
Universal Registration Document 2019

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Airbus SE is a European public company (*Societas Europaea*), with its seat in Amsterdam, the Netherlands, which is listed in France, Germany and Spain.

As a result of the relabelling to a single Airbus brand, Airbus SE together with its subsidiaries is referred to as “**the Company**” and no longer the Group. The segment formerly known as “Airbus Commercial Aircraft” is referred to as “**Airbus**”. See “ — Management’s Discussion and Analysis of Financial Condition and Results of Operations — 2.1.1.2 Reportable Business Segments”.

In addition to historical information, this Universal Registration Document (“**Registration Document**”) includes forward-looking statements. The forward-looking statements are generally identified by the use of forward-looking words, such as “anticipate”, “believe”, “estimate”, “expect”, “intend”, “plan”, “project”, “predict”, “will”, “should”, “may” or other variations of such terms, or by discussion of strategy. These statements relate to the Company’s future prospects, developments and business strategies and are based on analyses or forecasts of future results and estimates of amounts not yet determinable. These forward-looking statements represent the view of the Company only as of the dates they are made, and the Company disclaims

any obligation to update forward-looking statements, except as may be otherwise required by law. The forward-looking statements in this Registration Document involve known and unknown risks, uncertainties and other factors that could cause the Company’s actual future results, performance and achievements to differ materially from those forecasted or suggested herein. These include changes in general economic and business conditions, as well as the factors described under “Risk Factors” below.

This Registration Document was prepared in accordance with Annex 1 and 2 of Commission Delegated Regulation (EU) 2019/980 and has been filed in English with the *Autoriteit Financiële Markten* (the “**AFM**”) on 23 March 2020 in its capacity as competent authority under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) without prior approval pursuant to Article 9 of the Prospectus Regulation.

This Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if approved by the AFM together with any amendments, if applicable, and a securities note and summary approved in accordance with the Prospectus Regulation.

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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.

1. Financial Market Risks

Global Economic Conditions

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

Market disruptions and significant economic downturns may develop quickly due to, among other things, crises affecting credit or liquidity markets, regional or global recessions, sharp fluctuations in commodity prices (including oil), currency exchange rates or interest rates, inflation or deflation, sovereign debt and bank debt rating downgrades, restructurings or defaults, or adverse geopolitical events (including the impact of Brexit, discussed below and global policy including in the US, European Union, China) or global pandemic diseases such as COVID-19. The current US administration has 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 may 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 “– Risk Factors – Financial Market Risks – The Company's business, results of operations and financial condition could be materially affected by Brexit”, “– Risk Factors – Business-Related Risks – COVID-19 Risks” and “– Risk Factors – Business-Related Risks – Availability of Government and other Sources of Financing”.

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

As of 31 December 2019, the Company's workforce amounted to 134,931 employees of which over 15,000 employed outside our core countries. In terms of nationalities, 35.6% of the Company's employees are from France, 31.6% from Germany, 8.5% from

the UK and 10.1% from Spain. US nationals account for 2.1% of employees. The remaining 12% are employees coming from a total of 142 other countries. In total, 90.1% of the Company's active workforce is located in Europe on more than 100 sites.

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

Approximately 24,000 suppliers from more than 100 countries supply parts, components, systems and services to the Company. In 2018, the overall external sourcing volume of the Company was valued at around €52 billion. The Company requires its suppliers' and subcontractors' services in order to deliver our products and generate revenue and profit. Therefore financial instability in any part of the world that would affect our suppliers or subcontractors, including financial conditions resulting in their inability to obtain credit or even insolvency, could impact the Company's ability to meet its customer obligations in a satisfactory and timely manner. In addition, financial instability affecting suppliers or subcontractors could impact such parties' ability to meet their obligations under risk sharing partnership agreements entered into with the Company.

The behaviour of our customers and by extension, the demand for, and supply of, the Company's products and services may 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 downturn in economic factors driving our commercial airline business, could lead to a weakening demand for our commercial aircraft. The significant growth of our commercial aircraft business relative to our Defence, Space and Government activities has diluted the latter's ability to serve as an effective tool to counter commercial cycles.

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

Therefore weak global economic conditions could directly result in:

- 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 change 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 must provide to its customers to support aircraft purchases, thereby increasing its exposure to the risk of customer defaults despite any security interests the Company might have in the underlying aircraft. See “— Risk Factors – Financial Market Risks – Sales Financing Arrangements”.

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

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

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

Although the potential negative impact of global economic conditions cannot reasonably be assessed, the consequences thereof could have a material effect on the Company's business, results of operations and financial condition, and in particular if these were to impact the Company's commercial aviation activities or otherwise impact its access to financing.

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

On 29 March 2017, the UK triggered Article 50 of the Lisbon Treaty, the mechanism to leave the European Union (“Brexit”), before having achieved a roadmap for the complex negotiations. The UK Government's Withdrawal Agreement was ratified and the UK left the EU in an orderly manner on 31 January 2020, opening a transition period until 31 December 2020. During this transition period, the European Union and the UK are continuing to negotiate their future long-term relationship, including around alignment of the regulatory framework for aviation. The full impact of Brexit on our business, results of operations and financial condition will only become clear once the negotiations between the European Union and the UK regarding withdrawal after the end of the transition period have concluded and clarified the general nature of the post-Brexit relationship. However, the Company's business and supply chain in particular may be materially affected by this uncertainty and by potentially a lack of agreement on the future long term relationship and/or divergent national laws and regulations between the European Union and the UK.

The critical issues amongst others are the increased cost base due to trade procedures, airworthiness efforts and difficulty to move people. For trade procedures (non-tariff cost) alone, an OECD study estimates the range of the recurring extra cost between 2% and 15% of overall trade. Because of the unprecedented and evolving nature of Brexit, it is difficult to estimate the cost impact it may have on the Company. The Company recently generated a UK turnover of approximately £6 billion. Greater restrictions on the import and export of goods and services between the UK and the European Union in which the Company operates, along with increased regulatory and legal complexities, may lead to disruptions and greater costs in the Company's operations and supply chain. The Company has more than 2,000 suppliers in the UK and an integrated supply chain with parts crossing the Channel multiple times. More than 10,000 original aircraft parts originate in the UK. The Company's supply chain is operated on a just-in-time basis relying on frictionless trade today provided by the combination of the EU Customs Union and Single Market rules. Changes in the customs regime between the UK and the European Union could result in significant changes at borders and customs controls. An insufficient level of preparedness for such changes could significantly delay the import and export of goods, including goods which are transferred between Airbus (and its suppliers') entities in the UK and Airbus (and its suppliers') entities in the European Union, which may have a direct industrial and cost impact.

The design, production, maintenance, repair and overhaul and use of parts originating from UK aerospace companies follow tight regulations controlled by the UK certification authority within EASA, who delivers, for example, necessary Design Organisation Approval (“DOA”), Production Organisation Approval (“POA”) and Maintenance Organisation Approval (“MOA”). In the absence of a Brexit agreement, UK aerospace companies may not be covered anymore under existing regulatory approvals including EASA approvals. To secure transition without disruption, UK companies shall transfer their DOA, POA and MOA into the EU-27 and/or adhere to EASA's third country approval scheme.

Airbus has four major engineering and manufacturing facilities in the UK, 14,000 employees at 25 sites. Our people make 80,000 business trips between the UK and the European Union a year and we have 1,900 expatriates.

The Company employs a substantial amount of highly skilled employees in the UK. Limitations on the free movement of people and skilled labour could negatively affect competitiveness, in particular compared to market participants that are less reliant on movement of people and goods between the UK and the European Union, and have a material adverse effect on the Company's results. See also "— Risk Factors – Business-Related Risks – Major Research and Development Programmes".

The Company launched a major Brexit planning project in order to understand, eradicate and/or mitigate risks in the following areas: People, Certifications, Customs, Procurement & Supply Chain, Transport and Logistics, Export Control, Environment, Security, Capital & Financial Services, Legal.

The Company has been working with suppliers and partners to stockpile parts, prepare our customs and regulatory systems and mitigate impacts where possible, for example transport where the Company prepared additional means in advance of 31 March

2019, 31 October 2019 and 31 January 2020. The Company has been working with suppliers and partners to assess and improve their readiness level, and encouraging them to do the same with their supply chains.

In addition, the Company has established a quick reaction crisis management organisation to address any unknown events/risks which may occur.

Because the risk of the UK not reaching agreement with the European Union during the transitional period, or reaching an agreement that might have material consequences for the Company's business, cannot be excluded, the commercial aerospace, defence, space and security industries in which the Company operates may plunge into unknown territory, and the Company's operations and supply chain may still suffer from disruptions, the nature, materiality and duration of which is impossible to predict with any level of certainty. If the UK, either during the transitional period or following such period, would be considered by the European Union to be a third country without a privileged relationship with the European Union, the Company's business, results of operations and financial condition could be materially affected.

Foreign Currency Exposure

At the end of 2019, more than 75% of the Company's revenues are denominated in US dollars, with approximately 60% of such currency exposure "naturally hedged" by US dollar-denominated costs. To the extent that the Company does not use financial instruments to hedge its exposure resulting from this foreign currency mismatch, its profits will be affected by market changes in the exchange rate of the US dollar against these currencies.

There are complexities inherent in determining whether and when foreign currency exposure of the Company will materialise, in particular given the possibility of unpredictable revenue variations arising from order cancellations, postponements or delivery delays. The Company may also have difficulty in fully implementing its hedging strategy if its hedging counterparties are unwilling to increase derivatives risk limits with the Company, and is exposed to the risk of non-performance or default by these hedging counterparties. The exchange rates at which the Company is able to hedge its foreign currency exposure may also deteriorate, as the euro could appreciate against the US dollar for some time, as has been the case in the past and as higher capital requirements for banks result in higher credit charges for uncollateralised derivatives. Accordingly, the Company's foreign currency hedging strategy may not protect it from significant changes in the exchange rate of the US dollar to the euro and the pound sterling, in particular over the long term, which could have a negative effect on its financial condition and results of operations. In addition, the portion of the Company's US dollar-denominated revenues that is not hedged in accordance with the Company's hedging strategy will be exposed to fluctuations in exchange rates, which may be significant. As of 31 December 2019, the total hedge portfolio with maturities up to 2026 amounts to US\$97.1 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, earnings before interest and taxes ("**EBIT**"), other financial results, assets, liabilities and equity.

See "— Management's Discussion and Analysis of Financial Condition and Results of Operations — 2.1.7 Hedging Activities" for a discussion of the Company's foreign currency hedging strategy. See "— Management's Discussion and Analysis of Financial Condition and Results of Operations — 2.1.2.3 Accounting for Hedged Foreign Exchange Transactions in the Financial Statements" for a summary of the Company's accounting treatment of foreign currency hedging transactions.

Sales Financing Arrangements

In support of sales, the Company may agree to participate in the financing of selected customers. Over the last three years (2017 to 2019), the average number of aircraft delivered in respect of which financing support has been provided by Airbus amounted to close to 0% of the average number of deliveries over the same period, i.e. one aircraft financed per year out of 794 deliveries per year on average.

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

The Company's sales financing arrangements expose it to aircraft value risk, because it generally retains security interests in aircraft for the purpose of securing customers' performance of their financial obligations to the Company, and/or because it may guarantee a portion of the value of certain aircraft at certain anniversaries from the date of their delivery to customers. Under adverse market conditions, the market for used aircraft could become illiquid and the market value of used aircraft

could significantly decrease below projected amounts. In the event of a financing customer default at a time when the market value for a used aircraft has unexpectedly decreased, the Company would be exposed to the difference between the outstanding loan amount and the market value of the aircraft, net of ancillary costs (such as maintenance and remarketing costs, etc.). Similarly, if an unexpected decrease in the market value of a given aircraft coincided with the exercise window date of an asset value guarantee with respect to that aircraft, the Company would be exposed to losing as much as the difference between the market value of such aircraft and the guaranteed amount, though such amounts are usually capped. Through the Airbus Asset Management department or as a result of past financing transactions, the Company is the owner of used aircraft, exposing it directly to fluctuations in the market value of these used aircraft.

In addition, the Company has backstop commitments to provide financing related to orders on Airbus' 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.

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 (\$97.1 billion nominal value at 31 December 2019) and cash investments (\$20.4 billion nominal value at 31 December 2019). However, the Company has policies in place to avoid concentrations of credit risk and to ensure that credit risk exposure is limited.

Counterparties for transactions in cash, cash equivalents and securities as well as for derivative transactions are limited to highly rated financial institutions, corporates or sovereigns.

The Company's credit limit system assigns maximum exposure lines to such counterparties, based on a minimum credit rating threshold as published by Standard & Poor's and Moody's. If neither is present, Fitch ratings is used. Besides the credit rating, the limit system also takes into account fundamental counterparty data, as well as sector and maturity allocations and further qualitative and quantitative criteria such as credit risk indicators. The credit exposure of the Company is reviewed on a regular basis and the respective limits are regularly monitored and updated.

As of 31 December 2019 the credit exposure had been estimated as follows:

Source of risk	Exposure	Unexpected Loss Contribution
Banks	4,277	45
Corporates	8,046	190
Sovereign Issuers	1,011	6
Money Market Funds	7,012	10
Total	20,346	251

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 (MiFID II / MiFIR, CRD4, Bank Restructuring Resolution Directive, etc.) will have an impact on the business model of banks (for example, the split between investment banking and commercial banking activities) and on the capital structure and cost of such banks' activities in relation to over-the-counter derivatives, and therefore on the funding consequences

of central clearing and collateralisation of over-the-counter derivatives for corporations like the Company. This may ultimately increase the cost and reduce the liquidity of the Company's long-term hedges, for example, as banks seek to either pass-on the additional costs to their corporate counterparties or withdraw from low-profit businesses altogether.

Pension Commitments

The Company participates in several pension plans for both executive as well as non-executive employees, some of which are underfunded. As of 31 December 2019, the provision for retirement plans and similar obligations amounted to €8.353 billion. For information related to these plans, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 31: Post-Employment Benefits". Although the Company has recorded a provision in its balance sheet for its share of the underfunding based on current estimates, there can be no assurance that these estimates will not be revised upward in the future, leading the Company to record additional provisions in respect of such plans.

Necessary adjustments of such provisions include but are not limited to (i) the discount factor (dependent in part on interest rates) and the inflation rate applied to calculate the net present value of the pension liabilities, (ii) the performance of the asset classes which are represented in the pension assets, and (iii) behavioural assumptions regarding beneficiaries, and (iv) additional cash injections contributed by the Company from time to time to the pension assets. The Company has taken measures to reduce potential losses on the pension assets and to better match the characteristics of the pension liabilities with those of the pension assets as a long-term objective. Nevertheless, any required additional provisions would have a negative effect on the Company's total equity (net of deferred tax), which could in turn have a negative effect on its future financial condition.

2. Business-Related Risks

Commercial Aircraft 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 gross domestic product ("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 and the availability of third party financing for aircraft purchases, (vi) evolution of fuel price, (vii) regulatory environment, (viii) 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 (ix) market evolutionary factors such as the growth of low-cost passenger airline business models or the impact of e-commerce on air cargo volumes.

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 2019, the commercial aircraft business segment of Airbus recorded total revenues of €54.77 billion – representing 77% of the Company's revenues. See "– 1.1.2 Airbus". The significant growth of our commercial aircraft business relative to our Defence, Space and Government activities has diluted the latter's ability to serve as an effective tool to counter commercial cycles.

The commercial helicopter market in which the Company operates has shown cyclical trends and could also be influenced by factors listed above. In addition, the civil & parapublic and in particular the oil & gas market softness has led to, and may in future lead to, a postponement of investments in the acquisition of new platforms and a reduction of flight hours. Structural changes in demand for helicopters in the oil & gas segment are not anticipated at current oil price levels. However, this may change as oil & gas prices fluctuate. The uncertainty on the lead time of the civil and parapublic market recovery may have an impact on Airbus Helicopters' financial results and could lead to cancellations or loss of bookings and services.

COVID-19 Risks

The Company's business, results of operations and financial condition could be materially affected by the outbreak of the COVID-19 pandemic (also known as "**Coronavirus**").

In early February 2020, the Company stopped operations of the Tianjin Final Assembly Line for approximately one week but was later authorised by the Chinese authorities to restart operations and gradually increase production. On 17 March 2020, the Company decided to temporarily pause production and assembly activities at its French and Spanish sites across the Company for a period of four days. The Company expects production and assembly work to partially resume in France and Spain on 23 March 2020 following health and safety checks after the implementation of stringent measures. Work stations will only re-open if they comply with the new health and safety measures in terms of hygiene, cleaning and self-distancing while improving the efficiency of operations under new working conditions. The outbreak of the COVID-19 pandemic may lead to further disruptions to the Company's internal operations or its ability to deliver products and services.

Chinese domestic and worldwide travel limitations and restrictions have posed logistical challenges and may cause further disruptions to the Company's business, its operations and supply chain and its ability to deliver products and services.

The Company may be affected by weak market and economic conditions in China where it has production facilities and to which it sells its products as well as other markets around the world. Weaker market and economic conditions in China and their knock-on effects in other markets could result in requests by customers to postpone delivery or cancel existing orders for aircraft (including helicopters) or other products including services, or decisions by customers to review their order intake strategy, or weak levels of passenger demand for air travel and cargo activity more generally or travel restrictions, which could negatively impact the Company's results of operations.

The Company has established a crisis management organisation in response to the COVID-19 outbreak and is monitoring the situation and evaluating any potential impacts to production and deliveries.

Although the full impact of the COVID-19 outbreak cannot reasonably be assessed at the time of this report, the Company's business, its operations and supply chain may be disrupted and materially affected by the outbreak and the uncertainty it creates.

For additional information, see "— Information on the Company's Activities — 1.3 Recent Developments".

Cyber Security Risks

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

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

All of the above mentioned risks are heightened in the context of the Company's digital transformation, including greater use of cloud services, increasingly capable adversaries, integration with the extended enterprise, increasing use of the "internet of things" and the growing prevalence of mobile devices. Risks related to the Company's industrial control systems, manufacturing processes and products are growing with the increase of

interconnectivity and digitalisation. The growing gap developing between the defences of legacy industrial systems and the capabilities of potential attackers as well as an increasingly competitive landscape of the Company is also at stake.

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

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

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

Physical Security, Terrorism, Pandemics and Other Catastrophic Events

Past terrorist attacks and the spread of disease (such as the Coronavirus or the H1N1 flu pandemic or the Ebola epidemic in 2013-2016) have demonstrated that such events may negatively affect public perception of air travel safety, which may in turn reduce demand for air travel and commercial aircraft. The outbreak of wars, riots or political unrest or uncertainties may also affect the willingness of the public to travel by air.

Furthermore, major aircraft accidents may have a negative effect on the public's or regulators' perception of the safety of a given class of aircraft, a given airline, form of design or air traffic management. As a result of such factors, the aeronautic industry may be confronted with sudden reduced demand for air transportation and be compelled to take costly security and safety measures. The Company may, therefore, suffer from a

decline in demand for all or certain types of its aircraft or other products, and the Company's customers may postpone delivery or cancel orders.

In addition to affecting demand for its products, catastrophic events could disrupt the Company's internal operations or its ability to deliver products and services. Disruptions may be related to threats to infrastructure, personnel security

and physical security and may arise from terrorism, natural disasters, fire, damaging weather, and other types of incidents such as drone air traffic disruption. Any resulting impact on the Company's production, services or information systems could have a significant adverse effect on the Company's operations, financial condition and results of operations as well as on its reputation and on its products and services.

Dependence on Key Suppliers and Subcontractors

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

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

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

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

As the Company's global sourcing footprint extends, some suppliers (or their sub-tier suppliers) may have production facilities located in countries that are exposed to socio-political unrest or natural disasters which could interrupt deliveries. This may have a negative effect on the financial condition and results of operations of the Company. See "— Risk Factors – Financial Market Risks – The Company's business, results of operations and financial condition could be materially affected by Brexit".

Industrial Ramp-Up

As a result of the large number of new orders for aircraft recorded in recent years, the Company continues the process of sustainable production increase in order to meet the agreed upon delivery schedules for such new aircraft. The Company's ability to further increase its production rate will be dependent upon a variety of factors, including execution of internal performance plans, availability of raw materials, parts (such as aluminium, titanium and composites) and skilled employees given the high demand by the Company and its competitors, conversion of raw materials into parts and assemblies, and performance by suppliers and subcontractors (particularly suppliers of engines and buyer-furnished equipment) who may experience resource

or financial constraints due to ramp-up. Management of such factors is also complicated by the development of new aircraft programmes in parallel, across Airbus and the two Divisions, which carry their own resource demands. Therefore, failures relating to any or all of these factors could lead to missed or delayed delivery commitments, and depending on the length of delay in meeting delivery commitments, could lead to additional costs and customers' rescheduling or terminating their orders. The associated risks may increase as the Company and its competitors announce further production rate increases. For more details on specific programme ramp-up risks, see "— Programme-Specific Risks" below.

Technologically Advanced Products and Services

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

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

In addition to the risk of contract cancellations, the Company may also incur significant costs or loss of revenues in connection with remedial action required to correct any performance issues detected in its products or services. See “— Management’s Discussion and Analysis of Financial Condition and Results of Operations — 2.1.1.3 Significant programme developments, restructuring and related financial consequences in 2017, 2018 and 2019”. Moreover, to the extent that a performance issue is considered to have a possible

impact on safety, regulators could suspend the authorisation for the affected product or service.

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

Dependence on Public Spending and on Certain Markets

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

economic, political or budgetary constraints in any one of these countries may have a negative effect on the ability of the Company to enter into or perform such contracts.

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

Availability of Government and Other Sources of Financing

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

Separately, Brazil has initiated WTO proceedings citing Canadian support to the C Series aircraft, the aircraft that the Company manufactures, markets and supports as the A220 aircraft under the Airbus Canada Limited Partnership (prior to 1 June 2019 known as the C Series Aircraft Limited Partnership (“CSALP”)) agreement, finalised in 2018. Here too, a negotiated outcome would be preferable. Domestic proceedings in the US based on alleged subsidies to the C Series were dismissed. The terms and conditions of any new agreement, or the final outcome of the formal WTO or other trade law proceedings, may limit access by the Company to risk-sharing funds for large projects, may establish an unfavourable balance of access to government funds by the Company as compared to its US competitors or may in an extreme scenario cause the involved governments to analyse possibilities for a change in the commercial terms of funds already advanced to the Company.

On 18 October 2019, the US imposed, among other targeted goods, a tariff of 10% on new aircraft exported from the European Union to the US. On 14 February 2020, the USTR announced the US is increasing the additional duty rate imposed on aircraft imported from the EU to 15%, effective 18 March 2020. Airbus deliveries to the US from the final assembly line (“FAL”) in Mobile are exempted from tariffs. The tariffs could have a material

impact on the Financial Statements, business and operations of the Company. At this stage it is too early to determine the full extent of any financial impact on the Company. Duties on the importation of Airbus products into the US could result in (i) increased costs for the aerospace and airline industries as well as other industries that rely on air transport, (ii) weakening demand for new aircraft and negatively affecting the financial condition of air carriers and lessors, (iii) decisions to defer, reject or reschedule the delivery of new aircraft or limit the routes upon which new aircraft will be used, (iv) increased costs to consumers, (v) retaliation by the EU with its own import duties to be applied to US products, and/or (vi) damage to the Company’s business or reputation *via* negative publicity adversely affecting the Company’s prospects in the commercial market place. See WTO in “— Risk Factors – Legal Risks – Legal and Regulatory Proceedings” and “— Information on the Company’s Activities — 1.1.7 Legal and Arbitration Proceedings”.

In prior years, the Company and its principal competitors have each received different types of government financing of product research and development. However, no assurances can be given that government financing will continue to be made available in the future, in part as a result of the proceedings mentioned above. Moreover, the availability of other outside sources of financing will depend on a variety of factors such as market conditions, the general availability of credit, the Company’s credit ratings, as well as the possibility that lenders or investors could develop a negative perception of the Company’s long- or short-term financial prospects if it incurred large losses or if the level of its business activity decreased due to an economic downturn. The Company may, therefore, not be able to successfully obtain additional outside financing on appropriate terms, or at all, which may limit the Company’s future ability to make capital expenditures, fully carry out its research and development efforts and fund operations.

Competition and Market Access

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

In some areas, competitors may have more extensive or more specialised engineering, manufacturing and marketing capabilities. In addition, some of the Company's largest customers and/or suppliers may develop the capability to manufacture products or provide services similar to those of the Company. This would result in these customers/suppliers marketing their own products or services and competing directly with the Company for sales of these products or services, all of which could significantly reduce the Company's revenues. Further, 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 some of the Company's products and services. There can be no assurance that the Company will be able to compete successfully against its current or future competitors or that the competitive pressures it faces in all business areas will not result in reduced revenues, market share or profit.

In addition, the contracts for many aerospace and defence products are awarded, implicitly or explicitly, on the basis of home country preference. Although the Company is a multinational company which helps to broaden its domestic market, it may remain at a competitive disadvantage in certain countries, especially outside of Europe, relative to local contractors for certain products. The strategic importance and political sensitivity attached to the aerospace and defence industries means that political considerations will play a role in the choice of many products for the foreseeable future.

Major Research and Development Programmes

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

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

Successful development of new programmes also depends on the Company's ability to attract and retain aerospace engineers and other professionals with the technical skills and experience required to meet its specific needs. Demand for such engineers may often exceed supply depending on the market, resulting in intense competition for qualified professionals. The Company's attrition rate in 2019 was 4.4% overall (including subsidiaries) and 8.43% in subsidiaries only (compared to 4.9% overall and 8.51% in subsidiaries only in 2018). There can be no assurances that the Company will attract and retain the personnel it requires to conduct

its operations successfully and in particular to attract and retain aerospace engineers and other professionals with the technical skills and experience required for its research and development programmes. Failure to attract and retain such personnel or an increase in the Company's employee turnover rate could negatively affect the Company's financial condition and results of operations more generally and particularly its ability to successfully execute its research and development programmes.

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

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

Acquisitions, Divestments, Joint Ventures and Strategic Alliances

As part of its business strategy, the Company may acquire or divest businesses and/or form joint ventures or strategic alliances. Executing acquisitions and divestments can be difficult and costly due to the complexities inherent in integrating or carving out people, operations, technologies and products. There can be no assurance that any of the businesses that the Company intends to acquire or divest can be integrated or carved out successfully, as timely as originally planned or that

they will perform well and deliver the expected synergies or cost savings once integrated or separated. In addition, regulatory, administrative or other contractual conditions can prevent transactions from being finalised. The Company's business, results of operations and financial condition may be materially affected if these transactions will not be successfully completed or do not produce the expected benefits.

Public-Private Partnerships and Private Finance Initiatives

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

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

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

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

Programme-Specific Risks

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

A320neo programme. In connection with the A320neo programme, the Company faces the following main challenges: A320neo (new engine option) ramp up including the A321neo ACF (Airbus Cabin Flex) with its new airframe and cabin design; management of the internal and external supply chain pressure as a result of the industrial ramp-up; ensuring maturity and high quality service support for a growing number of operators of A320neo. The main focus will be with the further ramp-up for the Company and both engine suppliers. For both engine suppliers, challenges are to (i) meet the delivery commitments in line with agreed schedule and ensure sufficient engine availability; (ii) fix in-service maturity issues in line with the Company and customer expectations and mitigate the associated consequences; (iii) manage engine upgrades and performance. Two new versions will be launched for the A320 family: the Airspace Cabin and the A321 XLR, respectively in early 2021 and in 2023.

A400M programme. The Company signed a contract amendment to restructure the contract. Risks remain on development of technical capabilities and the associated costs, on securing sufficient export orders in time, on aircraft operational reliability in particular with regards to engines and on cost reductions as per the revised baseline.

For further information, please refer to the "Notes to the IFRS Consolidated Financial Statements — Note 11: Revenue and Gross Margin".

A350 XWB programme. In connection with the A350 XWB programme, the Company faces the following main challenges: ensuring satisfaction of operators and high quality support to their operations; maintaining supply chain performance and production ramp-up; controlling and reducing the level of outstanding work in final assembly line; reducing recurring costs during the ongoing ramp-up; maintaining customisation and ramp-up of Heads of Version; maintaining the development schedule in line with learning curve assumptions beyond the initial ramp up phase of A350-1000 XWB; maintaining attention on engine development; and customer support for new type in service.

A380 programme. In connection with the A380 programme, the Company faces the following main challenges: programme wind-down and manage in service issues.

A330 programme. In connection with the A330 programme, the main challenge the Company faces is to manage the new production plan of the A330neo. Given the current overall customer demand for widebody aircraft, the Company will retain a 3.5 rate. The A330neo development progresses. For the engine supplier, the main challenges relate to meeting the delivery commitments and ensuring engine maturity.

A220 programme. In connection with the A220 programme, the main challenges the Company faces are to build commercial momentum, ramp up production and reduce costs.

H225 programme and AS332 L2 fleet. In connection with the H225 programme and the AS332 L2 fleet, the Company faces the following main challenges: since the crash in April 2016 of a H225 in Norway (LN-OJF accident), the Company is dealing with protective measures validated by EASA who lifted the flight suspension on 7 October 2016 and by UK and Norwegian aviation authorities on 7 July 2017 to put the fleet back into flight operations. Publication of the final AIBN report in July 2018 confirmed the work on incremental improvements on the H225 as part of its ongoing, continuous improvement. The contributing factors of the LN-OJF accident have been identified, and the sequence of events has been understood and reproduced during recent testing. Airbus Helicopters continues to drive improvements across its product range as part of its commitment to raise safety standards and increase the robustness and reliability of dynamic components. The new challenge of the programme is to secure the industrial ramp-up in order to fulfil 2020 and 2021 deliveries.

H175 programme. In connection with the H175 programme produced in cooperation with Avic, the Company faces the following main challenges: today, the VIP and Public Services configurations are in delivery mode, the Company is now working on the maturity plan of the aircraft with the associated customer support. Exchanges took place in 2019 with key H175 customers to review the proposed maturity plan, share and challenge the identified solutions and prepare the deployment plan.

NH90 and Tiger programmes. In connection with the NH90 programme, the Company is working to mitigate possible impact on the 2020-2021 deliveries of the interruption of the Titanium supply due to the export license withdrawn by the Russian export

authorities. In connection with multiple fleets entering into service, the NH90 programme faces the challenge of assuring support readiness while working on the deliveries of new contracts signed in 2018 and 2019. As for the Tiger programme, the last serial aircraft will be delivered Q1 2020. The Company is working on the conversion from HAP to HAD.

H160 programme. In connection with the H160 programme, the Company is completing the last paperwork activities to get the EASA Type Certification and then the FAA validation. The following challenges include the delivery of the first helicopter for an EIS by year-end 2020, together with a mature support environment (tech pub, tools, training). Another challenge is to manage the industrial ramp-up of the supply chain.

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 and schedule re-alignments remain ongoing. Due to the repeatedly prolonged suspension of defence export licenses to Saudi Arabia by the German Government, and the consequential inability of the Company to execute a customer contract, a revised Estimate at Completion (EAC) was performed. As a result a €221 million impairment charge mainly on inventories on top of a €112 million financial expense related to hedge ineffectiveness, have been recognised as of 30 September 2019. The Company is engaging 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.

3. Legal Risks

Legal and Regulatory Proceedings

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

For example, the WTO litigation, which is described in “— Risk Factors – Business-Related Risks – Availability of Government and other Sources of Financing”, is ongoing. The United States Trade Representative (“**USTR**”) imposed tariffs on a range of imports to the US from the European Union, including 10% on the importation of large civil aircraft from the European Union. Those tariffs went into effect on 18 October 2019. On 14 February 2020, the USTR announced the US is increasing the additional duty rate imposed on aircraft imported from the EU to 15% from 10%, effective 18 March 2020. The duration of the tariffs (and any change to the amount thereof) will depend on the USTR, and could have a material impact on the Financial Statements, business and operations of the Company. At this stage it is

too early to determine the full extent of any financial impact on the Company. For more information on the WTO litigation and trade dispute, see “— Information on the Company’s Activities — 1.1.7 Legal and Arbitration Proceedings — WTO”.

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

In addition, the Company is from time to time subject to government inquiries and investigations of its business and competitive environment due, among other things, to the heavily regulated nature of its industry. In addition to the risk of an unfavourable ruling against the Company, any such inquiry or investigation could negatively affect the Company's reputation and its ability to attract and retain customers and investors, which could have a negative effect on its business, results of operations and financial condition. See "— Non-Financial Information — Responsible Business — 1.2.3(a) Ethical Business Practices".

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 "— Risk Factors – Legal Risks – Anti-Corruption Laws and Regulations", the Company has reached an agreement with the authorities, which was approved by the French and UK courts and US court and regulator on 31 January 2020. The agreement resulted in a fine totalling € 3.6 billion plus costs to the French, UK, and US authorities. For more information about the investigation, please refer to the "Notes to the IFRS Consolidated Financial Statements — Note 38: Litigation and Claims" (Investigation by the UK SFO, France's PNF, and US Departments of State and Justice and Related Commercial Litigation).

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 Airbus customers, and had engaged legal, investigative and forensic accounting experts to conduct a review. Separately, the 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. Airbus was subsequently informed that the French authorities, the PNF, had also opened a preliminary investigation into the same subject and that the two authorities will act in coordination going forward. The Company engaged with the government of the US (DoS and DoJ) relating to conduct forming part of the SFO/PNF investigation that could fall within US jurisdiction. The Company also engaged with the government of the US concerning potential issues of ITAR Part 130 and related matters. On 31 January 2020, the French and UK courts and US court and regulator approved an agreement reached by the Company with the authorities. See "— Information on the Company's Activities — 1.1.7 Legal and Arbitration Proceedings".

Export Controls Laws and Regulations

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

Operating worldwide, the Company must comply with several, sometimes inconsistent, sets of sanctions laws and regulations implemented by national / regional authorities. Depending on geopolitical considerations including national security interests and foreign policy, new sanctions regimes may be set up or the scope of existing ones may be widened, at any time, immediately impacting the Company's activities.

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

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

Dependence on Joint Ventures and Minority Holdings

The Company generates a substantial proportion of its revenues through various consortia, joint ventures and equity holdings. These arrangements include primarily:

- the Eurofighter and AirTanker consortia; and
- four principal joint ventures: ArianeGroup, ATR, Airbus Canada Limited Partnership (formerly CSALP) and MBDA.

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.

While the Company believes that its insurance programmes are adequate to protect it from such liabilities, claims may arise in the future and insurance coverage related to such claims may be inadequate. The Company follows a policy of seeking to transfer the insurable risk of the Company to external insurance markets at reasonable rates, on customised and sufficient terms and limits as provided by the international insurance markets.

The insurance industry remains unpredictable. There may be future demands to change scope of coverage, premiums and deductible amounts. No assurance can be given that the Company will be able to maintain its current levels of coverage nor that the insurance coverages in place are adequate to cover all significant risk exposure of the Company.

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

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

Intellectual Property

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

The Company relies upon patents, copyright, trademark, confidentiality and trade secret laws, and agreements with its employees, customers, suppliers and other parties, to establish and maintain its IP rights in its products and services and in its operations. Despite these efforts to protect its IP rights, any of the Company's direct or indirect IP rights could be challenged, invalidated or circumvented. Further, the laws of certain countries do not protect the Company's proprietary rights to

the same extent as the laws in Europe and the US. Therefore, in certain jurisdictions the Company may be unable to protect its proprietary technology adequately against unauthorised third-party copying or use, which could adversely affect its competitive position. The Company may also face lack of certainty with respect to intellectual property rights for existing or new research and development programmes and established or potential partnerships with private or public organisations, academic institutions and research councils, charities and government departments, where the relevant intellectual property frameworks or user-rights/ownership governing those relationships is dependent on the UK's status as a member state of the European Union.

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

The Company has been accused of infringement on occasion and could have additional claims asserted against it in the future. These claims could harm its reputation, result in financial

penalties or prevent it from offering certain products or services which may be subject to such third-party IP rights. Any claims or litigation in this area, whether the Company ultimately wins or loses, could be time-consuming and costly, harm the Company's reputation or require it to enter into licensing arrangements.

The Company might not be able to enter into these licensing arrangements on acceptable terms. If a claim of infringement were successful against it, an injunction might be ordered against the Company, causing further losses.

4. Environment, Human Rights, Health and Safety Risks

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

Given the scope of its activities and the industries in which it operates, the Company is subject to stringent environmental, human rights, health and safety laws and regulations in numerous jurisdictions around the world. The Company therefore incurs, and expects to continue to incur, significant capital expenditure and other operating costs to comply with increasingly complex laws and regulations covering the protection of the natural environment as well as occupational health and safety and human rights. Health and safety expenditures include investments in the identification and the prevention, elimination or control of physical and psychological risks to people arising from work, including chemical, mechanical and physical agents. Risks that could arise from work activities include the possibility of injury, physical and mental ill-health, damage to equipment, business interruption and regulatory action. Any reputational risk and claims against the Company that may result will also need to be managed and may lead to additional health and safety expenditure being required. 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. Analysis of the current trends shows that regulatory pressure on the international scene to reduce the environmental footprint of industry is steadily growing (circular economy and resources efficiency, energy transition and climate change engagement, air and water quality improvement). Moreover, new laws and regulations, the imposition of tougher license requirements, increasingly strict enforcement or new interpretations of existing laws and regulations may cause the Company to incur increased capital expenditure and operating costs in the future in relation to the above, which could have a negative effect on its financial condition and results of operations.

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 financial condition and results of operations.

In addition, the various products manufactured and sold by the Company must comply with relevant health, safety and environmental laws, for example those designed to protect customers and downstream workers or communities, and those covering substances and preparations, in the jurisdictions in which they operate. Although the Company seeks to ensure that its products meet the highest quality standards, increasingly stringent and complex laws and regulations, new scientific discoveries, delivery of defective products or the obligation to notify or provide regulatory authorities or others with required information (such as under the European Union Regulation known as "REACH", which addresses the production and use of chemical substances) may force the Company to adapt, redesign, redevelop, recertify and/or eliminate its products from the market thereby incurring significant additional costs. Seizures of defective products may be pronounced, and the Company may incur administrative, civil or criminal liability. Any problems in this respect may also have a significant adverse effect on the reputation of the Company and lead to a decline in demand for its products and services.

Despite compliance with all applicable laws and regulations, the Company's reputation and the demand for its products may also be affected by the public perception of environmental and societal impacts of the Company's products in operation (such as the emission of greenhouse gases or noise) and of the local impacts of the Company and its supply chain industrial operations on local communities, the environment and 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 more information on sustainability-related risks, see "— Non-Financial Information — Responsible Business — 1.2.3(a) Ethical Business Practices".

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Information on the Company's Activities

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1.1 Presentation of the Company

1.1.1 Overview

Due to the nature of the markets in which the Company operates and the confidential nature of its businesses, any statements with respect to the Company's competitive position set out in paragraphs 1.1.1 through 1.1.5 below have been based on the Company's internal information sources, unless another source has been specified below.

With consolidated revenues of €70.5 billion in 2019, the Company is a global leader in aeronautics, space and related services. Airbus offers the most comprehensive range of passenger airliners. The Company is also a European leader, providing tanker, combat, transport and mission aircraft, as well as one of the world's leading space companies. In helicopters, the Company provides the most efficient civil and military rotorcraft solutions worldwide. In 2019, it generated approximately 86% of its total revenues in the civil sector (compared to 84.5% in 2018) and 14% in the defence sector (compared to 15.5% in 2018). As of 31 December 2019, the Company's active headcount was 134,931 employees.

Strategy

2019 brought the Company the foreseen changes at top management level, as well as throughout the organisation. The group started to lay the foundations of its next chapter to shape the future: A stronger, more competitive company that meets customer commitments and delivers value to its many different stakeholders. The Company is committed to the sustainability of its business, its products, and the role it wants to play in society.

The Company's strategy is structured around the following three axes:

1. Grow the Company as an Aerospace leader, leveraging its European roots while pursuing a global vision through local actions

The commercial aircraft business continued its focus upon on-time, on-cost and on-quality deliveries and reached in 2019 a new delivery record with 863 aircraft. The entry into service of the A321LR and the launch of the A321XLR will further strengthen the market position of the Company.

Airbus Defence and Space maintained its leadership position, and demonstrated, through milestones reached in the Future Combat Air System and Eurodrone, that it could shape and deliver European power ambitions by providing military platforms, space assets, associated services, as well as missiles and launchers through its participations (JVs).

For example, Airbus Defence and Space plays a key role in the Future Combat Air System ("FCAS"), which successfully obtained Framework Arrangement signature from Germany, France, and Spain during the Paris Air Show (17 June 2019). FCAS will include technology developments for a New Generation Fighter (NGF), Remote Carriers (RC) and an Air Combat Cloud (ACC). The first flight of the NGF demonstrator

is targeted for 2026, and the Company will co-prime the first Demonstrator Phase of the programme between 2019 and mid-2021.

Airbus Helicopters retained its leadership in civil and parapublic segment, managed to keep its market share in the military segment stable, in a challenging market environment, and tested new VTOL solutions.

The target of Airbus Helicopters is to secure a leadership position in vertical lift solutions and services by capturing long-term growth in the conventional helicopter market, by building end-to-end solutions, and addressing the new VTOL businesses, while being financially sound.

2. Increase the Company's capacity to invest for the future and in a highly uncertain, regulated and competitive environment through the right combination of growth, profitability and resilience

The Company operates in a fast changing environment which is shaped by economic, environmental, industrial, political and societal events. The Company's financial strength is key to ensure an adequate latitude to invest in its future and to meet its challenging environment, while remaining attractive for investors.

Thus, the Company needs to continue its growth, improve its profitability and strengthen its capacity to withstand external and internal events.

Boosting leadership in all aerospace and defence domains through the continued ramp-up of production, the development of new commercial and governmental products and systems, as well as services will secure the Company's organic growth. In addition, opportunities for mergers and acquisitions are considered in selected value chain areas to strengthen the market position and secure competitive advantages.

The Company focuses on the continuous improvement of margins of aircraft programmes, product competitiveness, and is strengthening its Services and Digital businesses to increase its profitability.

Finally, the Company becomes more resilient to the ever faster changing world by deliberately balancing its growth across the aerospace and defence business portfolio, between products and services and throughout regions world-wide. Keeping the strong attention to product (and services) quality and safety, in combination with its well-established risk management, allows the Company to anticipate and adapt as and if required.

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

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

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

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

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

Key Enablers

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

1. Europe

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

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

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

2. Globalisation

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

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

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

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

3. Environment

While air travel currently contributes to global CO₂ emissions, air quality and noise pollution, the Company believes a future sustainable aviation model is achievable. The Company intends to take a leadership position on answering environmental challenges to ensure future generations will fly without a detrimental impact to the environment.

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

- the first priority of the Company is to progressively decarbonise the fleet and reduce other emissions (noise, NOx, particulates, etc.). The Company has committed to the Air Transportation Action Group (ATAG) industry goals of halving CO₂ emissions by 2050, in line with the 2°C Paris objective. This will be achieved by: developing more efficient technologies (in 2019, the A321XLR was launched, bringing 30% lower fuel burn per seat than previous-generation aircraft), supporting the deployment of Sustainable Aviation Fuels (SAF), optimising the operations and infrastructures, as well as supporting market-based measures. In 2019, the Chief Technology Officers from seven major aerospace manufacturers, including the Company, committed to cooperate to drive the sustainability of aviation;
- in other product areas, the Company is actively contributing to enable actions against climate change. The development of detailed earth observation satellites and geospatial solutions provides highly sophisticated monitoring capabilities for climate change, agriculture, deforestation or natural disasters;
- the Company is working on minimising the impact its sites and supply chain have on energy, CO₂, waste, air and water. The Company launched "High5+" in 2019, a cross-divisional plan to reach the ambitious objectives of its 2030 Vision and prepare the goals for 2050.

4. Ethics, Compliance and Reputation

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

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

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

5. Safety and Security

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

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

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

6. Our People

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

The following priorities are set:

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

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

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

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

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

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

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

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

8. Competitiveness

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

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

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

9. Technology and innovation

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

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

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

The Company prepares for the future by creating more sustainable and environmentally sound products that will use modern Unmanned Traffic Management / Air Traffic Management (ATM) systems and respond to new challenges, such as for example a potential pilot shortage. Innovation has as an underlying target to respond to the Flight Path 2050 targets cutting CO₂ emissions by 75%, NOx emissions by 90% and noise emissions by 65% compared to levels from the year 2000. The Company is committed to these targets and will contribute to transforming the aerospace industry, its business conduct and pursue its ambition to build the future of flight.

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

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

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

- Urban Air Mobility: Vahana has flown over 80 full-scale test flights. CityAirbus full-scale demonstrator conducted its first take-off in May 2019;
- Inauguration of the Airbus China Innovation Center in Shenzhen;
- In-flight trials of connected cabin technologies and in-flight demonstration of autonomous take-off;
- Launch of “fello’fly” flight demonstrator project inspired by nature to flying in “V” shape to save energy and benefit from the “air up wash” of the leader to reduce fuel consumption and CO₂ emissions.

10. Customer Centricity

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

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

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

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

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

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

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

Organisation of the Company's Businesses

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

Airbus (Commercial Aircraft)

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

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

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

Helicopters

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

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

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

Defence and Space

Airbus Defence and Space is Europe's number one defence and space enterprise, one of the world's leading space companies and among the top 10 global defence enterprises. Defence and Space puts a strong focus on core businesses: space, military aircraft, missiles and related systems and services.

Airbus Defence and Space is organised in four Programme Lines: Military Aircraft; Space Systems; Connected Intelligence and

Unmanned Aerial Systems. Airbus Defence and Space develops, produces and maintains cutting-edge products, systems and services, enabling governments, institutions and commercial customers to protect people and resources.

In 2019, Airbus Defence and Space recorded total revenues of €10.9 billion, representing 15% of the Company's revenues. See "— 1.1.4 Defence and Space".

Summary Financial and Operating Data

The following tables provide summary financial and operating data for the Company for the past three years. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

REVENUE BY BUSINESS SEGMENT

<i>(In € million)</i>	2019	2018	2017 ⁽¹⁾
Airbus	54,775	47,970	43,486
Airbus Helicopters	6,007	5,934	6,335
Airbus Defence and Space	10,907	11,063	10,596
Subtotal segmental revenue	71,689	64,967	60,417
Transversal / Eliminations ⁽²⁾	(1,211)	(1,260)	(1,395)
Total	70,478	63,707	59,022

(1) 2017 figures are restated due to the application of IFRS 15.

(2) "Transversal / Eliminations" comprises activities not allocable to the reportable segments, combined together with consolidation effects.

ORDER INTAKE BY BUSINESS SEGMENT

	2019		2018		2017 ⁽¹⁾	
	<i>(In € billion)</i>	<i>(In percentage)⁽²⁾</i>	<i>(In € billion)</i>	<i>(In percentage)⁽²⁾</i>	<i>(In € billion)</i>	<i>(In percentage)⁽²⁾</i>
Airbus	65.8	80.7%	41.5	73.7%	143.4	90.3%
Airbus Helicopters	7.2	8.8%	6.3	11.3%	6.5	4.1%
Airbus Defence and Space	8.5	10.5%	8.4	15.0%	8.9	5.6%
Subtotal segmental order intake	81.5	100%	56.3	100%	158.8	100%
Transversal / Eliminations	(0.3)		(0.8)		(1.1)	
Total	81.2		55.5		157.7	

(1) 2017 figures have not been restated to reflect the application of IFRS 15.

(2) Before "Transversal / Eliminations".

ORDER BACKLOG BY BUSINESS SEGMENT

	31 December					
	2019		2018		2017 ⁽¹⁾	
	<i>(In € billion)</i>	<i>(In percentage)⁽²⁾</i>	<i>(In € billion)</i>	<i>(In percentage)⁽²⁾</i>	<i>(In € billion)</i>	<i>(In percentage)⁽²⁾</i>
Airbus	424.1	89.7%	411.7	89.1%	950.4	95.1%
Airbus Helicopters	16.6	3.5%	14.9	3.2%	11.2	1.1%
Airbus Defence and Space	32.3	6.8%	35.3	7.7%	37.4	3.8%
Subtotal segmental order backlog	473.0	100%	461.9	100%	999.0	100%
Transversal / Eliminations	(1.5)		(2.4)		(2.1)	
Total	471.5		459.5		996.8	

(1) 2017 figures have not been restated to reflect the application of IFRS 15.

(2) Before "Transversal / Eliminations".

Relationship between Airbus SE and the Company

Airbus SE itself does not engage in the core aerospace, defence or space business of the Company but coordinates related businesses, sets and controls objectives and approves major decisions for the Company. As the parent company, Airbus SE conducts activities which are essential to the Company's activities and which are an integral part of the overall management of the Company. In particular, finance activities pursued by Airbus SE are in support of the business activities and strategy of the Company. In connection therewith, Airbus SE provides or procures the provision of services to the subsidiaries of the Company. General management service agreements have been put in place with the subsidiaries and services are invoiced on a cost plus basis.

For management purposes, Airbus SE acts through its Board of Directors, Executive Committee, and Chief Executive Officer in accordance with its corporate rules and procedures as described below under “— Corporate Governance — 4.1 Management and Control”.

Within the framework defined by Airbus SE, Airbus, each Division, Business Unit and subsidiary is vested with full entrepreneurial responsibility.

1.1.2 Airbus (Commercial Aircraft)

Airbus is one of the world's leading aircraft manufacturers of passenger airliners. In order to help shape the future of air transportation and drive steady growth around the world, Airbus seeks incremental innovative technological solutions and the most efficient sourcing and manufacturing possible – so airlines can grow and people can connect. Airbus' comprehensive product line comprises successful families of jetliners ranging in capacity from 100 to more than 600 seats: the A220 Family; the A320 Family, which is civil aviation's best-selling product line; the A330 Family, including the advanced A330neo; the new-generation widebody A350 XWB; and the double-deck A380. Across its aircraft families Airbus' solutions ensure that aircraft share high commonality in airframes, on-board systems, cockpits and handling characteristics. This significantly reduces operating costs for airlines. See “— 1.1.1 Overview” for an introduction to Airbus.

Airbus' global presence includes activity in Europe (France, Germany, Spain and the UK), as well as in Canada, and more globally at 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. Airbus also has engineering and training centres in Toulouse, Miami, Mexico, Wichita, Hamburg, Bangalore, Beijing and Singapore, as well as an engineering centre in Russia. There are also hubs and field service stations around the world. Airbus also relies on industrial co-operation and partnerships with major companies and an extensive network of suppliers around the world.

Strategy

Airbus' primary goal is to deliver strong results in a sustained manner, while commanding a further increased share of the worldwide commercial aircraft market over the long-term and expanding its customer services offering. To achieve these goals, Airbus is actively:

Developing the Most Comprehensive Line of Products in Response to Customer Needs

Airbus continuously seeks to develop and deliver new products to meet customers' evolving needs, while also improving its existing product line. Programme highlights for 2019 included:

- launch of increased range capability for the A220 to over 6,000 km from 2021;
- first flight of the ACJ319neo in April;
- delivery of the 12,000th Airbus aircraft in May;
- launch of the A321XLR variant to meet the needs of the rapidly developing mid-capacity, mid-range market;
- launch of high-density A330neo variant, offering over 440 seats;
- delivery of the first A350-900 Domestic variant;
- delivery of the 1,000th A320neo Family aircraft in October.

To support the A350 XWB ramp-up and other production increases, a new super transporter has been developed, with the first of six Beluga XL aircraft entering into service in January 2020.

Airbus remains at the forefront of the industry by expanding its customer services offering – see Customer Services.

Building a Leaner, More Fully Integrated Company

In order to build a leaner, more fully integrated company and thereby bolster its competitiveness, Airbus is adapting its organisation to foster an entrepreneurial spirit and empower more teams, while maintaining harmonised processes across all sites. For series programmes, additional responsibilities and means have been delegated to plants for delivery at increased rates. Airbus also has become a more integrated company, working towards one common culture across its global workforce, as well as aligning processes and planning with the global supplier base.

Market

Market Drivers

The main factors affecting the commercial aircraft market include passenger demand for air travel, cargo activity, economic growth cycles, oil prices, national and international regulation (and deregulation), the rate of replacement and obsolescence of existing fleets and the availability of aircraft financing sources. The performance, competitive posture and strategy of aircraft manufacturers, airlines, cargo operators and leasing companies as well as wars, political unrest, pandemics and extraordinary events may also precipitate changes in demand and lead to short-term market imbalances.

According to internal estimates, demand for 39,200 passenger and freight aircraft is forecast in the next 20 years with Asia-Pacific accounting for over 40% of deliveries. In recent years, China and India have emerged as significant new aircraft markets. As a result, Airbus has sought to strengthen its commercial and industrial ties in these countries.

The no-frills / low-cost carriers also constitute a significant sector, and were expected at the end of 2019 to continue growing around the world, particularly in Asia, where emerging markets and continued deregulation could provide increased opportunities. While single-aisle aircraft continue to be a popular choice for these carriers, demand for Airbus' range of twin-aisle aircraft may also increase as some of these carriers develop or further develop their long-range operations.

In addition to these market drivers other factors can serve to constrain growth. These include but are not limited to infrastructure constraints, slot availability at some airports and pilot availability. These particular constraints are often limited to specific markets or regions.

Overall growth. The long-term market for passenger aircraft depends primarily on passenger demand for air travel, which is itself primarily driven by economic or GDP growth, trade, fare levels and demographic growth. Measured in revenue passenger kilometres, air travel increased in every year from 1967 to 2000, except for 1991 due to the Gulf War, resulting in an average annual growth rate of 7.9% for the period. Demand for air transportation also proved resilient in the years following 2001, when successive shocks, including 9/11 and SARS in Asia, dampened demand.

At the end of 2008 and in 2009, the financial crisis and global economic difficulties witnessed resulted in only the third period of negative traffic growth during the jet age, and a cyclical downturn for airlines in terms of traffic (both passenger and cargo), yields and profitability. Despite these perturbations, the market recovered, driven by the underlying demand for air transport. After 2009, the industry benefited from a prolonged period of stability which enabled airlines to collectively deliver profitability at historically high levels.

More recently, air travel demand growth had maintained solid momentum despite a certain weakening of the global economic growth at 2.5% in 2019 versus 3.2% in 2018. In 2019, Airbus operated in a challenging macro environment mainly driven by geopolitical instability, uncertainty around Brexit and imposition of tariffs of 10% on Airbus aircraft imported from the European

Union to the US in October 2019. At the end of 2019, world real GDP growth was projected to be at +2.5% in 2020, and forecast to remain positive with +2.7% in 2021 and +2.7% in 2022.

Preliminary figures released in early 2020, by IATA (International Air Transport Association), estimated that some 4.5 billion passengers made use of the global air transport network for their business, tourism needs or for simply visiting friends and relatives (VFR) in 2019. The annual passenger total is estimated to be up 4.0% compared to 2018. World passenger traffic, expressed in terms of total scheduled revenue passenger-kilometres (RPKs), posted an estimated increase of 3.5% for 2019.

Through its analysis Airbus continues to believe in the long term growth potential of our industry. The commercial aviation industry has been resilient to external shocks and traffic has grown 2.5x since 2000. Based on internal estimates, Airbus forecasts a growth rate of 4.3% annually during the period 2019-2038. If the actual growth rate equals or exceeds this level, Airbus expects that passenger traffic, as measured in revenue passenger kilometres, will double in the next 15 years.

Cyclicity. Despite an overall growth trend in air travel, aircraft order intake can vary significantly from year to year and within different regions, due to the volatility of airline profitability, cyclicity of the economy, aircraft replacement waves and occasional unforeseen events which can depress demand for air travel. However, new product offerings and growth across the market has resulted in good levels of order activity in recent years. For example, in 2019, Airbus added 768 net orders to its order book (compared to 747 in 2018).

Despite some cyclicity in airline demand, Airbus aims to secure at least stable delivery rates from year to year, supported by a strong backlog of orders and a regionally diverse customer base. At the end of 2019, the backlog stood at 7,482 aircraft. Through careful backlog management, close monitoring of the customer base and a prudent approach to production increases, Airbus has successfully increased annual deliveries for 17 years running, even through the financial crisis of 2008-2009.

Regulation / Deregulation. National and international regulation (and deregulation) of international air services and major domestic air travel markets affect demand for passenger aircraft. In 1978, the US deregulated its domestic air transportation system, followed by Europe in 1985. The more recently negotiated "Open Skies Agreement" between the US and Europe, which became effective in 2008, allows any European or US airline to fly any route between any city in the EU and any city in the US. Other regions and countries are also progressively deregulating, particularly in Asia. This trend is expected to continue, facilitating and in some cases driving demand. In addition to providing greater market access (which may have formerly been limited), deregulation may allow for the creation and growth of new airlines or new airline models, as has been the case with the no-frills / low-cost airline model, which has increased in importance throughout major domestic and intra-regional markets since deregulation (e.g., in the US and Europe).

Airline network development: “hub” and “point-to-point” networks. Following deregulation, major airlines have sought to tailor their route networks and fleets to continuing changes in customer demand. Accordingly, where origin and destination demand prove sufficiently strong, airlines often employ direct, or “point-to-point” route services. However, where demand between two destinations proves insufficient, airlines have developed highly efficient “hub and spoke” systems, which provide passengers with access to a far greater number of air travel destinations through one or more flight connections.

The chosen system of route networks in turn affects aircraft demand, as hubs permit fleet standardisation around both smaller aircraft types for the short, high frequency and lower density routes that feed the hubs (between hubs and spokes) and larger aircraft types for the longer and higher density routes between hubs (hub-to-hub), themselves large point-to-point markets. As deregulation has led airlines to diversify their route network strategies, it has at the same time therefore encouraged the development of a wider range of aircraft in order to implement such strategies.

Airbus, like others in the industry, believes that route networks will continue to grow through expansion of capacity on existing routes and through the introduction of new routes, which will largely be typified by having a major hub city at least at one end of the route. These new route markets are expected to be well served by the latest product offering, such as the A350 XWB and A330neo. Airbus believes that it is well positioned to meet current and future market requirements given its complete family of products.

Alliances. The development of world airline alliances has reinforced the pattern of airline network development described above. According to data from Cirium, a UK-based aviation industry consultancy, one-third of the world’s jetliner seats being flown today are operated by just 15 airlines. In the 1990s, the major airlines began to enter into alliances that gave each alliance member access to the other alliance members’ hubs and routings, allowing airlines to concentrate their hub investments whilst at the same time extending their product offering and market access.

Market Structure and Competition

Market segments. According to a study conducted by Airbus, some 20,900 passenger aircraft with more than 100 seats were in service with airlines worldwide at the beginning of 2019. Currently, Airbus competes in each of the four principal market segments for aircraft with more than 100 seats.

“Small” aircraft, such as the A220 and A320 Families, having 100 to more than 200 seats, and which are used principally for short-range and medium-range routes of up to 3,000 nautical miles.

“Medium” aircraft typically offering up to 300 seats on routes of up to 5,000 nautical miles. This includes long range versions of the A321 as well as the A330 family.

“Large” aircraft, such as the A350XWB, are wide-body twin-aisle which seat more than 350 passengers on routes of up to 10,000 nautical miles.

Freight aircraft, which form a fourth, related segment, are a combination of new build and converted ex-passenger aircraft.

Converted aircraft are prevalent in the expanding e-commerce market which typically sees relatively low aircraft utilisation. This can provide an economical “second life” for in-service aircraft from the A320 and A330 families. See “— Regional Aircraft, Aerostructures, Seats, Aircraft Conversion and Airbus Canada — EFW”.

Airbus also competes in the corporate, VIP business jet market with the ACJ. Airbus continues to develop corporate jet versions of its modern airliner family, notably the ACJ319neo and ACJ320neo, as well as offering new variants, such as the ACJ330neo and ACJ350 XWB. The increased range of these aircraft extends Airbus’ leadership in cabin comfort to even longer flights.

