Report of the Board of Directors

(Issued as of 16 February 2022)

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

The ESEF-compliant Annual Financial Report of Airbus SE, which includes the Board Report, for the year ended 31 December 2021 has been filed with the AFM in XHTML format and is available on the AFM's website (https://www.afm.nl/en/professionals/registers/meldingenregisters/financiele-verslaggeving) as well as on Airbus SE's website (https://www.airbus.com/en/investors/financial-results-annual-reports).

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

Dear Shareholders,

This is the Report of the Board of Directors (the "**Board Report**") on the activities of Airbus SE (together with its subsidiaries referred to as the "**Company**") during the 2021 financial year, prepared in accordance with Dutch law.
For further information regarding the Company's business, finances, risk factors and corporate governance, please refer to the Company's website: www.airbus.com.

1. General Overview

Airbus pioneers sustainable aerospace for a safe and united world. The Company constantly innovates to provide efficient and technologically-advanced solutions in aerospace, defence, and connected services. In commercial aircraft, Airbus offers modern and fuel-efficient airliners and associated services. Airbus is also a European leader in defence and security and one of the world's leading space businesses. In helicopters, Airbus provides the most efficient civil and military rotorcraft solutions and services worldwide.

2. Summary 2021

2021 was a year of transition, with the focus shifting from navigating the pandemic towards recovery and growth. The Company achieved a great deal despite all the complexities it faced. Its accomplishments ranged from major new orders and the resumption of the single-aisle commercial aircraft ramp-up, to launching the A350 freighter, preparing the defence programmes of tomorrow and pioneering sustainable aerospace.
A selection of key announcements follows (the full list of announcements is available at:
https://www.airbus.com/en/newsroom):

Airbus

- Airbus delivered 611 commercial aircraft to 88 customers in 2021. It recorded a total of 771 new orders (507 net orders) from 27 customers in all market segments. The A220 won 38 new orders, confirming it as the leading aircraft in its category. The A320 Family won 437 new orders including 37 A321XLR. In the widebody segment, Airbus won 46 new net orders including 30 A330s and 16 A350s.
- After receiving Board of Directors approval during the year, orders and commitments for the A350 Freighter were received from customers CMA CGM, Air Lease Corporation, Air France and Singapore Airlines.
- Airbus delivered the first A350 from its widebody completion & delivery centre in Tianjin (C&DC), China, taking additional steps in the expansion of its global footprint and long-term strategic partnership with China.
- Airbus resumed work on the modernisation of its A320 Family industrial capabilities in Toulouse. They will provide Airbus with increased flexibility throughout its global industrial production system to respond to market recovery and future demand.
- The ACJ TwoTwenty, launched in 2020, successfully completed its first flight from Canada's Mirabel airport in December 2021. The aircraft is a new value proposition to business aviation buyers.
- Airbus, Dassault Aviation, ONERA, the French Ministry of Transports and Safran launched the first in-flight study of a single-aisle aircraft running on unblended sustainable aviation fuel (SAF). During the flight test over the Toulouse region, one CFM LEAP-1A engine of an Airbus A319neo test aircraft operated on 100% SAF. Initial results from the ground and flight tests are expected in 2022.
- Airbus performed the first long-haul demonstration of formation flight in general air traffic (GAT) regulated transatlantic airspace with two A350 aircraft flying at three kilometres apart from Toulouse, France to Montreal, Canada. Over 6 tons of CO_2 emissions were saved on the trip, confirming the potential for more than a 5% fuel saving on long-haul flights.

Airbus Helicopters

- Airbus Helicopters logged 419 gross orders (414 net orders), showing solid signs of recovery from the 2020 market situation which was heavily impacted by the economic consequences of the COVID-19 pandemic. It saw strong momentum from its home countries, with France ordering 40 H160s (civil and military versions), eight H225Ms, and two H145s, Spain ordering 36 H135s, and Germany procuring eight H145s for the Bavarian police force. Deliveries increased from 300 in 2020 to 338 in 2021.
- Airbus Helicopters delivered the first ever H160 to Japanese operator All Nippon Helicopter (ANH), heralding a new chapter for this next generation twin-engine helicopter. The multi-role H160 was delivered from Airbus' helicopter facility in Kobe, Japan, where flight training and specialised equipment installation for electronic news gathering will be performed before the helicopter's entry into service.
- The French Armament General Directorate (DGA) signed a contract with Airbus Helicopters for the development and procurement of the H160M in the frame of the Light Joint Helicopter programme (HIL). The contract includes the development of several prototypes and the delivery of a first batch of 30 aircraft (21 for the army, eight for the navy and one for the air force). The French Ministry for the Armed Forces plans to order a total of 169 H160M helicopters, or Guépard as it will be known in the French armed forces.
- Airbus Helicopters received EASA and FAA certification for the power upgrade of its single-engine H125 helicopter. Announced at Heli-Expo last year, this major evolution increases the aircraft's power by up to 10% by making full use of the available power of the existing Safran Helicopter Engines' Arriel 2D.

- An H225 performed the first ever helicopter flight with 100% sustainable aviation fuel (SAF) powering one of the Safran Makila 2 engines. The flight, which took place in Marignane, marks the start of a flight campaign aiming to assess the impact of unblended SAF on helicopter systems, with a view to certifying the use of SAF blends that exceed today's 50% limit.

- Airbus announced plans for a new CityAirbus at the Company's first AirbusSummit on "Pioneering Sustainable Aerospace" as the emerging Urban Air Mobility market begins to firm up. Ushering in the next generation of CityAirbus, the fully electric vehicle is equipped with fixed wings, a V-shaped tail, and eight electrically powered propellers as part of its uniquely designed distributed propulsion system. It is designed to carry up to four passengers in a zero emissions flight in multiple applications.

Airbus Defence and Space

- India formalised the acquisition of 56 Airbus C295 aircraft to replace the Indian Air Force (IAF) legacy AVRO fleet. It is the first 'Make in India' aerospace programme in the private sector, involving the full development of a complete industrial ecosystem: from the manufacture to assembly, test and qualification, to delivery and maintenance of the complete lifecycle of the aircraft.

- The Republic of Kazakhstan placed an order for two Airbus A400M aircraft, becoming the ninth operator together with Germany, France, United Kingdom, Spain, Turkey, Belgium, Malaysia and Luxembourg. Separately, the Indonesia Ministry of Defence placed an order for two Airbus A400M aircraft in multirole tanker and transport configuration, with the contract due to become effective in 2022.

- A330 Multi Role Tanker Transport (MRTT) aircraft orders: the United Arab Emirates Air Force & Air Defence formally ordered two additional A330 MRTT aircraft, increasing the country's MRTT fleet to five aircraft. Separately, the Spanish Ministry of Defence signed a formal order for the acquisition of three A330 MRTTs.

- Two satellites of the Pléiades Neo Earth observation constellation were successfully launched by Arianespace's European launcher Vega from French Guiana. Entirely funded, designed, manufactured, owned and operated by Airbus, Pléiades Neo will provide commercial and institutional customers with high-level insights for the next decade.

3. Share Capital and Stock Price Evolution

3.1 Shareholding and voting rights

Issued share capital

As of 31 December 2021, Airbus SE's issued share capital amounted to €786,083,690, divided into €786,083,690 shares of a nominal value of € 1 each. The issued share capital of Airbus SE as of such date represents 26.20% of the authorised share capital of € 3 billion, comprising three billion shares. The holder of one issued share has one vote and is entitled to profit in proportion to his/her participation in the issued share capital[1].

Modification of share capital or rights attached to shares

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

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

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

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

Pursuant to the shareholders' resolutions adopted at the Annual General Meeting ("**AGM**") held on 14 April 2021, the powers to issue shares and to grant rights to subscribe for shares and to limit or exclude preferential subscription rights for existing shareholders, have been delegated to the Board of Directors for the purpose of:

1. employee share ownership plans and share-related long-term incentive plans, provided that such powers shall be limited to 0.14% of Airbus SE's authorised share capital; and
2. funding Airbus SE and any of its subsidiaries, provided that such powers shall be limited to 0.3% of Airbus SE's authorised share capital.

Such powers have been granted for a period expiring at the AGM to be held in 2022, 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 14 April 2021, the Board of Directors was authorised for a period of 18 months from the date of such AGM to repurchase shares of Airbus SE, by any means, including derivative products, on any stock exchange or otherwise, as long as, upon such repurchase, Airbus SE would not hold more than 10% of Airbus SE's issued share capital, and at a price per share not less than the nominal value, and not more than the higher of the price of the independent trade and the highest current independent bid on the trading venues of the regulated market of the country in which the purchase is carried out.

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

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

At the AGM held on 14 April 2021, the Board of Directors and the Chief Executive Officer ("**CEO**") were authorised, with powers of substitution, to implement a cancellation of shares held or repurchased by Airbus SE, including the authorisation to establish the exact number of the relevant shares thus repurchased to be cancelled.

Securities granting access to Airbus SE's capital

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

Changes in the issued share capital in 2021

In the course of 2021, a total number of 1,934,420 new shares were issued, all of which were issued in the framework of the 2021 Employee Share Ownership Plan ("**ESOP**").

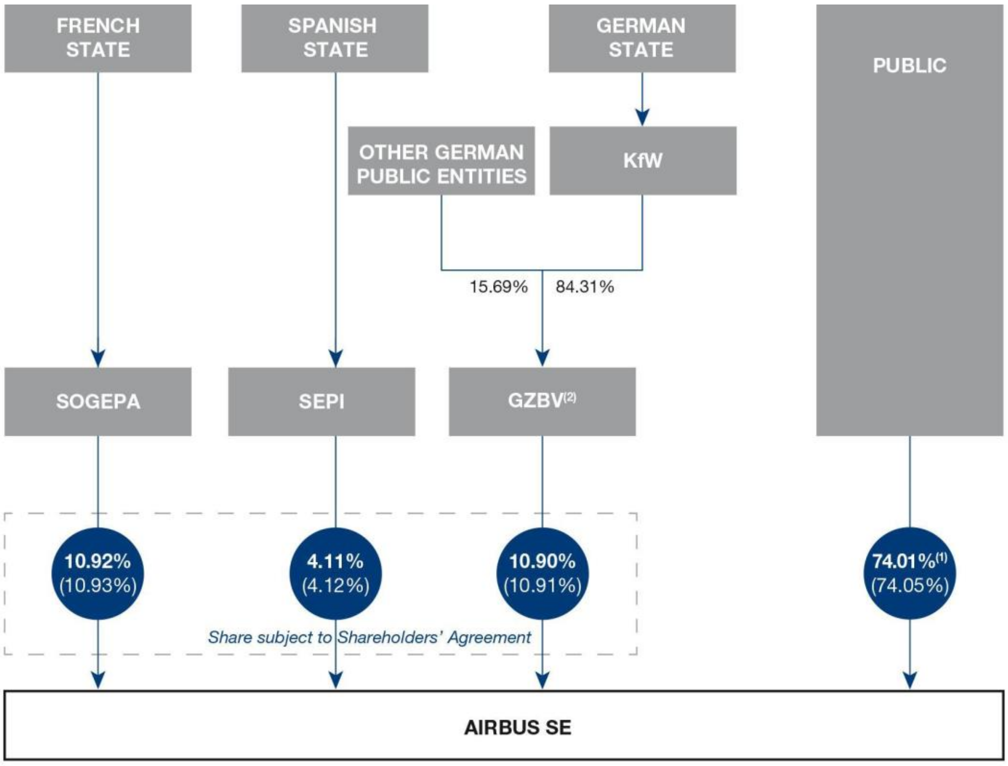
Repurchases and cancellations of shares in 2021

During 2021 (i) Airbus SE repurchased 220,000 shares and (ii) none of the treasury shares were cancelled. As of 31 December 2021, Airbus SE held 454,735 treasury shares.

Shareholding structure at the end of 2021

As of 31 December 2021, the French State held 10.92% of the outstanding Airbus SE shares through Société de Gestion de Participations Aéronautiques ("**Sogepa**"), the German State held 10.90% through Gesellschaft zur Beteiligungsverwaltung GZBV mbH & Co. KG ("**GZBV**"), and the Spanish State held 4.11% through Sociedad Estatal de Participaciones Industriales ("**SEPI**"). The public (including the Company's employees) and Airbus SE held, respectively, 74.01% and 0.06% of Airbus SE's share capital.

The diagram below shows the ownership structure of Airbus SE as of 31 December 2021 (% of capital and of voting rights (in parentheses) before exercise of the convertible bonds).



(1) Including shares held by the Company itself (0.06%).
(2) KfW & other German public entities.

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

In 2021, the below listed entity notified the AFM of its substantial interest in Airbus SE. For further details, please refer to the website of the AFM at: www.afm.nl.

a) Notification made to the AFM because the capital interest exceeded the above mentioned thresholds:
- Blackrock, Inc. owns 3,85% of the voting rights in Airbus SE (3.76% directly and 0.09% indirectly owned by Blackrock, Inc.).
b) Notification made to the AFM because the capital interest felt below the above mentioned thresholds:
- Goldman Sachs (owns 2.92% and 2.92% voting rights), EuroPacific Growth Fund (owns 2.91% and 0% voting rights)

Right to attend shareholders' meetings

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

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

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

Shareholders holding their Airbus SE shares through Euroclear France S.A. who wish to attend general meetings will have to request from their financial intermediary or 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 Airbus SE. However, only shares registered in the name of Euroclear France S.A. may be traded on stock exchanges.

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

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

Notification Requirements and Mandatory Disposal Threshold Restricting Ownership to 15%

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

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

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

- the Board members of the foundation must be independent from Airbus SE, any grandfathered persons and their affiliates (see "- 3.1: Exemptions from Mandatory Disposal Threshold") and any holder of depositary receipts and their affiliates (there is an agreement under which Airbus SE will, inter alia, cover the foundation's expenses and indemnify the Board members against liability);
- the Board members are appointed (except for the initial Board Members who were appointed at incorporation) and dismissed by the Management Board of the foundation (Airbus SE may however appoint one Board member in a situation where there are no foundation Board members);
- the foundation has no discretion as to the exercise of voting rights attached to any of the Airbus SE shares held by it and will in a mechanical manner vote to reflect the outcome of the votes cast (or not cast) by the other shareholders, and the foundation will distribute any dividends or other distributions it receives from Airbus SE to the holders of depositary receipts; and
- no transfer of a depositary receipt can be made without the prior written approval of the foundation's Board.

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

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

Exemptions from Mandatory Disposal Threshold

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

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

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

Mandatory public offer under Dutch law

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

Amendments to the Articles of Association

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

3.2 Relationship with Principal Shareholders

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

3.2.1 Corporate Governance Arrangements

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

3.2.2 Shareholder Arrangements

Grandfathering Agreement

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

Individual Grandfathering Rights

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

Loss of Individual Grandfathering Rights

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

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

and such termination or exit is not for good cause and is not based on material and ongoing violations of the Concert arrangements, including, without limitation, of the Shareholders' Agreement, by the other principal member of the Concert. In the event that in the future the voting rights in the Company of the other principal member of the Concert, together with those of its affiliates, would for an uninterrupted period of three months represent less than 3% of the outstanding aggregate voting rights of Airbus SE, the Grandfathering Rights of the Party, including its affiliates which were no longer entitled to use their Grandfathering Rights, shall from then on revive and Sogepa and GZBV shall jointly notify Airbus SE to that effect.

Notification to the Company

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

Airbus SE will not incur any liability to any of the Parties by taking such actions following receipt of any such joint instruction or binding advice and the Company will not be required to interpret the post-Concert Grandfathering Agreement or any such joint instruction or binding advice. Notwithstanding the description under "Various provisions – Jurisdiction" below, the courts of the Netherlands will have exclusive jurisdiction to resolve any dispute, controversy or claim affecting the rights or obligations of the Company under the post-Concert Grandfathering Agreement.

Various provisions

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

Governing law. Laws of the Netherlands.

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

Governance of the Company

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

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

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

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

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

Balance of interests

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

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

Mandatory Takeover Threshold

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

Transfer of Securities

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

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

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

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

Various provisions

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

Governing law. Laws of the Netherlands.

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

3.2.3 Undertakings with Respect to Certain Interests of Certain Stakeholders

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

State Security Agreements and Related Undertakings

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

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

In February 2021, Airbus SE and the Spanish State entered into an agreement relating to the protection of essential security interests to the Spanish State (the "**Spanish State Security Agreement**"). Under the Spanish State Security Agreement, certain sensitive Spanish military assets are held by a Company's subsidiary (the "**Spanish Defence Holding Company**"). Pursuant to the Spanish State Security Agreement, Airbus SE granted the Spanish State a pre-emption right to acquire the sensitive assets as defined under the Spanish State Security Agreement. The pre-emption right applies in case the Spanish Defence Holding Company wishes to sell the sensitive assets to an entity outside Airbus or outside Spain's territory. In such a case, the Spanish State has the right to acquire the sensitive assets.

Dassault Aviation

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

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

Stock Exchange Listings

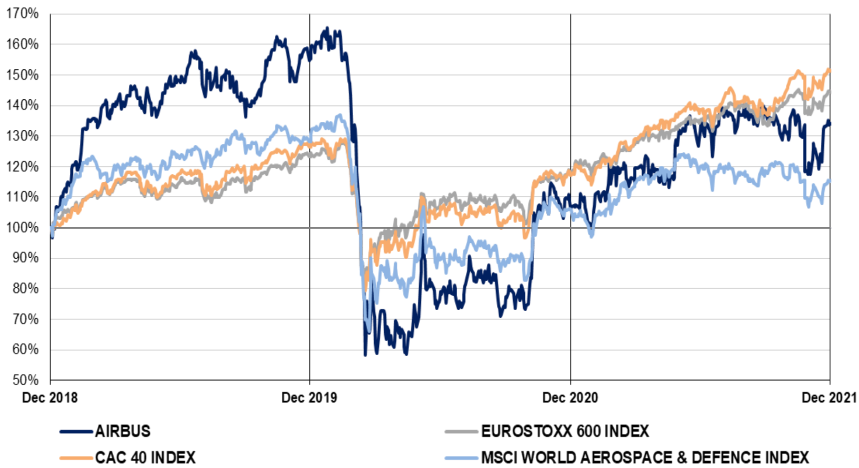
Airbus SE has undertaken to the parties to the Shareholders' Agreement that, for the duration of the Shareholders' Agreement, Airbus SE's shares will remain listed exclusively in France, Germany and Spain.

Specific Rights

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

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

3.3 Share price performance 2021



In 2021, the Airbus SE share price increased throughout the year to close at € 112.36, up +25%.

After opening at € 92.84 in January, the Airbus SE share price started the year in positive territory and benefited, as for other aerospace and defence stocks, from the recovery of value stocks severely impacted by the COVID-19 crisis. Airbus SE share price was further supported by strong Q4'20 results and by optimism on fewer travel restrictions.

While global equity markets were volatile throughout Q2, due to concern around inflation and the pace of economic recovery, Airbus SE's share price reacted positively to the production plans update on May 27th where it soared +11%.

In Q3, markets remained volatile amid fears of prolonged inflation, central banks' signals they would start reducing bond repurchases and the emergence of supply chain strains. Airbus SE's share price was, however, supported by updated 2021 guidance, announced at the end of July, and reached its highest closing point for 2021 at € 118.00 on the 1st September.

Volatility persisted throughout Q4, as the new COVID-19 Omicron variant emerged in November. This new COVID-19 variant raised fears of new lockdowns, which were progressively offset by positive news about vaccine efficiency as well as Omicron causing milder symptoms than previous variants.

With a 2021 performance of +25%, Airbus SE shares outperformed the Eurostoxx 600 (+22%) and the DAX40 (+16%), as well as aerospace and defence sector (MSCI World Aerospace & Defence +9%) but underperformed the CAC40 (+29%).

3.4 Dividend policy

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

However, in 2020, the COVID-19 pandemic has severely disrupted the Company's business operations and financial performance. As a result, no dividend was proposed for 2020.

Based on the strong 2021 financial performance, the Board of Directors proposes to reintroduce a dividend payment and will propose to the Annual General Meeting the payment to shareholders on 21 April 2022 of a dividend of € 1.50 per share.

This dividend proposal reflects our Net Income of € 4.2 billion together with our strengthening Net Cash position of € 7.6 billion.

It highlights our ongoing commitment towards sustained dividend growth and increasing shareholder returns. The record date should be 20 April 2022.

4. Corporate Governance

4.1 Management and Control

4.1.1 COMPOSITION, POWERS AND RULES

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

Under the Board Rules, an "Independent Director" is a non-Executive Director who is independent within the meaning of the Dutch Corporate Governance Code (the "**Dutch Code**") and meets additional independence standards. Specifically, where the Dutch Code would determine non-independence, in part, by reference to a Director's relationships with shareholders who own at least 10% of the Company, the Board Rules determine such Director's non-independence, in relevant part, by reference to such Director's relationships with shareholders who own at least 5% of the Company. According to the criteria of the Dutch Code and the Board Rules, all non-Executive Directors (including the Chairman) presently qualify as an "Independent Director".
The Remuneration, Nomination and Governance Committee (the "**RNGC**") of the Board of Directors is charged with recommending to the Board of Directors the names of candidates to succeed active Board members after consultation with the Chairman of the Board of Directors and the CEO.

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

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

- the preference for the best candidate for the position;
- the preference for gender diversity between equal profiles;
- the maintenance of an appropriate skills mix and geographical experience;
- the maintenance, in respect of the number of members of the Board of Directors, of the observed balance among the nationalities of the candidates in respect of the location of the main industrial centres of the Company (in particular among the nationals of France, Germany, Spain and the United Kingdom, where these main industrial centres are located); and
- at least a majority of the members of the Board of Directors (i.e., 7/12) shall be EU nationals (including the Chairman), and a majority of such majority (i.e., 4/7) shall be both EU nationals and residents (including the UK and its constituent countries, notwithstanding a withdrawal of the UK from the EU).

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

No changes were made to the membership of the Board of Directors in 2021.

At the end of 2021, the average age of the members of the Board of Directors was 60. The proportion of female representatives is today at 25%. The Board of Directors composition shows a balanced mix of experience with, for example, six members having aerospace industry skills, six having geopolitical skills, nine having finance skills, four having information or data management skills, four having manufacturing and production skills and five having sustainability skills. More details about the diversity of the members of the Board of Directors are available in the table shown on page [20] (*Airbus SE Board of Directors until AGM 2022*).

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

The RNGC endeavours to avoid a complete replacement of outgoing Directors by new candidates, and draws up an appointment and reappointment schedule for the Directors after consultation with the Chairman and the CEO. In drawing up such a schedule, the RNGC considers the continuity of company-specific knowledge and experience within the Board of Directors, also taking into account that a Director should at the time of his/her appointment or re-appointment not be older than 75 years and ensuring that at least one third of Directors' positions are either renewed or replaced every year for a term of three years. This is to avoid large block replacements of Directors at one single AGM, with the corresponding loss of experience and integration challenges, provided that exceptions to these rules may be agreed by the Board of Directors if specific circumstances provide an appropriate justification for such exceptions.

Voting and rules

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

Powers of the members of the Board of Directors

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

- approving any change in the nature and scope of the business of the Company;
- debating and approving the overall strategy and the strategic plan of the Company;
- approving the operational business plan of the Company (the "**Business Plan**") and the yearly budget of the Company (the "**Yearly Budget**"), including the plans for Investment, Research and Development ("**R&D**"), Employment, Finance and, as far as applicable, major programmes;
- nominating, suspending or revoking the Chairman of the Board of Directors and the CEO (Qualified Majority);
- approving of all of the members of the Executive Committee as proposed by the CEO and their service contracts and other contractual matters in relation to the Executive Committee and deciding upon the appointment and removal of the Secretary to the Board of Directors on the basis of the recommendation of the RNGC;
- approving the relocation of the headquarters of the principal companies of the Company and of the operational headquarters of the Company (Qualified Majority);
- approving decisions in connection with the location of new industrial sites material to the Company or the change of the location of existing activities that are material to the Company;
- approving decisions to invest and initiate programmes financed by the Company, acquisition, divestment or sale decisions, in each case for an amount in excess of € 300 million;
- approving decisions to invest and initiate programmes financed by the Company, acquisition, divestment or sale decisions, in each case for an amount in excess of € 800 million (Qualified Majority);
- approving decisions to enter into and terminate strategic alliances at the level of the Company or at the level of one of its principal subsidiaries (Qualified Majority);
- approving matters of shareholder policy, major actions or major announcements to the capital markets; and
- approving decisions in respect of other measures and business of fundamental significance for the Company or which involves an abnormal level of risk.

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

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

Airbus SE Board of Directors until AGM 2022

Photo	Board member Age*, Gender, Nationality	Status	Since	Term expires	Primary occupation & Other mandates	Director expertise	Board attendance	Committee attendance Audit	RNGC	ECSC
	**René OBERMANN** 58, M, German	Independent	*2018, previous re-election in 2021*	2024	Chairman of the Board of Directors of Airbus SE and Managing Director of Warburg Pincus Deutschland GmbH		7/7			
	**Guillaume FAURY**** 53, M, French	Executive	*2019*	2022	Chief Executive Officer of Airbus SE, Member of the Board of Directors of AXA SA		7/7			
	**Victor CHU** 64, M, Chinese / British	Independent	*2018, previous re-election in 2021*	2024	Chairman and CEO of First Eastern Investment Group and member of the Board of Nomura Holdings Inc.		7/7	5/5		
	**Jean-Pierre CLAMADIEU** 63, M, French	Independent	*2018, previous re-election in 2021*	2024	Chairman of the Board of Engie and member of the Board of AXA SA		7/7		5/5	6/6
	**Ralph D. CROSBY, Jr.** 74, M, American	Independent	*2013, previous re-election in 2020*	2023	Member of the Board of Directors of Excelitas Holdings, LP		7/7	1/2 *(until AGM)*		3/4 *(post AGM)*
	**Lord DRAYSON (Paul)** 61, M, British	Independent	*2017, previous re-election in 2020*	2023	Founder & CEO of Sensyne Health plc and Co-Founder & Chairman of Sensyne Health Holdings Ltd		7/7		5/5	5/6
	**Mark DUNKERLEY** 58, M, British	Independent	*2020*	2023	Member of the Board of Spirit Airlines Inc. and Volotea Airlines		7/7	5/5		
	**Stephan GEMKOW** 62, M, German	Independent	*2020*	2023	Member of the Board of Amadeus IT Group and Flughafen Zürich AG		7/7	5/5		
	**Catherine GUILLOUARD**** 57, F, French	Independent	*2016, previous re-election in 2019*	2022	Chairwoman and Chief Executive Officer of RATP and member of the Supervisory Board of KPN		7/7	5/5		6/6
	**Amparo MORALEDA** 57, F, Spanish	Independent	*2015, previous re-election in 2021*	2024	Member of the Board of Directors of A.P. Moller – Maersk A/S, CaixaBank SA and Vodafone PLC		6/7		5/5	5/6
	**Claudia NEMAT**** 53, F, German	Independent	*2016, previous re-election in 2019*	2022	Member of the Board of Management of Deutsche Telekom AG		7/7		5/5	
	**Carlos TAVARES***** 63, M, Portuguese	Independent	*2016, previous re-election in 2019*	2022	Chief Executive Officer of Stellantis N.V.		6/7			
	Board and Committee meetings in 2021						7	5	5	6
	Average attendance rate in 2021						98%	95%	100%	89%

* *As of 16 February 2022.* Chair
** *Proposed for re-election in 2022.*
*** *Will not seek renewal of his mandate at AGM 2022.*
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.

Global Business | Engineering & Technology | Manufacturing & Production | Aerospace Industry | Finance & Audit | Geopolitical Economics | Defence Industry | Information & Data Management | Asia | Sustainability

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

Changes in the composition of the committees in the course of 2021

	Until 2021 AGM		From 2021 AGM	
Committee	**Name**	**Status**	**Name**	**Status**
Audit Committee	**Mr. Ralph D. CROSBY, Jr.**	Member	N/A	
Ethics, Sustainability & Compliance Committee	N/A		**Mr. Ralph D. CROSBY, Jr.**	Member

4.1.2 OPERATION OF THE BOARD OF DIRECTORS IN 2021

Board of Directors meetings

Seven Board of Directors (the "Board") meetings were held in 2021. The average attendance rate at these meetings was 98%. In addition, informal meetings and ad hoc calls took place on specific matters, such as Enterprise Risk Management ("**ERM**") and certain programmes and the Board was regularly informed of developments through reports from the CEO, including the evolution of the COVID-19 situation at Airbus, the impact of the geopolitical developments and the progress made on major projects, strategic plan implementation and operational activities.

In 2021, an important part of the Board's activities remained directly or indirectly related to the COVID-19 crisis, notably looking into the definition of the post COVID-19 priorities. The Board continued to review and discuss the operational and commercial situation of programmes, as well as the overall financial situation of the Company. In order to ensure the necessary financial flexibility in view of potential and significant cash requirements related to the COVID-19 crisis, the Board decided that no dividend proposal would be submitted to the 2021 AGM as it was the case in 2020.

In relation to Commercial Aircraft, the Board's activities comprised inter alia regular reviews of market developments, sales, supply chain matters, production status and ramp-up planning, as well as discussions and decisions concerning the launch of the new A350 Freighter derivative in July 2021. In addition, a particular focus was put on the aerostructure assembly industrial restructuring initiative.

For Defence and Space, the Board activities concerned notably the progress of the Future Combat Air System and Eurodrone programmes, and the challenges and opportunities of the Company in the Space businesses.

With regards to Helicopters, the Board focused its review on the overall market situation, the developments in military projects and on urban air mobility.

The Board dedicated a full session in 2021 to the reviewing of key aspects of the Company's strategy, (and decided to carry out additional and focused strategy sessions for the Defence and Space division in 2022). During this strategy off-site Board meeting, held in Airbus Helicopters' premises in Donauworth, the Board also visited the industrial site including the Urban Air Mobility development centre, the H135 and H145 assembly lines, and the aircraft doors production site.

Throughout the year, the Board reviewed the Company's financial results and, its forecasts, as well as maintaining an emphasis on both ERM and internal controls.

The Board also reviewed and discussed a number of sustainability matters of major importance to the Company such as safety, notably with the formalisation of a protocol for the sharing of product safety-related information with the Board. Another example is the Greenhouse Gas Scope 3 emissions disclosure which was included, for the first time, in the 2020 Non-Financial Statements.

Human capital matters such as required skills and competences, remuneration and retention schemes, employer attractiveness etc. were frequently addressed or discussed. The Board worked on succession planning of Board members in general, prepared specifically for the appointment of a new non-Executive Director in 2022 and discussed a talent pipeline for future changes within the Board with a strong focus on improving (gender) diversity. In 2021, the Board of Directors also played a key role in management succession planning resulting in the implementation of a number of changes within the Executive Committee of the Company, including the nomination of Sabine Klauke, Chief Technical Officer, Catherine Jestin, EVP Digital and Transformation Management and Alberto Gutierrez, Chief Operating Officer for the Commercial Aircraft business. Following these changes three of the Executive Committee's 12 members are female. In parallel, the Board performed regular talent reviews, including in person meetings with a number of talents identified as part of the top management succession planning.

Following the settlements reached with the French, UK and US authorities in January 2020 in relation to the Serious Fraud Office / Parquet National Financier / US Department of Justice / US Department of State investigations, the Board of Directors and its Ethics, Compliance and Sustainability Committee remained fully committed and provided full support throughout the year to the post-settlement activities. The Board continued (and will continue) to pay close attention to the Company's active engagement with its shareholders, so that Airbus' approach to governance, compliance and sustainability is well understood and reflects shareholders' expectations to the extent possible.

Board evaluation 2021

The Board of Directors implemented 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 them.

Following the decision in 2020 to extend the Board Review cycle for one more year, due to the changes to the Board during 2019 and 2020, the year 2021 was the beginning of a new three-year cycle. The review was carried out between September and December 2021 by an external advisor, Korn Ferry, based on an extensive questionnaire and detailed interviews with each Director. The questionnaire covered Board and Committee processes, Board composition and structure, culture and dynamics, the relationship between the Board and Management, the role of the Chairman, the contribution of the Directors, the strategic alignment of the Board and the value it adds.

The review confirmed the Board's overall strong performance. Directors were found to be committed, experienced and of high calibre, and the Board to be well supported by the Corporate Secretary. Furthermore, the Board is continuing to develop and enhance its capabilities. Its membership offers a diverse mix of experience, business leadership, functional and technical experience, and nationality. The relationships between the Directors themselves and between the Directors and Management have created an environment of constructive challenge as well as direct and straightforward interaction and debate, and the culture is collegiate and collaborative. The Chairman is proactively leading the strategic agenda of the Board and promoting a collaborative culture. He has developed an open, transparent and effective working relationship with the CEO that has been instrumental in improving the impact of the Board. All the Committees are operating well, integrate properly with the governance accountability of the Board, and are led by effective and experienced Committee Chairs.

Notwithstanding this favourable feedback, the review identified some opportunities for the Board to further improve its effectiveness and contribution. These were primarily in the areas of rebalancing the agenda to provide greater scope for strategic debate, improving analysis provided to the Board in support of strategic decision making and portfolio management, including meeting materials, and maximising the value contributed by the Board through deeper engagement and alignment with Management. Also highlighted was the value of providing the Board with access to deeper insights across a range of topics, including geopolitics, technological developments, energy transition and industrial transformation, environmental, social and governance ("**ESG**") issues, the competitive environment and management succession planning. Finally, continuous efforts should be made to enhance the diversity of the Board across multiple perspectives in order to embrace the challenges of the future.

4.1.3 Board Committees

The Audit Committee

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

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

In 2021, this Committee met five times with an average attendance rate of 95%. 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 2021), accounts (i.e. 2020 full year accounts, 2021 Q1, H1 and Q3 accounts, specific provisions and accounting items, operative planning and forecasts) and independence of external auditors. In addition, regular ERM, legal and compliance updates were presented to the Audit Committee and discussed in meetings. The inclusion of Airbus within the German DAX 40 was also addressed.

The Ethics, Compliance and Sustainability Committee

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

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

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

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

The EC&S Committee is required to meet at least four times a year. In 2021, the EC&S Committee met in total six times with an average attendance rate of 89%. All of the above described items were discussed during the meetings and the EC&S Committee fully performed all the above described duties. In particular, following the settlements reached with the French, UK and US authorities in January 2020 in relation to the Serious Fraud Office / Parquet National Financier / US Department of Justice / US Department of State investigations, the Committee performed regular reviews of the post settlements activities (including compliance and export control updates). Notably, regular updates on the activities of the ITAR Special Compliance Officer, appointed in 2020 under the Consent Agreement with the US State Department and on the monitoring of the Agence Française Anti-Corruption (AFA) were provided. The Committee also held discussions on the management of data privacy at Airbus. Regarding Sustainability, the EC&S Committee discussed the Scope 3 disclosure included for the first time in the 2020 Non-Financial Statement and reviewed the 2021 key priorities, Sustainability roadmaps, dashboard and KPIs. In addition, the EC&S Committee reviewed stakeholders' expectations on Sustainability issues including climate and reporting standards.

The Remuneration, Nomination and Governance Committee

Pursuant to the Board rules, besides its role described in section 4.1.1 above, the RNGC consults with the Chairman and the CEO with respect to proposals for the appointment of the members of the Executive Committee, and makes recommendations to the Board of Directors regarding the appointment of the Secretary to the Board of Directors. The RNGC also makes recommendations to the Board of Directors regarding succession planning (at Board of Directors, Executive Committee and Senior Management levels), remuneration strategies and long-term remuneration plans. Furthermore, the RNGC oversees contractual matters in relation to the members of the Board and the Executive Committee, including the terms and conditions of the relevant contracts, and the preparation of the remuneration policy for approval by the Board. The rules and responsibilities of the RNGC have been set out in the Board rules.
In addition, the RNGC reviews the Company's top talent, discusses measures to improve engagement and to promote diversity, as well as reviewing the remuneration of the Executive Committee members, the Long-Term Incentive Plans ("**LTIP**"), and the variable pay for the previous year.

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

Unless otherwise decided, the Chairman of the Board of Directors and the CEO are invited to attend meetings of the RNGC. The Chief Human Resources Officer ("**CHRO**") is requested to attend meetings to present management proposals and to answer questions. The CEO leaves the meetings when the RNGC discusses his / her remuneration or personal situation. Pursuant to the Board Rules, the Chair of the RNGC automatically fulfils the function of "**Lead Independent Director**". In this role he / she is responsible for (i) replacing the Chairman in his / her absence at meetings of the Board of Directors, (ii) organising the annual appraisal of the Chairman's performance by the Board of Directors and (iii) acting as an intermediary for and between the other Directors when necessary.

The RNGC is required to meet at least four times a year. In 2021, it met five times with an attendance rate of 100%. It discussed all of the above described items during the meetings and it fully performed all of the above described duties. In particular, the RNGC further discussed the adaptation of the remuneration strategy to properly address the emerging risks of attracting and retaining key talent. The RNGC also continued to work on a 360 feedback exercise for the CEO and to perform reviews of the top management succession plan and, more generally, of key talents. Changes within the Executive Committee were discussed in meetings and implemented in 2021 (see above in the Board of Directors operations section). The Committee held regular discussions on diversity, including gender diversity, in particular at Board and top management levels. The RNGC also worked on the Board of Directors succession plan, with a strong focus on gender diversity.

4.1.4 EXECUTIVE COMMITTEE NOMINATION AND COMPOSITION

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

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

Role of CEO and Executive Committee

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

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

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

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

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

4.2 Conflict of interest

Conflict of interest

The Company has a conflict of interest policy, which sets out that any potential or actual conflict of interest between the Company and any member of the Board of Directors shall be disclosed and, where possible, avoided (please refer to the "Board Rules (Annex D – Article 8: Conflicts of interest)"). This policy is available on the Company's website: www.airbus.com (Company / Corporate Governance / Governance Framework and Documents), as is the related best principle 2.7 of the Dutch Code (as such term is defined in section 4.3 "Dutch Corporate Governance Code" below), which the Company complied with during 2021. Pursuant to the Articles of Association and the Board Rules, a conflicted member of the Board of Directors should abstain from participating in the deliberation and decision-making process relating to the matters concerned. The Board of Directors must approve any decision to enter a transaction where a Director has conflicts of interest that are material to the Company or the individual Director.

In 2021, no transactions were reported. There were, however, related-party transactions: for an overview, please refer to "Notes to the IFRS Consolidated Financial Statements – Note 10: Related Party Transactions".

4.3 Dutch Corporate Governance Code

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

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

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

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

For the financial year 2021, and in respect of compliance with the Dutch Code, the Company states the following:

1. Securities in the Company as long-term investment

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

The Company considers it is altogether unclear whether share ownership by non-Executive Directors constitutes a factor of virtuous alignment with stakeholder interest or may be a source of bias against objective decisions. For this reason, it is at the discretion of the non-Executive Directors to own shares and the Company does not require the non-Executive Directors who hold shares to keep them as a long-term investment.

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

2. Dealings with analysts

Provision 4.2.3 of the Dutch Code recommends meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the Company's website and by means of press releases. In addition, it recommends that provisions shall be made for all shareholders to follow these meetings and presentations in real time, and that after the meetings the presentations shall be posted on the Company's website.
For practical reasons, the Company does not always allow shareholders to follow meetings with analysts in real time. However, the Company ensures that all shareholders and other parties in the financial markets are provided with equal and simultaneous information about matters that may influence the share price.

3. Gender diversity

On 1 January 2022, new diversity measures entered into force in the Netherlands. Under these new measures, the Company is required to set an appropriate and ambitious target to promote gender diversity on the Board of Directors, among senior management, as well as a plan to achieve that target. Annually, within ten months from the close of the financial year, the Company will be required to report to the Dutch Social Economic Council (Sociaal Economische Raad) on the number of men and women on the Board of Directors and in senior management at the end of the prior financial year, its diversity target, the plan to reach such target and, should the target not have been achieved, the reasons for not meeting such target. The proportion of female representation on the Board of Directors is currently at 25% and the Company targets to increase it to 33% in 2022. Such a proposal is in line with Airbus' willingness to promote gender diversity within its Board of Directors and the Company intends to continue to do so in accordance with the principles mentioned in section 4.1.1 above. The Company will continue to give due consideration to the applicable gender target in its search to find suitable Board candidates and to actively seek female candidates. However, the Company believes that the importance of diversity, in and of itself, should not set aside the overriding principle that someone should be recommended, nominated and appointed for being "the right person for the job".

The Company values diversity in the broadest sense, ranging from gender to ethnicity. To this end, the Company is committed to promoting, supporting and leveraging initiatives to increase the diversity within its workforce, as well as at top management and Board levels. With the support of stakeholder input, the Company is diligently working on building a pipeline of suitable candidates. Through these dedicated programmes, the Company is confident of notably improving gender diversity within a reasonable timeframe. Although the Company has not set specific targets with respect to particular elements of diversity, except for the principles described in 4.1.1 - "Composition, powers and rules" and those targets which apply by law, the Company considers attributes such as personal background, age, gender, national origin, experience, capabilities and skills when evaluating new candidates in the best interests of the Company and its stakeholders.

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

For information on the composition and operation of the Board of Directors and its respective committees, see" - 4.1.1: Composition, power and rules"," - 4.1.2: Operation of the Board of Directors in 2021", and " - 4.1.3: Board Committees".

For information on (i) significant direct and indirect shareholdings, (ii) holders of shares with special control rights, (iii) rules governing appointment and dismissal of Directors, (iv) amendments to the Articles of Association, and (v) the delegation to the Board of Directors of the power to issue or buy back shares, see " - 3.1: Shareholding and voting rights – Shareholding structure at the end of 2021", " – 3.2: Relationships with Principal Shareholders", " - 4.1.1: Composition, powers and rules", " -3.1: Shareholding and voting rights – Amendments to the Articles of Association" and " - 3.1: Shareholding and voting rights – Modification of share capital or rights attached to shares".

4.4 Remuneration Report

4.4.1 INTRODUCTION

The RNGC**,** comprised solely of independent non-executive members of the Board of Directors, is pleased to present the Remuneration Report which comprises the following sections:

Paragraph 4.4.2 presents the Company's remuneration policy ("**Remuneration Policy**") as adopted by the AGM held in 2020 and applicable from 1 January 2020.
Paragraphs 4.4.3 and 4.4.4 respectively describe how the Remuneration Policy was implemented in 2021 in respect of the CEO and of the Non-Executive Members of the Board of Directors.

As a reminder, shareholders endorsed at the 2021 AGM the implementation of the Remuneration Policy during the financial year 2020 through the approval of resolution 5 with a very high level of votes casted in favour. Therefore, the RNGC did not propose any specific changes based on this shareholders' vote.

Note: Whilst this chapter 4.4 is presented as the Company's Remuneration Report, only the disclosure included in (or expressly incorporated by reference into) this paragraph 4.4.1 and paragraphs 4.4.3 and 4.4.4 constitute the remuneration report *(bezoldigingsverslag) for purposes of Section 2:135b of the Dutch Civil Code and will be included as a separate agenda item for an advisory vote at the AGM 2022.*

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

4.4.2 Remuneration Policy

A — General

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

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

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

The Remuneration Policy in the form set out below in this chapter 4.4.2 has been adopted by the AGM held in 2020 with effect as of 1 January 2020.

