure at airports worldwide. Both companies will define and launch pilot projects at several airports from early 2023 onwards. In addition, Airbus and Linde will analyse the potential of power-to-liquid fuels - a type of SAF made from synthetically-produced liquid hydrocarbon through the conversion of renewable electricity.
- Airbus signed a partnership agreement with CFM International, a 50/50 joint company between GE and Safran Aircraft Engines, to collaborate on a hydrogen demonstration programme that will take flight around the middle of this decade. The programme's objective is to ground and flight test a direct combustion engine fuelled by hydrogen, in preparation for entry-into-service of a hydrogen-powered aircraft by 2035.
- Airbus launched a new service to offer outsized freight transportation for customers worldwide. Key to bringing this to reality is the unique capability of Airbus' BelugaST 'Super-Transporter' aircraft, based on the A300-600 design. Airbus is also introducing six new-generation BelugaXLs – based on the larger A330-200 platform – to support its aircraft production ramp-up.
- Airbus Protect, a new Airbus subsidiary bringing together the Company's expertise in cybersecurity, safety and sustainability-related services, was officially established on 1 July 2022. The aim of this new entity is to provide a unique global service offering to protect Airbus company-wide and meet the needs of external authorities and commercial customers, including in the field of critical infrastructures.

2.2 Airbus Helicopters

- Airbus Helicopters logged 374 gross orders (362 net orders), highlighting the ongoing market recovery with an impressive 216 light single-engine helicopters sold. Deliveries increased from 338 in 2021 to 344 in 2022, contributing to Airbus Helicopters' preliminary 52% share of the civil and parapublic market. Airbus' helicopter fleet flight hours are now back to pre-COVID 2019 levels.
- An Airbus H225 performed the first ever helicopter flight with 100% SAF powering both of its Safran Makila 2 engines. This flight, which followed the flight of an H225 with one SAF-powered Makila 2 engine in November 2021, is part of the flight campaign aimed at understanding the impact of SAF use on the helicopter's systems. Tests are expected to continue on other types of helicopters using different fuel and engine architectures, with a view to certify the use of 100% SAF by 2030.
- OCCAR (Organisation for Joint Armament Cooperation), on behalf of the French and Spanish Armament General Directorate, the DGA (Direction Générale de l'Armement) and the DGAM (Dirección General de Armamento y Material) awarded a contract to Airbus Helicopters for the development, production, and initial in-service support of the Tiger MkIII attack helicopter upgrade programme.

- Airbus signed a follow-on contractor logistics support (CLS) contract with the U.S. Army to provide spare parts, material, and engineering support for the army's entire UH-72A and UH-72 B Lakota fleet of 482 utility and training helicopters. The contract includes a six-month base and four and a half option years, with a potential total value of more than \$1.5 billion.
- In September 2022, the French Navy took delivery of the first of six H160s that will perform search and rescue (SAR) missions. The aircraft is part of the interim fleet that will be delivered by the partnership formed between Airbus Helicopters, Babcock, and Safran Helicopter Engines.
- The Brazilian armed forces, through the Combat Aircraft Programme Coordinating Committee, acquired 27 single engine H125 helicopters to boost the training capacity of the Brazilian Navy and the Air Force. The H125 will be produced in the H125 final assembly line located in Itajubá, Brazil at Helibras' factory, where the H225Ms for the Brazilian armed forces are also assembled.

2.3 Airbus Defence and Space

- On behalf of the governments of France, Germany and Spain, the French General Directorate for Armament awarded to Dassault Aviation, Airbus, Indra, Eumet and their industrial partners the contract for the demonstrator phase 1B of the Future Combat Air System (FCAS). This landmark contract, amounting to €3.2 billion, will cover work on the FCAS demonstrator and its components for about three and a half years.
- In February 2022, Airbus and the Organisation for Joint Armament Co-operation (OCCAR) signed the Eurodrone global contract, which includes the development and manufacturing of 20 systems and five years of initial in-service support. Eurodrone, a major European defence programme, is the result of collaborative work between the industry, OCCAR and its participating nations. It will deliver the most advanced Unmanned Aerial System (UAS) in its segment, generate more than 7,000 high-tech jobs within the industry and will strengthen European industrial sovereignty, know-how and collaboration between nations.
- Airbus was awarded a €160 million contract for the European Space Agency's FORUM satellite to measure heat emitted from the Earth into space. FORUM, short for Far-infrared Outgoing Radiation Understanding and Monitoring, will be the first satellite to observe Earth in the far-infrared part of the spectrum, providing unique measurements of the Earth's outgoing energy to help improve understanding of the climate system.
- In December 2022, Nasa's Artemis I mission was completed, with the Airbus-built European Service Module having successfully brought NASA's Orion spacecraft safely around the Moon and back home. The mission, which was more than 10 years in the making, involved about 1.05 million Airbus working-hours on the module to assemble the 22,000 parts, 33 thrusters and 12 km of cables.
- In July 2022, Airbus successfully tested a removable firefighting demonstrator kit on the A400M military airlifter during a flight test campaign in Spain. The test campaign took place in daylight conditions with a minimum operating height of 150ft, flight speeds as low as 125 knots and drops involving up to 20 tons of water from the current tank in less than 10 seconds. The main objective of the campaign was to validate the drop water quantity and time as well as the ability of the A400M to carry out this new role with the firefighting kit.

- The Airbus A330 MRTT became the world's first tanker to be certified for automatic air-to-air refuelling boom operations in daylight following a successful campaign in collaboration with the Republic of Singapore Air Force. Certified by the Spanish National Institute for Aerospace Technology, this capability is part of the new SMART MRTT developed by Airbus.

- The Royal Air Force, Airbus and other industry partners carried out the world's first 100% SAF flight using an in-service military aircraft. It is also the first 100% SAF flight of any aircraft type carried out in UK airspace. An RAF Voyager – the military variant of the Airbus A330 commercial jetliner – took to the skies above RAF Brize Norton in Oxfordshire, England, on 18 November 2022 powered completely by 100% SAF on both engines, paving the way for a range of possibilities for the future of flying military aircraft.

- During the ILA Berlin Air Show in 2022, the NATO Eurofighter and Tornado Management Agency signed a landmark contract for the acquisition of 20 latest generation Eurofighter jets for the Spanish Air Force. Known as the Halcon programme, the order will cover the delivery of a fleet of E-Scan (electronically scanned) radar equipped fighter aircraft consisting of 16 single-seaters and four twin-seaters, to replace the F-18 fleet operated by the Spanish Air Force on the Canary Islands.

3. Share capital and stock price evolution

3.1 Shareholding and voting rights

Issued share capital

As of 31 December 2022, Airbus SE's issued share capital amounted to €788,205,008 divided into 788,205,008 shares of a nominal value of €1 each. The issued share capital of Airbus SE as of such date represents 26.27% 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 capital¹.

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 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 12 April 2022, 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

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

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 2023, 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 12 April 2022, 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 12 April 2022, 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.

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 section "5.1 IFRS consolidated financial statements").

Changes in the issued share capital in 2022

In the course of 2022, a total number of 2,052,509 new shares were issued, all of which were issued in the framework of the 2022 Employee Share Ownership Plan ("**ESOP**").

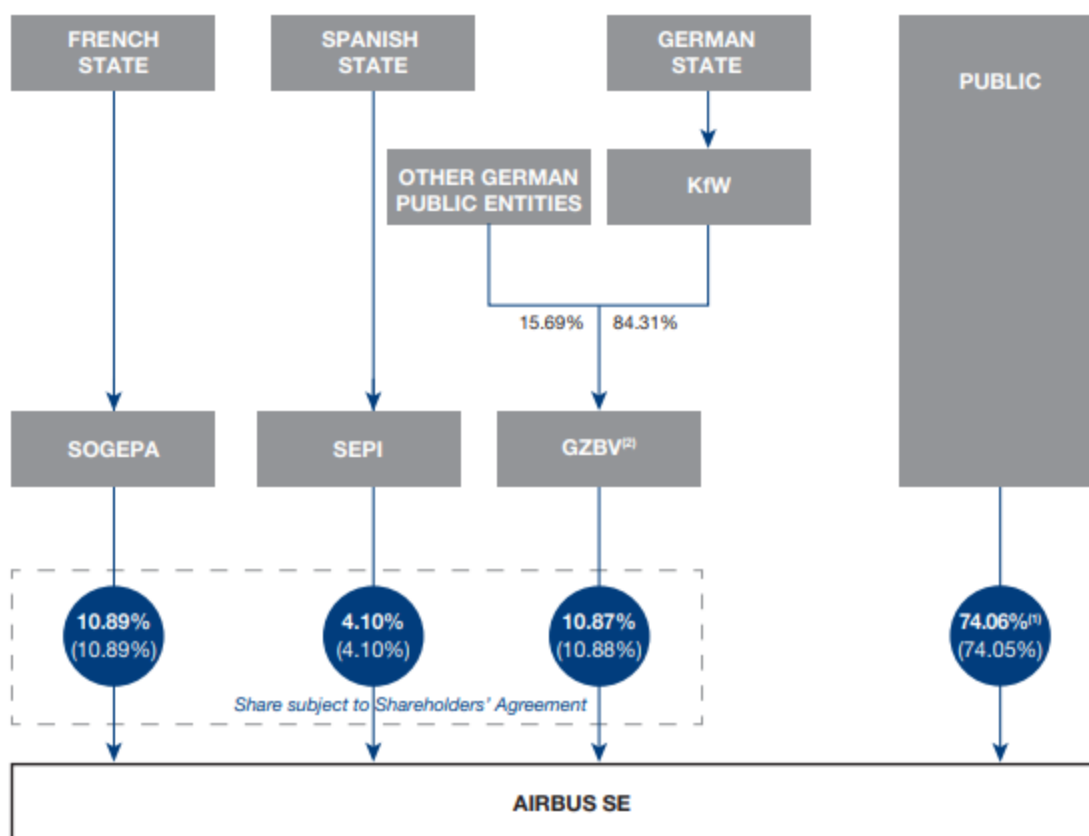
Repurchases and cancellations of shares in 2022

During 2022 (i) Airbus SE repurchased 325,953 shares and (ii) none of the treasury shares were cancelled. As of 31 December 2022, Airbus SE held 647,500 treasury shares.

Shareholding structure at the end of 2022

As of 31 December 2022, the French state held 10.89% of the outstanding Airbus SE shares through Société de Gestion de Participations Aéronautiques ("**Sogepa**"), the German state held 10.87% through Gesellschaft zur Beteiligungsverwaltung GZBV mbH & Co. KG ("**GZBV**"), and the Spanish state held 4.10% through Sociedad Estatal de Participaciones Industriales ("**SEPI**"). The public (including the Company's employees) and Airbus SE held, respectively, 74.06% and 0.08% of Airbus SE's share capital.

The diagram below shows the ownership structure of Airbus SE as of 31 December 2022 (% of capital and of voting rights (in parentheses) before exercise of the convertible bonds).



(1) Including shares held by the Company itself (0.08%).

(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 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 2022, the below listed entities notified the AFM of their substantial interest in Airbus SE. For further details, please refer to the website of the AFM at: www.afm.nl.

- a) Notification made to the AFM because the capital interest exceeded the above-mentioned thresholds:
- The Goldman Sachs Group, Inc. owns 3.27% and 3.28% voting rights (3.23% directly and 0.04% indirectly);
 - TCI Fund Management Ltd. owns 3.02% and 3.02% voting rights (held directly);
 - BlackRock Inc. owns 3.60% and 4.43% voting rights (held indirectly).
- b) Notification made to the AFM because the capital interest fell below the above-mentioned thresholds:
- EuroPacific Growth Fund owns 2.96% and 2.97% voting rights (held directly).

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 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 the 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 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 would 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 the 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

The corporate governance arrangements of Airbus SE were substantially changed in 2013, resulting in changes to 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 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 a 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 always be dismissed at the general meeting.

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 requires a decision of the shareholders' meeting of Airbus SE, then 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, they 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 interests of certain stakeholders

Airbus SE has made undertakings and entered into agreements in connection with interests of certain stakeholders.

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 amended, the "**French State Security Agreement**"). Under the French State Security Agreement, certain sensitive French military assets are held by an 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, and an amendment agreement, to the 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 an 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 also to 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 a 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; and
- ▶ 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 6.14% 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.

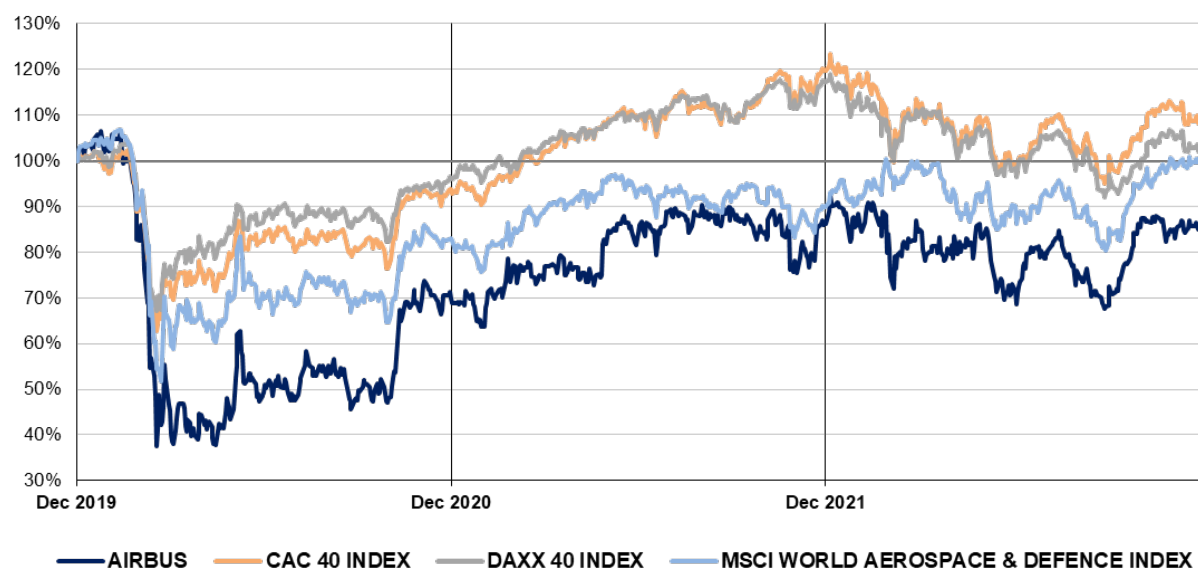
Specific rights

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 the 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 a case, the German state may acquire the shares of such a 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 2022



In 2022, the Airbus SE share price was rather volatile and closed at € 111.02, down -1.2%.

After opening at € 113.60 in January, the Airbus SE share price started the year in positive territory, supported by full year 2021 orders and deliveries performance.

Later in the quarter, Airbus SE's share price - in line with global equity markets - suffered from overall supply chain tensions, inflationary pressures and the COVID-19 resurgence in China. This was aggravated from mid-February by Russia's invasion of Ukraine, although defence stocks surged amid the announcement of defence budget increases, and as investors started to reconsider their stance towards the sector.

In the second quarter, while global equity markets were volatile in line with the aforementioned macro environment, the Airbus SE's announcement that it would increase the monthly production rate of the A320 Family to 75 in 2025 supported the share price, as did the solid financials for the first quarter. Later, the Airbus SE share price was impacted by lower-than-expected deliveries, suppliers' comments on production delays and concerns around the potential impact of energy shortages on Airbus production.

In the third quarter, equity markets partially recovered before retreating from mid-August due to inflationary pressures, central banks' monetary policy decisions and growing fears of recession. Airbus SE's share price has also been under pressure since the A320 Family production ramp-up adjustment announced in the Company's first half results, despite strong financial performance.

In the fourth quarter, besides following the upward trend of global markets, supported by signs of cooling inflation and slower tightening of interest rate policy, Airbus SE's share price reacted positively to the Company's increased free cash flow guidance. This guidance raised investors' expectations for higher shareholder returns.

Towards the end of the year, though, Airbus SE's share price experienced turbulence after rumours about delivery delays in 2023, and following the withdrawal of delivery guidance for the 2022 financial year, alongside the ramp-up adjustment announcement.

With a stable performance throughout 2022 (-1%), Airbus SE shares outperformed the CAC40 index (-9%) and the DAX40 index (-12%), but underperformed the aerospace and defence sector (MSCI World Aerospace & Defence +11%).

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%.

The Board of Directors will propose to the Annual General Meeting the payment to shareholders on 27 April 2023 of a dividend of € 1.80 per share (FY 2021: € 1.50).

The solid 2022 financial performance and our confidence in the future underpin the dividend proposal.

The proposed dividend increases the pay-out ratio from 28% for 2021 to 33% for 2022 and demonstrates our commitment to sustained dividend growth. The record date should be 26 April 2023.

4. Corporate governance

4.1 Management and control

4.1.1 Board of Directors composition, powers and rules

Composition of the Board of Directors

Under the Articles of Association, the Board of Directors (the “**Board of Directors**”) consists of 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 nationals (“**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), (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 Directors”.

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

The Board of Directors, deciding by a simple majority of the votes cast (a “**Simple Majority**”), proposes individuals to the shareholders' meeting of the Company for appointment as Directors by the shareholders. 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 an 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 2022, Mrs Rummelhoff and Mr Wood joined the Board of Directors as non-Executive Directors replacing, respectively, Mr Tavares and Lord Drayson. Irene Rummelhoff has substantial experience in the energy sector, notably in the field of energy transition and renewables. Antony Wood notably brings a comprehensive experience of the aerospace industry and defence sector. Both have the right competencies and personal skills to fulfil their position in line with the Board of Directors' expectations and the evolution of the Company's business.

At the end of 2022, the average age of the members of the Board of Directors was 60. The proportion of female representation on the Board of Directors is one third. The Board of Directors composition shows a balanced mix of experience with, for example, seven members having aerospace industry skills, five having manufacturing and production skills, six having sustainability skills, five having geopolitical skills, nine having finance skills and four having information or data management skills. More details about the diversity of the members of the Board of Directors are available in the table on page 2 (*Airbus SE Board of Directors until AGM 2023*).

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 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 Directors should at the time of their 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 a 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.

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 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 below 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, as defined below);
- ▶ approving of all 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 as defined below);
- ▶ 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, as defined below);
- ▶ 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 as defined below);
- ▶ 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.

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. These principles include acting in the best interests of the Company and its stakeholders, devoting necessary time and attention to the carrying out of their duties, and avoiding any and all conflicts of interest.

Voting and quorum rules

Most Board of Directors' decisions can be made by 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.

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.

Airbus SE Board of Directors until Annual General Meeting 2023

Board member Age ⁽¹⁾ , Gender, Nationality	Status	Since	Term expires	Primary occupation & Other mandates	Director expertise	Board attendance	Committee attendance ⁽⁴⁾ Audit	RNGC	ECSC
 René OBERMANN 59, M, German	Independent	2018, <i>previous re-election in 2021</i>	2024	Chairman of the Board of Directors of Airbus SE and Managing Director of Warburg Pincus Deutschland GmbH		 13/13			
 Guillaume FAURY 54, M, French	Executive	2019, <i>previous re-election in 2022</i>	2025	Chief Executive Officer of Airbus SE, Member of the Board of Directors of AXA SA		13/13			
 Victor CHU 65, M, Chinese / British	Independent	2018, <i>previous re-election in 2021</i>	2024	Chairman and CEO of First Eastern Investment Group and Member of the Board of Nomura Holdings Inc.		10/13	5/5		
 Jean-Pierre CLAMADIEU 64, M, French	Independent	2018, <i>previous re-election in 2021</i>	2024	Chairman of the Board of Engie and Member of the Board of AXA SA		13/13		5/5	 4/4
 Ralph D. CROSBY, Jr. 75, M, American	Independent	2013, <i>previous re-election in 2020</i>	2023 ⁽²⁾	Member of the Board of Directors of Excellitas Holdings, LP		13/13			4/4
 Mark DUNKERLEY 59, M, British / American	Independent	2020	2023 ⁽²⁾	Member of the Board of Directors of Spirit Airlines Inc. and Volotea Airlines		13/13	5/5	4/4 <i>(post AGM)</i>	
 Stephan GEMKOW 63, M, German	Independent	2020	2023 ⁽²⁾	Member of the Board of Directors of Amadeus IT Group and Flughafen Zürich AG		13/13	5/5		
 Catherine GUILLOUARD 58, F, French	Independent	2016, <i>previous re-election in 2022</i>	2025	Member of the Supervisory Board of KPN and Chairwoman of the Supervisory Board of Ingenico		13/13	 5/5		4/4
 Amparo MORALEDA 58, F, Spanish	Independent	2015, <i>previous re-election in 2021</i>	2024	Member of the Board of Directors of A.P. Moller - Maersk A/S, CaixaBank SA and Vodafone PLC		13/13	 5/5		3/4
 Claudia NEMAT 54, F, German	Independent	2016, <i>previous re-election in 2022</i>	2025	Member of the Board of Management of Deutsche Telekom AG		12/13		4/5	
 Irene RUMMELHOFF 56, F, Norwegian	Independent	2022	2025	EVP of Marketing, Midstream and Processing and Member of the Corporate Executive Committee of Equinor ASA		10/10 <i>(post AGM)</i>			3/3 <i>(post AGM)</i>
 Antony WOOD⁽³⁾ 56, M, British	Independent	2022	2026	Member of the Board of Directors of National Grid PLC		1/1 <i>(from Dec BoD)</i>			
Board and Committee meetings in 2022						13	5	5	4
Average attendance rate in 2022						96%	100%	95%	95%



■ Executive ■ Independent

(1) As of 15 February 2023.

(2) Proposed for re-election in 2023.

(3) Appointed at December 2022 Board of Directors' (BoD) meeting, subject to appointment by 2023 AGM.

(4) Two Ad Hoc Committee meetings were held in 2022 to address some specific strategic topics (as per 4.1.3 Board Committees section).

Changes in the composition of the Board in the course of 2022

Until 2022 AGM			From 2022 AGM		
Name	Age	Status	Name	Age	Status
Mr. Carlos TAVARES	63	Member	Ms. Irene RUMMELHOFF	55	Member
Lord DRAYSON (Paul)	61	Member			

From December Board		
Name	Age	Status
Mr. Antony WOOD	56	Member

Changes in the Board committees in the course of 2022

Committee	Until 2022 AGM		From 2022 AGM	
	Name	Status	Name	Status
Remuneration, Nomination and Governance	Lord DRAYSON (Paul)	Member	Mr. Mark DUNKERLEY	Member
Ethics, Compliance and Sustainability	Lord DRAYSON (Paul)	Member	Ms. Irene RUMMELHOFF	Member

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 it and 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 2022

Board of Directors meetings

Thirteen Board meetings (including ad hoc calls) were held in 2022. The average attendance rate at these meetings was 96%. In addition, as it is the case every year, the Board of Directors was informed in due time of any relevant developments through reports from the CEO in between meetings of the Board of Directors. Regular non-executive sessions took place at the end of the meetings of the Board of Directors.

Throughout the year, the Board discussed all matters of importance for the Company's activities and there was a continual focus on geopolitical issues, including the Russian invasion of Ukraine and its impact on the Company's operating environment, as well as the situation in China and the US. Convened on an ad hoc basis early in April 2022, the Board dedicated a session to perform a comprehensive review of the potential impacts of the Russian invasion of Ukraine on Company business and, more generally, on the aerospace industry. Regular updates on relevant developments in that regard were provided to the Board during the year. The Board continued to review and discuss the operational and commercial status of programmes, as well as the overall financial situation of the Company in a context where the COVID-19 situation significantly improved but was followed by international sanctions and the energy crisis that aggravated already existing tensions on logistics, materials, components and skilled workforce.

During the year, the Board reviewed the Company's financial results and forecasts. After two consecutive years without dividend payment, the Board decided to submit a dividend proposal to the 2022 AGM. The Board maintained an emphasis on both Corporate Audit and Enterprise Risk Management and reinforced its emphasis on internal controls.

With regard to the Commercial Aircraft business, in May 2022 the Board reviewed and supported the evolution of the single aisle industrial footprint to a rate of 75, including the creation of a new single aisle final assembly line in Mobile, Alabama (the US), and an A321 capability upgrade in Toulouse (France). The Board received regular updates on the status of the production ramp-up of the different aircraft families and on supply chain issues, as well as on their impact on the number of deliveries. In that context, the Board notably discussed and supported the revision of the Company's 2022 target for commercial aircraft deliveries in July and the decision to no longer maintain that target in December 2022 as recommended by management. In addition, in-depth analyses on Commercial Aircraft sales contracts, approval processes and relations with customers were presented to the Board and discussed.

In relation to Defence and Space, the Board regularly reviewed the financial situation of the Division, and the status of key programmes, including the progress of the Future Combat Air System programme. There were in-depth discussions about the Company's strategy in Defence, Space Systems and Connected Intelligence, and on critical skills identification and management.

For Airbus Helicopters, the Board focused its review on the financial situation of the Division, competition, progress made on major projects, including military programmes and next-generation rotorcraft.

The Board dedicated several sessions in 2022 to reviewing the strategic plan implementation status and key aspects of the Company's strategy, including in Defence and Space as mentioned above. As it is the case every year, the Board had a strategy off-site meeting. In 2022, this meeting took place in Airbus UK's Broughton premises where the Board met with the Company's local teams and visited the industrial site. There was a focus on Airbus' single aisle operations, with a presentation of the wing assembly industrial system. The Board also visited the Innovation Space facility where key initiatives on people and engagement were presented, as well as the single aisle pre-equipping flowline, where the progress of Airbus' safety journey was addressed. The Board also discovered the Advanced Manufacturing Research Centre that is the home of Airbus' flagship Wing of Tomorrow programme, a crucial part of Airbus' Research & Technology portfolio to develop the new technologies, materials and skills to enable the next generation of decarbonised aircraft.

In addition, the newly appointed Board members (Irene Rummelhoff and Antony Wood), joined by other members of the Board of Directors (in particular René Obermann, Stephan Gemkow and Mark Dunkerley), followed the Airbus induction programme aiming at providing relevant information to support them in their non-Executive Director roles. Three meetings were organised in 2022 as part of this induction programme: in Manching (Germany) at Airbus Defence and Space, in Marignane (France) at Airbus Helicopters and in Blagnac (France) at Airbus Commercial Aircraft. During those meetings, presentations on business strategy and upcoming challenges were made by top Company executives. They were also an opportunity for Board members to interact with talents (from top and middle management) and learn more about Company activities such as:

- Eurofighter Final Assembly Line (FAL), the FCAS lab, the Eurodrone plateau and the Intelligence activities (OneAtlas and Pleiade Neo programme) for Airbus Defence and Space;
- The Racer, Disruptive lab and Flight lab, the H160 / H225 / H125 / H130 FALs for Airbus Helicopters; and
- Flight test operations activities and aircrafts and the Airspace customer showroom for Airbus Commercial Aircraft.

Eager to engage with Airbus' teams globally, in 2022 René Obermann also visited the sites of Getafe (Spain) and Hamburg (Germany).

Throughout 2022, the Board of Directors frequently addressed and discussed the Company' strategy in relation to its employees. This included critical skills and competences identification and management, remuneration and retention schemes, employer attractiveness as well as inclusion and diversity (including

gender diversity). In parallel, the Board performed regular talent reviews, including in-person meetings with a number of talents identified as part of the top management succession planning.

On the recommendation of the RNGC, the Board selected two new Board members who joined in 2022 (Irene Rummelhoff and Antony Wood) and continued to keep an active pipeline of talent for future changes within the Board, with a focus on continuing improving (gender) diversity.

On the recommendation of the RNGC, the Board approved the increase in the CEO remuneration implemented in 2022 in the context of his renewal and that of the non-Executive Directors for implementation in 2023.

The Board also discussed several sustainability matters of major importance to the Company such as:

- Safety: the Board performed a bi-annual review of product safety related issues, received regular updates at quarterly meetings of the Board of Directors and ad hoc updates on relevant developments in between meetings of the Board of Directors. In addition, the Board visited the newly created Airbus safety promotion centre in Blagnac (France);
- Climate: the Board also approved the Company's engagement with the Science-Based Targets initiative ("**SBTi**") for the assessment of its Greenhouse Gas targets, including the establishment of a science-based target for its scope 3.

In addition, an update on Airbus cybersecurity matters, including the cybersecurity governance model, was presented to the Board and discussed.

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 support throughout the year to the post-settlement activities. The Board continued (and will continue) to pay close attention to the Company's active engagement with its shareholders, so that Airbus' approach to governance, compliance and sustainability is well understood and reflects shareholders' expectations to the extent possible. In 2022, in addition to the formal general meeting, the Chairman and the lead Independent Director, together with the Airbus team, sought regular engagements with major shareholders in order to understand their views in particular on governance, remuneration, key sustainability matters and performance against the Company's strategy.

Board evaluation 2022

2022 was the second year of the three-year cycle that started in 2021. In November 2022, the Board of Directors, therefore, carried out an internal evaluation based on a questionnaire issued by the General Counsel and circulated to each Board Member. The questionnaire covered: Board composition, the functioning and contribution of the Board and its Committees, the topics covered at Board level, the dynamic between the Board and management and further among Board members, Board decision-making processes, Board and management succession planning, Board priorities and Board Secretary support.

In this internal evaluation, the Board confirmed its overall satisfaction with the progress made in the implementation of the "Improvement Action Plan" that resulted from the formal evaluation conducted by a third-party expert, Korn Ferry, in 2021.

The Board members expressed their overall satisfaction regarding the Board dynamic and efficiency. The Directors, notably, valued the diversity of expertise, the high level of engagement of fellow members, as well as the constructive and open debates under the Chairman's leadership. They welcomed the organisation of awareness sessions on specific topics and, for those interested, the quality of the induction program. They highlighted the necessity to continue further improving gender diversity and reinforcing the Board's defence and technological expertise.

Following the last review, the Board has dedicated more time to in-depth strategic debates and sustainability issues. Discussions on other key topics such as supply chain management, innovation, climate change and capital allocation will be further enhanced.

Finally, the outcome of the questionnaire notably emphasised the trustful and supportive equilibrium of power between the Board and management. The Board highlighted that participation of management in meetings of the Board of Directors has increased. The Directors emphasised that relationships with the management team beyond the Executive Committee should be reinforced, notably to support the Board and RNGC's continuous work on the succession plan.

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 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 enterprise risk management 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 Audit Committee meetings. The CFO and the Head of 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 report to the Audit Committee on a regular basis.

In 2022, this Committee met five times with an attendance rate of 100%. It fully performed all its duties and discussed all the items described above. In particular, it performed reviews of internal controls, corporate audit (including major findings and audit plan for 2022), accounts (i.e. 2021 full year accounts, 2022 Q1, H1 and Q3 accounts, specific provisions and accounting items, operative planning and forecasts), tax related issues and independence of external auditors. In addition, [the Committee reviewed Airbus Bank activities and] regular enterprise risk management, legal and compliance updates were presented and discussed in meetings.

The Ethics, Compliance and Sustainability Committee

Pursuant to the Board Rules, the Ethics, Compliance and Sustainability Committee (ECSC) which is required to meet at least four times a year, assists the Board of Directors in overseeing the Company's culture and commitment to ethical business, integrity and sustainability. The ECSC is empowered to monitor the Company's Ethics & Compliance programme, organisation and framework 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 ECSC 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 ECSC makes recommendations to the Board of Directors and its Committees on all ethics, compliance or sustainability-related matters, including on climate-related disclosures, 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 ECSC maintains a reporting line with the Chief Ethics & Compliance Officer, who attends every ECSC meeting and is requested to provide quarterly reports on its activities.

The Chairman of the Audit Committee and the Chairman of the RNGC are members of the ECSC. Unless otherwise decided by the ECSC, 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 ECSC meetings.

In 2022, the ECSC met four times with an average attendance rate of 95%. All of the above-described items were discussed during the meetings and the ECSC fully performed all its duties. 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 maintained a sharp focus on post-settlement activities (including compliance and export control reviews). The Committee was notably provided with regular updates on the status of the monitoring of the Agence Française Anti-Corruption (AFA) and on the activities of the ITAR Special Compliance Officer, appointed under the Consent Agreement with the US State Department. Airbus' competition law practice was presented to the EC&S Committee and discussed.

Half of the Committee work was dedicated to Sustainability topics. In particular, the ECSC discussed the Company's scope 1 & 2 decarbonisation target acceleration (from a well below 2°C trajectory to a 1.5°C one by 2030). It also discussed the establishment of science-based target for the Company's scope 3, and its consistency compared to the Air Transport Action Group's (ATAG - an international sectoral body) and (later in 2022) ICAO's long-term aspirational goal of the aviation sector achieving net-zero carbon emissions by 2050; It discussed the Company's engagement with the SBTi for the assessment of these scope 1, 2 & 3 targets; and the Airbus' human rights policy. The Committee reviewed the sustainability roadmaps (including towards a sustainable supply chain), 2022 key priorities, dashboard and key performance indicators. In addition, the ECSC reviewed stakeholders' expectations on sustainability issues including in relation to how environmental, social and governance matters affect defence.

The Remuneration, Nomination and Governance Committee

Pursuant to the Board rules, besides its role described in section 4.1.1 above, the Remuneration, Nomination and Governance Committee (RNGC) consults with the Chairman and 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 oversees contractual matters in relation to the members of the Board and the Executive Committee, including the terms and conditions of the relevant contracts, and the preparation of the remuneration policy for approval by the Board. 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, as well as reviewing 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.

Unless otherwise decided, 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 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, the Chair of the RNGC is responsible for (i) replacing the Chairman if unable to attend 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 2022, it met five times with an attendance rate of 95%. It discussed all of the above-described items during the meetings and it fully performed all its duties. In particular, the Committee worked on the Board of Directors' succession plan, with a strong focus on diversity (including gender diversity and skills mix). The RNGC's work notably led to the appointment of two new Board members in 2022, including one female. The Company constituted an active pipeline of talent for future changes within the Board.

The RNGC work also included reviewing the membership of the Board Committees. Changes to the composition of the ECSC and RNGC were implemented in 2022.

Assisted by a specialised firm, the Committee carried out the search process for a successor for the position of Chief Financial Officer following the announcement of Dominik Asam's decision to resign, evaluating both internal and external candidates. The RNGC also held regular discussions on the Executive Committee succession roadmap, on talent management (development, engagement and retention) and diversity at top management levels. In light of benchmarks performed by third-party experts, the RNGC further discussed the structure and level of the CEO remuneration in the context of his renewal in 2022, and reviewed the remuneration of the non-Executive Directors.

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**") in 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, as well as 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 for 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. But, depending on the topic, he usually asks the responsible EC member to join him at meetings of the Board of Directors 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 principle 2.7 of the Dutch Code (as such term is defined in "- 4.3: Dutch Corporate Governance Code" below), which the Company complied with during 2022. 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.

René Obermann is a non-executive director at ISAT Connect Bidco Limited (the holding company for the Inmarsat group), a mobile satellite communications company. As such and to avoid any appearance of a conflict of interest, by principle he abstains from participating in the Board's discussions regarding Airbus' satellites activities.

In particular, during the financial year 2022, he recused himself from some of the Board's discussions regarding Airbus' Space Systems and Connected Intelligence strategy. As per the Board Rules, he did not take part in the deliberations or decision-making and the Lead Independent Director acted as Chair for the duration of the discussion.

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 2022, no transactions were reported. There were, however, related-party transactions: for an overview, please refer to "Notes to the IFRS Consolidated Financial Statements – Note 11: 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 20 December 2022, the Dutch Code was revised: its updated recommendations apply to financial years starting on or after 1 January 2023. The Company welcomed the updates to the Dutch Code and continues

supporting its emphasis on topics, such as sustainable long-term value creation and the importance of culture (in particular, diversity and inclusion).

While the Company, in its continuous efforts to adhere to the highest standards, applies nearly all 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: <https://www.mccg.nl/>.

For the financial year 2022, 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.

In the absence of legal requirement it is at the discretion of the non-Executive Directors to own shares. The Company does not require the non-Executive Directors who hold shares to keep them as a long-term investment.

Provision 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 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

Best practice 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.

For practical reasons, 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. Diversity and inclusion

Best practice provision 2.1.6 of the Dutch Code recommends that the corporate governance statement explain the diversity and inclusion policy of the Company and the way it is implemented. In accordance with Dutch law (article 2:166 of the Dutch Civil code) the Company provides such information in "- 6.1.11: Inclusion & diversity" below.

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: Board of Directors composition, power and rules"; "- 4.1.2: Operation of the Board of Directors in 2022"; 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 2022"; "- 3.2: Relationships with principal shareholders"; "- 4.1.1: Board of Directors 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 Company's remuneration policy ("Remuneration Policy") as adopted by the AGM held in 2020 and applicable from 1 January 2020.

Paragraphs 4.4.3 and 4.4.4 respectively describe how the Remuneration Policy was implemented in 2022 in respect of the CEO and of the Non-Executive Members of the Board of Directors.

As a reminder, shareholders endorsed at the 2022 AGM the implementation of the Remuneration Policy during the financial year 2021 through the approval of resolution 6 with a very high level of votes casted in favour.

Following a review of the voting results, including the level of abstentions which resulted from some of the Company's principal shareholders exercising their abstention rights on the basis of a principle-based approach, the RNGC did not propose any specific changes to the Remuneration Policy based on this shareholders' vote. However, a new Remuneration Policy will be submitted to the 2024 AGM. The RNGC, with the support of an external advisor, already launched a comprehensive review process that will evaluate pay components, pay mix (including the balance between short and long-term incentives), performance conditions considered and other structural features to ensure that the policy continues to attract, retain and motivate executives. This process, as in previous policy reviews, would include engagement with shareholders and other relevant stakeholders as well as an independent benchmark of peers' pay practices.

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 2023.

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 Sections 2:383c through 2:383e of the Dutch Civil Code and is not 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 (with either an upward or downward effect on the remuneration levels) 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. Any deviation will be made public and duly justified.

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.

As explained in chapter 4.4.1, the RNGC did not propose any specific changes to the current Remuneration Policy 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

1) 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 sustainability 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.

2- 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 an award under the long term incentive plan ("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 4.4.3 item 1) 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, Spain and US), excluding financial institutions; and
- ▶ companies operating in the same industries as the Company worldwide.

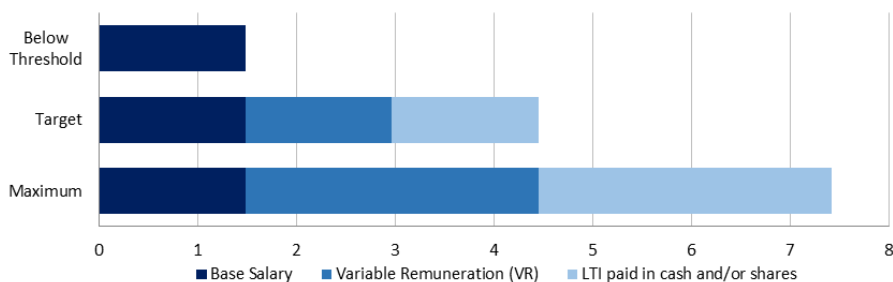
The elements of the Total Direct Compensation are described below:

Remuneration Element	Main Drivers	Performance Measures	Target and Maximum
Base Salary (in €)	Reflects market value of position.	Not applicable	1/3 of Total Direct Compensation (when performance achievement is 100% of target)
Variable remuneration (in €)	Rewards annual performance based on achievement of Company performance measures and individual objectives.	Collective (50% of VR): divided between EBIT ² (40%); Free Cash Flow ³ (40%) and Sustainability (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.
		Individual (50% of VR): Achievement of annual individual objectives, divided between outcomes and behaviour.	The VR is capped at 200% of Base Salary.
LTIP (in Units and/or Shares)	Rewards long-term commitment and Company performance, and engagement based on financial targets aligned with long-term objectives subject to cumulative performance over a three-year period.	Vesting, 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%).	<p>The original allocation to the CEO is capped at 100% of base salary at the time of grant.</p> <p>Vesting capped at 150% of initial grant (in number of Performance Shares and/or Units).</p> <p>In addition, for the vesting of Performance Units:</p> <ul style="list-style-type: none"> - overall pay-out is capped at 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.

² 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.

³ 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 EUR 1.485 million.

"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/or 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. Illustrative table for a theoretical grant of 50% Shares / 50% Units.

3- Base Salary

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

4- 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, it may mean that no variable remuneration is paid at all.

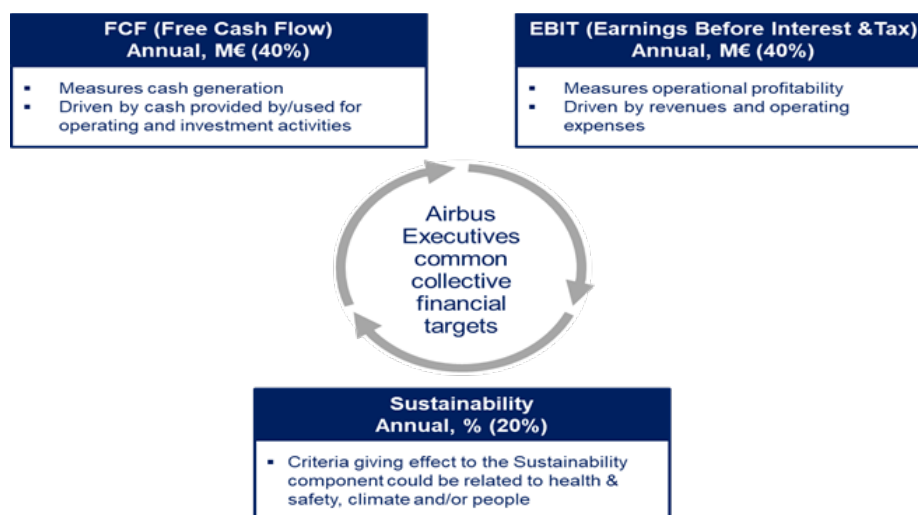
The performance measures that are considered when awarding the variable remuneration to the CEO are split between common collective performance measures and individual performance measures.

Common collective component

The common collective component is based on earnings before interest and taxes ("EBIT") (40%), free cash flow (40%) and sustainability (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 sustainability 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 sustainability performance are 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 RNGC's intention is to ensure ambitious financial and sustainability 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.

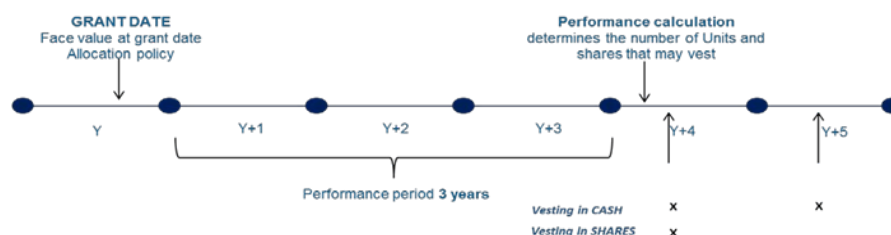
5- Long-Term Incentive Plan

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 six 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%).

Earnings per Share (75%) Average over 3 years, €
<ul style="list-style-type: none"> ▪ Measures profitability ▪ Driven by net income and number of shares

Free Cash Flow (25%) Cumulated over 3 years, M€
<ul style="list-style-type: none"> ▪ Measures cash generation ▪ Driven by cash provided by/used for operating and investment activities

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.

6- 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.

7- 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.

8- 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 8) below) subject to applicable local practices (if any).

9- 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.

10- Loans

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

11- 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 11) 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 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 a 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 2022: CEO

This paragraph 4.4.3 describes how the Remuneration Policy was implemented in 2022 with respect to the CEO (Mr Guillaume Faury). As a reminder, the AGM held in 2020 approved the Remuneration Policy through resolution five 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 philosophy of the remuneration policy aims to provide remuneration that will attract, retain and motivate 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 sustainable returns for all shareholders and other stakeholders in a manner consistent with the Company's identity, mission and corporate values.

1- Benchmarking

The latest benchmark was performed in July 2021 at RNGC and Board of Directors request.

To consider the Company operations and employees' breakdown by geographic areas, the relevant peer group from this last benchmark, based on Willis Towers Watson database, was composed of 55 companies^[1] selected from CAC40 in France, DAX 40 (formerly DAX 30) in Germany, FTSE 100 in the UK, IBEX 35 in Spain and DJ 30 in the US having comparable economic indicators such as revenues, number of employees and market capitalisation and providing perspective on compensation practices from direct or indirect competitors.

In particular, US companies were included in this peer group since Airbus has direct competitors in this country and since Airbus has senior executives in the US where it competes to recruit talents. However, and considering the very unique US pay practices and as Airbus executives are mainly based in Europe, US companies were solely weighted at 10% over all countries. The data was compounded using the following weighting: France 30% Germany 30%, Spain 15%, the United Kingdom 15% and the USA 10%.

Financial institutions were excluded from the peer group.

(1) **France** : Total, Sanofi, Safran SA, Air Liquide, Stellantis, Danone, Schneider Electric, Saint-Gobain, Vinci, Engie, Thales, Dassault systèmes

Germany: Bayer, Volkswagen, Daimler, BASF, Deutsche Telekom, Siemens, BMW, Continental, E.ON, Henkel, Deutsche Post, SAP

Spain: Iberdrola, Endesa, Siemens Gamesa, Santander, Telefónica, Naturgy, Repsol, Banco Bilbao, Inditex, Ferrovial SA

UK: Shell, BP, BAT, GSK, Rio Tinto, Vodafone, Bae Systems, Rolls Royce, Diageo, Unilever, Tesco

US: Boeing, Lockheed, Raytheon, General Dynamics, Northrop Grumm, GE, Caterpillar, 3M, IMB, Fedex

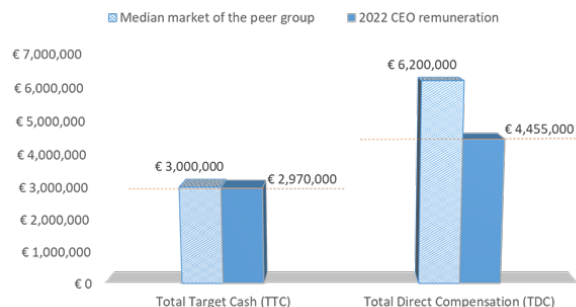
Based on the benchmark run by this independent third party, the Board of Directors, upon recommendation of the RNGC decided to increase by 10 % the Total Direct Compensation (Base Salary + Variable Remuneration + LTIP) of the CEO applicable from 1 January 2022.

This decision has been taken after due consideration of the outcome of the benchmark and the successful leadership of the CEO during his first term of office as CEO.

With this increase,

- ▶ the Total Target Cash (TTC) (Base Salary + Variable Remuneration) of the CEO (€ 2,970,000) is closer to the median market range of the peer group (i.e. € 3,000,000)
- ▶ however his Total Direct Compensation (TDC) remains by around 28% below the median level of the peer group (i.e. € 4,455,000 for the CEO compared to € 6,200,000 for the peer group in 2022).

CEO COMPENSATION RELATIVE TO THE MARKET BENCHMARK



In addition to external benchmark, the RNGC also considers the remuneration of employees through the review of the evolution of the pay-ratio (see 4.4.3 item 10).

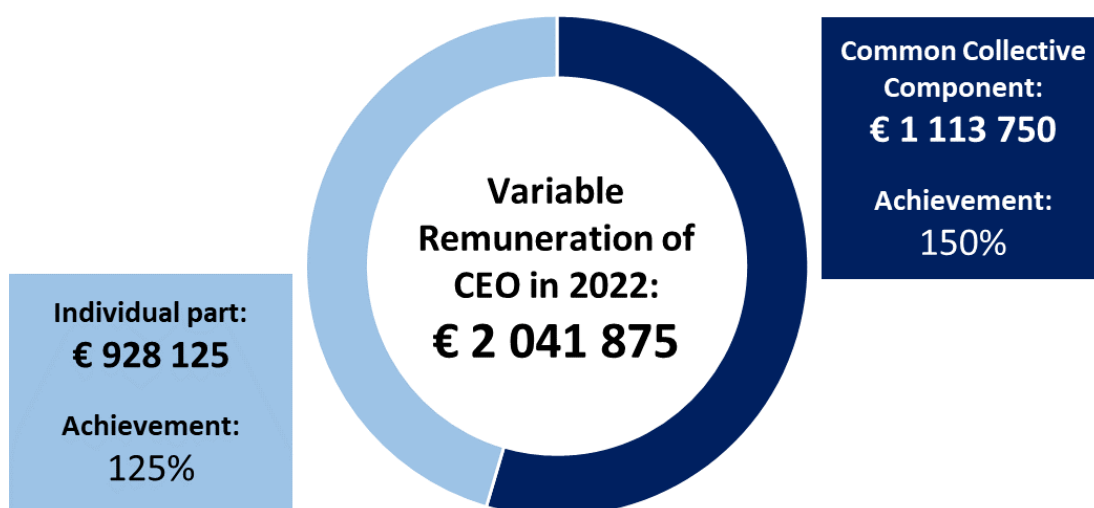
2- Base Salary

The 2022 CEO Base Salary level on a full year basis increased by 10% in the context of his renewal as per the Board of Directors' decision, compared to 2021 and amounts to € 1,485,000 (still below the Base Salary of the former CEO: € 1,500,000 in 2019).

3- 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 2022, the VR of the CEO amounts to an aggregate of € 2,041,875 composed of € 1,113,750 (55%) for the Common Collective Component and € 928,125 (45%) for the Individual Component.

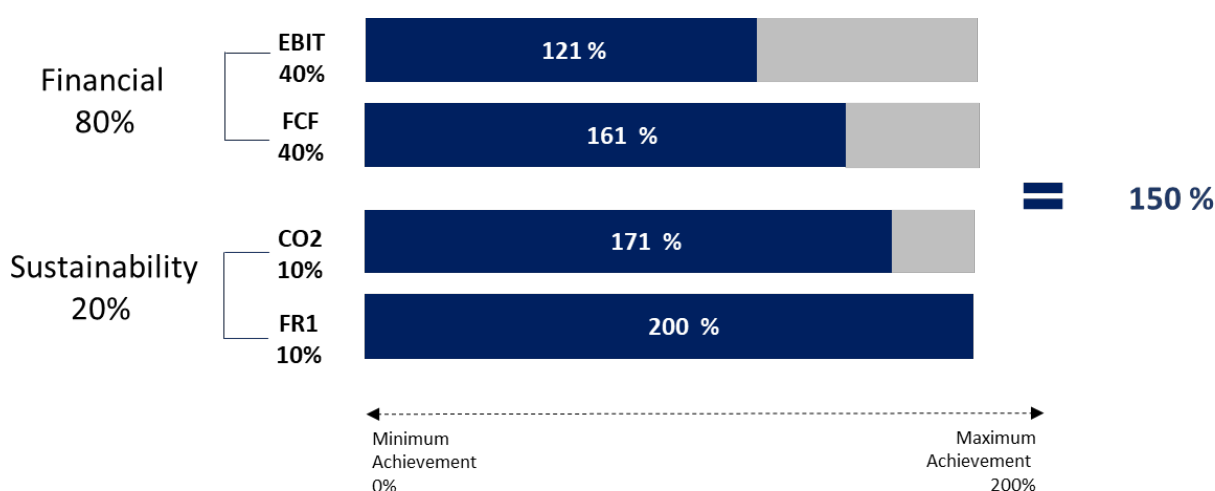


Performance achievement – Common Collective Component

According to the policy applicable for the financial year 2022, the Common Collective Component for the Company consolidated achievement have been assessed at 150% by the RNGC and the Board of Directors in February 2023 against the target letters validated at the beginning of 2022 and that include detailed vesting scales for each criteria*. It is based on an achievement of 121% of target EBIT, 161% of target free cash flow, and 186% of target sustainability (which is based on achievement of 171% of target reduction of CO2 emissions and 200% of target reduction of FR1).

These criteria and their assessment apply to all Executives having a Common Collective Component in their variable remuneration and since 2022 it has been extended to all Senior Managers. Therefore, circa 4,500 employees receive a collective bonus based on the achievements mentioned above.

* while the Company is paying all due attention to investors' feedback, for sensitivity reasons specific information on vesting scale (threshold, target, maximum) is not disclosed



High level of achievement for EBIT and Free Cash Flow was driven by Airbus Commercial and Airbus Helicopters partially offset by Airbus Defence & Space. Normalisations were made to exclude exceptional financial impacts such as currency exchange differences.

Sustainability targets are measured by two criteria: 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) and the reduction in CO2 emissions ("**CO2e**"), each weighted for 10% of the Common Collective Performance.

- ▶ In 2022, the rolling FR1 decreased by more than 30% in Airbus Commercial and by more than 20% in both Airbus Helicopters and Airbus Defence and Space, leading to a consolidated achievement of 200%. For further details, please refer to section 6.1.9 Health and Safety.
- ▶ In 2022, the CO2e decreased by 8.5% (reduction of circa 63ktons), which is above the targeted reduction of 5%, leading to an achievement of 171%. For further details, please refer to section 6.1.2 Climate Change.

For 2023, the Board of Directors decided to maintain the sustainability component as follows: FR1 for 50% and CO2 avoidance for 50%. The targets for 2023 are:

- ▶ a reduction of the rolling FR1 by 15% in Airbus Commercial and Airbus Helicopters (the rolling FR1 in these two divisions at the end of 2022 being still above 1) and by 10% in Airbus Defence and Space (the rolling FR1 for this division at the end of 2022 being below 1) versus the actual 2022 rolling FR1.

- ▶ annual targets are set in line with the Company's 2030 roadmap; they refer to a material sub-scope of its operations on which the Company can have a more direct control and influence. The CO2e for 2023 was set in absolute value at 687ktons, which represents a reduction of -0.9% vs. 2022 for a scope extended to another four sites. For further details, please refer to section 6.1.2 Climate Change.

Performance achievement – Individual Component

The Individual Component in 2022 results from an achievement level of 125%, assessed by the RNGC and approved by the Board of Directors in February 2023 on the basis of achievement demonstrated on different criteria defined at the beginning of 2022, as summarised in the table below:

Objective	Target	Weight %	Ach. %	
I. Outcomes element				
Top Company Objectives	- Customer - Industrial performance - Financial performance - People - Sustainability - Enable the future	30%	90%	
Individual objectives (see next pages)	1 - Perform again	60%	10%	90%
	2 - Commercial aviation market position consolidation		10%	180%
	3 - Secure and deliver key defence programmes		10%	90%
	4 - Environment, Social and Governance, and Ethics and Compliance		20%	180%
	5 - Deliver key 2022 strategic milestones		10%	130%
II. Behaviour element				
Personal Focus	Personal Development and Leadership Team Development	10%	130%	
Performance achievement – Individual Component			125%	

The Individual component has been assessed according to three sets of complementary objectives:

- ▶ Top Company Objectives Assessment – accounting for 30% of the total Individual Component, shared with all company executives to promote collective alignment;
- ▶ CEO Individual Objectives – accounting for 60% of the total Individual Component;
- ▶ CEO Behavioural Objectives – accounting for 10% of the total Individual Component.