Geographic differences. The high proportion of single-aisle aircraft in use in both North America and Europe reflects the predominance of domestic short-range and medium-range flights, both from the expansion of the low-cost carrier and particularly in North America due to the development of hubs following deregulation. In comparison with North America and Europe, the Asia-Pacific region uses a greater proportion of twin-aisle aircraft, as populations tend to be more concentrated in fewer large urban centres. The tendency towards use of twin-aisle aircraft is also reinforced by the fact that many of the region’s major airports limit the number of flights, due either to environmental concerns or to infrastructure constraints that limit the ability to increase flight frequency. These constraints necessitate higher average aircraft seating capacity per flight. However, Airbus believes that demand for single-aisle aircraft in Asia will grow over the next 20 years, particularly as domestic markets in China and India and low-cost carriers continue to develop in the region. Aircraft economics will also help to drive aircraft size, with airlines looking to reduce the cost per seat through higher density aircraft cabins and the use of larger aircraft types and variants where possible.

Competition. Airbus has been operating in a duopoly since Lockheed’s withdrawal from the market in 1986 and Boeing’s acquisition of McDonnell Douglas in 1997. As a result, the bulk of the market for passenger aircraft of more than 150 seats have been manufactured by either Airbus or Boeing.

According to the manufacturers’ published figures for 2019, compared to Boeing, Airbus accounted for 69% of total commercial aircraft deliveries, 82% of total gross orders (in units), and 58% of the total year-end backlog (in units). Airbus delivered 863 aircraft in 2019.

Nevertheless, the high technology and high value nature of the business makes aircraft manufacturing an attractive industry in which to participate, and besides Boeing, Airbus faces international competitors. Embraer, (whose commercial aircraft business’ joint venture with Boeing is subject to regulatory approval) who originally was primarily focused on the regional market, has also focused on the development of larger airplanes. Additionally, other competitors from Russia, China and Japan will enter the 70 to 150 seat aircraft market over the next few years, and today are studying larger types.

In October 2017, Airbus SE and Bombardier Inc. agreed to form a partnership in relation to the C Series. Having received all required regulatory approvals, Airbus SE, Bombardier Inc. and Investissement Québec closed the C Series transaction effective on 1 July 2018 and as a result, the Company has

acquired a majority stake in the Airbus Canada Limited Partnership, with C Series subsequently renamed A220. For the latest update, see paragraph 1.3 below.

The partnership brings together two complementary product lines, the A220-100 and A220-300, targeting the 100-150 seat market segment with an addressable market of at least 7,000 new aircraft over the next 20 years in the segments in which they compete.

Airbus Canada benefits from Airbus' global reach, scale, procurement organisation and expertise in selling, marketing and producing the A220. Significant production efficiencies are anticipated by leveraging Airbus' production ramp-up expertise. In August 2019, Airbus officially begun manufacturing the A220 also in Airbus' facility in Mobile, Alabama.

Customers

As of 31 December 2019, Airbus had 421 customers and a total of 20,108 Airbus aircraft had been ordered, of which 12,626 aircraft had been delivered to operators worldwide. The table below shows Airbus' largest commitments in terms of total gross firm orders by customer for the year 2019.

Customer	Firm orders ⁽¹⁾⁽²⁾
Indigo	300
Air Arabia	120
Air France	60
Emirates Airline	50
United Airlines	50
Air Asia X Malaysia	30
Saudia	30
GECAS	25
Accipiter	20
Air China	20
American Airlines	20
Avolon	20
Lufthansa	20
Noirdic Aviation Capital	20
Wizz Air Hungary	20

(1) Options are not included in orders booked or year-end backlog.
 (2) Excludes undisclosed customers.

A220 FAMILY TECHNICAL FEATURES (CURRENT VERSION)

Model	Entry-into-service	Passenger capacity ⁽¹⁾	Range (km)	Length (metres)	Wingspan (metres)
A220-100	2016	116	2,950	35.0	35.1
A220-300	2016	141	3,200	38.7	35.1

(1) Two-class layout.

A320 Family. With more than 15,000 aircraft sold, and nearly 9,350 delivered, the Airbus family of single-aisle aircraft, based on the A320, includes the A319 and A321 derivatives, as well as the corporate jet family (including new members ACJ319neo and ACJ320neo). Each aircraft in the A320 Family shares the same systems, cockpit, operating procedures and cross-section.

Products

The Family Concept — Commonality across the Fleet

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

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

A220 Family. Complementing the A320 Family, the A220-100 and A220-300 models cover the segment between 100 and 150 seats and offer a highly comfortable five-abreast cabin. With the most advanced aerodynamics, carbon fiber reinforced polymer (CFRP) materials, high-bypass engines and fly-by-wire controls, the A220 delivers 20 percent lower fuel burn per seat compared with previous generation aircraft. The type will serve a worldwide market for smaller single-aisle airliners, estimated at least at 7,000 such aircraft over the next 20 years. Airbus manufactures, markets and supports A220 aircraft under the "C Series Aircraft Limited Partnership" (formerly CSALP; Airbus Canada Limited Partnership as of 1 June 2019) agreement, finalised in 2018. Primary competitors to the A220 Family are the Embraer EMB190-E2 and EMB195-E2 and the Boeing 737 Max 7.

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

To ensure this market leader keeps its competitive edge, Airbus continues to invest in improvements across the product line, including development of the A320neo Family. The A320neo incorporates many innovations including latest generation engines, Sharklet wing-tip devices and cabin improvements, which together deliver up to 20% in fuel savings compared with earlier A320 family aircraft. The A320neo received joint Type Certification from the European Aviation Safety Agency (EASA) and the Federal Aviation Administration (FAA) in November 2015. The A320neo with Pratt & Whitney engines was the first variant in the Neo Family to receive Type Certification. The A320neo with CFM engines was certified in May 2016. The A321neo with Pratt & Whitney engines received Joint Type Certification in December 2016 and with CFM engines in March 2017. Type Certification for the A319neo with CFM engines was achieved in December 2018 with the Pratt & Whitney engine variant the following year.

The A320neo Family versions have over 95% airframe commonality with the A320ceo (current engine option) versions, enabling them to fit seamlessly into existing A320 Family fleets – a key factor for Airbus customers and operators.

Further innovation saw Airbus launch the long range A321XLR in 2019, combining single-aisle efficiency with widebody range and comfort.

Since its launch in December 2010, the A320neo Family has received 7,188 firm orders from more than 100 customers, with a total of 1,186 aircraft delivered to the end of 2019. A320neo deliveries commenced in February 2016 followed by the first A321neo in April 2017 and in November 2018 the first A321 LR. Overall, the A320 family retains a 57% share of the backlog against the Boeing 737 Family.

During 2019, Airbus received 796 gross orders for the A320 Family of aircraft and 654 net orders.

A320 FAMILY TECHNICAL FEATURES (CURRENT VERSION)

Model	Entry-into-service	Passenger capacity ⁽¹⁾	Range (km)	Length (metres)	Wingspan (metres)
A318	2003	107	5,750	31.4	34.1
A319	1996	124	6,950 ⁽²⁾	33.8	35.8
A320	1988	150	6,100 ⁽²⁾	37.6	35.8 ⁽³⁾
A321	1994	185	5,950 ⁽²⁾	44.5	35.8 ⁽³⁾
A319neo	2020	140	6,950	33.8	35.8
A320neo	2016	165	6,500	37.6	35.8
A321neo	2017	206	7,400	44.5	35.8
A321XLR		206	8,700	44.5	35.8

(1) Two-class layout.

(2) Range with sharklets.

(3) Wingspan with sharklets.

A330 Family. With 1,823 aircraft sold (of which 337 A330neo) and 1,492 delivered, the A330 Family covers all market segments with one twin-engine aircraft type and is designed to typically carry between 250 and 300 passengers in 3-class configurations or over 400 passengers in high-density. The A330 Family offers high levels of passenger comfort as well as large under-floor cargo areas. The aircraft is also offered as a cargo variant and as a military platform. The competitors of the A330 Family are the Boeing 767, 777 and 787 aircraft series.

The newest evolution to the A330 Family is the A330neo (new engine option), comprising the A330-800neo and A330-900neo versions. These aircraft incorporate latest generation Rolls-Royce Trent 7000 engines and enhanced aerodynamics for improved

fuel efficiency. The first flight took place in October 2017 and both Type Certification and first delivery were achieved in 2018, with TAP taking delivery of its first three A330-900s during the year. The final assembly of the A330-800 started in November 2017 and the aircraft performed its first flight on 6 November 2018.

Airbus is continuously developing the A330 Family to keep the aircraft at the leading edge of innovation and from 2020, versions of the A330neo will offer increased take-off weight of up to 251 tonnes, offering a 15,000 km range for the A330-800.

In 2019, Airbus received 104 gross orders (89 net) for the A330neo Family of aircraft, and delivered 41 A330neo aircraft plus 12 A330ceo totaling 53 aircraft to customers.

A330 FAMILY TECHNICAL FEATURES (CURRENT VERSION)

Model	Entry-into-service	Passenger capacity ⁽¹⁾	Maximum range (km)	Length (metres)	Wingspan (metres)
A330-200	1998	247	13,450	58.8	60.3
A330-300	1994	277	11,750	63.7	60.3
A330-800neo		257	13,900	58.8	64
A330-900neo	2018	287	12,130	63.7	64

(1) Three-class configuration.

A350 XWB Family. The A350 XWB is a family of wide-body aircraft, designed to accommodate between 325 and 400 passengers. The A350 XWB features a wider fuselage than that of competing new generation aircraft, Rolls-Royce Trent XWB engines, A380 systems technology and over 50% composite material. The A350 XWB's main competitors are the Boeing 787 and 777 aircraft series.

With the Ultra-Long Range (ULR) version of the A350-900 launched in 2015, the A350 XWB demonstrates its versatility by offering the capability to perform flights of up to 19 hours. The first

A350-900 ULR was delivered in September 2018 to Singapore Airlines. Highlighting the type flexibility, Airbus delivered the first A350-900 Domestic to Japan Airlines during 2019.

Airbus has also developed the larger A350-1000, which is now certified by EASA and the FAA and was delivered to its first customer in February 2018.

In 2019, Airbus received 113 gross orders for the A350 XWB Family (32 net), and delivered 112 aircraft, achieving the target rate of about 10 aircraft per month by the end of the year.

A350 XWB FAMILY TECHNICAL FEATURES

Model	Entry-into-service	Passenger capacity ⁽¹⁾	Maximum range (km)	Length (metres)	Wingspan (metres)
A350-900	2014	325	15,000	66.8	64.8
A350-1000	2018	366	15,557	73.8	64.8

(1) Three-class layout.

A380. The double-deck A380 is the world's largest commercial aircraft flying today. Its cross-section provides flexible and innovative cabin space, allowing passengers to benefit from wider seats, wider aisles and more floor space, tailored to the needs of each airline. Carrying 575 passengers in a comfortable four-class configuration and with a range of 8,000 nm / 14,800 km, the A380 offers superior economic performance, lower fuel consumption, less noise and reduced emissions.

In 2019, Airbus Commercial Aircraft delivered 8 aircraft.

In February 2019, following a review of its operations, and in light of developments in aircraft and engine technologies, Emirates announced the intention to reduce its A380 orderbook from 162 to 123 aircraft. As a consequence and given the lack of order backlog with other airlines, Airbus will cease deliveries of the A380 in 2022.

A380 TECHNICAL FEATURES

Model	Entry-into-service	Passenger capacity ⁽¹⁾	Maximum range (km)	Length (metres)	Wingspan (metres)
A380-800	2007	575	14,800	72.7	79.8

(1) Four-class layout.

Customer Services

Airbus targets to remain at the forefront of the industry by expanding its customer services offering to meet customers' evolving needs. As a result, Airbus is developing a wide range of customer centric and value-added services. This approach provides Airbus operators with solutions to significantly reduce their operating costs, increase aircraft availability, enhance the quality of their operations and passenger experience.

operators are covered by 17 Hubs. Airbus worldwide support is also based on an international network of 69 locations all around the world, including 18 training locations, 6 FHS (Flight Hour Services) pools and 10 spares warehouses.

Customer Services' primary role is to support its customers in operating their Airbus fleet safely and profitably and to the satisfaction of passengers all around the world. As a result of its continued growth, Airbus' customer base has increased consistently over the past years reaching more than 11,000 aircraft in operation by the end of 2019 operated by more than 450 operators. The fleet is maintained by more than 200 Maintenance and Repair Organisations (internal and external to Airbus).

As the worldwide fleet is growing (to an estimated 15,000 aircraft by 2025), so is the demand in the services market. At the same time customers expect an increased service level. Airbus offers optimised aircraft operational availability, streamlined flight operations and enhanced passenger experience by covering the full aircraft lifecycle and focusing on adding value to its customers. Growing fast on the market with organic growth, JVs, co-developments and acquisitions in recent years, here are some examples:

A worldwide network of more than 7,250 people (including subsidiaries) cover all areas of support from technical engineering / operational assistance and spare parts supply to crew and maintenance training. Hundreds of technical specialists provide Airbus customers with advice and assistance 24 hours a day, 7 days a week. There are 151 field service stations available worldwide for on-site assistance to 180 of our operators, 189

- in 2016, full acquisition of Navtech, now re-named Navblue, offering products in the Flight Operations area and Air Traffic Management area;
- in 2017, full acquisition of Sepang Aircraft Engineering (SAE), an MRO centre based in Kuala Lumpur, Malaysia, that had been partially owned by Airbus since 2011;
- launch of Airbus Interiors Services (2017) specialised in timely and flexible solutions for cabin equipment;
- the Airbus MRO alliance was launched in 2017 and now counts 6 affiliated members with a specific focus on the Asia Pacific Region to accompany the strong market growth in this region;

- the Airbus Training network currently counts 18 training network locations around the world; the latest acquisition being a flight training center in Santiago de Chile (December 2019) with SKY (a Chilean-based low-cost carrier) as launch customer for the new Airbus Chile Training Centre;
- in December 2018, Airbus and the French Civil Aviation University, ENAC, have obtained EASA certification for a co-developed Ab-initio Pilot Cadet Training Programme. The first cadets are now trained according to this programme in ab-initio flight schools Escuela de Aviacion Mexico (EAM) in Mexico City and more recently the Airbus Flight Academy Europe (in Angoulême, France), thus contributing to meeting the need for new pilots in the next 20 years;
- acquisition of a start-up - VRnam - to boost innovation for flight training through virtual reality.

Airbus' worldwide support is also based on an international network of support centres, training centres and spares warehouses all around the world, offering customers the solutions they need close to their operational base. To ensure this proximity Airbus empowered local teams and developed hubs in the regions, most recently in Asia, China, Africa and Middle East.

Since the launch of Skywise at Le Bourget in 2017, Airbus has accelerated with its digital transformation. In October 2018, Airbus created the Skywise campus – “a place to foster internal and external collaboration” – and developing new ways of working, with customers at the heart of each service, to offer the best value proposition across the full lifecycle, securing and optimising their operations end-to-end, providing tailored solutions that deliver impactful outcomes and enhancing the user's experience all along the way.

Skywise brings all the ecosystem data to a single platform. More than 100 airlines are now connected to the Skywise platform, representing a potential of over 9,000 aircraft of which approximately one third are not Airbus aircraft.

Leveraging on Skywise digital capabilities, Airbus' Customer Services portfolio offer is evolving to provide the best and most efficient solutions available on the market:

- launch of Skywise Reliability Services (October 2018);
- launch of Skywise Predictive Maintenance (October 2018);
- launch of “FHS (Flight Hour Services) powered by Skywise” enhancing the existing FHS offering to improve aircraft availability while optimising resources utilisation and components inventory (June 2019);
- launch of Skywise Digital Alliance (October 2019): Airbus will form an alliance with Delta Airlines to experiment, develop and market new predictive maintenance cross-fleet solutions. The Alliance is open to receive other members from airlines and systems OEMs.

Preparing the future, Airbus Services is on a continuing growth pattern and on track to achieve the US\$ 10 billion revenues ambition announced at the Farnborough 2018 Airshow.

Customer Finance

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

Extension of credit or assumption of exposure is subject to corporate oversight and monitoring, and follows strict standards of discipline and caution. Airbus' dedicated customer finance team has accumulated decades of expertise in aircraft finance. When Airbus finances a customer, the financed aircraft generally serves as collateral, with the engine manufacturer participating in the financing. These elements assist in reducing the risk borne by Airbus. The difference between the gross exposure resulting from the financing and the collateral value is fully provisioned for (for further information, please refer to the “— Notes to the IFRS Consolidated Financial Statements — Note 27: Sales Financing Transactions”). Airbus' customer financing transactions are designed to facilitate subsequent sell-down of the exposure to the financial markets, third-party lenders or lessors.

In 2019, Airbus continued to benefit from market appetite for both aircraft financing and sale and leaseback lessor opportunities, supported by a high level of liquidity available in the market at good rates for Airbus aircraft. Airbus customer financing exposure remained limited in 2019 and decreased compared to 2018. Airbus will continue to provide direct aircraft financing support as it deems necessary. Management believes, in light of its experience, that the level of provisioning protecting Airbus from default costs is adequate and consistent with standards and practice in the aircraft financing industry. See “— Risk Factors – Financial Market Risks – Sales Financing Arrangements”.

Asset Management

The Asset Management department was established in 1994 to manage and re-market used aircraft acquired by Airbus, originally as a result of customer bankruptcies, and subsequently in the context of certain buy-back commitments. The department operates with a dedicated staff and manages a fleet comprised of used aircraft across a wide range of models. Through its activities, the Asset Management department helps Airbus to respond more efficiently to the medium- and long-term fleet requirements of its customers.

Its key roles comprise commercial, technical and financial risk management of its used aircraft portfolio, as well as the enhancement of all Airbus products' residual value.

It also provides a full range of remarketing services, including assistance with entry-into-service, interior reconfiguration and maintenance checks. Most of the aircraft are available to customers for cash sale, while some can also be offered on operating lease. In the latter, the Airbus Asset Management team aims at eventually selling down the aircraft with lease attached to further reduce its portfolio exposure.

Operations

Industrial Organisation

Airbus' industrial organisation reflects the end-to-end industrial flow in single-aisle and widebody value streams respectively. Production flows from the supply chain, through constituent and major component (wing, forward and aft fuselage, and nose and centre fuselage) assembly through to final assembly in Toulouse, Hamburg, Tianjin and Mobile. Aircraft are then handed over to programme management for delivery to customers. The industrial flow is secured by Quality and enabled by Procurement as well as four transverse functions responsible

to provide the skills, standards and services necessary for (1) smooth industrial planning, logistics and transport, (2) integrated manufacturing engineering, (3) eradication of non-quality, and (4) highest operational excellence and sound performance management.

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

In 2019 all new aircraft developments and major modifications benefited from the largely deployed Advanced Production Quality Planning (APQP) method across Airbus and at suppliers. The Quality First initiative launched in the second half of 2019 in Hamburg, with a strong focus on standards and quality gate adherence will be further deployed along the value streams in 2020. The Quality function ensured the granting in 2019 of all necessary EASA certification, POA, DOA, MOA and EN9100 accreditations through compliance to our internal standards and processes and associated audits.

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

2019 delivery performance and rate evolution:

- A220 family: 48 A220 delivered. Ramp-up to a maximum target rate of 14 A220 per month by mid-decade;
- A320 family: record deliveries of 642. Rate 63 per month targeted in 2021;
- A330: 53 deliveries achieved;
- A350: record deliveries of 112, production ramp-up accomplished in 2019;
- A380: 8 deliveries achieved, preparation for end of production.

Engineering

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

A key part of the Airbus engineering organisation is the architect and integration centre, which ensures, together with a team of senior aircraft architects and the programme chief engineers, that a consistent and multi-disciplinary approach is applied during aircraft development.

Research & Technology activities continue to deliver incremental innovations for existing aircraft, matured breakthrough technologies, with reinforced focus on industrial aspects. Airbus Engineering is a major contributor to numerous international initiatives dedicated to the preservation of the environment and the reduction of noise and CO₂ emissions. Fully integrated change projects are also implemented to continuously implement innovative and efficient ways of working.

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

ATR

ATR (*Avions de Transport Régional*) is a world leader in the market for regional aircraft up to 90 seats. Its aircraft has over 200 operators in more than 100 countries. ATR is an equal partnership between Airbus and Leonardo, with Airbus' 50% share managed by Airbus. Headquartered in Toulouse, ATR employs more than 1,400 people. Since the start of the programme in 1981, ATR has registered net orders for 1,765 aircraft (507 ATR 42s and 1,258 ATR 72s).

In 2019, ATR delivered 68 new aircraft (compared to 76 in 2018) and recorded net firm orders for 48 new aircraft (compared to 46 in 2018), including orders from Nordic Aviation Capital (NAC). As of 31 December 2019, ATR had a backlog of 185 aircraft (compared to 205 in 2018).

By the end of 2019, ATR had delivered 1,580 aircraft.

Products and Services

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

ATR is entering the cargo market by launching the ATR 72-600F (Freighter) with a brand new windowless fuselage, a forward Large Cargo Door (LCD) and a rear upper hinged cargo door. The ATR 72-600F will enter into service in 2020. The Company's aircraft family is also being extended with the brand new addition of the 42-600S. With the "S" representing Short Take-Off and Landing (STOL), this new version of the ATR 42-600 offers take-off and landing capabilities on runways as short as 800m with 40 passengers on board in standard flight conditions. Its entry into service is scheduled for 2022.

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

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

Production

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

STELIA Aerospace

STELIA Aerospace is a wholly-owned subsidiary of Airbus and offers global solutions for aeronautical manufacturers and airlines supported by its aerostructure, tubes and ducts, cabin interior and pilot seat branches.

As one of the world leading tier-1 aerostructure suppliers, STELIA Aerospace designs, develops, manufactures and industrialises workpackages and fully equipped and tested aircraft sections for civil and military programmes.

STELIA Aerospace is a global partner for major aeronautical players worldwide, such as Airbus, ATR, or Bombardier Aerospace.

With more than 7,000 employees worldwide based mainly in France, Canada, Morocco and Tunisia, STELIA Aerospace has a wide range of capabilities, from Build-to-Print to Design & Build solutions, including mechanical milling of rolled and stretched panels.

STELIA Aerospace designs, develops and manufactures bended and welded tubes and ducts covering all ATA systems.

Through its cabin interior specialty, STELIA Aerospace designs and manufactures luxury First Class and Business Seats for key partners in the world including Etihad Airways, Singapore Airlines or Thai Airways.

By combining innovative materials and technology with a drive to improve the passenger experience, STELIA Aerospace has created an outstanding range of seats used in civil aircraft globally.

STELIA Aerospace – a joint world leader Pilot seats manufacturer – provides cockpit and pilot seats for all kinds of aircraft, and offers support from design to production, including after-sales service.

As part of its development strategy, STELIA Aerospace has established a new subsidiary in Portugal. STELIA Portugal was founded end of 2019 and should start operations in 2020, enabling STELIA Aerospace to continue to support its customers ramp-up needs with additional production capacity.

Premium AEROTEC

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

Its core business is the development and production of large aircraft components from aluminum, titanium and carbon fiber composites (CFRP). Premium AEROTEC is Europe's no. 1 in this segment with roughly 9,000 employees at various sites in Germany and Romania. Premium AEROTEC is represented by its products in all Airbus commercial aircraft programmes. The current military programmes include the Eurofighter "Typhoon" and the military transport aircraft A400M.

Besides main customer Airbus, Premium AEROTEC will further intensify business with other customers and actively approach other aircraft or structural manufacturers. Premium AEROTEC is also striving to expand its maintenance, repair and spare parts business.

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

Elbe Flugzeugwerke GmbH – EFW

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

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

Airbus Canada Limited Partnership

Airbus Canada Limited Partnership ("Airbus Canada") has been established on 1 July 2018 following the transaction between Airbus, Bombardier and Investment Quebec. At the end of 2019, Airbus Canada shareholding structure was 50.26% Airbus, 33.72% Bombardier and 16.02% Investment in Quebec. At the end of 2019, Airbus Canada had over 2,700 employees. For the latest update, see section 1.3 below.

In 2019, Airbus Canada has delivered 48 aircraft, compared to 20 aircraft in 2018 (from 1 July 2018). Airbus Canada has a backlog of 495 aircraft (600 orders – 105 deliveries in total as of December 2019).

Airbus Canada Products

Airbus Canada has developed a family of all-new design efficient aircraft with two products: the A220-100 and the A220-300, launched by Bombardier before the establishment of Airbus Canada. The A220-100 is a solution for opening new routes with urban and challenging operations. The A220-100 has a capacity between 100 and 135 passengers and a range of 6,300 km. The A220-300 is well suited to be one of the best network feeder. The A220-300 has a capacity between 130 and 160 passengers and a range of 6,200 km. From the creation of Airbus Canada until the end of December 2019, 68 A220 were delivered.

Airbus Canada Industrial Footprint

A220 final assembly line is in Mirabel. In 2019, the A220 has also begun to be manufactured in a new final assembly line in Mobile, for delivering to our American customers. The first A220 delivery from Mobile is expected in Q3 2020.

1.1.3 Helicopters

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

Strategy

Business Ambition

Airbus Helicopters continues to execute its ambition to lead the helicopter market, build end-to-end solutions and grow new VTOL businesses, while being financially sound.

The strategic priorities of Airbus Helicopters are:

- *Business Resilience*: Airbus Helicopters' challenge will be the preservation of its resilience in terms of growth, profitability and robustness of its business model for both helicopters and new VTOLS;
- *Customer Loyalty*: Airbus Helicopters continues to offer the best in class products and services to grow in the value chain of its customers and continuously improve customer satisfaction;
- *Future Growing Markets*: Airbus Helicopters continues to develop partnerships and governmental cooperation to reinforce its positioning on the market and influence legislation impacting the helicopters business;
- *Innovation*: Airbus Helicopters continues to build an innovative eco-system, develop demonstrators and deploy platforms and services.

Transformation

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

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

Commitment to Innovation

After accumulating around 1,500 flight hours, the H160 flight test aircraft have finished the last of the certification flight tests. The prototypes are now being used to develop the specific and optional equipment required for the many missions the H160 will address in the years following its entry into service in 2020 (e.g., emergency medical services, private and business aviation, oil and gas transportation, search and rescue).

The H160 aircraft are also continuing the “Operator Zero” campaign, designed to fine-tune the maintenance plan and associated work cards, 3D technical publication, and tooling to ensure a smooth entry into service for this comfortable, next-generation, urban-friendly helicopter.

The HIL programme, for which the Airbus Helicopters' H160 was selected in 2017, was initially scheduled for launch in 2022 by the current military budget law. Launching the programme earlier will enable delivery of the first H160Ms to the French Armed Forces to be advanced to 2026. The H160 was designed to be a modular helicopter, enabling its military version, with a single platform, to perform missions ranging from commando infiltration to air intercept, fire support, and anti-ship warfare in order to meet the needs of the army, the navy and the air force through the HIL programme.

The new five-bladed H145 is on track for EASA and FAA certification in 2020. To ensure these certifications, two five-bladed prototypes have clocked more than 400 flight hours in extensive flight test campaigns in Germany, France, Spain, Finland, and in South America. First deliveries of the new H145 are scheduled for the second half of 2020, for EMS, parapublic and VIP customers. The helicopter features an innovative, five-bladed bearingless rotor that increases the useful load by 150 kilograms (330 pounds), while also offering crew and passengers a smoother ride and more comfort on-board the helicopter.

Airbus Helicopters has simultaneously been focusing on long term innovation in order to develop and mature the technobricks (e.g., autonomy, electrification, connectivity) that might benefit the “traditional” helicopter platforms of tomorrow as well as new VTOL architectures such as high-speed helicopters (Racer), eVTOL (CityAirbus) or unmanned platforms (VSR700). The light helicopter demonstrator research programme, announced at the Paris Air Show last year, in conjunction with the French Ministry of Transport (DGAC) will deliver new standards in terms of safety by providing pilots of single-engine rotorcraft more flexibility to perform autorotation in case of an engine shutdown thanks to an electrical back-up system. Further evolutions of the same technology could also pave the way to a significant reduction in fuel consumption and sound levels.

The VSR700 is a fully-fledged unmanned aerial system, capitalising on Airbus Helicopters' extensive experience of advanced autopilot systems and engineering expertise to provide modern militaries with new capabilities. It offers the best balance of payload capability, endurance and operational cost. It is capable of carrying multiple full-size naval sensors for extended periods and can operate in existing ships, alongside a helicopter, with a low logistical footprint. The first flight of the VSR700 prototype took place on 8 November 2019 and was a major milestone for the programme as progress is made on the operational demonstrator for the French Navy that will perform trials in 2021 in partnership with Naval Group.

Airbus Helicopters is also actively involved in Urban Air Mobility (UAM) via several commercial projects, CityAirbus and Racer. Airbus Helicopters has furthermore partnered with EASA to explore to harness their respective experience and know-how to bring the next generation of VTOL platforms to life, along with the necessary regulatory framework to support them.

Focusing on Customers

Airbus Helicopters' top priority from a customer support and service perspective is to ensure its work results in the best customer experience possible. In 2019, the Division focused on digitisation, analytics and integrated global contracts, such as HCare Smart and HCare Infinite, as key ways to help customers increase availability and mission success, optimise their costs, lower the maintenance burden, and enhance the safety of their aircraft.

With customers at various stages of the digitisation journey, Airbus Helicopters has invested in new services that help operators make the most of their data. These range from setting up the basics of a paperless organisation, to capturing and storing the rich troves of data generated by each flight or activity, to then applying data analytics for better decision-making. By the end of 2019, around 1,000 helicopters were sharing data with Airbus Helicopters. Likewise, the number of helicopters covered by an HCare Smart or Infinite contract increased by approximately 10%, with around 95% of HCare Smart parts-by-the-hour and full-by-the-hour customers opting to extend their contracts with Airbus Helicopters.

Delivering Safety

Airbus Helicopters' chief priority is to enhance flight safety for the thousands of men and women around the world who are transported in its aircraft every day. It is envisaged to, by 2028, reduce by 50% the accident rate and have no technical contribution to accidents. Airbus Helicopters also aims to be the forerunner of Product & Operational Aviation Safety breakthrough.

In order to achieve these goals, Airbus Helicopters strives to:

- define and develop new safety measures and initiatives to support the safe operation of its aircraft by customers;
- introduce design changes for all families of helicopters with a strong emphasis on safety criteria and leveraging big data to detect weak signals.

This commitment to safety is also reflected across all divisional internal activities involving the lifecycle of a helicopter, with focus on meeting industry quality and safety standards with an emphasis on safety culture development.

Market Drivers

According to market forecasts produced by Airbus Helicopters, around 22,000 civil helicopters and 14,000 military helicopters are expected to be built globally over the next 20 years. Overall, the global helicopter market is still evolving in a challenging environment.

Helicopters sold in the civil and parapublic sector, where Airbus Helicopters is a leader, provide transport for private owners and corporate executives, offshore oil operations, diverse commercial applications and state agencies, including coast guard, police, medical and fire-fighting services. Thanks to its existing mission segment diversity, the helicopter market (both Platforms and Services activities) is expected to be resilient through the coming decade, even though one of the key segments, Oil & Gas (in value), continues to experience challenging conditions. Airbus Helicopters expects market to remain challenging in the short term but believes that the demand over the next 20 years will be driven by large replacement needs from advanced economies

and by growth from emerging countries (especially in Asia still largely under equipped). Airbus Helicopters' market data indicates that in 2019, worldwide deliveries of civil and parapublic turbine helicopters of five seats and above stood at ~450 units. Demand for military helicopters and related services is mainly driven by budgetary and strategic considerations, and the need to replace ageing fleets. Airbus Helicopters believes that the advanced age of current fleets, the emergence of a new generation of helicopters equipped with integrated systems and the ongoing introduction of combat helicopters into many national armed forces will contribute to increased military helicopter procurement in the medium term. Nevertheless, demand from the military sector has historically been subject to large year-to-year variations due to evolving strategic considerations, and may be limited, due to budgetary constraints on public spending in some regions like Western Europe and Middle East, while other regions like Asia Pacific or Eastern Europe are expected to continue to grow. Despite recent threats and a growing geopolitical instability, which has accelerated military spending and a reassessment of defence budgets, the military market is still low in 2019. Economic difficulties (*i.e.* low commodities prices), saturation of the Western countries markets as well as priorities given to operational needs (*e.g.*, spare parts, availability improvement) have resulted in a decrease for all mission segments. According to Airbus Helicopters' market data, worldwide deliveries of military turbine helicopters have decreased to 560 units in 2019.

Competition

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

The civil and parapublic sector has seen more local competitors in recent years (China, India, Japan, South Korea, Turkey). Airbus Helicopters has maintained its leading market share (in bookings of 2.0t helicopters and five seats and above), in a low market, with 60% in unit in 2019, followed by Leonardo and Bell with respectively 16% and 11%.

Airbus Helicopters' main competitors in the military sector are Sikorsky, Boeing and Russian Helicopters, thanks to large captive market and strong political support for export.

The military sector is highly competitive and is characterised by major restrictions on foreign manufacturers' access to the domestic defence bidding process (*i.e.* USA, China, Russia). Thanks to major military campaigns (NH90, H225 and H145M), in 2019 Airbus Helicopters maintained a market share in this sector of 13%. The Division will continue to focus on large military campaigns in 2020.

Customers

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

With 54% of the worldwide market share-based on deliveries in 2019, the versatility and reliability of Airbus Helicopters products have made them the preferred choice of the most prominent civil and parapublic customers (turbine helicopters of five seats and above).

Products and Services

Airbus Helicopters offers a complete range of helicopters that covers nearly the entire civil and military market spectrum, which it continuously improves with leading-edge technologies. This product range includes single-engine, light twin-engine,

medium and medium-heavy helicopters, and is based on a series of new-generation platforms designed to be adaptable to both military and civil applications. In addition, products share multiple technical features as part of a family concept approach.

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

Helicopter Type	Primary Missions
Single Engine ("Ecoureuil" family)	
H125 "Ecoureuil" / H125M "Fennec"	Public Services ⁽¹⁾ , Military Utility ⁽²⁾ & Armed Reconnaissance, Corporate / Private, Commercial Pax Transport & Aerial Work
H130	Commercial Pax Transport & Multipurpose, Emergency Medical, Tourism, Corporate / Private
Light Twin Engine	
H135 / H135M	VIP, Military Utility & Armed Reconnaissance, Emergency Medical, Public Services ⁽¹⁾
H145 / LUH (UH-72) / H145M	VIP, Military Utility ⁽²⁾ , Emergency Medical, Public Services ⁽¹⁾
Medium ("Dauphin" family)	
AS365 "Dauphin" / AS565 "Panther"	Military Naval Warfare Mission & Maritime Security, Public Services ⁽¹⁾ (in particular Coast Guard & SAR), Oil & Gas, Commercial Pax Transport & Multipurpose
H155	Corporate / Private, VIP, Oil & Gas, Public Services ⁽¹⁾
H160	Corporate / Private, VIP, Oil & Gas, Public Services ⁽¹⁾
H175	Corporate / Private, VIP, SAR, Emergency Medical, Public Services ⁽¹⁾ , Oil & Gas
Medium-Heavy	
H215 "Super Puma" / H215M "Cougar"	Civil Utility, Military Transport / SAR, Oil & Gas
H225 / H225M	SAR, Combat-SAR, Military Transport, Oil & Gas, VIP, Public Services ⁽¹⁾
NH90 (TTH / NFH)	SAR, Military Transport, Naval
Attack	
Tiger	Combat, Armed Reconnaissance / Escort

(1) Public Services includes homeland security, law enforcement, fire-fighting, border patrol, coast guard and public agency emergency medical services.

(2) Civil Utility includes different kinds of commercial activities such as aerial works, electrical new gathering (ENG), passenger and cargo transport.

Civil Range

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

- certification of the H160, which performed its first serial flight in December 2018;
- improvement of the existing range (i.e. H145 D3) in the field of performances and safety in order to meet customer's requirements;
- preparing the future H generation with major upgrades and new products pursuing a fast-paced product range renewal.

Military Range

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

Designed for modern multi-mission capabilities and cost effectiveness throughout its lifecycle, the NH90 has been developed as a multi-role helicopter for both tactical transport

(TTH) and naval (NFH) applications. The programme, mainly financed by the governments of France, Germany, Italy and the Netherlands, has been jointly developed by Airbus Helicopters, Leonardo of Italy and Fokker Services of the Netherlands as joint partners in NATO Helicopter Industries ("NHI") in direct proportion to their countries' expressed procurement commitments. Airbus Helicopters' share of NHI is 62.5%. There were 32 NH90 deliveries in 2019, for a cumulative total of 412 deliveries as of the end of 2019. The NH90 fleet has accumulated ~230 000 flight hours.

The Tiger combat attack helicopter programme includes four variants based on the same airframe: the HAP (turreted gun, rockets and air-to-air missile); the UHT (antitank missile, air-to-air missile, axial gun and rockets); the ARH (antitank missile, turreted gun and rockets); and the HAD (antitank missile, air-to-air missile, turreted gun, rockets and upgraded avionics and engines) Overall in 2019, 4 Tigers were delivered, for a cumulative total of 184 deliveries by year-end. The Tiger fleet has accumulated more than 136,000 flight hours.

Airbus is also a major contractor to the US Army, having been chosen to supply the service's UH-72A Lakota helicopter. As of 1 January 2020, 468 aircraft had been delivered to the US Department of Defense for operation by US Army and Army National Guard units, the Navy and foreign military sales buyers.

Customer Services

With more than 3,000 operators in over 150 countries, Airbus Helicopters has a large fleet of some 12,000 in-service rotorcraft to support. As a result, customer service activities to support this large fleet generated 43% of Airbus Helicopters' revenues for 2019.

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

Industrial Strategy

Implementing a new industrial model is one of the fundamental components of the Division transformation, enabling it to be more competitive, by controlling costs, while meeting the highest requirements in terms of quality and safety. The 3 pillars of the new industrial model are site specialisation, a new industrial architecture, and the deployment of flexible assembly lines.

Specialised sites contribute to anchoring quality and safety fundamentals while boosting Airbus Helicopters' competitiveness. Like many manufacturers, one of the objectives is to produce each helicopter sub-assembly at a dedicated site. This means that the

production sites are focused either on manufacturing operations with high added value or with a specific technological content. A good example of this transformation is the Paris-Le Bourget site, where all of Airbus Helicopters' blade design, industrialisation and production activities will be concentrated. The specialisation of these sites makes it possible to avoid the duplication of skills and industrial means.

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

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

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

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

1.1.4 Defence and Space

Airbus Defence and Space develops, produces and maintains cutting-edge products, systems and services, enabling governments, institutions and commercial customers to protect people and resources.

Airbus Defence and Space is organised in four Programme Lines: Military Aircraft; Space Systems; Connected Intelligence; and Unmanned Aerial Systems, which focus respectively on the following key activities:

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

Strategy

The strategic ambition of Airbus Defence and Space is to shape and deliver the future of European Air and Space and become one of the world's leading providers of smart aerospace and defence solutions.

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

- **Defence:** Airbus Defence and Space is leveraging momentum in Franco-German cooperation and pursuing new European programme opportunities as it works to deliver its vision for Future Air Power. Key opportunities include FCAS, Eurodrone, Maritime Airborne Warfare System, special mission aircraft, and space situational awareness initiatives, among others. The Division is concurrently working to shape and address future secure, upgradeable, and dynamic network and Command and Control architecture requirements while continuing to evolve existing platforms and capabilities (e.g., Eurofighter Typhoon, A330 MRTT, A400M, C-295, predictive aircraft maintenance) for long-term competitiveness and value to future force structures;
- **Space:** Airbus Defence and Space will leverage its position as Europe's space leader to drive market competitiveness, working with European governments and institutions to ensure the long-term health of the entire European space industrial base. In tandem, Airbus Defence and Space will evolve its product portfolio (e.g., equipment, satellites, vehicles and infrastructure) and take a targeted approach to international expansion. In parallel, Airbus Defence and Space is developing end-to-end solutions and accelerating new products and services to strengthen its position across the space value chain;

– **Digital Services and Secure Connectivity:** Digital transformation and digital platforms will be a key enabler to unlocking greater value from our portfolio while providing new data-driven services and business models. The division will provide imagery intelligence, aircraft in-service support, and other services while also striving to be a leader in end-to-end secure connectivity across satellite, terrestrial, maritime, and airborne network and communication domains.

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

Market

Airbus Defence and Space is mainly active in governmental, institutional and commercial markets. As a general trend, defence budgets in Europe are expected to continue to grow, triggered by geopolitical tensions, heightened security risks and reinforced by recent discussions on NATO defence spending target of 2% of GDP. In addition, the implementation of the European Defence Action Plan of November 2016 was bolstered by the joint declaration published in July 2017 by the French and German governments outlining the intention to strengthen European defence, then by the agreement in 2018 to develop jointly the FCAS, the European “MALE” (Medium Altitude Long Endurance) drone and the Future Maritime Airborne Warfare Systems (“FMAWS”). Together, these may provide new sales opportunities through members’ collaborative procurement mechanisms. Market access outside the home countries may be subject to restrictions or preconditions such as national content or local industrial participation. Nevertheless, Airbus Defence and Space, in conjunction with Airbus, is well-placed to benefit from growth in defence expenditure. The market may be influenced in the short-term by a potential softening of the global economy and Brexit.

Military Aircraft

Customers

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

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

The turbulence created by changes in the US administration and the Russian situation is gradually leading to a shift in importance of defence in Europe. The commitment to go towards 2% of the GDP is being gradually pursued and should lead to new optimism for the sector. The Franco-German declaration in summer 2017 and the establishment of “Permanent Structured Cooperation (PESCO)” by the European Union on 11 December 2017 are also clear signals in this direction. During the Franco-German Defence and Security Council in October 2019, France and Germany committed to strengthen their cooperation and agreed to contract the demonstrator phase for FCAS early next year.

Competitors

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

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

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

In terms of revenues, Airbus Defence and Space is the largest continental European combat aircraft manufacturer. The major combat aircraft activities are taking place through the contribution to the Eurofighter Typhoon programme jointly with the consortium partner companies BAE Systems and Leonardo. Competitors in the segment of combat aircraft include Boeing, Dassault, Lockheed Martin, Saab and UAC. Eurofighter is a key asset which for customers will act as a capability bridge to FCAS, in which it will also be seamlessly integrated.

Market Trends

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

After-sales services are an important business for Military Aircraft and are undergoing strong growth in line with the deliveries of A400M and A330 MRTT on top of the existing robust revenue stream associated with Eurofighter in-service support. The agreement signed between France and Germany in April 2018 to jointly develop and procure the FCAS and the Future Maritime Airborne Warfare System will also contribute to safeguarding critically-needed future European defence capabilities. During the Franco-German Defence and Security Council in October 2019, France and Germany agreed to contract the demonstrator phase for FCAS in 2020. For the latest update, see section 1.3 below.

Space Systems

Governmental Sector: Satellites, Space Infrastructure, Launchers, Deterrence

In the public market for earth observation, science / exploration and navigation satellites, competition in Europe is organised on a national and multinational level, primarily through the European Space Agency (“ESA”), the European Commission

(EC) and national space agencies. Space Systems, through its Programme Unit Earth Observation, Navigation and Science, is a major actor in these respective segments and the recognised European leader on ESA science programmes.

Decisions at the latest ESA Ministerial Conferences paved the way for future European programmes in which Airbus Defence and Space does or may seek to participate. There is also important export demand for earth observation systems, of which the Company is the world's leading provider. The export market is expected to continue growing over the medium-term driven by the demand coming from new governmental operators on top of the replacement of existing assets.

On the military customer side, demand for telecommunication and observation satellites has increased in recent years.

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

The orbital infrastructure segment comprises manned and unmanned space systems mainly used for space exploration, *i.e.* scientific missions. Demand for orbital infrastructure systems originates solely from publicly funded space agencies, in particular from ESA, NASA, Roscosmos (Russia) and JAXA (Japan). Such systems are typically built in cooperation with international partners. Continuing support to the operations of the International Space Station (ISS), together with vehicle and equipment development programmes and services such as the Service Module for NASA's Orion spacecraft, constitutes the predominant field of activity in this segment, and Airbus Defence and Space leads the European contribution on industrial level as prime contractor. As the future exploration plans of the various national space agencies take shape with a growing focus on a sustainable return to the Moon, Airbus Defence and Space is well-positioned to take a leading role in providing vehicles, platforms and services to support these ambitious endeavours.

The joint venture ArianeGroup is prime contractor for the Ariane 5 launcher system. ArianeGroup is contracted for the development of the future Ariane 6 launcher and is the prime contractor responsible for the development, manufacturing and maintenance of the French deterrence systems.

Commercial Sector: Telecommunications Satellites, Launch Services

The commercial telecommunication satellite market is highly competitive, with customer decisions primarily based on price, technical expertise and track record. The main competitors for telecommunications satellites are Boeing, Lockheed Martin, MAXAR and Northrop Grumman in the US, Thales Alenia Space in France and Italy, Information Satellite Systems Reshetnev in Russia, and CASC in China. The market for commercial geostationary telecommunications satellites has experienced a down turn since 2017 and is expected to gradually recover in the mid-term. In parallel, the demand for large constellations of smaller telecom satellites in Low Earth Orbit has increased dramatically in the last few years.

The market for commercial launch services continues to evolve. Competitive pressure is increasing in light of new entrants into the market. ArianeGroup provides a complete range of launch services with the Ariane, Soyuz, and Vega launchers. Competitors for launch services include SpaceX, ULA, ILS and CGWIC. The accessible market to Arianespace (a subsidiary of ArianeGroup)

for commercial launch services for geostationary satellites is expected to remain stable at around 20 payloads per year. However, due to various factors (such as technology advances, increasing competition and consolidation of customers), the figure remains volatile. This market does not include institutional launch services for the US, Russian or Chinese military and governmental agencies.

In 2015, Airbus Defence and Space announced the creation of OneWeb Satellites JV, an equally owned company with OneWeb that designs and builds a constellation of satellites for its unique customer OneWeb. The satellite constellation aims to provide competitive global internet access. This participation is entrepreneurial in nature and is meant to drive innovation in a new space market – an area that is set to expand dramatically in coming years. In 2017, OneWeb Satellites JV broke ground on the world's first state of the art high-volume satellite manufacturing facility in Exploration Park, Florida, and inaugurated its serial production line for the assembly, integration, and test of OneWeb's first satellites in Toulouse. In 2018, design of the pilot satellites was completed. The launch of the first satellites in 2019 allowed validation of the design.

Connected Intelligence

The Connected Intelligence programme line delivers satellite and terrestrial communication systems, information and security solutions like Skynet5. It also manages intelligence services from radar and optical data imageries, and provides cyber defence support, cipher solutions and training to its institutional and commercial customers

This programme line is divided into five programme units: Intelligence, Secure Communications, Cyber Security, Security Solutions and Secure Land Communications.

Through **Intelligence**, Airbus Defence and Space provides commercial satellite imagery, Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) systems and related services. Intelligence is amongst the largest players in the satellite imagery (optical and radar) market. The programme unit provides both optical and radar-based geo-information services to customers including international corporations, governments and authorities around the world. The demand for satellite imagery is growing in commercial markets as many companies see geospatial data as key information for their business development.

Through its **Secure Communications** programme unit, Airbus Defence and Space is also a leader in governmental satellite communications. The programme unit offers a full portfolio of mobile and fixed satellite communication and secure terrestrial communications solutions for application at sea, on land and in the air. It provides armed forces and governments in the UK, Germany, France and Abu Dhabi with secure satellite communications.

Airbus CyberSecurity: As a leading provider of security operation centres, incident response services, key management, cryptography and high-security national solutions and consulting and training services, Airbus Defence and Space has a long track record in providing the most sensitive secure IT and data handling and training solutions to defence and security customers throughout France, Germany, the UK and other NATO countries.

Security Solutions: As a world-leading system integrator for border security, maritime surveillance, critical national infrastructure protection and site security services, Security Solutions' aim is to build on these assets in operation, thereby fulfilling the requirements of the security market today and in the future with the latest technology and most attractive service packages.

Secure Land Communications offers advanced communication and collaboration solutions enabling its customers to gather process and deploy intelligence. Its portfolio is tailored to the needs of professionals from Public Safety and Transport, Utility and Industry (TUI). As the European leader and a key international player, Secure Land Communications has customers in more than 80 countries.

Unmanned Aerial Systems

Customers

Unmanned Aerial Systems could lead to diversification into services-driven markets. It is also a sector in which Europe has a strong need for investment, which could set the stage for new cooperation programmes. France, Germany, Italy and Spain have signaled their intention to cooperate on a medium altitude, long endurance (MALE) UAS. After Airbus Defence and Space and its partners finalised the two-year definition study of the system end of 2018, a EuroMale proposal (including options) has been submitted in 2019. Contract negotiations are ongoing.

Competitors

With regards to platforms, Chinese, Israeli and US firms are well established in the UAS market segment, along with other European companies such as BAE Systems, Leonardo and Thales, who are competing for new European projects. The market itself features strong growth with significant opportunities in Europe, the US and Asia Pacific.

Market Trends

UAS have a very promising growth potential. Market structures in this segment are not clearly set out yet and will see some movement, including a new European collaborative programme. Services verticals will offer increasingly interesting prospects as the market evolves.

Products and Services

Military Aircraft

A400M – Heavy military transport. The A400M is designed to be the most capable new generation airlifter on the market today. It is designed to meet the needs of the world's armed forces and other potential operators for military, humanitarian and peacekeeping missions in the 21st century. The A400M is designed to do the job of three different types of military transport and tanker aircraft by providing different capabilities. Tactical (short to medium range airlifter capability with short, soft and austere field operating performance), strategic transport (longer range missions for oversized loads) and tactical tanker.

A total of 174 aircraft have been ordered so far by the seven launch customer nations Belgium, France, Germany, Luxembourg, Spain, Turkey, the UK and one export customer, Malaysia. Type Certificate and Initial Operating Clearance were achieved

in 2013. Since then, 88 units have been delivered to six nations as of 31 December 2019. The A400M is already deployed in operations since 2014. In 2019, a contract amendment was signed with launch customers on the Global Rebaselining of the A400M programme, under which all parties have agreed to update the production plan and revise the capability roadmap. The programme is now delivering in line with the revised schedule.

Multi-role tanker transport – A330 MRTT. The A330 MRTT, a derivative of the Airbus A330-200 family, offers military strategic air transport as well as air-to-air refueling capabilities at the same time. Its large fuel tank capacity (111t) inherited from the commercial platform, allows to dispense fuel in flight to many receiver aircraft without the need for any additional fuel tanks. This allows the entire lower deck cargo bay compartment to be available for freight (up to 37t), with the possibility to transport up to 27 standard civil LD3 containers, or up to eight 436L military pallets as well as at the same time the capacity to transport up to 300 troops in the upper deck cabin compartment, with the high level of comfort of a civil airliner. The A330 MRTT is equipped with state of the art refueling systems, including an Aerial Refueling Boom System (ARBS) and under-wing refueling pods and in the upcoming months with the Automatic Air-To-Air Refuelling (A3R) capability. At the end of 2019, 60 A330 MRTT have been ordered by thirteen 13 Nations (more than 94% market share over the past 10 years, excluding the US), with 42 platforms already delivered and operating worldwide, accumulating more than 200,000 flight hours in operation.

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

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

At the end of 2019, a total of 623 Eurofighter Typhoon aircraft had been ordered by nine customers (UK, Germany, Italy, Spain, Austria, Saudi Arabia, Oman, Kuwait, and Qatar), with a total of 570 aircraft delivered. Export opportunities are being actively developed together with the other shareholders of the Eurofighter consortium.

C295 – Light and Medium military transport/mission aircraft. The C295 is the work horse of tactical military transport, conducting logistical missions including the transport and delivery of personnel and cargo as well as medical evacuations. The aircraft are deployed in demanding operational environments and have been used for humanitarian missions. The aircraft are also offered as a dedicated mission aircraft with configurations beyond the traditional airlifter version, for example maritime patrol and anti-submarine warfare, airborne early warning and control, firefighting and intelligence surveillance reconnaissance

(ISR), etc. In over 20 years in service, this family of aircraft has proven to be robust, reliable, high-performing, efficient, flexible, easy to operate in any environment, and at low operating costs. Approximately 500 orders have been recorded for both CN235 and C295 types together at the end of 2019.

Military Aircraft Services. Airbus Defence and Space offers and provides various services for and related to military aircraft. Throughout the life-time of our aircraft, Military Aircraft Services includes integrated logistics support, in-service support, maintenance, upgrades, training or flight hour service. For example, the A330 MRTT contract with the UK Ministry of Defence through the AirTanker consortium includes alongside 14 aircraft the provision for all necessary infrastructure, training, maintenance, flight management, fleet management and ground services to enable the Royal Air Force to fly air-to-air refueling and transport missions worldwide. Services support legacy aircraft beyond those types currently in production at Airbus Defence and Space, conducting upgrade programmes for aircraft such as the Tornado and P-3 Orion. Airbus Defence and Space maintains a network of Maintenance, Repair and Overhaul centers strategically located throughout the world for greater proximity to the customer, for example in Seville or Manching in Europe, in Mobile, Alabama (US) or at subsidiaries in Saudi Arabia or Oman.

Space Systems

Manned Space Flight. Airbus Defence and Space has been the prime contractor for the European part of the International Space Station (ISS). This includes the development and integration of Columbus, the pressurised laboratory module on ISS with an independent life-support system successfully in orbit since 2007. It provides a full-scale research environment under microgravity conditions (material science, medicine, human physiology, biology, Earth observation, fluid physics and astronomy) and serves as a test-bed for new technologies.

In 2015, ESA awarded Airbus Defence and Space a contract to handle the engineering support of the European components of the ISS, which represents a key part of the ISS operational activities. Airbus Defence and Space was also the prime contractor for the development and construction of the Automated Transfer Vehicle (ATV) cargo carrier. The expertise gained on the ATV positioned Airbus Defence and Space to become the prime contractor for the European service module of NASA's next generation Orion manned capsule, with the first module delivered end of 2018 and the second already under manufacturing.

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

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

Commercial launchers. ArianeGroup manufactures launchers and performs research and development for the Ariane programmes. Member States, through ESA, fund the development cost for Ariane launchers and associated technology. Airbus Defence and Space has been the sole prime contractor for the Ariane 5 system since 2004. In December 2014, the Ariane 6 programme was decided by ESA ministerial conference with

an approval of the joint Airbus Defence and Space and Safran concept. In addition, a new industrial set-up was announced with the creation of ArianeGroup between the two main Ariane manufacturers. This vertical integration secures the future by cutting costs and being more competitive. Ariane 6 is targeted to be launched in 2020.

Telecommunication satellites. Airbus Defence and Space produces telecommunication satellites used for both civil and military applications, such as television and radio broadcasting, fixed and mobile communication services and Internet broadband access. Current Airbus Defence and Space geostationary telecommunication satellites are based on the Eurostar family of platform, including all-electric variant. In 2018, Airbus Defence and Space was selected by Eutelsat to build the HotBird new generation satellites, two sophisticated telecom satellites based on Eurostar Neo platform, the new flagship generation product for Airbus Telecom large Geo Satellites. Airbus Defence and Space also develops the Eutelsat Quantum telecommunication satellite, the first satellite that can be fully reconfigured in orbit through its flexible antennae and repeater, and recently added to its product line OneSat, a medium-size telecommunications satellite also fully reconfigurable in orbit. OneSat has been already selected by Inmarsat, who ordered three of them in 2019.

Observation and scientific / exploration satellites. Airbus Defence and Space supplies Earth observation satellite systems including ground infrastructures for both civil and military applications. Customers can derive significant benefits from the common elements of Airbus Defence and Space's civil and military observation solutions, which allow the collection of information for various applications, such as cartography, weather forecasting, climate monitoring, agricultural and forestry management, mineral, energy and water resource management, as well as military reconnaissance and surveillance.

Airbus Defence and Space also produces scientific satellites and space infrastructure, which are tailor-made products adapted to the specific requirements of the mostly high-end mission assigned to them. Applications include astronomical observation of radiation sources within the Universe, planetary exploration and Earth sciences. Airbus Defence and Space designs and manufactures a wide range of highly versatile platforms, optical and radar instruments and equipment. For example, Airbus Defence and Space contributed to the scientific community with the launches of the Sentinel-1B radar, Sentinel-2A and LISA pathfinder. It also signed a major contract to develop and build the JUICE spacecraft, ESA's next life-tracker inside the Solar System. JUICE will study Jupiter and its icy moons.

Navigation satellites. Airbus Defence and Space plays a major industrial role in the "Galileo" European navigation satellite system, which delivers signals enabling users to determine their geographic position with high accuracy and is expected to become increasingly significant in many sectors of commercial activity. Airbus Defence and Space was responsible for the Galileo in-orbit validation phase (IOV) to test the new satellite navigation system under real mission conditions. The IOV phase covered the construction of the first four satellites of the constellation and part of the ground infrastructure for Galileo. After the successful launch of the first four Airbus Defence and Space Galileo IOV satellites in 2011 and 2012, this early constellation was successfully tested in orbit and handed over to the customer in 2013. Airbus Defence and Space is playing an active role in the Galileo full operation capability phase

(FOC) with a nearly 50% work share, including the FOC ground control segment and providing the payloads for the first 22 FOC satellites through its subsidiary SSTL, and has been selected by ESA in 2018 as the prime contractor to develop EGNOS V3, the next generation of the European Satellite Based Augmentation System (SBAS) planned to provide the aviation community with advanced Safety of Life services and new services to Maritime and Land users.

Spacecraft Equipment. Airbus Defence and Space offers an extensive portfolio of embedded subsystems and equipment for all types of space applications: telecommunications, Earth observation, navigation, scientific and space exploration missions, manned spaceflight and launchers.

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

Connected Intelligence

Intelligence is a designer and supplier of C4I systems (Command, Control, Communications, Computers and Intelligence), which provides information systems and solutions to armed forces worldwide to support land, air and sea operations, assuring information superiority and supporting decision making at all levels of the command chain. Competitors in this area largely come from European or American based defence companies.

With the very-high-resolution twin satellites Pleiades 1A and 1B, SPOT 6 and SPOT 7, Airbus Defence and Space's optical satellite constellation offers customers a high level of detail across wide areas, a highly reactive image programming service and unique surveillance and monitoring capabilities. Airbus Defence and Space is currently producing four Pléiades Neo, Airbus' new very high resolution satellites. They will join the already large Airbus constellation of optical and radar satellites and will offer enhanced performances and the highest reactivity in the market thanks to direct access to the data relay communication system, known as SpaceDataHighway.

TerraSAR-X, a radar-based Earth observation satellite that provides high-quality topographic information, enabled Airbus Defence and Space to significantly expand its capabilities by proposing new kinds of images based on radar.

Secure Communications provides armed forces and governments with secure satellite communications. For example in the UK, Airbus Defence and Space delivers in the frame of the "Skynet 5 programme" tailored end-to-end in-theatre and back-to-base communication solutions for voice, data and video services, ranging from a single voice channel to a complete turnkey system incorporating terminals and network management. This contract, pursuant to which Airbus Defence and Space owns and operates the UK military satellite communication infrastructure, allows the UK MoD to place orders and to pay for services as required.

CyberSecurity provides companies, critical national infrastructures and government and defence organisations with reliable, high-performance products and services to detect, analyze and respond to increasingly sophisticated cyber attacks. The market growth is driven by an exponential increase in cyber-attacks, the increased use of connected assets and global digital transformation. Customers are governments and private companies with a high grade security requirement.

Security Solutions answers manifold operational needs in security and critical infrastructure protection by providing adaptable solutions and services needed to achieve everyday missions

Secure Land Communications includes infrastructures, devices, applications and services based on Tetra, Tetrapol and Broadband technologies.

Unmanned Aerial Systems

In the field of UAS, Airbus Defence and Space is active at both product and service level. Airbus Defence and Space is the leading UAS service provider for the German air forces meeting their MALE Intelligence, Surveillance and Reconnaissance needs in the operational theatre. These interim solutions, based on non-proprietary MALE systems, will be replaced by a new generation European MALE Remotely Piloted Aircraft System (RPAS) where Airbus Defence and Space is working with its European partners. Airbus Defence and Space also provides mini-UAS to the French armed forces and selected export customers and the KZO (*Kleinflugzeug für Zielortung*) UAS to the German armed forces. It is developing the solar-powered Zephyr for both military and civil applications such as relay stations for internet provision to remote or sparsely populated regions.