Given the positive outcome (with a very high score) of the most recent vote of the Company's general meeting on the current Remuneration Policy, as well as the feedback received from shareholders during dedicated engagements notably on sustainability matters, the Board of Directors does not believe that any amendment to the Remuneration Policy is required this year. The Board of Directors believes that the Remuneration Policy is robust and drives the desired outcome. The Remuneration Policy shall be posted on the Company's website as part of the Company's annual report of the Board of Directors.

B — Executive remuneration – Applicable to the CEO

a) Remuneration philosophy

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

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

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

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

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 an award under the long term incentive plan (“**LTIP**”). The three elements of the Total Direct Compensation are each intended to comprise one third of the total, assuming the achievement of performance conditions is 100% of the applicable targets. The level of the Total Direct Compensation for the CEO (Base Salary, VR and LTIP) is set by reference to the median of an extensive peer group (as described in paragraph 4.4.3 item a) below) and takes into account the scope of the role of the CEO, and the level and structure of executive rewards within the Company. The benchmark is regularly reviewed by the RNGC, with the support of an independent consultant, and is based on a peer group which comprises:

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

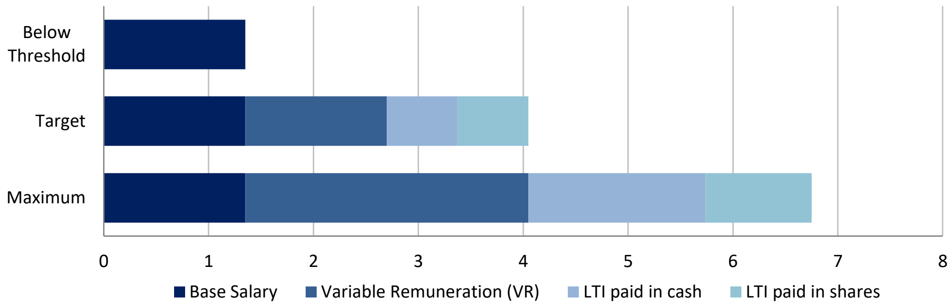
The elements of the Total Direct Compensation are described below:

Remuneration Element	Main Drivers	Performance Measures	Target and Maximum
Base Salary (in €)	Reflects market value of position.	Not applicable	1/3 of Total Direct Compensation (when performance achievement is 100% of target)
Variable remuneration (in €)	Rewards annual performance based on achievement of Company performance measures and individual objectives.	Collective (50% of VR): divided between EBIT[2] (40%); Free Cash Flow[3] (40%) and Sustainability (20%). 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 (in Units and/or Shares)	Rewards long-term commitment and Company performance, and engagement based on financial targets aligned with long-term objectives subject to cumulative performance over a three-year period.	Vesting, subject to performance over a three-year period. In principle, no vesting if cumulative EBIT is negative. If cumulative EBIT is positive, vesting from 50% to 150% of grant based on EPS (75%) and Free Cash Flow (25%).	The original allocation to the CEO is capped at 100% of base salary at the time of grant. Vesting capped at 150% of initial grant (in number of Performance Shares and/or Units). In addition, for the vesting of Performance Units: - overall pay-out is capped at 250% of the original value at the date of grant. - the value that could result from share price increases is capped at 200% of the reference share price at the date of grant.

1 The Company continues to use the term EBIT (Earnings Before Interest and Taxes). It is identical to profit before finance cost and income taxes as defined by IFRS Rules.

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

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



Indications assume a Base Salary of EUR 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/or in shares.
"Maximum" includes Base Salary; maximum VR value (200% of VR at target); maximum LTIP cash grant projected at vesting date (250% of grant value); maximum performance applicable to the number of shares granted (150%). The final value of Performance Shares depends on the share price development which is not capped. Illustrative table for a theoretical grant of 50% Shares / 50% Units.

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

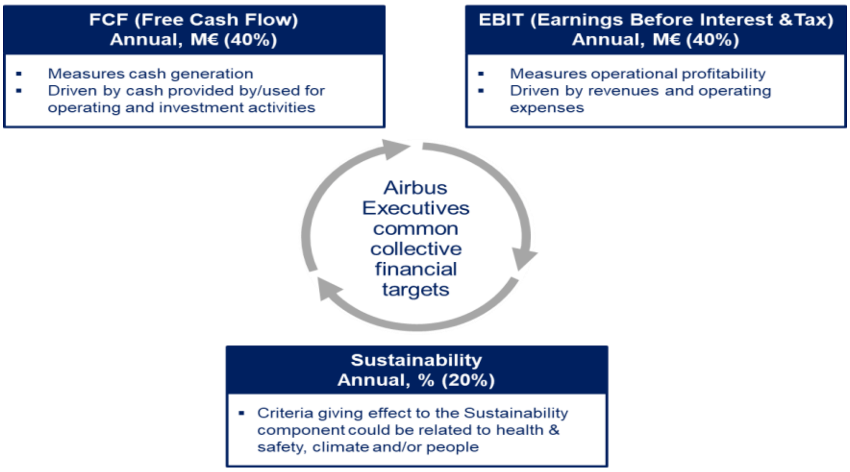
The Variable Remuneration is a cash payment that is paid following the end of each financial year, depending on the achievement of specific and challenging performance targets as determined at the beginning of each financial year. The level of the CEO's variable remuneration is targeted at 100% of the 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, it may mean that no variable remuneration is paid at all.
The performance measures that are considered when awarding the variable remuneration to the CEO are split between common collective performance measures and individual performance measures.

Common collective component

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

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

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



Individual component

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

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

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

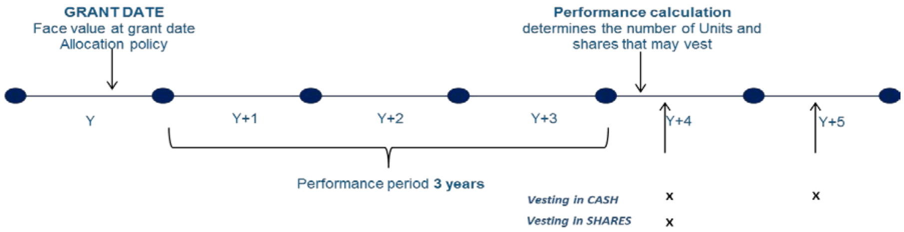
The RNGC discusses the level of achievement of every single target and derives a combined target achievement level for the outcomes. The behavioural part of the Individual Component is also discussed by the RNGC and constitutes an adjustment factor for the target achievement of the outcomes. Finally,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

e) Long-Term Incentive Plan

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

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

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



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

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

Earnings per Share (75%) Average over 3 years, €	Free Cash Flow (25%) Cumulated over 3 years, M€
▪ Measures profitability ▪ Driven by net income and number of shares	▪ Measures cash generation ▪ Driven by cash provided by/used for operating and investment activities

The vesting of Performance Units and Shares is subject to the following maximum cap:
- the maximum level of vesting is 150% of the number of Units/Shares granted.

The vesting of Performance Units is subject to the following maximum caps:
- the value that could result from share price increases is capped at 200% of the reference share price at the date of grant; and
- the overall pay-out is capped at 250% of the value at the date of grant.

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

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

f) Share ownership guideline

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

g) Benefits

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

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

h) Retirement

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

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

i) Clawback

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

Any such adjustment or clawback will be reported in the notes of the relevant financial statements of the Company.

j) Loans

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

k) Severance

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

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

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

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

C — Non-Executive remuneration – applicable to Non-Executive Directors

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

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

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

Each of these fees is a fixed amount that is determined by the Board of Directors from time to time, at the recommendation of the RNGC.
Committee chairmanship and Committee membership fees are cumulative if the concerned Non-Executive Director belongs to two different Committees. Fees are paid twice a year at the end of each semester (as close as possible to the Board meeting dates).

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

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

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

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

4.4.3 Implementation of the Remuneration Policy in 2021: CEO

This paragraph 4.4.3 describes how the Remuneration Policy was implemented in 2021 with respect to the CEO (Mr Guillaume Faury). As a reminder, the AGM held in 2020 approved the Remuneration Policy through resolution five with a very high level of support.

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

a) Benchmarking

The latest benchmark was performed in July 2021 at RNGC and Board of Directors request.
The new relevant peer group from this last benchmark, based on Willis Towers Watson database, is composed of 55 companies [1] selected from CAC40 in France, DAX 40 (formerly DAX 30) in Germany, FTSE 100 in the UK, IBEX 35 in Spain and DJ 30 in the US having comparable economic indicators such as revenues, number of employees and market capitalisation and providing perspective on compensation practices from direct or indirect competitors. Financial institutions were excluded from this peer group.

(1) **France :** Total, Sanofi, Safran SA, Air Liquide, Stellantis, Danone, Schneider Electric, Saint-Gobain, Vinci, Engie, Thales, Dassault systèmes
Germany: Bayer, Volkswagen, Daimler, BASF, Deutsche Telekom, Siemens, BMW, Continental, E.ON, Henkel, Deutsche Post , SAP
Spain: Iberdrola, Endesa, Siemens Gamesa, Santander, Telefónica, Naturgy, Repsol, Banco Bilbao, Inditex, Ferrovial SA
UK: Shell, BP, BAT, GSK, Rio Tinto, Vodafone, Bae Systems, Rolls Royce, Diageo, Unilever, Tesco
US: Boeing, Lockheed, Raytheon, General Dynamics, Northrop Grumm, GE, Caterpillar, 3M, IMB, Fedex

Based on the conclusion of the independent expert who ran the benchmark, the total direct compensation (TDC) of the CEO is below the median level of the peer group.
In line with the Company’s Remuneration philosophy, the conclusion of this benchmarking exercise was duly taken into account by the RNCG and the Board of Directors when setting the remuneration of the CEO.

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

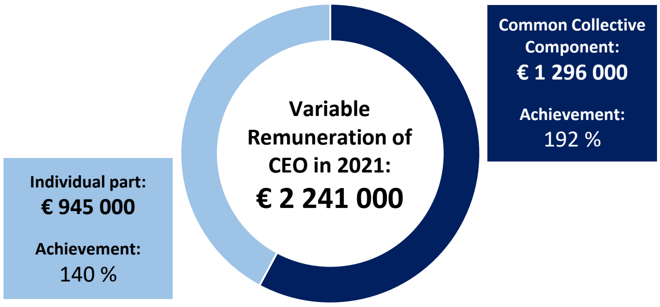
b) Base Salary

The 2021 CEO Base Salary level on a full year basis is unchanged compared to 2020 and amounts to € 1,350,000 (lowered from the Base Salary of the former CEO: € 1,500,000 in 2019).

c) Annual Variable Remuneration

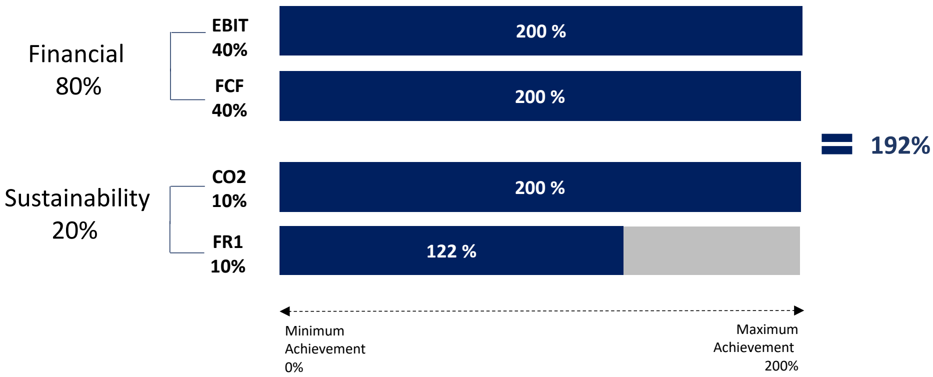
As stipulated in the Company's Remuneration Policy, the CEO's VR is targeted at 100% of the Base Salary and capped at 200% of the Base Salary. It is subject to the fulfilment of collective and individual performance targets.

For 2021, the VR of the CEO amounts to an aggregate of € 2,241,000 composed of € 1,296,000 (192%) for the Common Collective Component and € 945,000 (140%) for the Individual Component.



Performance achievement – Common Collective Component

According to the policy applicable for the financial year 2021, the Common Collective Component for the Company consolidated achievement amounts to 192%. It is based on an achievement of 200% of target EBIT, 200% of target free cash flow, and 161% of target sustainability (which is based on achievement of 200% of target reduction of CO_2 emissions and 122% of target reduction of FR1). These criteria apply to all executives having a Common Collective Component in their variable remuneration.



Maximum level of achievement for EBIT / free cash flow was driven by Airbus Commercial very strong performance and good performance of Airbus Helicopters and Airbus Defence & Space in a context of quicker than expected post COVID-19 recovery. Normalisations were made to exclude exceptional financial impacts such as currency exchange differences.

Sustainability targets are measured by two criteria: the rolling lost time injury frequency rate ("**FR1**") which is the monthly number of lost time injuries per million worked hours averaged over 12 months) and the reduction in CO_2 emissions ("**CO_2 Avoidance**"), each weighted for 10% of the Common Collective Performance.

- In 2021, the consolidated rolling FR1 decreased from 3.61[(1)] to 3.06 leading to an overall achievement of 122%[(2)]

[(1)] restatement of 2020 / 2021 actual figures of 3.81 / 3.21 respectively due to increased scope
[(2)] based on the weight of each business

- In 2021, the CO_2 emission decreased by 6% (762 ktons), which is above the targeted reduction of 3%, leading to an achievement of 200%

The high level of reduction in FR1 and CO_2 emissions at group level is confirming the successful and faster than anticipated year over year reduction target.

For 2022, the Board of Directors decided to maintain the sustainability component as follows: FR1 for 50% and CO_2 avoidance for 50%. The target for 2022 is a reduction of FR1 by 15% in Airbus Commercial and 10% in Airbus Defence and Space and 10% at Airbus Helicopters versus our actuals 2021 rolling FR1 and a reduction of CO_2 emissions of our industrial sites and operations by 5%.

Performance achievement – Individual Component

The Individual Component in 2021 results from an achievement level of 140%, assessed by the RNGC and approved by the Board of Directors on the basis of achievement demonstrated on different criteria defined at the beginning of the year, as summarised in the table below:

OBJECTIVE	TARGET	Weight %	Achievements %
Outcomes element			
2021 Top Company Objectives	- Customer - Industrial Performance - People - Sustainabililty - Enable the Future	**30%**	**128%**
Personal Objectives	- Prepare Airbus for post COVID-19 - Consolidate our market position in commercial aviation - Secure / Finalise the key strategic military programmes - Environment, Social and Governance - Set Airbus onto the right trajectory for the future	**40%**	**150%**
Behaviour element			
Personal Focus	- Ethics & Compliance - Personal Development - Leadership Team Development	**30%**	**140%**
		100%	**140%**

The Individual component has been assessed according 3 sets of complementary objectives:

- Top Company Objectives Assessment – accounting for 30% of the total Individual Component
- CEO Personal objectives – accounting for 40% of the total Individual Component
- CEO Personal Focus – accounting for 30% of the total Individual Component

I. Outcomes element

A. 2021 Top Company Objectives

They have been defined, structured around 5 clusters:

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

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

Each of the KPIs have been measured and compared to target, leading to a global measurement of the TCOs achievement at 128% of the targets, as per details shown on the table "summary CEO achievement – Individual Component" at the beginning of this chapter.

B. CEO Personal Objectives

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

Each of the priorities have been assessed by the RNGC leading to a global achievement of 150% for the Personal Objectives, as per details shown on the table "summary CEO achievement – Individual Component".

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

1. **Prepare Airbus for post COVID-19**

- Despite disruption within the Supply Chain, achieved a strong alignment to secure single aisle family ramp up
- A total of 611 commercial aircraft were successfully delivered, in line with 2021 delivery Guidance
- Restructuring of our industrial set up, as an enabler of increased competitiveness

2. **Consolidate our market position in commercial aviation**

- A strong single aisle market position achieved with 49% of market share and 24% of widebody market share including the launch of the A350 Freighter programme
- Gross commercial aircraft orders totalled 771 with net orders of 507 aircraft after cancellations.
- This year, the WTO dispute has been settled, putting an end to 17 years discussions with the US.

3. **Secure / Finalise the key strategic military programmes**

- Eurodrone's negotiations successfully completed in 2021 resulting in a signature of the contract in February 2022.
- Tiger MKIII contract signed
- Future Combat Air System ("FCAS"), negotiations with the partner companies and customers are ongoing

4. **Environment, Social and Governance**

- Leading the decarbonisation of the aerospace sector aiming to bring the first zero emission commercial aircraft to market by 2035. To this end, the Company's CO_2 emissions decreased by 6% (762 ktons), which is above of the targeted reduction of 3%.
- Enhancing the current product and services portfolio contributing positively to climate change mitigation and adaptation.
- Strong focus to push our Health and Safety standards towards industry benchmarks, through standard processes deployment, and extensive training tailored to different population. As a result, FR1 target over-achieved.
- My Working Environment Survey in order to measure engagement of our employees, and roadmap defined in order to tackle main pain points (see details in Chapter 6).

5. **Set Airbus on the right trajectory for the future**

- Internal Transformation Programme has been (re)launched, and reset in a Post COVID-19 world. "Next Chapter Rewired" is focusing on creating the conditions for next generation digital and decarbonized products and services.

II. Behaviour element

The "behaviour element" accounts for 30% of the total Individual Component and has been assessed around 3 axis:

- Ethics & Compliance
- Personal Development
- Leadership Team Development

Each of the priorities have been assessed by the RNGC leading to a global achievement of 140% for the Personal focus Objectives, as per details shown on the table "summary CEO achievement – Individual Component".

1. **Ethics & Compliance**

Ethics & Compliance (E&C) continues to be a key focus area for the Company and the way the business is done:

- Dedicated E&C focus during monthly executive and leadership meetings in February 2021, May 2021 and December 2021.
- Dedicated Export Control session during the February Executive Committee.
- Dedicated E&C workshop in December at Executives Leadership Meeting (ELM).

From 1 October 2020 to 30 September 2021, the Company's employees followed 284,774 Ethics & Compliance e-learning sessions. In 2021, 90% higher risk third parties were trained on Ethics & Compliance requirements and expectations.

2. **Personal Development**

The CEO is leading by example and has set axis of development supported by a coach following feedback sessions performed with his team members.

3. **Leadership Team Development**

The new composition of the Executive Committee has been implemented, including the nomination of Sabine Klauke, Chief Technical Officer, Catherine Jestin, EVP Digital and Transformation Management and Alberto Gutierrez, Chief Operating Officer for the Commercial Aircraft business. Furthermore, internal succession plans and training opportunities were reviewed to ensure that the strength of the Company' internal talent remains engaged and monitored.

d) Long-Term Incentive Plan

2021 Grant

In 2021, under the Company's LTIP, the Board decided to grant only Performance Shares, and no Performance Units. This applies to the CEO as well as to all beneficiaries of LTIP. The value of the Performance Share award has been capped at 100% of the Base Salary, in line with the current Remuneration Policy as validated by the AGM 2020, which then represents one third of the CEO's target Total Direct Compensation. The table below gives an overview of the Performance Shares granted to the CEO in 2021 pursuant to the LTIP:

Share plan: number of Performance Shares		
	Granted in 2021	**Vesting dates**
Guillaume Faury	12,121	Vesting schedule is made up of 1 tranche expected in May 2025

The grants in 2021 were performed in compliance with the performance measures (average EPS (75%) and cumulative FCF (25%)) described in paragraph 4.4.2 B item e). As per the current Remuneration Policy, the Performance Shares granted in 2021 will vest in one tranche (in May 2025).

Vesting values in 2021

In 2021, the CEO received both cash payments and vested shares in connection with the vesting of 2016 and 2017 LTIP awards:

- **Cash:** the total cash payment to the CEO amounted to € 324,509 in 2021.
- **Shares:** in connection with the 2017 LTIP award, the CEO received 2,202 vested shares on 5 May 2021.

LTIP overview: granting and vesting

Date of grants	Grant Type	Number	Share price at grant date	Value at grant date	Performance achievement	Units with performance achievement	Dates of vesting	Share value at vesting dates(*)
2016	Units	5,696	€ 52.67	€ 300,008	75%	4,272	2 vestings in 2020 - 2021	1st vesting 7 May 2020 € 56.27 2nd vesting 5 May 2021 € 100.25
2016	Shares	5,696	€ 52.67	€ 300,008	75%	4,272	1 vesting in 2020	7 May 2020 € 53.80
2017	Units	4,404	€ 73.81	€ 325,059	50%	2,202	2 vestings in 2021 - 2022	1st vesting 5 May 2021 € 100.25
2017	Shares	4,404	€ 73.81	€ 325,059	50%	2,202	1 vesting in 2021	5 May 2021 € 97.58
2018	Units	4,208	€ 106.94	€ 450,004	50%	2,104	2 vestings in 2022 - 2023	Not yet known
2018	Shares	4,208	€ 106.94	€ 450,004	50%	2,104	1 vesting in 2022	Not yet known
2019	Units	5,530	€ 122.06	€ 674,992	Not yet known	Not yet known	2 vestings in 2023 - 2024	Not yet known
2019	Shares	5,530	€ 122.06	€ 674,992	Not yet known	Not yet known	1 vesting in 2023	Not yet known
2020	Units	9,920	€ 68.04	€ 674,957	Not yet known	Not yet known	2 vestings in 2024 – 2025	Not yet known
2020	Shares	9,920	€ 68.04	€ 674,957	Not yet known	Not yet known	1 vesting in 2024	Not yet known
2021	Shares	12,121	€111.38	€ 1,350,037	Not yet known	Not yet known	1 vesting in 2025	Not yet known
Calculations may involve rounding to the nearest unit.								

** Vesting will occur according to the respective rules and regulations of each plan.*
100% of units and shares granted since 2016 are conditional to the achievement of performance conditions
NOTE: 2016 to 2018 awards were granted to Mr Faury before his appointment as CEO and should vest during his mandate.

Performance Conditions of LTIP 2018:

- The performance conditions for LTIP 2018 were determined as follows: if the Company reports a positive cumulative EBIT, a minimum portion of 50% of the Performance Units / Shares vest. If the Company reports a negative cumulative EBIT resulting from exceptional circumstances, the Board of Directors can decide at its sole discretion to vest a maximum portion of 50% of the Performance Units / Shares.

- 50% to 150% of the allocation would be granted depending on the compounded achievement of the two following performance criteria:
  - 75% of average EPS ("**Ave EPS**"): determined on a linear basis depending on three-year Ave EPS for the 2018, 2019 and 2020 fiscal years, with the three-year Ave EPS target for an allocation of 100% equal to € 6.73; and
  - 25% of cumulative FCF ("**Cum FCF**"): determined on a linear basis depending on three-year Cum FCF for the 2018, 2019 and 2020 fiscal years, with the three-year Cum FCF target for an allocation of 100% equal to € 13,000 million.

Review of achievement of performance conditions:
On 16 February 2022, the Board of Directors noted the achievement of the performance conditions of the 2018 plan, i.e. for the 2019, 2020 and 2021 fiscal years. The three-year average EPS was € 2.27 and the three-year Cum FCF was € 3,230 million, after normalisation to align them with policies in force when setting the target (notably IFRS 15 and A220 impacts).

The cumulative EBIT for the 3-year period is positive, leading, according to the policy, to the vesting of 50% of Performance Shares and Units. The positive performances of 2019 and 2021 exercises did not mitigate the 2020 exercise strongly impacted by the sanitary crisis leading to no vesting above 50%.

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

Date of grants	KPI	Number of units	Target for a 100% allocation	Achieved	Performance achievement in percentage	Compounded performance achievement in percentage	Resulting vesting in number	For comparison, average EPS for the last 3 reported years at the date of grant
2016	Ave EPS Cum FCF	11,392	€ 4.40 € 5,774m	€ 3.35 € 11,218m	50% 150%	75%	8,544	€ 2.76*
2017	Ave EPS Cum FCF	8,808	€ 6.00 € 9,339m	€ 1.83 € 4,331m	50% 50%	50%	4,404	€ 2.28**
2018	Ave EPS Cum FCF	8,416	€ 6.73 € 13,000m	€ 2.27 € 3,230m	50% 50%	50%	4,208	€ 2.81***

** Average EPS of 2015, 2014 and 2013. ** Average EPS of 2016, 2015 and 2014. *** Average EPS of 2017, 2016 and 2015*

Based on the above, the ratio between the fixed part of the remuneration of the CEO in 2021 (Base Salary, annual contribution to the Company's defined contribution pension plan and benefits) and the variable part of the remuneration (Variable Remuneration related to 2021 paid-out in 2022 and LTIP vesting in 2021) is 41% / 59% (versus 49% / 51% in 2020).

e) Share ownership
The CEO owned 24,495 Airbus SE shares on 31 December 2021. The CEO has reached the target of 200% of the Base Salary in 2021 thanks to a personal investment plan in Airbus SE shares.
Please refer to the AFM website www.afm.nl for any further information related to the transactions of the CEO.

f) Employee Share Ownership Plan (ESOP)
In March 2021, the Company offered all eligible employees the opportunity to subscribe to a share matching plan, through which the Company matches a certain number of directly acquired shares with a grant of matching shares. This ratio varies depending on the number of shares acquired at fair market value by the employees, with a maximum discount of 44%. The total offering was up to 2.2 million shares of Airbus SE, open to all qualifying employees. Information about the plan can be found on the Company's website.
Under the umbrella of the ESOP 2021, a dedicated UK tax advantageous Share Incentive Plan ("**SIP**") was also deployed in March 2021.
Although the CEO was eligible for the plan, he did not participate in the ESOP 2021 plan leaving more shares for employees in order to favour the development of employee shareholding.

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 2021 amounts to € 32,479 (vs € 33,790 in 2020).

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

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

The present value of the remaining CEO's pension obligation related to the frozen defined benefit commitment is estimated annually by an independent actuarial firm according to the international accounting standard IAS19 as applied by the Company for post-employment benefits. As of 31 December 2021, the defined benefit obligation amounted to € 9,046,433 (€ 9,423,777 in 2020). This obligation has been accrued in the 2021 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 2021, the cost related to the CEO's pension rights accrued under Company's plans during the year represented an expense of € 1,138,794 (versus € 1,179,332 in 2020)).

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

i) Clawback

The Board of Directors did not apply any clawback in 2021.

j) Pay ratio

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

The Company's pay ratio is calculated by comparing the compensation of the CEO with the average compensation of full-time equivalent permanent employees from France, Germany, the UK and Spain for the Company, excluding subsidiaries (encompassing around 99,000 employees).

Taking into account stakeholders expectations, the aggregate compensation over the fiscal year that was used as a reference amount has changed to calculate the 2021 ratio: in addition to the gross sum of the Base Salary, annual bonus, profit and success sharing, overtime, premium for work conditions and other premiums that was taken into account in previous calculations, the social charges, the value of benefits and pension contributions and the face value of LTIP at grant date have been included.

Based on this new methodology, the ratio between the compensation of the CEO (including base salary, variable remuneration, social charges, benefits, pension contributions and LTIP grant face value) and the average compensation of full-time equivalent permanent employees for the fiscal year to which this report relates is 59 (for 2020: 58 based on the new methodology as described above) (rounded to the nearest integer).

Note for information: The evolution of the pay-ratio between 2020 and 2021 based on the new methodology has been considered by the RNGC when discussing the CEO remuneration for 2022.

k) Severance

No payment has been made to the CEO in 2021 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.

l) Development of the compensation

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

Financial year	2021	2020	2019	2018	2017
I. CEO's direct cash compensation					
Annual Base Salary (k€)	1,350	1,350	1,392(1)	1,500	1,500
VR (k€) (2)	1,404	1,553	2,318	2,168	1,913
Total	**2,754**	**2,903**	**3,710**	**3,668**	**3,413**
Annual Variation	-5.1%	-21.8%%	+1.1%	+7.5%	-0.6%

II. Long Term Incentive Plan (k€) (3)	1,350	1,350	1,350	-	1,500
III. Company Performance					
EBIT Adjusted (m€)	4,865	1,706	6,946	5,834	4,253
Annual Variation	+185%	-75%	+19%	+37%	+8%
FCF before M&A and customer financing (m€)	3,515	(6,935)	3,509	2,912	2,949
Annual variation	n.a	-298%	+21%	-1%	+109%
IV. Employee Compensation (k€) (4)	73.4	72.0	75.1	73.6	71.0
Annual Variation	+2.0%	-4.1%	+2.0%	+3.6%	0.0%

(1) Base salary 2019 relates to the former CEO up to 10 April 2019 and to the current CEO from 10 April 2019.
(2) VR paid during the financial year at stake in relation to the previous financial year. In 2020, the VR paid is related to the former CEO from 1 January 2019 up to 10 April 2019 (based on target) and to the current CEO from 10 April 2019 up to the end of the year 2019. As a reminder, the current CEO decided in 2020 to donate the equivalent to his VR related to 2019 to non-governmental organisations and humanitarian organisations.
(3) Face value of LTIP granted in the financial year. No LTIP was granted in 2018 to the former CEO due to his future departure.
(4) Average compensation of full-time equivalent permanent employees from France, Germany, the UK and Spain for the Company, excluding subsidiaries, composed by gross sum of the Base Salary, annual bonus, profit and success sharing, overtime, premium for work conditions and other premiums. For the 2020 financial year, the amount presented has been adjusted based on final figures. For the 2020 financial year, the amount presented has been adjusted based on final figures excluding impact on non-active workforce related to the sanitary crisis. For the 2021 financial year, the amount presented is still an estimate and will be adjusted next year.

4.4.4 IMPLEMENTATION OF THE REMUNERATION POLICY IN 2021: NON-EXECUTIVE DIRECTORS

This section describes how the Remuneration Policy was implemented in 2021 in respect of the Non-Executive Directors. In line with the Remuneration Policy, the implementation thereof with regard to the Non-Executive Directors aims at ensuring fair compensation and protecting the independence of the Board's Members. Their remuneration should be commensurate to the time spent and the responsibilities of their role on the Board of Directors.
The last review of the Board remuneration was undertaken in 2018 with the support of an independent consultant. The Board remuneration is in line with market practice, incentivises attendance and recognises the strategic role played by the Board of Directors in the Company's developments. The CEO is the only Member of the Board of Directors who is not entitled to any Board membership fee.
In 2021, Non-Executive Members of the Board of Directors were entitled to the following fees:

a) Board fees:

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

- Attendance fees (EUR / Board meeting):
  - Chair: 15,000
  - Member: 10,000

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

b) Committee fees:

- Fixed fee for membership of a Committee (EUR / year):
  - Chair: 30,000
  - Member of a Committee: 20,000

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

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

(In €)	2021 Fixum (1)	2021 Attendance Fees (2)	2021 Total	2020 Fixum (1)	2020 Attendance Fees (2)	2020 Total
Non-Executive Board Members						
René Obermann (3)	210,000	90,000	300,000	117,738	76,250	193,988
Victor Chu	100,000	43,000	143,000	100,000	78,000	178,000
Jean-Pierre Clamadieu (4)	130,000	67,500	197,500	127,087	90,000	217,087
Ralph D. Crosby Jr.	100,000	61,000	161,000	100,000	83,000	183,000
Lord Drayson	120,000	49,500	169,500	120,000	80,000	200,000
Mark Dunkerley (5)	100,000	66,000	166,000	70,879	48,000	118,879
Stephan Gemkow (5)	100,000	63,000	163,000	70,879	58,000	128,879
Catherine Guillouard	130,000	67,500	197,500	130,000	93,000	223,000
María Amparo Moraleda Martínez	130,000	54,500	184,500	130,000	85,000	215,000
Claudia Nemat	100,000	56,500	156,500	100,000	80,000	180,000
Carlos Tavares	80,000	45,000	125,000	80,000	70,000	150,000
Former Non-Executive Board Members						
Denis Ranque (6)		N/A		61,731	35,000	96,731
Hermann-Josef Lamberti (7)		N/A		35,274	35,000	70,274
Total	1,300,000	663,500	1,963,500	1,243,588	911,250	2,154,838

(1) Fixum includes a base fee for Board membership and Committee membership within the Audit Committee, the Remuneration, Nomination and Governance Committee ("RNGC") and/or the Ethics, Compliance and Sustainability Committee ("ECSC") as the case may be. The fixum for the year 2021 was paid 50% in January 2021 and 50% in July 2021. The fixum for the year 2020 was paid 50% in January 2020 and 50% in July 2020.

(2) 2021 attendance fees include the Board attendance fees and the fees in relation to Audit Committee, RNGC and ECSC meetings. The Board attendance fees related to the first semester 2021 were paid in July 2021, those related to the second semester 2021 were paid in January 2022. The Committees' attendance fees related to full year 2021 were paid in January 2022.

(3) Chairman of the Board of Directors since 16 April 2020. Member of the Audit Committee until 16 April 2020. Member of the former Ethics & Compliance Committee between 30 July 2019 and 16 April 2020. As a reminder, René Obermann waived half of his 2020 remuneration (including fixum and attendance fees as Chairman of the Board).

(4) Member of the former Ethics & Compliance Committee until 16 April 2020. Chair of the ECSC since then.

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

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

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

The total aggregated remuneration (i.e. fixum and attendance fee) of the Non-Executive Members of the Board of Directors was respectively € 2,350,176 in 2019, € 2,010,910 in 2018 and € 2,080,403 in 2017.

The applicable fixum for Board chair(wo)manship as well as the applicable attendance fees for Board membership and chair(wo)manship remain unchanged since 1 January 2016 (first comprehensive revision since 2007) following the decision made at the 2016 AGM to increase the remuneration of the Chair (fixum by € 30,000 and attendance fees by € 5,000) and double (to € 10,000) the attendance fees of the non-executive Board members in order to be in line with market practice, incentivise attendance and recognise the strategic role played by the Board of Directors in the Company developments. The applicable fixum for Board membership as well as Committee membership and chair(wo)manship remain unchanged since 2007.

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

4.4.5 MISCELLANEOUS

Policy for loans and guarantees granted

The Company's general policy is not to grant any loan to the members of the Board of Directors. Unless the law provides otherwise, the members of the Board of Directors shall be reimbursed by the Company for various costs and expenses, like reasonable costs of defending claims. Under certain circumstances, such as an act or failure to act by a member of the Board of Directors that can be characterised as intentional, intentionally reckless, or seriously culpable, there will be no entitlement to this reimbursement. The Company has also taken out liability insurance ("**D&O**" – Directors & Officers) for the persons concerned.

4.5 Enterprise Risk Management System

The long-term development and production cycles of the Company's products and services make ERM a crucial mechanism to both mitigate risks faced by the Company and to identify and enhance potential opportunities.

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

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

The ERM system relies on five pillars:
- Anticipation: early risk reduction and attention to emerging risks;
- Speak-up & early warnings;
- Robust risk mitigations;
- Opportunities; and
- Strong Governance.

ERM process
The objectives and principles 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, and other supporting documents. External standards which contribute to the Company's ERM system include the ISO 31000 defined by the International Organization for Standardization ("**ISO**").

The ERM process consists of three elements:
- a strong operational dimension - derived from ISO 31000 - to enhance operational risk and opportunity management, looking in particular at identifying and mitigating single points of failure (SPOF);
- a reporting dimension (bottom up and top down), which contains procedures for the status reporting of the ERM system and the risk/opportunity situation; and
- an ERM confirmation dimension, which comprises procedures to assess the effectiveness of the ERM system.

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

All Airbus organisations, including Divisions, subsidiaries and controlled participations, commit to and confirm the effective implementation of the ERM system. The annual ERM Confirmation Letter issued by each organisation is the formal acknowledgement about the effectiveness of the ERM system.
For the main risks to which Airbus is exposed, see "— Chapter 4.6 (Risk Factors)" of this document.

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

ERM effectiveness

The ERM effectiveness is analysed by:

- ERM CoC, based on ERM reports, confirmation letters, in situ sessions (e.g. risk reviews), participation to key controls (e.g. major programme maturity gate reviews);
- ERM key performance indicators measuring maturity and effectiveness of the ERM process in the programmes and functions;
- Risk & opportunity deep dives proposed by the ERM CoC and performed by the functions with the involvement and support of the ERM CoC; and
- Corporate Audit, based on internal Corporate Audit reports and on an annual survey towards heads of programmes and functions and towards the ERM network.

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

Organisation	Explanations
Board of Directors / Audit Committee	**Regular monitoring** The Board of Directors and the Audit Committee review, monitor and supervise the ERM system. Any material failings in, material changes to, and/or material improvements of the ERM system which are observed, made and/or planned are discussed with the Board of Directors and the Audit Committee.
Top management	**ERM as part of the regular divisional business reviews** Results of the operational risk and opportunity management process, self-assessments and confirmation procedures are presented by the Divisions or other Airbus' organisations to top management. **ERM working sessions at** Executive **Leadership Meeting twice a year**
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 performance KPI, ERM reports, ERM confirmations, in situ sessions (risk reviews etc.), participation to key controls (e.g. major programme maturity gate reviews).
Corporate Audit	**Audits on ERM** Provide independent assurance to the Audit Committee on the effectiveness of the ERM system; annual survey.
E&C	**Alert system** Detects deficiencies regarding conformity to applicable laws and regulations as well as to ethical business principles.

Board declaration

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

- the internal risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- this report provides sufficient insight into any material failings in the effectiveness of the internal risk management and control systems;
- it is justified that the financial statements have been prepared on a going concern basis; and
- this report states the material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of 12 months after the preparation of the report.

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

4.6 Risk Factors

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

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

4.6.1 Financial Market Risks

Global economic conditions

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

Market disruptions and significant economic downturns may develop quickly due to, among other things, crises affecting credit or liquidity markets, regional or global recessions, sharp fluctuations in commodity prices (including oil), currency exchange rates or interest rates, inflation or deflation, sovereign debt and bank debt rating downgrades, restructurings or defaults, or adverse geopolitical events (including rising military tensions around the world and in particular within Europe’s borders, the impact of Brexit and global policy including in the United States (“US”), European Union, Russia and China) or global pandemic diseases such as COVID-19. The previous US administration introduced greater uncertainty with respect to US tax and trade policies, tariffs and government regulations affecting trade between the US and other countries. Such measures affected and may continue to affect countries where our customers and suppliers are located or where the Company has an operational presence or to which its financing activities are linked. See “– Business-Related Risks – COVID-19 Risks” and “– Business-Related Risks – Availability of Government and other Sources of Financing”.

The Company’s global presence includes France, Germany, Spain and the UK, fully-owned subsidiaries in the 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 2021, the Company's workforce amounted to 126,495 employees of which over 15,000 were employed outside our core countries. In terms of nationalities, 35.4% of the Company's employees are from France, 31.5% from Germany, 7.7% from the UK and 10.3% from Spain. The remaining 15.1% are employees from a total of 134 other countries. In total, 89.1% 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 we have a presence. A change in economic conditions in any of the geographies in which we have significant numbers of employees or key employees may therefore impact our ability to compete effectively for employees in such countries.

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

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

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

Therefore protracted weak global economic conditions could directly result in:

– financial distress of airlines and lessors, and potential bankruptcies around the world;

– requests by customers to postpone or cancel existing orders for aircraft (including helicopters) or decisions by customers to review their order intake strategy due to, among other things, lack of adequate credit supply from the market to finance aircraft purchases or increases in operating costs or weak levels of passenger demand for air travel and cargo activity more generally, which could negatively impact the Company's results of operations;

– variations in public spending for defence, homeland security and space activities, which may lead to termination or reduction of future funding or cancellations or delays impacting existing contracts, which could negatively impact the Company's results of operations; and

– an increase in the amount of sales financing that the Company is requested to provide to its customers to support aircraft deliveries typically secured over the underlying aircraft and bearing exposure to the customer credit risk. See "– Risk Factors – Financial Market Risks – Sales Financing Arrangements".

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

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

The Company's financial results could also be negatively affected depending on gains or losses realised on the sale or exchange of financial instruments; impairment charges resulting from revaluations of debt and equity securities and other investments; interest rates; cash balances; and changes in fair value of derivative instruments. Increased volatility in the financial markets and overall economic uncertainty would increase the risk of the actual amounts realised in the future on the Company's financial instruments differing significantly from the fair values currently assigned to them.
Although the potential negative impact of global economic conditions has been thoroughly assessed, the consequences thereof could have unforeseen material effects on the Company's business, results of operations and financial condition, and in particular if these were to impact the Company's commercial aviation activities or otherwise impact its access to financing.

Brexit

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

Brexit could lead to a reduced degree of political alignment between the Airbus home nations of UK, France, Germany and Spain, and more widely with EU institutions, now that the UK is no longer a member of the EU.

This risk of fragmentation could also impact the availability of public financing sources for our sector. This could for instance materialise in relation to COVID-19 crisis recovery plans, investment necessary to support our industry's climate transition, financing of defence and security activities, or of research and development.

The Trade and Cooperation Agreement ("TCA") concluded between the EU and the UK provides an adequate basis to support the Company's and its supply chain industrial operations. Nevertheless, the existence of divergences between the EU and UK's positions on certain significant issues, for instance in relation to Northern Irish border controls, migration flows or regulatory alignment, could trigger tensions which, in turn, could impact the implementation of the TCA and the associated benefits for our sector.

Foreign currency exposure

In 2021, more than 70% of the Company's revenues are denominated in US dollars, with approximately 60% of such currency exposure "naturally hedged" by US dollar-denominated costs. The remainder of costs are incurred primarily in euros. Consequently, to the extent that the Company does not use financial instruments to hedge its net current and future exchange rate exposure from the time of a customer order to the time of delivery, its profits will be affected by market changes in the exchange rate of the US dollar against these currencies.

There are complexities inherent in determining whether and when foreign currency exposure of the Company will materialise, in particular given the possibility of unpredictable revenue variations arising from order cancellations, postponements or delivery delays. The Company may also have difficulty in fully implementing its hedging strategy if its hedging counterparties are unwilling to increase derivatives risk limits with the Company, and is exposed to the risk of non-performance or default by these hedging counterparties. The exchange rates at which the Company is able to hedge its foreign currency exposure may also deteriorate, as the euro could appreciate against the US dollar for some time, as has been the case in the past and as higher capital requirements for banks result in higher credit charges for uncollateralised derivatives. Accordingly, the Company's foreign currency hedging strategy may not protect it from significant changes in the exchange rate of the US dollar to the euro and the pound sterling, in particular over the long term, which could have a negative effect on its financial condition and results of operations. In addition, the portion of the Company's US dollar-denominated revenues that is not hedged in accordance with the Company's hedging strategy will be exposed to fluctuations in exchange rates, which may be significant. As of 31 December 2021, the total hedge portfolio with maturities up to 2027 amounts to US$ 88.3 billion and covers a major portion of the foreign exchange exposure expected over the period of the operative planning.

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

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

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

Sales financing arrangements

In support of sales, the Company may agree, case by case, to participate in the financing of selected customers. Over the last three years (2019 to 2021) on average, the number of aircraft delivered in respect of which financing support has been provided by Airbus amounted to approximately 1% of the number of deliveries over the same period.

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

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

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

Liquidity

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

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

On 26 February 2021, the Company exercised the first extension option of the maturity of its undrawn New Credit Facility (implemented in 2020 for € 15 billion in response to the COVID-19 pandemic and reduced to € 6.2 billion after take-outs) from 30 March 2021 to 30 September 2021.

In August 2021, given the increase of its net cash position and its robust liquidity, the Company decided not to exercise the second extension option of the € 6.2 billion New Credit Facility that matured on 30 September 2021. In the meantime, the Company extended the maturity of our € 6 billion Revolving Syndicated Credit Facility by one year to 21 October 2024.

