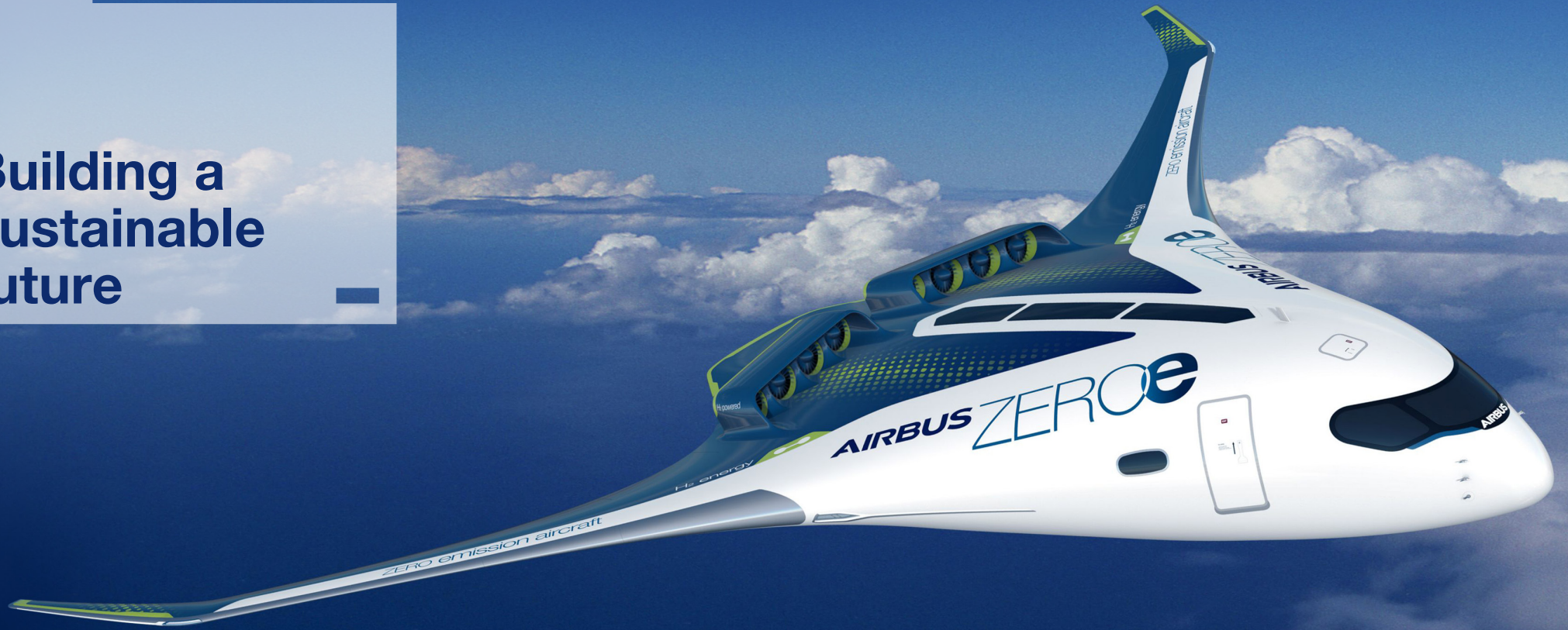


# Building a sustainable future





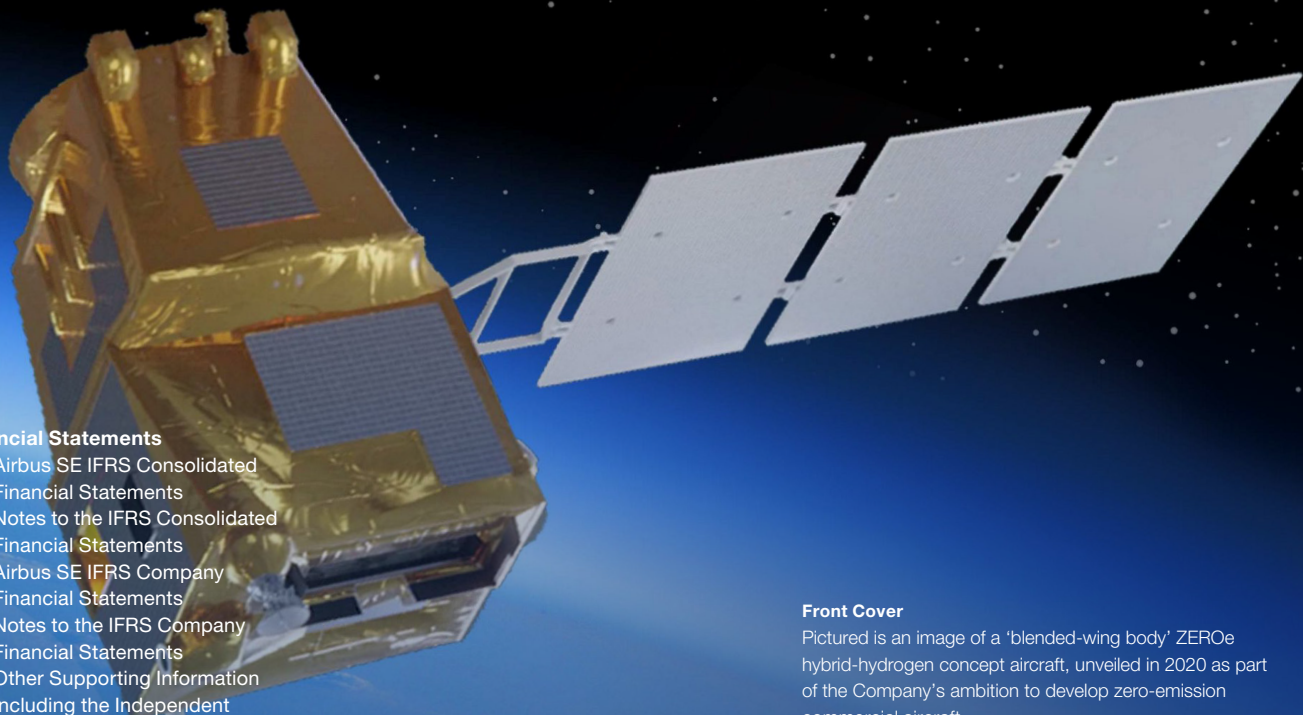
# Pioneering sustainable aerospace for a safe and united world

2020 was a challenging year for our industry, stakeholders, and broader society.

At Airbus, we navigated the year by asking ourselves how 'we pioneer sustainable aerospace for a safe and united world'.

The year was a test of our resilience – of our operations and our values – and we are proud to have withstood this test, by remaining agile and focused on our purpose.

In this report, you'll learn how we responded to:  
**Support** our stakeholders and industry  
**Adapt** our business and plans  
**Innovate** for a sustainable future, and  
**Lead** our industry in the decades ahead



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**Front Cover**

Pictured is an image of a 'blended-wing body' ZEROe hybrid-hydrogen concept aircraft, unveiled in 2020 as part of the Company's ambition to develop zero-emission commercial aircraft.

**This page**

In 2020, Airbus Defence and Space was selected by the European Space Agency to be the prime contractor for the new Land Surface Temperature Monitoring (LSTM) mission. LSTM is part of Copernicus, the European Union's Earth observation programme for global monitoring.

Where applicable, 'Airbus' refers to commercial aircraft and the integrated functions while 'the Company' refers to Airbus SE together with its subsidiaries.

Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

# Key events of 2020



## Wide-ranging response to the COVID-19 crisis

The Company deployed its resources and expertise to assist the global fight against the pandemic. This included the use of commercial and military aircraft to transport vital products such as face masks and the production of specialist protective equipment. Airbus also supported aircraft operators with the logistical challenge



of transporting vaccines and changing cargo demand. Great lengths were taken to ensure business continuity, starting with the adaptation of working facilities and practices for the safety of employees and customers. Initiatives such as the 'e-delivery' process helped operators to accept fixed- and rotary-wing aircraft while complying with COVID-19 health and safety measures. The Company adapted its commercial aircraft activities and strengthened its liquidity position to safeguard its future.

2020 was a year when the Company reacted quickly and took measures to navigate the COVID-19 crisis. It still achieved some significant operational and commercial milestones and continued to enhance its portfolio and progress on sustainability topics.



## 2020 deliveries include first US-built A220

The year's commercial aircraft delivery tally of 566 included a number of important milestones. The first A220 assembled in the US was delivered from Mobile, Alabama, while deliveries of the A330-800 version of the A330neo widebody airliner started following certification. The delivery of the 1,500th ever A330 Family aircraft also took place.



## Leading in reconfigurable satellites

Airbus Defence and Space's next-generation OneSat telecommunication satellites saw continued success during the year. More contracts were announced, showing the Company's lead in this important market sector. By adjusting its coverage area, capacity and frequency while in-orbit, these satellites can meet evolving mission scenarios.





**More success in military aircraft**

A contract was signed to supply 38 new Eurofighter aircraft for the German Air Force, securing production until 2030 for the strategic pan-European programme. The Tranche 4 Eurofighter is the most modern European-built combat aircraft and its technical capabilities will allow full integration into the key Future Combat Air System programme.



**Development of A321XLR progresses**

The A321XLR's industrialisation and related parts production gathered pace across Airbus sites and the wider supply chain. Major component assembly of the first forward fuselage, centre and rear fuselage sections and the wings is due to begin in 2021. The fuel-efficient A321XLR delivers an unprecedented single-aisle airliner range of up to 4,700 nautical miles.



**Key new helicopters certified**

Two important helicopters were certified by the European Union regulator, further increasing the competitiveness and capability of the product line. The multi-role twin engine H160 is suitable for a wide range of missions and is also one of the most environmentally friendly helicopters in its class. The five-bladed light twin-engined H145 offers operators an increased payload compared to the previous version. The H145 model was also certified by US authorities.



**Further steps towards decarbonising flight**

The Company prioritised research into carbon-neutral technologies to move towards more sustainable air travel. With the ambition to develop the world's first zero-emission commercial aircraft by 2035, ZEROe concept aircraft were revealed. A variety of hybrid-electric and hydrogen technology options are now being explored together with other focus areas like sustainable aviation fuels.



# Resilience

## and adaptability



**René Obermann**  
Chairman

**In his first annual message since becoming Chairman in April 2020, René Obermann outlines the Board of Directors' key priorities and activities during the year. He also discusses the 2021 Annual General Meeting.**

“In such a testing year, Airbus’ broad portfolio provided some protection.”

**Dear shareholders, Dear stakeholders,** 2020 was a testing year dominated by COVID-19. The pandemic reached nearly every nation on Earth, exacerbated divides in society and hit already vulnerable people the hardest. It also raised huge challenges for business and political leaders and particularly those people working on the front line, such as in hospitals, schools and factories.

For the whole aviation sector it was an extremely challenging year, as it was for Airbus and its highly committed and qualified people. In a matter of weeks we were confronted with potentially serious implications on the business model and needed to adapt to this unprecedented situation. The Board was impressed by how quickly management moved to safeguard the Company.

Starting with ensuring the safety of employees, the Company then bolstered its liquidity, adjusted production rates to an appropriate level, contained spending and resized the commercial aircraft

activities. These measures were designed to ensure Airbus could sustain a prolonged downturn and still be well positioned to capture the market recovery. The actions taken were wide-ranging and proved to be the right ones to help to stem the cash outflow in the second half of the year.

Aside from COVID-19, there were other geopolitical impediments to overcome, including tariffs related to a World Trade Organization dispute and Brexit-related uncertainties. Both these topics were closely monitored by the Board and the necessary mitigation actions by management were supported.

During the crisis it became even clearer how important a close dialogue is with governments. We truly appreciate the progress made and support they gave for the industry’s whole ecosystem, from the partial unemployment schemes through to investment in research and technology.

In such a testing year, Airbus’ broad portfolio provided some protection. While the commercial aircraft activities were significantly impacted by the pandemic, Airbus Defence and Space and Airbus Helicopters provided support.

Commercial aircraft deliveries declined, although the final tally was broadly in line with the revised production plan. Airbus Helicopters’ earnings were bolstered by its governmental-related activities while Airbus Defence and Space booked some important orders, including the purchase of Eurofighter jets by Germany and new generation telecommunications satellites.

“The Board was impressed by how quickly management moved to safeguard the Company.”

Despite the crisis, your Company never lost sight of its ambitions and the important programmes that will be crucial to securing its future, including zero-emission technologies. Going forward, Airbus will play a leading role in the most important transformation aviation has ever seen towards a sustainable industry sector.

It is both a privilege and honour for me to serve as Chairman of the Board of Airbus and I am truly grateful for the support my predecessor and industry expert Denis Ranque gave me in assuming this role. The crisis had just begun when this transition happened and I am particularly glad to work with Board colleagues who have such high levels of experience and dedication to help the Company navigate through these challenging times. The necessity of moving mostly to virtual meetings did not hamper the Board's decision making. Unfortunately, site visits weren't possible due to the travel restrictions.

The health situation in the Netherlands meant that the 2020 AGM had to be scaled back significantly although the strong engagement of shareholders was evident in the high number of votes by proxy. Two new non-executive directors were appointed to the Board for the standard term of three years. Mark Dunkerley and Stephan Gemkow were carefully selected for their expertise in aviation and finance.

The Board Committees had a busy year. Notably, the Audit Committee supported the financial and operational measures the Company took to adapt to the pandemic. The Remuneration, Nomination and Governance Committee addressed a number of important topics including the executive remuneration structure and succession planning.

Sustainability is now deeply ingrained in the Company's purpose and is truly becoming part of its DNA. During 2020, the Ethics and Compliance Committee had its remit extended to include Sustainability and became the Ethics, Compliance and Sustainability (EC&S) Committee. There is now a dedicated Sustainability and Environment organisation within the Company and the sustainability agenda is also reinforced by influencing executives' variable remuneration. The EC&S Committee also oversaw the actions taken to comply with the terms of the agreements reached with the French, UK and US authorities at the beginning of 2020, resolving their investigations into historic compliance cases.

Given the continuation of the crisis, preserving the Company's liquidity and financial strength is key and this is why we hope for your understanding that there is no dividend proposed for 2020. We kindly ask you as shareholders for your continued support in this volatile environment. In line with the principle of staggered Board appointments, I will stand for re-election as a non-executive director at the 2021 AGM, along with my colleagues Victor Chu, Jean-Pierre Clamadieu and Amparo Moraleda.

It remains for me to thank the entire team at Airbus for their continued dedication, especially those most affected by the crisis. On behalf of the Board, I'd also like to underline our support to the management team, who performed an outstanding job in steering Airbus through this historic crisis in 2020.

**René Obermann**  
Chairman of the Board

“Sustainability is now deeply ingrained in the Company’s purpose and is truly becoming part of its DNA.”

### Board of Directors

As of 1 January 2021



**René Obermann**  
Chairman of the Board of Directors, Airbus SE



**Guillaume Faury**  
Chief Executive Officer, Airbus SE



**Victor Chu**



**Jean-Pierre Clamadieu**  
Chairman of Ethics, Compliance and Sustainability Committee



**Ralph D. Crosby, Jr.**



**Lord Paul Drayson**



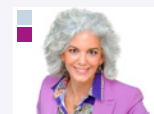
**Mark Dunkerley**



**Stephan Gemkow**



**Catherine Guillouard**  
Chair of Audit Committee



**Amparo Moraleda**  
Chair of Remuneration, Nomination and Governance Committee



**Claudia Nemat**



**Carlos Tavares**

■ Audit Committee  
■ Remuneration, Nomination and Governance Committee  
■ Ethics, Compliance and Sustainability Committee



# Leading

## through challenging times



**Guillaume Faury**  
Chief Executive Officer

**Guillaume Faury discusses the key steps taken during 2020 to navigate the challenge of the COVID-19 pandemic. He outlines the operational and financial performance and explains how the Company is progressing with its sustainability strategy.**

### **Q. What are your key takeaways from 2020?**

Early in the year, COVID-19 transformed our business environment overnight. The story of 2020 swiftly became one of resilience and adapting to large-scale change, with the first priority being the safety of employees under stricter sanitary conditions.

In commercial aviation, we changed the size of our business to reflect the new reality facing the industry, with a 40% reduction in production. But we also kept one eye on the future: continuing to pursue our long-term strategic priorities, while protecting our ability to ramp-up production again when better times return. Our Helicopters and Defence and Space businesses were a strong support, which shows the strength of the whole Airbus team and the importance of having a diverse portfolio.

I'm proud that, despite the crisis, we made 2020 a year of progress for Airbus in sustainable aerospace and accelerated the implementation of our decarbonisation roadmap.

### **Q. How would you sum up the operational performance?**

It was probably as good as was reasonably possible in the new uncertain environment. In these challenging times, the engagement and creativity of our teams across the Company have been amazing. We've also seen tremendous solidarity across the aerospace sector, with customers, suppliers and key partners.

By reducing rates early on in the crisis, we were able to converge commercial aircraft production and deliveries in the second half of the year. We obviously delivered fewer aircraft than in 2019 due to the new

environment. Through some innovative initiatives like 'e-deliveries' our teams could safely navigate health and travel restrictions and enable customers to take delivery of their aircraft. Even though the order intake fell, the backlog remained above 7,000 aircraft at year-end.

In Helicopters, deliveries included the first five-bladed H145 following certification during the year. That was an important milestone, as was European certification for the highly capable H160 which is due to enter service during 2021. The strong earnings performance was driven by governmental activities and reliable programme execution. Defence and Space saw a strong upturn in order intake, including important Eurofighter business and telecommunication satellite contracts. Despite the pandemic's challenges, all scheduled A400M deliveries were achieved and progress continued on the aircraft's capabilities.

Even though the pandemic forced us to scale back spending on non-critical activities, we protected key current and future programmes that will be vital for the coming years and decades. This of course includes the single-aisle A321XLR, which stands to play a key future role in the passenger air travel market's recovery, along with the H160, OneSat satellites and European defence projects. And, we mustn't forget our new but equally important concepts for zero-emission aircraft: ZEROe.

### **Q. How were the financials and what's the outlook?**

The actions we took earlier in the year to adapt and contain cash burn really delivered an improved financial performance in the second half. Due to the depth of the crisis and the new market environment, we had to take the difficult decision to start resizing the commercial aircraft business.

The related headcount adaptation affected many of our colleagues, including some who had worked for the Company for decades, but we have strived to find solutions wherever possible to limit the social impact. I also thank our government partners which helped us to preserve expertise and know-how through a number of measures during this exceptional crisis.

**"I'm proud that, despite the crisis, we made 2020 a year of progress for Airbus in sustainable aerospace."**

Free cash flow for the year was negative but we ended 2020 in a positive net cash position after a stronger final quarter. This reflected the solid aircraft deliveries during Q4, the good performance of the Helicopters and Defence and Space businesses and a strong focus on working capital management.

Looking ahead, ours and the wider aerospace industry's prospects for 2021 are closely linked to the evolution of the pandemic, effectiveness of the vaccine programmes and the related travel restrictions. We aim to start ramping up A320 Family production in the second half of 2021, albeit at a slower rate than initially planned.

Our guidance for 2021 provides some visibility in this volatile environment. It will of course be another challenging year but we will act quickly whenever needed to reflect the changing landscape.

**Q. How has Airbus progressed with its sustainability goals?**

Despite COVID-19, we even accelerated our sustainability plans in 2020. Throughout the pandemic, we at Airbus have shown that our role in society matters more than ever. I'm impressed by how our employees have come together to fight the pandemic and support the emergency services.

Meanwhile, our aircraft, including the MRTT and A400M, have flown patients and transported vital medical equipment while many of our colleagues in the UK worked as part of the consortium to manufacture ventilators for the National Health Service.

We are committed to leading sustainable aviation. We intend to build the world's first zero-emission airliner, by 2035. But, sustainability also means having safety, quality, integrity and compliance as the foundations of all we do and remaining competitive by having the most innovative and efficient products to ensure we can continue to invest for the future.

Our purpose – pioneering sustainable aerospace for a safe and united world – will continue to guide us through this crisis and beyond. Our aircraft will bring people together after the crisis and help kickstart the economic recovery. Our helicopters will continue to save lives and support the emergency services. Our defence business will make the world a safer place. Our satellites will play a growing role in connecting the world, while supporting the fight against climate change. And our efforts to lead the decarbonisation of the aviation sector will allow people to continue flying around the world, but not at the expense of the planet or future generations.

**Guillaume Faury** pictured during the roll-out of the final A380 after assembly.



“Even though the pandemic forced us to scale back spending on non-critical activities, we protected key current and future programmes.”