Production

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

MBDA

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

The broad product portfolio covers all five principal missile system categories: air-to-air, air-to-surface, surface-to-air, anti-ship and surface-to-surface. MBDA's product range also includes a portfolio of airborne countermeasures such as missile warning and decoy systems, airborne combat training and counter-improvised explosive devices (IED) and counter-mine solutions. The most significant programmes currently under development are the next generation of the successful MICA (*Missile d'interception, de combat et d'autodéfense*) air-to-air missile called MICA NG, the network enabled precision surface attack SPEAR missile and the "Common Anti-Air Modular Missile Extended Range (CMM-ER)", which is an anti-air missile family with land and naval launched applications, the Anglo-French joint initiative for a "Future Cruise / Anti-Ship Weapon (FC/ASW)" aiming to replace prior generation cruise-

missiles as well as Anti-ship weapons for the two nations. Recent product upgrades also include the Aster Block 1 NT, the air & missile defence family of systems for France and Italy, the Sea Venom/ANL (*Anti-Navire Léger*) anti-ship missile for the UK and French navies' helicopters and the portable medium range battlefield "Missile Moyenne Portée (MMP)". Further activities include preparations for the ground based air defence system TLVS (*Taktisches Luftverteidigungssystem*) (based on MEADS (*Medium Extended Air Defence System*)) for Germany jointly with Lockheed Martin, the production of

various aircraft packages for Eurofighter Typhoon and Rafale as well as equipment of various frigates and corvettes with systems and ammunition.

ArianeGroup

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

1.1.5 Investments

Dassault Aviation

The Company entered into an agreement with the French State pursuant to which the Company:

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

The Company holds approximately 9.89% of Dassault Aviation's share capital and 6.12% of its voting rights. In case of exchange in full of the bonds issued by the Company which are due in 2021, the Company will no longer hold any Dassault Aviation shares or voting rights.

1.1.6 Insurance

The Company's Insurance Risk Management function ("IRM") is established to proactively and efficiently respond to risks that can be treated by insurance techniques. IRM is responsible for all corporate insurance activities and related protection for the Company and is empowered to deal directly with the insurance and re-insurance markets via the Company's inhouse broker entity. IRM's continuous task in 2019 was to further implement and improve efficient and appropriate corporate and project-related insurance solutions.

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

Asset and liability insurance policies underwritten by IRM for the Company cover risks such as property damage, business interruption, cyber, aviation and non-aviation general and product liability. IRM also provides a Group insurance policy for Supervisory and Managing Board members and certain other employees of the Company. The Company follows a policy of seeking to transfer the insurable risk of the Company to external insurance markets at reasonable rates, on customised and sufficient terms and limits as provided by the international insurance markets.

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

1.1.7 Legal and Arbitration Proceedings

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

Regarding the Company's provisions policy, the Company recognises provisions for litigation and claims when (i) it has a present obligation from legal actions, governmental investigations, proceedings and other claims resulting from past events that are pending or may be instituted or asserted in the future against the Company, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and (iii) a reliable estimate of the amount of such obligation can be made. Although the Company believes that adequate provisions have been made to cover current or

contemplated general and specific litigation and regulatory risks, no assurance can be provided that such provisions will be sufficient. For the amount of provisions for litigation and claims, please refer to the “— Notes to the IFRS Consolidated Financial Statements — Note 24: Provisions, Contingent Assets and Contingent Liabilities”.

WTO

Although the Company is not a party, the Company is supporting the European Commission in litigation before the WTO. Following its unilateral withdrawal from the 1992 EU-US Agreement on Trade in Large Civil Aircraft, the US lodged a request on 6 October 2004 to initiate proceedings before the WTO. On the same day, the EU launched a parallel WTO case against the US in relation to its subsidies to Boeing.

Following a series of interim WTO panel decisions, in May 2018 the WTO held that the EU achieved compliance in respect of the majority of the subsidies at issue but considered that some remaining obligations required adjustments. The Company and the EU took corrective actions that were reviewed by a WTO panel. The decision of that panel is currently being appealed. In the meantime, the US requested authority to impose countermeasures worth US\$ 11.2 billion per year, commensurate with its estimate of the adverse effects caused by the EU subsidies. The WTO did not agree with the US estimate and authorised the US to impose US\$ 7.5 billion in annual countermeasures. The United States Trade Representative (“**USTR**”) imposed tariffs on a range of imports to the US from the EU including 10% on the importation of large civil aircraft from the EU. Those tariffs went into effect on 18 October 2019. On 14 February 2020, the USTR announced the US is increasing the additional duty rate imposed on aircraft imported from the EU to 15%, effective 18 March 2020.

The tariffs could have a material impact on the Financial Statements, business and operations of the Company. At this stage it is too early to determine the full extent of any financial impact on the Company. Duties on the importation of Airbus products into the US could result in (i) increased costs for the aerospace and airline industries as well as other industries that rely on air transport, (ii) weakening demand for new aircraft and negatively affecting the financial condition of air carriers and lessors, (iii) decisions to defer, reject or reschedule the delivery of new aircraft or limit the routes upon which new aircraft will be used, (iv) increased costs to consumers, (v) retaliation by the EU with its own import duties to be applied to US products, and/or (vi) damage to the Company's business or reputation *via* negative publicity adversely affecting the Company's prospects in the commercial market place.

Several years of proceedings also identified significant unlawful support to Boeing. In its most recent decision on the matter in March 2019, the WTO found that the steps by the US to address US subsidies to Boeing were inadequate. The WTO Appellate Body also found that additional US federal and state programmes, such as the Foreign Sales Corporation (“**FSC**”) and Washington State tax reductions constitute illegal subsidies. Consequently, the EU initiated its request for the authorisation of annual countermeasures amounting to up to US\$ 12 billion and published a preliminary list of products from the US on which the EU may take countermeasures, which includes US aircraft. The actual amount of duties to which the EU may be entitled will be

determined at the conclusion of WTO arbitration proceedings. The imposition of equivalent or greater tariffs on aircraft imports into Europe is likely.

Exact timing of further steps in the WTO litigation process is subject to further rulings and to negotiations between the US and the EU.

GPT

In August 2012, the UK Serious Fraud Office (“**SFO**”) announced that it had opened a formal criminal investigation in relation to GPT Special Project Management Ltd (“**GPT**”), a subsidiary operating in Saudi Arabia that the Company acquired in 2007. The investigation relates to issues initially raised by a whistleblower concerning contractual arrangements originating prior to GPT's acquisition and continuing thereafter. The Company has engaged with the SFO throughout and continues to actively cooperate with the investigation.

Eurofighter Austria

In 2017, the Austrian Federal Ministry of Defence raised criminal allegations against Airbus Defence and Space GmbH and Eurofighter Jagdflugzeug GmbH for wilful deception and fraud in the context of the sale of the Eurofighter aircraft to Austria and respective damage claims. After the Austrian Federal Ministry of Defence raised its criminal allegations, the Austrian public prosecutor opened an investigation against Airbus Defence and Space GmbH, Eurofighter Jagdflugzeug GmbH and former and current employees of the two entities including related to the corresponding offset obligations. The Company has filed several submissions to the Austrian Public Prosecutor in response to the allegations of deception in the procurement of Eurofighter combat aircraft made by the Austrian Defence Minister. The Company is cooperating fully with the authorities.

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

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

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

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

Under the terms of the Deferred Prosecution Agreement (“**DPA**”) with the SFO, no independent compliance monitor will be imposed on the Company in light of the continuing monitorship to be conducted by the AFA. Under the terms of the DPA with the DoJ, no independent compliance monitor will be imposed on Airbus under the agreement with the DoJ, but the Company will periodically report on its continuing compliance enhancement progress during the three year term of the DPA and carry out further reviews as required by the DoJ.

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

Under the terms of the Consent Agreement with the DoS, the DoS has agreed to settle all civil violations of the ITAR outlined in the Company's voluntary disclosures identified in the Consent Agreement, and the Company has agreed to retain an independent export control compliance officer, who will monitor the effectiveness of the Company's export control systems and its compliance with the ITAR for a duration of three years.

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

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

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

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

ECA Financing

The Company and the ECAs reached agreement on a process under which it is able to resume making applications for ECA-backed financing for its customers across the Company on a case-by-case basis.

Other Investigations

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

On 17 September 2019, the Company self-reported to German authorities potentially improper advance receipt and communication of confidential customer information by employees of Airbus Defence and Space GmbH. The information concerned relates to two future German government procurement projects in the programme line Communications, Intelligence and Security. The self-disclosure by the Company follows an ongoing internal review with the support of an external law firm. Both the German Ministry of Defence and the Munich public prosecutor announced their intention to open an investigation into the matter. The Company will continue to fully cooperate with relevant authorities. The investigation could have an impact on Airbus Defence and Space GmbH's ability to participate in future public procurement projects in Germany and may have other legal consequences.

Other Disputes

In the course of a commercial dispute, the Company received a statement of claim by the Republic of China (Taiwan) alleging liability for refunding part of the purchase price of a large contract for the supply of missiles by subsidiary Matra Défense S.A.S., which the customer claims it was not obliged to pay. An arbitral award was rendered on 12 January 2018 with a principal amount of €104 million plus interest and costs against Matra Défense S.A.S. Post-award proceedings are currently underway.

1.2 Non-Financial Information

1.2.1 The Company's Approach to Responsibility & Sustainability

The Company and its Main Stakeholders

Airbus is an industrial company operating in businesses with long product lifecycles and corresponding returns on investment. There are significant costs and risks in programme development and cyclical markets. These features define the Company and shape its relationships with all stakeholders. For a description of the Company's business model, see "— 1.1.1 Overview".

The Company is engaged in stakeholder dialogue at various levels. Thanks to an update to its materiality assessment in 2019 it had a privileged opportunity to capture the voice of 12 key stakeholders as to which environmental, social and governance topics were of most importance for them (see "Materiality Assessment" below). This included the following stakeholder groups: customers, suppliers, partners, NGOs, investors, employees, authorities, governments, industry associations, MRO providers, airports, and the community at large. While such opportunities are run centrally, the responsibility for stakeholder engagement, as a general rule, is decentralised and employees are encouraged to initiate, develop and maintain relationships with their respective stakeholders. The Company often seeks a sectorial approach in order to strengthen the impact.

The Company's main purpose, its missions and the objectives resulting from them, are defined in relation to these stakeholders. The Company has defined the following objectives:

- generate long-term value by developing a sustainably profitable portfolio of aeronautics, helicopter, defence and space businesses. For its shareholders, lenders and other financial counterparts, the Company must meet its obligations and foster its standing of creditworthiness and profitability;
- be a provider of choice, offering superior value-for-money products and services to customers;
- engage employees to share its goals and rise to its challenges. Within the confines of applicable laws and regulations, the Company must respond to their expectations about development, people management and values;
- build sustainable relationships with its suppliers based on mutual interest to satisfy its customers to encourage responsible practices. The Company promotes the Supplier Code of Conduct as standards consistent with its own Code of Conduct, and also develops and implements adequate mechanisms to monitor supplier performance;
- play a key role in society and towards local communities. The Company is committed to responsible business practices in terms of respect for human rights, labour, the environment and anti-corruption. In addition, the Company encourages initiatives that contribute to tackling societal challenges whether through its products and services, skills and resources or *via* key partnerships. In 2019 this has been reinforced with the "Next Chapter" transformation platform, launched by the Company's new CEO, in which one of the six strategic streams is dedicated to the role of Airbus in society, putting responsibility and sustainability ("**R&S**") at the heart of the Company's priorities.

The Airbus "Next Chapter"

A new team, under the leadership of CEO Guillaume Faury, took the helm of the Company in April 2019. This team is composed of both Airbus veterans and newcomers. Drawing widely on many sources of expertise, it will need to plot the course for the Company over the coming years, ensuring the Company is best equipped to overcome intrinsic challenges while navigating a rapidly evolving environment externally (heightened competition, multiple new technologies, geo-political uncertainty, environmental imperatives, etc.). It will be the role of this new team to reaffirm/adapt, formalise and champion a coherent purpose, vision, mission, objectives and culture for the Company and to bring them to life. The Next Chapter team and project has been set up, as a first step, to support the new CEO and team in providing them with input to inform their decisions with a diversity of views and ideas coming from individuals from all parts of the Company.

This company-wide, cross functional transformation platform is designed to support, prioritise, accelerate and connect efforts across the Company. Next Chapter aims to create the right conditions and environment to deliver both short and long-term priorities, with a mind-set of Safety, Quality, Integrity and Compliance and to build a capacity for continuous improvement. It connects employees across the Company to encourage creativity and answer the simple question: What should Airbus of tomorrow look like and how can we make it a reality?

Ideas and initiatives have been structured around seven main streams:

- Purpose and Story;
- People@Airbus;
- Competitiveness;
- Customer@Heart;
- Governance;
- PeopleSafety@Work;
- Airbus in Society.

As seen in the above streams, R&S is at the core of the next chapter of the Company and with that a unique momentum has emerged. This is most obvious in the "Airbus in Society" stream, which has gathered ideas and projects aimed at ensuring Airbus drives its business in a responsible and sustainable manner and contributes to the UN Sustainable Development Goals ("**SDGs**").

Next Chapter has also led to the reorganisation of the R&S team and governance model that will be taking place in 2020. The changes will reflect the ambition to fully embed R&S into the business and its performance management systems, to engage the most senior leaders of the Company and the Board of Directors, to drive our most material topics, while developing a strong R&S culture across the Company and developing greater engagement with the Company's stakeholders.

Materiality Assessment

In order to update its priorities regarding responsibility and sustainability efforts, in 2019 the Company performed a follow up to the materiality assessment performed in 2017. The exercise, in line with GRI methodology, consists of capturing which environmental, social and governance issues are of the most importance for the Company's main stakeholders and then crossing that with the degree of impact that the Company has on those issues. The results, along with other relevant intelligence, will inform the Company's strategy, targets and reporting.

The issues were developed, consolidated and ranked by the Company's R&S Network in 2017 and updated in 2019 to consider emerging issues most relevant to the Company and the aerospace industry. The R&S Network gathers a group of internal experts advising on the Company's R&S strategy, monitoring progress in their respective areas of responsibility,

sharing knowledge and best practices throughout the entire Company. The group is trans-functional, trans-national and trans-divisional and meets on a monthly basis.

As for stakeholder groups, after solicitation of the R&S Network, airports became the twelfth stakeholder selected, on top of the 11 groups from 2017 (see section above "The Company and its Main Stakeholders").

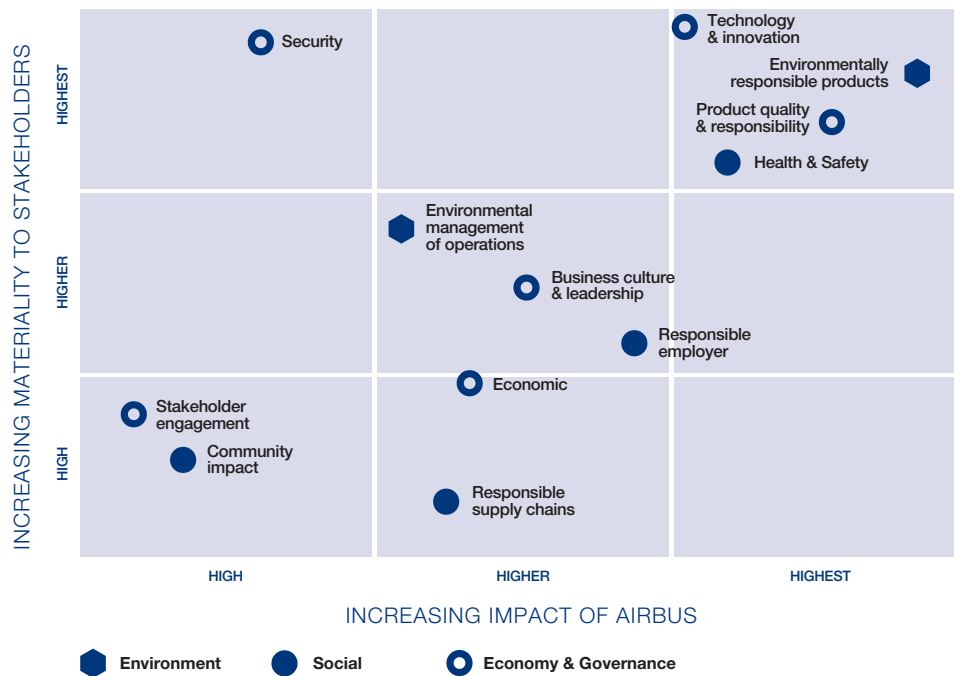
A major improvement in 2019 was the use of data mining and online survey capabilities of the Datamaran tool, which allowed a more quantitative approach to the assessment, allowing, for example, insights from nearly 40 top suppliers and 30 of the Company's most strategic customers.

As for determining the impact of the Company on the chosen issues, an online survey was answered by 246 of its executives.

The results are captured in the matrix below with the most material issues being captured in the upper-right hand corner.

Materiality Matrix 2019

Materiality Matrix



Source: Datamaran.

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

- Responsible Company: 1.2.2(a) Aviation and Product Safety ("product quality & responsibility" in the matrix), 1.2.2(b) Environment ("environmentally responsible products" and "environmental management of operations" in the matrix), 1.2.2(c) Responsible Defence and Space Products ("security" and "product quality & responsibility" in the matrix);
- Responsible Business: 1.2.3(a) Ethical Business Practices ("business culture & leadership" in the matrix), 1.2.3(b) Responsible Suppliers ("responsible supply chains" in the matrix);
- Responsible Employer: 1.2.4(a) Workforce and 1.2.4(b) Human Capital Management, Labour Relations and Human Rights ("responsible employer" in the matrix), 1.2.4(c) Health & Safety (same in the matrix), 1.2.4(d) Inclusion & Diversity ("responsible employer" in the matrix), 1.2.4(e) Community Engagement ("community impact" in the matrix).

UN Sustainable Development Goals

Airbus has been a signatory to the UN Global Compact since 2003 and has reached "Advanced Level".

The Company adopted the UN SDGs in December 2015 as a framework to align its responsible and sustainable contributions. Over 2016, the Company performed a mapping of its contributions based on its publicly available information which demonstrated that at least eight of the 17 SDG goals are directly relevant to the Company's businesses. Combined with stakeholders' feedback, it was confirmed that the Company is actively contributing to:

- SDG 4: Quality education;
- SDG 5: Gender equality;
- SDG 8: Decent work and economic growth;
- SDG 9: Industry, innovation and infrastructure;
- SDG 12: Responsible consumption and production;
- SDG 13: Climate action;
- SDG 16: Peace, justice and strong institutions; and
- SDG 17: Partnerships for the goals.

This framework also drives the direction of innovation initiatives. As an example, all projects and start-ups selected by the Company's in-house business accelerator, Bizlab, must now demonstrate a strong contribution to one of the SDGs as a pre-condition.

Airbus' Way Forward: Vigilance Plan

The Company is determined to conduct its business responsibly and with integrity. The Company is convinced that promoting responsible business conduct within its value chain is key to sustainable growth. A dedicated programme has been launched by the Procurement function in order to monitor the Company's suppliers. For more information on the programme and its implementation, including the Company's vigilance plan for suppliers, see "— 1.2.3(b) Responsible Suppliers".

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

With regard to risk management, Airbus performed an in-depth review of its ERM system in order to identify potential missing risks related to human rights and fundamental freedoms, health and safety and the environment in 2017. The ERM system was updated to take into account the most significant potential risks related to these areas that the Company may generate as part of its operations. In 2019, these risks and related action plans were consolidated and are reported to the Company's top management on a regular basis. For more information on ERM, see "— Corporate Governance — 4.1.3 Enterprise Risk Management System". For more information on the Company's risks, see "— Risk Factors".

To support our commitment to and promotion of a "Speak-Up" culture, the Company has an "OpenLine" to provide employees with an avenue for raising concerns in a confidential way. In 2018, the Company decided to extend the scope to responsibility and sustainability related topics. For more information on the OpenLine, see "— 1.2.3(a) Ethical Business Practices".

To continuously drive improvements, the Company offers employees over 100 training opportunities, online and in-person, linked to labour relations, diversity, environmental and health and safety matters, as well as R&S and human rights. It continues to deploy programmes for target groups. One programme targeting all employees worldwide focuses on increasing general awareness on R&S as well as on the Company's commitments as outlined in the Charter. A second programme is dedicated to risk-exposed populations, such as buyers and key leaders of affiliates (including managing Directors and heads of finance or board members of affiliates). It aims at developing in-depth understanding of legal requirements with regards to environment, health & safety, human rights, labour relations, anti-corruption within the Company's operations and supply chain, and promoting the Company's internal processes to help mitigate potential risks and help prevent violations. The Airbus Leadership University took the lead to embed R&S strategy and commitments into the courses it offers, in order to ensure the Company's managers are trained and equipped to instil the right behaviours, foster cultural change and encourage the search for innovative solutions to answer societal challenges. For example, the Company launched the day-long "Ethical and Responsible Leadership" MasterClass targeting its Executives in the fall of 2019. As part of the Company's talent development programme, it offers developing leaders an eight-day, four-module course called "Purpose and Values Driven Leaders". In addition, the Company also provides training to its employees, including those of affiliates, on the recently updated **Airbus Code of Conduct**.

CEO Guillaume Faury released the new Airbus Code of Conduct on 2 July 2019. Company-wide communications around the new Code of Conduct demonstrate strong tone at the top. They include: message to all Airbus employees, dedicated article on the HUB, Team Talk communicated to all Airbus Executives, dedicated webinars for the Ethics & Compliance representatives community, e-learning available in four languages. The Code of Conduct was also communicated to Airbus affiliates.

All Airbus affiliates (affiliates where Airbus owns more than one half of the voting rights, or is able to appoint or discharge more than one half of the members of the board) with operational activities are expected to deploy similar internal policies applying Airbus directives. A corporate directive assists Airbus affiliates in effectively fulfilling their responsibilities while assuring Airbus' ongoing commitment to high standards of corporate governance. In 2018, Airbus, working closely with its two Divisions, approved one single directive on corporate governance for the Company's affiliates, which defines rules, processes and procedures applicable to Airbus affiliates and their respective boards, Directors and officers. Airbus leveraged this in-depth work to integrate enhanced requirements on labour and human rights, environment, health and safety and procurement matters into the new directive on the basis of related Airbus internal policies including:

- International Framework Agreement;
- Agreement on the European Works Council;
- Supplier Code of Conduct;
- Health & Safety Policy;

- Airbus Code of Conduct (formerly Standards of Business Conduct);
- Environmental Policy; and
- Airbus Anti-corruption Policy and related Directives.

Since September 2018, this directive has become a reference for all affiliates from all Divisions, and the Company is working on a yearly update to constantly improve it. Based on the directive, a newly harmonised questionnaire was sent to all affiliates in 2019 to self-assess their internal controls, including how they relate to the environment, health & safety, human resources and procurement compliance requirements. Regarding the above activities, affiliates were asked to confirm that all relevant Airbus policies were accessible to their employees and duly communicated to them. If that is not the case, affiliates shall take appropriate actions to remediate the gaps.

To verify that the answers provided to the questionnaire are in line with the Company's expectations, so-called "Fit" checks started to be performed in 2018 on some Finance, Compliance and Governance key controls for affiliates of the Company and its two Divisions. From 20 Fit checks performed in 2018, the Company increased to 70 in 2019 and aims to reach 100 Fit checks in 2020.

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

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

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

For more information on the Company's approach to the environment, see "– 1.2.2(b) Environment". For more information on the Company's approach to human rights and health and safety, see "– 1.2.4(b) Human Capital Management, Labour Relations and Human Rights" and "– 1.2.4(c) Health & Safety".

1.2.2 Responsible Company

a. Aviation and Product Safety

I. Introduction

At Airbus, we believe that everyone in our industry has a role to play to further enhance the safety of the air transport system. Flying today is safer than ever before, and collective efforts continue to ensure it will be even safer by anticipating and responding to risks, threats and challenges. Whilst the foundations of safety are built on regulatory compliance, the Company goes beyond airworthiness requirements to also focus on safety enhancement activities in products and services.

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 to ensure proactive safety decision making is based on multidisciplinary assessments at the highest decision level of the Company. The PSB does not only make decisions regarding technical aspects but also safety governance, strategy and performance aspects.

Airbus Safety Management System

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

Airbus Plan for Aviation Safety

The Airbus Plan for Aviation Safety (APAS) defines the Company's safety strategy by identifying the top safety threats or opportunities and providing their associated key safety objectives for the safe operation of Airbus aircraft. APAS is a five-year projection, which is reviewed and updated annually. APAS is a response to EASA's annual European Plan for Aviation Safety.

Regulatory Compliance

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

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

Commitment to Just and Fair Culture

The product safety and quality of the Company's products is its first priority. Each employee of the Company, at any level, shall do their utmost to ensure that product safety is never compromised and quality is considered in everything they do. This commitment is documented and endorsed with the signature of the CEO, Executive Committee Members and top management in key functions. It also includes the commitment to ensure the appropriate reporting channels are available and known to all employees, providing an atmosphere of trust and empowerment to report product safety and quality related matters.

III. Risk Management

Applying proactive risk management principles has contributed to significant improvements for the safety of flight in recent decades. This risk management approach drives the Airbus Corporate Safety Process, which has been in place for 15 years. It also supports the principles of the Airbus safety enhancement culture, going beyond compliance to certification and airworthiness duties.

IV. Initiatives

Consistent with its end-to-end approach and as part of its safety strategy outlined in the APAS, the Company has several collaborative initiatives contributing to reinforcing resilience capabilities in the air transport system and enhancing 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. As part of the SMS approach, this includes specific SMS forums with the Company's suppliers and initiatives to reinforce the collaborative approach to optimise responses to in-service feedback and reporting.

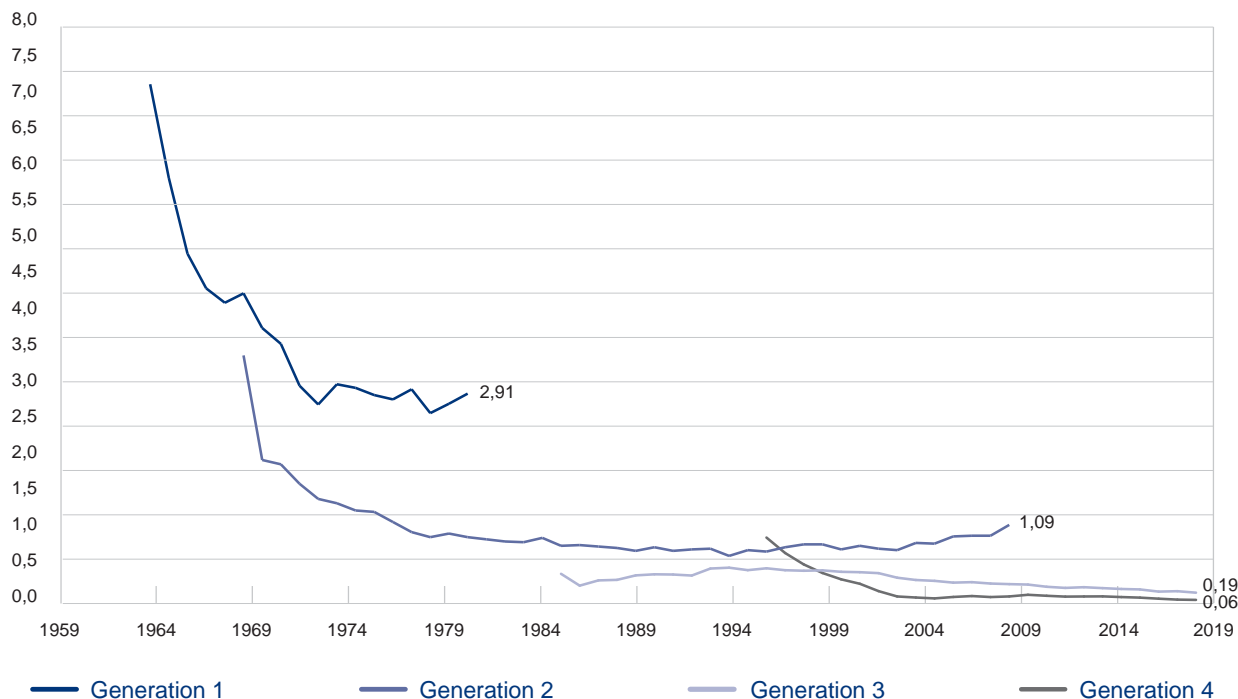
D10X (short for Air Transport Safety, Destination 10X Together) is another collaborative initiative with airlines. The aim of D10X is to propose pragmatic solutions together with operators of Airbus aircraft for the key safety issues identified within this network.

Sharing safety information is a key contributor to increasing the level of safety. First held with the Company's customers in 1994, the annual Flight Safety Conference marked its 25th anniversary in March 2019. Another means of sharing information is through "Safety first", the Airbus safety magazine contributing to the enhancement of safety for aircraft operations by increasing knowledge and communication on safety related topics in biannual editions since 2005. It reaches over 50,000 subscribers in the aviation community via the website safetyfirst.airbus.com and the "Safety first" app.

The Company is committed to the industry's common objective of reinforcing resilience in the air transport system through the RAISE programme with its aim to "Reinforce Awareness In Safety for all Employees". To support this programme, an Airbus Safety Promotion Center will open in 2020, which is a dedicated space to foster a prevention mind-set throughout the Company and encourage a deeper personal engagement with safety.

All of these initiatives and the safety enhancement culture, combined with the benefits brought by technology, leads to a continuous improvement of the safety records. This is illustrated in statistics showing that the safest aircraft are those of the third-generation and fourth-generation jets. All Airbus Fly-By-Wire family aircraft (including A320, A330/A340, A380, A350, A220 fleets) are the latest fourth-generation aircraft.

Yearly Fatal Accident Rate Per Million Flights



b. Environment

I. Introduction

"At Airbus we believe that by demanding more of ourselves, we can demand less of our planet. We are challenging ourselves to go further when it comes to taking responsibility for the environmental impact of our product throughout its lifecycle, and are investing major efforts into examining and reducing the impact of our products in operation together with all actors within the aviation sector. We not only rigorously track and measure our own impact, in our sites, products and services, but we also collaborate with our worldwide supply chain to drive more effective environmental management and decarbonise our industry. And we place innovation at the core of this effort by investing in research, new technologies, and sustainable solutions to help us reach our vision."

Guillaume Faury, Airbus CEO

II. Governance

New Policy

"Go further" for Airbus means developing products and services taking into consideration current and foreseeable future environmental challenges for future generations and with long-term value creation in mind. This is driven through the Company's environmental policy, with a strong support from the CEO and Executive Committee.

The policy focuses on three main directions:

- continually improving our manufacturing and site operations by achieving net zero GHG emissions, zero water and air pollution, sustainable energy sources and zero waste to landfill before 2050;
- driving development of eco-efficient products and services, taking into account environmental challenges; and
- working in cooperation with the aerospace sector to develop sustainable operations of air transportation.

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

As aviation represents around 2.5% of global man-made CO₂ emissions, the Company recognises its role in reducing the global environmental footprint of the sector and the importance of respecting the commitments of the Paris agreements. Climate change may also affect the environmental conditions in which the Company's manufacturing activities and products are operated. Another area of attention is the elimination of substances posing a risk to human health or the environment. The Company is continually seeking technically-feasible sustainable solutions to reduce the environmental impacts of its products and operations, in cooperation with its suppliers and industrial stakeholders.

Organisation around Environmental Affairs Topics

Since September 2019, an Environment Executive Steering Committee has been established. This committee gathers members of the Executive Committee and managers in charge of environmental topics. It meets regularly to review progress and take decisions on all matters related to the environmental strategy of the Company.

An Environmental Coordination Committee on a cross-Divisional level ensures consistency in the operational management of environment throughout the Company and aligns on reduction objectives. The Coordination Committee meets four times a year and is composed of the heads of Environment for Helicopters, Defence and Space and the commercial aircraft activities of the Company.

The role of the Airbus Environmental Affairs organisation is to guide the business in environmental matters, to set the policy and deploy, drive and improve the Environmental Management System (EMS) throughout the Company to achieve the Company's environmental objectives. The Airbus EMS is based on ISO 14001:2015. Airbus was the first aircraft manufacturer to be ISO 14001 certified, and continues to show its commitment by having been recertified to ISO 14001: 2015 in November 2019.

Airbus also monitors environmental regulatory developments to understand, evaluate and prepare for legal and regulatory evolutions applicable to its activities and products.

On an annual basis, the Company undertakes an extensive exercise to collect, consolidate and report its environmental data. This enables Airbus to measure the environmental impact of its site operations, track its performance and communicate information on environmental matters to internal and external stakeholders. As part of its transparency policy, the Company discloses its GHG emissions to the CDP, providing its investors and other interested parties with the insight they need. Once evaluated by CDP, Airbus' entries to the climate change questionnaire are made available publicly on the CDP website.

Working in Cooperation

Airbus understands the importance of working together with other stakeholders to find solutions.

For instance, Airbus is a Founding Member of the International Aerospace Environmental Group (IAEG) and is actively engaged in all areas of work, such as greenhouse gas emissions, substances management, substitution technologies and supply chain to share practices and promote the development of global standards.

Airbus is also an active board member of the ATAG which sets industry goals including CO₂ emission reduction goals, and mobilises action on strategic aviation issues.

Aviation is a global industry and requires global solutions. ICAO, a specialised agency of the UN, has a proven track record of delivering robust aviation environmental standards and guidance (i.e. air quality, noise, CO₂).

Airbus supported the ICAO agreement in 2016 on the CO₂ standard and also the adoption of the new Carbon Offsetting & Reduction Scheme for International Aviation (CORSIA) in 2017. Within the framework of this sectoral offsetting scheme, airlines were scheduled to start the monitoring and reporting process of CO₂ emissions as of 1 January 2019. CORSIA is the first global sectoral offsetting scheme.

On space activities, Airbus has worked with the ESA in Earth observation for over 25 years. EarthCARE (Earth clouds, aerosols and radiation explorer) and Copernicus, the most ambitious Earth observation programme to date, are two examples.

Recyclability is another important topic that the Company is tackling in cooperation with other entities through TARMAC Aerosave, a joint venture between Airbus SAS, Safran Aircraft Engines and Suez, providing state of the art services for the management of an aircraft's end of life.

III. Risk Management

Environmental risk and opportunities are managed following the Company's ERM system and requirements defined within the ISO 14001:2015 certified EMS. Identification of specific environmental risks and opportunities is defined by internal guidance and it notably highlights the Life Cycle Perspective approach to be adopted and the inputs to be considered: environmental aspects and impacts, compliance obligations and other issues and requirements including stakeholders' expectations.

Risks and opportunities are reported quarterly to the Executive Committee of each Division and top risks are consolidated at Company level to be brought to the attention of top management.

1. Climate Change Risk on Aircraft and Industrial Operations

The air transport market and Airbus business and operations may be disrupted by climate change, air emissions related impacts and stakeholders expectations including those of society, regulators and customers.

Climate Change Mitigation

Developing lower emission products and services to satisfy those expectations will require breakthrough advances in technology research (e.g. development of energy storage for electric aircraft, electrical distribution in the aircraft, power to weight ratio of electrical machines, etc.).

Airbus pursues incremental improvement of its programmes and has developed a dedicated organisation aimed at developing the future technologies that will be required. However, these technologies may not be available on time or may not deliver the required improvements to meet the climate objectives.

The Company's reputation may be affected if its or the sector's expected contributions on GHG emission reduction are not delivered as defined by ATAG to support the Paris agreements. Society's sensitivity to climate change leading to a change in passengers' behaviour including preference for alternative means of transport may change the market and demand for air travel. The Company may face reduced demand for its products and may need to adapt its business model in consequence.

Climate Change Adaptation

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

Industrial operations and supply chain may also be affected by the consequences of climate change and require specific adaptation measures to remain operational.

2. Chemicals of Concern

Evolution of the hazardous chemicals' regulatory framework may lead to short- and long-term potential bans 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 ensure that hazards related to substances are under control or eliminated.

In order to mitigate the risk of disruption in its operations and supply chain, the Company's policy is to develop safe alternatives to the targeted substances and substitute these as soon as those alternatives have proven reliable enough to meet the stringent airworthiness criteria.

IV. Initiatives

Industrial Operations

The Company is engaged in an industrial transformation to anticipate mid-term evolutions of its industrial systems as well as looking for longer term solutions to build its "factories of the future". This company-wide initiative will support the reduction of Airbus' environmental footprint on air, soil and water quality, climate change, biodiversity and resource availability. An evaluation of hotspots based on life cycle assessment studies of some Airbus products is also ongoing to help focus on appropriate topics.

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

- energy and CO₂: Following "Science Based Targets" methodology, reduce energy consumption by 20% and reduce direct (scope 1), indirect (scope 2) and oversize transportation (scope 3) GHG emissions by 40%. Reduction of oversize transportation impact will involve use of carbon offsetting to achieve overall ambition;
- waste and raw materials: divert 100% of the waste from landfilling and incineration without energy recovery, and reducing the amount of waste produced by 20%;
- air emissions: comply with air emissions regulations with 0% increase of air emission by 2030;
- water: develop strong maintenance and rehabilitation programs to improve reliability and lower costs in order to reduce water purchase by 50%, with no increase in water consumption; and
- deploy environmental requirements and risk evaluation across a targeted scope of the supply chain. Enhance the use of environmental risk evaluation for consideration as a quantitative input during selection, contracting and supply chain control phases.

In order to better embed this ambition into the Company's performance management, the Executive Committee agreed in 2019 to include a CO₂ reduction target for 2020 of 2.7% on the same perimeter as part of the Company's top objectives. As such it will form part of the CEO's and other Executive Committee Members' remuneration in 2020.

	2030 Target	2015	2019	2019 v. 2015
Energy (MWh)	-20%	2 323 287	2 408 751	3,7%
CO ₂ e (tonnes)	-40%	934 788	981 985	5,0%
Waste :				
Landfilled and incineration without energy recovery	0%	18%	26%	
Waste produced	-20%	67 115	68 997	2,8%
Air emissions				
VOC (tonnes)	0% increase	1 156	1 208	4,5%
NOX (tonnes)	0% increase	203	237	16,9%
SOX (tonnes)	0% increase	11,6	11,8	1,5%
Water				
Water purchase (m ³)	-50%	2 606 859	3 006 246	15,3%
Water consumption (m ³)	0% increase	2 944 677	3 454 085	17,3%

Perimeter : Airbus sites w/o subsidiaries. Airbus FAL in Mobile (US) & in Mirabel (Canada) were not operated in 2015 and therefore do not contribute to the baseline. 2017 data used as baseline for Airbus Tianjin & Oversize Transportation

The 2019 status shows a moderate increase compared to the 2015 baseline. This is expected and can be explained by the Company's significant industrial ramp-up over the same period combined with the introduction of the A220 FAL in Mirabel (Canada) in 2019. Compared to previous objectives that were calculated relative to revenue, the High5+ plan targets specific initiatives to achieve the absolute value reduction targets by 2030.

VOC emissions have been reduced by over 15 tonnes annually in Nantes by switching from liquid cleaning solutions to sprays and wipes.

The Company is also engaged on circular economy. Beyond waste reduction, the Company has been proactive in seeking ways to reuse and recycle materials beyond their initial life. Not only does the Company send nearly 60% of its waste to be recycled, but today, through the TARMAC Aerosave joint venture, more than 90% of an aircraft weight is recycled or reused through a selective dismantling (reverse manufacturing) process. As airplanes manufactured with large volumes of composites start retiring in the next few decades, Airbus is working in cooperation with several specialist companies involved in carbon fibre recycling, as part of an industry goal to determine the best processes and uses for recycled and reused carbon fibre materials.

Wherever its industrial activities have an impact on biodiversity, the Company is engaged with local partners on conservation and remediation projects to preserve the affected flora and fauna and ensure they are not adversely affected by the Company's activities.

In order to promote biodiversity and educate employees on environmental protection, a beehive has been installed on Airbus Helicopters' Marignane site with approximately 15,000 bees and a seedling nursery has produced 300 seedlings of gardening, fruits and native plants on the Itajuba site.

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

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

The Company monitors and makes available data verified by external auditors, and publishes transparently its industrial performance. Environmental data has been externally audited since 2010. Below is a selection of externally reviewed environmental indicators.

ANNUAL REPORTING OF PERFORMANCE INDICATORS TABLE

Environmental performance	GRI	KPI	Unit	2019	2018
Energy	302-1	Total energy consumption (excluded electricity generated by CHP on site for own use) ✓	MWh	4,054,849	4,006,108
		Energy consumption from stationary sources ✓	MWh	1,359,018	1,304,338
		Energy consumption from mobile sources ✓	MWh	1,112,573	1,094,851
		Total electricity consumption, heat & steam consumption excluding CHP for own use ✓	MWh	1,583,258	1,606,919
		Of which purchased electricity from renewable sources (REC)	MWh	101,612	
		Generated electricity from CHP on-site for own use ✓	MWh	187,846	190,287
Air emissions	305-1	Total Scope 1 + Scope 2 CO ₂ emissions ✓	tonnes CO ₂	927,529	959,825
		Total direct CO ₂ emissions (Scope 1) ✓	tonnes CO ₂	569,838	553,887
	305-2	Total indirect CO ₂ emissions (Scope 2) ✓	tonnes CO ₂	357,691	405,938
	305-3	Indirect CO ₂ emissions Business Travel (Scope 3) ✓	tonnes CO ₂	109,403	111,666
		Indirect CO ₂ emissions Oversize Transportation ⁽¹⁾ (Scope 3)	tonnes CO ₂	198,526	185,500
	305-7	Total VOC emissions ⁽²⁾ ✓	tonnes	1,535	1,553
		Total SOx emissions	tonnes	15	17
		Total NOx emissions	tonnes	280	323
Water	303-5	Total water consumption ✓	m ³	3,987,289	3,647,950
	303-4	Total water discharge	m ³	3,740,566	3,338,712
Waste	306-2	Total waste production, excluding exceptional waste ✓	tonnes	99,280	98,631
		Material recovery rate ✓	%	54.0	57.8
		Energy recovery rate	%	21.2	20.7
EMS certification		Number of sites with ISO 14001 /EMAS certification ⁽³⁾ vs total number of covered by environmental reporting	Unit	62 / 80	60 / 71
		Workforce effectively covered by reporting over workforce subject to reporting according to the environmental guidelines ⁽⁴⁾	%	94	89

2018 baseline has been recalculated to integrate changes in accounting methodology (emission factors & exclusion of close loop water consumption in Donauworth). Electricity Emission factors updated according to IEA 2018 v1.01 for 2019 data and IEA 2017 v1.03 for 2018 data.

Sites A220 FAL in Mirabel, Canada, Satair Copenhagen, Ashburn & Miami, AH Oxford, ATR Francal, are included in 2019 according to reporting rules.

✓ 2019 data audited by Ernst & Young et Associés. 2019 data covers 92% of total group employees.

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

(2) 2019 VOC emissions data is estimated and 2018 data actualised. The accurate 2019 data will be consolidated and available during March 2019

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

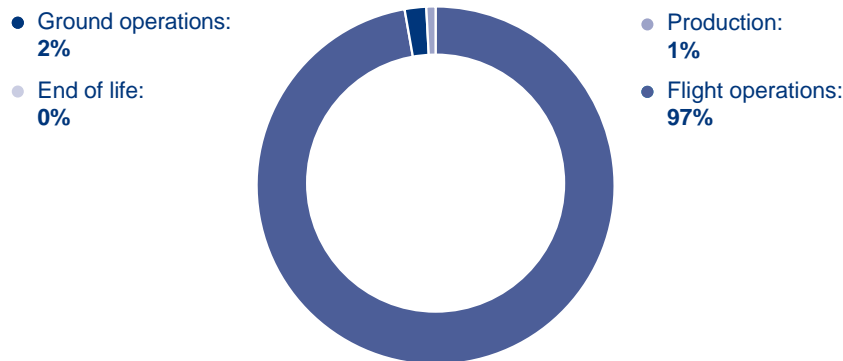
(4) Airbus environmental reporting guidelines include sites worldwide with a workforce on-site higher or equal to 50 employees. Note that only 100% consolidated entities are taken into account to calculate this 50 employee threshold. Coverage varies from 92% to 93% for waste, water, heat & refrigerants indicators.

As part of its plan to tackle scope 3 emissions, the Company has decided to offset all emissions linked to air business travel. In 2019, the Company has also started compensating emissions of activities for which reduction and use of renewable energy are not sufficient to meet the targets, such as air and sea logistics means.

In 2019, Airbus undertook an initial assessment of its scope 3 “Purchased Goods and Services” impact using a methodology developed by IAEG. The results of this assessment will be used to understand where the main impacts are in the Airbus supply chain in terms of GHG emissions and engage with suppliers on targeted projects to address them in the most effective way.

As can be expected, GHG emissions linked to the operation of Airbus' products are among the areas of particular focus as they represent the main part of the value chain's emissions. Recent internal studies, aiming at understanding the spread of GHG emissions of a commercial aircraft product over its current complete lifecycle, have concluded that over 97% of GHG emissions occur during the flight operations phase. As this phase is influenced by several factors beyond Airbus' direct control and needs to be calculated as a projection of an aircraft's operation over its entire service life, Airbus calls for a sectoral alignment on a methodology providing consistency to the way such impacts are calculated and communicated throughout the air transport sector.

Illustration of a Typical Commercial Aircraft Lifecycle GHG Distribution*



* Initial assessment for illustrative purposes only.

Products in Operation

In the last 60 years, the aviation industry has cut fuel consumption and CO₂ emissions per seat / kilometre by more than 80%, NO_x emissions by 90% and noise by 75% of aircraft in operation.

Whilst this performance is impressive, Airbus and the aviation industry recognise the importance to continue improving the sector's environmental performance in all areas – from noise to air quality and GHG emissions, notably CO₂. Due to the industry's short- and mid-term reliance on hydrocarbon fuels as well as potential additional impacts from non-CO₂ factors, the reduction of aviation's impact on climate change remains an environmental challenge.

Airbus, along with airlines, airports, air traffic management and other manufacturers, committed in 2008 to sectoral CO₂ emission goals (ATAG):

- improve fleet fuel efficiency by an average of 1.5% per annum between 2009 and 2020;
- stabilise: from 2020, net carbon emissions from aviation will be capped through carbon neutral growth (CNG); and
- by 2050, net aviation carbon emissions will be half of what they were in 2005.

The Company is actively working on a greater decarbonisation potential through new fuels and energies, technology and innovations (aiming at zero emissions flights) and carbon offsetting. Meeting these challenging goals will require a truly collaborative approach across the industry, investors and financial institutions, governments and civil society, focused on a combination of improvement measures encompassing technology (including sustainable fuels), operational improvements, infrastructure (including air traffic management) and market based measures.

Sustainable aviation fuels (“SAF”) are vitally important to the decarbonisation potential of our sector. These are not just “a nice to have” and as such the Company is fully engaged with other industry partners to drive the development of the industry. Airbus is the first manufacturer to offer delivery flights on sustainable fuels and intends to use SAF for test flights and Beluga flights as well as increasing the opportunity for more delivery flights. The first Beluga flight with SAF is an important milestone towards Airbus' decarbonisation strategy. Airbus plans to progressively use SAF in its new fleet of Beluga XLs and plans to deploy this to other operational bases in Europe.

Beyond climate change, the Company also focuses on reducing the other aspects of the environmental impacts of aircraft in operations. For instance, the Airbus Noise Technology Centre

based at the University of Southampton is continually modelling and testing to better understand noise, its sources and solutions to be embedded into current and future products.

Substances Roadmap

Many substances used in the global aerospace industry to achieve high levels of product quality, safety and reliability are subject to strict regulatory requirements.

In the aerospace industry, regulations on substances impact key processes and products, such as surface treatments, paints and fire protection. The Company remains committed to move towards replacement of such substances in products and processes. To help achieve this, the Company has put in place a portfolio of activities and projects, working with suppliers to identify, develop, qualify and deploy new technologies and solutions that avoid the use of substances classified as posing a risk to human health or the environment, whilst satisfying airworthiness, certification and performance requirements. The Company also engages with suppliers to promote the adoption of a similar approach through regular communication and, more widely, by working together with the aerospace industry to promote worldwide harmonisation of regulations and ways of working, taking into account the sector's safety and lifecycle specificities.

Using information obtained from its suppliers, the Company tracks, registers, assesses and declares regulated substances. Since 2011, the Company has analysed the impact of over 1,100 substances and qualified and deployed substitutes for over 100 substances in 300 products. Currently, the Company is actively working to substitute 65 substances in its own design, and an additional 45 in its supply chain, over the next 5 years.

Airbus 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, Airbus seeks to implement them in its aircraft design and manufacturing.

For example, in 2006, the Airbus Chromate-Free project was launched with the aim of developing, qualifying and deploying chromate-free alternatives to materials containing and processes using chromates in aircraft production and maintenance. Chromate-free external paint systems developed initially for the A380 programme are now used in all Airbus commercial aircraft manufacturing programmes and across the aerospace industry.

Another example is the Airbus Basic Primer project that researches potential alternatives with the aim of phasing out the green chromated primer coat.

Cultural Change

Corporations across industries are increasingly realising how essential their employees are as stakeholders in the conversations driving their business. At Airbus, this is no exception. The people who work here see sustainability in the aerospace industry not as an add-on to the business priorities but as an important part of their personal motivation in everything they do.

According to a 2018 survey, 11% of the Airbus Toulouse-based employees cycle to work. An annual event is organised by the Company to spread the initiative.

As part of its roll out plan, high5 + initiated a group-wide communication campaign to engage employees on day-to-day actions in order to reduce their environmental impact.

V. Future Outlook

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

Guillaume Faury - Airbus CEO

New Technologies

When it comes to research and technology portfolio, the Company's first priorities are set on designing and maturing the technologies, which will then enable us to come to the market with an emission free aircraft.

The E-Fan projects are contributing to illustrate and disseminate the idea that electrically-based propulsion will probably be the next major breakthrough in our industry. So far, the E-Fan programmes have delivered assets and knowledge, but also aim to provide momentum for electrification with the Company taking a lead in the vision and its drive. E-Fan X is the next step of our electrification journey.

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

The Company's fello'fly project aims to demonstrate the technical, operational and commercial viability of two aircraft flying together for long-haul flights. Through fello'fly, a follower aircraft will retrieve the energy lost by the wake of a leader aircraft, by flying in the smooth updraft of air it creates. This provides lift to the follower aircraft allowing it to decrease engine thrust and, therefore, reduce fuel consumption in the range of 5-10% per trip.

c. Responsible Defence and Space Products

I. Governance

The Company delivers defence and space products and solutions that enable governments and organisations to protect people and resources, and it aims to do so in a sustainable, respectful and fair manner.

This commitment is defined in terms of two thematic areas:

- A more secure world: Contributing to protecting citizens and nations' sovereignties, values, and infrastructure in a world of evolving threats; and
- A healthier environment: Designing products with a smaller eco-footprint and developing solutions to better monitor and manage natural resources.

In 2019, Airbus Defence and Space's R&S Governance Committee set a long-term objective to expand the number of products and services that contribute to its sustainability goals and the eight aforementioned UN SDGs. While inventive solutions are in the pipeline, this section describes solutions that currently contribute to a more secure world and a healthier environment.

II. Initiatives

a) Products for a More Secure World

As long-standing threats to public safety and infrastructure are compounded by emerging risks that take on new forms in our cyber age, the Company aims to increase the safety of communities and protect human lives through its defence solutions, space-based intelligence and communication, and cyber security solutions. Representative contributions include:

Maritime

The Company makes locating, tracking and communicating with seafaring vessels across the globe's vast and remote oceans possible through its optical and SAR satellite imagery. Its Ocean Finder solution allows customers to monitor ships and activity at sea, which may be at risk due to illegal activities, hijacking or hostile waters and can assist with search and rescue efforts.

On the dock, ports need software to enable the secure and efficient movement of levied goods, and in the water they need to monitor incoming sea vessels to ensure safe movement among cruise ships, freight liners, private vessels and tankers. The Company provides real-time maritime information to help organise port traffic, provide navigation assistance to vessels and ensure smooth goods operations on land. Australia, with one of the largest harbours in the world with 1.6 million passengers passing through its Port Authority, depends on Airbus' STYRIS® system to manage Sydney Harbor and Port Botany.

Public Safety

The Company helps to protect societies and cities by providing communication and collaboration solutions to government authorities, law enforcement agencies, emergency services, healthcare providers and other public safety organisations. Their solutions enable authorities to respond to, and collaborate on, multiple simultaneous missions, often in emergency or high-security scenarios, through the sharing of high-value information (voice and data). The Company has equipped 19

nationwide networks for public safety forces (of which 13 are in Europe) and more than 30 networks for local authorities and defence forces.

When security threats arise at large events or gatherings of people, the Company offers real-time secure data and surveillance, cyber security, secure connectivity and situational awareness.

Critical Infrastructure Protection

The Company protects government installations, air bases and military sites, ports and airports, sensitive industrial sites and civil infrastructure. The focus of our critical infrastructure portfolio is to provide operators of protected facilities with situational awareness of that site, as well as with actionable intelligence and command and control systems that enable them to respond to threats and manage incidents when they do occur. For example, Airbus communications solutions help to secure over 100 metro lines, 20 airports and 11,000 km of pipelines.

Secure Connectivity for Transportation

With the growth of large urban areas around the world, efficient but safe transportation is vital. The Company provides some of the busiest airports, train stations and underground train systems in Europe and China with its Tetra system, a secure radio communication network, allowing hundreds of users to securely communicate in real time. These operators rely on Airbus' secure communications to relay urgent and confidential messages in emergency situations.

Cyberspace Protection

Airbus CyberSecurity's Orion Malware solutions provide businesses with the ability to detect malware in their networks and investigate emerging threats. In the past when the French TV channel (TV5 Monde) suffered an unprecedented cyber-attack, taking the station offline, Airbus CyberSecurity provided a fast and satisfactory resolution of this crisis.

Defence and Security

The Company works with the EU, NATO and other governments to supply the necessary equipment to support their efforts to make the world a safer place. Nations need defence systems and equipment to guarantee sovereignty, security and human rights. The Company's military aircraft, satellites and security technologies help protect democratic values around the globe. A partnership with the Company also helps them to protect their nations from the changing nature of terrorism threats and cybercrime.

Airbus Defence and Space does not produce nuclear weapons. Through its 50% share in ArianeGroup, there is a connection to the French Nuclear Deterrence Programme as ArianeGroup produces the M-51 launcher. However, the warhead is exclusively built by France's Directorate General of Armaments (DGA).

b) Products for a Healthier Environment

The Company has been a trusted provider of governmental space capability since the birth of European space 50 years ago, delivering satellites as well as data solutions that inform decision making on significant environmental issues. Its aerial imagery of climatic and environmental changes around the planet reveal the scale of change and dependencies at work, deepening understanding of Earth's systems and enabling smarter responses.

Earth Monitoring

Copernicus, the EU's Earth Observation programme, is the biggest provider of Earth observation data in the world. Its images are vital to managing the health of our planet. The Company contributes to all the Copernicus Sentinel satellites and its SpaceDataHighway, a near-real time laser communication relay, is used to transmit data from the Sentinel-1 and -2 satellites. Airbus satellites include:

- Sentinel-2, which circles the Earth's landmasses every ten days, delivering data for agriculture, forestry, natural disaster monitoring and humanitarian relief efforts;
- Sentinel-5 Precursor, which provides critical insights in helping to understand and mitigate the effects of climate change.

Other Airbus satellites in orbit include:

- ADM-Aeolus provides global observations of atmospheric modelling and analysis techniques, which are used in weather forecasting and climate research;
- the MetOp satellites. Since their launch, errors in one-day weather forecasting have been reduced by 27%. The MetOp mission provides meteorological observations from polar orbit and contributes to long-term climate monitoring;
- Twin Grace-FO satellites are mapping the Earth's gravitational field to better understand movement of water, ice and land masses.

Agriculture

Satellite and drone imagery integrated with Airbus digital platforms enable agricultural stakeholders to understand and monitor crop growth. Platform solutions include:

- Verde helps farmers optimise crop scouting, irrigation, seeding, fertilisation, and crop detection, to improve practices over the long run to get more out of fields in a sustainable way;
- Farmstar supports French farmers to improve their harvest quality with plot-specific accuracy, offering a complete range of information on the condition of crops (stand counts, nutritional condition, risk of disease, etc.) in order to rationalise fertiliser input and safeguard the environment;
- AgNeo provides agribusinesses with an innovative and reliable decision support platform to drive greater efficiency. It provides in-season actionable information utilising imagery, field data and weather insights.

Forest Management

Airbus' Starling is a private and independent tool that allows companies to monitor the implementation of their "No Deforestation" policies by tracking land cover change over time. Nestlé is using the Starling system to monitor its entire palm oil supply chain. Starling helps Nestlé understand better where deforestation occurs, what drives it and who is involved.

Sustainable Space

The Company is working to ensure a sustainable space environment to prevent space debris and protect valuable national assets, such as satellites in orbit around the globe. For example:

- Airbus is the first company to test technologies to clear out space junk and avoid spacecraft collisions. Three main debris removal technologies have been tested in orbit: harpoon, net and vision-based navigation. In addition, active debris capture using robotic arms is being developed on the Airbus site in Stevenage;

- Airbus also participates in research collaboratives that harness corporate and university know-how to work towards preventing space collision (e.g., RemoveDEBRIS and Technology for Self-Removal of Spacecraft (TeSeR));
- the ground-based Airbus Robotic Telescope (ART) is a test-bed which performs automated tracking and surveillance of satellites and debris in space. This is important to prevent satellites or the International Space Station from colliding with debris or each other.

The Company is wholly committed to ensuring its products meet space debris mitigation regulations as it believes in the importance of promoting sustainable space. Specifically, it is

already aligning with the French Space Operations Act and the ISO standard 24113:2019 to avoid generation of debris in orbit and ensure safe removal of spacecraft from useful orbit at the end of life. Moreover, the Company is involved in task forces on Space Traffic Management, aimed at organising sustainable use of outer space as massive constellations become a reality.

Last but not least, as part of the advisory group of the World Economic Forum (WEF), the Company has also been promoting the Space Sustainability Rating (SSR) eco-label for space missions.

1.2.3 Responsible Business

a. Ethical Business Practices

I. Introduction

The Airbus Ethics & Compliance programme seeks to ensure that the Company's business practices conform to applicable laws, regulations and ethical business principles, as well as developing a culture of integrity and speak-up. In 2019, Ethics and Compliance continued to be a top priority for the Company as for 2018 and 2017. In its list of priorities for the year, the Company set the objective to: "Enforce respect of Airbus ethics & compliance standards and principles".

The Company has worked over the past several years to develop an Ethics & Compliance programme that is structured around the following key risk areas: Business Ethics/Anti-Corruption Compliance, Export Compliance and Data Protection Compliance. Each of these areas is, in turn, supported by dedicated compliance policies and a team responsible for their implementation, together with the identification and proposal of new measures to adapt to a constantly evolving regulatory landscape.

Improving the Ethics & Compliance programme remains a constant and ongoing process, in cooperation with other functions within the Company, in order to sustain and capitalise on our values.

II. Governance

The Ethics & Compliance organisation is part of the Legal Department under the ultimate responsibility of the Airbus 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 Airbus Chief Ethics & Compliance Officer, who reports to both the General Counsel and the Ethics & Compliance Committee of the Board of Directors, leads a dedicated team of Compliance professionals who are responsible for supporting and advising across the Company on compliance related topics, performing risk assessments, drafting policies, conducting third party due diligence, investigating compliance allegations, implementing tools and controls and delivering compliance training.

The Ethics & Compliance Committee of the Board of Directors also plays a key role in the oversight and continued development of Airbus' Ethics & Compliance programme, organisation and framework for the effective governance of Ethics and Compliance.