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

Counterparty credit

In addition to the credit risk relating to sales financing as discussed above, the Company is exposed to credit risk to the extent of non-performance by its counterparties for financial instruments, such as hedging instruments (US$ 88.3 billion nominal value at 31 December 2021) and cash investments (US$ 20.65 billion nominal value at 31 December 2021). However, the Company has policies in place to avoid concentrations of credit risk and to ensure that credit risk exposure is limited.

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

As of 31 December 2021 the credit exposure had been estimated as follows (in € million):

Source of risk	Exposure	Unexpected Loss Contribution
Banks	3,074	43
Corporates	3,917	90
Sovereign issuers	1,326	12
Money market funds	12,328	21
Total	20,645	166

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

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

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

Pension commitments

The Company participates in several pension plans for both executive as well as non-executive employees, some of which are underfunded. As of 31 December 2021, the provision for retirement plans and similar obligations amounted to € 7.1 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.

4.6.2 BUSINESS-RELATED RISKS

COVID-19 risks

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

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

Over the last two years, a number of measures have been taken by the Company to implement stringent health and safety procedures while taking account of stock levels and production lead-times. The COVID-19 crisis may lead to further disruptions to the Company's internal operations and to its ability to deliver products and services. See also "– Dependence on Key Suppliers and Subcontractors" below.

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

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

In 2021, the Company delivered 611 commercial aircraft, 8% more than in 2020 (compared to 566 commercial aircraft in 2020, which was 34% fewer than in 2019, in line with the Company's adaptation plan). This reflects customer requests to defer deliveries as well as other factors related to the ongoing COVID-19 crisis. In 2021, the Company recorded 264 cancellations (compared to 115 cancellations in 2020).

On 21 January 2021, the Company announced its decision to update its production rates in response to the market environment.

On 27 May 2021, the Company provided suppliers with an update of its production plans based on its expectation that the commercial aircraft market may recover to pre-COVID levels between 2023 and 2025, led by the single-aisle segment. In anticipation of a continued recovering market, the Company confirmed an average A320 Family production rate of 45 aircraft per month in the fourth quarter of 2021 and called on suppliers to prepare for the future by securing a firm rate of 64 by the second quarter of 2023. The A220 monthly production rate is confirmed to rise to around six in early 2022. The A350 production rate is expected to increase to six by Autumn 2022 while A330 production is expected to remain at an average monthly production rate of two per month.

On 28 October 2021, the Company announced the A220 production rate, which was at five aircraft a month, is expected to increase to around rate six per month in early 2022, with a monthly production rate of 14 envisaged by the middle of the decade. On the A320 Family programme, the Company is working to secure the ramp up and is on trajectory to achieve a monthly rate of 65 aircraft by summer 2023. The recent commercial successes of the A330 programme enable a monthly rate increase from around two to almost three aircraft at the end of 2022. The A350 programme is expected to increase from around five to around six aircraft a month in early 2023.

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

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

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

The Company's business, results of operations and financial condition have been and will continue to be materially affected by the COVID-19 pandemic, and the Company continues to face significant risks and uncertainties related to new variants and successive waves of the COVID-19 pandemic and its resulting health and economic crisis.
For further details, please refer to the "– Notes to the IFRS Consolidated Financial Statements – Note 2: Impact of the COVID-19 Pandemic".

Commercial aircraft and helicopter market factors

Historically, the Company has experienced that order intake for commercial aircraft has shown cyclical trends, due in part to changes in passenger demand for air travel and the air cargo share of freight activity, which are in turn driven by a range of economic variables, such as GDP growth, private consumption levels or working age population size. Other factors, however, play an important role in determining the market for commercial aircraft, such as (i) the average age and technical obsolescence of the fleet relative to new aircraft; (ii) the number and characteristics of aircraft taken out of service and parked pending potential return into service; (iii) passenger and freight load factors; (iv) airline pricing policies and resultant yields; (v) airline financial health; (vi) the availability of third party financing for aircraft purchases; (vii) evolution of fuel price; (viii) regulatory environment; (ix) environmental constraints imposed upon aircraft operations, such as the Carbon Offsetting and Reduction Scheme for International Aviation ("**CORSIA**"), carbon standards and other environmental taxes; and (x) market evolutionary factors such as the volume of business-related travel or the growth of low-cost passenger airline business models or the impact of e-commerce on air cargo volumes or consolidation of airlines. The COVID-19 pandemic and resulting health and economic crisis can amplify the impact of these factors, with the volatility observed during 2020 and 2021.

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 2021, the commercial aircraft business segment of Airbus recorded total revenues of € 36.1 billion – representing 69% of the Company's revenues. See "– Information on the Company's Activities – 1.1.2 Airbus (Commercial Aircraft)". During the COVID-19 pandemic, the Company observed that the downturn in its commercial aircraft business was partially mitigated by its defence, space and government activities. Such a cyclical pattern had already been observed in the past but historically diminished, due to the significant growth of the Company's commercial aircraft business relative to its other activities, until the global pandemic arrived.

The commercial helicopter market in which the Company operates has shown cyclical trends and could also be influenced by factors listed above. The civil and parapublic market has shown signs of recovery in 2021, notably in the intermediate single engine helicopter segment led by the private and business aviation market. However, the offshore oil and gas market remains soft with low level of investments in the acquisition of new platforms. Flight hours have decreased slightly due to the pandemic however Airbus Helicopters has increased revenues thanks to the wide-ranging portfolio of service solutions.

Cyber security risks

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

The Company is exposed to a number of different cyber security risks, directly or through its supply chain, arising from actions that may be intentional and hostile, accidental or negligent. Some of the objectives of an attacker are espionage, influence, obstacle to functioning or lucrative. The main cyber security risks for the Company are intrusion in systems leading to data leakage, attacks impacting the resilience of industrial systems and compromising products and services.

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

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

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

The materialisation of one or several of such risks could lead to severe damage including but not limited to significant financial loss, need for additional investment, contractual or reputational performance degradation, loss of intellectual property, loss of business data and information, operational business degradation or disruptions, and product or services malfunctions. Loss of personal data may result in administrative, civil or criminal liabilities including significant fines and penalties.

Physical security, terrorism, pandemics and other catastrophic events

Past terrorist attacks, public health crises and the spread of disease (such as the global COVID-19 pandemic or the H1N1 flu pandemic or the Ebola epidemic in 2013-2016) have demonstrated that such events may negatively affect public perception of air travel safety, which may in turn reduce demand for air travel and commercial aircraft. The outbreak of wars, riots or political unrest or uncertainties may also affect the willingness of the public to travel by air. Furthermore, major aircraft accidents may have a negative effect on the public's or regulators' perception of the safety of a given class of aircraft, a given airline, form of design or air traffic management. Flight activity restart requires particular focus on safety aspects such as aircraft destorage and pilot training. As a result of such factors, the aeronautic industry may be confronted with additional sudden or prolonged reduced demand for air transport and be compelled to take additional costly security and safety measures. The Company may, therefore, suffer from a decline in demand for all or certain types of its aircraft or other products, and the Company's customers may postpone delivery or cancel orders.

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

Dependence on key suppliers and subcontractors

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

The Company relies upon the good performance and financial health of its suppliers and subcontractors to meet the obligations defined under their contracts. A supplier's performance and health may be negatively impacted by a variety of topics including: the current COVID-19 pandemic and its resulting economic impact; loss of skilled resources as a result of workforce reduction and difficulties to re-staff due to market employment tensions; need for working capital increase while state/bank loans obtained to weather through the crisis have reached maturity; difficulty gaining access to the needed material and components, including semiconductors, in the needed quantity and time frame and at competitive conditions as well as transport and logistic means availability; cyber security threats; geopolitical unrest; export controls evolving regulations and embargoes; and environmental issues.

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

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

The Company cannot fully protect itself from non-performance of a supplier, which could disrupt production and in turn may have a negative effect on the financial condition and results of operations of the Company. The Company has implemented a robust governance to prevent, anticipate and monitor supply chain disruption risks and/or ensure efficient management of issues.

Industrial system ramp-up

In early 2020, in response to the COVID-19 crisis, the Company adapted the production rates significantly (-40%). At the beginning of 2021, air traffic started to recover, especially in certain domestic and regional markets, and the Company announced in May 2021 an industrial ramp-up trajectory that has been confirmed at the end of Q3 2021. The Company will continue to monitor and adapt according to traffic evolutions and market situation and expectations; hence it is actively working and monitoring the ramp-up across the complete value chain for Single Aisle commercial aircraft. The Company is engaged in a process to adapt its industrial set-up to the new rates. This process is addressing the resource adaptation (headcount, skills and competencies) and the fixed cost reduction (industrial facilities, IT systems) while protecting inventory level and lead-time between aircraft configuration chosen by our customer and aircraft delivery. This encompasses the full industrial process from supply chain (including raw material, subcontracted work packages, equipment, etc.) to aircraft delivery. In this process, the Company focuses attention on quality industrial adherence Product Organisation Approval (POA).

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

Technologically advanced products and services

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

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

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

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

Dependence on public spending and on certain markets

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

The Company has a geographically diverse backlog. Adverse economic and political conditions, as well as downturns in broad economic trends in certain countries or regions, may have a negative effect on the Company's financial condition and results of operations generated not only in those regions but may also affect the rest of the world due to complex economic interdependencies.

Availability of government and other sources of financing

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

Competition and market access

The markets in which the Company operates are highly competitive. With regard to the Company's commercial aircraft business for aircraft with more than 150 seats, the Company today operates in a competitive duopoly. The design, development and production of commercial aircraft involves high barriers to entry (including certification requirements, large investment needs, skilled competencies and access to technology and long development cycles). Although the two main market participants for aircraft with more than 150 seats have secured significant order backlogs, the competition could launch new products or services that could have a negative impact on the Company's revenues, future financial condition and results of operations.

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

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

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

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

Major research and development programmes

The business environment in many of the Company's principal operating business segments is characterised by extensive research and development costs requiring significant up-front investments with a high level of complexity. For the year 2021, research and development expenses were € 2.7 billion. For the year 2020, research and development expenses were € 2.9 billion (compared to € 3.4 billion for the year 2019).

Due to the technologically advanced complex nature of the products that the Company produces and the long period, including ramp up time, it takes to produce them, the business plans underlying such investments often contemplate a long payback period before these investments are recouped, and assume a certain level of return over the course of this period in order to justify the initial investment. There can be no assurance that the commercial, technical and market assumptions underlying such business plans will be met, and consequently, the payback period or returns contemplated therein achieved. Significant technological, skills and industrial challenges exist to achieve the Company's sustainability ambitions for the future generations of aerospace. These ambitions require cross industry and cross government collaboration to address the technological risks that need to be overcome. See "– Environment, Human Rights, Health & Safety Risks – Climate-Related Risks" below.

Successful development of new programmes also depends on the Company's ability to attract and retain engineers and other professionals with the technical skills and experience required to meet its specific needs. Demand for such engineers may often exceed supply depending on the market, resulting in intense competition for qualified professionals. The Company's attrition rate in 2021 was 6.6% overall (including subsidiaries) (compared to 5.8% overall in 2020). There can be no assurance that the Company will attract and retain the personnel it requires to conduct its operations successfully and in particular to attract and retain engineers and other professionals with the technical skills and experience required for its research and development programmes. Failure to attract and retain such personnel or an increase in the Company's employee turnover rate could negatively affect the Company's financial condition and results of operations more generally and particularly its ability to successfully execute its research and development programmes.

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

The COVID-19 crisis has impacted key company technological developments and competencies, but despite this, the Company continues seeking to further its development in sustainable technologies. This commitment directs a significant proportion of the longer term technology research efforts for future products and services and is based on solving complex problems by exploring multiple technology pathways. Retaining this ambitious programme is achieved with national research funding through frameworks such as CORAC, LUFO, ATI, CDTI and Horizon Europe where the frameworks enable the Company and the wider aviation ecosystem to mature and develop the required key competencies and technologies.
No assurance can be given that the Company will achieve the anticipated level of returns from these programmes and other development projects, which may negatively affect the Company's financial condition and results of operations and competitiveness.

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 opposition by social partners or other contractual conditions can prevent transactions from being finalised. Each acquisition, divestment, joint venture and strategic alliance is very specific in its nature, purpose, risk and opportunities. The Company identifies risks through a detailed and systematic due diligence process and addresses the risks identified through price mitigation and/or appropriate contractual coverage, such as indemnification mechanisms, both being the tailored-made results of complex negotiations with the sellers/buyers and/or partners. The Company's business, results of operations and financial condition may be materially affected if these transactions will not be successfully completed or do not produce the expected benefits.

Public-private partnerships and private finance initiatives

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

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

The Company is party to PPP and private finance initiatives ("**PFI**") contracts, for example Skynet 5 and related telecommunications services, and in the AirTanker ("**FSTA**") project both with the UK Ministry of Defence. One of the complexities presented by PFIs lies in the allocation of risks and the timing thereof among different parties over the life-time of the project.
There can be no assurance of the extent to which the Company will efficiently and effectively (i) compete for future PFI or PPP programmes; (ii) administer the services contemplated under the contracts; (iii) finance the acquisition of the equipment and the ongoing provision of services related thereto; or (iv) access the markets for the commercialisation of excess capacity. The Company may also encounter unexpected political, budgetary, regulatory or competitive risks over the long duration of PPP and PFI programmes.

Programme-specific risks

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

– adapt to rate and stabilise operational performance post-COVID-19 while maintaining high safety and quality standards;
– monitor and support the supply chain;
– accompany customers and facilitate deliveries to customers including by remote delivery process;
– ensure a strong customer focus to support return to operations; and
– protect priority projects and deliver developments as planned including A321XLR, Airspace, A350 Step7 (Standard 2022), A350 Freighter, A330-800, A330-900 251t MTOW, A330 Step4, A330 Bridge Tanker and Digital (DDMS and Skywise).

A320 Family programme. In response to the new COVID-19 market environment, the commercial aircraft production rate for the A320 Family was reduced to 40 per month in June 2020. In 2021, the Company announced demand for the A320

Family is expected to lead to a gradual increase in production from the rate of 40 per month to 43 in Q3 2021 and to 65 by summer 2023. The Company proactively and constantly monitors the backlog, the internal and external supply chain, including engines, so as to ensure readiness for further rate adaptations in accordance with traffic evolution, to minimise inventory levels, and secure aircraft storage capacity. In connection with the A320 Family programme, the Company faces the following challenges: ensure the A321XLR on-track development including A321XLR certification topics with primary airworthiness authorities, adapt and upgrade our industrial system and capability to meet the growing market demands and corresponding product mix within the family. Market demand for single aisle aircraft, production and supply chain capabilities will evolve in the next few years and the Company will closely monitor these evolutions including a projected significant increase in A321 production. Attention will remain high on ramp up engine availability and engine maturity in-service.

A400M programme. After the Company signed a contract amendment to restructure the contract, risks remain on development of technical capabilities (development effort as well as possible commercial agreement associated costs in order to reach Type Acceptance) and the associated costs, on securing sufficient export orders in time, on aircraft operational reliability in particular with regards to power plant and on cost reductions as per the revised baseline. For further information, please refer to the "– Notes to the IFRS Consolidated Financial Statements – Note 12: Revenue and Gross Margin".

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

A330 programme. In response to the new COVID-19 market environment, the commercial aircraft production rate for the A330 programme was adapted to two per month in June 2020. Then, following new orders, the decision was taken in Q3 2021 to increase the production rate to almost three in 2023. Decisions on further rate adaptation will depend on traffic evolution. In connection with the A330 programme, the main challenges the Company faces are to secure product competitiveness in the widebody market segment, monitor and support the supply chain. The developments were on track in 2021: A330neo low speed performance improvement certification in February 2021, A330-900 first aircraft ever to receive EASA CO_2 certification in May 2021, A330neo alternate Centre of Gravity option certification in September 2021.

A220 programme. In connection with the A220 programme, the main challenges the Company faces are to secure the A220 cost reduction trajectory with a strong focus on its Design to Cost roadmap and recurring cost reduction, and to ensure an A220 book to bill above one to fill current open slots. As a consequence of the COVID-19 pandemic, the commercial aircraft production rates were adapted to rate five per month (in Mirabel and in Mobile) in 2020-2021 and will be increased to rate six early 2022. Attention will remain high on engine maturity in service.

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

H225 programme. Airbus Helicopters continues to drive improvements across its product range as part of its commitment to raise safety standards. The H225 programme is still facing a challenge with the supply chain in a COVID-19 context.

H175 programme. The situation remains challenging on the commercial side: a tough market environment on its main offshore segment.

Tiger programme. The Tiger MKIII contract signature and the lifetime extension out of Tiger MKII contract are the key to the future of the programme. The Company faces the challenge to increase Tiger availability, whose action plans are producing first results.

NH90 programme. A transformation plan has been initiated to adapt to the challenges of a large and diverse in-service fleet with two axes: first to face a rising volume of maintenance and repairs, and second to improve fleet availability.

H160 programme. The main challenges for the H160 programme are to secure the entry-into-service, the FAA certification and the industrial ramp-up phase.

Border security. In connection with border security projects, the Company faces the following main challenges: meeting the schedule and cost objectives, taking into account the complexity of the local infrastructures to be delivered, and the integration of commercial-off-the-shelf products (radars, cameras and other sensors) interfaced into complex system networks; assuring efficient project and staffing; managing the rollout including subcontractors and customers. Negotiations on change requests in this respect along with schedule re-alignments remain ongoing. The Company continues to engage with its customer to agree a way forward on this contract. The outcome of these negotiations is presently unclear but could result in significant further financial impacts.

Defence programmes. The Company is engaged in major European defence collaboration programmes, such as Eurodrone and Future Combat Air System (FCAS), serving several European governments and partnering with several European companies of the defence sector. Such complex industrial programmes entail alignments and negotiations between many stakeholders on technical, industrial as well as on political matters. Due to the very nature of such discussions and the number of stakeholders, there is an inherent risk of lengthening the contract preparation phase and hence delaying the signature date.

4.6.3 LEGAL RISKS

Legal and regulatory proceedings

The Company is currently engaged in a number of active legal and regulatory proceedings. For further information, please refer to “Notes to the IFRS Consolidated Financial Statements – Note 38: Litigation and Claims”.

For the investigation by the UK Serious Fraud Office (“**SFO**”), France’s Parquet National Financier (“**PNF**”), and the US Departments of State (“**DoS**”) and Justice (“**DoJ**”), which is described in “— Anti-Corruption Laws and Regulations”, the Company has reached an agreement with the authorities, which was approved by the French and UK courts and US court and regulator on 31 January 2020. The agreement resulted in a fine totalling € 3.6 billion plus costs to the French, UK, and US authorities. For further information about the investigation and related securities litigation, please refer to “Notes to the IFRS Consolidated Financial Statements – Note 38: Litigation and Claims” (Investigation by the SFO, PNF, DoJ, DoS and Related Commercial Litigation) and (Securities Litigation), respectively.

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

In addition, the Company is from time to time subject to government inquiries and investigations of its business and competitive environment due, among other things, to the heavily regulated nature of its industry. Such inquiries and investigations may cover matters relating to, among other matters, anti-bribery laws and regulations, export control laws and regulations, securities law, trade law and competition law. An adverse decision in any such matter could have a material effect on the Company's business, results of operations and financial condition. In addition to the risk of an unfavourable ruling against the Company, any such inquiry or investigation could negatively affect the Company’s reputation and its ability to attract and retain customers and investors, which could have a negative effect on its business, results of operations and financial condition. See “– Non-Financial Information – 6.1.5 Exemplify Business Integrity”.

Anti-corruption laws and regulations

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

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

In 2016, for example, the Company announced that it had discovered misstatements and omissions in certain applications for export credit financing for the Company’s customers, and had engaged legal, investigative and forensic accounting experts to conduct a review. Separately, the UK SFO announced that it had opened a criminal investigation into allegations of fraud, bribery and corruption in the civil aviation business of the Company, relating to irregularities concerning third party consultants. The Company was subsequently informed that the French authorities, the PNF, had also opened a preliminary investigation into the same subject and that the two authorities would act in coordination going forward. The Company engaged with the government of the US (DoS and DoJ) relating to conduct forming part of the SFO/PNF investigation that could fall within US jurisdiction. The Company also engaged with the government of the US concerning potential issues of

ITAR Part 130 and related matters. On 31 January 2020, the French and UK courts and US court and regulator approved an agreement reached by the Company with the authorities. Any breach of the terms of the agreements by the Company could lead to rescission by the authorities of the terms of the agreements and reopening of the prosecutions. Prosecution could result in the imposition of further monetary penalties or other sanctions including additional tax liability and could have a material impact on the Financial Statements, business and operations of the Company. The agreements reached with authorities may lead to additional commercial litigation and arbitration against the Company and tax liability in the future, which could have a material impact on the Financial Statements, business and operations of the Company. For further information, please refer to "Notes to the IFRS Consolidated Financial Statements – Note 38: Litigation and Claims" (Investigation by the SFO, PNF, DoJ, DoS and Related Commercial Litigation).

Export control 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 transnational / national / regional authorities. Depending on geopolitical considerations including national security interests and foreign policy, new sanctions regimes may be set up or the scope of existing ones may be widened, at any time, immediately impacting the Company's activities.

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

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

Dependence on joint ventures and minority holdings

The Company generates a proportion of its results through various consortia, joint ventures and equity holdings. The Company recognises its share in the results of its equity holdings in the proportion of the stake held. In 2021, the Company's total share of result from these arrangements amounted to € 40 million (compared to € 39 million in 2020 and € 299 million in 2019). The Company's individually material joint ventures are ArianeGroup (50%), MBDA (37.5%) and ATR GIE (50%). For further information, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 9: Investments Accounted for under the Equity Method" and "– Note 15: Share of Profit from Investments Accounted for under the Equity Method and Other Income from Investments".

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

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

Product liability and warranty claims

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

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

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

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

Intellectual property

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

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

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

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

4.6.4 Environment, Rights, Health & Safety Risks

Climate-related risks

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

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

Transition risks

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

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

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

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

Energy transition: The Company has identified a risk of insufficient availability of low carbon fuels (such as sustainable aviation fuels or hydrogen) and the limited number of innovative certified pathways that may compromise the decarbonisation ambition of the Company and for the whole aviation sector.

Policy and legal: Aviation is a complex industry, with long product development cycles and where change takes a long time to be implemented. A rapid evolution of climate-related policies (such as carbon pricing policies and sustainable aviation fuel policies) and regulatory frameworks (CO_2 standards, sustainable finance, emissions trading systems, aircraft operation restrictions among others) could generate fast-changing requirements and could obstruct new product development pathways. As aviation is a global industry, policies and regulatory frameworks implemented at regional level rather than international level, or evolving at a different speed depending on the region, would unbalance a competitive level playing field for manufacturers and operators possibly creating market distortion. This could result in a loss of competitiveness for the Company.

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

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

Physical risks

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

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

Regulated chemicals

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

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

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

In order to reduce the use of targeted substances and mitigate the risk of disruption in its operations and supply chain, the Company's policy is the development of alternative technologies that use substances of less concern, and substitution of these when suitable alternatives meeting stringent certification and airworthiness criteria are available for deployment.

Complementary to substitution, digital solutions are being developed to improve traceability of regulated substances in our products from the early design steps down to the end of life.

Regulatory risks

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

Given the scope of its activities and the industries in which it operates, the Company is subject to stringent environmental, human rights, health and safety laws and regulations in numerous jurisdictions around the world. The Company therefore incurs, and expects to continue to incur, significant capital expenditure and other operating costs to comply with increasingly complex laws and regulations covering the protection of the natural environment as well as occupational health and safety and human rights. Health and safety expenditures include investments in the identification and the prevention, elimination or control of physical and psychological risks to people arising from work, including chemical, biological, mechanical and physical agents. Risks that could arise from work activities include the possibility of injury, physical and mental ill-health, damage to equipment, business interruption and regulatory action. Any reputational risk and claims against the Company that may result will also need to be managed and may lead to additional health and safety expenditure being required. In 2021, the Company maintained its stringent COVID-19 risk management measures in the workplace. However, the Company recognises that its employees continue to face physical and mental ill-health risks due to the COVID-19 associated public health controls, combined with the Company adaptation plans. Environmental protection expenditures include costs to prevent, control, eliminate or reduce emissions to the environment, waste management, the content of the Company's products, and reporting and warning obligations. Current trends indicate that regulatory pressure on the international scene to reduce the environmental footprint of industry is steadily growing (circular economy and resources efficiency, energy transition and climate change engagement, air and water quality improvement). Moreover, new laws and regulations, the imposition of tougher license requirements, increasingly strict enforcement or new interpretations of existing laws and regulations may cause the Company to incur increased capital expenditure and operating costs in the future in relation to the above, which could have a negative effect on the Company's business, results of operations and financial condition.

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

The obligation to compensate for such damages could have a negative effect on the Company's business, results of operations and financial condition.

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

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

The Company cannot predict at this time the impact on it as a result of environmental, human rights, health and safety matters, and may be adversely affected by them in the manner described above. For further information on sustainability-related risks, see "– 6.2. Non-Financial Information – 6.1.1 The Company's Approach to Sustainability".

5. Financial performance

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

5.1 IFRS Consolidated Financial Statements

Please refer to the "Airbus SE – IFRS Consolidated Financial Statements" and the "Notes to the IFRS Consolidated Financial Statements" for the years ended 31 December 2021 and 2020.

IFRS Consolidated Income Statement

Please refer to the "Airbus SE – IFRS Consolidated Income Statement" for the years ended 31 December 2021 and 2020.

Revenues

Revenues increased 4 percent to € 52.1 billion (2020: € 49.9 billion), mainly reflecting the higher number of commercial aircraft deliveries, partially offset by less favourable foreign exchange rates. A total of 611 commercial aircraft were delivered (2020: 566 aircraft), comprising 50 A220s, 483 A320 Family, 18 A330s, 55 A350s and 5 A380s. Revenues generated by Airbus' commercial aircraft activities increased 6 percent, largely reflecting the higher deliveries compared to 2020. Airbus Helicopters delivered 338 units (2020: 300 units), including the first H160, with revenues rising 4 percent reflecting growth in services and the higher deliveries. Revenues at Airbus Defence and Space decreased by 2 percent, mainly driven by Military Aircraft, partially offset by Space Systems. Eight A400M aircraft were delivered in 2021.

EBIT and Financial Result

EBIT Adjusted – an alternative performance measure and key indicator capturing the underlying business margin by excluding material charges or profits caused by movements in provisions related to programmes, restructuring or foreign exchange impacts as well as capital gains/losses from the disposal and acquisition of businesses – was € 4,865 million (2020: € 1,706 million).

The EBIT Adjusted related to Airbus' commercial aircraft activities increased to € 3,570 million (2020: € 618 million), mainly driven by the delivery performance and efforts on cost containment and competitiveness.

Commercial aircraft production is progressing in line with previously announced plans, in a complex environment. Specifically on the A320 Family, the ramp-up is on trajectory to achieve rate 65 by summer 2023 and the Company continues to de-risk notably by enabling all assembly sites to become A321-ready. For A320 Family production rates beyond 2023, the Company is still in the assessment phase and working with suppliers to potentially enable an increase above rate 65.

Airbus Helicopters' EBIT Adjusted increased to € 535 million (2020: € 471 million), mainly driven by support and services, programme execution and cost focus.

EBIT Adjusted at Airbus Defence and Space increased to € 696 million (2020: € 660 million), reflecting continued cost containment.

On the A400M programme, development activities continued toward achieving the revised capability roadmap. Retrofit activities are progressing in close alignment with the customer. In the fourth quarter of 2021, a charge of € 0.2 billion was recorded mainly reflecting the updated estimates of the delivery pattern of the launch contract. This is reflected in EBIT reported.

EBIT (reported) amounted to € 5,342 million (2020: € -510 million), including net Adjustments of € +477 million.

These Adjustments comprised:

- € +274 million related to the A380 programme, of which € +84 million were in Q4;
- € +122 million gain from the sale of one site in France, recorded in Q4;
- € -212 million related to the A400M, of which € -209 million were in Q4;
- € -38 million negative impact from foreign exchange and balance sheet revaluation, of which € +127 million were in Q4;
- € +331 million of Adjustments including mainly around € 0.2 billion of provision release related to the restructuring plan, and payments by suppliers. € +285 million were booked in Q4.

The financial result was € -315 million (2020: € -620 million). It mainly reflects the net interest result of € -246 million as well as the revaluation of financial instruments and of certain equity investments. **Net Income** was € 4,213 million (2020 net loss: € -1,133 million) with reported **earnings per share** of € 5.36 (2020 loss per share: € -1.45).

Table 1 – Revenue and EBIT (reported) by Business Segment

	Revenues			EBIT (reported)		
(In € million)	**2021**	2020	Change	**2021**	2020	Change
Airbus	36,164	34,250	+6%	4,175	(1,330)	-
Airbus Helicopters	6,509	6,251	+4%	535	455	+18%
Airbus Defence and Space	10,186	10,446	-2%	568	408	+39%
Eliminations	(710)	(1,035)	-	64	(43)	-
Total	**52,149**	**49,912**	**+4%**	**5,342**	**(510)**	**-**

IFRS Consolidated Statement of Financial Position

Please refer to the "Airbus SE – IFRS Consolidated Statement of Financial Position" at 31 December 2021 and 2020.

Intangible Assets and Property, Plant and Equipment

Intangible assets increased by € +168 million to € 16,367 million (2020: € 16,199 million). Intangible assets mainly relate to goodwill of € 13,028 million (2020: € 12,999 million).
The annual impairment tests performed in 2021 led to no impairment charge.

Property, plant and equipment decreased by € -138 million to € 16,536 million (2020: € 16,674 million). Property, plant and equipment include right-of-use assets for an amount of € 1,698 million as of 31 December 2021 (2020: € 1,804 million).

Investments Accounted for under the Equity Method

Investments accounted for under the equity method increased by € +94 million to € 1,672 million (2020: € 1,578 million). They mainly include the equity investments in ArianeGroup, MBDA and ATR GIE.

Other Investments and Other Long-Term Financial Assets

	31 December	
(In € million)	**2021**	2020
Other investments	2,511	2,245
Other long-term financial assets	1,490	1,610
Total non-current other investments and other long-term financial assets	**4,001**	**3,855**
Current portion of other long-term financial assets	**537**	**468**
Total	**4,538**	**4,323**

Other investments mainly comprise the Company's participations and include the remaining investment in Dassault Aviation (9.90%, 2020: 9.90%) amounting to € 786 million at 31 December 2021 (2020: € 742 million).

Other long-term financial assets and the **current portion of other long-term financial assets** include other loans in the amount of € 1,909 million as of 31 December 2021 (2020: € 1,841 million), and the sales financing activities in the form of finance lease receivables and loans from aircraft financing.

Inventories

Inventories of € 28,538 million (2020: € 30,401 million) decreased by € -1,863 million. This is driven by Airbus (€ -1,944 million), and mainly reflects the delivery of the last A380 aircraft and the reduction in the widebodies inventory.

Provisions

	31 December	
(In € million)	**2021**	2020
Provisions for pensions	7,072	9,980
Other provisions	8,209	10,563
Total	**15,281**	**20,543**
thereof non-current portion (1)	*10,771*	*14,298*
thereof current portion (1)	*4,510*	*6,245*

(1) Previous year allocation between non-current and current provisions has been restated.

As of 31 December 2021, **provisions for pensions** decreased mainly due to the change in financial assumptions of € 1,453 million reflecting the further strengthening of interest rates and increased inflation assumptions in Germany, France, Canada and the UK and the increase in plan assets of € 1,341 million.

Other provisions decreased mainly due to the restructuring provision recorded in 2020 in response to the COVID-19 pandemic and a decrease in provisions for onerous contracts due to the delivery of the last A380 aircraft, the utilisation and net presentation of the A400M programme losses against inventories and the reduction in the A220 programme.

Other Financial Assets and Other Financial Liabilities

Other Financial Assets

	31 December	
(In € million)	**2021**	2020
Positive fair values of derivative financial instruments	664	3,451
Others	27	32
Total non-current other financial assets	**691**	**3,483**
Receivables from related companies	803	1,158
Positive fair values of derivative financial instruments	341	973
Others	307	301
Total current other financial assets	**1,451**	**2,432**
Total	**2,142**	**5,915**

Other Financial Liabilities

	31 December	
(In € million)	**2021**	2020
Liabilities for derivative financial instruments	2,640	1,834
European Governments' refundable advances	3,730	3,712
Others	192	111
Total non-current other financial liabilities	**6,562**	**5,657**
Liabilities for derivative financial instruments	1,923	983
European Governments' refundable advances	131	200
Liabilities to related companies	180	130
Others	298	456
Total current other financial liabilities	**2,532**	**1,769**
Total	**9,094**	**7,426**

The total net fair value of derivative financial instruments decreased by € -5,165 million to € -3,558 million (2020: € 1,607 million) as a result of the strengthened US dollar versus the euro associated with the mark to market valuation of the hedge portfolio.

In 2021, the European Governments’ refundable advances decreased by € -51 million to € 3,861 million (2020: € 3,912 million).

Other Assets and Other Liabilities

Other Assets

	31 December	
(In € million)	**2021**	2020
Cost to fulfil a contract	301	282
Prepaid expenses	116	76
Others	378	125
Total non-current other assets	**795**	**483**
Value added tax claims	1,183	1,025
Cost to fulfil a contract	499	557
Prepaid expenses	392	191
Others	319	443
Total current other assets	**2,393**	**2,216**
Total	**3,188**	**2,699**

Other Liabilities

	31 December	
(In € million)	**2021**	2020
Others	583	436
Total non-current other liabilities	**583**	**436**
Tax liabilities (excluding income tax)	771	749
Others	2,761	2,411
Total current other liabilities	**3,532**	**3,160**
Total	**4,115**	**3,596**

Total equity

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

(In number of shares)	**2021**	2020
Issued at 1 January	**784,149,270**	**783,173,115**
Issued for ESOP	1,934,420	976,155
Issued for convertible bond	0	0
Issued at 31 December	**786,083,690**	**784,149,270**
Treasury shares	(454,735)	(432,875)
Outstanding at 31 December	**785,628,955**	**783,716,395**

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

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to € 9,466 million (2020: € 6,445 million) representing an increase of € +3,021 million. This is due to a net income for the period of € +4,213 million and a decrease in other comprehensive income, principally related to the mark to market revaluation of the hedge portfolio of € -3,710 million partly offset by a change in actuarial gains and losses of € +2,363 million.

The **non-controlling interests ("NCI")** from non-wholly owned subsidiaries increased to € 20 million as of 31 December 2021 (2020: € 11 million). These NCI do not have a material interest in the Company's activities and cash flows.

Net Cash

The net cash position provides financial flexibility to fund the Company's operations, to react to business needs and risk profile and to return capital to the shareholders.

	31 December	
(In € million)	**2021**	2020
Cash and cash equivalents	14,572	14,439
Current securities	1,317	1,618
Non-current securities	6,794	5,350
Gross cash position	**22,683**	**21,407**
Short-term financing liabilities	(1,946)	(3,013)
Long-term financing liabilities	(13,094)	(14,082)
Total	**7,643**	**4,312**

The **net cash** position on 31 December 2021 amounted to € 7,643 million (2020: € 4,312 million), with a gross cash position of € 22,683 million (2020: € 21,407 million).

Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

	31 December	
(In € million)	**2021**	2020
Bank account and petty cash	1,964	4,173
Short-term securities (at fair value through profit and loss)	12,075	9,654
Short-term securities (at fair value through OCI)	533	512
Others	0	100
Total cash and cash equivalents	**14,572**	**14,439**

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

Securities

The Company's securities portfolio amounts to € 8,111 million and € 6,968 million as of 31 December 2021 and 2020, respectively. The security portfolio contains a non-current portion of € 6,794 million (2020: € 5,350 million), and a current portion of € 1,317 million (2020: € 1,618 million).

Financing liabilities

(In € million)	31 December 2021	2020
Bonds and commercial papers	11,061	12,032
Liabilities to financial institutions	467	418
Loans	75	94
Lease liabilities	1,491	1,538
Total long term financing liabilities	**13,094**	**14,082**
Bonds and commercial papers	0	1,075
Liabilities to financial institutions	26	111
Loans	96	94
Lease liabilities	245	260
Others [1]	1,579	1,473
Total short term financing liabilities	**1,946**	**3,013**
Total	**15,040**	**17,095**

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

Long-term financing liabilities, mainly comprising of bonds and lease liabilities, decreased by € -988 million to € 13,094 million (2020: € 14,082 million), mainly due to pre-payment of a US$1 billion bond issued on 9 April 2013 in the US institutional market with an original maturity of ten years.

Short-term financing liabilities decreased by € -1,067 million to € 1,946 million (2020: € 3,013 million), mainly due to the repayment of the exchangeable bonds to be convertible into Dassault Aviation shares issued on 14 June 2016 for an amount of € 1.0 billion.

Free Cash Flow

Free cash flow before M&A and customer financing was € 3,515 million (2020: € -6,935 million), reflecting efforts on cash containment and a decrease in working capital mainly driven by inventory improvement. **Free cash flow** was € 3,511 million (2020: € -7,362 million).

Order Intake and Order Book

Gross commercial aircraft orders totalled 771 (2020: 383 aircraft) with net orders of 507 aircraft after cancellations (2020: 268 aircraft). Included were the first A350 freighter orders, confirming customer demand for this new programme. The order backlog was 7,082 commercial aircraft on 31 December 2021 (end 2020: 7,184 aircraft). Airbus Helicopters booked 414 net orders (2020: 268 units), achieving a book-to-bill ratio well above 1 both in terms of units and in value. These included 52 H160s of which 30 were the first batch of H160M military versions for France's Joint Light Helicopter programme. Airbus Defence and Space's order intake by value increased to € 13.7 billion (2020: € 11.9 billion), representing a book-to-bill ratio of around 1.3. Included were key orders in the Military Aircraft business such as the in-service support of the German and Spanish Eurofighter fleets as well as good export momentum for the C295, A330 MRTT and A400M airlifter.

Order intake by value increased to € 62.0 billion (2020: € 33.3 billion) with the **order book** valued at € 398 billion on 31 December 2021 (year-end 2020: € 373 billion). The increase in the backlog value mainly reflected the strengthening US dollar.

Table 2 – Order Intake and Order Book by Business Segment

	Order Intake (net)			Order Book		
	2021	2020	Change	**2021**	2020	Change
Airbus *(in units)*	507	268	+89%	7,082	7,184	-1%
Airbus *(in € million)*	40,004	16,089	+149%	345,101	324,675	+6%
Airbus Helicopters *(in units)*	414	268	+54%	739	663	+11%
Airbus Helicopters *(in € million)*	8,552	5,519	+55%	17,985	15,782	+14%
Airbus Defence and Space *(in € million)*	13,656	11,862	+15%	36,131	33,505	+8%

5.2 Information on Airbus SE Auditors

	Date of first appointment	Expiration of current term of office (1)
Ernst & Young Accountants LLP Boompjes 258 3011 XZ Rotterdam Postbus 488 3000 AL Rotterdam The Netherlands Represented by N.M. Pul	28 April 2016	12 April 2022

(1) A resolution will be submitted to the Annual General Meeting of Shareholders in 2022, in order to appoint Ernst & Young Accountants LLP as the Company's auditors for the 2022 financial year.

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

6. Non-financial information and other corporate activities

6.1 Non-financial information - "Airbus Sustainability Report"

6.1.1 THE COMPANY'S APPROACH TO SUSTAINABILITY

Purpose

The Company's purpose is to pioneer sustainable aerospace for a safe and united world. It aims to lead the way in the decarbonisation of the aerospace industry, to unite and safeguard the citizens of the world, and continually expand human knowledge of our universe, from critical events on earth to the exploration of space. To this aim, the Company designs, manufactures and delivers aerospace products, services and solutions to customers on a worldwide scale bringing essential value to society and contributing to the UN Sustainable Development Goals ("**SDGs**") through its core business and how it runs it.

First of all, **the Company connects**. Connections are vital to making the world a better place. That's why the Company unites people and organisations across the globe; physically with its commercial aircraft and helicopters; and virtually with its connectivity solutions, allowing them to connect and understand each other.

The Company serves communities. Its satellites and tracking systems help make oceans safer with solutions that monitor and protect naval routes and maritime assets. Company-built aircraft are instrumental in firefighting, in maintaining energy systems and public safety. Its helicopters are the workhorses that carry out construction and infrastructure projects in hostile or inaccessible areas of local communities as they can often be the only tool able to transport heavy loads, building materials, supplies, cargo and more. And technology solutions from the Company protect many critical systems from cyberattacks.

The Company saves lives. When a humanitarian crisis arises, its aircraft help transport patients for urgent medical care, and they assist in search efforts to find those marooned at sea, stranded in the mountains, or isolated in remote regions. Its Earth observation satellites are tasked to acquire images of the concerned area. This imagery is delivered to relevant authorities, together with archived data, to rapidly assess the extent of damage and support rescue planning by allowing actions to be prioritised, and identifying if roads, bridges and airport runways are still operational.

The Company protects. Its defence products and services help countries protect their citizens, values and vital infrastructure. In an unstable world, this security is a prerequisite of peace, the rule of law, political stability, democracy, environmental sustainability, human rights, economic development and prosperity, and scientific progress. The Company manufactures helicopters, fighter jets and military transport planes that allow nations to safeguard their airspace and respond to natural disasters. The Company supplies intelligence capabilities as well as terrestrial space and cyber security services. And it provides secure communications to governments and organisations devoted to public safety. All help to make the world a safer place. Its defence activities contribute to diplomacy, conflict resolution and a multilateral approach to international relations. By supplying EU and NATO member states with advanced military equipment, it strengthens their diplomatic influence and credibility on the global stage – and in turn that of international institutions such as the UN and NATO, thereby contributing to SDG 16 - Peace, Justice and Strong Institutions.

The Company explores. It believes the exploration of our universe will enrich life for generations to come. Its space technologies and satellite imagery solutions continually expand human knowledge of our universe, from the ability to capture and analyse data on climate change and critical events on Earth, to providing the solutions that enable deep-space exploration. For decades, the Company has been at the very heart of space exploration. It's at the forefront of creating the technologies that allow mankind to send spacecraft to planets, moons and comets both near our sun and millions of kilometres away.

GENERAL	GRI	SDGs	Others
	102 General Disclosures	4, 5, 8, 9, 12, 13, 16, 17	Vigilance Plan
Highest governance body(ies) involved	Board of Directors / ECSC Executive Committee supported by topic-focused Committees		
Commitments to external frameworks	UN Global Compact, The Ten Principles, Sustainable Development Goals		

Ressources: Sustainability on Airbus.com, Airbus Tax Strategy,
Innovation contributing to a more sustainable world on Airbus.com, Earth monitoring and understanding (e.g. Climate change monitoring, Application for sustainable agriculture), Example partnership for innovation: ANITI project↘, Toulouse University (ANITI)↘,
The Future of Hydrogen by the IEA↘,
ATAG Benefits Beyond Borders fact sheet↘, ASD Fact Sheet 2021↘
UN Global Compact↘,

Additional indirect contributions

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

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

Economic benefits

87.7 million

Jobs supported by aviation worldwide

→ 11.3 million direct jobs in the industry:
- 648,000 at airport operators
- 5.5 million in other on-airport jobs
- 3.6 million at airlines
- 1.3 million in civil aerospace
- 237,000 at air navigation service providers

→ 18.1 million jobs supported through the aviation industry supply chain

→ 13.5 million jobs through induced benefits of industry and employee spending

→ 44.8 million jobs supported in the tourism industry

$3.5 trillion

Global contribution to GDP, 2018
(4.1% of world economic activity)

4.3x

Aviation jobs are, on average, 4.3 times more productive than other jobs

35%

Worldwide trade by value carried by air transport, 2018 ($6.5 trillion).
By volume: 0.5%

17th

If aviation were a country, it would rank 17th in size by GDP

As a major European defence manufacturer, the Company also has significant economic impact across Europe. According to the AeroSpace and Defence Industries Association of Europe (ASD) the industry supports over 462,000 high-skilled jobs across the continent, all contributing to Europe's economic prosperity with €119 billion in annual revenue, €45.6 billion of which are dedicated to exports.