I. Outcomes element

A. 2022 Top Company Objectives

These have been defined and are structured around 6 clusters:

- Customer
- Operational Performance
- Financial Performance
- People
- Sustainability
- Enable the Future

A series of KPIs and associated targets have been set at the beginning of the year for each of the clusters.

Each of the KPIs has been measured and compared to the relevant target, leading to a global measurement of the TCOs achievement at 90% of the targets, as per details shown in the table “summary CEO achievement – Individual Component” at the beginning of this chapter.

B. CEO Individual Objectives

In line with the TCOs, Individual Objectives have been set up specifically for the CEO. They are structured around 5 priorities, detailed below.

Each of the priorities has been assessed by the RNGC, as per the details shown in the table “summary CEO achievement – Individual Component”.

The main and most noticeable factors for each of the 5 priorities determining the achievement level of CEO Individual Objectives include, but are not limited to:

1. Perform again

Despite a challenging supply chain context, with notable disruption on engines and electronic components, aircraft deliveries increased, reaching 661 at the end of 2022 compared to 611 in 2021. However, this falls short of the initial 2022 delivery guidance.

The industrial setup reshaping was pursued, with progress on the restructuring of the Aerostructures business (Airbus Atlantic, Airbus Aerostructures GmbH, Premium Aerotec Industries) as well as on making all Final Assembly Lines A321-capable (Tianjin and Toulouse in addition to Hamburg and Mobile).

2. Commercial aviation market position consolidation

Progress was made on all major aircraft developments, notably on A321XLR, which made its first test flight and achieved concrete steps towards certification and eventual entry into service. The development of the A350 Freighter also advanced, while also confirming its market potential through new orders.

A strong overall order intake was secured (more than 1000 commercial aircraft gross orders), further consolidating the company position as market leader for the fourth consecutive year. Good progress was also made on further developing customer relationships, paving the way for future landmark orders, such as the one recently concluded with Air India.

3. Secure and deliver key defence programmes

Important strategic European military programs have been secured:

- Future Combat Air System (FCAS) Phase 1B negotiation was successfully completed resulting in contract signature in December 2022.
- EuroDrone, Tiger MkIII as well as HIL for the French Armed Forces have been secured in 2022.

However, the overall performance of the Defence and Space division remained below expectations, notably impacted by inflation on long-term contracts such as the A400M programme.

4. Environment, Social and Governance (ESG) and Ethics & Compliance

ESG and Ethics & Compliance have been established as a strategic building block, actively engaging with the Company's wide stakeholders base:

- Notable steps have been made on the ZEROe aircraft program, which aims to develop the first zero emission commercial aircraft entering the market by 2035. In particular, the progress in terms of Technology Readiness Level and industrial capabilities can be highlighted, such as through the development of the ZEROe Emissions Development facilities.
- Developments were driven on Sustainable Aviation Fuels with the notable example of the establishment of a joint fund with Qantas.
- Very good progress has also been made on employee diversity, notably in terms of executives' gender diversity hiring and promotions.
- Progress has been made on integrating Defence within the wider ESG framework. Positive feedback was received after the 2022 Capital Market Day, and increased alignment with the wider private and public stakeholder base.

- Positive feedback was received from the Agence Française Anticorruption (AFA) following the audits, and significant progress was made in anchoring Compliance as a key pillar of the Company's culture. The Deferred Prosecution Agreements have now expired and formal closure by the authorities is pending in line with the procedural requirements of each country.

5. Deliver the key 2022 strategic milestones

Digital Design, Manufacturing & Services (DDMS) programme and digital transformation have progressed as planned.

The Company has recently set its first near-term science-based targets to reduce emissions on all scopes, in line with a 1.5°C temperature pathway for its Scope 1 & 2 emissions, which were submitted to SBTi in June 2022 and validated in January 2023.

At the ICAO Assembly in October 2022, the member states agreed on a collective Long-Term Aspirational Goal (LTAG) for international civil aviation operations of net zero carbon emissions by 2050, in support of the Paris' Agreement's temperature goal. The Company has actively supported this outcome, which will prove pivotal in driving the overall industry towards a net zero emissions future.

The Company signed several strategic partnerships to accelerate the decarbonisation roadmap (e.g. DACC 1PointFive, Neste, Renault).

II. Behaviour element

The "Behaviour element" accounts for 10% of the total Individual Component and has been assessed around two axes: Personal Development and Leadership Team Development.

Each of the priorities has been assessed by the RNGC leading to a global achievement of 130% for the Behavioural Objectives, as per details shown in the table "summary CEO achievement – Individual Component".

Personal Development and Leadership Team Development

The CEO has gained strong recognition from his peers and the wider public, further reinforcing the Company leadership and brand value. This contributes to putting Airbus in an even stronger position to drive change within the industry and attract talents.

Following the changes made in 2021, further development of the top management team was implemented, especially with a strong focus on preparing the future generation and on promoting diversity, both in terms of gender and international profiles.

III. 2023 CEO priorities

For 2023, the CEO priorities revolve around operational performance, market position in commercial aviation, major European defence programmes, Environment, Social and Governance topics, Digital and Decarbonisation roadmap, leadership team development and portfolio management.

4- Long-Term Incentive Plan

2022 Grant

In 2022, under the Company's LTIP, the Board decided to grant only Performance Shares, and no Performance Units. This applies to the CEO as well as to all beneficiaries of LTIP. The value of the Performance Share award has been capped at 100% of the Base Salary, in line with the current

Remuneration Policy as validated by the AGM 2020, which then represents one third of the CEO's target Total Direct Compensation. The table below gives an overview of the Performance Shares granted to the CEO in 2022 pursuant to the LTIP:

Share plan: number of Performance Shares		
	Granted in 2022	Vesting dates
Guillaume Faury	14,115	Vesting schedule is made up of 1 tranche expected in May 2026

The grants in 2022 were performed in compliance with the performance measures (average EPS (75%) and cumulative FCF (25%)) described in paragraph 4.4.2 B item 5). As per the current Remuneration Policy, the Performance Shares granted in 2022 will vest in one tranche in May 2026.

Vesting values in 2022

In 2022, the CEO received both cash payments and vested shares in connection with the vesting of 2017 and 2018 LTIP awards:

- ▶ **Cash:** the total cash payment to the CEO amounted to € 226,388 in 2022.
- ▶ **Shares:** in connection with the 2018 LTIP award, the CEO received 2,104 vested shares on 12 May 2022.

LTIP overview: granting and vesting

Date of grants	Grant Type	Number	Share price at grant	Value at grant date	Performance achievement	Units with performance achievement	Dates of vesting	Share value at vesting dates(*)
2017	Unit	4,404	€ 73.81	€ 325,059	50%	2,202	2 vestings in 2021 - 2022	1st vesting 5 May 2021 € 100.25 2nd vesting 12 May 2022 € 105.15
2017	Share	4,404	€ 73.81	€ 325,059	50%	2,202	1 vesting in 2021	5 May 2021 € 97.58
2018	Unit	4,208	€ 106.94	€ 450,004	50%	2,104	2 vestings in 2022 - 2023	1st vesting 12 May 2022 € 105.15
2018	Share	4,208	€ 106.94	€ 450,004	50%	2,104	1 vesting in 2022	12 May 2022 € 104.4
2019	Unit	5,530	€ 122.06	€ 674,992	50%	2,766	2 vestings in 2023 - 2024	Not yet known
2019	Share	5,530	€ 122.06	€ 674,992	50%	2,765	1 vesting in 2023	Not yet known
2020	Unit	9,920	€ 68.04	€ 674,957	Not yet known	Not yet known	2 vestings in 2024 – 2025	Not yet known
2020	Share	9,920	€ 68.04	€ 674,957	Not yet known	Not yet known	1 vesting in 2024	Not yet known
2021	Share	12,121	€ 111.38	€ 1,350,037	Not yet known	Not yet known	1 vesting in 2025	Not yet known
2022	Share	14,115	€ 105.20	€ 1,484,898	Not yet known	Not yet known	1 vesting in 2026	Not yet known

Calculations may involve rounding to the nearest unit.

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

100% of units and shares granted are conditional to the achievement of performance conditions

NOTE: 2017 to 2018 awards were granted to Mr Faury before his appointment as CEO and should vest during his mandate.

Performance Conditions of LTIP 2019:

- ▶ The performance conditions for LTIP 2019 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 2020, 2021 and 2022 fiscal years, with the three-year Ave EPS target for an allocation of 100% equal to € 7.72; and
 - 25% of cumulative FCF ("**Cum FCF**"): determined on a linear basis depending on three-year Cum FCF for the 2020, 2021 and 2022 fiscal years, with the three-year Cum FCF target for an

allocation of 100% equal to € 13,150 million.

Review of achievement of performance conditions:

In February 2023, the Board of Directors noted the achievement of the performance conditions of the 2019 plan, i.e. for the 2020, 2021 and 2022 fiscal years. The three-year average EPS was € 3.10 and the three-year Cum FCF was € 4,320 million.

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 positive performances of 2021 and 2022 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 3 reported years at the date of grant
2017	Ave EPS Cum FCF	8,808	€ 6.00 € 9,339m	€ 1.83 € 4,331m	50% 50%	50%	4,404	€ 2.28*
2018	Ave EPS Cum FCF	8,416	€ 6.73 € 13,000m	€ 2.27 € 3,230m	50% 50%	50%	4,208	€ 2.81**
2019	Ave EPS Cum FCF	11,060	€ 7.72 € 13,150m	€ 3.10 € 4,320m	50% 50%	50%	5,530	€ 2.98***

* Average EPS of 2016, 2015 and 2014. ** Average EPS of 2017, 2016 and 2015. *** Average EPS of 2018, 2017 and 2016

Based on the above, the ratio between the fixed part of the remuneration of the CEO in 2022 (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 2022 paid-out in 2023 and LTIP vesting in 2022) is 48% / 52% (versus 41% / 59% in 2021).

5- Share ownership

The CEO owned 26,599 Airbus SE shares on 31 December 2022. The CEO has reached the target of 200% of the Base Salary in 2022 thanks to a personal investment plan in Airbus SE shares.

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

6- Employee Share Ownership Plan (ESOP)

In March 2022, 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 50%. 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 2022, a dedicated UK tax advantageous Share Incentive Plan ("**SIP**") was also deployed in March 2022.

Although the CEO was eligible for the plan, he did not participate in the ESOP 2022 plan leaving more shares for employees in order to favour the development of employee shareholding.

7- 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 2022 amounts to € 32,734 (vs € 32,479 in 2021).

8- Retirement

Until the end of 2019, the retirement benefit of the CEO accrued through a defined benefit commitment. 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 replacement target 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 2022, the defined benefit obligation amounted to € 6,895,263 (€ 9,046,433 in 2021). This obligation has been accrued in the 2022 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 2022, the cost related to the CEO's pension rights accrued under Company's plans during the year represented an expense of € 1,385,222 (versus € 1,138,794 in 2021).

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).

9- Clawback

The Board of Directors did not apply any clawback in 2022.

10- 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 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 99,000 employees).

Since 2021, the aggregate compensation over the fiscal year that is used as a reference amount to calculate the ratio includes the gross sum of the Base Salary, annual bonus, profit and success sharing, overtime, premium for work conditions and other premiums, social charges, value of benefits and pension contributions and the face value of LTIP at grant date.

The ratio between the compensation of the CEO (including base salary, variable remuneration, social charges, benefits, pension contributions and LTIP grant face value) and the average compensation of full-time equivalent permanent employees for the fiscal year to which this report relates is 70 (for 2021: 61 after restatement) (rounded to the nearest integer).

The increase in pay-ratio is mainly due to the increase in the collective component of the Annual Variable Remuneration (VR): the collective component related to the VR paid-out in 2021 to CEO was impacted by the COVID-19 crisis, while it was not the case for the payment in 2022 related to the 2021 performance which was very strong due to quicker than expected post COVID-19 recovery.

11- Severance

No payment has been made to the CEO in 2022 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 2 financial years preceding the financial year during which the termination occurs have been assessed by the Board of Directors at 100% or more.

12- 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	2022	2021	2020	2019	2018
I. CEO's direct cash compensation					
Annual Base Salary (k€)	1,485	1,350	1,350	1,392(1)	1,500
VR (k€) (2)	2,241	1,404	1,553	2,318	2,168
Total	3,726	2,754	2,903	3,710	3,668
Annual Variation	+35%	-5.1%	-21.8%	+1.1%	+7.5%
II. Long Term Incentive Plan (k€) (3)					
	1,485	1,350	1,350	1,350	-
III. Company Performance					
EBIT Adjusted (m€)	5,627	4,865	1,706	6,946	5,834
Annual Variation	+16%	+185%	-75%	+19%	+37%
FCF before M&A and customer financing (m€)	4,680	3,515	(6,935)	3,509	2,912
Annual variation	+33%	n.a	-298%	+21%	-1%
IV. Employee Compensation (k€) (4)					
	79.1	71.6	72.0	75.1	73.6
Annual Variation	+10.5%	-0.6%	-4.1%	+2.0%	+3.6%

(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. As a reminder, the current CEO decided in 2020 to donate the equivalent to his VR related to 2019 to non-governmental organisations and humanitarian organisations.

(3) Face value of LTIP granted in the financial year. No LTIP was 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 2021 financial year, the amount presented has been adjusted based on final figures. For the 2022 financial year, the amount presented is still an estimate and will be adjusted next year.

The 2022 CEO's direct cash compensation is roughly the same as in 2019, before the COVID-19 crisis.

The annual variation (+35%) of the CEO's direct cash compensation between 2022 and 2021 is mainly due to the increase in the collective component of the Annual Variable Remuneration (VR): the collective component related to the VR paid-out in 2021 to the CEO was impacted by the COVID-19 crisis, while it was not the case for the payment in 2022 related to the 2021 performance which was very strong due to quicker than expected post COVID-19 recovery.

The annual variation of the Employee compensation between 2022 and 2021 is mainly due to two factors:

- ▶ the success sharing paid in 2022 was much higher than the one paid in 2021 due to the COVID-19 impact,
- ▶ in 2022, an exceptional premium of € 1,500 or £ 1,500 has been paid following a decision from the CEO and the Executive Committee in order to support our employees facing the high inflation environment.

4.4.4 Implementation of the Remuneration Policy in 2022: Non-Executive Directors

This section describes how the Remuneration Policy was implemented in 2022 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 CEO is the only Member of the Board of Directors who is not entitled to any Board or Committee fee.

In 2022, Non-Executive Members of the Board of Directors were entitled to the fees described below. These fees were based on the review of the Board remuneration undertaken in 2018 with the support of an independent consultant to align the Board remuneration with market practice, incentivise attendance and recognise the strategic role played by the Board of Directors in the Company's developments.

1- Board fees:

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

2- Committee fees:

- ▶ Fixed fee for membership of a Committee (EUR / year):
 - Chair: 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.

Note: upon recommendation of the RNGC, the Board of Directors decided that the Committee fees in relation to the meetings of the ad hoc Board Committee convened in 2022 to address some specific strategic topics (please refer to 4.1.3 – Board Committees), would be prorated to cover only the period from July 2022, when the committee first met, and December 2022.

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

(In €)	2022			2021		
	Fixum (1)	Attendance Fees (2)	Total	Fixum (1)	Attendance Fees (2)	Total
Non-Executive Board Members						
René Obermann	225,000	135,000	360,000	210,000	90,000	300,000
Victor Chu	100,000	66,000	166,000	100,000	43,000	143,000
Jean-Pierre Clamadieu	140,000	96,500	236,500	130,000	67,500	197,500
Ralph D. Crosby Jr.	100,000	100,000	200,000	100,000	61,000	161,000
Mark Dunkerley (3)	124,420	112,000	236,420	100,000	66,000	166,000
Stephan Gemkow	110,000	98,000	208,000	100,000	63,000	163,000
Catherine Guillouard	140,000	98,000	238,000	130,000	67,500	197,500
Amparo Moraleda	140,000	103,000	243,000	130,000	54,500	184,500
Claudia Nemat	100,000	76,500	176,500	100,000	56,500	156,500
Irene Rummelhoff (4)	72,100	75,000	147,100	N/A	N/A	N/A
Antony Wood (5)	3,913	10,000	13,913	N/A	N/A	N/A
Former Non-Executive Board Members						
Lord Drayson (6)	33,811	15,000	48,811	120,000	49,500	169,500
Carlos Tavares (7)	22,541	5,000	27,541	80,000	45,000	125,000
Total	1,311,785	990,000	2,301,785	1,300,000	663,500	1,963,500

1) Fixum includes a base fee for Board membership and the relevant Committee membership as the case may be (Audit Committee, Remuneration, Nomination and Governance Committee ("RNGC"), Ethics, Compliance and Sustainability Committee ("ECSC") and/or ad hoc Committee). The fixum for the year 2022 was paid 50% in January 2022 and 50% in July 2022 except in relation to the ad hoc Committee for which the full amount was paid in January 2023. The fixum for the year 2021 was paid 50% in January 2021 and 50% in July 2021.

(2) 2022 attendance fees include the Board attendance fees and the fees in relation to the relevant Committee (Audit Committee, RNGC and ECSC) meetings. The Board attendance fees related to the first semester 2022 were paid in July 2022, those related to the second semester 2022 were paid in January 2023. The Committees' attendance fees related to full year 2022 were paid in January 2023.

(3) Member of the RNGC since 12 April 2022.

(4) Member of the Board of Directors and the ECSC since 12 April 2022.

(5) Member of the Board of Directors since 14 December 2022.

(6) Member of the Board of Directors, the RNGC and the ECSC until 12 April 2022.

(7) Member of the Board of Directors until 12 April 2022.

The total aggregated remuneration (i.e. fixum and attendance fee) of the Non-Executive Members of the Board of Directors was respectively € 2,154,838 in 2020, € 2,350,176 in 2019 and € 2,010,910 in 2018.

For 2022, the applicable fixum for Board chair as well as the applicable attendance fees for Board membership and chair remained unchanged since 1 January 2016 (first comprehensive revision since 2007) following the decision made at the 2016 AGM to increase the remuneration of the Chair (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 chair remained unchanged since 2007.

The applicable attendance fees for Committee membership remained 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 long-term development and production cycles of the Company's wide range of products and services in a globalised supply chain and highly regulated environment make enterprise risk management (ERM) a crucial mechanism both to mitigate risks faced by the Company and to identify and enhance potential opportunities.

Applied across the Company and its main subsidiaries, ERM is a permanent top-down and bottom-up process, which is executed across the Divisions at each level of the organisation. It is designed to identify and manage relevant risks and opportunities. A sharp focus is put on the operational dimension due to the importance of programmes and operations for the Company. External factors are also considered in our approach in order to strengthen company resilience.

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 relies on five pillars:

- ▶ 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 of 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, and other supporting documents. External standards which contribute to the Company's ERM system include the ISO 31000 defined by the International Organization for Standardization ("ISO").

The ERM process consists of three elements:

- ▶ a strong operational dimension - derived from ISO 31000 - to enhance operational risk and opportunity management, identifying and mitigating threats and vulnerabilities, including single points of failure;
- ▶ 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 the 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 "- 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 authorises the reports escalated to the Board of Directors. The CFO is accountable for an effective ERM system and 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, also considering the recommendations of the internal and external auditors.

ERM effectiveness

The ERM effectiveness is analysed by:

- ▶ ERM centre of competence (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);
- ▶ ERM key performance indicators (KPIs) measuring maturity and effectiveness of the ERM process in the programmes and functions;
- ▶ Risk & opportunity in-depth analyses 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 and on an annual survey of heads of programmes and functions regarding the ERM network.

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

Organisation	Explanations
Board of Directors / Audit Committee	<p>Regular monitoring</p> <p>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.</p>
Top management	<p>ERM as part of the regular divisional business reviews</p> <p>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.</p> <p>ERM working sessions at an executive leadership meeting twice a year.</p>
Management	<p>ERM confirmation letter procedure</p> <p>Entities and department heads that participate in the annual ERM compliance procedures must sign ERM confirmation letters.</p>
ERM CoC	<p>ERM effectiveness measurement</p> <p>Assess ERM effectiveness by consideration of ERM performance KPI, ERM reports, ERM confirmations, in situ sessions (risk reviews etc.), participation to key controls (e.g. major programme maturity gate reviews).</p>
Corporate Audit	<p>Audits on ERM</p>

	Provide independent assurance to the Audit Committee on the effectiveness of the ERM system; annual survey.
Ethics compliance &	Alert system Detects deficiencies regarding conformity with applicable laws and regulations, as well as with 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 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 research and development 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 or sustained high commodity prices (including gas and oil), energy shortage or unavailability, currency exchange rates or interest rates, rapid increases in or sustained high levels of inflation or deflation, sovereign debt and bank debt rating downgrades, restructurings or defaults, or adverse geopolitical events (including armed conflicts such as Russia's invasion of Ukraine, rising tensions around the world, global pandemic diseases such as COVID-19 or the impact of potentially conflicting policies from the United States ("US"), European Union, Russia and China with ramifications beyond their borders). Recent US administrations have 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, and the countermeasures they provoked, 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 "4.6.2– Business-Related Risks – Ukraine Crisis", "4.6.2– Business-Related Risks – COVID-19 Risks" and "4.6.2– Business-Related Risks – Availability of Government and other Sources of Financing".

The Company's global presence includes France, Germany, Spain and the UK as well as fully-owned subsidiaries in the US, China, Japan, India and in the Middle East, and spare parts centres in Hamburg, Frankfurt, Washington, Beijing, Dubai and Singapore. At the end of 2022, the Company had engineering and training centres in Toulouse, Miami, Mexico, Wichita, Hamburg, Bangalore, Beijing and Singapore. 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.

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

At the end of 2022, approximately 18,000 suppliers from more than 90 countries supply parts, components, systems and services to the Company. In 2021, the overall external sourcing volume of the Company was valued at around € 38 billion. The Company requires its suppliers' and subcontractors' services in order to deliver our products and generate revenue and profit. Therefore financial, economic and geopolitical instability in any part of the world that would affect our suppliers or subcontractors, including conditions resulting in sharply rising inflation, increasing energy prices, 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, economic and geopolitical 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 health and economic crisis resulting from the COVID-19 pandemic and the consequences of Russia's invasion of Ukraine have increased the Company's exposure to supply chain risk. See "4.6.2– Business-Related Risks – Dependence on Key Suppliers and Subcontractors".

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 deterioration in economic factors driven by geopolitical events such as Russia's invasion of Ukraine or by new variants of the COVID-19 pandemic and the related drop in air travel in many parts of the world driving our commercial airline business, could lead to protracted weak demand for our commercial aircraft. The relative size of the Company's commercial aircraft business relative to its 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 affected by governmental budget constraints caused by economic pressure.

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 "4.6.1 – 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 lengthy 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, uncertainty or adverse trends 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 has 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.

- **Foreign currency exposure**

In 2022, more than 70% of the Company's revenues are denominated in US dollars, with approximately 60% of such currency exposure "naturally hedged" by US dollar-denominated costs. The remainder of costs are incurred primarily in Euros. Consequently, to the extent that the Company does not use financial instruments to hedge its net current and future exchange rate exposure from the time of a customer order to the time of delivery, 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 2022, the total blended portfolio with maturities up to 2029 amounts to US\$ 93.9 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 2019 to 2021, the average number of aircraft delivered in respect of which financing support has been provided by Airbus amounted to approximately 1% of the 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 residual 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. If the liquidity risk would materialise, the Company could be at risk of not being able to pay its creditors and shareholders in due time or could have to delay the closing of some transactions. 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); and
- access to USD funding (through a US\$ 3 billion US Commercial Paper programme, and a 144A US dollar bond market).

On 5 July 2022, the Company signed a new sustainability-linked Revolving Syndicated Credit Facility (the “2022 facility”) committed by 38 banks for € 8 billion with a maturity of five years and two extension options of one year (subject to banks’ approval). The 2022 facility cancels and replaces the € 6 billion sustainability-linked Revolving Syndicated Credit Facility signed in 2020.

Going forward, the Company will continue to adopt a prudent approach when it comes to managing its liquidity with the objective of maintaining its robust credit rating.

- 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\$ 76.2 billion nominal value at 31 December 2022) and cash investments (€ 22.065 billion nominal value at 31 December 2022). 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 are 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 2022 the credit exposure had been estimated as follows (in € million)⁽¹⁾:

Source of risk	Exposure	Unexpected Loss Contribution
Banks	4,991	34
Corporates	4,816	104
Sovereign issuers	1,583	15
Money market funds	12,210	17
Total	23,600	170

(1) Not audited.

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 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 and non-executive employees, some of which are underfunded. As of 31 December 2022, the provision for retirement plans and similar obligations amounted to € 3.5 billion (compared to € 7.1 billion as of 31 December 2021). In addition as a consequence of the increased discount rates a non-current asset of € 0.6 billion has been accounted for to reflect the surplus in two pension funds in the UK. For information related to these plans, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 32: Post-Employment Benefits". The Company has recorded a provision in its balance sheet for its share of the underfunding measured in accordance with IFRS based on current estimates. These estimates will be reviewed annually and as the case may be revised leading the Company to record lower or higher provisions.

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

- **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 or consolidation of airlines. The health and economic crisis resulting from the COVID-19 pandemic, armed conflicts such as Russia’s invasion of Ukraine, and rising tensions around the world can 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 2022, the commercial aircraft business segment of Airbus recorded total revenues of € 41.1 billion – representing 69% of the Company’s revenues. See “ 2.1– Summary 2022 – Airbus”. During the COVID-19 pandemic, the Company observed that the downturn in its commercial aircraft business was partially mitigated by its defence, space and government activities. Such a cyclical pattern had already been observed in the past but historically diminished, due to the significant growth of the Company’s commercial aircraft business relative to its other activities, until the global pandemic arrived.

The commercial helicopter market in which the Company operates has shown cyclical trends and could also be influenced by factors listed above. The civil & parapublic market has shown signs of recovery in 2022, notably in the intermediate single engine and medium twin helicopter segment and the private & business aviation and aerial work market. However, the offshore oil & gas market remains soft with low level of investments in the acquisition of new platforms. The offshore oil & gas market shows signs of recovery with increased flight hours however the level of investment in the acquisition of new platforms has not significantly increased. Flight hours have now exceeded pre-pandemic levels and Airbus Helicopters has increased revenues thanks to the wide-ranging portfolio of service solutions.

- COVID-19 risks

Over the last three years, new variants 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 reduced capacity, grounded portions of their fleets and sought to implement measures to reduce cash spending and secure liquidity. Some airlines also sought 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 “4.6.2– Business-related risks – Commercial Aircraft and Helicopter Market Factors” below.

Notably in 2020 and 2021, a number of measures were taken by the Company to implement stringent health and safety procedures while taking account of stock levels and production lead-times. 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 "4.6.2– Business-related risks – 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 continue to 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 has been adversely affected by weak market and economic conditions in markets around the world. Protracted weaker market and economic conditions and their knock-on effects have resulted in and could continue to 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.

In 2022, the Company delivered 661 commercial aircraft, an increase of 8% compared to 2021 (compared to 611 commercial aircraft in 2021). This excludes two deliveries recorded in December 2021 (two A350-900 Aeroflot) for which a transfer was not possible due to international sanctions. In 2022, the Company recorded 258 commercial aircraft cancellations (compared to 264 cancellations in 2021).

The Company continues to monitor the evolution of the COVID-19 pandemic and will evaluate further impacts and additional measures going forward while taking into account the latest industry outlook.

The Company's business, results of operations and financial condition have been materially affected in previous years by the COVID-19 pandemic, and the Company may continue to face significant risks and uncertainties related to certain regions including China. There can be no assurance that the Company's business, results of operations and financial condition will not be materially affected by other pandemics in the future.

Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 3: Macroeconomic Environment".

- **Ukraine crisis**

Russia's invasion of Ukraine on 24 February 2022 and the resulting export control restrictions and international sanctions against Russia, Belarus and certain Russian entities and individuals have resulted in disruption to the Company's business, its operations, data management and supply chain.

Following the imposition of export control restrictions and sanctions by the EU, the UK, the US and other countries that are relevant to the Company's business, the Company announced in March 2022 it has suspended the delivery of aircraft and support services to Russian customers, as well as the supply of spare parts, equipment and software to Russia. The Company is complying with all applicable regulations and sanctions to its facilities and operations in Russia (including the Airbus Russia affiliate, Airbus

Engineering Centre (ECAR), representation office in Moscow and the Space Division's two joint ventures in Russia, Energia Satellite Technologies and Synertech). See "Export Control Laws and Regulations" below.

The crisis has increased the Company's exposure to supply chain disruption risk. Part of the titanium used by the Company is sourced from Russia, both directly and indirectly through the Company's suppliers. While geopolitical risks are integrated into the Company's titanium sourcing policies, the impact of Russia's invasion of Ukraine on the Company's ability to source materials and components and any future expansion of sanctions is being reviewed.

The Company is also indirectly exposed through its partnership into the joint venture ArianeGroup. Arianespace paid and received payments for the Soyuz program for which Roscosmos decided to suspend the rocket launches operated by Arianespace. Agreements have been reached on pre-payments received with two of these clients. Negotiations are well advanced with the remaining customers.

Due to the above mentioned export control restrictions and sanctions, the Company has been unable to deliver two aircraft previously recorded as sold at 31 December 2021. As a result, the associated revenues and margin have been derecognised as of 31 March 2022. These aircraft have been remarketed in the second quarter 2022.

As of 31 December 2022, the resulting recorded EBIT charge amounts to approximately € 0.1 billion, mainly relating to Airbus.

Although the full impact cannot reasonably be assessed at the time of this report, the Company's business, results of operations and financial condition may be materially affected by the direct and indirect impacts of Russia's invasion of Ukraine and the resulting export control restrictions and international sanctions. See also "4.6.2– Business-related risks – Dependence on Key Suppliers and Subcontractors" and "4.6.2– Business-related risks –Industrial System Adaptation" below.

- **Cyber security risks**

The Company's extensive information and communications systems, industrial environment, products and services 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. Some of the objectives of an attacker are espionage, to influence, to create an obstacle to functioning or for lucrative purposes. The main cyber security risks for the Company are intrusion in systems leading to data leakage, attacks impacting the resilience of industrial systems and compromising products and services.

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 rapidly.

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

The Company continues to make significant efforts to prevent such risks from materialising. Targeted investments will reduce but not eradicate likelihood and impact through strengthening the business cyber protection and 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. Loss of personal data may result in administrative, civil or criminal liabilities including significant fines and penalties.

- **Physical security, terrorism, pandemics and other catastrophic events**

Terrorist attacks, public health crises and the spread of disease (such as the global COVID-19 pandemic), armed conflict and rising military tensions have demonstrated that such events may negatively affect public perception of air travel, which may in turn reduce demand for travel and commercial aircraft. The outbreak of wars, riots or political unrest or uncertainties including those resulting in an acute increase of cost of living 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 ramp-up requires particular focus on safety aspects such as removing aircraft from storage and pilot training. As a result of such factors, the aeronautic industry may be confronted again with additional sudden or prolonged reduced demand for air transport 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, supply chain 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, conflict and civil unrests, malicious acts, 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 and deliver 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: the COVID-19 pandemic and its resulting economic impact; local quarantines; loss of skilled resources as a result of workforce reduction and difficulties to re-staff due to

market employment tensions; need for working capital increase while state/bank loans obtained to weather the COVID-19 crisis have reached maturity in a context of inflation, high energy costs and interest rate increases; difficulty gaining access to the needed material and components, including semiconductors and electronic components in the needed quantity and time frame and at competitive conditions as well as transport and logistic means availability; energy supply shortages including as a consequence of Russia's invasion of Ukraine; cyber security threats; geopolitical unrest; export controls evolving regulations, sanctions and embargoes; and environmental issues.

In the context described above, changes to the Company's production or development schedules may impact suppliers and customers so that they initiate claims under their respective contracts for financial compensation or do not fulfil their on time and on quality delivery commitments. 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, natural disasters or sanctions imposed by governmental authorities which could interrupt deliveries. This may have a negative effect on the financial condition and results of operations of the Company.

The Company cannot fully protect itself from non-performance of a supplier, including in case of external factors beyond its control, which could disrupt production and in turn may have a negative effect on the financial condition and results of operations of the Company. Nevertheless, the Company is striving to improve its supply chain resilience and has implemented a robust governance to prevent, anticipate and monitor supply chain disruption risks and efficient management of issues.

- **Industrial system adaptation**

The Company faces a challenging risk profile due to the adverse geopolitical and economic environment, which increases the risks concerning its ability to adapt its industrial system and increase its production rates on the commercial aircraft programmes as planned.

In May 2022, the Company confirmed that commercial aircraft production for the A320 Family was progressing towards a monthly rate of 65 aircraft by early 2024, in a complex environment. Taking into account the fact that this complex environment will persist longer than previously expected, the Company announced in December 2022 that it will adjust the speed of the A320 Family ramp-up to rate 65 for 2023 and 2024, maintaining its objective to reach a monthly rate of 75 aircraft. In February 2023, the Company announced it was progressing towards a monthly production rate of 65 aircraft by the end of 2024 and 75 in 2026.

In February 2023, the Company announced that, in order to meet growing demand for widebody aircraft as international air travel recovers, and following a feasibility study with the supply chain, it is now targeting a monthly production rate of 9 A350s at the end of 2025.

While the Company is engaged in the process of adapting its industrial set-up in order to reach its targeted production rates, it will continue to monitor the ramp-up across the complete value chain for all commercial aircraft programmes and seek to adapt to the new complex environment. This encompasses the full industrial process, including the supply chain (raw material, subcontracted work packages, equipment, etc.) and the Company's resource adaptation (headcount, skills and competencies). In this process, the Company focuses attention on quality industrial adherence Production Organisation Approval (POA).

Acquiring the specific skills and competencies that the Company needs to support the ramp-up remains a challenging task for the human resource and management teams in the current aviation hiring environment.

Taking into account the complex environment, the Company cannot fully protect itself from production disruptions and delays, which may have a negative effect on the financial condition and results of operations of the Company.

For more details on specific programme risks, see “4.6.2– Business-related risks – 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 (i) to forfeit part of its expected profit, (ii) to receive reduced payments, (iii) to provide a replacement launch or other products or services, (iv) to provide cancellation rights, or (v) 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 programmes and developments such as the A220 Step3, ACJ TwentyTwo, A321XLR, A330 LMXT, A350-1000 ULR, A350 Freighter, A400M, H160 or Ariane 6. See “4.6.2– Business-related risks – 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 priorities, 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 not only in those regions but may also affect the rest of the world due to complex economic interdependencies.

- **Availability of government and other sources of financing**

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. 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. In China, however, an indigenous large aircraft (single aisle) received its type certificate in September 2022 from the Chinese authorities. The Company therefore also faces competition from a third player, in China only, as this certification has not yet been recognised by any other regulator. 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 long development cycles). Although the two main market participants for aircraft with more than 150 seats have secured significant order backlogs, the competition could grow its market presence or launch new products or services that could have a negative impact on the Company's revenues, future financial condition and results of operations.

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, support and marketing capabilities. There can be no assurance that the Company will be able to continue to operate in the long term as the market leader or compete successfully against these future competitors or that the competitive pressures it faces in all business areas will not result in reduced revenues, market share or profit. See "4.6.4– Environment, Human Rights, Health & Safety Risks – Climate-Related Risks" below. In addition, competitors may develop the capability to manufacture products or provide services similar to those of the Company. This would result in these companies 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 or geopolitical considerations. 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 and services for the foreseeable future.

The contracts for many aerospace and defence products and services are from time to time associated with offset obligations. The Company may face difficulties to meet those obligations, to leverage the assets of the country and at the same time to optimise its industrial base and supply chain.

- **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 2022, research and development expenses were € 3.0 billion. For the year 2021, research and development expenses were € 2.7 billion (compared to € 2.9 billion for 2020 and € 3.4 billion for 2019).

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 assurance 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 aerospace. These ambitions require cross industry and cross government collaboration to address the technological risks that need to be overcome. See "4.6.4– Environment, Human Rights, Health & Safety Risks – Climate-Related Risks" below.

Successful development of new programmes also depends on the Company's ability to attract and retain 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 2022 was 5.0% overall (including subsidiaries) (compared to 7.4% overall in 2021). There can be no assurance that the Company will attract and retain the personnel it requires to conduct its operations successfully and in particular to attract and retain 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 made to maintain key resources and cope with the increased departure of skilled staff with improved knowledge management and knowledge transfer schemes across the Company.

The COVID-19 crisis has impacted key company technological developments and competencies, but despite this, 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 problems 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 assurances 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.

- **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, opposition by social partners 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**

Governmental 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 the two UK Ministry of Defence projects, Skynet 5 and related telecommunications services, and the AirTanker ("FSTA"). 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 assurance 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 with a specific focus on engine manufacturers, especially in terms of availability and maturity of both production and in-service engines;
- 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 in an environment of increased certification scrutiny and greater complexity, including A321XLR, A220 Step3, ACJ TwentyTwo, A350 Freighter, A350-1000 ULR, A330 LMXT (KC-Y) 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 reduced to 40 per month in June 2020. In 2021 and 2022, the Company announced demand for the A320 Family leading to a gradual increase in production for the upcoming years. The Company proactively and constantly monitors 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. In connection with the A320 Family programme, the Company faces the following challenges: ensure the A321XLR on-track development including A321XLR certification topics with primary airworthiness authorities, adapt and upgrade our industrial system and capability to meet the growing market demands and corresponding product mix within the family. Market demand for A320 Family aircraft, production and supply chain capabilities will evolve in the next few years and the Company will closely monitor these evolutions including a projected significant increase in A321 production. Attention will remain high on the overall supply chain including engines' ramp up availability and engine maturity in-service.

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 aircraft operational reliability, on cost reductions and on securing sufficient export orders in time as per the revised baseline.

For further information, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 13: Revenue and Gross Margin".

A350 programme. In connection with the A350 programme, the Company faces the following main challenges: secure revised delivery targets and further rate adaptation depending on traffic evolution, monitor and support the supply chain including lead-time items from corresponding suppliers, reduce recurring costs to improve competitiveness within a widebody market that starts to recover, and deliver on major programme developments (A350 Freighter development, A350-1000 Ultra Long Range certification baseline, A350 new paint scheme). Attention will remain high towards the engine manufacturer's capacity to deliver on engines' maturity and competitiveness topics.

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. Then, following new orders, the decision was taken in Q3 2021 to increase the production rate to almost three, which was done at the end of 2022. In February 2023, the Company announced it now targets to reach rate 4 in 2024. Decisions on further rate adaptation will depend on traffic evolution. In connection with the A330 programme, the main challenges the Company faces are to secure product competitiveness in the widebody market segment, and to monitor and support the supply chain. The developments were delivered on track in recent years. Attention will remain high towards the engine manufacturer's capacity to deliver on engines' maturity and competitiveness topics.

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 its Design to Cost roadmap and recurring cost reduction, and to ensure an A220 book to bill ratio above one to fill current open slots. As a consequence of the COVID-19 pandemic, the commercial aircraft production rates were adapted to rate five per month (in Mirabel and in Mobile) in 2020-2021 and have been around rate six since early 2022 with a monthly production target of rate 14 targeted for the middle of the decade. Attention will remain high on the overall supply chain including engine maturity and availability in service.

A380 programme. In connection with the A380 programme, the Company faces the following main challenges: secure ageing fleet in-service support for the next decades and long-term competitiveness.

H175 programme. Positive market trend leading to a production ramp up challenge.

NH90 programme. Risk of termination of Norway's contract for 14 NH90 helicopters (13 of which have already been delivered) following receipt of notice of termination dated 9 June 2022. Parties are engaged in discussions with a view to resolve the matter.

H160 programme. The main challenge for the H160 programme is the industrial ramp-up phase.

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. 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.

Launchers. Following the failed first commercial flight of the Vega C launcher on 20 December 2022 and in light of the few years delay in the launch of Ariane 5's successor, Ariane 6, with its maiden flight scheduled

at the time of publication of this report to take place by the end of 2023, the Company faces a challenge related to Europe's lack of independent access to space in the short term.

4.6.3 Legal risks

- Legal and regulatory proceedings

The Company is currently engaged in a number of active legal and regulatory proceedings. For further information, please refer to “Notes to the IFRS Consolidated Financial Statements - Note 39: Litigation and Claims”.

For the investigation by the UK Serious Fraud Office (“SFO”), France’s Parquet National Financier (“PNF”), and the US Departments of State (“DoS”) and Justice (“DoJ”), which is described in “4.6.3– 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. The three-year deferral period expired on 30 January 2023, after which time the charges would be dismissed, absent extension by the authorities or agreement among the parties. The Company awaits the formal determination by the authorities that it has complied with the agreements’ terms throughout the period and to close the prosecutions in line with the procedural requirements of each country. For further information about the investigation and related securities litigation, please refer to “Notes to the IFRS Consolidated Financial Statements - Note 39: Litigation and Claims” (Investigation by the SFO, PNF, DoJ, DoS, Related Commercial Litigation and Securities Litigation), respectively.

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. Such inquiries and investigations may cover matters relating to, among other matters, anti-bribery laws and regulations, export control laws and regulations, securities law, trade law and competition law. An adverse decision in any such matter could have a material effect on the Company’s business, results of operations and financial condition. 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 “6.1.14– Non-Financial Information – Exemplify Business Integrity”.

- 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 would 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 breaches of the International Traffic in Arms Regulations (ITAR). 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 "Notes to the IFRS Consolidated Financial Statements - Note 39: Litigation and Claims" (Investigation by the SFO, PNF, DoJ, DoS and Related Commercial Litigation).

- **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, including but not exclusively 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 licences 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 competing sets of sanctions laws and regulations implemented by transnational / 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. This has been well illustrated in the current Ukrainian crisis. The imposition of international Export Control restrictions targeting the aviation and space sectors have resulted in Airbus suspending deliveries, the provisions of services and the supply of spare parts to customers in Russia. The Company continues to monitor the evolution of the export control restrictions and broader sanctions and will adapt to the changing environment.

The Company seeks to comply with all such laws and regulations. However, 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 2022, the Company's total share of result from these arrangements amounted to € 134 million (compared to € 40 million in 2021, € 39 million in 2020 and € 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 10: 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. Some types of claimed damages, such as punitive, exemplary or moral damages may not be insured or insurable.

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 assurances 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 IP 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 IP frameworks or user-rights/ownership governing those relationships is dependent on the UK's former 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

In accordance with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, the Company is strengthening its ERM risk identification process for climate-related risks and opportunities, incorporating climate scenario analysis. The Company categorises its climate-related risks and opportunities according to the TCFD classification (e.g. physical, transitional and the corresponding subcategories). The scope of analysis is the Company - including its Divisions - and includes the upstream and downstream value chain. The ERM system aims for early identification of short-term (around 2025), medium-term (around 2035) and long-term (around 2050) climate-related risks and opportunities.

To identify the climate-related risks and opportunities, the Company used three temperature climate scenarios (1.5°C, 2°C and 3°C), five driving forces (e.g. environment, technology, social, political and economic) and three time horizons. Based on a qualitative analysis, the Company estimated the probability of risk or opportunity materialisation; the results are displayed in tables next to the corresponding risk. The assessment of risks and opportunities identified by the Company is subject to revision, as the methodology and process further mature.

1.5°C	<p>Aggressive mitigation - Limiting warming to 1.5°C</p> <p>This is an ambitious scenario that limits global warming to 1.5 °C by the end of the century (50% chance) through stringent climate policies, laws and high levels of innovation reaching net-zero CO2 emissions around 2050 with some countries (e.g., EU) reaching net-zero GHG by this point. In this scenario it is assumed that policies to decarbonise are introduced immediately (2020s). Such policies and laws could diverge across sectors, regions and pace or could be introduced smoothly and harmoniously. Progress towards sustainable development goals is fast. Mitigation strategies implemented worldwide and across sectors include: (i) transitioning from fossil-based energy to very low or zero-carbon energy sources (renewable energy). Carbon Capture and Storage ("CCS") is used in targeted remaining fossil-based facilities; (ii) improving energy efficiency; (iii) deploying both nature and technology based Carbon Dioxide Removals ("CDR") to neutralise residual GHG emissions; and (iv) implementation of measures that could restrict demand. CDR is used to accelerate decarbonisation but kept to the minimum possible (residual emissions) and broadly in line with sustainable levels of renewable energy production. Technologies could reduce the emissions of the transport sector in developed countries and limit emissions growth in developing countries. Demand-focused policies could reduce demand for transport services and support the shift to more energy efficient and low carbon intensive products and transport modes. While efficiency improvements can provide some mitigation potential, additional mitigation technologies for aviation are required. Renewable and low-carbon fuels, such as hydrogen, high density biofuels and synthetic fuels can provide a viable substitute for aviation when electrification is not possible, and contribute to renewable energy storage. Generally, physical risks are relatively low but transition risks are high.</p>
2°C	<p>Strong mitigation – Warming limited to 2°C</p> <p>This scenario assumes a more gradual approach in the introduction of climate mitigation actions limiting global warming to 2°C by the end of the century (~65% chance). Net-zero emissions are achieved after 2070. In this scenario, countries' ambitions of emissions reductions are different around the world and consequently, climate policies and laws are divergently introduced. Progress towards achieving sustainable development goals is slow. Development and growth proceed unevenly depending on the country and region. The environment experiences degradation despite measures that are less resource- and energy-intensive. Mitigation strategies implemented worldwide and across sectors include: (i) transitioning from fossil fuels to low carbon and renewable energy sources, CCS is used for fossil-based facilities; (ii) the deployment of CDR is slow and mostly focused in nature based solutions; (iii) improving energy efficiency and; (iv) implementation of demand measures. Complementary investment will be needed in new grid management and storage solutions to ensure continued reliability. Carbon-neutral fuels like (renewable) hydrogen, biofuels and synthetic fuels can provide a viable substitute when electrification is not possible. Generally, physical risks are higher than in 1.5C and transition risks are lower compared to a 1.5C scenario.</p>
3°C	<p>Disorderly mitigation – Warming exceeding 3°C</p> <p>The world's nations have failed to control climate change. Global agreements to limit GHG emissions have not been successful and global warming is over 3°C. This scenario results from "business as usual" behaviour. Unilateral decisions from some countries to protect their own population or resources have resulted in conflicts, creating humanitarian crises and mass movement of populations. In this scenario, GHG emissions have resulted in a complete change of the global climate, to an extent that is near impossible to predict today. Tipping points have been passed and triggered irreversible changes to the global ecosystem. Degraded environmental conditions have rendered the dryer areas of the world uninhabitable, inducing further climate related migrations. In these conditions, the population has regrouped in giant urban areas and the global growth has stopped. Access to food, water and medicine is difficult for the majority, leading to significantly degraded living conditions and life expectancy. Generally, transition risks are lower than physical risks.</p>

Climate-related risks:

Technology. Transition - 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 as well as appropriate infrastructure developments and other ecosystem adaptations. 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 push the market towards competing products until the Company and its partners can develop a competing alternative, which could lead to a temporary loss of market share and competitiveness as well as reduced revenue. This risk may trigger the need for the Company to develop new technologies faster in order to be able to market competitive products, leading to substantial R&T and R&D expenses.

Energy Ecosystem Readiness. Transition - Market

The Company has identified the risk of low volumes of renewable electricity and of available sustainable biomass and the risk of them not being directed for the use of industries and/or aviation. This could result in insufficient quantities of Sustainable Aviation Fuels ("SAF"), hydrogen, and energy for manufacturing

activities, thereby limiting the Company's decarbonisation levers to align with the Paris Agreement temperature targets and increasing costs and operational restrictions. This could result in reduced attractiveness of current and new products leading to lower or longer returns on invested R&D. This market risk may trigger the need for the Company to deploy a dedicated ecosystem engagement plan (see "6.1.2 - Climate change"), leading to material operating expenses and/or related investments.

Change in climate, weather, environmental conditions, water availability and sea level rise. Physical - Chronic

The foreseen consequences of climate change include harsher average weather conditions, increased temperatures and a rise in sea level. The change in environmental conditions and available resources for manufacturing activities could produce an accelerated degradation of the Company's industrial infrastructure and assets (buildings, tools, hardware), and disruption of its supply chain therefore impacting the Company's manufacturing activities. In addition, the change in environmental conditions could also negatively impact the performance of products in operation and negatively impact the health and safety of the Company's employees. Longer-term shifts in climate patterns may result in temporary production disruption leading to loss in revenues and subsequently profit margins. Additionally, shifts in climate patterns could trigger the need for additional modifications to the Company's products as well as to industrial operations and procurement strategy, leading to increased costs and the adaptation of the Company's insurance policy.

Change in climate, weather, environmental conditions and water availability. Physical - Acute

The foreseen consequences of climate change include more frequent extreme weather events, such as hurricanes, hail storms, heat waves, droughts or extreme cold spells. These could negatively impact the Company's products and operations, including but not limited to changes to aircraft operation safety standards, destruction and/or damage of exposed industrial infrastructure and increased risk to people's safety. The above may result in temporary production disruptions leading to loss in revenues and subsequently profit margins. Additionally, it could trigger the need for additional modifications to the aircraft in order to meet more stringent safety standards, as well as to industrial operations and procurement strategy, leading to increased costs and the adaptation of the Company's insurance policy.

Company's climate-related risks mapping	Climate scenario / time horizon(s) where risk or opportunity likelihood is considered medium or high, based on Company's qualitative analysis		
	1.5°C	2°C	3°C
RISKS			
Transition - Technology	▶▶▶	▶▶▶	▶▶▶
Transition - Market	▶▶▶	▶▶▶	▶▶▶
Physical - Chronic	▶▶▶	▶▶▶	▶▶▶
Physical - Acute	▶▶▶	▶▶▶	▶▶▶

▶▶▶ : ST - ▶▶▶ : MT - ▶▶▶ : LT

Mitigation actions the Company has engaged, including to address these risks are presented in the section " 6.1.2 - Climate change / IV. Transition plan".

The Company identified the following complementary climate-related risks presented below as per TCFD categories:

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 dioxide emissions. 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 and aerospace are complex industries, with long product development cycles and where change takes a long time to be implemented. A rapid evolution of climate-related policies (such as the EU zero-pollution communications) 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.

In particular for aviation, as this is a global industry, policies and regulations implemented at regional rather than international level, or these evolving at a different speed depending on the region, could result in a negative impact on the competitive conditions for manufacturers and aircraft operators. This could result in a loss of competitiveness for the Company.

Reputation: Reputational risks could be divided into several categories. Firstly, there is a risk that negative perceptions about the Company's environmental performance are used as 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 hydrogen-powered aircraft to the market. If the ambition is perceived as unattainable or if the Company is not able to deliver on its ambition this could result in reputational damage leading to less 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.

- **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.

Due to the above-mentioned regulatory requirements, the Company has identified the risk of chemicals obsolescence that may lead to supply disruption.

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.

- **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. Moreover, new laws and regulations, the imposition of tougher licence requirements, increasingly strict enforcement or new interpretations of existing laws and regulations, may cause the Company to also incur increased capital expenditure and operating costs in the future, which could have a negative effect on the Company's business, results of operations and financial condition.

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, mechanical and physical agents in light of applicable regulations. 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. The Company maintained its COVID-19 surveillance and appropriate risk management measures in the workplace. 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).

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.

Irrespective of compliance with 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 “6.1 – Non-Financial Information”.

5. Financial statements

The Airbus SE IFRS Consolidated Financial Statements are prepared in accordance with International 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 2022 and 2021.

IFRS Consolidated Income Statement

Please refer to the “Airbus SE – IFRS Consolidated Income Statement” for the years ended 31 December 2022 and 2021.

Revenues

Revenues increased 13 percent to € 58.8 billion (2021: € 52.1 billion). A total of 661⁽¹⁾ commercial aircraft were delivered (2021: 611⁽²⁾ aircraft), comprising 53 A220s, 516 A320 Family, 32 A330s and 60 A350s. Revenues generated by Airbus’ commercial aircraft activities increased 15 percent year-on-year, mainly reflecting the higher deliveries and the strengthening of the US dollar. Airbus Helicopters delivered 344 units (2021: 338 units), with revenues rising by 8 percent, mainly reflecting growth in services and a favourable mix in programmes. Revenues at Airbus Defence and Space increased 11 percent, mainly driven by higher volume in Military Aircraft and Eurodrone. A total of 10 A400M airlifters were delivered in 2022, compared to 8 in 2021.

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 – increased to € 5,627 million (2021: € 4,865 million).

The EBIT Adjusted related to Airbus’ commercial aircraft activities increased to € 4,600 million (2021: € 3,570 million). The increase reflects the higher deliveries and is supported by some non-recurring elements – mainly the positive impacts from retirement obligations and from the progress made on compliance related topics – partly offset by a less favourable hedge rate compared to FY 2021.

On the A320 Family programme, the ramp-up trajectory has been adapted with suppliers. The Company is now progressing towards a monthly production rate of 65 aircraft by the end of 2024 and 75 in 2026. Entry-into-service for the A321XLR is expected to take place in Q2 2024.

1) After a reduction of two aircraft previously recorded as sold in December 2021 for which a transfer was not possible due to international sanctions against Russia.

2) Two A330s delivered on operating lease in FY 2021.

The A330 monthly production rate increased to around 3 at the end of 2022 as planned and the Company now targets to reach rate 4 in 2024. The A350 monthly rate is now around 6 aircraft. In order to meet growing demand for widebody aircraft as international air travel recovers, and following a feasibility study with the supply chain, the Company is now targeting a monthly production rate of 9 A350s at the end of 2025.

Airbus Helicopters' EBIT Adjusted increased to € 639 million (2021: € 535 million), reflecting higher services and programme execution. Non-recurring elements included the positive impact related to retirement obligations booked in Q1.

EBIT Adjusted at Airbus Defence and Space decreased to € 384 million (2021: € 696 million), mainly reflecting the impairment related to the loss of two Pleiades Neo satellites in December and to delays on the Ariane 6 launcher, as well as the impact of rising inflation. This was partly offset by higher volume in Military Aircraft, the ramp-up in Eurodrone and the positive impact related to retirement obligations booked in Q1.