**Executive Committee**

As of 1 January 2021



**Guillaume Faury**  
Chief Executive Officer, Airbus SE



**Dominik Asam**  
Chief Financial Officer



**Thierry Baril**  
Chief Human Resources Officer



**Jean-Brice Dumont**  
Executive Vice-President Engineering



**Bruno Even**  
Chief Executive Officer, Airbus Helicopters



**John Harrison**  
General Counsel



**Dirk Hoke**  
Chief Executive Officer, Airbus Defence and Space



**Julie Kitcher**  
Executive Vice-President Communications and Corporate Affairs



**Philippe Mhun**  
Executive Vice-President Programmes and Services



**Christian Scherer**  
Chief Commercial Officer and Head of Airbus International



**Michael Schöllhorn**  
Chief Operating Officer



**Grazia Vittadini**  
Chief Technology Officer



# Support

---

Supporting the global fight against COVID-19 was a key activity during 2020. The Company also focused on ensuring the health and safety of employees and implemented new working standards and processes where required. By using its aircraft and other resources, it contributed to the development, sourcing and ferrying of medical equipment, including facemasks and ventilators, in support of health services. Some facilities were transformed into production lines to manufacture essential equipment, including in the UK where Airbus joined the Ventilator Challenge UK programme to build vital ventilators. The Company also supported the global effort for safe COVID-19 vaccine transportation by air.





# Adapt

The Company quickly adapted its operations and business practices to reflect the new COVID-19 market environment as well as travel and health restrictions. Commercial aircraft production rates were reduced to a level that preserved Airbus' ability to meet customer demand while protecting its ability to further adapt as the global market evolves. Cost containment was also a key focus across the Company. An innovative 'e-delivery' solution was developed that minimised the need for customers' teams to travel to receive aircraft, including helicopters. This solution accounted for more than 25% of the 2020 commercial aircraft deliveries.



# Innovate

Despite COVID-19, the Company retained its strong focus on innovation to shape a sustainable aerospace industry that is autonomous, connected and zero-emission. Innovation is also pivotal to sustaining a competitive edge. The year saw the launch of new concepts as well as progress on technology demonstrators. ZEROe concept aircraft were unveiled to explore a variety of configurations and technologies, including hydrogen, to develop future zero-emission aircraft. The CityAirbus demonstrator progressed as part of Airbus Helicopters' technology road-map for zero-emission flight and urban air mobility. Airbus Defence and Space continued its focus on innovations for future defence programmes.





# Lead

By delivering current programmes and progressing with innovative future technologies, the Company aims to retain its leading market position in the coming decades. Sustainable aerospace means being competitive with the most efficient new products, ensuring strategic autonomy through defence programmes and also decarbonising aviation. In commercial aircraft, the A321XLR will further extend the performance of the A320neo Family while in helicopters, the H160 and five-bladed H145 will bolster the already strong market position. Airbus Defence and Space is involved in key defence programmes to ensure Europe's strategic autonomy while innovative products like OneSat are providing a competitive edge in the telecommunications satellite market.





# Sustainability

## is a continued priority

**2020 was a landmark year for sustainability, as the Company made pioneering sustainable aerospace a strategic goal in line with its purpose: We pioneer sustainable aerospace for a safe and united world.**

Sustainability helps both the Company's long-term success and its responsibility for meeting society's present needs without compromising those of future generations. For the Company, the term sustainability fully encompasses the notions of both responsibility and sustainability, in line with current business practices, and reflects a more comprehensive and integrated approach to the topic. Acting responsibly is a prerequisite to ensuring sustainability.

The Board Committee overseeing Ethics and Compliance broadened its scope in 2020 and became the Ethics, Compliance and Sustainability Committee, taking responsibility for embedding sustainability-related topics in strategy and objectives. The Company's progress on sustainability topics now represents an important part of its remuneration policy.

By adopting the United Nations' Sustainable Development Goals (SDGs) framework, the Company has embraced a shared blueprint for the future. The sustainability strategy was refined during the year to emphasise four core commitments linked to the SDGs. Goals for each of these commitments will be finalised in 2021, with clear targets and key performance indicators so that progress can be monitored. To accelerate the Company's sustainability initiatives, a new Sustainability and

Environment function was formed from the combination of two predecessor departments.

The four priority commitments in sustainability are as follows. The list also includes references to the relevant SDGs:

### Sustainability commitments

**1. Lead the journey towards clean aerospace** (SDG 9 Industry, innovation & infrastructure; SDG 12 Responsible consumption & production; SDG 13 Climate action; SDG 17 Partnerships for the goals)

The Company's foremost ambition as an aircraft manufacturer is to be a leader in the decarbonisation of aviation, as demonstrated by the unveiling in 2020 of the 'ZEROe' hybrid-hydrogen concept aircraft. A core ambition is to bring the world's first zero-emission commercial aircraft to market by 2035. The Company is also investing resources into examining and reducing the impact of its in-service products together with all actors in the sector. Reporting has been extended to include the in-use emissions of commercial aircraft delivered in 2019 and 2020 – known as the Use of Sold Products (Scope 3).

Turning to industrial operations, the High5+ initiative aims to reduce the footprint of all Airbus activities globally and across the supply chain. It has specific targets for 2030, against a 2015 base line, for cutting energy consumption, CO<sub>2</sub> emissions, water consumption, volatile organic compound emissions and waste production.

The Company has included targets of a 3% further reduction in CO<sub>2</sub> emissions and a 5% reduction in purchased water for 2021 as part of its top objectives compared to 2020.



### Commitment to the UN SDGs

**The Company continues to support the United Nations' Sustainable Development Goals (SDGs) by acting responsibly, leading sustainable innovation and partnering with stakeholders to set the standards in aerospace and defence.**

- 
**Quality education**  
 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- 
**Gender equality**  
 Achieve gender equality and empower all women and girls.
- 
**Decent work and economic growth**  
 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- 
**Industry, innovation, and infrastructure**  
 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
- 
**Responsible consumption and production**  
 Ensure sustainable consumption and production patterns.
- 
**Climate action**  
 Take urgent action to combat climate change and its impacts.
- 
**Peace, justice and strong institutions**  
 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
- 
**Partnerships for the goals**  
 Strengthen the means of implementation and revitalise the global partnership for sustainable development.

**2. Respect human rights and foster inclusion**

(SDG 4 Quality education; SDG 5 Gender equality; SDG 8 Decent work & economic growth; SDG 16 Peace, justice & strong institutions)

During 2020, a new Human Rights Steering Committee was established, which provides strategic guidance to support related decision making. The Company continued its efforts to improve gender balance, including the number of women in management positions, as well as awareness of disability. Twenty-six percent of all new recruits were female during 2020. There are two female members of the Executive Committee and three female members of the Board of Directors. The Company also took part in programmes to promote quality education and mentorship for young people from socially deprived backgrounds.

**3. Build our business on the foundation of safety and quality**

(SDG 8 Decent work & economic growth; SDG 12 Responsible consumption & production)

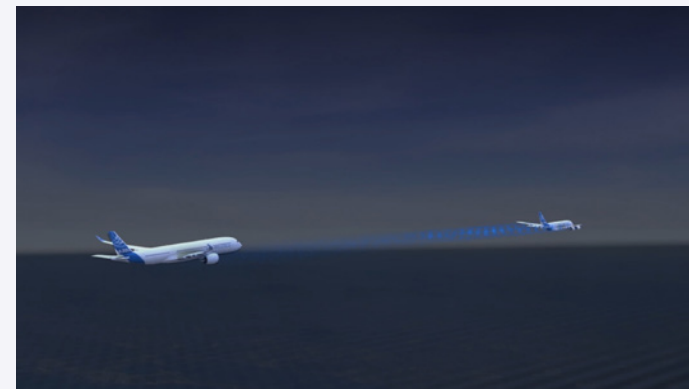
The Company's number one priority is the continued safe transport of everyone, and everything, that flies aboard its products. In 2020, a range of activities were pursued to promote a strong health and safety culture. Included was the People Safety at Work initiative, which deployed various packages at company sites focused on industrial changes and culture-change activities. During the year, considerable health and safety efforts were focused on the management of COVID-19 issues to safeguard employees' health and welfare. Despite the challenging environment, more than 103,070 hours of health and safety training were delivered to 37,599 individual employees between October 2019 and September 2020.

**4. Exemplify business integrity**

(SDG 16 Peace, justice & strong institutions)

Ethics and Compliance (E&C) continued to be a top priority, as it was in 2019 and 2018. In its list of priorities for 2020, the Company set the objective to: "Adapt our company and workforce to the crisis in a responsible manner that upholds our values, while ensuring health and safety and reinforcing our commitment to Ethics and Compliance." As in previous years, there was a strong focus on relevant training for employees. Between 1 October 2019 and 30 September 2020, employees followed 309,682 E&C e-learning sessions, including on bribery, corruption and export control. Additionally, 3,501 employees attended live classroom training on different E&C topics in 2020, the majority of which was delivered in virtual classrooms due to the pandemic.

More information about the Company's sustainability activities and strategy can be found in the Non-Financial Information section of the Universal Registration Document 2020.



**Partners join fello'fly initiative**

Airbus was joined by two airline customers and three air navigation service providers to demonstrate the operational feasibility of its fello'fly initiative. Imitating the behaviour of birds, which fly together to use as little energy as possible, flying an aircraft in the smooth updraft of another aircraft could reduce fuel consumption by 5-10% per trip.



**Airbus Foundation's active year**

In a year when many children were forced to study from home, the Airbus Foundation launched its #AirbusDiscoverAtHome series on social media. It also continued to deliver aid to disaster zones. Following a major explosion, the Foundation and its partners sent a fully-loaded A350 to Beirut with 90 cubic metres of aid on board.



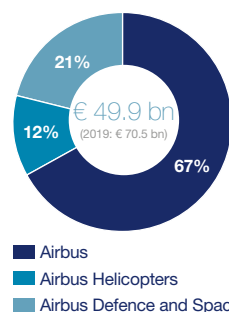
# A global leader

in aeronautics, space  
and related services

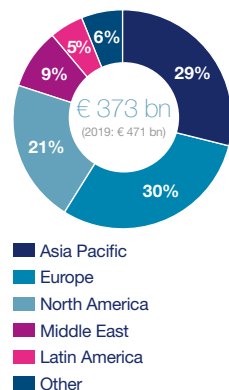


### Airbus SE

#### External revenue split



#### Order book in value by region



### Financial

#### EBIT Adjusted (€ million)

1,706

(2019: 6,946)

#### EBIT Reported (€ million)

-510

(2019: 1,339)

#### Reported loss per share<sup>(1)</sup> (€)

-1.45

(2019: -1.75)

#### Order intake (€ million)

33,290

(2019: 81,195)

### Non-Financial<sup>(2)</sup>

#### Total energy consumption (GWh)

3,482

(Excluding electricity generated by CHP on site for own use)

#### Health and Safety training hours (to 37,599 employees)

103,070

(October 2019 to September 2020)

#### Ethics and Compliance e-learning sessions

309,682

(1 October 2019 to 30 September 2020)

#### Number of employees

131,349

(2019: 134,931)

1. FY2020 average number of shares: 783,178,191 compared to 777,039,858 in FY2019.  
2. For further information see the Non-Financial Information section of the Universal Registration Document 2020.

# Airbus

**Commercial aircraft deliveries showed resilience and the year-on-year decline reflected the adverse market environment. 2020 still included a number of operational milestones.**

Airbus delivered 566 commercial aircraft (2019: 863 aircraft) to 87 customers. A total of 446 A320 Family aircraft were delivered, including 431 NEO versions compared to 551 NEOs in 2019. Additionally, customers received 38 A220s, 19 A330s, 59 A350s and 4 A380s.

Net commercial aircraft orders totalled 268 (2019: 768 aircraft). The A320 Family order intake included 37 A321XLRs. At year-end, the total order backlog stood at 7,184 commercial aircraft across all product ranges compared to 7,482 at the end of 2019.

Revenues decreased by 37% to € 34,250 million (2019: € 54,775 million), mainly reflecting the lower deliveries which declined by 297 aircraft year-on-year. EBIT Adjusted of € 618 million (2019: € 5,947 million<sup>1</sup>) mainly reflected the lower aircraft deliveries and lower cost efficiency. It also included COVID-19 related charges. Research and Development expenses declined by 13% to € 2,436 million (2019: € 2,816 million).

## Operational developments

Commercial aircraft production rates were revised downwards during the year to reflect the new COVID-19 market environment.

The innovative 'e-delivery' solution represented more than 25% of the 2020 deliveries. This allowed customers to receive aircraft while minimising the need for their teams to travel amid the COVID-19 pandemic.

Deliveries of the A330-800 began after the A330neo variant was certified by European Union and US authorities early in the year. A version of the A330-900 with a higher maximum take-off weight of 251 metric tonnes was also certified. During the year, the 1,500th ever A330 Family aircraft was delivered.

The first A220 assembled in the US was delivered from the facility in Mobile, Alabama, while the ACJ TwoTwenty business jet based on the A220 was formally launched. The development of the highly fuel-efficient long-range capable A321XLR continued.

The Final Assembly Line in Tianjin, China, delivered its 500th A320 Family aircraft, leveraging the Company's global footprint.

## Key achievements 2020

- 566 aircraft deliveries, showing resilience
- First US-assembled A220 delivered
- 1,500th A330 Family aircraft delivered
- A321XLR development progresses



**Deliveries (units)**

566

(2019: 863)

**Revenues (€ million)**

34,250

(2019: 54,775)

**Net order intake (units)**

268

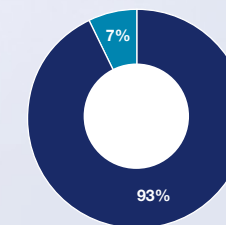
(2019: 768)

**EBIT Adjusted (€ million)**

618

(2019: 5,947<sup>1</sup>)

**External revenues by activity**



■ Services ■ Platforms

1. Previous year figures are restated to reflect the adoption of a new segment reporting structure for "Transversal" activities as of 1 January 2020.



# Airbus Helicopters

**The Division showed resilience, retaining its leading market position and reporting higher earnings. Meanwhile, two new models were certified and further steps were taken on innovation programmes.**

Airbus Helicopters maintained its top ranking in the civil and parapublic market, despite a challenging environment reflecting the economic consequences of the COVID-19 pandemic. Net orders totalled 268 helicopters (2019: 310 units), including 31 naval versions of the NH90 for Germany's Bundeswehr in the fourth quarter and 11 H160s. Orders for the best-selling H145 programme included 17 UH-72Bs for the US Army, the first versions equipped with the Fenestron tail rotor and Helionix avionics suite ordered by the customer.

In services, order intake included an HCare contract from the National Aeronautics and Space Administration (NASA) to support its fleet of H135 helicopters.

Total deliveries declined to 300 units (2019: 332 units) and included the initial five-bladed H145 helicopters and first NH90s for the Spanish Air Force. Revenues however rose by 4% to € 6,251 million (2019: € 6,007 million), benefitting from a favourable product mix and growth in services. EBIT Adjusted increased to € 471 million (2019: € 422 million), reflecting strong government-related activities, reliable programme execution as well as lower Research and Development (R&D) expenses.

In reaction to the pandemic, Airbus Helicopters mobilised to keep its military and civil customers

flying thanks to elevated levels of technical and logistics support, new distance learning solutions, and direct assistance in making protective equipment available to pilots and crews.

### Key new helicopters certified

The more capable five-bladed H145 was certified by both the European Union Aviation Safety Agency and US Federal Aviation Administration during the year. This latest upgrade of the H145 family increases the useful load of the helicopter by 150kg. European authorities also certified the flagship multi-role twin-engine H160 helicopter. Featuring the latest technological innovations, the H160 is able to perform missions such as offshore transportation, emergency medical services, business aviation and public services.

### Innovation projects progress

In 2020, innovation milestones included the first fully automatic flight of CityAirbus, a demonstrator that will play an important role in developing zero-emission flight and in preparing the future urban air mobility market. The VSR700, the rotary-wing unmanned aerial system, performed its first free flight in July 2020 and autonomous deck-landing trials at the end of the year.

### Key achievements 2020

- Leading position in civil and parapublic market retained
- First five-bladed H145 deliveries following certification
- H160 helicopter certified by EASA
- CityAirbus and VSR700 innovation projects reach milestones

**Deliveries (units)**

300

(2019: 332)

**Revenues (€ million)**

6,251

(2019: 6,007)

**Net order intake (units)**

268

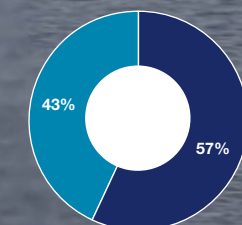
(2019: 310)

**EBIT Adjusted (€ million)**

471

(2019: 422)

**External revenues by activity**

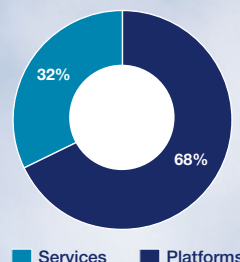


■ Services ■ Platforms



# Airbus Defence and Space

External revenues by activity



Order book (€ million)

33,505  
(2019: 32,263)

Revenues (€ million)

10,446  
(2019: 10,907)

Net order intake (€ million)

11,862  
(2019: 8,520)

EBIT Adjusted (€ million)

660  
(2019: 565)

**The Division supported the Company's overall performance, reporting higher order intake and earnings. Progress was made during the year on key European defence programmes.**

Airbus Defence and Space's net order intake increased by 39% to € 11,862 million (2019: € 8,520 million), representing a book-to-bill by value of above one. The performance was mainly driven by major contract wins in Military Aircraft, including an order for 38 new Eurofighter jets from Germany and the integration of ESCAN radars for existing German and Spanish Eurofighter fleets. In Space Systems, order intake growth was largely driven by telecommunication satellites and Earth observation and science activities. During the year, the UK Ministry of Defence placed a contract for the Skynet 6A military communications satellite.

Revenues of € 10,446 million (2019: € 10,907 million) mainly reflected lower volume as well as the impact of COVID-19 on business phasing, mainly in Space Systems. The revenue decrease at Space Systems also reflected the lower order intake of the past years. Underlying profitability, or EBIT Adjusted, increased to € 660 million (2019: € 565 million), mainly reflecting cost containment measures and lower Research and



Development expenses, partly offset by the impact of COVID-19, including on the launcher business.

A total of nine A400M military transporters were delivered, with Belgium taking delivery of its first of seven aircraft in December. The delivery to Belgium means all launch customers are now equipped with the airlifter. In Space Systems, the Solar Orbiter spacecraft and the ocean mapping satellite "Sentinel-6 Michael Freilich" were launched.

### Future programmes in focus

On Europe's Future Combat Air System programme, the Joint Concept Study and Phase 1A of the demonstrator portion progressed.

Meanwhile, negotiations for the Eurodrone unmanned aerial system progressed with the European defence procurement agency OCCAR.

### Key achievements 2020

- Germany orders 38 new Eurofighters
- Major telecommunication satellite contract wins
- Book-to-bill by value above 1
- Nine A400M aircraft delivered



# Navigating the challenge



**Dominik Asam**  
Chief Financial Officer

**Dominik Asam explains how the Company reacted to the challenge of the pandemic from his viewpoint as Chief Financial Officer. He also details the earnings and cash performance during 2020 and outlines his priorities going forward.**

## **Q. How was 2020 from your perspective as CFO?**

2020 was obviously overshadowed by COVID-19. Aside from the opening two months, the main focus during the year was on mitigating the impact of the pandemic on the business. At the same time we had to ensure the Company could retain the financial and operational flexibility needed to swiftly capitalise on any rebound and also achieve our longer-term goal of leading the development of a sustainable aerospace sector. The key challenge has been, and continues to be, to find the right balance between cash containment and cost reduction on the one side, and laying a solid base for a post COVID-19 recovery on the other.

Given the extent of the crisis we had to act quickly. In March 2020 we therefore took the important step of further bolstering our liquidity and launching immediate cash containment measures. This of course was followed by the additional steps of reducing aircraft production rates and resizing the commercial aircraft activities to address our long-term cost structure.

In tandem with the solid level of aircraft deliveries in the fourth quarter, these actions helped us mitigate the cash consumption we had in the first half of the year. Against a backdrop of the worst crisis ever to hit our industry, the 2020 financials reflect these efforts and the strong commitment of our employees and suppliers.

## **Q. What drove the financial performance?**

Starting firstly with the top line, revenues decreased by some 29% to € 49.9 billion mainly reflecting the difficult commercial aircraft market and the related lower deliveries. Our underlying profitability, or EBIT Adjusted, decreased sharply to € 1.7 billion, also reflecting the weaker commercial aircraft deliveries and some idle costs. Additionally, it included charges recorded due to impairments and write-offs triggered by the pandemic.

If we look across the business lines, the two Divisions partly offset the weaker EBIT Adjusted performance within the commercial aircraft activity. Helicopters registered a double-digit percentage rise, reflecting its strong government-related business, reliable programme execution and reduced R&D expenses. Despite the headwind from COVID-19, its EBIT Adjusted profit margin increased to 7.5% in 2020 from 7.0% in 2019. Defence and Space also recorded double-digit percentage growth in EBIT Adjusted, but this mainly reflected cost containment and lower R&D, partly offset by the impact of COVID-19, including on launchers.