While the Company contributes to the global economy as a whole it also contributes to the economic development of the communities it operates in. Full aerospace ecosystems, often bringing together academia, research centers and corporations, all with high value-added jobs, often develop around the Company's sites such as those in Toulouse or Hamburg. This development is accelerated thanks to the Company's innovation ecosystem such as the recently launched Airbus Scale initiative, a new innovation unit that brings together corporate innovation, startup engagement and company-building activities. In this approach, Airbus Scale will promote and identify internal corporate innovation opportunities that can be developed into solutions for the external world, bringing them to market and attracting external investments that could result in spin-offs. This generates value for the Company but also the local communities where these new companies will set foot and prosper.

There are many other examples of how, in the process of developing its products and services, the Company is stimulating innovations and developments across the aerospace ecosystem, benefiting society more broadly.

For example, as the Company prepares for its ZEROe aircraft, it is stimulating multiple innovations and development around the use of hydrogen from low carbon and renewable hydrogen production and storage to combustion and propulsion, all beneficial beyond aerospace. As an example, by committing to a hydrogen-powered aircraft by 2035 the Company is priming demand, stimulating low carbon and renewable hydrogen production capacity. Currently, less than 0.1% of global dedicated hydrogen production comes from water electrolysis according to the International Energy Agency (IEA)'s 2019 report The Future of Hydrogen. However, this is expected to rapidly change. The cost of renewable energies is falling at an unprecedented rate. And investment in electrolysers – the "clean" technology used to separate hydrogen and oxygen atoms in water – is expected to boom worldwide.

Sustainability commitments

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

The Company's **four Commitments**	**Material topics**	**SDGs**	**Section**
#1 **Lead the journey towards clean aerospace**	Environmental impact of our operations Environmental impact of our products		6.1.2
#2 **Build our business on the foundation of safety and quality**	Product Safety Cybersecurity Health & Safety		6.1.3
#3 **Respect human rights and foster inclusion**	Human Rights Inclusion & Diversity Labour Relations People		6.1.4
#4 **Exemplify business integrity**	Business Integrity		6.1.5

Across each commitment the Company has set key performance indicators ("KPIs") and targets enabling the Company to monitor progress towards these ambitions. These can be found in " – 6.1.8 ESG Data Board", which gathers all reported sustainability metrics. They can also be found in the related sections of this chapter which is structured around each of the four commitments above, completed by two sections which cut across all four commitments, " – 6.1.6 Responsible Supply Chain" and " – 6.1.7 Community Impact".

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

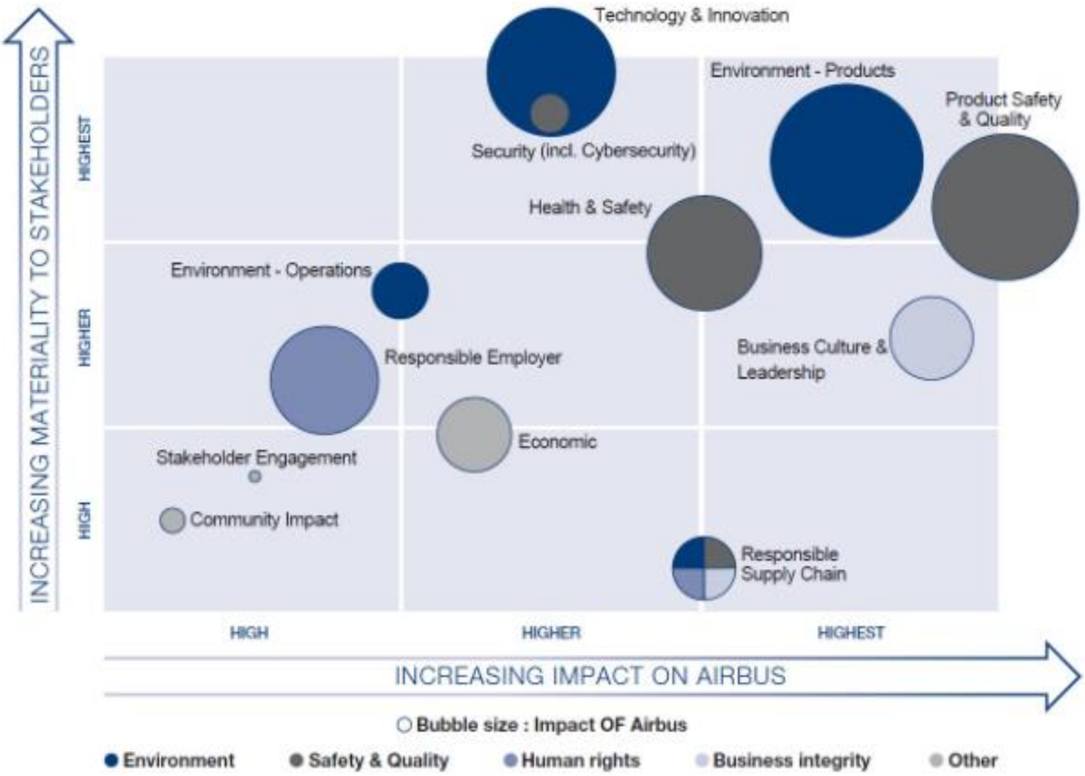
Stakeholder engagement

At a strategic level, the 2019 materiality assessment was a critical exercise in capturing the voice of 12 of the Company's most important stakeholder groups, helping it identify which ESG issues were most material to them, and integrating this into its strategy. These key stakeholder groups included:

Customers	NGOs	Authorities	MRO providers
Suppliers	Investors	Governments	Airports
Partners	Employees	Industry Associations	Community at large

The stakeholder viewpoint was captured via a mix of surveys and artificial intelligence (via analysis of reports, legislation and media sources). The materiality viewpoint of stakeholders was mapped against the actual or potential impact on the Company of identified environmental, social and governance ("**ESG**") issues, in addition to an analysis of which ESG issues the Company has, or could have, the most impact on. These were both captured via surveys sent to the Company's executives. Results led to the following three-dimensional materiality matrix, fundamental in establishing the Company's four commitments. The intention is to launch a new assessment in 2022.

Materiality matrix



Source: Datamaran.

Governance

Conscious of the strategic importance of sustainability, the Company has defined an adapted governance and organisation at the highest level.

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

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

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

The Executive Committee is supported by several committees or boards linked to the Company's four sustainability commitments:
- The Environment Executive Steering Committee, the Inclusion & Diversity Board as well as the Product Safety Board, all chaired by EC members.

- The Steering Committees of the Human Rights and Sustainable Supply Chain Roadmaps, both sponsored by Executive Committee members.

Other sustainability topics such as Health & Safety and Business Integrity are brought directly to the attention of the Executive Committee.

The Company also believes the integration of sustainability criteria in its reward mechanisms is an important enabler for accelerating its sustainability ambitions. A sustainability component is integrated into the Common Collective Component of the CEO's variable remuneration, accounting for 20% of the payout, see "– Corporate Governance – 4.4 Remuneration Policy. This principle also applied to the other members of the Executive Committee who do not serve on the Board of Directors, and to a large extent to executives employed at the Company.

Organisation and policy framework

The Sustainability & Environment team put in place in January 2020 at corporate level has continued to develop and expand. Its mission continues to be to:

- Set the ambition level for the four sustainability strategic commitments
- Identify the levers to achieve this ambition
- Enable the business to deliver this ambition across the full value chain
- Engage employees on sustainability
- Provide clarity on ambition and progress to internal and external stakeholders

While the Sustainability & Environment team has a Company-wide role to provide direction and check regularly on advancements across all sustainability topics, for each of those topics (e.g. Health & Safety, Inclusion & Diversity, Human Rights, etc.), there are related functions, departments or "roadmaps" (multi-functional teams addressing cross functional sustainability topics) driving their continuous improvement. These teams are for the most part supported by dedicated policies which are referred to in the Company's Code of Conduct, a single reference intended to guide daily behaviour and help employees resolve the most common ethical and compliance issues that they may encounter. The Code of Conduct applies to all employees, officers and directors of the Company.

6.1.1.1 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. For the Company's Vigilance Plan for its supply chain, see "– 6.1.6 Responsible Supply Chain", which shall be deemed to be incorporated by reference and form part of this plan.

As far as its own operations are concerned, the Company has adopted internal policies and management tools to perform the assessment, monitoring, mitigation and reporting of risk and compliance allegations, which are embedded into the Company's culture and processes.

Enterprise Risk Management & Internal Audit: With regard to risk management, sustainability risks and opportunities are fully embedded in the Company's Enterprise Risk Management ("**ERM**"). For further information on ERM, see "– Corporate Governance – 4.1.3 Enterprise Risk Management System". For further information on the Company's risks, see "– Risk Factors". Internal audits are also performed regularly across the Company, including on sustainability topics - see "– Corporate Governance – 4.1.4 Internal Audit. External audits are also performed in line with certification requirements as detailed in the related material topic sections.

Sustainability competencies & employee engagement: Awareness-raising, competence development and employee engagement are essential to preventing and mitigating sustainability risks and maximising opportunities. To this aim, the Company offers employees over 400 training opportunities, online and in-person, linked to environment, human rights, inclusion & diversity, data privacy, cybersecurity, product/aviation safety, health & safety and ethics & compliance. Training courses linked to sustainability topics were integrated into the 2021 mandatory training list for Company employees. Specific information on training is covered in the related material topic sections.

Affiliates: All Company-controlled affiliates are expected to deploy similar internal policies by applying the Company's directives. A Company-wide single directive defines rules, processes and procedures applicable to the Company's affiliates and their respective boards, directors and officers. Its enforcement is supported by the Directors' training programme which, in 2021, was delivered to around 267 people over 18 full-day digital sessions. The single directive assists the Company's affiliates in effectively fulfilling their responsibilities while assuring the Company's ongoing commitment to high standards of corporate governance. It was built on the basis of Company-related internal policies including but not limited to: the Company's Code of Conduct, International Framework Agreement; Agreement on the European Works Council; Supplier Code of Conduct; Health & Safety Policy; Environmental Policy; the Company's Anti-Corruption Policy and related Directives. An online self-assessment is completed on an annual basis by the controlled affiliates to self-assess their internal controls, including how they relate to the environment, health & safety, human resources, governance, finance, procurement and compliance requirements in order to identify any gaps and define remedial action plans as required. Controlled affiliates can update the self-assessment on a quarterly basis based on their progression. Since 2019, affiliates have also been asked to regularly evaluate risks *via* the Company's ERM system, as well as to regularly monitor them as part of their risk assessment process.

Grievance & whistleblowing mechanism: The Company is committed to maintaining a "speak-up" culture by promoting an open and trusting dialogue with employees at all levels. All employees are encouraged to express their views, defend their opinions, and point out unacceptable behaviour — especially behaviour that violates the Company's Code of Conduct. Employees can raise concerns to their line manager, their human resources business partner, to a Legal & Compliance representative, or through the Company's "OpenLine" hotline (www.airbusopenline.com). The OpenLine is anonymous where legally permissible and also available to external stakeholders, including affiliates and suppliers, and covers all sustainability topics. The Company endeavours to ensure that the procedures to assess, investigate and manage allegations are well aligned throughout the Company. For further information about the OpenLine, see "– 6.1.5 Exemplify Business Integrity".

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

A dedicated section also appears at the end of this report compiling key information related to the vigilance plan. See " – 6.1.9 Deployment of Vigilance Plan (*Devoir de Vigilance*)".

6.1.1.2 Reporting standards

A GRI standard index (Core) as well as Task Force on Climate-related Financial Disclosures ("TCFD") and Sustainability Accounting Standards Board ("SASB") correspondence tables will be published in the Company's 2021 Universal Registration Document.

6.1.2 LEAD THE JOURNEY TOWARDS CLEAN AEROSPACE

I. Introduction

In line with the Company's purpose "**pioneering sustainable aerospace for a safe and united world**" and its aim to drive the transition of the air transport system towards climate neutrality, the Company's foremost ambition as an aircraft manufacturer is to bring the first zero exhaust CO_2 emission ("zero emission") commercial aircraft to the market by the middle of the next decade and to play a leading role in the decarbonisation of the aviation sector. The Company is investing major resources into examining and reducing the impact of its products in operation together with all actors within the aviation sector.

As a supporter of the Task Force on Climate-related Financial Disclosures ("**TCFD**"), the Company not only tracks and measures the environmental impact of its sites, products and services, but also works in cooperation with its worldwide supply chain to drive more effective environmental management, decarbonise its industry and foster circularity by optimising resource utilisation. To help the Company reach its vision, it places innovation at the core of this effort by investing in research, new technologies and sustainable solutions. The Company approach to address climate risks and opportunities follows the four pillars of the TCFD - governance, strategy, risk management, metrics & targets - as reflected in the Company reporting hereafter, and in its answers to the CDP questionnaire published on its website. The Company maintained its A-CDP rating in 2021.

The Company has identified climate change as its most material environmental impact and as such recognises its role in contributing to mitigating the global footprint of the sector and the importance of aligning and respecting the commitments of the Paris Agreement. Climate change may also affect the environmental conditions in which the Company's manufacturing activities and products are operated. Another main area of attention is the elimination or management of regulated substances. The Company is continually seeking technically-feasible sustainable solutions to reduce the environmental impacts of its products and operations, in cooperation with its suppliers and industrial stakeholders. Other environmental aspects such as the impact on water resources, the production of waste or the emission of air pollutants are also part of the Company's priorities.

To this end, the Company has set key environmental ambitions:

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

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

KPIs	Target 2030	Baseline 2015 [8]	2020	**2021**	2021 vs. 2020	2021 vs. Baseline
CO_2e Scope 1&2 [1] *(ktons)*	**-63%**[2] *in line with 1.5°C scenario* "net zero Scope 1&2" by 2030 [3]	1,116	882	**827**	-6%	-26%
Energy [4] *(GWh)*	-20%	3,107	2,665	**2,728**	+2%	-12%
Waste: Waste produced [5] *(tons)*	-20% produced *and 0% landfill and incineration w/o energy recovery*	107,967	74,898	**69,660**	-7%	-35%
Air emissions:						
VOC *(tons)*	0% increase	1,464	1,047	**1,051**	0%	-28%
NOx *(tons)*	0% increase	15	14	**14**	-3%	-8%
SOx *(tons)*	0% increase	247	239	**222**	-7%	-10%
Water:						
Water purchased *(m^3)*	-50%	3,311,578	2,865,793	**2,584,644**	-10%	-22%
Water withdrawal *(m^3)*	0% increase	3,754,503	3,371,030	**3,078,590**	-9%	-18%

Other key metrics (More metrics available in the ESG Data Board)	2020	**2021**	2021 vs. 2020
SCOPE 3 - Use of sold product - Commercial Aircraft [6][7] (CO_2e kton)	440,361	**463,592**	+5.3%
Delivered aircraft efficiency intensity (gCO_2/km.pax)	63.1	**62.6**	-0.8%
SCOPE 3 - Use of sold product - Helicopters [6] (CO_2e ktons)	1,085	**1,137**	+4.8%
SCOPE 3 - Purchase of Goods and Services [6] (CO_2e ktons)	11,346	NA	
CDP Rating	A-	**A-**	stable

Remuneration	CO_2 performance included in CEO and Executives variable remuneration. Targets (on TCO scope): -3% in 2021, -5% in 2022. 2021 performance: actual -7%; retained -6%, net of guaranteed origins in excess of amount planned for target setting.
KPI assumptions	[1]Scope 2: location based with purchased guarantees of origin deduced. [2]Established following the Science based Target methodology in line with a 1.5°C scenario. [3]Neutralising residual emissions through permanent removal and storage solutions. [4]Total consumption from stationary sources. [5]Total waste excluding exceptional waste. [6]Scope 3 methodologies are detailed in the environment section hereafter. [7]2020 figures restated, integrating refined emission factors [8]Baseline was refined to reflect changes in scope, align with GHG protocol guidelines and rectify actuals for some entities.

Additional resources: Environmental Policy Statement, Environment on Airbus.com, CDP Climate Change Questionnaire on Airbus.com and on CDP website, ATAG Waypoint 2050, IEAG - GHG Reporting Guidance,

ITAKA Initiative Towards sustAinable Kerosene for Aviation, Clean Sky initiative, SESAR initiative, Partnership on Smart Cities and Communities (EIP-SCC)

II. Governance

Environmental policy

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

Organisation and responsibilities

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

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

In 2021, the ECSC reviewed and provided guidance on a number of environmental topics such as the Company's decarbonisation strategy for its direct operations, supply chain and products.

To support the Executive Committee in environmental matters, especially climate-related, an Environment Executive Steering Committee ("EnC") was established in 2019. The EnC is composed of members of the Executive Committee and senior executives Company-wide, responsible for environmental topics. It meets monthly to review the progress and take decisions on all matters related to the environmental strategy. The EnC reviews climate change related topics, including the progress on greenhouse gas ("GHG") emissions reduction objectives, the decarbonisation strategy and climate related risks.

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

The Company's EMS is based on ISO 14001:2015. Airbus was the first aircraft manufacturer to be ISO 14001 certified, and continues to show its commitment by having been recertified to ISO 14001: 2015 in November 2019, and confirmed by a certification surveillance audit in 2020 and 2021. The Company also monitors environmental regulatory developments to understand, evaluate and prepare for legal and regulatory evolutions applicable to its activities and products.

The Company's environmental strategy is implemented operationally by dedicated multi-functional teams at corporate and/or divisional level. These cover topics such as industrial and site impact, product operation, supply chain or chemical substances.

Disclosure of environmental indicators

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

As part of its transparency policy, the Company provides climate change related data and information to the CDP annually, providing its investors and other interested parties with the insight they need. In 2021, the Company has maintained the A-score obtained in 2020.

III. Risk management

Environmental risk and opportunities are managed following the Company's ERM system. A specific Sustainability and Environment ERM plan integrates additional requirements defined within the ISO14001:2015 certified EMS and provides a transverse set of rules applicable Company-wide to ensure a consistent management of environmental risks and opportunities.

Relevant criteria for the evaluation of environmental risks and opportunities include: financial impact, impact on environmental performance, impact on EMS certification, as well as legal, supply chain and reputational aspects.
Risks and opportunities are reported quarterly to the Executive Committee of each Division and top risks, including climate-related risks, are consolidated at Company level to be brought to the attention of the Board of Directors and reviewed semi-annually.

Climate-related risks

Climate-related risks (adaptation and mitigation) are described in "– Risk Factors – 4 Environment, Human Rights, Health & Safety Risks" and shall be deemed to be incorporated by reference and form part of the Non-Financial Information.

IV. Implementation / activities

1. Industrial operations

The Company has been working for many years on the reduction of its environmental footprint, not only its products and services but also its production and facilities. This started in 2006 with the Blue5 programme, supporting the 2020 Vision objectives for the reduction of the Company's industrial environmental footprint.

High5+ revised targets in line with a "1.5°C" pathway and neutralising residual emissions by 2030

In 2019, the Company continued with the 2030 vision and extended its programme in order to anticipate increasing environmental regulation, foster employees' engagement and provide answers to stakeholders' expectations for the coming decade.

Named "high5+", the programme is built on a set of ambitious reduction targets covering the five most material environmental impacts for the Company in order to reduce energy consumption, CO2 emissions, water withdrawal, Volatile Organic Compounds (VOCs) emissions and waste production. These objectives have been set in absolute value, with 2015 levels as reference, as follows:

- **CO_2**: reduce direct (scope 1) and indirect (scope 2) net GHG emissions by -63% by 2030 compared to 2015. This target has been set by applying the relevant "Science Based Target Initiative" (SBTi) methodology for a near-term target in line with a "1.5°C" pathway. While the Company is working on a detailed pathway for a long term target in line with the SBTi Net-Zero standard, it has committed to neutralise the scopes 1 and 2 residual emissions from 2030 by using only carbon removals.
- **energy**: reduce energy consumption from stationary sources by 20% by 2030;
- **waste**: reducing the amount of waste produced by 20% by 2030 and divert 100% of the waste from landfilling and incineration without energy recovery;
- **air emissions**: 0% increase of s emissions by 2030;

Annual objectives and CEO / executives remuneration

In order to better embed this ambition into the Company's performance management, short-term targets are established consistently. The Executive Committee agreed in 2020 to include a reduction target for 2021 (compared to 2020) of -3% for CO_2 and -5% for purchased water (see table below) as part of the Company's top objectives.

In 2021, the Executive Committee agreed to include reduction targets of -5% for CO_2 for 2022 (compared to 2021) as part of the Company's top objectives.

As such, these annual targets form part of the CEO's and other Executive Committee members' remuneration, see "– Corporate Governance – 4.4 Remuneration Policy. In 2022, the CO_2 target will also be included as a non-financial KPI in the variable remuneration of executives.

For 2021, the CO_2 and water annual performance is described in the table below:

	Target	2020	**2021**	**2021 v. 2020**	Covered scope
CO_2e *(ktons)*	-3%	811	**754**	**-7%** (-6%retained[1])	91%
Water *(m^3)*	-5%	2,101,229	**1,791,662**	**-15%**	69%

Data audited by EY®

Annual objective on CO_2. *Geographical scope: In 2021:* ***48 sites****. Scope of metrics: Scope 1 & 2 (including Oversize Transport) and excluding: refrigerant leakage, butane consumption, electricity on site from CHP, emissions due to processes. Scope 2 is location based with purchased guarantees of origin deduced.* [1] *net of guaranteed origins in excess of amount planned for target setting.*

Annual objective on purchased water. *Geographical scope: In 2021:* ***35 sites*** *in Europe, China, USA and Canada, excluded: subsidiaries and Airbus Helicopters sites. Scope of metrics: Volume of purchased water.*

Scope: The TCO scope is reviewed annually. 2020 data were updated to reflect change in TCO scope accordingly.

GHG emissions and energy reduction

Stationary sources (e.g. heating, cooling, manufacturing processes etc.) account for c.70% of GHG emissions at the Company's sites and mobile sources (ground vehicles, "Beluga" air transport operations, flight test, etc.) for c.30%. Action plans for reducing emissions from stationary sources mainly rely on increasing energy efficiency and using low carbon energy sources, while plans for reducing mobile sources emissions include switching to lower emission vehicles where possible and avoiding emissions through better planning of flights and logistics and using lower carbon fuels (e.g. sustainable aviation fuels (SAF)).

In 2021, scope 1 and 2 GHG emissions have decreased by around 6% (7% on TCO scope), primarily due to oversize transportation efficiency and operation improvements, reduced flight tests activities and European emission factors improvement that more than offset production ramp-up impact.

Since 2019, SAF is used in the operation of the Company's Beluga transport aircraft for the purpose of internal logistics. In 2022, flight test activities will also start using SAF as part of the Company's revised GHG emissions reduction plan. The share of SAF used in these activities will progressively increase to 50% by 2030.

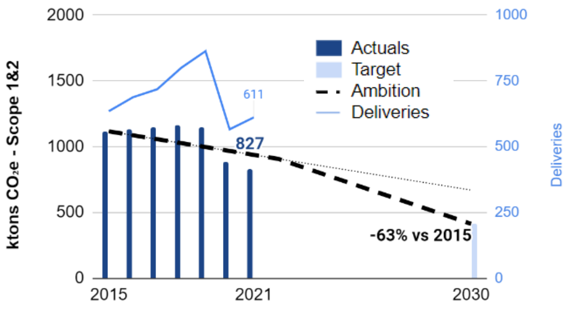


Fig. High5+ CO_2 performance vs. revised ambition

In the same timeframe, the share of renewable electricity used in industrial operations in Europe will also progressively increase, starting with an increase of 10% of guarantee of origin (GoO) certificates per year and the incorporation of long-term power purchase agreements (PPAs). The PPA project was launched in 2020 and achieved a major milestone in 2021 with the validation of the requirements to purchase renewable and low-carbon energy as well as the selection of suppliers to be finalised in 2022. This will allow the Company to accelerate its ambition to secure 100% renewable and low-carbon energy supply to all sites in Europe by 2024. The Company is investigating opportunities in other regions (eg. US, China) to follow the approach applied to Europe.

In addition, the Company uses an internal carbon price to support investment with positive energy and CO_2 reduction impacts on operations. In 2021, this price was updated from 30 €/tCO_2 to 150 €/tCO_2, giving a clear signal to project leaders on the importance of CO_2 footprint reduction and enabling a strong acceleration of project portfolio implementation.

Carbon offsetting and neutralising residual emissions

Carbon offsetting: in 2019, the Company introduced a mechanism to compensate emissions of activities for which reduction measures and use of renewable energy are not sufficient to meet the internal targets, such as air and sea activities, as well as emissions from air business travel. This mechanism follows an approach of first avoiding and reducing GHG emissions in absolute value to later compensate for residual emissions. The Company built a rigorous procurement process based on the concepts of additionality, real (permanent) reduction, prevention of double counting, prevention of overestimation and no additional harm. As a minimum, the carbon offsets need to be certified by the Gold Standard or Verra or Verified Carbon Standard or Climate, Community and Biodiversity Standards and the supplier needs to show proof of how each one of the mentioned criteria were met. In addition, understanding that these carbon offsetting programs may have gaps in their methodologies, additional proof was requested of how such gaps are managed by the provider. Moreover, societal aspects were considered, such as prevention of child labour, respect of human rights and the relation with the communities surrounding the projects. The volume of offsets required in 2021 is about 40ktCO2e, procured through offset producer South Pole in the form of a cluster of compensation and removal projects: aforestation (VCS), landfill gas and waste gas (GS-VER), forest conservation (VCS-CCBS).

Neutralisation of residual emissions: as part of 2030 road map, the Company is developing a plan to neutralise residual emissions. The plan will follow as a minimum the SBTi "Net Zero" standard and the current scientific understanding in its definition of neutralisation by including only permanent removal and storage of carbon from the atmosphere.

Water management

The Company's water usage is mostly linked to sanitation and general uses (around 85%), while the rest is used in production related processes.

In 2021, the purchased water volume followed a similar trend as CO_2, decreasing by 15%. This reflects the increase in remote working (reduced presence on site), also resulting from the COVID-19 situation, as well as an increased water-efficiency and leak repair campaigns. Increased focus is put on the local level of water stress: in 2021, an analysis was conducted based on the World Resource Institute's (WRI) Aqueduct Water Risk Atlas tool in order to understand where the Company's activities have the greatest impact on water resources. In 2022, the action plan will be adapted to reflect the priorities accordingly.

Air emissions

Air emissions, primarily referring to VOC emissions related to surface treatment, are mostly impacted by the number of deliveries. Substance substitution may also lead to the use of new chemicals with more VOC emissions which need to be monitored. Overall VOCs emitted are stable, reflecting the effort on product substitution even if production rate has increased compared to 2020.

Material consumption and waste management

The Company promotes the development of a circular economy model, and is proactive in seeking ways to recover, reuse and recycle materials beyond their initial life.

Not only does the Company send around 50% of its waste to be recycled, but already, through the TARMAC Aerosave joint venture, more than 90% of an aircraft's weight is recycled or reused through a selective dismantling (reverse manufacturing) process.

Regarding waste management, a multifunctional team is currently working in order to meet the high5+ ambition, gathering skills across the organisation such as engineering, information management, procurement, industrial operations and facility management.

The focus has been on standardising the existing practices towards waste collectors in order to take into account the involved regulatory framework and to enhance data monitoring and reporting needs. There are also strategic projects ongoing to clarify and enhance site monitoring strategy as well as on waste recycling.

Hazardous waste

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

Biodiversity

When building a new site or extending an existing one, the Company engages with local partners on conservation and remediation projects to preserve flora and fauna where impacted by the Company's industrial activities.

Digitalisation

The Company leverages digitalisation as an enabler to optimise and reduce its environmental footprint. For example, some applications target to improve design, material utilisation or to optimise critical resources usage.

At the same time, the Company strives to minimise the direct increase in the environmental footprint as a consequence of digital technologies development.

Life cycle thinking and conscious design

The Company invests in Life Cycle Assessment (LCA) for environmental impact accounting associated with a specific product in accordance with the requirements specified in the standard ISO14040. Detailed LCA studies have been completed for the A220, A320neo and A350XWB product lines, covering over 95% of the Company's deliveries of commercial aircraft products in 2021. These studies are currently being verified by a third party auditor.

In addition, this holistic approach is used to provide a framework for projects to make environmentally conscious design choices to reduce projects footprint and optimise aspects such as product end-of-life management and critical raw materials usage. As an example, as part of its Ecodesign initiative, the Defence and Space Division used LCA for the development of the Sentinel satellites that are built for the European Space Agency (ESA).

Chemical substances

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

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

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

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

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

The Company invests substantial time and resources in research and development for technologies that use alternatives to regulated substances. When it can be demonstrated that these technologies meet the strict safety and reliability criteria required for aviation, the Company seeks to implement them in its aircraft design and manufacturing. For example, the Company is, in cooperation with its suppliers, developing, qualifying and progressively deploying on all its new aircraft, new Chromate-free corrosion protection and paint systems for aluminium structures. Another example is the halon replacement project that researches alternatives to halon, a highly regulated ozone depleting substance, used for the fire extinguishing systems in engines and cargo areas.

Noise

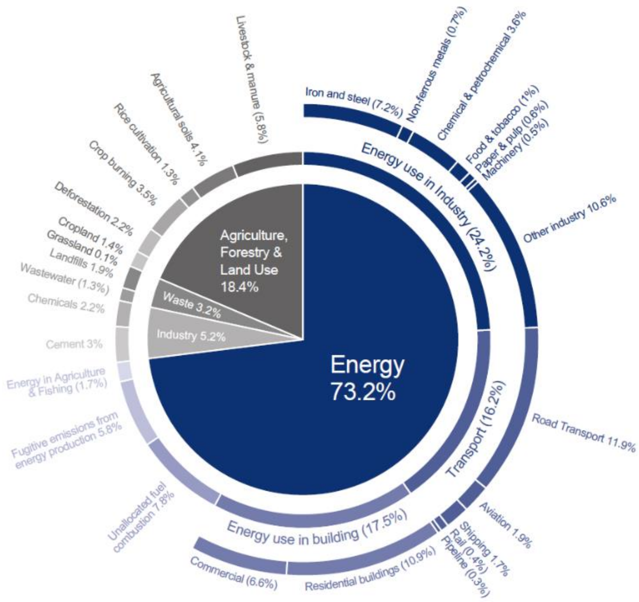
Noise around the Company's sites can also be an important topic for neighbouring communities. The Company is actively engaged with local authorities and the affected population to minimise its impact, by adapting operating times and actively seeking to reduce the noise at the source. In Toulouse, Airbus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

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

2. Product operations

According to '**Our World in Data**', air transport as a whole represents approximately 2% of global human-induced GHG emissions, and around 12% of the transport sector emissions – see graph 1.

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



The Company is committed to contributing to meeting the Paris Agreement targets and taking a leading role in the decarbonisation of the aviation sector in cooperation with all stakeholders. The Company is convinced that aviation can achieve net zero CO_2 emissions by 2050. This is why the Company has the ambition to develop the world's first zero-emission commercial aircraft by 2035. In parallel, the Company is also developing a multifaceted climate-impact programme for commercial aircraft. This includes a focus on new aircraft technology development, sustainable aviation fuel (SAF), hydrogen, air traffic management (ATM) solutions and carbon removal solutions.

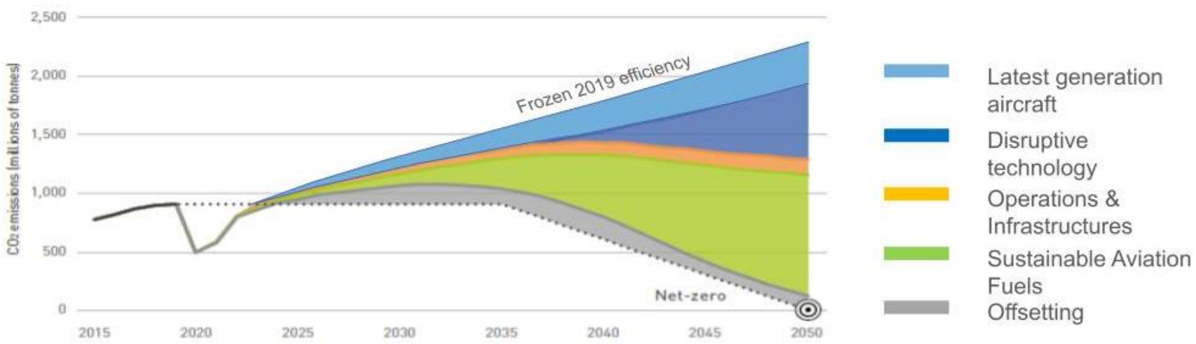
Aviation industry targets

The aviation sector's measures for reducing its environmental footprint started decades ago and significant achievements have been made. Since the 1990s, the sector has improved significantly the fuel and CO_2 efficiency of subsequent generations of aircraft, thereby reducing CO_2 emissions per revenue passenger kilometer by more than 50%.

In 2008, the aviation sector was the first to agree at sectoral level on ambitious CO_2 emission reduction goals through the Air Transport Action Group ("**ATAG**") by committing to an aspirational goal of reducing net emissions from aviation by 50% by 2050 compared to 2005 levels. In September 2021, ATAG updated its ambition and commitment with the 2021 edition of the "ATAG Waypoint 2050" report to reflect the industry's increased ambition to achieve net-zero carbon emissions by 2050 and contributing to the Paris Agreement goals.

Along with the revised ambition, ATAG provided several scenarios with ranges of improvement for each mitigation option (technology and design improvements, operational and ATM enhancements, SAF and hydrogen non drop-in solutions, and International Civil Aviation Organisation's ("**ICAO**") Carbon Offsetting and Reduction Scheme). In the most ambitious scenario, a reduction of up to 40% of CO_2 emissions can be achieved through technological developments, as illustrated by Graph 2 below.

Graph 2: The aviation industry's roadmap to net zero carbon emissions by 2050



Source: Airbus based on ATAG Waypoint 2050 report (2021) - Scenario 3: "aspirational and aggressive technology perspective"

In Europe, the EU Green Deal creates conditions and opportunities for the Company and the European aviation industry to speed up the transition: the Company shares the ambition to reach a net-zero carbon aviation ecosystem in Europe by 2050, and will contribute to the EU's "2030 Climate Target Plan". At international level, the Company actively supports and strongly encourages ICAO to introduce a global ambition by setting a meaningful long term aspirational goal to reduce CO_2 emissions from international civil aviation, whilst maintaining a global level playing field.

The Company's roadmap to reducing emissions

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

The Company is investing in and focusing its efforts on five complementary strategic pathways to reduce its environmental footprint, in support of the overall sector ambition as highlighted above. In 2021, the total research and development spend of the Company amounted to € 2.7 billion.

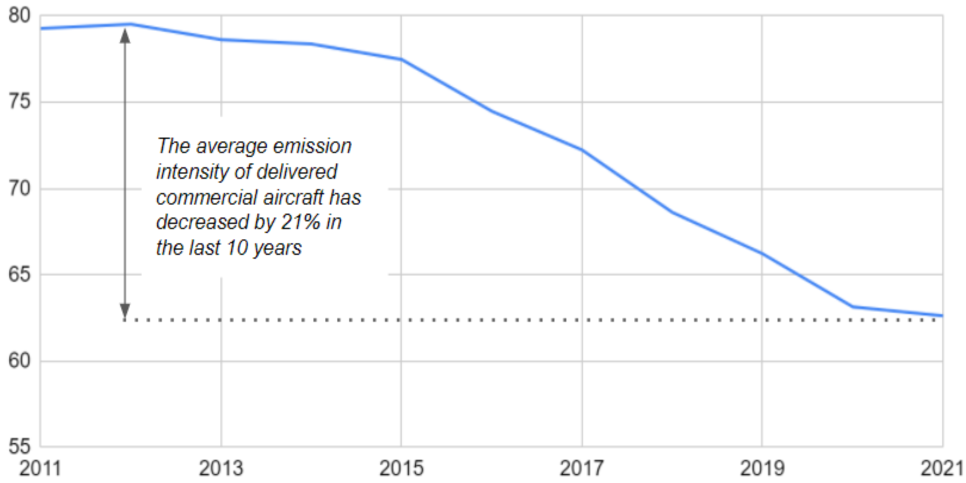
Strategic pathway 1. Renew current fleets with best in class aircraft

The Company is continuously improving its products through new designs, advanced materials, upgraded systems and more fuel-efficient engines. Thanks to significant investments into new aircraft technology and designs, the Company's commercial aircraft products have reached a rolling average of 2.1% fuel efficiency improvement annually over the past ten years, exceeding targets set by the industry through ATAG – see graph 3.

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

- A350 and A330neo offer 25% reduction in fuel burn and significantly reduced noise footprints versus the previous generation of aircraft;
- the A320neo family brings a 20% reduction in fuel burn, and nearly half the noise footprint compared to previous generation of aircraft;
- A220 offers 25% reduction in CO_2 emissions per seat versus previous generation of small single-aisle aircraft, 50% reduction in noise footprint and 50% fewer NOx emissions than the standards.

Graph 3: Average intensity metric (gCO_2e/pax.km) of sold products



This continuous improvement is also reflected by the Company's contribution to Europe's CleanSky2 programme, with the use of new materials as well as the design and implementation of new aerostructures and technologies aiming to achieve CO2, NOx and noise reductions. For this purpose a military aircraft C295 from the Company has been used as an in-flight technology demonstrator (flight test bed).

***Strategic pathway* #2. Investing in technologies enabling the Company to market zero-carbon vehicles**

The Company is committed to contributing to developing, building and testing advanced technologies improving the aerodynamic and structural efficiencies combined with advanced propulsion systems– to enable the aviation industry to reduce CO_2 emissions of commercial aircraft, helicopters and future urban air mobility vehicles.

Zero-emission commercial aircraft ambition

The Company's work in electric flight has laid the groundwork for our future concept of zero-emission commercial aircraft. The Company believes hydrogen is one of the most promising technologies to reduce aviation's climate impact. If generated from decarbonised electricity through electrolysis, it generates little-to-no CO_2 emissions and would essentially allow aviation to be powered by decarbonised energy.

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

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

On September 21, 2020, the Company revealed three different hydrogen-powered "ZEROe" concept aircraft. Those illustrate the research that the Company is investing in, with the objective to bring a zero emission commercial aircraft to market in 2035. From hydrogen propulsion to hydrogen-based synthetic SAF, from pod configuration to blended-wing aircraft, the Company is evaluating, maturing and validating radical technological breakthroughs which could be hosted on its zero-emission aircraft by 2035.

The Company is also investing in the required facilities to test these new technologies. Inaugurated in October 2019, the E-Aircraft System House ("EAS") is, with more than 3,000m^2, the largest test house dedicated exclusively to alternative propulsion systems and fuels in Europe. This means the Company can now test the latest electric motors and hybrid-electric engines directly on its own premises, and develop its own low-emission alternative propulsion units.

The Company goes beyond technology maturation by collaborating with the appropriate ecosystems. In 2019, the Company signed a Memorandum of Understanding with airlines such as SAS Scandinavian Airlines and easyJet to jointly research a zero-emission aircraft eco-system and its infrastructure requirements. The Company is also part of several major hydrogen alliances (such as the Hydrogen Council, Hydrogen Europe, European Clean Hydrogen Alliance etc.) and launched a joint-venture in 2020 with ElringKlinger in order to benefit from the huge cross-industry experience of other industries, and accelerate its ambition.

Zero-emission urban air mobility ambition

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

The idea for a compact "flying taxi" first came from the Company's desire to take city commuting into the air in a sustainable way. Airbus has learned a lot from the test campaigns with two demonstrators: CityAirbus and Vahana. The CityAirbus NextGen revealed at the Airbus Summit in September 2021 combines aspects of both, with the new architecture striking a balance between hover and forward flight. The prototype is paving the way for first flight in 2023 and certification expected around 2025.

Beyond the vehicle, Airbus is working with partners, cities, and city inhabitants in order to create the ecosystem that is essential to enabling this new operating environment to emerge in a true service to society.

***Strategic pathway #*3. Investing in smart ATM solutions and optimised operations**

Improving the efficiency of air transport operations and infrastructure could contribute to emission reductions by around 10%. The Company therefore supports initiatives aimed at reducing ATM inefficiencies (such as the Single European Sky Air Traffic Management Research programme – SESAR), while working on disruptive practices, such as formation flying.

Through its subsidiary Navblue, the Company provides services helping its customers to minimise fuel consumption with best operational practices, innovative services and training. The Company also focuses on developing fuel saving procedures for airports and ground operations to minimise the use of engine power and auxiliary power units (APU) while the aircraft is on the ground.

In November 2019, the Company launched the fello'fly project which aims to demonstrate the technical, operational and commercial viability of two aircraft flying together for long-haul flights. Through fello'fly, a follower aircraft will retrieve the energy lost by the wake of a leader aircraft, by flying in the smooth updraft of air it creates. This provides lift to the follower aircraft allowing it to decrease engine thrust and therefore reduce fuel consumption in the range of 5-10% per trip. By end 2020, the Company's fello'fly had signed agreements with two airline customers; Frenchbee and SAS Scandinavian Airlines, as well as three Air Navigation Service Providers (ANSP) to demonstrate its operational feasibility; France's DSNA (Direction des Services de la Navigation Aérienne), the UK's NATS (National Air Traffic Services) and European Eurocontrol. In November 2021, two A350 test aircraft conducted the first-ever transatlantic fello'fly flight, confirming the potential for fuel savings of more than 5% during long-haul flights.

***Strategic pathway* #4. Developing and deploying SAF, with all aircraft types 100% SAF compatible before 2030.**

Energy source is the main driver in the CO_2 emissions and CO_2 intensity of products coming from the Company's commercial aircraft activity. Although they only represent a small share of aviation's current fuel use, SAF (biomass-based or synthetic) are key in the air transport sector decarbonisation strategy.

Since 2008, the Company has acted as an important catalyst in the certification process, demonstration flights, partnerships and policy advocacy of sustainable jet fuel. Since 2011, over 360,000 commercial flights have used SAF and more than 1 million flights with SAF are expected by 2025 (source: IATA, flynetzero, 2021).

All the Company's commercial aircraft are already certified to fly with a fuel blend of up to 50% SAF. SAF produced by using most advanced pathways can provide CO_2 emission reductions of up to 80% throughout their life cycle. This means that already today the emissions from aircraft currently offered by the Company could be reduced by ~40% if their full blending capability was used. The Company's ambition is for its commercial aircraft to be capable of being operated with 100% SAF before the end of the decade (third scenario on the chart below, "Full aircraft potential").

As detailed above (see "Aviation industry targets"), the Company supports decarbonisation scenarios which include an ambitious rollout of SAF using all possible pathways (HEFA, Alcohol to Jet, Fischer Tropsch, Power to Liquid, etc.). Under such scenarios, the Company estimates that products delivered in 2021 could see their life-time emissions reduced by around 17%, thanks to the gradual introduction of SAF during their operational life (second scenario on the chart below, "Anticipated SAF rollout").