On the A400M programme, development activities continue towards achieving the revised capability roadmap. Retrofit activities are progressing in close alignment with the customer. In 2022, an update of the contract "Estimate at Completion" was performed and an additional charge of € 0.5 billion recorded. This mainly reflects updated assumptions, including inflation and risks related to the remaining SOC3 contractual development milestones to be achieved. Risks remain on the qualification of technical capabilities and associated costs, on aircraft operational reliability, on cost reductions and on securing export orders in time as per the revised baseline.

EBIT (reported) amounted to € 5,325 million (2021: € 5,342 million), including net Adjustments of € -302 million.

These Adjustments comprised:

- ▶ € +308 million related to the dollar pre-delivery payment mismatch and balance sheet revaluation, of which € -41 million were in Q4;
- ▶ € +28 million related to the A380 programme, of which € -5 million were in Q4;
- ▶ € -477 million related to the A400M programme, of which € -258 million were in Q4;
- ▶ € -82 million related to the Aerostructures transformation in France and Germany, of which € -34 million were in Q4;
- ▶ € -79 million of other costs including compliance, of which € -35 million were in Q4.

The financial result was € -250 million (2021: € -315 million). It mainly reflects the net interest result of € -232 million. It also includes a negative impact from the revaluation of financial instruments and a positive impact from the revaluation of certain equity investments. **Net Income** was € 4,247 million (2021: € 4,213 million) with reported **earnings per share** of € 5.40 (2021: € 5.36).

Revenue and EBIT (reported) by Business Segment

(In € million)	Revenues			EBIT (reported)		
	2022	2021	Change	2022	2021	Change
Airbus	41,428	36,164	+15%	4,800	4,175	+15%
Airbus Helicopters	7,048	6,509	+8%	639	535	+19%
Airbus Defence and Space	11,259	10,186	+11%	(118)	568	-
Eliminations	(972)	(710)	-	4	64	-94%
Total	58,763	52,149	+13%	5,325	5,342	0%

IFRS Consolidated Statement of Financial Position

Please refer to the “Airbus SE – IFRS Consolidated Statement of Financial Position” at 31 December 2022 and 2021.

Intangible Assets and Property, Plant and Equipment

Intangible assets increased by € +401 million to € 16,768 million (2021: € 16,367 million). Intangible assets mainly relate to goodwill of € 13,165 million (2021: € 13,028 million). The increase in goodwill is primarily due to the acquisitions of VAS Aero Services, LLC and ZF Luftfahrttechnik GmbH.

The annual impairment tests performed in 2022 led to no impairment charge.

Property, plant and equipment decreased by € -31 million to € 16,505 million (2021: € 16,536 million). Property, plant and equipment include right-of-use assets for an amount of € 1,746 million as of 31 December 2022 (2021: € 1,698 million).

Following the launch failure of the two satellites Pléiades Neo 5 and 6 on 21 December 2022, the corresponding fixed assets were written-off for a total of € 248 million and an impairment of € 184 million has been recorded for the remaining Pléiades Neo assets value partly offset by the insurance receivable of € 200 million, all recognized as of 31 December 2022 in other income and other expenses.

Investments Accounted for under the Equity Method

Investments accounted for under the equity method increased by € +395 million to € 2,067 million (2021: € 1,672 million). They mainly include the equity investments in ArianeGroup, MBDA and ATR GIE.

Other Investments and Other Long-Term Financial Assets

<i>(In € million)</i>	31 December	
	2022	2021
Other investments	2,641	2,511
Other long-term financial assets	1,549	1,490
Total non-current other investments and other long-term financial assets	4,190	4,001
Current portion of other long-term financial assets	665	537
Total	4,855	4,538

Other investments mainly comprise the Company's participations and include the remaining investment in Dassault Aviation (9.90%, 2021: 9.90%) amounting to € 1,309 million at 31 December 2022 (2021: € 786 million). It is partly offset by the decrease in fair value of other investments.

Other long-term financial assets and the **current portion of other long-term financial assets** include other loans in the amount of € 2,129 million as of 31 December 2022 (2021: € 1,909 million), and the sales financing activities in the form of finance lease receivables and loans from aircraft financing.

Inventories

Inventories of € 32,202 million (2021: € 28,538 million) increased by € +3,664 million. This is driven by Airbus (€ +3,825 million), mainly reflecting the inventory build up to support ramp up. It also includes higher advance payments made to suppliers.

Provisions

<i>(In € million)</i>	31 December	
	2022	2021
Provisions for pensions	3,509	7,072
Other provisions	7,514	8,209
Total	11,023	15,281
<i>thereof non-current portion</i>	6,896	10,771
<i>thereof current portion</i>	4,127	4,510

As of 31 December 2022, **provisions for pensions** decreased by € -3.6 billion. It mainly reflects the increase of the discount rates in Germany, France, Canada and the UK of € 7.8 billion, resulting from market volatility related mainly to the Ukraine crisis. It is partly offset by deteriorated performance of the asset market values for € 2.7 billion and increased inflation assumptions particularly in Germany and France for € 0.5 billion.

As a consequence of the increased discount rates a non-current asset of € 0.6 billion has been accounted for to reflect the surplus in two pension funds in the UK, the Airbus Section of the participation in BAE Systems Pension Scheme and the Company UK Pension Scheme.

Furthermore, due to the re-measurement of past service cost in the retirement obligation, a gain of € 0.4 billion was recognised in the first quarter 2022.

Other provisions decreased mainly due to the decrease in provisions for onerous contracts due to the utilisation and net presentation of the A400M programme losses against inventories, the reduction in the A220 programme and the release of compliance-related provisions.

Other Financial Assets and Other Financial Liabilities

Other Financial Assets

<i>(In € million)</i>	31 December	
	2022	2021
Positive fair values of derivative financial instruments	753	664
Others	28	27
Total non-current other financial assets	781	691
Receivables from related companies	1,104	803
Positive fair values of derivative financial instruments	1,141	341
Others	297	307
Total current other financial assets	2,542	1,451
Total	3,323	2,142

Other Financial Liabilities

(In € million)	31 December	
	2022	2021
Liabilities for derivative financial instruments	6,163	2,640
European Governments' refundable advances	3,717	3,730
Others	237	192
Total non-current other financial liabilities	10,117	6,562
Liabilities for derivative financial instruments	3,450	1,923
European Governments' refundable advances	140	131
Liabilities to related companies	186	180
Others	297	298
Total current other financial liabilities	4,073	2,532
Total	14,190	9,094
<i>thereof other financial liabilities due within 1 year</i>	<i>4,073</i>	<i>2,532</i>

The total net fair value of derivative financial instruments decreased by € -4,161 million to € -7,719 million (2021: € -3,558 million) as a result of the strengthened US dollar versus the euro associated with the mark to market valuation of the hedge portfolio.

In 2022, the European Governments' refundable advances decreased by € -4 million to € 3,857 million (2021: € 3,861 million).

The allocation of European Governments' refundable advances between non-current and current presented in the Consolidated Financial Statements ended 31 December 2022 is based on the applicable contractual repayment dates.

Other Assets and Other Liabilities

Other Assets

(In € million)	31 December	
	2022	2021
Cost to fulfil a contract	337	301
Prepaid expenses	149	116
Others	1,386	484 ⁽¹⁾
Total non-current other assets	1,872	901
Value added tax claims	1,732	1,183
Cost to fulfil a contract	448	499
Prepaid expenses	161	392
Others	509	319
Total current other assets	2,850	2,393
Total	4,722	3,294

(1) 2021 figures restated in accordance with 2022 presentation.

As of 31 December 2022, non-current other assets include € 673 million of payments to be made to Airbus by suppliers after aircraft delivery (2021: € 411 million). They are recorded as a reduction of cost of goods sold at the time of aircraft delivery. These future payments are discounted to reflect specific contractual terms and repayment profile.

As of 31 December 2022, a non-current asset of € 0.6 billion has been accounted for to reflect the surplus in two pension funds in the UK as a consequence of the increased discount rates.

Other Liabilities

(In € million)	31 December	
	2022	2021
Others	498	583
Total non-current other liabilities	498	583
Tax liabilities (excluding income tax)	1,082	771
Others	2,721	2,761
Total current other liabilities	3,803	3,532
Total	4,301	4,115
<i>thereof other liabilities due within 1 year</i>	3,803	3,532

As of 31 December 2022, current other liabilities mainly comprise tax (excluding income tax) and personnel liabilities.

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:

(In number of shares)	2022	2021
Issued at 1 January	786,083,690	784,149,270
Issued for ESOP	2,121,318	1,934,420
Issued at 31 December	788,205,008	786,083,690
Treasury shares	(647,500)	(454,735)
Outstanding at 31 December	787,557,508	785,628,955

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 € 12,950 million (2021: € 9,466 million) representing an increase of € +3,484 million. This is mainly due to the net income for the period of € +4,247 million and a change in actuarial gains and losses of € +3,432 million, partly offset by the mark to market revaluation of the hedge portfolio of € -2,240 million, the change in fair value of financial assets of € -1,091 million and a dividend payment of € -1,181 million (1.50 € per share).

The **non-controlling interests ("NCI")** from non-wholly owned subsidiaries increased to € 32 million as of 31 December 2022 (2021: € 20 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.

<i>(In € million)</i>	31 December	
	2022	2021
Cash and cash equivalents	15,823	14,572
Current securities	1,762	1,317
Non-current securities	6,013	6,794
Gross cash position	23,598	22,683
Short-term financing liabilities	(2,142)	(1,946)
Long-term financing liabilities	(10,631)	(13,094)
Interest rate contracts ⁽¹⁾	(1,394)	97
Total	9,431	7,740

(1) The Company has decided to refine the net cash definition to include interest rate contracts related to fair value hedges, which is also reflected in the 2022 balance.

The net cash position on 31 December 2022 amounted to € 9,431 million (2021: € 7,740 million), with a gross cash position of € 23,598 million (2021: € 22,683 million).

Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

<i>(In € million)</i>	31 December	
	2022	2021
Bank account and petty cash	3,687	1,964
Short-term securities (at fair value through profit or loss)	11,135	12,075
Short-term securities (at fair value through OCI)	1,001	533
Total cash and cash equivalents	15,823	14,572

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.

Cash and cash equivalents have increased by € +1.3 billion from € 14.6 billion at 31 December 2021 to € 15.8 billion at 31 December 2022. They include payments received in advance from certain customers and payments made to suppliers in anticipation.

Securities

The Company's securities portfolio amounts to € 7,775 million and € 8,111 million as of 31 December 2022 and 2021, respectively. The security portfolio contains a non-current portion of € 6,013 million (2021: € 6,794 million), and a current portion of € 1,762 million (2021: € 1,317 million).

Financing liabilities

(In € million)	31 December	
	2022	2021
Bonds and commercial papers	8,681	11,061
Liabilities to financial institutions	383	467
Loans	75	75
Lease liabilities	1,492	1,491
Total long term financing liabilities	10,631	13,094
Bonds and commercial papers	0	0
Liabilities to financial institutions	27	26
Loans	83	96
Lease liabilities	242	245
Others ⁽¹⁾	1,790	1,579
Total short term financing liabilities	2,142	1,946
Total	12,773	15,040

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

Long-term financing liabilities, mainly comprising of bonds and lease liabilities, decreased by € -2,463 million to € 10,631 million (2021: € 13,094 million), mainly due to the decrease in the value of bonds linked to higher interest rates and a € 1 billion bond buyback performed in June 2022.

Short-term financing liabilities increased by € +196 million to € 2,142 million (2021: € 1,946 million).

Free Cash Flow

Free cash flow before M&A and customer financing – an alternative performance measure and indicator that may be used occasionally by the Company in its financial guidance, especially when there is higher uncertainty around customer financing activities – was € 4,680 million (2021: € 3,515 million), supported by the favourable foreign exchange environment and a strong positive phasing impact from working capital.

Free cash flow – an alternative performance measure and key indicator which allows the Company to measure the amount of cash flow generated from operations after cash used in investing activities – was € 4,324 million (2021: € 3,511 million). The 2021 dividend of € 1.50 per share, or € 1.2 billion in total, was paid in Q2 2022 while pension contributions totalled € 0.6 billion during the year. The gross cash position stood at € 23.6 billion at the end of 2022 (year-end 2021: € 22.7 billion), with a net cash position of € 9.4 billion (year-end 2021: € 7.7 billion).

Order Intake and Order Book

Gross commercial aircraft orders increased to 1,078 (2021: 771 aircraft), with net orders of 820 aircraft after cancellations (2021: 507 aircraft) corresponding to a net book-to-bill ratio significantly above 1. The order backlog amounted to 7,239 commercial aircraft at the end of 2022. Airbus Helicopters registered 362 net orders (2021: 414 units), with a book-to-bill above 1 both in units and value. Helicopter orders were well spread across programmes and included 12 H160s. Airbus Defence and Space's order intake by value was € 13.7 billion (2021: € 13.7 billion), corresponding to a book-to-bill of around 1.2. Key orders included Demonstrator Phase 1B of the Future Combat Air System, the Eurodrone unmanned aerial system and 20 latest-generation Eurofighters for the Spanish Air Force.

Order intake by value increased to € 82.5 billion (2021: € 62.0 billion) with the **order book** valued at € 449 billion at the end of 2022 (year-end 2021: € 398 billion). The increase in the backlog value mainly reflects the book-to-bill above 1 and the strengthening of the US dollar.

Order Intake and Order Book by Business Segment

	Order Intake (net)			Order Book		
	2022	2021	Change	2022	2021	Change
Airbus (in units)	820	507	+62%	7,239	7,082	+2%
Airbus (in € million)	59,727	40,004	+49%	390,456	345,101	+13%
Airbus Helicopters (in units)	362	414	-13%	757	739	+2%
Airbus Helicopters (in € million)	9,338	8,552	+9%	20,774	17,985	+16%
Airbus Defence and Space (in € million)	13,660	13,656	0%	38,426	36,131	+6%

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 N.M. Pul	28 April 2016	19 April 2023

(1) A resolution will be submitted to the Annual General Meeting of Shareholders in 2023, in order to appoint Ernst & Young Accountants LLP as the Company's auditors for the 2023 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 The Company's approach to sustainability

I. Purpose

The Company's purpose is to "pioneer sustainable aerospace for a safe and united world". The Company designs, manufactures and delivers aerospace products, services and solutions to customers on a worldwide scale helping to create value and drive growth. The Company is deeply aware of its responsibility to society and future generations, and contributes to a number of UN Sustainable Development Goals ("SDGs") through its core business and how it operates.

The Company strives to **respect the planet**. It aspires to lead the journey towards clean aerospace. The Company pioneers advanced and disruptive technologies while delivering and continuously improving its fuel-efficient products. From exploring new aircraft and propulsion technologies and alternatives to fossil fuels (sustainable aviation fuels) to testing new prototype aircraft powered by hydrogen, the Company is committed to reducing the environmental impact of its products. It is also committed to taking environmental responsibility and, for example, to actively reducing emissions through its value chain, cutting on-site waste and increasing the recycling of aircraft at the end of their service life. The Company's products and services, such as its Earth-observation technologies, allow it to play an active role in tackling climate change, providing insights that help make the planet more resilient.

The Company is committed to **valuing people**. Its business is built on a foundation of safety, quality, integrity and compliance, with the highest standards ensured from design to operation. The Company supports the balance of powers and is uniquely-positioned to strengthen global resilience through its products and services. The Company's technology allows its customers to protect lives during a conflict and prevent crises before they escalate. The Company's products help to protect citizens, defend sovereignty and advance global security, mindful that there can be no sustainability without security.

The Company **enables prosperity**. Its products help to unite cultures, connect economies, and enable global cooperation and partnership. The Company brings together people and organisations across the globe, physically with its commercial aircraft and helicopters, and virtually with its satellites and connectivity solutions. It mobilises the collective positive impact of its workforce, products and services to tackle societal challenges in partnership with local communities. In addition, the Company works collaboratively to maximise its positive impact, playing an active advocacy role, educating the aerospace industry and partnering with other businesses and public sector organisations to develop technology and solutions that will allow the industry to transition towards a sustainable economy. It is committed to being an economically resilient business that has the financial strength to invest in a more sustainable future. The Company believes that a sustainable tomorrow needs the strongest foundations today.

GENERAL	GRI	SDGs	Others
	102 General Disclosures	4, 5, 8, 9, 12, 13, 16, 17	Vigilance Plan
Highest governance body(ies) involved	Board of Directors / ECSC Executive Committee supported by topic-focused committees		
Commitments to external frameworks	UN Global Compact, The Ten Principles, Sustainable Development Goals		
Add. resources ↳ : <i>this symbol indicates a link to an external website</i>	Sustainability on Airbus.com , Airbus Tax Strategy , Innovation contributing to a more sustainable world on Airbus.com , Earth monitoring and understanding (e.g. Climate change monitoring), Example partnership for innovation: ANITI project ↳, Toulouse University (ANITI) ↳, ATAG Benefits Beyond Borders fact sheet ↳, ASD Fact Sheet 2022 ↳, UN Global Compact ↳,		

In line with its purpose, the progress in its sustainability journey, and the evolution of reporting frameworks, the Company has further evolved its non-financial reporting in 2022, providing additional transparency and striving to better demonstrate its level of commitment and performance, as presented in the following pages.

II. Indirect contributions

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

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




As a major European defence manufacturer, the Company also has significant economic impact across Europe. According to the AeroSpace and Defence Industries Association of Europe, the industry supports over 879,000 jobs across the continent, all contributing to Europe's economic prosperity with €238 billion in annual revenue in 2021, €138 billion of which comes from exports.

While the Company contributes to the global economy as a whole, it also contributes to the economic development of the communities where it operates. Full aerospace ecosystems - bringing together academia, research centres and corporations, all with high value-added jobs - often develop around the Company's sites such as those in Toulouse or Hamburg. This development is accelerated thanks to the Company's innovation ecosystem such as Airbus Scale: an innovation unit that combines corporate innovation, start-up engagement and company-building activities. Airbus Scale identifies and promotes internal corporate innovation opportunities that can be developed into solutions for the external world, bringing them to market and attracting external investments that could result in spin-offs. This generates value not only for the Company but also for the local communities where these new companies will set up, operate and prosper.

III. Sustainability commitments

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

The Company's four commitments	Material topics (see hereafter)	SDGs	Section
#1 Lead the journey towards clean aerospace	Climate change	   	6.1.2
	Pollution		6.1.3
	Materials and circularity		6.1.4
	Water		6.1.5
	Biodiversity		6.1.6
#2 Build our business on the foundation of safety and quality	Product safety	 	6.1.7
	Cyber security		6.1.8
	Health and safety		6.1.9
#3 Respect human rights and foster inclusion	Human rights	   	6.1.10
	Inclusion and diversity		6.1.11
	Social dialogue		6.1.12
	People		6.1.13
#4 Exemplify business integrity	Business integrity		6.1.14

Across each commitment the Company has set key performance indicators (“KPIs”) and targets enabling the Company to monitor progress towards these ambitions. These can be found in “– 6.1.17 ESG data board”, which gathers all reported sustainability metrics. They can also be found in the related sections of this chapter, which is structured around each of the four commitments, completed by two sections which cut across all four commitments, “– 6.1.15 Responsible supply chain” and “– 6.1.16 Community impact”. Complementing the climate change section, EU taxonomy regulatory information is disclosed in section 6.1.19.

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

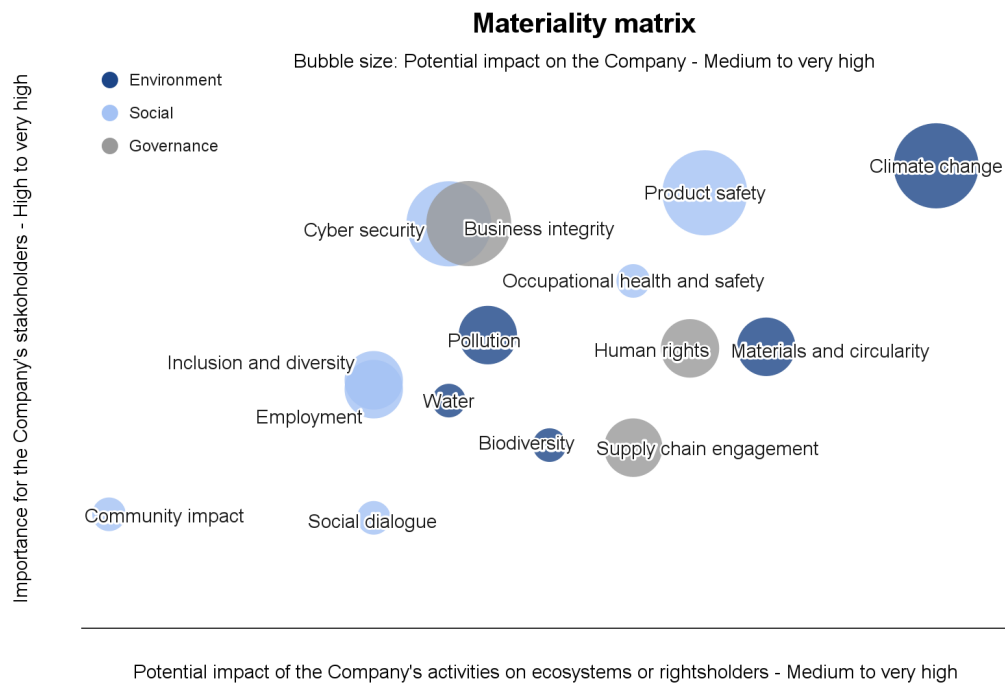
IV. Materiality matrix

The Company updated its materiality assessment in 2022 and used stakeholders’ inputs to support the ranking, of which ESG issues are most material (and subsequently shall be addressed in the sustainability strategy). The range of ESG topics assessed was defined based on relevant industry and regulatory references, as well as on internal expertise. This materiality matrix is to be fully updated periodically - indicatively every three years - and possibly adjusted in the meantime based on feedback captured from stakeholders in day-to-day business and further methodological improvements. The results of this 2022 update were captured in a materiality matrix (refer to materiality matrix chart below), which is fundamental in confirming the relevance of the Company’s four commitments. It is a three-dimensional matrix:

- **Importance to stakeholders** (vertical axis): The Company asked its 12 most important stakeholder groups (see “– Stakeholder engagement” section below) about their view on how important it is for the Company to address a given topic. Scoring was established by capturing the voice of critical stakeholders - including employees, customers, suppliers, investors, social partners - via a survey sent to selected representatives in each category and targeting individuals who are familiar with sustainability matters. Other information was obtained with the support of artificial intelligence (based on analysis of reports, legislation and media sources), capturing the importance of the respective topics in stakeholders’ communication. Most information was collected using the Datamaran tool. During the feedback consolidation phase, a greater weight was assigned to critical stakeholders.

- **Potential impact on rightsholders or ecosystems** (horizontal axis): the Company evaluated the potential impact of its activities on people and environment in connection with the Company’s activities - e.g. employees, end users, and local communities. Scoring was established taking into account the scale, scope, remediability and likelihood of risks associated with the topic. This assessment was based on interviews with internal experts in each domain.

- **Impact on the Company or financial materiality** (bubble size): The assessment of the potential impact of ESG-related topics on the Company’s financial performance took into consideration the degree of risk associated with identified ESG-topics topics. Scoring was derived from the Company’s enterprise risk management (“ERM”) system and complemented by interviews with representatives from the Company’s top management.



V. Stakeholder engagement

The Company's approach to sustainability is built on constant engagement with its stakeholders. Key stakeholder groups, in line with International Aerospace Environmental Group recommendation for the sector, include employees, customers, suppliers, industrial partners (including energy providers), social partners, investors, NGOs, authorities / governments / policy makers, industry associations, MRO (maintenance, repair and operations) providers, airports, and the community at large. Dialogue with numerous stakeholders helps the Company progress its sustainability ambition. In addition, it has formalised a number of opportunities to exchange more widely with its stakeholders. For instance, beyond materiality assessment, the Company meets at least twice a year with social partners to review sustainability topics (see "- 6.1.12 Social dialogue"). Besides, the Company established the Airbus Supplier Sustainability Council in 2022 (see "- 6.1.15 Responsible supply chain"). It organised other events where sustainability topics were addressed during the year, such as the Capital Market Day and the Airbus Summit. Additionally, it participated in numerous events such as air shows or conferences, which fostered dialogue on sustainability matters with a large number of external stakeholders including investors, customers, media, NGOs, institutions, policy makers, and other industry or value chain partners.

VI. Governance

Conscious of the strategic importance of sustainability, the Company has defined governance at the highest level. Oversight has been established at the Board of Directors level with the Ethics, Compliance and Sustainability Committee ("**ECSC**"). For further information about the ECSC, see "- Corporate Governance – 4.1 Management and Control". The ECSC is responsible for assisting the Board of Directors to oversee the Company's:

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

Under the Board Rules, the Board of Directors delegates the day-to-day management of the Company to the CEO, who, supported by the Executive Committee, makes decisions with respect to the management of the Company, including sustainability. The Executive Committee has the responsibility to provide top level expectations and direction, while

overseeing and validating the sustainability strategy. This entails validating sustainability targets, including those integrated into the top company objectives.



The Executive Committee is supported by several committees or boards linked to the Company’s four sustainability commitments:

- The Environment Executive Steering Committee, the Inclusion & Diversity Advisory Board, the Product Safety Board as well as the Occupational Health and Safety Governance Board (created in 2022; see “- 6.1.9 Health and Safety”), all chaired by Executive Committee members.
- The Steering Committees of the Human Rights and Sustainable Supply Chain Roadmaps, both sponsored by Executive Committee members.

Other sustainability topics such as business integrity are brought directly to the attention of the Executive Committee. Where relevant, additional elements of governance linked to specific topics are explained in the governance sections of this report.

Organisation and policy framework: The sustainability & environment team put in place in January 2020 at corporate level has continued to develop and expand. Its mission continues to focus on:

- Setting the ambition level regarding the Company's environmental and social commitments;
- Identifying the levers to achieve this ambition;
- Enabling the business to deliver this ambition across the full value chain;
- Engaging employees on sustainability;
- Providing clarity on ambition and progress to internal and external stakeholders;
- Coordinating with relevant functions the performance and reporting on progress with regards to the four commitments.

While the sustainability & environment team has a Company-wide role to provide direction and check regularly on advancements across all sustainability topics, there are for each of those topics (e.g. health and safety, inclusion and diversity, human rights, etc.), related functions, departments or “roadmaps” (multi-functional teams addressing cross-functional sustainability topics) driving their continuous improvement. These teams are for the most part supported by dedicated policies which are referred to in the Company’s Code of Conduct - a single reference intended to guide daily behaviour and help employees resolve the most common ethical and compliance issues that they may encounter. The Code of Conduct applies to all Company’s employees and directors, regardless of their job title, responsibilities, seniority, or location, within every subsidiary or joint venture where the Company has control.

Incentivisation and remuneration: The Company also believes the integration of sustainability criteria into its reward mechanisms is an important enabler for accelerating its sustainability ambition. A sustainability criterion is integrated into the common collective component of the CEO’s variable remuneration, accounting for 20%, see “– Corporate Governance – 4.4 Remuneration Report”. This principle also applies to the other members of the Executive Committee who do not serve on the Board of Directors, and to a large extent to executives and “Level IV” managers employed at the Company. Other criteria also apply to all employees as summarised below:

Variable remuneration component	Objective / KPI (s)	Weight (s)	Population
- Collective performance	Health and Safety FR1	10%	“Level IV” Managers and Executives (around 4,500 employees)
	Reduction of CO ₂ emission	10%	
- Success sharing	Health and Safety FR1	c. 5%	Around 115,000 employees
- Individual performance	Ethics & Compliance	Over 10%	All employees entitled to an individual bonus (around 50,000 employees)
	Functional sustainability objectives	Individualised	

VII. Airbus' way forward: vigilance plan

The Company is determined to conduct its business responsibly and with integrity. It is convinced that promoting responsible business conduct within its value chain is key to sustainable growth. The Company's vigilance plan includes measures to identify risks and prevent serious impacts related to sustainability resulting from the Company's own operations and from its suppliers and other contractors (including subcontractors). As far as its own operations are concerned, the Company has adopted internal policies and management tools to perform the monitoring, assessment, mitigation and reporting of risk and compliance allegations, which are embedded into the Company's culture and processes. For the Company's vigilance plan for its supply chain, see "– 6.1.15 Responsible supply chain", which shall be deemed to be incorporated by reference and form part of this plan.

Enterprise risk management and internal audit: With regards to risk management, sustainability risks and opportunities are fully embedded in the Company's ERM system. For further information on ERM, see "– Corporate Governance – 4.5 Enterprise Risk Management System". For further information on the Company's risks, see "– 4.6 Risk Factors". Internal audits are also performed regularly across the Company, including on sustainability topics. External audits are performed in line with certification requirements, as detailed in the related material topic sections.

Sustainability competencies and employee engagement: Raising awareness, developing competencies and engaging employees are essential to preventing and mitigating sustainability risks and maximising opportunities. On this matter, the Company offered employees more than 900 online and in-person training opportunities in 2022, ranging from ethics and compliance to export control, health and safety, product safety, cyber security, internal controls, inclusion and diversity, quality and customer centricity, sustainability awareness and more. Training courses linked to sustainability topics were integrated into the 2022 mandatory training list for Company employees. Specific information on training is covered in the related material topic sections.

Affiliates: All Company controlled affiliates are expected to deploy similar internal policies by applying the Company's directives. A company-wide single directive defines rules, processes and procedures applicable to the Company's affiliates and their respective boards, directors and officers. Its enforcement is supported by the Directors' training programme which was delivered to 117 people in 2022 over eight full-day digital sessions, as well as on-boarding sessions performed for newly appointed managing directors of controlled affiliates. The single directive assists the Company's affiliates in effectively fulfilling their responsibilities, while assuring the Company's ongoing commitment to high standards of corporate governance. It was built on the basis of Company related internal policies including, but not limited to: the Company's Code of Conduct, International Framework Agreement, Agreement on the European Works Council, Supplier Code of Conduct, Health & Safety Policy, Environmental Policy, the Company's Anti-Corruption Policy and related directives. An online self-assessment ("ICSA") is completed on an annual basis by the controlled affiliates to self-assess their internal controls, including how they relate to the environment, health and safety, human resources, governance, finance, procurement and compliance requirements in order to identify any gaps and define remedial action plans as required. Controlled affiliates can update the self-assessment on a quarterly basis based on their progression. Following ICSA, internal verifications are carried out by the respective corporate functions to validate answers and, when gaps are identified, develop improvement measures jointly with controlled affiliates to enhance their conformity level. In 2022, 81 controlled affiliates were selected to perform such verifications. Verifications are run every three years at least, and more frequently when ICSAs evidence material gaps. The Company's controlled affiliates are also asked to regularly evaluate risks *via* the Company's ERM system, and to regularly monitor them as part of their risk assessment process.

Risk mapping:

	Priority risk in the scope of	
	the Company	Suppliers and Contractors
ENVIRONMENT		
Climate change	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
HUMAN RIGHTS		
Impacts related to products and services	<input checked="" type="checkbox"/>	
Impacts related to diverse and inclusive workplaces	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Risk of forced labour		<input checked="" type="checkbox"/>
Impacts related to sourcing of raw materials		<input checked="" type="checkbox"/>
HEALTH AND SAFETY		
Exposure to hazardous substances and materials	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Working environment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<i>In situ</i> contractor health and safety management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mental health and wellbeing	<input checked="" type="checkbox"/>	

Complementing the materiality assessment described further above, the Company reviewed in 2022 the list of its priority sustainability risks as shown above to help prioritise its actions. This process complements, and is fully integrated into, the Company's ERM process. It is based on contributions and inputs consolidated from a wide range of stakeholders and resources. This includes desktop research, interviews with key internal stakeholders and verification with internal and external stakeholders. The human rights risks identified were complemented and cross-analysed with product life cycle assessments - including sectoral inputs - and the Company's top health and safety risks.

Procedures for regularly assessing the situation of relevant subsidiaries, contractors and suppliers: The table below summarises effective procedures for regularly assessing the situation of relevant subsidiaries, contractors and suppliers. Specific relevant complementary information can be found in the respective material topic sections.

	The Company				Suppliers and Contractors	
	ICSA (Self assessment)	Internal assessment / audit	External audits (e.g. ISO)	Management system	Self assessment	Company (or via 3rd party) assessment
Environment	☑	☑	☑ ISO 14001 ⁽¹⁾	☑	☑	☑
Health and Safety	☑	☑	☑ ISO 45001 ⁽²⁾	☑	☑	☑
Human Rights			☑		☑	☑

(1) 88% workforce currently covered, (2) 25% workforce currently covered

Prevention and mitigation actions: The table below summarises transversal mitigation / preventive actions.

	The Company				Suppliers and Contractors		
	Training	Whistleblowing system (see below)	Code of Conduct	Policies / directives	Contractual terms and conditions	Whistleblowing system	Supplier Code of Conduct
Environment	☑	☑	☑	☑	☑	☑	☑
Health and Safety	☑	☑	☑	☑	☑	☑	☑
Human Rights	☑	☑	☑	☑	☑	☑	☑

Alert / grievance and whistleblowing mechanism: The Company is committed to maintaining a "speak up" culture, by promoting an open and trusting dialogue with employees at all levels. All employees are encouraged to express their views, defend their opinions, and point out unacceptable behaviour — especially behaviour that violates the Company's Code of Conduct. Employees can raise concerns with their line manager, their human resources business partner, a legal and compliance representative, or through the Company's "OpenLine" hotline (www.airbusopenline.com). OpenLine is anonymous where legally permissible. It covers all sustainability topics and is also available to external stakeholders including, affiliates and suppliers. The Company endeavours to ensure that the procedures to assess, investigate and manage allegations are well-aligned throughout the Company. For further information, see "– 6.1.14 Exemplify Business Integrity".

Monitoring system: The table below shows an overview of the monitoring system in place. More detailed descriptions, as well as performance measures and analysis, can be found in the respective material topic sections.

	KPIs	Responsible management body	Supervisory committees	Controls
Environment Operations Use of Products	CO ₂ Scope 1, 2, Water, Waste Delivered aircraft CO ₂ efficiency metric	S&E Department / Environmental Roadmap	<i>see governance chart in governance section above</i>	ERM, internal audit
Health and Safety	Lost time injury frequency rate	Health and Safety Department		ERM, internal audit
Human Rights	Nb of social assessments % of findings closed within 18 months	S&E Department / Human Rights Roadmap		ERM, site social assessments and supply chain assessments
Supply Chain	% suppliers at risk % action plan launched	Procurement / Sustainable Supply Chain Roadmap		ERM, audits Self questionnaires

Lead the journey towards clean aerospace

6.1.2 Climate change

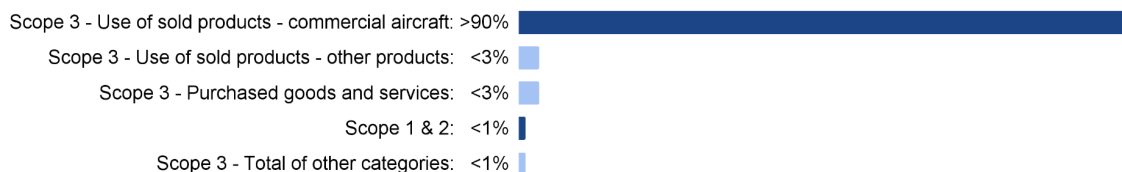
I. Introduction

In line with the Company's purpose, "pioneering sustainable aerospace for a safe and united world", and its aim to lead the transition of the air transport sector towards its net-zero carbon emissions aspirational goal, the Company's foremost ambition as an aircraft manufacturer is to bring the first hydrogen-powered commercial aircraft to the market by the middle of the next decade, and to play a leading role in the decarbonisation of the aviation sector. In parallel, the Company is investing large resources into examining and reducing the impact of its products in operation together with all actors within the aviation sector. Consideration of greenhouse gas ("GHG") emissions throughout the value chain, which are predominantly carbon dioxide (CO₂) emissions, is a key focus for the Company's analysis of its contribution to climate change. The non-CO₂ effects of aircraft operations are also being studied in order to determine their potential contribution to the climate (see Transition plan - Product stewardship).

CLIMATE CHANGE	GRI	SASB	SDGs	Others		
	302 Energy 305 Emissions	- Energy Management - Fuel Economy & Emissions in Use-Phase	9-12-13-17	TCFD Vigilance plan		
Highest governance body(ies) involved	Board of Directors / ECSC Executive Committee / Environment Executive Steering Committee					
Related corporate policies	Environmental Policy, Code of Conduct					
Management system certifications / labels	EMS - Environmental Management System, ISO14001 - 88% of workforce covered SBTI-validated emission targets					
KPIs	Target	2015 baseline	2021	2022	2022 vs. 2021	2022 vs. baseline
CO ₂ e ⁽¹⁾ Scope 1 & 2 (ktons)	2030: -63% in line with 1.5°C pathway, and neutralising residual emissions	1,126	809	762	-5.8%	-32%
Energy from stationary sources ⁽²⁾ (GWh)	2030: -20%	3,108	2,717	2,594	-4.5%	-16.5%
CO ₂ e Scope 3 intensity Delivered aircraft efficiency intensity (gCO ₂ /km.pax)	2035: -46%	88.8	66.3	64.4	-2.9%	-27%
Supply chain CDP engagement	"Maintain at least 75% of sourcing volume of suppliers invited to CDP who have responded"		68%	78%	+10p.p	
Other key metrics (More metrics available in the ESG Data Board)			2021	2022	2022 vs. 2021	
Scope 3 - Cat 11 - commercial aircraft - SAF as per IEA-SDS scenario (CO ₂ e ktons)			400,611	425,454	+6.2%	
Scope 3 - Cat 11 - commercial aircraft - "no SAF" scenario (CO ₂ e ktons)			458,738	494,893	+7.9%	
Scope 3 - Cat 11 - other products (incl. military aircraft and helicopters, CO ₂ e ktons)			9,343	10,703	+14.5%	
Scope 3 - Cat 1 - Purchased goods and services (CO ₂ e ktons)			8,439	N/A	N/A	
CDP Rating			A-	A-	Stable	
Percentage of responding suppliers to the CDP scoring A or B			53%	66%	+13p.p	
Remuneration	CO ₂ performance included in CEO, Executives and "Level IV" managers variable remuneration. Targets (on TCO scope): -5% in 2022, 687ktons CO ₂ e or -0.9% in 2023. 2022 performance: -8.5%.					
KPI assumptions	Metrics: see "6.1.17 ESG data board"; targets: see "IV. Transition plan". ⁽¹⁾ CO ₂ equivalent ("CO ₂ e"); ⁽²⁾ energy consumption from stationary sources and electricity;					
Additional resources	Environmental Policy Statement , Sustainability on Airbus.com , Environment on Airbus.com , CDP Climate Change Questionnaire on Airbus.com and on CDP website , ATAG Waypoint 2050 , ATAG Waypoint 2050 (cost of transition) , IEAG - GHG Reporting Guidance , IEA - Aviation report , IPCC AR6 report , Clean Sky initiative , SESAR initiative , CEDAR Chair "Chair for Eco-Design of Aircraft" together with ISAE-SUPAERO , ATM decarbonisation potential by Eurocontrol					

Climate change is considered by the Company as a financially material topic and is one of the top Company risks (see risk factors and risk management section hereafter). Impact materiality was also confirmed through the comprehensive Scope 1, 2 and 3 screening completed in 2022 in the framework of the Company submitting targets for validation of the Science-Based Target Initiative ("SBTi"), using the recommended Greenhouse Gas Protocol methodology.

While Scope 1 & 2 represent less than 0.2% of total emissions each, Scope 3 category 11 - Use of sold products - has been identified as highly material for the Company, representing above 90% of total emissions. The second most material was Category 1 - Purchased goods and services, representing around 2.5% of total emissions (see figures in table below). For those categories, more precise methodological inventories have been developed (see "6.1.17 ESG data board / Environmental performance").



CO₂ emissions from commercial aircraft in operation appear to be the most material category. According to both the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), air transport represented over 2% of global man-made GHG emissions in 2021. While this makes the decarbonisation of aircraft operations the absolute priority, addressing emissions from upstream industrial operations, including the Company's own, is also seen as an important objective. In this context, the Company's roadmap to decarbonisation is intrinsically linked to the entire sector's. While the Company has a direct and critical role in developing and providing technical solutions, the concomitant development of adapted ecosystems will also be a key success factor, which the Company intends to facilitate and enable.

In addition, in order to better meet stakeholders' expectations and develop its own climate strategy, the Company adheres to the CDP (formerly Carbon Disclosure Project), SBTi and Task Force on Climate-Related Financial Disclosures ("TCFD") initiatives. In 2022, the Company's approach to climate change was rated A- by the CDP for the third consecutive year. In addition, the Company has recently set its first near-term science-based targets to reduce emissions on all scopes, in line with a 1.5°C temperature pathway for its Scope 1 & 2 emissions, which were submitted to SBTi in June 2022 and validated in January 2023. The following sections gather information related to the four pillars of the TCFD framework, of which the Company has been a supporter since December 2020.

II. Governance

Environmental policy

The Airbus Environmental Policy is the top level definition of the guiding principles, vision, mission and associated initiatives for the environment. The policy applies company-wide, including to affiliates where the Company owns more than half of the voting rights or the right to appoint the majority of the board directors (to the extent that the shareholders agreement and/or the level of control in force in each relevant affiliate allows it). The policy also covers the Company's employees and contractors while at the Company's sites or at work under the responsibility of the Company. It takes a holistic approach to measuring and acting upon the Company's environmental performance by assessing the environmental impact of internal operations, as well as providing capabilities to the Company's customers to reduce the impact of the products in operation. This also means introducing a lifecycle perspective and mitigating the risks and impacts at all stages of the life-cycle: from the procurement of raw materials, through the design and manufacturing of products, to their in-service life until their retirement.

Organisation and responsibilities

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

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

In 2022, the ECSC reviewed and provided guidance on a wide variety of climate-related topics, including the SBTi targets, sustainable aviation fuels, and decarbonisation of the supply chain.

To support the Executive Committee in environmental matters, especially climate-related, an Environment Executive Steering Committee (“EnC”) was established in 2019. The EnC is composed of members of the Executive Committee and senior executives company-wide responsible for environmental topics. It meets once a month to review progress and take decisions on all matters related to environmental strategy. The EnC reviews climate change related topics, including the progress on meeting objectives to reduce GHG emissions, the decarbonisation strategy and climate-related risks.

Environmental operations are led by the Sustainability & Environment department (described earlier), whose role is to guide the business on 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. It was recertified in November 2022, having previously confirmed by certification surveillance audits in 2020 and 2021. The Company’s environmental strategy is implemented operationally by dedicated multi-functional teams at corporate and/or divisional level. These cover topics such as industrial and site impact, product operation, supply chain or chemical substances.

Disclosure of environmental indicators

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

Capturing emerging regulatory requirements, stakeholder’s expectations and trends

In order to be aware of fast-evolving sustainability regulations, requirements and expectations that could impact its business, a “Sustainability Regulatory Intelligence” team monitors regulatory developments with a view to understanding, evaluating, anticipating and preparing for legal and regulatory requirements that apply to the Company’s activities and products. This Sustainability Regulatory Intelligence team covers sustainability-related topics, including: environment, human rights and sustainable finance.

III. Risk management

Environmental risks and opportunities are managed following the Company’s ERM system. A specific sustainability and environment ERM plan integrates additional requirements, defined within the ISO14001:2015 certified EMS, and provides a set of rules applicable company-wide, to ensure a consistent management of environmental risks and opportunities.

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

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

Climate-related risks and opportunities

In accordance with TCFD recommendations, the Company is strengthening its ERM risk identification process for climate-related risks and opportunities, incorporating climate scenario analysis. Climate-related risks (adaptation and mitigation) shall be deemed to be incorporated by reference and form part of the non-financial information. The Company used three temperature climate scenarios: 1.5°C, 2°C and 3°C; and three time horizons: short-term (“ST”, around 2025), medium-term (“MT”, around 2035) and long-term (“LT”, around 2050) in identifying climate-related risks and opportunities. The assessment of risks and opportunities identified by the Company is subject to revision as the methodology and process further mature.

Climate risks and methodology (including description of used scenarios) are described in “– 4.6 Risk factors – Environment, Human rights, Health & Safety risks”. They are complemented by the following opportunities identified:

- **Energy diversification - Energy source:** Exploring and identifying new business opportunities in the field of renewable and low-carbon energy (incl. through partnerships and collaboration with stakeholders) in order to position the Company in the energy value chain and contribute to the Paris Agreement temperature goals.

- **Demand for energy-efficient products - Market:** Demand for more energy-efficient products (driven by increased energy costs, carbon pricing and voluntary climate commitments) or products allowing the use of other energies could lead to an accelerated airline fleet replacement and to new business lines.
- **Growing market for Earth observation, atmospheric and weather data monitoring services - Products and services:** Increased need for Earth observation, atmospheric and weather data services (including but not limited to the following sectors: aviation, agriculture, finance and insurance) could increase market demand for certain products and services of the Company, and lead to the creation of new business opportunities.

The outcome of the Company's qualitative analysis is synthesised in the following table:

Company's climate-related risks and opportunities mapping	Climate scenario / time horizon(s) where risk or opportunity likelihood is considered medium or high, based on Company's qualitative analysis		
	1.5°C	2°C	3°C
RISKS (see "- 4.6 Risk factors" for full description)			
Transition - Technology	▶▶▶	▶▶▶	▶▶▶
Transition - Market	▶▶▶	▶▶▶	▶▶▶
Physical - Chronic	▶▶▶	▶▶▶	▶▶▶
Physical - Acute	▶▶▶	▶▶▶	▶▶▶
OPPORTUNITIES			
Energy source	▶▶▶	▶▶▶	▶▶▶
Market	▶▶▶	▶▶▶	▶▶▶
Products and services	▶▶▶	▶▶▶	▶▶▶

▶▶▶ : ST - ▶▶▶ : MT - ▶▶▶ : LT

Mitigation actions the Company has engaged, including to address these risks and opportunities are presented in the following "IV. Transition plan" section.

IV. Transition plan

Based on identified risks and opportunities, the Company has established a transition plan covering its industrial operations, products and services, supply chain, employees and communities, including relevant targets, against which performance is monitored and reported. Regarding GHG emissions, this plan was based on a scientific approach and is consistent with the aviation sector's decarbonisation long-term aspirational goal of reaching net-zero carbon emissions by 2050. Its success will depend on coordinated collaboration with numerous players in the sector.



The Company strives to have the aviation sector engaged to work towards and contribute to a just transition to a low-carbon economy, whereby air transport's decarbonisation journey is fair and inclusive. According to the International Energy Agency, based on the remaining global carbon budget and the share allocated to air transport, air transport can grow at a certain level and meet the Paris Agreement objectives. This relies in part on technological developments to improve the efficiency of air transport, in which the Company has a critical role to play. This approach also echoes "net zero carbon 2050" ambitions from international sectoral bodies such as the Air Transport Action Group (ATAG), as well as the UN specialised civil aviation body, the International Civil Aviation Organization. This is consistent with the Company's mid-term target setting, covering all three scopes, and with its core product policy that focuses on developing and delivering aircraft with lower carbon emissions while engaging with the energy ecosystem (see section 2. Product stewardship).

The cost of such a transformation of the sector is expected to be substantial. In particular, the carbon price (through taxation, emissions trading and crediting schemes) and the extra cost for sustainable aviation fuels and/or higher investments are likely to materially impact business models of operators. However, even if reportedly difficult to predict, according to a study published in 2022 by ATAG named "What will it cost to get to net-zero carbon for global aviation?", these extra costs could be offset to a large extent by more efficient operations, especially where markets are developing. This could mean limited

consequences on air fares, with differences across regions. Ultimately, the overall affordability of air travel could remain relatively similar, and so; access to air travel should be preserved for the greatest number of people, according to the report.

The required transformation of the sector also implies the emergence of new technologies and associated ecosystems, with expected impacts on jobs and required skills. Preparing the workforce for such changes will be both a social duty and an important success factor. Conversely, if uncontrolled, the development of these technologies and energies could have undesirable side effects, such as inappropriate land use impacting local communities and human rights. The Company will strive to influence the ecosystem to consider and avoid these impacts, and to engage accordingly with any relevant stakeholders in constant dialogue.

1. Industrial operations

	Commitments		2022 Progress
CO₂ emissions Scope 1&2 <i>Absolute figures</i>	2030	Target -63% (SBTi-validated) vs. 2015 neutralisation of residual emissions aligned with 1.5°C pathway	-32%  -63% 51%-to-target
	2022	Target (TCO scope): -5% vs. 2021	2022: -8.5% reported (3.5p.p. overachievement)
	2023	Target: 687 ktonsCO₂e (-0.9% vs. 2022)	
Energy consumption <i>Absolute figures</i>	2030	Target -20% vs. 2015 from stationary sources	-16.5%  -20% 83%-to-target

The Company has defined targets and ambitions for its own operations.

CO₂ emissions:

- reduce direct (scope 1) and indirect (scope 2) net GHG emissions by 63% by 2030 compared to 2015 across the whole Company reporting scope. This target is in line with a “1.5°C” pathway and was validated by SBTi in January 2023. As an additional voluntary commitment, the Company has committed to compensating all residual emissions for scopes 1 & 2 from 2023 and gradually switching to using only carbon removals from 2030 and onwards;
- beyond the mid-term plan, the Company’s ambition is to pursue reducing emissions aligned with a 1.5°C trajectory towards 2050. In order to do so, it is evaluating the future application of the SBTi Net-Zero standard and removing residual emissions as an additional voluntary commitment.
- interim targets are set in line with the Company’s 2030 roadmap. They refer to a material sub-scope of its operations representing 89% of total reported emissions in 2022, on which the Company can have a more direct control and influence (see below). This target was set in absolute value at 687kt CO₂e for 2023 (or -0.9% vs. 2022) on a scope extended to another four sites.

For performance monitoring purposes, the Company refers to Scope 1 & 2 market-based proxy - “market-based (location-based net of REC)”, i.e. location based with purchased guarantees of origin deduced. The Company is working towards improving data collection and market-based methodology implementation. Meanwhile, this metric is used by the Company to measure its progress towards its 2030 target, in order to be able to take into account the contribution of its electricity sourcing on its industrial decarbonisation target. This refining of methodology is expected to trigger restatements in the coming years, including that of the 2015 baseline.

Energy:

- reduce final energy consumption from stationary sources and electricity by 20% by 2030 compared to 2015 across the whole Company reporting scope.

In order to deliver its ambitions, the Company has developed a comprehensive action plan for both stationary (ground-fixed assets) and mobile sources (vehicles such as cars, trucks or aircraft). This takes into account both efficiency and decarbonisation measures, complemented by an offset strategy for residual emissions.

This roadmap was further strengthened in 2022, and, together with proof points, can be synthesised as follows:

	Stationary sources ~70% of energy consumption (e.g. heating, cooling, manufacturing processes)	Mobile sources ~30% of energy consumption (e.g. ground vehicles, “Beluga” air transport operations, flight test)
Energy efficiency measures	<p>Substituting energy-intensive assets by energy-efficient ones and optimising energy consumptions. In order to meet the -20% target by 2030, a portfolio of projects was identified and phased, including low-energy lighting, improved insulation, voltage management, energy-efficient heating and cooling or optimised ventilation system, as well as enabling projects such as extending metering network, and enhancing energy monitoring solutions.</p> <p>»In 2022, 17,500 fixed phones were removed across European sites. In France, it represented electricity savings of 920MWh.</p> <p>»The installation of a compressed air management system in Donauwörth has saved approximately 150MWh.</p> <p>»In Broughton, <i>automatic standby</i> in Paint Shops during weekends and shutdowns has already led to energy saving of 340MWh.</p> <p>»In the context of the energy crisis in Europe, the Company undertook a number of actions to contribute to the collective effort as a corporate citizen. This included reducing heating systems temperature by 1°C in its European sites, reducing heating device energy consumption by about 7%, and diverting from the use of gas to other sources of energy where possible in German sites.</p>	<p>Switching to lower emission vehicles where possible and avoiding emissions through better planning of flights and logistics.</p> <p>»Since 2022, new Beluga jigs and tools have enabled each logistic flight to transport 2 A350 wings instead of one previously.</p> <p>»Deployment of Airseas Seawing (see hereafter “other initiatives”) for vessels: the experiment on the “Ville de Bordeaux” transatlantic logistic vessel started in December 2021 continued in 2022.</p>
Transition to low carbon energy sources	<p>Ambition to secure at least 90% renewable or low-carbon electricity direct supply to all sites in Europe before 2030. This will be achieved with the implementation from 2023 of power purchase agreement (PPA) contracts and a combination of local projects (wind, solar), complemented by electricity generated from nuclear power. The amount of electricity purchased through the PPA contracts will increase progressively.</p> <p>»The renewable power purchase agreement (PPA) project launched in 2020 reached a major milestone in 2022 with the validation of renewable and low-carbon power purchase requirements as well as finalising the selection of suppliers. The Company is making progress on contracting for 2023 and 2024.</p> <p>All remaining purchased electricity in Europe will be covered by guarantees of origin (GoOs) from 2024. In 2030, this will represent a maximum of 10% of consumed electricity.</p> <p>»Since 2019, the share of electricity consumption from industrial operations in Europe which is covered by GoOs has increased annually by 10%, exceeding 40% in 2022.</p> <p>In addition, the Company is investigating similar opportunities in other regions (e.g. USA, China).</p> <p>More efficient heating systems energy sources.</p> <p>»The installation of a combined heat and power plant (CHP) in Donauwörth led to a further saving of 1,800t of CO₂.</p> <p>»An <i>Enthalpy Recovery</i> project in Illescas and energy consumption by 1,089MWh resulting in about 380t CO₂e saving.</p>	<p>Using lower carbon fuels (e.g. SAF). The share of SAF used in the Company’s own operations will progressively increase to at least 30% by 2030. The Company set an interim target of 10% in 2023 for its commercial aircraft activities and its Helicopters Division. This will concern flight tests, delivery flights and logistic flights (Belugas). In addition, the Company also started using sustainable fuels for its maritime logistics.</p> <p>»Since 2019, SAF has been used in the operation of the Company’s Beluga transport aircraft for the purpose of internal logistics.</p> <p>»In 2022, flight test activities in both Divisions started using SAF. In total, an estimated 4,823tons CO₂ were saved during the year when compared to conventional kerosene.</p>

Carbon offset strategy

The Company has committed to remove 100% of its residual emissions by 2030, which will represent around 400kt CO₂e in 2030. It will start with compensating all remaining emissions from 2023, with a gradual phase-in of carbon removal solutions to cover 100% of residual emissions by 2030. Both nature-based and technology-based solutions are considered, in alignment with the Intergovernmental Panel on Climate Change reports.