After including net negative Adjustments of about € -2.2 billion, we ended up with an EBIT reported of € -0.5 billion. The main charges here were € -1.2 billion related to the Company-wide restructuring plan, some € -385 million related to A380 programme cost and € -480 million from the pre-delivery payment mismatch and balance sheet revaluation, driven by the strong devaluation of the US dollar. All in all, we ended 2020 with a net loss of € -1.1 billion and a reported loss per share of € -1.45.

“Given the extent of the crisis we had to act quickly.”

**Q. How was the cash performance?**

Overall, we saw an improvement in cash generation during the second half of the year. Looking at the full-year, the underlying free cash flow before M&A and customer financing was strongly negative at € -6.9 billion. This figure includes the € -3.6 billion penalty payments made in Q1 related to the compliance settlements. Additionally, it reflects gross cash flow from operations of € +3.1 billion and a change in working capital of € -4.6 billion, excluding the penalties. The working capital change mainly reflected a strong decrease in trade liabilities driven by the production rate adaptation while inventories remained stable year-on-year.

Looking at the fourth quarter in isolation, we achieved a noticeable performance improvement. Free cash flow before M&A and customer financing was positive at € +4.9 billion. This reflects the solid number of commercial aircraft deliveries in the quarter of 225, the strong focus on working capital management and also the good cash performance of the Helicopters and Defence and Space Divisions. The Q4 working capital included a positive inventory effect as we were able to reduce the number of finished, but not delivered, aircraft by working closely with our customers.

Given the cash containment measures and the need to prioritise projects, capital expenditures in 2020 declined to around € 1.8 billion, some € 0.6 billion lower than in 2019. Research and Development expenditures were reduced by € 0.5 billion to around € 2.9 billion. While these cuts in investment into our future were significant, they did take into account the need to sustain our delivery performance in a recovery scenario and our innovation power.

We ended the year with a net cash position of € 4.3 billion after being in a net debt position after the second and third quarters. This not only reflects the delivery performance in Q4 but also the necessary cash containment and adaptation measures taken during the year.

“Our strong liquidity position has been key in getting through this crisis.”

**Q. How important was protecting the Company's liquidity?**

Our strong liquidity position has been key in getting through this crisis. We moved very early in the pandemic to protect it by securing credit facilities from financial institutions.

As a reminder, we initially secured a € 15.0 billion supplemental liquidity line to ensure the smooth continuity of our operations. We progressively termed this credit line out by issuing long-term debt securities at favourable rates and by upsizing and extending our € 3 billion revolving credit facility to € 6 billion. By year-end we had reduced our COVID-19 related supplemental liquidity line to € 6.2 billion.

Taking into account our gross cash position and credit facilities, the Company had a liquidity position of above € 30 billion at the end of 2020. Thanks to our strong credit rating, we were nevertheless able to limit gross interest expense in 2020 to € 0.4 billion. Looking ahead, we will strive to maintain strong liquidity and ratings to help navigate the crisis and position us for growth once the situation improves.

**Q. What are your priorities for 2021?**

From my perspective in finance, we need to continue focusing on supporting the Company in its efforts to work through the crisis and deliver on the guidance for the year. We also have to protect our ability to adapt as required and invest in areas such as decarbonised technologies that help us meet our future challenges and remain competitive.

Another great team effort as we saw in 2020 will help us achieve these priorities. Beyond 2021, we remain fully focused on our earnings and free cash flow growth trajectory.

**Revenues  
(€ million)**

49,912

(2019: 70,478)

**EBIT Adjusted  
(€ million)**

1,706

(2019: 6,946)

**EBIT Reported  
(€ million)**

-510

(2019: 1,339)

**Reported loss  
per share<sup>(1)</sup> (€)**

-1.45

(2019: -1.75)

**Free cash flow  
before M&A and  
customer financing  
(€ million)**

-6,935

(2019: 3,509)

1. FY 2020 average number of shares: 783,178,191 compared to 777,039,858 in FY2019.

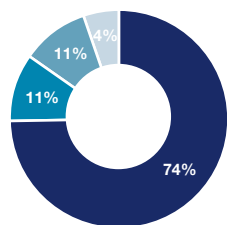


# 2020

## Share information

### Shareholding structure

As of 31 December 2020



- Free float\*
- SOGEPA (French State)
- GZBV (German State)
- SEPI (Spanish State)

\* Includes shares held by the Company itself.

### Financial calendar

#### Full-Year 2020 results:

18 February 2021

#### Annual General Meeting:

14 April 2021

#### First Quarter 2021 results:

29 April 2021

#### Half-Year 2021 results:

29 July 2021

#### Nine-Month 2021 results:

28 October 2021

Investor Relations and  
Financial Communication  
E-mail: [ir@airbus.com](mailto:ir@airbus.com)  
Website: [www.airbus.com](http://www.airbus.com)

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

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

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

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

In Q3, the Airbus SE share price was rather stable. In July, the share price increased in line with the market, on the sentiment of a slowing pace of COVID-19 infections and the Airbus SE H1 2020 results which were well received by the market under the circumstances. After the summer, shares declined again following an increased fear of resurgence of the pandemic, new travel restrictions and the general uncertainty around the US presidential election.

### Share price evolution



Shares recovered in Q4, supported by the announcement of effective vaccines and following a reassuring Nine-Month disclosure, when Airbus SE announced a positive free cash flow (FCF) before M&A and customer financing in the third quarter of 2020 and issued guidance to achieve at least a breakeven FCF before M&A and customer financing in the fourth quarter of 2020.

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

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# Universal Registration Document 2020



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# Universal Registration Document

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

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

In addition to historical information, this Universal Registration Document (“**Registration Document**”) includes forward-looking statements.

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

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

This Registration Document was prepared in accordance with Annex 1 and 2 of Commission Delegated Regulation (EU) 2019/980 and has been filed in English with the *Autoriteit Financiële Markten* (the “**AFM**”) on 26 March 2021 in its capacity as competent authority under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) without prior approval pursuant to Article 9 of the Prospectus Regulation.

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

**Risk Factors**

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**Management's Discussion and Analysis of Financial  
Condition and Results of Operations**

**3**

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**General Description of the Company and its Share Capital**

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**Corporate Governance**

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**General Information**



# Universal Registration Document

2020

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# Risk Factors

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

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.

## 1. Financial Market Risks

### Global Economic Conditions

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

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

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

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

It is a priority to ensure that the Company can attract, develop and retain a world-class competent, motivated and flexible workforce, which fits current and future business requirements

in each of the countries in which we have a presence. A change in economic conditions in any of the geographies in which we have significant numbers of employees or key employees may therefore impact our ability to compete effectively for employees in such countries.

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

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

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

Therefore protracted weak global economic conditions could directly result in:

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

- variations in public spending for defence, homeland security and space activities, which may lead to termination or reduction of future funding or cancellations or delays impacting existing contracts which could negatively impact the Company's results of operations; and
- an increase in the amount of sales financing that the Company is requested to provide to its customers to support aircraft deliveries typically secured over the underlying aircraft and bearing exposure to the customer credit risk. See "– Risk Factors – Financial Market Risks – Sales Financing Arrangements".

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

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

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

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

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

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

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

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

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

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

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

The cooperation mechanisms agreed upon enable air connectivity between the UK and the EU although airlines will have to adapt to the loss of their existing traffic rights in the other party's territory. With regard to airworthiness specifically,

the Company welcomes the provisions of the TCA, including the creation of joint technical coordination bodies for the effective implementation of the various annexes of the agreement and awaits the finalisation and ratification of a Bilateral Aviation Safety Agreement ("**BASA**") between the EU/EASA and the UK/CAA. The Company's Beluga operations were unaffected by the end of the transition period and the first post-transition period set of wings were delivered from Broughton in the UK to Hamburg in Germany on 4 January 2021, as scheduled.

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

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

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

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

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



## Foreign Currency Exposure

In 2020, 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 2020, the total hedge portfolio with maturities up to 2027 amounts to US\$81.0 billion and covers a major portion of the foreign exchange exposure expected over the period of the operative planning.

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

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

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

See "– Management's Discussion and Analysis of Financial Condition and Results of Operations – 2.1.7 Hedging Activities" for a discussion of the Company's foreign currency hedging strategy. See "– Management's Discussion and Analysis of Financial Condition and Results of Operations – 2.1.2.4 Accounting for Hedged Foreign Exchange Transactions in the Financial Statements" for a summary of the Company's accounting treatment of foreign currency hedging transactions.

## Sales Financing Arrangements

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

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

The Company's sales financing arrangements expose it to 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 eligible to the Covid Corporate Financing Facility of the Bank of England); and
- access to USD funding (through a US\$3 billion US Commercial Paper programme, and a 144A US dollar bond market).

On 23 March 2020, the Company announced measures to bolster its liquidity and balance sheet in response to the COVID-19 pandemic, including a new €15 billion committed

credit facility (the “**New Credit Facility**”), the withdrawal of 2019 dividend proposal with cash value of €1.4 billion, the suspension of voluntary top up pension funding and strong focus on support to customers and delivery.

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

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

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

## Counterparty Credit

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

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

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

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

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

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

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

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

## Pension Commitments

The Company participates in several pension plans for both executive as well as non-executive employees, some of which are underfunded. As of 31 December 2020, the provision for retirement plans and similar obligations amounted to €9.98 billion. For information related to these plans, please refer to the "– Notes to the IFRS Consolidated Financial Statements – Note 32: Post-employment Benefits". Although the Company has recorded a provision in its balance sheet for its share of the underfunding based on current estimates, there can be no assurance that these estimates will not be revised upward in the future, leading the Company to record additional provisions in respect of such plans.

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

## 2. Business-Related Risks

### COVID-19 Risks

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

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

risks and uncertainties resulting from future consequences of the health and economic crisis on operators, airlines, lessors, suppliers and other actors in the air transport industry. See also "– Commercial Aircraft and Helicopter Market Factors" below.

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



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

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

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

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

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

In 2020, the Company delivered 566 commercial aircraft, 34% fewer than in 2019, in line with the Company's adaptation plan. This reflects customer requests to defer deliveries as well as other factors related to the ongoing COVID-19 crisis. In 2020, the Company recorded 115 cancellations. Through the end of February 2021, the Company delivered 53 commercial aircraft and recorded 92 cancellations in 2021.

On 21 January 2021, the Company announced it is updating its production rate planning for its A320 Family aircraft in response to the market environment. The new average production rates for the A320 Family will now lead to a gradual increase in production from the current rate of 40 per month to 43 in Q3 and 45 in Q4 2021. This latest production plan represents a slower ramp up than the previously anticipated 47 aircraft per month from July 2021. The A220 monthly production rate will increase from four to five aircraft per month from the end of Q1 2021 as previously foreseen. Widebody production is expected to remain stable at current levels, with monthly production rates of around five and two for the A350 and A330, respectively. This decision postponed a potential rate increase for the A350 to a later stage.

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

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

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

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

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. The COVID-19 pandemic and resulting health and economic crisis may amplify the impact of these factors.

The factors described above may have a material impact on the commercial aircraft industry and therefore, on the Company’s financial condition and results of operations. In 2020, the commercial aircraft business segment of Airbus recorded total revenues of €34 billion – representing 67% of the Company’s

revenues. See “– Information on the Company’s Activities – 1.1.2 Airbus (Commercial Aircraft)”. The significant growth of our commercial aircraft business relative to our Defence, Space and Government activities has diluted the latter’s ability to serve as an effective tool to counter commercial cycles.

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

## Cyber Security Risks

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

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

All of the above mentioned risks are heightened in the context of the increasingly common use of digital solutions by the Company (including greater use of cloud services, mobile devices, “internet of things”), increasingly capable adversaries and integration with the extended enterprise. Risks related to the Company’s industrial control systems, manufacturing processes and products are growing with the increase of interconnectivity and digitalisation. Moreover, a main challenge is to maintain an

appropriate level of security of complex and legacy industrial systems to face attacks from hackers who are improving their techniques and skills at incredible speed.

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

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

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

## Physical Security, Terrorism, Pandemics and Other Catastrophic Events

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

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

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

## Dependence on Key Suppliers and Subcontractors

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

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

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

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

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

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

## Industrial System Adaptation

As a result of the COVID-19 pandemic and the resulting health and economic crisis and its impact on airlines operations, deliveries of aircraft have been adapted, leading the Company to reduce production rates. In 2020, the Company adapted the production rates on A320 family to rate 40 per month, on the A350XWB programme to rate 5, on the A330 programme to rate 2, and on the A220 programme to rate 3 in Mirabel and to rate 1 in Mobile. In January 2021, the Company announced it is updating its production rate planning for its A320 family aircraft to rate 43 in Q3 2021 and rate 45 in Q4 2021. The Company will continue to monitor and adapt according to traffic evolutions. Hence, the Company is engaged in a process to adapt its industrial set-up to the new rates. This process is addressing the resource adaptation (headcount, skills and competencies) and the fixed cost reduction (industrial facilities, IT systems) which, in case of non-sufficient decrease, would affect production

costs. It has to ensure as well that the lead time increase, as an effect of rate reduction, will be fully compensated by industrial adaptations hence protecting inventory level and lead-time between Aircraft configuration chosen by our customer and Aircraft delivery. This encompasses the full industrial process from supply chain (including raw material, subcontracted work packages, equipment, etc.) to aircraft delivery. In this process, the Company focuses attention on quality industrial adherence. All of these adaptations within industrial assets and resources will have to be led in due balance to remain compatible with further ramp-up needs to cope with airline future demand.

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

## Technologically Advanced Products and Services

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

Certain of the Company's contracts require it to forfeit part of its expected profit, to receive reduced payments, to provide a replacement launch or other products or services, to provide

cancellation rights, or to reduce the price of subsequent sales to the same customer if its products fail to be delivered on time or to perform adequately. No assurances can be given that performance penalties or contract cancellations will not be imposed should the Company fail to meet delivery schedules or other measures of contract performance – in particular with respect to development programmes such as the A220, A350-900 and -1000 XWB, A400M, H175, H160 or Ariane 6 and to modernisation programmes such as the A320neo and the A330neo. See "– Programme-Specific Risks" below.

In addition to the risk of contract cancellations, the Company may also incur significant costs or loss of revenues in connection with remedial action required to correct any performance issues detected in its products or services. See "– Management's Discussion and Analysis of Financial Condition and Results of Operations – 2.1.1.3 Significant programme developments in 2018, 2019 and 2020 and other financial topics".



Moreover, to the extent that a performance issue is considered to have a possible impact on safety, regulators could suspend the authorisation for the affected product or service.

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

## Dependence on Public Spending and on Certain Markets

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

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

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

## Availability of Government and Other Sources of Financing

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

On 18 October 2019, the US imposed, among other targeted goods, a tariff of 10% on new aircraft exported from the European Union to the US. On 14 February 2020, the USTR announced the US is increasing the additional duty rate imposed on aircraft imported from the EU to 15%, effective 18 March 2020. On 30 December 2020, USTR announced the US would impose a tariff of 15% on imports of aircraft manufacturing parts from France and Germany delivered to the final assembly line in Mobile, Alabama. The tariffs could have a material impact on the Financial Statements, business and operations of the Company. Duties on the importation of the Company's products into the US could result in (i) increased costs for the aerospace and airline industries as well as other industries that rely on air transport, (ii) weakening demand for new aircraft and negatively affecting the financial condition of air carriers and lessors, (iii) decisions to defer, reject or reschedule the delivery of new aircraft or limit the routes upon which new aircraft will be used, (iv) increased costs to consumers, and/or (v) damage to the Company's business or reputation via negative publicity adversely affecting the Company's prospects in the commercial market place. See WTO in "– Legal Risks – Legal and Regulatory Proceedings" and "– Information on the Company's Activities – 1.1.7 Legal and Arbitration Proceedings".

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

On 5 March 2021, the EU and US announced they would suspend all tariffs related to the WTO aircraft disputes for a four-month period.

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

## Competition and Market Access

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

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

share or profit. See "– Environment, Human Rights, Health & Safety Risks – Climate-Related Risks" below.

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

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

## Major Research and Development Programmes

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

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

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

Successful development of new programmes also depends on the Company's ability to attract and retain aerospace engineers and other professionals with the technical skills and experience required to meet its specific needs. Demand for such engineers may often exceed supply depending on the market, resulting in intense competition for qualified professionals.

The Company's attrition rate in 2020 was 5.8% overall (including subsidiaries) and 9.4% in subsidiaries only (compared to 4.4% overall and 8.43% in subsidiaries only in 2019). There can be no assurances that the Company will attract and retain the personnel it requires to conduct its operations successfully and in particular to attract and retain aerospace engineers and other professionals with the technical skills and experience required for its research and development programmes. Failure to attract and retain such personnel or an increase in the Company's employee turnover rate could negatively affect the Company's financial condition and results of operations more generally and particularly its ability to successfully execute its research and development programmes.

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

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



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

In the context of the post-Brexit relationship between the UK and the European Union, there is a risk that the Company might lose access to pooled expertise and knowledge and could face disruptions within its interdependent and extensively integrated

research and innovation networks across the UK and the European Union countries. The Company may also face lack of certainty with respect to intellectual property rights for existing or new programmes and established or potential partnerships with private or public organisations, academic institutions and research councils, charities and government departments, where the relevant intellectual property frameworks or user-rights/ownership governing those relationships is dependent on the UK's former status as a member state of the European Union.

## Acquisitions, Divestments, Joint Ventures and Strategic Alliances

As part of its business strategy, the Company may acquire or divest businesses and/or form joint ventures or strategic alliances. Executing acquisitions and divestments can be difficult and costly due to the complexities inherent in integrating or carving out people, operations, technologies and products. There can be no assurance that any of the businesses that the Company intends to acquire or divest can be integrated or carved out successfully, as timely as originally planned or that they will perform well and deliver the expected synergies or cost savings once integrated or separated. In addition, regulatory, administrative or other contractual conditions can prevent transactions from

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

## Public-Private Partnerships and Private Finance Initiatives

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

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

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

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

## Programme-Specific Risks

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

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

- adapt to rate and stabilise operational performance post-COVID-19 while maintaining high safety and quality standards;
- monitor and support the supply chain;

- accompany customers and facilitate deliveries to customers including by remote delivery process;
- ensure a strong customer focus to support return to operations; and
- protect priority projects and deliver developments as per revised plan including A321XLR, A350 Step7 (Standard 2022), Airspace, A330-800, A330-900 251t MTOW, and Digital (DDMS and Skywise).

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

**A400M programme.** After the Company signed a contract amendment to restructure the contract, risks remain on development of technical capabilities (development effort as well as possible commercial agreement associated costs in order to reach Type Acceptance) and the associated costs, on securing sufficient export orders in time, on aircraft operational reliability in particular with regards to 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, reduce recurring costs to improve competitiveness within a widebody market recovering at a slower pace and deliver Step 7 as per adapted plan. Decisions on further rate adaptation will depend on traffic evolution.

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

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

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

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

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

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

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

**Border security.** In connection with border security projects, the Company faces the following main challenges: meeting the schedule and cost objectives taking into account the complexity of the local infrastructures to be delivered and the integration of commercial-off-the-shelf products (radars, cameras and other sensors) interfaced into complex system networks; assuring efficient project and staffing; managing the rollout including subcontractors and customers. Negotiations on change requests in this respect along with schedule re-alignments remain ongoing. However, the repeatedly prolonged suspension of defence export licenses to Saudi Arabia by the German Government has significantly impacted the Company's ability to deliver the project and is still significantly jeopardising the customer relationship. As a result of the consequential inability of the Company to execute the full scope of the customer contract, a revised Estimate at Completion (EAC) was performed. As a result a €221 million impairment charge mainly on inventories on top of a €112 million financial expense related to hedge ineffectiveness, have been recognised as of 30 September 2019. The Company continues to engage with its customer to agree a way forward on this contract. The outcome of these negotiations is presently unclear but could result in significant further financial impacts.

## 3. Legal Risks

### Legal and Regulatory Proceedings

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

For example, the WTO litigation, which is described in “– Business-Related Risks – Availability of Government and other Sources of Financing”, is ongoing. For further information on the WTO litigation and trade dispute, see “– Information on the Company’s Activities – 1.1.7 Legal and Arbitration Proceedings” (WTO).

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, see “– Information on the Company’s Activities – 1.1.7 Legal and Arbitration Proceedings” (Investigation by the SFO, PNF, DoJ, DoS and Related Commercial Litigation).

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

In addition, the Company is from time to time subject to government inquiries and investigations of its business and competitive environment due, among other things, to the heavily regulated nature of its industry. In addition to the risk of an unfavourable ruling against the Company, any such inquiry or investigation could negatively affect the Company’s reputation and its ability to attract and retain customers and investors, which could have a negative effect on its business, results of operations and financial condition. See “– Non-Financial Information – Exemplify Business Integrity – 1.2.5 Ethical Business Practices”.