The Company is involved in two main research projects: VOLCAN and ECLIF3, conducted in partnership with important actors of the industry. Both aim at assessing the impact of 100% SAF on engine and fuel systems whilst measuring the positive impact on aircraft's emission and fuel efficiency. First test flights took place in 2021 and the final outcomes will be publicly published by the project partners once available. Both projects will pave the way for going beyond current maximum blending levels for SAF (currently 50%). It will allow the Company to collect information and enable further research activities and technical work in order to reach the goal of gaining 100% SAF certification for commercial flights.

However, today the price and global production capacity remain the main constraints for operators, preventing large-scale incorporation of these types of fuels. The rapid scale-up of SAF plays a major role in aviation's decarbonisation scenarios, decreasing emissions of the Company's products in use. As of 2021, 36 countries have implemented SAF policies to support industry's ambition, according to IATA. The Company supports policies that would incentivise their production and usage at affordable costs and is engaged in many initiatives and partnerships promoting the development of SAF production and use (World Economic Forum Clean Sky for Tomorrow Coalition and First Movers Coalition as examples).

***Strategic pathway #*5. Encouraging temporary CO_2 emission compensation schemes**

Finally, CO_2 emission compensation will be instrumental to stabilising aviation emissions in the medium term until disruptive solutions reach market maturity. For that reason, the Company supports ICAO's CORSIA as the only global market-based measure for international civil aviation.

Reporting of emissions from value chain

Scope 3 Use of sold products

The main contribution of the Company's value chain on climate change comes from the use of sold products, especially related to its commercial aircraft activities.

In order to provide the level of transparency expected by stakeholders and following recommendations from the TCFD, the Company reports in-use emissions of the products it delivers (Scope 3 – Use of sold products). This started in 2020 with the disclosure of emissions from commercial aircraft products, and was extended to civil helicopters in 2021. The Company will continue to progressively extend the scope of reporting to other families of products, for which the calculation methodologies are still under development. Nevertheless, current results and advanced estimations have shown that the vast majority (over 90%) of the Scope 3 - Use of Sold Product impact of the Company's products is due to the commercial aircraft family of products, and that this situation is unlikely to change once all the product families will have been assessed.

Commercial aircraft products

In 2021, the Company delivered 611 commercial aircraft. Based on an average life-time in service of around 22 years (average life-times specific to each aircraft type were used in the calculation), the total CO_2 emissions for these products over their anticipated life-time is estimated at around 460MtCO_2e (of which around 80Mt are linked to upstream fuel production), which translates to an average efficiency of 62.6gCO_2e per passenger-kilometre. In 2020, the Company delivered 566 aircraft with resulting estimated life-time emissions of around 440MtCO_2e (of which 80Mt are linked to upstream fuel production) and average efficiency of 63.1gCO_2e per passenger-kilometre.

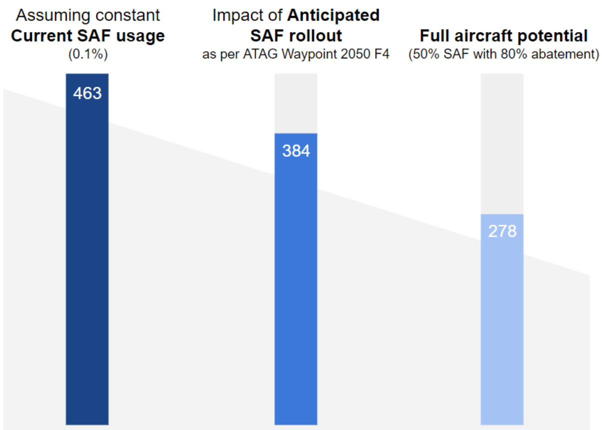


Fig. Scope 3 emissions reduction levels in potential SAF scenarios, in Mt CO_2e

For the purpose of this calculation, the operating conditions of the aircraft were considered to be static over the whole service life. Therefore, the numbers above do not reflect the anticipated gradual introduction of decarbonisation measures such as SAF, and as a result constitute a "worst case scenario" in terms of carbon intensity. As such they represent an unmitigated scenario that can only serve as a general basis to assess carbon emissions efficiency improvements over time.
In order to better understand the potential impact of SAF on scope 3 emissions, this chart shows three scenarios comparing the current SAF usage, an ambitious deployment scenario as envisaged by ATAG and the maximum reduction potential as allowed by the current 50% blend limit.
The Company calls for a sectoral alignment on these methodological aspects through the relevant international bodies, in order to provide consistency in the way such impacts are calculated and communicated throughout the air transport sector.

Civil helicopters

In 2021, for 192 civil helicopters delivered, the Company estimated a scope 3 "use of sold product" impact around 1.13 MtCO2e, of which around 0.20 MtCO2e are linked to upstream fuel production. In 2020, for 201 civil helicopters delivered, the resulting scope 3 "use of sold product" impact was around 1.09 MtCO2e, of which around 0.19 MtCO2e are linked to upstream fuel production. In 2021, the internal forecast of flying hours used for the calculation was updated, resulting in a slight increase in emissions despite the lower number of deliveries compared to 2020.

Methodology
- The Company's emission calculation methodology was developed by a team consisting of key personnel from the engineering and environment departments and is aligned with the guidance provided by the Greenhouse Gas Protocol. The external auditor performed a review of the calculation methodology applied by Airbus and assessed the reasonableness of the supporting assumptions. - The Company has used a number of assumptions based on internal and external information including assumptions based on publicly-available data. o For commercial aircraft these assumptions include the aircraft load factor, the current penetration rate of sustainable aviation fuels, their CO_2 reduction potential and the indirect emissions index from jet fuel production, emission factors, as well as aircraft operational usage and average in-service lifetime. Primary data collected within the Company was also used, such as the type of sustainable aviation fuel considered or aircraft performance and configuration parameters. o For civil helicopters, these assumptions include feedback from the market in terms of helicopters operations such as flight hours per year and region where the helicopter is operated. Direct and indirect emissions are included over the product's entire service life. Emission factors are consistent with those used in the commercial aircraft methodology. Sustainable Aviation Fuel impact is not considered - Civil helicopters considered for Scope 3 calculations correspond to helicopters produced during the year having reached the 'available for flight' status.
Key hypothesis
- The estimation includes CO_2 emissions. Emissions related to CH4 and N2O were excluded given the very low levels produced by modern aircraft engines. Emissions related to NOx were estimated and excluded given the uncertainty related to the NOx emission factors and the relatively low contribution of this emission stream. - Emissions related to commercial aircraft engine start and taxing have been included, however, emissions from the auxiliary power units (APU) and ground handling equipment have been excluded. - For helicopters, the flight hours model is directly derived from in-service helicopters.

Scope 3 Purchased goods and services

In 2021 for the first time, the Company has published an estimate of the GHG emissions arising from the goods and services it purchases (Scope 3 - Purchased goods and service based on its 2020 spent). The Company estimates that the 2020 emissions of purchased goods and services were around 11.3MtCO_2e.

Methodology
This evaluation was performed using a dedicated tool developed by the International Aerospace Environmental Group (IAEG) offering a choice between two approaches: a "spend based" approach, allocating emissions to each amount spent in specific commodities and a "mass based" approach, allocating emissions to quantities of materials purchased. For this first evaluation, the Company has used the "spend based" approach. While this method embeds a certain degree of uncertainty, considered high by the IAEG on a certain number of emissions factors used in the methodology, it provides a relevant view of the sources of GHG emissions in the Company's supply chain and enables comparison of the various Company's scopes throughout its value chain. The calculation will be refined in future years as better quality data becomes available.

Sustainable space products

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

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

The Company through its Defence and Space Division is the first company to test technologies which clear out space junk and avoid spacecraft collisions. Three main debris-removal technologies have been tested in orbit: harpoon, net and vision-based navigation. As space law evolves, the Company is committed to ensuring its products meet these new regulations (such as the French Space Operations Law requiring to avoid satellite collisions and ensure the safe removal of spacecraft from useful orbit at the end of life) as it believes in the importance of promoting sustainable space.

6.1.3 Build Our Business on the Foundation of Safety and Quality

A. Aviation and product safety

I. Introduction

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

Aviation / Product Safety	GRI		SASB	SDGs	Others
	416 - Customer Health and Safety		Product Safety	12	
Highest governance body(ies) involved	Product Safety Board (PSB), involving several Executive Committee members				
Related Corporate Policies	Airbus Product Safety Company Policy (A67)				
Management system Relevant certifications	SMS Products Operations	Corporate Safety Management System EASA regulation (Parts 21/145/147/M/ORA), EU 996/2010, EU 376/2014 (for Commercial Aircraft products), ECSS-Q ST-40-C (for Space Products) and Def-Stan 00-56 (for Defence Products) EN9100, EN9001, EN9110, AQAP 2110, AQAP 2210 and AQAP 2310			

Key metrics	2020	**2021**
Fatal accident rate Industry wide [(1)]	0.04 (Gen4)	**0.03** (Gen4)
% SMS officers nominated	100%	**100%**
% SMS officers trained	92%	**100%**
Metrics assumptions	[(1)] 10 year moving average fatal accident rate (per million flights) per aircraft generation	

Additional resources: Code of Conduct, Product Safety on Airbus.com, Safety in Operations on Airbus.com, Safety investigation on Airbus.com, Health Onboard, Accident Statistics website↘

II. Governance

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

Airbus Safety Management System

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

During 2020-21, Airbus Defence and Space evolved its Product SMS by adapting governance principles from established Airbus Commercial and Military Airsystems SMS to all of its programme lines, including cybersecurity systems, land communications, surveillance systems, drones and more. Programme Line Safety Boards and a shared online reporting tool have been established. Implementation is ongoing.

Airbus safety strategy

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

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

Regulatory compliance

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

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

Commitment to “just and fair” culture

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

III. Risk management

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

IV. Implementation / activities

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

For example, the Company is working with its supply chain to extend its safety enhancement principles with its suppliers. This includes specific SMS forums and initiatives with its suppliers, which reinforce the collaborative approach for optimising responses to in-service feedback and reports.

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

Sharing safety information is a key contributor to increasing the level of safety. There have been 25 flight safety conferences with the Company’s customers since the first was held in 1994. Another means of sharing information is through “Safety first”, the Company’s safety magazine contributing to the enhancement of safety for aircraft operations by increasing knowledge and communication on safety related topics. It reaches over 1,000 aviation professionals daily via the website safetyfirst.airbus.com and the Safety first app.

In addition to these external safety promotion initiatives, the Company invests in internal safety promotion with the objective to continuously reinforce the safety culture of all employees. This is supported by different means including communication campaigns, training, safety awareness sessions, and development of a Safety Promotion Centre. SMS officers are nominated and trained in all key business functions to ensure implementation and operation of the SMS within the Company, including safety promotion. As of 31 December 2021, all SMS officers have been nominated and trained. The above-mentioned commitment to a just and fair reporting culture is another example of an initiative that promotes the Company’s safety culture. These elements are integrated in the Company’s SMS action plan.

Airbus also continues to innovate to benefit from technological evolutions to further enhance both operations and safety.

All of these initiatives lead to continuous improvement of the safety record. This is illustrated in statistics (below) showing that the latest fourth-generation jets are the safest. All Airbus Fly-By-Wire family aircraft (including A320, A330/A340, A380, A350, A220 fleets) are the latest fourth-generation aircraft.

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

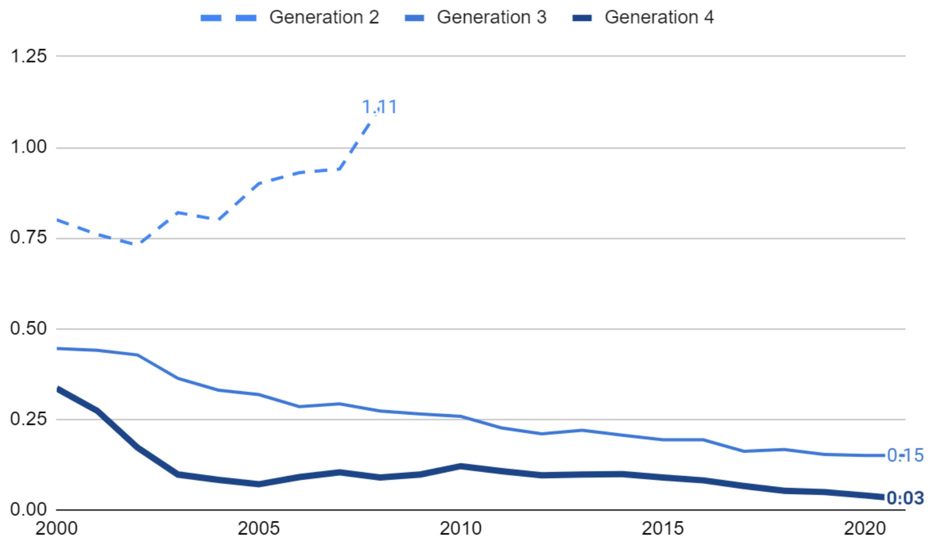


Fig. 2 (above) 10 year moving average fatal accident rate (per million flights) per aircraft generation.
Source of Data: official accident reports, ICAO, Cirium, and Airbus databases. Flight cycle data provided by Cirium.

B. Cyber security

I. Introduction

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

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

Cyber Security	GRI	SASB	SDGs	Others
		Data Security	9, 12	
Highest governance body(ies) involved	Corporate Security Council Digital Security Team (Cyber Security Validation Body)			
Related Corporate Policies and Directives	A08 - Airbus Company Security Policy A1044 - Security Requirements for Company Information & Data Classification and Protection A1058 - Security Requirements for Information Systems Management A1043 - Security Requirements for Affiliates A1664 - Security Requirements for Industrial Automation and Control Systems A1666 - Requirements for Product Security A1015.0 - Requirements on Information Security for Suppliers A1015.1 - Specific Requirements on Information Security for IT Service Providers			
Management system	MC.AS.- Manage Airbus Company Security - aligned to ISO27001 standard MC AS.01: Monitor, Identify & Report Company Asset vulnerabilities MC.AS.02: Assess & Treat company Asset Security Risk			

Key metrics	2020	**2021**
Number of data breaches reported to data authorities	1	**1**
Percentage involving confidential information	100%	**100%**
Cyber security awareness training e-learning participation (started 1 Jan 2020, reporting period 1 Oct-30 Sep)	10,328	**67,475**
Corporate & IM Cyber Security Headcount	216.5	**290**

II. Governance

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

Corporate Security Council

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

Security governance directives

Security directives are published and audited to ensure the company business, including affiliates and subsidiary companies, follows the same standards for data protection and systems security. Key cyber security directives include:

- A08 - Company Security Policy
- A1044 - Security Requirements for Company Information & Data Classification and Protection
- A1058 - Security Requirements for Information Systems Management
- A1043 - Security Requirements for Affiliates
- A1664 - Security Requirements for Industrial Automation and Control Systems
- A1666 - Requirements for Product Security
- A1015.0 - Requirements on Information Security for Suppliers
- A1015.1 - Specific Requirements on Information Security for IT Service Providers

III. Risk management

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

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

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

The Company implements a number of key technical security controls in the reduction of cyber incident likelihood including the rollout of endpoint protection and data loss prevention tools, the implementation of multi-factor authentication, plus the adoption of enterprise security architecture approaches. To reduce impact from cyber events Airbus operates in-house security operations centers, covering both commercial and national activities; plus a Computer Emergency Response (CERT) team analysing cyber security threat intelligence and activating to rapidly investigate and contain cyber security incidents.
Cyber security risk management is under regular internal and external audit, confirming processes and implementation to both Airbus and Industry standards. Technical audits are also conducted regularly on applications, systems and infrastructures in the form of cyber security penetration testing.

IV. Implementation / activities

During the course of 2021, a number of key initiatives have been undertaken to improve the cyber security position, reduce associated risks and decrease the likelihood of successful cyber attacks, including:

- 100% coverage of core Divisional Company-issued laptops deployed with Endpoint Detection & Response (EDR) tools
- 100% of employees now able to access Google client side encryption tools for encryption of the company data in Google suite
- 35 of 35 high risk supplier connections now successfully migrated to the new standard secured supplier architecture
- Restricted CERT extension devised to ensure cyber incident response coverage across both commercial and national infrastructures

Such activities have successfully reduced the Company's overall cyber security risk picture, and specifically related to the increasing threat from ransomware.

V. Outlook

There are no signs globally that the threats of cyber attack will dissipate or slow; therefore it is critical that the Company maintains ongoing improvement and response activities in order to reduce associated risks. A number of key initiatives are central to this including:

- Ransomware resilience: as one of the major risks, efforts continue with major investments into ransomware prevention in order to reduce both the likelihood of an incident, but also to significantly increase the resilience and reduce the time to recover critical applications and systems;
- International localisation: extending the federated model of security to encompass international localisation of affiliates with enhanced risk reporting;
- Secure digital transformation: enable digital transformation via the design development and deployment of updated security standards for cloud security, application hardening and zero trust networking;
- Security Operations Centre (SOC) 2025 strategy: detecting and rapid response to cyber incidents is a key part of any security practice: thus Airbus will maintain and continue to scale the SOC activities to the needs of the business.

C. Health and safety

I. Introduction

The Company considers health and safety as a top priority that is non-negotiable. Our goal is to enable an environment that's safe and healthy for all. Risk prevention and the promotion of safer and healthier conditions in the workplace are key to enable us to improve the health and well-being of our employees and anyone else who works inside Airbus. By focusing our attention on this, it also helps to improve the nature of the task, working conditions, competitiveness, quality, engagement and sustainability.

Health and Safety	GRI	SASB	SDGs	Others
	403 Occupational Health and Safety		8, 12	Vigilance Plan
Highest governance body(ies) involved	Board of Directors / ECSC Executive Committee			
Related Corporate Policies	Occupational Health and Safety Policy A41, Airbus Code of Conduct			
Management system Relevant certifications	Formal Health and Safety Management Systems ISO45001: certified sites cover~ 25% of employees			
Key metrics (More in the ESG Data Board)			2020	**2021**
Lost-Time Injury Frequency Rate			3.81	**3.21**
Lost-Time Injury Frequency Rate - Commercial Aircraft			5.12	**4.31**
Near-miss - Commercial Aircraft				**19,305**
Total health and safety training hours delivered			103,070	**128,795**
Number of employees who received health and safety training			37,599	**28,144**
Number of employees having attended "EH&SCertificate" modules 1&2			418	**1,309**
Core entities with ISO 45001 or similar certification				**~ one third**
% of the company-wide workforce covered				**25%**
Remuneration	The Lost Time Injury Frequency rate at group level included in the variable remuneration for the Company CEO and executives. 2021 target was achieved.			
KPI assumptions	Metrics are reported Company-wide (FISH perimeter) unless stated otherwise. Reporting period for training-related metrics: 1 October to 30 September			

Additional resources: People Safety on Airbus.com; Code of Conduct - incl. Health and Safety commitment

II. Governance

The Airbus Occupational Health and Safety Policy is a group-wide foundation for the management of health and safety within the workplace. The Policy applies to the Company's commercial aircraft activities, to the Airbus Helicopters and Airbus Defence and Space Divisions, and also to the Company's affiliates.

In 2021, an Airbus Occupational Health and Policy Statement was signed by Guillaume Faury, Airbus CEO, to enhance and reinforce the Policy principles.

The health and safety organisation is part of the Human Resources and Workplace Department under the ultimate responsibility of the Company's Chief Human Resources Officer.

The organisation is called Environment, Health and Safety (EHS). The Head of EHS reports to the Chief Human Resources Officer, and is supported by local EHS business partners. There are also regional EHS business partners in China, North America and APAC. Cross-organisation expertise, support and coordination is provided by centres of expertise, including safety, industrial hygiene, ergonomics and operational environment and occupational health and wellbeing. The EHS organisation is responsible for the health and safety management system and for the operational application of the corporate environment and sustainability management system in the entities.

Approximately one third of the Company's core entities in home countries are now certified to the ISO45001 Standard for health and safety management systems or have a similar certification. Company wide, this means that nearly 25% of employees work on sites where the health and safety management system is certified to ISO45001. Other sites have formal management systems that are not yet formally certified, but operate to the standards required by our health and management systems.

III. Risk management

The role of the Airbus' health and safety organisation is to anticipate, identify, evaluate and prevent or mitigate risks to safety, health and well-being, and the business, arising as a consequence of the Company's work activities.

Health and safety requirements have been defined in a directive that applies company-wide, including to the Company's affiliates. The Company's affiliates report on their health and safety management status through the Internal Controls Self Assessment (ICSA) exercise.

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

In 2021, the Company-wide method for risk assessment and control was updated. This method consists of a sequence of logical steps to identify significant hazards, evaluate the risks and prevent, eliminate or mitigate them, following the hierarchy of control principles: elimination, substitution, engineering control, administrative controls and, as a final measure, personal protective equipment.

The method for reporting and managing incidents and near misses has also been refreshed. It harmonises incident reporting between countries, taking into account applicable local regulations. The investigation and root cause analysis process described in this method supports the identification of risks and related mitigation actions.

The principle health and safety concerns in 2021 consisted of the following topic areas:

- COVID-19 and the necessary adaptation of work activities.
- Working environment including for example, work at height; slip, trip and fall risks; site roads and infrastructure.
- Machinery and equipment, such as hand held powered tools, cranes and jigs.
- Physical agents, including noise, vibration and electricity.
- Substances and materials, such as those addressed in REACH regulation.

- Psychological risk, including from the impact of COVID-19 confinement and the related Company adaptations.
- In-situ contractors, including competence, interfaces and site transport.

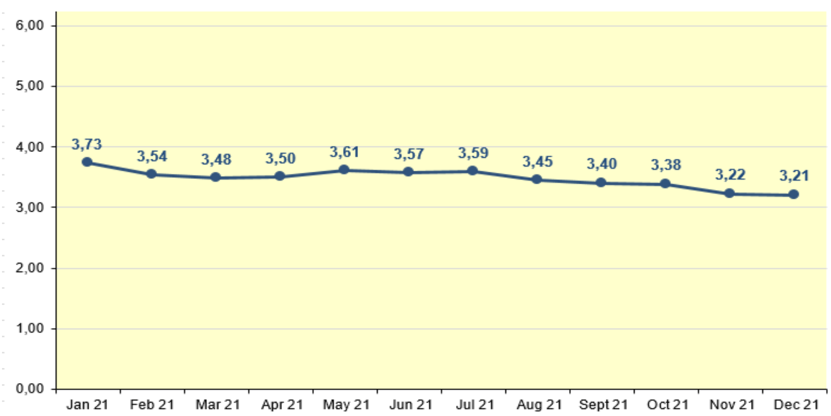
The impact of the ongoing COVID-19 pandemic is a continuing challenge. However, the main causes of occupational injury in 2021 were once again related to slip, trip and fall accidents, ergonomic incidents, and the use of hand tools and equipment. These represented the majority of injuries recorded on the FISH (Federated Information for Environment, Safety and Health), global environment, health and safety platform. In fact, slip, trip, and fall accidents resulted in 25% of the lost time injuries included in the lost time injury frequency rate.

Employees and others on Airbus sites can raise health and safety concerns in a variety of ways. Employees can raise a near miss or incident declaration in FISH using a computer or mobile device. Line managers can share warnings and good practices using a red, amber, green flash alert process. A 'go-look-see' process helps managers to identify risks and related mitigation actions. To support the promotion of a "speak-up" culture, the Company has the OpenLine to provide employees and third parties with an avenue for raising concerns.

IV. Implementation / activities

The overall incident management harmonisation process is enabling improvements in data collection, analysis and the production of reports. This supports the Company-wide key performance indicators.

Airbus and its Divisions rolling 12 months employee lost time injury frequency rate



The rolling year of the lost time injury frequency rate end of year figure amounts to 3.21 Company-wide and to 4.31 in Airbus, excluding the Divisions. Company-wide Airbus experienced a more than 15% improvement in frequency rate. It has been positively impacted in 2021 as a result of the various safety activities and actions taken linked to the pandemic. Frequency rate figures are reviewed monthly by the CEO and the Executive Committee and the data shared with all executives and senior managers in a monthly webinar.

The FISH incident management module already covered all main sites in Airbus and its Divisions in France, Germany and Spain, and in the UK the Airbus commercial aircraft and the Airbus Defence and Space Division sites. It also covered the Airbus commercial aircraft plants in Mobile, US and in Tianjin, China. This year the FISH incident management module has been extended to cover the Airbus Defence and Space Division in Poland. Around 80% of the Company employees including the active workforce, the apprentices and the temporary employees are estimated to be covered under the FISH platform. The FISH perimeter continues to be progressively extended.

The work on incident management has reinforced the reporting of near misses. This has led to a total of 19,305 near misses being declared on FISH in the Airbus commercial aircraft activities. The investigation of near misses identifies cause agents and mitigation actions that support incident prevention measures.

Activity to mitigate risks is promoted and deployed through different channels. Most importantly, the Company stimulates behavioural change, in particular through its "People Safety @ Work" (PS@W) project in Airbus commercial aircraft, the 'We Care initiative' in Airbus Defence and Space Division and the 'Safe Together' initiative in Airbus Helicopters Division. This embeds a culture of continual improvement in workplace health and safety performance. Examples of particular campaigns include:

- 'Team Talk' packages enable managers to discuss safety with their teams.
- Videos illustrating our safety golden rules.
- Campaigns to support a safe return to work after a long break such as summer holidays.
- Site Safety Awards to motivate and engage employees.
- Mindset and behaviour workshops.
- Safety weeks and safety mobilisation days, often topic specific and led by senior managers.
- 'Safety Box' (safety activities) and 'Safety Lab' (safety discussions) sessions, in both face to face and virtual meeting modes due to COVID-19.
- Testimonies by employees who have suffered accidents at work.
- Transparent sharing of safety related information, such as frequency rates and 'Flash Alerts'.
- Mandatory EHS training.

The Company 'Safety Ambassadors' knowledge, competences and roles have been reinforced. This network comprises around 1,900 members, and is a significant enabler for culture change. They spread best practices and support activities such as the implementation of COVID-19 measures.

At the operational level, the Airbus commercial aircraft operating system (AOS) includes an assessment grid to evaluate the environment, health and safety maturity level in operational areas. This reinforces the activity to reduce risk, driving the implementation of initiatives such as the PS@W trip hazards removal, mobile steps safety and site traffic infrastructure improvements.

In 2021, the virtual classroom portfolio was further developed, in particular to cover some of the elements of statutory training such as First Aid, and we will continue to develop more digital enabled learning solutions. Consequently, despite the challenging environment of the ongoing pandemic, over 128,795 hours of dedicated health and safety training were delivered to 28,144 individual employees between October 2020 and September 2021.

Managers at all levels are required to attend the 'Airbus Environment and Health & Safety (EHS) Leadership Certificate'. This intensive course has four modules, which, if completed within a certain timescale, lead to an externally validated 'Environment, Health and Safety Certificate'. The EHS Leadership modules 1 and 2 were therefore prioritised for the virtual classroom format in 2021. The development of modules 3 and 4 will take place in 2022. A total of around 2,300 employees have now attended these modules since 2019; 1,309 of which in between October 2020 and September 2021.

The 'Executive Environment and Health & Safety Masterclass' ensures that the Company top leaders are equipped to drive the strategy of continual improvement in health and safety culture and performance. Overall some 451 executives and senior leaders have completed the Masterclass from October 2020 to September 2021. In the same period some 82 executives, mainly from the plant and final assembly lines, have attended the practical and hands-on 'Back to the Floor' training, which enables leaders to proactively and positively engage on safety issues on the shop floor.

Occupational health and wellbeing are key priorities for the Company, as evidenced by the construction of purpose-designed occupational health facilities at Broughton, UK, and at Getafe, Spain, which were completed in 2021.

Naturally COVID-19 has continued to be a critical risk to people and the Company. Mitigation activities have included:

- Providing and maintaining guidance on the core barrier measures, supported by awareness campaigns and material including posters, videos and e-learning modules.
- Supporting national vaccination programmes, where possible. Around 19,500 people were vaccinated on Airbus sites in France, Germany, Spain, UK, the USA and China.
- More than 17,900 COVID-19 tests have been performed on employees in Germany and France, with particular hygiene and testing procedures for delivery teams.
- An employee 'COVID-19 Hotline' and case management has been provided by Occupational Health teams.

Whilst certain health initiatives and check-ups were impacted by the COVID-19 situation, key monitoring campaigns were maintained. Psychological health continues to be a focus. In addition to the employee helpline services and the availability of psychologists, training was provided for topics such as mental health awareness and addiction prevention. Support material has also been made available on the Company intranet pages.

With regard to substances, the "REACH-IT'' project has continued in Airbus' commercial aircraft business, together with similar initiatives deployed in the Divisions. Manufacturing processes, tools and workstations have been reviewed in light of the REACH authorisation measures for the protection of health, safety and the environment. Now there is a progressive transfer of this work into operational management systems, to ensure the ongoing maintenance of conformity. A compliance surveillance programme will be launched in 2022.

V. Outlook

As part of the health, safety and operational environment '2030 Flightpath' vision, we aim to promote and provide standards that are above our minimum legal compliance requirements. Consequently, in 2022 the Company will continue to reduce risk of work-related injury, ill-health and environmental impact, by improving management system elements, monitoring and data analysis.

The Company will therefore continue to increase the geographical deployment and technical scope of the FISH platform to support a strategy of data-driven risk analysis and mitigation. In particular the incident management module is planned for deployment in sites in North America and the Asia Pacific region.

As the corporate ISO45001 based occupational health and safety management system matures, a company Health and Safety Governance Board is planned, to maintain clear oversight and steer the 'zero harm' ambition. At national level, occupational health review panels are also planned, to address topics such as occupational disease cause analysis, risk mitigation strategies and emerging competency requirements. The Company will continue to strengthen its efforts to enhance wellbeing and mental health protection.

Further key performance indicators (KPI) are to be introduced, including health KPIs. The FISH platform will enable a wider use of the all injuries frequency rate and the leveraging of near miss data.

6.1.4 Respect Human Rights and Foster Inclusion

A. Human rights

I. Introduction

A commitment to respect human rights

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

"Respect for human rights" was prioritised by the Company as one of the four sustainability commitments agreed by the Executive Committee and the ECSC at Board level during 2020.

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

Human Rights	GRI	SASB	SDGs	Others	Others
	412 Human Rights Assessment		4,5,8,16		Vigilance Plan
Highest governance body(ies) involved	Board of Directors / ECSC Executive Committee				
Related Corporate Policies and Reference Documents	Code of Conduct; International Framework Agreement; Airbus Supplier Code of Conduct				
Commitments to external standards and frameworks	International Bill of Human Rights, ILO's Declaration on Fundamental Principles and Rights at Work and its Core Labour Standards, OECD Guidelines for Multinational Enterprises, United Nations Guiding Principles				

KPIs	Target	Target year	2020	**2021**	2021 v. 2020
% of investigations completed or in progress (1)	100%	Permanent	100%	**100%**	-
% of sites having undertaken a social assessment (2)	100%	2026	6%	**14%**	+8pp
% of findings closed within 18-months (3)	100%	Permanent	100%	**100%**	-

Other key metrics	2020	**2021**	2021 v. 2020
Number of participants to human rights trainings - Cumulative, reporting period: 1 Oct - 30 Sep (4)	4,943	**5,789**	+846
Number of alerts of human rights concerns (5)	5	**4**	-1

KPI and metrics assumptions: (1) following reports of concerns linked to forced and child labour and other labour rights. (2) % of the Company's with over 100 employees, cumulative since 2020, undergoing a social assessment including human and labour rights. (3) following social assessments including human and labour rights, carried out on the Company's sites. (4) Cumulative number of participants who have completed e-learning modules on human rights and modern slavery since 2018. (5) including forced labour and labour rights (received via OpenLine and other means) from internal sources or through the Company's supply chain

Additional resources: Code of Conduct, Supplier Code of Conduct, Modern Slavery Statement, Human Rights on Airbus.com, OECD Guidelines for Multinational Enterprises ↘, ILO Declaration on Fundamental Principles and Rights at Work ↘

II. Governance

The EVP Communication and Corporate Affairs has top level accountability for human rights at Executive Committee Level. During 2021, following formalisation of the Company's governance arrangements for human rights in 2020, the Company held a number of meetings and presentations to support and advance respect for human rights. These included:

Governance	Number of meetings during 2021	Key responsibilities
Human Rights Multi-Functional Team, chaired by the Global Lead for Human Rights	Target 6 Achieved 6	Ensuring the development and delivery of the human rights roadmap, including actions against agreed targets and support for awareness raising and capacity building.
Human Rights Steering Committee, chaired by the Head of Sustainability and Environment	Target 3 Achieved 3	Providing strategic guidance to support decision making and prioritisation, as well as providing guidance and support on progress.
Specific presentation on human rights at the Executive Committee	Target 2 Achieved 3	Agree and guide the strategic direction of the Company's human rights ambition, agree and guide the prioritisation of initiatives and resource allocation for implementation and review the status and effectiveness of actions in progress (including roadmap /targets /KPIs).

Specific presentation on human rights at the ECSC	Target 1 Achieved 2	Make and support decisions on identified salient issues and emerging significant risks, make and support decisions on key trends/ legislation and provide feedback and steering as required.

The Company will review its governance on human rights as it moves from policy-setting into implementation.

Human rights policy

Building on the human rights commitments and expectations that have existed in various key documents for many years (including within the Airbus International Framework Agreement signed in 2005, the Company's Code of Conduct and Supplier Code of Conduct), a key focus for 2021 included efforts to consolidate commitments to human rights standards and principles as well as expectations in this respect (aligned to international human rights standards and principles including the United Nations Guiding Principles for Business and Human Rights, the ILO Core Conventions on Labour Standards and the OECD Guidelines for Multinational Enterprises), into a specific internal human rights policy. The Company expects to finalise the policy in 2022.

In addition a number of internal and external stakeholders have supported the creation of the policy including divisional and functional representatives of the Human Rights MFT and Steering Committee and members of the Legal & Compliance team. When finalised, the Company intends to have the policy endorsed by the SE-WC which represents The Company's European social partners. Externally the policy has been reviewed by representatives from specialist expert human rights organisations, academics and civil society.

The human rights policy will help further embed due diligence throughout the Company through the creation of a specific Human Rights Management System and associated Directive. A key focus for 2022 will also include the development of methods and guidelines to support policy adherence as well as communication and associated training prioritising high risk functions.

III. Risk management

Risks related to the salient issues were embedded into the Company's risk portfolio in the frame of the Company's ERM system and an associated action plan developed to identify, assess and address identified impacts. Actions are reviewed regularly by the Human Rights MFT and any salient issues requiring particular focus are escalated to the Human Rights Steering Committee as well as the Executive Committee and ECSC as required. An update of actions related to the Company's salient issues follows, with further actions progressing throughout 2022. Taking into account that salient issues may change over time due to internal and external influences, the Company is committed to reviewing them annually.

Salient human rights issues

The Company's salient human rights issues (see box with impacted groups in parenthesis) were initially identified through a human rights impact and gap analysis carried out in 2019. This identification was based on a benchmark of industry peers and companies in similar industries and an analysis of stakeholder expectations, including consideration from a rights-holder perspective. These issues were reviewed, updated and validated during 2020 through the Human Rights MFT and engagement with a number of key external stakeholders, including human rights NGOs, academics/ researchers and industry groups.

Salient Human Rights Issues

- Impact of products and services on the right to life and liberty *(passengers and citizens)*
- Data privacy *(individuals and their personal data)*
- Transition to decarbonisation *(supply chains)*
- Forced and child labour and labour rights *(contractors and supply chains)*
- Diverse and inclusive workplaces *(Airbus workforce and contractors)*

- **Impact of products and services on the right to life and liberty (passengers and citizens):** Actions are ongoing. A multi-functional and cross-divisional team is currently reviewing how to integrate risk-based human rights due diligence through existing processes and tools.

- **Forced and child labour and other labour rights (contractors and supply chain):** Key activities to mitigate the risk of forced and child labour and other labour rights in the Company's supply chain included the roll out of the Company's revised Supplier Code of Conduct, with strengthened expectations on forced and child labour as well as other human and labour rights and a requirement for suppliers to formally confirm adherence to the Supplier Code of Conduct and to cascade the principles throughout their supply chain. In addition, the Company took actions to strengthen its supply chain due diligence including updated risk mapping (country and activity) and a review of its risk identification and alert management process. For further information, see " – 6.1.6 Responsible Supply Chain".

- **The transition to decarbonisation (supply chain):** 2021 was dedicated to identifying the key areas of risk that the Company’s transition to decarbonisation may create, affecting in particular human rights. The identified areas include the potential impact on local communities of the production of Sustainable Aviation Fuels (SAF), offset initiatives or specific minerals required in the development and manufacturing of new technology. The Company is already engaged in various coalitions (e.g. the Roundtable for Sustainable Biomaterials and the International Sustainability and Carbon Certification) to ensure that human rights dimensions are considered in these areas.
- **Inclusion and diversity:** During 2021 actions to progress this salient issue included agreeing a ‘25 by 25’ gender diversity ambition to increase female representation at executive levels of the Company, creating a robust pipeline including specific leadership programs for women, such as ‘MyWay’ and, to support inclusive leadership, a mandatory Unconscious Bias training module was rolled out for all employees (with a target to achieve 100% by end of 2021). For further information, see " – 6.1.4b Inclusion and Diversity".

- **Data privacy:** During 2021, the data privacy team continued to implement and improve the data privacy programme throughout the Company. Actions were taken to ensure that the international transfer of personal data is completed in line with new requirements. Further steps were taken to ensure that, prior to contracting, suppliers processing personal data on behalf of Airbus are vetted and the appropriate mechanisms put in place to ensure they process data in line with legal requirements.

Due diligence:

During 2021, the Company began to strengthen its risk-based human rights due diligence aligned with the OECD Due Diligence Guidance for Responsible Business Conduct. This focus, which will continue throughout 2022, included:

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

Social assessments (focused on human and labour rights):

During 2021, the Company conducted a number of onsite social assessments focused on human and labour rights covering its own sites. These onsite assessments were carried out using an independent third-party social assurance provider consistent with the assessments carried out in the Company’s supply chain.

Building on the initial pilot carried out during 2020, eight sites (against a target of four) undertook a social assessment during 2021 in countries including Germany, Belgium, US, France, Italy, Malaysia, China and the Philippines. The sites were selected based on an analysis of country risk using publicly available indices (including child labour, forced labour and labour rights), the type of activity (prioritising production facilities) and the number of employees. In addition, any alerts relating to human rights coming from other sources, including the ICSA process, and upcoming legislative requirements were also taken into account.

The Company has a target to ensure that all findings are closed within an 18 month period following assessment. In addition, in order to strengthen its due diligence process, the Company has set a target to ensure that 100% of its sites with over 100 employees are assessed for human and labour rights risks by 2026.

Supply chain:

The Company continued to assess its supply chain for any concerns related to human rights, including forced and child labour and other labour rights, throughout 2021. For full details, see " – 6.1.6 Responsible Supply Chain".

Grievance and remediation:

During 2021, the Company continued to promote its “speak-up” culture for human rights concerns, including reinforcement of the use of its OpenLine confidential reporting system, within its revised Supplier Code of Conduct (see " – 6.1.6 Responsible Supply Chain").

If an allegation of human rights breach received from within the Company or through its supply chain or other third party business relationships is found to be substantiated, remedy would be sought through a variety of mechanisms. If an alert is received via its OpenLine reporting system, the Company commits to acknowledge receipt of the report within two business days. The Company has a global network of internal investigators, tasked with investigating allegations, including those relating to human rights such as forced or child labour, or labour rights and working conditions.

During 2021, the Company investigated four alleged cases of concern related to forced labour and other labour rights from within the Company's supply chain. All of the cases are closed as either unsubstantiated or with a consequential action. The Company will continue to investigate any new alerts during 2022.

IV. Implementation / activities

Awareness raising and training:

During 2021, the Company continued to raise awareness of human rights including through the promotion of its dedicated training on human rights and modern slavery which is available to all employees in four languages. During the period October 2020 - September 2021, 846 participants undertook this training (5,789 in total since its launch), which included information on how to identify the signs of human rights abuse and what to do if anybody has concerns. In addition, two dedicated virtual awareness sessions were run for the heads of subsidiaries (attended by 140 people) to raise awareness of human rights which included practical examples of how to identify and report risks. The sessions were recorded so that those not able to attend directly could review the recording.

A dedicated eLearning module on human rights, targeting senior managers, including the heads of subsidiaries and controlled affiliates, was produced in 2021 and will be rolled out during 2022. In addition a new e-learning module will be created for all employees to raise awareness of human rights with the intention that this becomes mandatory to all employees from 2023.

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

Stakeholder engagement and collaboration:

During 2021, the Company joined the Global Business Initiative on Business and Human Rights (GBI), a specialist peer learning group focused on advancing respect for human rights throughout the world. As part of its membership, the Company also took part in two dedicated workstreams: downstream due diligence and tracking and measurement, the progress of which were shared with other GBI members.

The Company is also a member of a number of industry trade associations which during 2021 held focused discussions on progressing human rights within the aerospace and defence industry. These include the BDSV (German Industry Association for Security and Defence), ASD (the Aerospace and Defence Industries Association of Europe), GIFAS (French Aerospace Industries Association), ADS (UK Industry Association for Aerospace, Defence, Security and Space) and TechUK (the UK's technology trade association).

The Company also engaged with a number of external stakeholders on human rights in order to advance the topic through external collaboration. These included academics, researchers, civil society organisations, officials and peers. A number of discussions with the Company's investors on the topic of human rights also took place during 2021, including on the topic of forced labour.

In addition, an update of the human rights roadmap was also presented to key internal stakeholder groups including the Societas Europaea Works Council ("SE-WC") and the European Committee for Airbus Defence and Space ("ECADS") comprising social partners from across the Company's European sites.

During 2021, the Company's Defence and Space Division continued to work with the UK's University of Nottingham Rights Lab on a project to monitor supply chain human rights challenges across sectors including maritime, agriculture and mining. Analysis of earth observation satellite imagery helps to identify supply chain human rights issues, such as flagging suspicious activities for further investigation, or can act as additional evidence for reported supply chain issues. The Division has also started to scope its own supply chain risk assessment tools for the Company by integrating satellite imagery derived intelligence with additional reported data from third parties on potential supply chain human rights risks.

Regulatory compliance:

During 2021, the Company undertook an analysis of current legislation related to human rights including the French Devoir de Vigilance Law and the Modern Slavery Acts in the UK and Australia. In addition, the Company undertook an analysis of relevant upcoming legislation including the German Act on Corporate Due Diligence Obligations in Supply Chains. Actions to fill any identified gaps will be undertaken throughout 2022.

During 2021, in accordance with the UK Modern Slavery Act and the Australian Commonwealth Modern Slavery Act, the Company published a Modern Slavery Statement outlining the actions it had undertaken to mitigate modern slavery risks in its global business, operations or supply chain. This Statement was published on the UK Government and Australian Government websites as well as the Company's website. In addition the Company completed the UK Ministry of Defence (MoD) Modern Slavery Assessment Tool.