Since 2019, the Company has introduced a mechanism to compensate for its business travel emissions 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 purchased by the Company are certified by the Gold Standard or Verra or Verified Carbon Standard or Climate, Community and Biodiversity Standards and the supplier needs to show proof of how each one of the mentioned criteria was met. In addition, understanding that these carbon offsetting programs may have gaps in their methodologies, additional proof is requested of how such gaps are managed by the provider. Moreover, societal aspects are considered, such as prevention of child labour, respect of human rights and relations with the communities surrounding the projects.

The volume of offsets required in 2022 was around 45ktCO₂e procured through offset producer South Pole in the form of a cluster of compensation and removal projects: afforestation (VCS), landfill gas and waste gas (GS-VER), forest conservation (VCS-CCBS). This contract with the South Pole has been reviewed to cover the full volume of 2023 residual emissions, estimated to be over 700kt CO₂e.

In addition, the Company plans to secure 2024-2030 volumes well in advance. Terms will meet underlying principles of progressive transition towards 100% removals, as well as a relevant mix of nature-based and technology-based solutions.

»In 2022, to foster tech-based solutions development, the Company has partnered with 1PointFive, a US company, and has pre-purchased 100,000 tons of carbon removals per year over four years – or 400,000 tons in total – as part of an initial offtake. A portion of these volumes will be allocated to the Company’s scope 1 & 2 offset strategy.

As an enabler for consistent decision making, the Company uses an **internal carbon price** to support investment with positive energy and CO₂ reduction impacts on operations. In 2021, this price was updated from 30 €/tCO₂ to **150 €/tCO₂**, giving a clear signal to project leaders on the importance of CO₂ footprint reduction and enabling an acceleration of project portfolio implementation.

Tracking progress and performance

In 2022, scope 1 & 2 GHG emissions have decreased by around 5.8% (-8.5% on TCO scope), exceeding the target, primarily due to four factors: the acceleration of energy saving investments and of SAF usage (that reached over 3% of the Company’s total aircraft fuel consumption (see above)), the lower-than-planned industrial ramp-up, the deployment of additional energy saving measures in the context of the energy crisis, as well as clement weather conditions especially over the last months of the year.

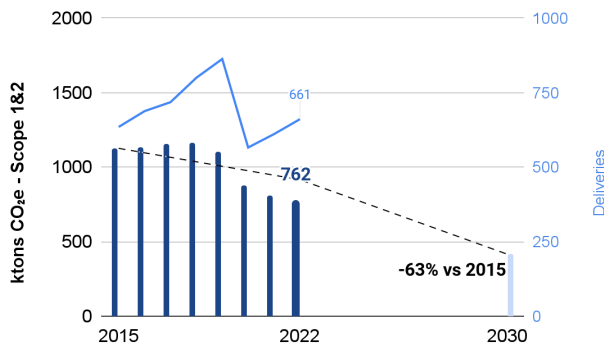


Fig. CO₂ performance vs. revised ambition

TCO	Target	2021	2022	YoY Change
CO ₂ e (ktons)	-5%	741	678	-8.5%

Verified by EY®, based on limited assurance.

The TCO scope is reviewed annually. It covered 89% of total emissions in 2022. Data were updated to reflect change in TCO scope accordingly. Geographical scope: In 2022, **48 sites**. Scope of metrics: Scope 1 & 2 and notably excluding refrigerant leakage, electricity on site from CHP, emissions due to processes, as well as excluding DFO for 12 sites and heating for 1 site representing less than 4 ktons CO₂e in total. Scope 2 is location based with purchased guarantees of origin deduced.

Additional performance metrics are disclosed in “- 6.1.17 ESG data board / Environmental performance”.

states adopted a long-term aspirational goal (LTAG) that sets the objective of net zero carbon emissions in 2050 for international civil aviation operations. This paves the way for the transformation of the aviation sector on a level playing field and will accelerate the development of mitigation measures such as fleet renewal, aircraft and engine technologies, alternative energy sources such as SAF or green hydrogen, and the optimisation of the operational practices and air traffic management enhancements. The Company fully supports this international achievement.

The Company's roadmap to reducing emissions

In this context and as a core axis of its strategy, the Company aims to accelerate the development of lower emission technologies in order to market lower carbon aircraft such as hydrogen-powered aircraft. Fostering the ecosystem readiness including associated infrastructure and the dynamic deployment of SAF will be another priority, in order to achieve the ambition while minimising the recourse to offsetting, as presented below.

» Strategic pathway 1

Renew current fleets with best-in-class aircraft

Around 75% of the global commercial aircraft fleet is still made up of older generation aircraft, while **latest generation aircraft are up to 25% more efficient** than the previous generation. Renewing the fleet therefore offers immediate huge potential for aviation decarbonisation.

The Company's commercial aircraft portfolio includes the most efficient aircraft:

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

The Company is continuously improving its products through new aerostructures designs and technologies, advanced materials, upgraded systems and more fuel-efficient engines aiming to achieve CO₂, NOx and noise emissions reductions in operations.

»In 2022, 99% of the delivered commercial aircraft corresponded to latest generation aircraft (2021: 95%).

»Continuous improvement commitment is also reflected by the Company's contribution to Europe's CleanSky2 programme: a military aircraft C295 from the Company has been used as an in-flight technology demonstrator, Flight Test Bed.

» Strategic pathway 2

Developing and deploying SAF, with all aircraft types 100% SAF compatible before 2030.

In order to accelerate its action plan, the Company strengthened its governance on this matter by creating a dedicated project team, responsible for the end-to-end SAF roadmap strategy and deployment.

► Deliver technical capability

Although they currently represent a small share of aviation's fuel use, SAF are key for the air transport sector decarbonisation strategy. All the Company's commercial aircraft are already certified to fly with a fuel blend of up to 50% SAF. SAF produced by using most advanced pathways can provide CO₂ emission reductions of up to 80% throughout their life cycle. This means that already today, the emissions from aircraft currently offered by the Company could be reduced by ~40% if their full blending capability was used.

Looking ahead, the Company's ambition is to have **all its aircraft** platforms, including helicopters, **capable of being operated with 100% SAF before the end of the decade**.

The 50% limit is set today to ensure the blended SAF fits within the JetA specification, and thus can be used on aircraft with no modification. Going beyond this limit implies either modifying the aircraft, and surrounding infrastructure, to adapt to what would be a new fuel, "non-drop in", or working on a purely synthetic

»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 460,000 commercial flights have used SAF and more than 1 million flights with SAF are expected by 2025 (source: IATA, flynetzero, 2021).

»Besides ECLIF and VOLCAN projects, flight test campaigns started with the A380, with the A320 powered by P&W, and with the H225 helicopter (with both engines).

fuel that would fit within the JetA specification, “drop in” solution.

The Company is involved in two main research projects: VOLCAN (A319 with CFM engines) and ECLIF3 (A350 with Rolls Royce engines), conducted in partnership with important actors of the industry. Both projects aim at assessing the impact of 100% SAF (non-drop in) on engine and fuel systems while measuring the positive impact on aircraft’s emissions and fuel efficiency. Both projects will pave the way for going beyond current maximum blending levels for SAF (currently 50%). They will allow the Company to collect information and enable further research activities and technical work in order to reach the goal of gaining 100% SAF certification for commercial flights.

► **“Prime the pump”**

In addition, as an aircraft operator through its flight tests and internal logistics, the Company strives to “prime the pump” by demonstrating market demand (see industrial operations).

In the context of the developing regulatory frameworks fostering SAF market growth, the Company supports policies that would incentivise SAF production and usage at affordable costs. In particular, the Company is supporting and sharing industry best practices, looking at production levels assessment, life cycle analysis methodology and sustainability criteria and standards harmonisation.

► **Foster SAF ecosystem readiness and partnerships**

The Company believes a coordinated action of all actors could foster a 10% SAF penetration at the global level by 2030.

Today, SAF production is very limited. The price and global production capacity remain the main constraints for operators, preventing large-scale incorporation of these types of fuels. A rapid ramp-up is necessary to enable the aviation sector’s ambitions and to decrease the emissions of the Company’s product in use. Matching SAF production and demand is essential to achieve the establishment of the SAF market.

The Company supports decarbonisation scenarios which include an ambitious rollout of SAF using all possible pathways (HEFA, alcohol-to-jet, Fischer Tropsch, power-to-liquid, etc.).

Actions need to be global and associated with regulatory frameworks and incentivisation schemes. It is necessary to create market emergence conditions:

- give visibility and confidence to producers, be capable to attract investors;
- give access for end users (airlines) to enough volumes at a fair price, and maintain a level playing field for aviation.

Positive momentum is seen in the EU and in the USA. A similar pace for creating a favourable ecosystem is needed worldwide. Creating favourable conditions for the SAF market to develop can be achieved if stakeholders gather together in collaborative platforms such as Commercial Aviation Alternative Fuels Initiative (CAAFI) in the US.

»Flight tests using blended SAF were also performed on the A400M and C295 military aircraft. The Company, the Organisation for Joint Armament Cooperation (OCCAR) and the A400M customer nations are engaged in initial discussions to develop the roadmap towards the certification and operational use of 100% SAF in military aircraft.

»In addition, the Company and other industry partners have carried out in 2022 the world’s first 100% SAF flight using an in-service military aircraft.

»While the aviation sector contemplates an objective of 10% SAF globally by 2030, today’s pipeline of demand hardly exceeds 20 Mtons, suggesting necessity for further acceleration.

»The USA Sustainable Skies Act targets 3 billion gallons annually by 2030.

»The EU’s current “ReFuelEU” legislative proposal targets a 5% SAF mandate for 2030 growing to 63% by 2050 (including >28% synthetic e-fuels).

»The Company estimates that products delivered in 2022 will see their life-time emissions reduced by around 14% thanks to the gradual introduction of SAF during their operational life (compared to a “no SAF” scenario). This considers a SAF penetration scenario aligned with the IEA SDS (ETP2020), and with the Company’s scope 3 disclosure and SBTi-validated target.

»The Company is engaged in many initiatives and partnerships promoting the development of SAF production and use, participating for instance in the World Economic Forum, including its “First Movers Coalition” and “Clean Skies for Tomorrow” coalition, and in the Coalition for the Energies of the Future. This also includes partnerships with producers such as the agreement signed in 2022 with Neste, aiming to accelerate the aviation sector’s transition to SAF.

»As a member of ICCAIA (through ASD), the Company has actively supported the activities of ICAO defining the 2050 net zero carbon LTAG for civil aviation and continuously contributes to the Committee on Aviation Environmental Protection (CAEP) on SAF.

»The Company contributed to the 2019 study from which the French SAF roadmap was developed.

As of 2022, 38 countries have implemented SAF policies to support the industry's ambition, according to IATA.

»In the UK, the Company is a member of the Jet Zero Council under which a SAF delivery group has been put in place.

► Regarding SAF production, the Company supports CORSIA's standard emphasising the necessity to respect land rights and land use rights including indigenous and/or customary rights. The Company is committed to complying with local regulations and CORSIA's standard for its own usage.

►► Strategic pathway 3

Investing in technologies to reduce product emissions

► Disruptive engines and airframe to further reduce emissions

On the engine side, the Company is closely following innovations coming from the engine manufacturers, and supporting them to adapt their latest innovation to aircraft needs.

The wings are often referred to as the second main lever to reduce aircraft emissions. Several technologies are being studied such as:

- The Company's transnational research & technology programme, "wing of tomorrow", has successfully delivered a first full-size wing prototype or 'demonstrator' that will help mature next-generation wing technologies.
- The completion of the first of three fully composite wing demonstrators marks the integration of more than 100 different component and manufacturing technologies that include an all-new industrial assembly system, and which have helped validate key automation targets.
- Wing of tomorrow is particularly efficient thanks to the incorporation of lighter composite components and of a folding wing tip.

»In July 2022, the Company partnered with CFM to test flight the "open fan" technology. The open fan architecture is a key component of the engine maker's "revolutionary innovation for sustainable engines" (RISE) technology development programme - aims to demonstrate and mature a range of new technologies for future engines that could enter service by the mid-2030s. The open fan engine will be tested on an A380 in the second half of this decade.

»The "eXtra performance wing project", launched in September 2021, improves wing aerodynamics and performance that is intended to be compatible with any future aircraft configuration and propulsion system to reduce CO₂ emissions. In April 2022, The Company completed wind-tunnel testing of its eXtra performance wing demonstrator.

► Hydrogen-powered commercial aircraft ambition by 2035

The Company believes hydrogen is one of the most promising technologies for reducing aviation's climate impact. If produced from low carbon electricity through electrolysis, it allows a significant reduction in overall emissions.

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

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

From hydrogen propulsion to hydrogen-based synthetic SAF, from pod configuration to blended-wing aircraft, the Company is evaluating, maturing and validating radical technological breakthroughs.

»In 2020 the Company revealed three different hydrogen-powered "ZEROe" concept aircraft. They illustrate the research that the Company is investing in with the objective to bring a hydrogen-powered commercial aircraft to market in 2035.

»Progress was made in key areas in 2022:

- The launch of the hydrogen combustion engine A380-based demonstrator, in partnership with CFM;
- The iron pod of a first fuel cell powered engine is ready to be tested in the EAS test house, and the launch of its associated demonstrator, also based on a modified A380;
- The launch of the Blue Condor demonstrator to study and assess the impact of non-CO₂ emissions induced by hydrogen combustion;
- The launch of "Zero-Emission Development Centres" around Europe (France, Germany, Spain in 2021; UK in 2022), and the first prototype of cryogenic tanks -and coldbox- tested with nitrogen and then hydrogen.

►► Strategic pathway 4

Investing in smart air traffic management (ATM) solutions and optimised operations

Improving the efficiency of air transport operations and infrastructure could reduce emissions by up to 10% (source: ATAG).

The Company therefore supports initiatives aimed at reducing ATM inefficiencies such as the Single European Sky Air Traffic Management Research programme (SESAR), while working on disruptive practices like formation flying. The Company also focuses on developing fuel saving procedures for airports and ground operations to minimise the use of engine power and auxiliary power units (APU) while the aircraft is on the ground.

The Company organises face-to-face forums and webinars every year with airlines to exchange knowledge on how to improve ground and in-flight operational efficiency and using latest technological solutions. Namely, a "fuel efficiency network" has been developed with representatives of the ecosystem including airlines, ATM, engine manufacturers, airports and suppliers.

In November 2019, the Company launched the fello'fly project which aims to demonstrate the technical, operational and commercial viability of two aircraft flying closer together for long-haul flights. Through fello'fly, the follower aircraft will retrieve the energy lost by the wake of a leader aircraft by flying in the smooth updraft of the 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.

Through its subsidiary Navblue, the Company provides services helping its customers to minimise fuel consumption with best operational practices, innovative services and training.

Through its subsidiary Metron, the Company provides solutions to airports, authorities and airlines to optimise air traffic management taking into account live congestion and weather condition data, hence reducing engines' running time and fuel burnt. In 2022, flights in the airspace of nine countries could benefit from it.

»Coordinated by the Company in the Single European Sky ATM Research program (SESAR), ALBATROSS launched in 2021, is an initiative of major European aviation stakeholders to demonstrate how the technical and operational innovations the Company delivered in the past years can be combined and used all together to further reduce the environmental footprint of aviation on the short term. It includes technologies such as continuous climb and descent operations, flight trajectory optimisation with real-time transmission of four-dimensional trajectory data and hybrid "taxibot" assistance on ground operations.

»By end 2020, the Company's fello'fly demonstrator project had signed agreements with two airline customers, Frenchbee and SAS Scandinavian Airlines, as well as with three Air Navigation Service Providers (ANSP) - France's DSNA (Direction des Services de la Navigation Aérienne), the UK's NATS (National Air Traffic Services) and European Eurocontrol - to demonstrate its operational feasibility. In November 2021, two A350 test aircraft conducted the first-ever transatlantic fello'fly flight confirming the potential for fuel savings of more than 5% during long-haul flights.

»In 2022, Metron's ATM optimisation solution deployment was further extended to Qatar and expanded in Singapore. It is estimated that some 2Mt CO₂ were avoided in 2022 by the global fleet thanks to this innovation.

►► Strategic pathway 5

Encouraging temporary CO₂ emission compensation schemes

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

The Company believes that direct air carbon capture and storage (DACCS) is a high-potential technology that could turn out to be meaningful in carbon schemes applicable to aviation at some point. It involves capturing CO₂ emissions directly from the air using high powered fans. Once removed from the air, the CO₂ can be used to produce power-to-liquid SAF that is drop-in compatible with today's aircraft. As the aviation industry cannot capture CO₂ emissions released into the atmosphere at source, captured atmospheric CO₂ can also be safely and permanently stored in reservoirs within rock formations. This latter carbon removal solution would allow the sector to extract the equivalent amount of emissions from its operations directly from the air, thereby removing residual emissions.

»In 2021, the Company and a number of major airlines – Air Canada, Air France-KLM, easyJet, International Airlines Group, LATAM Airlines Group, Lufthansa Group and Virgin Atlantic – have signed Letters of Intent (LoI) to explore opportunities for a future supply of carbon removal credits from direct air carbon capture technology.

»In 2022, the Company partnered with 1PointFive and pre-purchased 400,000 tons of carbon removals (see *Offset Strategy* above). It also invested in Carbon Engineering Ltd., a Canadian-based climate solutions company, operating the largest Direct Air Carbon Capture (DACC) Research & Development facility in the world.

Non-CO₂ effect impacts

Aircraft engines produce emissions linked to the fuel combustion and indirect emissions formed in its wake. Those emissions, which have an impact on climate when flying in high altitudes, include carbon dioxide (CO₂), nitrogen oxides (NOx), water vapour (H₂O), nvPM (non-volatile particulate matter of black-carbon or soot), sulphur oxides (SOx) and condensation trails. Depending upon prevailing weather conditions, altitude and geographical location, non-CO₂ emissions can change the chemical composition of the atmosphere and the cloudiness, which in turn affect the climate. CO₂ emissions contribute to increased atmospheric CO₂ concentrations, which induce a low and positive radiative forcing, but with cumulative effects due to the long lifetime of this greenhouse gas in the atmosphere. Non-CO₂ emissions do not have the same cumulative effect as CO₂. Non-CO₂ forcers such as contrail-cirrus and NOx are short-lived components that have stronger, but time-limited effects. Uncertainties are still high on the exact impact of non-CO₂ emissions of aviation. Lee et al. 2020, states that uncertainties around the contribution of non-CO₂ emissions on aviation's net effective radiative forcing (ERF) are ~8 times higher than those of CO₂.

Non-CO₂ emissions can have both positive and negative radiative impacts. In particular, contrail-cirrus can have large cooling or warming effects depending on several factors such as their location and time of generation, spatial coverage, lifetime, or optical properties (ice crystals size, shape, density), though the effect at night is exclusively warming.

The Company is actively working on a large portfolio of projects focused on increasing the understanding of non-CO₂ emissions generation, their evolution and their climate effects, but also to evaluate and develop solutions covering several promising mitigation options impacting three well-identified domains: through the use of new energies such as SAF or hydrogen, enhanced engine technology and flight operations (implementation of operational/ATM measures). These include:

- On SAF, the ECLIF and VOLCAN projects included a DLR's Falcon aircraft, flying within 100m behind the Company test aircraft fuelled with 100% SAF, to capture and analyse in-flight data. The preliminary observations show a positive impact of SAF on aircraft emissions, and the tests will continue in 2023.
- On hydrogen, the Company launched Blue Condor in 2022, a demonstrator taking a modified glider up to 33,000 feet to analyse hydrogen combustion's impact on contrail properties. The result of this analysis will provide critical information on aviation's non-CO₂ emissions, including contrails and NOx, in advance of the ZEROe demonstrator flight testing.
- On operational measures, the Company announced in 2022 its participation in the Contrail Impact Task Force, a cross-sector cooperation led by the RMI (Rocky Mountain Institute) to explore opportunities to address the warming impact of certain contrails. It also submitted a project proposal in the frame of SESAR 3. If selected - expected early 2023, as expected, the Company's project (due to start in 2023) will run for three years with the objectives of improving weather forecasting capabilities, improving climate impact assessment, defining a climate-optimised concept of operations and trialling system solutions at aircraft and ATC level. The project will bring together experts and partners from climate science, meteorological institutions, airlines, manufacturers and air traffic control. to focus on effective and operationally viable solutions to aviation non-CO₂ emissions.

Products and services supporting climate monitoring and adaptation

Climate change-related disasters are set to become more intense and frequent. This will require immediate action from rescue teams for whom the Company's products play an important role. For instance, the Company's helicopters are used by public authorities around the world in missions linked to disaster risk management, including medical evacuation, search and rescue or firefighting operations. In 2022, around 20% of delivered helicopters were equipped for such missions.

Military aircraft platforms can play a crucial role in the protection of populations from natural disasters, such as for example during the aftermath of hurricane "Irma" in 2017 when several European nations used their A400M and C295 aircraft to transport first aid and humanitarian equipment to several impacted Caribbean islands. In July 2022, a removable firefighting demonstrator kit was successfully tested on the A400M airlifter during a flight test campaign in Spain. Due to its low-level flight capability and manoeuvrability at low speeds, the A400M can accurately drop payloads of water at very low heights, down to 150ft.

The Company's space products also play an important role in the understanding of climate phenomenon and monitoring of their evolution. Today, 20 of the Company's satellites are involved in climate change monitoring and an additional 20 are in development. As climate adaptation entails preparing for natural disasters, this critical geospatial data enables the Company to deliver data that helps governments and humanitarian agencies predict and manage disasters. Earth-observation satellites allow the monitoring of deforestation, rising sea levels and greenhouse gas emissions in the atmosphere. The Company is involved in all major environment-monitoring satellite programmes in Europe and plays a key role in all 12 of the Copernicus missions, the EU's Earth Observation Programme. For instance, the Sentinel-5 Precursor satellite is fitted with an array of measuring equipment used for air quality, ozone and ultra-violet radiation, and climate monitoring and forecasting. Sentinel-5P takes up to 40 million observations per day and provides a much finer view of emissions than previous satellites or detectors on the ground.

In 2022, the Company has progressed on the development and testing of new technologies that will be featured on biomass, the first ever satellite that will report how much CO₂ is captured by the world's forests. The spacecraft will deliver accurate maps of tropical, temperate and boreal forest biomass and changes in the biomass stock that are not obtainable by ground measurement techniques. In arid areas of the planet, it will see through to the underlying bedrock, enabling mapping of the rock structure and search for subterranean reservoirs of water.

Upcoming missions also include EarthCARE, monitoring the impact of clouds and tiny atmospheric particles (aerosols) on atmospheric radiation; Merlin, studying greenhouse gases and global warming; and Microcarb, measuring CO₂ levels.

The Company's satellite-based services help support a more sustainable agriculture. They provide insights enabling reduction in the use of nitrates, and play a significant role in helping agro-industrial companies like Ferrero or Nestlé monitor adherence to their non-deforestation commitments. The Company's Pléiades Neo constellation delivers precision insights to help farmers cultivate their fields more sustainably in the context of a changing climate. Pléiades Neo's Red Edge band makes it possible to accurately predict and pinpoint subtle stress situations in crops long before the problem can be detected with conventional vegetation indices or even the human eye. This information will allow farmers to assess the root cause of the problem and take remedial action before the ailment spreads or crops are lost, enabling more effective climate adaptation.

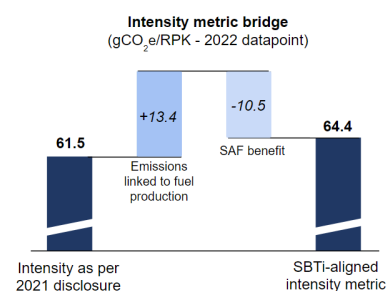
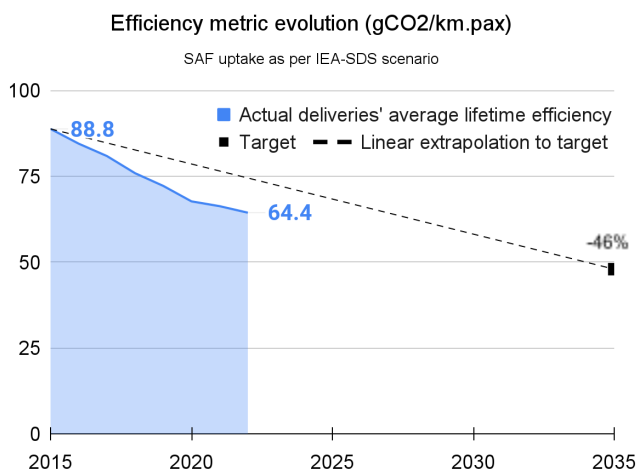
Investing in the future

The Company is investing in and accelerating its efforts on five complementary strategic pathways to reduce its environmental footprint, in support of the overall sector ambition, as highlighted above. Overall, a major portion of the Company capital expenditures (CapEx), research & technology (R&T), and research & development (R&D) expenses is linked to its commercial aircraft activities and the realisation of these five decarbonisation pathways. In 2022, the total R&D spend of the Company amounted to € 3.1 billion (2021: € 2.7 billion).

Progress and performance

In 2022, the Company delivered 661 commercial aircraft. Of note, the emissions of five A330-200 aircraft destined to A330 MRTT production are excluded from the commercial aircraft perimeter and included in the military aircraft perimeter as part of the "other products" category. Based on an average life-time in service of around 22 years (average life-times specific to each aircraft type were used in the calculation), and SAF uptake assumptions as per IEA-SDS scenario 2020, the total CO₂ emissions for these products over their anticipated life-time is estimated at around 425MtCO₂e, which translates to an average efficiency of 64.4gCO₂e per passenger-kilometre. In 2021, the Company delivered 611 aircraft with resulting estimated life-time emissions of around 400MtCO₂e and average efficiency of 66.3gCO₂e per passenger-kilometre.

In 2022, in order to align with SBTi-validated target methodology, the Company established a new efficiency metric that will be used for performance measurement. Namely, the difference in the two efficiency metrics can be explained by differences in the following two key assumptions: the integration of emissions related to the upstream fuel production and the consideration of the likely usage of SAF over the product lifetime, as per the IEA-SDS assumptions, as illustrated on the chart for the year 2022. The Company estimates that products delivered in 2022 will see their life-time emissions reduced by around 14% thanks to the gradual introduction of SAF during their operational life. For all reported Scope 3 figures and performance metrics, see " - 6.1.17 ESG data board".



Efficiency metric (SBTi-validated target) - Since 2015, aircraft efficiency measured through this metric has improved by 27%, largely supported by significant investments into new aircraft technology and designs, as well as by projected SAF uptake impact to a lower extent. Given the variable time horizons of each of the five decarbonisation pathways presented above, it is expected that the increase of SAF used by airlines in the coming decades will have a decisive impact for achieving this -46% target by 2035. The Company intends to develop means to monitor the actual availability of SAF and the resulting impact on aircraft emissions.

3. Supply chain engagement

	Target	2022 Performance
CDP Engagement Suppliers responding to CDP questionnaire	Maintain at least 75% of sourcing volume (based on year-1 turnover)	78% +3p.p vs. target

While the greatest contribution from the Company's supply chain to decarbonisation will be the capacity of its suppliers to accompany the development and delivery of technical solutions, getting its whole supply chain operations engaged into the transition towards a low carbon economy also remains a priority.

Scope 3 Purchased goods and services

In 2021, the Company published a first evaluation of the GHG emissions arising from the goods and services it purchases (Scope 3 – Purchased goods and service) based on its 2020 spend that amounted to 11.3 MtCO₂e. In the course of 2022, the calculation methodology has been refined which resulted in a reduction of 12.5% of reported emissions to 9.9MtCO₂e. Following similar assumptions, emissions based on 2021 spent were estimated at about 8.4MtCO₂e. 2022 estimates will be computed in early 2023 as spent data consolidation is completed.

These evaluations were performed using a dedicated tool developed by the International Aerospace Environmental Group (IAEG) and are expected to be further refined in the coming years as *mass-based* information can be used. See methodology details in “- 6.1.17 ESG data board / Environmental performance”. While this method includes a certain degree of uncertainty - considered high by the IAEG on a certain number of emissions factors used - it provides a relevant view of the sources of GHG emissions in the Company's supply chain and enables comparison of the Company's various scopes throughout its supply chain.

Notably, this evaluation helped prioritise the engagement with the highest contributing suppliers, through the CDP (see hereafter) or the Airbus Supplier Code of Conduct (see “- 6.1.15 Responsible supply chain”).

CDP (formerly Carbon Disclosure Project)

In addition, the Company considers a CDP score as a relevant indicator for assessing the maturity of its suppliers to address climate change, and requests its main suppliers to respond to the CDP Supply Chain program on an annual basis. In 2022, it continued engaging with suppliers representing 82% of the Company's total sourcing volume, following which suppliers representing 78% of the Company's sourcing volume have completed the CDP questionnaire. In 2022, suppliers representing 66% of the sourcing volume received an A or B score.

Sending feedback letters to all suppliers after the 2021 campaign has allowed the Company to raise the awareness of suppliers and propose areas of improvement. From the 2022 campaign results, the Company is going to request multi-year action plans from suppliers that got a C or D score in order to foster improvement in the management of their carbon footprint. These action plans will be followed up by the procurement organisation.

4. Employee engagement

Contribution of Company culture and employee engagement to climate objectives

Success can only be collective and the engagement of each and every employee is necessary. Environmental targets and objectives, including the ones related to climate, are internally promoted under the label *high5+*. Periodic communication campaigns are led using different communication channels, such as posters and the intranet. In addition, climate-related objectives are part of the Company Top Company Objectives (“TCO”). In the process of being cascaded to functions and teams, TCO trigger discussions where teams reflect on how and to what extent they can contribute and set meaningful objectives. Furthermore, a dedicated section in the Company's intranet provides information about the Company's commitment towards climate, and related action plans are available for employees to expand their awareness. On the training platform, e-learning in relation to climate, such as “climate crisis”, “climate science”, or “climate change economics”, are freely available to employees while one environment-related e-learning has been included since 2022 in the Company mandatory yearly training plan, applicable to all employees. From October 2021 to September 2022, some 73,457 employees were trained in environmental awareness.

Since 2021, the Company has established a global sustainability ambassadors network now comprising 448 ambassadors from across 18 functions and 18 countries. Ambassadors help to foster sustainability culture and awareness, engage their local teams in various initiatives, and support the adoption and integration of sustainability objectives into the business, including climate and communities. In addition, in 2022, through the Company's "+impact" digital platform (launched across the Company in November), employees had the chance to participate in several climate change-related challenges inspired by international days such as World Water Day and UN Earth Day, recording over 1,700 individual actions (see "6.1.16 Community impact").

Incentivised remuneration

In order to better embed this ambition into the Company's performance management, CO₂ performance targets have been included in variable remuneration schemes since 2021 (See "6.1.1 The Company's approach to sustainability / Governance"). Such short-term incentivisation enables to accelerate the transformation of the Company and cultural shift. The Executive Committee agreed in 2021 to include a reduction target for 2022 (compared to 2021) of -5% for CO₂ Scopes 1 & 2 (TCO scope, see above), part of the Top Company Objectives. The 2022 target was overachieved with an actual performance of -8.5%. This target was set in absolute value at 687kt CO₂e for 2023 (or -0.9% vs. 2022). In addition, when relevant, the transposition of TCOs into individual or team objectives may impact the variable remuneration of concerned employees, such as engineers working on decarbonisation-related projects, or employees working on the Company's industrial decarbonisation roadmap.

Competence management and employability

The Company's transition plan largely relies on technology and innovation. Anticipating, developing and securing required competencies will be decisive, both for the Company to be able to deliver on its commitment and for employees' skills to be adapted to a changing world. Due to the significant impact of lower-carbon aviation and eco-design (product) on its business, the Company estimates that at least 50% of engineering profiles will have to be upskilled by 2030. "Clean and Sustainable Aerospace" is identified as one critical skill group in the Company's competence strategy. Specifically, identified skills requiring priority action are: hybrid propulsion, hydrogen, electrical high voltage, cryogenics - directly related to decarbonisation innovation - as well as supply chain environmental impact analysis or eco-design. Dedicated learning paths are being developed and deployed under the leadership of academies in the Company functions. In addition, when needed, targeted external recruitments will enable the Company to align its workforce skills with its business challenge.

5. Engaging the ecosystem

Cooperating with the scientific community and universities

Climate change is a critical challenge for humanity, and the Company believes innovation and technology can bring some pieces of the solution. Achieving this common goal will require all forces from the scientific community to be joined. Hence the Company participates in a number of research programs worldwide; it is committed to sharing acquired knowledge that could help accelerate the progress of science. For instance, the Company is collaborating with the DLR in Germany, Manchester Metropolitan University in the UK, with the ONERA or the Montpellier Business School in France, the Denmark Technical University in Denmark, the Massachusetts Institute of Technology (MIT) in the USA, the Tsinghua University in China or the European Joint Research Centre. The Company also created the CEDAR "Chair for Eco-Design of Aircraft" together with ISAE-SUPAERO (French aerospace engineering school) in 2013. This five-year chair aimed to define disruptive concepts in air transport by introducing, from the start of the design, innovative technologies. In 2019, the partnership was renewed and adopted the main learnings of previous years all while integrating a more comprehensive environmental engineering approach. The CEDAR Chair is composed of international scholarships, interdisciplinary program of student projects derived from concrete industrial cases in the field of "Future Aircraft Design", and environmental engineering certificate with focus on the issues of sustainable development, offering an approach to design aircraft over the entire product life cycle, addresses eco-mobility and the economics of air transport. It also provides a research component that focuses on technological developments that will improve the implementation of air transport solutions, making it possible to reduce the global ecological footprint.

Engaging with policy makers

Leveraging on the Company's unique understanding of aerospace industry specificities, the Company is engaged in a constant dialogue with policy makers, directly or through trade associations. Such engagements are performed in

compliance with the Ethical business conduct principles described in section “- 6.1.14 Business integrity”, the Company’s Code of Conduct and the Company’s Responsible Lobbying Charter.

In 2022, as a member of the industry association ICCAIA through the ASD, the Company actively participated in the International Civil Aviation Organisation’s (ICAO) work to define guidance, standards and recommended practices aimed at minimising emissions from aircraft and engines, as well as defining policies with regards to local air quality, climate change, and noise. Specifically, in 2022 the Company has been an active member supporting the adoption of a climate "Long Term Ambitious Goal" to the ICAO 41st assembly in October. At European level, the Company has engaged with the EU Commission on climate change policies discussions such as the "ReFuel Aviation" initiative as part of the "Fit for 55" regulatory package. At national level, the Company has engaged with France, Spain, UK and Germany in order to exchange around federal policies on climate change. In particular in France, the Company has cooperated with the CORAC (Conseil pour la Recherche Aeronautique Civile) on research for technology and fuels. As well, in 2022 the Company has directly discussed with the EU Commission supporting the development of a carbon removal framework with high environmental integrity in Europe. The Company’s positions on climate-related topics are consistent with the principles and axis of the transformation described in its transition plan, where it considers that emerging regulatory frameworks could be a decisive enabler.

Other initiatives

The Company is also engaged in a number of initiatives addressing its “less material” carbon footprints where relevant. When impactful and connected to its know-how, the Company engages in various projects with local communities or partners, and develops projects beyond its immediate core business that could generate meaningful CO₂ savings.

Scope 3 commuting - In 2022, in partnership with Toulouse Métropole, Tisséo (the local transport authority) and Sopra-Steria, a smartphone application called Ecomode was developed to incentivise the shift to collective commuting (e.g. public transport and car sharing) or low-carbon individual mobility modes (e.g. bicycles). This has been deployed amongst employees in Toulouse and is of potential benefit to the citizens of all 37 municipalities of the Toulouse Métropole. Such an initiative benefits both the Company and the whole local community. At site level, cycling to work is encouraged by improved infrastructures, cycling paths made safer in collaboration with local authorities, and periodic “cycle to work” events organised. Car parks are being equipped with charging devices to encourage the use of electric cars, and Company car policy has evolved in order to incentivise the selection of low-carbon vehicles by collaborators.

Airseas - Through its Airseas joint-venture, the Company is co-developing kite solutions for sea vessels as complementary carbon-free propulsion, with a potential to ultimately equip a significant part of the global maritime fleet and generate up to 20% emission savings.

Climate adaptation, supporting local communities - Through its Community Impact Policy - including corporate activities and its non-profit arm the Airbus Foundation - the Company is committed to support vulnerable communities through disaster response at a time when climate-related catastrophes are getting more intense and frequent. The Company works in collaboration with local knowledgeable associations, as well as with partners that have a global reach. Support can take the form of fund-raising, the coordination of humanitarian flights using Company products or logistic aircraft, and providing satellite imagery for partners to properly assess a disaster’s scope and adapt their response plans. For instance, in 2022 the Airbus Foundation organised humanitarian missions, including providing free-of-cost chartering of air transport, in response to Cyclone Batsirai in Madagascar, Cyclone Rai in the Philippines and also following the flooding in Pakistan. A mission was also organised to deliver medical supplies to populations in Somalia impacted by severe famine. Over 43 satellite image requests were made on the dedicated portal platform, with partners conducting monitoring including flooding and weather impacts. For more detailed information see “- 6.1.16 Community impact”.

6.1.3 Pollution

I. Introduction

Linked to the industrial nature of its operations, the Company's activities may cause adverse impacts on the natural environment. The Company strives to reduce this impact in compliance with applicable standards, laws and regulations. As covered in this section, pollution includes air pollution (except GHG, see “- 6.1.2 Climate change”), soil pollution, water pollution (surface and groundwater) and noise pollution caused by the Company's activities and value chain. Pollution linked to the emission of volatile organic compounds (VOCs) is a primary focus of the Company, as it arises from aircraft painting and cleaning activities. Light pollution has been deemed to be non-material to the Company's value chain. Pollution may impact the Company primarily through the potential consequences of business disruption arising from constraints on activities in the Company's value chain in case of local pollution peaks, for instance. Eventually, unmanaged pollution risks could disrupt the Company's ability to operate, e.g. deliver its products to customers or imply depolluting costs.

Pollution is regulated around the world. Overall, the Company's compliance with applicable standards, laws and regulations is part of the operating licences granted by local authorities. In this regard, the Company is reportedly subject to multiple regulatory provisions, including those of the EU Industrial Emissions Directive (IED). The IED notably applies to the management of the Company's industrial activities in France, Germany and Spain. This Directive requests operators of certain installations to establish the state of soil and surface and groundwater contamination at the start of operations, apply for a permit that includes conditions to prevent soil pollution through application of the best available techniques, and take necessary action upon definitive cessation to return the site to its initial status. Beyond this directive, the law on soil management is covered under several national texts which may differ from one country to another, as well as in the permits issued for the Company's industrial activities. Specific regulations cover the topic of chemical substances, with the main regulations covering the Company's activities and products being Registration, Evaluation, Authorization and restriction of chemicals (REACH); Restriction of Hazardous Substances (RoHS); Persistent Organic Pollutants (POP); and Biocidal Products.

Pollution	GRI	SASB	SDGs	Others		
	305 - Emissions		9-12-13-17			
Highest governance body(ies) involved	Board of Directors / ECSC Executive Committee / Environment Executive Steering Committee					
Related corporate policies	Environmental Policy, Code of Conduct					
Management system Relevant certifications	EMS - Environmental Management System ISO14001 - 88% of workforce covered					
KPIs	2030 Target	2015 Baseline	2021	2022	2022 vs. 2021	2022 vs. Baseline
Air emissions:						
VOC (tons)	0% increase	1481	1,042	1,120	+7.5%	-24%
Other key metrics			2021	2022	2022 vs. 2021	
NOx (tons)			226	207	-8.5%	
SOx (tons)			14	16	+14%	
KPI assumptions	2022 VOC emissions data is estimated. 2022 actuals will be consolidated in April 2023.					
Additional resources	Environmental Policy Statement , Sustainability on Airbus.com					

II. Governance

The Airbus Environmental Policy and overall governance, as described in “- 6.1.2 Climate change” applies to the pollution topic.

III. Risk management

Environmental risk and opportunities are managed following the Company's ERM system, see section “- 6.1.2 Climate change”. Substance-related risks are included in the Company's top risks, as reported in “- 4.6 Risk factors”.

In addition, the Company's ISO14001 certified EMS notably applies the standard recommendations for pollution control audits, training, risk assessment and identification, implementation of risk prevention procedures (emergency plans, simulation exercises). For example, sites shall conduct an analysis of environmental aspects and impacts at least every three years, as well as each time a material change in operations occurs, also in connection with the Company's ERM process. While the EMS sets requirements, actual deployment, concrete means and measures are managed at site level and adapted to the nature of a site's industrial activities and to applicable regulations. For instance, in Toulouse and linked to flight test activities, concerned employees systematically follow dedicated training sessions, including on instructions for fuel handling or on procedures to follow in case of an incident. Also, each year, more than five spill-related emergency situations (e.g. a kerozen leak or a fire-fighting water spill) are conducted to test defined emergency plans. At least one emergency situation is performed in coordination with local authorities.

IV. Implementation / activities

Air emissions

Air emissions - primarily referring to VOC emissions related to surface treatment - are mostly impacted by the number of deliveries. Substance substitution may also lead to the use of new chemicals with more VOC emissions which need to be monitored. Overall, in 2022, emitted VOCs increased 7.5% year-on-year, reflecting the increase in aircraft production rate compared to 2021.

Chemical substances

Many chemicals used in the global aerospace industry to achieve high levels of product quality and meet stringent technical performance, airworthiness and reliability requirements are subject to strict regulations. These regulations impact key processes and products, such as surface treatments, paints and fire protection.

The Company remains committed to replacing such substances in products and processes. To help achieve this, it 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, while still 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 own design and suppliers, the Company tracks, records, assesses and declares regulated chemicals and materials. 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.

The Company invests substantial time and resources in research and development for technologies that use alternatives to regulated substances. When it can be demonstrated that these technologies meet the strict safety and reliability criteria required for aviation, the Company seeks to implement them in its aircraft design and manufacturing. For example, the Company is, in cooperation with its suppliers, developing, qualifying and progressively deploying on all its new aircraft, chromate-free corrosion protection and paint systems for aluminium structures. Another example is the halon replacement project that researches alternatives to halon, a highly regulated ozone depleting substances family, used in the fire extinguishing systems in engines and cargo areas. Several fire extinguishing technical solutions are now being tested on aircraft in flight conditions, with an objective to roll them out into production from 2027.

Noise

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

6.1.4 Materials and circularity

I. Introduction

The Company recognises the challenges associated with depleting natural sources. This section covers its approach towards optimising the use of materials end-to-end - including product life cycle, eco-design, circularity, and end-of-life considerations - with a focus on waste when it comes to its own industrial operations. The Company identified three materials for which this approach is especially meaningful as they are essential to aircraft manufacturing: aluminium, titanium, and carbon fibre-reinforced plastics (“CFRP”).

While aerospace represents a small fraction of the global volumes for most materials - e.g. the Company's aluminium consumption is estimated to be about 0.1% of the global market - it can figure among the main users for some highly specialised materials such as titanium or CFRP. The use of these materials, and the impacts associated with their production or end-of-life, are justified by their contribution to the efficiency of the end product, as they enable lighter structures and more efficient design. As around 97% of a typical aircraft's life cycle impact comes from its operational use phase, using lighter materials (which are sometimes more impactful in their production processes) is particularly effective in regards to achieving significant reductions in energy consumption and emissions overall. Product weight optimisation is largely linked to product performance in terms of range and fuel consumption, and therefore has a benefit for customers' expectations and the Company's order book. Optimising the use of such high-value materials is directly linked to the Company's competitiveness, while securing their supply, as they become scarcer, is necessary to ensure business continuity.

Nevertheless, these materials can pose unique challenges in terms of supply, application and recycling. Addressing this topic requires an engagement and coordination with the end-to-end value chain, from the extraction stages to the eventual disposal or recycling. Of note, the human rights aspects that may be linked to the sourcing of materials, including conflict minerals, as well as the potential environmental impact linked to their extraction and processing are covered in sections “- 6.1.10 Human rights” and “- 6.1.15 Responsible supply chain”. A number of related regulations apply to the Company globally, regionally and locally, such as the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, or the EU Waste Framework Directive.

Finally, all considerations for optimising material use shall under no circumstance be detrimental to product safety and shall meet all technical requirements from stringent certification standards.

MATERIALS AND CIRCULARITY	GRI	SASB	SDGs	Others		
	301 - Materials	Hazardous Waste Management	9-12-13-17			
Highest governance body(ies) involved	Board of Directors / ECSC Executive Committee / Environment Executive Steering Committee					
Related corporate policies	Environmental Policy, Code of Conduct					
Management system Relevant certifications	EMS - Environmental Management System ISO14001 - 88% of workforce covered					
KPIs	2030 Target	2015 Baseline	2021	2022	2022 vs. 2021	2022 vs. Baseline
Waste produced excluding exceptional waste (tons)	-20%	107,986	71,152	73,751	+3.7%	-31.7%
	with no landfill or incineration without energy recovery					
Other key metrics (More metrics and assumptions, see “- 6.1.17 ESG data board”)			2021	2022	2022 vs. 2021	
% Material recovery rate			55%	60%	+5p.p	
% Energy recovery rate			20%	16%	-4p.p	
Additional resources	Environmental Policy Statement , Sustainability on Airbus.com , Tarmac Aerosave					

II. Governance

The Airbus Environmental Policy and overall governance, as described in “- 6.1.2 Climate change” apply to this topic. At the operational level, a multi-functional team leads this activity. Additionally, this was complemented at the end of 2021 for the Company's commercial aircraft activities by a specific cross program forum that reviews, prioritises, and budgets waste or inventory-related initiatives.

III. Risk management

Environmental risk and opportunities are managed through the Company's ERM system. See "- 6.1.2 Climate change" III.

IV. Implementation / activities

The Company's aircraft products make efficient use of these materials by being designed to operate for several decades with high utilisation rates, being highly serviceable and repairable, and ultimately allowing for around 90% of their constituents by mass to be recovered, including recycling. The Company promotes the development of a circular economy model, and it is proactive in seeking ways to recover, reuse and recycle materials beyond their initial life. Overall, in order to minimise the impact of its activities, the Company's strategy relies on the approach: avoid; reduce, reuse-recycle-repair, supported by a number of enablers such as measuring, Life Cycle Analysis ("**LCA**") and eco-design, or digitalisation.

Metallic waste accounts for more than 30% of the Company's site-generated waste. Considering the risk of resource depletion versus growing demand, the Company has kicked off in 2022 a dedicated transformation project related to the circularity of critical raw materials, especially non-ferrous metals, with a focus on the most material perimeter, its commercial aircraft activity.

Avoid - material use optimisation

Weight reduction through material use optimisation has always been a priority in aerospace, as this is directly linked to aircraft performance. Lately, the development of new technologies such as additive layer manufacturing (ALM or "3D printing"), including for metallic components, enabled the redesign of parts, resulting in significant improvements by limiting material consumption to what structure and resistance require. For example, 3D printing technologies such as direct energy deposition (DED) can reduce the titanium raw material consumption by up to 70%. More optimised design and manufacturing processes for metallic and composite components can improve the buy-to-fly ratios, as well as reduce weight, material consumption, energy consumption and production costs. For instance, forming technology has led to an aluminium material reduction of 80% for some parts compared to machining from a plate.

Reduce

Industrial waste

The Company also focuses on the waste generated by its operations throughout the manufacturing process and has set an objective of reducing overall waste amounts by 20% by 2030 (from a 2015 baseline), with 0% landfilling and 0% incineration without energy recovery.

A dedicated multi-functional team with skills from across the organisation such as engineering, information management, procurement, industrial operations and facility management is actively working on a waste roadmap. Over the past years, the Company has focused on metering and on data robustness and accuracy for measuring waste, with a focus made on standardising the practices towards waste collectors and in line with regulatory requirements for greater traceability. The objective is to enhance data monitoring, reporting, and forecasting capabilities. This includes a harmonisation of definitions, processes and assumptions. Priority has been given to commercial aircraft activities due to the industrial ramp-up.

In 2022, non-exceptional waste increased by 3.7%, largely explained by the commercial aircraft production ramp up context and people returning to the workplace after the COVID-19 period, impacting general waste. The proportion landfilled or incinerated without energy recovery amounted to an estimate of 23%.

Hazardous waste

In the Company's European operations, the main sources of hazardous waste are contaminated packaging and chemical waste, especially waste from surface treatment activities, oil, fuel and various chemicals. While chemical waste reduction remains a priority, this is a topic also driven by chemical regulations, the evolution of which may impact the roadmap's ambition for reducing waste as well as its timing (see Chemical Substances section in "- 6.1.3 Pollution").

Increase the lifespan of components

The Company's components are designed to last over the average aircraft service lifetime, which can exceed 20 years. Some components, called life-limited parts ("**LLPs**"), have a shorter lifetime, but still maximised considering physical resistance, airworthiness and safety requirements.

Repairability - reuse - second life

With regards to LLPs, easy replacement and availability of parts over the whole program lifetime are a priority. The Company's products are designed to be repaired when damaged by a number of maintenance, repair and operations (MROs) companies worldwide and spare parts providers. The Company's after-sale activities include the sale of spare parts and the provision of maintenance, repair and overhaul services. LLPs can be overhauled to serve other operators, routes or missions. In particular, passenger-to-freighter conversions are frequently considered to extend the lifetime of aircraft.

Recycling

Waste generated by the Company's industrial processes often includes high-value materials, so optimising their circularity responds to both environmental and economic objectives. The Company sends over half of its waste to be recycled. It is currently working on specific initiatives to further increase this rate, such as specific loop creation for titanium in order to reintegrate chips or end-of-life parts into raw material manufacturing processes.

In addition, the Company sources material volumes of recycled materials that are used for the manufacturing of aircraft. As an order of magnitude, in 2022, 20% to 50% of aluminium products delivered to the Company (highest volume of material in an aircraft) came from recycled raw materials.

Finally, more than 90% of an aircraft's weight can be recovered at end-of-life (including material and energy recovery) through a selective dismantling process. For example, TARMAC Aerosave joint venture, provides such reverse manufacturing services, including dismantling, sorting, packaging for reuse or sending to relevant waste collectors while ensuring parts traceability, in various locations in France and Spain. A memorandum of understanding between the Company and the city of Chengdu was signed in 2022 for the launch of an aircraft life cycle management service in China. Overall, TARMAC has recycled over 300 aircraft since 2007.

Life cycle thinking and conscious design

The Company invests in lifecycle assessments ("LCA") for environmental impact accounting associated with a specific product, in accordance with the requirements specified in the ISO14040 standard. Detailed LCA studies have been finalised for the A220-100, A220-300, A320neo and A350-900, covering over 95% of the Company's deliveries of commercial aircraft products in 2022. The Company is currently working together with the European Union Aviation Safety Agency (EASA) in the frame of the Product Environmental Footprint initiative on the framework, to enable the publication of verified and standardised data in the future.

In addition, the Company is deploying frameworks enabling environmentally-conscious design choices to reduce the footprint of projects and optimise aspects such as product end-of-life management and critical raw materials usage. For instance, in 2022 environmental assessments have complemented research & technology decision-making processes related to commercial aircraft activities. Besides, as an example and part of its Eco-design initiative, the Defence and Space Division used LCA for the development of the Sentinel satellites that are built for the European Space Agency. The Company's Defence and Space Division is engaged in a strategic transformation process which will focus on increasing the circularity of its products, and expanding its product environmental impact assessment capabilities to include topics such as hybrid propulsion. These assessments would be performed in addition to the regular LCA assessments for satellites.

Digitalisation, traceability and criticality mapping

The Company leverages digitalisation as an enabler to optimise and reduce its environmental footprint. For example, some applications seek to improve design and material utilisation, or to optimise usage of critical resources. At the same time, traceability of parts is essential to facilitate recycling. The Company reports on marking parts to facilitate the ability to reuse, recycle, and repair, while complying with legal provisions applicable to the sector. In addition, the Company has launched a dedicated traceability project to increase data availability and transparency from the aircraft 'Bill of Materials' and leveraging on digital capabilities in collaboration with its supply chain.

As recommended by the EU Critical Raw Material ("CRM") framework, the Company has created and is maintaining a dedicated Company framework - CRM. It is an internal methodology to assess that criticality of raw materials has been developed on the axis of supply risk, environmental and ethical impacts. Based on this, a regularly updated watchlist of the most critical raw materials for the Company has been defined to influence design choices. The mapping of CRM in Company's products is currently ongoing, based on available bill of materials, in the frame of an internal project. Additionally, the methodology is currently being reviewed and improved by an external party, prior to being delivered in 2023.

Competence management

Circularity is a part of the Company's sustainability and environment competency strategy. Accordingly, related training modules have been identified and are in the process of being integrated in the Company's training catalogue.

6.1.5 Water

I. Introduction

The Company's water usage is mostly linked to non-industrial uses, including sanitary, heating, ventilation and air conditioning, canteens and fire extinguishing. Around 15% of the water purchased / withdrawn is used for industrial uses such as surface treatment, machining, non-destructive testing and painting. This section covers both withdrawal and discharge.

Water consideration is included in the Company's LCA approach. Procuring the required water does not currently represent a material cost for the Company as overall withdrawn volumes are relatively limited, especially for its industrial operations. However, securing water availability to operate the industrial processes requiring water is critical for the Company and its supply chain to ensure business continuity.

The Company analyses current and projected local water stress levels to understand where the Company's activities have the greatest impact on water resources and prioritise actions in these areas (e.g. south of Spain, northern China). This analysis is based on the World Resources Institute's Aqueduct Water Risk Atlas tool. Of note, the Company has also identified water as a relevant topic in its supply-chain roadmap and is currently assessing water-related impacts and risks in the supply chain. Due diligence aspects with regards to the potential environmental impact on water resources in the Company supply chain are described in section "6.1.15 Responsible supply chain".

Water discharge quality is managed by each site directly to ensure compliance with applicable local regulatory requirements.