### Anti-Corruption Laws and Regulations

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

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

In 2016, for example, the Company announced that it had discovered misstatements and omissions in certain applications for export credit financing for the Company’s customers, and had engaged legal, investigative and forensic accounting experts to conduct a review. Separately, the UK SFO announced that it had opened a criminal investigation into allegations of

fraud, bribery and corruption in the civil aviation business of the Company, relating to irregularities concerning third party consultants. The Company was subsequently informed that the French authorities, the PNF, had also opened a preliminary investigation into the same subject and that the two authorities will act in coordination going forward. The Company engaged with the government of the US (DoS and DoJ) relating to conduct forming part of the SFO/PNF investigation that could fall within US jurisdiction. The Company also engaged with the government of the US concerning potential issues of ITAR Part 130 and related matters. On 31 January 2020, the French and UK courts and US court and regulator approved an agreement reached by the Company with the authorities. Any breach of the terms of the agreements by the Company could lead to rescission by the authorities of the terms of the agreements and reopening of the prosecutions. Prosecution could result in the imposition of further monetary penalties or other sanctions including additional tax liability and could have a material impact on the Financial Statements, business and operations of the Company. The agreements reached with authorities may lead to additional commercial litigation and arbitration against the Company and tax liability in the future, which could have a material impact on the Financial Statements, business and operations of the Company. For further information, see “– Information on the Company’s Activities – 1.1.7 Legal and Arbitration Proceedings”.



## Export Controls Laws and Regulations

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

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

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

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

## Dependence on Joint Ventures and Minority Holdings

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

The formation of partnerships and alliances with other market players is an integral strategy of the Company, and the proportion of sales generated from consortia, joint ventures and equity

holdings may rise in future years. This strategy may from time to time lead to changes in the organisational structure, or realignment in the control, of the Company's existing joint ventures.

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

## Product Liability and Warranty Claims

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

The Company follows a policy of seeking to transfer the insurable risk of the Company to external insurance markets at reasonable rates, on customised and sufficient terms and limits as provided by the international insurance markets. The insurance industry remains unpredictable. There may be future demands to change

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

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

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

## Intellectual Property

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

The Company relies upon patents, copyright, trademark, confidentiality and trade secret laws, and agreements with its employees, customers, suppliers and other parties, to establish and maintain its IP rights in its products and services and in its operations. In a typical year, the Company files around 800 new priority-establishing patent applications and files globally around 1,600 national patent applications in global markets where it seeks to protect its technology assets. The Company has granted patents for around 10,500 individual technologies with nearly 4,000 patents pending. This level of protection is benchmarked against peer and competitor companies and is considered sufficient to protect core, proprietary differentiating technology which is developed by the Company. Despite these efforts to protect its IP rights, any of the Company's direct or indirect IP rights could be challenged, invalidated or circumvented. Further, the laws of certain countries do not protect the Company's proprietary rights to the same extent as the laws in Europe and the US. Therefore, in certain jurisdictions the Company may be

unable to protect its proprietary technology adequately against unauthorised third-party copying or use, which could adversely affect its competitive position. The Company may also face lack of certainty with respect to 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. Environment, Human Rights, Health & Safety Risks

### Climate-Related Risks

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

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

### Transition Risks

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

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

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

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

**Policy and Legal:** Aviation is a complex industry, with long product development cycles and where change takes a long time to be implemented. A rapid evolution of climate-related policies (such as carbon pricing policies and sustainable aviation fuel policies) and regulatory frameworks (CO<sub>2</sub> 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.

## 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

**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.

risk and claims against the Company that may result will also need to be managed and may lead to additional health and safety expenditure being required. In 2020, the Company introduced stringent COVID-19 risk management measures in the workplace. However, Company employees have inevitably faced additional physical and mental ill-health risks due to the COVID-19 crisis. The COVID-19 pandemic and associated public health controls, combined with reduced social contact, has led to health, financial and social uncertainty for many individuals. Environmental protection expenditures include costs to prevent, control, eliminate or reduce emissions to the environment, waste management, the content of the Company's products, and reporting and warning obligations. Current trends indicate that regulatory pressure on the international scene to reduce the environmental footprint of industry is steadily growing (circular economy and resources efficiency, energy transition and climate change engagement, air and water quality improvement). Moreover, new laws and regulations, the imposition of tougher license requirements, increasingly strict enforcement or new



interpretations of existing laws and regulations may cause the Company to incur increased capital expenditure and operating costs in the future in relation to the above, which could have a negative effect on the Company's business, results of operations and financial condition.

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

In addition, the various products manufactured and sold by the Company must comply with relevant health, safety and environmental laws, for example those designed to protect customers and downstream workers or communities, and those covering substances and preparations, in the jurisdictions in

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

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

The Company cannot predict at this time, the impact on it as a result of environmental, human rights, health and safety matters, and may be adversely affected by them in the manner described above. For further information on sustainability-related risks, see "– 1.2. Non-Financial Information – 1.2.1 The Company's Approach to Sustainability".

# 1

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## Information on the Company's Activities

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# 1.1 Presentation of the Company

## 1.1.1 Overview

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

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.

### Strategy

2020 has been an unprecedented year for the aviation industry across the globe. The COVID-19 outbreak has demonstrated how severely and fast black swan events can impact the business. In this new environment, the purpose **"We pioneer sustainable aerospace for a safe and united world"** and the key elements of the strategy will support Airbus to focus its efforts around what Airbus contributes to the future.

1. **Continue to Grow Airbus as an Aerospace and Defence leader**
2. Leveraging its European roots while **pursuing a Global reach** through local actions
3. **Continue to Invest in the Future** and in an evolving and competitive environment through the right combination of growth, profitability and resilience
4. **Lead the Transformation of the Aerospace Industry** to meet progressing Environmental, Societal and Governance standards

The strategy answers: 1) what kind of leadership the Company bases its success on, 2) how the Company defines its local and international role, 3) how the Company secures resources to invest in this global leadership, and 4) what role it will take in transforming the industry in line with environmental, social and governance standards going forward.

#### 1. Continue to Grow Airbus as an Aerospace and Defence Leader

Leadership today is not a guarantee for leadership tomorrow. It's the belief of the Company that winning in the future needs to be earned through continuous pioneering both on and around our current portfolio as well as when preparing the future generation products and related services. All executed with the highest quality and safety standards possible.

#### 1.1 Keep Current Portfolio Young and Competitive

Airbus financial success is strongly linked to capitalising on Airbus current commercial aircraft portfolio through incremental improvements. Airbus estimates that all current products have a substantial upside leading to exceptional longevity. This has been done visibly through NEO versions of A320 and A330 and stretches such as the A321XLR, but also in small steps every day on every product. The A330neo and the A350 XWB both deliver high levels of fuel efficiency (25% saving in fuel consumption compared to previous generation aircraft), accelerated pilot onboarding (all wide-body aircraft benefit from a common type rating making pilot training shorter, smoother and lower cost), and dream-inducing comfort through the exclusive Airspace cabin, setting a modern benchmark in passenger comfort and wellbeing.

Airbus' aircraft are also very well suited to serve freighter and VIP markets and are proven to be competitive in selected military niches. With the same logic, the helicopter portfolio expands through military versions of successful commercial products. In the military field, Eurofighter has a performance today beyond customer's initial targets through intelligent upgrades, and remains a very strong competitor for export markets.

#### 1.2 Pioneering for the Next Generation

In preparing their succession, the quest for sustainability will be the game changer that secures continuation of the larger purpose; to unite the world. This quest will fundamentally change aerospace. Not since the introduction of the jet engine has the industry been in front of such a challenge, in particular around new energy sources. However new certification challenges, new materials, new designs, new industrial processes, new business models will also be assessed and could be a source of opportunity. In short, Airbus targets to set the standards and mature the technologies of sustainable aviation.

#### 1.3 Build Advantages through a Broad Span within Aerospace and Defence

The synergy of a broad portfolio and the resilience it brings is at the core for Airbus now and also in the future. Most aerospace players nurture a substantial defence and space element in their portfolio to gain synergies and increase stability. For Airbus this is also the path, with the commercial aircraft, helicopters, defence and space activities all part of the portfolio. Hence governmental/military and commercial business, product and services, fixed wing and rotary, satellites and launchers, self and customer funded are elements balancing the market variations, bringing synergies as well as the investment cycles.

Additionally, as Digital Design, Manufacturing & Services require similar capabilities across aerospace segments, owning a broad portfolio delivers flexibility in resource allocation and reuse of investments in core capabilities. It is also vital, as seen in the COVID-19 crisis to have strong and complementary businesses alongside commercial aviation within its portfolio.

#### 1.4 Expand as a Leader Towards New Territories

Urban Air Mobility (“UAM”) is in the forefront of a revolution to make mobility a three dimensional play in the future. Hence capturing growth in new Vertical Take-Off and Landing (“VTOL”) / UAM markets on both platforms and services is a major contribution to the helicopter strategy. For defence, the Air and Space power, combining aircraft, unmanned systems and space assets managed with a cloud structure for command and control, will revolutionise performance of Airbus’ customers defence needs. In commercial, the quest towards climate neutral solutions will be the game changer.

### 2. Leveraging its European Roots while Pursuing a Global Reach through Local Actions

In the past 50 years Airbus went from being a cooperation of local aerospace companies in four European countries to a global leader in commercial aerospace with a strong foothold in defence and space. The ability of industrialists in Europe to work together towards a common goal of creating one leading player in commercial aerospace was decisive to the success story of the Company. Such European vision obviously includes the UK as one of its founding countries.

No aerospace and defence company is more culturally and humanly diverse than Airbus. About 140 nationalities make up the Company’s workforce and over 20 languages are spoken, reflecting the diversity of its global market and customer base. This is a key strength of the Company in addressing global markets. Airbus has built on its strong European heritage to become truly international – with roughly 180 locations and more than 1,000 direct suppliers globally. The Company has aircraft and helicopters final assembly lines across Asia, Europe and the Americas.

### 3. Continue to Invest in Airbus’ Future in an Evolving and Highly Competitive Environment through the Right Combination of Growth, Profitability and Resilience

Aerospace is a major backbone of the global economy and a vital service to people and businesses. Resilience through having sufficient funds available to withstand the first shock; close cooperation with stakeholders to ensure that the overall travel value chain survives; seamless coordination along the supply-chain to detect issues rapidly; reinforcement of balance sheet to continue investing in future competitiveness; are all core to ensure the industry keeps delivering its purpose to the world economy.

The Company believes that the way to remain attractive to investors, employees and society at large is to be at the forefront of innovations and to lead in the global market. This requires discipline on both revenues and the cost base throughout all businesses to gain sufficient volume and profitability to continuously drive the industry forward as a leader. Having successfully increased revenue and profit in recent years, continuous improvement is a must to further support Airbus’

resilience and prepare for future investments. As the Company delivers on its strategy as a leader with European roots and global reach, the Company is uniquely positioned to pioneer this industry, deepen the intimacy with its customers, expands its role in Defence, Space and Helicopters whilst delivering shareholder returns in line with market expectations.

### 4. Lead the Transformation of the Aerospace Industry to Meet Emerging Environmental, Societal and Governance Standards

In essence aviation’s licence to grow in the future is linked to sustainability. Improving the environment is at the top of agendas throughout the world. While one may argue for limiting mobility, the Company believes the solution should not hinder connecting and uniting people around the world. Making the world a smaller and more transparent place to live makes it safer and more interesting for all. Discover, learn, share and keep safe are part of basic human needs and a guiding star for the Company. Air travel brings prosperity through the connections it makes. One in ten jobs around the world is in the travel and tourism industry, and aircraft are the veins in this system. Prosperity is required to deliver the climate neutral transformation of the industry. Hence, the purpose of the Company is to find ways to combine travel and uniting people in a sustainable and safe way. On top, social sustainability and good governance are also integral parts and key to manage the Company’s vision for a sustainable future.

Airbus’ business is deeply connected with Environmental, Social, and Governance (“ESG”) objectives. The Company believes having more to offer society and need to be continuously aware of its broader impacts.

#### 4.1 Lead the Journey towards Clean Aerospace

Airbus and the industry at large must ultimately determine ways to eliminate the impact of the aviation industry on climate. This must be achieved by the current generation. It’s expected by the flying public and by society at large. Working with Aviation bodies Airbus strives to set the industry on a strong path to the lowest climate impact solutions as part of its commitment to the Paris Agreement. The Company is rising to the challenge of climate change and targets to significantly reduce the climate impact of the aviation sector.

Two main routes are currently followed in parallel to lead the transition of the aviation industry to the lowest climate impact solution. Success in both routes is necessary to reach climate targets. Within Airbus they are named eFuel, sustainable aviation fuel, and ZEROe (zero-emission) through new hydrogen powered aircraft solutions.

**eFuel.** Focus is on how to increase SAF developments as this will play a key role in reducing the environmental footprint of the aviation industry. Production, distribution and ways to make it affordable are all part of this route. The Company has already successfully established SAF flights out of Hamburg with its Beluga transport aircraft since December 2019 and now also introduces SAF in the delivery of aircraft to customers. However, volume and pricing of SAF is still far from where it needs to be today to go mainstream.

**ZEROe.** The Company revealed three concepts for the world’s first zero-emission commercial aircraft in September 2020. These concepts each represent a different approach to achieving zero-emission flight, exploring various technology pathways and

aerodynamic configurations in order to support the Company's ambition of leading the way in bringing the lowest possible climate impact solutions to the aviation industry.

Beyond the aircraft itself, in order to tackle these challenges, airports will also require significant hydrogen transport and refuelling infrastructure to meet the needs of day-to-day operations.

The Company's ambition is to enter into commercial service the first zero-emission aircraft by 2035.

#### 4.2 Build our Business on the Foundation of Safety

Safety cannot be compromised. That's why the number one priority for the Company is safeguarding those who interact with its services and everyone (and everything) that flies aboard or interacts with one of its products. To this end, the Company tackles the product safety approach end to end, and the Company aims to exceed industry standards, focus on safety enhancements in its product line, and support the safe operation of all its products.

As for employee health and safety, the Company aims to permanently and sustainably transform the way the Company thinks and acts in regards to health and safety in the workplace. For the Company it's about more than preventing occupational accidents, and it applies to everyone impacted by the business.

Beyond product and people safety, the Company supports national customers with solutions in their role of guaranteeing safety to their overall populations.

#### 4.3 Respect Human Rights and Foster Inclusion

The Company's respect for human rights is an essential part of responsible business conduct in its business activities and throughout the value chain. The Company believes that everyone who works either for or with the Company contributes to its continued innovation, creativity, and business success. Therefore, it's imperative that the Company fosters empowerment, collaborative working, inclusiveness and diversity to enable a workplace to which people can bring their best selves. The Company ensures that its employees have access to a wealth of education and employee mobility opportunities to grow their skills because the Company strongly believes a more-educated workforce is a more-empowered workforce.

#### 4.4 Exemplify Business Integrity

As the Company's operations span across more than 100 countries, it has a clear obligation to act in conformity to laws and regulations wherever the Company is in the world. The Company conducts its business ethically, based on its values, and not only in compliance with laws and regulations. Furthermore, the Company strives for a culture of integrity in its people, partners and suppliers.

In an effort to improve accountability, the Company is strengthening its current compliance programmes and with the intention to become a benchmark in this area. To this end, the Company has established a dedicated Ethics & Compliance programme and organisation, ensuring that ethical and compliant behaviour is deeply embedded throughout the Company, supported by clear Code of Conduct and Integrity Principles. The Company has an enhanced anti-corruption policy and has conducted more than 160,000 awareness training in the past three years alone.

## Organisation of the Company's Businesses

The Company has organised its businesses into the following three operating segments: (i) Airbus, (ii) Helicopters and (iii) Defence and Space. The chart set out in "– General Description of the Company and its Share Capital – 3.3.6 Simplified Group Structure Chart" illustrates the allocation of activities.

### Airbus (Commercial Aircraft)

Airbus is one of the world's leading aircraft manufacturers of passenger and freighter aircraft and related services.

In 2020, Airbus delivered 566 aircraft (compared to 863 deliveries in 2019) and received 383 gross orders (compared to 1,131 gross orders in 2019). After accounting for cancellations, net order intake for 2020 was 268 aircraft (compared to 768 aircraft in 2019). As of 31 December 2020, Airbus's backlog of commercial orders was 7,184 aircraft (compared to 7,482 aircraft in 2019).

In 2020, Airbus (Commercial Aircraft) recorded total revenues of €34.25 billion – representing 67% of the Company's revenues. See "– 1.1.2 Airbus".

### Helicopters

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

Airbus Helicopters delivered 300 helicopters in 2020 (332 in 2019) and received 268 net orders in 2020 (compared to 310 net orders in 2019). Order intake amounted to €5.52 billion (2019: €7.18 billion). Military contracts accounted for 59% of this order volume, with civil sales representing the remaining 41%. At the end of 2020, Airbus Helicopters order book stood at 663 helicopters (2019: 695 helicopters).

In 2020, Airbus Helicopters recorded total revenues of €6.25 billion, representing 12% of the Company's revenues. See "– 1.1.3 Helicopters".

### Defence and Space

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

Airbus Defence and Space is organised in four Programme Lines: Military Aircraft; Space Systems; Connected Intelligence and Unmanned Aerial Systems. Airbus Defence and Space develops, produces and maintains cutting-edge products, systems and services, enabling governments, institutions and commercial customers to protect people and resources.

In 2020, Airbus Defence and Space recorded total revenues of €10.4 billion, representing 21% of the Company's revenues. See "– 1.1.4 Defence and Space".



## Summary Financial and Operating Data

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

### REVENUE BY BUSINESS SEGMENT

<i>(In € million)</i>	2020	2019	2018
Airbus	34,250	54,775	47,970
Airbus Helicopters	6,251	6,007	5,934
Airbus Defence and Space	10,446	10,907	11,063
<b>Subtotal segmental revenue</b>	<b>50,947</b>	<b>71,689</b>	<b>64,967</b>
Eliminations <sup>(1)</sup>	(1,035)	(1,211)	(1,260)
<b>Total</b>	<b>49,912</b>	<b>70,478</b>	<b>63,707</b>

(1) "Eliminations" comprise activities not allocable to the Reportable segments, combined together with consolidation effects.

### ORDER INTAKE BY BUSINESS SEGMENT

	2020		2019		2018	
	<i>(In € billion)</i>	<i>(In percentage)<sup>(1)</sup></i>	<i>(In € billion)</i>	<i>(In percentage)<sup>(1)</sup></i>	<i>(In € billion)</i>	<i>(In percentage)<sup>(1)</sup></i>
Airbus	16.1	48.1%	65.8	80.7%	41.5	73.7%
Airbus Helicopters	5.5	16.4%	7.2	8.8%	6.3	11.3%
Airbus Defence and Space	11.9	35.5%	8.5	10.5%	8.4	15.0%
<b>Subtotal segmental order intake</b>	<b>33.5</b>	<b>100%</b>	<b>81.5</b>	<b>100%</b>	<b>56.3</b>	<b>100%</b>
Eliminations	(0.2)		(0.3)		(0.8)	
<b>Total</b>	<b>33.3</b>		<b>81.2</b>		<b>55.5</b>	

(1) Before "Eliminations".

### ORDER BACKLOG BY BUSINESS SEGMENT

	31 December					
	2020		2019		2018	
	<i>(In € billion)</i>	<i>(In percentage)<sup>(1)</sup></i>	<i>(In € billion)</i>	<i>(In percentage)<sup>(1)</sup></i>	<i>(In € billion)</i>	<i>(In percentage)<sup>(1)</sup></i>
Airbus	324.7	86.8%	424.1	89.7%	411.7	89.1%
Airbus Helicopters	15.8	4.2%	16.6	3.5%	14.9	3.2%
Airbus Defence and Space	33.5	9.0%	32.3	6.8%	35.3	7.7%
<b>Subtotal segmental order backlog</b>	<b>374.0</b>	<b>100%</b>	<b>473.0</b>	<b>100%</b>	<b>461.9</b>	<b>100%</b>
Eliminations	(0.9)		(1.5)		(2.4)	
<b>Total</b>	<b>373.1</b>		<b>471.5</b>		<b>459.5</b>	

(1) Before "Eliminations".

## Relationship between Airbus SE and the Company

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

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

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

### 1.1.2 Airbus (Commercial Aircraft)

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

Airbus' global presence includes activity in Europe (France, Germany, Spain and the UK), as well as in Canada, and more globally at fully-owned subsidiaries in the US, China, Japan, India and in the Middle East. Airbus also has spares centres as well as engineering and training centres worldwide. There are also hubs and field service stations around the world. Airbus also relies on industrial co-operation and partnerships with major companies and an extensive network of suppliers around the world.