V. Outlook:

During 2022, the Company will continue its focus on embedding and advancing its commitment to respect human rights throughout its business, operations and supply chain. Specific ongoing actions include:

- Finalisation of the Company's human rights policy.
- Embedding human rights commitments throughout the Company.
- Further progressing risk-based due diligence within the Company.
- Prioritising actions based on the Company's Identified salient human rights issues (to be reviewed in 2022).
- Progressing social assessments focused on human and labour rights throughout the Company's sites.
- Capacity building with key teams including development of training, communication and awareness raising.
- Ensuring alignment of actions with current and upcoming legislation.

B. Inclusion & diversity

I. Introduction

"Respect Human Rights and Foster Inclusion" is one of the four sustainability commitments. This priority reflects the focus the Company puts on Inclusion & Diversity ("**I&D**") and is illustrated by the 137 nations and 20 different languages that its employees represent.

An I&D position statement outlines the Company's commitments to creating a safe and inclusive culture, including zero tolerance to discrimination and harassment, whilst the Company's Code of Conduct and Supplier Code of Conduct expresses the expectations towards both employees and suppliers in this respect.

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

– creates a safe environment and inclusive culture where collaboration, empowerment, continuous learning and accountability are promoted and valued. The Company has zero tolerance for harassment or discrimination of any kind;
– attracts, recruits, develops and retains a large and diverse pool of talent. This talent is a reflection of our customers and suppliers base as well as the communities around us;
– develops a thriving work environment supported by its values system, leadership model as well as a code of conduct understood and practiced by all;
– is committed to have a positive long-term sustainable impact not only in the aviation sector but also in the communities we work in by being signatories to the SDGs.

Inclusion & Diversity	GRI		SASB	SDGs	Others
	405 Diversity and Equal Opportunity 406 Non-discrimination			4, 5, 8, 16	Vigilance Plan
Highest governance body(ies) involved	Board of Directors / ECSC Executive Committee / Inclusion & Diversity Board				
Related Corporate Policies and Documents	Human Resources Airbus Company Policy Airbus Code of Conduct, Airbus Supplier Code of Conduct				
Airbus commitments to external standards or frameworks	Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, ILO Conventions				

KPIs	Target	Target horizon	2020	**2021**	2021 v. 2020
% of external hires to be female	33%	yearly	26%	**22%**	-4%

Other key metrics (More in the ESG Data Board)	2020	**2021**	2021 v. 2020
Women in active workforce	18%	**19%**	1%
Board of Directors	25%	**25%**	stable
Executive Committee	16%	**25%**	+9%
Executives	13%	**14%**	+1%
Senior Managers	14%	**16%**	+2%

Additional resources: Code of Conduct - incl. non-discrimination commitment, Inclusion and Diversity on Airbus.com, Airbus International Framework Agreement - incl. Equal Opportunities commitment UN Women's Empowerment Principles - CEO Statement, AD CEO statement, LGBT+ Charter with L'Autre Cercle Association for an inclusive work environment for LGBTQ+ people France Gender Pay Gap Statement 2020, UK Gender Pay Gap Report, Airbus UK I&D Agreement, Women in Aviation and Aerospace Charter↘; Women in Defence Charter↘

Partnerships supporting people with disabilities (Atouts pour tous↘, Handisup↘, Handiproconseil↘)

II. Governance

The I&D team is part of the "DEVELOP Center of Expertise" within the Human Resources function and represents each of the Company's Divisions, with regional I&D focal points supporting the implementation of the I&D strategy globally.

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

In addition, local I&D (including disability) steering committees, championed by senior leaders and executives in the regions, provide additional support to embed and advance the I&D strategy locally and provide valuable input to the I&D team and Advisory Board. The steering committees are supported by a network of diversity Business Champions embedded in the business and who advocate for inclusive leadership.

III. Risk management

Any identified risks related to I&D are recorded in the Company's ERM and appropriate action plans agreed. Progress is reviewed quarterly.

In addition, any alerts related to I&D raised *via* the Company's "speak-up" culture, including its OpenLine reporting system, are investigated in accordance with the Company's investigation process.

IV. Implementation / activities

The Company supports various national and international initiatives such as International Women's Day and since 2018 we have committed to the UN Women's Empowerment Principles aimed at empowering women to participate fully in economic life. The Company has also led the "Women in Aviation and Aerospace Charter" and has been instrumental in the development of the "Women in Defence Charter" which demonstrates the commitment of a growing number of organisations across the industry to build a more balanced and fairer industry for women. In addition, in 2020 the Company launched a "Management Basics & Leadership Foundations Programme" to ensure that inclusive leadership becomes the norm at all levels. In addition our Corporate Gender diversity leadership development launched a cohort dedicated to 50 women leaders of tomorrow. To date this programme has trained over 170 women, including the current cohort.

The Company is also accelerating change through its employee-led "Balance for Business" network, which has around 10,000 volunteer members worldwide. Initiatives run through this network include roadshows promoting employee-led initiatives such as peer-to-peer mentoring, confidence building and encouraging employees to challenge stereotypes and build their careers. The network also supports some outreach initiatives.

Other employee-led networks such as the Women Innovative Network ("WiN"), the Airbus Africa Network, Spectrum (Racial diversity and inclusion), Pride@Airbus (LGBTQ+), Generation-A (Millennials), Seniors Talent and (Dis)Ability ambassadors networks are key to raising awareness of I&D, promoting inclusion, equal rights and increasing visibility. Initiatives include mentoring, leadership development of under-represented groups as well as conferences and discussions open to all employees.

The annual *Ability Weeks* campaign aims to raise awareness on disability across the Company and worldwide. This includes a series of workshops and awareness sessions on topics such as: digital accessibility, workplace adaptations, mental health care. During 2021 more than 1,600 employees participated in live workshops, and over 50 events were organised worldwide. Our Airbus Humanity Lab also showcased prosthetic blades made from recycled carbon from our production lines.

Highlighting that being unique is valued and that difference is welcome, the Company ran an awareness campaign during 2021 to promote awareness of the importance of digital accessibility for employees with disabilities as a means for inclusion. The Company also engaged in various social diversity programmes during 2021 in partnership with a number of different associations to promote quality education and mentorship for young people from underprivileged areas. For example, the Company participated in the ***"****La France, une chance. Les entreprises s'engagent !*" initiated in 2018 by the French government to encourage business to get involved in helping everyone find their place in society by, for example, recruiting from underprivileged areas promoting education learning and responsible purchasing and creating a link between these underprivileged areas and businesses.

During 2021, the Company disclosed its gender pay gap as required through both French and UK legislation and continues to put measures in place to ensure gender pay parity worldwide.

V. Outlook

Priorities for 2022 include continuing the Company's focus on gender parity. Upcoming actions on I&D include:

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

C. Labour relations

I. Introduction

In 2021 again, the Company has continued its numerous discussions, consultations and negotiations with its social partners, sometimes on a daily basis in order to discuss company transformation projects aiming at adapting to the evolving situation partly resulting from the health and economic crisis.

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

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

Labour Relations	GRI	SASB	SDGs	Others
	402 Labor/Management Relations		8, 16, 17	
Highest governance body(ies) involved	Executive Committee			
Related Corporate Ref Documents	Airbus Code of Conduct, International Framework Agreement, SE-WC agreement (updated 2018)			
Airbus commitments to external standards and frameworks	ILO's Declaration on Fundamental Principles and Rights at Work and its Core Labour Standards, OECD Guidelines for Multinational Enterprises			

Key metrics	2020	**2021**
Number of meetings with SE-WC (agreement says 4 per year)	8	**12**
% workforce covered by collective bargaining agreements		**ca 80%**

Additional resources: Code of Conduct, Airbus International Framework Agreement↘
ILO's Declaration on Fundamental Principles and Rights↘

OECD Guidelines for Multinational Enterprises↘, the Global Deal Initiative↘

II. Governance

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

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

The head of each business is responsible for ensuring compliance with these principles. The provisions of this framework agreement define the Company's standards to be applied wherever the Company operates provided they are not in contravention of local law, insofar as more favourable conditions do not exist already. Dedicated processes ensure that the provisions of this agreement are not breached wherever the Company operates.

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 also covered by the Company's IFA framing the social dialogue and social culture in line with local labour legislation, culture and practices of respective countries.

Regular social dialogue is ensured as per ILO requirements and local legislation and company agreements about social dialogue, for instance in Europe, thanks to the Company's SE-WC agreement which was updated in 2018.
Labour relations and social dialogue are fully part of the Company's DNA and therefore, its continuous evolution and improvement are embedded in the Company's Human Resources strategy supporting the Company's business challenges. Especially, in cases of restructuring, the Company strives to limit as much as possible the negative impacts on its workforce, and considers employment as a priority.

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

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

III. Risk management

The European labour relations' management of the four home countries of the Company (France, Germany, UK, Spain) is also part of the Company risk management processes and these risks are reviewed internally on a regular basis. For example during 2021, employee relations continued to focus on ensuring legal compliance regarding national labour laws and investing in training the Company's HR professionals about labour law. The Company's approach to risk management is also reinforced by the OpenLine reporting system, which allows employees to report concerns anonymously (where legally permitted).

IV. Implementation / activities

During 2021, the Company continued activities aimed at strengthening collaborative and partnership approaches with unions in various countries. The main focus has been on preserving global social dialogue, addressing company transformation projects, and monitoring the implementation and the effects of the COVID-19 adaptation plan and sharing our progress about sustainability.

Preserving a global social dialogue

The second Airbus Global Forum (AGF) took place early July 2021 in a digital format and has proven again to be an effective exchange platform between our top leaders in the regions and our employee representatives from our home countries, Poland, Romania, Morocco, Tunisia, Brazil, New Zealand, Australia, Mexico, Canada and China. The AGF agenda triggered insightful discussions around business highlights including the challenges and priorities for 2021 and 2022 as well as I&D, People Ethics & Compliance - especially anti-harassment - and our well-being strategy. It also served as an opportunity to enhance the perspective of our social partners on local and regional practices with regards to social matters, especially out of our European home countries.

At the Company's Airbus Helicopters Division, four European committees have taken place. The main topics have been the follow up of the Division's performance and strategy, the site specialisation strategy and more globally the company transformation, focusing in particular on competitiveness.

At the Company's Airbus Defence and Space Division, six European committees have taken place. The main topics have been the follow up of the adaptation plan, known as Future Planning, including financial competitiveness, the strategy and performance of the Division with a focus on sustainable transformation, including the AD 4.1 reorganisation during the later part of 2021.

Supporting Company transformation

"Reshape Supply chain" (RSC) was one of the major company transformation projects in 2021, which was subject to numerous discussions with our social partners at European and local levels. This project aims at creating two aerostructures companies of equivalent position and size in France and Germany (ca. 9,500 employees each) to prepare the future of fuselage aerostructures. As part of the discussions, the SE-WC nominated independent external experts to analyse the social, economic and financial impact of the project. Based on extensive data analysis and interviews, the report supported the project's principles and acknowledged the transparent sharing of information and data by Airbus management that permitted the experts to formulate their opinion. The constructive discussions at European and national level finally resulted in the creation of Airbus Atlantic as of January 2022. The negotiations about the creation of the aerostructures company and its impact on the detail parts activities is continuing with our social partners at company level in Germany, as well as with IG-Metall as legally required by Works Constitution Act and Tariff agreements.

In Spain, many discussions took place to address the consolidation of the industrial activities and the maintenance of the full workload in the Province of Cádiz in the CBC work Centre. National and regional authorities, Airbus, both the internal works council and main national unions agreed to have a commission to monitor fulfillment of the agreements.

Finalising the implementation of the COVID-19 adaptation plan

In 2020, COVID-19 adaptation plan discussions resulted in the signature of various collective agreements by the main unions or staff body representatives in France, Germany, Spain and the UK covering all employees in Airbus' commercial aircraft business within these countries so that the overall adaptation plan could be completed in 2021 and compulsory redundancies avoided. The agreements provided for a range of social measures including: trainings, internal mobilities, working time adaptations, voluntary departure schemes, early retirement and the opportunity to pursue personal or professional opportunities outside of the Company, such as business creation as well as dedicated partial unemployment schemes to be implemented in order to adapt activities and the workforce in 2021. In particular the signature of agreements about shorter working week in the UK, long-term partial unemployment in France and the long-term partial unemployment scheme in Spain (ERTE) have been agreed with the majority of the social partners. In addition a substantial portion of jobs have been secured due to external funding for research and technology programmes, anticipating that these jobs would be needed in the post pandemic recovery phase.

Preparing the future

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

In Spain, the VI CBA (Collective Bargaining Agreement) has been signed in 2021 with the majority of the social partners from the commercial aircraft business and its two Divisions for a four-year period (2020/2023). The main aspects covered were: salary conditions, working from home, training to face new technologies, early retirement scheme and both employment and gender equality plans.

In France, the Company also started a long-term social dialogue with employee representatives in 2021 in the frame of a project named “Reload” which aims at simplifying and harmonising company agreements related to compensation, benefits, grading, working time duration, health, safety and working conditions to make them more readable for its people and adapted to the Company’s challenges. This project aims also at integrating the evolution of the Metallurgic Branch Agreement.

In Germany, apart from the RSC project, the social dialogue was mainly focussed on ensuring industrial and financial performance as a foundation for job security and future programs in a ramp-up context. Agreements on mandatory work on defined Saturdays at reduced premium rates (compared to similar agreements from 2019) have been achieved for 2021. Approval of additional (flex) capacity is a second brick to ensure ramp-up activities particularly in production areas.

Enabling for sustainability plans

In Europe, the Company’s social partners were also closely involved in discussions on the health and safety measures taken in the workplace to protect workers and prevent the spread of COVID-19. This included the provision of additional personal protective equipment (PPE), team rotations, homeworking, social distancing and regular communication particularly on any special site measures. The social partners in Europe have also been informed about the actions taken and the future endeavours of the Company with regards to the identification and mitigation of risks inherent to Airbus activities and those of its suppliers with regards to human rights, environment and health and safety.

V. Outlook

In 2021, the Company maintained the accident frequency rate as one of the KPIs integrated in its executive and employee success sharing scheme. It is the Company's intention to continue in this direction; notably it has already engaged further in discussing with social partners about the possible inclusion of another sustainability criteria (CO_2) in the remuneration of senior managers from the year 2022.

The Company will continue its dialogue with social partners, sharing its strategy and organisational changes and preparing for our evolving ways of working, as it was done in 2021. The RSC project will continue to be a key area to ensure the successful creation of an aerostructures company in Germany. Other key areas will be the ramp-up of our activities in 2022 and the transformation projects which will be essential to Airbus’ future successes.

D. People

I. Introduction

The Company’s people draw on each other’s expertise and experience and puts all our passion and determination to pioneering sustainable aerospace. Human Resources (HR) is at the heart of the Company.
The current priorities of the Company’s HR function are:

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

As of 31 December 2021, the Company’s workforce amounted to 126,495 employees (compared to 131,349 employees in 2020), 95.7% of which consisted of full-time employees. These statistics take into account consolidation effects and perimeter changes throughout 2021. Depending on country and hierarchy level, the average contractual working time is between 35 and 40 hours per week.

The decrease in total headcount was the result of the COVID-19 adaptation plan in the Company's commercial aircraft business and the already planned restructuring of the Company's Defence and Space Division. Consequently, the number of newcomers had significantly decreased. The decision to restrict new hires in all businesses impacted by the crisis had been taken and the number of leavers had significantly increased as a result of the voluntary departures in the framework of the adaptation plans. Despite the crisis, the Company fulfilled commitments towards candidates already selected prior to the crisis and welcomed 5,655 newcomers. Voluntary departures have triggered an increase in the Company's attrition rate, which in 2021, is 7.4% overall (including subsidiaries) and 12.2% in subsidiaries only.

Reflecting the fact that the Company is an international company, 35.4% of its employees are from France, 31.5% from Germany, 7.7% from the UK and 10.3% from Spain. The remaining 15.1% are employees coming from a total of 134 other countries. In total, 89.1% of the Company's active workforce is located in Europe on more than 100 sites. Furthermore, the Company expects its workforce to evolve naturally to support the business.

Workforce by business segment, geographic area

The breakdown of the Company's employees by business segment and geographic area, including the percentage of part-time employees, is available in " – 6.1.8 ESG Data Board".

The workforce of the Company's Helicopters Division remained stable in line with its business resilience during COVID-19 crisis, while the adaptation plans in the Company's commercial aircraft business and the Company's Defence and Space Division has started to materialise with a significant decrease.

People	GRI		SASB	SDGs	Others
	401 Employment 404 Training and Education			4, 5, 8, 12	
Highest governance body(ies) involved	Executive Committee				
Related Corporate Policies	Human Resources Airbus Company Policy				
Key metrics (More in the ESG Data Board)	2020	**2021**			
Total number of employees (1)	131,349	**126,495**	Breakdowns are available in the ESG Data Board		
Number of Classroom Training (2)	78,443	**78,984**			
Number of Digital Training (2)	752,702	**967,495**			
Total training hours (2)	1mn	**1.2mn**			
Average training hours per employee (2)	10.6	**10.8**			

(1) The Company's headcount reporting includes all consolidated companies worldwide. Figures are based on the active workforce, i.e. the number of permanent and short-term employees, irrespective of their individual working times, and having worked in the last 30 days. The headcount is calculated according to the consolidation quota of the respective companies. The scope for HR structure reporting covers 100% of the Company's total active workforce from consolidated companies.
(2) Reporting period: from 1 Oct to 30 Sep.

Additional resources: Code of Conduct, Airbus Global Workforce Forecast Book, Working at Airbus Airbus International Framework Agreement↘, European Commission - Pact for Skills↘

Employer awards 2021: Universum↘, Glassdoor↘, Fortune↘, Top Employer Institute↘, Forbes↘

II. Governance

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 meetings at global and local levels. The overarching Human Resource policy in place is applicable to all employees and provides them with the description of the core values, mission, vision and top level initiatives for Human Resources Management in accordance with Airbus Mid-term Strategic Plan and external requirements.

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

III. Risk management

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

In addition, the Company periodically measures the perception of its employees on where the Company stands in terms of company culture and engagement through the "My Working Environment" Company Survey. The employees' feedback provides valuable input to define an action plan, leveraging the Company's cultural strengths to build on and addressing the pain points to be improved. The Company culture and engagement are regularly measured to keep track of the progress and adjust actions.

IV. Implementation / activities

People development and competence assessment

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

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

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

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

In addition, emerging long-term competence needs are analysed – which might not exist today, and for which specific measures need to be taken, e.g. with universities. The Company is actively participating in external forums on competence evolution, such as the World Economic Forum and European Commission.
In order to ensure quality time is dedicated to discuss employee's development, Airbus has, as part of its "manage employee development" process, implemented the Development Talk, which is an exchange between the manager and employee that can take place as often as needed but at least once a year. The purpose of this talk is to discuss the individual development plan of the employee and to bring individual expectations in line with company expectations.

Competence Assessment supports employee development and has to be performed at least every two years.

The company provides to the employee a portfolio of self-awareness solutions and feedback tools, that can be used on a voluntary basis, to prepare, in advance, the development talk and development plan. All agreed development actions are formalised in the employee development plan which has to be validated by the manager. These actions may consist of:

- Workplace learning or "on the job solutions" including development via mobility, project assignment, etc.
- Social learning, such as mentoring
- Formal training.

Training & mobility

COVID-19 has been destabilising and has had a significant impact on the Company's learning activities, resulting from the need to reduce cash spend to secure business continuity. While the various restrictions and national lockdown measures have limited the Company's ability to deploy physical classroom sessions, the Company invested further in its digital learning platforms to increase digital learning that more than doubled compared to 2019.

Measures were taken in parallel to adapt physical classroom training sessions to comply with the strictest health and safety measures ensuring the delivery of the mandatory and critical training without disruption to operations. The acceleration of the digital learning strategy has allowed employees to remain active in their development during periods of remote working and partial unemployment (according to social agreements).

In addition, in 2021, to support the skills foundations and Top Company Objectives , the Company has defined and assigned compulsory learning plans directly to its employees, covering Ethics & Compliance, Export Control, Data Governance & Protection, Product Safety, Cybersecurity, Internal Controls, Environmental Awareness and other topics. This new approach allows us to secure the needed training and awareness on major company priorities.

In 2021, the Company provided almost 1.2 million training hours to employees. On top of the physical classroom and digital training, in 2021 more than 39,500 employees benefited from leadership development and transformation solutions proposed by the Airbus Leadership University. The university continues to strengthen the Company's approach to leadership, offering opportunities for all leaders to drive their development one step further, while accelerating the culture evolution and human transformation of the Company.

Learning solutions and managerial opportunities are not the only way to develop people in the Company. Development paths give also possibilities to employees to develop specific skills, competence and jobs, such as Project & Program Manager, Architects & Integrator and Expert career paths.

The Company is also involved in the "Pact for Skills" initiative launched by the European Commission to address the up-skilling and reskilling challenge in Europe. It is working together with aerospace and defence industrial companies, public authorities, and education and training providers, to build common upskilling and reskilling programs and explore ways of working together in skills partnerships.

Mobility of employees within the Company's commercial aircraft business and its two Divisions provides overall benefit and value to the Company. Mobility helps employees develop new skills and competences and serves the business by bringing new ideas and broader perspectives to teams while ensuring to have the right skills in the right place to secure the future. In 2021, as of end of December, more than 10,400 employees have changed jobs through internal mobility.

Remuneration

The Company's overall remuneration policy is in line with local practices and provides employees with a competitive overall compensation package. It is also an enabler to attract new talents and retain talented employees contributing to the Company's business success. Airbus will compensate its own employees with, at a minimum, a living wage covering their basic needs calculated in-line with best practice.

For employees below manager level, collective labour agreements are applied in the Company's home countries (France, Germany, UK and Spain). This includes wage levels and increases, supplementary grants and gratifications (e.g. end of year gratification). Starting at manager level, compensation of employees can contain a variable part. The percentage of such variable pay in total compensation increases at higher hierarchical levels.

Support for health care, unemployment insurance, national and company pension systems as well as social security contributions are mainly subject to national regulations and regulations implemented earlier by the founding companies.
Some benefits or specific worldwide schemes are implemented such as sharing the financial and operational success of the Company with the employees (success sharing scheme) or developing the Company ownership culture (Employee Share Ownership Plan - "ESOP").

Employee Share Ownership Plan

The ESOP allows employees to participate in the success of the Company. This plan is an investment option open to eligible* employees to acquire a certain number of Airbus shares. The ESOP scheme has been running in different formats since the foundation of the Company in 2000. The ESOP scheme since 2011 is a "share matching plan" in which the Company matches the number of shares bought by the employee according to set criteria.

In 2021, more than 54,750 eligible employees from 40 countries have seized the opportunity to subscribe and now own 1.97 million shares. (Eligibility rules: an eligible employee in the frame of ESOP 2021 is part of an entity which is at least 50 % owned by Airbus, and has been an employee between 31 December 2020 and 17 March 2021.)

V. Outlook

Starting in 2022 and over the next three years, the Company is expected to resume recruitment with several thousand positions to be filled in the different functional and geographical areas of the Company to support the recovery and future activity growth, to prepare for the development of future programmes and to continue its generational renewal. A quarter of these recruitments will concern new skills on projects such as those linked to the development of hydrogen aircraft.

Leveraging global attraction campaigns and strengthening collaboration with the business to deliver on staffing needs is key. The staffing challenge will be a joint responsibility between HR and business to deliver on expectations.

In the meantime, the Company will continuously focus on people development to close the gap on critical skills needed and will invest into emerging skills development. The Company aims at becoming an agile learning organisation as reskilling is considered as a major part of the learning culture: in the short term, to support critical ramp-up projects, and in the long term to sustain the acceleration of skills shift driven by the Airbus context and external trends.

6.1.5 EXEMPLIFY BUSINESS INTEGRITY

I. Introduction

The Company's Ethics & Compliance programme seeks to ensure that the Company's business practices conform to applicable laws, regulations and ethical business principles, as well as reinforcing a culture of integrity and speak-up. In 2021, Ethics & Compliance continued to be a top priority for the Company, following the completion of the first phase of the ongoing monitorship by the Agence Française Anticorruption within the context of the settlement agreements reached between Airbus and the authorities on 29 January 2020. In its list of priorities for the year, the Company set the objective to Speak Up, Listen Up and act with integrity and respect.

The Company has worked over the past several years to develop an Ethics & Compliance programme that is structured around the following key risk areas: Business Ethics / Anti-Corruption Compliance, Export Compliance and Data Privacy 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.

Business Integrity	GRI	SASB	SDGs	Others
	205 Anti Corruption	Business Ethics	16	
Highest governance body(ies) involved	Board of Directors / ECSC Executive Committee			
Related Corporate Policies and reference documents	Anti Corruption Policy, Responsible Lobbying Charter Directives: see below, section III. Risk Management Code of conduct, Supplier Code of Conduct			
Airbus Commitments to external standards	IFBEC's Global Principles of Business Ethics, FX Global Code			

Key metrics	2020	**2021**
Number of employees per appointed Ethics & Compliance Representatives	390	**372**
% of employees (non-Exec) who have completed the E&C training objective	80%	**90%**
Number of E&C e-learning sessions delivered to employees (Reporting period: from 1 Oct to 30 Sep.)	309,682	**284,774**
Number of data privacy e-learning sessions delivered to employees (Reporting period: from 1 Oct to 30 Sep.)*	35,073	**9,547**

* In 2021 the reporting period was changed, from calendar years to Oct-Sept periods, and led to restate past year figures accordingly.

Additional resources	Airbus Ethics & Compliance webpage, including CEO statement, Airbus Values Anti Corruption Policy, Responsible Lobbying Charter, Airbus' commitment on the protection of Personal Data, Code of Conduct, Supplier Code of Conduct, OpenLine, Compliance at Airbus IFBEC website ↘, Global Foreign Exchange Committee website ↘

II. Governance

The Ethics & Compliance organisation is part of the Legal Department under the ultimate responsibility of the Company's General Counsel. The aim is to provide strong governance throughout the Company with the global presence of qualified Compliance officers who ensure the Ethics & Compliance programme is implemented consistently in the different functional and operational areas.

The Company's Chief Ethics & Compliance Officer, who reports to both the General Counsel and the ECSC of the Board of Directors, leads a dedicated team of Compliance professionals who are responsible for supporting and advising across the Company on compliance related topics, supporting the day to day business, performing risk assessments, drafting policies, conducting third party due diligence, investigating compliance allegations, implementing tools and controls and delivering compliance training.

The ECSC also plays a key role in the oversight and continued development of the Company's Ethics & Compliance programme, organisation and framework for the effective governance of Ethics & Compliance.

In addition to the dedicated Compliance professionals, the Company is coordinating a network of part-time ethics & compliance representatives ("**ECRs**"), spanning all Divisions, functions, and regions. The number of ECRs slightly increased in 2021, with a total of 340 ECRs at the end of 2021 (compared to 335 at the end of 2020). Although the ECR network members are not compliance experts, they play an important role in promoting the Ethics & Compliance programme and culture and serve as points of contact for any employee who has questions about the Ethics & Compliance programme or wishes to raise an Ethics & Compliance concern, including but not limited to bribery or corruption. The Ethics & Compliance team is animating the ECRs network, providing continuous training and information of the ECRs.

Likewise, the Personal Data Protection Officer ("**DPO**") relies on a team of data privacy experts to guide, train and advise the business with respect to data privacy requirements, and a network of Data Privacy Focal Points in the business functions and affiliates, to support the Airbus data privacy programme. In 2021, the DPO and the data privacy team were integrated in the Legal & Compliance function.

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 two Divisions and different businesses. The results of this risk assessment are embedded and monitored within the Company's ERM framework and highlight, among others, the risk of improper payments being made to or *via* third parties such as sales intermediaries, lobbyists and special advisors, suppliers, distributors and joint venture or offset partners. Further corruption risks include the use of sponsorships, donations, or political contributions to improperly benefit decision-makers, or the provision of excessive or overly frequent gifts and hospitality by Airbus employees. In order to ensure its compliance with Export Control regulations and laws in the EU, US and internationally, the Company continues to review its Export Control compliance programme to ensure it is fit for purpose. Where risks are identified, they are embedded and monitored in the Company's ERM. Identified risks include potential unauthorised access to export controlled data and hardware by third parties and non-compliance with the International Traffic in Arms Regulations ("**ITAR**").

Regarding Data Privacy, the Company undertakes privacy impact assessments depending on the nature of the personal data processed or scale of the processing. In addition, risks relating to the protection of personal data are also assessed in the context of the ERM and kept updated.

Specific directives have been adopted to address the Company's key compliance risk areas. These include among others:

- Requirements for Gifts & Hospitality;
- Requirements for Sponsorships, Donations and Corporate Memberships;
- Requirements for the Prevention of Corruption in the Engagement of Sales Intermediaries;
- Requirements for the Prevention of Corruption in the Engagement of Lobbyists & Special Advisors;
- Requirements for Supplier Compliance Review;
- Requirements for Compliance Block List;
- Requirements for Preventing and Declaring Conflicts of Interest;
- Requirements for the Prevention of Corruption related to Mergers & Acquisitions, Joint Ventures, Partnerships and similar Transactions;
- Method for the Prevention of Corruption in the Context of International Cooperation & Offset Activities;
- Requirements for Anti-Money Laundering/Know your Customer;
- Guidelines for Competitive Intelligence Gathering Activities
- Requirements for Export Control Sanctions, Embargoes and Screening;
- Requirements for Export Control Framework;
- Requirements for Export Control Escalation and Voluntary Disclosure;
- Requirements for Export Control Brokering;
- Requirements for Export Control Classification;
- Requirements for Export Control Licences and Agreements;
- Requirements for ITAR Part 130 Reporting;
- Personal Data Protection Directive, Method and Binding Corporate Rules.

The Ethics & Compliance organisation is charged with oversight and monitoring of these directives to ensure that they are being implemented effectively. Periodic controls on key processes are performed and reports provided to the Company's Executive Committee and the ECSC, including recommendations to strengthen the Ethics & Compliance programme where necessary.

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

IV. Implementation / activities

Awareness and training

All Company employees are required to undergo a minimum amount of compliance training *via* e-learning. Additionally, depending on the function, the country and the level of risk implied by their role, certain employees are selected to attend live classroom training as well. Attendance in such cases is mandatory, and managers have a responsibility to ensure that their team members do so.

From 1 October 2020 to 30 September 2021, the Company's employees followed 284,774 Ethics & Compliance e-learning sessions, including on bribery, corruption and export control. Furthermore, 5,050 employees attended live classroom training on different Ethics & Compliance topics in 2021, the majority of which were delivered in virtual classroom settings due to the pandemic.

Likewise the Company also delivered anti-bribery and corruption training towards higher risk third parties, including sales intermediaries, lobbyists and special advisors. In 2021, 81% higher risk third parties were trained on Ethics & Compliance requirements and expectations.

The Company continued the roll out of the data privacy e-learning as part of the Ethics & Compliance compulsory training catalogue. Approximately 9,500 data privacy training sessions were performed in 2021 (reporting period from 1 October 2020 to 30 September 2021). Since the entry into force of the EU General Data Protection Regulation in 2018, the Company's employees performed approximately 90,000 data privacy e-learning sessions.

"Speak-up" Channel: OpenLine

The Company recognises that the Code of Conduct cannot address every challenging situation that may arise, and therefore encourages its employees to speak up through various channels, including through OpenLine (available at **https://www.airbusopenline.com**). The OpenLine enables users to submit an alert securely and confidentially, and also to ask questions related to Ethics & Compliance.

In 2020, I&D was expressly added to the definition of the "Human Resources" topic. Product safety, previously covered by a broader "Procurement and Product Security" topic, is now displayed as a separate category as well.

In addition, the dataprotection@airbus.com mailbox is systematically published in the Company's data privacy policies and information notices specific to the various applications, to ensure that data subjects can exercise their rights and/or lodge complaints.

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

Policies and procedures

In 2021, the Company continued maintaining its policies and procedures framework, issuing a guidance on third parties categorisation, the compliance block list and translating the Code of Conduct in seven additional languages to maximise the reach of this foundational document. All policies and guidelines are made available to employees on the Intranet, and classroom training is delivered to employees who are particularly exposed to the underlying risks as described above.

On the Export Control side, the Company created an Export Control Compliance programme in early 2020 and has launched the cascade of its Export Control requirements through nine directives and methods throughout the Company. The cascade triggers an update of the relevant business processes and is targeted to be completed early 2022.

Under the terms of the Consent Agreement with the US Department of State (DoS) made public on 31 January 2020, the DoS agreed to settle all civil violations of the ITAR outlined in the Company's voluntary disclosures identified in the Consent Agreement, and the Company agreed to retain an independent Special Compliance Officer (SCO), who is monitoring the effectiveness of the Company's compliance with the ITAR for a duration of three years. In 2021, as required under the Consent Agreement, an audit of the Company's ITAR compliance programme was undertaken by external counsel. For further information, please refer to "Notes to the IFRS Consolidated Financial Statements – Note 38: Litigation and Claims (Investigation by the UK SFO, France's PNF, US Departments of State and Justice and Related Commercial Litigation)"

Responsible Lobbying Charter

The Company is committed to ensuring that any lobbying activity is undertaken in compliance with all applicable laws and its anti-corruption programme. During 2021, the Company launched a Responsible Lobbying Charter (link in table above) aimed at anybody who engages with public officials in any capacity, including third party representatives retained by the Company. The charter outlines the Airbus core principles for responsible lobbying and brings together the key Airbus codes and directives relevant to this topic. The principles are also reinforced by a training module available to all employees.

V. Outlook

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

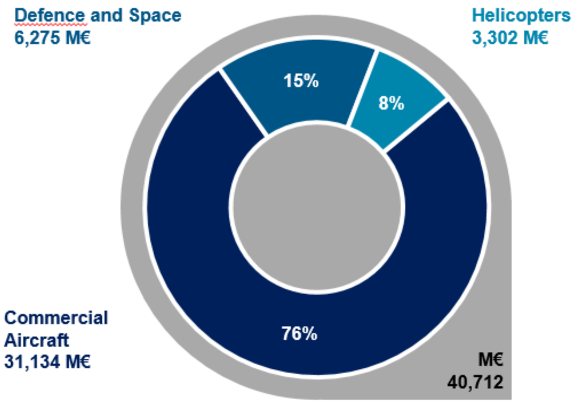
When misconduct reveals a gap in compliance policies, procedures or tools, the Company undertakes revisions to its Ethics & Compliance programme commensurate with the wrongdoing and in light of lessons learned. While compliance at the Company will therefore always be a work in progress, the Company is committed to this endeavour, as it aims to make its Ethics & Compliance programme sustainable over time.

6.1.6 Responsible Supply Chain

I. Introduction

At the end of 2020, approximately 21,000 suppliers from more than 80 countries supply parts, components, systems and services to the Company.

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



Whilst the Company's products and services are sold all over the world, the majority of its supply chain is based in Europe and OECD countries. However, in the past few years, the supply chain has become concentrated and more international. In addition, and due to increasing consolidation within the aerospace and defence sector, larger work packages are being placed with a smaller number of lead suppliers.

Also, Airbus regionally supports Small and Medium Enterprises to contribute to its supply chain, particularly through tier one lead suppliers.

The Company's global sourcing footprint is represented as follows based on Tier1 and sub tiers, based on 2020 Airbus International Footprint data (formerly known as value chain analysis, VCA):

To promote further globalisation of its sourcing footprint, the Company has established regional procurement offices in North America (Washington, DC), India (Bangalore), Asia Pacific (Singapore) and China (Beijing). For the regional sourcing of indirect goods and services, the Airbus General Procurement function is represented in the regional procurement offices. As the Company's commercial aircraft business and its two Divisions are certified ISO14001, the Procurement function acts in adherence with ISO 14001 requirements.

RESPONSIBLE SUPPLY CHAIN	GRI		SASB		SDGs	Others
	102-9 Supply Chain 204 Procurement Practices 308 Supplier Environmental Assessment 408 Child Labor 409 Forced or Compulsory Labor 414 Supplier Social Assessment		Materials Sourcing		4, 5, 8, 9, 12, 13, 16, 17	Vigilance Plan
Highest governance body(ies) involved	Board of Directors / ECSC Sustainable Supply Chain Roadmap Steering Committee					
Related Corporate Policies	Responsible Mineral Policy, Environmental Policy, Health and Safety Policy					
Certifications	ISO14001	As Airbus commercial aircraft business and the two Divisions are certified, control and influence of the supply chain is concerned.				
Airbus Commitments to external standards and frameworks	Reference to certain international organisations standards or principles, in particular ILO have been included into the Airbus Supplier Code of Conduct					
KPIs	Target	Target year	2020	**2021**	2021 v. 2020	
Percentage of sourcing volume[1] of suppliers invited to CDP who have responded	75%	2022	56%	**68%**	+12%	
Percentage of identified high risk suppliers[2], who have undergone a sustainability assessment	100%	2021	63%	**95%**	+30%	
Percentage of sourcing volume[3] covered by supplier commitment to the Supplier Code of Conduct[4]	85%	2022	NA	**79%**	NA	
Other key metrics	2020	**2021**				
Percentage of assessed suppliers not meeting Airbus' sustainability expectations (=red flags)	12%	**13%**				
Percentage of action plans defined for suppliers not meeting Airbus' sustainability expectations	Not started	**15%**				
Percentage of responding suppliers to the CDP scoring A or B	56%	**53%**				
Number of sustainability alerts	5	**12**				
Assumptions	[1] based on 2019 turnover. [2] based on 2019 risky suppliers *(see details further in § Risk Management/1. Supply base risk mapping).* [3] based on 2020 turnover. [4] Subsidiaries excluded from the scope					

Additional resources	Supplier Code of Conduct, Environmental Policy Statement, Responsible Mineral Policy statement, Be an Airbus supplier on Airbus.com IFBEC↘, Responsible Minerals initiative↘, OECD Due Diligence Guidelines for Responsible business Conduct↘

II. Governance

The Company strives to make environmental and social responsibility a core element of its procurement strategy. This includes managing the relationships with suppliers throughout the sourcing strategy, supplier selection, contract management, supplier monitoring and development. The Company's suppliers must comply with all applicable laws and regulations. In addition, all business shall be conducted by suppliers in compliance with the principles of the Company's Supplier Code of Conduct, which is the document of reference for the Company's responsible supplier management. This Supplier Code of Conduct represents the group-wide values and principles in line with internationally recognised standards and conventions (such as OECD and ILO).

In 2021, the Sustainable Supply Chain Roadmap (SSCR) steering committee validated the supply chain sustainability ambition: to engage and commit our supply chain around Airbus' principles and core values. It translates into four main priorities for a more sustainable supply chain.

- Lead towards clean aerospace, reflected in the decarbonisation of our supply chain, as well as transparency on substances in products and processes.
- Respect human rights and foster inclusion through zero tolerance for forced labour and use of conflict minerals.
- Build our business on the foundation of safety and quality, by spreading the culture of product safety to key suppliers and requiring a safe workplace environment for suppliers' employees.
- Exemplify business integrity expressed thanks to zero tolerance for corruption and screen and approve all our suppliers (see " – 6.1.5 Exemplify Business Integrity").

Those priorities are consistent with the most material topics identified in the Airbus supply chain.

Concrete sustainability targets have been included in the 2021 objectives of the Chief Procurement Officer of Airbus commercial and all direct reports. This includes the deployment of the Supplier Code of Conduct for 50% of the Company spend, the evaluation of all suppliers identified as having sustainability risks, and the assessment of the supplier strategy on climate change for 50% of the Company spend.

The SSCR reports to a steering committee chaired by the Head of Sustainability & Environment, and the Head of Procurement Transformation & Central Services. The steering committee includes the representative of the Chief Procurement Officer of Airbus Commercial and the Chief Procurement Officers of Airbus Helicopters and of Airbus Defence & Space, as well as the Head of Health & Safety, the Head of Product Safety and the Head of Ethics & Compliance, or their nominated representatives. The Executive Vice President Communication and Corporate Affairs and the Chief Procurement Officer of the Company act as sponsors of the SSCR. In addition, the Head of Procurement Transformation & Central Services is part of the procurement leadership team (PLT) and is responsible for facilitating the communication on sustainability activities between the SSCR and the PLT on a regular basis.

The Chief Procurement Officer of Airbus also reports to the ECSC on the progress of Airbus responsible sourcing strategy implementation.

All sustainability activities in the supply chain are based on the following key elements and principles of due diligence following the OECD Due Diligence Guidance for Responsible Business Conduct:

- supply base risk mapping;
- supplier engagement and contractual requirements;
- supplier assessment/audits and development plans;
- policies, tools and reporting.

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

III. Risk management

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

1. Regulatory non-compliance

The Company may not receive sufficient visibility and information from its supply chain in regards to compliance with environmental, human rights, health & safety laws and regulations. In the event of an industrial accident or other serious incident in the supply chain, or any problems of the supplier to fulfill its operational or product compliance, this may also have a significant adverse effect on the reputation of the Company and its products and services. The Company's reputation may also be affected by the public perception of social and/or environmental impacts of its supply chain's industrial operations on local environments, communities, biodiversity and the general public's health.

2. Supplier's impact on local environment

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

3. Disruption risk

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

In response to the above 1. to 3., the Company deploys responsible sourcing activities and specific supplier due diligence actions in the frame of the SSCR.

4. Risk of product non-compliance

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

In response, a Procurement Task Force has been established to ensure group-wide governance for supplier management and assessment of chemical regulations and obsolescence impact. This task force also coordinates communication to suppliers on substance issues and on substitution solutions qualified by the Company.

IV. Implementation / activities: Airbus Supplier Vigilance Plan

1. Supply base risk mapping

Sustainability compliance risks

Since 2018, the Procurement Responsibility & Sustainability department has carried out proactive social risk mapping in line with international guidance, internal commodity expertise and externally available country indices. In 2021, with the support of external advisors, Airbus upgraded its risk mapping methodology building on risk indexes considering the location and the type of activity performed by the suppliers and delivering an on-going and up to date risk assessment. This risk mapping will be incorporated in 2022 into the Company's supply chain management tools to provide visibility of those risks to the whole procurement organisation.

Number of business-relevant external risk suppliers identified in 2021 (including tier ones and lower tiers)

Based on the Company's active supply base and new suppliers identified as possible future partners, 837 suppliers were identified as possible risky suppliers. After business impact and business strategy analysis, 412 suppliers were confirmed as high risk in 2019. In 2021, analysis was updated in consideration of business context evolution, leading to 395 business-relevant high risk suppliers.

2. Supplier assessment / audit and development

Since 2019, the Company has worked with external expert companies to conduct sustainability-related, evidence based desktop assessments and specific on-site audits. The assessments cover social compliance criteria such as human rights, labour practices, health & safety and anti-corruption as well as environmental regulations and sustainability criteria based on an environmental questionnaire developed by IAEG. At the end of 2020, 63% of the suppliers identified as high risk following the Company's 2019 risk mapping methodology have completed an evidence based desktop assessment. In 2021, the rate of risky suppliers assessed has increased to 95% compared to a target set at 100%.

The progress and results of those assessments have been communicated during events with suppliers and engagement took place with all suppliers presenting findings.

Of the 95% of suppliers completing an assessment, 13% of which (53) have at least one red flag (mainly linked to environmental issues). In 2021, the Company has started to engage on the results asking those suppliers to complete action plans to close any finding.

During 2021, the Company reviewed the self-assessment questionnaire and assessment grid to ensure that a) they are fit for purpose, b) that critical issues are identified and c) there is more efficient completion. Proposed changes include adapting the questions, particularly on environmental topics, to take into account the size of supplier (e.g. feedback has told us that smaller suppliers don't necessarily have the resources to complete such a demanding questionnaire) and to the assessment grid to identify critical issues, particularly with regard to human rights and health & safety. In addition, the Company is currently reviewing its relationship with suppliers who refuse to participate in its assessment programme.