WATER	GRI	SASB	SDGs	Others		
	303 - Water and Effluents		9-12-13-17			
Highest governance body(ies) involved	Board of Directors / ECSC Executive Committee / Environment Executive Steering Committee					
Related corporate policies	Environmental Policy, Code of Conduct					
Management system Relevant certifications	EMS - Environmental Management System ISO14001 - 88% of workforce covered					
KPIs	Target 2030	Baseline 2015	2021	2022	2022 vs. 2021	2022 vs. Baseline
Water:						
Water purchased (m^3)	-50%	3,323,228	2,631,363	2,889,557	+9.8%	-13%
Water withdrawal (m^3)	0% increase	3,766,153	3,345,261	3,672,217	+9.8%	-2.5%
Other key metrics (More metrics available in "6.1.17 ESG data board")			2021	2022	2022 vs. 2021	
Percentage of water withdrawal from all areas with high water stress ⁽¹⁾			34%	30%	-4p.p	
Metrics assumptions	⁽¹⁾ areas identified with high or extremely high water stress. Water stress level as defined per the Aqueduct Water Risk Atlas in medium scenario for 2030.					
Additional resources	Environmental Policy Statement , Sustainability on Airbus.com					

II. Governance

The Airbus Environmental Policy and overall governance, as described in "6.1.2 Climate change" are applicable to water.

III. Risk management

Environmental risk and opportunities, including the ones related to water, are managed following the Company's ERM system, as described in the section "6.1.2 Climate change". In addition, water has been identified as relevant to climate change physical risks: work is on-going to update the above-mentioned risks in line with the Task Force on Climate-related Disclosure.

IV. Implementation / activities

In order to better monitor its approach with regards to water management, the Company has set the following 2030 targets (vs. 2015 baseline):

- -50% reduction in purchased water;
- 0% increase in water withdrawal.

The Company's water usage is mostly linked to sanitation and general uses (around 85%), while the rest is used in production-related processes. The underlying approach is to reduce the use of potable water for uses where it is not necessary, while ensuring that the overall withdrawal does not increase. While all concerned sites are working towards these targets to ensure advanced water management practices are implemented, a keen focus is put on areas with current or future high water stress levels. For example, local water stress levels are used as a criterion for prioritising the funding of projects (OpEx and CapEx) and for selecting sites for the launch of pilot projects (e.g. proof of concept launched in Illescas (Spain) on digitised and automated water consumption real-time monitoring).

The strategy is based on the following eight pillars:

Key pillars	Description and rationale	Examples of projects
measure/metre	Measuring as a prerequisite to identify water flows and manage consumption.	Installation of smart water metres with automated and digital data transfer, high frequency and increased granularity (e.g. commercial aircraft sites and Airbus Defence and Space Division sites in Europe).
monitor	Track consumption, identify biggest consumers to focus priorities; detect deviations.	Smart metering on site/building/asset level, connection to digital platforms, creation of KPIs and regular reports, alert systems.
avoid waste	Identify and fix leakages, reconsider processes.	Leakage detection campaigns at Blagnac (France) and Mirabel (Canada) sites.
reduce	Increase efficiency; equipment retrofit.	Implementation of latest technical solutions for cooling at Illescas site (Spain), air conditioning, boilers and sanitary equipment retrofit at Puerto Real site (Spain), replacement of water chiller with air-cooled systems in Portsmouth (UK), reduction of irrigation at Miami (US) and Tianjin (China) sites.
reuse	Create (closed) loops; use the same volume several times.	Reuse for non-drinking purposes (e.g. toilets, gardening), industrial process water loops for surface treatment and air conditioning.
replace	Use rainwater, surface water, groundwater.	River/lake water treatment and reuse at Hamburg and Friedrichshafen sites (Germany), rainwater harvesting at Toulouse site (France), groundwater use at Donauwörth site (Germany).
new building design	Ensure high water efficiency standards from the design phase.	Certified building standards, e.g. LEED (Silver certification, Mobile site, US).
communication	Inform and engage employees.	Employee awareness campaigns (e.g. World Water Day communication on internal portal).

In 2022, water withdrawal volumes increased by about 10% compared to 2021, mainly as a result of people returning to the workplace after the COVID-19 period. When compared to 2015 baseline, water withdrawal reduced by 2.5% while purchased water dropped by 13%. In 2022, leaks were identified and fixed in Blagnac (France) and Mirabel (Canada), with an estimated impact of less than 2% on total water withdrawal.

6.1.6 Biodiversity

I. Introduction

The Company recognises the considerable pressure planet Earth is facing as a result of loss of biodiversity. The latest [2019 report of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services \(“IPBES”\)](#) demonstrates that the health of ecosystems is deteriorating more rapidly than ever and the 2021 IPBES-IPCC co-sponsored workshop shows the clear interdependencies between climate action and biodiversity protection. In this context, the Company intends to improve its understanding of the impacts its activities and biodiversity may have on each other alongside the interdependencies of this subject with the Company’s on-going climate actions.

Moreover, the Company aims to contribute to the updated and new goals and objectives for biodiversity. These include the ones for 2030 and 2050 agreed at the 15th Conference of the Parties of the UN Convention on Biological Diversity in December 2022, in Montreal, according to which all signatory countries should update their National Biodiversity Strategies and Action Plans as well as National Biodiversity Finance Strategies. Key goals are also ones set by the EU in the EU Green Deal and the EU Biodiversity Strategy of 2020 that place the EU at the forefront of this transformation.

II. Governance

The Airbus Environmental Policy and overall governance, as described in “- 6.1.2 Climate change” applies to the biodiversity topic.

III. Risk management

Environmental risk and opportunities are managed following the Company’s ERM system, as described in the section “- 6.1.2 Climate change”.

IV. Implementation / activities

In order to progress its understanding of the impact of its activities on biodiversity, the Company has identified the IPBES report as a relevant framework to follow. In 2022, the Company launched a project to compile an inventory of potential impacts across the five drivers of biodiversity loss: changing use of sea and lands, direct exploitation of organisms, climate change, pollution and invasive non-native species. Meanwhile, the Company presumes that the most material biodiversity loss impact is linked to the impact of its commercial aircraft activities on climate change and, as such, efforts are prioritised alongside the existing climate-related initiatives. See “- 6.1.2 Climate change”. In addition, a number of mitigation actions have been started in relation to the other drivers.

Pollution: see “- 6.1.3 Pollution”

Changing use of land

Overall, the ground footprint of the aviation industry, as a global means of transportation, is limited to local sites; mostly airports and related activities. As for the Company, its operations are located at a number of industrial sites. When building a new site or extending an existing one, the Company engages with local partners on conservation and remediation projects to preserve flora and fauna that were impacted by the Company’s industrial activities. This is done in line with applicable legal requirements. In France, for instance, during and after construction works, the Company strives to apply the *Avoid, Reduce, Compensate* mitigation hierarchy, as well as establish a budget for compensation measures that goes beyond the duration of the project (for maintenance for example). This requires identifying areas rich in biodiversity (in particular protected species), identifying the potential impacts on biodiversity, and carrying out, if required, the necessary biodiversity inventories and the applicable deadlines in the timeline of each project.

Restoring biodiversity

The Company’s space products, and more especially Earth-observation satellites, play an instrumental role in the understanding of biodiversity evolution. See “- 6.1.2 Climate change” / Transition plan / Products and services supporting climate monitoring and adaptation.

In addition, the Company through its corporate community work and its Airbus Foundation has supported a number of biodiversity projects that aim to help preserve wildlife and natural ecosystems at a community level, such as contributing to the International Union for Conservation of Nature (IUCN) forest restoration project. See “- 6.1.16 Community impact”.

Build our business on the foundation of safety and quality

6.1.7 Aviation and product safety

I. Introduction

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

Aviation / Product Safety	GRI	SASB	SDGs	Others
	416 - Customer Health and Safety	Product Safety	12	
Highest governance body(ies) involved	Product Safety Board (PSB), involving several Executive Committee members Board of Directors			
Related corporate policies	Airbus Product Safety Company Policy (A67)			
Management system Relevant certifications	SMS Products	Corporate Safety Management System EASA regulation (Parts 21/145/147/M/ORA), EU 996/2010, EU 376/2014 (for Commercial Aircraft products), ECSS-Q ST-40-C (for Space Products) and Def-Stan 00-56 (for Defence Products)		
	Operations	EN9100, EN9001, EN9110, AQAP 2110, AQAP 2210 and AQAP 2310		
KPIs	Target	horizon	2021	2022
% SMS officers nominated	100%	permanent	100%	100%
% SMS officers trained	100%	permanent	100%	100%
Other key metrics			2021	2022
Fatal accident rate Industry wide ⁽¹⁾			0.03 (Gen4)	0.05 (Gen4)
Metrics assumptions	⁽¹⁾ 10 year moving average fatal accident rate (per million flights) per aircraft generation			
Additional resources	Code of Conduct , Product Safety on Airbus.com , Safety in Operations on Airbus.com , Safety investigation on Airbus.com , Health Onboard , Accident Statistics website			

II. Governance

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

The Company's Safety Management System

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

The Company's safety strategy

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

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

Regulatory compliance

Product certifications are provided by the competent aviation authorities including the main civil aviation authorities and specific military authorities. Within each Division, and according to their respective functions, the Company works to ensure compliance through design and certification of products under EASA Part 21 Design Organisation Approvals (DOA); ECSS-Q ST-40-C (for space products) and Def-Stan 00-56 (for defence products); manufacturing under Production Organisation Approvals (POA); monitoring of in-service safety through approved EASA Part-M Continuing Airworthiness Management Organisations (CAMO); aircraft maintenance and retrofit operations conducted in line with civil and military EASA Part 145 regulations; and training provided to flight crews, cabin crews and maintenance crews through EASA Part 147 Approved Training Organisations (ATO).

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

Commitment to just and fair culture

This commitment ensures that the appropriate reporting channels are available and known to all employees to report product safety and quality-related matters in an atmosphere of trust and empowerment. It is documented and endorsed with the signature of the CEO, Executive Committee members and top management.

III. Risk management

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

IV. Implementation / activities

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

For example, the Company is working with its supply chain to extend its safety enhancement principles with its suppliers. This includes specific SMS forums and initiatives with its suppliers, which reinforce the collaborative approach for optimising responses to in-service feedback and reports. To ensure the safety and quality of parts used in aircraft and spacecraft manufacturing guarantees that the final product will meet safety and quality standards, the Company cascades related requirements to all its direct suppliers through contractual terms and the Supplier Code of Conduct. These go beyond ISO EN9100 quality standards, with the requirement for suppliers to continuously train their employees on quality assurance and ensure they are appropriately skilled. The Company leads an annual audit campaign to verify all quality requirements are met, including performance and compliance. Priorities are defined based on risk ranking criteria that consider parts criticality, operational maturity and production capacity.

Sharing safety information is a key contributor to increasing the level of safety. There have been 26 flight safety conferences with the Company's customers since the first was held in 1994. Another means of sharing information is through "Safety first", the Company's safety magazine contributing to the enhancement of safety for aircraft operations by increasing knowledge and communication on safety-related topics. It reaches over 1,500 aviation professionals daily via the website safetyfirst.airbus.com and the Safety-first app. D10X (short for Air Transport Safety, Destination 10X Together) is another collaborative initiative with airlines. The aim of D10X is to propose and share pragmatic solutions together with operators of Company's aircraft for the key safety issues identified within this network.

In addition to these external safety promotion initiatives, the Company invests in internal safety promotion with the objective of continuously reinforcing the safety culture of all employees. This is supported by different means including communication campaigns, training, safety awareness sessions, and development of a safety promotion centre. SMS officers are nominated and trained in all key business functions to ensure implementation, and operation of the SMS within the Company, including safety promotion. Since February 2021, all SMS officers have been nominated and trained. The above-mentioned commitment to a just and fair reporting culture is another example of an initiative that promotes the Company's safety culture. These elements are integrated in the Company's SMS action plan.

The Company also continues to innovate to benefit from technological evolutions to further enhance both operations and safety. All these initiatives lead to continuous improvement of the safety record. This is illustrated in statistics (below) showing that the latest fourth-generation jets are the safest. All Company's fly-by-wire family aircraft (including A320, A330/A340, A380, A350, A220 fleets) are the latest fourth-generation aircraft.

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

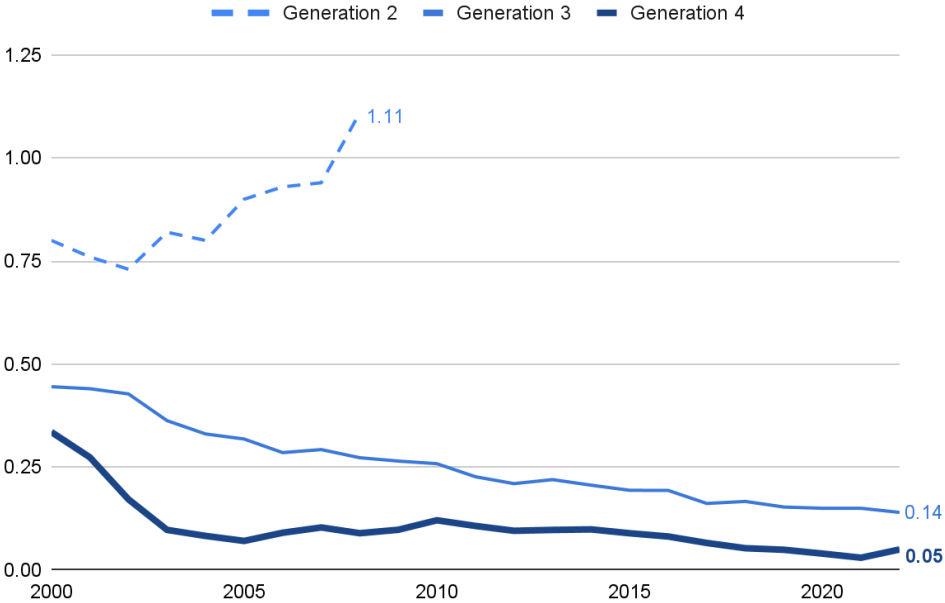


Fig. 10 year moving average fatal accident rate (per million flights) per aircraft generation. Source of data: official accident reports, ICAO, Cirium, and Company databases. Flight cycle data provided by Cirium.

6.1.8 Cyber security

I. Introduction

Cyber security risks have the potential to impact all business operations, employees, plus products and services if incorrectly managed - either in confidentiality, availability or integrity. As such, the Company undertakes a continual process of cyber security risk identification and remediation, supplemented with significant cyber security capabilities for the anticipation, prevention, detection and response to cyber threats and events. Cyber security risk management is a core element of modern organisations, thus the Company has developed state-of-the-art cyber capabilities for the defence, detection and response to emerging cyber threats. The cyber security paradigm adopts a compliance, regulatory and risk-based approach embedded across four asset bodies: IM, industrial, products and services, and people and workplace domains.

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

Cyber Security	GRI	SASB	SDGs	Others
		Data Security	9, 12	
Highest governance body(ies) involved	Corporate Security Council; Digital Security Team (Cyber Security Validation Body)			
Related corporate policies and directives	Airbus Company Security Policy Security Requirements for Company Information & Data Classification and Protection Security Requirements for Information Systems Management Security Requirements for Affiliates Security Requirements for Industrial Automation and Control Systems Requirements for Product Security Requirements on Information Security for Suppliers Specific Requirements on Information Security for IT Service Providers			
Management system	Manage Airbus Company Security - aligned to ISO27001 standard Monitor, Identify & Report Company Asset vulnerabilities Assess & Treat Company Asset Security Risk			
Key metrics			2021	2022
Number of data breaches reported to data authorities			1	0
Percentage involving confidential information			100%	N/A
Cyber security awareness training e-learning participation (started 1 Jan 2020, reporting period 1 Oct-30 Sep)			67,475	107,808
Corporate and IM Cyber Security headcount			290	437

II. Governance

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

Corporate Security Council

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

Security governance directives

Security directives are published and audited to ensure the Company business follows the same standards for data protection and systems security. Key cyber security directives include the ones listed in the table above (Related Corporate Policies and Directives).

III. Risk management

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

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

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

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

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

Technical red-team (offensive) cyber exercises are conducted minimally once per year for the evaluation of detection and response planning. These are in addition to annual cyber security crisis simulations for evaluation of business continuity and reactivity.

IV. Implementation / activities

Building upon the enhancements of 2021, a number of key initiative were undertaken in 2022 to improve the cyber security position, reduce associated risks and decrease the likelihood of successful cyber attacks, including:

- Maintaining full coverage of core divisional company-issued laptops deployed with Endpoint Detection & Response (EDR) tools;
- Further enhancing data encryption mechanisms, especially for cloud based security;
- Maintaining compliance with existing and evolving cyber security regulations, and anticipating future national, international, and sector-specific cyber security laws;
- Conducting an in-house full red-team cyber exercise for continual process improvement and controls maturity. In addition to a crisis management anticipation exercise around a ransomware scenario;
- Certified *Airbus cyber security diploma* launched in France, in order to reinforce and future-proof existing cyber security competency, in addition to building an appropriate pipeline for future skills and needs. This diploma was validated by the French administration in charge of delivering professional certifications.
- Such activities have continued to reduce the overall cyber security risk, specifically around the increasing threat from ransomware.

V. Outlook

There are no signs globally that the threats of cyber attack will decrease; therefore, the Company maintains an advanced cyber security posture and anticipates future threats. Specific focus is placed on:

- Ensuring continued compliance to international, national, and industry specific cyber security regulations;
- Company resilience; ensuring prevention and recovery from cyber skirmishes, and destructive ransomware attacks;
- Extended enterprise and supply chain cyber security collaborations.

6.1.9 Health and safety

I. Introduction

The Company continues to pursue its zero-harm aspiration. The safety of its employees and others is its top priority. The Company aims to improve the health and well-being of its employees and everyone else who works within the Company perimeter. Health and safety primarily addresses risk identification, and its elimination or prevention, to promote safer and healthier conditions in the workplace.

Aligned with its ERM process, the Company has identified the following priority topics to manage: mental health and wellbeing, hazardous substances and materials, working environment, and on-site contractors health and safety management. Associated mitigation plans are defined jointly by the health and safety and operational organisations.

The Company is applying the principles of the ISO 45001 for its management systems. The Company risk mitigation plans follow the recognised health and safety hierarchy of control, which is hazards elimination, substitution, engineering control, administrative controls and, as a final measure, personal protective equipment.

The Company shall comply with a wide range of local and international health and safety regulations. It measures its performance using company-wide indicators, such as the lost time injuries frequency rate, as summarised in the table below:

Health and safety	GRI	SASB	SDGs	Others
	403 Occupational Health and Safety		8, 12	Vigilance Plan
Highest governance body(ies) involved	Board of Directors / Ethics, Compliance and Sustainability Committee Occupational Health and Safety Governance Board (New)			
Related corporate policies	Occupational Health and Safety Policy A41, Airbus Code of Conduct			
Management system	Formal Health and Safety Management Systems			
Relevant certifications	ISO45001 certified sites cover ~25% of employees			
Key metrics (More in "6.1.17 ESG data board")		2021 Published	2021 Adjusted	2022 New perimeter
Lost-Time Injury Frequency Rate ^{1/2/3}		3.21	2.28	1.60
Lost-Time Injury Frequency Rate - commercial aircraft business ^{2/3}		4.31	3.26	2.25
Lost Time Injury Severity Rate - FISH perimeter ³		-	-	0.046
Near-miss - commercial aircraft business ¹		19,305	-	28,925
Total health and safety training hours delivered		128,795		286,815
Number of employees who received health and safety training ⁴		28,144		90,490
Number of employees having attended "EH&S Certificate" modules 1 & 2 ⁴		1,309		2,214
Core entities with ISO45001 or similar certification		~one third		~one third
% of the Company workforce covered		25%		25%
Remuneration	A proportion of variable pay for executives and "Level IV" leaders is tied to the achievement of the Company Lost Time Injury Frequency rate target and Lost Time Injury Frequency rate performance also features in calculation of success share payment made to employees.			
KPI assumptions	<ol style="list-style-type: none"> The '2021 Published' company frequency rate includes Airbus commercial aircraft business, Airbus Helicopters and Airbus Defence & Space before the creation of Airbus Atlantic and Airbus Aerostructures as separate entities. The 2021 Airbus commercial aircraft 'Adjusted' figure excludes sites transferred to the newly created Airbus Atlantic and Airbus Aerostructures entities (formerly Stelia and Premium Aerotec and part of Airbus commercial aircraft sites). The FISH KPI perimeter was adjusted in 2022, see section IV. Implementation/activities below for more detail. Reporting period for training-related metrics is from 1 October to 30 September 			
Additional resources	People Safety on Airbus.com ; Code of Conduct - incl. Health and Safety commitment			

N.B. In 2022, the company rolling FR1 (excluding Airbus Atlantic and Airbus Aerostructures) decreased from 2.28 to 1.60 however if this perimeter included Aerostructures and Airbus Atlantic, the FR1 decreased from 3.29 to 2.23.

II. Governance

In 2022 the Company strengthened its governance of health and safety by creating a Company Occupational Health and Safety (OHS) Governance Board. The first meeting in July 2022 was attended by executive representatives of the Company, its Divisions and Regions, and was chaired by the Company's Chief Human Resources and Workplace Officer. The mission of the Company OHS Governance Board is to stimulate continuous improvement by reinforcing the compliance and performance oversight required by ISO45001, and driving the ambition to improve strategic and operational safety, health and wellbeing, while considering the needs of interested parties and the business's sustainability.

A public Airbus Occupational Health and Safety Policy Statement was signed by the Company's CEO in 2021. It enhances and reinforces the company-wide Occupational Health and Safety Policy priorities, principles and key initiatives including:

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

Approximately one third of the Company's core entities in home countries are certified to the ISO45001 Standard for health and safety management systems. The Airbus Defence and Space Division sites have renewed their ISO45001 accreditation this year. Company-wide, this means that about 25% of employees work on sites where the health and safety management system is certified to ISO45001. Other sites operate to the standards required by the Company Policy and have formal management systems, even though they may not yet be formally certified.

III. Risk management

Occupational health and safety risks are managed using the framework provided in the Company methods for 'Health and Safety Risk Management' and 'Incident Management'. Those risks that are considered to have a high potential impact, including in the Company's affiliates, are reported in the Company's ERM system.

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

The health and safety priority topics identified within the Company and forming part of the Company Vigilance Plan are:

- hazardous substances and materials;
- working environment;
- on-site contractors health and safety management;
- mental health and wellbeing.

The Company has deployed prevention measures and mitigation plans around these topics.

The mitigation of the risk of exposure to hazardous substances and materials requires the Company to adhere to risk control measures when suitable alternatives are not available and subject to appropriate authorisations. The mitigation plan includes the application of relevant Company methods of substances and materials management, the development of surveillance programmes, and the recording and analysis of all prevention and protective activity. Late 2022 saw the closure of a five-year project called REACH-IT, and similar initiatives in the Divisions, aiming at ensuring the compliance of the Company sites with the stringent environment, health and safety conditions described in the EU's REACH Chromates Authorisations. The project has given the means to local management for maintaining a high level of protection of employees and the environment where chromates are concerned, covering the whole Authorisation period.

Working environment risks include slip, trip and fall, site roads and infrastructure, and work at height. These are key areas of focus for the Company: in particular, working at height considering the potential outcomes. As part of its risk mitigation activities, the Company focuses on immediate containment actions while defining permanent solutions and putting in place robust monitoring, including at top management level.

On-site health and safety contractor management is another priority topic. Due to its activities, the Company has various contractors working on its sites for which the interaction and coordination of activities may generate risks of worker injury or damage to products or infrastructure. As part of the mitigation activities, a company-wide method for supplier and contractor health and safety management (M1243) has been issued. This method sets a standardised health and safety framework for the selection, approval and management of suppliers and contractors who perform work for the Company on its work sites. This method is under deployment locally, considering already existing procedures and in line with local regulatory requirements.

Mental health and wellbeing are also topics of attention for the Company, especially given the increasingly challenging personal and environmental factors. A management strategy and mitigation plan have been defined, which include a network of 'Wellbeing Focal Points' and relevant training. Further related mitigating activities are detailed in section IV. Implementation/activities below.

The Company's affiliates report on their health and safety management status through the Internal Controls Self Assessment (ICSA) exercise or similar system in the Airbus Helicopters Division. Their annual report on key health and safety management system requirements forms part of the ERM process.

IV. Implementation / activities

The Company's goal is to enable an environment that's safe and healthy for all. Risk prevention and promotion of safer and healthier conditions in the workplace are also key wellbeing enablers.

Safety

Key risk mitigation activities were pursued in 2022 including the continued promotion of the health and safety culture:

- Campaigns to support a safe return to work after a long break such as summer holidays,
- 'Safety Awards' at site level to motivate and engage employees;
- Safety mobilisation days such as the 'Winter Road' campaign, the 'Mental Health Day' and 'Safety Weeks', supported by "Level IV" managers;
- Widespread 'Safety Lab' sessions that prompted proactive discussions;
- 'Safety Box' training held in dedicated spaces raising awareness about risk prevention. For some years this has been a successful initiative, allowing employees to express and engage on relevant safety topics;
- Transparent sharing of safety related information, such as frequency rates and 'Flash Alerts'.

The Company also refreshed some existing activities and developed new initiatives, such as:

- Mandatory environment, health and safety training in particular at managers level;
- Extending the 'Safety Ambassadors' network;
- Deploying multi-functional safety workshops;
- Broadcasting videos to encourage employees to be actors of their own safety and to declare safety situations using the FISH tool;
- Introducing new topics such as mental health and well-being in the refreshed version of the 'Safety Boxes' for the sites where all employees have completed the original 'Safety Box'.

Projects such as "People Safety@Work" (PS@W) for the Company's commercial aircraft activities, the 'We Care' initiative in the Airbus Defence and Space Division extended to non-operational areas, and the 'Safe Together' initiative in the Airbus Helicopters Division, continue the pursuit of positive cultural and behavioural change.

New harmonised training courses have been, and are being, developed to support culture change and risk prevention, including:

- Health and safety fundamentals - A digital course providing a high-level overview of occupational health and safety, the regulatory framework and the management system approach in securing a safer and healthier work environment;
- Induction training - to guide managers in how to deliver an effective workplace health and safety induction for new team members, also demonstrating the Company's commitment to health, safety and wellbeing;

Over 286,815 hours of dedicated health and safety training were delivered to 90,490 individual employees between October 2021 and September 2022.

Since their creation, around 4,000 employees have attended modules 1 and 2 of the 'Airbus Environment and Health & Safety (EHS) Leadership Certificate'. Between October 2021 and September 2022, 2,214 employees attended these modules. Modules 3 and 4 have been made available from end 2022. Successful completion of all four modules will result in an externally validated certificate in health and safety competence.

Leadership involvement is key in stimulating continual improvement. More than 180 executives and "Level IV" leaders completed the 'Leadership Masterclass on Environment and Health & Safety' between October 2021 to September 2022. In addition, the majority of executives and "Level IV" leaders have now attended the practical 'Back to the Floor' health and safety training.

Occupational health and Wellbeing

Psychological health and wellbeing are priorities for the Company. Whilst the causes of psychological issues tend to be multifactorial, this does not alleviate the ethical and commercial reasons for supporting employees in pursuit of a state of wellbeing - which is more than just the absence of ill-health.

Mental health consultations are offered to employees on site and remotely, providing opportunities for them to anonymously express concerns about personal or professional aspects in their life. In addition, health and wellbeing support material is made available on the Company's intranet pages.

Initiatives such as 'Wellbeing seminars', 'Mental Health days' and 'Therapy dogs' visiting sites have helped to raise awareness and open discussion on these sensitive topics. The role of 'Wellbeing Ambassador' has been created and will be deployed in 2023.

In 2022, the mandatory training list for managers included:

- 'Mental Health Awareness', exploring ways to recognise and address mental health concerns and supporting managers in promoting good mental health.
- 'Health and Safety Conscience of a Leader', reinforcing the accident prevention role of leaders and the importance of developing a positive health and safety culture.

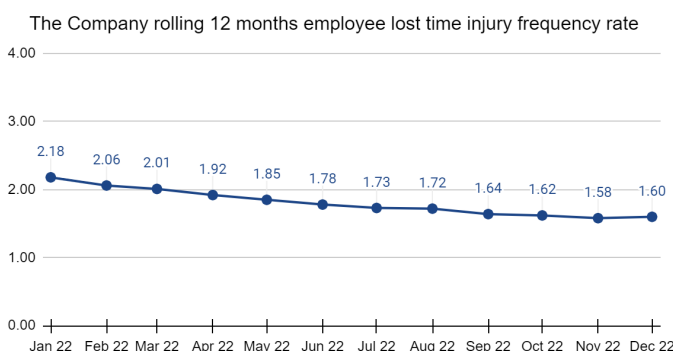
Finally, the occupational health teams have continued to robustly support the fight against COVID-19 and its consequences, by providing advice and support for individual employees and the business as a whole.

Reporting and Indicators

The Company's employees are required to report accidents, near misses and hazards to their manager, who is consequently required to investigate. The incident and investigation details are recorded and this data is analysed to identify opportunities for risk mitigation and overall performance reporting. Lost time injuries are reviewed and assessed where appropriate by the relevant bodies, including safety committees. The Frequency rate performance is also periodically shared with relevant work councils, including the SEWC.

Company-wide data collection and analysis is performed on FISH (Federated Information for Environment, Safety and Health), a global environment, health and safety platform, including an incident management module. Around 80% of the Company's employees including the active workforce, apprentices and temporary employees, are estimated to be covered under the FISH platform. The FISH perimeter continues to be progressively extended. The deployment of the incident management module is ongoing at sites in North America and the Asia Pacific region. Complimentary data are monitored by the operational health and safety teams. The harmonisation of data management and thus more powerful analysis remains a goal.

One of the indicators used by the Company to measure its performance is the lost time injury (LTI) frequency rate (the 'FR1'). This indicator is a company-wide standard designed to enable geographical and organisational comparisons and it may differ from the formulae used by other companies. This indicator considers the work-related lost time injuries in relation to the working hours, on a rolling year basis. In the company incident management method, lost time injuries are defined as those that require medical attention and which cause the employee to be absent from their normal work activity for 24 hours or more, not counting the day of the accident but including weekends and holidays. This produces a figure of the number of injuries per one million (1,000,000) worked hours. The 2022 end-of-year figure of the rolling frequency rate amounts to 1.60 Company-wide and 2.25 for the Company's commercial aircraft perimeter.



The Company perimeter of the FR1 covers:

- all main sites in France, Germany and Spain for the Company's commercial aircraft perimeter and the Company Divisions ,
- all main sites in UK for the Company's commercial aircraft perimeter and the Airbus Defence and Space Division,
- the Company's commercial aircraft plants in Mobile, US and in Tianjin, China,
- the Airbus Defence and Space Division site in Poland,
- this year are also included the consolidated data from the Airbus Helicopter Division's Asia Pacific and Latin America affiliates
- not included are the newly created Airbus Atlantic and Airbus Aerostructures entities (and the French and German sites transferred to such entities this year).

In the case of the Airbus commercial aircraft business FR1 perimeter, all main sites in France, Germany, Spain and UK, and the commercial aircraft plants in Mobile, USA and in Tianjin, China are included (for the avoidance of doubt, the Airbus Helicopters and Airbus Defence and Space Divisions, and the French and German sites transferred to the newly created Airbus Atlantic and Airbus Aerostructures entities are not included)

Company-wide, the Company experienced an improvement of more than 29% in the adjusted perimeter in frequency rate in 2022. The frequency rate figures are reviewed monthly by the CEO and the Executive Committee and the data shared with all executives and senior leaders in a monthly webinar.

In addition for 2022, the Company is publishing an injury severity rate indicator. This indicator measures severity of an injury by the number of lost workdays caused by the injury, enabling another view of key risk areas. The severity rate perimeter is limited to the FISH coverage and amounts to 0.046.

A total of 28,925 near misses have been declared on FISH in the commercial aircraft perimeter. The Company pursues investigation of near misses to identify cause agents and mitigation actions that support accident prevention measures.

V. Outlook

As part of the health, safety and operational environment '2030 Flightpath' vision, the Company aims to reduce the risk of work-related injury and ill-health even further, by continually improving management system elements, monitoring and data analysis. To enhance this approach, a company-wide health and safety incident review panel is being put in place to provide oversight of incident management and data quality. This oversight will include the work of the current local level review panels, which determine accident classification. For 2023 onwards the ambition is to also audit FR1 at divisional / business level. The Company will also continue to pursue its geographical deployment of the FISH platform and tools supporting the prevention and measurement of physical and ill-health risk. Leadership competence will be further enhanced by the deployment of the final modules of the 'Airbus Environment and Health & Safety (EHS) Leadership Certificate', which will provide managers with an externally validated certificate in health and safety management.

Respect human rights and foster inclusion

6.1.10 Human rights

I. Introduction

A commitment to respect human rights

As a signatory to the United Nations Global Compact since 2003, the Company is committed to upholding international human rights principles and standards, including the International Bill of Human Rights, the International Labour Organization's ("ILO") Declaration on Fundamental Principles and Rights at Work and its Core Labour Standards. In doing so, the Company aims to implement policies and processes that respect applicable law in the countries in which the Company operates and take into account the UN Guiding Principles for Business and Human Rights, and the Organisation for Economic Co-operation and Development's ("OECD") Guidelines for Multinational Enterprises.

"Respect for human rights" was prioritised by the Company as one of the four sustainability commitments agreed by the Executive Committee and the ECSC at Board level during 2020. In addition, in reflection of the growing importance it places on this topic, the Company endorsed including 'respect human rights' as part of its 2023 Top Company Objectives in the 'in all we do, we' section which aims to anchor good governance practices and values into the business.

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

Human Rights	GRI	SASB	SDGs	Others	Others
	412 Human Rights Assessment 408 Child Labour 409 Forced or Compulsory Labour		4,5,8,16		Vigilance Plan
Highest governance body(ies) involved	Board of Directors / ECSC Executive Committee				
Related corporate policies and reference documents	Code of Conduct; International Framework Agreement; Airbus Supplier Code of Conduct; Airbus Human Rights Policy				
Commitments to take into account external standards and frameworks	International Bill of Human Rights, ILO's Declaration on Fundamental Principles and Rights at Work and its Core Labour Standards, OECD Guidelines for Multinational Enterprises, United Nations Guiding Principles				
KPIs	Target	Target year	2021	2022	2022 vs. 2021
% of investigations completed or in progress ⁽¹⁾	100%	Permanent	100%	100%	-
% of sites having undertaken a social assessment ⁽²⁾	100%	2026	10% ⁽⁶⁾	29%	+19pp
% of findings closed within 18-months ⁽³⁾	100%	Permanent	100% ⁽⁷⁾	100% ⁽⁷⁾	-
Other key metrics			2021	2022	2022 vs. 2021
Number of participants to human rights trainings - cumulative, reporting period: 1 Oct - 30 Sep ⁽⁴⁾			5789	6955	+1166
Number of alerts of human rights concerns ⁽⁵⁾			4	28	+24
KPI and metrics assumptions:	(1) following reports of concerns linked to forced and child labour and other labour rights. (2) % of the Company's sites with over 100 employees, cumulative since 2020, undergoing a social assessment including human and labour rights (based on number of in scope sites at 2020). (3) following social assessments including human and labour rights, carried out on the Company's sites. (4) cumulative number of participants who have completed e-learning modules on human rights and modern slavery since 2018. (5) including forced labour and labour rights (received via OpenLine and other means) through the Company's supply chain. (6) cumulative since 2020. Due to a change in calculation methodology, this number has been reduced based on the 2021 report. (7) number of site findings closed within 18 months 100%. Closure of identified findings related to corporate management systems pending release of the Company's Sustainability Due Diligence and Human Rights Directive.				
Additional resources	Code of Conduct , Supplier Code of Conduct , Modern Slavery Statement , Human Rights on Airbus.com , OECD Guidelines for Multinational Enterprises , Due Diligence Guidance for Responsible Business Conduct , ILO Declaration on Fundamental Principles and Rights at Work				

II. Governance

The Executive Vice President Communication and Corporate Affairs has top level accountability for human rights at Executive Committee level. During 2022, following formalisation of the Company's governance arrangements for human rights in 2020, the Company held a number of meetings and presentations to support and advance respect for human rights. These included:

Governance	Number of meetings in 2022	Key responsibilities
Human Rights Core Team , chaired by the Global Lead for Human Rights	Target 6 (achieved)	Ensuring the development and delivery of the human rights roadmap, including actions against agreed targets and support for awareness raising and capacity building.
Human Rights Steering Committee , chaired by the Head of Sustainability and Environment	Target 3 (achieved)	Providing strategic guidance to support decision making and prioritisation, as well as providing guidance and support on progress.
Presentation on human rights to the Executive Committee	Target 2 (achieved)	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).
Presentation on human rights at the ECSC	Target 1 (achieved)	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.

During 2022, the Company reviewed its governance on human rights to reflect its transition from policy-setting into business integration. Part of this review included a review of the role of the Human Rights Multi-Functional Team (MFT) which has now transitioned into a Human Rights Core Team. The Core Team is made up of multi-divisional and multi-functional representatives from within the Company with key actions aligned to delivery of the human rights roadmap. In addition, the mandate of key internal networks, including the Sustainability Ambassadors' network and the Ethics and Compliance network were extended to cover the topic of human rights. Work will continue to embed human rights into these networks and ensure they have the right competencies to adequately support the human rights roadmap.

Human rights policy

Building on the human rights commitments and expectations that have existed in various key documents for many years (including within the Airbus International Framework Agreement signed in 2005, the Company's Code of Conduct and Supplier Code of Conduct), a key focus for 2022 included efforts to consolidate commitments to human rights standards and principles as well as expectations in this respect (aligned to international human rights standards and principles including the United Nations Guiding Principles for Business and Human Rights, the ILO Core Conventions on Labour Standards and the OECD Guidelines for Multinational Enterprises), into a specific internal Human Rights Policy which was formally approved in 2022 and endorsed by members of the Executive Committee.

A number of internal and external stakeholders supported the creation of the policy including divisional and functional representatives of the Human Rights Core Team and Steering Committee and members of the Legal & Compliance team. Externally the policy was reviewed by representatives from specialist expert human rights organisations, academics and civil society. The policy was also presented and discussed at the Airbus Global Forum which brings together social partner representatives from the Company's sites around the world and the Societas Europaea Works Council ("SE-WC") which represents the Company's European social partners (see " - 6.1.12 Social Dialogue"). An external Human Rights Policy Statement by the Company's CEO, Guillaume Faury, was published on the Company's website and provides a top level summary of the Company's Human Rights Policy commitments.

The commitments contained within the Human Rights Policy will be integrated into the Company through the deployment of a dedicated internal Directive. This Directive brings together external requirements such as legal requirements and international standards and principles, as well as existing internal commitments relating to human rights including through the Airbus Code of Conduct, Airbus Supplier Code of Conduct, the International Framework Agreement and the Airbus Human Rights Policy. A key focus of 2022 included raising awareness of the Directive and respective requirements with a

view to prepare the integration of the requirements into the Company's internal management system and processes. This work will continue to be a focus during 2023.

III. Risk management

The Company's identified salient human rights issues are embedded into the Company's risk portfolio in the frame of the Company's ERM system and associated response plans developed to address identified impacts. Actions are reviewed regularly by the Human Rights Core Team and any salient human rights issues requiring particular focus are escalated to the Human Rights Steering Committee as well as the Executive Committee and ECSC as required. An update of actions related to the Company's salient human rights issues follows, with further actions progressing throughout 2023. Taking into account that salient human rights issues may change over time due to internal and external influences, the Company is committed to reviewing them regularly and at least once per year.

Salient human rights issues

The Company's initial salient human rights issues were identified through a human rights impact and gap analysis carried out in 2019. This identification was based on desktop research, a benchmark of industry peers and companies in similar industries and an analysis of stakeholder expectations, including consideration from a rightsholder perspective. These issues were reviewed, updated and validated during 2020 through the Human Rights MFT and engagement with a number of key external stakeholders, including human rights NGOs, academics/ researchers and industry groups. The identified salient human rights issues (with impacted rightsholders in parentheses) and actions undertaken during 2022 follows:

- **Impact of products and services (passengers and citizens):** Overseen by the Company's Executive Committee, the Company continued to review how to integrate human rights due diligence through existing processes and tools with a view to mitigating the risk of misuse of its defence products. For further details of actions related to this salient issue, please see the Due Diligence section below.
- **Forced and child labour and other labour rights (contractors and supply chain):** Key activities to mitigate the risk of forced and child labour and other labour rights in the Company's supply chain included the continued roll out of the Company's revised Supplier Code of Conduct, with strengthened expectations on forced and child labour as well as other human and labour rights and a requirement for suppliers to formally confirm adherence to the Supplier Code of Conduct and to cascade the principles throughout their supply chain. In addition, the Company took actions to include human rights in the supplier onboarding process and to strengthen its supply chain due diligence including updated risk mapping (country and activity) and a review of its risk identification and alert management process. For further information, see the Due Diligence section below and " – 6.1.15 Responsible supply chain".
- **Inclusion and diversity:** During 2022, actions to progress this salient issue included a continued focus on the '25 by 25' gender diversity ambition to increase female representation at executive levels of the Company, creating a robust pipeline including specific leadership programs for women, such as 'MyWay' where the Company increased the numbers of cohorts by 100% versus 2021 and to support inclusive leadership. Furthermore, a mandatory inclusion and diversity training module was rolled out for all employees achieving more than 95% by the end of 2022. For further information, see " – 6.1.11 Inclusion and diversity".
- **The transition to decarbonisation (supply chain):** 2022 was dedicated to identifying the key areas of risk that the Company's transition to decarbonisation may create, affecting in particular human rights. The identified areas include the potential impact on communities due to the production of sustainable aviation fuels (SAF), carbon offset initiatives and specific minerals required in the development and manufacturing of new technology. The Company is already engaged in various coalitions (e.g. the Roundtable for Sustainable Biomaterials and the International Sustainability and Carbon Certification) to ensure that human rights dimensions are considered in these areas. For further information see " – 6.1.2 Climate change" and " – 6.1.15 Responsible supply chain".
- **Data privacy:** During 2022, the data privacy team continued to implement and improve the data privacy programme throughout the Company. For further information see Privacy section in " – 6.1.14 Business integrity".

Review of salient human rights issues

During 2022, the Company undertook a full review of its salient human rights issues. This review followed a similar process of identification as that undertaken in 2019 (via comprehensive document review, interviews with key internal stakeholders and verification including with internal and external stakeholders) and prioritisation and weighting based on severity (assessed from scale, scope and remediability criteria) and likelihood. During this review, stakeholder feedback was taken into account which led to the identification and prioritisation of 'underlying issues' to support more effective action plans. The review also included an analysis of the Company's ability to use its leverage to influence mitigation of the risk (e.g., whether it is directly linked to the risk), or whether the Company has caused or contributed to the risk. Actions to progress response plans will continue through 2023.

In addition, in order to strengthen the management of the action plans, a governance framework has been established such that the Company's salient human rights issues (and identified underlying issues) are sponsored by relevant members of the Company's Executive Committee who will provide oversight of the action plans within the frame of the Company's risk portfolio. In addition, a process for the regular review of the Company's salient human rights issues is currently being developed which will include ensuring a risk review is performed at least once per year, with a more in-depth review every three years. For full details of the Company's priority risks, see "6.1.1 - VII. Airbus' way forward: vigilance plan".

Salient Human Rights Issues

- Impacts related to products and services (passengers and citizens)
- Impacts related to diversity and inclusion (own workforce and workers in supply chain)
- Risk of forced labour (workers in supply chain)
- Impacts related to sourcing of raw materials (workers in supply chain)

Due Diligence on human rights

During 2022, the Company continued to strengthen its risk-based human rights due diligence taking into account the OECD Due Diligence Guidance for Responsible Business Conduct. This focus, which will continue throughout 2023, included:

- Due diligence within the Company's own operations
- Supply chain due diligence
- Product and service due diligence (focused on the Airbus Defence and Space Division)

This due diligence is intended to support identification, prevention or mitigation and remediation of human rights risks across the Company's value chain, including risks related to forced and child labour, working time and wages, freedom of association and discrimination and harassment in both the Company's supply chain and own operations as well as risks in relation to the Company's products and services. Key activities conducted during 2022 under each due diligence workstream includes:

Supply chain due diligence

Through the Sustainable Supply Chain Roadmap, the Company undertook a full review of the way it conducts due diligence, including related to human rights, within its supply chain. For full details, see "6.1.15 Responsible supply chain".

Due diligence related to own operations

Through the HR team, the Company started to develop due diligence in order to identify ways to manage risk related to human rights within its own operations. This included:

- Development of a due diligence framework aligned to the OECD Due Diligence Guidance for Responsible Business Conduct.
- Formalisation of governance for progressing actions related to this framework, including the nomination of a project lead to support and progress actions.
- Prioritisation of actions linked to the Company's salient human rights issues, which includes plans to conduct a risk-based impact and gap analysis to understand the potential risk of forced labour on the Company's sites as well as review of relevant policies and processes.

Further actions will continue during 2023.

Product and service due diligence (focused on the Company's defence products)

Overseen by the Company's Executive Committee, the Company continued to review how to integrate human rights due diligence through existing processes and tools with a view to mitigating the risk of misuse of its defence products. Analysis to date has focused on the Company's products with plans to review integration of the provision of services to follow. Actions during 2022 follow:

- Recognising that human rights considerations already exist in the stringent export compliance process, an assessment of the potential integration of actions, upstream of the export control process, to assess the level of risk of potential misuse. This assessment will support a decision to progress to the export control stage.
- The current proposal includes a due diligence process that takes into account the potential risk of Company products being used in violation of human rights using criteria including country risk and intended product use.
- This draft process received approval to move to a pilot phase during 2023 before further evaluation.

Further actions will continue during 2023.

Social assessments (focused on human and labour rights) conducted on the Company's own sites

During 2022, the Company continued to conduct on-site social assessments focused on human and labour rights covering its own sites. These assessments were carried out using an independent third-party social assurance provider consistent with the assessments carried out in the Company's supply chain.

Nineteen onsite social assessments (from a target of 18) were conducted in 2022 in countries including: China, Finland, France, Germany, Malaysia, Morocco, Romania, Saudi Arabia, Singapore, the UAE and the UK. The sites were selected based on an analysis of country risk using publicly available indices (including child labour, forced labour and labour rights), the type of activity (prioritising production facilities) and the number of employees. In addition, any alerts relating to human rights coming from other sources, including the ICSA process. Relevant legislation was also taken into account.

During these assessments, findings were identified across 11 sites, including through *in situ* subcontractors. The Company aims to close all site findings without undue delay and within a maximum of 18-months.

In order to strengthen its due diligence process, the Company has set a target to ensure that 100% of its sites with over 100 employees are assessed for human and labour rights risks by the end of 2026. Since 2020, 29% of the Company's sites with 100+ employees have been assessed.

Grievance and remediation

During 2021, the Company continued to promote its SpeakUp and ListenUp culture related to human rights concerns, including reinforcement of the use of its OpenLine confidential reporting system, within its revised Supplier Code of Conduct (see " – 6.1.15 Responsible Supply Chain").

In 2022, the Company undertook a gap analysis of its OpenLine policies and processes against upcoming legal requirements (e.g. the German Supply Chain Due Diligence Act) and international standards and principles related to human rights, in particular the UN Guiding Principles (UNGPs). Overall, Airbus's existing policies and procedures align with benchmark recommendations. Recommended additional actions included further clarification on the stakeholders who can access OpenLine, a review of the languages OpenLine is available in, and having the link to OpenLine available on the contact us page of the Company's website. These and other identified actions will be reviewed and progressively rolled out during 2023.

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 as soon as possible. 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 2022, 28 alerts of concern were raised related to human rights or labour rights from within the Company's supply chain. This increase (from four disclosed in 2021) reflects the progressing maturity of the Company's due diligence efforts as well as increasing awareness on human rights topics. The alerts were raised through either the supplier screening process, external reports (media /NGO reports) or the Company's OpenLine. Following analysis, 24 of the alerts were closed with no required actions; four remain open pending completion of required actions.

The Company will continue to investigate any new alerts during 2023.

IV. Implementation / activities

Awareness raising and training

During 2022, the Company continued to raise awareness of human rights, including through the promotion of its dedicated training on human rights and modern slavery, which is available to all employees in four languages. This training was updated during 2022 to take into account the publication of the Human Rights Policy. During the period 1 October to 31 September 2022, 1,166 participants undertook this training (6,955 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. This training will be part of the compulsory training for all employees of the Company during 2023.

Also during 2022, the Company created a dedicated eLearning module on human rights targeting “Level IV” managers, including the heads of its subsidiaries and controlled affiliates. This eLearning formed part of the compulsory training for the Company’s Executives during 2022 and will remain on the list during 2023. Since its launch up to 31 September 2022, 489 participants have completed this training.

Furthermore, during 2022 the Company introduced a pilot programme of in-depth training aimed at buyers and supply chain quality managers focused on human rights and in particular identifying forced labour. This programme aims to provide interactive small group virtual training to ensure deeper understanding and engagement. The aim is that this training will be rolled out further during 2023.

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

The Company also published a number of articles on human rights internally via its Hub Portal and Airbus TV during 2022. This communication was aimed at demystifying human rights as well as focusing on topics such as forced labour and wellbeing, and included interviews as well as opportunities to provide comments and feedback. Communication will continue throughout 2023.

Stakeholder engagement and collaboration

During 2022, the Company continued its membership of the Global Business Initiative on Business and Human Rights (GBI), a specialist peer learning group focused on advancing respect for human rights throughout the world. As part of its membership, the Company also took part in three dedicated workstreams: downstream due diligence, environment and human rights and tracking and measurement, the progress of which were shared with other GBI members.

The Company is also a member of a number of industry trade associations which during 2022 held focused discussions on progressing human rights within the aerospace and defence industry. These include ASD (the Aerospace and Defence Industries Association of Europe), GIFAS (French Aerospace Industries Association), BDSV (German Industry Association for Security and Defence), ADS (UK Industry Association for Aerospace, Defence, Security and Space) and TechUK (the UK’s technology trade association).

The Company also engaged with a number of external stakeholders on human rights in order to advance the topic through external collaboration. These included academics, researchers, civil society organisations, officials and peers. A number of discussions with the Company’s investors on the topic of human rights also took place during 2022, including on the topic human rights due diligence related to defence sales.

In addition, an update of the human rights roadmap was also presented to key internal stakeholder groups including the SE-WC comprising social partners from across the Company’s European sites.

Regulatory compliance

During 2022, the Company undertook an analysis of current and upcoming legislation related to human rights including German’s new Supply Chain Due Diligence Act. Actions to fill any identified gaps will be undertaken throughout 2023.

During 2022, in accordance with the UK Modern Slavery Act and the Australian Commonwealth Modern Slavery Act, the Company published a Modern Slavery Statement outlining the actions it had undertaken to mitigate modern slavery risks in its global business, operations or supply chain. This Statement was published on the UK Government and Australian Government websites as well as the Company’s website. In addition the Company completed the UK Ministry of Defence (MoD) Modern Slavery Assessment Tool.

V. Outlook

During 2023, the Company will continue its focus on embedding and advancing its commitment to respect human rights throughout its business, operations and supply chain. Specific ongoing actions include:

- Progressing actions identified as part of the Company’s human rights roadmap.
- Progressing response plans related to its identified salient human rights issues.
- Progressing social assessments focused on human and labour rights throughout the Company’s sites.
- Capacity building with key teams including development of training, communication and awareness raising.
- Ensuring alignment of actions with current and upcoming legislation.

6.1.11 Inclusion and diversity

I. Introduction

"Respect human rights and foster inclusion" is one of the four sustainability commitments. This priority reflects the focus the Company puts on inclusion & diversity ("I&D") and is illustrated by the 147 nations that its employees represent. An I&D position statement outlines the Company's commitments to creating a safe and inclusive culture, including zero tolerance to discrimination and harassment, while the Company's Code of Conduct and Supplier Code of Conduct express the expectations towards both employees and suppliers in this respect.

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

- Creates a safe environment and inclusive culture where collaboration, empowerment, continuous learning and accountability are promoted and valued. The Company has zero tolerance for harassment or discrimination of any kind;
- Attracts, recruits, develops and retains a large and diverse pool of talents. This talent is a reflection of the Company's customer and supplier base as well as the communities around;
- Develops a thriving work environment supported by its values system, leadership model as well as a code of conduct understood and lived by all;
- Is committed to have a positive long-term sustainable impact not only in the aviation sector but also in the communities the Company works in by being signatories to the Sustainable Development Goals (SDG).

Inclusion & Diversity	GRI	SDGs	Others		
	405 Diversity and Equal Opportunity, 406 Non-discrimination	4, 5, 8, 16	Vigilance Plan		
Highest governance body(ies) involved	Board of Directors / ECSC; Executive Committee Inclusion & Diversity Board				
Related corporate policies and documents	Human Resources Airbus Company Policy, Airbus Code of Conduct, Airbus Supplier Code of Conduct				
External standards or frameworks taken into account	Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, ILO Conventions				
KPIs	Target	Target horizon	2021	2022	2022 vs. 2021
% of external hires to be female (active workforce)	33%	Yearly	22%	27%	+5p.p
% women in Board of Directors	33%	2022	25%	33%	+8p.p
% women in senior management - Executives	18%	2022	14%	16%	+2p.p
<i>Number of men in senior management - Executives</i>				821	
<i>Number of women in senior management - Executives</i>				157	
Other key metrics (More in " - 6.1.17 ESG Data Board")			2021	2022	2022 vs. 2021
% women in active workforce			19%	20%	+1p.p
% women in Executive Committee			25%	25%	+0p.p
% women in "Level IV" managers			16%	17%	+1p.p
Additional resources	Code of Conduct - incl. non-discrimination commitment, Inclusion and diversity on Airbus.com, Airbus International Framework Agreement - incl. Equal Opportunities commitment UN Women's Empowerment Principles - CEO statement, AD CEO statement, LGBT+ Charter with L'Autre Cercle Association for an inclusive work environment, France Gender Pay Gap Statement 2021, UK Gender Pay Gap Report, Airbus UK I&D Agreement, Women in Aviation and Aerospace Charter ↘, Women in Defence Charter ↘, Partnerships supporting people with disabilities: Atouts pour tous ↘, Handisup ↘, Handi Proconseil ↘				

II. Governance

The I&D team is part of the “DEVELOP Centre of Expertise” within the Human Resources function and represents Airbus and its Divisions, with regional I&D focal points supporting the implementation of the I&D strategy globally.

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

In addition, local I&D steering committees, championed by “Level IV” leaders and executives in the regions, provide additional support to embed and advance the I&D strategy, locally and provide valuable input to the I&D team and advisory board. The steering committees are supported by a network of diversity business champions embedded in the business, who advocate for an inclusive working environment.

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 culture, including its OpenLine reporting system, are investigated in accordance with the Company's investigation process.