In addition to the dedicated Compliance professionals, the Company re-launched a network of part-time Ethics & Compliance Representatives (ECRs) in 2019, spanning all divisions, functions, and regions. 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 and Compliance concern, including but not limited to bribery or corruption.

Likewise, the network of Data Protection focal points in the business (functions and affiliates) grew considerably in 2019.

III. Risk Management

The Company is required to comply with numerous laws and regulations in jurisdictions around the world where it conducts business. This includes countries perceived as presenting an increased risk of corruption.

Accordingly, since 2017, the Company has been conducting a thorough bribery and corruption risk assessment across its different Divisions and businesses. The results of this risk assessment are embedded and monitored within the Company's Enterprise Risk Management framework and highlight, among others, the risk of improper payments being made to or via third parties such as business partners, lobbyists and special advisors, suppliers, distributors and joint venture or offset partners. Further corruption risks include the use of sponsorships, donations, or political contributions to improperly benefit decision-makers, or the provision of excessive or overly frequent gifts and hospitality by Airbus employees.

In order to ensure its compliance with Export Control regulations and laws in the EU, US and internationally, the Company has also initiated a review of its Export Control compliance programme. Where risks are identified, the Company will implement corrective actions to mitigate these risks which are embedded and monitored within the Company's ERM framework.

Regarding Data Privacy, the Company systematically undertakes Privacy Impact Assessment for applications meeting the criteria (nature of the personal data processed or scale of the processing, etc.) as defined by the General Data Protection Regulation (GDPR). In addition, risks derived from GDPR are also assessed in the context of the ERM and kept updated.

Specific directives have been adopted to address the key compliance risk areas at Airbus. These include among others:

- Requirements for Gifts & Hospitality;
- Requirements for Sponsorships, Donations and Corporate Memberships;
- Requirements for the Prevention of Corruption in the Engagement of Business Development Support Initiative Third Parties (BDSI);
- Requirements for the Prevention of Corruption in the Engagement of Lobbyists & Special Advisors;
- Requirements for Supplier Compliance Review;
- Requirements for Preventing and Declaring Conflicts of Interest;
- Requirements for the Prevention of Corruption related to Mergers & Acquisitions, Joint Ventures 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;
- Export Compliance Directive;
- ITAR Part 130 Directive;
- 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 Airbus Executive Committee and the Ethics & Compliance Committee of the Board of Directors, including recommendations to strengthen the Ethics & Compliance programme where necessary.

In addition, the Corporate Audit & Forensic Department conducts periodic, independent audits of Airbus compliance processes to assess the effectiveness of internal controls and procedures and allow the Company to develop action plans for strengthening such controls.

IV. Initiatives

Awareness and Training

All Airbus 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, some employees may be selected to attend face-to-face training as well. Attendance in such cases is mandatory, and managers have a responsibility to ensure that their team members do so.

From 1 October 2018 to 30 September 2019, the Company's employees followed 185,365 Ethics & Compliance, including on corruption and bribery, digital training sessions. Furthermore, 3,020 employees attended face-to-face HR catalogue trainings on different E&C topics in 2019.

Last but not least, Ethics & Compliance led a series of E&C symposia targeting Executives and Senior Managers in 2019, aimed at raising awareness on Ethics and Compliance issues.

Speak-Up Channel: OpenLine

The Company recognises that the Code of Conduct cannot address every challenging situation that may arise. The Company 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 and Compliance. In 2019, the Company decided to further improve the accessibility and use of the OpenLine by extending its coverage to third parties and by offering an anonymous option when authorised by law.

In addition, the dataprotection@airbus.com mailbox is systematically published in the Airbus data protection policies and information notices specific to the various apps, for the purpose of exercising data subject's rights and /or lodging complaints.

The Company protects those who speak up and raise concerns appropriately and in good faith. The Company does not retaliate against anyone who raises a concern, or against those who assist in investigations of suspected violations.

2019 Initiatives

The foundation for integrity at Airbus is the Code of Conduct. In 2019, the Company restructured and re-issued the Code, which is intended to guide daily behaviour and help employees resolve the most common ethical and compliance issues that they may encounter. The Code of Conduct applies to all employees, officers and Directors of the Company as well as entities that the Company controls. Third-party stakeholders with whom the Company engages are also expected to adhere to the Code of Conduct in the course of performing work on Airbus' behalf.

In addition to the Code, the Company also updated its policy related to Gifts & Hospitality in 2019, and issued new policies related to the management of conflicts of interest and the due diligence screening and on-boarding process related to new suppliers.

V. Future Outlook

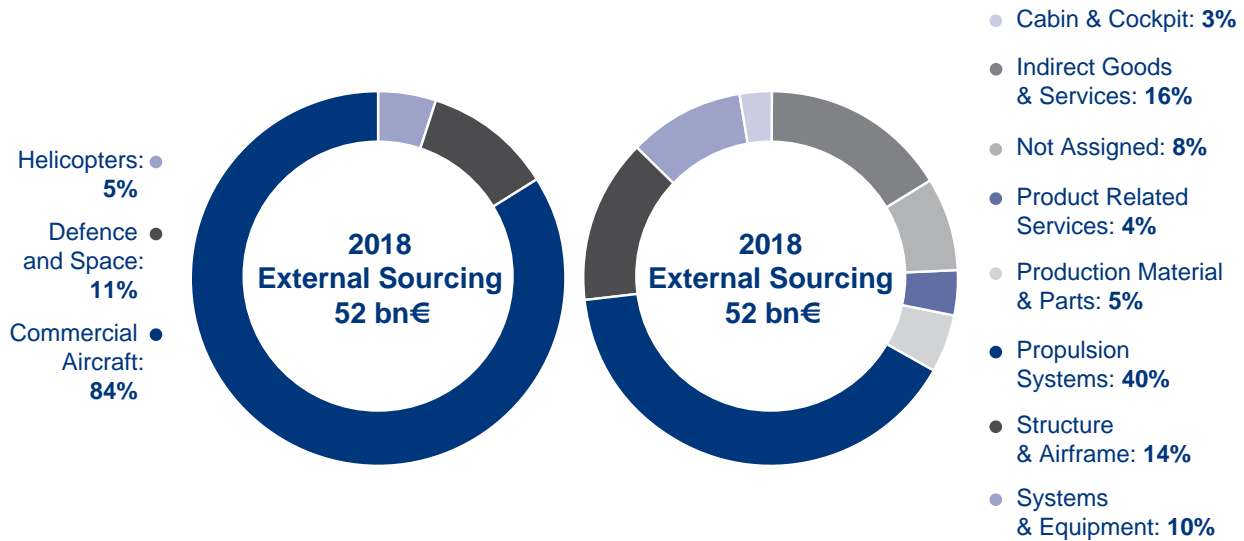
An effective Ethics & Compliance programme is one that, by definition, continuously adapts to changes and improves over time. Going forward, the Company will continue to assess its risks and monitor and test the implementation of mitigation measures at all levels: corporate level, divisions, regions and local entities.

When misconduct reveals a gap in compliance policies, procedures or tools, the Company undertakes revisions to its Ethics & Compliance programme commensurate with the wrongdoing and in light of lessons learned. While compliance at Airbus 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.

b. Responsible Suppliers

I. Introduction

Approximately 24,000 suppliers from more than 100 countries supply parts, components, systems and services to the Company. In 2018, the overall external sourcing volume of the Company was valued at around €52 billion and shared between Divisions and purchasing commodities as follows:

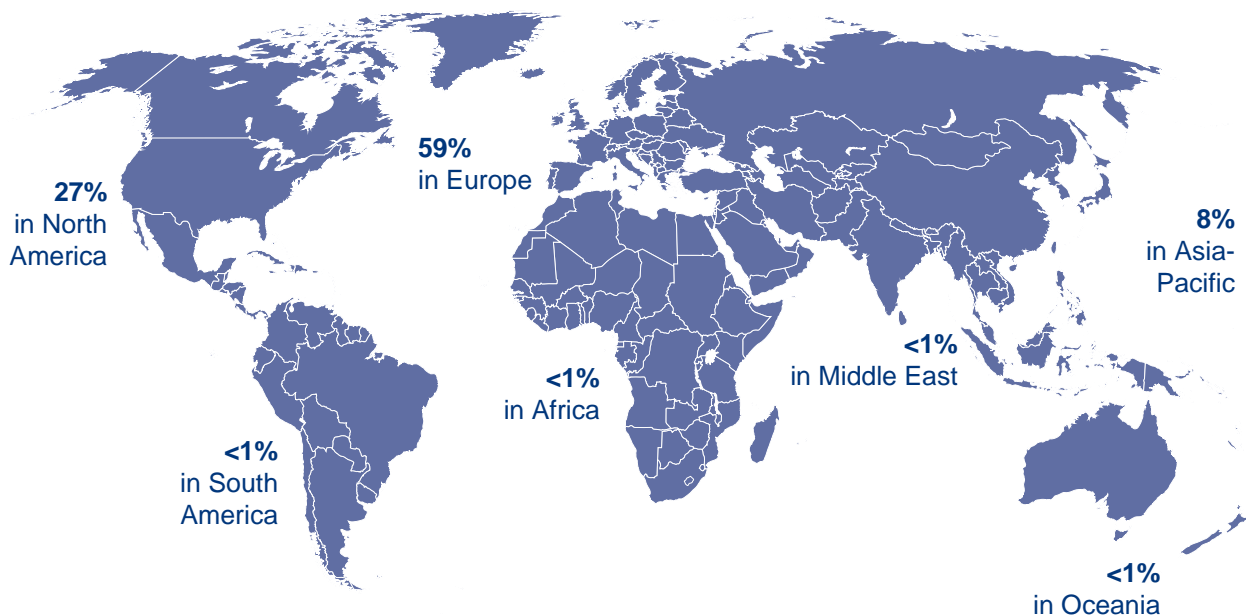


Source: PYDAP Procurement Performance & Reporting Services; Airbus Sourcing Report 2018.

Whilst the Company's products and services are sold all over the world, the majority of its supply chain is based in Europe and OECD countries.

However, in the past few years, the supply chain has become concentrated and more international. The Company has identified local sourcing in Asia as one of its leading long-term objectives. In addition, and due to increasing consolidation within the aerospace and defence sector, larger work packages are being placed with a smaller number of lead suppliers.

The Company's global sourcing footprint is represented as follows based on Tier1 and subtiers data:



To promote further globalisation of its sourcing footprint, Airbus has established regional sourcing offices in North America, China & East Asia and India.

For the sourcing of indirect Goods and Services, the Airbus General Procurement function is represented in the three core regional sourcing offices. Throughout China, India and North America, Airbus General Procurement has over 50 employees managing "Local for Local" activities across 18 sites. Airbus General Procurement will continue to grow the global footprint by implementing new developments within Asia Pacific (Singapore and Malaysia) and the Middle East throughout 2020.

Airbus and its Divisions being certified ISO 14001, the Procurement function is acting in adherence with ISO 14001 requirements.

II. Governance

Responsible sourcing and supplier management

The Company strives to make environmental and societal responsibility a core element of its procurement process, managing the relationships with suppliers through sourcing strategy, supplier selection, contract management, supplier monitoring and development.

The Company's suppliers must comply with all applicable laws and regulations of the countries in which operations are managed or services provided. In addition, wherever suppliers are located, all business should be conducted in compliance with the Airbus Supplier Code of Conduct.

The Airbus Supplier Code of Conduct is the document of reference for Airbus' responsible supplier management (available at <https://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Supplier-Code-Conduct-EN.pdf>).

This Supplier Code represents the group-wide values and principles in line with internationally recognised standards and conventions (such as OECD and ILO). It has been developed with the International Forum on Business Ethical Conduct (IFBEC).

Responsibility and sustainability activities in the supply chain are managed by the Procurement R&S department together with divisional representatives and a network of focal points from the different purchasing commodities. The Head of Procurement R&S department is part of the Procurement Leadership Team (PLT).

The central Procurement R&S department manages integrity topics and awareness within the Procurement function and deploys the corporate Supplier R&S programme with related supplier due diligence actions. The Supplier R&S Programme Manager is also part of the corporate cross-functional group, the R&S Network.

In response to legislative developments and new regulatory requirements, Airbus launched in 2017 the Supplier R&S programme, a transverse governance structure for environmental, human rights, health and safety issues. It is based on the following key elements and principles of due diligence following the OECD framework on responsible business conduct:

- Supply base risk mapping
- Supplier assessment/audits and development plans
- Supplier engagement and contractual requirements
- Policies, tools and reporting

For anti-corruption topics in the supply chain, the Procurement department cooperates closely with the Legal & Compliance department.

III. Risk Management

The Company's direct procurement-related risks are embedded into the Company's ERM system. A specific risk category regarding R&S-related risks in the supply chain has been integrated into the risk management plan.

a) Regulatory Non-Compliance

The Company may not obtain sufficient visibility and information from its supply chain in regards to compliance with environmental, human rights, health and safety laws and regulations and a supplier's adaptation of international sustainable development goals.

In the event of an industrial accident or other serious incident in the supply chain, or any problems of the supplier to fulfil its operational or product compliance, this may also have a significant adverse effect on the reputation of the Company and its products and services. The Company's reputation may also be affected by the public perception of social and/or environmental impacts of its supply chain's industrial operations on local environments, communities, biodiversity and the general public's health.

b) Supplier's Impact on Local Environment

From the extraction of raw materials to the manufacturing of parts delivered to the Company, a supplier's industrial operations may have significant environmental impacts on the local environment where the activity is performed, with possible impacts on air, water, soil, biodiversity, workers' occupational health and safety and on the general public's health.

c) Disruption Risk

In the event that a supplier fails to comply with environmental, human rights, health and safety laws and regulations, even if caused by factors beyond its control, that failure may result in the levying of civil or criminal penalties and fines against the supplier. Regulatory authorities may require them to conduct investigations and undertake remedial activities, curtail operations or close installations or facilities temporarily to prevent imminent risks.

In response to above a) to c), the Company deploys responsible sourcing activities and specific supplier due diligence actions in frame of the corporate Supplier R&S programme.

d) Risk of Product Non-Compliance

The various products manufactured and sold by suppliers must comply with relevant environmental, human rights, health and safety laws and regulations, for example those designed to protect customers and downstream workers, and those covering substances and its contents, in the jurisdictions in which they operate. Even if a supplier seeks to ensure that its products meet the highest quality standards, increasingly stringent and complex laws and regulations, new scientific discoveries, delivery of defective products or the obligation to notify or provide regulatory authorities or others with required information (such as under the REACH regulation) may force it to adapt, redesign, redevelop, recertify and/or remove its products from the market. Seizures of defective products may be pronounced that could prevent delivery to Airbus.

In response, a Procurement Task Force has been established in order to have a group-wide governance for supplier management and assessment of chemical regulations and obsolescence impact.

IV. Initiatives: Airbus Supplier Vigilance Plan

The Company requires commitment to responsible business practices and sustainable development from all suppliers of its entities and strives to make environmental and social responsibility a core element of our sourcing and supplier management process. This joint commitment is a key element in securing success, conformance to applicable laws and a sustainable future of the aviation industry.

Supply Base Risk Mapping

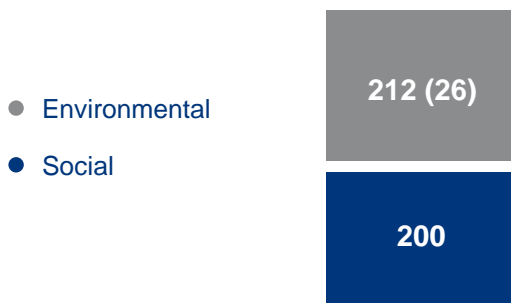
Social Compliance Risks

Since 2018, the Procurement R&S department has performed a proactive social risk mapping in line with international guidance, internal commodity expertise and externally available country indices. The risk mapping resulted from both a country risk and a purchasing category perspective considering indices like child labour, modern slavery/forced labour, recruitment practices, working time, wages, people safety at work and freedom of association. In 2019, the methodology has been formalised and published in an internal commodity guide and applied to the entire Company.

Environmental Compliance Risks

In addition, an environmental risk mapping has been performed, taking into consideration categories such as the existence of hazardous substances, energy consumption, CO₂ emissions, water usage, waste management, air pollution and specific local Chinese environmental regulations. In 2020, environmental risk mapping will be included in the above methodology.

Number of business-relevant external risk suppliers identified in 2019 (thereof lower tiers)



Source: Procurement Responsibility & Sustainability Risk mapping methodology and Airbus Sourcing Report 2018

Supplier Factory Visits

Related to the commercial aircraft activities of Airbus, the Gemba Walk pocketbook is a practical and visual guideline for Airbus employees visiting a supplier's shopfloor, which supports the identification and reporting of risks or improvement opportunities observed during factory visits.

A dedicated pocketbook on environment, health & safety and human rights risks has been developed in 2019 and published on the Airbus intranet.

Supplier Assessment / Audit and Development

In 2019, the Company has worked with external expert companies for the performance of R&S related desktop assessments and specific on-site audits. The assessments cover social compliance criteria such as human rights, labour practices, health and safety and anti-corruption as well as environmental regulations and sustainability criteria based on the environmental questionnaire developed by the IAEG.

All business relevant external risk suppliers are eligible to an R&S assessment by an external expert company. By end of January 2020, the Company had launched approximately 55% of such assessments with a target to reach 100% by end of 2020.

Specifically on environmental matters, the Company further fostered REACH awareness in the supply chain and engaged with suppliers to accelerate the substitution and manage the use of the most hazardous substances. In particular, regarding the REACH EHS readiness of suppliers, the Company focused on:

- engagement with 223 *in situ* suppliers through webinars and supplier conferences to develop their readiness to comply with enhanced REACH EHS conditions when working on Airbus sites. Further direct exchanges with AIRBUS EHS experts has been organised with 25% of them;
- evaluation of the maturity of external suppliers in Airbus qualified processes in regards to the future enhanced protection requirements that are being defined by the European Commission. Out of 357 suppliers of Airbus qualified processes using chromates in industrial processes, the 80 most impacting suppliers have been assessed on-site in 2019 by a third party on behalf of Airbus.

Supplier Engagement

Contractual Requirements

The Company's standard procurement contract templates have evolved over the last few years to reinforce R&S related clauses that require suppliers to:

- comply with all applicable laws and regulations relating to production, products and services;
- provide information on substances used in manufacturing processes and contained in the product itself;
- provide information on environmental, health and safety matters such as safe usage and management of products across its lifecycle (including waste management);
- implement an Environmental Management System based on ISO 14001 or equivalent;
- comply with the Company's anti-corruption and bribery requirements; and;
- comply with the Airbus Supplier Code of Conduct, including with regard to environment, human rights, labour practices, responsible sourcing of minerals and anti-corruption.

In 2019, the full scope of clauses were included in new contracts by default and the implementation in existing contracts has started according to the contractual roadmap of each purchasing commodity.

During the 2019 Annual Supplier Conference for the commercial aircraft business of Airbus, for the first time an award was presented to two suppliers with regard to responsibility & sustainability. This award recognised these suppliers for their efforts to drive sustainability within the Airbus supply chain.

Training & Awareness

Throughout 2019, the Procurement R&S department supported both internal awareness sessions and workshops as well as external supplier meetings on responsibility & sustainability in the supply chain.

The Company's internal Procurement Academy provides training on core competences and skills to develop procurement expertise and prepare employees within the Procurement department for the challenges of the future. R&S modules are embedded in Procurement's newcomer induction path and manager development programme.

The e-learning specifically developed for the Procurement population on environmental issues has been updated in order to reflect the latest status of laws, regulations and Airbus internal processes. This training targets supply chain quality managers, ordering officers and buyers.

Policies & Tools

The Company is currently assessing all Procurement processes and tools in order to integrate R&S-related requirements, where relevant, on top of environmental requirements, which are already largely considered. This will lead over the next years to the adaptation of Procurement process & tools managed by the Procurement strategy teams and creation of specific guidelines and/or commodity awareness.

Grievance Mechanism

Since 2019, the Airbus OpenLine is available to external stakeholders, such as suppliers and their employees, as a secure and confidential channel through which they may, on a voluntary basis, raise alerts related to Airbus in the areas of bribery, human rights, environment and health and safety. This medium is available through the Airbus OpenLine website (www.airbusopenline.com) in 13 languages. For more information on OpenLine, see "–1.2.3(a) Ethical Business Practices".

Work with External Stakeholders

As mentioned under "Environment" in section 1.2.2(b), Airbus is a founding member of IAEG, which is working on common aerospace industry standards and tools to manage environmental obligations.

More specifically, for supply chain the IAEG has developed:

- a Supply Chain Environmental Survey, which has been implemented in 2019 at Airbus and will be used as the environmental assessment module as mentioned in paragraph 2 above;
- an EMS implementation guideline to encourage a wider uptake of environmental management systems as appropriate for each company in a phased approach and cost effective, consistent and supportive manner;
- a GHG Reporting Guidance, including a parametrical approach to evaluate emissions.

IAEG has also set-up a working group in 2019, to define an Environmental Qualification Programme to assess and develop the environmental maturity of suppliers.

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

Promoting Disability Friendly Companies

Since 2011, Airbus in France has been promoting employment of disabled people by its suppliers. Concretely, a specific mention is integrated into all relevant calls for tender that are launched, requesting bidding suppliers to propose a partnership with a disability friendly company.

At the end of 2019, the global volume of business with disability friendly companies in France was €50 million with an increase of 20% compared to 2018 for Airbus in France. At the end of 2019, 60 disability friendly companies are working with Airbus compared to 10 in 2010.

In November 2019, the Company organised its first (Dis)Ability Forum in Hamburg to increase its cooperation with disability friendly companies in Germany.

Conflict Minerals

The Company places great importance on the responsible sourcing of materials used in manufacturing. Some minerals including 3TG (tin, tungsten, tantalum and gold) are necessary for the proper functioning of components within its products. The Company largely does not directly import minerals but these minerals are found in certain products the Company procures.

In that context, the Company requires from all suppliers to comply with applicable laws and regulations on conflict minerals, including 3TG.

For the small portion of direct procurement of minerals in Airbus Defence and Space, the Company has established a dedicated Conflict Mineral Management System. This document describes the necessary activities needed to monitor potential future legal obligations linked to the upcoming EU regulations on the importation of 3TG.

To outline the Company's commitment to responsible business, the Responsible Mineral Policy was released in 2019 (available at <https://www.airbus.com/company/sustainability/human-rights.html>), which details its engagement to improve safety and human rights conditions in the mineral supply chains.

Plastic-Free Supply Chain

Aligned with the R&S Charter and SDG 12 (responsible consumption & production), a dedicated project has been launched at Airbus Defence and Space with the aim of reducing, reusing and recycling plastic waste and packaging in Airbus area of involvement by 2025. This includes the following initiatives in relation to Airbus products, logistic flow and the supply chain:

- implementation of optimised processes for inter-site/supply chain deliveries;
- review of specification and contractual requirements of packaging;
- review of the current take-make-waste extractive industrial model and promotion of the circular economy approach towards a sustainable way to use plastic.

Discussions to extend this project to both Divisions and to enlarge to packaging at large have started in 2019 and will continue in 2020.

CO₂ Emissions

In 2019, Airbus undertook an initial assessment of its scope 3 "Purchased Goods and Services" impact using a methodology developed by IAEG.

V. Future Outlook

The Supplier R&S programme activities will evolve to actively mitigate R&S risks in the supply chain, adapt to evolving R&S requirements and our ambition as a sustainable company.

From 2020 onwards, Airbus will conduct R&S-related on-site assessments and specific development plans with a certain number of risk suppliers identified during the self-assessment campaigns that were launched in 2019.

The Company aims to embed R&S assessments systematically in the supplier approval, monitoring & control process to assess in the future not only suppliers in specific R&S risk countries and activities but all suppliers that are strategic and critical to business.

Specific R&S training modules and solutions will be developed for both internal use and awareness in purchasing commodities and some specifically to be made available to suppliers through the supplier portal and online.

Regarding environmental sustainability and substance management, the Company will focus on the following in 2020:

- monitoring of the mitigation action plan to close the findings of the REACH readiness assessment conducted in 2019;
- identification of Airbus suppliers contributing the most to VOC emissions, water or energy consumption in order to request from them a regular monitoring and continuous improvement of their operational performance;
- identification of the key contributors to CO₂ emissions in the supply chain and engagement in a supplier dialogue, to evaluate opportunities for GHG emission reduction and ways to monitor the progress.

1.2.4 Responsible Employer

a. Workforce

As of 31 December 2019, the Company's workforce amounted to 134,931 employees (compared to 133,671 employees in 2018), 95.54% of which consisted of full-time employees. These statistics take into account consolidation effects and

perimeter changes throughout 2019. Depending on country and hierarchy level, the average working time is between 35 and 40 hours per week.

Entries & Leaves	2019	2018	2017
Newcomers	11,270	10,959	7,318
Core division	6,643	5,246	3,900
Subsidiaries	4,627	5,713	3,418
Leavers (including partial retirement)	5,842	6,198	5,151
Core division	2,902	3,245	2,646
Subsidiaries	2,940	2,953	2,505

In terms of nationalities, 35.6% of the Company's employees are from France, 31.6% from Germany, 8.5% from the UK and 10.1% from Spain. US nationals account for 2.1% of employees. The remaining 12.0% are employees coming from a total of 142 other countries. In total, 90.1% of the Company's active workforce is located in Europe on more than 100 sites.

Furthermore, Airbus expects its workforce to evolve naturally to support the business.

Workforce by Division and Geographic Area

The tables below provide a breakdown of Airbus' employees by Division and geographic area, including the percentage of part-time employees.

Employees by Division	31 December 2019	31 December 2018	31 December 2017
Airbus Commercial Aircraft ⁽¹⁾	80,985	80,924	74,542
Airbus Helicopters	20,024	19,745	20,161
Airbus Defence and Space	33,922	33,002	32,171
Airbus (former HQ)	0	0	2,568
Group Total	134,931	133,671	129,442

(1) Airbus commercial Aircraft includes population of Airbus Former HQ since 1 January 2018.

Employees by geographic area	31 December 2019	31 December 2018	31 December 2017
France	49,143	48,144	47,865
Germany	45,638	45,387	44,214
Spain	12,637	13,684	13,177
UK	11,109	11,214	11,304
US	3,151	2,489	2,707
Other Countries	13,253	12,753	10,175
Group Total	134,931	133,671	129,442

% Part time employees	31 December 2019	31 December 2018	31 December 2017
Group Total	4.46%	4.22%	4.20%

Active Workforce by contract type	31 December 2019	31 December 2018	31 December 2017
Unlimited contract	130,591	130,131	126,534
Limited contract > 3 months	4,340	3,540	2,908

Airbus' attrition rate is 4.4% overall (incl. subsidiaries) and 8.43% in subsidiaries only.

Airbus' headcount reporting includes all consolidated companies worldwide. The internationally comparative figures are based on the active workforce, i.e. the number of permanent and short-term employees, irrespective of their individual working times. The headcount is calculated according to the consolidation quota of the respective companies. The scope for HR structure reporting covers about 99.9% of Airbus' total active workforce from consolidated companies. In total, about 0.1% of Airbus' employees are not included in the scope, as no detailed employee data is available at group level for some companies belonging to Airbus, usually recently acquired.

For more details on Scope and Methodology, please refer to the Airbus website at www.airbus.com.

Training & Mobility

In 2019, Airbus provided 1.5 million training hours and more than 12,000 participants took part in learning within the leadership domain.

	2019*	2018*
Number of Classroom Training	129,296	114,327
Number of Digital Training	397,938	248,448

* Change of reporting period since 2018: from 1 October to 30 September.

The training KPIs in this report are provided for the legal entities in which at least one employee followed a training during the year. These entities' headcount represents 97.6% of the total active workforce from full consolidated companies. Some entities may monitor local trainings outside of the group's centralised training tool MyPulse, the corresponding additional trainings are not included in the KPIs above.

In addition, in 2019 more than 37,900 employees benefited from other developments and transformation solutions proposed by the Airbus Leadership University. The purpose

b. Human Capital Management, Labour Relations and Human Rights

The Company's workforce is managed by the HR function thanks to a set of HR policies and a strong labour structure. HR policies are discussed and agreed with social partners through continuous and regular meeting at global and local levels. The current priorities of the Company's HR function are:

- to ensure that the Company can attract, develop and retain a world-class competent, motivated and flexible workforce, which fits current and future business requirements;
- to facilitate diversity, continuous integration and internationalisation of the Company and contribute to a common culture based on strong company values;
- to be a global employer of choice and an innovative, inclusive and engaging place to work for all employees.

of the university is to strengthen the Company's approach to leadership, offering equivalent opportunities for all leaders to drive their development one step ahead, while accelerating the cultural evolution and human transformation of the Company.

Mobility of employees within or across Airbus and its Divisions is one of the main priorities for the overall benefit of the Company. In 2019, as of end of December, more than 12,000 employees changed jobs cross-divisionally and cross-country.

Labour Relations

I. Introduction

Wherever it operates, the Company wishes to grow its economic success in consideration of common principles and standards consistent with International Labour Organisation (ILO) conventions, the OECD Guidelines for Multinational Enterprises and the principles laid down by the UN Global Compact, which the Company has adopted. The principles are in compliance with the Airbus Code of Conduct and with the International Framework Agreement signed in 2005.

II. Governance

In the International Framework Agreement, the Company reaffirms its willingness to respect the regulation regarding fundamental human rights, equal opportunities, free choice of employment, as well as prohibition of child labour and respect and ensuring the conditions for industrial dialogue.

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

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

The provisions of this framework agreement define the Company's standards to be applied wherever Airbus operates provided they are not in contravention of local law, insofar as more favourable conditions do not exist already. Monitoring will be defined to ensure that the provisions of this agreement are not breached wherever Airbus operates, insofar as more favourable conditions do not exist already.

The Company is in continuous dialogue with social partners on its sites in Europe, principally through meetings with management at the European Committee level but also through meetings and negotiations at national or local level. Sites outside Europe are covered by Airbus' ILA framing the social dialogue and social culture in line with local labour legislation, culture and practices of respective countries and by the newly installed Airbus Global Forum – see below.

Regular social dialogue is ensured as per ILO requirements and local legislation thanks to Airbus' Societa Europea Work Council (SEWC) agreement in 2015 and reshaped in 2018.

Industrial relations and social dialogue are fully part of Airbus' DNA and, therefore, its continuous evolution and improvement are embedded in the Company's Human Resources strategy supporting Airbus' business challenges. Strengthening the role of industrial relations and social dialogue is an enabler of shaping the future of work through workplace cooperation, collective bargaining by enhancing cooperation between employees' representatives and top management.

III. Initiatives

Airbus joined the Global Deal for Decent Work and Inclusive Growth initiative ("Global Deal"). The engagement letter was signed conjointly by Airbus' Chief HR Officer, Head of Group Social Policies & Industrial Relations and Head of Responsibility

& Sustainability. Developed in cooperation with the ILO and the OECD, the Global Deal is a multi-stakeholders' partnership that seeks to address two of the greatest challenges of our time: to reduce high and rising inequalities in opportunities and outcomes and to restore fading trust in the ability of governments and institutions to make economic growth work for all against a backdrop of rapid changes in the world of work. The Global Deal's founding principles aim at encouraging action through voluntary commitments, increasing knowledge base about social dialogue and sound industrial relations and providing platforms for sharing experiences and best practices. Airbus' active representation demonstrates that social dialogue's globalisation is rooted in Airbus' R&S strategy and commitments reflecting Airbus being an employer of choice.

In line with its commitments, the Company demonstrated its engagement through the following significant initiatives in 2019:

- in June, the first Airbus Global Forum (AGF) was held chaired by Airbus Chief HR Officer in presence of Airbus European Select Committee and Airbus Staff Representatives from Airbus main operating regions: Africa/Middle East, Asia Pacific, India, China, Latin America and North America. The AGF was launched with the aim of piloting constructive exchange of information with staff representatives at a global level, in line with responsibility and sustainability policies to further engage the social dialogue towards Company globalisation;
- in Spain and in France professional elections took place. For the first time, all French Airbus companies have voted between November and December;
- the main French entities of Airbus have signed beginning of March a group agreement with four representative unions (FO, CFE-CGC, CFTC and CFDT) about Employment and Career Paths Management. This new agreement is part of the Airbus "Future of Social Dialog" approach, which consists, in particular, of coordinating and simplifying the implementation of the new social norms that come out of most of the French government reforms (Loi "Avenir professionnel"). Employment and Careers Paths Management incorporates all processes and tools, in association with economic, technological, social and demographic changes and with respect to Airbus' strategy, which enables:
 - for the Company to improve its ability to anticipate its future competences and employment requirements, and to meet these by putting in place appropriate actions and mechanisms,
 - for employees to better manage their individual career paths and develop their competences and employability.
- New Gender Neutral Family Leave Policies and improved suite of family leave policies were implemented on 1 June 2019 in the UK. Airbus believes that these policies provide equal opportunities by ensuring they are accessible and equitable to all. Through thorough benchmarking, Airbus is confident that its policies compare well to other organisations and that Airbus is taking a lead in supporting cultural change. The aim is to help improve recruitment and retention and contribute towards closing the gender pay gap. The policies have been well received by employees so far and, in particular, Airbus has seen an increased interest in requests for information about Shared Parental Leave;
- programme for "Continuous Development for social partners" with social partners started. The implementation of modernised career management arrangements for

mandated representatives to strengthen the attractiveness of union careers, enhance experience, sustain the link with business competencies and promote return to work:

- training courses, access to the Airbus Leadership University,
- dedicated budgets,
- GEPP (job description database),
- “Anti-discrimination” measures, wage development guarantees;
- new union communication terms adapted to our increasingly digitalised world (i.e. relaxation of the use of e-mail towards members, more visibility on the Airbus Intranet, establishment of “communities” shared with Management during main negotiations). Strengthening the rules on confidentiality and data protection and complete overhaul of the use of the Airbus database to share compulsory social and economic information.

IV. Future Outlook

In France, concrete and significant changes will come from the new metallurgy branch agreement that should be deployed in 2020. It will give Airbus the opportunity to re-negotiate all its company agreements, creating a “new social contract”. This broad re-negotiation will also help us ensure the deployment of our HR strategy especially on New Remuneration Scheme. Anticipating this coming negotiation, a preliminary phase is currently ongoing to review our existing agreements and define our target.

In Spain, a three-year cross-Divisional intercompany agreement (“CBA”) regulates social policies and has to be renewed for the period 2020-2022. For Airbus’ commercial aircraft activities in Germany, the “Collective Agreement for the Future” will expire end of 2020. Main objectives of the future negotiation for both new agreements are:

- competitiveness (cost contention + flexibility): in order to improve our competitiveness, we should not increase any labour cost. In relation to the flexibility that is a key topic to react against picks and deeps by the use of proper temporary contracts and new ways of working;
- proximity: we need to be a customer-centric organisation that meets Business needs. CBA should be a valuable tool and not an obstacle for the Business development;
- empowerment of Managers: managers should be empowered in order to give them flexibility to drive their business. Provide managers a framework to take decisions that fit with their own reality. Try to remove blocks points from the CBA that limit the decision capability of managers.

Human Rights

The Company has a zero tolerance approach to all forms of human rights abuse, including modern slavery, within its business, its operations and within its supply chain.

Salient areas of potential human rights risks:

- Impact of products and services on the right to life and liberty (passengers and citizens)
- Privacy (individuals and their personal data)
- Impact of climate change on livelihoods (climate vulnerable communities)
- Forced and child labour (contractors and supply chains)
- Diverse and inclusive workplaces (Airbus workforce and contractors)

During 2019, the Company undertook a human rights impact and gap analysis across its global business to understand more fully its positive and potential negative human rights impacts. This analysis, conducted with the help of external consultants, considered current and upcoming regulatory requirements and international best practice as well as growing human rights requirements linked to the UN Guiding Principles for Business and Human Rights (UNGPs) within standards such as the UN Global Compact.

The analysis also included an initial identification of Airbus’ salient areas of potential human rights risks (see box with impacted groups in parenthesis). This identification was based on benchmarking of industry peers and companies in similar industries and analysis of stakeholder expectations. As they are subject to change over time, Airbus is committed to review these issue areas on a regular basis. Specific action plans based on these identified potential risks, as well as key recommendations from the analysis, are currently under consideration.

During 2019, Airbus started to identify potential KPIs related to human rights which could be used to measure progress. The following annual KPIs have been identified and will be reviewed on a regular basis:

- number (or %) of assessments of Airbus’ business relevant external risk suppliers (target to be determined in 2020);
- number of due-diligence assessments carried out on Airbus sites, including subsidiaries and affiliates (target to be determined in 2020);
- number of human rights concerns linked to modern slavery/fundamental freedoms reported via OpenLine and escalated for further investigation (0 in 2019);
- number of participants who have completed e-learning modules on human rights and modern slavery (3,400 completed in 2019 – 8,372 in total to date).

UK Modern Slavery Act:

As part of its obligations under the UK Modern Slavery Act (MSA), the Company published its third statement in recognition of the global aim of this legislation. Human Rights, including modern slavery, continues to be a focus area for Airbus and during 2019 we continued the roll-out of our e-learning modules focused on helping employees identify the signs of human rights abuse and modern slavery, including raising awareness of what to do if they have concerns.

At the end of 2019, 8,372 participants had completed this e-learning, which is available in four languages and forms part of the Ethics and Compliance catalogue of learning. The Company is also committed to promote awareness through internal communication initiatives and awareness sessions.

A link to Airbus’ latest Modern Slavery Statement can be found on the front page of the Airbus website.

c. Health & Safety

I. Introduction

The Company is committed to pursuing the highest standards of health and safety. The Company's health and safety priorities are the following:

1. protecting our people and the business from health and safety risks that could arise from our work activities;
2. fostering a health and safety culture in which we all accept appropriate responsibility for ourselves and others;
3. ensuring good management of work-related health, safety, and well-being as an ethical and commercial imperative, and
4. business sustainability and compliance with the UN Global Compact

These priorities are expressed in the newly issued Airbus Code of Conduct.

II. Governance

The company-wide Occupational Health and Safety Policy, issued in 2018 is the foundation of the Company's system for management of health and safety at work. It applies company-wide: to Airbus' commercial aircraft activities, Airbus Helicopters and Airbus Defence and Space Divisions including affiliates.

The policy principles, mission and vision, and key initiatives continue to apply:

- policy principles:
 - responsible management of health and safety;
 - all employees accepting appropriate responsibility for themselves and others;
 - a health and safety management system that drives continuous improvement and compliance;
 - a preventative approach.
- health and safety mission and vision:
 - our mission is to deliver a culture and management system that promotes health and safety at work, related compliance, and the sustained reduction of health and safety risks related to Airbus work activities;
 - our vision is that the Company has world class health and safety risk management and is known as a company where safety, health and welfare are valued as an integral part of our success. The Company aspires to zero work related injuries and ill-health.
- key initiatives:
 - a health and safety management system based on the principles of the ISO Standard 45001;
 - the implementation of a company-wide health and safety software platform (Federated Information for Safety, Health and environment (“FISH”));
 - the reinforcement of a company-wide health and safety function by the harmonisation of health and safety philosophy and methodology.

This report further details the application of the policy principles and status of key initiatives.

Centres of Expertise are being developed within the health, safety and operational environment “Centre of Excellence”.

These Centres of Expertise address the various specialised disciplines of health and safety and environment, and engage the necessary key skills and competences. In addition, they are able to embark “Communities of Practice” where needed to work on particular topics. These Communities of Practices are the evolution of the former transversal expert groups, providing advice and helping to improve management of risk control work, on the domains of industrial hygiene, occupational health and wellbeing, and safety management.

III. Risk Management

The Company continues structuring its corporate health and safety management framework based on the principles of the international standard – ISO 45001. Airbus sites either are pursuing systems based on the ISO 45001 principles, or are already ISO 45001 certified, or are OHSAS 18001 certified and progressively transferring to ISO 45001.

The Company is reinforcing its health and safety risk management process by building a standardised and company-wide method for risk assessment and control. The escalation process for significant health and safety top risks has also been further developed to raise such risks to top management, using the Company's ERM system. In common with many manufacturing organisations, main risks remain the possibility of injury, ill-health, asset damage, business interruption and regulatory action. In 2019, main causes of injury that could arise from work activities included slip, trip and fall, ergonomics and the use of hand tools and equipment. These represent the majority of injuries recorded using the FISH platform.

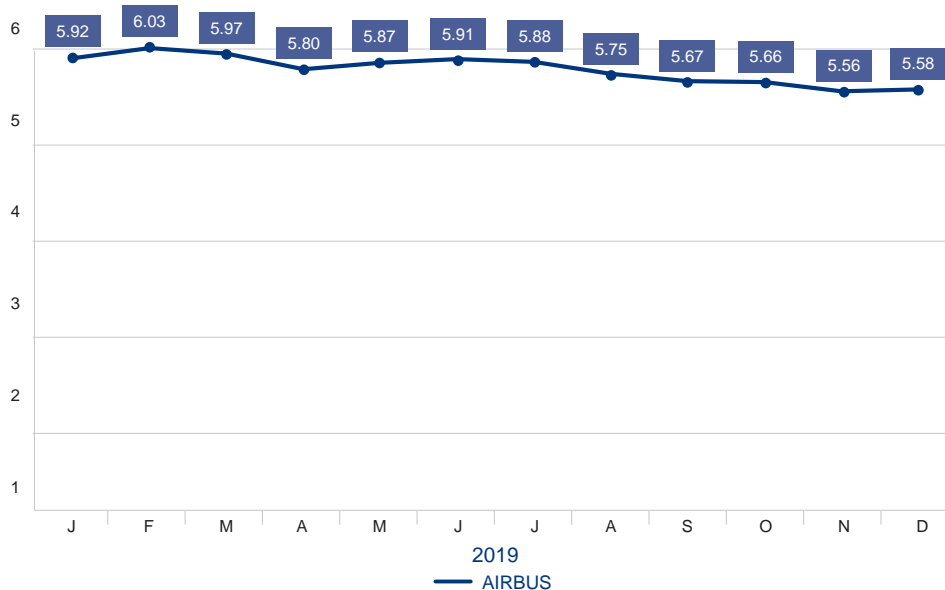
Since 2018, the FISH platform has been supporting the company-wide management framework for health and safety at work. The Company continued the development of the platform in 2019, enhancing the Company's incident, risk, health and safety capability.

The incident management module of the platform has now been deployed in Airbus and its Divisions in France, Germany, Spain and the UK, as well as the Airbus commercial aircraft plants in Mobile, USA and in Tianjin, China. The module supports the investigation, evaluation and analysis of work-related incidents and the development of risk mitigation actions. The deployment of the incident management module and the overall harmonisation process have allowed improvement in the production and collection of the overall company-wide key performance indicator, detailed below (rolling year average of the Lost Time Injury Frequency Rate).

The FISH platform will progressively improve the Company's ability to collect, analyse and report on work-related health and safety information, continuously improving the identification and mitigation of risk.

Collection of health and safety data has allowed Airbus to produce and publish an accident indicator at a company-wide level. The reporting scope of this harmonised health and safety data (reflected in the table below) covers Airbus and its Divisions for the four home countries as well as the Airbus commercial plants in Mobile, USA and Tianjin, China, and continues to be progressively extended. The table below represents the rolling year average of the Lost Time Injury Frequency Rate.

Airbus and its Divisions Rolling 12 Months Employee Lost Time Injury Frequency Rate



The People Safety@Work project was launched for Airbus' commercial aircraft activities in mid-2018. This project has the motto "Nearly Safe is Not Safe", and it aims to improve the management of work-related injuries in operational areas and drive a safety mind-set. The project purpose is to embed a culture of excellence and a mind-set where risk prevention is core. The project is structured through a multi-functional team involving all impacted functions (e.g. Human Resources, Industry, Final Assembly Line, Facility Management, Procurement). The project has been extended company-wide in 2019. Actions from the People Safety@Work project are detailed in the Initiatives section, together with other health and safety actions, and have been included in the Next Chapter initiatives company-wide.

Since 2018, the particular focus on health and safety has been strongly supported by the Airbus Executive Committee, the roll out of the FISH reporting platform and the implementation of dedicated safety projects such as People Safety@Work, have reinforced the need to report incidents. This resulted in an increase of the Lost Time Injury Frequency Rate in 2018. In 2019, the rate slightly decreased.

IV. Initiatives

Dedicated initiatives, either local or company-wide focussing on occupational safety have been launched in 2019:

- safety rules have been harmonised company-wide, by the creation of "6 Primary Safety Rules";
- various communication campaigns have been run to remind workers of common health and safety issues, such as holding the handrail, being attentive and not focussed on mobile phone, wearing their safety cap;
- safety days focusing on topics such as chemical hazards, road risk prevention, first aids;
- "Safety Labs" have been installed in most of the Airbus' commercial aircraft sites. The Safety Labs are places to meet and exchange on safety subjects;
- the Airbus Helicopter "Safety Boxes" concept has been adopted for Airbus commercial aircraft activities to reduce accidents and incidents by gaining employee commitment to

safety rules. The Safety Boxes consist of a number of different activities which help to trigger discussion on safety matters between participants in an informal way. So far, ten Safety Boxes have been deployed for Airbus' commercial aircraft activities and more are planned for 2020.

As part of the continuous improvement objective, the "REACH-IT" project within Airbus' commercial aircraft activities has pursued its initiatives to review Airbus manufacturing processes, tools and workstations in light of the REACH authorisation application measures for environment, health and safety protection. Similar initiatives are ongoing in the Divisions.

A review of on-site sub-contracting processes has been performed for Airbus' commercial aircraft activities and a project has been launched in order to harmonise the on boarding process of our on-site sub-contractors.

Employees' health is protected by programmes that include mandatory and voluntary health checks, health campaigns such as flu vaccination campaigns, stress or addictions guides, skin, vein or cardiovascular screenings and well-being management. Wellbeing weeks have been organised company-wide focusing on topics such as mindfulness, sophrology, harassment prevention.

The Company continues to use learning to support the integration of health and safety into the business culture, and has worked on the harmonisation of employees' training to ensure consistently high standards of delivery.

- From October 2018 to September 2019, the Company delivered over 148,000 hours of dedicated health and safety training to approximately 20,900 individual employees.
- Executives and managers have been encouraged to focus on health and safety, supported by a dedicated leadership development strategy.
- Executives are provided with an "Environment and Health and Safety Masterclass" to enable their visible and active commitment. In 2019, over 70 executives attended the Environment and Health and Safety Masterclass.

- Additionally, the executives are offered practical training, “Back To The Floor”, to enable hazard-spotting and employee engagement during tours of factory floor. Over 200 executives have attended Back To The Floor since launch in May 2019.
- Managers at all levels attend the new “Airbus Environment and Health and Safety Leadership Certificate”. This intensive course has four modules, which, if completed within a certain period, lead to an externally validated “Environment, Health and Safety Certificate”. Over 300 managers have attended the Environment, Health and Safety Certificate first modules since launch in September 2019.

V. Future Outlook

The reinforcement of the health and safety organisation will be pursued in 2020 to continuously enhance the health and safety management system with the aim to sustainably reduce risk to people, the environment and the business.

d. Inclusion & Diversity

The Company is convinced that diversity helps foster innovation, collective performance and engagement. Harnessing everyone's unique potential while ensuring an inclusive workplace is what it takes to succeed together. At Airbus, we live diversity as a core part of our identity: Airbus is proud of its European roots and passionate about its achievements around the world. More than 135 nationalities are represented and more than 20 languages are spoken within the Company.

The Company's approach to Inclusion & Diversity (“I&D”) takes different forms including: I&D Advisory Board composed of Airbus executives and facilitated by the Head of I&D, dedicated training and awareness, internal incentives for international mobility, initiatives to attract women, flexible work-life solutions. In fact, the Company strives to ensure I&D is embedded in all it does, serves business purposes and benefits all employees worldwide. With full support of the entire HR function, I&D initiatives are run and coordinated by a dedicated team of experts worldwide. The Company's efforts are supported by platforms for exchange like “Knowing Me, Knowing You” and “Disability Community”.

The Company's efforts towards more inclusion and diversity are also supported by Employee Resource Groups (ERGs) through Balance For Business, the federating platform of Airbus ERGs. These are employee-led groups that foster a diverse, inclusive workplace aligned with organisational mission, values, goals, business practices and objectives. To date, this platform brings together over 11,000 volunteers, followers and allies. It is a group-wide business focused platform seeking to harness everyone's potential in a more responsible, safe, inclusive and balanced Airbus environment.

In line with its aspiration for a more diverse workplace, the Company is working to increase the number of applications from areas that are currently under-represented in its workforce, including but not limited to women, nationalities, age groups, disability and social backgrounds to ensure a broader range of candidates for open positions.

In order to support recruitment of women in all areas, the Company has entered into partnerships to increase the number of women starting a career in the aeronautical industry – for example with Capital Filles, Women in Aviation and IAWA. Internally, an I&D network of over 4,000 employees work on how to attract, develop

and retain diverse profiles, especially women, in the Company. In parallel, the Company strives to increase the number of women in leadership positions, including through dedicated coaching and training such as “I Unleash My Potential” as well as by fighting stereotypes in internal conferences or workshops. In terms of internationalisation of profiles, Airbus facilitates the attraction of talents from around the world to Airbus' traditional home countries (France, Germany, Spain, the UK) through an International Graduate Programme enabling talents from all around the world to come and work on their development over one year at Airbus sites in Europe. In addition, Airbus also put in place several actions to boost mobility from other regions to the home countries. In regards to differently-abled profiles, Airbus has developed several partnerships to increase the number of applications from people with disabilities, like “Atout pour tous”, “Handisup” and “Handi Pro Conseil”. Airbus has created as well the “Club Handilink” in France, a club composed by aeronautical and aerospace companies to federate and foster best practices sharing about disability inclusion.

Although the Company welcomes many forms of diversity, it measures the evolution of the diversity of its workforce with a specific focus on gender diversity, internationalisation and disability with key KPIs such as: proportion of women promoted to a position of senior manager or above, proportion of women among white collar external hires, gender pay gap at all levels between women and men, and the number of moves from the key countries (including India, China, US) to the home countries and disability employment rates.

The Company has launched several actions to embrace other forms of diversity, including:

- reverse mentoring to connect all generations in the Company;
- accompany the creation of Employees Resource groups like Pride@Airbus (LGBT+ network);
- develop a world-wide strategy together with local initiatives towards disability, with several thousand differently abled employees all around the world, that boosts best practices sharing and awareness towards disability inclusion.

For example, promoting the people-centric approach, a specific focus on the competences of and support to differently-abled candidatures to boost their access to employment at Airbus. This process was created at Airbus in France and thanks to it, Airbus has succeeded in doubling its disability recruitment objectives in 2019. Based on its success, Airbus is extending this people-centric approach to other countries like Spain, and business units, such as Airbus Defence & Space and Airbus Helicopters in France.

Another example is the Airbus Ability Weeks campaign, a three weeks world-wide awareness campaign in which Airbus hosts many activities with the objective of challenging the way we think about disability inclusion, promoting an “all concerned” philosophy towards disability inclusion.

As far as the Airbus SE Board of Directors is concerned, the Company is moving in the right direction with 3 women since 2017 compared to not a single woman on the Board in 2013.

For a description of the diversity policy of the Airbus SE Board of Directors, see “— Corporate Governance — 4.1.1 Corporate Governance Arrangements” under the heading “Board of Directors” and “— Corporate Governance — 4.1.2 Dutch Corporate Governance Code, ‘Comply or Explain’” under the heading “Gender Diversity”.

	31 December 2019	31 December 2018	31 December 2017
Women in active workforce	18.0%	17.7%	17.5%
Women in management positions	13.1%	12.6%	12.4%

The reference to “management positions” in the figure above only applies to the top 4% of the active workforce.

e. Community Engagement

The Company recognises the importance of contributing to the development of the communities where it operates. Airbus was created by establishing a European partnership for a long-term industrial project and this same spirit of cooperation drives the development of the Company’s international footprint. Its approach to community engagement is driven by the willingness to develop a win-win cooperation with the local eco-system and often materialises through partnerships with local NGOs, institutions and other companies.

Economic and Social Impact

Air transport industry is a major contributor to global economic prosperity: supporting a total of 65.5 million jobs globally, its economic impact is valued in \$2.7 trillion (equivalent to 3.6% of world GDP). By facilitating tourism and world trade, it generates economic growth and jobs, improves living standards, alleviates poverty and increases revenues from taxes. But above all, aviation enables connectivity, a key element to ensure participation in a global economy, to encourage investments and innovation and to attract talent.

Airbus has a significant economic impact at a country level. In the UK, the last report of the Oxford Economics estimated that Airbus contributed £ 7.8 billion to the GDP, while its worldwide activities were estimated to sustain 117,400 jobs in the UK, counting 15,000 people directly employed by Airbus at UK sites and supporting another 64,000 jobs through its supply chain (in 2015).

Local Involvement

On a regional level, Airbus continued to support economic, academic and institutional players to create the conditions for long-term sustainability and innovation development. In Toulouse, Airbus is the largest employer in the region with 26,000 direct employees and having created 80,000 indirect jobs across the region in 2019. It also had a regional economic impact with purchases from local suppliers totalling € 5 billion.

In 2019, Airbus worked with its stakeholders in the areas of:

- Artificial intelligence. Airbus supported the creation of the Artificial and Natural Intelligence Toulouse Institute (ANITI). It aims at making of Toulouse one of the world leaders on the topic in research, education, innovation and economic development.
- Urban mobility: Following a public survey, a new line of the Toulouse metro was approved. All Airbus sites in Toulouse will be served, which is expected to reduce traffic in town.
- Quality of life: the Company works with its stakeholders to decrease nuisances from airports’ activities in neighbourhoods.

Bringing industry and education together, the Airbus Global University Partner Programme connects a network of 26 universities from 13 countries to develop the engineering and technology specialists of the future. Sponsorships and donations provided meaningful positive impact to communities around the world. With its company-wide framework, the Company’s local contributions are aligned with global strategy, priorities and values, encouraging initiatives around:

- education and youth development;
- innovation & digitalisation;
- aerospace & defence community relationships;
- corporate citizenship and/or local community engagement;
- environment / sustainability.

In addition, Airbus is an active member in several industry associations and national or international advocacy organisations, such as GIFAS, World Economic Forum and Advanced Robotics for Manufacturing – ARM institute.

Volunteering at Airbus

The Company encourages and facilitate employees’ initiatives to contribute to societal challenges in the communities around their workplaces.

In 2019, more than 5,000 Airbus employees were involved in volunteering for 97 initiatives.

Airbus ProtoSpace, for example, supported by the Airbus Foundation, established the “Humanity Lab” as an opportunity for employees to volunteer their time, skills and knowledge to develop initiatives with a societal purpose. Responding to NGOs’ needs, over 90 employees have created solutions such as dynamic prosthesis, an optimised wheelchair, or a portable and durable baby weighing scales to tackle malnutrition in developing countries.

“Airbus Balance for Business”, an employee platform with more than 10,000 followers, covers outreach projects like “Fly with me”, a mentorship programme of Airbus Africa Community to raise awareness of STEM education in Africa.

The Airbus Foundation

Since its renewal in 2018 for a further five years, the Airbus Foundation has significantly ramped up activities across its two strategic pillars: youth development and humanitarian emergency response. With 38 partnerships in place with non-profit and social enterprises, the Foundation seeks to undertake sustainable and impactful actions for the communities it supports.

The Foundation’s goal is to support international aid organisations, using its products and services to help alleviate some of the world’s challenges. Through its Humanitarian Flights Programme, the Foundation coordinates relief flights

using Airbus test aircraft to transport emergency goods to support disaster relief, as well as offering customer to use the delivery of their aircraft to transport cargo for humanitarian organisations. It brokers the use of Airbus helicopters for emergency aerial assessment and cargo transportation, reaching isolated inaccessible communities; and the Foundation now provides dedicated satellite imagery to its selected partners enabling them to make rapid assessments of areas affected by disaster and aiding quicker, more informed decision making.

At the request of its partners, the Foundation extended its portfolio to include capacity-building activities to help those organisations strengthen their workforce in terms of knowledge, expertise and innovation, providing trainings on helicopter evacuation, medical services or satellite imagery analysis and opening the doors of the Airbus Leadership University for leadership and personal development courses.

Across its youth programs, the Foundation has engaged over 14,100 young people across the globe since 2012, and leveraged the support of more than 2,000 passionate employee volunteers. The Flying Challenge programme operates on 25 sites in 10 countries inspiring young people to pursue their studies, promoting social inclusion and access to training and employment.

Through its STEM programmes, Airbus Little Engineer and Discovery Space, thousands of students from 15 countries have participated in hands-on robotics workshops. The Discovery Space digital platform encourages space exploration, to support children's discovery of 3D design software, tutorials and design competitions in collaboration with ESA.

Successfully bringing together employees, products and services from across all divisions, the Foundation remains at the "heart" of the business, generating pride by employees; achieving long-lasting impact for its partners and beneficiaries; and supporting the wider responsible image of aerospace.

1.3 Recent Developments

On 31 January 2020, the Company reached final agreements with the French PNF, the UK SFO, the US DoS and DoJ. See "— Information on the Company's Activities — 1.1.7 Legal and Arbitration Proceedings — Investigation by the UK SFO, France's PNF, US Departments of State and Justice and Related Commercial Litigation".

The UK formally exited the EU on 31 January 2020. From 1st February, both parties enter the "transition period" during which the EU and UK will negotiate additional relationship arrangements. The transition period runs until 31 December 2020. See "— Management's Discussion and Analysis of Financial Condition and Results of Operations — 2.1.1.3 Significant Programme Developments, Restructuring and Related Financial Consequences in 2017, 2018 and 2019 — Brexit".

On 12 February 2020, the Company and IQ have agreed to acquire Bombardier's remaining stake in Airbus Canada Limited Partnership. This brings their holdings to 75% and 25% respectively. As part of this transaction, Airbus SE, *via* its wholly owned subsidiary Stelia Aerospace, has also acquired the A220 and A330 work package production capabilities from Bombardier in Ville Saint-Laurent, Quebec. Airbus SE will pay a total consideration of \$ 0.6 bn, of which \$ 0.5 bn would be paid on closing. With this transaction Bombardier is released of its future funding capital requirement to ACLP. The Company is assessing the impacts of the transaction on its 2020 Financial Statements.

On 12 February 2020, the governments of France and Germany have awarded Dassault Aviation, Airbus, together with their partners MTU Aero Engines, Safran MBDA and Thales, the initial framework contract (Phase 1A), which launches the demonstrator phase for the FCAS.

On 13 February 2020, the A330-800 received joint Type Certification from the EASA and the FAA.

On 22 March 2020, Airbus SE announced that it expects production and assembly work to partially resume in France and Spain on Monday, 23 March 2020 following health and safety checks after the implementation of stringent measures. In addition, the Company is supporting efforts globally to tackle the COVID-19 crisis.

Airbus has carried out extensive work in coordination with its social partners to ensure the health and safety of its employees, while securing business continuity. The implementation of these measures required a temporary pause in production and assembly activities at the French and Spanish sites for a period of four days. Work stations will only re-open if they comply with the new health and safety measures in terms of hygiene, cleaning and self-distancing while improving the efficiency of operations under new working conditions.

The same measures are being deployed across all other sites without full interruption.

For other non-production activities globally, Airbus continues to support home-working where possible. Some employees will be asked to return to support business continuity following the implementation of these new measures. In February, the Airbus Final Assembly Line in Tianjin, China, reopened following a temporary production stoppage related to the coronavirus outbreak and is now operating efficiently.

Airbus is supporting those in the health, emergency and public services that rely on its aircraft, helicopters, satellites and services to accomplish their critical missions. In addition, in the past days, the Company has donated thousands of face masks to hospitals and public services around Europe and has started

to use its test aircraft to obtain larger quantities from suppliers in China. A first flight with a test A330-800 aircraft has this weekend transported approximately 2 million masks from Tianjin back to Europe, of which the large majority will be donated to the Spanish and French authorities. Additional flights are planned to take place in the coming days.