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

– engagement with 238 in-situ suppliers through webinars and supplier conferences to develop their readiness to comply with enhanced REACH EHS conditions when working on the Company's sites. Further direct exchanges with the Company's EHS experts has been organised with 42% of them;
– evaluation of the maturity of external suppliers in the Company qualified processes in regards to the future enhanced protection requirements that are being defined by the European Commission:
– out of 357 suppliers of the Company qualified processes using chromates in industrial operations, the 96 most impacting suppliers have been assessed on-site by a third party on behalf of the Company. The Company engaged with those suppliers, which revealed findings and requested them to demonstrate and launch action plans for improvement. By end of 2021, all the suppliers have either a comprehensive action plan or successfully closed the major findings.

In 2019, the Company introduced supplier factory visits called "the Gemba Walk" pocketbook, applicable to commercial aircraft activities, which is a practical and visual guide for the Company's employees when visiting the shop floor of a supplier, supporting the identification and reporting of risks or improvement opportunities observed during factory visits. A dedicated pocketbook covering environment, health & safety and human rights risks was also developed in 2019 and published on the Airbus intranet. Unfortunately, restrictions put in place since 2020 due to COVID-19 significantly reduced the effectiveness of identifying risks through supplier shop floor visits.

3. Supplier engagement

Contractual requirements
The Company's standard procurement contract templates have evolved over the last few years to reinforce clauses relating to sustainability and environment which require suppliers to:
– comply with all applicable laws and regulations relating to production, products and services;
– provide information on substances used in manufacturing processes and contained in the product itself (covering both hazardous substances and conflict minerals);
– provide information on environmental, health & safety matters such as safe usage and management of products across its lifecycle (including waste management);
– implement an Environmental Management System based on ISO 14001 or equivalent;
– comply with the Company's anti-corruption and bribery requirements; and
– commit to apply and cascade across its supply chain the principles of the Company's Supplier Code of Conduct, including with regard to environment, human rights, labour practices, responsible sourcing of minerals and anti-corruption. In addition, since 2020, the Company's Defence and Space Division implemented criteria on sustainability in the call-for-tender procurement process. Only those suppliers which meet criteria, including in particular agreement to comply with the Company's Supplier Code of Conduct, can continue with the call for tender procurement process. Positive answers to additional criteria, such as commitment to the SDGs, sustainable projects, life-cycle assessment, waste and packaging reduction, will prioritise suppliers for further selection. It has been agreed that this approach will be extended to the whole Company in January 2022.

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

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

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

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

4. Training & awareness

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

Additional means have been developed in 2021:

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

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

- An internal website has been created to communicate Airbus' sustainability progress in the supply chain and to give a better understanding about the initiatives to Procurement teams.

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

5. Grievance mechanism

From 2019, the Company's OpenLine has been accessible to external stakeholders, such as suppliers and their employees, as a secure and confidential channel through which they may, on a voluntary basis, raise alerts related to the Company in the areas of bribery, human rights, environment and health and safety. This medium is available through the Company's OpenLine website (www.airbusopenline.com) in 13 languages. For further information on OpenLine, see "– 6.1.5 Exemplify Business Integrity". Access to this OpenLine has been reiterated in the updated Supplier Code of Conduct.

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

- Initial review to determine if an investigation is needed,
- Investigation: prepare investigation plan, collect documentary evidence, and conduct interviews in a (confidential) and timely manner,
- Assessment: analyse information and documentation collected during the investigation, prepare an investigation report summarising the findings and propose remedial actions necessary to reasonably respond to and prevent the recurrence of the conduct, if any,
- Closing the investigation and reporting,
- Monitoring of the implementation of remedial actions.

6. Work with External Stakeholders

As mentioned under “Environment” in section 6.1.2, the Company is a founding member of IAEG, which is working on common aerospace industry standards and tools to manage environmental obligations. More specifically, for the supply chain, IAEG has developed:
– a supply chain environmental survey, which the Company implemented in 2019 and which will be used as environmental assessment module, as mentioned in section 2 above;
– an EMS implementation guideline to encourage a wider uptake of EMSs as appropriate for each supplier in a phased approach and cost effective, consistent and supportive manner;
– the definition of an Environmental Qualification Program to assess and develop the environmental maturity of suppliers. Under Airbus leadership, the IAEG extended this qualification programme to other sustainability topics.
Concretely, the IAEG terms of reference have been reviewed to allow such an extension, presentation by expert companies on supply chain risk assessment and management have been received, benchmark with the IAQG (International Aerospace Quality Group) has been performed and a request for information has been launched to build a sectoral approach for supplier engagement.

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

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

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

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.

7. Promoting disability-friendly companies

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

8. Responsible mineral sourcing

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

9. Plastic-free supply chain

Based on the SDGs, specifically SDG 12 (responsible consumption and production), a plastic-free supply chain project was launched in 2019 within the Company's Defence and Space Division, with the aim of reducing, reusing and recycling plastic waste and packaging in the Division's scope of involvement by 2025 (for example, production/maintenance, logistics, offices and supply). As a result of this project, Airbus Defence and Space defined for the first time a single-use plastic reduction total cost of ownership of 5% for the production area. Due to the implementation of plastic-free packaging alternatives, a 14% reduction of single use plastic in the logistics area of all Airbus Defence and Space sites has been achieved for 2021, corresponding to 127 991m² of single-use plastic replacement based on inventory done. In addition to this great achievement in logistics, plastic-free alternatives have been tested in the clean rooms of Toulouse-Labege and in the production and maintenance areas in Manching.
By the inclusion of the packaging paragraph in the new Supplier Code of Conduct and by the inclusion of single use plastic clauses in some contractual requirements, we aim to move progressively from the current take-make-waste extractive industrial model to a circular economy approach towards a sustainable way to use plastic.

10. CO_2 emissions

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

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

The Company also evaluated the carbon footprint of its supply chain, by applying the methodology developed by the IAEG. For further details, see " – 6.1.2. Lead the journey towards clean aerospace".

V. Outlook

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

Actions to be progressed during 2022 include:
– the formalisation and reinforcement of the process to collect sustainability-related alerts, the management of those alerts, the engagement with external stakeholders, as well as the communication and reporting on the effectiveness of our actions.

This action has been launched into consideration the analysis of the Company's supply chain due diligence performed in 2021 and the German act on supply chain due diligence.
– reinforcing the adherence of the Company's Supplier Code of Conduct principles throughout the Company's supply base;
– extending the scope of supplier sustainability assessments by requesting new suppliers to perform such an assessment and by extending to existing contracts in order to reach 80% of the spend volume in 2025;
– engaging with target suppliers based on supplier assessment outcome,- and developing action plans when required; – further integrating sustainability elements into procurement processes;
– developing specific training modules on sustainability and other solutions to support internal awareness in purchasing commodities. This will include awareness on the Company's new Supplier Code of Conduct;
– the deployment of a digital solution to further enhance the collection of data from suppliers on conflict minerals, critical materials and regulated substances in the products delivered to the Company.
Regarding environmental sustainability and substance management, the Company will focus on the following in 2022:
– engaging and discussing with key CO2 contributors in its supply chain, leveraging the CDP to identify opportunities to improve their climate change management and reduce emissions.

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

6.1.7 COMMUNITY IMPACT

I. Introduction

Airbus strives to support vulnerable communities and young people throughout the world where it operates and beyond by mobilising its products, services and employees focusing on equitable and measurable solutions, in line with the Company Purpose.

Community Impact	GRI	SDGs
	413 Local communities	All 17 SGDs, with focus on 1,2,3,4,5,13 and 17
Highest governance body(ies) involved	Board of Directors / ECSC Airbus Foundation Board of Directors	
Related Corporate Reference Documents	Directive on Sponsorships, Donations & Corporate Membership, the Bylaws of the Airbus Corporate Foundation and the Airbus Foundation Endowment Fund. Upcoming: Community Impact framework.	

Key metrics	2020	**2021**
Number of Sustainability Ambassadors	0	**207**

Add ressources	Community engagement on Airbus.com, The Airbus Foundation, Supporting Education

II. Governance

The Sustainability - Develop & Engage department manages the global strategy and framework for community impact at Airbus and supports the operations of the Airbus Foundation. A global network of community impact focal points representing France, Germany, Spain, the UK, the Americas, India, China, Asia Pacific and the Divisions has been established, as well as a committee of specific topic experts who provide guidance, assessment and recommendations according to the community impact priority themes. Additionally, the Company's voluntary network of Sustainability Ambassadors has been launched and these passionate employees are key for helping raise awareness of and championing sustainability and community impact initiatives. Launched in June 2021, this network currently has over 200 members onboarded, representing 19 sites in Europe, China, and the US. At a business level, there are standard reporting lines to the Sustainability & Environment organisation with top level oversight provided by the ECSC at the Company's Board of Director level.

The Airbus Foundation and Airbus Foundation Endowment Funds are registered as non-profit entities of general interest under French law, with specific articles of association that define their respective mission and remit. Their strategy and operations are led by the Managing Director and each entity has formal governance with its own Board of Directors. The Airbus Foundation Board of Directors is chaired by Julie Kitcher, EVP Communication & Corporate Affairs and comprises membership from across the Company including:

- Thierry Baril, Chief HR and Workplace Officer
- Bruno Even, CEO Airbus Helicopters
- Michael Schoelhorn, CEO Airbus Defence & Space
- Amparo Moraleda, Representative of the Company's Board of Directors

Additionally the Board comprises employee representatives and external experts.

The Airbus Foundation and Airbus Foundation Endowment Fund annual reports and accounts are submitted annually to the French authorities.

III. Implementation / activities

As the world faces this challenging era, it is critical for the Company and its employees around the world to unite to address the growing societal challenges and invest in developing the future generation.

Supporting vulnerable communities

During 2021, focus continued on supporting vulnerable communities through disaster response, innovation or fundraising to tackle topics such as poverty, hunger and healthcare. In the Asia Pacific region, the fight against COVID-19 continued through several cross-divisional initiatives to deliver medical equipment and supplies to healthcare systems in Indonesia, Malaysia, the Philippines, Thailand and Vietnam. Wherever possible, the equipment and supplies were sourced locally and reacted to local needs, with the donations arranged by the teams based in the region. Airbus India responded to the COVID-19 crisis by procuring and delivering more than 36 tonnes of medical equipment to the Indian Red Cross Society, including oxygen plants and mobile intensive care units, and deploying humanitarian flights to transport supplies from abroad. In the Americas, employees from all Divisions participated in a four-month virtual, inter-site competition. The *Airbus End Hunger Games* competition raised funds to benefit non-profit organisations fighting child hunger and located across the US, Canada and Latin America. Beneficiary organisations included Feed the Children, World Central Kitchen, Food Banks Canada, Nutre a un Niño, Da Rua and TECHO. Along the same theme of fighting hunger in vulnerable communities, employees in Seville donated more than 1,200 kg of basic supplies to the Seville Food Bank Foundation.

The Airbus Foundation, the Company's philanthropic arm, also continued to support its partners in COVID-19 and disaster response by coordinating humanitarian flights carrying more than 16 tonnes of aid to the Ivory Coast, Uganda and Nepal. Additionally, 110 helicopter flight hours were chartered in Chile and Papua New Guinea to support communities impacted by COVID-19, and in Haiti to conduct aerial assessment following the earthquake in 2021. The Airbus Foundation also responded to over 80 satellite imagery requests from partners representing around 43,000 km^2 for disaster assessment and response plans. In addition, a bespoke satellite imagery training session was provided to Action Against Hunger to increase their capacity in satellite imagery analysis and interpretation.

The Airbus Foundation also participated in the Action Against Hunger (AAH) global wellbeing challenge Connected Against Hunger'. During four weeks, over 600 Airbus employees collectively walked, ran and cycled more than 182,000 kilometres to raise funds to contribute to the work of AAH.

Supporting the future generation

Young people are the lifeblood of our future and of society. It is crucial that we inspire and engage young people, particularly by playing an active role in fostering inclusion, diversity and community values at an early age. The Company continued to offer support through mentorship and education to enable students to develop the creativity, innovation, leadership and critical thinking skills that will serve them well in the future and help them to tackle their communities' challenges.

Specific actions ranged from the provision of 40 scholarships from Airbus Canada at McGill and Polytechnique Montréal (10 scholarships per year for four years), to online and offline classes across five cities in China reaching 3,000 students, plus a mentorship and funding scheme supporting around 40 university students in China who were struggling economically.

Bringing science to life in the classroom, the employee-led initiative, Humanity Lab, developed an educational wind-tunnel for use in schools in Africa, prioritising low-cost designs with components that could easily be sourced or 3D printed locally. Since 2018, Humanity Lab projects have been supported by more than 150 committed employee volunteers to innovate solutions for disability, environment, education or humanitarian issues.

The Airbus Foundation has enriched its STEM (Science, Technology, Engineering and Mathematics) digital platform - The Airbus Foundation Discovery Space (AFDS) - with new educational videos and activities to support its youth programmes across 17 countries in Europe, Africa, Asia, and the Americas. In 2021, the programmes involved over 400 volunteers and directly reached around 4,700 young students. The fourth edition of the AFDS Moon Camp Challenge built on the success of previous years with 1,823 projects submitted from 53 countries by over 4,100 students and supported by over 600 teachers.

Protecting the future of our planet

2021 saw a multitude of employee-led initiatives aimed at positive environmental action. Employees from several countries including China, Spain, Germany, France and the UK volunteered in projects organised in partnership with local infrastructure organisations to support activities such as local waste cleanup and tree planting.

In addition to its long running humanitarian response and youth development actions, in 2021 the Airbus Foundation launched the development of a third pillar focusing on nature preservation and minimising the environmental impact of humans. As part of its pilot phase, the Airbus Foundation joined forces with the Connected Conservation Foundation in a new partnership that aims to help preserve wildlife and natural ecosystems through shared technologies and resources. Under the agreement, Airbus' high-resolution satellite imagery is being provided and teams are working together with the Connected Conservation Foundation's on-the-ground digital technologies to help recover populations of threatened species and stop habitat degradation. The partnership's first project is focusing on novel approaches, using artificial intelligence to search high-resolution imagery pixel by pixel to detect large animals in Madikwe, South Africa and in Northern Rangelands Trust conservancies in northern Kenya.

V. Outlook

In order to strengthen the Company's collective approach to community impact, a new global framework is in development to be launched early 2022. Aiming to bring together the various business and philanthropic channels for community impact under a common direction, the framework will focus on sustainable, equitable and measurable initiatives focused on three pillars: advancing the support to vulnerable communities, the development of the future generation and protecting the future of our planet.

As part of the development of the community impact framework, 23 pilot projects have been selected from across 19 countries with a focus on contribution to the priority themes, ensuring community involvement in the identification of needs and solutions, and embedding impact requirements to ensure that the projects achieve positive, lasting impact for beneficiaries and communities. The outcomes of these projects will contribute to the definition of our impact measurement in 2022.

In addition, to support the framework and encourage employee engagement, Airbus, in cooperation with the Airbus Foundation, will deploy a new digital platform in early 2022 that facilitates a direct connection with almost two million community causes around the world.

6.1.8 ESG DATA BOARD

ENVIRONMENTAL PERFORMANCE

	GRI	KPI	Unit	2021	2020	2019
Energy	EN3	Total energy consumption (excl. electricity generated by CHP on site for own use) ✓	GWh	**3,774**	3,815	4,638
		Energy intensity (per Total Revenues) ✓	GWh/bEUR	**71.4**	75.8	64.5
		Energy consumption from stationary sources ✓	GWh	**2,728**	2,665	2,989
		of which gas	GWh	**1,266**	1,234	1,349
		of which heat and steam ✓*	GWh	**158**	123	135
		of which electricity ✓*	GWh	**1,259**	1,269	1,460
		Percentage electricity purchased from grid	GWh	**99.9%**	99.9%	99.99%
		Total renewable electricity consumption	GWh	**405**	254	143
		of which purchased electricity from renewable sources REC	GWh	**404**	253	142
		of which produced electricity from renewable sources	GWh	**1**	1	0
		Percentage renewable electricity	%	**32%**	20%	10%
		Energy consumption from mobile sources ✓	GWh	**1,046**	1,150	1,649
		of which road & maritime Diesel used in Oversize Surface Transportation	GWh	**335**	405	540
		of which Kerosene	GWh	**682**	716	1,072
		used in Beluga Transport	GWh	**384**	426	651
		used in Flight Test	GWh	**298**	290	421
		of which Sustainable Aviation Fuel	GWh	**4**	1	
Air emissions	EN16 *Scope 1&2*	Total Scope 1 + Scope 2 CO_2 emissions ✓	ktons CO_2e	**827**	882	1,114
		Total direct CO_2 emissions (Scope 1) (1) ✓	ktons CO_2e	**562**	587	747
		Total indirect CO2 emissions (Scope 2) (2) ✓	ktons CO_2e	**265**	295	367
		GHG intensity (per Total Revenues) ✓	*gCO2e/EUR*	***15.6***	*17.5*	*15.5*
	EN17 *Scope 3*	Indirect CO2 emissions Business Travel (3) ✓	ktons CO_2e	**17**	22	109
		Indirect CO2 emissions Use of Sold Products - Comm. aircraft, base scenario (4) ✓	ktons CO_2e	**463,592**	440,361	731,203
		of which indirect emissions from the production of fuel ✓	ktons CO_2e	**82,690**	78,546	130,423
		CO_2 per passenger/km for delivered products	*$gCO_2/pax.km$*	***62.6***	*63.1*	*66.2*
		Indirect CO_2 emissions Use of Sold Products - Comm. aircraft, ATAG SAF uptake ✓	ktons CO_2e	**384,781**	374,307	731,204
		Indirect CO_2 emissions Use of Sold Products - Comm. aircraft, Full potential ✓	ktons CO_2e	**278,155**	264,217	438,722
		Indirect CO_2 emissions Use of Sold Products - Civil helicopters ✓	ktons CO_2e	**1,137**	1,085	NA
		of which indirect emissions from the production of fuel ✓	ktons CO_2e	**203**	193	NA
		Indirect CO2 emissions Purchased Goods and Services ✓	ktons CO_2e	**NA**	11,346	NA
		CDP Rating (based on previous year disclosure)	Score	**A-**	A-	B
		Internal Carbon Pricing	EUR/ton	**150**	30	30
	EN20	Total VOC emissions (5) ✓	tons	**1,051**	1,047	1,462
	EN21	Total SOx emissions	tons	**14**	14	15
		Total NOx emissions	tons	**222**	239	282

				2021	2020	2019
Water		Total water withdrawal (note: formerly reported as "consumption") ✓	m3	**3,078,590**	3,371,030	4,149,241
	EN8	of which percentage purchased	%	**84%**	85%	88%
		of which percentage from surface water sources and collected rainwater	%	**6%**	5%	5%
		of which percentage from ground water sources	%	**10%**	10%	7%
		of which percentage from all areas with high water stress (6)	%	**36%**	37%	38%
	EN22	Total water discharge	m^3	**2,870,748**	3,099,946	3,757,358
Waste	EN23	Total waste production, excluding exceptional waste ✓	tons	**69,660**	74,898	99,042
		of which percentage hazardous waste (7)	%	**27%**	29%	27%
		Material recovery rate (8) ✓	%	**55%**	51%	54%
		Energy recovery rate	%	**21%**	21%	21%
EMS certification		Percentage of operations with ISO 14001 / EMAS certification (in % workforce)	%	**88%**	88%	87%
		Percentage of operations covered by reporting (in % workforce) (9)	%	**92%**	92%	92%

Scope: Reported data covers **84 sites**. Airbus environmental reporting guidelines include sites worldwide with a workforce on-site higher or equal to 100 employees. Note that only 100% consolidated entities are taken into account with the exception of ATR and Tianjin operations. 2015-2020 figures were refined to reflect the above changes in scope, to align with GHG protocol guidelines (past year adjustments) and to rectify actuals for some entities.

✓: 2021 data audited by EY®. * Energy: Electricity, Heat and Steam joint verification.

Notes: (1) Scope 1 emissions restated to include Oversize transport emissions (large and non standard shipments via Road, River and Sea), previously considered as Scope 3 based on operational control criteria as per GHG protocol guidelines. (2) Scope 2: location based with purchased guarantees of origin deduced. (3) Worldwide air travels of Europe-based employees. (4) previous years restated to take into account refined emission factors. (5) 2021 VOC emissions data is estimated. 2021 actuals will be consolidated in April 2022. (6) Proportion of total water withdrawal corresponding to the withdrawals from areas identified with high or extremely high water stress. Water stress level as defined per the Aqueduct Water Risk Atlas (medium scenario for 2030). (7) Hazardous waste: waste displays one or more of the hazardous properties listed: "Explosive"; "Oxidising"; "Highly flammable"; "Flammable"; "Irritant"; "Harmful"; "Toxic"; "Carcinogenic"; "Corrosive"; "Infectious"; "Toxic for reproduction"; "Mutagenic"; "Sensitizing"; "Ecotoxic", "Pressurised gas". (8) Material recovery: any operation wherein products, components of products, or materials that have become waste are prepared to fulfill a purpose in place of new products, components, or materials that would otherwise have been used for that purpose. 2021 material and energy recovery rates will be refined when final waste treatment information will be provided by waste collector companies. (9) Newly reported metric. Previous coverage ratio excluded entities not subject to the environmental reporting guidelines (see above).

SOCIAL PERFORMANCE

WORKFORCE	2021	2020	2019
Total number of employees ✓	**126,495**	131,349	134,931
By business segment ✓			
Airbus*	**73,560**	78,487	80,985
Airbus Helicopters	**20,126**	20,026	20,024
Airbus Defence and Space	**32,809**	32,836	33,922

** Airbus includes population of Airbus former HQ since 1 January 2018*

	2021	2020	2019
By geographic area ✓			
France	**45,931**	48,231	49,143
Germany	**42,972**	45,568	45,638
Spain	**11,881**	11,828	12,637
UK	**9,368**	9,846	11,109
US	**3,150**	2,980	3,151
Canada	**3,788**	3,634	3,668
China	**698**	613	653
Other countries	**8,707**	8,649	8,932
% of active workforce employees located in Europe	**89.1%**		
By age ✓			
<30 years old	**11,120**	12,135	13,862
30-50 years old	**79,985**	81,709	82,552
>50 years old	**35,390**	37,505	38,517

	2021	2020	2019
% Part time employees	**4.34**	4.36	4.43
By contract type			
Unlimited	**122,950**	128,151	130,591
Limited contract > 3 months	**3,156**	3,198	4,340
By nationality in %*			
French	**35.4**		
German	**31.5**		
Spanish	**10.3**		
British	**7.7**		
From 133 other countries	**15.1**		
Total number of nationalities	**138**		

*no disclosure of data in 2019 and 2020

	2021	2020	2019
Newcomers	**5,655**	5,463	11,270
Core Division	**2,817**	2,413	6,643
Subsidiaries	**2,838**	3,050	4,627
Leavers *(incl. partial retirement)*	**9,394**	7,796	5,842
Core Division	**5,632**	4,675	2,902
Subsidiaries	**3,762**	3,121	2,940
Attrition Rate			
Core Division	**5.9%**	4.6%	2.9%
Subsidiaries	**12.2%**	9.4%	8.4%
Total	**7.4%**	5.8%	4.3%

GENDER DIVERSITY	2021	2020		2021	2020

% Women in total active workforce ✓	**19%**	18%
Per category		
Board of Directors	**25%**	25%
Executive Committee	**25%**	16%
Executives	**14%**	13%
Senior Managers	**16%**	14%
Newcomer	**22%**	26%

By geographic area		
France	**21.2%**	20.5%
Germany	**16.4%**	15.3%
Spain	**22.7%**	22.3%
UK	**12.9%**	13.5%
US	**22.4%**	22.4%
Other countries	**21.0%**	20.9%

PEOPLE DEVELOPMENT	**2021**	2020
Number of classroom training ✓	**78,984**	78,443
Number of digital training ✓	**967,495**	752,702
Total training hours ✓	**1.2mn**	1million
Average training hours per employee	**10.8**	10.6
for women		
for men	**9**	8
for production employees	**11**	10
for non-production employees	**15**	14
Internal mobilities	**10**	8
	>10,400	>7,000

LABOUR RELATIONS	**2021**	2020
Number of meetings with SE-WC	**12**	8
% workforce covered by collective bargaining agreements	**~ 80%**	

Note: figures are based on the active workforce, i.e. the number of permanent and short-term employees, irrespective of their individual working times, and having worked in the last 30 days. The headcount is calculated according to the consolidation quota of the respective companies. The scope for HR structure reporting covers 100% of the Company's total active workforce from consolidated companies. Workforce and breakdowns metrics are figures at year-end. Other metrics cover civil year periods, except for training related metrics with reporting periods going from October 1st to September 30th.

✓: 2021 data audited by EY®.

HEALTH & SAFETY	2021	2020	2019
Lost Time Injury Frequency Rate ✓	**3.21**	3.81	5.58
LTI FR - Commercial Aircraft	**4.31**	5.12	
Near-miss - Commercial Aircraft	**19,305**		
H&S training hours delivered ✓	**128,795**	103,070	148,000
Nb of empl. who received H&S training ✓	**28,144**	37,599	20,900
Number of empl. having attended "EH&SCertificate" modules 1&2 ✓	**1,309**	418	
Core entities with ISO 45001 or similar certification	**~one third**		
% of the company-wide workforce covered	**25%**		

CYBERSECURITY	2021	2020
Number of data breaches reported to data authorities	**1**	1
Percentage involving confidential information	**100%**	100%
Cyber security awareness training e-learning participation	**67,475**	10,328
Corporate & IM Cyber Security Headcount	**290**	216.5

PRODUCT SAFETY	2021	2020	2019
Fatal accident rate Industry wide ✓	**0.03**(Gen4)	0.04(Gen4)	0.05(Gen4)
% SMS officers nominated ✓	**100%**	100%	N/A
% SMS officers trained ✓	**100%**	92%	N/A

COMMUNITY IMPACT	2021	2020
Number of Sustainability Ambassadors	**207**	0

HUMAN RIGHTS	2021	2020
% of investigations completed or in progress - *following reports of concerns linked to human rights, including forced and child labour and other labour rights.*	**100%**	100%
% of sites having undertaken a social assessment - *% of the Company's with over 100 employees, cumulative since 2020, undergoing a social assessment including human and labour rights.*	**14%**	6%
% of findings closed within 18-months (*following social assessments including human and labour rights, carried out on the Company's sites)*	**100%**	100%
Number of participants to human rights trainings *(Cumulative number of participants who have completed e-learning modules on human rights and modern slavery; reporting period: 1 Oct - 30 Sep)* ✓	**5,789**	4,943
Number of alerts of human rights concerns (including forced labour and labour rights (received via OpenLine and other means) from internal sources or through the Company's supply chain)	**4**	5

BUSINESS INTEGRITY	2021	2020
Number of employees per appointed Ethics & Compliance Representatives	**372**	390
% of employees (non-Exec) who have completed the E&C training objective	**90%**	80%
Number of E&C e-learning sessions delivered to employees ✓	**284,774**	309,682
Number of data privacy e-learning sessions delivered to employees (note: in 2021 the reporting period was changed, from calendar years to Oct-Sept periods, and led to restate past year figures accordingly) ✓*	**9,547**	35,073

SUPPLY CHAIN	2021	2020	2019
Sourcing volume (m€)	NA	40,712	53,400
Number of suppliers	NA	21,000	23,000
Split by division (%)			
Airbus	NA	76%	84%
Helicopters	NA	8%	6%
Defence and Space	NA	15%	10%

	2021	2020	2019
Split by region			
EU	NA	59%	59%
North America	NA	27%	27%
Asia pacific	NA	8%	8%
Other regions	NA	6%	6%
Number of countries	NA	88	>100
Percentage of sourcing volume covered by supplier commitment to the Supplier Code of Conduct	**79%**	NA	-
Percentage of sourcing volume of suppliers invited to CDP who have responded	**68%**	56%	-
Percentage of responding suppliers to the CDP scoring A or B	**53%**	56%	-
Percentage of identified high risk suppliers, who have undergone a sustainability assessment	**95%**	63%	-
Percentage of assessed suppliers not meeting Airbus' sustainability expectations	**13%**	12%	-
Percentage of action plans defined for suppliers not meeting Airbus' sustainability expectations	**15%**	NA	-
Number of sustainability alerts	**12**	5	-

Note: Metrics cover civil year periods, except for training related metrics with reporting periods going from October 1st to September 30th.
✓: data audited by EY®. (*) 2021 data audited.

GOVERNANCE

BOARD OF DIRECTORS	2021	2020	2019
Number of independent directors	**11**	11	11
Number of women	**3**	3	3
average age	**60**	59	59
Number of nationalities	**7**	7	7
Average tenure	**4.5**	3.5	4

	2021	2020	2019
Number of Board meetings	**7**	13	11
% average attendance	**98%**	97%	91%
Number of Audit Committee	**5**	5	7
Number of RNGC	**5**	4	7
Number of ECC/ECSC	**6**	4	6

EXECUTIVE COMMITTEE	2021	2020	2019
Number of women	**3**	2	2
Number of Executive Committees	**4**	4	4

SHAREHOLDING	2021	2020	2019
Free Float	**74.06%**	73.97%	73.94%
GZBV (German State)	**10.90%**	10.93%	10.94%
SEPI (Spanish State)	**4.11%**	4.12%	4.13%
SOGEPA (French State)	**10.92%**	10.95%	10.96%

SUSTAINABILITY-LINKED REMUNERATION	2021	2020
CEO and Executives variable remuneration - common collective component, paid following the end of financial year		
R&S KPI 1	**LTIFR1**	LTIFR1
Weight	***10%***	*20%*
R&S KPI 2	**CO2**	-
Weight	***10%***	-

6.1.9 DEPLOYMENT OF VIGILANCE PLAN (DEVOIR DE VIGILANCE)

The Company's Vigilance Plan is embedded in its comprehensive approach to sustainability. This section gathers key information highlighting the Vigilance Plan's deployment status and provides further granularity to the "materiality matrix" risk assessment, on the topics of environment, health and safety, human rights and fundamental freedoms. While this section provides an overview of performance measurement and analysis as well as controls and processes, further descriptive elements including implementation progress can be found in the respective *material topic* sections.

1- Risk mapping

	Priority risk in the scope of the Company and its subsidiaries	Priority risk in the scope of Suppliers and Contractors
Environment		
Climate change (1)	☑	☑
Substance management	☑	☑
Health and Safety		
Working environment	☑	☑
Substances and materials	☑	☑
Machinery & equipment	☑	
Physical agents	☑	
Psychological, related to COVID-19	☑	
In-situ contractors	☑	
Human Rights & Fundamental Freedoms		
Impact of products and services on the right to life and liberty	☑	
Data privacy	☑	☑
Forced and child labour and other labour rights	☑	☑
Diverse and inclusive workplace	☑	☑
The transition to decarbonisation		☑

(1) CO_2 largest impact from Scope 3 - Use of Sold Product. For further information, see " – 6.1.2 "Lead the Journey towards Clean Aerospace".

Methodology and stakeholders involvement: The Vigilance plan approach is aligned with the materiality matrix methodology detailed in " – 6.1.1 The Company's Approach to Sustainability" and any relevant additional topic specific information can be found in the respective *material topic* sections.

2- Procedures for regularly assessing the situation of relevant subsidiaries, subcontractors and suppliers

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

	The Company and its subsidiaries				Suppliers and Contractors		
	Self assessment	Internal assessment / audit	External audits (ISO…)	Management system	Self assessment	Company Audit	Ad hoc 3rd party audits
Environment	☑	☑	☑ ISO 14001	☑	☑	☑	☑ Intertek
Health and Safety	☑	☑	☑ ISO 45001 (1)	☑	☑	☑	☑ Intertek
Human Rights & Fundamental Freedoms			☑		☑	☑	☑

(1) 25% workforce currently covered

3- Prevention and mitigation actions

The table below summarises transversal mitigation/ preventive actions. Specific relevant complementary actions are detailed in the respective *material topic* sections.

	The Company and its subsidiaries				Suppliers and Contractors		
	Training	Whistleblowing system	Code of Conduct	Policies / directives	Contractual terms and conditions	Whistleblowing system	Supplier Code of Conduct
Environment	☑	☑	☑	☑	☑	☑	☑
Health and Safety	☑	☑	☑	☑	☑	☑	☑
Human Rights & Fundamental Freedoms	☑	☑	☑	☑	☑	☑	☑

4- Alert mechanism

The Company's **OpenLine** mechanism is introduced in " – 6.1.1 The Company's Approach to Sustainability" and described in more detail in " – 6.1.5 Exemplify Business Integrity".

5- Monitoring system

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

	KPIs	Responsible organisation body	Supervisory Committee	Controls
Environment Operations Use of Products	CO_2 Scope 1, 2, Water, Waste CO_2 Scope 3	Industrial roadmap Aviation roadmap		Internal audit
Health and Safety	Lost time injury frequency rate	Executive level review		ERM, internal audit
Human Rights & Fundamental Freedoms	Nb of social assessments % of findings closed within 18 months	Human Rights Roadmap	ECSC	Site social assessments and supply chain assessments
Supply Chain	% suppliers at risk % action plan launched	Sustainable Supply Chain Roadmap		Audits Self questionnaires

6.1.10 EU TAXONOMY DISCLOSURE

The EU Taxonomy is a classification system establishing a list of environmentally sustainable economic activities by defining technical screening criteria for the six environmental objectives defined by the EU Taxonomy, as well as disclosure requirements for corporations. It aims to direct investments towards sustainable projects and activities in order to meet the EU's climate and energy targets for 2030 and reach the objectives of the European green deal.

Recommendations for technical screening criteria were published in August 2021 (Annex to the draft report by the Platform on Sustainable Finance on preliminary recommendations for technical screening criteria for the EU taxonomy). Based on this report, the proposed inclusion of aviation in the EU Taxonomy acknowledges its potential to transition to low carbon activities, through a number of measures including a "best-in-class" approach: in the short term, aging fleet renewal by Airbus' latest generation aircraft is recognised as having a significant potential for CO2 reductions. The Company roadmap to decarbonisation is aligned with the taxonomy approach, as explained below.

Estimated eligibility and alignment if aviation-related technical screening criteria were to be adopted as per draft recommendation:

Aviation-related criteria are expected to be included in the Taxonomy in 2022. According to the published recommendations for technical screening criteria, a majority of the Company's 2021 turnover would be eligible, mainly including the turnover generated by sales of commercial aircraft. Based on the same information, the Company estimates that a significant portion of this eligible turnover could be taxonomy aligned, while meeting 'do-not-significant-harm' criteria and minimum safeguards. As per criteria recommendations, the alignment factor would correspond to the proportion of new aircraft sold that will replace less efficient older generation aircraft, and therefore contributing to reducing the overall carbon footprint of aviation. Activities from the Company's two Divisions may be covered to some extent in future developments of the Taxonomy, while current level of information available does not enable the Company to provide an estimate. Accordingly, 'best-in-class' aircraft programme related capital expenditures, and R&D (operating expenses) should be respectively eligible and aligned in similar proportions.

Under the proposed text available at the time of this report, Airbus commercial aircraft activity corresponding to NACE code 30.3 is described under section 8.9 Manufacturing of aircraft of the document "PLATFORM ON SUSTAINABLE FINANCE: TECHNICAL WORKING GROUP / PART B – Annex: Full list of Technical Screening Criteria August 2021" and therefore it could be considered an eligible activity once the corresponding delegated act is adopted.

Reported eligibility as per December 2021 adopted Delegated Act:

The Delegated Act covering Manufacturing of Commercial Aircraft technical screening criteria is expected to be adopted by the European Commission in 2022.

The Company performed an analysis of its exposure to Taxonomy-eligible activities referenced in the Climate Delegated Act adopted before 31 December 2021(1): Data-driven solutions for GHG emissions reductions, Renovation of existing buildings Construction of new buildings, Electricity generation using solar photovoltaic technology, Installation, maintenance and repair of renewable energy technologies, Freight transport services by road. The proportions of its turnover, capital expenditures and operating expenses as of 31 December 2021, as reported in the Financial Statements were assessed as immaterial with currently available data, which includes certain limitations mainly linked to data granularity for capital expenditures and operating expenses. The Company is working on improving financial data tagging to enable more accurate reporting in upcoming disclosures.

As a result of this assessment, as of 31 December 2021, the Company reports 0% eligibility (100% non-eligibility) of its total turnover (52,149m€), capital expenditures (1,928m€), and operating expenses (R&D 2,746m€) respectively.

(1) COMMISSION DELEGATED REGULATION (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, published in the Official Journal of the European Union on 9 December 2021)

6.2 Other Corporate Activities

Digital and information management at Airbus, overview

The five years of digital transformation paved the way for Airbus to become an advanced digital company from the early design of its products to the digital services the Company is offering to its Customers.
The impact in 2020 and 2021 of the COVID-19 crisis highlighted the need for long-term resilience and business continuity. Digital has enabled new ways of working and flexibility, and continuously enhanced our industry. Putting in place strong and modern information management, cybersecurity, data governance and skills was the foundation for reaching this objective.

The five years of digital exploration, incubation and industrialisation have resulted in mature industrial-grade digital aviation platforms such as Skywise, Digital Design Manufacturing and Services, Artificial Intelligence, Advanced Analytics, Airline Sciences and Augmented Reality. These capabilities have been embedded into the Company's mainstream activities to create a seamless digital experience. This is vital for the production rate adaptation and also for deliveries.

Digitisation brought a wind of change in our mind-sets, and as the world evolves, the strategy does too, to push the boundaries on processes, people, products and services and to capture opportunities. This will further prepare the Company to embrace the challenges of delivering its programmes with highest flexibility, while laying the ground for a sustainable future.

Digitally enabled end-to-end processes

Digital design, manufacturing and services (“DDMS”)

DDMS is a group-wide transformation programme aiming at creating a digital environment, where our future generation aerospace products, their industrial and support and services systems will be virtually designed and qualified in a connected way for greater speed, efficiency and quality.

It is enabled by the definition of collaborative business processes and data continuity across the entire programme lifecycle, the use of model-based system engineering, and the application of a flexible and modular architecture approach to the co-development of our products, industrial and support and services systems. Furthermore, digital twins will link the product, industrial and operational systems.

The mandate is to be launch-ready for the next aircraft programme, while securing early benefits by progressively deploying the developed processes and capabilities on early adopter programmes in all Divisions.

The major achievements this year were:

● **Single-Aisle Fit for Future**: Increased availability of 3D-configured Digital Mock Up (DMU), a sharp reduction in the lead-time for cabin and structure heads of version designs and improved quality have been demonstrated. Further, key steps have been made on the information system upgrade for the Single-Aisle programme with the development of lean product lifecycle management. The savings provided by the DDMS capabilities have already been factored into the operation planning for the upcoming years. Lastly, key contributions have been made to secure the solution development of the A321 XLR programme.

● **A350 Freighter**: Key contributions have been made to secure the opportunity of the programme with solutions such as new airframe sizing, system design, virtual testing and industrial assembly simulation capabilities.

● **Eurodrone and FCAS**: Major capabilities (including design and configuration management) have been delivered to secure the start of the programme for the Eurodrone. The common working environment has been delivered to the Eurodrone and the FCAS programmes, with a growing base of users and the connection with the extended enterprise.

● **H175, H225 and LH programmes**: Major contributions with the deployment of digital shop floor solutions in the frame of Meca 4.0 factory in line with the programme milestones.

● **ZeroE concept**: Delivery of the collaborative development logic for the early phases for the ZeroE concept. Several other capabilities have been delivered notably - System Of Systems (SOS) trades to ease early-stage fact and model-based decision making; industrial design space exploration capability to speed up the industrial architecture phase; top-down modular architecture and commonality policy to accelerate the product lines approach.

● Significant progress has also been made in terms of developing learning solutions and up-skilling teams working on all the above programmes, in order to ease the deployment of the new concepts, capabilities and ways of working.

● On the sustainability front, a digital model has been built to evaluate associated transition risks that might challenge the assumptions for our next generation of developments, such as evolution of travel demand or energy price and availability. This digital model has been recognised and adopted for open and shared development with key financial stakeholders in the OS-Climate consortium.

Airline Sciences

The aim of the Airline Sciences team is to provide an operational digital representation of an airline in all its complexities and business models. Having a bottom-up approach enables the Company to test out different aircraft technologies and concepts, validate product strategy, help out in sales campaigns, develop new services and, more importantly, understand the customers' perspective across all layers of the Company.

Against the backdrop of the ongoing COVID-19 crisis, and of the greater shift towards reducing aviation's global environmental footprint, the Airline Digital Twin capability was heavily used to assess CO_2 and non-CO_2 effects, including comprehensive emissions calculations as well as operational sensitivities around contrail avoidance.

Beyond the traditional emissions calculations, we have also started incorporating the predicted climate impact. This exploration will take several years, but is key in buttressing any future global climate impact legislation and key technologies development.

Finally, in the context of Aircraft Sales campaigns, the Airline Digital Twin was used in supporting Ultra-long-haul A350 studies for various potential customers. A comprehensive market assessment was carried out, including building an optimal airline fleet and product strategy to maximise airline profitability.

Artificial intelligence ("AI")

After successfully applying AI across the business domains, the Company is now accelerating and maturing its industrial setup to deliver AI at scale. This includes a focus on making available reusable and accessible core AI technology capabilities and patterns, to accelerate the time to market as well as increase the capacity to deliver AI products and services. These capabilities include:
● Computer vision to enable visual quality inspection and improve the safety and quality of our manufacturing environment,
● Pattern recognition and time series analysis to detect anomalies and avoid failure in our industrial machines and aircraft,
● Natural language understanding and processing to classify data (e.g. export control) and secure our compliance,
● Optimisation to improve scheduling and planning activities,
● Hybrid modelling through machine learning to build surrogate models of physical systems, accelerating design activities and increasing potential design space.

They are being complemented with a central governance and life cycle management of a wide range of operationalised artificial intelligence and decision models (ModelOps) framework which will further pave the way to ensure compliance for using AI in safety relevant systems in line with upcoming regulations.

Internet of Things ("IoT")

In 2021, the IoT platform has become the core standard industrial platform aiming at transforming any connected object data into a standardised, structured data-set, usable from any industrial application. A self-service dashboard has been created to allow any user to connect its objects and create its own data flow and alerting system.

The platform is ready to support hundreds of thousands of objects with industrially automated operations. Any industrial application in the DDMS landscape can then be developed using IoT data: track and trace (tracking objects), metering (getting sensors level), traceability (using RFID technology) or machine data (robots or industrial machines).

Virtual, augmented and mixed reality

The presence of mixed reality is increasing and will be used everywhere in our lives in the coming years. In 2021, we have prepared a common Airbus wide platform aiming to support use cases needing augmented or virtual reality. Augmented and virtual reality solutions are already implemented in Airbus Defence and Space, and Airbus Helicopters; they will be implemented in Airbus Commercial in 2022.

Augmented reality coupled with IoT and data flows, bringing contextualised data closer to the worker, will increase efficiency and product quality for the augmented worker.

Automation and robotics

In 2021, Digital & Information Management has created and formalised the necessary architecture foundations for an implementation of production robotics.