#### Strategy

Airbus' purpose “We pioneer sustainable aerospace for a safe and united world” and the key elements of the strategy will support Airbus to focus its efforts and make a sustainable contribution to the future.

Airbus aims to keep its current commercial aircraft portfolio young and competitive through incremental improvements, while at the same time pioneering for the next generation. In preparing the succession, the quest for sustainability will be the game changer. Airbus targets to set the standards towards the lowest climate impact solutions and mature the technologies of sustainable aviation. Sustainable Aviation Fuel (“SAF”) will play a key role in reducing the environmental footprint of the aviation industry. Hydrogen is part of the solution. In September 2020, the Company revealed three concepts for the world's first zero emission commercial aircraft.

Aerospace is a major backbone of the global economy and a vital service to people and businesses. Airbus will continue to invest in its future in an evolving and highly competitive environment through the right combination of growth, profitability and resilience. Airbus intends to further strengthen the industrial set-up and industrial flow. The further transformation of the industrial value chain will ultimately improve quality, competitiveness, agility and sustainability of the entire ecosystem. As seen in the COVID-19 crisis, it is vital to have strong and complementary businesses alongside commercial aviation within its portfolio.

For further information, see “– 1.1.1 Overview - Strategy” and “– 1.2 Non-Financial Information – 1.2.2 Lead the Journey towards Clean Aerospace – Environment”.

#### Market

##### Market Drivers

In the long term the main factors affecting the commercial aircraft market include passenger demand for air travel, airline pricing policies and resultant yields, cargo activity, economic growth cycles, evolution of fuel price, national and international regulation, the rate of replacement and obsolescence of existing fleets, the availability of aircraft financing sources and market evolutionary factors. The performance, competitive posture and strategy of aircraft manufacturers, airlines, cargo operators and leasing companies as well as wars, political unrest, pandemics and extraordinary events may also precipitate changes in demand and lead to short-term market imbalances. For further information, see “– Risk Factors – Business-Related Risks – Commercial Aircraft and Helicopter Market Factors”.

2020 has been an unprecedented year for the aviation industry due to the COVID-19 pandemic. After global air traffic reached a low point in April, domestic travel started to recover slowly until after the summer, albeit at a very different pace between regions. The recovery came to a halt in the last quarter. International traffic remained weak throughout the year. Overall, passenger air traffic – measured in RPKs – declined by 66% in 2020 versus 2019 according to IATA.

At the beginning of 2021, with the emergence of new virus variants, many countries including China have further tightened travel restrictions adversely impacting worldwide traffic below pre-COVID-19 levels.

The impact of the pandemic and its associated travel limitations and restrictions was deep and immediate, firstly upon airlines and airports and flowing quickly into the supply of aircraft and associated services. Based on assessments of key factors such as the international response to the pandemic, the development and accessibility of vaccines and subsequent easing of travel limitations and restrictions, and the consequences for economic recovery and passenger perceptions, current projections suggest that domestic air travel will be the first to recover followed by regional travel. Long-haul international travel (mostly operated by widebody aircraft) will take longer to recover, hindered in some cases by the potential for lingering border restrictions.

Despite the severity and speed at which this downturn impacted the industry in 2020, Airbus delivered 566 new aircraft to 87 customers and achieved a net order intake of 268 aircraft. At the end of 2020 Airbus maintained a firm order backlog of 7,184 aircraft, just over 80% from the A320 family.

The Company continues to expect the commercial aircraft market to return to pre-COVID levels between 2023 and 2025 and that the pandemic has not structurally changed the long-term market for commercial aircraft.

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

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

The fundamental drivers behind the need for air transport remain unchanged, as a means for enabling physical links between peoples and distribution of goods at a global scale. However it is an activity which must be conducted in a sustainable manner, and Airbus is committed to pioneering sustainable aviation. As more governments pass legislation to drive towards net-zero emissions of carbon dioxide, aviation will play its part. Airbus is focused on providing more fuel efficient aircraft for fleet replacement and growth.

Through its analysis Airbus continues to believe in the long-term growth potential of our industry, with a continuing drive to the sustainable operation of commercial aircraft aimed at meeting the needs of both the environment and air passengers in the coming years.

**Growth and Replacement.** Air transport is a global industry and demand for aircraft is subject to differences in the performance of national and regional economies as well as the evolution of energy costs. However aircraft are liquid assets that can be moved from one region to another and this provides a degree of mitigation to fluctuation of demand.

At the end of 2020, Airbus' backlog was 7,184 aircraft, a reduction of 298 versus the prior year. Close proximity and attentiveness to customer needs has enabled careful management of this backlog to mitigate the effect on production rates from the pandemic, and third-parties financiers have continued to support the delivery of new, more environmentally-efficient aircraft.

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

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

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

Once the air transport industry rebuilds after the COVID-19 crisis, airlines will review their positioning and business models in the frame of restructuring their operations. Airbus expects that existing networks will in the most part be continued, but airlines will also have the opportunity to develop their networks differently having undergone a forced, temporary downsizing. The availability from 2023 onwards of new-generation longer-range single-aisle aircraft such as the A321XLR will provide greater optionality to airlines.

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



## Market Structure and Competition

### Market segments.

Airbus competes in each of the four principal market segments for aircraft with more than 100 seats.

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

“Medium” aircraft typically offer up to 300 seats on routes of up to 5,000 nautical miles. This includes long range versions of the A321, such as A321XLR, as well as the A330 Family.

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

Freight aircraft, which form a fourth, related segment, are a combination of new build and converted ex-passenger aircraft. Converted aircraft are prevalent in the expanding e-commerce market which typically sees relatively low aircraft utilisation. This can provide an economical “second life” for in-service aircraft from the A320 and A330 families. See “– Airbus Canada, Regional Aircraft, Aerostructures, Seats, Aircraft Conversion – EFW”.

Airbus also competes in the corporate, VIP business jet market with the ACJ. The ACJ portfolio is composed of the ACJA319neo, the ACJA320neo, the ACJA330neo and the ACJA350. To complete the ACJ family, Airbus launched, in October 2020, the ACJ220. The entry into service is targeted for 2023.

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

**Competition.** Airbus has been operating in a competitive duopoly since Lockheed's withdrawal from the market in 1984 and Boeing's acquisition of McDonnell Douglas in 1997. As a result, the bulk of the market for passenger aircraft of more than 150 seats have been manufactured by either Airbus or Boeing.

Nevertheless, the high technology and high value nature of the business makes aircraft manufacturing an attractive industry in which to participate, and besides Boeing, Airbus faces international competitors. Embraer, who originally was primarily focused on the regional market, has also focused on the development of larger airplanes. Additionally, other competitors from Russia, Japan and China will enter the 70 to 150 seat aircraft market over the next few years, and today some studying larger types. China is progressing with the development of the COMAC C919.

In February 2020, Airbus SE, the Government of Québec and Bombardier Inc. agreed upon a new ownership structure for the A220 programme, whereby Bombardier transferred its remaining shares in Airbus Canada Limited Partnership (Airbus Canada) to Airbus and the Government of Québec. This agreement brings the shareholdings in Airbus Canada, responsible for the A220, to 75% for Airbus and 25% for the Government of Québec respectively. The Government's stake is redeemable by Airbus in 2026 – three years later than before. As part of this transaction, Airbus, via its wholly owned subsidiary Stelia Aerospace, acquired the A220 and A330 work package production capabilities from Bombardier in Saint-Laurent, Québec.

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

Airbus Canada benefits from Airbus' global reach, scale, procurement organisation and expertise in selling, marketing and producing the A220. Significant production efficiencies are anticipated by leveraging Airbus' production ramp-up expertise. In August 2019, Airbus started manufacturing the A220 also in Airbus' facility in Mobile, delivering its first US-assembled A220-300 aircraft in October 2020.

### Customers

As of 31 December 2020, Airbus had 428 customers and a total of 20,376 aircraft had been ordered, of which 13,192 aircraft had been delivered to operators worldwide. The net backlog stood at 7,184 aircraft.

The table below shows Airbus' largest commitments in terms of total gross firm orders by customer for the year 2020.

Customers	Firm orders <sup>(1)</sup>
AIR LEASE CORPORATION	103
SPIRIT AIRLINES	100
AERCAP	50
CALC	40
BOC AVIATION	20

(1) Options are not included.

## Products

### The Family Concept – Commonality across the Fleet

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

In addition, technological innovation has been at the core of Airbus' strategy since its creation. Each product in the Airbus family is intended to set new standards in areas crucial to airlines' success, such as cabin comfort, cargo capacity performance, economic performance, environmental impact

and operational commonality. Airbus innovations often provide distinct competitive advantages, with many becoming standard in the aircraft industry.

**A220 Family.** Complementing the A320 Family, the A220-100 and A220-300 models cover the segment between 100 and 150 seats and offer a highly comfortable five-abreast cabin. With the most advanced aerodynamics, carbon fiber reinforced polymer (CFRP) materials, high-bypass Pratt & Whitney PW1500G engines and fly-by-wire controls, the A220 delivers 25% lower fuel burn per seat compared with previous generation aircraft. In addition to the airliner versions, 2020 saw the launch of the ACJ Two Twenty business jet, based on the A220-100, combining an intercontinental capability of over 12 hours flight duration with unmatched personal space and comfort. Airbus manufactures, markets and supports A220 aircraft under the Airbus Canada Limited Partnership agreement (*q.v.*) finalised in 2018. In 2020, Airbus delivered the first US-assembled A220-300 aircraft from Mobile, Alabama.

Primary competitors to the A220 Family are the Embraer EMB190-E2 and EMB195-E2 and the Boeing 737 Max 7.

During 2020, Airbus received 64 gross orders for the A220 Family of aircraft and 30 net orders, with 38 aircraft having been delivered.

#### A220 FAMILY TECHNICAL FEATURES (CURRENT VERSION)

Model	Entry-into-service	Passenger capacity <sup>(1)</sup>	Range (km)	Length (metres)	Wingspan (metres)
A220-100	2016	116	6,390	35.0	35.1
A220-300	2016	141	6,297	38.7	35.1

(1) Two-class layout.

**A320 Family.** With more than 15,500 aircraft sold, and nearly 9,700 delivered at the end of 2020, the Airbus family of single-aisle aircraft, based on the A320, includes the A319 and A321 derivatives, as well as the corporate jet family (including new members ACJ319neo and ACJ320neo). Each aircraft in the A320 Family shares the same systems, cockpit, operating procedures and cross-section.

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

Airbus continues to invest in improvements across the product line, as exemplified by the development of the A320neo family, including the A319neo, A320neo, A321neo and ACJ variants of the A319neo & A320neo. The A320neo Family incorporate many innovations including latest generation engines and cabin improvements which together deliver up to 20% in fuel savings compared with earlier A320 family aircraft. The A320neo with Pratt & Whitney engines was the first variant to receive Type Certification, from EASA and FAA, in November 2015, followed by the A320neo with CFM engines in May 2016.

The A321neo with Pratt & Whitney engines received Joint Type Certification in December 2016 and with CFM engines in March 2017. Type Certification for the A319neo with CFM engines was achieved in December 2018 with the Pratt & Whitney engine variant the following year.

The A320neo Family versions have over 95% airframe commonality with the A320ceo (current engine option) versions, enabling them to fit seamlessly into existing A320 Family fleets – a key factor for Airbus customers and operators. All orders for the A318ceo have been met and a full transition to the Neo variants of the other models is nearing completion. Continuing support for the large in-service A320ceo fleet is undiminished as new opportunities arise, including those in the developing passenger-to-freighter conversion market, with the first A321P2F aircraft from the ST Engineering / EFW (*q.v.*) conversion programme entering service with Qantas in 2020.

Recognising a market requirement for increasing range capability, the A321neo has been developed to incorporate additional flexibility in cabin configuration with optional design weight and fuel capacity enhancements to produce the 4,000nm range capable A321LR. In 2019, Airbus launched the A321XLR, combining single-aisle efficiency with widebody range and comfort, and resulting in an unmatched product offering for all operator types in the key mid-range market area.

## 1. Information on the Company's Activities /

### 1.1 Presentation of the Company

Since its launch in December 2010, the A320neo Family has received 7,451 firm orders from more than 100 customers, with a total of 1,617 aircraft delivered to the end of 2020. A320neo deliveries commenced in February 2016 followed by the first A321neo in April 2017 and in August 2019 the first A319neo.

Overall, the A320 family retains a 59% share of the backlog against the Boeing 737 Family.

During 2020, Airbus received 296 gross orders for the A320 Family of aircraft and 263 net orders, with 446 aircraft having been delivered.

#### A320 FAMILY TECHNICAL FEATURES (CURRENT VERSION)

Model	Entry-into-service	Passenger capacity <sup>(1)</sup>	Range (km)	Length (metres)	Wingspan (metres)
A318	2003	107	5,750	31.4	34.1
A319	1996	124	6,950 <sup>(2)</sup>	33.8	35.8 <sup>(3)</sup>
A320	1988	150	6,100 <sup>(2)</sup>	37.6	35.8 <sup>(3)</sup>
A321	1994	185	5,950 <sup>(2)</sup>	44.5	35.8 <sup>(3)</sup>
A319neo	2019 (ACJ)	140	6,850	33.8	35.8
A320neo	2016	165	6,300	37.6	35.8
A321neo	2017	206	7,400	44.5	35.8
A321XLR		206	8,700	44.5	35.8

(1) Two-class layout.

(2) Range with sharklets.

(3) Wingspan with sharklets.

**A330 Family.** With 1,809 aircraft sold (of which 331 A330neo) and 1,511 delivered, the A330 Family covers all market segments with one twin-engine aircraft type and is designed to typically carry between 250 and 300 passengers in three-class configurations or over 400 passengers in high-density. The A330 Family offers high levels of passenger comfort as well as large under-floor cargo areas. The A330-200 version is also offered as a military platform and as a cargo variant. A passenger-to-freighter conversion is offered by the ST Engineering / EFW partnership for both the A330-200 & A330-300, meeting the logistical needs of the rapidly growing e-commerce market.

The latest evolution of the A330 Family is the A330neo (new engine option), comprising the A330-800 and A330-900 versions. These aircraft incorporate latest generation Rolls-Royce Trent 7000 engines and enhanced aerodynamics for improved fuel efficiency. The first flight of the A330-900 took place in October 2017 and both Type Certification and first delivery were achieved in 2018, with TAP Air Portugal taking delivery of its first three A330-900s during the year. Certification and first delivery of the A330-800, to Kuwait Airways, took place during 2020.

The competitors of the A330 Family are the Boeing 767, 777 and 787 aircraft series.

Airbus is continuously developing the A330 Family to keep the aircraft at the leading edge of innovation. From 2021, versions of the A330neo will permit increased take-off weights of up to 251 tonnes, offering a 15,000km range for the A330-800.

#### A330 FAMILY TECHNICAL FEATURES

Model	Entry-into-service	Passenger capacity <sup>(1)</sup>	Maximum range (km)	Length (metres)	Wingspan (metres)
A330-200	1998	247	13,450	58.8	60.3
A330-300	1994	277	11,750	63.7	60.3
A330-800neo	2020	257	15,094	58.8	64
A330-900neo	2018	287	13,334	63.7	64

(1) Three-class configuration.

**A350 XWB Family.** The A350 XWB is a family of wide-body aircraft, designed to typically accommodate between 325 and 400 passengers. The A350 XWB offers enhanced cabin features, Rolls-Royce Trent XWB engines, advanced aerodynamics and systems technology, with more than 50% composite materials in the fuselage structure. The A350 XWB's main competitors are the Boeing 787 and 777 aircraft series. Initial delivery of the A350-900 variant took place in December 2014 to Qatar Airways.

Airlines. Highlighting the type flexibility, Airbus delivered the first A350-900 Domestic to Japan Airlines during 2019.

With the Ultra-Long Range (ULR) version of the A350-900 launched in 2015, the A350 XWB demonstrates its versatility by offering the capability to perform flights of up to 19 hours. The first A350-900 ULR was delivered in September 2018 to Singapore

Partnering the A350-900 is the seven metre longer A350-1000, which was delivered to its first customer, also Qatar Airways, in February 2018. Offering additional capacity for both passengers and cargo without compromising on range, the A350-1000 is the ideal replacement for previous generation aircraft in the 350-400 seat capacity market.

At the end of 2020, the order book for the A350 XWB family stood at 915 aircraft. With 406 aircraft having been delivered, including 59 during the year, the backlog stood at 509.



### A350 XWB FAMILY TECHNICAL FEATURES

Model	Entry-into-service	Passenger capacity <sup>(1)</sup>	Maximum range (km)	Length (metres)	Wingspan (metres)
A350-900	2014	332	15,000	66.8	64.8
A350-1000	2018	375	16,100	73.8	64.8

(1) Three-class layout.

**A380.** The double-deck A380 is the world's largest commercial aircraft flying today. Its cross-section provides flexible and innovative cabin space, allowing passengers to benefit from wider seats, wider aisles and more floor space, tailored to the needs of each airline. The aircraft is capable of carrying 575 passengers in a comfortable four-class configuration over a range of 8,000nm / 14,800km. In 2020, Airbus Commercial Aircraft delivered four aircraft.

In February 2019, following a review of its operations, Emirates announced the intention to reduce its A380 order book from 162 to 123 aircraft. As a consequence and given the lack of order backlog with other airlines, Airbus will cease deliveries of the A380 in 2022, with five aircraft remaining to be delivered from the total order book of 251.

### A380 TECHNICAL FEATURES

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

(1) Four-class layout.

## Customer Services

As the worldwide economy and air travel industry was hit by COVID-19 in 2020, so was the services market: The drastic decrease in air traffic has resulted in a significant decrease in the commercial aftermarket. However, Airbus continues to target to remain at the forefront of the industry by expanding its customer services offering to meet customers' evolving needs. Customer Services' primary mission is to secure safe and efficient aircraft operations thanks to a wide range of customer centric and value-added services.

Airbus provides operators with solutions to reduce their operating costs, increase aircraft availability, and enhance the quality of their operations and passenger experience.

Here are some examples:

- in 2016, full acquisition of Navtech, now re-named Navblue, offering products in the Flight Operations and Air Traffic Management area;
- in 2017, full acquisition of Sepang Aircraft Engineering (SAE), an MRO centre based in Kuala Lumpur, Malaysia, that had been partially owned by Airbus since 2011;
- the Airbus Training network currently counts 18 training network locations around the world; the latest acquisition being a flight training center in Santiago de Chile with SKY (a Chilean-based low-cost carrier) as launch customer for the new Airbus Chile Training Centre;
- in December 2018, Airbus and the French Civil Aviation University, ENAC, have obtained EASA certification for a co-developed Ab-initio Pilot Cadet Training Programme. The first cadets are now trained according to this programme in ab-initio flight schools Escuela de Aviacion Mexico (EAM) in Mexico City and more recently the Airbus Flight Academy Europe (in Angoulême, France);

- acquisition of a start-up – VRnam – to boost innovation for flight training through virtual reality;
- launch of Skywise Digital Alliance (October 2019): Airbus has formed an alliance with Delta Airlines to offer combined fleet management solutions. The alliance aims to include other partners in the near future.

In 2021, Airbus Customer Services will focus on preparing aircraft "return to service". For example, in 2020 Airbus launched the Skywise store, with the apps "Parking & Storage" and "Return To Service (RTS)", to support customers face new operating conditions.

At the same time, Airbus Customer Services will continue to build on existing strengths such as a worldwide network of about 7,000 employees (including subsidiaries) covering all areas of support from technical engineering / operational assistance and spare parts supply to crew and maintenance training. Hundreds of technical specialists provide Airbus customers with advice and assistance 24 hours a day, seven days a week. There are 266 field service representatives positioned in over 100 cities worldwide for on-site assistance to our operators. This worldwide support is also based on an international network of 65 locations to support airlines all around the world, including 13 spares warehouses, offering customers the solutions they need close to their operational base. To ensure this proximity Airbus empowered local teams and developed hubs in the regions, most recently in Asia, China, Africa, Middle East and the US.

To succeed in the new context, Airbus Customer Services will accelerate and amplify the transformation started before the crisis through optimisation and simplification of the organisation and further industrialisation of activities to decrease costs and increase efficiency. Focus will also be on enhancing the value proposition of our products.

## Customer Finance

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

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

In 2020, Airbus continued to benefit from market appetite for both aircraft financing and sale and leaseback lessor opportunities, supported by a sustained level of liquidity available in the market at good rates for Airbus aircraft. Airbus customer financing exposure remained limited in 2020 and in 2019 and decreased compared to 2018. Airbus will continue to provide direct aircraft financing support as it deems necessary. Management believes, based on its experience, that the level of provisioning protecting Airbus from default costs is adequate and consistent with standards and practice in the aircraft financing industry. See "– Risk Factors – Financial Market Risks – Sales Financing Arrangements".