“Health and safety is our number one priority at Airbus so the work stations at our sites in France and Spain will only re-open if they meet the required standards. I'd like to salute the strong commitment from our employees to ensure business continuity in close cooperation with our social partners and other stakeholders. At the same time we are doing all we can to support those on the frontline to fight the coronavirus and limit its spread. We try to live up to our values, humbled by the complexity of the situation, and contribute as much as we can to society in these very difficult times,” said Airbus Chief Executive Officer Guillaume Faury.

Airbus is committed to ensuring the health and safety of its people while maintaining delivery capability for its products and services to its customers.

On 23 March 2020, Airbus SE announced measures to bolster its liquidity and balance sheet in response to the COVID-19 pandemic as it continues to assess the ongoing situation and the impact on its business, customers, suppliers and the industry as a whole.

“Our first priority is protecting people while supporting efforts globally to curb the spread of the coronavirus. We are also safeguarding our business to protect the future of Airbus and to ensure we can return to efficient operations once the situation recovers. We have withdrawn our 2020 guidance due to the volatility of the situation. At the same time, we are committed to securing the liquidity of the Company at all times through a prudent balance sheet policy. I am convinced that Airbus and the broader aerospace sector will overcome this critical period,” said Airbus Chief Executive Officer Guillaume Faury.

Reflecting the Company's prudent balance sheet policy and to ensure financial flexibility, Airbus' management has received approval from the Board of Directors to: secure a new credit facility amounting to €15 billion in addition to the existing €3 billion revolving credit facility; withdraw the 2019 dividend proposal of €1.80 per share with an overall cash value of approximately €1.4 billion; and suspend the voluntary top up in pension funding. Given the limited visibility due to the evolving COVID-19 situation, the 2020 guidance is withdrawn. Operational scenarios, including measures to minimise cash requirements, have been identified and will be activated depending on the further development of the pandemic.

With these decisions, the Company has significant liquidity available to cope with additional cash requirements related to the coronavirus. Liquidity resources previously standing at approximately €20 billion, comprising around €12 billion in financial assets at hand and around €8 billion in undrawn credit lines, were further bolstered by converting an existing €5 billion credit line into a new facility amounting to €15 billion. Available liquidity now amounts to approximately €30 billion.

By maintaining production, managing its resilient backlog, supporting its customers and securing financial flexibility for its operations, Airbus intends to secure business continuity for itself even in a protracted crisis. Safe and efficient air travel is a key backbone of global economic development and cultural exchange. Airbus therefore highly welcomes governmental efforts around the globe to stabilise this industry by supporting the financial health of its airline customers and its suppliers. Airbus continues to monitor the overall health of the industry.

Airbus has convened its 2020 Annual General Meeting in Amsterdam on 16 April 2020. Due to the global outbreak of COVID-19, Airbus discourages physical attendance and strongly encourages shareholders to vote by proxy in line with public health and safety measures.

For more information, see “— Risk Factors – Business-Related Risks – COVID-19 Risks”.

2

2

Management's Discussion and Analysis of Financial Condition and Results of Operations

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2.1 Operating and Financial Review

The following discussion and analysis is derived from and should be read together with the audited IFRS Consolidated Financial Statements as of and for the years ended 31 December 2019, 2018 and 2017. These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board as endorsed by the European Union, and with Part 9 of Book 2 of the Dutch Civil Code. When reference is made to "IFRS", this intends to be EU-IFRS.

The following discussion and analysis also contains certain "non-GAAP financial measures", *i.e.* financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS. Specifically, the Company makes use of the non-GAAP financial measures (*i.e.* Alternative Performance Measures) "EBIT Adjusted", "net cash" and "Free Cash Flow".

The Company uses these non-GAAP financial measures to assess its consolidated financial and operating performance and believes they are helpful in identifying trends in its performance. These measures enhance management's ability to make decisions with respect to resource allocation and whether the Company is meeting established financial goals.

Non-GAAP financial measures have certain limitations as analytical tools, and should not be considered in isolation or as substitutes for analysis of the Company's results as reported under IFRS. Because of these limitations, they should not be considered substitutes for the relevant IFRS measures.

The Company also measures and communicates its performance on the basis of "EBIT" (reported).

2.1.1 Overview

With consolidated revenues of €70.5 billion in 2019, the Company is a global leader in aeronautics, space and related services. The Company offers the most comprehensive range of passenger airliners. It is also a European leader providing tanker, combat, transport and mission aircraft, as well as one of the world's leading space companies. In helicopters, the Company

provides the most efficient civil and military rotorcraft solutions worldwide. In 2019, it generated 86% of its total revenues in the civil sector (compared to 84% in 2018) and 14% in the defence sector (compared to 16% in 2018). As of 31 December 2019, the Company's active headcount was 134,931 employees, an increase compared to 2018 (133,671 employees).

2.1.1.1 Exchange Rate Information

The financial information presented in this document is expressed in euro, US dollar or pound sterling. The following table sets out, for the periods indicated, certain information concerning the exchange rate between the euro, the US dollar and the pound sterling, calculated using the official European Central Bank fixing rate:

	Average		Year-end	
	€/US\$	€/£	€/US\$	€/£
31 December 2017	1.1297	0.8767	1.1993	0.8872
31 December 2018	1.1810	0.8847	1.1450	0.8945
31 December 2019	1.1195	0.8778	1.1234	0.8508

2.1.1.2 Reportable Business Segments

The Company operates in three reportable business segments which reflect the internal organisational and management structure according to the nature of the products and services provided.

- **Airbus** — Development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats; aircraft conversion and related services; development, manufacturing, marketing and sale of regional turboprop aircraft and aircraft components. It also includes the holding function of the Company and its bank activities.
- **Airbus Helicopters** — Development, manufacturing, marketing and sale of civil and military helicopters; provision of helicopter related services.
- **Airbus Defence and Space** — Military Aircraft design, development, delivery, and support of military aircraft such as combat, mission, transport and tanker aircraft and their associated services. Space Systems design, development, delivery, and support of full range of civil and defence space systems for telecommunications, earth observations, navigation, science and orbital systems. Connected Intelligence provision of services around data processing from platforms, secure communication and cyber security. In addition, the main joint ventures design, develop, deliver, and support missile systems as well as space launcher systems. Unmanned Aerial Systems design, development, delivery and service support.

“**Transversal/Eliminations**” comprises other activities not allocable to the reportable segments, combined together with consolidation effects.

2.1.1.3 Significant Programme Developments, Restructuring and Related Financial Consequences in 2017, 2018 and 2019

The following paragraphs present significant programme information for the past three years. 2017 descriptions include figures that have not been restated due to the application of IFRS 15. 2018 descriptions include previous year figures restated due to the application of IFRS 15.

A380 programme. In 2017, Airbus delivered 15 A380 aircraft.

In 2018, Airbus delivered 12 A380 aircraft. As of 31 December 2018, the Company's largest A380 operator reviewed its aircraft fleet strategy going forward and concluded it is forced to restructure and reduce its A380 order by 39 aircraft. The Company entered into discussions with the customer in late 2018 which finally resulted in the signature of a head of agreement on 11 February 2019. Without this customer's A380 order, the Company has no substantial order backlog and no basis to sustain A380 production, despite all sales and marketing efforts in recent years. As a consequence of this decision, deliveries of the A380 will cease in 2022. At year-end 2018, in view of the above, the Company reassessed accordingly the expected market assumptions and the recoverability and depreciation method of specific assets allocated to the A380 programme. As a result, the Company impaired specific A380 assets in the amount of €167 million, recognised an onerous contract provision for an amount of €1,257 million and updated the measurement of refundable advances including interest accretion for a total amount of €1,426 million. As a consequence, the recognition of the onerous contract provision as well as other specific provisions and the remeasurement of the liabilities affected the consolidated income statement before taxes by a net €463 million in EBIT and positively impacted the other financial result by €177 million as of 31 December 2018.

In 2019, Airbus delivered 8 A380 aircraft. In 2019, the Company recorded an additional net charge of €99 million in EBIT as part of its continuous assessment of assets recoverability and quarterly review of onerous contract provision assumptions.

A350 XWB programme. In 2017, Airbus delivered 78 A350 XWB aircraft.

In 2018, Airbus delivered 93 A350 XWB aircraft.

In 2019, Airbus delivered 112 A350 XWB aircraft. New order intakes, cancellations, delivery postponements and other contractual agreements to the end of December 2019 have been reflected in the Financial Statements. Risks continue to be closely monitored in line with the schedule, aircraft performance and overall cost envelope, as per customer commitments. Despite the progress made, challenges remain with recurring cost convergence. The breakeven target for the A350 was achieved in 2019. Given overall customer demand for widebody aircraft, Airbus expects A350 deliveries to stay between a monthly rate of 9 and 10 aircraft.

A400M programme. Technical progress on the A400M programme resulted in the recognition of revenues of €2.2 billion in 2017 (restated), €2.1 billion in 2018 and €1.5 billion in 2019.

In 2017, 19 A400M aircraft were delivered. In 2017, the Company continued with development activities toward achieving the revised capability roadmap. Given the order of magnitude of the cumulative programme loss, the Board of Directors mandated the management in February 2017 to re-engage with customers to cap the remaining exposure. The Company signed a Declaration of Intent ("DOI") with the A400M Launch Customer Nations (Germany, France, United Kingdom, Spain, Turkey, Belgium, Luxembourg) defining the framework for achieving a mutually binding contract amendment initially expected later in the year. The Company, European defence agency OCCAR (who is managing the A400M programme on behalf of the seven Launch Customer Nations) and the Customer Nations had agreed to work on a number of contractual elements including a revamped delivery plan as well as a roadmap for the development and completion of military capabilities for the A400M. The DOI, finalised on 7 February 2018, represented an important step towards reaching a contractually binding agreement also mitigating the commercial exposure while satisfying customer needs with regard to capabilities and availability of the aircraft. This DOI provided a new baseline on which to evaluate the A400M contract. A detailed review of the programme concluded in the fourth quarter of 2017 including an estimate of the financial impacts of the above mentioned adaptations on schedule, capabilities and retrofit resulted in an update of the loss-making contract provision of €1,299 million (reported) for the year 2017 (restated equivalent loss following the implementation of IFRS 15 was €992 million for the year 2017).

In 2018, 17 A400M aircraft were delivered. In 2018, the Company worked together with OCCAR and concluded the negotiations on a contract amendment. In the fourth quarter 2018, an update of the contract estimate at completion triggered a net additional charge of €436 million. This reflected the outcome of the negotiations, updated estimates on the export scenario during the launch contract phase of the A400M programme as well as applicable escalation and some cost increases. The contract amendment was successfully completed in June 2019, after each nation finalised their domestic approval processes.

This new contract de-risked the programme and provided the Company, OCCAR and customers greater visibility, which supported future planning and preparedness. Yet, despite the progress, the A400M programme was not entirely risk free. Risks remained on development of technical capabilities and the associated costs, on securing sufficient export orders in time, on aircraft operational reliability in particular with regards to engines, and on cost reductions as per the revised baseline.

In 2019, 14 A400M aircraft were delivered. In total, the Company has delivered a total of 88 A400M aircraft as of 31 December 2019. On 13 June 2019, the Company concluded together with OCCAR and the Nations the negotiations on a global re-baselining of the programme. A contract amendment has been signed by all parties, providing a revised aircraft delivery schedule, an updated technical capability roadmap and a revised retrofit schedule. The Company continued with development activities toward achieving the revised capability roadmap. Important certification milestones have been achieved in 2019, in particular on critical Paratrooper Simultaneous Dispatch and Helicopter Air to Air refuelling capabilities. Technical modifications corresponding to the New Standard Operating Clearance (NSOC2) contractual standard have been certified and qualified. However NSOC2 Type Acceptance initially planned in 2019 is still pending due to ongoing discussions on some operational limitations. Retrofit activities are progressing in line with the customer agreed plan. In the fourth quarter 2019, an update of the contract estimate at completion has been performed and an additional charge of €1,212 million has been recorded. This reflects mainly the updated estimates on the export scenario during the launch contract phase based on a revision of the market perspectives taking into account the current environment, including the suspension of the export licenses by the German Government and its consequences on potential prospects. It reflects as well some cost increases in particular for retrofit and an updated view on applicable escalation. Risks remain on development of technical capabilities and the associated costs, on aircraft operational reliability in particular with regard to powerplant, on cost reductions and on securing export orders in time as per the revised baseline.

A320 programme. In 2017, a total of 181 A320neo Family aircraft were delivered.

In 2018, A320neo Family deliveries increased to 386 aircraft and represented over 60% of overall A320 Family deliveries during 2018. The first long-range A321LR was delivered in the fourth quarter.

In 2019, NEO aircraft deliveries rose by 43% year-on-year to 551 aircraft. The ramp-up continued for the Airbus Cabin Flex ("ACF") version of the A321 with almost 100 more deliveries than in 2018. The Airbus teams are focused on securing the ongoing ACF ramp-up and improving the industrial flow. Airbus is discussing further ramp-up potential for the A320 programme beyond rate 63 per month with the supply chain, and already sees a clear path to further increase the monthly production rate by 1 or 2 for each of the 2 years after 2021.

A330 programme. In 2017, 67 A330 were delivered. On the A330neo, the first flight was completed in October 2017.

In 2018, 49 A330 were delivered. On the A330neo programme, the first A330-900s were delivered and the A330-800 conducted its maiden flight in the final quarter of 2018.

In 2019, 53 A330 were delivered. Given overall customer demand for widebody aircraft, Airbus expects A330 deliveries of approximately 40 aircraft per year beginning in 2020.

A220 programme. As of 1 July 2018, the A220 aircraft programme was consolidated into Airbus. In 2018, the Company delivered 20 A220s.

In 2019, A220 aircraft deliveries rose to 48 aircraft. Total deliveries since inception of programme are now at 105 aircraft. Our focus continues to be on cost reduction as well as growing the backlog to support the ramp-up plan in Mirabel (Canada) and Mobile (US) where we target our first delivery in 2020. Order backlog stood at 495 aircraft as of 31 December 2019.

Provisions. The Company makes estimates and provides, across the programmes, for costs related to identified in service technical issues for which solutions have been defined, and for which the associated costs can be reliably estimated taking into consideration the latest facts and circumstances. The Company is contractually liable for the repair or replacement of the defective parts but not for any other damages whether direct, indirect, incidental or consequential (including loss of revenue, profit or use). However, in view of overall commercial relationships, contract adjustments may occur, and must be considered on a case by case basis.

Restructuring provisions. In 2019, a provision of € 103 million related to restructuring measures at Premium AEROTEC has been recorded following the announcement in December 2019 to the Works Council of the main features that will be carried out to increase future competitiveness.

On 19 February 2020, Airbus Defence and Space announced that it had entered the consultation process with the Company's European Works Council on its planned restructuring in that segment.

Defence export ban. Due to the repeatedly prolonged suspension of defence export licences to Saudi Arabia by the German Government, and the consequential inability of the Company to execute a customer contract, a revised

Estimate at Completion ("EAC") was performed. As a result a €221 million impairment charge mainly on inventories on top of a €112 million financial expense related to hedge ineffectiveness, have been recognised as of 30 September 2019. The Company is engaging 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.

Brexit. In June 2018, the Company published its Brexit Risk Assessment outlining its expectations regarding the material consequences and risks for the Company arising from the UK leaving the European Union without a deal (a "No deal Brexit"). In September 2018, the Company launched a project to mitigate against the major disruptions Brexit could potentially cause to the Company's business and production activities. To date, significant progress has been made in mitigating the identified risks through for example the modification of Airbus' customs systems, and the stockpiling of parts associated with transportation and logistics. The UK Government's Withdrawal Agreement was ratified and the UK left the European Union in an orderly manner on 31 January 2020, opening a transition period until 31 December 2020. During this transition period, the European Union and the UK are continuing to negotiate their future long term relationship, including around alignment of the regulatory framework for aviation. Until we know and understand the new EU/UK relationship, the risk of a No deal Brexit at the end of the transition period cannot be excluded. Despite the actions the Company is taking internally, the Company's operations and supply chain may still suffer from disruptions, the nature, materiality and duration of which is impossible to predict with any level of certainty. Accordingly, the Company will continue to run its Brexit project and associated crisis management plan, in order to further eradicate and mitigate identified future risks.

Litigation. For information, see "— 1.1.7 Legal and Arbitration Proceedings" and "Notes to the IFRS Consolidated Financial Statements – Note 24: Provisions, Contingent Assets and Contingent Liabilities".

2.1.2 Significant Accounting Considerations, Policies and Estimates

The Company's significant accounting considerations, policies and estimates are described in the Notes to the IFRS Consolidated Financial Statements. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 2: Significant Accounting Policies", "– Note 3: Key Estimates and Judgements" and "– Note 4: Change in Accounting Policies and Disclosures".

On 1 January 2018, the Company implemented the new standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments". As a result, the Company changed its accounting policies for revenue recognition and for the accounting of financial instruments.

On 1 January 2019, the Company implemented the new standard IFRS 16 "Leases" and the new interpretation IFRIC 23 "Uncertainty over Income tax treatment".

2.1.2.1 Scope of and Changes in Consolidation

For further information on the scope of and changes in consolidation as well as acquisitions and disposals of interests in business, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 6: Scope of Consolidation" and "– Note 7: Acquisitions and Disposals".

2.1.2.2 Capitalised Development Costs

Pursuant to the application of IAS 38 "Intangible Assets", the Company assesses whether product-related development costs qualify for capitalisation as internally generated intangible assets. Criteria for capitalisation are strictly applied. All research and development costs not meeting the IAS 38 criteria are expensed as incurred in the consolidated income statement.

Please refer to the “Notes to the IFRS Consolidated Financial Statements — Note 2: Significant Accounting Policies — Research and development expenses” and “– Note 19: Intangible Assets”.

2.1.2.3 Accounting for Hedged Foreign Exchange Transactions in the Financial Statements

More than 75% of the Company's revenues are denominated in US dollars, whereas a substantial portion of its costs is incurred in euros and, to a smaller extent, in pounds sterling. The Company uses hedging strategies to manage and minimise the impact of exchange rate fluctuations on its profits, including foreign exchange derivative contracts, interest rate and equity swaps and other non-derivative financial assets or liabilities denominated in a foreign currency.

For further information, see “– 2.1.7 Hedging Activities”, “Risk Factors — 1. Financial Market Risks — Foreign Currency Exposure” and please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 2: Significant Accounting Policies” and “– Note 37: Information about Financial Instruments”.

2.1.2.4 Foreign Currency Translation

For information on transactions in currencies other than the functional currency of the Company and translation differences for other assets and liabilities of the Company denominated in foreign currencies, please refer to the “Notes to the IFRS Consolidated Financial Statements — Note 2: Significant Accounting Policies — Transactions in Foreign Currency”.

Currency Translation Mismatch

Customer advances (and the corresponding revenues recorded when sales recognition occurs) are translated at the exchange rate prevailing on the date they are received (historical rates

of customer advances). US dollar-denominated costs are converted at the exchange rate prevailing on the date they are incurred (historical rates of US dollar-denominated costs). To the extent those historical rates and the amounts received and paid differ, there is a foreign currency exchange impact (mismatch) on EBIT. Additionally, the magnitude of any such difference, and the corresponding impact on EBIT, is sensitive to variations in the number of deliveries and spot rate (€/US\$).

2.1.2.5 Accounting for Sales Financing Transactions in the Financial Statements

The accounting treatment of sales financing transactions varies based on the nature of the financing transaction and the resulting exposure. Please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 21: Other Investments and Other Long-Term Financial Assets”, “– Note 24: Provisions, Contingent Assets and Contingent Liabilities” and “– Note 27: Sales Financing Transactions”.

For further information on the significance of sales financing transactions for the Company, see “– 2.1.6.4 Sales Financing”.

2.1.2.6 Provisions for Onerous Contracts

Provisions for onerous contracts are reviewed and reassessed regularly. However, future changes in the assumptions used by the Company or a change in the underlying circumstances may lead to a revaluation of past provisions for onerous contracts and have a corresponding positive or negative effect on the Company's future financial performance. Please refer to the “Notes to the IFRS Consolidated Financial Statements — Note 2: Significant Accounting Policies — Provisions for Onerous Contracts” and “– Note 24: Provisions, Contingent Assets and Contingent Liabilities”.

2.1.3 Performance Measures

2.1.3.1 Business Segments

Airbus

<i>(In € million)</i>	2019	2018	2017 ⁽¹⁾
Revenue	54,775	47,970	43,486
EBIT	2,205	4,295	2,257
<i>in % of revenue</i>	4.0%	9.0%	5.2%

(1) 2017 figures are restated due to the application of IFRS 15.

Airbus Helicopters

<i>(In € million)</i>	2019	2018	2017 ⁽¹⁾
Revenue	6,007	5,934	6,335
EBIT	414	366	247
<i>in % of revenue</i>	6.9%	6.2%	3.9%

(1) 2017 figures are restated due to the application of IFRS 15.

Airbus Defence and Space

<i>(In € million)</i>	2019	2018	2017 ⁽¹⁾
Revenue	10,907	11,063	10,596
EBIT	(881)	676	462
<i>in % of revenue</i>	-	6.1%	4.4%

(1) 2017 figures are restated due to the application of IFRS 15.

2.1.3.2 Order Intake and Order Backlog

Year-end order backlog consists of contracts signed up to that date. Only firm orders are included in calculating order backlog for commercial aircraft and civil helicopters. A firm order is defined as one for which the Company receives a down payment on a definitive contract. Defence-related orders are included in the backlog upon enforcement of the signed contract (and the receipt, in most cases, of an advanced payment). Commitments under defence "umbrella" or "framework" agreements by governmental customers are not included in backlog until the Company is officially notified.

As of 31 December 2019 and 2018, the total order backlog and order intake represent the aggregate amount of the net transaction price allocated to the unsatisfied and partially unsatisfied performance obligations to the Company's customers. Backlog commitments are relative to the Company's enforceable contracts with its customers where it is probable that the consideration will be collected. The value of the order backlog is measured in accordance with the revenue recognition standard (IFRS 15) implemented as of 1 January 2018. The order intake value is measured consistently with IFRS 15. As a result, contractual rebates, engine concessions and variable considerations are

taken into account for measurement. Contracts stipulated in a currency different than the presentation currency are translated to euro using the spot rate as of 31 December 2019 and 2018. Adjustments to the value of the order backlog could result from changes in the transaction price. Options are not considered in the valuation of order intake and order backlog. The order backlog will mainly be released into revenue over a period of seven years.

Up until 1 January 2018, amounts of order backlog for commercial aircraft contracts reflected in the table below were derived from catalogue prices, escalated to the expected delivery date and, to the extent applicable, converted into euro (at the corresponding hedge rate for the hedged portion of expected cash flows, and at the period-end spot rate for the non-hedged portion of expected cash flows). The amount of defence-related order backlog was equal to the contract values of the corresponding programmes. The significant reduction in order backlog value was mainly due to the adjustment for net prices versus list prices. 2017 figures have not been restated for IFRS 15, as allowed by the standard, and are based on catalogue prices for commercial aircraft activities.

ORDER INTAKE

	2019		2018		2017	
	<i>(In € billion)</i>	<i>(In percentage)⁽¹⁾</i>	<i>(In € billion)</i>	<i>(In percentage)⁽¹⁾</i>	<i>(In € billion)</i>	<i>(In percentage)⁽¹⁾</i>
Airbus	65.8	80.7%	41.5	73.7%	143.4	90.3%
Airbus Helicopters	7.2	8.8%	6.3	11.3%	6.5	4.1%
Airbus Defence and Space	8.5	10.5%	8.4	15.0%	8.9	5.6%
Subtotal segmental order intake	81.5	100%	56.3	100%	158.8	100%
Transversal / Eliminations	(0.3)		(0.8)		(1.1)	
Total	81.2		55.5		157.7	

(1) Before "Transversal / Eliminations".

ORDER BACKLOG

	31 December					
	2019		2018		2017	
	(In € billion)	(In percentage) ⁽¹⁾	(In € billion)	(In percentage) ⁽¹⁾	(In € billion)	(In percentage) ⁽¹⁾
Airbus	424.1	89.7%	411.7	89.1%	950.4	95.1%
Airbus Helicopters	16.6	3.5%	14.9	3.2%	11.2	1.1%
Airbus Defence and Space	32.3	6.8%	35.3	7.7%	37.4	3.8%
Subtotal segmental order backlog	473.0	100%	461.9	100%	999.0	100%
Transversal / Eliminations	(1.5)		(2.4)		(2.1)	
Total	471.5		459.5		996.8	

(1) Before "Transversal / Eliminations".

2019 compared to 2018. The €12.0 billion increase in order backlog to €471.5 billion (2018: €459.5 billion) which represents about 7 times our 2019 revenues, reflecting the strengthening of the Company's backlog.

Airbus' backlog increased by €12.4 billion to €424.1 billion. While the book to bill ratio in units was below 1 (calculated using units of new net orders, i.e. new net orders in units divided by deliveries in units), the value of the backlog has slightly increased year on year. Order intake consisted of 768 net orders in 2019 (as compared to 747 in 2018), driven mainly by the A320 Family, which received 654 net firm orders (662 A320neo and -8 A320ceo) and included 63 A220s. Total order backlog at Airbus amounted to 7,482 aircraft at the end of 2019 (as compared to 7,577 aircraft at the end of 2018).

Airbus Helicopters' backlog increased by €1.7 billion to €16.6 billion and the book-to-bill ratio was above 1 in terms of value, a good performance in a difficult market environment. Airbus Helicopters received 310 net orders in 2019 (as compared to 381 in 2018). Total order backlog amounted to 695 helicopters at the end of 2019 (as compared to 717 helicopters at the end of 2018).

Airbus Defence and Space's backlog decreased by €-3.0 billion to €32.3 billion and the book-to-bill ratio in value amounted to 0.8 with new net orders of €8.5 billion, supported by A400M service contracts and key contract wins in Space.

2018 compared to 2017. Due to implementation of IFRS 15, no comparison in terms of value was made between 2018 and 2017. The decrease in the Company's order backlog in terms of value primarily reflected the change in measurement principles, especially the use of contractual price versus catalogue price.

Airbus' book-to-bill ratio amounted to 0.9 (calculated using units of new net orders, i.e. new net orders in units divided by deliveries in units). Order intake consisted of 747 net orders in 2018 (as compared to 1,109 in 2017), driven mainly by the A320 Family, which received 541 net firm orders (531 A320neo and 10 A320ceo) and included 135 A220s. Total order backlog at Airbus amounted to 7,577 aircraft at the end of 2018 (as compared to 7,265 aircraft at the end of 2017). Airbus' backlog included Airbus Canada (formerly CSALP). This represented a record year-end level of backlog in units, showing the underlying health of the market.

Airbus Helicopters' book-to-bill ratio was above 1 in terms of units. Airbus Helicopters received 381 net orders in 2018 (as compared to 335 in 2017). Total order backlog amounted to 717 helicopters at the end of 2018 (as compared to 692 helicopters at the end of 2017).

Airbus Defence and Space's book-to-bill ratio amounted to ~0.8 with new net orders of €8.4 billion, supported by key contract wins including the Eurofighter contract with Qatar, 4 A330 MRTT Tankers and 2 new generation telecommunication satellites.

The following table illustrates the proportion of civil and defence backlog at the end of each of the past three years.

	31 December					
	2019		2018		2017	
	(In € billion) ⁽¹⁾	(In percentage)	(In € billion) ⁽¹⁾	(In percentage)	(In € billion) ⁽¹⁾	(In percentage)
Civil sector	433.4	92%	420.2	91%	959.9	96%
Defence sector	38.1	8%	39.3	9%	36.9	4%
Total	471.5	100%	459.5	100%	996.8	100%

(1) Including "Transversal / Eliminations".

2.1.3.3 EBIT Adjusted

The Company uses an alternative performance measure **EBIT Adjusted** as a key indicator capturing the underlying business margin by excluding material charges or profits caused by movements in provisions related to programmes, restructurings or foreign exchange impacts as well as capital gains/losses from the disposal and acquisition of businesses.

The following table reconciles the Company's EBIT with its EBIT Adjusted.

<i>(In € million)</i>	2019	2018	2017⁽¹⁾
EBIT	1,339	5,048	2,665
PDP mismatch / BS revaluation	170	(129)	7
A380 programme	202	463	0
A400M charge	1,212	436	992
Penalties	3,598	0	0
Compliance costs	206	123	117
M&A impact ⁽²⁾	(111)	(188)	(591)
Defence export ban	221	0	0
Restructuring / Transformation	103	8	0
Other costs	6	73	0
EBIT Adjusted	6,946	5,834	3,190

(1) 2017 figures are restated due to the application of IFRS 15.

(2) Including net capital gains from PFW Aerospace GmbH (€-57 million) and Alestis Aerospace SL (€-45 million) in 2019, Plant Holdings, Inc (€-159 million) in 2018 and Defence Electronics (€-604 million) in 2017.

2.1.3.4 EBIT Adjusted by Business Segment

<i>(In € million)</i>	2019	2018	2017⁽¹⁾
Airbus	6,358	4,808	2,383
Airbus Helicopters	422	380	247
Airbus Defence and Space	565	935	815
Total business segment EBIT Adjusted	7,345	6,123	3,445
Transversal / Eliminations	(399)	(289)	(255)
Total	6,946	5,834	3,190

(1) 2017 figures are restated due to the application of IFRS 15.

2.1.3.5 EBIT by Business Segment

<i>(In € million)</i>	2019	2018	2017⁽¹⁾
Airbus	2,205	4,295	2,257
Airbus Helicopters	414	366	247
Airbus Defence and Space	(881)	676	462
Total business segment EBIT	1,738	5,337	2,966
Transversal / Eliminations	(399)	(289)	(301)
Total	1,339	5,048	2,665

(1) 2017 figures are restated due to the application of IFRS 15.

2019 compared to 2018. The Company's consolidated EBIT decreased by 73.5%, from €5.0 billion for 2018 to €1.3 billion for 2019. The decrease reflects the strong operational performance at Airbus, driven by higher deliveries and favourable mix, overcompensated by the compliance penalties, the A400M charge recognised in the period and the lower performance at Airbus Defence and Space.

Airbus' EBIT decreased from €4.3 billion for 2018 to €2.2 billion for 2019, negatively impacted by the recognition of penalties for agreements with authorities of €3.6 billion and €206 million related to compliance costs. This partially offset the record deliveries and operational performance, largely driven by the A320 ramp-up and progress on the A350. It also included the gain from disposals of PFW Aerospace GmbH of €57 million and Alestis Aerospace S.L. of €45 million.

Airbus Helicopters' EBIT increased from €366 million for 2018 to €414 million for 2019, reflecting a higher contribution from services and lower research and development costs, partially reduced by less favourable delivery mix.

Airbus Defence and Space's EBIT decreased from €676 million for 2018 to €-881 million for 2019, mainly due to the recognition of the A400M programme charge of €1.2 billion and the €221 million suspension of defence export licences to Saudi Arabia by the German government. EBIT deterioration also reflects the lower performance in Space and efforts to support sales campaigns. Airbus Defence and Space's EBIT in 2018 also included the impact of disposals, mainly the gain from the Plant Holdings, Inc. of €159 million.

2018 compared to 2017. 2018 financials reflected strong operational performance and programme execution, evidenced in record deliveries at Airbus and higher revenues at Airbus Defence and Space. The Company's consolidated EBIT increased by 89.4%, from €2.7 billion for 2017 (restated) to €5.0 billion for 2018.

Airbus' EBIT increased from €2.3 billion for 2017 (restated) to €4.3 billion for 2018 reflecting the strong operational performance and record deliveries. A net charge of €463 million was recorded related to the A380 programme for the period ended at 31 December 2018. Airbus' EBIT in 2018 also included a negative impact of €123 million related to compliance costs.

Airbus Helicopters' EBIT increased from €247 million for 2017 (restated) to €366 million for 2018, reflecting higher Super Puma deliveries, a favourable mix and solid underlying programme execution.

Airbus Defence and Space's EBIT increased from €462 million for 2017 (restated) to €676 million for 2018, reflecting continued solid programme execution and contributions from its joint ventures MBDA and ArianeGroup. In 2018, it also included the impact of disposals, mainly the gain from the Plant Holdings, Inc. of €159 million. A net charge of €436 million was recorded related to the A400M programme for the period ended 31 December 2018 (2017 (restated): €992 million).

Foreign currency impact on EBIT. More than 75% of the Company's revenues are denominated in US dollars, whereas a substantial portion of its costs is incurred in euros and, to a lesser extent, pounds sterling. Given the long-term nature of its business cycles (evidenced by its multi-year backlog), the Company hedges a significant portion of its net foreign exchange exposure to mitigate the impact of exchange rate fluctuations on its EBIT. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 37: Information about Financial Instruments" and see "— Risk Factors — 1. Financial Market Risks — Foreign Currency Exposure" and "— 2.1.2.4 Foreign Currency Translation". In addition to the impact that hedging activities have on the Company's EBIT, the latter is also affected by the impact of revaluation of certain assets and liabilities at the closing rate and the impact of natural hedging.

During 2019, cash flow hedges covering approximately US\$24.0 billion of the Company's US dollar-denominated net exposure matured. In 2019, the compounded exchange rate at which hedged US dollar-denominated revenues were accounted for was €/US\$1.24, as compared to €/US\$1.24 in 2018.

During 2018, cash flow hedges covering approximately US\$25.4 billion of the Company's US dollar-denominated net exposure matured. In 2018, the compounded exchange rate at which hedged US dollar-denominated revenues were accounted for was €/US\$1.24, as compared to €/US\$1.29 in 2017.

2.1.4 Results of Operations

The following table summarises the IFRS Company's Consolidated Income Statements for the past three years:

<i>(In € million)</i>	2019	2018	2017 ⁽¹⁾
Revenue	70,478	63,707	59,022
Cost of sales	(59,973)	(54,920)	(52,149)
Gross margin	10,505	8,787	6,873
Selling and administrative expenses	(6,125)	(2,435)	(2,439)
Research and development expenses	(3,358)	(3,217)	(2,807)
Other income	370	1,656	981
Other expenses	(356)	(182)	(336)
Share of profit from investments accounted for under the equity method and other income from investments	303	439	393
Profit before finance costs and income taxes	1,339	5,048	2,665
Interest result	(111)	(232)	(328)
Other financial result	(164)	(531)	1,489
Income taxes	(2,389)	(1,274)	(1,462)
(Loss) Profit for the period	(1,325)	3,011	2,364
Attributable to			
Equity owners of the parent (Net income)	(1,362)	3,054	2,361
Non-controlling interests	37	(43)	3
Earnings per share	€	€	€
Basic	(1.75)	3.94	3.05
Diluted	(1.75)	3.92	3.04

(1) 2017 figures are restated due to the application of IFRS 15.

2.1.4.1 Revenues

The following table presents a breakdown of the Company's revenues by business segment for the past three years:

<i>(In € million)</i>	2019	2018	2017 ⁽¹⁾
Airbus	54,775	47,970	43,486
Airbus Helicopters	6,007	5,934	6,335
Airbus Defence and Space	10,907	11,063	10,596
Subtotal segmental revenue	71,689	64,967	60,417
Transversal / Eliminations	(1,211)	(1,260)	(1,395)
Total	70,478	63,707	59,022

(1) 2017 figures are restated due to the application of IFRS 15.

For 2019, revenues increased by 10.6%, from €63.7 billion for 2018 to €70.5 billion for 2019, reflecting higher commercial aircraft deliveries and a favourable mix at Airbus.

For 2018, revenues increased by 7.9%, from €59.0 billion for 2017 (restated) to €63.7 billion for 2018, reflecting record commercial aircraft deliveries at Airbus, and supported by Space Systems and Military Aircraft activities at Airbus Defence and Space, partly offset by the perimeter change in Airbus Helicopters resulting from the disposal of Vector Aerospace.

REVENUE BY GEOGRAPHICAL AREAS

	2019		2018		2017 ⁽¹⁾	
	(In € billion)	(In percentage) ⁽²⁾	(In € billion)	(In percentage) ⁽²⁾	(In € billion)	(In percentage) ⁽²⁾
Asia / Pacific	22.6	32.1%	23.3	36.6%	21.3	36.1%
Europe	22.6	32.1%	17.8	27.9%	15.8	26.8%
North America	12.0	17.0%	11.1	17.4%	10.8	18.3%
Other countries ⁽³⁾	13.3	18.8%	11.5	18.1%	11.1	18.8%
Total	70.5	100%	63.7	100%	59.0	100%

(1) 2017 figures are restated due to the application of IFRS 15.

(2) Percentage of total revenue after eliminations.

(3) Including the Middle East.

Airbus

The following table presents a breakdown of deliveries of commercial aircraft by product type for the past three years.

(In units)	2019	2018	2017
A220 ⁽¹⁾	48	20	-
A320 Family	642	626	558
A330	53	49	67
A350 XWB	112	93	78
A380	8	12	15
Total	863	800	718

(1) A220 consolidated into Airbus as of 1 July 2018.

Airbus' revenues increased by 14.2%, from €48.0 billion for 2018 to €54.8 billion for 2019. This was due to record deliveries of 863 aircraft (compared to 800 deliveries in 2018) including 112 A350 XWBs and 48 A220s.

For 2018, Airbus' revenues increased by 10.3%, from €43.5 billion for 2017 (restated) to €48.0 billion for 2018. This was due to record deliveries of 800 aircraft (compared to 718 deliveries in 2017) including 93 A350 XWBs and 20 A220s supported by solid operational performance.

Airbus Helicopters

The following table presents a breakdown of deliveries of helicopters by product type for the past three years.

(In units)	2019	2018	2017
Light	159	156	166
Medium	122	137	178
Heavy	47	54	48
<i>thereof NH90</i>	32	36	40
Tiger	4	9	17
Total	332	356	409

Airbus Helicopters' revenues amounted to €6.0 billion in 2019 (2018: €5.9 billion). This stability was supported by growth in services, which offset lower deliveries of 332 units (2018: 356 units).

For 2018, Airbus Helicopters' revenues decreased by 6.3%, from €6.3 billion for 2017 (restated) to €5.9 billion in 2018. Revenues on a comparable perimeter were stable, despite lower deliveries of 356 units (2017: 409 units). The perimeter reduction following the disposal of Vector Aerospace had a negative impact of approximately €-0.5 billion.

Airbus Defence and Space

The following table presents a breakdown of deliveries of Airbus Defence and Space by product type for the past three years.

<i>(In units)</i>	2019	2018	2017
A400M	14	17	19
A330 MRTT (Tanker)	7	6	1
Light & Medium aircraft	8	6	7
Telecom satellites	2	2	4
Total	31	31	31

Airbus Defence and Space's revenues of €10.9 billion in 2019 (2018: €11.1 billion) remained broadly stable compared to the previous year.

For 2018, Airbus Defence and Space's revenues increased by 4.4% from €10.6 billion for 2017 (restated) to €11.1 billion in 2018, supported by Space Systems and Military Aircraft activities.

2.1.4.2 Cost of Sales

Cost of sales increased by 9.2% from €54.9 billion for 2018 to €60.0 billion for 2019. This was principally due to higher deliveries and provisions recognised on the A400M programme of €1.2 billion.

For 2018, cost of sales increased by 5.3% from €52.1 billion for 2017 (restated) to €54.9 billion for 2018. The increase was principally due to impairments and provisions recognised on the A380 programme of €1,257 million. It also included a positive impact from a lower net charge related to the A400M programme in the amount of €436 million (2017 (restated): €992 million) at Airbus Defence and Space.

2.1.4.3 Selling and Administrative Expenses

For 2019, selling and administrative expenses increased from €2.4 billion for 2018 to €6.1 billion for 2019. This was driven by the €3.6 billion penalties recognised as a consequence of the final agreements reached with the French Parquet National Financier ("PNF"), the U.K. Serious Fraud Office ("SFO") and the U.S. Department of State ("DoS").

For 2018, selling and administrative expenses remained stable versus 2017 at €2.4 billion.

2.1.4.4 Research and Development Expenses

Research and development expenses increased by 4.4%, from €3.2 billion for 2018 to €3.4 billion for 2019, particularly related to the DDMS project ramp-up and A350 XWB programme. In addition, an amount of €133 million of development costs has been capitalised, mainly linked to Airbus programmes. See "2.1.2.2 Capitalised Development Costs".

For 2018, research and development expenses increased by 14.6%, from €2.8 billion for 2017 to €3.2 billion for 2018, mainly reflecting development cost on the A320neo. In addition, an amount of €91 million of development costs were capitalised, mainly relating to Airbus Helicopters programmes.

2.1.4.5 Other Income and Other Expenses

Other income and other expenses typically include gains and losses on disposals of investments, of fixed assets and income from rental properties.

For 2019, other income and other expenses was €14 million net as compared to €1,474 million net for 2018. The decrease is mainly related to the release of liabilities on the A380 programme in 2018, partly compensated by the capital gains from the sale of PFW Aerospace GmbH and Alestis Aerospace S.L in 2019.

For 2018, other income and other expenses was €1,474 million net as compared to €645 million net for 2017. In 2018, the increase is mainly related to the release of liabilities on the A380 programme and the gain of €159 million following the disposal of Plant Holdings, Inc.

2.1.4.6 Share of Profit from Investments Accounted for under the Equity Method and Other Income from Investments

Share of profit from investments accounted for under the equity method and other income from investments principally include results from companies accounted for under the equity method and the dividends attributable to unconsolidated investments. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 8: Investments Accounted for under the Equity Method" and "– Note 14: Share of Profit from Investments Accounted for under the Equity Method and Other Income from Investments".

For 2019, the Company recorded €303 million in share of profit from investments accounted for under the equity method and other income from investments as compared to €439 million for 2018.

For 2018, the Company recorded €439 million in share of profit from investments accounted for under the equity method and other income from investments as compared to €393 million for 2017 (restated).

2.1.4.7 Interest Result

Interest result reflects the net of interest income and expense arising from financial assets and liabilities, including the interest expense on refundable advances provided by European governments to finance R&D activities. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 16: Total Financial Result".

For 2019, the Company recorded a net interest expense of €-111 million, as compared to €-232 million for 2018. The decrease in net interest expense was principally due to a continued lower interest expense relating to the European governments' refundable advances.

For 2018, the Company recorded a net interest expense of €-232 million, as compared to €-328 million for 2017. The decrease in net interest expense was principally due to lower interest expense related to the European governments' refundable advances.

2.1.4.8 Other Financial Result

Other financial result includes the impact from the revaluation of financial instruments, the effect of foreign exchange valuation of monetary items and the unwinding of discounted provisions. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 2: Significant Accounting Policies" and "– Note 16: Total Financial Result" and "– Note 25: Other Financial Assets and Other Financial Liabilities".

Other financial result increased from €-531 million for 2018 to €-164 million for 2019. This is mainly due to a positive impact from the revaluation of financial instruments of €+408 million and foreign exchange valuation of monetary items of €+169 million. The financial result includes €-112 million on hedge ineffectiveness relating to the defence export licences to Saudi Arabia. In 2018, it included an impact due to the European governments' refundable advances revaluation related to the update of the A380 programme.

For 2018, other financial result decreased from €1,489 million for 2017 (restated) to €-531 million for 2018. This is due to a negative impact from the revaluation of financial instruments of €-732 million and foreign exchange valuation of monetary items, partly compensated by the net effect of the change of treatment of certain financial instruments under IFRS 9. In addition, in 2017 it included the impact of the refundable advances release.

2.1.4.9 Income Tax

For 2019, income tax expense was €-2,389 million as compared to €-1,274 million for 2018. The increase, despite the lower income before tax recorded in 2019 (€1,064 million) as compared to 2018 (€4,285 million), was mainly driven by the non-deductibility of the penalties, deferred tax impairments and tax risk updates, partially offset by the sales of PFW Aerospace GmbH and Alestis Aerospace S.L at a reduced tax rate. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 17: Income Tax".

For 2018, income tax expense was €-1,274 million as compared to €-1,462 million for 2017 (restated). The decrease, despite the higher income before tax recorded in 2018 (€4,285 million) as compared to 2017 (€3,826 million, restated), was mainly driven by a lesser volume of deferred tax asset impairment than in 2017. The effective tax rate was 30% in 2018, mainly impacted by non-realised tax losses in the period leading to additional deferred tax asset impairment. This was partially offset by the tax-free sale of Plant Holdings Inc. Without these impacts, the effective tax rate would be approximately 26%.

2.1.4.10 Non-Controlling Interests

For 2019, profit for the period attributable to non-controlling interests was €37 million, as compared to €-43 million for 2018.

2.1.4.11 Profit for the Period Attributable to Equity Owners of the Parent (Net Income)

As a result of the factors discussed above, the Company recorded a net loss of €-1,362 million for 2019, as compared to the net income of €3,054 million for 2018.

2.1.4.12 Earnings per Share

Basic earnings were €-1.75 per share in 2019, as compared to €3.94 per share in 2018. The denominator used to calculate earnings per share was 777,039,858 shares (2018: 775,167,941), reflecting the weighted average number of shares outstanding during the year. In 2017, the Company reported basic earnings of €3.05 per share (restated), based on a denominator of 773,772,702 shares.

	2019	2018	2017 ⁽¹⁾
Profit for the period attributable to equity owners of the parent (Net income)	€ (1,362) million	€ 3,054 million	€ 2,361 million
Weighted average number of ordinary shares	777,039,858	775,167,941	773,772,702
Basic earnings per share	€ (1.75)	€ 3.94	€ 3.05

(1) 2017 figures are restated due to the application of IFRS 15.

Diluted earnings were €-1.75 per share in 2019, as compared to €3.92 per share in 2018. The denominator used to calculate diluted earnings per share was 777,039,858 (2018: 780,943,038), reflecting the weighted average number of shares outstanding during the year, adjusted to assume the conversion of all

potential ordinary shares. In 2017, the Company reported diluted earnings of €3.04 per share (restated), based on a denominator of 779,301,228 shares. As there is a loss in 2019, the effect of potentially dilutive ordinary shares is anti-dilutive.

	2019	2018	2017 ⁽¹⁾
Profit for the period attributable to equity owners of the parent (Net income), adjusted for diluted calculation	€ (1,362) million	€ 3,061 million	€ 2,368 million
Weighted average number of ordinary shares (diluted)	777,039,858	780,943,038	779,301,228
Diluted earnings per share	€ (1.75)	€ 3.92	€ 3.04

(1) 2017 figures are restated due to the application of IFRS 15.

For further information, please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 18: Earnings per Share”.

2.1.5 Changes in Total Equity (Including Non-Controlling Interests)

The following table sets forth a summary of the changes in total equity for the period 1 January 2019 through 31 December 2019.

<i>(In € million)</i>	
Balance at 31 December 2018, as reported	9,719
Restatements ⁽¹⁾	(122)
Balance at 1 January 2019, restated⁽¹⁾	9,597
Loss for the period	(1,325)
Other comprehensive income	(3,021)
<i>thereof foreign currency translation adjustments</i>	50
Capital increase	621
Cash distribution to shareholders / Dividends paid to non-controlling interests	(1,280)
Equity transactions (IAS 27)	1,353
Share-based payment (IFRS 2)	76
Change in treasury shares	(31)
Balance at 31 December 2019	5,990

(1) Opening balance figures are restated due to the application of IFRIC 23.

The number of shares issued as of 31 December 2019 was 783,173,115. Please refer to the “Airbus SE IFRS Consolidated Financial Statements – IFRS Consolidated Statements of Changes in Equity for the years ended 31 December 2019 and 2018” and to the “Notes to the IFRS Consolidated Financial Statements – Note 34: Total Equity”.

2.1.5.1 Cash Flow Hedge Related Impact on AOCI

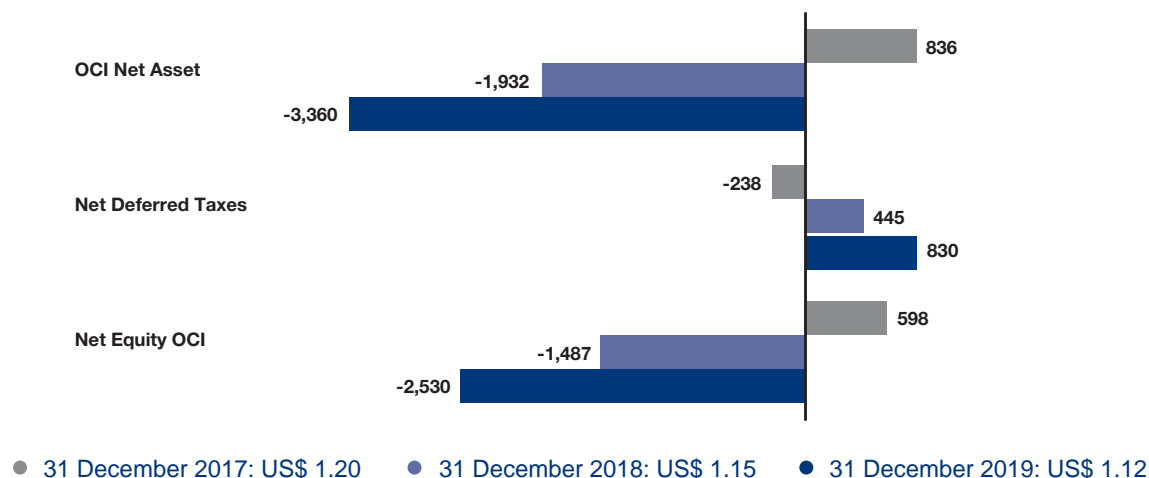
As of 31 December 2019, the notional amount of the Company's portfolio of outstanding cash flow hedges amounted to US\$97.1 billion, hedged against the euro and the pound sterling. The year-end mark to market valuation of this portfolio required under IFRS 9 (2017 under IAS 39) resulted in a negative pre-tax accumulated other comprehensive income (“AOCI”) valuation change of €-1.4 billion as of 31 December 2019 compared to 31 December 2018, based on a closing rate of €/US\$1.12 as compared to a pre-tax AOCI valuation change of €-3.0 billion as of 31 December 2018 compared to 31 December 2017, based on a closing rate of €/US\$1.15. For further information on the

measurement of the fair values of financial instruments, please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 37: Information about Financial Instruments”.

Positive pre-tax mark to market values of cash flow hedges are included in other financial assets, while negative pre-tax mark to market values of cash flow hedges are included in other financial liabilities. Year-to-year changes in the mark to market value of effective cash flow hedges are recognised as adjustments to AOCI. These adjustments to AOCI are net of corresponding changes to deferred tax assets (for cash flow hedges with negative mark to market valuations) and deferred tax liabilities (for cash flow hedges with positive mark to market valuations).

The following graphic presents the cash flow hedge related movements in AOCI over the past three years. The mark to market of the backlog is not reflected in the accounts whereas the mark to market of the hedge book is reflected in AOCI.

CASH FLOW HEDGE RELATED MOVEMENTS IN AOCI IN € MILLION (BASED ON YEAR-END EXCHANGE RATES)⁽¹⁾



(1) Cash flow hedge in AOCI in total equity (including non-controlling interests).

As a result of the negative change in the fair market valuation of the cash flow hedge portfolio in 2019, AOCI amounted to a net liability of €-3.4 billion for 2019, as compared to a net liability of €-1.9 billion for 2018. The corresponding €+0.4 billion tax effect led to a net deferred tax asset of €0.8 billion as of 31 December 2019 as compared to a net deferred tax asset of €0.4 billion as of 31 December 2018.

For further information, please refer to the “Notes to the IFRS Consolidated Financial Statements — Note 37.5: Information about Financial Instruments — Derivative Financial Instruments and Hedge Accounting Disclosure”.

2.1.5.2 Foreign Currency Translation Adjustment Impact on AOCI

The €50 million currency translation adjustment related impact on AOCI in 2019 mainly reflects the effect of the variations of the US dollar and the pound sterling.

2.1.6 Liquidity and Capital Resources

The Company’s objective is to generate sufficient operating cash flow in order to invest in its growth and future expansion, honour the Company’s dividend policy and maintain financial flexibility while retaining its credit rating and competitive access to capital markets.

The Company defines its consolidated net cash position as the sum of (i) cash and cash equivalents and (ii) securities, minus (iii) financing liabilities (all as recorded in the Consolidated Statements of Financial Position). Net cash position is an alternative performance measure and an indicator that allows the Company to measure its ability to generate sufficient liquidity to invest in its growth and future expansion, honour its dividend policy and maintain financial flexibility. The net cash position as of 31 December 2019 was €12.5 billion (€13.3 billion as of 31 December 2018 before the initial application impact of IFRS 16).

The liquidity is further supported by a €3.0 billion syndicated back-up facility, undrawn as of 31 December 2019 with no financial covenants, as well as a €5.0 billion Euro Medium Term Note programme, a €3.0 billion Negotiable Euro Commercial Paper programme and a \$ 3.0 billion US commercial paper programme. See “— 2.1.6.3 Consolidated Financing Liabilities” and please refer to the “Notes to the IFRS Consolidated Financial Statements — Note 37.1: Information about Financial Instruments — Financing Risk Management”. The factors affecting the Company’s cash position, and consequently its liquidity risk, are discussed below.

For information on Airbus SE’s credit ratings, please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 35: Capital Management”.

2.1.6.1 Cash Flows

The Company generally finances its manufacturing activities and product development programmes, and in particular the development of new commercial aircraft, through a combination of flows generated by operating activities, customer advances, risk-sharing partnerships with subcontractors and European governments' refundable advances. 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.

The following table sets forth the variation of the Company's consolidated net cash position over the periods indicated.

<i>(In € million)</i>	2019	2018	2017
Net Cash position at 1 January	13,281	13,391	11,113
Initial application impact of IFRS 16	(1,352)	0	0
Gross cash flow from operations ⁽¹⁾	3,391	5,515	4,451
Changes in other operating assets and liabilities (working capital) ⁽²⁾	2,176	(633)	266
<i>thereof customer financing</i>	58	79	(100)
Cash used for investing activities ⁽³⁾	(2,092)	(1,377)	(982)
<i>thereof industrial capital expenditures</i>	(2,340)	(2,285)	(2,558)
Free Cash Flow⁽⁴⁾	3,475	3,505	3,735
<i>thereof M&A transactions</i>	(92)	514	886
<i>Free Cash Flow before M&A⁽⁵⁾</i>	<i>3,567</i>	<i>2,991</i>	<i>2,849</i>
Cash flow from customer financing (net)	58	79	(100)
<i>Free Cash Flow before customer financing</i>	<i>3,417</i>	<i>3,426</i>	<i>3,835</i>
Free Cash Flow before M&A and customer financing	3,509	2,912	2,949
Cash distribution to shareholders / non-controlling interests	(1,280)	(1,161)	(1,046)
Contribution to plan assets of pension schemes	(1,752)	(2,519)	(458)
Changes in capital and non-controlling interests	194	117	83
Change in treasury shares / share buyback	(31)	(49)	0
Others	(1)	(3)	(36)
Net Cash position at 31 December	12,534	13,281	13,391

(1) Represents cash provided by operating activities, excluding (i) changes in other operating assets and liabilities (working capital), (ii) contribution to plan assets of pension schemes and (iii) realised foreign exchange results on treasury swaps (€102 million in 2019, €-45 million in 2018, €185 million in 2017). It is an alternative performance measure and an indicator used to measure its operating cash performance before changes in other operating assets and liabilities (working capital).

(2) Excluding reclassification of certain trade liabilities and some perimeter change impacts from changes in consolidation.

(3) Does not reflect change in securities (net investment of €-397 million in 2019, net investment of €-93 million in 2018, net investment of €-1,233 million in 2017), which are classified as cash and not as investments solely for the purposes of this net cash presentation. Excluding bank activities.

(4) Does not reflect change of securities, change in cash from changes in consolidation, contribution to plan assets of pension schemes and realised foreign exchange results on treasury swaps. Excluding bank activities. Free Cash Flow is an alternative performance measure and indicator that reflects the amount of cash flow generated from operations after cash used in investing activities.

(5) Free Cash Flow before M&A refers to Free Cash Flow adjusted for net proceeds from disposals and acquisitions. It is an alternative performance measure and indicator that reflects Free Cash Flow excluding those cash flows from the disposal and acquisition of businesses.

The net cash position as of 31 December 2019 was €12.5 billion, a 5.6% decrease from 31 December 2018. Please see further details below.

Gross Cash Flow from Operations

Gross cash flow from operations is an alternative performance measure and an indicator used by the Company to measure its operating cash performance before changes in working capital. Gross cash flow from operations decreased to €3.4 billion for 2019, which reflects the EBIT Adjusted, record deliveries and the impact of the recognition of compliance related penalties amounting to €-3.6 billion. The negative impact from recognising these penalties was neutralised by a corresponding increase in current liabilities included in changes in other operating assets and liabilities (working capital).

Changes in Other Operating Assets and Liabilities (Working Capital)

Changes in other operating assets and liabilities (working capital), is comprised of inventories, trade receivables, contract assets and contract liabilities (including customer advances), trade liabilities, and other assets and other liabilities and others. They resulted in a positive working capital variation of €2.2 billion for 2019, versus a negative impact of €-0.6 billion for 2018.

In 2019, the positive working capital variation reflects the change in other assets and liabilities and others (€+3.1 billion), mainly due to the positive impact of the recognition of penalties (see "Gross Cash Flow from Operations" above), the change in contract assets and contract liabilities (€+2.0 billion), the change in trade receivables (€+0.9 billion), and the change in inventories (€+0.8 billion). This was partially compensated by the decrease in trade liabilities (€-3.9 billion).

European governments' refundable advances. As of 31 December 2019, total European governments' refundable advances liabilities, recorded on the statement of financial position in the line items "non-current other financial liabilities" and "current other financial liabilities" due to their specific nature, amounted to €4.3 billion, including accrued interest.

European governments' refundable advances (net of reimbursements) decreased in 2019, primarily related to the payments made on the A380 programme. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 11: Revenue and Gross Margin" and "– Note 25: Other Financial Assets and Other Financial Liabilities".

Cash Used for Investing Activities

Management categorises cash used for investing activities into three components: (i) industrial capital expenditure, (ii) M&A transactions and (iii) others. Cash used for investing activities amounted to €-2.1 billion for 2019, €-1.4 billion for 2018 and €-1.0 billion for 2017.

Capital expenditure. Capital expenditure (investments in property, plant and equipment and intangible assets) amounted to €-2.3 billion for 2019, €-2.3 billion for 2018 and €-2.6 billion for 2017. This stabilisation of capital expenditure in 2019 demonstrates the Company's sound approach to capital allocation and supports the current production rates. In 2018, it related to Airbus programmes of €-1.6 billion (mainly for the Beluga XL, and the ramp-up phase of the A320 Family and the A350 XWB) and additional projects in the other business segments of €-0.7 billion. Capital expenditure includes product-related development costs that are capitalised in accordance with IAS 38. See "– 2.1.2.2 Capitalised development costs".

M&A transactions. In 2019, the €-0.1 billion figure includes net proceeds from the funding of OneWeb Communications and the disposals of PFW Aerospace GmbH and Alestis Aerospace S.L. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 7: Acquisitions and Disposals".

In 2018, the €0.5 billion figure includes net proceeds from the disposal of Plant Holdings, Inc. and Compañía Española de Sistemas Aeronáuticos, S.A. ("CESA").

Free Cash Flow

The Company defines Free Cash Flow as the sum of (i) cash provided by operating activities and (ii) cash used for investing activities, minus (iii) change of securities, (iv) contribution to plan assets of pension schemes, (v) realised foreign exchange results on treasury swaps and (vi) Airbus Bank activities. It is an alternative performance measure and key indicator that is important in order to measure the amount of cash flow generated from operations after cash used in investing activities. As a result of the factors discussed above, Free Cash Flow amounted to €3.5 billion for 2019 as compared to €3.5 billion for 2018 and €3.7 billion for 2017.

Free Cash Flow before M&A

Free Cash Flow before mergers and acquisitions refers to Free Cash Flow adjusted for net proceeds from disposals and acquisitions. It is an alternative performance measure and key indicator that reflects Free Cash Flow excluding those cash flows resulting from acquisitions and disposals of businesses.