IV. Implementation / activities

Gender diversity

The Company supports various national and international initiatives such as International Women's Day, and since 2018 the Company has 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 order to actively follow the four sustainability commitments, dedicated training courses on I&D related matters are permanently available to all employees and promoted within the learning catalogue and are as well included in the compulsory learning plan. With a special focus on leaders, the Company launched a “Management Basics & Leadership Foundations Programme” to ensure that inclusive leadership becomes the norm at all levels in 2020. In 2022, the MyWay Women leadership program, dedicated to women leaders of tomorrow, registered 100 women, twice as many as the previous year. To date, this programme has trained over 220 women, including the current cohort. The Company's leadership development program attendances are balanced in terms of gender representation.

Further dedicated role model sessions called Women@Airbus, digital recruitment events to encourage more women to apply for jobs, have been carried out online with over 400 women participating. During 2022, the Company disclosed its gender pay gap as required by both French and UK legislation, and continues to put measures in place to ensure gender pay parity worldwide.

Gender diversity in senior management - Executives

The Company strives to accelerate female representation in leadership roles. Accordingly, it has set targets for gender diversity in Executives management positions, associated with a dedicated action plan. It includes slots in dedicated leadership programs, aimed at development of leaders selected from across various geographies and functions. In 2022, performance stood at 16% against a 18% target, which is a 2p.p. increase year-on-year. The company is committed to pursuing efforts, focusing on leadership programs, mentorship, sponsorship, targeted recruitment and strengthening promotions pipeline to enhance female representation on executives positions.

Other diversity dimensions

The Company is also accelerating change through its employee-led Employee Resource Group “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 WIN Together, the Airbus Africa Network, Spectrum (Racial diversity and inclusion), Pride@Airbus (LGBTQ+), Generation-A (Millennials), Seniors Talent and (Dis)Ability ambassadors networks are key to raising awareness of I&D, promoting inclusion, equal rights and increasing visibility. Initiatives include mentoring, leadership development of under-represented groups as well as conferences and discussions open to all employees.

The annual Ability Weeks campaign aims to raise awareness on disability across the Company and worldwide. This includes a series of workshops and awareness sessions on topics such as: digital accessibility, workplace adaptations, mental health care. During 2022's campaign, more than 3000 employees participated in live workshops, and over 30 events were organised worldwide. These events are also an opportunity for the Company to share some of the initiatives set up internally, such as Airbus Humanity Lab showcasing prosthetic blades made from recycled carbon from a production line.

Highlighting that being unique is valued and that difference is welcome, the Company ran an awareness campaign during 2022 to promote awareness of the importance of digital accessibility for employees with disabilities as a means for inclusion.

During 2022, the Company also engaged in various social diversity programmes 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 French government's initiative *"La France, une chance. Les entreprises s'engagent !"* to encourage companies to help everyone find their place in society by taking actions such as recruiting from underprivileged areas, promoting education learning and committing to responsible purchasing (inclusive supply chain).

V. Outlook

In 2023, the Company will pursue its I&D ambition, aiming at embedding I&D in everything it does. Priorities for 2023 include continuing the Company's focus on gender parity, while simultaneously strengthening focus on other aspects of the I&D strategy such as disability, internationality and cognitive diversity. Upcoming actions on I&D include:

- Eliminating systemic barriers during talent recruitment, development and management;
- Agreeing on targets for external recruitment of women, external recruitment from non-EU countries and external recruitment of people with disabilities;
- Extending leadership development programmes to include a focus on I&D and in particular on gender diversity;
- Increasing awareness and training on inclusive leadership and unconscious bias;
- Leveraging and reinforcing business ownership and accountability through the Company's network of diversity champions;
- Continued support to encourage STEM studies for young women in schools and universities through mentorship, tutorship, directly or through the associations sponsored by the Company.

6.1.12 Social dialogue

I. Introduction

In 2022, the Company continued its numerous discussions, consultations and negotiations with its social partners, sometimes on a daily basis in order to discuss Company transformation projects, the evolution of Company agreements, measures to support production ramp-up, or cope with the evolution of the economic environment.

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

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

Labour Relations	GRI	SASB	SDGs	Others
	402 Labor/Management Relations		8, 16, 17	
Highest governance body(ies) involved	Executive Committee			
Related corporate ref documents	Airbus Code of Conduct, International Framework Agreement, SE-WC agreement (updated 2018)			
Airbus commitments to take into account external standards and frameworks	ILO's Declaration on Fundamental Principles and Rights at Work and its Core Labour Standards, OECD Guidelines for Multinational Enterprises			
Key metrics			2021	2022
Number of meetings with SE-WC (agreement says 4 per year)			12	7
% workforce covered by collective bargaining agreements			ca 80%	ca 80%
Additional resources	Code of Conduct, Airbus International Framework Agreement ILO's Declaration on Fundamental Principles and Rights OECD Guidelines for Multinational Enterprises , the Global Deal Initiative			

II. Governance

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

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

The head of each business is responsible for ensuring compliance with these principles. The provisions of the IFA 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.

Labour relations and social dialogue are fully part of the Company's DNA and, therefore, their continuous evolution and improvement are embedded in the Company's Human Resources strategy supporting the Company's business challenges and the sustainability roadmap. It includes discussions about the identification and mitigation of risks inherent to Company's activities and those of its suppliers with regards to human rights, environment and health & safety. In cases of restructuring, the Company strives to limit as much as possible the negative impacts on its workforce and considers employment as a priority. As an illustration, the last restructuring plan implying significant workforce reduction was completed in 2021: the COVID-19 adaptation plan resulted in the signature of various collective agreements by the main unions and provided for a range of social measures including: trainings, internal mobilities, working time adaptations, voluntary departure schemes, early retirement and the opportunity to pursue personal or professional opportunities outside of the Company, such as business creation as well as dedicated partial unemployment schemes.

Regular social dialogue is ensured at global, European and local levels as per ILO requirements, local legislation and Company agreements about social dialogue, for instance thanks to the Company's European SE-WC agreement which was updated in 2018. Sites outside Europe are also covered by the Company's IFA framing the social dialogue and social culture in line with local labour legislation, culture and practices of respective countries.

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

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

III. Risk management

The European labour relations' management of the four home countries of the Company (France, Germany, UK, Spain) is also part of the Company risk management processes and these risks are reviewed internally on a quarterly basis. For example, during 2022, employee relations continued to focus on ensuring legal compliance regarding national labour laws and investing in training the Company's HR professionals about labour law. The Company's approach to risk management is also reinforced by the OpenLine reporting system, which allows employees to report concerns anonymously (where legally permitted).

IV. Implementation / activities

During 2022, the Company continued activities aimed at strengthening collaborative and partnership approaches with unions in various countries. The main focus has been on preserving global social dialogue, addressing Company transformation projects as well as informing and consulting about employment, working conditions and sustainability.

Preserving a global social dialogue

In Europe, seven European committees have taken place at Company level in 2022, including discussions about the Company's commercial aircraft activities. The composition of the SE-WC was renewed in accordance with the Company agreement and its rules of procedure. At the Company's Airbus Helicopters Division, four European committees have taken place. The main topics have been the follow up of the Division's performance and strategy, the deployment of the site specialisation strategy and more globally the Company transformation, focusing in particular on competitiveness, digitalization and environmental roadmap. At the Company's Airbus Defence and Space Division, eight European committees have taken place. The main topics have been the strategy and performance of the Division with a focus on sustainable transformation, including the AD 4.1 and the AD Digital reorganisations.

With a global reach, the third AGF took place early July 2022 in a digital format and has proven again to be an effective exchange platform between the Company's top leaders in the regions and its employee representatives from the Company's home countries as well as Poland, Romania, Morocco, Tunisia, Brazil, New Zealand, Australia, North America and China. The AGF agenda triggered insightful discussions around business and human resources including actions about sustainability, human rights, safety and wellbeing. It also served as an opportunity to enhance the perspective of the Company's social partners on local and regional practices with regards to social matters, especially out of the European home countries.

Supporting Company transformation

Numerous discussions with the Company's social partners have taken place to support the creation of global business services in Portugal, Airbus Protect in France Germany and the UK as well as the creation of Airbus Aerostructures GmbH in

Germany, on top of the social impacts in relation to the ramp-up. In Spain, the discussions started in 2021 about the consolidation of the industrial activities and the maintenance of workload in the Province of Cádiz in the CBC work centre were continued and concluded successfully. Also, during 2022, the space activities in Getafe were successfully integrated.

Supporting employees

In 2022, the Company carried out constructive dialogue with its social partners to negotiate salary increase policies where relevant with its employee representatives committees or in the frame of collective bargaining negotiations. After having listened to the members of the Airbus European Works Council (SE-WC) on September 15, and then having discussed further with the employee representatives who signed wage agreements, the Company decided to pay an exceptional premium to its employees (see “- 6.1.13 People”), independently of current or future salary negotiations.

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

In Spain, the Company continued with the social dialogue in order to carry out the commitments included in the VI CBA (Spanish Collective Bargaining Agreement) and to put in place relevant agreements, such as a new remote working policy or in order to share with social partners the strategic direction set out in the 2030 vision.

In France, thanks to a fruitful and established long-term social dialogue with employee representatives, the Company continued the major transformation project called Reload which started in 2021, aiming at simplifying, modernising and harmonising Company agreements related to compensation, benefits, grading, working time duration, health, safety and working conditions to make them more readable for its people and adapted to the Company’s challenges. This project also aims at integrating the evolution of the Metallurgic Branch Agreement which was signed in 2022. In particular an agreement about healthcare, death and disability was concluded with the signature of all unions.

In Germany, social dialogue mainly focussed on supporting the ramp-up activities, the works council elections and concluding the collective bargaining round, which was conducted by the employers’ associations of the metal and electrical industry in which the Company is a member.

In the UK, the Company reached an agreement with Unite for collective bargaining rights for employees in the “Advanced Professional” and “Level V” grades for the Company’s commercial aircraft activities. This was supported in a ballot of all employees in these grades.

Enabling for sustainability plans

In 2022, in line with its sustainability ambition, the Company reached an agreement with its social partners about the inclusion of the accident frequency rate and CO₂ in the remuneration of “Level IV” managers from the year 2022.

V. Outlook

In 2023, the Company aims to continue its dialogue with social partners, sharing its strategy, its organisational changes and preparing for its evolving ways of working, as was done in 2022. Other key areas will be the continued ramp-up of its activities and the transformation projects which will be essential to the Company’s future success. Furthermore, it aims to continue discussions and cooperation with some national and international trade union federations.

6.1.13 People

I. Introduction

The Company's people draw on each other's expertise and experience and put all their passion and determination to pioneering sustainable aerospace. Human Resources is at the heart of the Company.

The current priorities of the Company's HR function within its People Strategy are:

- Engaging, inclusive and high performing leadership;
- Skilled workforce and an agile learning organisation;
- Inclusive workplace and simplified ways of working;

As of 31 December 2022, the Company's workforce amounted to 134,267 employees (compared to 126,495 employees in 2021), 96% of which consisted of full-time employees. These statistics take into account consolidation effects and perimeter changes throughout 2022. Depending on country and hierarchy level, the average contractual working time is between 35 and 40 hours per week.

2022 confirmed the strong aerospace industry recovery, enabling the Company to accomplish its recruitment plan with a particular focus on new skills, diversity and generational renewal. As part of this, the Company launched a new program to welcome university graduates, the Airbus Global Graduate Program. The faster-than-expected recovery of commercial aircraft activity and strategic programmes development in the two Divisions, resulted in the Company's workforce increasing by more than 6% (8% commercial perimeter, 5% in Airbus Defense and Space Division and 3% in Airbus Helicopters Division). Following the workforce adaptations carried out in 2020/2021, the number of leavers seen in 2022 is returning to pre COVID-19 levels, with an attrition rate of 5.0%.

The Company's workforce is 88.6% based in Europe, across more than 100 sites. Concerning the nationality of its employees, 35.0% are from France, 30.7% from Germany, 7.4% from the UK and 10.7% from Spain. The evolution of the Company's global presence is seen in the increase of the workforce located outside Europe (11.4% in 2022 vs. 10.9% in 2021) and the increase of nationals from outside the Company's home country nationals to 16.2% (vs. 15.1% in 2021), coming from 143 other countries.

Workforce by business segment, geographical area

The breakdown of the Company's employees by business segment and geographical area, including the percentage of part-time employees, is available in " – 6.1.17 ESG data board".

People	GRI	SASB	SDGs	Others
	401 Employment 404 Training and Education		4, 5, 8, 12	
Highest governance body(ies) involved	Executive Committee			
Related corporate policies	Human Resources Airbus Company Policy			
Key metrics (More in " – 6.1.17 ESG data board")		2021	2022	
Total number of employees ⁽¹⁾		126,495	134,267	<i>Breakdowns available in the ESG data board</i>
Number of Classroom Training ⁽²⁾		78,984	116,363	
Number of Digital Training ⁽²⁾		967,495	1,645,816	
Total training hours ⁽²⁾		1,164,243	1,786,274	
Average training hours per employee ⁽²⁾		10.8	15	
⁽¹⁾ The Company's headcount reporting includes all consolidated companies worldwide. Figures are based on the active workforce, i.e. the number of permanent and short-term employees, irrespective of their individual working times, and having worked in the last 30 days. The headcount is calculated according to the consolidation quota of the respective companies. The scope for HR structure reporting covers 100% of the Company's total active workforce from consolidated companies. ⁽²⁾ Reporting period: from 1 Oct to 30 Sep.				
Additional resources	Code of Conduct , Airbus Global Workforce Forecast Book , Working at Airbus Airbus International Framework Agreement , European Commission - Pact for Skills , Employer awards 2022: Universum , Glassdoor , Top Employer Institute , Forbes			

II. Governance

The Company's workforce is managed by the Human Resources (HR) function, guided by a set of HR policies and a strong labour structure. HR policies are discussed and agreed with social partners through continuous and regular meetings at global and local levels. The overarching HR policy is applicable to all employees and provides them with the description of the core values, mission, vision and top level initiatives for HR management, in accordance with Company's Mid-Term Strategic Plan, and external requirements and is also aligned with the Company's commitment to the International Framework Agreement (IFA).

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

III. Risk management

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

In addition, every two years the Company measures the perception of its employees on where the Company stands in terms of Company culture and engagement through the "My Working Environment" survey. The participation rate for the last two surveys has been above 60%; the last survey was conducted in September 2021. Employees' feedback provides valuable input to define an action plan on Company level, leveraging the Company's cultural strengths to build on and directly address the concrete pain points to be improved. The Company culture and engagement are regularly measured to keep track of the progress and adjust actions.

IV. Implementation / activities

Strategic workforce planning

The Company's strategic workforce planning, a multi-year workforce outlook, is performed annually within the various business functions in order to manage workforce related risks and opportunities in the context of the execution of the business strategy. There are two steps that enable strategic workforce planning:

- A quantitative 2-5 year outlook based on workload scenarios;
- Qualitative business discussions performed as part of the resource review.

The qualitative part of the strategic workforce planning is generating a set of actions related to the business strategy, competence strategy, demographic changes, employment strategy, knowledge management and global footprint. In addition to the management of workforce risks and opportunities, the strategic workforce planning results support discussions with social partners and external workforce suppliers.

People development and competence assessment

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

A yearly process derives a short, mid- and long-term competence strategy out of the Company's business strategy by:

- Anticipating the supply and demand of competencies;
- Identifying, securing and developing key competencies;
- Creating added value through synergies, networking and best practices.

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

In addition, emerging long-term competence needs are analysed in order to identify any measures to be taken. For example, some non-existing competencies today might require the Company to partner with universities to ensure the supply of these in the future. In that respect, the Company currently collaborates with more than 200 universities and 15 strategic partners. In addition, the Company is actively participating in external forums on competence evolution, such as the World Economic Forum and European Commission (Pact for Skills - see section 'Training and Mobility').

In order to ensure quality time is dedicated to discuss employees' development, the Company has, as part of its annual talent management cycle, implemented the systematic development talk for all employees (with their line managers). This talk is an exchange between the manager and employee that can take place as often as needed and at least once a year, with the intention to discuss the individual development plan of the employee and to align personal aspirations with the Company needs and expectations.

The Company provides employees with a portfolio of self-awareness solutions and feedback tools that can be used to prepare for such a development talk and development plan. All agreed development items are formalised in the annual development plan by the employee which is then validated by the manager. These actions may consist of:

- Learning experiences - projects, missions or career mobility;
- Social learning - peer-to-peer development, coaching and mentoring;
- Formal training - courses, certifications and diplomas.

The competency assessment is a means to identify potential gaps in the expected skills and knowledge of employees linked to their current position, and can be used to identify the employee's development needs. The assessment can be performed whenever necessary. It must be completed at least once every two years, or within the first month after a career mobility or a significant change to an existing job.

Training and mobility

Accelerated during COVID-19 crisis, the digital learning strategy has allowed employees to remain active in their development during periods of remote working throughout 2022.

In addition, in 2022, to support the skills foundations and Top Company Objectives, the Company has defined and assigned compulsory learning plans directly to its employees, covering Ethics & Compliance, Export Control, Health and Safety, Product Safety, Cyber Security, Internal controls, Diversity and Inclusion, Quality and Customer Centricity, Sustainability Awareness. This approach allows the Company to ensure the employees are well informed, trained and aware about those key topics related to major Company priorities. In 2022, 103,482 employees completed this compulsory learning plan.

From October 2021 to September 2022, the Company provided more than 1.7 million training hours to employees. In addition to the physical classroom and digital training, more than 53,600 employees benefited from other leadership development and transformation solutions proposed by the Airbus Leadership University. The Leadership University continues to strengthen the Company's approach to leadership, offering opportunities for all managers to drive their development, while accelerating the culture evolution and human transformation of the Company. It offers a range of leadership programmes which focus on developing self-awareness, leadership mindset, purposeful leadership and people leadership capabilities. One such programme that is currently offered is "Management Basics & Leadership Foundations (MBLF)" which is a refresher training available to all managers, allowing them to revisit and explore the most essential elements of managing and leading people in challenging times. As one of the main objectives is to drive collaboration and engagement in the context of a properly managed performance cycle, the aim is to increase team efficiency and effectiveness. Between 1 October 2021 and 30 September 2022, 1,819 managers completed the MBLF training.

In addition to learning solutions and managerial opportunities for development, the Company has established career and development paths enabling employees to develop specific skills, competence and jobs, such as project & program manager, architects & integrator and expert career paths.

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

Mobility of employees within the Company provides overall benefit and value. Mobility helps employees develop new skills and competences and serves the business by bringing new ideas and broader perspectives to teams, while ensuring the Company has the right skills in the right place to secure the future. In 2022, more than 11,400 employees have changed jobs through internal mobility.

Remuneration

The Company's overall remuneration policy is in line with local practices and provides employees with a competitive overall compensation package. It is also an enabler to attract new talents and retain talented employees contributing to the Company's business success. The Company strives to compensate its own employees with, at a minimum, a living wage covering their basic needs calculated in-line with best practice. A dedicated action was launched in 2022 to assess current alignment status.

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

In order to help face the energy crisis and inflation, the Company has decided to pay in 2022 an exceptional premium to its employees, including apprentices and temporary workers. Around 150,000 workers received this exceptional premium at the end of 2022.

Support for health care, unemployment insurance, national and Company pension systems as well as social security contributions are implemented, at least in compliance with national regulations.

Some benefits or specific worldwide schemes are implemented such as sharing the financial and operational success of the Company with the employees (international success sharing scheme deployed for around 115,000 employees in 2022) or developing the Company share ownership culture (Employee Share Ownership Plan - "ESOP").

Employee Share Ownership Plan

The ESOP allows employees to participate in the success of the Company and to become shareholders of the Company every year. This plan is an investment opportunity to acquire a certain number of Company' shares, which is open to the employees in more than 40 countries. Introduced in 2011, the ESOP scheme is a "share matching plan" in which the Company matches the number of shares bought by the employee according to set criteria. An eligible employee in the frame of ESOP 2022 is part of an entity which is at least 50 % owned by the Company, and has been an employee between 31 December 2021 and 17 March 2022. In 2022, more than 61,000 eligible employees seized the opportunity to subscribe. 2.12 million shares were distributed to employees through the plan ESOP 2022.

Other benefits

Employees in the vast majority of countries all over Airbus can benefit from several measures allowing a better work-life balance, such as remote or hybrid (from home or else) working when this is compatible with the job position.

The Company has also set up "family friendly" measures such as childcare facilities accessible to employees in some sites or alternative subventioned kindergartens, in countries like France, Spain, Germany, Canada, Brazil, Chile and India. Parental leaves are granted at least in line with regulatory requirements. More than 60% of Company's employees located in more than 20 countries can benefit from maternity or paternity leaves that exceed local applicable regulations, in terms of period of leave and/or in terms of level of salary compensation during such leave.

V. Outlook

The Company created the People Strategy in 2020 to ensure "Our People," the Company's most valuable asset, are prepared to carry out the business strategy.

The three pillars of the People Strategy - *Engaging Leadership*, *Agile Upskilling of our Workforce* and an *Inclusive Workplace* - have guided the Company people-related activities over the course of 2022 and will remain paramount as the Company continues to attract, recruit and retain the key competencies and skills needed to support business ramp up and key programme launches.

Over the next two years the Company expects to pursue significant external hiring. Several thousand positions shall be filled in different functional and geographical areas of the Company to support the ramp up in commercial aviation and to prepare for the development of future programmes. A fifth of these recruitments will target the skills needed for the development of new programs and new technologies.

In the meantime, the Company will continuously focus on people development to close the gap on critical skills needed and will invest into emerging skills development. The Company continues its journey towards becoming an agile learning organisation. Reskilling is a major part of the learning culture aimed at the Company, to support critical ramp-up projects in the short term, and in the long term to sustain the acceleration of skills shift.

The employee experience is brought back at the centre of the Company priorities. For the coming years, the Better Workplace programme is empowering Company's employees to address and act upon the changes they aspire in every dimension of their workplace. In uncertain times and with tremendous challenges ahead, the Company aims at remaining one of the best places to work at. Through its Better Workplace programme, the Company is working toward giving every employee the workplace they need, the tools they deserve and a culture they can celebrate.

In the challenging employment market, the Company will continue to invest in global attraction campaigns and to strengthen collaboration with the business to deliver on staffing needs.

Exemplify business integrity

6.1.14 Business integrity

I. Introduction

The Company's Ethics & Compliance programme seeks to ensure that the Company's business practices conform to applicable laws, regulations and ethical business principles, as well as reinforcing a culture of integrity and speak-up. In 2022, Ethics & Compliance continued to be a top priority for the Company. In its list of priorities for the year, the Company set the objective to Speak Up, Listen Up and act with integrity and respect.

The Company has worked over the past several years to develop an Ethics & Compliance programme that is structured around the following key risk areas: Business Ethics / Anti-Corruption Compliance, Export Compliance and Privacy. 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 its values.

Business Integrity	GRI	SASB	SDGs	Others
	205 Anti Corruption	Business Ethics	16	
Highest governance body(ies) involved	Board of Directors / ECSC Executive Committee			
Related corporate policies and reference documents	Anti Corruption Policy, Responsible Lobbying Charter Directives: see below, section III. Risk Management Code of conduct, Supplier Code of Conduct			
External standards taken into account	IFBEC's Global Principles of Business Ethics, FX Global Code			
Key metrics			2021	2022
Number of employees per appointed Ethics & Compliance Representatives			372	360
Number of employees per appointed Export Control Point of Contact				236
% of employees who completed the E&C training objective (<i>Reporting period: from 1 Jan to 31 Dec</i>)			90%	96%
Number of E&C e-learning sessions taken by employees (<i>Reporting period: from 1 Oct to 30 Sep</i>)			284,774	290,178
<i>Of which</i> Export Control e-learning sessions delivered to employees (<i>Reporting period: from 1 Oct to 30 Sep</i>)				149,426
Number of privacy e-learning sessions delivered to employees (<i>Reporting period: from 1 Oct to 30 Sep</i>)			9,327	3,181
Additional resources	Airbus Ethics & Compliance webpage, including CEO statement , Airbus Values Anti Corruption Policy , Responsible Lobbying Charter , Airbus' commitment on the protection of Personal Data , Code of Conduct , Supplier Code of Conduct , OpenLine , Compliance at Airbus IFBEC website ↘, Global Foreign Exchange Committee website ↘			

II. Governance

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

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

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

In addition to the dedicated Compliance professionals, the Company is coordinating a network of part-time Ethics & Compliance Representatives ("**ECRs**"), spanning all Divisions, functions, and regions. The number of ECRs slightly increased in 2022, with a total of 373 ECRs at the end of 2022 (compared to 340 at the end of 2021). Although the ECR network members are not compliance experts, they play an important role in promoting the Ethics & Compliance programme and culture and serve as points of contact for any employee who has questions about the Ethics & Compliance programme or wishes to raise an Ethics & Compliance concern, including but not limited to bribery or corruption. The Ethics & Compliance team animates the ECR network, providing continuous training and information to the ECRs.

In February 2022, the Company launched the Export Control Points of Contact ("**EPoCs**") network, spanning all Divisions, functions, and regions. Similar to ECRs, EPoCs are not export control experts but serve as "first line of defence" and the "go-to" individuals for export control matters. On the occasion of the launch, the Chief Ethics & Compliance Officer stated that "by raising awareness among employees and acting as local focal points for queries on Export Control-related topics in their respective functions, EPoCs will be key contributors to the Company's common objective: embed an export control compliance system and culture throughout Company's businesses." By the end of 2022, the network was established and active within the business, with a total of 570 EPOCs.

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

III. Risk management

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

Accordingly, the Company conducts a thorough bribery and corruption risk assessment across its two Divisions and different businesses annually. 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 Company employees.

In order to ensure its compliance with Export Control regulations and laws in the EU, US and internationally, the Company continues to strengthen 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 privacy, the Company undertakes privacy impact assessments depending on the nature of the personal data processed or scale of the processing. In addition, risks relating to the protection of personal data are also assessed in the context of the ERM and kept updated.

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

- Requirements for 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 Gifts & Hospitality;
- Requirements for Sponsorships, Donations and Corporate Memberships;
- 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;
- Guidelines for Competitive Intelligence Gathering Activities
- Requirements for Export Control Sanctions, Embargoes and Screening;
- Requirements for Export Control Framework;
- Requirements for Export Control Escalation and Voluntary Disclosure;
- Requirements for Export Control Brokering;

- Requirements for Export Control Classification;
- Requirements for Export Control Licences and Agreements;
- Requirements for ITAR Part 130 Reporting;
- Personal Data Protection Directive, Method and Binding Corporate Rules.

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

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

IV. Implementation / activities

Awareness and training

As part of their annual goals & objectives, 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, including on Anti Bribery & Corruption and Export Control. Attendance in such cases is mandatory, and managers have a responsibility to ensure that their team members do so. Exposed employees are also required to complete regular training refreshers.

From 1 October 2021 to 30 September 2022, the Company's employees followed 290,178 Ethics & Compliance e-learning sessions, including on bribery, corruption and export control. Furthermore, 4,699 employees attended live classroom training on different Ethics & Compliance topics over the period, 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 2022, 100% of higher risk third parties were trained on Ethics & Compliance requirements and expectations.

The Company continued the roll out of the privacy e-learning as part of the Ethics & Compliance compulsory training catalogue. 3,181 privacy training sessions were performed in 2022 (reporting period from 1 October 2021 to 30 September 2022).

Speak-Up channel: OpenLine

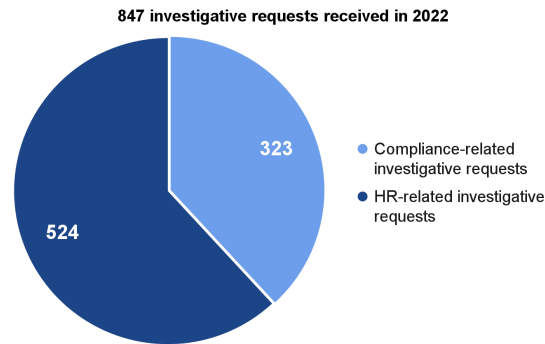
The Company recognises that the Code of Conduct cannot address every challenging situations that may arise, and therefore encourages its employees to speak-up through various channels, including through OpenLine (available at <https://www.airbusopenline.com>). The OpenLine enables users to submit an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

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.

In addition, the dataprotection@airbus.com mailbox is systematically published in the Company's privacy policies and information notices specific to the various applications, to ensure that data subjects can exercise their rights and/or lodge complaints.

To further increase awareness about Speak-Up, in 2022, the Ethics & Compliance team conducted an analysis of the results from the Company's internal survey "My Working Environment" to identify opportunities to continuously foster a Speak Up culture. This analysis led to the launch of additional initiatives throughout the Company to promote Speak-Up culture, including the development of a Speak-Up team talk in January 2022, which was shared with all managers to help them raise the importance of speaking-up with their teams. A simplified version of this "team talk" was designed and deployed within the shop floor community.

In 2022, the Company received a total of 847 investigative requests of which 524 were HR related. Cases requiring investigation are managed by dedicated members of the Ethics & Compliance team in accordance with an internal method for the conduct of Investigations. The Ethics & Compliance team provides regular updates to the pool of internal investigators, on internal policies, recent developments in the regulatory framework, and recurring reminders on investigation best practices to ensure the consistent deployment of compliance investigations across the entire Company.



In some instances, the Company may engage outside counsel for support, depending on the nature of the investigation.

The Ethics, Compliance & Sustainability Committee and other relevant stakeholders (including relevant authorities, if applicable, and Company’s local management teams) are briefed regarding the progress and outcome of internal investigations on a regular basis.

Policies and procedures

In 2022, the Company continued to improve its policies and procedures framework, by issuing a guidance on third parties categorisation, for example, and translating the Code of Conduct into seven additional languages to maximise the reach of this foundational document. All policies and guidelines are made available to employees on the Intranet, and classroom training is delivered to employees who are particularly exposed to the underlying risks as described above.

On the Export Control side, the Company has cascaded its Export Control requirements through nine Directives and Methods throughout the Company. The cascading triggered an update of the relevant business processes and was completed in Summer 2022.

In 2021 and 2022, as required under the Consent Agreement, two audits of the Company’s ITAR compliance programme were undertaken by external counsels. Please refer to “Notes to the IFRS Consolidated Financial Statements - Note 39: Litigation and Claims” (Investigation by the SFO, PNF, DoJ, DoS, Related Commercial Litigation).

Responsible lobbying charter

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

V. Outlook

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

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

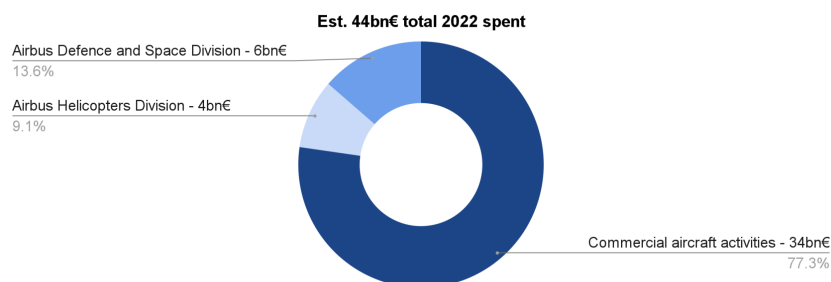
6.1.15 Responsible supply chain

I. Introduction

At the end of 2022, approximately 18,000 suppliers from more than 90 countries supply parts, components, systems and services to the Company.

In 2022, the Company's external sourcing volume was estimated around €44 billion and shared between Divisions with 77% for the Company's commercial aircraft business, 14% for the Airbus Defence and Space Division and 8% for the Airbus Helicopters Division.

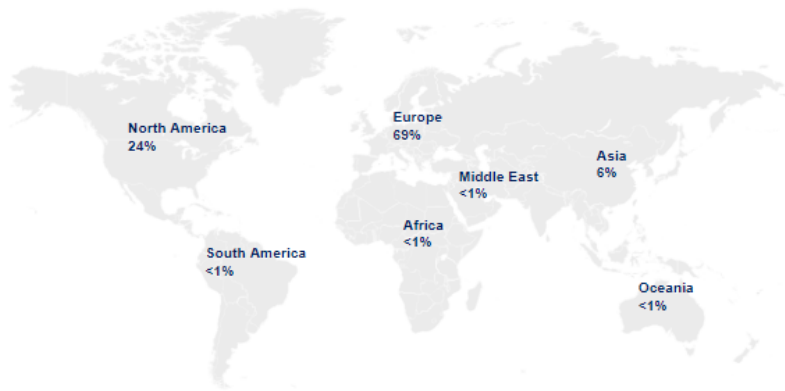
Of note, these figures may marginally change, as the data consolidation process was not finalised at the date of publication.



RESPONSIBLE SUPPLY CHAIN	GRI	SASB	SDGs	Others
	102-9 Supply Chain 204 Procurement Practices 308 Supplier Environmental Assessment 408 Child Labor 409 Forced or Compulsory Labor 414 Supplier Social Assessment	Materials Sourcing	4, 5, 8, 9, 12, 13, 16, 17	Vigilance plan
Highest governance body(ies) involved	Board of Directors / ECSC Sustainable Supply Chain Roadmap Steering Committee			
Related corporate policies	Responsible Mineral Policy, Environmental Policy, Health and Safety Policy			
Certifications	ISO14001 As Company's commercial aircraft business and its two Divisions are certified, control and influence of the supply chain is concerned.			
Company's commitments to external standards and frameworks	Reference to certain international organisations standards or principles, in particular ILO have been included into the Airbus Supplier Code of Conduct			
KPIs	2022 Target	2021	2022	2022 vs 2021
Percentage of sourcing volume of suppliers invited to CDP who have responded	75%	68% ⁽¹⁾	78% ⁽⁶⁾	+9p.p.
Percentage of identified high risk suppliers ⁽²⁾ , who have undergone a sustainability assessment	100% ⁽⁵⁾	95%	99.5%	+4.5p.p.
Percentage of sourcing volume covered by supplier commitment to the Supplier Code of Conduct ⁽⁴⁾	85%	79% ⁽³⁾	86% ⁽⁶⁾	+7p.p.
Digitalization of supplier substance data collection - supplier sites	290 ⁽⁷⁾	-	298	-
Other key metrics	2021	2022		
Sustainability assessment: percentage of assessed suppliers not meeting the Company's sustainability expectations (=red flags)	13%	16%		
Percentage of action plans defined for suppliers not meeting the Company's sustainability expectations	15%	31%		
Percentage of responding suppliers to the CDP scoring A or B	53% ⁽⁸⁾	66% ⁽⁶⁾		
Number of sustainability alerts	12	44		
Assumptions	(1) Based on 2019 turnover. (2) Based on 2019 risky suppliers (see details further in § Risk Management/1. Supply base risk mapping). 19 suppliers have since 2019 been removed from the scope (see details below). (3) Based on 2020 turnover. (4) Subsidiaries excluded from the scope. (5) 2021 target. (6) Based on 2021 turnover for the Divisions and the entity in Canada (7) Target defined for the Company's commercial aircraft business. (8) Based on number of suppliers.			
Additional resources	Supplier Code of Conduct , Environmental Policy Statement , Responsible Mineral Policy statement , Be an Airbus supplier on Airbus.com: Human Rights Policy , IFBEC , Responsible Minerals initiative , OECD Due Diligence Guidelines for Responsible Business Conduct			

In 2022, the Company sourced 89% of its total purchased volume from countries in which it has significant operations, including France 34%, USA 23%, Germany 16%, United Kingdom 9%, Spain 4%, Canada 2% and China 1%.

While the Company's products and services are sold all over the world, the majority of its supply chain is based in Europe and OECD countries. However, in the past few years, the supply chain has become concentrated and more international. In addition, and due to increasing consolidation within the aerospace and defence sector, larger work packages are being placed with a smaller number of lead suppliers.



Company's 2022 total spent regional split

The Company's global sourcing footprint is represented as follows based on Tier one suppliers only.

To promote further globalisation of its sourcing footprint, the Company has established regional procurement offices in North America (Herndon, VA), India (Bangalore), Asia Pacific (Singapore) and China (Beijing). The regional procurement offices represent the Procurement function in the respective regions. They are responsible for strategic sourcing, general procurement and supplier development (procurement operations) while supporting the application of the Company's procurement process and policy and digital solutions. 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

The Company's sustainable supply chain ambition is built on four pillars: "lead the journey towards clean aerospace, respect human rights and foster inclusion, build our business on the foundation of safety and quality, exemplify business integrity". Derived from this ambition, the Company's Sustainable Supply Chain Roadmap is based on a three-step approach; supplier commitment, supplier assessment, supplier engagement & development.

The Company strives to make environmental and social responsibility a core element of its procurement strategy. This includes managing the relationships with suppliers throughout the sourcing strategy, supplier selection, contract management and supplier monitoring and development. The Company's suppliers must comply with all applicable laws and regulations. In addition, all business shall be conducted by suppliers in compliance with the principles of the Company's Supplier Code of Conduct, which is the document of reference for the Company's responsible supplier management. This Supplier Code of Conduct integrates the group-wide values and principles in line with internationally recognised standards and conventions (such as OECD and ILO).

In order to drive the Sustainable Supply Chain Roadmap (SSCR), a monthly steering committee chaired by the Head of Sustainability & Environment, and the Head of Procurement Governance & Strategy and the representative of the Chief Procurement Officer of the Company is implemented. The steering committee includes Chief Procurement Officers of Airbus Helicopters and of Airbus Defence and Space, as well as the Head of Health & Safety, the Head of Product Safety and the Head of Ethics & Compliance, or their nominated representatives. The 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 Governance and Strategy is part of the Procurement Leadership Team (PLT) and is responsible for facilitating the communication on sustainability activities between the SSCR and the PLT on a regular basis.

In 2022 the SSCR steering committee validated the annual planning and quarterly reviewed the progress of its sustainable supply chain roadmap implementation notably regarding the assessment of suppliers' sustainability practices as well as the reinforcement of the engagement with suppliers. On top of those forums, the Chief Procurement Officer of the Company also reports to the ECSC on the progress of the Company's responsible sourcing strategy implementation.

Concrete sustainability targets have been included in the 2022 objectives of the Company's Chief Procurement Officer ("CPO") and are directly linked to the CPO's variable pay and cascaded through the Company's Procurement organisations:

- Commitment by suppliers to Airbus Supplier Code of Conduct for 85% of the 2021 sourcing volume;
- Supplier sustainability assessments completed for 50% of the 2021 sourcing volume;
- Response of suppliers to CDP assessment for 75% of the 2021 sourcing volume.

All sustainability activities in the supply chain are based on the following key elements and principles of due diligence following the OECD Due Diligence Guidance for Responsible Business Conduct:

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

For any anti-corruption topics in the supply chain, the Procurement function cooperates closely with the Legal & Compliance department. The Company has also engaged into a plan to further develop its due diligence mechanisms (see IV. Due Diligence in the supply chain).

Those priorities are consistent with the most material topics identified in the Company's supply chain.

III. Risk management

The Company's procurement-related risks and opportunities are embedded into the Company's Enterprise Risk Management (ERM) process. Risks and opportunities related to the deployment of the sustainability roadmap in the supply chain are managed according to the Procurement ERM plan and detailed hereafter.

1. Impact on the Company's reputation

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

2. Impact on the local environment

From the extraction of raw materials to the manufacturing of parts delivered to the Company, a supplier's industrial operations may have significant adverse environmental impacts on the local environment where the activity is performed, with possible impacts on air, water, soil, biodiversity, workers' occupational health and safety, on the health of the general public, on the land rights of the local or indigenous communities and on forced & child labour (see salient risks in section " - 6.1.10 Human rights").

3. Business disruption risk

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

4. Risk of product non-compliance

The various products manufactured and sold by suppliers must comply with applicable environmental, human/labour rights, health and safety laws and regulations, for example those covering substances and product composition. Even if a supplier seeks to ensure that its products meet the highest quality standards, increasingly stringent and complex laws and regulations, new scientific discoveries, delivery of defective products or the obligation to notify or provide regulatory authorities or others with required information (such as under the REACH regulation) may force it to adapt, redesign, redevelop, recertify and/or remove its products from the market. Seizures of defective products may be pronounced and could prevent delivery to the Company. In response, a Procurement Task Force has been established to ensure group-wide governance for supplier management and assessment of chemical regulations and obsolescence impact. This task force also coordinates communication to suppliers on substance issues and on substitution solutions qualified by the Company. In this frame, the Company provided to its supply chain a dedicated Tool Kit on "REACH Substances - Certain Requirements & Substitution programmes". This Tool kit reminds the main principles of the REACH regulation as Authorization, Restrictions and Substitutions programs in order to raise the attention of the supply chain on these challenges.

In response to the above 1. to 4., the Company deploys responsible sourcing activities and specific supplier due diligence actions in the frame of the SSCR.

IV. Supply chain vigilance plan

1. Due diligence in the supply chain

In 2022 the Company launched a project aimed at reinforcing due diligence in its supply chain. The outcomes of the project will be rolled out in 2023. Activities under this project cover primarily the Company's own suppliers; nonetheless, if an alert raised is linked to an upstream supplier, the Company will act on it as appropriate.

Alert and grievance mechanism

From 2019, the Company's OpenLine has been accessible to external stakeholders, such as suppliers and their employees. For further information on OpenLine, see "– 6.1.14 Exemplify business integrity". Access to OpenLine has been reiterated in the updated Supplier Code of Conduct.

In addition to OpenLine, the Company's sustainable supply chain team may receive alerts from other sources including through the supplier onboarding process, media or directly from employees. During 2022, the sustainable supply chain roadmap received alerts on 44 potential allegations relating to environmental and human rights concerns in its supply chain. The number of alerts increased in 2022, following the change of external service provider supporting this exercise, and the inclusion in a more systematic manner of sustainability criteria into the screening (including human rights, environment, health and safety). Analysis and/or investigations of those alerts are either complete or still in progress, according to best practice developed by the legal and compliance team as detailed below:

- initial review to determine if an investigation is needed;
- detailed analysis of the allegation including collection of evidence,
- assessment of information and documentation collected during the investigation, preparation of an investigation report which summarises the findings and proposes remedial actions necessary to reasonably respond to and prevent the recurrence of the conduct, if any;
- closing the investigation and reporting;
- monitoring of the implementation of remedial actions.

Supplier risk mapping

The supplier risk mapping is based on the alerts and grievance mechanisms detailed above, as well as the inherent risk mapping described below. It covers primarily tier-one suppliers; nonetheless if an alert raised is linked to a sub-tier supplier, the Company will include it in its risk mapping and act on it as appropriate.

Since 2018, the Procurement team has carried out annual proactive sustainability inherent risk mapping in line with international guidance, internal commodity expertise and externally available country indices. In 2021 and 2022, with the support of external advisors, the Company upgraded its inherent risk mapping methodology building on risk indexes considering the location and the type of activity performed by the suppliers. This allowed the delivery of an up-to-date suppliers' sustainability risk assessment and to identify suppliers most at risk regarding human rights, environment and health and safety (e.g. association freedom, decent wages, pollution).

In 2022, the Company updated its inherent risk mapping to rank its active suppliers according to this methodology. The riskiest suppliers will be invited to undertake an evidence-based desktop sustainability assessment according to the programme developed in 2022 with IAEG (see VI. Engagement and awareness). Based on this assessment, a supplier not satisfying the Company's sustainability expectations, which means not meeting a defined level of maturity for each category, will be classified as "red flag", and will be requested to develop an improvement action plan.

Assessment - evidence-based desktop assessments

The Company conducts two types of evidence-based desktop assessments: sustainability and carbon maturity. Since 2019, the Company has worked with external expert companies to conduct evidence-based desktop sustainability assessments and specific on-site assessments covering human rights, labour practices, health and safety and environment. At the end of 2022, 99.5% of the suppliers identified as high risk according to the Company's 2019 risk mapping methodology (in 2022, 19 suppliers were removed from the list for reasons such as not doing business with the Company anymore, or being a distributor) completed an evidence-based desktop assessment compared to a target of 100%.

In addition to suppliers identified as high risk, the Company extended the coverage of the assessment to additional suppliers in order to progressively cover a more representative portion of its supply chain. At the end of the year 2022, 73% of the sourcing volume was covered. Out of the suppliers completing an assessment, 16% (118) have at least one red flag (mainly linked to the environmental criteria). Those red flags are mainly linked to the environmental category for which the Company is requesting details on processes in place at the suppliers for capturing and satisfying regulatory changes, as well as for a certified environmental management systems addressing, notably, management of chemicals and GHG emissions.

Since 2020, the Company has engaged in the supply chain programme of the Carbon Disclosure Project in order to promote transparency about climate actions in the Company's supply chain. See section 5. *CO2 emissions*.

Assessment - On-site assessments

A particular situation triggered by a result of an evidence based desktop assessment, or by any sustainability alert, may lead the Company to request an on-site assessment at a particular supplier site. In 2022, the Company performed seven on-site assessments. The Company engaged with suppliers on findings in order to improve the situation, when relevant.

Engagement & mitigation measures

The Company engages directly with suppliers in a number of different circumstances:

- If sustainability alerts have been reported linked to those suppliers;
- If a supplier has been identified as risky in the frame of the risk mapping methodology;
- If a supplier's assessment results have raised concerns on one or more sustainability aspects.

The results of the completed assessments (including a sustainability or CDP assessment) are communicated during events with suppliers and engagement takes place with all suppliers presenting findings. In addition, the Company reviews its relationship with suppliers who refuse to participate in its assessment programme.

On top of the above-described engagement linked to due diligence and findings, the Company is also engaging with its supply chain as described in section 3. *Engagement and awareness* below.

2. Traceability

Substances

See section III. *Risk management*.

End of 2021, the Company launched a project to digitise the way for the suppliers to provide substance in products information. The main objective is to improve traceability and transparency on Substances in products from the supply chain related to regulatory requirements. It also aims at replacing the current process and allowing an automated way of sharing this information. The solution for supplier substance data collection project started in 2022, with a target for the Company's commercial aircraft business of 290 suppliers' sites to be deployed in the digital solution by year end. At the end of 2022 this target was achieved.

Responsible mineral sourcing

The Company places great importance on the responsible sourcing of materials used in manufacturing. Some minerals including 3TG (tin, tungsten, tantalum and gold) are necessary for the proper functioning of components within its products. The Company largely does not directly import minerals, but these minerals are found in certain products the Company procures. In that context, the Company requires all suppliers to comply with applicable laws and regulations on conflict minerals, including any 3TG conflict minerals. In 2019, the Company released a Responsible Mineral Policy, which details its engagement to improve safety and human rights conditions in the mineral supply chains. As described in the section *Work with External Stakeholders* hereafter, the Company benefits from the Responsible Mineral Initiative (RMI) experience & available audits, tools and standardised ways of working.

For the small portion of direct procurement of parts containing minerals in the Company's Defence and Space Division, a dedicated Conflict Mineral Management System has been established. For this small portion of direct import, the Defence and Space Division is proactively asking suppliers to disclose proof of responsible sourcing and is cross-checking this data with third parties' audits available through the RMI trade association. In 2022, the Company's Defence and Space Division imported articles made of tungsten of the relevant Taric code above regulatory binding threshold; those articles are used as counterweight for aircraft. The Company's Defence and Space Division forecasted this import and performed relevant due diligence for the unique supplier supplying the material involved. The supplier was informed that the Company's Defence and Space Division is expecting responsible sourcing for the tungsten purchased under this contract. The supplier demonstrated that this material was exclusively originating from responsible sources.

This claim of responsible sourcing is based on third party audits of the smelters involved to deliver the products. The Company reviewed this claim and recognized that the audits were part of the RMI scheme and that smelters involved in the supply chain of the tungsten concerned metals conformed to RMI standards.

The Company is also monitoring developments from the European Commission on Critical Raw Materials (CRM) and is investigating the possibilities to take a deeper look at its related supply chain, through direct involvement and/or trade associations. The Supplier Code of Conduct formally requires suppliers to establish a policy and a management system to ensure that critical raw materials are sourced responsibly.

3. Engagement and awareness

Contractual requirements

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

- comply with all applicable laws and regulations dealing with labour and employment, health and safety, environment, anti-corruption and bribery and personal data protection in relation to production, products and services;
- provide information on substances used in manufacturing processes and contained in the product itself (covering both hazardous substances and conflict minerals);
- provide information on environmental, health 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
- commit to apply and cascade in its supply chain the principles of the Company's Supplier Code of Conduct, including with regard to environment, human rights, labour practices, responsible sourcing of minerals and anti-corruption.
- comply with the Company's sustainability requirements such as maturity assessment by an external expert company and completion of a questionnaire during the call-for-tender phase.

The Company's contractual requirements enable assessment of levels of suppliers' compliance.

Processes

In 2021, the SSCR steering committee agreed to anchor sustainability requirements into procurement processes of the Company. In 2022, the Company introduced sustainability in its supplier selection process. Sustainability is now one of the selection criteria in a call for tender. Suppliers are requested to fill in a sustainability questionnaire based on their governance and on the specific performance of the product or service the Company intends to source. The questionnaire notably requests information on certifications (e.g. environment, health and safety) and processes, as well as on resources used and on the impact of processes related to product manufacturing or service delivery.

This also includes the agreement from suppliers to regularly fulfil the evidence-based assessment on sustainability (see section *Assessment* above) and for the most important suppliers - based on annual spend with the Company - to be transparent on their climate change strategies (see section 5. *CO₂ emissions* below). This will ultimately require suppliers to cooperate when a sustainability risk is identified, including with further analysis into the supplier's supply chain (see paragraph *Contractual requirements* above).

Supplier award and dialogue

The Company is fostering suppliers' engagement through direct dialogue and values the commitment, contribution and efforts of its supply chain to improve on sustainability topics.

In 2022, the Company launched the first Airbus Supplier Sustainability Council establishing a framework to step-up collaboration within its supply chain on sustainability and fostering a new model of engagement with suppliers. The target is to launch concrete improvement initiatives co-led by representatives of the Company and of members of the council. The council will focus on areas such as decarbonisation, transparency and engagement acting as key enablers to accelerate specific initiatives from industry bodies such as IAEG and to share best practices across the full supply base.

Sustainability is a standard agenda item in regular reviews or conferences with suppliers, including the Annual Supplier Conference for the Company's commercial aircraft business, the Defence and Space Division supplier conference or the Suppliers' councils. During these events, workshops take place to enable exchange on best practices and future collaboration.

The Company continues to give awards to its suppliers contributing positively to sustainability. In 2022, SABCA was awarded by the Company's commercial aircraft business for its 5-year plan to cut CO₂ emissions at its site by installing wind turbines, solar panels and optimising transportation of its employees and logistic flows. For the second time, Hexcel Composite was also presented with an award for its sustainability efforts and its innovation in composite recycling during the Defence and Space Division Supplier Awards.

Training & awareness

Trainings & competences

The Company's Procurement Academy defines jobs, competences, skills, and associated training to ensure procurement employees in all Divisions are ready to face current and future challenges. In 2022:

- The Sustainability Fundamentals competence was added to all procurement jobs to ensure generic understanding of sustainability principles.

- A new job “Procurement Sustainability Officer” was created for people in the organisation who are dedicated to sustainability in the supply chain.
- A new competence “Sustainability Concern Management” was defined to develop the ability to identify situations where sustainability is at stake in all its dimensions (e.g. Human Rights, Environment, Health & Safety), as well as to define measures to comply with Company's Supplier Code of Conduct. This competence is part of the Procurement Sustainability Officer job and will be added to buyer and Supply Chain Quality Management (SCQM) jobs when relevant.

To support people upskilling, on top of existing Company training courses on sustainability, the Company's Procurement organisation developed an awareness of the contractual environmental clause with pilots in 2022, as well as a specific training on human rights with pilots in 2022. This awareness and human rights training will be deployed from 2023, giving priority to buyers and quality and supply chain managers in charge of risky suppliers.

Additionally, sustainability modules are embedded in Procurement's newcomer induction path and Procurement Manager Development Programme (development programme for future leaders in procurement function).

Communication

During 2022, the Company has continued to implement its communication to raise awareness on the different pillars of its sustainability ambition amongst its employees, suppliers, and customers. In particular:

- Awareness sessions have been carried out in relation to the initiatives of the supply chain roadmap: for instance accompanying the deployment of the new sustainability questionnaire in calls for tender, or developing the ability of procurement operation teams to identify sustainability issues when visiting suppliers on-site.
- Communication activities in 2022 spread the key messages about the importance of sustainability. Internally, for instance, there was a presentation of the SSCR progress during the procurement annual roadshow, and a SSCR “marketplace” during the annual sustainability town hall. Externally, the Company's CPO participated in the IAEG sponsor meeting about supplier assessment and development, as well as the Bundesverband für Materialwirtschaft, Einkauf & Logistik (“BME”) conference in Berlin.
- The toolkit presenting sustainability in the supply chain, deployed in 2021, targeting internal and external population, is regularly updated.
- Different additional communication means are being used such as: posters, kakemonos, a dedicated intranet website, participation in internal events promoting sustainability initiatives.

Gemba walk

In 2019, the Company introduced Supplier Factory Visits called “the Gemba Walk” pocketbook, applicable to commercial aircraft activities, which is a practical and visual guide for the Company's employees when visiting the shop floor of a supplier, supporting the identification and reporting of risks or improvement opportunities observed during factory visits.

Work with external stakeholders

The Company is a founding member of IAEG, which is working on common aerospace industry standards and tools to manage environmental obligations. More specifically, for the supply chain, IAEG has developed:

- a supply chain environmental survey, which the Company implemented in 2019 and which will be used as environmental assessment module, as mentioned in the section *Assessment* above;
- an EMS implementation guideline to encourage a wider uptake of EMSs as appropriate for each supplier in a phased approach and cost effective, consistent and supportive manner;
- the definition of an Environmental Qualification Program to assess and develop the environmental maturity of suppliers.

Under Company's leadership, the IAEG (initially focused on environment) extended its scope of actions to environmental, social and governance topics. In 2022, and co-led by the Company, a contract has been established between IAEG and the selected service provider to build a sectoral approach for supplier engagement and 2023 will be the year of deployment.

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

All suppliers are now being asked to sign a confirmation of compliance with the principles of the latest version of the 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 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. In 2022, it decided to extend its membership to the whole Responsible Business Alliance (“RBA”) initiative.

4. Other initiatives

Promoting disability-friendly companies

Since 2011, the Company has been promoting employment of disabled people by its suppliers starting with a particular focus on France. Disability-friendly companies often take part in the call for tender process either through direct offer or partnership. The procurement volume with disability-friendly companies has been multiplied by five over the decade going along with the development of the disability-friendly companies’ ecosystem.