## Asset Management

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

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

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

## Operations

### Industrial Organisation

Airbus' industrial organisation reflects the end-to-end industrial flow in single-aisle and wide-body value streams respectively. Production flows from the supply chain, through constituent and major component (wing, forward and aft fuselage, and nose and centre fuselage) assembly through to final assembly in Toulouse, Hamburg, Tianjin and Mobile. Aircraft are then handed over to programme management for delivery to customers. The industrial flow is secured by Quality and enabled by Procurement as well as four transverse functions responsible to provide the skills, standards and services necessary for (1) smooth industrial planning, logistics and transport, (2) integrated manufacturing engineering, (3) eradication of non-quality, and (4) highest operational excellence and sound performance management.

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

The Quality First initiative launched in the second half of 2019 in Hamburg, with a strong focus on standards and quality gate adherence, was further deployed in 2020 leading to improved quality gate performance along both value streams. The Quality function ensured the granting in 2020 of all necessary EASA certification, POA, DOA, MOA and EN9100 accreditations through compliance to our internal standards and processes and associated audits.

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

As a result of the COVID-19 crisis impacting airline operations, Airbus reduced its production rates for commercial aircraft by around 40% compared to pre-COVID planning for 2020, while retaining its ability to adapt as the situation evolves. The process to adapt its industrial set-up to the new rates addresses resource adaptation, fixed cost reduction and lead time protection. It encompasses the full industrial process from supply chain (raw material, subcontracted work packages, equipment, etc.) to aircraft delivery. This was performed with greatest attention to safety and quality considerations and led to a successful stabilisation of the whole ecosystem from suppliers to own plants and assembly lines at lower rates.

2020 delivery performance and rate evolution:

- A220 family: 38 A220 delivered. The A220 monthly production rate was at 4 a month at the end of 2020. The rate will increase to 5 from the end of Q1 2021.
- A320 family: 446 deliveries achieved, rate adaptation to 40 per month announced in April 2020. The average production rate plan to gradually increase to 43 in Q3 and 45 in Q4 2021.
- A330: 19 deliveries achieved; rate adaptation to 2 per month announced in April 2020.
- A350: 59 deliveries achieved; rate adaptation to around 5 per month announced in July 2020.
- A380: 4 deliveries achieved; programme ramping-down as planned.

## Engineering

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

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

Research & Technology activities continue to deliver incremental innovations for existing aircraft, matured breakthrough technologies, with reinforced focus on industrial aspects. Airbus Engineering is a major contributor to numerous international initiatives dedicated to the preservation of the environment and the reduction of noise and CO<sub>2</sub> emissions. In particular, at Airbus we regard hydrogen as one of the most promising zero-emission technologies to reduce aviation climate impact.

Fully integrated change projects are also implemented to continuously adopt innovative and efficient ways of working.

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

### Airbus Canada Limited Partnership

Airbus Canada Limited Partnership (“**Airbus Canada**”) has been established on 1 July 2018 following the transaction between Airbus, Bombardier and Investment Quebec. In February 2020, Bombardier exited the partnership. At the end of 2020, the Airbus Canada shareholding structure was 75% Airbus and 25% Investment in Quebec. By the end of 2020, Airbus Canada had approximately 2,500 employees.

### Airbus Canada Products

Airbus Canada has developed a family of all-new design efficient aircraft with two products: the A220-100 and the A220-300, launched by Bombardier before the establishment of Airbus Canada. The A220-100 is a solution for opening new routes with urban and challenging operations. The A220-100 has a capacity between 100 and 135 passengers and a range of 6,390km. The A220-300 is well suited to be one of the best network feeders. The A220-300 has a capacity between 130 and 160 passengers and a range of 6,297km. Both aircraft deliver 25% lower fuel burn per seat than previous generation aircraft, half the noise footprint, and decreased emissions. In addition to the airliner versions, in 2020 Airbus Canada has launched the ACJ TwoTwenty, creating a new business jet market segment by offering an intercontinental capability of over 12 hours flight duration with unmatched personal space and comfort.

In 2020, Airbus Canada has delivered 38 aircraft compared to 48 aircraft in 2019 and has a backlog of 487 aircraft as of December 2020. Through the end of December 2020, 143 A220 have been delivered.

### Airbus Canada Industrial Footprint

A220 has two final assembly lines, one in Mirabel and one in Mobile. The Mobile facility delivered its first A220 aircraft in 2020.

## ATR

ATR (Avions de Transport Régional) is a world leader in the market for regional aircraft up to 90 seats. Its aircraft has over 200 operators in more than 100 countries. ATR is an equal partnership between Airbus and Leonardo, with Airbus' 50% share managed by Airbus ATR organisation. Headquartered in Toulouse, ATR employs about 1,300 people. Since the start of the programme in 1981, ATR has registered net orders for 1,766 aircraft (508 ATR 42s and 1,258 ATR 72s).

In 2020, following the impact of the COVID-19 crisis on ATR customers' markets, ATR delivered ten new aircraft (compared to 68 in 2019) and recorded net firm orders for a new aircraft (compared to 48 in 2019). As of 31 December 2020, ATR had a backlog of 176 aircraft (compared to 185 in 2019).

By the end of 2020, ATR has delivered 1,590 aircraft.

### Products and Services

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

In 2020, the ATR 72 freighter development was achieved with the first delivery to FedEx Express. This brand new ATR 72-600F is the first ever purpose-built turboprop regional freighter to the FedEx fleet and offers 75m<sup>3</sup> freight capacity.

Finally, the Company's aircraft family is being extended with the development of the 42-600S. With the “S” representing Short Take-Off and Landing (STOL), this new version of the ATR 42-600 offers take-off and landing capabilities on runways as short as 800m with 40 passengers on board in standard flight conditions.

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

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



## Production

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

## STELIA Aerospace

STELIA Aerospace, a wholly-owned subsidiary of Airbus, is one of the three world leaders in the Aerostructure Tier 1 market and offers global solutions for aeronautical manufacturers and airlines.

With 7500 employees pre-COVID based in France, Canada, Morocco, Tunisia and Portugal, STELIA Aerospace is an international partner for major aeronautical players, such as Airbus, ATR or Bombardier Aerospace, and is deeply involved in various civil and military programmes including business jets and helicopters.

Relying on its aerostructure, pipes and ducts, cabin interior and pilot seat divisions:

- STELIA Aerospace has a wide range of metallic and composite aerostructure capabilities, from Build-to-Print to Design & Build solutions, including the “Plug & Fly” concept for fully equipped and tested aircraft sections;
- STELIA Aerospace designs, develops and manufactures bended and welded pipes and ducts covering all ATA systems;
- STELIA Aerospace designs and manufactures luxury First Class and Business Seats for key partners in the world including Etihad Airways, Singapore Airlines or Thai Airways;
- STELIA Aerospace provides cockpit and pilot seats, and offers support from design to production, including after-sales service.

Specialised and dynamic, STELIA Aerospace is recognised in the aeronautical field and demonstrates a sustainable and competitive growth ambition.

As part of its development strategy, STELIA Aerospace has acquired in 2020 the A220 work package production capabilities from Bombardier in Saint-Laurent, Québec. These production activities will be operated in the Saint Laurent site by STELIA Aeronautique Saint Laurent Inc., a newly created subsidiary of STELIA Aerospace for a transition period of approximately three years. A220 workpackages will then be transferred to the STELIA Aerospace site in Mirabel to optimise the logistical flow to the A220 Final Assembly Line which is also located in Mirabel.

## Premium AEROTEC

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

Its core business is the development and production of large aircraft components from aluminium, titanium and carbon fiber composites (CFRP). Premium AEROTEC is Europe's no. 1 in this segment with roughly 8,000 employees at various sites in Germany and Romania. Premium AEROTEC is represented by its products in all Airbus commercial aircraft programmes. The current military programmes include the Eurofighter “Typhoon” and the military transport aircraft A400M.

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

## Elbe Flugzeugwerke GmbH – EFW

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

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

## 1.1.3 Helicopters

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

### Strategy

#### Business Ambition

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

The strategic priorities of Airbus Helicopters are:

- **Business Resilience:** Airbus Helicopters continues to ensure the preservation of our resilience in terms of growth, profitability and robustness of its business model for both helicopters and new VTOLs;
- **Customer Loyalty:** Airbus Helicopters continues to deliver the best-in-class products and services to grow in the value chain of its customers, continuously improve customer satisfaction and speed up digital and technological transformation of service offering;
- **Future Growth Markets:** Airbus Helicopters continues to develop partnerships and governmental cooperation to reinforce its positioning on the market, with a focus on China, India & Africa – Middle East, expand support in home countries, fostering the evolution of helicopters ecosystem and leveraging Airbus’ brand worldwide.
- **Innovation:** Airbus Helicopters continues to build an innovative eco-system, mature techno-bricks for multiple platforms, develop collaborative innovations for eVTOL and deploy demonstrators and disruptive concepts.

### Transformation

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

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

Airbus Helicopters continues to deploy data governance and accelerate its digital transformation based on standard capabilities, and foster digital mindset and community of practice.

Airbus Values remain a model for its leaders and employees.

#### Commitment to Innovation

2020 was an important year for Airbus Helicopters’ product range as the Company delivered on its promises of innovation and continuous product improvement bringing added-value to customers’ operations. The five-bladed H145 was granted EASA type certification in June, followed by FAA certification in November, bringing an additional 150kg of useful load as well

as improved inflight comfort, a more compact bearingless rotor system that eases maintenance, and connectivity. First deliveries of this best-seller began in September. The H145 milestone was closely followed by the EASA type certification of the H160 in July.

Designed as a multi-role helicopter able to perform a wide range of missions such as offshore transportation, emergency medical services, private and business aviation, and public services, the H160 integrates Airbus Helicopters’ latest technological innovations. These include breakthrough safety features with Helionix’s accrued pilot assistance and automated features as well as flight envelope protection. The helicopter also provides passengers with superior comfort thanks to the sound-reducing Blue Edge blades and superb external visibility that benefits both passengers and pilots.

H160 was not just designed with passengers and pilots in mind. Operators will appreciate its competitiveness thanks to its increased fuel efficiency and customer-centric simplified maintenance ecosystem: equipment accessibility has been facilitated by the helicopter’s optimised architecture, the maintenance plan was thoroughly verified during the Operator Zero campaigns, and it is delivered with intuitive 3D maintenance documentation. The first full flight simulator based in Marignane, France was also certified in August, an important step for paving the way towards entry into service this year.

On the military side, Airbus Helicopters and the French Armament General Directorate (“DGA”) signed an additional set of studies to further the militarisation of the H160 and to define its associated support ecosystem in the frame of the Joint Light Helicopter programme (Hélicoptère Interarmées Léger (“HIL”). This contract continues the pre-development activities for the military version of the H160, also called the Guépard by the French armed forces, in order to meet the delivery schedule that was brought forward in May 2019 by the French Minister of Armed Forces, Florence Parly. Airbus Helicopters would like to finalise the HIL contract in the course of 2021.

The new set of studies will also focus on defining the optimal set-up for supporting the tri-service H160M fleet. Airbus Helicopters, Safran Helicopter Engines, and the DGA will work closely together in order to maximise the availability rate of the helicopters, as well as optimising the cost of supporting the fleet.

Airbus Helicopters has simultaneously been focusing on long term innovation in order to develop and mature the techno-bricks (e.g., autonomy, electrification, connectivity) that might benefit the “traditional” helicopter platforms of tomorrow as well as new VTOL architectures such as high-speed helicopters (Racer), eVTOL (CityAirbus) or unmanned platforms (VSR700).

The VSR700 is a fully-fledged unmanned aerial system, capitalising on Airbus Helicopters’ extensive experience of advanced autopilot systems and engineering expertise to provide modern militaries with new capabilities. It offers the best balance of payload capability, endurance and operational cost. It is capable of carrying multiple full-size naval sensors for extended periods and can operate in existing ships, alongside a helicopter, with a low logistical footprint. The VSR700 prototype performed its first free flight in July. This is a significant step in the programme following the first flight in November 2019 when the prototype was tethered to comply with regulatory

requirements. To enable this free flight, Airbus Helicopters implemented geofencing, a virtual perimeter, which enabled and justified a flight clearance from airworthiness authorities for free flight. The flight test programme will now evolve to progressively open the flight envelope.

Urban air mobility (UAM) is a key element in Airbus Helicopters' zero emission strategy. It is also a key element driving the development of techno-bricks such as autonomy, connectivity, and fully electric flight that will benefit both traditional helicopters and the future urban air mobility market. The vehicle is the core part of our investment, but Airbus is also working on how it can partner and collaborate to address different pillars of UAM, including Urban Traffic Management and the associated ecosystem in urban environments. Today, we have a dedicated team and there is a network of 43 European cities from 14 countries that are currently part of the UAM initiative Cities Community and that are working on the integration of UAM in their cities and related policies.

### Focusing on Customers

Airbus Helicopters' top priority from a customer support and service perspective is to ensure its work results in the best customer experience possible. This commitment was more visible than ever in 2020.

Facing the global pandemic, the Division mobilised to keep its military and civil customers flying and performing their essential missions, from COVID-19 patient transfers to alleviate overrun hospitals, to fire-fighting and disaster relief. This support came in the form of elevated levels of technical and logistics support, distance learning solutions, and help in making protective equipment available to pilots and crews, among others.

In 2020, the Division also focused on digitalisation, analytics and integrated global contracts, such as HCare Smart and HCare Infinite, as key ways to help customers increase availability and mission success, optimise their costs, lower the maintenance burden, and enhance the safety of their aircraft.

The number of helicopters covered by an HCare Smart or Infinite contract has increased by more than 20% over the last three years, with around 95% of HCare Smart parts-by-the-hour and full-by-the-hour customers opting to extend their contracts with Airbus Helicopters.

The Division also launched the new AirbusWorld collaborative customer platform based on feedback from customers, offering a streamlined user experience and new functionalities aimed at fostering open dialogue among operators and with Airbus Helicopters.

### Delivering Safety

Airbus Helicopters' chief priority is to enhance flight safety for the thousands of men and women around the world who are transported in its aircraft every day. Airbus Helicopter has the ambition it is envisaged to reduce the accident rate by 50% by 2028 and not to have any technical contribution to accidents. Airbus Helicopters also aims to be the forerunner of Product & Operational Aviation Safety breakthrough.

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

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

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

### Market Drivers

According to market forecasts produced by Airbus Helicopters, around 20,000 civil helicopters and 14,000 military helicopters are expected to be built globally over the next 20 years. Delayed emerging markets (especially in Asia), Oil and Gas downturn and the ongoing COVID-19 crisis explain this decrease compared to last year. Overall, the global helicopter market is still evolving in a challenging environment.

Helicopters sold in the civil and parapublic sector, where Airbus Helicopters is a leader, provide transport for private owners and corporate executives, offshore oil operations, diverse commercial applications and state agencies, including coast guard, police, medical and fire-fighting services. Thanks to its existing mission segment diversity, the helicopter market (both Platforms and Services activities) is expected to be resilient through the coming decade, even though one of the key segments, Oil & Gas (in value), continues to experience challenging conditions. Due to the COVID-19 crisis which has increased economic constraints, Airbus Helicopters expects that the market will remain challenging in the short-term but believes that the demand over the next 20 years will be driven by large replacement needs from advanced economies and by growth from emerging countries (especially in Asia still largely under equipped). Airbus Helicopters' market data indicates that in 2020, worldwide deliveries of civil and parapublic turbine helicopters of five seats and above stood at 440 units. Demand for military helicopters and related services is mainly driven by budgetary and strategic considerations, and the need to replace ageing fleets. Airbus Helicopters believes that the advanced age of current fleets, the emergence of a new generation of helicopters equipped with integrated systems and the ongoing introduction of combat helicopters into many national armed forces will contribute to increased military helicopter procurement in the medium term. Nevertheless, demand from the military sector has historically been subject to large year-to-year variations due to evolving strategic considerations, and may be limited, due to budgetary constraints on public spending in some regions like Western Europe and Middle East, while other regions like Asia Pacific or Eastern Europe are expected to continue to grow. Despite recent threats and a growing geopolitical instability, which has accelerated military spending and a reassessment of defence budgets, the military market is still low in 2020. The COVID-19 crisis has increased economic difficulties (*i.e.* low commodities prices) and saturation of the Western countries markets, as well as priorities given to operational needs (*e.g.*, spare parts, availability improvement), have resulted in a decrease for all mission segments. According to Airbus Helicopters' market data, worldwide deliveries of military turbine helicopters have decreased to 478 units in 2020.



## Competition

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

The civil and parapublic sector has seen more local competitors in recent years (China, India, Japan, South Korea, and Turkey). Airbus Helicopters has maintained its leading market share (in bookings of 2.0t helicopters and five seats and above), in a low market, with 77% in unit in 2020, followed by Bell and Leonardo with respectively 10% and 9%.

Airbus Helicopters' main competitors in the military sector are Sikorsky, Boeing and Russian Helicopters, thanks to large captive market and strong political support for export, but also Leonardo, which has increased its market share in 2020.

The military sector is highly competitive and is characterised by major restrictions on foreign manufacturers' access to the domestic defence bidding process (i.e. US, China, and Russia). Thanks to major military campaigns (NH90 and H145M) in 2020 Airbus Helicopters maintained a market share in this sector of 17%. The Division will continue to focus on large military campaigns in 2021.

## Customers

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

With 48% of the worldwide market share-based on deliveries in 2020, the versatility and reliability of Airbus Helicopters products have made them the preferred choice of the most prominent civil and parapublic customers (turbine helicopters of five seats and above).

## Products and Services

Airbus Helicopters offers a complete range of helicopters that covers nearly the entire civil and military market spectrum, which it continuously improves with leading-edge technologies. This product range includes single-engine, light twin-engine, medium and medium-heavy helicopters, and is based on a series of new-generation platforms designed to be adaptable to both military and civil applications. In addition, products share multiple technical features as part of a family concept approach.

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

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

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

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

## Civil Range

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

- certification of the H160 by EASA in July 2020;
- improvement of the existing range (*i.e.* H145 certified by EASA in June 2020) in the field of performances and safety in order to meet customer's requirements;
- preparing the future H generation with major upgrades and new products pursuing a fast-paced product range renewal.

## Military Range

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

Designed for modern multi-mission capabilities and cost effectiveness throughout its lifecycle, the NH90 has been developed as a multi-role helicopter for both tactical transport (TTH) and naval (NFH) applications. The programme, mainly financed by the governments of France, Germany, Italy and the Netherlands, has been jointly developed by Airbus Helicopters, Leonardo of Italy and Fokker Services of the Netherlands as joint partners in NATO Helicopter Industries (NHI) in direct proportion to their countries' expressed procurement commitments. Airbus Helicopters' share of NHI is 62.5%. There were 28 NH90 deliveries in 2020, for a cumulative total of 441 deliveries as of the end of 2020. The NH90 fleet has accumulated ~287,000 flight hours.

On the Combat segment a brand new Tiger helicopter, the Mark3, will succeed the current version for Attack and Combat missions. It will introduce state of the art mission systems, including manned-unmanned teaming, new avionics and next generation of weapons (antitank/air to ground missile, laser guided rockets) in order to address future requirements of the French, German and Spanish Armed Forces. The launch of the Tiger Mark3 development is targeted in 2021. A cumulative total of 185 Tigers have been delivered by year-end. The Tiger fleet has accumulated more than ~152,000 flight hours.

Airbus is also a major contractor to the US Army, having been chosen to supply the service's UH-72A Lakota helicopter. As of 1 January 2021, 479 aircraft had been delivered to the US Department of Defense for operation by US Army and Army National Guard units, the Navy and foreign military sales buyers.

## Customer Services

With more than 3,000 operators in over 150 countries, Airbus Helicopters has a large fleet of some ~12,000 in-service rotorcraft to support. As a result, customer service activities to support this large fleet generated 43% of Airbus Helicopters' revenues for 2020.

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

## Operations Strategy

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

Specialised sites contribute to anchoring quality and safety fundamentals while boosting Airbus Helicopters' competitiveness. Like many manufacturers, one of the objectives is to produce each helicopter sub-assembly at a dedicated site. This means that the production sites are focused either on manufacturing operations with high added value or with a specific technological content. A good example of this transformation is the Paris-Le Bourget site, where all of Airbus Helicopters' blade design, industrialisation and production activities will be concentrated. The specialisation of these sites makes it possible to avoid the duplication of skills and industrial means.

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

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

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

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

The deployment of the new industrial model is well engaged with more than 80% achieved at the end of 2020.

In addition to site specialisation, Best Cost Countries (BCC) strategy is also an important stream of the Division's industrial transformation to improve our competitiveness. Airbus Helicopters' home plants are exclusively in high cost countries. To improve our product cost in the make perimeter, the Division develops an allocation of work with complex technology to the home plants and simple parts in BCC. This is being contemplated with a simplification of the supply chain. The main technologies for BCC are aluminium airframe (already created in Mexico), mechanical parts (project in Hungary) and composites parts.