Free Cash Flow before M&A and Customer Financing

Free Cash Flow before M&A and customer financing refers to Free Cash Flow before mergers and acquisitions adjusted for cash flow related to aircraft financing activities. It is 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.

Cash Distribution to Shareholders / Non-Controlling Interests

Cash distribution to shareholders / non-controlling interests amounted to €-1.3 billion in 2019, €-1.2 billion in 2018, €-1.0 billion in 2017.

Contribution to Plan Assets of Pension Schemes

The cash outflows of €-1.8 billion, €-2.5 billion and €-0.5 billion in 2019, 2018 and 2017, respectively, primarily relate to a contribution to the Contractual Trust Arrangement ("CTA") for allocating and generating pension plan assets in accordance with IAS 19, as well as to plan assets in the UK and to German benefit funds. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 31.1: Post-employment Benefits – Provisions for Retirement Plans" and "– Note 31.2 Provisions for Deferred Compensation".

Change in Treasury Shares

Change in treasury shares for 2019 amounted to €-31 million. Change in treasury shares for 2018 amounted to €-49 million. In 2017 there was no change in treasury shares. As of 31 December 2019 and 2018, the Company held 862,610 and 636,924 treasury shares, respectively.

2.1.6.2 Cash and Cash Equivalents and Securities

The cash and cash equivalents and securities portfolio of the Company is invested mainly in non-speculative financial instruments, mostly highly liquid, such as certificates of deposit, overnight deposits, commercial papers, other money market instruments and bonds. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 37.1: Information about Financial Instruments – Financial Risk Management".

The Company has a partially automated cross-border and domestic cash pooling system in all countries with major group presence and whenever country regulations allow such practice (among others, this includes mainly France, Germany, Spain, the Netherlands, the UK and the US). The cash pooling system enhances management's ability to assess reliably and instantaneously the cash position of each subsidiary within the Company and enables management to allocate cash optimally within the Company depending upon shifting short-term needs.

2.1.6.3 Financing Liabilities

The outstanding balance of the Company's consolidated financing liabilities increased from €8.9 billion as of 31 December 2018 to €10.1 billion as of 31 December 2019. The increase is mainly due to the application of IFRS 16, see "— 2.1.2 Significant Accounting Considerations, Policies and Estimates," partly offset by the conversion of the convertible bond issued on 1 July 2015 for an amount of €500 million. For further information, please refer to the "Notes to the IFRS Consolidated Financial Statements — Note 36.3: Net Cash — Financing Liabilities".

2.1.6.4 Sales Financing

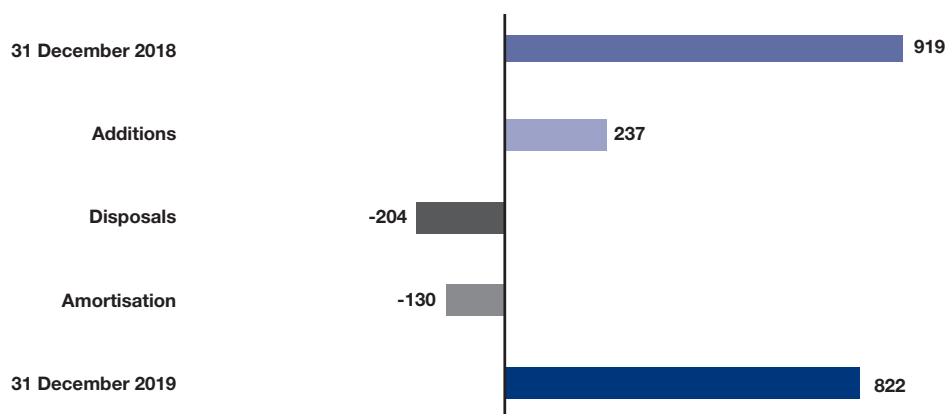
The Company favours cash sales and encourages independent financing by customers, in order to avoid retaining credit or asset risk in relation to delivered products. However, in order to support product sales, primarily at Airbus and Airbus Helicopters, the Company may agree to participate in the financing of customers, on a case-by-case basis, directly or through guarantees provided to third parties.

The financial markets remain unpredictable, which may cause the Company to increase its future outlays in connection with customer financing of commercial aircraft and helicopters,

mostly through finance leases and secured loans and if deemed necessary through operating lease structures. Nevertheless, the Company intends to keep the amount as low as possible.

Dedicated and experienced teams structure such financing transactions and closely monitor total finance and asset value exposure of the Company and its evolution in terms of quality, volume and intensity of cash requirements. The Company aims to structure all financing it provides to customers in line with market-standard contractual terms so as to facilitate any subsequent sale or reduction of such exposure.

Evolution of Airbus Gross Exposure during 2019 in US\$ million



Airbus gross customer financing exposure as of 31 December 2019 is distributed over 30 aircraft, operated at any time by approximately 8 airlines. In addition, the level of exposure may include other aircraft-related assets, such as spare parts. More than 90% of Airbus gross customer financing exposure is distributed over 6 countries (this excludes backstop commitments).

Over the last three years (2017 to 2019), the average number of aircraft delivered in respect of which financing support has been provided by Airbus amounted to less than 1% of the average

number of deliveries over the same period, *i.e.* 1 aircraft financed per year out of 794 deliveries per year on average.

Airbus Helicopters' gross customer financing exposure amounted to €48 million as of 31 December 2019. This exposure is distributed over 21 helicopters, operated by approximately 6 companies.

For further information, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 27: Sales Financing Transactions".

2.1.7 Hedging Activities

More than 75% of the Company's revenues are denominated in US dollars, with approximately 60% of such currency exposure "naturally hedged" by US dollar-denominated costs. The remainder of costs are incurred primarily in euros, and to a lesser extent, in pounds sterling. 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, and to a lesser extent, by market changes in the exchange rate of pound sterling against the euro.

As the Company intends to generate profits only from its operations and not through speculation on foreign currency exchange rate movements, the Company uses hedging strategies solely to mitigate the impact of exchange rate fluctuations on its EBIT.

For further information on the Company's hedging strategies in response to its particular exposures as well as a description of its current hedge portfolio, please refer to the "Notes to the IFRS Consolidated Financial Statements — Note 37.1: Information about Financial Instruments — Financial Risk Management" and "Note 37.4: Notional Amounts of Derivative Financial Instruments".

2.2 Financial Statements

The **IFRS Consolidated Financial Statements and the Company Financial Statements of Airbus SE for the year ended 31 December 2019**, together with the related notes, appendices and independent auditors' report, shall be deemed to be incorporated in and form part of this Registration Document.

In addition, the English version of the following document shall be deemed to be incorporated by reference in and form part of this Registration Document:

- The **IFRS Consolidated Financial Statements and the Company Financial Statements of Airbus Group SE for the year ended 31 December 2018**, together with the related notes, appendices and Auditors' reports, as incorporated by reference in the **Registration Document** filed in English with, and approved by, the AFM on 29 July 2019 and filed in English with the Chamber of Commerce of The Hague. Copies of the above-mentioned documents are available free

of charge upon request in English at the registered office of the Company and on www.airbus.com (Investors > Financial Results & Annual Reports).

Copies of the above-mentioned Registration Documents are also available in English on the website of the AFM on www.afm.nl (Professionals > Registers > Approved prospectuses). The above-mentioned financial statements are also available in English for inspection at the Chamber of Commerce of The Hague.

The Company confirms that the reports of the auditors incorporated by reference herein have been accurately reproduced and that as far as the Company is aware and is able to ascertain from the information provided by the auditors, no facts have been omitted which would render such reports inaccurate or misleading.

2.3 Statutory Auditor Fees

Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 39: Auditor Fees".

2.4 Information Regarding the Statutory Auditors

	Date of first appointment	Expiration of current term of office ⁽¹⁾
Ernst & Young Accountants LLP Boompjes 258 – 3011 XZ Rotterdam Postbus 488 – 3000 AL Rotterdam The Netherlands Represented by A.A. van Eimeren	28 April 2016	16 April 2020

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

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

3

3

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3.1 General Description of the Company

3.1.1 Commercial and Corporate Names, Seat and Registered Office

Commercial Name: Airbus

Seat (*statutaire zetel*): Amsterdam

Statutory Name: Airbus SE

Tel: +31 (0)71,5245,600

Registered Office: Mendelweg 30, 2333 CS Leiden, The Netherlands

Fax: +31 (0)71,5232,807

3.1.2 Legal Form

The Company is a European public company (*Societas Europaea*), with its corporate seat in Amsterdam, the Netherlands and registered with the Dutch Commercial Register (*Handelsregister*) under number 24288945. The Company's legal identifier (LEI) is

MIN079WLOO247M1IL051. As a company operating worldwide, the Company is subject to, and operates under, the laws of each country in which it conducts business.

3.1.3 Governing Laws and Disclosures

The Company is governed by the laws of the Netherlands (in particular Book 2 of the Dutch Civil Code and the Dutch Corporate Governance Code) and by its Articles of Association (the "**Articles of Association**").

Finally, Regulated Information must be made available for central storage by a mechanism that is officially designated by the Company's home Member State.

The Company is subject to various legal provisions of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the "**WFT**"). In addition, given the fact that its shares are admitted for trading on a regulated market in France, Germany and Spain, the Company is subject to certain laws and regulations in these three jurisdictions. A summary of the main regulations applicable to the Company in relation to information to be made public in these three jurisdictions, as well as the Netherlands, is set out below.

Dutch Regulations

For the purpose of the Transparency Directive, supervision of the Company is effected by the Member State in which it maintains its corporate seat, which is the Netherlands. The competent market authority that assumes final responsibility for supervising compliance by the Company in this respect is the AFM.

Under the Transparency Directive as implemented under Dutch law, the Company is subject to a number of periodic disclosure requirements, such as:

3.1.3.1 Periodic Disclosure Obligations

Pursuant to Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (as amended, the "**Transparency Directive**"), the Company is required to disclose certain periodic and ongoing information (the "**Regulated Information**").

- publishing an Annual Financial Report, together with an audit report drawn up by the Statutory Auditors, within four months after the end of each financial year; and
- publishing a semi-Annual Financial Report, within three months after the end of the first six months of the financial year.

Pursuant to the Transparency Directive, the Company must disseminate such Regulated Information throughout the European Community in a manner ensuring fast access to such information on a non-discriminatory basis. For this purpose, the Company may use a professional service provider (wire). In addition, Regulated Information must be filed at the same time with the relevant competent market authority. The Company must then ensure that Regulated Information remains publicly available for at least 10 years.

In addition, the Company must file with the AFM, within five days following their adoption by the Company's shareholders, its audited annual Financial Statements (including the consolidated ones), the management report, the Auditors' report and other information related to the Financial Statements.

French Regulations

In accordance with the requirement set forth in the Transparency Directive to disseminate Regulated Information throughout the European Community, the Company is required to provide simultaneously in France the same information as that provided abroad.

German Regulations

Due to the listing of the Company's shares in the *Prime Standard* sub-segment of the Regulated Market (*regulierter Markt*) of the Frankfurt Stock Exchange, the Company is subject to certain post-listing obligations as described below. The Company is included *inter alia* in the selection index MDAX, the MidCap index of *Deutsche Börse AG*.

Pursuant to the Exchange Rules (*Börsenordnung*) of the Frankfurt Stock Exchange, the Company is required to publish consolidated annual and semi-annual Financial Statements as well as consolidated quarterly reports which may be prepared in English only. In addition, pursuant to the Exchange Rules, the Company is required to publish a financial calendar at the beginning of each financial year in German and English. The Company is also required to hold an analysts' meeting at least once per year in addition to the press conference regarding the annual Financial Statements.

Spanish Regulations

In accordance with the requirement set forth in the Transparency Directive to disseminate Regulated Information throughout the European Community, the Company is required to provide simultaneously in Spain the same information as that provided abroad.

3.1.3.2 Ongoing Disclosure Obligations

Pursuant to the Transparency Directive, Regulated Information includes in particular "inside information" as defined pursuant to Article 7 of EU Regulation No. 596 / 2014 on market abuse (the "**Market Abuse Regulation**" or "**MAR**"). Such information must be disseminated throughout the European Community (see introduction to section "— 3.1.3.1 Periodic Disclosure Obligations").

Inside information consists of information of a precise nature which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

Inside information must be disclosed to the markets as soon as possible. However, an issuer may under its own responsibility delay the public disclosure of inside information so as not to prejudice its legitimate interests provided that such delay would not be likely to mislead the public and provided that the issuer is able to ensure the confidentiality of that information.

Dutch Regulations

Following the implementation of the Transparency Directive into Dutch law, the Company must publicly disclose Regulated Information and also file Regulated Information with the AFM, which will keep all relevant Regulated Information in a publicly available register. The Company will, whenever it discloses inside information pursuant to applicable mandatory law as part of the Regulated Information, disclose and disseminate throughout the European Community any such information.

Under Dutch law, the Company must also publish any change in the rights attached to its shares, as well as any changes in the rights attached to any rights issued by the Company to acquire Airbus shares.

French Regulations

Any inside information as defined above will be disclosed in France by means of dissemination throughout the European Community, as it is organised under Dutch law implementing the Transparency Directive so as to provide simultaneously in France equivalent information to that provided abroad.

German Regulations

Any inside information as defined above will be disclosed in Germany by means of dissemination throughout the European Community, as it is organised under Dutch law implementing the Transparency Directive so as to provide simultaneously in Germany equivalent information to that provided abroad.

Spanish Regulations

Any inside information as defined above will be disclosed simultaneously in Spain by notifying it to the CNMV which shall, in turn, make it public through its webpage.

Any other information of a financial or corporate nature which the Company is required by law to make public in Spain or which the Company deems necessary to disclose to investors shall be also notified to the CNMV which shall also publish it through its webpage.

Pursuant to the Spanish securities rules and regulations, the Company is also required to make available to shareholders and file with the CNMV a Corporate Governance Report in the Spanish language or in a language customary in the sphere of international finance on an annual basis.

3.1.4 Date of Incorporation and Duration of the Company

The Company was incorporated on 29 December 1998 for an unlimited duration.

3.1.5 Objects of the Company

Pursuant to its Articles of Association, the objects of the Company are to hold, co-ordinate and manage participations or other interests and to finance and assume liabilities, provide for security and/or guarantee debts of legal entities, partnerships, business associations and undertakings that are involved in:

- the aeronautic, defence, space and/or communication industry; or
- activities that are complementary, supportive or ancillary thereto.

3.1.6 Commercial and Companies Registry

The Company is registered with the Dutch Commercial Register (*Handelsregister*) under number 24288945.

3.1.7 Inspection of Corporate Documents

The Articles of Association are available for inspection in Dutch at the Chamber of Commerce.

In France, the Articles of Association are available at the operational headquarters of the Company (2, rond-point Emile Dewoitine, 31700 Blagnac, France, Tel.: +33 5 81 31 75 00).

In Germany, the Articles of Association are available at the Munich office of the Company (Willy-Messerschmitt-Strasse 1, 82024 Ottobrunn, Germany, Tel.: +49 89 60 70).

In Spain, the Articles of Association are available at the CNMV and at the Madrid office of the Company (Avenida de Aragón 404, 28022 Madrid, Spain, Tel.: +34 91,585 70 00).

The documents incorporated by reference into this Registration Document are available on www.airbus.com.

3.1.8 Financial Year

The financial year of the Company starts on 1 January and ends on 31 December of each year.

3.1.9 Allocation and Distribution of Income

3.1.9.1 Dividends

The Board of Directors shall determine which part of the profits of the Company shall be attributed to reserves. The remaining distributable profit shall be at the disposal of the shareholders' meeting.

The shareholders' meeting may resolve (if so proposed by the Board of Directors) that all or part of a distribution on shares shall be paid in Airbus shares or in the form of assets as opposed to cash.

The declaration of a dividend, an interim dividend or another distribution to the shareholders shall be made known to them within seven days after such declaration. Declared dividends, interim dividends or other distributions shall be payable on such date(s) as determined by the Board of Directors.

Dividends, interim dividends and other distributions on shares shall be paid by bank transfer to the bank or giro accounts designated in writing to the Company by, or on behalf of, shareholders at the latest 14 days after their announcement.

The persons entitled to a dividend, interim dividend or other distribution shall be the shareholders as at a record date to be determined by the Board of Directors for that purpose, which date may not be a date prior to the date on which such dividend, interim dividend or other distribution is declared.

3.1.9.2 Liquidation

In the event of the dissolution and liquidation of the Company, the assets remaining after payment of all debts and liquidation expenses shall be distributed amongst the holders of the shares in proportion to their shareholdings.

3.1.10 General Meetings

3.1.10.1 Calling of Meetings

Shareholders' meetings are held as often as the Board of Directors deems necessary, when required under the Dutch Civil Code (as a result of a decrease of the Company's equity to or below half of the Company's paid up and called up capital) or upon the request of shareholders holding, individually or together, at least 10% of the total issued share capital of the Company. The AGM of Shareholders of the Company is held within six months of the end of the financial year.

The Board of Directors must give notice of shareholders' meetings through publication of a notice on the Company's website (www.airbus.com), which will be directly and permanently accessible until the shareholders' meeting. The Company must comply with the statutory rules providing for a minimum convening period, which currently require at least 42 days of notice. The convening notice must state the items required under Dutch law.

Shareholders' meetings are held in Amsterdam, The Hague, Rotterdam or Haarlemmermeer (Schiphol Airport). The Board of Directors may decide that shareholders' meetings may be attended by means of electronic or video communication devices from the locations mentioned in the convening notice.

The Board of Directors must announce the date of the AGM of Shareholders at least 10 weeks before the Meeting. A matter which one or more shareholders or other parties with meeting rights collectively representing at least the statutory threshold (which is currently 3% of the issued share capital) have requested in writing to be put on the agenda for a General Meeting of Shareholders shall be included in the convening notice or shall be announced in the same fashion, if the substantiated request or a proposal for a resolution is received by the Company no later than the 60th day before the general meeting. When exercising the right to put a matter on the agenda for a General Meeting of Shareholders, the respective shareholder or shareholders are obliged to disclose their full economic interest to the Company. The Company must publish such disclosure on its website.

A request as referred to in the preceding paragraph may only be made in writing. The Board of Directors can decide that in "writing" is understood to include a request that is recorded electronically.

3.1.10.2 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. See "— 3.1.10.4 Conditions of Exercise of Right to Vote". 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 registration date referred to in the Dutch Civil Code which is currently 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, the Company, or alternatively an entity or person so designated by the Company, 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 Company shares through Euroclear France S.A. who wish to attend general meetings will have to request from their financial intermediary or accountholder 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 the Company. 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 accountholder, to give their voting instructions to Euroclear France S.A. or to any other person designated for this purpose, as specified in the relevant convening notice.

Pursuant to its Articles of Association, the Company 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.

3.1.10.3 Majority and Quorum

All resolutions are adopted by means of a simple majority of the votes cast except when a qualified majority is prescribed by the Articles of Association or by Dutch law. No quorum is required for any shareholders' meeting to be held except as required under applicable law for a very limited number of resolutions of an extraordinary nature. Dutch law requires a special majority for the passing of certain resolutions: *inter alia*, capital reduction, exclusion of pre-emption rights in connection with share issues, statutory mergers or statutory de-mergers; the passing of such resolutions requires a majority of two-thirds of the votes cast if 50% of the share capital with voting rights is not present at the shareholders' meeting (or otherwise a simple majority). In addition, resolutions to amend the Articles of Association or to dissolve the Company may only be adopted with a majority of at least two-thirds of the valid votes cast at a shareholders' meeting, whatever the quorum present at such meeting, and resolutions to amend certain provisions of the Articles of Association may only be adopted with a majority of at least 75% of the valid votes cast at a shareholders' meeting, whatever the quorum present at such meeting.

3.1.10.4 Conditions of Exercise of Right to Vote

In all shareholders' meetings, each shareholder has one vote in respect of each share it holds. The major shareholders of the Company – as set forth in “— 3.3.2 Relationships with Principal Shareholders” – do not enjoy different voting rights from those of the other shareholders.

A shareholder whose shares are subject to a pledge or usufruct shall have the voting rights attaching to such shares unless otherwise provided by law or by the Articles of Association or if, in the case of a usufruct, the shareholder has granted voting

rights to the usufructuary. Pursuant to the Articles of Association and subject to the prior consent of the Board of Directors, a pledgee of shares in the Company may be granted the right to vote in respect of such pledged shares.

According to the Articles of Association, no vote may be cast at the General Meeting on a share that is held by the Company or a subsidiary, nor for a share in respect of which one of them holds the depository receipts. Usufructuaries and pledgees of shares that are held by the Company or its subsidiaries are, however, not excluded from their voting rights, in case the right of usufruct or pledge was vested before the share was held by the Company or its subsidiary.

3.1.11 Disclosure of Holdings

Pursuant to the WFT, any person who, directly or indirectly, acquires or disposes of an (actual or deemed) interest in the capital, voting rights or gross short position of the Company must immediately give written notice to the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person meets, exceeds or falls below the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Any person whose interest in the capital, voting rights or gross short position in the Company meets, exceeds or falls below one or several of the above-mentioned thresholds due to a change in the Company's outstanding capital, or in voting rights attached to the shares as notified to the AFM by the Company, should notify the AFM no later than the fourth trading day after the AFM has published the notification by the Company. Among other things, the Company is required to notify the AFM immediately if its outstanding share capital or voting rights have changed by 1% or more since the Company's previous notification. Additional disclosure and/or publication obligations apply under European regulations for net short positions in respect of the Company.

If at the end of a calendar year the composition of a shareholder's holding differs from its previous disclosure as a result of the conversion of certain types of securities or following the exercise of rights to acquire voting rights, this shareholder must then provide an update of its previous disclosure within four weeks of the end of each calendar year by giving written notice thereof to the AFM. The disclosures are published by the AFM on its website (www.afm.nl).

Pursuant to the Articles of Association, shareholders must notify the Company when meeting or crossing the thresholds above. The Articles of Association also contain disclosure obligations for shareholders that apply when their interests in the Company reach or cross certain thresholds.

Under the Articles of Association, the disclosure obligations of shareholders are enhanced in several ways beyond what is required under the WFT, including by requiring the disclosure of additional information, tying the disclosure obligations to a broader range of interests in the capital or voting rights of the Company and by requiring a shareholder to notify the Company if his or her interest reaches, exceeds or falls below the Mandatory Disposal Threshold (as defined below) or if the interest of a shareholder (alone or a member of a concert) which is above such Mandatory Disposal Threshold changes in its composition, nature and/or size.

Failure to comply with the legal obligation to notify a change in shareholding under the WFT is a criminal offence punishable by criminal and administrative penalties as well as civil law penalties, including the suspension of voting rights. Failure to comply with a notification under the Articles of Association can lead to a suspension of meeting and voting rights.

Disclosure Requirements for Members of the Board of Directors and the Executive Committee

Disclosure of Holdings

In addition to the requirements under the WFT regarding the disclosure of holdings in case the specified thresholds are met or exceeded or if holdings fall below these thresholds, Members of the Board of Directors must report to the AFM the number of shares in the Company and attached voting rights⁽¹⁾ held by him or an entity controlled by him, within two weeks following his appointment as Director, whether or not such shareholdings meet or exceed any of the specified thresholds. Subsequently, any Member of the Board of Directors is required to notify the AFM of any changes in such number of shares in the Company and attached voting rights.

(1) In this context, the term “shares” also includes for example depository receipts for shares and rights resulting from an agreement to acquire shares or depository receipts for shares, specifically call options, warrants, and convertible bonds. Equally, the term “voting rights” also includes actual or contingent rights to voting rights (e.g., embedded in call options, warrants or convertible bonds).

Disclosure of Transactions Carried Out on Any Securities Issued by the Company

Based on the Market Abuse Regulation, certain persons discharging managerial or supervisory responsibilities within the Company as well as persons closely associated with them (together “**Insiders**”, as defined below), are required to notify the Company and the AFM within three trading days of all transactions conducted for their own account involving shares of the Company, or derivatives or other financial instruments related to such shares, unless the aggregate amount of such transactions does not exceed €5,000 in respect of all transactions in a calendar year.

“Insiders” for the Company include (i) Members of the Board of Directors and the Executive Committee of the Company as well as certain other senior executives who are not members of these bodies and who have regular access to inside information relating directly or indirectly to the Company and power to take managerial decisions affecting the future developments and business prospects of the Company, (ii) persons closely associated with any person mentioned under category (i) (including their spouses, life partners or any partner considered by national law as equivalent to the spouse, dependent children and other relatives who have shared the same household), and (iii) legal entities, trusts or partnerships whose managerial responsibilities

are discharged by any person referred to in categories (i) or (ii) or which are directly or indirectly controlled by such a person, or that have been set up for the benefit of such a person, or whose economic interests are substantially equivalent to those of such a person.

The Company has adopted specific internal insider trading rules (the “**Insider Trading Rules**”) in order to ensure compliance with the above requirements and with other share trading regulations applicable in the Netherlands, France, Germany and Spain. The Insider Trading Rules are available on the Company’s website, and provide in particular that: (i) all employees and Directors are prohibited from conducting transactions in the Company’s shares or stock options if they have inside information, and (ii) certain persons are only allowed to trade in the Company’s shares or stock options within very limited periods and have specific information obligations to the ITR Compliance Officer of the Company and the competent financial market authorities with respect to certain transactions. The ITR Compliance Officer is responsible for the implementation of the Insider Trading Rules.

Pursuant to the Market Abuse Regulation, the Company must maintain a list of all persons working for it by virtue of a labour relationship or otherwise, who may have access to inside information.

3.1.12 Mandatory Disposal

3.1.12.1 Notification Requirements and Mandatory Disposal Threshold Restricting Ownership to 15%

Under the Articles of Association, each shareholder must notify the Company when it (or another party in respect of its interest in the Company) must make a notification to the AFM of a substantial interest or short position with respect to the Company, when its interest (alone or with concert parties) reaches or crosses the Mandatory Disposal Threshold (as defined below) or, subject to certain conditions and exemptions, when changes occur in the composition, nature and/or size of any interest held by it or by its concert parties in excess of the Mandatory Disposal Threshold (as defined below). Failure to comply with these obligations may, subject to a prior notification by the Company, 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 the Company, 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 WFT, 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 the Company. 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 Company 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 the Company, any grandfathered persons and their affiliates (see “— 3.1.12.2 Exemptions from Mandatory Disposal Threshold”) and any holder of depositary receipts and their affiliates (there is an agreement under which the Company 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 (the Company 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 Company 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 the Company 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 the Company's further normalised governance going forward, aiming at a substantial increase of the free float and to safeguard the interests of the Company 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.

3.1.13 Mandatory Offers

3.1.13.1 Takeover Directive

The Directive 2004 / 25 / EC on takeover bids (the “**Takeover Directive**”) sets forth the principles governing the allocation of laws applicable to the Company in the context of a takeover bid for the shares of the Company. The Takeover Directive refers to the rules of the Netherlands and the rules of the European Union Member State of the competent authority that must be chosen by the Company from among the various market authorities supervising the markets where its shares are listed.

For the Company, matters relating to, *inter alia*, the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, in particular the information on the offeror's decision to make a bid, the contents of the offer document and the disclosure of the bid, shall be determined by the laws of the European Union Member State having the competent authority, which will be selected by the Company at a future date.

Matters relating to the information to be provided to the employees of the Company and matters relating to company law, in particular the percentage of voting rights which confers control

3.1.12.2 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 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.

The Company has confirmed that: (i) the specific exemption in Article 16.1.b of the Articles of Association applies to Société de Gestion de Participations Aéronautiques (“**Sogepa**”), as it held more than 15% of the outstanding Company 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, Gesellschaft zur Beteiligungsverwaltung GZBV mbH & Co. KG (“**GZBV**”) and Sociedad Estatal de Participaciones Industriales (“**SEPI**”), as they held more than 15% of the outstanding Company voting rights and shares including the legal and economic ownership thereof on the Exemption Date.

and any derogation from the obligation to launch a bid, the conditions under which the Board of Directors of the Company may undertake any action which might result in the frustration of the bid, the applicable rules and the competent authority will be governed by Dutch law (see “– 3.1.13.2 Dutch Law”).

3.1.13.2 Dutch Law

In accordance with the Dutch act implementing the Takeover Directive (the “**Takeover Act**”), shareholders are required to make a public offer for all issued and outstanding shares in the Company's share capital if they – individually or acting in concert (as such term is defined in the Takeover Act), directly or indirectly – have 30% or more of the voting rights (significant control) in the Company. 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 Act came into force, already held – individually or acting in concert – 30% or more of the voting rights in the Company. In the case of such a concert, a new Member of the concert can be exempted if it satisfies certain conditions.

3.2 General Description of the Share Capital

3.2.1 Issued Share Capital

As of 31 December 2019, the Company's issued share capital amounted to €783,173,115, consisting of 783,173,115 fully paid-up shares of a nominal value of €1 each.

3.2.2 Authorised Share Capital

As of 31 December 2019, the Company's authorised share capital amounted to €3 billion, consisting of 3 billion shares of €1 each.

3.2.3 Modification of Share Capital or Rights Attached to the 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 Airbus 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 "— 3.3.2 Relationships with Principal Shareholders".

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

However, the Articles of Association 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 AGM held on 10 April 2019, 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 the Company's authorised share capital; and
2. funding the Company and any of its subsidiaries, provided that such powers shall be limited to 0.3% of the Company's authorised share capital.

Such powers have been granted for a period expiring at the AGM to be held in 2020, 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 10 April 2019, the Board of Directors was authorised, for a period of 18 months from the date of such AGM, to repurchase shares of the Company, by any means, including derivative products, on any stock exchange or otherwise, as long as, upon such repurchase, the Company would not hold more than 10% of the Company'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 last 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 said 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 10 April 2019, the Board of Directors and the Chief Executive Officer were authorised, with powers of substitution, to implement a cancellation of shares held or repurchased by the Company, including the authorisation to establish the exact number of the relevant shares thus repurchased to be cancelled.

3.2.4 Securities Granting Access to the Company's Share Capital

The convertible bonds (See "Notes to the IFRS Consolidated Financial Statements — Note 36.3: Financing liabilities") were redeemed by the Company on 30 December 2019, whereby certain bondholders exercised their conversion right connected to the convertible bonds and consequently received newly issued shares in the Company in December 2019. There are no further securities that give access, immediately or over time, to the share capital of the Company.

The table below shows the total dilution that occurred following the exercise by certain bond holders of their conversion right under the convertible bonds as of 31 December 2019:

	Number of shares	Percentage of diluted capital	Number of voting rights	Percentage of diluted voting rights
Total number of Company shares issued prior to exercise of the convertible bonds	778,152,173	99.359%	777,452,713	99.358%
Total number of Company shares which were issued following exercise of the convertible bonds	5,020,942	0.641%	5,020,942	0.642%
Total Company share capital as of 31 December 2019	783,173,115	100%	782,310,505	100%

3.2.5 Changes in the Issued Share Capital

Date	Nature of Transaction	Nominal value per share	Number of shares issued / cancelled	Premium ⁽¹⁾	Total number of issued shares after transaction	Total issued capital after transaction
20 June 2013	Cancellation of shares upon authorisation granted by the Extraordinary General Meeting held on 27 March 2013	€1	47,648,691	-	779,719,254	€779,719,254
29 July 2013	Issue of shares for the purpose of an employee offering	€1	2,113,245	€57,580,650	781,832,499	€781,832,499
27 September 2013	Cancellation of shares upon authorisation granted by the Extraordinary General Meeting held on 27 March 2013	€1	3,099,657	-	778,732,842	€778,732,842
27 September 2013	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 29 May 2013	€1	2,448,884	-	776,283,958	€776,283,958
In 2013	Issue of shares following exercise of options granted to employees ⁽²⁾	€1	6,873,677	€176,017,918	783,157,635	€783,157,635
In 2014	Issue of shares following exercise of options granted to employees ⁽²⁾	€1	1,871,419	€50,619,684	784,780,585	€784,780,585
In 2015	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 27 May 2015	€1	2,885,243	-	785,333,784	€785,333,784
In 2015	Issue of shares following exercise of options granted to employees ⁽²⁾	€1	1,910,428	-	785,344,784	€785,344,784
In 2016	Cancellation of treasury shares	€1	14,131,131	-	771,213,653	€771,213,653
In 2016	Issues of shares for the purpose of an employee offering	€1	1,474,716	-	772,688,369	€772,688,369
In 2016	Issue of shares following exercise of options granted to employees ⁽²⁾	€1	224,500	-	772,912,869	€772,912,869
In 2017	Issues of shares for the purpose of an employee offering	€1	1,643,193	-	774,556,062	€774,556,062
In 2017	Issues of shares for the purpose of an employee offering	€1	1,643,193	-	774,556,062	€774,556,062
In 2018	Issues of shares for the purpose of an employee offering	€1	1,811,819	-	776,367,881	€776,367,881
In 2019	Issues of shares for the purpose of an employee offering	€1	1,784,292	-	778,152,173	€778,152,173
In 2019	Issue of shares under the convertible bond	€1	5,020,942	-	783,173,115	€783,173,115

(1) The costs (net of taxes) related to the initial public offering of the shares of the Company in July 2000 have been offset against share premium for an amount of €55,849,772.

(2) For information on Stock Option Plans under which these options were granted to the Company's employees, see "— Corporate Governance — 4.3.3 Long-Term Incentive Plans".

In the course of 2019, a total number of 6,805,234 new shares were issued, of which 1,784,292 were issued in the framework of the Employee Share Ownership Plan ("ESOP") and, as set forth above, 5,020,942 were issued in connection with the exercise by certain bond holders of their conversion right.

During 2019, (i) the Company repurchased 266,000 shares and (ii) none of the treasury shares were cancelled. As a result, as at 31 December 2019, the Company held 862,610 treasury shares.

3.3 Shareholdings and Voting Rights

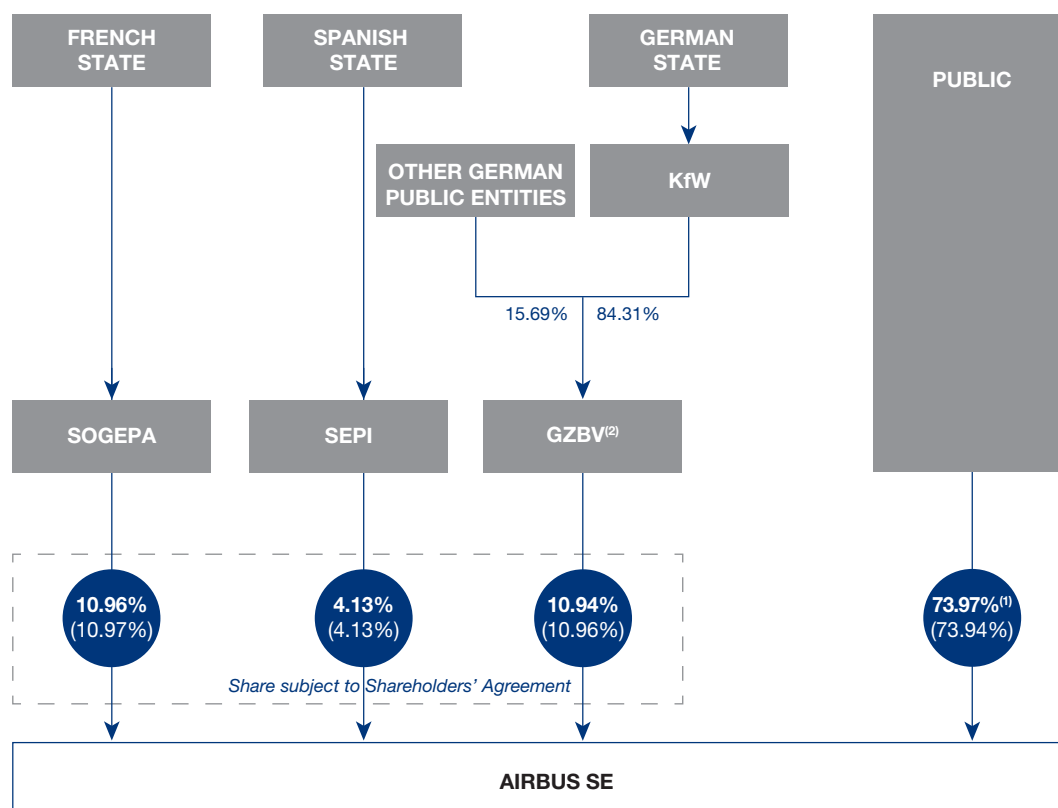
3.3.1 Shareholding Structure at the End of 2019

As of 31 December 2019, the French State held 10.96% of the outstanding Company shares through Sogepa, the German State held 10.94% through GZBV, a subsidiary of Kreditanstalt für Wiederaufbau (“KfW”), a public law institution serving domestic and international policy objectives of the Government of the Federal Republic of Germany, and the Spanish State held 4.13% through SEPI. The public (including the Company’s employees)

and the Company held, respectively, 73.86% and 0.11% of the Company’s share capital.

The diagram below shows the ownership structure of the Company as of 31 December 2019 (% of capital and of voting rights (in parentheses)). See “— Corporate Governance — 4.3.3 Long-Term Incentive Plans”.

Ownership Structure of Airbus SE as of 31 December 2019



(1) Including shares held by the Company itself (0.11%).

(2) KfW & other German public entities.

According to the AFM register on substantial holdings, the below listed entities have notified the AFM of their substantial interest in the Company:

- Capital Research and Management Company (9.90% of the voting rights);
- EuroPacific Growth Fund (3.02% of the capital interest);
- BlackRock, Inc. (4.20% of the capital interest and 4.99% of the voting rights).

Actual interests may differ as the holder of a substantial interest is only obliged to notify the AFM of any change in the percentage of share capital and/or voting rights if such holder, directly or indirectly, reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

Except as described above, the Company is not aware of any other person or legal entity that, as of the date of this Registration Document, has a capital or voting interest in the Company of 3% or more. For further details, please refer to the website of the AFM at: www.afm.nl.

As of 31 December 2019, the Company held, directly or indirectly through another company in which the Company holds directly or indirectly more than 50% of the share capital, 862,610 of its

own shares, equal to 0.11% of issued share capital. The treasury shares owned by the Company do not carry voting rights.

For the number of shares and voting rights held by Members of the Board of Directors and Executive Committee, see “— Corporate Governance — 4.2.1 Remuneration Policy”.

Approximately 0.92% of the share capital (and voting rights) was held by the Company’s employees as of 31 December 2019.

3.3.2 Relationships with Principal Shareholders

In 2013, GZBV, Sogepa and SEPI entered into a shareholders’ agreement (the “**Shareholders’ Agreement**”). The Shareholders’ Agreement, further details of which are set out in more detail 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 the Company. The Company has also entered into state security agreements with each of the French State and German State, which are also described in more detail below.

3.3.2.1 Corporate Governance Arrangements

Corporate governance arrangements of the Company were substantially changed in 2013, resulting in changes in the composition of the Board of Directors and its internal rules, as well as amendments to the Articles of Association of the Company. These changes were intended to further normalise and simplify the Company’s corporate governance, reflecting an emphasis on best corporate governance practices and the absence of a controlling shareholder group. Changes to the Company’s corporate governance arrangements in the Articles of Association, included (i) disclosure obligations for shareholders that apply when their interests in the Company 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 the Company, acting alone or in concert with others. See sections 3.1.11 and 3.1.12 above and section 4 below.

3.3.2.2 Shareholder Arrangements

Grandfathering Agreement

At the Consummation, 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 new concert with respect to the Company (the “**Concert**”) is subsequently terminated (for instance by terminating the Shareholders’ Agreement) or if it exits the Concert.

Loss of Individual Grandfathering Rights

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

- the Concert is terminated as a result of it or any of its affiliates having actually or constructively terminated such Concert; or
- it or its relevant affiliate(s) exit(s) the Concert;
- and such termination or exit is not for good cause and is not based on material and ongoing violations of the Concert arrangements, including, without limitation, of the Shareholders’ Agreement, by the other principal Member of the Concert.

In the event that in the future the voting rights in the Company of the other principal Member of the Concert together with those of its affiliates would for an uninterrupted period of three months represent less than 3% of the outstanding aggregate voting rights of the Company, 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 the Company to that effect.

Notification to the Company

The Company 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.

The Company 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.

Shareholders' Agreement

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 the Company by Sogepa, GZBV and SEPI (all parties together the "Shareholders").

Governance of the Company

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 the Company in accordance with the terms and conditions of the German State Security Agreement and the French State Security Agreement (as described below). If, for whatever reason, any person to be appointed as a Director pursuant to the German State Security Agreement or the French State Security Agreement is not nominated, the shareholders shall use their best endeavours so that such person is appointed as a Director.

Sogepa and GZBV shall support the appointment of one Spanish national that SEPI may present to them as Member of the Board of Directors of the Company, provided such person qualifies as an Independent Director pursuant to the conditions set forth in the Board Rules, and shall vote as shareholders in any shareholders' meeting in favour of such appointment and against the appointment of any other person for such position.

If, for whatever reason, the French State Security Agreement and/or the German State Security Agreement has / have been terminated, KfW or Sogepa, as the case might be, shall propose two persons, and the shareholders shall exercise their best endeavours so that these persons are appointed as Directors. Directors can be dismissed by the General Meeting at all times.

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

Reserved Matters. With respect to the matters requiring the approval of a Qualified Majority at the Board level ("**Reserved Matters**"), all the Directors shall be free to express their own

views. If the implementation of a Reserved Matter would require a decision of the shareholders' meeting of the Company, Sogepa and GZBV shall consult each other with a view to reaching a common position. Should Sogepa and GZBV fail to reach a common position, Sogepa and GZBV shall remain free to exercise on a discretionary basis their votes.

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

Balance of Interests

The shareholders agree their common objective to seek a balance between themselves of their respective interest in the Company 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;
- 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 the Company 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).

3.3.2.3 Undertakings with Respect to Certain Interests of Certain Stakeholders

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

State Security Agreements and Related Undertakings and Negotiations

The Company and the French State have entered into an amendment to the existing convention between the French State and the Company relating to the ballistic missiles business of the Company (as so amended, the "**French State Security Agreement**"). Under the French State Security Agreement, certain sensitive French military assets will be held by a Company subsidiary (the "**French Defence Holding Company**"). At the Consummation, the Company contributed certain sensitive French military assets to 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 to 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 were Members of the Board of Directors. Two of the French Defence Outside Directors are required to also be Members of the Board of Directors. French Defence Outside Directors may neither (i) be employees, managers or corporate officers of a company belonging to the Company (although they may be Members of the Board of Directors) nor (ii) have material ongoing professional relationships with Airbus.

The Company and the German State have entered into an agreement relating to the protection of essential interests to the German State's security (the "**German State Security Agreement**"). Under the German State Security Agreement,

certain sensitive German military assets are held by a Company 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 were Members of the Board of Directors. Two of the German Defence Outside Directors are required to also be Members of the Board of Directors. The qualifications to serve as a German Defence Outside Director are comparable to those to serve as a French Defence Outside Director, with the additional requirement that a German Defence Outside Director may not be a civil servant.

Dassault Aviation

The Company entered into an agreement with the French State pursuant to which the Company:

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

For more information about Dassault Aviation, see "— Information on the Company's Activities — 1.1.5 Investments".

Stock Exchange Listings

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

Specific Rights of the French State

Pursuant to an agreement entered into between the Company and the French State (the "**Ballistic Missiles Agreement**"), the Company has granted to the French State (a) a veto right and subsequently a call option on shares of the Company 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 the Company 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. The Company, the French State and the Company performing the ballistic missiles activity are parties to a similar convention regarding the assets comprising the French nuclear airborne systems under which the French State has similar rights.

3.3.3 Form of Shares

The shares of the Company are in registered form. The Board of Directors may decide with respect to all or certain shares, on shares in bearer form.

Shares shall be registered in the shareholders' register without the issue of a share certificate or, should the Board of Directors

so decide, with respect to all or certain shares, with the issue of a certificate. Share certificates shall be issued in such form as the Board of Directors may determine. Registered shares shall be numbered in the manner to be determined by the Board of Directors.

3.3.4 Changes in the Shareholding of the Company

The evolution in ownership of the share capital and voting rights of the Company over the past three years is set forth in the table below:

Shareholders	Position as of 31 December 2019			Position as of 31 December 2018			Position as of 31 December 2017		
	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares
SOGEPA	10.96%	10.97%	85,835,477	11.06%	11.06%	85,835,477	11.08%	11.08%	85,835,477
GZBV ⁽¹⁾	10.94%	10.96%	85,709,822	11.04%	11.04%	85,709,822	11.07%	11.07%	85,709,822
SEPI	4.13%	4.13%	32,330,381	4.16%	4.16%	32,330,381	4.17%	4.17%	32,330,381
Sub-total New Shareholder Agt.	26.03%	26.06%	203,875,680	26.26%	26.28%	203,875,680	26.32%	26.33%	203,875,680
Foundation "SOGEPA"	0.00%	0.00%	0	0.00%	0.00%	0	0.00%	0.00%	0
Public ⁽²⁾	73.86%	73.94%	578,434,825	73.66%	73.72%	571,855,277	73.66%	73.67%	570,550,857
Own share buyback ⁽³⁾	0.11%	-	862,610	0.08%	-	636,924	0.02%	-	129,525
Total	100%	100%	783,173,115	100%	100%	776,367,881	100%	100%	774,556,062

(1) KfW & other German public entities.

(2) Including Company employees. As of 31 December 2019, the Company's employees held approximately 0.92% of the share capital (and voting rights).

(3) The shares owned by the Company do not carry voting rights.

To the knowledge of the Company, there are no pledges over the shares of the Company.

The Company requested disclosure of the identity of the beneficial holders of its shares held by identifiable holders ("*Titres au porteur identifiables*") holding 2,000 or more shares each. The study, which was completed on 31 December 2019, resulted in the identification of 2,256 shareholders holding a total of 558,452,889

Company shares (including 1,712,037 shares held by Iberclear on behalf of the Spanish markets and 24,597,254 shares held by GZBV on behalf of the German market).

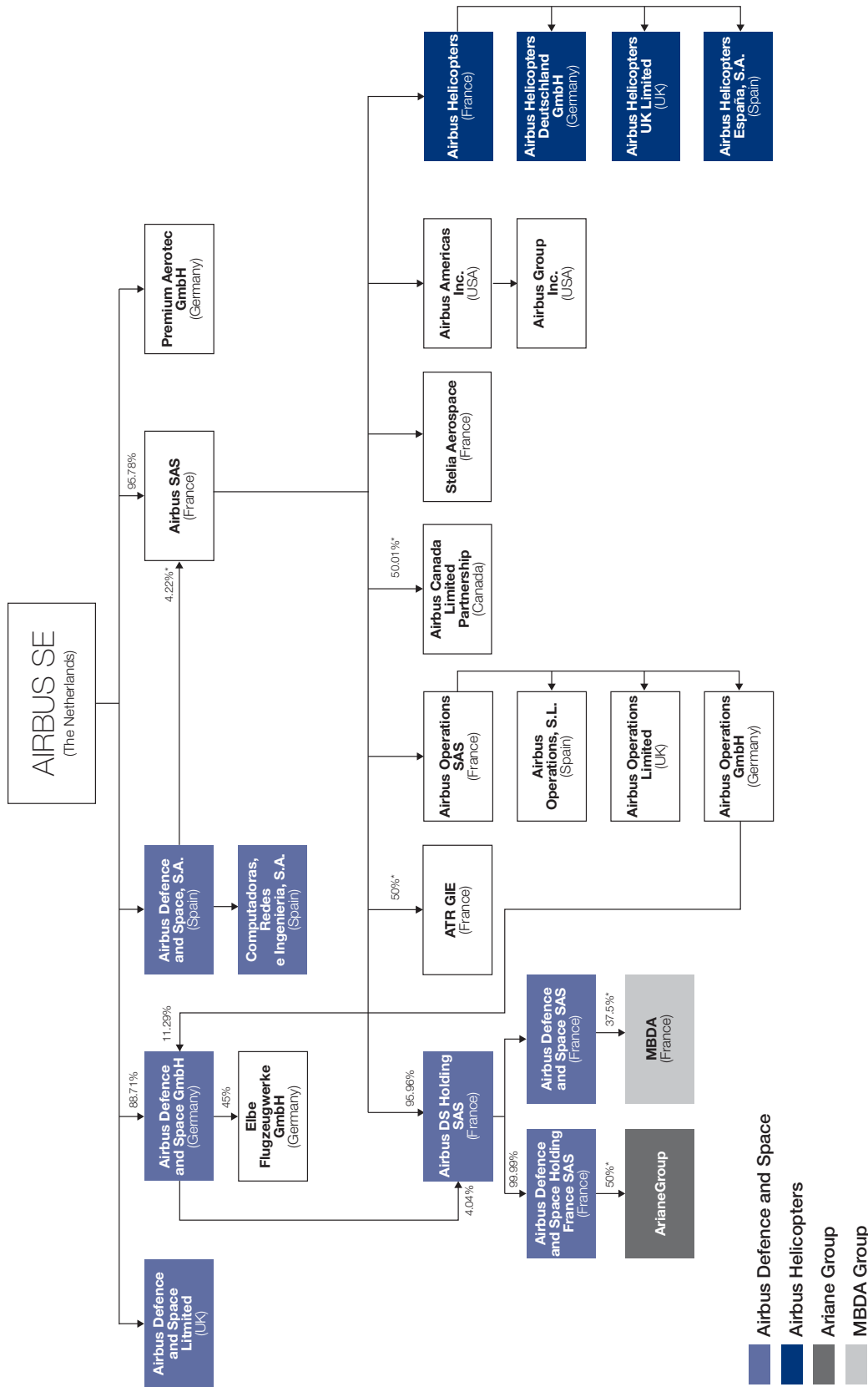
The shareholding structure of the Company as of 31 December 2019 is as shown in the diagram in "— 3.3.1 Shareholding Structure at the end of 2019".

3.3.5 Persons Exercising Control over the Company

See "— 3.3.1 Shareholding Structure at the end of 2019" and "— 3.3.2 Relationships with Principal Shareholders".

3.3.6 Simplified Group Structure Chart

The following chart illustrates the simplified organisational structure of Airbus as of 31 December 2019, comprising the Divisions and the main Business Units. See "— Information on the Company's Activities — 1.1.1 Overview — Organisation of the Company's Businesses". For ease of presentation, certain intermediate holding companies have been omitted.



Subsidiaries held with no indication of ownership percentage are 100% owned.
 * Indirectly
 Legal forms are indicated for information purposes and are not always part of the legal name.

- Airbus Defence and Space
- Airbus Helicopters
- Ariane Group
- MBDA Group

3.3.7 Purchase by the Company of its Own Shares

3.3.7.1 Dutch Law and Information on Share Repurchase Programmes

Under Dutch civil law, the Company may acquire its own shares, subject to certain provisions of the law of the Netherlands and the Articles of Association, if (i) the shareholders' equity less the payment required to make the acquisition does not fall below the sum of paid-up and called portion of the share capital and any reserves required by the law of the Netherlands and (ii) the Company and its subsidiaries would not thereafter hold or hold in pledge shares with an aggregate nominal value exceeding one-half (50%) of the Company's issued share capital. Share acquisitions may be effected by the Board of Directors only if the shareholders' meeting has authorised the Board of Directors to effect such repurchases. Such authorisation may apply for a maximum period of 18 months.

For the authorisations granted to the Board of Directors at the AGM of Shareholders held on 10 April 2019, see "— 3.2.3 Modification of Share Capital or Rights Attached to the Shares".

3.3.7.2 European Regulation

Pursuant to the Market Abuse Regulation and EU Delegated Regulation no. 2016/1052, the Company is subject to conditions for share repurchase programmes and disclosure relating thereto. In particular, prior to implementing the share repurchase programme, the Company must ensure adequate disclosure of the following information: the purpose of the programme, the maximum pecuniary amount allocated to the programme, the maximum number of shares to be acquired, and the duration of the programme.

In addition, the Company must report to the competent authority of each trading venue on which the shares are admitted to trading or are traded no later than by the end of the seventh daily market session following the date of execution of the transaction, all the transactions relating to the buy-back programme and ensure adequate disclosure of that certain information relating thereto within the same time frame. These transactions must be posted on the Company's website and be made available to the public for at least a 5-year period from the date of adequate public disclosure.

3.3.7.3 French Regulations

As a result of its listing on a regulated market in France, the Company is subject to the European regulations summarised above in 3.3.7.2 (*European Regulation*).

In addition, the *Autorité des marchés financiers* ("AMF") General Regulations and AMF guidelines n°2017-04 define the conditions for a company's trading in its own shares to be valid in accordance with the Market Abuse Regulation and EU Delegated Regulation no. 2016 / 1052.

Moreover, the Company must report to the AMF, on at least a monthly basis, all the specified information regarding such purchases previously published on its website and information concerning the cancellation of such repurchased shares.

3.3.7.4 German Regulations

As a foreign issuer, the Company is subject to German rules on repurchasing its own shares only to a limited extent, since German rules refer to the law of the Member State in which the Company is domiciled. In addition, general principles of German law on equal treatment of shareholders are applicable.

The European regulations summarised above in 3.3.7.2 (*European Regulation*) also applies to the Company in Germany.

3.3.7.5 Spanish Regulations

As a foreign issuer, the Company is not subject to Spanish rules on trading in its own shares, which only apply to Spanish issuers. The European regulations summarised above in 3.3.7.2 (*European Regulation*) also applies to the Company in Spain.

3.3.7.6 Description of the Share Repurchase Programme to Be Authorised by the Annual General Meeting of Shareholders to Be Held on 16 April 2020

Pursuant to Articles 241-2-1 and 241-3 of the AMF General Regulations, below is a description of the share repurchase programme ("*descriptif du programme*") to be implemented by the Company:

- **date of the shareholders' meeting to authorise the share repurchase programme:** 16 April 2020;
- **intended use of the Airbus SE shares held by the Company as of the date of this document:** the owning of shares for the performance of obligations related to employee share option programmes or other allocations of shares to employees of Airbus and Airbus' companies;
- **purposes of the share repurchase programme to be implemented by the Company (by order of decreasing priority, without any effect on the actual order of use of the repurchase authorisation, which will be determined on a case-by-case basis by the Board of Directors based on need):**
 - the reduction of share capital by cancellation of all or part of the repurchased shares, it being understood that the repurchased shares shall not carry any voting or dividend rights,
 - the owning of shares for the performance of obligations related to (i) debt financial instruments convertible into Airbus SE shares, or (ii) employee share option programmes or other allocations of shares to employees of Airbus and Airbus' companies,
 - the purchase of shares for retention and subsequent use for exchange or payment in the framework of potential external growth transactions, and
 - the liquidity or dynamism of the secondary market of the Airbus SE shares carried out pursuant to a liquidity agreement to be entered into with an independent investment services provider in compliance with the decision of the AMF dated 1 October 2008 (as amended) related to approval of liquidity agreements recognised as market practices by the AMF;

– **procedure:**

- maximum portion of the issued share capital that may be repurchased by the Company: 10%,
- maximum number of shares that may be repurchased by the Company: 78,317,311 shares, based on an issued share capital of 783,173,115 shares as of 12 February 2020,
- the amounts to be paid in consideration for the purchase of the treasury shares must be, in accordance with applicable Dutch law, a price per share not less than the nominal value and not more than the higher of the price of the last 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 Company undertakes to maintain at any time a sufficient number of shares in public hands to meet the thresholds of Euronext,
- shares may be bought or sold at any time (including during a public offering) to the extent authorised by the stock exchange regulations and by any means, including, without limitation, by means of block trades and including the use of options, combinations of derivative financial instruments or the issue of securities giving rights in any way to Airbus SE shares within the limits set out in this document.
The portion of shares repurchased through the use of block trades may amount to all the shares to be repurchased in the context of this programme,

- in addition, in the event that derivative financial instruments are used, the Company will ensure that it does not use mechanisms which would significantly increase the volatility of the shares in particular in the context of call options,
- characteristics of the shares to be repurchased by the Company: shares of Airbus SE, a company listed on Euronext Paris, on the *regulierter Markt* of the Frankfurt Stock Exchange and on the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges,
 - maximum purchase price per share: € 100;
- **term of the share repurchase programme and other characteristics:** this share repurchase programme shall be valid until 10 October 2020 inclusive, *i.e.* the date of expiry of the authorisation requested from the AGM of Shareholders to be held on 10 April 2019.

As of the date of this document, the Company has not entered into any liquidity agreement with an independent investment services provider in the context of the share repurchase programme.

Share Repurchase Programme 2019

In February 2020, the Company started implementing a share buyback programme that was conferred by Board of Directors on 12 February 2020 following the authorisation by the Company's Annual General Meeting of shareholders on 10 April 2019. This share buyback programme is reported in accordance with the Market Abuse Regulation.

3.4 Dividends

3.4.1 Dividends and Cash Distributions Paid

Cash distributions paid to the shareholders are set forth in the table below:

Financial year	Date of the cash distribution payment	Gross amount per share ⁽¹⁾	Adjusted amount per share ⁽²⁾
2015	3 May 2016	€ 1.30	€ 1.304
2016	20 April 2017	€ 1.35	€ 1.332
2017	18 April 2018	€ 1.50	€ 1.483
2018	17 April 2019	€ 1.65	€ 1.636

(1) Note: figures take into account the number of shares outstanding at the date of payment.

(2) Note: amounts per share adjusted to the current number of shares outstanding as of 31 December 2019.

3.4.2 Dividend Policy of the Company

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

3.4.3 Unclaimed Dividends

Pursuant to the Articles of Association, the claim for payment of a dividend or other distribution approved by the shareholders' meeting shall lapse five years after the day on which such claim becomes due and payable. The claim for payment of interim

dividends shall lapse five years after the day on which the claim for payment of the dividend against which the interim dividend could be distributed becomes due and payable.

3.4.4 Taxation

The statements below represent a broad analysis of the current tax laws of the Netherlands. The description is limited to the material tax implications for a holder of the Company's shares (the "**Shares**") who is not and is not deemed to be resident in the Netherlands for any Dutch tax purposes (a "**Non-Resident Holder**"). Certain categories of holders of the Company's shares may be subject to special rules which are not addressed below

and which may be substantially different from the general rules described below. Investors who are in doubt as to their tax position in the Netherlands and in their state of residence should consult their professional advisors. Where the summary refers to "the Netherlands" or "Netherlands" or "Dutch", it refers only to the European part of the Kingdom of the Netherlands.

Withholding Tax on Dividends

In general, a dividend distributed by the Company in respect of Shares will be subject to Dutch withholding tax at a statutory rate of 15%. Dividends include *inter alia* dividends in cash or in kind, deemed and constructive dividends, (partial) repayments of paid-in capital not recognised as capital for Dutch dividend withholding tax purposes, and liquidation proceeds in excess of the average paid-in capital recognised as capital for Dutch dividend withholding tax purposes. Stock dividends paid out of the Company's paid-in-share premium, recognised as capital for Dutch dividend withholding tax purposes, will not be subject to this withholding tax.

A Non-Resident Holder of Shares can be eligible for a partial or complete exemption or refund of all or a portion of the above withholding tax pursuant to domestic rules or under a tax convention that is in effect between the Netherlands and the Non-Resident Holder's country of residence for tax purposes. The Netherlands has concluded such conventions with the US, Canada, Switzerland, Japan, almost all European Union Member States and other countries.

Withholding Tax on Sale or Other Dispositions of Shares

Payments on the sale or other dispositions of Shares will not be subject to Dutch withholding tax, unless the sale or other disposition is, or is deemed to be, made to the Company or a direct or indirect subsidiary of the Company. In principle, a redemption or sale to the Company or a direct or indirect subsidiary of the Company will be deemed to be a dividend and will be subject to the rules set forth in "Withholding Tax on Dividends" above.