In 2020 and 2021, the Company’s global volume of business was drastically reduced by the pandemic impacts. It has also resulted in a significant reduction of the volume with disability-friendly companies. In 2022, the volume with disability-friendly companies is back to pre-pandemic levels: more than €50 million of annual turnover which represents a 20% increase compared to 2021. Around 60 disability-friendly companies are working with the Company to date.

The Company’s ambition is now to reach €100 million annual turnover with disability-friendly companies in 2025. The Company will continue to develop business with the disability-friendly companies through direct contracting or partnerships, primarily in France and also in Spain and Germany. In addition, the Company is actively developing inclusion awareness. For instance, in October 2022, the Company organised a (Dis)Ability forum in Toulouse with 45 disability friendly companies and 250 participants. The Company also decided in 2021 to be the sponsor of the Digital Consortium, created by the UNEA (Union Nationale des Entreprises Adaptées) and composed of 80 French disability-friendly companies. The first contracts with this consortium are about to be signed.

Plastic-free supply chain

Based on the UN SDGs, specifically SDG 12 (responsible consumption and production), a plastic-free supply chain project was launched in 2019 within the Company’s Defence and Space Division with the aim of reducing, reusing and recycling single-use plastic waste and packaging in the Division’s scope of involvement by 2025. The Division achieved a single-use plastic reduction of 24,5% in the logistics area at all sites in 2022 versus a 2020 baseline. This achievement has been possible through different actions: implementation of plastic-free packaging alternatives, improved plastic-reduced processes, introduction of the packaging clause in the Airbus Supplier Code of Conduct and in the Division’s contractual Environmental Annex, and an increased awareness on plastic consumption and waste among employees. The target is to progressively move to a more circular approach to the use of plastic.

5. CO2 emissions - see “- 6.1.2 Climate change” / IV. Transition plan / Supplier engagement, “- 6.1.17 ESG data board”.

V. Outlook

The Sustainable Supply Chain Roadmap (SSCR) is constantly evolving to actively endeavour to mitigate sustainability risks in the supply chain, adapt to progressing sustainability requirements and support the Company’s ambition to be more sustainable.

The SSCR is building up on its installed initiatives to deploy them. The SSCR is as well continuously enlarging its impact. In 2023, notably this includes:

- reinforcing the risk identification and risk assessment of the Company’s supply chain due diligence plan with enlarged targets;
- continuing to ensure the adherence of the Company’s Supplier Code of Conduct principles throughout the Company’s supply base;
- extending the scope of supplier sustainability assessments by requesting new suppliers to perform such an assessment and by extending to existing contracts in order to reach 80% of the spend volume in 2025;
- engaging with suppliers based on the assessment outcomes and developing action plans when required;
- becoming a member of the Responsible Business Alliance;
- for the Scope 3 PGS calculation, the Company has engaged in some work to launch a transition from a spend based methodology to a hybrid (i.e. spend based mixed with mass based) methodology. The target is to be able to start reporting on hybrid approach in 2024 on 2023 data;
- developing the collaboration within the supply chain in the frame of the Airbus Supplier Sustainability Council through concrete activities notably on decarbonisation and transparency ambitions and roadmaps;
- To support people upskilling, on top of existing Company trainings on sustainability, the Company’s Procurement is developing an awareness on the contractual Environmental Clause with pilots in 2022 for a 2023 deployment, and a specific training on Human Rights with pilots in 2022 for a 2023 deployment.

6.1.16 Community Impact

I. Introduction

The Company takes global collective action to support communities with a focus on the most vulnerable, the environment, and young people throughout the world where the Company operates. Products, services and employees are mobilised with focus on equitable and measurable solutions, in line with the Company Purpose.

Community Impact	GRI	SDGs
	413 Local communities	All 17 SDGs with a focus on 1,2,3,4,5,13, 14, 15 and 17
Highest governance body(ies) involved	Board of Directors / ECSC Airbus Foundation Board of Directors Airbus Foundation Endowment Fund Board of Directors	
Related Corporate Reference Documents	A42 Community Impact Policy A1133 Directive on Sponsorships, Corporate Donations & Corporate Membership The bylaws of the Airbus Corporate Foundation and the Airbus Foundation Endowment Fund	
Key metrics		2021 2022
Number of Sustainability Ambassadors		207 448
% of employees onboarded to the +impact platform		0 4%
Additional resources	Community impact on Airbus.com ; Airbus Foundation on Airbus.com, including its annual reports	

II. Governance

The Sustainability - Develop & Engage department manages the global strategy and framework for community impact in the Company and supports the operations of the Airbus Foundation. A global network of community impact focal points representing the major markets where the Company operates has been established, as well as a committee of specific topic experts who provide guidance, assessment and recommendations according to the Community impact priority themes.

Community Impact has been integrated into the business at policy, directive and operational levels with a formalised assessment and decision process now in place for corporate donation requests submitted by business lines. Awareness and adoption of the policy is supported by the Sustainability Networks, including the Sustainability Ambassador network which grew by 116% in 2022. In addition, there are standard reporting lines to the Sustainability & Environment organisation with top level oversight provided by the ECSC at the Company's Board of Director level.

The Airbus Foundation and Airbus Foundation Endowment Funds are registered as non-profit entities of general interest under French law, with specific Articles of Association that define their respective mission and remit. Their strategy and operations are led by the Managing Director and each entity has formal governance with its own Board of Directors comprised of membership from across the founding companies, employee representatives and external experts. The Airbus Foundation and Airbus Foundation Endowment Fund annual reports and accounts are submitted annually to the French authorities.

III. Implementation / activities

2022 focused on strengthening the Company's collective approach to community impact, bringing together the various business, non-profit, and employee engagement channels under a collective mission with integrated processes and tools to support the deployment across the business. Having a consolidated, focused strategy proved vital during a year which saw a compound of societal challenges - communities continued to cope with or recover from the COVID-19 pandemic; climate related disasters; and conflict. All of which not only generated an immediate emergency response need, but also the longer-term impact on the global economy.

During 2022, as part of the development of the Airbus Community Impact policy, the Community Impact network implemented 22 pilot projects across 15 countries to test the new strategy and inform the future impact measurement methodology. In November this year, the Company in cooperation with the Airbus Foundation, also launched the +impact digital platform globally across the Company, providing employees with a dedicated online space to learn about the new

policy and partnerships, create and coordinate volunteering opportunities, fundraise, donate and take positive action on sustainability topics.

Supporting vulnerable communities

During 2022, the Company continued to focus on supporting vulnerable communities through disaster response, innovation or fundraising to tackle topics such as poverty, hunger and access to essential services.

In addition to the COVID-19 and Ukraine response, partnerships were developed in several regions to support vulnerable community needs. In Asia Pacific, the Company partnered with the Manila Water Foundation to install a clean water station in a school located in a remote province in the Philippines that previously lacked access to a safe water supply. In Latin America, the Company partnered with TECHO, a non-profit organisation that mobilises youth volunteers to fight extreme poverty, to construct transitional housing and implement social inclusion programs. This partnership resulted in the construction of four homes for four vulnerable families in Santiago de Chile, Mexico City and Sao Paulo, with the participation of Company's employees. These homes were built following full consultation with the families and wider communities as well as assessment of the broader ecosystem to ensure that a network of support exists for the longer term.

Company's employees also worked together to show their support for vulnerable communities. In the United States, employees from all divisions participated in the Make a Difference fundraising initiative in aid of World Central Kitchen. In Spain, a group of volunteers prepared humanitarian kits for the Spanish Red Cross; and across our sites, employees rallied to fundraise and collect goods for organisations supporting the immediate needs of Ukrainian refugees. For the second year running, the Airbus Foundation also participated in the Action Against Hunger global wellbeing challenge, Connected Against Hunger, with nearly 1,800 Company's employee participants.

The Airbus Foundation continued to support its partners in disaster response by coordinating relief and goodwill flights carrying more than 138 tons of aid to Madagascar, Moldova, Poland, Pakistan, and Ethiopia. Aid transported included emergency shelter, medical and hygiene supplies, food and kitchen equipment. Additionally, 209 helicopter flight hours were chartered to Kenya, Madagascar, Philippines and the Democratic Republic of Congo to respond to flooding, malnutrition and displacement of populations. The Foundation also responded to 75 satellite imagery requests from partners representing around 21,700 km² for disaster assessment and response plans, to monitor displacement and flooding, and plan medical activities in Yemen, Chad, Iraq and Sudan amongst others.

In Kenya, the ongoing project to install innovative water units in under-served locations reached a new level of maturity with the upgrade of four existing units and installation of three new units. To date, 8,350 students have been given access to safe water and educated on good hygiene practices. The communities around these seven schools in Mukuru are also benefiting from the safe drinking water.

In addition, bespoke satellite imagery training was provided to several humanitarian partners to increase their capacity in satellite imagery analysis and interpretation, as well as leadership training via the Airbus Leadership University. Via its partner, the French Foundation of the Academy of Medicine, the Foundation helped deliver Helicopter Emergency Medical Services (HEMS). A total of 300 medical personnel in Thailand and Mexico were upskilled in emergency and disaster medicine techniques.

Supporting the future generation

It is crucial that the Company inspires and engages young people, particularly by playing an active role in fostering inclusion, diversity and community values at an early age. Across its Community Impact channels, the Company collectively reached over 23,000 young people directly through mentorship, education initiatives and workshops during 2022.

Corporate partnerships and STEM outreach programmes focused on using the expertise and knowledge of Company's employees to inspire interest in science, technology, engineering and mathematics (STEM) and engaged more than 8,700 young people from underserved communities to develop their awareness and confidence to make decisions about their future education and career choices.

In the Asia Pacific region, five youth projects were developed in collaboration with partners including local and national ministries, non-profit organisations, and public sector structures. For example, in Indonesia, the Company worked with the Ministry of Education to reach 120 students from rural schools to run workshops with Company's volunteers on STEM and STEM careers. In the Philippines, the Company partnered with MoveEd, an organisation which provides early childhood care and development programs for children aged 3-6 years, to increase access to formal and informal education opportunities, also working with the families to raise awareness about the long-term value of education. In China, the FUTURE by the Company project partnered with the Civil Aviation Museum in Beijing to boost quality education access.

Following a series of workshops hosted by Company's volunteers, the Company and the museum established an education base in the museum for future cooperation.

The Airbus Foundation enriched its Airbus Foundation Discovery Space content with 19 new videos and booklets to practice experiments at home or in the classroom. The content explains some of the science behind aerospace, including sustainability and girls in science topics. The Foundation's partnerships for its youth programmes span 17 locations in Europe, Africa, the Middle East, Asia, and the Americas. Working with local partners, each programme was built on specific local needs. During 2022, over 250 Company's volunteers participated, and the programmes directly reached around 9,000 young students, with a specific attention given to gender balance and underserved communities, also including a pilot project for children living in a refugee camp. The fourth edition of the Moon Camp Challenge built on the success of previous years with 2,597 projects submitted from 53 countries by over 5,600 students supported by nearly 600 teachers.

Protecting the future of our planet

During 2022, the community impact pilot projects focused primarily on employee awareness and action to preserve and restore local biodiversity. For example, in the UK and India, the Company partnered with local non-profit organisations to restore three water bodies which had fallen into disrepair and neglect. In India, educational sessions were also carried out with surrounding communities to increase awareness about the ecological importance of the water bodies, avoiding using them to dispose of waste, and engaging the communities in the longer-term maintenance and protection.

Through an innovation project driven by employee volunteers, the Company cooperated with two universities (Toulouse and Colombia) and a local non-profit organisation to bring renewable energy to off-grid households in Peru and Colombia. Situated in the highlands of Peru, one of the affected communities includes 40 households, nine of which lack access to electricity. The Company supported the placement of two students who dedicated their first month to build two domestic wind turbines and install them for two households plus complete the associated knowledge transfer to enable the families to maintain them. One of the families makes and sells bread to surrounding communities - thanks to the wind turbine, they are able to increase their production as well as reduce their expenditure on expensive batteries and generator fuel. In Colombia, a third wind turbine was installed for a rural school with around 30 children. The school now has a stable and clean source of electricity and has been connected to the internet which is enabling access to quality education materials as well as refrigeration to store food for the children.

The Airbus Foundation continued to develop its environment partnerships, focusing on climate change mitigation and monitoring, climate change adaptation and disaster prevention and protecting biodiversity. This included continuing the collaboration with Connected Conservation Foundation to support the preservation of wildlife and natural ecosystems in South Africa and Kenya through the use of satellite imagery. The Airbus Foundation also completed the first phase of its 3-year project with IUCN, providing technical data, satellite images and project management to contribute to the validation of IUCN's forest restoration barometer. Project objectives are to assess tree canopy changes over a temporal range, characterization of tree canopy changes and assessment of the sufficiency of restoration activity.

V. Outlook

In addition to enhancing the methods to capture and measure impact, the Company intends to study and progress on opportunities for integrating community impact into business operations. One example is social procurement where companies can use their purchasing power to create sustainable social value through procuring from social benefit suppliers.

The Airbus Foundation is currently reviewing its global portfolio of activities for improvement and development. Near-term plans involve developing the product portfolio to be offered to partners, initiating Youth programmes in 10 additional locations, including Tunisia and Morocco, and formalising a new environmental partnership.

6.1.17 ESG Data Board

ENVIRONMENTAL PERFORMANCE

GRI	KPI	Unit	2022	2021	2020	2019	2018
Energy	Total energy consumption (excl. electricity generated by CHP on site for own use) ✓	GWh	3,717	3,762	3,815	4,624	4,679
	Energy intensity (per Total Revenues) ✓	GWh/bEUR	62.4	71.2	75.8	64.3	-
	Energy consumption from stationary sources and electricity ✓	GWh	2,594	2,717	2,672	2,987	3,062
	Energy consumption from stationary sources ✓	GWh	1,190	1,351	1,274	1,391	1,403
	• natural gas	GWh	1,108	1,307	1,235	1,347	1,366
	•• of which bio-methane	GWh	23	11	0	0	0
	• heat generated from biomass	GWh	37	25	24	27	17
	• other fuels	GWh	44	19	16	17	20
	Energy consumption from electricity, heat and steam ✓	GWh	1,404	1,366	1,397	1,595	1,659
	• purchased electricity (incl. renewable or low carbon sources from grid)	GWh	1,280	1,232	1,274	1,460	1,472
	EN3 •• of which purchased electricity with REC/GoO*	GWh	534	416	251	163	0
	EN4 • purchased electricity from renewable sources PPA*	GWh	0.1	0.0	0.0	0.0	0.0
	• self-generated electricity from renewable sources	GWh	1.2	0.8	0.9	0.2	0.2
	• percentage renewable electricity	%	41.8%	33.8%	19.8%	11.2%	0.0%
	• heat and steam	GWh	123	133	123	135	187
	Energy consumption from mobile sources ✓	GWh	1,123	1,045	1,144	1,638	1,617
	• kerosene	GWh	711	681	711	1,061	1,068
	•• of which Sustainable Aviation Fuel	GWh	22	4	1	0	0
	•• of which used in Beluga Transport	GWh	330	298	290	421	413
	•• of which used in flight test	GWh	381	382	421	640	654
• road & maritime fuel used in Oversize Surface Transportation	GWh	365	335	405	540	509	
Energy consumption from renewable or low-carbon sources ✓	GWh	619	456	277	191	18	
Percentage energy from renewable or low-carbon sources	%	16.6%	12.1%	7.3%	4.1%	0.4%	
Air emissions	Total Scope 1 + Scope 2 CO ₂ emissions (location based) ✓	ktons CO ₂ e	857	889	935	1,139	1,163
	Total Scope 1 + Scope 2 CO ₂ emissions "market-based" (location based net of REC)*	ktons CO ₂ e	762	809	880	1,104	1,162
EN15	Scope 1&2 GHG intensity (per Total Revenues) ✓	gCO ₂ e/EUR	14.4	16.8	18.6	15.8	-
Scope 1 & 2	EN16 Total Scope 1 GHG emissions (1) ✓	ktons CO ₂ e	555	570	585	744	739
	EN18 •• of which from flight test	ktons CO ₂ e	98	99	108	165	169
Scope 3	Total Scope 2 GHG emissions - location based ✓	ktons CO ₂ e	302	319	350	395	424
	Total Scope 2 GHG emissions - "market-based" (location based net of REC) ✓	ktons CO ₂ e	207	240	295	360	424
	Indirect GHG emissions - Category 11 - Use of Sold Products: *						
	• Commercial aircraft IEA-SDS SAF uptake * ✓	ktons CO ₂ e	425,454	400,611	383,266	650,366	623,215
	• GHG efficiency for delivered commercial aircraft (as per SBTi-validated target)* ✓	gCO ₂ /pax.km	64.4	66.3	67.7	72.2	75.9
	EN17 • Commercial aircraft - ("no SAF" scenario) * ✓	ktons CO ₂ e	494,893	458,738	432,245	723,110	683,774
	EN18 • GHG efficiency for delivered commercial aircraft ("no SAF" scenario) * ✓	gCO ₂ /pax.km	74.9	75.9	76.4	80.3	83.3
	• Other products * ✓	ktons CO ₂ e	10,703	9,343	NA	NA	NA
	Indirect GHG emissions - Category 1 - Purchased Goods and Services* ✓	ktons CO ₂ e	NA	8,439	9,940	NA	NA
	Indirect GHG emissions - Category 6 - Business Travel* ✓	ktons CO ₂ e	47	17	22	109	112
VOC	EN20 Total VOC emissions* ✓	tons	1,120	1,042	1,048	1,462	1,518
SOx	Total SOx emissions	tons	16	14	13	14	15
NOx	Total NOx emissions	tons	207	226	210	234	217
Other Information	Internal Carbon Pricing	EUR/ton	150	150	30	30	-
	CDP Rating (based on previous year disclosure)	Score	A-	A-	A-	B	-
Water	Total water withdrawal (note: formerly reported as "consumption") ✓	m3	3,672,217	3,345,261	3,681,009	4,529,665	4,186,553
	•• of which percentage purchased	%	79%	79%	78%	80%	79%
	EN8 •• of which percentage from surface water sources and collected rainwater	%	4%	5%	5%	4%	5%
	•• of which percentage from ground water sources	%	16%	16%	17%	15%	16%
	•• of which percentage from all areas with high water stress*	%	30%	34%	34%	35%	33%
	EN22 Total water discharge	m3	2,956,333	2,887,442	3,097,733	3,728,505	3,335,213
Waste	Total waste production, excluding exceptional waste ✓	tons	73,751	71,152	74,898	99,042	100,389
	EN23 •• of which percentage hazardous waste*	%	25%	26%	29%	27%	28%
	•• Material recovery rate* ✓	%	60%	55%	51%	54%	57%
	•• Energy recovery rate	%	16%	20%	21%	21%	20%
	•• Landfill and incineration without energy recovery rate	%	23%	25%	28%	25%	23%
EMS certification	Percentage of operations with ISO 14001 / EMAS certification (in % workforce)	%	88%	88%	88%	87%	
	Percentage of operations covered by reporting (in % workforce)	%	92%	92%	92%	92%	

✓: 2022 data verified by EY®, based on limited assurance.

Scope of reporting: Reported data covers 84 sites. Company's environmental reporting guidelines include sites worldwide with a workforce on-site higher or equal to 100 employees. Note that only 100% consolidated entities are taken into account with the exception of ATR and Tianjin operations. 2018-2021 figures were refined to rectify actuals for some entities.

2021 restatements: some 2021 figures were restated to reflect changes in reporting perimeter and to integrate information received post-closing 2021.

*** Methodology and assumptions:**

Energy - Purchased electricity from renewable sources: Power Purchase Agreements (“PPA”) - it is a contract under which a legal entity agrees to purchase renewable electricity directly from an electricity producer. For the Company this means purchase of electricity from predefined renewable production facilities and/or purchase of electricity from renewable electricity generation facilities that can be built near to a Company site and that is connected to the site via and the direct wire.

Energy - Purchased electricity from renewable sources REC/GoO: Renewable Electricity Certificates (“REC”) or Guarantees of Origin (“GoO”) - is an energy certificate representing 1MWh which has the sole function of providing evidence to a final customer that a given share or quantity of energy was produced from renewable sources. For the Company, this represents the electricity bought from the grid with energy certificates evidencing that a given share or quantity of energy was produced from renewable sources.

Air Emissions - Scope 1 & 2 - SAF emissions were computed according to the formula set by the ICAO.

Air Emissions - Scope 1 & 2 - "market-based" (location based net of REC): location based with purchased guarantees of origin deduced. The Company is working towards improving data collection and market-based methodology implementation. Meanwhile, this metric is used by the Company to measure its progress towards its 2030 target, in order to be able to take into account the contribution of its electricity sourcing on its industrial decarbonisation target. However, this refining of methodology is expected to trigger restatements in the coming years, including of the 2015 baseline).

Air Emissions - Scope 3 - Use of sold products. The main contribution of the Company’s value chain on climate change comes from the use of sold products, especially related to its commercial aircraft activities. In order to provide the level of transparency, the Company reports in-use emissions of the products it delivers (Scope 3 – Use of sold products). This started in 2020 with the disclosure of emissions from commercial aircraft products, and was extended to other products in 2021, namely civil helicopters initially and further complemented by military aircraft and helicopters in 2022. The Company will continue to progressively extend the scope of reporting to other families of products, for which the calculation methodologies are still under development. Nevertheless, current results and advanced estimations have shown that the vast majority (over 90%) of the Scope 3 - Use of Sold Product impact of the Company’s products is due to the commercial aircraft family of products, and that this situation is unlikely to change once all the product families will have been assessed.

Additional methodology information:

- The Company’s emission calculation methodology was developed by a team consisting of key personnel from the engineering and environment departments and is aligned with the guidance provided by the Greenhouse Gas Protocol. The external auditor performed a review of the calculation methodology applied by the Company and assessed the reasonableness of the supporting assumptions.

- The Company has used a number of assumptions based on internal and external information including assumptions based on publicly-available data.

- **For all products:**

- The estimation includes CO₂ emissions only. Emissions related to CH₄ and N₂O were excluded given the very low levels produced by modern aircraft engines. 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.
- CO₂ emission factors for kerosene are the ICAO internationally recognized lifecycle emission factor to be used for baseline fossil jet fuels (3.846 kg CO₂e per kg of fuel for fossil Jet-A /Jet-A1). This factor represents a “well to wake” life cycle analysis to assess the overall greenhouse gas (GHG) impacts of a fuel including each stage of its production and use.

- **For commercial aircraft:** assumptions include the aircraft load factor, aircraft operational usage and average in-service lifetime. Primary data collected within the Company was also used, such as aircraft performance and configuration parameters. Emissions related to commercial aircraft engine start and taxing have been included, however, emissions from the Auxiliary Power Units (APU) and ground handling equipment have been excluded. For the purpose of this calculation, the Company integrated into commercial aircraft Scope 3 the likely usage of SAF over the product lifetime, as per the IEA-SDS assumptions. Other operating conditions of the aircraft were considered to be static over the whole service life. In addition, the Company reports for reference an indicative figure based on a zero SAF usage. A330-200 deliveries destined to A330-MRTT conversion were excluded from the commercial aircraft perimeter and included in the military aircraft perimeter as part of the “other products” category.

- For other products:

- Helicopters: assumptions include activity data from Company’s customer services of helicopter operations such as flight hours per year and region where the helicopter is operated. Direct emissions and indirect emissions from jet fuel production are included over the product’s entire service life. Impact of SAF is not considered.
- Military aircraft: flight hours and mission profiles vary significantly depending on conflicts and humanitarian crises. The estimation assumes the largest number of flight hours each aircraft has been designed for in its lifetime. Impact of SAF is not considered.

Air Emissions - Scope 3 GHG efficiency for delivered commercial aircraft (as per SBTi-validated target). In 2022, the Company updated the definition and methodology of its efficiency metrics in order to align with the SBTi methodology and leading to a restatement of past years. Namely, the evolution can be explained by changes in the following two assumptions: the integration in the emissions related to the upstream fuel production and the consideration of the likely usage of SAF over the product lifetime, as per the IEA-SDS assumption.

Air Emissions - Scope 3 Purchased Goods and Services. This evaluation was performed using a dedicated tool developed by the International Aerospace Environmental Group (IAEG) offering a choice between two approaches: a “spend based” approach, allocating emissions to each amount spent in specific commodities and a “mass based” approach, allocating emissions to quantities of materials purchased. For this first evaluation, the Company has used the “spend based” approach. While this method embeds a certain degree of uncertainty, considered high by the IAEG on a certain number of emissions factors used in the methodology, it provides a relevant view of the sources of GHG emissions in the Company’s supply chain and enables comparison of the various Company’s scopes throughout its value chain. The calculation will be refined in future years as better quality data becomes available. In 2022, the Company improved the accuracy of some spend-based assumptions leading to a restatement of 2020 figures. In addition, the use average emission factors decreased from 6% of spent in 2020 to 2.5% in 2021 thanks to refined data allocation. Adjustments can be expected in future disclosures as the Company intends to further refine its computation, especially integrating mass-based information as data becomes available.

Air Emissions - Scope 3 Indirect GHG emissions Business Travel: Worldwide air travels of Europe-based employees.

Air Emissions - VOC: 2022 VOC emissions data is estimated. 2022 actuals will be consolidated in April 2023.

Water - Areas with high water stress: areas identified with high or extremely high water stress. Water stress level as defined per the Aqueduct Water Risk Atlas (medium scenario for 2030).

Waste - Hazardous waste: waste displays one or more of the hazardous properties listed: “Explosive”; “Oxidising”; “Highly flammable”; “Flammable”; “Irritant”; “Harmful”; “Toxic”; “Carcinogenic”; “Corrosive”; “Infectious”; “Toxic for reproduction”; “Mutagenic”; “Sensitizing”; “Ecotoxic”; “Pressurised gas”.

Waste - Material recovery: any operation wherein products, components of products, or materials that have become waste are prepared to fulfil a purpose in place of new products, components, or materials that would otherwise have been used for that purpose. 2022 material and energy recovery rates will be refined when final waste treatment information of year-end waste - representing about 9.5% of total - will be provided by waste collector companies. Meanwhile, unavailable information was estimated using 2022 actual breakdown ratios of the 90.5% available data.

SOCIAL PERFORMANCE

WORKFORCE	2022	2021	2020	2019		2022	2021	2020	2019
Total number of employees ✓	134,267	126,495	131,349	134,931					
By business segment ✓					% Part time employees	3.99%	4.34	4.36	4.43
· Commercial aircraft activities	79,134	73,560	78,487	80,985	By contract type				
· Airbus Helicopters	20,803	20,126	20,026	20,024	· Unlimited	131,307	122,950	128,151	130,591
· Airbus Defence and Space	34,330	32,809	32,836	33,922	· Limited contract > 3 months	2,960	3,156	3,198	4,340
By geographic area ✓					By nationality in %*				
· France	48,238	45,931	48,231	49,143	· French	35.0%	35.4		
· Germany	44,898	42,972	45,568	45,638	· German	30.7%	31.5		
· Spain	12,899	11,881	11,828	12,637	· Spanish	10.7%	10.3		
· UK	9,858	9,368	9,846	11,109	· British	7.4%	7.7		
· US	3,751	3,150	2,980	3,151	· From other countries	16.2%	15.1		
· Canada	4,287	3,788	3,634	3,668	Total number of nationalities	147	138		
· China	762	698	613	653					
· Other countries	9,574	8,707	8,649	8,932					
% of active workforce employees located in Europe	88.6%	89.1			Newcomers	13,946	5,655	5,463	11,270
By age ✓					· Core Divisions	8,231	2,817	2,413	6,643
· <30 years old	13,171	11,120	12,135	13,862	· Subsidiaries	5,715	2,838	3,050	4,627
· 30-50 years old	83,964	79,985	81,709	82,552	Leavers (incl. partial retirement)	6,428	9,394	7,796	5,842
· >50 years old	37,132	35,390	37,505	38,517	· Core Divisions	3,365	5,632	4,675	2,902
					· Subsidiaries	3,063	3,762	3,121	2,940
					Attrition Rate				
					· Core Divisions	3.8%	5.9%	4.6%	2.9%
					· Subsidiaries	7.8%	12.2%	9.4%	8.4%
					· Total	5.0%	7.4%	5.8%	4.3%
GENDER DIVERSITY	2022	2021	2020		2022	2021	2020		
% Women in total active workforce ✓	20%	19%	18%		By geographic area				
Per category					· France	21.4%	21.2%	20.5%	
· Board of Directors	33%	25%	25%		· Germany	16.2%	16.4%	15.3%	
· Executive Committee	25%	25%	16%		· Spain	24.0%	22.7%	22.3%	
· Senior mgmt - Executives	16%	14%	13%		· UK	14.0%	12.9%	13.5%	
· "Level IV" managers	17%	16%	14%		· US	22.5%	22.4%	22.4%	
· Newcomers	27%	22%	26%		· Other countries	22.4%	21.0%	20.9%	
PEOPLE DEVELOPMENT	2022	2021	2020		LABOUR RELATIONS	2022	2021	2020	
Number of classroom training ✓	116,363	78,984	78,443		Number of meetings with SE-WC	7	12	8	
Number of digital training ✓	164,5816	967,495	752,702		Workforce covered by collective bargaining agreements	~ 80%	~ 80%		
Total training hours ✓	1.7mn	1.2mn	1million						
Average training hours per employee	15	11	11						
· for women	14	9	8						
· for men	16	11	10						
· for production employees	19	15	14						
· for non-production employees	14	10	8						
Internal mobilities	11,460	>10,400	>7,000						

Note: figures are based on the active workforce, i.e. the number of permanent and short-term employees, irrespective of their individual working times, and having worked in the last 30 days. The headcount is calculated according to the consolidation quota of the respective companies. The scope for HR structure reporting covers 100% of the Company's total active workforce from consolidated companies. Workforce and breakdowns metrics are figures at year-end. Other metrics cover civil year periods, except for training related metrics with reporting periods going from October 1st to September 30th.

✓: 2022 data verified by EY®, based on limited assurance.

PRODUCT SAFETY					2022	2021	2020	2019
Fatal accident rate industry-wide Gen4 ✓					0.05	0.03	0.04	0.05
% SMS officers nominated ✓					100%	100%	100%	-
% SMS officers trained ✓					100%	100%	92%	-
CYBER SECURITY					2022	2021	2020	2019
Number of data breaches reported to data authorities					0	1	1	-
Percentage involving confidential information					-	100%	100%	-
Cyber security awareness training e-learning participation					107,808	67,475	10,328	-
Corporate & IM Cyber Security headcount					437	290	216.5	-
HEALTH & SAFETY					2022	2021	2020	2019
Lost Time Injury Frequency Rate - excl. Airbus Atlantic and Airbus Aerostructures entities					1.60	3.21	3.81	5.58
Lost Time Injury Frequency Rate - incl. Airbus Atlantic and Airbus Aerostructures entities ✓					2.23	3.29		
Lost Time Injury Frequency Rate - commercial aircraft business					2.25	4.31	5.12	-
Near-miss - commercial aircraft business					28,925	19,305	-	-
Severity rate (FISH scope) ✓					0.046	-	-	-
Health & Safety training hours delivered ✓					286,815	128,795	103,070	148,000
Number of employees who received Health & Safety training ✓					90,490	28,144	37,599	20,900
Number of employees having attended "EH&S Certificate" modules 1 & 2 ✓					2,214	1,309	418	-
Core entities with ISO 45001 or similar certification					~one third	~one third	-	-
% of the company-wide workforce covered					25%	25%	-	-
<i>For definitions, see "- 6.1.9 Health and safety"</i>								
HUMAN RIGHTS					2022	2021	2020	2019
% of investigations completed or in progress - following reports of concerns linked to human rights, including forced and child labour and other labour rights.					100%	100%	100%	-
% of sites having undertaken a social assessment - % of the Company's with over 100 employees, cumulative since 2020, undergoing a social assessment including human and labour rights.					29	10	6	-
% of findings closed within 18-months (following social assessments including human and labour rights, carried out on the Company's sites)					100%	100%	100%	-
Number of participants to human rights trainings (Cumulative number of participants who have completed e-learning modules on human rights and modern slavery; reporting period: 1 Oct - 30 Sep) ✓					6,955	5,789	4,943	-
Number of alerts of human rights concerns (including forced labour and labour rights (received via OpenLine and other means) from internal sources or through the Company's supply chain)					28	4	5	-
BUSINESS INTEGRITY					2022	2021	2020	2019
Number of employees per appointed Ethics & Compliance Representatives					360	372	390	-
Number of employees per appointed Export Control Point of Contact					236	-	-	-
% of employees (non-Exec) who have completed the E&C training objective					96%	90%	80%	-
Number of E&C e-learning sessions delivered to employees ✓					290,178	284,774	309,682	-
Number of privacy e-learning sessions delivered to employees (Reporting period: from 1 Oct to 30 Sep.)					3,181	9,327	35,073	-
Investigative requests received during the year					847	-	-	-
· of which Compliance-related investigative requests					323	-	-	-
· of which HR-related investigative requests					524	-	-	-
SUPPLY CHAIN					2022	2021	2020	2019
Sourcing volume (m€)	~44,000	37,906	40,712	53,400				
Number of suppliers	18,000	18,000	21,000	23,000				
Split by Division (%)								
· Commercial aircraft activities	77%	77%	76%	84%				
· Airbus Helicopters	9%	8%	8%	6%				
· Airbus Defence and Space	14%	15%	15%	10%				
Percentage of sourcing volume covered by supplier commitment to the Supplier Code of Conduct					86%	79%	NA	-
Percentage of sourcing volume of suppliers invited to CDP who have responded					78%	68%	56%	-
Percentage of responding suppliers to the CDP scoring A or B					66%	53%	56%	-
Percentage of identified high risk suppliers, who have undergone a sustainability assessment ✓					99.5%	95%	63%	-
Percentage of assessed suppliers not meeting Company's sustainability expectations					16%	13%	12%	-
Percentage of action plans defined for suppliers not meeting Company's sustainability expectations					31%	15%	NA	-
Number of sustainability alerts					44	12	5	-
Number of suppliers registered into Digitalization of Supplier Substance data collection tool					298	-	-	-
COMMUNITY IMPACT					2022	2021	2020	
Number of Sustainability Ambassadors					448	207	-	
% of employees onboarded to the +impact platform					4%			

Note: Metrics cover civil year periods, except for training related metrics with reporting periods going from October 1st to September 30th.

✓: 2022 data verified by EY®, based on limited assurance.

GOVERNANCE

BOARD OF DIRECTORS	2022	2021	2020	2019		2022	2021	2020	2019
Number of independent directors	11	11	11	11	Number of Board meetings	13	7	13	11
Number of executive directors	1	1	1	1	% average attendance	96%	98%	97%	91%
Number of women	4	3	3	3	Number of Audit Committee	5	5	5	7
Number of men	8	9	9	9	Number of RNGC	5	5	4	7
Average age	60	60	59	59	Number of ECC/ECSC	4	6	4	6
Number of nationalities	7	7	7	7					
Average tenure	4.9	4.5	3.5	4					
EXECUTIVE COMMITTEE	2022	2021	2020	2019	SHAREHOLDING	2022	2021	2020	2019
Number of women	3	3	2	2	Free Float	74.06%	74.01%	73.97%	73.94%
Number of men	9	-	-	-	GZBV (German State)	10.87%	10.90%	10.93%	10.94%
Executive Committee meetings	4	4	4	4	SEPI (Spanish State)	4.10%	4.11%	4.12%	4.13%
					SOGEPA (French State)	10.89%	10.92%	10.95%	10.96%

SUSTAINABILITY-LINKED

REMUNERATION

CEO and Executives variable remuneration - common collective component, paid following the end of financial year

R&S KPI 1	LTIFR1	LTIFR1	LTIFR1
Weight	10%	10%	20%
R&S KPI 2	CO2	CO2	-
Weight	10%	10%	-

6.1.18 TCFD correspondence table

	See Company's report sections	See CDP Climate Change Questionnaire* items
Governance		
Describe the board's oversight of climate-related risks and opportunities.	- 6.1.1 the Company's approach to sustainability	C1.1a, C1.1b
Describe management's role in assessing and managing climate-related risks and opportunities	- 6.1.2 Climate change	C1.2, C1.2a
Strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	- 4.6 Risk Factors – Environment, Human Rights, Health & Safety Risks	C2.3, C2.3a, C2.4, C2.4a
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	- 6.1.2 Climate Change	C2.3a, C2.4a, C3.1, C3.3, C3.4
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	- see the "Notes to the IFRS Consolidated Financial Statements" (Note 7: Climate impacts)	C3.2, C3.2a, C3.2b
Risk management		
Describe the organisation's processes for identifying and assessing climate-related risks.	- 4.5 Enterprise Risk Management System	C2.1, C2.1a, C2.1b, C2.2, C2.2a
Describe the organisation's processes for managing climate-related risks.	- 6.1.1 the Company's approach to sustainability	C2.1, C2.2
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	- 6.1.2 Climate change	C2.1, C2.1b, C2.2
Metrics & targets		
Disclosure of the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.		C1.3, C1.3a, C4.2, C9.1
Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	- 6.1.2 Climate change - 6.1.17 ESG data board, section Environmental performance / Emissions	C5, C5.1, C5.1a, C5.1b, C5.1c, C5.2, C5.3, C6.1, C6.2, C6.3, C6.4, C6.5, C6.5a, C6.10, C7.1, C7.1a, C7.2, C7.3, C7.3a, C7.5, C7.6, C7.6a
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.		C4.1, C4.1a, C4.1b, C4.2a

* CDP Climate Change Questionnaire is available [on Airbus website](#) and [CDP website](#).

6.1.19 EU Taxonomy

The EU taxonomy is a classification system establishing a list of environmentally sustainable economic activities defined by the EU Taxonomy Regulation¹. The EU Taxonomy Regulation focuses on six environmental objectives and defines overarching conditions that an economic activity must meet to be considered environmentally sustainable. The EU Taxonomy aims to direct investments towards sustainable projects and activities in order to meet the EU's climate and energy targets for 2030 and reach the objectives of the European Green Deal.

As the Company is obligated to report on non-financial information pursuant to the Non-Financial Reporting Directive, the EU Taxonomy Regulation is also applicable to the Company, and therefore we must disclose information on the extent to which our activities can be considered environmentally sustainable economic activities within the meaning of the EU Taxonomy.

Technical screening criteria for two of the six environmental objectives have been laid down in the Climate Delegated Act² which entered into force on 1 January 2022 and the Complementary Climate Delegated Act³ which entered into force on 1 January 2023. Recommended criteria for the four remaining environmental objectives were published in March 2022 (Annex to the Platform on Sustainable Finance's report with recommendations on technical screening criteria for the four remaining environmental objectives of the EU taxonomy) and complemented with additional criteria in November 2022 (Platform on Sustainable Finance's report with supplementary advice on methodology and technical screening criteria for the climate and environmental objectives of the EU Taxonomy) ("**Draft Recommendations**"). Aviation related activities have not been included in the Climate Delegated Act and the Complementary Climate Delegated Act, but, based on the Draft Recommendations, aviation is proposed to be included as a transition activity in the EU Taxonomy, which acknowledges its potential transition to a climate-neutral economy consistent with a pathway to limit the temperature increase to 1.5°C above pre-industrial level.

For the reporting period FY 2021, only qualitative information and information on the proportion of taxonomy-eligible activities in relation to total activities set out in the Delegated Act had to be disclosed. For the reporting over FY 2022, the Delegated Act applies fully, meaning that the Company has to disclose its alignment to the EU Taxonomy as well. In order to be aligned with the EU Taxonomy, an eligible activity has to i) comply with the Technical Screening Criteria (TSC); ii) the Do No Significant Harm (DNSH) Criteria; and the company has to fulfil Minimum Social Safeguards.

EU taxonomy assessment over FY 2022

The Company performed an analysis of its exposure to taxonomy-eligible activities referenced in the Climate Delegated Act and the Complementary Climate Delegated Act and has conducted an assessment of compliance with the relevant TSC, the DNSH-criteria and the Minimum Safeguards. The results of this assessment have been included in the following sections (EU taxonomy KPIs and EU Taxonomy KPIs accompanying information). The Company has performed these calculations based on consolidated information while it is still working on further improving financial data tagging to enable improved reporting in upcoming disclosures. The Company's assessment will be refined as additional official guidance on EU taxonomy implementation and interpretation becomes available. The main activities carried out by the Company are not yet covered by the EU taxonomy delegated acts.

¹ Regulation (EU) 2020/852 of the European Parliament and of the council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

² COMMISSION DELEGATED REGULATION (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

³ COMMISSION DELEGATED REGULATION (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

EU taxonomy KPIs Proportion of **turnover** from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

(1)	(2)	(3)	(4)	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')							(17)	(18)	(19)	(20)	(21)
				(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)						
				SC5	SC6	SC7	SC8	SC9	SC10	DN11	DN12	DN13	DN14	DN15	DN16	MS17					
	Code (s)	Absolute turnover	Proportion of turnover	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES				%																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%																		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																		
Total (A.1 + A.2)		0	0%																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES				SC5 - Climate change mitigation SC6 - Climate change adaptation SC7 - Water and marine resources SC8 - Circular economy SC9 - Pollution SC10 - Biodiversity and ecosystems						DN11 - Climate change mitigation DN12 - Climate change adaptation DN13 - Water and marine resources DN14 - Circular economy DN15 - Pollution DN16 - Biodiversity and ecosystems				MS17 - Minimum safeguards %Aligned18 - Taxonomy-aligned proportion of turnover %Aligned prev. year 19 - Taxonomy- aligned proportion of turnover, previous year Cat20 - Category (enabling activity or) Cat21 - Category '(transitional activity)'							
Turnover of Taxonomy-non-eligible activities (B)		58 763	100%																		
Total (A + B)		58 763	100%																		

Column 21 should be filled in for transitional activities contributing to the climate change mitigation.
For activities listed under A2, columns 5 to 17 may be filled in on a voluntary basis by non-financial undertakings

EU taxonomy KPIs Proportion of **CapEx** from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

(1)	(2)	(3)	(4)	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')							(17)	(18)	(19)	(20)	(21)
				(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)						
				SC5	SC6	SC7	SC8	SC9	SC10	DN11	DN12	DN13	DN14	DN15	DN16	MS17					
	Code(s)	Abso-lute CapEx	Proportion of CapEx	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%																		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
4.24 Production of heat/cool from bioenergy	D35.30	14	0.6%																		
7.3 Installation, maintenance and repair of energy efficiency equipment	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, C33.12	17	0.7%																		
8.1 Data processing, hosting and related activities	J63.11	21	0.8%																		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		52	2.1%																		
Total (A.1 + A.2)		52	2.1%																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES				SC5 - Climate change mitigation SC6 - Climate change adaptation SC7 - Water and marine resources SC8 - Circular economy SC9 - Pollution SC10 - Biodiversity and ecosystems						DN11 - Climate change mitigation DN12 - Climate change adaptation DN13 - Water and marine resources DN14 - Circular economy DN15 - Pollution DN16 - Biodiversity and ecosystems				MS17 - Minimum safeguards %Aligned18 - Taxonomy-aligned proportion of Capex %Aligned prev. year 19 - Taxonomy- aligned proportion of CapEx, previous year Cat20 - Category (enabling activity or) Cat21 - Category '(transitional activity)'							
CapEx of Taxonomy-non-eligible activities (B)		2412	97.9%																		
Total (A + B)		2464	100%																		

For activities listed under A2, columns 5 to 17 may be filled in on a voluntary basis by non-financial undertakings.

EU taxonomy KPIs Proportion of **OpEx** from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

(1)	(2)	(3)	(4)	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						(17)	(18)	(19)	(20)	(21)
				(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)					
Economic activities	Code (s)	Absolute OpEx	Proportion of OpEx	SC5	SC6	SC7	SC8	SC9	SC10	DN11	DN12	DN13	DN14	DN15	DN16	MS17	%Aligned 18	%Aligned prev. year 19	Cat20	Cat21
		In m€	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%	N/A		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%															N/A		
Total (A.1 + A.2)		0	0%														0%	N/A		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES				SC5 - Climate change mitigation SC6 - Climate change adaptation SC7 - Water and marine resources SC8 - Circular economy SC9 - Pollution SC10 - Biodiversity and ecosystems						DN11 - Climate change mitigation DN12 - Climate change adaptation DN13 - Water and marine resources DN14 - Circular economy DN15 - Pollution DN16 - Biodiversity and ecosystems						MS17 - Minimum safeguards %Aligned18 - Taxonomy-aligned proportion of OpEx %Aligned prev. year 19 - Taxonomy-aligned proportion of OpEx, previous year Cat20 - Category (enabling activity or) Cat21 - Category (transitional activity)				
OpEx of Taxonomy-non-eligible activities (B)		3 079	100%																	
Total (A + B)		3 079	100%																	

(1) Activity 1 is Taxonomy-eligible in its entirety. However, only a proportion of it is Taxonomy-aligned. Therefore, Activity 1 may be reported under both A1 and A2. However, only the proportion reported under A1 may be counted as Taxonomy-aligned in the OpEx KPI of the non-financial undertaking. For activities listed under A2, columns 5 to 17 may be filled in on a voluntary basis by non-financial undertakings.

EU taxonomy KPIs accompanying information

1. Accounting policy

The Company's EU taxonomy disclosure covers the following scope: EU Taxonomy-compliant share of turnover, Capital expenditure (CapEx) aligned with the EU Taxonomy and operational expenditure (OpEx) aligned with the EU Taxonomy of the Company consolidated that, for the purpose of EU taxonomy disclosure, are split per economic activity according to the Climate Delegated Act and the Complementary Climate Delegated Act of the EU Taxonomy. Please refer to the "Notes to the IFRS Consolidated Financial Statements" (Note 4: Significant Accounting Policies).

In the context of EU taxonomy disclosure, the Company assessed any economic activity that in aggregate exceeds 1% of the total turnover, CapEx or OpEx. The materiality threshold has been set at 1%, as the Company expects economic activities that in aggregate do not exceed 1% of the total turnover, CapEx or OpEx to have no material influence on the reporting. However, should there be availability of data, the Company may choose to disclose such activities.

Turnover, CapEx and OpEx were determined and allocated to the numerator by performing a mapping between the description of activities in the EU taxonomy and the Company's portfolio of sources of revenues, investments and expenses.

As the EU taxonomy KPIs are published for the first time in the reporting over FY 2022, prior-year figures are not provided. No material changes to the CapEx plan have occurred in FY 2022. The capital expenditures disclosed under the CapEx KPI are not part of a CapEx Plan meeting the conditions specified under the EU taxonomy regulation.

2. Assessment of compliance with EU taxonomy Regulation

2.1. Information on assessment of compliance with the EU Taxonomy Regulation

The assessment of compliance with the EU Taxonomy Regulation has been carried out in four steps:

- Determination of EU taxonomy eligibility: screening of the Company's turnover, CapEx and OpEx versus the activities described in the currently adopted Climate Delegated Act and Complementary Climate Delegated Act and allocation on the basis of the activity description, resulting in a list of eligible activities.
- Determination of EU taxonomy alignment with technical screening criteria: for the eligible activities which exceed the materiality threshold of 1%, applicable substantial contribution and do no significant harm criteria have been identified and analysed, gathering the available and relevant information and evidence.
- Determination of EU taxonomy alignment with the minimum safeguards: following the guidance provided by the Platform on Sustainable Finance in its 'Final Report on Minimum Safeguards' published in October 2022⁴, and more specifically by analysing the non-compliance criteria proposed in the aforementioned report concerning human rights, taxation, fair competition and corruption & bribery areas at Company level.

⁴ Platform on Sustainable Finance - Final report on Minimum Safeguards, October 2022

This exercise has been conducted by a dedicated team involving experts from different functions and Divisions through a number of interviews and working sessions during the year.

In 2022, taxonomy eligible activities related to “4.24 Production of heat/cool from bioenergy” and “7.3 Installation, maintenance and repair of energy efficiency equipment”, were related to projects aiming to improve energy efficiency and reduce CO₂ emissions that could make a substantial contribution to the *climate change mitigation* objective while eligible activities related to “8.1 Data processing, hosting and related activities” also met activity description. They have been allocated to one taxonomy activity and one environmental objective, avoiding the risk of double counting.

In 2022, the results of the self-assessment of Minimum Safeguards criteria was positive taking into account the non-compliance criteria recommended in the Final Report on Minimum Safeguards.

2.2. Contribution to multiple objectives

Due to the nature of the projects linked to taxonomy eligible activities in 2022, substantial contribution has been assessed against the *climate change mitigation* objective only and its relevant criteria.

2.3. Disaggregation of KPIs

In 2022, the preparation and disclosure of figures as per Taxonomy requirements did not require any disaggregation.

3. Contextual information

3.1. Contextual information about turnover KPI

Turnover KPI has been assessed as not material and therefore reported as 0%.

3.2. Contextual information about CapEx KPI

All CapEx identified as eligible were added to property, plant and equipment during the year 2022. In 2022, taxonomy eligible activities were related to projects aiming to improve energy efficiency and reduce CO₂ emissions that could make a substantial contribution to the climate change mitigation objective, while data processing related CapEx (e.g. data centres) met activity description.

In light of the complexity and granularity of the applicable criteria, the investments could not be assessed as aligned by the Company in 2022. The Company took a cautious approach to assessing Appendix C criteria and compliance could not be confirmed in 2022.

In addition, some of the CapEx contributing to the Company's decarbonization plan as presented in section “- 6.1.2 Climate change” could not be assessed as eligible.

The capital expenditures disclosed under the CapEx KPI are not part of a CapEx Plan meeting the conditions specified under the EU taxonomy Regulation.

3.3. Contextual information about the OpEx KPI

The Company's OpEx definition differs from the EU taxonomy OpEx definition. For the purpose of the EU taxonomy disclosure, only research and development costs are considered.

Future Developments

In the coming years, the Company will continue to report under the EU Taxonomy with regard to its Taxonomy-eligible economic activities as well as its Taxonomy-aligned economic activities. This entails a further and continuous review of our economic activities. Future guidance on the EU Taxonomy could result in updated definitions and other decision-making in meeting reporting obligations that may come into force. The Company expects that its reporting will evolve over time as more insights will be gained on how best to comply with the EU Taxonomy. If the delegated act related to the manufacturing of aircraft is adopted under the EU taxonomy regulation, the turnover generated by sales of commercial aircraft may then become eligible.

Estimated eligibility and alignment if aviation-related technical screening criteria were to be adopted as per draft recommendation: Pursuant to the Draft Recommendations, aviation-related activities are included in the EU taxonomy by means of delegated act(s) to be adopted in 2023. The Company's commercial aircraft activity corresponding to NACE code 30.3 is described under section 7.2 Manufacturing of aircraft of the Draft Recommendations⁵. According to the Draft Recommendations, a majority of the Company's 2022 turnover would be eligible, mainly including the turnover generated by sales of commercial aircraft. Based on the same information, the Company estimates that a significant portion of this eligible turnover could be taxonomy-aligned, subject to Do-No-Significant-Harm criteria and minimum safeguards criteria assessment. As per the technical screening criteria of section 7.2 of the Draft Recommendations, the alignment would correspond to the proportion of new aircraft sold that will replace less efficient older generation aircraft, and therefore contributing to reducing the overall carbon footprint of aviation -as described in section “- 6.1.2 Climate change” / IV. Transition plan / 2. Product stewardship -. Activities from the Company's two Divisions may be covered to some extent in future developments of the EU taxonomy, while current level of information available does not enable the Company to provide an estimate. Accordingly, 'best-in-class' aircraft program related Capital Expenditures ("CapEx"), and R&D (Operating Expenses ("OpEx")) should be respectively eligible and aligned at least in proportions similar to turnover ones.

⁵ “PLATFORM ON SUSTAINABLE FINANCE: TECHNICAL WORKING GROUP / PART B – Annex: Full list of Technical Screening Criteria March 2022.

6.2 Other corporate activities

6.2.1 Digital and information management

Digital and information management at Airbus, overview

Digital and Information Management has been a core discipline for Airbus over a number of years. 2022 saw the continuation of the previously initiated digital transformation, together with new developments and further rationalisations.

Digital continued to answer Company challenges and to enable Airbus to be a sustainable aerospace and defence leader. This included:

- A more efficient and simplified digital ecosystem to increase capacity to invest for the future. This was possible with the single aisle family production ramp up assistance via the PLM upgrades, data quality improvements, reworking of the resources planning for Operations and technical debt eradication.
- New digital design, manufacturing and services deployments. These are now running for Eurodrone and the A350 freighter, establishing a solid groundwork for future programmes to enable the kick start of aerospace industry decarbonation transformation.
- An initiation of seamless digital user experience to better engage with our employees and customers with innovation and acceleration over the digital journey.
- People career development paths creation, including the opening of the Airbus Digital School and its first cybersecurity diploma class to make our Company attractive worldwide for digital talents acquisition.

This year showed once again the uncertainty and complexity of the world we operate in. In response to this, Digital aims to make Airbus both robust and flexible. This was implemented with high industrial grade cybersecurity capabilities and technology shifts like modern devices management. This resilience also went beyond compliance to include export control and more generally quality requirements.

Digitally enabled end-to-end processes

Digital design, manufacturing and services (“DDMS”)

DDMS is a group-wide transformation programme aimed at creating a digital environment where our future generation aerospace products and their industrial and support / services systems will be virtually designed and qualified in a connected way for greater speed, efficiency and quality.

It is enabled by the definition of collaborative development processes, digital continuity and digital twins across the entire programme lifecycle. It also relies on the use of model-based system engineering and the application of a flexible and modular architecture approach to the co-development of our products, industrial and support / services systems.

The mandate is to be launch-ready for the next aircraft programme, while securing early benefits by progressively deploying the developed processes and capabilities on early adopter programmes in all the Divisions.

The major achievements this year were:

- **People: transformation & competences**

One more step was taken into the overall DDMS transformation with a steep ramp-up of change management and upskilling plans implementation. A special focus was put on Single Aisle and Eurodrone with the deployment of the Lean Product Life cycle management capabilities, Systems Engineering / Model Based Systems Engineering (MBSE). More than 20,000 people have started their upskilling journey either through digital or classroom training sessions.

- **New co-development processes, digital continuity and digital twin technologies progressive deployment on key programmes across the three Divisions and the Aerostructure Assembly Companies:**

Single Aisle:

Major achievements include increased availability of 3D-configured Digital Mock Up (DMU), a sharp reduction in the lead-time of the heads of version design and improved quality thanks to the implementation of a digital continuity on the associated processes from offer to services. The new information system upgrade for the single aisle programme (so-called Lean PLM) has been deployed as planned. The savings provided by the DDMS capabilities have materialised. Lastly, key contributions have been made to secure the solution development of the A321 XLR programme.