In parallel to the industrial aspects, Airbus Helicopters Operations is working to shape a competitive supply base with high industrial performance to reduce missing parts and avoid disruptions.

Strong monitoring, anticipation and management of the Supply Chain risks have been implemented to ensure business continuity.

## 1.1.4 Defence and Space

Airbus Defence and Space, is a reliable partner to commercial and governmental customers worldwide, whose products and services ensure mission success across Air, Land, Sea, Space and Cyber:

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

### Strategy

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

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

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

chain. Conscious of the need to maintain a sustainable space environment, Airbus Defence and Space is also working in collaboration with international organisations on space debris prevention;

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

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

### Market

Airbus Defence and Space is mainly active in governmental, institutional and commercial markets. As a general trend, defence budgets in Europe are expected to continue to grow, triggered by geopolitical reasons, heightened security risks and reinforced by recent discussions on NATO defence spending target of 2% of GDP. In addition, the implementation of the European Defence Action Plan of November 2016 was bolstered by the joint declaration published in July 2017 by the French and German governments outlining the intention to strengthen European defence, followed by the agreement in 2018 to develop jointly the FCAS with the launching in 2020 of the first Demonstrator Phase (Phase 1A) and the industrial on-boarding of Spain, the European Medium Altitude Long Endurance (“MALE”) drone and the Future Maritime Airborne Warfare Systems (“FMAWS”). Together, these may provide new sales opportunities through European Union members' collaborative procurement mechanisms. Market access outside the home countries may be subject to restrictions or preconditions such as national content or local industrial participation. Nevertheless, Airbus Defence and Space, in conjunction with Airbus, is well-placed to benefit from growth in defence expenditure.

### Military Aircraft

#### Customers

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

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

The volatile, uncertain and complex geopolitical situation is gradually leading to a greater importance of defence in Europe. The Franco-German declaration in summer 2017 and the establishment of “Permanent Structured Cooperation (PESCO)”



by the European Union on 11 December 2017 are also clear signals in this direction. During the Franco-German Defence and Security Council in October 2019, France and Germany committed to strengthen their cooperation. Subsequently, the two countries signed the Phase 1A of the demonstrator phase in early 2020, while Spain joined the programme at the end of the year. Airbus military aircraft such as A400M, MRTT, Eurofighter and other Airbus manned and unmanned platforms will play key roles in the FCAS ecosystem.

#### Competitors

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

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

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

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

#### Market Trends

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

After-sales services are an important business for Military Aircraft and are undergoing strong growth in line with the deliveries of A400M and A330 MRTT on top of the existing robust revenue stream associated with Eurofighter in-service support. For FCAS, main achievements were the successful delivery of a joint industrial proposal to the governments of France and Germany for the first Demonstrator Phase (Phase 1A) of the programme and the completion of the Joint Concept Study tranche one with the industrial on-boarding of Spain towards the end of 2020.

## Space Systems

### Commercial Sector: Telecommunications Satellites, Launch Services

The commercial telecommunication satellite market is highly competitive – with customer decisions primarily based on price, technical expertise and track record. The main competitors for telecommunications satellites are Boeing, Lockheed Martin, MAXAR and Northrop Grumman in the US, Thales Alenia Space in France and Italy and CASC in China. The downturn in the market for commercial geostationary telecommunications satellites over the past years is now showing clear signs of recovery. In parallel, the demand for large constellations of smaller telecom satellites in Low Earth Orbit (LEO) has increased in the last few years. The business model is challenging due to the high upfront CapEx. Airbus is active in this market including direct involvement in the Airbus OneWeb Satellites joint venture and taking the lead on an EU constellation study.

Five years ago, Airbus OneWeb Satellites was created, an equally owned joint-venture between Airbus and OneWeb, which is building a global high-speed internet constellation of satellites for its sole customer OneWeb. This participation is entrepreneurial in nature and led to a full re-think of satellite design and production to produce at costs and on relatively short timelines. The first six satellites were launched in 2019 enabling validation of the design. 2020 was a turbulent year for OneWeb as it entered and then emerged from a Chapter 11 filing with new owners: the Indian Bharti Group and the UK government. Launches continued during 2020 with 110 satellites now in orbit. 2021 should see the Airbus OneWeb Satellites facility continuing production so that OneWeb can start operations at the end of the year and complete the constellation as scheduled in 2022.

With the new Bartolomeo Service, Airbus also offers one-stop-shop access to flying payloads in Low-Earth Orbit on the outside of the International Space Station, which means easy access to Space for both commercial and institutional customers.

The market for commercial launch services continues to evolve with ongoing competitive pressure. Arianespace (a subsidiary of ArianeGroup) provides a complete range of launch services with the Ariane, Soyuz, and Vega launchers. Competitors for launch services include SpaceX, ULA and CGWIC. The accessible market to Arianespace for commercial launch services for geostationary satellites is expected to be at around 15-20 payloads per year, decreasing both in mass and in number of launchers compared to the equivalent market back five-six years ago. The commercial market also sees the rise of large constellations for global connectivity, with the ramp-up of OneWeb and other new projects both in the US and in Europe.

### Governmental Sector: Satellites, Space Infrastructure, Launchers, Deterrence

In the public market for Earth Observation (EO) and navigation satellites, competition in Europe is organised on a national and multinational level, primarily through the European Space Agency (ESA), the European Commission (EC) and national space agencies. Space Systems is the recognised European leader on ESA science programmes and a major player in the EO segment, onboard all 12 present and future Copernicus environment missions.

Decisions at the last ESA Ministerial Conference in November 2020 should trigger future European programmes in which Airbus Defence and Space does or may seek to participate.

There is also important export demand for Earth observation systems, in which the Company is the world's leading provider. The export market is expected to continue growing over the medium-term driven by the demand coming from new governmental operators on top of the replacement of existing assets.

The space exploration segment comprises scientific missions and crewed and non-crewed space systems mainly used for solar system exploration. Demand for space exploration systems originates solely from publicly funded space agencies, in particular from ESA, NASA, Roscosmos (Russia) and JAXA (Japan). Such systems are typically built in cooperation with international partners. Continuing support to the operations of the International Space Station (ISS), together with vehicle and equipment development programmes and services including prime contractorship of the Orion European Service Module for NASA's Artemis Moon-return missions, constitutes the predominant field of activity in this segment. As the future exploration plans of the various national space agencies take shape with a growing focus on a sustainable return to the Moon and further Mars exploration, Airbus Defence and Space is taking a leading role in providing vehicles, platforms and services to support these ambitious endeavours.

On the military customer side, observation satellite demand has increased in recent years.

There is an increasing demand in the governmental satcom market at home and abroad. In addition to the players in the commercial sector (see above), competition includes OHB in Germany, IAI in Israel, Melco in Japan and ISSR and Energia in Russia.

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

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

## Connected Intelligence

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

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

Through **Intelligence**, Airbus Defence and Space provides commercial satellite imagery, Command, Control, Communications, Computers, Intelligence, Surveillance

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

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

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

**Security Solutions:** As a world-leading system integrator for border security, maritime surveillance, critical national infrastructure protection and site security services, Security Solutions' aim is to build on these assets in operation, thereby fulfilling the requirements of the security market today and in the future with the latest technology and most attractive service packages. The European Border and Coast Guard Agency (Frontex) relies on maritime aerial surveillance services of Airbus Defence and Space and its long-term partner Israel Aerospace Industries (IAI).

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

## Unmanned Aerial Systems

### Customers

Unmanned Aerial Systems solve challenges for commercial, government and military customers alike.

There is notable momentum in Europe for cooperation in large UAS programmes. Germany, France, Spain and Italy have finalised the contractual negotiations for Eurodrone, a European MALE, which will see Airbus Defence and Space as prime contractor of a European industrial collaborative programme, with the participation of Leonardo and Dassault. Additionally, next generation air superiority programmes such as FCAS will feature strong UAS components, spurring the development of different types of Remote Carriers, and leveraging Manned-Unmanned Teaming (MUM-T) technologies. This is underlined by an initiative from France, Germany and Spain.

Institutional and Government customers are rapidly getting grips on the benefits of UAS for Public Services. An incremental number of applications are requiring UAS solutions in areas such as Law Enforcement, Fire Fighting, Humanitarian assistance and Disaster relief, Border Protection or Emergency Services. Civil and Enterprise customer interest for UAS continues to grow, with the main focus being on smaller UAS.

Some customers may find a service and leasing model more adapted to their specific needs. UAS services offer further growth potential with different levels of flexibility and customer involvement. Services encompass traditional leasing and flight operations, as well as logistics, MRO and data analytics offers.

#### Competitors

With regards to platforms, Chinese, Israeli and US firms are well established in the UAS market segment, along with other European companies such as BAE Systems, Leonardo and Thales, which are competing for new European projects. The market witnesses the emergence of new, smaller, companies worldwide, addressing dedicated UAS or specific services areas. There is room and need for synergies and partnerships between smaller UAS companies and the larger UAS players.

#### Market Trends

While Defence will remain the largest sector, civil and institutional markets are growing steadily, especially in the smaller UAS tactical categories. 2020 marked the confirmation of the need of a European UAS, in the MALE category with the finalisation of the Eurodrone programme contract negotiations. Markets will see some movement, including new European collaborative programmes. Services verticals will offer increasingly interesting prospects as the market evolves. The governmental market especially for larger and advanced UAS features strong growth with significant opportunities in Europe, the US and Asia Pacific. Small and flexible UAS see wide application among Armed Forces and other Homeland Security agencies alike.

## Products and Services

### Military Aircraft

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

A total of 174 aircraft have been ordered so far by the seven launch customer nations Belgium, France, Germany, Luxembourg, Spain, Turkey, the UK and one export customer, Malaysia. Type Certificate and Initial Operating Clearance were achieved in 2013. Since then, 97 units have been delivered to eight nations as of 31 December 2020. The A400M is already deployed in operations since 2014. In 2019, a contract amendment was signed with launch customers on the Global Rebaselining of the A400M programme, under which all parties have agreed to update the production plan and revise the

capability roadmap. NSOC 2.0 Type Acceptance by customers was achieved in mid-2020 and the programme is now delivering in line with the revised schedule.

**Multi-role tanker transport – A330 MRTT.** The A330 MRTT, a derivative of the Airbus A330-200 family, offers military strategic air transport as well as air-to-air refueling capabilities at the same time. Its large fuel tank capacity (111t) inherited from the commercial platform, allows to dispense fuel in flight to many receiver aircraft without the need for any additional fuel tanks. This allows the entire lower deck cargo bay compartment to be available for freight (up to 37t), with the possibility to transport up to 27 standard civil LD3 containers, or up to eight 436L military pallets as well as at the same time the capacity to transport up to 300 troops in the upper deck cabin compartment, with the high level of comfort of a civil airliner. The A330 MRTT is equipped with state of the art refueling systems, including an Aerial Refueling Boom System (ARBS) and under-wing refueling pods and has demonstrated wet contacts with the Automatic Air-To-Air Refuelling (A3R) capability, for which certification is expected in 2021. At the end of 2020, 61 A330 MRTT have been ordered by 13 nations (more than 94% market share over the past ten years, excluding the US), with 46 platforms already delivered and operating worldwide, accumulating more than 200,000 flight hours in operation.

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

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

At the end of 2020, 661 Eurofighter Typhoon aircraft had been ordered by nine customers (UK, Germany, Italy, Spain, Austria, Saudi Arabia, Oman, Kuwait and Qatar), including the order of 38 aircraft in November 2020 from Germany. In 2020 a total of 571 aircraft were delivered. Export opportunities are being actively developed together with the other shareholders of the Eurofighter consortium.

**C295 – Light and Medium military transport/mission aircraft.** The C295 is the work horse of tactical military transport, conducting logistical missions including the transport and delivery of personnel and cargo as well as medical evacuations. The aircraft are deployed in demanding operational environments and have been used for humanitarian missions. The aircraft are also offered as a dedicated mission aircraft with configurations beyond the traditional airlifter version, for example maritime patrol and anti-submarine warfare, airborne early warning and control, firefighting and intelligence surveillance reconnaissance (ISR), etc. In over 20 years in service, this family of aircraft has proven to be robust, reliable, high-performing, efficient, flexible,



easy to operate in any environment, and at low operating costs. More than 500 orders have been recorded for both CN235 and C295 types together at the end of 2020, a year which includes delivery of the first aircraft for Canada's integrated Fixed-Wing Search and Rescue programme.

**Military Aircraft Services.** Airbus Defence and Space offers and provides various services for and related to military aircraft. Throughout the life-time of our aircraft, Military Aircraft Services includes integrated logistics support, in-service support, maintenance, upgrades, training or flight hour services. For example, the A330 MRTT contract with the UK Ministry of Defence through the AirTanker consortium includes alongside 14 aircraft the provision for all necessary infrastructure, training, maintenance, flight management, fleet management and ground services to enable the Royal Air Force to fly air-to-air refueling and transport missions worldwide. Services support legacy aircraft beyond those types currently in production at Airbus Defence and Space, conducting upgrade programmes for aircraft such as the Tornado and P-3 Orion. Airbus Defence and Space maintains a network of Maintenance, Repair and Overhaul centres strategically located throughout the world for greater proximity to the customer, for example in Seville or Manching in Europe, in Mobile, Alabama (US) or at subsidiaries in Saudi Arabia or Oman. Supporting more than 1,600 aircraft worldwide, the contribution of Services continues growing, with 2020 being marked by the C295 integrated support contract for Egypt, the leading operator of the type worldwide.

## Space Systems

**Human Space flight.** Airbus has played an important role in human spaceflight, beginning with the Spacelab reusable laboratory flown on the US Space Shuttle, followed by the development of the Columbus module for the International Space Station (ISS), the Automated Transfer Vehicle (ATV) resupply spacecraft that serviced ISS and most recently, the addition of the Bartolomeo payload hosting platform, which the Company operates as a service. Airbus' expertise is also being applied to the European Service Module (ESM) planned to equip Orion – the next US NASA spacecraft that will send humans into space.

**Telecommunication satellites.** Airbus Defence and Space produces telecommunication satellites used for both civil and military applications, such as television and radio broadcasting, fixed and mobile communication services and Internet broadband access. Airbus is leading the transformation of the telecoms market with its truly disruptive OneSat product that marks a step change, from both a manufacturing and operational point of view. It enables Airbus to offer customers a market enabling solution at reduced cost and time to orbit. Airbus has six OneSats under contract, three for Inmarsat for the first of their next generation of geostationary Ka-band satellites, Inmarsat GX 7, 8 & 9, one OneSat for Optus, the Australian operator who ordered Optus-11 in July 2020 – with an option for an additional order – and two OneSats for Intelsat signed in December 2020. Airbus also secured two contracts for its all-electric Eurostar Neo platform in 2020, with the Thuraya and Arabsat operators.

**Observation and scientific / exploration satellites.** Airbus Defence and Space supplies Earth observation satellite systems including ground infrastructures for both civil and military applications. Customers can derive significant benefits from the common elements of Airbus Defence and Space's civil and military observation solutions, which allow the collection

of information for various applications, such as cartography, weather forecasting, climate monitoring, mineral, energy and water resource management, as well as military reconnaissance and surveillance. Airbus Defence and Space's satellite-based services are essential in supporting sustainable agriculture. They provide insights enabling reduction in the use of Nitrates, and play a significant role in helping agro-industrials like Ferrero or Nestlé monitor adherence to their non-deforestation commitments. Satellite imagery also provides targeted information for disaster relief efforts, either through the Disasters Charter or the Copernicus Emergency services, to support rescue operations.

Airbus Defence and Space also produces scientific satellites and space infrastructure, which are tailor-made products adapted to the specific requirements of the mostly high-end missions assigned to them. Applications include astronomical observation of radiation sources within the Universe, planetary exploration and Earth sciences. Airbus Defence and Space designs and manufactures a wide range of highly versatile platforms, optical and radar instruments and equipment. For example, Airbus Defence and Space is on board all 12 Copernicus Environment missions past and future and in 2020 it launched the Sentinel-6 Ocean monitoring satellite that is part of this, the world's largest climate monitoring programme. On the science side, as prime contractor, Airbus is currently manufacturing the JUICE spacecraft, ESA's next life-tracker inside the Solar System. JUICE will study Jupiter and its icy moons. In 2020 it also secured a contract for the Earth Return Orbiter, the spacecraft that will return the first ever samples from Mars under the NASA-ESA Mars Sample Return programme.

**Navigation satellites.** Airbus Defence and Space is playing an active role in the current Galileo programme with a nearly 50% work share, including the ground control segment and providing the payloads for the first 22 satellites through its subsidiary SSTL. Airbus is prime contractor for EGNOS V3, the next generation of the European Satellite Based Augmentation System (SBAS) planned to provide the aviation community with advanced Safety of Life services and new services to Maritime and Land users.

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

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

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

**Commercial launchers.** ArianeGroup manufactures launchers and performs research and development for the Ariane programmes. Member States, through ESA, fund the development costs for Ariane launchers and associated technology. Airbus Defence and Space has been the sole prime contractor for the Ariane 5 system since 2004. In December 2014, the Ariane 6 programme was decided by the ESA ministerial conference with an approval of the joint Airbus Defence and Space and Safran concept. In addition, a new industrial set-up was announced

with the creation of ArianeGroup between the two main Ariane manufacturers. This vertical integration secures the future by cutting costs and being more competitive. Ariane 6 is now targeted to be launched in 2022.

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

### Connected Intelligence

**Intelligence** is recognised as a world leader in geospatial data provision and defence intelligence. It is a global supplier of commercial satellite imagery; the No. 1 European supplier of land command and control solutions as well as a lead supplier of ISR and Air Defence solutions to France, Germany and NATO.

Intelligence delivers a broad product and services portfolio spanning the entire geo-information value chain and supports decision makers worldwide to increase security, optimise mission planning and operations, boost performance, improve management of natural resources and protect our environment.

Intelligence manages the world's largest satellite constellation, with radar and optical sensors, with resolutions ranging from 25cm to 22m. At the end of 2020, Airbus' fleet comprises over ten satellites plus partner satellites. They will soon be complemented by Pléiades Neo (from 2021) and CO3D (from 2023) and will offer unrivalled refreshment rates capacity for very high-resolution imagery.

**Secure Communications** provides armed forces and governments with secure satellite communications for military, public safety and emergency purposes. For example in the UK, Airbus Defence and Space delivers in the frame of the "Skynet 5 programme" tailored end-to-end in-theatre and back-to-base communication solutions for voice, data and video services, ranging from a single voice channel to a complete turnkey system incorporating terminals and network management. This contract, pursuant to which Airbus Defence and Space owns and operates the UK military satellite communication infrastructure, allows the UK MoD to place orders and to pay for services as required. Governmental authorities also use the Division's communication solutions to protect over 100 metro lines, 20 airports and over 11,000km of pipelines worldwide.

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

**Security Solutions** answers manifold operational needs in securing maritime areas, critical infrastructure and state frontiers. Over 50% of the worldwide maritime traffic is monitored with the STYRIS maritime safety and security solution, and French coasts are monitored by SPATIONAV. Airbus Defence and Space also secures more than 1/3 of German military sites.

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

### Unmanned Aerial Systems

In the field of UAS, Airbus Defence and Space is active at both product and service level, and supplying robust and dependable solutions for customers across military, commercial and institutional markets. Solutions span from stratospheric solar powered High Altitude Platform Station (HAPS) to Tactical UAS.

The Zephyr is the world leading solar-electric stratospheric HAPS offering uninterrupted persistence and flexibility. The Manned Unmanned Teaming of Remote Carriers with Manned Platforms is one of the pillars of the European FCAS. The European MALE RPAS (Eurodrone), developed in a European industrial collaboration will offer advanced strategic capabilities in demanding environments. The multi-mission SIRTAP offers improved performance for high end tactical UAS. Furthermore, Tactical UAS provides a full range of solutions with small fixed wing UAS platforms, adapted to fulfil ISR missions across military and civil markets.

In addition to the UAS platforms, Airbus Defence and Space offers UAS Services, supporting the German Air Force operations in Afghanistan and Mali. With 40 years' experience, over 57,500 flight hours and 98% system availability, demonstrating a proven and unmatched success.

### Operations / Engineering

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

### MBDA

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

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

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

Typhoon and Rafale as well as equipment of various frigates and corvettes with systems and ammunition.

## ArianeGroup

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

## 1.1.5 Investments

### Dassault Aviation

In 2013, the Company entered into an agreement with the French State pursuant to which the Company:

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

The Company holds 9.90% of Dassault Aviation's share capital and 6.12% of its voting rights.

The Company has also issued a euro-denominated exchangeable bonds into Dassault Aviation shares, which will mature on 14 June 2021. For further information, please refer to "Notes to the IFRS Consolidated Financial Statements – Note 37.3: Financing Liabilities".