Taxes on Income and Capital Gains

A Non-Resident Holder who receives dividends distributed by the Company on Shares or who realises a capital gain derived from Shares, will not be subject to Dutch taxation on income or a capital gain unless:

- the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in the Netherlands or carried on through a permanent establishment ("*vaste inrichting*") or permanent representative ("*vaste vertegenwoordiger*") taxable in the Netherlands and the holder of Shares derives profits from such enterprise (other than by way of the holding of securities); or
- the Non-Resident Holder is an entity and has, directly or indirectly, a substantial interest ("*aanmerkelijk belang*") or a deemed substantial interest in the Company and such interest is held by the Non-Resident Holder with the main purpose of or one of the main purposes of avoiding personal income tax for another person; or

- the Non-Resident Holder is an individual and such holder or a connected person to such holder ("*verbonden persoon*") has, directly or indirectly, a substantial interest ("*aanmerkelijk belang*") or a deemed substantial interest in the Company which is not attributable to an enterprise; or
- the income or capital gain qualifies as income from miscellaneous activities ("*belastbaar resultaat uit overige werkzaamheden*") in the Netherlands as defined in the Dutch Income Tax Act 2001 ("*Wet inkomstenbelasting 2001*"), including without limitation, activities that exceed normal, active portfolio management (*normaal actief vermogensbeheer*).

Generally, a Non-Resident Holder of Shares will not have a substantial interest in the Company's share capital, unless the Non-Resident Holder, alone or together with certain related persons holds, jointly or severally directly or indirectly, Shares in the Company, or a right to acquire Shares in the Company representing 5% or more of the Company's total issued and outstanding share capital or any class thereof. Generally, a deemed substantial interest exists if all or part of a substantial interest has been or is deemed to have been disposed of with application of a roll-over relief.

Gift or Inheritance Taxes

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of Shares by way of gift by, or on the death of, a Non-Resident Holder, unless the transfer is construed as an inheritance or gift made by or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value Added Tax

There is no Dutch value added tax payable by a holder of Shares in respect of dividends on the Shares or on the transfer of the Shares.

Other Taxes and Duties

There is no Dutch registration tax, stamp duty or any other similar tax or duty other than court fees payable in the Netherlands by a holder of Shares in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of the Netherlands) with respect to the dividends on the Shares or on the transfer of the Shares.

Residence

A Non-Resident Holder will not become resident, or be deemed to be resident, in the Netherlands solely as a result of holding a Share or of the execution, performance, delivery and/or enforcement of rights in respect of the Shares.

4

4

Corporate Governance

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4.1 Management and Control

The corporate governance arrangements of the Company were substantially changed pursuant to the Multiparty Agreement, including changes in the composition of the Board of Directors and the rules governing its internal affairs (the “**Board Rules**”). These changes are intended to further normalise and simplify

the Company’s corporate governance, reflecting an emphasis on best corporate governance practices and the absence of a controlling shareholder group. Below is a summary description of such changes.

4.1.1 Corporate Governance Arrangements

4.1.1.1 Board of Directors

a) Composition Rules and Principles

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

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

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

The Board of Directors, deciding by simple majority vote, proposes individuals to the shareholders’ meeting of the Company for appointment as Directors by the shareholders’

meeting. No shareholder or group of shareholders, or any other entity, has the right to propose, nominate or appoint any Directors other than the rights available to all shareholders under Dutch law.

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

- the preference for the best candidate for the position;
- the preference for gender diversity between equal profiles;
- the maintenance of appropriate skills mix and geographical experience;
- the maintenance, in respect of the number of Members of the Board of Directors, of the observed balance among the nationalities of the candidates in respect of the location of the main industrial centres of Airbus (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 2019, one new Member, Mr. Faury, joined the Board of Directors as new CEO replacing Mr. Enders. With his extensive operational knowledge, his global outlook and strong personal values, Mr. Faury has the right competencies, mind-set and personal skills to fulfil this position in line with the Board’s expectations and the evolution of the Company’s business.

At the end of 2019, the average age of the Members of the Board of Directors was 59. The proportion of female representatives is today at 25% compared to 0% seven years ago. The Board composition shows a balanced mix of experience with, for example, five Members having aerospace industry skills, seven having geopolitical or economics skills, five having information or data management skills and five having manufacturing and production skills. More details about the diversity of the Members of the Board of Directors are available in the table entitled *Airbus SE Board of Directors until AGM 2020*.

The Board of Directors is required to take into account, in the resolutions proposed in respect of the nomination of Directors presented to the shareholders' meeting, the undertakings of the Company to the French State pursuant to the amendment to the French State Security Agreement and to the German State pursuant to the German State Security Agreement, in each case as described more fully in "3.3.2.3 — Undertakings with Respect to Certain Interests of Certain Stakeholders". In practice, this means that at all times the Board of Directors needs to have (i) two Directors who should also be French Defence Outside Directors (as defined above) of the French Defence Holding Company (as defined above) who have been proposed by the Company and consented to by the French State and (ii) two Directors who should also be German Defence Outside Directors (as defined above) of the German Defence Holding Company (as defined above) who have been proposed by the Company and consented to by the German State.

The RNGC endeavours to avoid a complete replacement of outgoing Directors by new candidates and draws up an appointment and reappointment schedule for the Directors after consultation with the Chairman and the CEO. In drawing up such a schedule, the RNGC considers the continuity of company-specific knowledge and experience within the Board of Directors, also taking into account that a Director should at the time of his/her appointment or re-appointment not be older than 75 years and ensuring that at least one third of Directors' positions are either renewed or replaced every year for a term of three years. This is to avoid large block replacements of Directors at one single AGM, with the corresponding loss of experience and integration challenges, provided that exceptions to these rules may be agreed by the Board of Directors if specific circumstances provide an appropriate justification for such exceptions.

b) Role of the Board of Directors

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

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

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






- approving any change in the nature and scope of the business of the Company and Airbus;
- debating and approving the overall strategy and the strategic plan of Airbus;
- approving the operational business plan of Airbus (the "Business Plan") and the yearly budget of Airbus ("Yearly Budget"), including the plans for Investment, R&D, Employment, Finance and, as far as applicable, major programmes;
- nominating, suspending or revoking the Chairman of the Board of Directors and the CEO (Qualified Majority);
- approving of all of the Members of the Executive Committee as proposed by the CEO and their service contracts and other contractual matters in relation to the Executive Committee and deciding upon the appointment and removal of the Secretary to the Board of Directors on the basis of the recommendation of the RNGC;
- approving the relocation of the headquarters of the principal companies of Airbus and of the operational headquarters of the Company (Qualified Majority);
- approving decisions in connection with the location of new industrial sites material to Airbus as a whole or the change of the location of existing activities that are material to Airbus;
- approving decisions to invest and initiate programmes financed by Airbus, 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 Airbus, acquisition, divestment or sale decisions, in each case for an amount in excess of €800 million (Qualified Majority);
- approving decisions to enter into and terminate strategic alliances at the level of the Company or at the level of one of its principal subsidiaries (Qualified Majority);
- approving matters of shareholder policy, major actions or major announcements to the capital markets; and
- approving decisions in respect of other measures and business of fundamental significance for Airbus or which involves an abnormal level of risk.

The Board of Directors must have a certain number of Directors present or represented at a meeting to take action. This quorum requirement depends on the action to be taken. For the Board of Directors to make a decision on a Simple Majority matter, a majority of the Directors must be present or represented. For the Board of Directors to make a decision on a Qualified Majority matter, at least 10 of the Directors must be present or represented. If the Board of Directors cannot act on a Qualified Majority Matter because this quorum is not satisfied, the quorum would decrease to eight of the Directors at a new duly called meeting.

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

c) The Board of Directors

(i) Composition of the Board of Directors in 2019

Board member Age*, Gender, Nationality	Status	Since	Term expires	Primary occupation & Other mandates	Director expertise	Board attendance	Committee attendance		
							Audit	RNGC	ECC
 Denis RANQUE 68, M, French	Independent	2013, previous re-election in 2017	2020	Chairman of the Board of Directors of Airbus SE		 11/11			 6/6
 Guillaume FAURY 51, M, French	Executive	2019	2022	Chief Executive Officer of Airbus SE		8/8 (from AGM 2019)			
 Victor CHU 62, M, Chinese / British	Independent	2018	2021	Chairman and CEO of First Eastern Investment Group		11/11	5/7		
 Jean-Pierre CLAMADIEU 61, M, French	Independent	2018	2021	Chairman of the Board of Engie and member of the Board of AXA SA		10/11		6/7	3/4 (from AGM 2019)
 Ralph D. CROSBY, Jr.** 72, M, American	Independent	2013, previous re-election in 2017	2020	Member of the Board of Directors of American Electric Power Corp.		11/11	6/7		
 Lord DRAYSON (Paul)** 59, M, British	Independent	2017	2020	Founder and CEO of Sensyne Health plc and Co-Founder and Chairman of Drayson Technologies Group		10/11		6/7	5/6
 Catherine GUILLOUARD 55, F, French	Independent	2016, previous re-election in 2019	2022	Chairwoman and CEO of RATP Group and member of the Board of Systra		11/11	 7/7		5/6
 Hermann-Josef LAMBERT 64, M, German	Independent	2007, previous re-election in 2017	2020	Member of the Supervisory Board of ING Group N.V.		8/11	6/7		4/6
 Amparo MORALEDA 55, F, Spanish	Independent	2015, previous re-election in 2018	2021	Member of the Board of Directors of Solvay SA, CaixaBank SA and Vodafone PLC		11/11		 7/7	6/6
 Claudia NEMAT 51, F, German	Independent	2016, previous re-election in 2019	2022	Member of the Board of Management of Deutsche Telekom AG		8/11		5/7	
 René OBERMANN 56, M, German	Independent	2018	2021	Managing Director of Warburg Pincus Deutschland GmbH		10/11	6/7		3/3 (from 30 July 2019)
 Carlos TAVARES 61, M, Portuguese	Independent	2016, previous re-election in 2019	2022	Chairman of the Managing Board of Peugeot SA and member of the Board of Directors of Total SA		9/11			
Board and Committee meetings in 2019						11	7	7	6
Average attendance rate in 2019						91%	86%	89%	87%

* As of 12 February 2020.



** To be re-elected in 2020.

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



The Company has not appointed observers to the Board of Directors. Pursuant to applicable Dutch law, the employees are not entitled to elect a Director. There is no minimum number of shares that must be held by a Director.

(ii) Curriculum Vitae and Other Mandates and Duties Performed in any Company by the Members of the Board of Directors in 2019

The Company has not appointed observers to the Board of Directors. Pursuant to applicable Dutch law, the employees are not entitled to elect a Director. There is no minimum number of shares that must be held by a Director.

Denis RANQUE



68 years old
Director since 2013,
re-elected in 2017
Independent



CURRICULUM VITAE

Denis Ranque began his career at the French Ministry for Industry, where he held various positions in the energy sector, before joining the Thomson group in 1983 as Planning Director. The following year, he moved to the electron tubes division, first as Director of space business, then, from 1986, as Director of the division's microwave tubes department. Two years later, the electron tubes division became the affiliate Thomson Tubes Electroniques, and Denis Ranque took over as Chief Executive of this subsidiary in 1989. In April 1992, he was appointed Chairman and CEO of Thomson Sintra Activités Sous-marines. Four years later, he became CEO of Thomson Marconi Sonar, the sonar systems joint venture set up by Thomson-CSF and GEC-Marconi. In January 1998, Denis Ranque was appointed Chairman and Chief Executive Officer of the Thomson-CSF group, now called Thales. He resigned from this position in May 2009, as a consequence of a change in shareholding. From February 2010 to June 2012 he has been Non-Executive Chairman of Technicolor. Since October 2001, he has also been Chairman of the Board of the École des Mines ParisTech, and since September 2002, Chairman of the Cercle de l'Industrie, an association which unites France's biggest industrial companies; both mandates ended in June 2012. He is member of the Boards of Directors of Saint-Gobain and CMA-CGM. From 2013 to 2017, he chaired The Haut Comité de Gouvernement d'Entreprise, the independent body put in place by the French Code of corporate governance for monitoring and encouraging progress in this field. From 2014 to 2017, he has also been co-Chairman of La Fabrique de l'industrie, a think tank dedicated to industry. Since 2014, he is the Chairman of the Fondation de l'École Polytechnique and a member of the French Academy for Technologies ("Académie des Technologies"). Denis Ranque, born 1952, is a graduate of France's École Polytechnique and the Corps des Mines.

CURRENT MANDATES

- Chairman of the Board of Directors of Airbus SE;
- Member of the Board of Directors of Saint Gobain;
- Member of the Board of Directors of CMA-CGM;
- President of the Board of Fondation de l'École Polytechnique.

FORMER MANDATES FOR THE LAST FIVE YEARS

- President of the French Haut Comité de Gouvernement d'Entreprise (until December 2017);
- Co-Chairman of the Board of Directors of La Fabrique de l'industrie (until November 2017);
- Member of the Board of Directors of Scilab Enterprise SAS (until February 2017).

Guillaume FAURY



51 years old

Director since 2019

Executive



CURRICULUM VITAE

Guillaume Faury was appointed Airbus Chief Executive Officer (CEO) in April 2019 and leads the Company's Executive Committee. He was previously President of Airbus' commercial aircraft business, a role he had held since February 2018.

Prior to this, Guillaume was Chief Executive Officer of Airbus Helicopters (2013-2018), where his achievements included restructuring its manufacturing system and introducing new technologies. Before that, he enjoyed a four-year spell in the car industry at Peugeot (2009-2013), the French automotive manufacturer, rising to become the Executive Vice-President for Research and Development and a member of the company's management board. He presided over significant advances in Peugeot's lower-emissions hybrid-engine technology and the overhaul of the company's product range, among other accomplishments.

Between 1998 and 2008, he held various leadership positions in engineering, programmes and flight testing in Airbus' helicopter business, which at the time operated under the name of Eurocopter. He became Executive-Vice President for Programmes and a member of the Eurocopter Executive Committee, before being appointed as Executive Director for Research and Development.

Guillaume began his career in 1992 as a flight-test engineer for the Eurocopter Tiger helicopter in the Direction Générale de l'Armement (DGA), the French government agency responsible for the development and purchase of defence systems for the French armed forces.

He graduated from the École polytechnique in Paris in 1990 and, subsequently, from the École nationale supérieure de l'aéronautique et de l'espace in Toulouse.

Guillaume's love of flying and aviation dates back to his childhood. He is a qualified light-aircraft pilot and helicopter flight-test engineer with 1,300 hours of flying experience.

He was born in 1968 in Cherbourg, Normandy, and is married with three children.

CURRENT MANDATES

- Chief Executive Officer of Airbus SE;
- Member of the Board of Directors of Airbus SE;
- Member of the Executive Committee of Airbus SE;
- President of Airbus SAS;
- Chairman of the Supervisory Board of Airbus Operations GmbH;
- Chairman of the Board of Directors of Airbus Canada Managing GP Inc.;
- Chairman of the Board of Directors of Airbus U.S. A220, Inc.;
- Member of the Advisory Board of AIRBUS GROUP VENTURES FUND II, L.P.;
- Chairman of the Board of Directors of Fondation d'Entreprises Airbus;
- Member of the Board of Directors of AeroSpace and Defence Industries Association of Europe;
- Member and First Vice President of the Board of Directors of Groupement des Industries Françaises Aéronautiques et Spatiales;
- Member of the Board of Directors of Tallano Technologies (SAS).

FORMER MANDATES FOR THE LAST FIVE YEARS

- Chairman of the Board of Directors of Airbus (China) Enterprise Management and Services Co. Limited (until November 2019);
- Member of the Board of Directors of Airbus Africa and Middle east FZE (until November 2019);
- Member of the Board of Directors of Airbus Americas, Inc. (until October 2019);
- Chairman of the Board of Directors of Airbus Helicopters España, SA (until July 2018);
- Member of the Supervisory Board of Airbus Helicopters Deutschland GmbH (until May 2018);
- Managing Director (Directeur Général) of Airbus SAS (until April 2018);
- President of Airbus Helicopters (SAS) (until April 2018);
- President of Airbus Helicopters Holding (SAS) (until April 2018);
- Chairman of the Board of Directors of Airbus Helicopters, Inc. (until April 2018);
- Member of the Board of Directors of Airbus Defense and Space, Inc. (until February 2017);
- Member of the Board of Directors of Airbus Defense and Space, SA (until June 2015).

Victor CHU



62 years old
Director since 2018
Independent



CURRICULUM VITAE

Victor Chu graduated as a lawyer in London. He was admitted to practice law in England and Hong Kong. After completing his training with Herbert Smith, the City law firm, Victor moved back to Hong Kong in 1982 with Herbert Smith. He has since handled a wide array of mandates in the field of corporate, commercial and securities law, with special emphasis on China and regional investment transactions. In late 1985, he founded Victor Chu & Co., which has become one of the leading law firms in Hong Kong. In 1988, Victor Chu created the First Eastern Investment Group, a Hong Kong based international investment firm. First Eastern specialises in private equity investments, venture capital investments and investments in the expansion stage of business development. Victor Chu was part of the first wave of specialists in the Chinese market. He penetrated China early and built a lot of relationships at the highest level in the country.

Victor Chu has been instrumental in gaining the confidence of major international investors and institutions ready to co-invest with First Eastern Investment Group. Key projects have included toll roads, water treatment operations, property and manufacturing industries and FinTech, as well as the launch of Japanese budget airline Peach Aviation.

Victor Chu is an extremely respected business figure in Hong Kong and Asia. In addition to his business activities, he has been very active with several international institutions such as The World Economic Forum and The Royal Institute of International Affairs. He is also a generous philanthropist in the field of environmental protection (Global Ocean Commission, WWF) and education.

CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Chairman and CEO of First Eastern Investment Group;
- Member of the Board of China Merchants China Direct;
- Member of the Board of Grand Harbour Marina PLC;
- Member of the Board of Camper & Nicholsons Marina Investments;
- Member of the Board of FE Securities;
- Member of the Board of Peach Aviation;
- Member of the Board of Evolution Securities Asia;
- Member of the Board of Sustainable Development Capital;
- Co-Chair of the International Business Council (by World Economic Forum);
- Senior Partner of Victor Chu & Co.

FORMER MANDATES FOR THE LAST FIVE YEARS

- Member of the Foundation Board of World Economic Forum (until August 2015).

Jean-Pierre CLAMADIEU



61 years old
Director since 2018
Independent



CURRICULUM VITAE

Jean-Pierre Clamadiou graduated from École Nationale Supérieure des Mines de Paris before becoming Chief Engineer of the Corps of Mines. Between 1981 and 1993, he worked mainly for the French Ministry of Industry and as Technical Advisor to the Minister of Labor.

In 1993, Jean-Pierre Clamadiou joined RhônePoulenc to develop new activities in the field of automobile pollution control. In the following years, he held several executive positions in the Rhodia group, as President of Rhodia's Chemicals in Latin America, President of Rhodia Eco Services, Senior Vice President for Rhodia Corporate Purchasing, President of Rhodia Organic Fine Chemicals division and President of Rhodia Pharmaceuticals & Agrochemicals division.

In October 2003, Mr Clamadiou was appointed CEO of Rhodia, and became its Chairman & CEO in March 2008. Following a merger between Rhodia and the Belgian chemical group Solvay in 2011, Mr Clamadiou was appointed Chairman of the Executive Committee and CEO of the new Solvay group. Since his appointment, Jean-Pierre Clamadiou led the integration of the new group and its transformation into a major player in the field of specialty chemicals and advanced materials, which combines industrial competitiveness with the quest for sustainable solutions for its clients. His mandate at Solvay SA ended on 1 March 2019.

Mr Clamadiou has been appointed Chairman of the Board of Directors of ENGIE in May 2018. Jean-Pierre Clamadiou also promotes an ambitious and coordinated European energy policy.

CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Chairman of the Board of ENGIE;
- Member of the Board of Directors of AXA;
- Chairman of the Board of Opéra National de Paris.

FORMER MANDATES FOR THE LAST FIVE YEARS

- Chairman of the Executive Committee and CEO of Solvay SA (until March 2019);
- Member of the Board of Solvay Specialty Chemicals Asia Pacific Pte. Ltd (Singapore) (until March 2019);
- Director of Cytec Industries Inc. (until March 2019);
- Director Cytec UK Holding Inc. (until March 2019);
- Member of the Board of Solvay Finances SA (Luxembourg) (until March 2018);
- Member of the Board of Faurecia SA (France) (until February 2018);
- Member of the Board of (Solvay Iberica S.L. (Spain) (until September 2015);
- Member of the Board of Directors of Solvay Quimica S.L. (Spain) (until September 2015).

Ralph DOZIER CROSBY, JR.



CURRICULUM VITAE

Ralph Crosby was Member of the Executive Committee of EADS from 2002-2012 and served as Chairman and CEO of EADS North America from 2002-2009. He presently serves as an Independent Director of American Electric Power headquartered in Columbus, Ohio, where he chairs the Human Resources Committee and of Excelitas Holdings, LP, headquartered in Boston. Prior to joining EADS, Mr Crosby was an Executive with Northrop Grumman Corporation, where he had served as a Member of the Corporate Policy Council with positions including President of the Integrated Systems Sector, Corporate Vice President and General Manager of the company’s Commercial Aircraft Division and Corporate Vice President and General Manager of the B-2 Division. Prior to his industry career, Mr Crosby served as an officer in the U.S. Army, where his last military assignment was as military staff assistant to the Vice President of the United States. Mr Crosby is a graduate of the US Military Academy at West Point, and holds Master’s degrees from Harvard University, and the University of Geneva, Switzerland. He is the recipient of the James Forrestal Award from the National Defense Industrial Association, and has been awarded Chevalier of the Légion d’Honneur of France.

72 years old
Director since 2013,
Re-elected in 2017
Independent



CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Member of the Board of Directors (Supervisory Board) of American Electric Power Corporation;
- Member of the Board of Directors of Excelitas Holdings, LP.

FORMER MANDATES FOR THE LAST FIVE YEARS

- Member of the Board of Directors and of the Executive Committee of the Atlantic Council of the United States (until August 2018);
- Member of the Board of Directors (Supervisory Board) of Serco Group plc (until June 2017).

Lord DRAYSON (PAUL)



59 years old

Director since 2017

Independent



CURRICULUM VITAE

Lord Drayson graduated as an engineer and finished his PhD in 1985 at Aston University. In 1987 he became Managing Director of The Lambourn Food Company Limited, a subsidiary of the Trebor Group and, after a management buy-out of the Company in 1989, completed its sale to a third party in 1991. The same year, he founded Genisys Development Limited, a consultancy company for new products development and management. In 1993, he co-founded PowderJect Pharmaceuticals Plc and led its business as Chairman and CEO until it was sold to Chiron Corporation, a US company, in 2003. He co-founded Drayson Racing Technologies LLP in 2007 and, in 2014 he set up Drayson Technologies Ltd, an Internet of Things platform company of which he currently is the co-founder and Chairman, and which subsequently led to the spin-out of Sensyne Health plc of which he is currently Founder and CEO. Lord Drayson was also elected Chairman of the U.K. BioIndustry Association in 2001 and was appointed to the House of Lords and a Member of the Science and Technology Committee of the House of Lords in 2004. He was then appointed Parliamentary under Secretary of State for Defence Procurement in 2005 and became Minister of State for Defence Equipment & Support in 2006 and Minister of State for Science & Innovation in 2008.

CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Founder and CEO of Sensyne Health plc;
- Chairman of Drayson Holdco 2 Ltd;
- Science Entrepreneur in Residence of Magdalen College, Oxford;
- Supernumerary Fellow of St. John's College, Oxford;
- Member of Her Majesty's Privy Council;
- Member of House of Lords;
- Co-founder and Trustee of the Drayson Foundation;
- Honorary Fellow of the Academy of Medical Sciences.

FORMER MANDATES FOR THE LAST FIVE YEARS

- Member of Project of the "Oxfordshire Innovation Engine" Project (until February 2018);
- Trustee and External Member of Council at University of Oxford (until December 2017);
- Chairman of the Executive Committee at OUC (Oxford University Clinic) Centres of Excellence LLP (until December 2017);
- Non-Executive Director and Board Member of the Royal Navy (until November 2017);
- President of the Motorsports Industry Association (until October 2015).

Catherine GUILLOUARD



55 years old

Director since 2016

Independent



CURRICULUM VITAE

Catherine Guillouard began her career in 1993 at the Ministry of Economy in the French Treasury working for the department in charge of the Africa – CFA zone and later in the Banking Affairs Department. She joined Air France in 1997 as IPO Senior Project Manager. She was subsequently appointed Deputy Vice-President Finance Controlling in 1999, Senior Vice-President of Flight Operations in 2001, Senior Vice-President of Human Resources and Change Management in 2003 and Senior Vice-President of Finance in 2005. In September 2007, she joined Eutelsat as Chief Financial Officer and member of the Group Executive Committee. Catherine joined Rexel in April 2013 as Chief Financial Officer and Group Senior Vice-President. Between May 2014 and February 2017 she has been Deputy Chief Executive Officer of Rexel. On 2 August 2017, Ms Guillouard was appointed Chairwoman and Chief Executive Officer of RATP Group, the fifth largest urban transportation operator in the world with nearly 16 million daily passengers in 14 countries and 4 continents, a workforce of nearly 63,000 employees worldwide and a revenue of €5.6bn in 2018. She is also Member of SYSTRA's supervisory board, the RATP Group and SNCF joint engineering subsidiary. Catherine Guillouard, born in 1965, is a graduate of the Institute of Political Studies of Paris and the École Nationale d'Administration and she has a PhD of European laws (Panthéon-Sorbonne).

CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Chairwoman and Chief Executive Officer of RATP Group;
- Chairwoman of the Supervisory Board of RATP DEV;
- Member of the Supervisory Board of SYSTRA.

FORMER MANDATES FOR THE LAST FIVE YEARS

- Member of the Board of Directors of ENGIE (until May 2019);
- Deputy Chief Executive Officer of Rexel (until February 2017).

Hermann-Josef LAMBERTI



64 years old

Director since 2007,
last re-elected in 2017

Independent



CURRICULUM VITAE

Hermann-Josef Lamberti was Member of the Management Board of Deutsche Bank AG from 1999 until 2012 and operated as the bank's Chief Operating Officer. As COO he had global responsibility for Human Resources, Information Technology, Operations and Process Management, Building and Facilities Management as well as Purchasing. He joined Deutsche Bank in Frankfurt in 1998 as Executive Vice President. From 1985, he held various management positions within IBM, working in Europe and the United States, in the fields of controlling, internal application development, sales, personal software, marketing and brand management. In 1997, he was appointed Chairman of the Management of IBM Germany. Mr Lamberti started his career in 1982 with Touche Ross in Toronto, before joining the Chemical Bank in Frankfurt. He studied Business Administration at the Universities of Cologne and Dublin, and graduated with a Master's degree.

CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Member of the Board of Trustees of Institute for Law and Finance Frankfurt;
- Member of the Advisory Board of Wirtschaftsinitiative FrankfurtRheinMain e.V.;
- Member of the Board of Trustees of Johann Wolfgang Goethe-Universität Fachbereich Wirtschaftswissenschaften;
- Member of the Board of Trustees of Frankfurt Institute for Advanced Studies (FIAS) of Goethe-Universität;
- Member of the Supervisory Board of ING Group N.V.;
- Senior Business Advisor of Advent International GmbH;
- Owner / Managing Director of Frankfurt Technology Management GmbH;
- Chairman of the Supervisory Board of Addiko Bank AG.

FORMER MANDATES FOR THE LAST FIVE YEARS

- Member of the Board of LDM – Lefdal Data Mine, AS, Maloy, Norway (until December 2017);
- Member of the Board of Stonebranch INC., Alpharetta, Georgia, USA (until June 2017);
- Member of the Supervisory Board Open-Xchange AG (until June 2016).

María AMPARO MORALEDA MARTÍNEZ



55 years old

Director since 2015,
last re-election in 2018

Independent



CURRICULUM VITAE

Amparo Moraleda graduated as an industrial engineer from the ICAI (Escuela Técnica Superior de Ingeniería Industrial) Madrid and holds a PDG from IESE Business School in Madrid. Between January 2009 and February 2012, she was Chief Operating Officer of Iberdrola SA's International Division with responsibility for the United Kingdom and the United States. She also headed Iberdrola Engineering and Construction from January 2009 to January 2011. Previously, she served as General Manager of IBM Spain and Portugal (2001-2009). In 2005 her area of responsibility was extended to encompass Greece, Israel and Turkey as well. Between 2000 and 2001, she was executive assistant to the Chairman and CEO of IBM Corporation. From 1998 to 2000, Ms Moraleda was General Manager of INSA (a subsidiary of IBM Global Services). From 1995 to 1997, she was HR Director for EMEA at IBM Global Services and from 1988 to 1995 held various professional and management positions at IBM España. Ms Moraleda is also a member of various boards and trusts of different institutions and bodies. She is member of the academy of "Ciencias Sociales y del Medio Ambiente" of Andalucía (Spain), member of the board of trustees of MD Anderson Cancer Centre in Madrid, CurArte Foundation in Madrid, member of the International Advisory Board of Instituto de Empresa Business School and member of the Board of the global alumni association of IESE Business School. In May 2017 she was inducted as a member of the Spanish Royal Academy of Economic and Financial Sciences.

CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Member of the Board of Directors of Vodafone plc;
- Member of the Board of Directors of Solvay SA;
- Member of the Board of Directors of Caixabank SA;
- Member of the Supervisory Board of CSIC (Consejo Superior d'Investigaciones Cientificas);
- Member of the Advisory Board of SAP Spain;
- Member of the Advisory Board of Spencer Stuart Spain; and
- Member of the Board of Directors of Airbus Foundation.

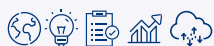
FORMER MANDATES FOR THE LAST FIVE YEARS

- Member of the Board of Directors of Faurecia SA (until October 2017);
- Member of the Advisory Board of KPMG Spain (until June 2017);
- Member of the Board of Directors of Meliá Hotels International SA (until June 2015);
- Member of the Board of Directors of Alstom SA (until June 2015);
- Member of the Board of Corporación Financiera Alba SA (until May 2015).

Claudia NEMAT



51 years old
Director since 2016
Independent



CURRICULUM VITAE

Born in 1968, Claudia Nemat has been a member of the Board of Management of Deutsche Telekom AG since October 2011. Mrs. Nemat led the European business of DT until the end of 2016. Since January 2017 she has led the new Board area Technology & Innovation.

Before joining Deutsche Telekom AG, Claudia Nemat spent 17 years working for McKinsey & Company where she was elected Partner in 2000, and Senior Partner in 2006. Among other responsibilities, she was co-leader of the global Technology Sector and managed it in the EMEA economic region.

She focuses on digital transformation, the impact of new technologies such as artificial intelligence on business models, our work and lives, complex stakeholder management, and leading global teams. She has worked in numerous European countries as well as North and South America, was a member of the Lanxess Supervisory Board for several years and has been a member of the Airbus Board of Directors since 2016.

Claudia Nemat studied physics at University of Cologne and taught at the Institute of Mathematics and Theoretical Physics.

CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Member of the Board of Directors of Airbus Defence and Space GmbH;
- Member of the Management Board of Deutsche Telekom AG;
- Chairperson of the Supervisory Board of Deutsche Telekom IT GmbH;
- Member of the University Council of University of Cologne;
- Member of the Executive Committee of Deutsche Gesellschaft für Auswärtige Politik e.V.

FORMER MANDATES FOR THE LAST FIVE YEARS

- Chairperson and Member of the Board of BuyIn (related to Deutsche Telekom) (until January 2017);
- Member of the Board of OTE (related to Deutsche Telekom) (until January 2017);
- Member of the Supervisory Board of Lanxess AG (until May 2016).

René OBERMANN



56 years old
Director since 2018
Independent



CURRICULUM VITAE

In February 2015 René Obermann joined Warburg Pincus, a leading private equity firm, as a Partner and Managing Director. Subsequent to investments made by Warburg Pincus, he assumed roles as Chairman of the Board at 1&1 IONOS Holding SE and as Director at Inmarsat. Furthermore, he serves on the board of Allianz Deutschland AG.

René worked as CEO of Ziggo B.V. in the Netherlands in 2014 until the merger with LibertyGlobal's UPC. Prior to Ziggo, René worked at Deutsche Telekom Group (DT) from 1998 until 2013. After running DT's mobile division (T-Mobile International), he was appointed as CEO of Deutsche Telekom AG in November 2006, where he remained until December 2013.

René began his career with a business traineeship at BMW AG in Munich. Next, he founded his own business in 1986: ABC Telekom, a company distributing telecommunication equipment and providing technical services. After the acquisition of ABC Telekom by Hutchison Whampoa in 1991, René became Managing Partner of the resulting company: Hutchison Mobilfunk GmbH. Between 1993 and 1998, he was CEO of that company.

From 2007 to 2013, René also served as Vice President of the German Association for Information Technology, Telecommunications and New Media (BITKOM).

CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Managing Director of Warburg Pincus Deutschland GmbH;
- Member of the Supervisory Board of Allianz Deutschland AG;
- Chairman of the Supervisory Board of 1&1 IONOS Holding SE;
- Non-Executive Director of Inmarsat.

FORMER MANDATES FOR THE LAST FIVE YEARS

- Member of the Supervisory Board of Inexio Informationstechnologie und Telekommunikation KGaA (until September 2019);
- Member of the Board of Directors of Telenor ASA (until August 2019);
- Member of the Board of Directors of ThyssenKrupp AG (until August 2018);
- Member of the Supervisory Board of Compu Group Medical SE (until December 2017);
- Member of the Supervisory Board of Spotify Technology SA (until July 2016);
- Member of the Supervisory Board of E.ON SE (until June 2016).

Carlos TAVARES



CURRICULUM VITAE

Carlos TAVARES is a graduate of École Centrale Paris. He held a number of different positions with the Renault Group from 1981 to 2004 before joining Nissan. In 2009, he was appointed Executive Vice President, Chairman of the Management Committee Americas and President of Nissan North America. He was named Group Chief Operating Officer of Renault in 2011. Since 1 January 2014, he has joined the Managing Board of PSA Peugeot Citroën. He was named Chairman of the Managing Board since 31 March 2014.

61 years old

Director since 2016

Independent



CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Chairman of the Managing Board of Peugeot SA;
- Member of the Board of Directors of Total SA.

FORMER MANDATES FOR THE LAST FIVE YEARS



- Director of Faurecia SA (until October 2018);
- Manager of Bed&Breakfast in Lisbon (until March 2015).

Replacements of Board Members in the course of 2019

Until AGM 2019			From AGM 2019*		
Name	Age	Status	Name	Age	Status
Mr. Thomas ENDERS	60	Executive	Mr. Guillaume FAURY	51	Executive

* Further information on the Board members can be found in the above table "Airbus SE Board of Directors until AGM 2020".

Changes in the composition of the Board Committees in the course of 2019

Committee	Until 2019 AGM*		From 2019 AGM		From July Board	
	Name	Status	Name	Status	Name	Status
Audit	Mr. Hermann-Josef LAMBERTI		Ms. Catherine GUILLOUARD			
	Ms. Catherine GUILLOUARD**	Member	Mr. Hermann-Josef LAMBERTI	Member		
Ethics and Compliance			Mr. Jean-Pierre CLAMADIEU	Member	Mr. René OBERMANN	Member

* Further information on the Committee members can be found in the above tables "Airbus SE Board of Directors until AGM 2020" and "Replacements of Board Members in the course of 2019".

** Ms. Guillaouard replaced Mr. Lamberti as Chair of the Audit Committee in 2019.

 Chair

Independent Directors

The Independent Directors appointed pursuant to the criteria of independence set out above are Denis Ranque, Ralph Crosby, Catherine Guillaouard, Victor Chu, René Obermann, Hermann-Josef Lamberti, Lord Paul Drayson, Maria Amparo Moraleda Martinez, Claudia Nemat, Carlos Tavares and Jean-Pierre Clamadiéu.

Prior Offences and Family Ties

To the Company's knowledge, none of the Directors (in either their individual capacity or as Director or senior manager of any of the entities listed above) has been convicted in relation to fraudulent offences, been the subject of any bankruptcy, receivership or liquidation, nor been the subject of any official public incrimination and/or sanction by a statutory or regulatory authority, nor been disqualified by a court from acting as a Member of the administrative, management or supervisory bodies of any issuer or conduct of affairs of any company, during at least the last five years. As of the date of this document, there are no family ties among any of the Directors.

(iii) Operation of the Board of Directors in 2019

Board of Directors Meetings

The Board of Directors met 11 times during 2019 and was regularly informed of developments through business reports from the CEO, including progress on the strategic and operational activities. The average attendance rate at these meetings was 91%.

Throughout 2019, the Board of Directors reviewed and discussed the technical and commercial progress of significant new and running programmes. For the Commercial Aircraft, this comprised *inter alia* the ramp-up in production of the A320 Family aircraft (including the A220) and the transition to the more efficient neo version, the ramp-up of the A350 aircraft and the mitigation measures taken in relation to the engine issues hampering the production at Airbus and the operations with the customers. It also concerned the launch of the new A321 XLR aircraft and the decision to cease A380 manufacturing in 2021 with the delivery of the last aircraft. For Defence and Space, it concerned notably the progress on the A400M programme military capabilities and on the retrofit and delivery plan in line with the agreement reached with OCCAR and the states, the development of the Eurodrone and of the Future Combat Air System. In addition, this covered the evolution of the overall space competitive landscape. For the Helicopter business, the Board focused its review on the overall market situation, the development of the services activities and the preparation of the H160 programme for serial production.

The Board dedicated two full sessions in 2019 to the review of the Divisions and product strategies, as well as of the overall strategy of Airbus. During the off-site Board meeting held in September in Montreal (Canada), the Board continued to visit industrial sites, staying close to the products and businesses. It met management and employees at the A220 final assembly line at Mirabel, near Montreal.

In 2019, the Board of Directors continued to support the Company's digital journey and to enhance Airbus' ability to identify and capitalise on innovative technologies and business models. But it also asked management to remain vigilant about data and product safety and to shield the Company and products from any cyber-attack.

Moreover, the Board of Directors reviewed Airbus' financial results and forecasts and maintained an emphasis on both Enterprise Risk Management ("ERM") and internal control. A particular focus was also made on product safety and Airbus' responsibility, sustainability and environmental initiatives. The Board discussed in particular Airbus' ambition and future agenda with respect to the Company's position in society.

A substantial share of the Board activities was dedicated to compliance matters. The Board continued to closely monitor the Serious Fraud Office / Parquet National Financier / US Department of Justice / US Department of State investigations in relation to which settlements were reached with the French, UK and US authorities in January 2020. The commitment from the Board and its Ethics and Compliance Committee to provide full support to the investigations and the implementation of globally recognised compliance standards paved the way to these agreements. In addition, the "Independent Compliance Review Panel", which is composed of renowned international experts, carried on its advising role to the Board with respect to its compliance activities in order to build an Ethics & Compliance programme and organisation meeting internationally recognised standards.

The Board also reviewed and discussed other topics of significant importance to Airbus such as the measures taken to mitigate a no-deal Brexit situation, the application of tariffs on commercial aircraft being imported to the US by the USTR and crisis management / data security matters.

The year has been marked by major changes in Airbus' top Management, including the Company's CEO and a number of Executive Committee Members, including the nomination of Julie Kitcher as Executive Vice-President Communications & Corporate Affairs, second female Member of the Executive Committee. The Board has been involved in the selection process. It also played a key role in the succession planning of both the Chairman and Board members in preparation for the 2020 changes.

In 2019, in addition to the formal general meeting, the Chairman with the Airbus' team, sought regular engagements with major shareholders in order to understand their views on governance, remuneration and performance against the strategy for the Company.

Board Evaluation 2019

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

issues a questionnaire and consults with Board Members to establish an internal evaluation which is then discussed with Board Members.

The year 2019 was the third year of the three-year cycle started in 2017. In November 2019, 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 primarily covered governance and Board topics, Board and Committees functioning, Board composition and selection process, dynamic between Board and Management and amongst Board members, Board decision-making process, Committees contributions, involvement of the Remuneration, Nomination and Governance Committee and Board Secretary support.

In its 2019 internal evaluation, the Board confirmed overall satisfaction with the progress made in the implementation of the "Improvement Action Plan" recommended by Heidrick & Struggles as its third-party expert, following the formal evaluation conducted in 2017.

2019 was a pivotal year with an almost entirely new management team in place making a remarkably encouraging start in interactions with the Board as per the results of the internal evaluation. In this transitioning context, the Company's governance, dynamic and performance is viewed as very satisfactory, with excellent quality of debate and relationships between the Management, the Chairman and the Board members and efficient decision-making process given the complexity of the topics.

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

Following the last Board evaluation, frequency of participation of top management to Board meetings has significantly increased. The Board expects this trend to further improve.

The Board has spent additional time on strategy and succession planning, as well as on other important matters for which discussions would need to be further enhanced such as defence strategy and business challenges, innovation, competition, employee engagement, digitalisation and industrialisation, environment & sustainability, programme management, risk and crisis management.

The Directors underlined that the Board should as well spend further dedicated time on cybersecurity and IT, impact of geopolitical developments and product safety. In addition, executive succession planning is expected to be more extensively discussed by the Remuneration, Nomination, Governance Committee and Board.

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

4.1.1.2 Board Committees

a) The Audit Committee

The Audit Committee has five (5) Members and is chaired by an Independent Director who is not the Chair of the Board of Directors or a current or former Executive Director of the Company. The Chair of the Audit Committee shall be, and the other members of the Audit Committee may be, financial experts with relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities.

Pursuant to the Board Rules, the Audit Committee, which is required to meet at least four times a year, makes recommendations to the Board of Directors on the approval of the annual Financial Statements and the interim accounts (Q1, H1, Q3), as well as the appointment of external auditors and the determination of their remuneration. Moreover, the Audit Committee has responsibility for verifying and making recommendations to the effect that the internal and external audit activities are correctly directed, that internal controls are duly exercised and that these matters are given due importance at meetings of the Board of Directors. Thus, it discusses with the auditors their audit programme and the results of the audit of the Financial Statements, and it monitors the adequacy of Airbus' internal controls, accounting policies and financial reporting. It also oversees the operation of the Company's ERM system and keeps a strong link to the Ethics and Compliance Committee. For further details in this regard, see "— 4.1.3 Enterprise Risk Management System". Please refer to Annex E of the Board Rules for a complete list of responsibilities of the Audit Committee.

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

In 2019, it met seven times with an average attendance rate of 86%. It fully performed all of the duties and discussed all of the items described above. In particular, it performed reviews of internal controls, corporate audit (including major findings and audit plan for 2019) and accounts (i.e. 2018 full year accounts, 2019 Q1, H1 and Q3 accounts, 2019 forecasts). Regular ERM and Legal & Compliance updates were presented to the Audit Committee and discussed in meetings (including in relation to the compliance investigations).

b) The Ethics and Compliance Committee

To reinforce oversight of Ethics and Compliance matters at the Board of Directors level, a dedicated Ethics and Compliance Committee ("**E&C Committee**" or "**ECC**") was established in 2017 and the Board Rules have been amended accordingly. Pursuant to the Board Rules the main mission of the E&C Committee is to assist the Board in monitoring Airbus' culture and commitment to ethical business and integrity. This committee is empowered to oversee Airbus' Ethics and Compliance programme, organisation and framework in order to make sure that Airbus Ethics and 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 E&C Committee has seven (7) Members and is chaired by any of its members. Each Member should be an Independent Director. Both the Chairman of the Audit Committee and the chair of the RNGC is a Member of the E&C Committee.

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

The Chairman of the Audit Committee and the Chair of the RNGC are members of the E&C Committee. Unless otherwise decided by the E&C Committee, the CEO is invited to attend the meetings. From time to time, independent external experts and the Independent Compliance Review Panel are also invited to attend E&C Committee meetings.

The E&C Committee is required to meet at least four times a year. In 2019, the E&C Committee met in total six times with an average attendance rate of 87%. All of the above described items were discussed during the meetings and the E&C Committee fully performed all the above-described duties.

c) The Remuneration, Nomination and Governance Committee

The RNGC has four (4) Members, with geographic diversity. Each Member of the RNGC is an Independent Director. One Member of the RNGC is a Director who is appointed to the Board of Directors on the basis of the French State Security Agreement. One Member of the RNGC is a Director who is appointed to the Board of Directors on the basis of the German State Security Agreement. The Board of Directors, by a Simple Majority (defined below), appoints the chair of the RNGC, who may not be any of the following:

- the Chairman of the Board of Directors;
- a current or former Executive Director of the Company;
- a Non-Executive Director who is an Executive Director with another listed company; or
- a Director appointed to the Board of Directors on the basis of the French State Security Agreement or the German State Security Agreement.

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

The Chair 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.

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

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

Pursuant to the Board Rules (as amended in December 2019), the Chair of the RNGC automatically fulfils the function of “Lead Independent Director”. In this role he / she is responsible for (i) replacing the Chairman in his / her absence at meetings of the Board, (ii) organising the annual appraisal of the Chairman’s performance by the Board and (iii) acting as an intermediary for and between the other Directors when necessary (e.g. acting as a spokesperson for the other Directors towards the Chairman, acting as a liaison for the Directors regarding the functioning of the Chairman and the Board).

The guiding principle governing management appointments within Airbus is that the best candidate should be appointed to the position (“best person for the job”), while at the same time seeking to achieve a balanced composition with respect to gender, experience, national origin, etc. The implementation of these principles should, however, not create any restrictions on the diversity within the Company’s executive management team.

The RNGC is required to meet at least four times a year. In 2019, it met seven times with an attendance rate of 89%, it discussed all of the above described items during the meetings and it fully performed all of the above described duties.

4.1.1.3 The Executive Committee

a) Nomination and Composition

The Executive Committee of Airbus (the “**Executive Committee**”) is chaired by the Chief Executive Officer and its members are appointed on the basis of their performance of their individual responsibilities as well as their respective contribution to the overall interest of Airbus.

The CEO proposes all of the Members of 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 Airbus (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.

The Board of Directors determines, by simple majority vote, whether to approve all of the Members of the Executive Committee as proposed by the CEO.

b) Role of the 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 Airbus’ 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 Airbus’ business.

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

The EC further supports the CEO in performing these tasks. Under the leadership of the CEO, the EC is responsible for business strategy as well as organisational matters and management of the business, monitoring key projects/products and major investments, overseeing performance targets, whether it be financial, individual, programmes or support functions, outlining policies to motivate, recruit and retain employees. It is also accountable for regulatory and statutory obligations along with policy matters, communications and market disclosures. It is also the forum where the information or requests for approval destined to the Board 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 Airbus.

c) The Executive Committee in 2019

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. But, depending on the respective topic, he usually asks the responsible EC Member to join him in the Board for presenting the financials (CFO), programme/product topics (Division head), HR matters (CHRO) or any other topic where a specialist is needed. This approach allows Board Members to get to know the EC members and equips them to make judgements when it comes to decisions about key positions.

The Executive Committee met four times during 2019.

COMPOSITION OF THE EXECUTIVE COMMITTEE AS OF 31 DECEMBER 2019

Name	Start of term	Principal Occupation
Guillaume Faury	2018	Chief Executive Officer Airbus
Dominik Asam	2019	Chief Financial Officer
Thierry Baril	2012	Chief Human Resources Officer
Jean-Brice Dumont	2019	Executive Vice President Engineering
Bruno Even	2018	Chief Executive Officer Airbus Helicopters
John Harrison	2015	General Counsel
Dirk Hoke	2016	Chief Executive Officer Airbus Defence and Space
Julie Kitcher	2019	Executive Vice President Communications and Corporate Affairs
Philippe Mhun	2019	Executive Vice President Programmes and Services
Christian Scherer	2019	Chief Commercial Officer
Michael Schöllhorn	2019	Chief Operating Officer
Grazia Vittadini	2018	Chief Technology Officer

Note: Status as per 31 December 2019. The professional address of all Members of the Executive Committee for any matter relating to Airbus is Mendelweg 30, 2333 CS Leiden, The Netherlands.

Guillaume Faury – Chief Executive Officer Airbus

(see above under “– 4.1.1.1 Board of Directors”)

Dominik Asam – Chief Financial Officer

Dominik Asam is Chief Financial Officer (CFO) of Airbus and a Member of the Executive Committee.

Dominik Asam joined Airbus in April 2019 from Munich-based Infineon Technologies AG, where he had been CFO since 2011. During eight years he was responsible for functions including Group Controlling, IT, Treasury, Investor Relations, Compliance & Risk Management, Export Control and Sustainability and Business Continuity.

Previously, Dominik Asam was Head of Group Controlling at RWE AG in 2010.

Between 2005 and 2010 he held various positions at Siemens AG such as CEO of Siemens Financial Services and Corporate Vice President and Treasurer.

From 2003 to 2005, Asam headed Investor Relations, Mergers & Acquisitions and Strategy at Infineon Technologies.

Dominik Asam began his professional career in 1996 in the Investment Banking Division of Goldman Sachs Inc. with postings in Frankfurt, London and New York.

A graduate in Mechanical Engineering from the Technical University of Munich and the École Centrale Paris, Dominik Asam holds a Master's in Business Administration from INSEAD (European Institute of Business Administration).

Thierry Baril – Chief Human Resources Officer

Thierry Baril was appointed Chief Human Resources Officer of Airbus on 1 June 2012. In addition, Baril continues to serve as Airbus Commercial Aircraft Chief Human Resources Officer.

Thierry Baril joined Airbus Commercial Aircraft in 2007 as Executive Vice President, Human Resources, and Member of the Airbus Commercial Aircraft Executive Committee, with responsibility for defining and implementing a company-wide Human Resources strategy, enhancing integration and employee engagement. He oversaw the development of key skills and competences to support business growth and greater internal mobility. One of his main achievements was the transformation of the Company in the areas of leadership culture and diversity, having played a key role in the implementation of “Power8” and Airbus’ internationalisation strategy.

Prior to this, Thierry Baril was Executive Vice President Human Resources at Eurocopter – now Airbus Helicopters – and member of the Eurocopter Executive Committee from January 2003. In this position, Baril managed the Company’s Human Resources activities globally, including the implementation of Human Resources policies across Eurocopter’s European sites and its 15 subsidiaries worldwide. He was instrumental in the implementation of “Vital”, a programme which transformed Eurocopter as a business.

Thierry Baril started his career in 1988 as Deputy Human Resources Director at Bocard SA, and transferred to Laborde & Kupfer-Repelec, a subsidiary of GEC ALSTHOM, as Human Resources Manager in 1991.

From 1995, Thierry Baril held roles as Human Resources Director of the Alstom Energy Belfort site and Vice President of Human Resources of the Alstom Energy Group.

Following on from his experience at Alstom Energy, in 1998 Thierry Baril became Managing Director of Human Resources for Europe for GE (General Electric) at their Belfort Headquarters, followed by Vice President of Human Resources at Alcatel Space’s Headquarters in Toulouse from 2000.

Jean-Brice Dumont – Executive Vice President Engineering

Jean-Brice Dumont was appointed Executive Vice President Engineering at Airbus in April 2019 and is a Member of the Company's Executive Committee.

With over two decades of industry experience, he joined Airbus Commercial Aircraft in this role in January 2018 after six successful years as Executive Vice President, Engineering and Chief Technical Officer at Airbus Helicopters. Beyond his Engineering leadership, Jean-Brice strongly promotes diversity, teamwork and core human values such as humility and respect.

Jean-Brice Dumont joined Eurocopter, the predecessor company to Airbus Helicopters, in February 2004. There, he worked as an Engineer and Development Project Manager for the NH90 programme, prior to becoming the NH90 Chief Engineer and NH Industries' Technical Director from 2008 to 2012.

A licensed French Army Aviation pilot, Dumont started his career with the country's DGA military procurement agency in 1996, where he worked on the Tiger and Super Puma rotorcraft programs before ultimately being appointed the organisation's Chief Test Director for the Tiger helicopter in 2002.

Jean-Brice Dumont is a graduate of France's École Polytechnique and of the ISAE Aerospace Institute. He was born in 1971, is married with two sons and enjoys running marathons and swimming.

Bruno Even – Chief Executive Officer – Airbus Helicopters

Bruno Even was appointed Chief Executive Officer (CEO) of Airbus Helicopters as of 1 April 2018. He is a Member of the Airbus Executive Committee.

He joined the Company from Safran, where he held various management positions at the Helicopter Engines and Electronic & Defence businesses. Since 2015, he served as Chief Executive Officer of Safran Helicopter Engines (ex-Turbomeca). Prior to that position, he was CEO of Safran Electronics & Defence (exSagem).

Bruno Even graduated from the École Polytechnique and began his professional career in 1992 at the French Ministry of Defence, where he was in charge of developing the space component for the Helios II satellite.

In 1997, he transferred to the Ministry of Foreign Affairs to become technical advisor for the Director of Strategic Affairs, Security and Disarmament. He moved to the private sector and joined Safran in 1999.

John Harrison – General Counsel

John Harrison has been General Counsel since June 2015. Solicitor of the Supreme Court of England & Wales, John Harrison completed his academic studies at the University of McGill, Montréal, Canada. He holds a Bachelor LLB (Hons) and Masters LLM of Laws degree.

John Harrison began his career in 1991 at the international law firm Clifford Chance, working consecutively in their London, New York and Paris offices.

He joined Airbus then Technip S.A. where he served as Group General Counsel and Member of the Executive Committee from 2007 to 2015.

Prior to joining Technip, Mr Harrison fulfilled various senior legal positions in Airbus companies over a 10 year period culminating his tenure from 2003 to 2007 as General Counsel of the EADS Defence Division.

John Harrison was born on 12 July 1967 in the United Kingdom.

Dirk Hoke – Chief Executive Officer – Airbus Defence and Space

Dirk Hoke is the designated Chief Executive Officer (CEO) of Airbus Defence and Space as of 1 April 2016. He started on 1 January 2016 as Deputy CEO. He is a Member of the Executive Committee.

Dirk Hoke joined Airbus from Siemens, where he had been CEO of the Large Drives Business Unit since 2014. He has held various executive-level positions at Siemens since becoming CEO of the Cluster Western & Central Africa in 2008. His career spans 21 years and five continents.

In 1994, Dirk Hoke began his professional career as R&D Engineer for process and software analysis in the automotive industry at Renault in Paris. In 1996, he joined Siemens through an international trainee programme with assignments in Germany, Argentina and Austria. He then held various management posts in the Transportation Systems Division based in Germany. He relocated to Sacramento, USA, as Head of the Transportation Systems restructuring team in 2001.

Dirk Hoke continued his professional career at Siemens as General Manager for the Transrapid Propulsion and Power Supply Subdivision from 2002 to 2005 including the Shanghai "Maglev" project. He was then promoted to President of Siemens Transportation Systems China and made Siemens the largest foreign railway supplier in the country.

In 2008, Dirk Hoke moved to Morocco to lead Siemens' Africa activities. He returned to Germany in 2011 to become the Division CEO of Industrial Solutions with the special task to build up the services business for the Industry Sector. Afterwards, he was called upon to restructure the Large Drives Business Unit.

Dirk Hoke holds a degree in mechanical engineering from the Technical University of Brunswick, Germany. In 2010, Dirk Hoke became a member of the Young Global Leader Class of the World Economic Forum and in 2013, member of the Baden Baden Entrepreneur Talks.

Born on 2 April 1969, Dirk Hoke is married with two children.

Julie Kitcher – Executive Vice President Communications and Corporate Affairs

Julie Kitcher is EVP Communications and Corporate Affairs of Airbus and a Member of the Executive Committee.

Julie leads all external and internal communication activities.

The role also oversees and co-ordinates the transformation agenda of Airbus. This includes Corporate Audit, Performance Management, Responsibility and Sustainability and Environmental Affairs. She is also Chief of Staff to the CEO.

Previously, from May 2015 to April 2019, she was Head of Investor Relations and Financial Communication for Airbus. In this role, Julie was responsible for the development, management, consistency and communication of the Airbus Equity Story, Vision and Strategy to the financial markets. One of her core

missions was to grow and strengthen the relationship and trust with the financial markets, contributing to the strong share price performance during these years.

Under Julie's leadership, Airbus was awarded "Most Honoured Company" status in the Institutional Investor All Europe Executive Team survey four years in a row, from 2015 to 2018. As part of this recognition, Julie was named "Best Investor Relations Professional" in the Aerospace & Defence sector for the same period.

From 2008 to 2015, Julie led relations with UK, French and Southern European institutional investors and sell-side analysts in Airbus' Investor Relations team. Alongside this, she coordinated Airbus' quarterly Financial Disclosures.

Julie began her Airbus career in December 2000 working at Filton, UK. She went on to hold a number of roles in finance including Financial Analyst, Corporate Planning and Business Controlling. She also previously held a role in GE Capital Equipment Finance in the UK.

She is a Chartered Management Accountant (CIMA) with an MSc in Accounting, ESC Skema (Lille).

Julie was born in the United Kingdom. She is married with two children.

Philippe Mhun – Executive Vice President Programmes and Services

Philippe Mhun was appointed as Chief Programmes & Services Officer for Airbus Commercial Aircraft, effective 1 January 2019, and a Member of the Company's Executive Committee.

In his previous role as Head of Customer Services since October 2016, Philippe Mhun was responsible for all Airbus support and services activities for airline customers, lessors, MROs and operators, ranging from maintenance and engineering to training, upgrades and flight operations but also material management and logistical support. This included the supervision of the Services Business Unit and affiliated subsidiaries, such as Satair, Navblue, Airbus Interiors Services and Sepang. For the past two years, Philippe has initiated and implemented a major transformation programme focusing on Customer Satisfaction, Services development and digital enablers such as Skywise applications.

Prior to this assignment, Philippe was Senior Vice President Procurement for Equipment, Systems and support, a position he held since 2013.

Philippe joined Airbus in November 2004 as Vice President A380 Programme within Customer Services to prepare and support the A380 entry-into-service. He then became Vice President Programmes in Airbus Customer Services leading Single Aisle, Long Range, Widebody, A380 and A350 Programmes together with e-operations and supplier support activities.

Before joining Airbus, Philippe held various positions within UTA and, following the merger in 1993, within Air France, starting as a Structure Engineer for Boeing 747 at UTA all the way up to becoming the Head of Long-Haul Fleet Engineering and Maintenance in Air France. From 1986 to 2004, Philippe was involved in new programmes' entry-into-service, engineering and maintenance at all levels of the company.

Christian Scherer – Chief Commercial Officer

Christian Scherer was appointed Airbus Chief Commercial Officer in September 2018 and is a Member of the Company's Executive Committee.

He was previously Chief Executive Officer of ATR, a position he held since November 2016.

Prior to this, Christian was Executive Vice-President and Head of Airbus Group International, responsible for driving the overall Airbus Group internationalisation strategy.

Christian started his professional career in 1984 when he joined Airbus Industrie as a Commercial Contracts Manager. He was seconded to the US between 1987 and 1994 as Vice President Contracts of Airbus North America, responsible for pricing, financial performance, negotiation and implementation of all sales transactions in North America.

On his return to headquarters, as Vice President Leasing Markets, he developed and managed an integrated sales division covering all commercial activities dealing with operating leasing companies and other financial institutions worldwide.

In 1999, he was appointed Vice President Contracts and Pricing worldwide while retaining leadership of the Leasing Markets Division and in 2003 he also became the Deputy Head of Commercial.

Following his time in Commercial, he became Head of Strategy and Future Programs at Airbus, responsible for defining Airbus' long term strategic objectives and for driving the genesis of future aircraft product offerings and programmes, such as the A320neo, as well as Airbus' international development in terms of the US final assembly lines.

In 2012, he was appointed Head of Sales & International Operations at Cassidian in Munich, Germany, responsible for Sales, Marketing, Strategy and Cassidian's International Subsidiaries including Brazil, India, KSA, UAE, UK and USA.

Upon integration of Airbus' Defence, Space and Military aircraft businesses, he became the Head of Marketing & Sales of Airbus Defence and Space and Managing Director of Airbus Defence and Space GmbH. In that role, he held the overall responsibility for all Sales & Marketing activities. He also chaired BDLI's defence and security forum whilst being a member of the BDLI presidium.

Born in 1962 in Duisburg, Germany, and raised in Toulouse, France, Christian Scherer holds an MBA from the University of Ottawa and graduated from the Paris Business School (ESCP) in 1984.