A350 Freighter:

Key contributions have been made with the deployment of new ways of working and digital solutions for airframe sizing, system design, virtual testing, and industrial assembly design and simulation. Further digital solutions ensuring full digital continuity between design and shop floor execution are being deployed for the new main deck cargo door and the fuselage assembly at the major component and final assembly line level.

Eurodrone & FCAS:

The common working environment with integrated digital solutions was deployed from the beginning for the Eurodrone development. More than 2,000 users have been upskilled and onboarded in this digital way of working.

The Future Combat Air System (FCAS) Phase 1B development will rely on the same platform enhanced with additional capabilities under development.

H175, H225 and LH (Light Helicopter) programmes:

The deployment of new digital continuity solutions between the design and the shop floor execution for the new gear box assembly facility have resulted in higher quality and speed of execution.

The developed and validated model based system engineering capabilities have been deployed on Tiger Mk3, H160 & NH90 (50 system engineers trained).

In addition, the development of capabilities for end-to-end maintenance engineering has been initiated.

Sustainable next generation Airbus commercial aircrafts:

We improved and continued the implementation of system of systems (SOS) trade capabilities to support business model convergence and multi scenarios for business context. The MBSE based on mission

operation function logical (MOFL) modelling methodology was implemented, enabling for example a clearer definition of dihydrogen (H₂) storage system development.

Ecodesign capabilities enabled by digital have been developed and life cycle analysis (LCA) models have been created to support sustainability assessment of our future products.

We also made good progress in the validation and implementation of processes, methods and tools supporting the new co-development logic for the early programme development phase, reducing risks for late changes and development costs. Our existing disconnected product functional and physical architecture design tools started being connected through our developed model based system engineering framework. New industrial system static and dynamic modelling capabilities were developed and started showing improvements in our ability to predict our future industrial system and supply chain ramp up readiness.

Digital continuity with a network of platforms:

In 2022, we have started to define and experiment the new concepts of “network of platforms”. The network of platforms is set to enable our end-to-end value chain digital continuity and performance, e.g. ensuring data flows across our processes and platforms internally and with our partners in the supply chain whilst ensuring better data quality, consistency and ease of access. The concepts of data products and data service layer have been successfully piloted on different end-to-end business process flows with a deployment at scale starting in 2023.

Airline sciences

The aim of the airline sciences team is to provide an 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, assist in sales campaigns, develop new services and, more importantly, understand the customers' perspective across all layers of the Company.

Airbus has set sustainability at the heart of the Company's purpose and is willing to lead the decarbonisation of the aviation industry. Accurate monitoring of aircraft operational data is a core element of its decarbonisation strategy. As such, the Airline Digital Twin capability is being used heavily in order to assess CO₂ effects, including comprehensive emissions calculations as well as operational sensitivities. We have delivered the first CO₂ airline monitoring tool, AirScout, based on the Skywise platform. Using actual flight trajectories of the entire Airbus fleet, and assessing extremely granular effects, we are able to have accurate aggregate numbers on aircraft trajectory, city pairs, Airline network, aircraft to aircraft, and airline to airline views. Our intent is to include other effects in the near future, such as non-CO₂ and climate impact effects, and beyond this to develop a scenario of ‘what-if’ capability to support Airbus's achievement of its science-based climate targets. Airscout has been recognized in 2022 by a Digital Engineering award for “Top Sustainability Initiative” in a cross-industry jury panel.

Finally, in the context of aircraft sales campaigns, the airline digital twin was used in supporting ultra-long-haul A350 studies for various potential customers. A comprehensive market assessment was carried out, including building an optimal airline fleet and product strategy to maximise airline profitability.

Artificial intelligence (“AI”)

After successfully applying specific AI solutions across the business domains, the Company is now accelerating and maturing its industrial setup to deliver AI at scale. This includes a focus on delivering an AI services catalogue making available reusable and accessible core AI technology capabilities and patterns. These capabilities include:

- Computer vision to enable visual quality inspection and improve the safety and quality of our manufacturing environment;

- Pattern recognition and time series analysis to detect anomalies and avoid failure in our industrial machines and aircraft;
- Natural language understanding and processing to classify data (e.g. export control) and secure our compliance;
- Optimisation to improve scheduling and planning activities; and
- Hybrid modelling through machine learning to build surrogate models of physical systems, accelerating design activities and increasing potential design space.

One of the AI projects called “Prometheus A380”, aiming at optimising spare parts management for the A380, was recognized this year by a Digital Engineering award for “Value Realisation” in a cross-Industry jury panel.

These are being complemented with a central governance and life cycle management of a wide range of operationalised AI and decision models (ModelOps) framework. First versions were released in 2022, demonstrating the great value of AI models for key projects. These are paving the way to ensure compliance for using AI in safety relevant systems in line with upcoming regulations.

Internet of Things and mixed reality

A standard IoT platform is now fully operational, which will support sustainability use cases. The objective is to have data of different consumptions (water, electricity, raw materials, etc.) to better optimise it in the future.

A mixed reality (augmented reality and virtual reality) platform is also now fully operational and several use cases are planned for 2023, as cabin configuration or product showcases, especially for XLR and the single aisle family.

Robotics and automation transformation

In 2022, we have kickstarted our integrated robotics and automation transformation programme to secure the deployment of our ambitious robotics and automation roadmap. The Airbus roadmap is organised around five major streams covering key areas of our industrial system: Assembly, Paint, Composite, Logistics and Inspection.

For these five streams we are running ambitious flagship projects to develop and adapt complex robotics technologies to the very specific requirements of the aerospace industry. We are doing this by a mix of internal developments and strategic industrial partnerships. In 2022 we have successfully established several test benches and passed major milestones on the various core technologies.

We have decided to internalise the industrial integration knowledge to secure our ability to turn complex aerospace functional requirements into industry generic understandable by a large community of integrators working for multiple industries. Our goal is to reduce our dependence and extend our network of partners.

Cyber security

Our transformation journey continued with the extension of our core services across regions and affiliates, the reinforcing of our connectivity model with our extended enterprise and further strengthening of core controls for the Airbus Commercial environment. In line with our ambition, we saw a further step change in the volume of active running services now in place to protect our business.

As we continue to develop and reinforce our re-insourcing strategy, we were pleased to welcome the advent of Airbus Protect. The experience brought by the creation of this strategic partner will be key to deliver on our commitments for the years to come.

In 2023 we need to continue to develop and reinforce our federated cyber security model; strengthening security by design, collectively we will adopt a stronger and more resilient approach to enable and protect our business. As we continue to reinforce our teams in Europe, India and within the regions, we must continue to ensure the development and maintenance of our key skills through a robust competence strategy.

The recruitment and the development of key skills and competences remains a top challenge. With this regard, the creation and implementation of the Airbus Cyber Security Diploma is a great achievement for all those involved. We now have a solid platform to develop 'home-grown' Cyber Security expertise to support our talent pipeline for the years to come. As an Airbus-designed programme, we have been able to tailor the content and delivery to match the exact needs of the business. This programme is a key addition to our existing portfolio of early career programmes which over many years have been successful in providing high potential individuals embedded in our teams across Europe.

Digital transformation at Defence and Space

2022 has been a year of consolidation and optimization for Airbus Defence and Space. In addition to enabling key programmes like Eurodrone and FCAS with their common working environments for development between all involved partners as already mentioned above, the ERP consolidation that is closely linked to it has been progressing in the background. This goes hand in hand with the newly launched initiative "Fixing the digital foundation" which has been kicked off in 2022 with the goal to streamline and optimise the complex IT architecture. All this is to reinforce the division's digital security, improve user experience and be able to adapt to technological changes quicker.

Digitally-enabled products and services

Skywise

At its origin in 2015, Skywise was launched to unlock the data from our discrete legacy systems to make it accessible and actionable by those needing it for their day-to-day operations. Now fully industrialised, Skywise is in 2022 adopted by more than 29,000 Airbus employees across all functions and divisions. It proved how the Company's strategy to place data at the heart of the transformation was a successful decision. With data unlocked from previous silos, a virtuous circle has been created: with in-service data flowing back into operations and aircraft design, delivering incremental product, support and services improvements and transforming the Company into a more agile, empowered and data-driven organisation. This success has been recognized in 2022 by a Digital Engineering awards for "Digital Transformation of the Year" in a cross-Industry jury panel.

Skywise data architecture ensures that data becomes the single source of truth powering the Company's operations and products. Building on the successful industrial use cases, Airbus initiated the implementation of its Data Product strategy that aims at supporting end-to-end business processes with an integrated data flow, enabling digital continuity for Airbus legacy programmes. This effort is paving the way for DDMS digital continuity framework.

Furthermore, Skywise is the flagship platform of the aerospace industry's digital transformation, connecting Airbus, airline customers and some key aerospace suppliers. With Skywise directly supporting the operations & maintenance of more than 10,300 (Airbus and other OEMs) commercial aircraft, we estimate that it has saved the airline industry at least US\$ 200 million a year and has accelerated their overall aircraft operational availability and post-crisis aircraft return-to-service. 2022 was also the year of the launch of Skywise Core [X] packages built on a subscription-based business model with four early adopters.

Skywise was designed from the start with the right security 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 continuous growth was driven by the focus on value creation, engagement with the business and employees' digital skills upskilling, more than by the technology itself.

Digital services for helicopters

Launched in 2020, AirbusWorld, Customer Collaborative platform, pursues its goal of becoming the Airbus helicopters Digital Front Office. Available 24/7, Worldwide, easy to use, AirbusWorld's primary mission is to enable our customers to quickly find relevant information and perform first level support activities autonomously.

With a growing community of 42.000 users, AirbusWorld is continuously proposing new functionalities on key support activities such as logistics or technical support. Besides, innovative services are proposed to enrich the overall experience with Airbus Helicopters.

Many other improvements are on the way to be deployed in 2023 to enrich our digital front Office and propose best in class support.

Digitally-enabled people

Google Workspace deployment

Google and Airbus continue to partner to further improve the functionalities of Google Workspace. 2022 has been key for the enhancement of security with the deployment of Flowcrypt and Meet CSE (Client Side Encryption, allowing end users to encrypt their most sensitive meetings with Airbus encryption keys). Data tagging drastically increased and the new secure email platform has been delivered for military mailboxes. 2023 will bring more autonomy to each employee with the Low code / No code features being now available to all. 2023 will also see further deployments in Airbus Helicopters, Airbus Defence and Space and Airbus Atlantic.

Modern workplace

Airbus started to roll out a more efficient and resilient workplace improving employee productivity from anywhere, anytime from any device thanks to the modern devices management program.

Also, the modern workplace is now even further improved with smartphone deployment initiated in 2022, to enable each and every employee seamless communication and collaboration. This deployment will continue in 2023.

IM eXperts Career Path

Starting in 2021, we have been actively developing the IM eXpert career path together with the Airbus College of eXperts. Why?

- Because we strongly believe our digital technical expertise is making the difference for the future of Airbus. A future where digitalisation, cyber security risks, automation, cloud technology, power of data, connectivity, artificial intelligence and much more have become not only a business enabler but a competitive advantage of our aerospace industry;
- To officially recognize the tremendous technical know-how of our employees and offer them more development opportunities in what they love doing every day at & for Airbus; and
- With the IM eXpert career path we aim to secure key competencies for Airbus top line strategic priorities, while providing meaningful development and career opportunities to the talents interested in further expanding and deepening their technical and relational expertise.

Digital academy services for all

Since 2018, the Digital academy team has identified, both at Airbus Group and at worldwide levels, all necessary skills, competences and people development means to use all the opportunities of our digital transformation. In 2022, some significant steps were delivered to boost our digital profiles attraction and natural retention within whole Airbus:

- 5,000 employees across Airbus have a digital job and 60,000 employees have at least a competence in their position supporting our digital transformation;
- 300 employees certified this on data analysts and data scientists skills, so far raising up to 1,200 certified colleagues since 2019;
- new certifications are now live: 30 employees graduated in Amazon Web Services or Google Cloud Platform and 20 architects obtained the Archim@te certification;
- career paths were designed and started to be implemented for architects (526 employees) and technology specialists (400 employees);
- 15,000 employees trained on digital upskilling solutions (Pluralsight and other platforms); and
- 4,000 active members in communities of practice (social learning) related to our digital jobs, exchanging best practices, pain points, getting technical mentorship, participating in events and seminars, etc.

Concluding remarks and 2023 challenges

This year once more demonstrated through the above achievements the great collaboration among all participants from all the Divisions. Digital contributed to the success of the Company, delivering even further the expected added value from Airbus, partners and its customers.

Digital will continue next year to be the digital engine of sustainable aerospace for a safe, united world and beyond. Data boundaries will vanish to open the seamless data driven world, enabling end-to-end decision making and supporting the ramp up of our production rates.

Past years showed how resilience is paramount. Digital will give its best to make Airbus digitally adaptable and strong with cybersecurity capabilities at the centre, but also unleashing the cloud and sovereign capabilities.

The journey shall be decarbonised: making aviation 'greener' is one duty of Digital and efforts continue to give the means to reach emissions targets with new monitoring systems, material traceability and new sustainable aviation solutions for our customers.

6.2.2 Research and technology

The Airbus Technology and Engineering Department is led by the Chief Technical Officer (CTO). Part of its responsibility is to define, deliver and protect all the Company's research and technology (R&T), enable technology synergies across the group, federate the Company's innovation activities and ensure expertise in breakthrough technologies. The R&T Programme department applies a lean project-based approach, tracked and managed using earned value management, technology readiness levels and figures of merit. 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 and alignment with institutional research partners is achieved through cross-portfolio technology planning and road mapping, giving an exhaustive view of technology targets and investments. In addition, Company-wide engagement for joint funding with public agencies is achieved through a common R&T Funding contract management.

Specific cross divisional activities are delivered through the Disruptive R&T department consisting of:

- Central R&T (CRT): 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.
- Demonstrators (UpNext): development of selected breakthrough technologies is accelerated through Airbus demonstrators, by employing rapid maturation methods. This function delivers, thanks to its fully owned Airbus UpNext subsidiary, flight and ground 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.
- X-Labs: providing test and rapid prototyping facilities for the full R&T portfolio and the Engineering Centres, especially addressing capabilities that do not exist within the company or external ecosystem, e.g. electrification. X-Labs also provides external access to these facilities.
- Acubed: technological innovation and outreach to expertise in specific regions is delivered through Acubed in Silicon Valley.

- Airbus Innovation Centre in China: accelerate the delivery of innovation projects building on the local ecosystem.
- Airbus InnovationX: bringing together corporate innovation, start-up engagement and company building activities.

Each Division has its own R&T function, defining and delivering the Divisional projects. The Divisional R&T functions are primarily planning and technical arbitration teams within their perimeters and accountable 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, specific priority is given to technologies for sustainable 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 across the Divisions. Current 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.

[Key progress in 2022](#)

Central Research and Technology (CRT)

CRT pioneers the future of aerospace by exploring and delivering ambitious new technologies of maximum potential impact on Airbus' future products and services. CRT operates at the junction of the Airbus core and global research excellence with two main objectives:

- Be a technical trailblazer: explore and deliver relevant new technologies, as well as de-risk and create new opportunities.
- Prepare the skills of the Airbus of tomorrow: build internal capabilities in strategic emerging technologies and provide the relevant expertise to internal customers for technical support and decision-making.

In 2022, CRT had more than 30 projects running concurrently across its domains. Highlights from these activities include the following.

Materials technology: 2022 has seen significant advancements in the fields of materials sustainability and circularity, materials informatics, functional and high-performance materials towards overall sustainability targets, product mission performance and competitiveness. The perimeter continues to range from organic to inorganic materials, including ceramics and respective surface technologies.

- In the area of sustainability and circularity the first bio-based carbon fibres have been tested at high performance - matching aerospace requirements. Enzymatic technologies for recycling of polymers have been further analysed and show further opportunities, including catalyst development for full bio-based-resin formulations. Titanium chips to powder for additive manufacturing technologies have shown promising results, opening new opportunities for future circular process chain thinking.
- Digitalisation of materials (from materials definition, to characterisation and analytics) is seeing a further increase in opportunities. For example, AI in polymer formulations is being investigated, in order to identify opportunities e.g. for the faster replacement of substances.
- In the area of functional and high-performance materials, high robustness of printed electronics (wires, antennas, sensors) was demonstrated, enabling application opportunities which were not possible before.

Electrification technology: During 2022, the team has made significant progress on several aspects of electrification and electric propulsion techno bricks. For example, demonstrating active filtering of electromagnetic interference of power modules. This technology, when applied to dedicated functions, could result in a significant weight reduction when compared to classical passive filtering.

Artificial intelligence: In the scope of trustworthy AI, the most impactful outcome was providing formal proofs of neural networks' robustness supporting the certification of systems, embedding machine learning components with several successful applications on existing neural networks. Research will continue on AI in complex environments, such as AI in the cockpit, with robust and explainable decision making.

Virtual product engineering: The team has investigated advanced model based systems engineering technology bricks to support co-development of product and industrial systems, and has successfully demonstrated approaches to be handed over to the DDMS (Digital Design Manufacturing and Services) programme for industrialisation. In addition, projects are running to support modelling and simulation needs for future sustainable aircraft, including the use of hybrid AI techniques to support traditional computational approaches. In the field of aeroacoustics the team has developed a methodology for coupling Computational Fluid Dynamics (CFD) with Computational Aeroacoustic (CAA) methods. Finally, a collaborative project has been set up between CRT, Inria and Cerfacs in France to enhance our key capabilities in applied mathematics for modelling and simulation. The initiative called 'CONCASE' includes research into hybrid modelling linked to HPC - a key enabler for the next generation of modelling and simulation.

Communication technology: The team is trailblazing new communication system architectures and technologies enabling resilient, pervasive and secure connectivity for our airborne platforms. Major demonstrations of advanced technological capabilities were performed in the field of free-space Quantum-Key-Distribution and Post-Quantum-Cryptography to provide a maximum level of security for our communication links. Other outstanding project results are paving the way for more autonomous flight operations with demonstrations on very highly-available communication links and a many-core processor

implementation for highly-critical applications. New research initiatives to explore quantum networks and free-space power beaming for alternative energy sources were started.

Quantum technology: Implications of quantum technologies for aerospace and defence are extensive and include important applications in the fields of computing, communication, and sensing. The objective is to explore this new emerging technology for our company and to prepare Airbus for the early adoption of its portfolio. In 2022 a new partnership was set-up with one of the leading quantum computing companies IonQ in the project QUASA (QUAntum enabled Services for Aerospace). Airbus will work with IonQ on specialised quantum algorithms to tackle combinatorial optimisation, where quantum computing could provide an enormous speed-up compared to classical approaches. The two companies will explore cargo loading optimization as a benchmark use case and use one of the world's most powerful quantum computers for demonstration in 2023.

Blue sky research: Explores, validates and pushes more efficient early upstream technologies, which are new to Airbus, of strategic nature, high risk and high rewards, that will push the boundaries of aerospace and will lead to high business and societal impact. The activity is driven by three clusters: Future Energies (new ways to generate, convey and manage energy), Future Transportation (novel ways to transport people, goods and data), and Future Society (design for societal change). Key technologies that have been explored are Power Beaming (transfer energy over the air and space), the Metaverse and its applications across the aviation value chain, and Project 42, a model of societal reaction to future Airbus products.

Airbus demonstrators – Airbus UpNext

Airbus UpNext is actively shaping the future of the aerospace industry as part of the Airbus innovation ecosystem by building demonstrators at speed and scale, in order to evaluate, mature and validate potential new products and services that embody radical technological breakthroughs.

In 2022 the team increased its presence in Spain with the launch of Airbus UpNext Spain, a wholly-owned innovation subsidiary. As announced in Farnborough in 2022, the team is working on a demonstrator called Auto'mate on autonomous air-to-air refuelling operations applying advancements in vision-based technology.

Throughout 2022, Airbus UpNext progressed with the extra-performance wing demonstrator project focused on accelerating and validating technologies that will improve and optimise wing aerodynamics and performance for any future aircraft. This scaled demonstrator will integrate and fly breakthrough wing technologies on a Cessna Citation VII business jet platform in representative flight conditions. The applications of the extra-performance wing - compatible with any propulsion solution and aircraft configuration - would reduce CO₂ emissions, thus contributing significantly to Airbus' decarbonisation roadmap.

Another demonstrator in the pipe, VERTEX aims to simplify helicopter mission preparation and management, reduce helicopter pilot workload, and further increase in safety. The team has completed the software stack and will flight-test this solution in 2023.

Supporting the Airbus sustainability ambition, Airbus UpNext demonstrated technology readiness on key hydrogen propulsion solutions, enabling the launch of the ZEROe demonstrator in 2022 to mature hydrogen combustion technology on an A380 flight test platform. The team is also investigating contrails formed via hydrogen direct-burn with the Blue Condor demonstrator using two glider aircraft.

ASCEND, the “Advanced Superconducting and Cryogenic Experimental powertrain Demonstrator” which investigates performance of electric propulsion systems using superconducting materials and cryogenic temperatures has produced the first physical components for testing. In this field, Airbus and CERN (European Organization for Nuclear Research) have signed a partnership to investigate the use of first generation cryo-cables for aircraft via a sub-scale demonstration.

Acubed

Situated in Silicon Valley, an epicentre of tech talent and investment, Acubed is a fast-paced machine that develops and delivers technological breakthroughs at the intersection of software and hardware. Acubed’s mission is to accelerate the digital transformation of the aerospace industry and build the future of flight now. In operation since 2015, Acubed delivers valuable digital technologies and solutions into Airbus, leveraging strong AI, software and simulation capabilities synonymous with Silicon Valley’s strengths. Acubed’s agile, highly collaborative model ensures it injects lasting value and expertise into Airbus while keeping a finger on the pulse of emerging technologies that have the power to transform the aviation industry.

Acubed’s current areas of exploration and maturation are closely aligned to Airbus’ strategic priorities and aim to help Airbus secure and maintain leading positions across nascent and established aerospace markets. Beyond its current portfolio, Acubed continues to explore new areas of research where it can develop additional value for Airbus and the industry.

AI and autonomy

The Wayfinder team is developing certifiable autonomous flight and machine learning solutions to help Airbus bring about a significant increase in safety and efficiency in the next generation of commercial aircraft. Wayfinder’s team of experts is working hand-in-hand with Airbus’ teams in Europe to continue to improve and iterate on their computer vision-based autonomous systems and data-driven development in order to support Airbus’ wider autonomy goals.

Digital design and manufacturing

The Advanced Digital Design and Manufacturing (ADAM) team seeks to transform the aerospace industry through the application of digital innovation across design and manufacturing. Whether adapting manufacturing processes to gain efficiencies or to cope with disruptions, such as supply chain issues, ADAM develops solutions to reduce lead times, production costs and improve workflows dynamically, blending its software and hardware expertise.

Digital airspace

The Unmanned Traffic Management (UTM) team’s work aims to enable autonomous and digital air traffic operations that ensure a safe, fair and efficient airspace. The team is doing this through research, simulations, operational services and industry collaborations. Pioneered out of Acubed, these activities are an integral part of the global Airbus UTM program located across Europe and Singapore. The team delivers a suite of products for an extensible UTM ecosystem that includes essential core services such as safety briefings, risk analysis and airspace authorization as well as digital airspace twin simulation capabilities.

Quantum

Acubed is accelerating research on the application of quantum computing and sensing on aviation use cases to further Airbus' understanding of the potential of these technologies and how they may be leveraged to improve operational sustainability.

Airbus China Innovation Centre ("ACIC")

ACIC, based in Shenzhen, is the first innovation centre set up by Airbus in China. Its mission is to fully leverage China's local innovation ecosystem including talents, partners and resources, combined with the Company's expertise in aerospace, to discover promising technologies, to identify solutions enabling new services, and to accelerate the delivery of innovation projects.

- The **manufacturing innovation** team is tasked to explore industry 4.0 technologies to improve efficiency and safety on the shop floor, as well as to leverage Airbus' industrial sites in China for accelerated local testing and global dissemination. The team is working on computer vision, AGV (automated guided vehicles), 5G industrial connectivity, smart tooling, remote inspection, green factory and IoT (Internet of Things). Various applications are handed over to business and implemented in daily operation.
- The **cabin experience** team is tasked with providing innovation for the cabin and cargo of tomorrow, to enhance Airbus' local cabin offering (local to local) and to increase value for Airbus global cabin products (from local to global). The team is working on broadband connectivity with 5G, a smart cabin operation system contributing to Airspace Link, flexible displays, IoT based smart applications and sustainable cabin solutions.
- The **tech lab** team is working on computer vision algorithm development, battery scouting and testing, various types of sensors fit to different scenarios and fast electronics prototypes building. The team is also starting to engage with certain industry standard making organisations, to influence standards with aeronautic requirements.

Airbus InnovationX

Airbus InnovationX focuses on active innovation delivery and operates on four different levels all integrated under one "roof" and with a proper innovation governance at Airbus level:

- **Global technology intelligence:** Explores technology trends across geographies to support Airbus future challenges while detecting the right start-ups, SMEs and companies to partner with.
- **Start-up engagement:** Understanding the essence of the needs of Airbus that could be addressed to high maturity start-ups with the objective to speed-up the solution making and generating positive impact for Airbus.
- **Company building:** To anticipate the trends that could disrupt the future of the aerospace industry and evaluate them to identify and incubate potential new businesses preparing to be accelerated within Airbus.
- **Corporate innovation:** To support and guide the internal and external innovation ecosystem in its development, with the objective to increase the impact and visibility of Airbus as an innovative and

sustainable company. Supported by the innovation governance and operations while fostering entrepreneurship and out-of-the-box thinking within Airbus' own culture.

Airbus Commercial Aircraft

Airbus Commercial's R&T activity continues to progress along the axes of safety, decarbonization, operational efficiency for our customers, Airbus industrial efficiency and resilience and passengers' experience. Technologies are delivered to current programs, providing options to improve the products and the industrial system.

Technology bricks for future programmes are also investigated and matured: propulsion, wing, aircraft systems, fuselage, empennage, cabin, industrial, maintenance and engineering capabilities are examples of domains of interest. These technology bricks will provide part of the solution for our future licence to operate and our future efficiency and resilience. Their maturation is the object of a multi-year effort.

To give some examples of last year's achievements:

- The Open Fan engine project was announced during the Farnborough airshow to study the concept in partnership with engine manufacturer CFM.
- The emissions coming out of engines using SAF measured in flight are providing valuable data for climate science and the design of future engines.
- The Fello'Fly demonstrator project, looking at reducing CO2 through wake energy retrieval, was named Grand Winner of Aviation Week's most prestigious Laureate Awards for extraordinary achievements in commercial aviation.

Low carbon technologies continue to be a strong focus. As part of its ambition to lead the decarbonisation of our industry, Airbus will continue to develop hydrogen technologies around the propulsion and liquid hydrogen storage and distribution systems. Airbus has disclosed in 2022 its H2 combustion propulsion system flight test demonstrator with CFM (also mentioned above in the UpNext section) as well as its technology roadmap for the development of a fuel cell propulsion system. Airbus has also engaged in many strategic partnerships around the world in understanding and exploring the hydrogen ecosystem to support the successful Entry into Service of a hydrogen fuelled aircraft. This will accelerate in 2023 with more integrated ground testing, as well as the preparation of the forthcoming flight demonstrations. In parallel to this, different aircraft configurations will be explored and matured in 2023, to assess the most efficient way to integrate those technologies inside the aircraft. The Company will also continue its effort to support its customers to build their route-to-lower carbon operations, and to grow its partnership landscape for critical technology bricks and related ecosystems.

Airbus Helicopters

Significant steps forward were made in 2022 in the Research and Innovation department, with activities focused on the main demonstrators and techno-bricks.

The FlightLab, the Airbus Helicopters' techno bricks demonstrator, performed several tests in 2022:

- Engine Back-Up System function completed its demonstration on a single engine helicopter.

- Cable detection function using LIDAR and image processing operations was demonstrated.
- Eye for Autonomous Guidance Landing Extension (EAGLE), based on a gyro-stabilised camera, using an artificial intelligence image processing software completed its functional demonstration.
- Health function for Light Helicopters using wireless set-up was completely validated for further deployment.

The RACER assembly significantly progressed. Shake tests were successfully run and power on of the demonstrator was done. Main remaining component to be received to finalise assembly is the main gear box. With the remaining flight clearance tests, the first flight is now planned for the second half of 2023.

The DisruptiveLab demonstrator and its first techno-bricks were unveiled at the Airbus Summit. Ground tests were successfully run at the end of 2022 and the flight testing started in January 2023.

Airbus Defence and Space

2022 offered us the opportunity to balance the short and long-term technologies in order to ring fence our R&T portfolio. This has allowed us to secure the activities focussing on strategic technologies, under the assumption that mastering those technologies will be key to maintain Airbus' competitive positioning in the mid-to-long-term (e.g., Quantum, advanced AI applications).

It is worth mentioning the **Zero Base Budgeting exercise**, which took place in 2022 with the aim of ensuring the alignment between the R&T portfolio and our future challenges.

The **technology flagships** have been updated to align with the strategy and the business ambition. Currently six different Technology Flagships define the main capabilities and competences required in the Division while maintaining a full alignment across the programme lines and product portfolio: "Sustainable Aerospace", "The future of Warfare", "Next Generation Aerospace Vehicles", "High Performance Payloads & On board-computers", "End to End Information superiority" and "Industrial Competitiveness".

This optimisation of the technology landscape also took into account the reinforcement of links between R&T and R&D, and emphasised technologies reaching an "adoption at the right time and with the right speed" by the business and the programme lines, once the technologies reach a maturity level that allow their industrialisation and insertion into a product.

In terms of the main technology achievements, we achieved significant progress across all flagships.

End-to-end information superiority: we have focused on enhancing data management for decision support. As an example, the **TWIN project** (Pléiades Neo Super Resolution Images) has opened the door to negotiations with Google and Apple.

Next generation spacecraft vehicles: we continued working on Advanced materials and Structures Human -Machine interaction and autonomy among others. As an example, we achieved the handover of **C295 Ergonomic Cockpit**, with a cost reduction of 500€ per flight hour.

High performance payloads & on-board computers: activities continue centred on increasing computing performance and increasing high throughput communication capabilities. As an example, the project Space Optical **NAOMI** has reduced by -50% the lead time of the NAOMI instrument automatic optical alignment.

Industrial competitiveness: specially linked to industrial performance improvement and deploying technologies related to the Factory of the Future. As an example, the **AMANDA project** has developed a Digital Assistant for blue collars to interact by voice with Manufacturing systems, or the **MFOP project** has developed a digital framework for aircraft diagnosis and prognosis to increase 15% fleet availability and reduce 20% operating costs.

Future of warfare and sustainable aerospace are two new flagships that will guide the ambition for the following years. We have already good achievements in these fields like the development of algorithms for **flexible coordinated formation flight** (it will pave the way for FCAS) or the successful flight test of **C295 semi-morphing wing** that reduces -43% CO₂, and -45% lower noise and reduction of fuel consumption.

Finally, strong efforts were placed on defining the **technology national plans** for the home countries, which will be key for the eco-systems footprint in the core nations, maximising the public-private collaboration and especially focusing on the national customer priorities.

7. Airbus strategy

7.1 Commercial leadership, value creation and profitability

Airbus emerged from the turmoil of the COVID-19 pandemic in a relatively strong competitive position and well placed to capitalise on a recovery in demand for commercial aviation. Overall, however, 2022 turned out to be a challenging year, with Airbus facing overlapping geopolitical and economic crises.

Russia's invasion of Ukraine on 24th February, has resulted in large-scale human suffering, and saw the Company close all business activities in Russia (in line with all applicable sanctions), spanning civil aviation, commercial space, and helicopters. Airbus also suspended its ArianeGroup rocket venture, due to its reliance on Russian Soyuz launchers, while further sanctions on Russia led to the direct cancellation of deliveries as well as the loss of critical equipment and products.

As a result of the war in Ukraine, Airbus faced major difficulties in procuring parts and equipment for planes, helicopters, space and military air systems. The disruption to the supply of chips and electronic components was severe, with engine makers and the majority of Airbus' sub-systems suppliers affected. Tensions between China and the US exacerbated these shortages and US export sanctions caused China to impose its own trade restrictions.

As countries moved to reduce their dependence on Russian oil and gas, the resulting energy crisis caused severe inflation and triggered a crisis in the day-to-day cost of living. Higher energy costs pushed many businesses into bankruptcy, exacerbated by sharply rising interest rates as central banks fought inflation, further endangering many businesses and organisations with high debt levels after the pandemic. COVID-19 continued to cast its long shadow. For much of the year, China persisted with heavy lockdowns amid fresh outbreaks of the virus, causing major disruption to Airbus China.

Despite this challenging operating environment, Airbus saw many successes in 2022: a strong performance for its helicopter business; the first flight of the A321XLR; major advances on FCAS (Future Combat Air System) and Eurodrone; the successful launch of Artemis 1; important sales wins across all business units, including Qantas's landmark order for 12 A350-1000s, 20 A220s and 20 A321XLRs; and Airbus setting the sustainability agenda for the aerospace sector, through new partnerships, driving innovation and delivering hundreds of new aircraft.

While these headwinds will continue into 2023, with a strong balance sheet and demand for more fuel-efficient single aisle aircraft remaining strong, Airbus remains in a strong position. Furthermore, there has been a collective realisation that Europe needs a strong, sovereign defence industry. Airbus was created to deliver pan-European industrial projects and is well placed to provide leadership of the European defence and security sector.

In this operating environment, the Airbus purpose "We pioneer sustainable aerospace for a safe and united world" has never been more relevant. The Airbus strategy focuses on geopolitics, sovereignty, resilience and sustainability, and remains well placed to enable the Company to create value and remain profitable:

1. Grow Airbus as an aerospace and defence leader;
2. Leverage European roots to pursue global reach;

3. Increase capacity to invest for the future; and
4. Lead the transformation of the aerospace industry.

1. Grow Airbus as an aerospace and defence leader

Leadership today is not a guarantee for leadership tomorrow. The Company believes that its ability to win business in the future will be earned through continuous innovation, both in and around its current portfolio as well as when preparing the future generation of products and related services. All activities must be executed to the highest quality and safety standards possible.

1.1 Keep current portfolio young and competitive

The Company's financial success is strongly linked to capitalising on its current commercial aircraft portfolio through incremental improvements. Airbus estimates that its current products have substantial upside leading to exceptional longevity. This has been demonstrated by the New Engine Option (NEO) versions of A320 and A330 and stretch versions, such as the A321XLR, but also in smaller, incremental improvements on every product. The A330neo and the A350 both deliver high levels of fuel efficiency (25% fuel consumption saving compared to previous generation aircraft), accelerated pilot on boarding (all wide-body aircraft benefit from a common type rating making pilot training shorter, smoother and lower cost), and comfort through the exclusive airspace cabin, setting a modern benchmark in passenger comfort and wellbeing. Incremental improvements will be continued further in the coming years on all Airbus aircraft, with a focus on fuel efficiency, environmental impact, operational improvements, recurring costs, digital connectivity and increased automation / autonomy functions. Airbus aircraft are also well suited to serve freighter and VIP markets. The decision to launch the A350 Freighter version (A350F) in 2021 is a typical example, setting a new standard for air freight efficiency, attacking Boeing's monopoly in this segment with a successful market entry (35 firm orders and 11 options to date).

With the same logic, the helicopter portfolio is expanding through military versions of commercially successful products. In 2022, the H145M benefitted from the incremental development of its H-Force weapon system and the military version of H160 (HIL) continued its development path for the three branches of the French armed forces. The H175M platform was officially launched and marketed to the UK Ministry of Defence as part of the "New Medium Helicopter" competition to replace the ageing Puma fleet. 2022 also marked the signature of the Tiger Mark III contract between France, Spain and Airbus Helicopters. This contract (Mid-Life Upgrade) will provide an additional 20 years of unrivalled performance for the attack helicopter by retrofitting French and Spanish Tiger fleets with new state-of-the-art avionics and enhanced weapon capability to guarantee its full integration in the future digital and connected battlefield.

As part of its efforts to increase its military footprint in Unmanned Aerial Systems (UAS), Airbus Helicopters successfully conducted the full package of land tests of its VSR700 prototype to pave the way for a demonstration flight above sea in 2023. The VSR700 is a 700kg unmanned helicopter derived from the civilian Cabri G2 and will be used to answer the French Navy's need for an Intelligence, Surveillance and Reconnaissance (ISR) vehicle to operate from frigates and to patrol beyond line of sight (BLOS). In June 2022, a Memorandum of Understanding (MoU) was signed by all participating MoDs to structure the cooperation and officially launch the next steps of the NATO NGRC (Next Generation Rotorcraft Capabilities) Concept Phase. This programme aims to prepare the replacement of more than 900 NATO helicopters in the utility and naval segments between 2035 and 2040. In that context, the grant agreement was signed with the EU Commission to launch the European Next Generation Rotorcraft Technologies

(ENGRT) project in partnership with Leonardo to identify Concepts of Operations (CONOPS) and technologies to be matured to best answer NATO requirements.

As Airbus military aircraft are also competitive in selected military segments, in 2022, Spain ordered 20 Eurofighter Typhoon combat jets under Project Halcon, highlighting the trust and commitment from the core nations. Although Airbus and our partners face challenges in the international development programmes of the Eurofighter (capability enhancement packages), the envisaged Long Term Evolution (LTE) at the end of the decade will significantly improve the connectivity and competitiveness of the aircraft, increasing its value for European Air Forces, in their mission to protect European security and freedom, and its export potential.

In February 2022, officials from the Organization for Joint Armament Cooperation (OCCAR) and Airbus signed the Eurodrone global contract for developing and manufacturing 20 systems and five years of in-service support. The contract sees France, Germany, Italy, and Spain move ahead with development of the European unmanned aerial vehicle (UAV), also known as the European Medium-Altitude Long-Endurance (MALE) Remotely Piloted Aircraft System (RPAS) to work in a partnership with Airbus as Prime Contractor to the customer, and Leonardo plus Dassault as major subcontractors.

In order to keep the current portfolio competitive and to extend the longevity of its products beyond 2030, Airbus will continue evolving platform capabilities, such as A330 MRTT automatic air-to-air refuelling and new standard operating capabilities for the A400M. For Services, new digital business will be addressed beyond our regular profitable MRO business.

Airbus is also partnering with Lockheed Martin on LMXT as its response to the Air Force's KC-Y Strategic Tanker Programme and is participating in opportunities for Airborne Early Warning (AEW) and maritime patrol aircraft as a single aisle derivative, leveraging its experience acquired through the civil-to-military conversion of A330 MRTT.

1.2 Pioneering for the next generation

In preparing the next generation of aircraft, the requirement for improved sustainability will be the catalyst that allows aviation to continue to meet its larger purpose of uniting the world. The quest for lower carbon air travel will fundamentally change aerospace. Not since the introduction of the jet engine has the industry faced such a challenge, in particular around new energy sources. New certification challenges, new materials, new designs, new industrial processes and new business models will also be assessed, which will provide sources of opportunity. In short, the Company aims to set the standards and mature the technologies of sustainable aviation for the benefit of the environment and society at large, delivering products and services that make a step change from our customers while remaining viable and feasible for Airbus

Airbus has already started preparing the enablers for this evolution and has invested in key R&T bricks. In 2022, the Company launched, together with CFM International, a flight test demonstrator for advanced open fan architecture. In addition, the ZEROe demonstrator development platform has been launched to test hydrogen technologies on the ground and in the air. Airbus' UpNext demonstrators study potential new products and services that encompass radical flying technological breakthroughs. Meanwhile Airbus has demonstrated formation flight missions, through its Fello'fly project, to realise fuel efficiency improvements on aircraft already operating in service.

Airbus is also leading a European consortium to increase the air mobility capabilities of the armed forces of EU Member States with the new Future Mid-size Tactical Cargo (FMTC) transport aircraft to complement the missions of the A400M.

1.3 Build advantages through a broad span of products and services within aerospace and defence

The resilience provided by a broad portfolio of products and services is essential for Airbus today and will continue to be in the future. Most aerospace companies nurture a substantial defence and space element in their portfolio to gain synergies and increase stability. This is also true for Airbus, with commercial aircraft, helicopters, defence, space, and security activities all part of the portfolio. Governmental, military and commercial business, products and services, fixed wing and rotary platforms, satellites and launchers, both self- and customer-funded, are all elements which balance market variations, provide synergies, and help to smooth investment cycles. Additionally, as digital design, manufacturing & services require similar capabilities across aerospace segments, owning a broad portfolio delivers flexibility in resource allocation and the reuse of investments in core capabilities. The COVID-19 crisis demonstrated the importance of having strong and complementary helicopter, defence, space and security businesses alongside commercial aviation within the portfolio, enhancing the resilience of the overall group.

1.4 Expand as a leader towards new territories

In commercial aviation, the demand for more fuel-efficient solutions will play out globally and will drive demand for our products and services. In helicopters, Urban Air Mobility (“UAM”) is at the forefront of a revolution towards more sustainable electric flight for complementary urban transport solutions using the third dimension. Capturing growth in these new vertical take-off and landing (“VTOL”) and UAM markets, for both platforms and services, is a major driver for the Company’s strategy. Airbus launched its CityAirbus NextGen eVTOL in 2021 for this purpose. In defence, shaping air and space power integrating aircraft, unmanned systems and space assets with a cloud structure for command and control, will revolutionise the performance of Airbus’ defence customers in future and aims to secure the Company’s long-term presence in defence markets.

2. Leverage European roots to pursue global reach

The ambition of European industrialists to work together towards a common goal of creating one leading player in commercial aerospace has been decisive to the success of the Company.

2.1 Global reach through local actions

Over the past 50 years, Airbus has grown from being a cooperation of national aerospace companies, in four European countries, to a global leader in commercial aerospace with a strong foothold in helicopters, defence, space and security. No aerospace and defence company is more culturally diverse. More than 140 nationalities make up the Company’s workforce and over 20 languages are spoken, reflecting the diversity of its employees 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, operating across more than 180 locations. The Company has invested in and grown aircraft and helicopter final assembly lines across Asia, Europe and the Americas.

In preparation for the single aisle production ramp-up to 75 aircraft per month (Rate 75), in 2022 Airbus Commercial launched the transformation of its industrial system across the world. The final assembly lines in Tianjin, China and Toulouse have been upgraded to make them A321 capable. Furthermore, a second

assembly line in Mobile, USA is being established to further increase local capacity. To enable this surge of single aisle rates, major aircraft components assembly lines have been either upgraded (Broughton) or opened (Saint-Nazaire). In parallel, Airbus expanded its presence in Portugal, to create a new central and specialised Global Business Service Center, and in India, through the development of its engineering and Information Management competence centres.

2.2 Aerospace and defence is a sovereign industry

As the war in Ukraine has demonstrated, strong defence capabilities provide nations with physical security and the means to protect their citizens, values and vital infrastructure. This security is in turn a prerequisite of peace, the rule of law, political stability, democracy, environmental sustainability, human rights, economic development and prosperity and scientific progress.

All nations need a certain level of strategic autonomy and Airbus products and services help nations protect freedom, peace and security. Strongly rooted in all key national markets in Europe, the Company will continue to deliver on national needs while acting as a catalyst for broader European sovereignty requirements. In particular, Airbus is a long-term, trusted partner to France, Germany, the UK and Spain. Our relationships with these nations have been nurtured over several decades of manufacturing, supplying and maintaining critical defence systems for their armed forces. Our manufacturing system is a model of European integration and our growth as a Company owes much to our ability to operate freely across borders within Europe.

Our products and services range contribute to safety and security in many different ways. They range from the aircraft that allow nations to safeguard their airspace (Eurofighter, military helicopters, A400M) to intelligence capabilities (observation satellites, maritime surveillance), terrestrial space services, cyber security and secure satellite communications solutions for government defence departments and organisations devoted to public safety and emergency responders. All of these help to make the world a safer place.

3. Increase capacity to invest for the future

Market recovery after the COVID-19 pandemic has varied significantly across different world regions, driven by the pace of vaccination campaigns and the easing of travel restrictions. Domestic markets were first to recover, followed by regional and intercontinental markets, with the exception of China where zero-COVID policies created ongoing volatility throughout 2022. Market recovery unleashed waves of pent-up demand for air travel which almost all actors in the industry had major difficulties in accommodating, limited by their human resources and supply chains. The pressure on supply was compounded by the Russian invasion of Ukraine and its impacts on energy, critical raw materials and economic growth. The demand crisis is recovering fast but supply, production and ramp-up challenges remain.

3.1 Right combination of growth, profitability and resilience

The Company continues to face a volatile, uncertain, complex and ambiguous market environment. At the same time the climate imperative for commercial aviation is increasingly recognised together with the collective drive towards decarbonisation for which Airbus is a leader. 2022 provided another significant milestone: the Certification and first delivery of the Comac C919, the Chinese competitor to the A320 and Boeing 737, which no longer compete in a duopoly. Hence the right combination of growth, profitability and resilience is vital to the Company's long-term competitiveness.

Aerospace remains a major backbone of the global economy and a vital service to people and businesses. Airbus is committed to playing its role in ensuring that its sectors consistently deliver on their vital role in the global economy by building resilience through having sufficient funds available to withstand the shocks; through close cooperation with stakeholders to ensure the overall travel value chain survives; through seamless coordination along the supply chain to detect issues rapidly; and through reinforcement of the balance sheet to continue investing in future competitiveness. To compete successfully, the company continues to invest in the evolution of its product portfolio and its decarbonisation roadmap, the development and integration of the latest aircraft technologies, the introduction of new manufacturing technologies including greater use of automation, the implementation of Digital Design Manufacturing and Services, the restructuring of its industrial set-up including the creation of Airbus Atlantic and Airbus Aerostructures, as well as the optimisation of its supply chain relationships.

3.2 Protecting investments important for the longer-term

The Company believes that the way to remain attractive to investors, employees and society at large is to be at the forefront of innovation and to be a leader in the global market. This requires discipline on both revenues and the cost base, throughout all Airbus businesses, to gain sufficient volume and profitability to continuously drive the industry forward. Having successfully increased revenue and profit in the years before the COVID-19 crisis, continuous improvement is essential 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 the industry, deepen relations with its customers, expand its role in defence, space and helicopters, while delivering shareholder value in line with market expectations.

4. Lead the transformation of the aerospace industry

Aviation's licence to grow and operate in the future is inherently linked to sustainability. Improving the environmental impact of our day-to-day lives is at the top of agendas throughout the world. While some argue for limiting mobility, the Company believes the solution should not hinder people's ability to connect and unite across the world. Making the world a smaller and more transparent place to live makes it safer and more rewarding. The ability to discover, learn, share and remain safe are 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 air travel routes are the arteries of this system. Sufficient prosperity will be required to deliver the climate neutral transformation of industry that society demands. Hence, the purpose of the Company is to pioneer sustainable aerospace for a safe and united world.

The Company does not, however, operate in a vacuum. Social sustainability and good governance are integral elements in managing the Company's vision for a sustainable future. Airbus' business is deeply connected with environmental, social, and governance ("ESG") objectives through various international standards, frameworks and initiatives.

Defence is a crucial component of security and security is the precondition for a responsible and sustainable world. In this endeavour, Airbus is committed to sustainable and responsible business practices, and maintaining the strictest legal and highest ethical standards in full compliance with international laws and European and national export control regulations. Our defence capabilities provide countries with the means to protect their citizens, democratic values and vital infrastructure, which is of incalculable societal value.

The capabilities and technologies that the Company develops in this sector will help its customers dominate the future air domain (teaming, autonomy, digital services, etc.) and protect key space assets. All in a future system-of-systems environment which will bring real operational superiority and will provide synergies to the civil activities.

The successful launch of FCAS's Phase 1B paves the way in this direction. The project will see major European defence partners cooperating to prove the viability of new high-end technologies - Next Generation Fighter, Remote Carriers (drones) and a Multi Domain Combat Cloud.

Current developments by the Company of future space capabilities and equipment (Low Earth Orbit Positioning, Navigation and Timing technologies, laser communication for high-speed modern connectivity, advanced processors and antennas, Very High Resolution earth observation solutions) are also spearheading future applications for defence or sustainability purposes and information superiority.

4.1 Lead the journey towards clean aerospace

Airbus, and the wider aerospace industry, must ultimately determine ways to eliminate the impact of its activities on the climate. This must be achieved by the current generation. This is a clear expectation of the flying public and society at large, demonstrated by the announcements and commitments of international bodies such as IATA and ICAO during 2022. In response, Airbus is striving to lead the industry on a strong path to the lowest climate impact solutions as part of the industry's commitment to the Paris Agreement.

A major focus of the Company's sustainability strategy is reducing the CO₂ emissions of its aircraft, as well as its industrial environmental footprint at its sites worldwide and throughout the supply chain. In 2022, we submitted to the Science-Based Targets initiative (SBTi) our planned decarbonisation targets for both our industrial footprint as well as that of our sold products, whilst also developing scenarios to enable a transparent approach to Task Force on Climate-Related Financial Disclosures (TCFD) requirements. The Company is investing in and developing viable products and services that are attractive and efficient for its customers by maturing the technologies related to sustainable aviation fuels, hydrogen, hybridisation, industrial systems, aircraft architectures based on next generation engines, future wing and fuselage design and automation.

Airbus believes Sustainable Aviation Fuel (SAF) will play a key role in the decarbonisation of in-service and future aircraft. Research programmes towards 100% SAF capability have been continued in 2022, alongside incentivisation and support to assure a rapid growth in the overall SAF ecosystem. Meanwhile Airbus remains focused on maturing hydrogen ecosystem, transport and refuelling infrastructure to deliver on its ambition to bring the world's first hydrogen-powered commercial aircraft to market by 2035, known as ZEROe.

Airbus is also involved in the Single European Sky Air Traffic Management Research (SESAR) initiative to optimise aircraft operations in Europe. In 2022, Airbus committed to carbon removals, both through investment in the world's largest direct air carbon capture facility, as well as by purchasing open market carbon credits.

CO₂ is not the only aviation emission known to have an impact on climate. Airbus is engaged at both international and European level with research institutes at the forefront of scientific knowledge on the non-CO₂ effects of aviation to better understand and respond to these challenges.

The Company has implemented its high5+ programme targets - a clear pathway to significantly reduce its environmental footprint in manufacturing activities with regards to CO₂, energy, water, air emissions and waste. Airbus believes in managing its products' environmental footprint across the entire lifecycle, from the design phase, raw material input, through the operational life and up to the end of the product life. This optimisation of energy and use of finite resources should bring both economic and environmental benefits.

Airbus satellites are today employed in monitoring the effects of climate change, with products, such as helicopters, also playing a key role supporting communities in tackling disasters.

4.2 Build our business on the foundation of safety and quality

Safety cannot be compromised. That is why the number one priority for the Company is to protect and safeguard people, suppliers, communities, customers and assets from health and safety risks arising from the Company's activities. Fostering a safety culture which goes beyond regulatory compliance in product safety and quality, and championing a "zero-harm" mind-set in which the Company takes responsibility for itself and others, is a core commitment of the Company's sustainability strategy. The Company focuses on developing rigorous safety management guidelines to ensure its long-term competitiveness.

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.

Airbus believes that everyone who works either for or with the Company, both within its business operations and the supply chain, contributes to its continued innovation, creativity, and business success. Therefore, it is 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.

As declared in Airbus' Human Rights Policy Statement, Airbus commits to embed and advance respect for human rights, covering the activities under its full, direct control in its Divisions, affiliates and supply chain. Airbus has also committed to undertaking ongoing risk-based human rights due diligence on such activities to identify, address and remedy adverse impacts, to prioritise its most salient human rights issues and to be transparent in this regard.

4.4 Exemplify business integrity

Business integrity is non-negotiable. As the Company's operations reach across more than 100 countries worldwide, it has a clear obligation to comply with laws and regulations wherever it operates. 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 with the intention of becoming 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.

7.2 Top Company objectives 2023

Customer

- Market leadership: confirm Airbus as the partner of choice
- Customer relationship: face reality - adapt quickly
- Programmes development milestones: achieve on-time and on-quality for A321 XLR and A350 Freighter

Operational performance

- A320 Family & A220 ramp-up: meet 2023 requirements and prepare for years to come for 'Make' and 'Buy'
- Secure engine availability and maturity
- Widebody ramp-up: meet 2023 requirements and prepare for years to come
- Ensure product safety and quality

Financial performance

- Drive cash generation
- Contain cost base
- Ensure competitiveness

People

- Continue improving safety at work
- Foster Inclusion & Diversity in the workplace
- Secure resource availability
- Comply with applicable export control regulations, notably ITAR (International Traffic in Arms Regulations)

Sustainability

- Progress on Airbus climate change ambition and decarbonisation plan
- Improve our waste and resources monitoring management and strategy

Enable the future

- People: develop our future competencies and a better workplace
- Industrial System: deliver our future digital and industrial capabilities
- Ecosystem: stimulate Sustainable Aviation Fuel (SAF) global usage
- Portfolio: prepare critical decarbonisation technologies for our products

In all we do, we...

- Keep customers at heart
- Treat safety, quality, integrity and compliance as vital to our business

- Optimise and adhere to end-to-end processes
- Drive change and transformation for performance and competitiveness
- Foster innovation by being open-minded and creative
- Protect business from major disruptions and security threats
- Instil a culture of inclusiveness, respect, wellbeing and continuous learning
- Respect human rights
- Strengthen the Airbus brand

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 2022 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 2022 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 2023

As the basis for its 2023 guidance, the Company assumes:

- ▶ No additional disruptions to the world economy, air traffic, the supply chain, the Company's internal operations, and its ability to deliver products and services.

The Company's 2023 guidance is before M&A.

On that basis, the Company targets to achieve in 2023 around:

- ▶ 720 commercial aircraft deliveries;
- ▶ EBIT Adjusted of € 6.0 billion;
- ▶ Free Cash Flow before M&A and Customer Financing of € 3.0 billion

The Board of Directors

René Obermann, Chairman of the Board of Directors

Guillaume Faury, Chief Executive Officer

Victor Chu, Director

Jean-Pierre Clamadieu, Director

Ralph D. Crosby, Jr., Director

Mark Dunkerley, Director

Stephan Gemkow, Director

Catherine Guillouard, Director

Amparo Moraleda, Director

Claudia Nemat, Director

Irene Rummelhoff, Director

Antony Wood, Director

Leiden, 15 February 2023