All data coming from the shop floor to Airbus Information Systems goes through the Airbus manufacturing integration layer before being transferred to manufacturing execution system (MES), IoT Platform or shop floor monitoring applications. This manufacturing integration layer is securing cyber security of operations, data safety and data integrity, along with additional features like data contextualization and edge computing covering high frequency data acquisition. It is providing a single source of industrial automation data to all applications, and making ready for a harmonised and secure connection of production robotics.

Additionally, a test bench for autonomous guided vehicles (AGVs) was established in the industrial environment in order to allow the testing of AGVs in a robot-human interface, as well as the development of tracking solutions.

Cyber security

In 2021 we have seen a new step on the cyber security transformation journey with the introduction of the new management team and the growth of the internal team in Europe, as well as in India. Together, we have built on the great foundations that have been put in place over the last few years. We have introduced more structure, with the associated routines and rituals, but importantly more collaboration with the other information management domains, the other Airbus Divisions, the subsidiaries and affiliates and the corporate security teams. All of this will enable us to develop a greater cyber security capability right across Airbus. This year we achieved another increase in Cyber Security maturity, translated into an important reduction of the 16 high-level risks we use to track, report and prioritise.

We saw key extensions to the Security Operations Centre and remediated a further 68 critical systems. All supplier pool rooms were migrated to standard secure connections and 182 industrial assets have been segregated on a dedicated network. This all in parallel to providing key architecture and consultancy services across the Company.

The next phase of our transformation journey will be to continue the stabilisation of the information management cyber security position through our continued achievements, with a focus on further enhancing coverage of cyber controls and reinforcing our cyber products in their run mode. Let’s continue to identify, protect, detect, respond, and recover to the ever evolving threats and challenges.

Digitally enabled products and services

Skywise

At its origin in 2015, Skywise was launched to make the data locked in our discrete legacy systems accessible and actionable by those needing it for their day-to-day operations. Now fully industrialised, Skywise is in 2021 adopted by more than 20,000 Airbus employees, it has also become an airline favourite. Skywise is the flagship platform of the aerospace industry's digital transformation, linking original equipment manufacturers, airline customers and aerospace suppliers. In 2021, the Company's open aerospace data platform continued to grow despite the COVID-19 crisis, and proved how the Company's strategy to place data at the heart of the transformation was a successful bet. With data unlocked from previous siloes, a virtuous circle has been created: with in-service data flowing back into operations and aircraft design, delivering incremental ameliorations and improvements. Data architecture ensures that data becomes the single source of truth powering the Company's operations and products, transforming the Company into a more fact-based, agile, empowered and data-driven organisation.

Building on the successful industrial use cases, Airbus initiated the implementation of its Airbus data product strategy that aims at supporting end-to-end business processes with an integrated data flow, recreating hence the digital continuity for Airbus legacy programmes. This effort is paving the way for DDMS digital continuity framework.

Every airline or supplier reported improvement to their workflows and operations after adopting Skywise. With more than 140 airlines now using Skywise, based on their testimonials we estimate that Skywise has saved the airline industry at least US$ 200 million a year and has accelerated their return-to-service across their entire fleets. 2021 was also the year of the launch of Skywise Store and the 3rd party Applications Editor programs, enabling airlines to benefit from value propositions of Airbus as well as other independent applications vendors. Furthermore, 2021 was the year of Digital Alliance expansion with new members.

This exponential growth was sustained because Skywise was designed from the start with the right security framework, a strict data governance implementation and industrial scalability. This made it possible to start small and then scale up. The technology partner's world-leading capabilities in data integration played a key role in the adoption; yet this exponential growth was driven by the focus on value creation and engagement with the business, more than by the technology itself.

Digital services for helicopters

Airbus Helicopters has launched a transformation plan to drastically change the customer digital journey throughout its products lifecycle and operations. A new collaborative platform was created to reinforce the link between customers, employees & partners.

Collaboration is at the heart of the design of the new AirbusWorld Platform launched in 2020 with a completely renewed experience, a set of new services and functionalities to boost the efficiency of the Helicopters ecosystem.

The single platform to share information and support activities with customers and partners has more than 40,000 users, customers, partners and employees It is embedded in our new support and services practices, keeping the proximity especially in the specific context of the COVID-19 crisis.

The platform is continuously enriched with improvement, new services and new increments delivered every three months, embedding customer feedback, innovations and new standards.

Digitally enabled people

Google Workspace deployment

Google and Airbus continue to partner to further improve the functionalities of Google Workplace. 2021 has seen the improvement of offline capabilities, of user experience on mobile devices, of automatic translation features, but also the development of the client side encryption capability, allowing end users to encrypt their most sensitive documents with Airbus encryption keys. 2022 will see further deployments in Airbus Helicopters, Airbus Defence and Space and Airbus Atlantic.

Data analysts certification

Proving that our employees are hungry to learn and develop the key skills necessary to drive our digital future, the Digital Academy continued to push for Airbus Data Analytics & Artificial Intelligence certification throughout 2021 at great pace with 220 further graduates within All Airbus Divisions, functions and countries. This initiative takes the total to more than 1,000 graduates from 15 countries, across all Divisions and subsidiaries, which continues into its fifth year in 2022.

Digitally inspired new business

Connected cabin

In 2021, Digital, Program Cabin, Engineering and Customer Services joined together to build a platform, distributed from the ground to the Aircraft for Airlines and Entertainment Furniture Equipment providers. Many use cases will be designed and based on this platform: for instance, in-flight entertainment adoption has already started. In 2022, a minimum value product is planned to be delivered to first customers.

Concluding remarks and 2022 challenges

The collective effort done in 2021 by all the Company’s stakeholders let to the success of the information management simplification. It also highlighted and strengthened the value delivered to businesses and customers thanks to a more comprehensive and coordinated central value management. This effort will continue in 2022.

In 2021, Airbus set the scene of the future, raising digital at the heart of the Company. In 2022, the evolution will continue with a compilation of developments and rationalisations in all digital initiatives. Starting with the DDMS programme, that will endeavour the journey to carry out more efficient production processes while also rolling out the digital landscape of the future. Cybersecurity will continue to boost its ability to handle future threats by deploying cutting-edge organisation and technologies, which will bolster measures to prevent incidents across the group. The journey will be also coloured by 'green' IT, so contributing to a sustainable decarbonised future.

The digital potential for continuity and end-to-end industrial resilience has been demonstrated for two years in a row. Nevertheless, the possibilities have to be further implemented. We progressed a lot in setting the ground for the 'cloud' shift and in better understanding how our already efficient industry can be improved even further. There are still margins to be tackled where digital has a major role to play to make Airbus ready to shape the future of the aerospace industry.

These initiatives will continue to succeed if they are addressed in a transverse, open and bold way, by taking an even closer, more granular and at the same time holistic view of the entire ecosystem. What will make the difference is our readiness to take a pragmatic look at them and to act collectively and collaboratively.

Research and technology

The Airbus Engineering and Technology Department is led by the Chief Technical Officer ("CTO"). Part of its responsibility is to define, deliver and protect all the Company's research and technology ("R&T"), enable technology synergies across the group, federate the Company's innovation activities and ensure expertise in breakthrough technologies. The department applies a lean project-based approach, tracked and managed using earned value management, technology readiness levels and figures of merit. Technological collaboration with external research communities and partners is encouraged and coordinated through the department with technical and scientific experts. These duties are delivered through the capabilities outlined here below.

The Company-wide integration of R&T technology and alignment with institutional research partners is achieved through cross-portfolio technology planning and roadmapping, giving an exhaustive view of technology targets and investments. In addition, Company-wide engagement for joint funding with public agencies is achieved through a common R&T Funding contract management.

Central R&T ("**CRT**") is the cross-divisional R&T organisation that prepares the Company's long-term technological capabilities. CRT leads specific investigations in emerging areas of research and conducts ambitious research projects while leveraging leading academic, scientific and research institutions to best utilise their expertise for achieving the Company's ambitions.

Development of selected breakthrough technologies is accelerated through Airbus demonstrators, by employing rapid maturation methods. This function delivers, thanks to its fully owned Airbus UpNext subsidiary, flight and ground demonstrator projects that drive collaborative new ways of working, provide the highest level of transparency and challenge the status quo by embedding Airbus' technology DNA in a highly dynamic environment.

Each Division has its own R&T function, defining and delivering the divisional projects. The divisional R&T functions are primarily planning, decision making and arbitration teams, which are accountable within their perimeters to both Technology, Divisional Engineering and Product Strategy. Their responsibilities include securing continuous improvement in divisional competitiveness and the ability to develop business. Within the Company, commercial specific priority is given to technologies for sustainable next-generation aircraft, bringing together product, production system and services.
In order to maximise the Company's R&T activities, the Divisions leverage the external ecosystem, utilising the portfolio of projects for funding opportunities and engagement with global partnerships, research institutes and universities. This ensures efficient R&T portfolio execution, and benefits from new ways of working including but not limited to agile methodology and minimum viable product demonstration strategy. Responsibilities include securing continuous improvement in divisional competitiveness and the ability to develop business by establishing and driving the Company's R&T ambitions.

Fast-track roadmap owners serve as principal advisors to the CTO on technical vision and roadmaps for associated technology areas. Fast-track roadmaps ensure coherency in the portfolio of activities and for the rapid advance of strategic priorities. Current fast-track roadmaps cover:
- Electrification;
- Industrial systems and manufacturing;
- Connectivity;
- Autonomy;
- Materials;
- Artificial intelligence.

The Company's intellectual property is protected, secured and defended through a central intellectual property function responsible for patent applications, portfolio investigations and portfolio defence.

Technological innovation and outreach to expertise in specific regions is delivered through three units: Acubed in Silicon Valley; Airbus Innovation Centre in China; and Airbus Scale, bringing together corporate innovation, start-up engagement and company building activities.

Key progress in 2021

Airbus Demonstrators – Airbus UpNext

Airbus UpNext is actively shaping the future of the aerospace industry as part of the Airbus innovation ecosystem by building demonstrators at speed and scale, in order to evaluate, mature and validate potential new products and services that encompass radical technological breakthroughs.

The fello'fly demonstrator, with the objective to prove the technical, operational and economic viability of wake energy retrieval for commercial aircraft, was successfully handed over from Airbus UpNext to Airbus Commercial in December 2021. This was done after the project had successfully performed the first long-haul demonstration of formation flight in general air traffic (GAT) regulated transatlantic airspace, with two A350 aircraft flying at three kilometres apart from Toulouse, France to Montreal, Canada. The aircraft were greeted at Montreal-Trudeau International Airport. Over six tons of CO2 emissions were saved on the trip, confirming the potential for more than a 5% fuel saving on long-haul flights.

The Airbus UpNext TELEO demonstrator project proved the feasibility to provide a communications experience in the air at the same level of quality as customers have come to expect on the ground, thanks to a smart usage of the various communication channels available on board. This so-called Airbus UpNext TELEO smart routing is the result of a broad review of the commercial software defined networking solutions (13 suppliers), most of them tested in a dedicated benchmark lab. The selected solution has then been implemented on commercial avionics, validated through rigorous lab testing, field tested on ground vehicles and finally flight tested on an A350-XWB all within three years, and is recognised as having reached the point of a minimum viable service.

In parallel, by developing a very high-capacity analogue optical feeder link communication, TELEO demonstrated the potential for space solutions to offer data rates beyond current radio frequency transmission limits. Although the solution will only be fully proven and validated in 2023 (in space demonstration onboard the Arabsat BADR 8 satellite), it is already part of Airbus Defence & Space' ongoing product solutions, and will continue to be developed and deployed in the years ahead.

In September 2021, Airbus UpNext launched an extra-performance wing demonstrator project focused on accelerating and validating technologies that will improve and optimise wing aerodynamics and performance for any future aircraft. This scaled demonstrator will integrate and fly breakthrough wing technologies on a Cessna Citation VII business jet platform in representative flight conditions. The applications of the extra-performance wing would be compatible with any propulsion solution and aircraft configuration and would reduce CO_2 emissions, contributing greatly to Airbus' decarbonisation roadmap.

In April 2021 Airbus UpNext announced VERTEX, a demonstrator with the aim to simplify mission preparation and management, reduce helicopter pilot workload, and further increase safety.

The autonomous technology bricks set to integrate the Flightlab are: vision-based sensors and algorithms for situational awareness and obstacle detection; fly-by-wire for enhanced auto-pilot; and an advanced human-machine-interface - in the form of a touchscreen and head worn display for inflight monitoring and control. The combination of these technologies will enable a system that can manage navigation and route preparation, automatic take-off and landing, as well as following a predefined flight path. The incremental integration of these technologies onto the helicopter Flightlab has begun ahead of a complete demonstration in 2023.

In March 2021, Airbus UpNext announced ASCEND "Advanced Superconducting and Cryogenic Experimental powertraiN Demonstrator" to break through the performance of electric propulsion systems below 1MW and enable high-power propulsion (>1MW) using superconducting materials and cryogenic temperatures. These technologies will also optimise or enable new propulsion architectures for low and zero emission flight. The results are expected to show the potential for a 50% reduction in component weight and an increase in efficiency of more than 5%. It will also show a reduction in the volume of electrical components, the complexity of the installation as well as a reduction of the voltage below 500V, compared to current systems.

The ZEROe concept planes revealed in September 2020 unveiled the Company's investigation and research into hydrogen-based propulsion. Airbus UpNext is preparing the ground for technology maturation and demonstration, actively identifying and de-risking the main technology bricks to support Airbus' 2035 ambition.
The Autonomous Taxi, Take-off and Landing ("ATTOL") demonstrator leveraging computer vision technologies and techniques successfully finished in 2020 is progressing. Further work on safety enhancing systems that goes beyond ATTOL state-of-the-art is ongoing.

In December 2021, Airbus increased its presence in Spain with the launch of an Airbus UpNext entity, a wholly-owned innovation subsidiary. The Spanish Airbus UpNext entity will initially be accountable for the study and demonstration of hydrogen-powered non-propulsive energies, as well as autonomous air-to-air refuelling operations applying advancements in vision-based technology. This new presence will leverage the expertise of Airbus Commercial Aircraft, Airbus Helicopters and Airbus Defence and Space in Spain.

Acubed

Acubed is the Company's innovation centre based in Silicon Valley, an epicenter of tech talent and investment. Acubed's mission is to develop and deliver breakthrough technologies at the intersection of software and hardware. Since 2015, Acubed has been a driving force to help Airbus build the future of flight. Initially set up to disrupt Airbus from within to mitigate disruption from external forces, Acubed kick-started Airbus' exploration of areas such as electric vertical take off and landing aircraft (Vahana), mobility-as-a-service (Voom), Unmanned Traffic Management (Airbus UTM), Advanced Digital Design and Manufacturing (ADAM), and modular cabin concepts (Transpose), among other emerging trends.

With over six years of operations, Acubed's model has evolved to ensure it injects lasting value and expertise from Silicon Valley into Airbus. Its current flagship projects are closely aligned to Airbus' strategic priorities and aim to help Airbus secure and maintain leading positions in new and emerging aerospace markets.

Acubed's Wayfinder team is developing certifiable autonomous flight and machine learning solutions to help Airbus bring about a significant increase in safety and efficiency in the next generation of commercial aircraft. In 2021, the team progressed its vision-based landing flight test program, adding new cameras and processing to handle night-time imagery to its flying testbed operating out of Palo Alto Airport, in order to continue laying the groundwork for more autonomous aircraft systems. The Wayfinder team, which delivered AI algorithms in 2021 for vision-based landing and taxi functions for testing on an A350 flight test aircraft, is working hand-in-hand with Airbus' teams in Europe to continue to improve and iterate on their computer vision-based autonomous systems and data-driven development in order to support the Company's wider autonomy goals.

The **Advanced Digital Design and Manufacturing** (ADAM) team at Acubed is seeking to future-proof the aerospace industry through the application of digital innovation to design and manufacturing. Whether adapting manufacturing processes to gain efficiencies or to cope with disruptions, ADAM is helping to reduce lead times, production costs and to improve workflows dynamically, while helping to blend software and hardware expertise, an emerging skill set required for future aerospace careers. In 2021, the ADAM team actively delivered on a number of engagements, namely for the DDMS organisation in Europe to digitally generate cabin layout options for customers' quick turn-around service upgrade offers; to the US final assembly line in Mobile, USA, generating measurable improvements in logistics, AOS and quality; and to the engineering department in the US and Europe implementing the automation of stress analysis processes (e.g. A321XLR ribs, spars, and covers).

The **Airbus Unmanned Traffic Management** (UTM) team at Acubed is enabling autonomous and digital operations to ensure a safe, fair and efficient airspace through research, simulations and industry collaboration. The team is building a suite of products to provide an extensible baseline UTM ecosystem, which includes the provision of essential aeronautical information services such as the FAA-approved Low Altitude Authorisation and Notification Capability (LAANC) airspace authorisation. Airbus UTM is partnering with Metron Aviation to participate in NASA's Advanced Air Mobility National Campaign, in which they successfully completed all required testing and development of UTM concepts as part of the X3 phase, and have now entered into the next X4 phase. The team is currently focused on industry needs and adoption of simulation-as-a-service to validate UTM concepts, as well as on growing the number of operators using their authoritative data products.

Airbus China Innovation Center ("ACIC")

ACIC, based in Shenzhen, is the first innovation centre set up by the Company in Asia. Its mission is to fully leverage China's local innovation ecosystem including talents, partners and resources, combined with the Company's expertise in aerospace, to discover promising technologies, to identify solutions enabling new services, and to fast-track delivery of innovation projects.

Manufacturing innovation

The team is tasked to explore industry 4.0 technologies to improve efficiency and safety on shop floor, as well as to leverage Airbus' industrial sites in China for accelerated local testing and global dissemination. The team is working on computer vision, AGV, 5G industrial connectivity, smart tooling, remote inspection, green factory and IoT. Various applications are handed over to business and implemented in daily operation.

Cabin experience

The team is tasked with providing innovation for the cabin and cargo of tomorrow, to enhance Airbus' local cabin offering (localisation) and to increase value for Airbus global cabin products (from local to global). The team is working on broadband connectivity with 5G, a smart cabin operation system contributing to Airspace Link, flexible displays and cabin hygienic solutions.

Tech lab

The team is working on computer vision algorithm development, battery scouting and testing, various types of sensors fit to different scenarios and fast electronics prototypes building. The team is also starting to engage with certain industry standard making organisations, to influence standards with aeronautic requirements.

Airbus Scale

Airbus Scale focuses on active innovation delivery and operates on three different levels all integrated under one "roof":

● Corporate Innovation: Fostering entrepreneurship and out-of-the-box thinking within Airbus' own culture. The vehicle by which Airbus "intrapreneurs" can submit a business strategy or an idea, after which Scale will vet it against the Company's growth strategy. If there is a match, Scale will deliver a business model and develop a viable product or service.

● Start-up engagement: The team combines Airbus' corporate expertise with its ability to identify start-ups, partnering with those which are at a later stage in order to mature and scale ideas through mutually-beneficial collaborations.

● Company building: The team builds and launches new businesses that will support the recovery and future growth of Airbus, based on existing non-strategic assets.

On top of those activities, Airbus Scale aims to support the business with global technology scouting (GTS). GTS is an efficient team spanning (almost) all continents in order to reach the top innovation hotspots to lead the objective detection of technology and trends that support or disrupt Airbus' business.

Airbus Commercial Aircraft

In response to the COVID-19 crisis, Airbus Commercial's R&T activity was refocused on zero emission technologies for next generation aircraft, as well as other aircraft technologies, including propulsion, wing, systems, fuselage, empennage and cabin. There is also a transverse technology stream comprising industrialisation, sustainability and maintenance technologies.

As part of its ambition to lead the decarbonisation of our industry, Airbus will continue to develop hydrogen technologies around the propulsion and liquid hydrogen storage and distribution systems. Airbus already started in 2021 to capitalise early on learnings in hydrogen technologies thanks to laboratory testing. This will accelerate in 2022 with more integrated ground testing, as well as the preparation of the forthcoming flight demonstrations. On top of that, different aircraft configurations will be explored and matured in 2022, to assess the most efficient way to integrate those technologies inside the aircraft. The Company will also continue its effort to support our customers to build their route-to-net-zero, and to grow its partnership landscape for critical technology bricks and the future infrastructure.

Wing engineering and manufacturing demonstrators have made further progress, with the assembly in Broughton of the first full-scale wing box using elements from various plants and partners, with learnings both for the product itself and its industrial system. Airbus explored in 2021 the potential, the feasibility and the enablers of high aspect ratio wings.

In the propulsion perimeter, various types of future propulsion architectures, product solutions, industrial technologies and capabilities are being explored to unlock strong improvements in performance and cost. Partnerships with engine and equipment manufacturers were developed.

Research projects are also looking into the fuselage architecture, its materials and industrial strategies, with academic and supply chain partners. As part of the Clean Sky 2 EU research programme, assembly of a full-scale barrel thermoplastic demonstrator began in 2021. Use cases of sustainable materials for cabin parts have increased in maturity. Disruptive product and assembly techniques for empennages have proven their feasibility and value.

Systems teams continued exploring platforms and components for aircraft systems and landing gear, and researching areas with potential for aiding more autonomous flights in the future.

Airbus Commercial progressed further in 2021 on the road to developing robotic and automation solutions in aircraft industrial systems. Technological concepts to reduce in-service operational interruptions and maintenance burdens have been defined.

Technology development in 2021 also included delivering options for the continuous improvement of serial programmes such as the A320 and A350 aircraft.

Airbus Helicopters

Significant steps forward were made in 2021 in the Research and Innovation department, with activities focused on the main demonstrators and techno-bricks.

The Flightlab, the Airbus Helicopters' techno bricks demonstrator, performed several tests in 2021:
● Eye for Autonomous Guidance Landing Extension (EAGLE), based on a gyro-stabilised camera, was validated using an artificial intelligence image processing software.
● Rotor Strike Alerting System was fully validated for handover to R&D for light helicopters
● Health and Usage Monitoring System (HUMS) was successfully demonstrated for light helicopters using neural network and wireless sensors.
● Engine Back Up System function was demonstrated on a single engine helicopter.

The delivery of RACER's flight components by the programme's European partners has started. The main fuselage was delivered from Romania to Donauworth to finish the installation of the fuel system, and the canopy and was then transferred to Marignane. The tail boom and wings were delivered from Airbus Helicopters in Spain and Hamble Aerostructures Ltd according to the planning. The development of the main gear box and lateral rotor gear boxes is ongoing in collaboration with Avio Aero. The supercritical rear transmission was validated for flight. The first flight is now planned for the second half of 2022.

The CityAirbus demonstrator, which is a fully electric urban air mobility (UAM) vehicle, successfully finished its flight campaign in Manching. The new eVTOL prototype, CityAirbus NextGen, was unveiled during the Airbus Summit in September 2021, showing excellent potential in terms of performance (range and speed) for the future UAM applications. The first flight is foreseen in 2023, paving the way for certification in 2025.

Airbus Defence and Space

During 2021, we still faced a challenging situation in the frame of R&T, so it was necessary to further review and streamline the portfolio of R&T priorities and projects for the Division. The concept of technology flagships has been essential to facilitate and optimise this exercise of prioritisation. Five different technology flagships define the main capabilities and competences required in the Division while maintaining a full alignment across the programme lines and products portfolio: "Connectivity and Combat Cloud", "Mission Management and Data Exploitation", "Cost Efficiency and Industrial Performance", "Air Systems and Platforms", and "Spacepower".

This optimisation of the technology landscape also took into account the reinforcement of links between R&T and R&D, and emphasised technologies reaching an "adoption" by the business and the programme lines, once the technologies reach a maturity level that allow their industrialisation and insertion into a product.

In order to maintain a proper balance between short- and long-term technologies, part of the R&T portfolio has been ring fenced to secure the activities focussing on strategic technologies, even if not time-critically demanded by the programmes at this stage, under the assumption that mastering those technologies will be key to maintain Airbus' competitive positioning in the mid to -long term (e.g. Quantum, advanced AI applications).

In terms of the main technology achievements, we achieved significant progress across all flagships. Several deliveries for direct insertion into products took place in the area of advanced algorithms for data exploitation and automatic processing of information from multiple sources (mission management flagship). We also achieved the further delivery of core technology bricks especially for the OneSat program in several areas as thermal, propulsion, avionics, (Spacepower Flagship).

In the Air Systems and Platforms flagship it is relevant to highlight the milestones achieved in the Integrated Safety Critical Control Chain Computer technology for fighter aircraft, as well as the preparation for the CleanSky 2 Flight Test Bed demonstration flight that will take place in the first part of 2022, being the only flight demonstration of the CleanSky 2 European Framework Programme.

Regarding the Combat Cloud and Connectivity flagship 2021's main achievements were in the area of technology bricks and elements that contributed to successful campaigns in Skynet 6, as well as significant progress made on the Optical roadmap for Space, with several elements further maturing and ready for adoption and insertion into the TELEO demonstrator.

On the Cost Efficiency and Industrial performance flagship, several elements of the additive manufacturing global roadmap achieved maturity for industrialisation to be used into products both in the space and aircraft environments, and a full set of technology solutions was delivered to optimise and reduce time/cost in the manufacturing and industrial environment, ranging from integration of digital solutions and tools to share data, to dedicated solutions for improved ground electrical testing and troubleshooting.

Finally, strong efforts were placed on reinforcing the different national eco-systems footprint in the core nations. This is intended to maximise public-private collaboration, especially to recover from COVID crisis. This has led to an improvement in the ecosystems, which will be further leveraged when preparing different campaigns and proposals in the European framework, with strong emphasis on the Clean Aviation and European Defence Funds Programs.

Central Research and Technology (CRT)

CRT pioneers the future of aerospace by exploring and delivering ambitious new technologies of maximum potential impact on Airbus future products and services. CRT operates at the junction of the Airbus core and global research excellence with two main objectives:
- Be a technical trailblazer: explore and deliver relevant new technologies, as well as de-risk and create new opportunities.
- Prepare the skills of Airbus Tomorrow: Build internal capabilities in strategic emerging technologies and provide the relevant expertise to internal customers for technical support and decision-making.

In 2021, CRT had 57 projects running concurrently across its domains. Highlights from these activities include the following.

- **Blue Sky**: A function responsible for exploring early breakthrough technologies that might change the game for the aerospace industry. After having successfully advanced research on terminals for quantum communications, and on materials recycling using novel biotechnologies. The function has evolved to cover a wider scope of technological and societal factors, and focus on strategic value returns for Airbus. New clusters have been launched: Future Energies (new ways to generate, convey and manage energy), Future Matter (manipulating matter to generate new applications), Future Brains (new dimensions enabled by advances information capture, processing, distribution, virtualisation), and Future Links (re-thinking the transport of people, goods and information).

- **Communications**: The team is pioneering novel communication system architectures and technologies for pervasive and secure connectivity on our airborne platforms. Several projects came to their final phase this year including lab and flight demonstrations for ultra-high speed links between flying platforms, a new wireless communication/sensing system architecture for an aircraft cabin including remote powering and a first implementation of a many-core processor design for highly -critical applications. Further research is ongoing to exploit quantum communication technologies to achieve maximum security for our airborne/space-borne communication links.

- Materials: 2021 saw a further push towards new technical solutions in the areas of circular raw materials, simulation/digitalisation in materials, advanced processing and surface technologies. These key areas will support sustainability targets, products mission performance and competitiveness. Organic and in-organic approaches are covered. An optimisation of the lab operational organisation was done to enable further focus on key strategic areas.
Sustainability aspects are in the centre of the activities and further ramping up. Progress on the CO2 negative carbon fibre gives confidence that the first physical hardware will be available in 2022. Alternative recycling routes for composites are being explored further (e.g. enzymatic recycling). Circularity for titanium materials is showing good progress and will open new opportunities regarding eco-friendliness and optimised waste channels. A new project towards all green surface preparation and protection has been started. Advanced materials technologies for efficient and robust hydrogen storage solutions have been initiated and accelerated.

In the area of digitalisation of materials (from materials definition, to characterisation and analytics), the first AI based solutions for image analytics have been handed over for divisional application. AI in material design is being pushed for the first time to develop smart, indicative coatings. Further projects on digital twin development are progressing.

Additive manufacturing of advanced materials is progressing towards multi-material printing opportunities or robust printing of embedded electronics in structures.

- **Electrification technologies**: During 2021, we made significant progress on several aspects of electrification and electric propulsion techno bricks.

One related to electrical motor working at very high temperatures yielded improvements in material sustainability, innovative windings and heat exchanger technologies.

Another significant step was the successful demonstration of power electronics components and systems working at cryogenic temperatures, with a world premiere on a functional prototype of DC-DC converter immersed in liquid nitrogen.
Finally, wireless power transfer technology for aeronautic applications was demonstrated. We significantly improved the maximum power transmitted over a few tens of centimetre air gap. This technology has a clear application for UAV battery charging with contact.

- **Virtual product engineering**: The team has investigated advanced model based systems engineering technology bricks to support co-development of product and industrial systems, and has successfully demonstrated approaches to be handed over to the DDMS (Digital Design Manufacturing and Services) programme for industrialisation. In addition, projects are running to support modelling and simulation needs for future sustainable aircraft, including the use of hybrid AI techniques to support traditional computational approaches.

- **Data science**: The team has concluded two projects this year. One focused on learning local communication routing policies and improving communication protocols for heterogeneous and highly dynamic networks. Another one focused on providing proofs of neural networks' robustness that will be needed to certify systems embedding machine learning components. Both projects were handed over to the relevant divisional customers and will trigger new research projects in the near future. Ongoing projects include virtual assistance integrating decision support for manufacturing and cockpit scenarios, usage of natural language to interact with robots and development of in-process AI to support qualified industrial processes.

7. Airbus Strategy

7.1 Commercial leadership, value creation and profitability

2020 was an unprecedented year for the aviation industry across the globe, and 2021 became a turning point setting the direction for both a managed recovery and the longer term transformation of aviation. The COVID-19 outbreak demonstrated how severe and unpredictable events can impact a global business like Airbus. It also demonstrated that when industry, customers and governments work together, it is possible both to effectively manage what can be considered as the deepest crisis in the history of aviation, and progressively learn how to better prepare for the overall direction of travel in the future. Another key shift happening in parallel has been acceleration in the demand for sustainability and zero emissions targets. Addressing this challenge is, in effect, key to ensuring airlines' continued license to operate. In this new environment, the Airbus purpose "We pioneer sustainable aerospace for a safe and united world" is the Company's guiding star. The Airbus strategy is designed to set out the strategic priorities to enable the Company to deliver on this purpose.

The strategic priorities focus on the geopolitical situation, sovereignty, resilience and sustainability and are underpinned by the leadership role that the company expects to take and which will be so important to its success.

1. continue to grow Airbus as an aerospace and defence leader;
2. leverage its roots to pursue global reach through local actions;
3. continue to invest in the future in an evolving and highly competitive environment;
4. lead the transformation of the aerospace industry while meeting the highest environmental, social and governance standards.

1. Continue to grow Airbus as an aerospace and defence leader

Leadership today is not a guarantee for leadership tomorrow. The Company believes that its ability to win in the future will be earned through continuous innovation, both in and around its current portfolio as well as when preparing the future generation of products and related services. All activities must be executed to the highest quality and safety standards possible.

1.1 Keep current portfolio young and competitive

The Company's financial success is strongly linked to capitalising on the current commercial aircraft portfolio through incremental improvements. Airbus estimates that all current products have a substantial upside leading to exceptional longevity. This has been demonstrated by the New Engine Option (NEO) versions of A320 and A330 and stretch versions such as the A321XLR, but also in smaller incremental improvements on every product. The A330neo and the A350 XWB both deliver high levels of fuel efficiency (25% fuel consumption saving compared to previous generation aircraft), accelerated pilot on boarding (all wide-body aircraft benefit from a common type rating making pilot training shorter, smoother and lower cost), and comfort through the exclusive airspace cabin, setting a modern benchmark in passenger comfort and wellbeing. Airbus aircraft are also well suited to serve freighter and VIP markets and are proven to be competitive in selected military niches. The decision to launch the A350 Freighter version in 2021 is a typical example, setting a new standard for airfreight efficiency. With the same logic, the helicopter portfolio is expanding through military versions of commercially successful products. In the military field, Eurofighter has a performance today beyond customer's initial targets through intelligent upgrades, and remains a very strong competitor for export markets.

1.2 Pioneering for the next generation

In preparing the next generation of aircraft, the requirement for improved sustainability will be the catalyst that allows aviation to continue to meet its larger purpose of uniting the world. The quest for zero emissions air travel will fundamentally change aerospace. Not since the introduction of the jet engine has the industry faced such a challenge, in particular around new energy sources. However, new certification challenges, new materials, new designs, new industrial processes and new business models will also be assessed, which will provide sources of opportunity. In short, the Company aims to set the standards and mature the technologies of sustainable aviation for the benefit of the environment and society at large, delivering products that are attractive and efficient for our customers while remaining viable and feasible for Airbus.

1.3 Build advantages through a broad span within aerospace and defence

The resilience provided by a broad portfolio of products and services is essential for Airbus today and will continue to be in the future. Most aerospace companies nurture a substantial defence and space element in their portfolio to gain synergies and increase stability. This is also true for Airbus, with commercial aircraft, helicopters, defence, space, and security activities all part of the portfolio. Hence governmental, military and commercial business, products and services, fixed wing and rotary platforms, satellites and launchers, both self- and customer-funded, are all elements which balance market variations, provide synergies, and help to smooth investment cycles. Additionally, as digital design, manufacturing & services require similar capabilities across aerospace segments, owning a broad portfolio delivers flexibility in resource allocation and the reuse of investments in core capabilities. The COVID-19 crisis demonstrated the importance of having strong and complementary helicopter, defence, space and security businesses alongside commercial aviation within the portfolio, enhancing the resilience of the overall group.

1.4 Expand as a leader towards new territories

Urban air mobility ("UAM") is at the forefront of a revolution to make urban mobility three dimensional in the future. Capturing growth in new vertical take-off and landing ("VTOL") and UAM markets, for both platforms and services, is a major driver for the Company's helicopter strategy. Airbus launched its NextGen eVTOL in 2021 for this purpose. Shaping air and space power which integrates aircraft, unmanned systems and space assets with a cloud structure for command and control, will revolutionise the performance of Airbus' defence customers in future and aims to secure the Company's long-term presence in defence markets. In commercial aviation, the quest for climate neutral solutions will play out globally and will drive demand for our products and services.

2. Leverage its roots to pursue global reach through local actions

Over the past 50 years, Airbus has grown from being a cooperation of national aerospace companies, in four European countries, to a global leader in commercial aerospace with a strong foothold in helicopters, defence, space and security. The ambition of European industrialists to work together towards a common goal of creating one leading player in commercial aerospace was decisive to the success story of the Company. Then, as today, that European vision saw the UK as being integral to its global success. No aerospace and defence company is more culturally and humanly diverse than Airbus. More than 140 nationalities make up the Company's workforce and over 20 languages are spoken at Airbus, reflecting the diversity of its employees and customer base. This is a key strength of the Company in addressing global markets. Airbus has built on its strong European heritage to become truly international, operating across more than 180 locations. The Company has invested in and grown aircraft and helicopter final assembly lines across Asia, Europe and the Americas.

3. Continue to invest in the future in an evolving and highly competitive environment

The COVID-19 pandemic has required Airbus to face the deepest crisis in the Company's history, focusing on cash containment to ensure survival. The right combination of growth, profitability and resilience is vital to the Company's long-term competitiveness.

Aerospace remains a major backbone of the global economy and a vital service to people and businesses. Airbus is committed to playing its role in ensuring that its sectors consistently deliver on their vital role in the global economy by building resilience through having sufficient funds available to withstand the shocks; through close cooperation with stakeholders to ensure the overall travel value chain survives; through seamless coordination along the supply chain to detect issues rapidly; and through reinforcement of the balance sheet to continue investing in future competitiveness.

The Company believes that the way to remain attractive to investors, employees and society at large is to be at the forefront of innovation and to be a leader in the global market. This requires discipline on both revenues and the cost base, throughout all Airbus businesses, to gain sufficient volume and profitability to continuously drive the industry forward. Having successfully increased revenue and profit in the years before the Covid-19 crisis, continuous improvement is essential to further support Airbus' resilience and prepare for future investments. As the Company delivers on its strategy as a leader with European roots and global reach, the Company is uniquely positioned to pioneer the industry, deepen relations with its customers, expand its role in defence, space and helicopters, while delivering shareholder value in line with market expectations.

4. Lead the transformation of the aerospace industry while meeting the highest environmental, social and governance standards

Aviation's licence to grow and operate in the future is inherently linked to sustainability. Improving the environmental impact of our day-to-day lives is at the top of agendas throughout the world. While some argue for limiting mobility, the Company believes the solution should not hinder people's ability to connect and unite across the world. Making the world a smaller and more transparent place to live makes it safer and more rewarding. The ability to discover, learn, share and remain safe are basic human needs and a guiding star for the Company. Air travel brings prosperity through the connections it makes. One in ten jobs around the world is in the travel and tourism industry, and air travel routes are the arteries of this system. Sufficient prosperity will be required to deliver the climate neutral transformation of industry that society demands. Hence, the purpose of the Company is to pioneer sustainable aerospace for a safe and united world.

The Company does not, however, operate in a vacuum. Social sustainability and good governance are integral elements in managing the Company's vision for a sustainable future. Airbus' business is deeply connected with environmental, social, and governance ("ESG") objectives through various international standards, frameworks and initiatives.

Airbus is also a global leader in the defence sector. Defence is a crucial component of security, and security is the precondition for a responsible and sustainable world. In this endeavour, Airbus is committed to sustainable and responsible business practices, and maintaining the strictest legal and highest ethical standards in full compliance with international laws and European and national export control regulations. Our defence capabilities provide countries with the means to protect their citizens, democratic values and vital infrastructure, which is of incalculable societal value.

4.1 Lead the journey towards clean aerospace

Airbus and the industry at large must ultimately determine ways to eliminate the impact of its activities on the climate. This must be achieved by the current generation. This is a clear expectation of the flying public and society at large. Working with international aviation organisations, Airbus is striving to lead the industry on a strong path to the lowest climate impact solutions as part of the industry's commitment to the Paris Agreement.

A major focus of the Company's sustainability strategy is reducing the CO_2 emissions of its aircraft, as well as its industrial environmental footprint at its sites worldwide and throughout the supply chain. To this end, the Company is contributing to meeting key industry-wide environmental performance targets. As well as investing in and developing viable products that are attractive and efficient for its customers by maturing the technologies related to sustainable aviation fuels, industrial systems, aircraft architectures based on next generation engines, future wing and fuselage design and automation, the Company also remains focused on maturing hydrogen ecosystems and transport and refuelling infrastructure to deliver on its ambition to bring the world's first zero-emission commercial aircraft to market by 2035, known as ZEROe.

4.2 Build our business on the foundation of safety and quality

Safety cannot be compromised. That's why the number one priority for the Company is to protect and safeguard its people, suppliers, communities, customers and assets from health and safety risks arising from the Company's activities. This is why fostering a safety culture which goes beyond regulatory compliance in product safety and quality, and championing a "zero-harm" mind-set in which the Company takes responsibility for itself and others, is a core commitment of the Company's sustainability strategy. The Company focuses on developing rigorous safety management guidelines to ensure its long-term competitiveness.

4.3 Respect human rights and foster inclusion

The Company's respect for human rights is an essential part of responsible business conduct in its business activities and throughout the value chain.

Airbus believes that everyone who works either for or with the Company, both within its business operations and the supply chain, contributes to its continued innovation, creativity, and business success. Therefore, it's imperative that the Company fosters empowerment, collaborative working, inclusiveness and diversity to enable a workplace to which people can bring their best selves. The Company ensures that its employees have access to a wealth of education and employee mobility opportunities to grow their skills because the Company strongly believes a more educated workforce is a more empowered workforce.

4.4 Exemplify business integrity

Business integrity is non-negotiable. As the Company's operations reach across more than 100 countries worldwide, it has a clear obligation to comply with laws and regulations wherever the Company operates. The Company conducts its business ethically, based on its values, and not only in compliance with laws and regulations. Furthermore, the Company strives for a culture of integrity in its people, partners and suppliers. In an effort to improve accountability, the Company is strengthening its current compliance programmes with the intention of becoming a benchmark in this area. To this end, the Company has established a dedicated Ethics & Compliance programme and organisation, ensuring that ethical and compliant behaviour is deeply embedded throughout the Company.

7.2 Top Company Objectives 2022

Customer
Establish ourselves as the partner of choice by building strong customer relationships through the excellence of our people, products and services.

Operational performance
Achieve 2022 requirements on A320 Family ramp-up and prepare the future, with product safety and quality as a foundation.

Financial performance
Strengthen the Company's financial situation and ensure competitiveness by driving a sound cost base.

People
Build an inclusive workplace for all employees, with safety at work and compliance fully embedded in our business. Ensure that our leadership drives change and engagement.

Sustainability
Move forward on our decarbonisation ambition, engage our value chain and reduce our environmental footprint.

Enable the Future
- Grow our people competencies needed to deliver today and secure tomorrow
- Prepare our future industrial system by embracing new ways of collaborative working, built on a foundation of robust data and digital continuity
- Develop the key decarbonisation technologies. Promote our current product portfolio while implementing our sustainability roadmap
- Engage with external stakeholders to decarbonise aviation by accelerating the production and usage of Sustainable Aviation Fuels (SAF)

Aiming to bring the first zero emission commercial aircraft to market by 2035.

The Company always:
- Keeps customers at the heart of what we do to deliver value and reliability;
- Considers health, safety and quality as vital to our business;
- Optimises and adheres to end-to-end processes;
- Drives change and transformation for performance and competitiveness;
- Protects business from security threats and malicious actions;
- Fosters innovation by being open-minded and creative in all we do;
- Instils a culture of inclusiveness and continuous learning;
- Speaks up, listens up, and acts with integrity and respect.

The information contained in this Board Report will enable you to form an opinion on the situation of the Company and the operations, which are submitted to you for approval.

For further information and detail regarding the Company's activities, finances, corporate governance and in particular risk factors, the reader should refer to the Company's website www.airbus.com.

The Board of Directors hereby declares that, to the best of its knowledge:
- the financial statements for the year ended 31 December 2021 give a true and fair view of the assets, liabilities, financial position and profits or losses of the Company and undertakings included in the consolidation taken as a whole; and
- this Board Report gives a true and fair view of the position as per the balance sheet date, and of the development and performance during the 2021 financial year of the Company and undertakings included in the consolidation taken as a whole, and the principal risks facing the Company have been described herein.

8. Financial targets for 2022

As the basis for its 2022 guidance, the Company assumes:

▶ No further disruptions to the world economy, air traffic, the Company's internal operations, and its ability to deliver products and services.

The Company's 2022 guidance is before M&A.

On that basis, the Company targets to achieve in 2022 around:

▶ **720** commercial aircraft deliveries;

▶ EBIT Adjusted of € **5.5** billion;

▶ Free Cash Flow before M&A and Customer Financing of € **3.5** billion.

The Board of Directors

René Obermann, Chairman of the Board of Directors

Guillaume Faury, Chief Executive Officer

Victor Chu, Director

Jean-Pierre Clamadieu, Director

Ralph D. Crosby, Jr., Director

Lord Paul Drayson, Director

Mark Dunkerley, Director

Stephan Gemkow, Director

Catherine Guillouard, Director

Amparo Moraleda, Director

Claudia Nemat, Director

Carlos Tavares, Director

Leiden, 16 February 2022