Michael Schöllhorn – Chief Operating Officer

Michael Schöllhorn is Chief Operating Officer (COO) for Airbus and a Member of the Airbus Executive Committee.

He joined Airbus in February 2019 from BSH Home Appliances GmbH in Munich, where he was COO and a member of the BSH Management Board from 2015.

Between 2012 and 2014, Michael Schöllhorn was Executive Vice President Manufacturing and Quality, additionally heading the Global Business unit for chassis and safety sensors.

Prior to this, Michael Schöllhorn held several international management positions within the Bosch Group. He was based in the US, Czech Republic and Germany. During this time, he gained a broad expertise in digitalisation, end-to-end process optimisation, manufacturing, engineering, quality and supply chain management.

Michael Schöllhorn holds a degree in Mechanical Engineering and a PhD in Control Engineering from the Helmut Schmidt University in Hamburg. He served in the German Armed Forces as a helicopter pilot and officer from 1984 to 1994.

Grazia Vittadini – Chief Technology Officer

Grazia Vittadini has been appointed Chief Technology Officer (CTO) of Airbus and a Member of the Airbus Executive Committee, effective 1 May 2018.

Furthermore, she serves as Director of the Airbus Foundation Board and as a member of the Inclusion and Diversity Steering Committee.

Previously, Vittadini was Executive Vice President Head of Engineering since January 2017 and member of Executive Committee of Airbus Defence and Space.

Prior to this position, she had been Senior Vice President Head of Corporate Audit & Forensic, responsible for Airbus Group audit activities worldwide.

Since January 2013 and for one year and a half, Grazia was Vice President Head of Airframe Design and Technical Authority for all Airbus aircraft.

Always leading transnational teams in multiple locations, she also served as Chief Engineer on the Wing High Lift Devices of the A380 in Bremen from First Flight to In-Service (2005-2009) and then contributed to securing First Flight and Type Certification of the A350 XWB aircraft as Head of Major Structural Tests in Hamburg. The Major Tests for A320 Extended Service Goal, A380 and A400M were also in her scope.

Vittadini began her professional career on the Italian side of the Eurofighter Consortium, before joining Airbus Operations in Germany in 2002 and setting on her path towards senior management positions.

Grazia Vittadini graduated in Aeronautical Engineering and she specialised in Aerodynamics from the Politecnico di Milano.

4.1.2 Dutch Corporate Governance Code, “Comply or Explain”

In accordance with Dutch law and with the provisions of the Dutch Code as amended in 2016, 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 their non-application. While the Company, in its continuous efforts to adhere to the highest standards, applies most of the current recommendations of the Dutch Code, it must, in accordance with the “comply or explain” principle, provide the explanations below.

On 8 December 2016, the Dutch Code was revised; its updated recommendations apply to financial years starting on or after 1 January 2017.

Airbus welcomed the updates to the Dutch Code and continues supporting the emphasis of the revised Dutch Code on topics such as long-term value creation and the importance of culture.

For the full text of the Dutch Code as well as the New Code, please refer to www.commissiecorporategovernance.nl.

For the financial year 2019 and in respect of compliance with the Dutch Code, the Company states the following:

1. Vice-Chairmanship

Provision 2.3.6 (ii) of the Dutch Code recommends the election of a vice-Chairman, to, among other things, deal with the situation when vacancies occur.

In December 2019 and in line with this recommendation of the Dutch Code, Airbus revised its Board Rules to provide that the Chair of the RNGC automatically fulfils the position of “Lead Independent Director”. In this role he / she is responsible for (i) replacing the Chairman of the Board in his / her absence at meetings of the Board, (ii) organising the annual appraisal of the Chairman’s performance by the Board and (iii) acting as an

intermediary for and between the other Directors when necessary (e.g. acting as a spokesperson for the other Directors towards the Chairman of the Board, acting as a liaison for the Directors regarding the functioning of the Chairman of the Board and the Board). Effectively, the Lead Independent Director carries out tasks that are materially identical as those which a vice-Chairman would have under the Dutch Code. With the introduction of the position of Lead Independent Director in 2019, Airbus expects to be (and remain) fully compliant with provision 2.3.6 (ii) of the Dutch Code for subsequent financial years.

2. Termination Indemnity

Provision 3.2.3 of the Dutch Code recommends that the maximum remuneration in the event of dismissal of an Executive Board Member be one year’s salary. Under this provision of the Dutch Code, severance pay should not be awarded if the Board membership is terminated early at the initiative of the Executive Board Member, or in the event of seriously culpable or negligent behaviour on the part of the Executive Board Member.

As per the amendment to the remuneration policy approved at the 2019 AGM and in line with the recommendation of the Dutch Code, the termination indemnity of the sole Executive Board Member, the CEO, is equal to one year’s salary. Consequently, the CEO is entitled to an indemnity equal to one times the last Total Annual Remuneration (defined as Base Salary and VR most recently paid), subject to applicable local legal requirements if any. The termination indemnity would be paid only provided that the performance conditions assessed by the Board of Directors had been fulfilled by the CEO. With this amendment to the termination indemnity in 2019, Airbus expects to be (and remain) compliant with provision 3.2.3 of the Dutch Code for subsequent financial years.

3. Securities in the Company as Long-Term Investment

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

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

4. Dealings with Analysts

Provision 4.2.3 of the Dutch Code recommends meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the Company's website and by means of press releases. In addition, it recommends that provisions shall be made for all shareholders to follow these meetings and presentations in real time and that after the meetings the presentations shall be posted on the Company's website.

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

5. Gender Diversity

The composition guidelines regarding gender diversity under Dutch law pursuant to which the Board of Directors would be regarded as being composed in a balanced way if it contained at least 30% women and at least 30% men expired on 1 January 2020. Nevertheless, the Company will continue to promote gender diversity within its Board of Directors in accordance with the principles mentioned in section 4.1.1 above. In addition, the Company will continue to give due consideration to any applicable gender targets in its search to find suitable candidates and to actively seek female candidates. However, the Company believes that candidates should not be recruited based on gender alone; the capabilities and skills of potential candidates are most important in this respect. The proportion of the female representation on the Board of Directors is currently at 25% (compared to 0% seven years ago).

Furthermore, the Company is committed to supporting, valuing and leveraging the value of diversity. That being said, the importance of diversity, in and of itself, should not set aside the overriding principle that someone should be recommended, nominated and appointed for being "the right person for the job". Although the Company has not set specific targets with respect to particular elements of diversity, except for the principles described in 4.1.1.1 above and those targets which apply by law, the Company is committed to seeking broad diversity in the composition of the Board of Directors and its Executive Committee and will consider attributes such as personal background, age, gender, experience, capabilities and skills when evaluating new candidates in the best interests of the Company and its stakeholders.

The Company believes that the composition of its Board of Directors and its Executive Committee is consistent with these diversity objectives.

4

4.1.3 Enterprise Risk Management System

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

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

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

The ERM system is articulated along five axes:

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

4.1.3.1 ERM Process

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

The ERM process consists of three elements:

- a strong operational dimension, derived from ISO 31000 – to enhance operational risk and opportunity management, looking in particular at identifying and mitigating Single Points of Failure (SPOF);
- a reporting dimension (bottom up and top down), which contains procedures for the status reporting of the ERM system and the risk/opportunity situation;
- a 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 the Company's organisations, including Divisions, subsidiaries and controlled participations, commit to and confirm the effective implementation of the ERM system. The annual ERM Confirmation Letter issued by each organisation is the formal acknowledgement about the effectiveness of the ERM system.

For a discussion of the main risks to which the Company is exposed, see "— Risk Factors".

4.1.3.2 ERM Governance and Responsibility

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

- the Board of Directors supervises with support of the Audit Committee the strategy and business risk and opportunities as well as design and effectiveness of the ERM system;
- the CEO, with the top management, is responsible for an effective ERM system. He is supported by the CFO, who supervises the Head of ERM, and the ERM system design and process implementation;

- the Head of ERM has primary responsibility for the ERM strategy, priorities, system design, culture development and reporting tool. He supervises the operation of the ERM system and is backed by a dedicated risk management organisation in the Company focusing on the operational dimension, early warning and anticipation culture development while actively seeking to reduce overall risk criticality by challenging the business. The risk management organisation is structured as a cross-divisional Centre of Competence ("CoC") and pushes for a proactive risk management;
- the management at executive levels has the 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 risk and seize opportunities, considering the recommendations of the internal and external auditors.

4.1.3.3 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) and participation to key controls (e.g., major Programme Maturity Gate Reviews), Risk & Opportunity Deep Dives performed the ERM CoC, and Corporate Audit, based on internal corporate audit reports.

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

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

4.1.3.4 Board Declaration

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

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

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

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

4.1.4 Internal Audit

In accordance with Principle 1.3 of the Dutch Code, Airbus Corporate Audit & Forensic assesses and provides objective assurance on the design and effectiveness of the Company's risk management, internal controls and governance systems. Its mandate is set out in the Airbus Corporate Audit and Forensic Charter.

Corporate Audit & Forensic engages in the independent and objective corporate assurance activities of internal auditing and forensic investigations. It supports the Company in improving its operations and accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's governance, risk management and internal controls. The function includes a team of forensic specialists who assist Airbus and the Legal and Compliance function by leading and supporting investigations of compliance allegations.

The department's independence is established by direct reporting to the Audit Committee and by access to the CEO. Corporate Audit & Forensic adheres to the Institute of Internal Auditor's Definition of Internal Auditing, Code of Ethics and International Standards for the Professional Practice of Internal Auditing as well as relevant policies and procedures of the Company. The department was recertified by the *Institut français de l'audit et du contrôle internes* (IFACI) in 2018.

4.2 Interests of Directors and Principal Executive Officers

4.2.1 Remuneration Policy

This 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 (who are the Non-Executive Directors).

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

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

It is proposed to the AGM 2020 to adopt the Remuneration Policy in the form set out below in this paragraph 4.2.1 with effect as of 1 January 2020. The substantive terms of the Remuneration Policy have not been revised since the most recent amendment approved by the general meeting; the proposed revisions relate to clarifications and technical improvements throughout the policy in order to comply with the recently introduced provisions of the Dutch Civil Code. Given the positive outcome of the most recent vote at the Company's general meeting on the Remuneration Policy, the Board of Directors does not believe that substantive amendments to the Remuneration Policy are required (except for the proposed amendments as described in paragraph 4.2.1.3).

4.2.1.1 Executive Remuneration – Applicable to the CEO

a) Remuneration Philosophy

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

The Board of Directors and the RNGC are committed to making sure that the Executive remuneration structure (i) is transparent and comprehensive for all stakeholders, (ii) is consistent and aligned with the interests of long-term shareholders, also taking into consideration the employment conditions of the Company's employees and (iii) incentivises R&S and furthers 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 ("ESG") criteria.

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

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

b) Total Direct Compensation and Peer Group

The CEO's total direct compensation ("Total Direct Compensation") comprises a base remuneration ("Base Salary"), an annual variable short-term remuneration ("Annual Variable Remuneration" or "VR") and a 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 4.2.1.4.B item a) below) and takes into account the scope of the role of the CEO and the level and structure of executive rewards within Airbus. 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 Airbus' main markets (France, Germany, UK and US), excluding financial institutions; and
- companies operating in the same industries as Airbus worldwide.

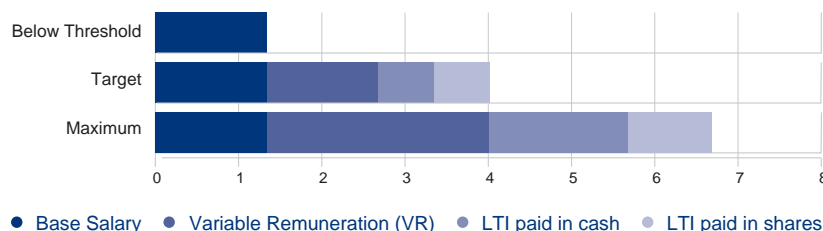
The elements of the Total Direct Compensation are described below:

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

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

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

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



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

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

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

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

c) Base Salary

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

d) Annual Variable Remuneration

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

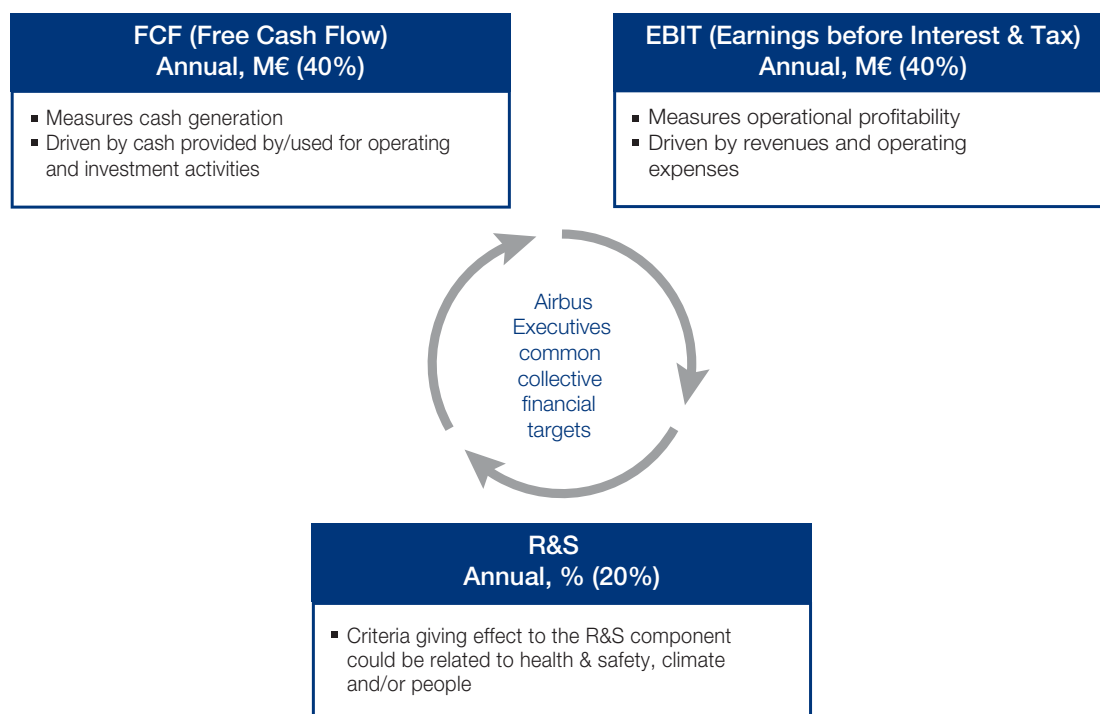
The performance measures that are considered when awarding the Variable Remuneration to the CEO are split equally between common collective performance measures and individual performance measures.

Common Collective Component

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

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

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



Individual Component

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

- **Outcomes** encompass various aspects of what the CEO can do to contribute to the success of the business: specific business results he achieves, projects he drives and processes he helps improve. 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, R&S and quality issues.

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

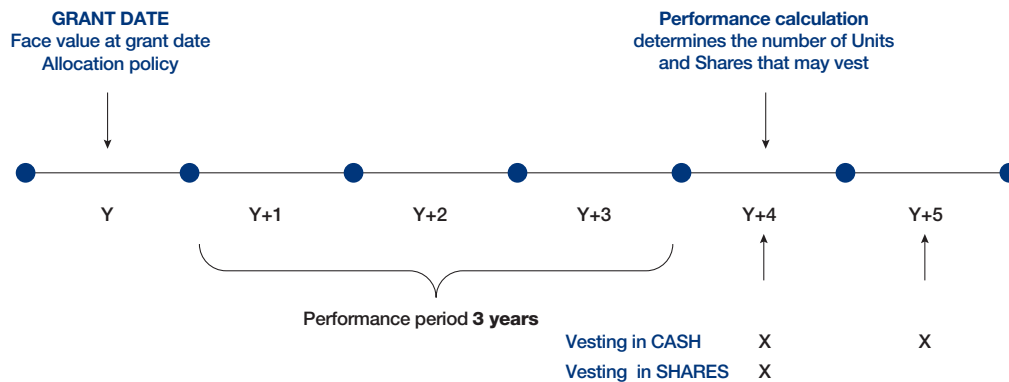
The RNGC discusses the level of achievement of every single target and derives a combined target achievement level for the outcomes. The behavioural part of the Individual Component is also discussed by the RNGC and constitutes an adjustment factor for the target achievement of the outcomes. Finally,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

e) Long-Term Incentive Plan

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

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

At the end of this three-year period, the grant is subject to a performance calculation to determine whether and to what extent it should vest. Depending on this calculation (i) Performance Units will vest in two tranches, the payment of which takes place approximately 6 and 18 months following the end of the performance period and (ii) Performance Shares will vest in one tranche, approximately 6 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 Average over 3 years, €	Free Cash Flow Cumulated over 3 years, M€
<ul style="list-style-type: none"> Measures profitability Driven by net income and number of shares 	<ul style="list-style-type: none"> Measures cash generation Driven by cash provided by/used for operating, financing, 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 Airbus share at the time of vesting. The Airbus share value is the average of the opening share price, on the Paris Stock Exchange, during the 20 trading days preceding and including the respective vesting dates.

f) Share Ownership Guideline

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

g) Benefits

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

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

h) Retirement

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

The CEO participates also in a Company pension contributions based plan. This plan consists of an annual pension contribution of 20% of the annual pensionable remuneration (as described in paragraph 4.2.1.4.B item h) below) subject to applicable local practices (if any).

i) Clawback

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

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

j) Loans

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

k) Contracts and 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 4.2.1.4

item k) below) assessed by the Board of Directors have been fulfilled. If the CEO's appointment as Member of the Board of Directors terminates within a period of 12 months or less prior to his retirement date, the termination indemnity will be limited by pro-rating its amount. This will not apply if the CEO's mandate is terminated for cause (misconduct), in case of resignation or termination on or after his retirement date.

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

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

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

4.2.1.2 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;
- a Committee fee for membership or chair on each of the Board's Committees; and
- 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 Company 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.

4.2.1.3 Proposed Amendments to the Remuneration Policy

The Company's Remuneration Policy that will be proposed for adoption at the AGM 2020, and as presented in paragraphs 4.2.1.1 and 4.2.1.2 above, contains the following amendments:

Proposal to Include an R&S Component in the Variable Remuneration of the CEO

The current Common Collective Component of the Variable Remuneration of the CEO is based only on financial key value drivers. In line with market practices and as announced in the Company's 2018 Report of the Board of Directors, in order to reinforce the alignment between the Company's strategy, values and remuneration structure, the Board proposes the introduction of an R&S component in the Common Collective Component of the CEO's Variable Remuneration. The R&S component will replace the existing RoCE criterion and will represent 20% of the Common Collective Component. Consequently, it is proposed that the new partition of the components be as follows from 1 January 2020: EBIT (40%), FCF (40%) and R&S (20%). Among other matters, criteria giving effect to the R&S component can be related to health & safety, climate and/or people in line with the Company's Priorities. These principles will also apply to the other members of the Executive Committee, who do not serve on the Board of Directors, and to a large extent to all Executives employed by Airbus. For information, the contemplated R&S target for 2020 is a 15% reduction in our accident frequency rate (measured through the rate "FR1" equal to the number of lost time accident per million of hours worked) compared to 2019.

Proposal to Amend the CEO's Pension Policy

In line with market practices, the Board also proposes to amend the CEO's pension policy and to move from a defined benefit commitment to a contribution based pension plan. From 1 January 2020, in addition to local applicable mandatory collective and state pension plans, the annual accrued pension rights of the CEO will be built through a contribution of 20% of the annual pensionable remuneration, subject to applicable local practices (if any). This change also applies to the majority of the members of the Executive Committee and will apply to all future members of the Executive Committee.

4.2.1.4 Implementation of the Remuneration Policy: CEO

A – General

This paragraph 4.2.1.4 describes how the Remuneration Policy was implemented in 2019 with respect to the CEO: Section B relates to the current CEO (Mr Guillaume Faury) and section C relates to the former CEO (Mr Thomas Enders).

In line with the Remuneration Policy and the expectation of the RNGC and the Board of Directors, the implementation thereof with regard to the CEOs results in a remuneration that will retain and motivate high-calibre executive. It 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.

B – Implementation of the Remuneration Policy in 2019: Current CEO

As announced on 31 January 2020, Airbus has reached final agreements with the French Parquet National Financier (PNF), the U.K. Serious Fraud Office (SFO), and the U.S. Department of Justice (DoJ) resolving the authorities' investigations into allegations of bribery and corruption, as well as with the U.S. Department of State (DoS) and the DoJ to resolve their investigations into inaccurate and misleading filings made with the DoS pursuant to the U.S. International Traffic in Arms Regulations (ITAR). In this context, Airbus has agreed to pay penalties of € 3,598 million plus interest and costs to the French, U.K. and U.S. authorities. These agreements relate to legacy behaviour. With the full support of the Company's Board of Directors and its Ethics and Compliance Committee, considerable steps have been taken over the past years to design and implement an effective Ethics and Compliance programme and organisation across Airbus, meeting globally recognised standards. The fact that Airbus has reached agreements with multiple authorities is clear recognition of the substantial progress made on the Company's compliance programme in recent years. The Company's executive team reported to the authorities and demonstrated exemplary cooperation along the whole process. For these reasons, the Committee has concluded that the impact of the penalties should not be considered in the assessment of the 2019 Variable Remuneration and the ongoing and future incentive plans.

a) Benchmarking

The latest benchmark performed in November 2018 was based on the relevant peer group composed of 76 companies selected from CAC40 in France, DAX 30 in Germany, FTSE 100 in the UK and DJ 30 in the US as well as large European companies having comparable economic indicators such as revenues, number of employees and market capitalisation. Financial institutions were excluded from the peer group.

Based on a review performed by the RNGC in 2018 with the assistance of an independent consultant, Willis Towers Watson, it was concluded that the CEO's Total Direct Compensation was at the median level of the peer group as defined in paragraph 4.2.1.1 item b) above.

b) Base Salary

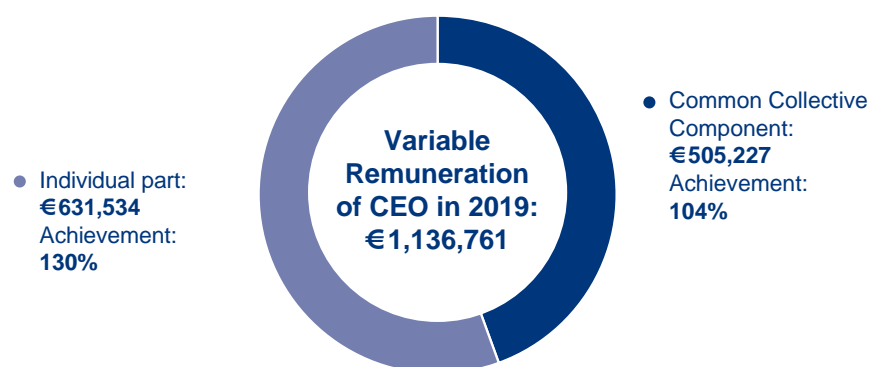
The CEO's Base Salary level on a full year basis is € 1,350,000.

The prorated Base Salary paid to the CEO calculated from his appointment in April 2019 until and including 31 December 2019 amounts to €971,591.

c) Annual Variable Remuneration

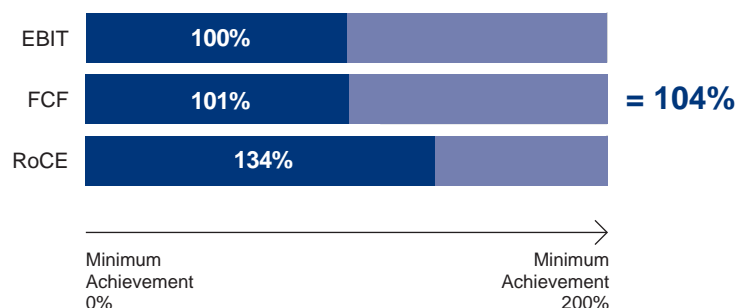
As stipulated in the Company's Remuneration Policy, the CEO's VR is targeted at 100% of the Base Salary and capped at 200% of the Base Salary. It is subject to the fulfilment of collective and individual performance targets.

For 2019, the VR prorated of the CEO amounts to an aggregate of € 1,136,761 composed of € 505,227 (104%) for the Common Collective Component and € 631,534 (130%) for the Individual Component.



Performance Achievement – Common Collective Component

According to the policy applicable for the financial year 2019, the Common Collective Component results from a composite 104% achievement of EBIT (100%), Free Cash Flow (101%) and RoCE (134%) objectives.



This achievement mainly reflects a solid EBIT and Free Cash Flow generation against the budgeted targets. The main drivers were the strong underlying financial performance with record deliveries, progress on A350 programme, healthy pre-delivery payments inflows, disciplined inventory management on wide-body and sound CapEx spending, offsetting the industrial challenges. Finally, RoCE was above the target.

Normalisations were made to exclude exceptional events such as currency exchange differences or those arising from phasing mismatches.

Note for information on the collective component contemplated for 2020: Subject to approval by the AGM 2020 of the proposed Remuneration Policy as described in paragraphs 4.2.1.1 and 4.2.1.2 (including the replacement of the RoCE (10%) criterion by an R&S (20%) component), the Board of Directors decided to select a health & safety value driver for the 2020 R&S component in line with its significant impact in the materiality assessment of Airbus' approach to R&S (see: "– Information on the Company's Activities – 1.2 Non-Financial Information – Materiality Matrix", and, in the 2019 Report of the Board of Directors, paragraph c- Health and Safety in Chapter 6 – 6.1.4 – Responsible Employer). As one of the Company's Priorities is to provide a safe and inclusive working environment, it was decided that the R&S target for 2020 should be a 15% reduction in our accident frequency rate (measured through the rate "FR1" equal to the number of lost time accident per million of hours worked as described in the 2019 Report of the Board of Directors, paragraph c- Health and Safety in Chapter 6 – 6.1.4 – Responsible Employer) compared to 2019. Safety is reviewed across the whole group on a daily basis and Airbus' FR1 performance is reported on a monthly basis to the CEO who in turn reviews the improvement plans and adapts actions across the business.

Performance Achievement – Individual Component

The Individual Component in 2019 results from an achievement level of 130% out of 200%, assessed by the RNGC and approved by the Board of Directors on the basis of the CEO's performance and behaviour, mostly with respect to the Airbus priorities agreed at the start of 2019. For each of these outcomes, leadership, personal performance and contributions were examined.

The **factors determining the assessment** were among other achievements:

- strong underlying financial performance of the Company; achievement of the 2019 FY guidance; increased consolidated revenues by 11% and EBIT Adjusted by 19%;
- new Company and industry record of Commercial Aircraft deliveries with 863 aircraft delivered to 99 customers; almost 100 deliveries more than in 2018; breakeven target for the A350 achieved;
- very successful launch of the 321XLR counting over 300 orders with more than 10 airlines;
- successful Type Certification of the Beluga XL by the European Aviation Safety Agency (EASA); paves the way to entry-into-service in early 2020; key enabler for production ramp-up beyond 2019;
- successful A220 post-merger integration: market development, ramp-up and cost reduction on track;
- single Aisle industrial transformation launched and set as a Company Priority; first results delivered in 2019;
- solid sales performance in Airbus Helicopters with highest-ever bookings in value achieved in 2019 (more than € 7 billion); notable evolution of services activities; unveiling of new version of the H145 light twin-engine helicopter with increase in overall performance; delivery of the 1000th Super Puma helicopter and of the first NH90 Sea Lion naval multi-role helicopter;
- key successes on MRTT and on the Future Combat Air System with the delivery of a joint industrial proposal to the governments of France and Germany for the first Demonstrator Phase of the programme and joint concept study tranche one completed; major milestones achievement in the A400M programme with new capabilities introduced; 18 new satellites in orbit and 11 new satellites under contract;
- good progress on UAV and green aircraft roadmaps;
- solid progress on digital roadmap for DDMS and Skywise: number of airlines on Skywise more than doubled since the end of 2018 (>100 airlines);
- effective Ethics and Compliance programme and organisation designed and implemented across Airbus: allowed finalisation of agreements with the French, U.K. and U.S. authorities in January 2020;
- key advancement in the Company's transformation programme with successful management transition, including structuring and empowerment of the new leadership organisation; reinforced efforts on diversity in all its forms, including the appointment of a second woman at the Executive Committee; strong emphasis on responsibility & sustainability raised at the heart of the Company's Priorities, including the reorganisation of the responsibility & sustainability teams to ensure the development of a strong responsibility & sustainability culture across the Company.

d) Long-Term Incentive Plan

Granting 2019

Under the Company's Remuneration Policy, the CEO is eligible to receive a Performance Units and Performance Shares award under the Company's LTIP. The value of the Performance Unit and Share award is capped at 100% of the Base Salary at the date of grant. During 2019, the CEO was granted an aggregate of 11,060 of Performance Units and Performance Shares. The LTIP awards during 2019, in line with the Remuneration Policy (4.2.1.1 item b)), represent one third of the CEO's target Total Direct Compensation.

The table below gives an overview of the Performance Units and Performance Shares granted to the CEO in 2019 pursuant to the LTIP:

UNIT PLAN: NUMBER OF PERFORMANCE UNITS

	Granted in 2019	Vesting dates
Guillaume Faury	5,530	Vesting schedule is made up of 2 tranches over 2 years: (i) 50% expected in May 2023 (ii) 50% expected in May 2024

SHARE PLAN: NUMBER OF PERFORMANCE SHARES

	Granted in 2019	Vesting dates
Guillaume Faury	5,530	Vesting schedule is made up of 1 tranche: (i) 100% expected in May 2023

The grants in 2019 were performed in compliance with the performance measures (average EPS (75%) and cumulative FCF (25%)) described in paragraph 4.2.1.1 item e).

Vesting Values in 2019

In 2019, the CEO received both cash payments and vested shares in connection with the vesting of 2014 and 2015 LTIP awards:

- **Cash:** the total cash payment to the CEO amounted to €697,383 in 2019.
- **Shares:**
 - In connection with the 2014 LTIP award, the CEO had elected that 25% of his grant should be deferred into shares. Therefore, the CEO received 2,528 vested shares on the second vesting date for LTIP 2014 (31 May 2019).
 - In connection with the 2015 LTIP award, the CEO had elected that 25% of his grant should be deferred into shares. Therefore, the vesting of 1,998 Performance Units for the LTIP 2015 will be released in the form of shares on the second vesting date for the 2015 LTIP (which will take place in 2020).

LTIP OVERVIEW: GRANTING AND VESTING

Date of grants	Grant Type	Number	Share price at grant date	Value at grant date	(Un) conditional	Performance achievement	Units with performance achievement	Dates of vesting	Share value at vesting dates ⁽¹⁾
2014	Units	12,640	€47.45	€ 599,768	Conditional	80%	10,112	2 vestings in 2018 - 2019	1 st vesting – 3 May 2018: € 94.40 2 nd vesting – 31 May 2019: € 94.90
2015	Units	10,656	€56.31	€ 600,039	Conditional	75%	7,992	2 vestings in 2019 - 2020	1 st vesting- 31 May 2019: € 112.62
2016	Units	5,696	€52.67	€300,008	Conditional	75%	4,272	2 vestings in 2020 - 2021	Not yet known
2016	Shares	5,696	€ 52.67	€300,008	Conditional	75%	4,272	1 vesting in 2020	Not yet known
2017	Units	4,404	€73.81	€325,059	Conditional	Not yet known	Not yet known	2 vestings in 2021 - 2022	Not yet known
2017	Shares	4,404	€ 73.81	€325,059	Conditional	Not yet known	Not yet known	1 vesting in 2021	Not yet known
2018	Units	4,208	€ 106.94	€ 450,004	Conditional	Not yet known	Not yet known	2 vestings in 2022 - 2023	Not yet known
2018	Shares	4,208	€ 106.94	€ 450,004	Conditional	Not yet known	Not yet known	1 vesting in 2022	Not yet known
2019	Units	5,530	€ 122.06	€ 674,992	Conditional	Not yet known	Not yet known	2 vestings in 2023 - 2024	Not yet known
2019	Shares	5,530	€ 122.06	€ 674,992	Conditional	Not yet known	Not yet known	1 vesting in 2023	Not yet known

Calculations may involve rounding to the nearest unit.

(1) Vesting will occur according to the respective rules and regulations of each plan.

NOTE: 2014 to 2018 awards were granted to Mr Faury before his appointment as CEO and should vest during his mandate.

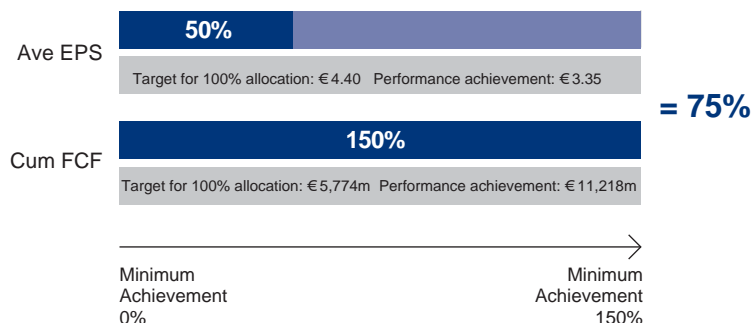
Performance Conditions of LTIP 2016:

- The performance conditions for LTIP 2016 were determined as follows: if Airbus reports negative cumulated EBIT results, the Board of Directors can decide at its sole discretion to review the vesting of the Performance Units, including the 50% portion which is not subject to performance conditions.
- 50% to 150% of the allocation would be granted depending on the compounded achievement of the two following performance criteria:
 - 75% of average EPS (“Ave EPS”): determined on a linear basis depending on three-year Ave EPS for the 2017, 2018 and 2019 fiscal years, with the three-year Ave EPS target for an allocation of 100% equal to €4.40; and
 - 25% of cumulative FCF (“Cum FCF”): determined on a linear basis depending on three-year Cum FCF for the 2017, 2018 and 2019 fiscal years, with the three-year Cum FCF target for an allocation of 100% equal to €5,774 million.

Review of Achievement of Performance Conditions:

The Board of Directors on 12 February 2020 noted the achievement of the performance conditions of the 2016 plan, i.e. for the 2017, 2018 and 2019 fiscal years. The three-year Ave

EPS was €3.35 and the three-year Cum FCF was €11,218 million, after normalisation to align them with policies in force when setting the target (notably IFRS 15 and A220 impacts).

LTIP 2016 performance achievement

For reasons of confidentiality, the precise targets set for the average EPS and cumulative Free Cash Flow, even though they have been properly established in a proper manner, cannot be publicly disclosed as these objectives are in part linked to the

Company's strategy. Nonetheless, for the sake of transparency and to ensure compliance with 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
2014	Ave EPS	12,640	€ 3.31	€ 2.81	56%	80%	10,112	€ 1.51 ⁽¹⁾
	Cum FCF		€ 4,298m	€ 9,741m	150%			
2015	Ave EPS	10,656	€ 4.02	€ 2.95	50%	75%	7,992	€ 2.10 ⁽²⁾
	Cum FCF		€ 8,281m	€ 10,469m	150%			
2016	Ave EPS	11,392	€ 4.40	€ 3.35	50%	75%	8,544	€ 2.76 ⁽³⁾
	Cum FCF		€ 5,774m	€ 11,218m	150%			

(1) Average EPS of 2013, 2012 and 2011.

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

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

e) Share Ownership

The CEO owned 8,407 Company shares on 31 December 2019. The CEO has engaged a personal investment plan in Airbus' shares to reach the target of 200% of the Base Salary by 2021.

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

f) Employee Share Ownership Plan (ESOP)

In March 2019, the Company offered all eligible employees the opportunity to subscribe to a share matching plan, through which the Company matches a certain number of directly acquired shares with a grant of matching shares. This ratio varies depending on the number of shares acquired at fair market value by the employees, with a maximum discount of 44%. The total offering was up to 2.2 million shares of the Company, open to all qualifying employees. Information about the plan can be found on the Company's website.

Under the umbrella of the ESOP 2019, a dedicated UK tax advantageous Share Incentive Plan ("SIP") was also deployed in March 2019.

Although the CEO was eligible for the plan, he did not participate in the ESOP 2019 plan favouring the development of a shareholding among other employees of the Company.

g) Benefits

Costs of benefits provided through applicable mandatory collective and social security plans are accounted for among social charges (please refer to Note 34 to the IFRS Consolidated Financial Statements for further details). The monetary value of other benefits provided to the CEO in 2019 amounts to €33,802.

h) Retirement

Considering the seniority of the CEO, the new pension policy proposed in paragraphs 4.2.1.1 item h) and 4.2.1.3 will coexist with the former pension plan.

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

Following the Board decision to move from defined benefit commitment to contributions based plans and in line with a new French regulation, the accrued pension rights under this commitment have been frozen based on the seniority of the CEO as Executive Committee Member at the end of 2019. A target replacement ratio has therefore been set at 52% of his Base Salary (i.e. 26% of the sum of his Base Salary and his target VR) and will no longer accrue. The pension rights under this commitment remain unvested until the retirement date of the CEO.

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

The present value of the remaining CEO's pension obligation related to the frozen defined benefit commitment is estimated annually by an independent actuarial firm according to the international accounting standard IAS19 as applied by the Company for post-employment benefits. As of 31 December 2019, the defined benefit obligation amounted to €9,167,371. This obligation has been accrued in the 2019 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 2019, the cost related to the CEO's pension rights accrued under Company's plans during the year represented a net profit of € (2,814,868) composed by an expense of € 812,005 and the effect of the freeze of the defined benefit commitment of € (3,626,873).

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

i) Clawback

The Board has not applied any clawback in 2019.

j) Pay Ratio

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

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

The aggregate cash compensation over the 2019 fiscal year was used as a reference amount (i.e., excluding the value of equity incentive awards and other non-cash compensation components). To calculate the ratio, the gross sum of the Base Salary, annual bonus, profit and success sharing, overtime, premium for work conditions and other premiums was taken into account.

Based on this methodology, the ratio between the cash compensation of the CEO (i.e. the aggregated Base Salary amount for the former and current CEO and VR related to 2018) and the average compensation of full-time equivalent permanent employees for the fiscal year to which this report relates is 49 (for 2018: 50 as restated based on exact figures) (rounded to the nearest integer).

k) Severance

No payment has been made to the CEO in 2019 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.

C – Implementation of the Remuneration Policy in 2019: Former CEO

On 10 April 2019, Thomas Enders left the Company as CEO and Executive Member of the Board of Directors.

As disclosed in the 2018 Report of the Board of Directors, Mr Enders received for the year 2019 € 420,455 as prorated Base Salary and € 416,096 as prorated VR in 2019.

As already mentioned in the 2018 Report of the Board of Directors, Mr Enders was entitled to a non-compete remuneration, which lead to a payment of € 2,134,838 in 2019.

For further details please refer to chapter 4.4.4 of the 2018 Report of the Board of Directors available on the Company's website (www.airbus.com).

D – 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	2019	2018	2017	2016	2015
I. CEO's direct cash compensation					
Annual Base Salary (in € thousand)	1,392 ⁽¹⁾	1,500	1,500	1,500	1,400
VR (in € thousand) ⁽²⁾	2,318	2,168	1,913	1,932	1,939
Total	3,710	3,668	3,413	3,432	3,339
Annual Variation	+1.1%	+7.5%	-0.6%	+2.8%	
II. Long Term Incentive Plan (in € thousand)⁽³⁾	1,350	-	1,500	1,500	1,400
III. Company Performance					
EBIT Adjusted (in € million) ⁽⁴⁾	6,946	5,834	4,253	3,955	4,132
Annual Variation	+19%	+37%	+8%	-4%	
FCF before M&A and customer financing (in € million) ⁽⁴⁾	3,509	2,912	2,949	1,408	1,175
Annual variation	+21%	-1%	+109%	+20%	
IV. Employee Compensation (in € thousands)⁽⁵⁾	75,1	73.6	71.0	71.01	70.6
Annual Variation	+2.0%	+3.6%	0.0%	+0.6%	

(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.

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

(4) Before 2016, Airbus used the key indicators "EBIT before one-offs" and "FCF before M&A".

(5) Average compensation of full-time equivalent permanent employees from France, Germany, the U.K. and Spain for Airbus, 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 2019 financial year, the amount presented is still an estimate and will be adjusted next year.

4.2.1.5 Implementation of the Remuneration Policy in 2019: Non-Executive Directors

This section describes how the Remuneration Policy was implemented in 2019 in respect of the Non-Executive Directors. In line with the Remuneration Policy, the implementation thereof with regard to the Non-Executive Directors aims at ensuring fair compensation and protecting the independence of the Board's Members. Their remuneration should be commensurate to the time spent and the responsibilities of their role on the Board of Directors.

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

In 2019, Non-Executive Members of the Board were entitled to the following fees:

a) Board fees:

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

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

b) Committee fees:

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

For personal reasons, and with regards to the implementation of the Remuneration Policy approved at the Annual General Meeting in 2016, Denis Ranque decided in 2016 and onwards to waive the portion of his remuneration as Chairman of the Board of Directors which exceeds €240,000 (his total target remuneration for 2015, based on six meetings per year and including chairmanship Board fixum and attendance fees) until further notice.

Taking into account the increased number of Board meetings in 2019, the remuneration of Denis Ranque for 2019 as Chairman of the Board of Directors (Board chairmanship fixum and attendance fees) is € 275,000.

Therefore, the Board recommended that the remuneration exceeding € 275,000 would be converted into an annual contribution to the Airbus Foundation, as long as Denis Ranque waived this part of his remuneration which corresponds to € 77,500 based on the number of Board meetings in 2019.

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

(In €)	2019			2018		
	Fixum ⁽¹⁾	Attendance Fees ⁽²⁾	Total	Fixum ⁽¹⁾	Attendance Fees ⁽²⁾	Total
Non-Executive Board Members						
Denis Ranque	210,000	101,000	311,000	210,000	75,000	285,000
Victor Chu ⁽³⁾	100,000	107,000	207,000	72,376	50,000	122,376
Jean-Pierre Clamadieu ⁽⁴⁾	114,176	105,000	219,176	72,376	50,000	122,376
Ralph D. Crosby Jr.	100,000	108,500	208,500	100,000	75,000	175,000
Lord Drayson ⁽⁵⁾	120,000	105,000	225,000	114,475	55,000	169,475
Catherine Guillouard ⁽⁶⁾	127,265	95,500	222,765	120,000	75,000	195,000
Hermann-Josef Lamberti	122,735	77,500	200,235	130,000	65,000	195,000
María Amparo Moraleda Martínez	130,000	105,000	235,000	127,238	65,000	192,238
Claudia Nemat	100,000	74,500	174,500	100,000	75,000	175,000
René Obermann ⁽⁷⁾	100,000	102,000	202,000	72,376	55,000	127,376
Carlos Tavares	80,000	65,000	145,000	80,000	50,000	130,000
Former Non-Executive Board Members						
Hans-Peter Keitel ⁽⁸⁾	0	0	0	27,900	10,000	37,900
Sir John Parker ⁽⁸⁾	0	0	0	36,270	10,000	46,270
Jean-Claude Trichet ⁽⁸⁾	0	0	0	27,900	10,000	37,900
Total	1,304,176	1,046,000	2,350,176	1,290,910	720,000	2,010,910

(1) Fixum includes a base fee for Board membership and Committee membership within the Audit Committee, the RNGC and/or the E&C Committee as the case may be.

The fixum for the year 2019 was paid 50% in July 2019 and 50% in January 2020. The fixum for the year 2018 was paid 50% in January 2018 and 50% in July 2018.

(2) 2019 attendance fees include the board attendance fees and the fees in relation to Audit Committee, RNGC and E&C Committee meetings. The Board attendance fees related to the first semester 2019 were paid in July 2019, those related to the second semester 2019 were paid in January 2020. The Committee attendance fees related to full year 2019 were paid in January 2020.

(3) Member of the Board of Directors and the Audit Committee since 11 April 2018.

(4) Member of the Company Board of Directors and the RNGC since 11 April 2018. Member of the E&C Committee since 10 April 2019.

(5) Member of the E&C Committee since 11 April 2018.

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

(7) Member of the Board of Directors and the Audit Committee since 11 April 2018. Member of the E&C Committee since 30 July 2019.

(8) Member of the Company Board of Directors until 11 April 2018.

The total aggregated remuneration (i.e. fixum and attendance fee) of the Non-Executive Members of the Board of Directors were respectively € 2,080,403 in 2017, € 1,750,768 in 2016 and € 1,521,668 in 2015.

4.2.2 Long-Term Incentives Granted to the Chief Executive Officer

See “— 4.3.3 Long-Term Incentive Plans”.

4.2.3 Related Party Transactions

Reflecting Article 2:129(6) of the Dutch Civil Code, Article 18.5 of the Articles of Association provides that “a Director shall not take part in the deliberations or decision-making if he has a direct or indirect personal interest which conflicts with the interests of the Company and of the enterprise connected with it. If as a result thereof no resolution of the Board of Directors can be adopted, the resolution is adopted by the General Meeting”.

During the years 2017, 2018 and 2019, no agreement was entered into by the Company with one of its Directors or principal officers or a shareholder holding more than 5% of the voting rights of the Company outside the ordinary course of business and in conditions other than arm’s length conditions. For more information, please refer to the “— Notes to the IFRS Consolidated

Financial Statements — Note 9: Related party transactions” for the year-ended 31 December 2019 and “— Notes to the IFRS Consolidated Financial Statements — Note 8: Related party transactions” for the year-ended 31 December 2018, as incorporated by reference herein.

For a description of the relationships between the Company and its principal shareholders, see “— General Description of the Company and its Shareholders — 3.3.2 Relationships with Principal Shareholders”. Other than the relationships between the Company and its principal shareholders described therein, there are no potential conflicts of interest between the duties to the Company of the Directors and their respective private interests or other duties.

4

4.3 Employee Success Sharing and Incentive Plans

4.3.1 Employee Success Sharing and Incentive Agreements

The Company’s remuneration policy is strongly linked to the achievement of individual and Company objectives, both for each Division and for the overall Company. Since 2012, an annual Performance and Restricted Unit plan has been established for the senior management of Airbus (see “— 4.3.3 Long-Term Incentive Plans”), and employees are offered shares at favourable conditions within the context of an Employee Share Ownership Plan (see “— 4.3.2 Employee Share Ownership Plans”).

Success sharing schemes which are implemented in the Company in more than 30 countries, including France, Germany, Spain and the UK, follow one set of common rules, ensuring a consistent application across the group.

4.3.2 Employee Share Ownership Plans

Enabling employees to participate in the results of the Company is a key element in the Airbus benefits policy. Since its creation, the Company has developed a philosophy based on sharing the added value created by the Company with all employees (including the CEO). Therefore, the Company has regularly offered qualifying employees the opportunity to purchase shares on favourable terms through the ESOP.

According to shareholders’ resolutions adopted at the AGM, the powers to issue shares and to set aside preferential subscription rights of existing shareholders have been granted to the Board of Directors at the 2019 AGM. Such powers include the approval of ESOP.

The following table summarises the main terms of the ESOPs conducted over the last three years:

Year	Price per share	Nominal value per share	Number of shares issued	Date of issuance
2017	€64.44 ⁽¹⁾ / €67.24 ⁽²⁾ /	€1	1,554,611	3 May 2017
	€85.20 ⁽³⁾			21 November 2017
2018	€88.65 ⁽¹⁾ / €84.17 ⁽²⁾ /	€1	1,739,390	3 May 2018
	€92.57 ⁽³⁾			20 November 2018
2019	€97.76 ⁽¹⁾ / €104.38 ⁽²⁾ /	€1	1,728,800	2 May 2019
	€134.40 ⁽³⁾			19 November 2019

(1) Shares purchased within context of French group employee savings plan.

(2) Shares purchased directly.

(3) Under the umbrella of the ESOP, a dedicated UK tax advantageous Share Incentive Plan, SIP, was also deployed in 2017, 2018 and 2019.

In 2019 and 2018, the Board of Directors approved a new ESOP scheme. Eligible employees were able to purchase a fixed number of previously unissued shares at fair market value (5, 15, 30, 50 or 100 shares). Airbus matched each fixed number of shares with a number of the Company free shares based on a determined ratio (4, 7, 10, 13 and 25 free shares). During a custody period of at least one year, employees are restricted from selling the shares, but have the right to receive all dividends paid. Employees who directly purchased the Company shares have, in addition, the ability to vote at the Annual Shareholder Meetings. The subscription price was equal to the closing price at the Paris stock exchange on 13 February 2019 (2018: 14 February 2018) and amounted to €104.38 (2017: €84.17). Investing through a mutual fund led to a price which corresponds to the average price at the Paris stock exchange during the 20 trading days immediately preceding 13 February 2019 (2018: 14 February

2018), resulting in a price of €97.76 (2018: €88.65). In 2019, the Company issued and sold 1,332,840 ordinary shares (2018: 1,365,760) with a nominal value of € 1.00 each. In 2019, the Company issued and distributed 451,452 matching ordinary shares (2018: 446,059) with a nominal value of € 1.00 each. Compensation expense (excluding social security contributions) of €47 million (2018: €38 million) was recognised in connection with ESOP. The Company intends to implement an ESOP in 2020, subject to approval by the Board of Directors, open to all qualifying employees (including the CEO). With future ESOP, the Company intends to offer shares to eligible employees through the issuance of shares or free distribution of shares or other existing or new securities giving access to the capital as a matching contribution. This plan would aim at favouring the development of employee shareholding.

4.3.3 Long-Term Incentive Plans

In 2014 and 2015, based on the authorisation granted to it by the shareholders' meetings (see dates below), the Board of Directors approved the granting of LTIP Performance Units and Restricted Units in the Company. The grant of so-called "units" will not physically be settled in shares but represents a cash-settled plan in accordance with IFRS 2. Since 2016, the Board of Directors approved an LTIP Performance Units and Performance Shares Plan.

The principal characteristics of these Performance and Restricted Units and Performance Shares as of 31 December 2019 are set out in the "Notes to the IFRS Consolidated Financial Statements — Note 30: Share-based payment". They are also summarised in the tables below:

Sixteenth tranche		
Date of Board of Directors meeting (grant date)	13 November 2014	
	Performance and Restricted Unit plan	
	Performance Units	Restricted Units
Number of units granted ⁽¹⁾	1,114,962	291,420
Number of units outstanding	-	-
Units granted to:		
- Mr. Guillaume Faury*	12,640	-
- the 10 employees having being granted the highest number of units during the year 2014 (sixteenth tranche)	176,460	-
Total number of eligible beneficiaries		1,621
	The Performance and Restricted Units will vest if the participant is still employed by an Airbus company at the respective vesting dates and, in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of 2 payments over 2 years: <ul style="list-style-type: none"> - 50% expected in June 2018; - 50% expected in June 2019. 	
Vesting dates		
Number of vested units	814,238	271,275

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of Airbus) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).

* For more information in respect of units granted to the Chief Executive Officer, please refer to the "Notes to the IFRS Consolidated Financial Statements — Note 31: Remuneration".

Seventeenth tranche		
Date of Board of Directors meeting (grant date)	29 October 2015	
Performance and Restricted Unit plan		
	Performance Units	Restricted Units
Number of units granted ⁽¹⁾	926,398	240,972
Number of units outstanding	340,239	113,086
Units granted to:		
- Mr. Guillaume Faury*	10,656	-
- the 10 employees having being granted the highest number of units during the year 2015 (seventeenth tranche)	156,446	-
Total number of eligible beneficiaries		1,564
Vesting dates	The Performance and Restricted Units will vest if the participant is still employed by an Airbus company at the respective vesting dates and, in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of 2 payments over 2 years: <ul style="list-style-type: none"> - 50% expected in June 2019; - 50% expected in June 2020. 	
Number of vested units	311,473	113,711

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of Airbus) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).

* For more information in respect of units granted to the Chief Executive Officer, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 31: Remuneration".

Eighteenth tranche		
Date of Board of Directors meeting (grant date)	25 October 2016	
Performance Units and Performance Shares plan		
	Performance Units	Performance Shares
Number of units/shares granted ⁽¹⁾	615,792	621,198
Number of units/shares granted through Equity Pool ⁽²⁾	1,762	1,762
Number of units/shares outstanding	432,617	436,694
Units/shares granted to:		
- Mr. Guillaume Faury*	5,696	5,696
- the 10 employees having being granted the highest number of units/shares during the year 2016 (eighteenth tranche)	79,504	85,200
Total number of eligible beneficiaries		1,671
Vesting dates	The Performance Units and Shares will vest if the participant is still employed by an Airbus company at the respective vesting dates and, in the case of Performance Units and Shares, upon achievement of mid-term business performance. Vesting schedule is made up of 2 payments over 2 years: <ul style="list-style-type: none"> - Performance Units: <ul style="list-style-type: none"> - 50% expected in May 2020; - 50% expected in May 2021; - Performance Shares: 100% expected in May 2020 	
Number of vested units	654	654

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of Airbus) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).

(2) Mirroring the respective plan rules and regulations, but granted at a different date based on specific Board of Directors' resolutions.

* For more information in respect of units granted to the Chief Executive Officer, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 31: Remuneration".

Nineteenth tranche		
Date of Board of Directors meeting (grant date)	30 October 2017	
Performance Units and Performance Shares plan		
	Performance Units	Performance Shares
Number of units/shares granted ⁽¹⁾	421,638	425,702
Number of units/shares granted through Equity Pool ⁽²⁾	1,898	1,898
Number of units/shares outstanding	402,925	406,989
Units/shares granted to:		
- Mr. Guillaume Faury*	4,404	4,404
- the 10 employees having being granted the highest number of units/shares during the year 2017 (nineteenth tranche)	53,808	57,872
Total number of eligible beneficiaries		1,601
	<p>The Performance Units and Shares will vest if the participant is still employed by an Airbus company at the respective vesting dates and, in the case of Performance Units and Shares, upon achievement of mid-term business performance. Vesting schedule is made up of 2 payments over 2 years:</p> <ul style="list-style-type: none"> - Performance Units: <ul style="list-style-type: none"> - 50% expected in May 2021; - 50% expected in May 2022; - Performance Shares: 100% expected in May 2021 	
Vesting dates		
Number of vested units	94	94

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of Airbus) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).

(2) Mirroring the respective plan rules and regulations, but granted at a different date based on specific Board of Directors' resolutions.

* For more information in respect of units granted to the Chief Executive Officer, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 31: Remuneration".

Twentieth tranche		
Date of Board of Directors meeting (grant date)	30 October 2018	
Performance Units and Performance Shares plan		
	Performance Units	Performance Shares
Number of units/shares granted ⁽¹⁾	278,376	281,181
Number of units/shares granted through Equity Pool ⁽²⁾	6,664	6,664
Number of units/shares outstanding	281,306	284,111
Units/shares granted to:		
- Mr. Guillaume Faury*	4,208	4,208
- the 10 employees having being granted the highest number of units/shares during the year 2018 (twentieth tranche)	23,578	26,383
Total number of eligible beneficiaries		1,626
	<p>The Performance Units and Shares will vest if the participant is still employed by an Airbus company at the respective vesting dates and, in the case of Performance Units and Shares, upon achievement of mid-term business performance. Vesting schedule is made up of 2 payments over 2 years:</p> <ul style="list-style-type: none"> - Performance Units: <ul style="list-style-type: none"> - 50% expected in May 2022; - 50% expected in May 2023; - Performance Shares: 100% expected in May 2022 	
Vesting dates		
Number of vested units	-	-

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of Airbus) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).

(2) Mirroring the respective plan rules and regulations, but granted at a different date based on specific Board of Directors' resolutions.

* For more information in respect of units granted to the Chief Executive Officer, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 31: Remuneration".

Twenty-first tranche		
Date of Board of Directors meeting (grant date)	29 October 2019	
Performance Units and Performance Shares plan		
	Performance Units	Performance Shares
Number of units/shares granted ⁽¹⁾	247,508	247,508
Number of units/shares outstanding	247,508	247,508
Units/shares granted to:		
- Mr. Guillaume Faury*	5,530	5,530
- the 10 employees having being granted the highest number of units/shares during the year 2019 (twenty-first tranche)	28,058	28,058
Total number of eligible beneficiaries		1,576
Vesting dates	<p>The Performance Units and Shares will vest if the participant is still employed by an Airbus company at the respective vesting dates and, in the case of Performance Units and Shares, upon achievement of mid-term business performance. Vesting schedule is made up of 2 payments over 2 years:</p> <ul style="list-style-type: none"> - Performance Units: <ul style="list-style-type: none"> - 50% expected in May 2023; - 50% expected in May 2024; - Performance Shares: 100% expected in May 2023 	
Number of vested units	-	-

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of Airbus) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).

* For more information in respect of units granted to the Chief Executive Officer, please refer to the "Notes to the IFRS Consolidated Financial Statements — Note 31: Remuneration".

The information in respect of stock options and performance and restricted shares cancelled and exercised during the year are set out in "Notes to the IFRS Consolidated Financial Statements — Note 30: Share-based payment".

SHAREHOLDING IN THE COMPANY OF THE MEMBERS OF THE BOARD OF DIRECTORS AT THE END OF 2019

Member of the Board of Directors	Shareholding
- Mr. Guillaume Faury	8,407 ordinary shares
- Mr. Denis Ranque	2,000 ordinary shares
- Ms. Catherine Guillouard	100 ordinary shares
- Mr. Ralph Dozier Crosby, Jr.	10 ordinary shares

No other Member of the Board of Directors holds shares or other securities in the Company.

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General Information

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5.1 Entity Responsible for the Universal Registration Document

Airbus SE

5.2 Statement of the Entity Responsible for the Universal Registration Document

The Company declares that, having taken all reasonable care to ensure that such is the case, the information contained in the document is, to the best of the Company's knowledge, in accordance with the facts and contains no omission likely to affect its import.

Airbus SE represented by:

Guillaume Faury
Chief Executive Officer

5.3 Information Policy

- Contact details for information:
Mr Thorsten Fischer
Head of Investor Relations and Financial Communication, Airbus SE
2 rond-point Émilie Dewoitine
BP 90112
31703 Blagnac France
Telephone: +33 5 82 05 53 01
E-mail: ir@airbus.com
- Special toll-free hotlines are available to shareholders in France (0 800 01 2001), Germany (00 800 00 02 2002) and Spain (00 800 00 02 2002). An international number is also available for the rest of the world (+33 800 01 2001).
- An e-mail box is dedicated to shareholders' messages:
ir@airbus.com.

A website, www.airbus.com, provides a wide range of information on the Company, including the Board of Directors' report. Additionally, for the life of this Registration Document, copies of:

- **the Company's Articles of Association;**
- **the Registration Document filed in English with, and approved by, the AFM on 28 March 2018;**
- **the Registration Document filed in English with, and approved by, the AFM on 29 July 2019;** and
- the Consolidated Financial Statements (IFRS) and the Company Financial Statements of Airbus SE for the years ended **31 December 2018** and **2019**, together with the related Auditors' reports, may be inspected at the Company's registered office at: Airbus SE, Mendelweg 30, 2333 CS Leiden, the Netherlands, Seat (*statutaire zetel*) Amsterdam, Tel.: +31 (0)71 5245 600.

The information on the website of the Company does not form part of the Registration Document unless that information is incorporated by reference into the Registration Document.

5.4 Undertakings of the Company regarding Information

Given the fact that the shares of the Company are listed on Euronext Paris, on the *regulierter Markt* (in the sub-segment Prime Standard) of the Frankfurt Stock Exchange and on the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges, the Company is subject to certain laws and regulations applicable in France, Germany and Spain in relation to information, the main ones of which are summarised in “General Description of the Company and its Share Capital – 3.1.3 Governing Laws and Disclosures”.

5.5 Significant Changes

As of the date of the Registration Document, there has been no significant change in the Company’s financial performance or financial position since 31 December 2019.

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5.6 Statement on Approval

This Registration Document has been filed with the AFM on 23 March 2020 in its capacity as competent authority under the Prospectus Regulation without prior approval pursuant to Article 9 of the Prospectus Regulation. This Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if approved by the AFM together with any amendments, if applicable, and a securities note and summary approved in accordance with the Prospectus Regulation.

Airbus SE

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2333 CS Leiden
The Netherlands