## 1.1.6 Insurance

The Company's Insurance Risk Management function ("IRM") is established to proactively and efficiently respond to risks that can be treated by insurance techniques. IRM is responsible for all corporate insurance activities and related protection for the Company and is empowered to deal directly with the insurance and re-insurance markets *via* the Company's inhouse broker entity. IRM's continuous task in 2020 was to further implement and improve efficient and appropriate corporate and project-related insurance solutions.

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

Asset and liability insurance policies underwritten by IRM for the Company cover risks such as property damage, business interruption, cyber, aviation and non-aviation general and product liability. IRM also provides a Group insurance policy

for Supervisory and Managing Board Members and certain other employees of the Company. The Company follows a policy of seeking to transfer the insurable risk of the Company to external insurance markets at reasonable rates, on customised and sufficient terms and limits as provided by the international insurance markets. The COVID-19 pandemic in 2020 had created a difficult global corporate insurance environment. Due to adverse risk portfolios and sustained losses in the past, the corporate insurers have already made significant changes in their underwriting strategy especially for large corporations, which has been amplified by the uncertainty of the Company's COVID-19 risk resilience. This combination has created a more difficult corporate insurance market environment.

The insurance industry and the COVID-19 impact on the Company's risk remain unpredictable and most Group insurance policies are renewed on an annual basis. There may be further demands to change scope of coverage, premiums and deductible amounts. Thus, no assurance can be given that the Company will be able to maintain its current levels of coverage nor that the insurance policies in place are adequate to cover all significant risk exposure of the Company.



## 1.1.7 Legal and Arbitration Proceedings

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

Regarding the Company's provisions policy, the Company recognises provisions for litigation and claims when (i) it has a present obligation from legal actions, governmental investigations, proceedings and other claims resulting from past events that are pending or may be instituted or asserted in the future against the Company, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and (iii) a reliable estimate of the amount of such obligation can be made. Although the Company believes that adequate provisions have been made to cover current or contemplated general and specific litigation and regulatory risks, no assurance can be provided that such provisions will be sufficient. For the amount of provisions for litigation and claims, please refer to the "— Notes to the IFRS Consolidated Financial Statements — Note 25: Provisions, Contingent Assets and Contingent Liabilities".

### WTO

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

Following a series of interim WTO panel decisions, in May 2018 the WTO held that the EU achieved compliance in respect of the majority of the subsidies at issue but considered that some remaining obligations required adjustments. The Company and the EU took corrective actions that were reviewed by a WTO panel. The decision of that panel is currently being appealed. In the meantime, the WTO authorised the US to impose US\$7.5 billion in annual countermeasures. The United States Trade Representative ("USTR") imposed tariffs on a range of imports to the US from the EU including 10% on the importation of large civil aircraft from the EU. Those tariffs went into effect on 18 October 2019. On 18 March 2020, the US increased the additional duty rate imposed on aircraft imported from the EU to 15%. On 12 January 2021, the US imposed an additional tariff of 15% on imports of aircraft manufacturing parts from certain Member States of the EU delivered to the US.

The tariffs could have a material impact on the Financial Statements, business and operations of the Company. Duties on the importation of Airbus products into the US could result in (i) increased costs for the aerospace and airline industries as well as other industries that rely on air transport, (ii) weakening demand for new aircraft and negatively affecting the financial condition of air carriers and lessors, (iii) decisions to defer, reject

or reschedule the delivery of new aircraft or limit the routes upon which new aircraft will be used, (iv) increased costs to consumers, and/or (v) damage to the Company's business or reputation *via* negative publicity adversely affecting the Company's prospects in the commercial market place.

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

The respective WTO authorisations to impose tariffs will remain valid until the EU or the US prove to the WTO that they are in full compliance, or until both parties agree to settle the dispute.

On 5 March 2021, the EU and US announced they would suspend all tariffs related to the WTO aircraft disputes for a four-month period.

### GPT

In August 2012, the UK Serious Fraud Office ("SFO") announced that it had opened a formal criminal investigation in relation to GPT Special Project Management Ltd ("GPT"). GPT is a UK company that operated in the Kingdom of Saudi Arabia which the Company acquired in 2007. GPT is now an indirect subsidiary of Airbus Defence and Space. It ceased operations in April 2020.

The SFO's investigation related to contractual arrangements that had been put in place prior to GPT's acquisition by the Company, but which continued thereafter.

On 29 July 2020, the SFO requisitioned (required) GPT to appear in court, and a series of hearings have followed. The single charge against GPT relates to alleged historic corruption in the Kingdom of Saudi Arabia between 2007 and 2012. No plea has yet been entered. For legal reasons, neither the Company nor GPT can comment further on it.

On 31 January 2020 the Company reached a final agreement with investigating authorities in France, the UK and the US in relation to all wrongdoing alleged against the Company and its controlled subsidiaries, with the exception of the pre-existing and separate investigation into GPT. The Deferred Prosecution Agreement of 31 January 2020 mentioned below under "Investigation by the UK SFO, France's PNF, US Departments of State and Justice and Related Commercial Litigation" is not affected in any way by the prosecution of GPT.

### Eurofighter Austria

In 2017, the Austrian Federal Ministry of Defence raised criminal allegations against Airbus Defence and Space GmbH and Eurofighter Jagdflugzeug GmbH for wilful deception and fraud in the context of the sale of the Eurofighter aircraft to Austria and respective damage claims. After the Austrian Federal Ministry of Defence raised its criminal allegations, the Austrian public prosecutor opened investigations against Airbus Defence and

Space GmbH, Eurofighter Jagdflugzeug GmbH and former and current employees of the two entities including related to the corresponding offset obligations. The Company has filed several submissions to the Austrian public prosecutor in response to the allegations of deception in the procurement of Eurofighter combat aircraft made by the Austrian Defence Minister. Since the result of the investigations by the Austrian public prosecutor did not confirm the allegations of wilful deception and fraud, the Austrian authorities accordingly terminated the investigations against Airbus Defence and Space GmbH and Eurofighter Jagdflugzeug GmbH.

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

The Company reached final agreements (“the agreements”) with the PNF, the SFO, and the DoJ resolving the authorities’ investigations into allegations of bribery and corruption, as well as with the DoS and the DoJ to resolve their investigations into inaccurate and misleading filings made with the DoS pursuant to the US International Traffic in Arms Regulations (“ITAR”). The agreements were approved and made public on 31 January 2020.

Under the terms of the agreements, the Company agreed to pay penalties of €3,597,766,766 plus interest and costs to the French, UK and US authorities. This was recognised in the Company’s 2019 accounts. The settlements with each authority were as follows: PNF €2,083,137,455, the SFO €983,974,311, the DoJ €526,150,496 and the DoS €9,009,008 of which €4,504,504 may be used for approved remedial compliance measures. All penalties have been paid, except for \$1 million that remains to be paid to the DoS by 28 January 2022.

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

Under the terms of the Deferred Prosecution Agreement (“DPA”) with the SFO, no independent compliance monitor will be imposed on the Company in light of the continuing monitorship to be conducted by the AFA.

Under the terms of the DPA with the DoJ, no independent compliance monitor will be imposed on Airbus under the agreement with the DoJ, but the Company will periodically report on its continuing compliance enhancement progress during the three year term of the DPA and carry out further reviews as required by the DoJ.

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

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

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

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

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

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

## Securities Litigation

In August 2020, a putative class action lawsuit was filed in US federal court in the state of New Jersey against Airbus SE and members of its current and former management. The lawsuit was brought on behalf of alleged shareholders that purchased or otherwise acquired Airbus SE securities in the US between 24 February 2016 and 30 July 2020, and asserts violations of US securities laws. The complaint alleges that defendants made false and misleading statements or omissions concerning, among other things, the Company’s agreements approved on 31 January 2020 with the French PNF, the UK SFO, the US DoJ and the US DoS as well as the Company’s historic practices regarding the use of third party business partners and anti-corruption compliance. The lawsuit seeks unquantified damages. The Company believes it has solid grounds to defend itself against the allegations. The consequences of such litigation and the outcome of the proceedings cannot be fully assessed at this stage, but any judgement or decision unfavourable to the Company could have a material adverse impact on the Financial Statements, business and operations of the Company.

## Other Investigations

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

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

## 1.1.8 Research and Technology

The Airbus Technology Department, led by the Chief Technology Officer ("**CTO**"), is responsible for defining, delivering and protecting all the Company's Research and Technology ("**R&T**"), enabling technology synergies across the group, federating innovation the Company's activities and ensuring expertise in breakthrough technologies. The department applies a lean project-based approach, tracked and managed using earned value management processes. Technological collaboration with external research communities and partners is encouraged and coordinated through the department with technical and scientific experts. These duties are delivered through the capabilities outlined here below.

The Company-wide integration of R&T technology is achieved through cross-portfolio Technology Planning and Roadmapping, giving an exhaustive view of technology targets and investments. In addition, Company-wide engagement with institutional and commercial partners and public agencies is achieved through common R&T Co-operations.

Central R&T ("**CRT**") is the cross-divisional R&T organisation that prepares the Company's long-term technological capabilities. CRT leads specific investigations in emerging areas of research and conducts ambitious research projects while leveraging leading academic, scientific and research institutions to best utilise their expertise for achieving the Company's ambitions.

Development of selected breakthrough technologies are accelerated through Airbus Demonstrators, by employing rapid maturation methods. This function delivers, thanks to its fully owned Airbus UpNext subsidiary, flight demonstrator projects that drive collaborative new ways of working, provide the highest level of transparency and challenge the status quo by embedding Airbus Technology DNA in a highly dynamic environment.

Each Division has its own R&T function, defining and delivering the divisional projects. The Divisional R&T functions are primarily planning, decision making and arbitration teams, which are accountable within their perimeters to both Technology, Divisional Engineering and Product Strategy. Their responsibilities include securing continuous improvement in Divisional competitiveness and the ability to develop business. Within the Company, commercial specific priority is given to technologies for next-generation aircraft, bringing together product, production system and services.

## Other Disputes

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

In order to maximise the Company's R&T activities, the Divisions leverage the external ecosystem, utilising the portfolio of projects for funding opportunities and engagement with global partnerships, research institutes and universities. This ensures efficient R&T portfolio execution, and benefits from new ways of working including but not limited to agile methodology and minimum viable product demonstration strategy. Responsibilities include securing continuous improvement in Divisional competitiveness and the ability to develop business by establishing and driving the Company's R&T ambitions.

Fast-Track roadmap owners serve as principal advisors to the CTO on technical vision and roadmaps for associated Technology areas. Fast-Track roadmaps ensure coherency in the portfolio of activities and for the rapid advance of strategic priorities. Today the Fast-Track roadmaps cover:

- Electrification;
- Industrial Systems and Manufacturing;
- Connectivity;
- Autonomy;
- Materials;
- Artificial Intelligence.

The Company's IP is protected, secured and defended through a central IP function responsible for patent applications, portfolio investigations and portfolio defence.

Technological innovation and outreach to expertise in specific regions is delivered through three units: Acubed in Silicon Valley, Airbus Innovation Centre in China and start-up engagement and development through BizLab.

## Key progress in 2020

### Airbus Demonstrators – Airbus UpNext

Airbus UpNext identifies and evaluates the disruptive trends of the aerospace industry and demonstrates their potential for viable products. It uses flying demonstrators to evaluate, mature and validate new technological breakthroughs for the R&T portfolio. It invents and accelerates aerospace research and prototype developments to achieve proof-of-concepts at scale and speed.



The **E-Fan family** of technology demonstrators aimed to demonstrate all-electric and hybrid-electric flight. In April 2020, the Company and partner Rolls-Royce jointly decided to end the E-Fan X demonstrator project. E-Fan X had successfully achieved its three main initial goals:

- launching and testing the feasibility of a serial hybrid-electric propulsion system in a demonstrator aircraft;
- gaining insight to develop a more focused roadmap on how to progress on our ambitious de-carbonisation commitments;
- laying a foundation for the future industry-wide adoption and regulatory acceptance of alternative-propulsion commercial aircraft.

The ZEROe concept planes revealed in September 2020 unveiled the Company's investigation and research into hydrogen-based propulsion. The ambition is supported builds on E-Fan X's technology bricks as well as a follow-up demonstrator.

Airbus UpNext has also engaged in the development of an electrical powertrain intending to demonstrate the feasibility and potential of cryogenic and super-conducting technologies for varying power-level applications.

The **Autonomous Taxi, Take-off and Landing ("ATTOL")** demonstrator has successfully leveraged computer vision technologies and techniques to enable commercial aircraft to navigate and detect obstacles during taxi, take off, approach and landing. In April 2020, the world's-first autonomous vision-based flight combining the three functions (taxi/take-off/landing) was successfully performed by an Airbus A350. This marked the completion of the ATTOL demonstrator, a new demonstrator will follow testing the next steps.

The **Fello'Fly** aims to prove the technical, operational and economic viability of wake-energy retrieval for commercial aircraft. In September 2020, a collaboration with Frenchbee and SAS Scandinavian Airlines was publicly announced. In addition, the demonstrator team is partnering with France's *Direction des services de la navigation aérienne ("DSNA")*, the UK's NATS, and EUROCONTROL. This consortium will support the demonstration of the operational feasibility of the project.

The **TELEO** aims at providing seamless smart routing in satellite constellations (LEO and GEO). In August 2020, it was agreed that the ARABSAT BADR-8 platform (to be built by the Company) would host the experimental TELEO optical communications payload. The satellite is scheduled for launch in 2023.

A new Airbus UpNext demonstrator focuses on simplifying VTOL-craft mission preparation and control.

It will include a demonstrator aiming at flight testing high performance wings is included.

### Acubed (A3)

Acubed is the Company's innovation centre in Silicon Valley. Its mission is to provide a lens into the future of the industry, transforming risk into opportunity to build the future of flight now.

The Advanced Digital Design and Manufacturing ("**ADAM**") project aims to develop methods and tools to drastically reduce development lead-time and production cost by leveraging emerging digital technologies. In 2020, ADAM successfully demonstrated its added-value through several use cases, working collaboratively with Airbus Americas Engineering, SATAIR and Airbus in Europe. Use cases include project EVE

for dramatically reducing the time needed for wing stressing on the A321ULR, and a project with SATAIR to use Artificial intelligence to better predict the optimum deployment of spares inventories worldwide.

The Wayfinder project is developing a scalable and certifiable platform for Autonomy and Machine Learning to enable future autonomous flight projects. In 2020, Wayfinder successfully delivered algorithms for detection of runway features for the ATTOL demonstrator enabling fully autonomous computer vision landing of an A350 Flight Test aircraft. In 2020 Wayfinder started Flight Testing on a Beech Baron 58 aircraft for rapidly developing hardware and software for mass data collection.

The Company's UTM project is focussed on integrating UAS into aviation with the aim of servicing all forms of airborne traffic and using the UTM space to introduce and test state of the art digital methods for future ATM systems. The Company's UTM is one of the first FAA approved Low Altitude Authorization and Notification Capability ("**LANNC**") providers for drone flights in controlled airspace, and is working with DroneDeploy to provide this service to the market.

### Airbus China Innovation Center ("ACIC")

ACIC, based in Shenzhen, is the first Innovation Centre set up by the Company in Asia. Its mission is to fully leverage China's local innovation ecosystem – including talents, partners and resources – combining this with the Company's expertise in aerospace to discover promising technologies, to identify solutions enabling new services and to fast-track delivery of innovation projects.

### Manufacturing Innovation

The team is tasked with leveraging China's strength in advanced manufacturing to deliver value to the Company's final assembly lines. It is developing computer vision for workflow/safety, smart tooling, automation in logistics, industrial connectivity, remote inspection and IoT / big data. Prototypes / solutions have been developed and implemented in production environments.

### Cabin Experience

Flexible display use cases have been presented to selected customers with positive feedback.

The Cabin Wi-Fi application demonstrator integrated on the A350 MSN002, 3<sup>rd</sup> party applications were integrated on the Shenzhen Lab to enrich the offer to Chinese customers.

Turning to the Company's strategic project Keep Trust in Air Travel, the team set up a contractual framework with a local supplier to provide an antimicrobial polish, which disinfects cabin surfaces for at least three months after its application. This is expected to come to market in the first half of 2021.

### Tech Lab

Wireless sensor development is: a more cost-efficient way to collect data from flight tests *via* wireless connection, being developed in cooperation with Airbus Helicopter engineering. Phase I was delivered in June 2020. Phase II is scheduled for delivery in the first half of 2021.

A battery testing lab is: screening and testing the latest battery technology in China.

## Connectivity

The 5G Air-To-Ground (“ATG”) antenna alpha prototype was successfully developed. A beta prototype and flight test is planned 2021.

## BizLab

Airbus BizLab is the aerospace accelerator where start-ups and the Company's intrapreneurs speed up the transformation of innovative ideas into valuable businesses. The “cohort” of start-ups and intrapreneurs must quickly identify an internal Airbus customer, develop the terms for a proof-of-concept and deliver everything within a six-month period. Start-ups and internal projects benefit from access to the Company's coaches and experts in various domains, and participate in events such as a “demo-day” with the Company's decision makers, customers and partners.

In 2019, Airbus BizLab signed a contract with the Indian start-up “Traxof Technologies” to automate the talent acquisition process for Airbus' Information Management organisations in India and Europe and the VR-Pilot Flight Training Solution (“VRnam”) was acquired by the Company. The solution allows trainees pilots to learn and practice flows and procedures in an immersive 3D cockpit. Complemented by Airbus simulation competencies, it replaces cockpit simulator time and offers remote training based on an hourly-rate business model.

The internal project “Geotrend” was spun out and is now a start-up, counting more than 25% of France's CAC 40 index companies as customers of the service. Geotrend is a market and competitive intelligence solution based on artificial intelligence that originated within the Company's Defence and Space Division.

Internal projects in 2019 included “Flt”, a software solution that provides insight on the future of air traffic using big data, artificial intelligence and scenario-based models. Additionally, the Crowdcraft project implemented by the Airbus's General Procurement department is a crowdsourcing and crowd staffing platform, which rapidly finds solutions to technical challenges for leveraging worldwide talent. The solutions have reduced cost and work time through more efficient and compliant means for procurement buyers to access goods and services. The “Flight Operations Data 2.0” project has been transferred to “NavBlue” for commercialisation of the end-to-end solution for flight operation data.

## Airbus (Commercial Aircraft)

In response to the COVID-19 crisis, the R&T activity for Airbus' commercial aircraft business was refocused on zero emission technologies for next generation aircraft, as well as other aircraft system technologies, including propulsion, wing, fuselage, cabin, and industrialisation as a transverse technology stream.

The key achievements in the area of zero-emission technologies include both hydrogen combustion and hydrogen fuel cell technologies, for a highly efficient hybrid-electric propulsion system. Different approaches to integrating the liquid hydrogen storage and distribution system have been considered and will continue to be addressed in 2021. To further explore the possibilities of fuel cell propulsion systems for aviation, the Company has entered into a strategic partnership with a key fuel cell system and component supplier. This partnership will enable

co-developing and co-validating aviation-compatible fuel cell stacks. One specific configuration being investigated, amongst others, is the “pod” option of installing stand-alone fuel-cell propulsion systems based on hydrogen fuel cell technology.

In the wing technology area, the high-rate, low-cost wing technologies needed for next generation aircraft have continued to progress during 2020 into the industrial phase. Full size Wing Demonstrators are now in manufacture at a component level, involving Airbus plants across Europe and partners globally. The Industrial System for the assembly of the demonstrators is being installed and the first demonstrator is expected to start the assembly phase in the middle of 2021.

The other main areas of technology development in 2020 include supporting the continuous improvement of Single-Aisle and A350 aircraft. Within industrial systems, more robotics are being deployed across the plants, as are in-process digital feedback and verification. Technologies reducing the Company's environmental footprint and enabling a more circular economy are also at the heart of the portfolio.

## Airbus Helicopters

Despite the crisis, R&T activities made good technical progress in the key streams (Flagship and Safety) which were selected as priority.

Key milestones have been achieved for flagship. The delivery by partners of RACER flight components started and the assembly will be completed by the middle of 2021. The first flight is now planned for the second half of 2022.

From a technology brick perspective, solutions are also in R&T-R&D transition. Light Helicopters HUMS flight demonstration is in preparation on the H130 Flight Lab. The Rotor Strike Alerting System has successfully passed its TRL6 stage and its supplemental technical certificate agreement has been signed with a supplier (NSE company) ahead of in-service deployment. Electrical components of the engine back-up system for the H130 helicopter were delivered and their flight clearance started for a first flight at the beginning of 2021. A new concept of lead lag dampers for heavy helicopters has been demonstrated on the ground and the performance assessment will continue in flight in 2021.

From a programme point of view, the crisis confirmed the priorities already defined. Robust roadmaps based on realistic vision have been set out for mid- and long-term outcomes, namely: CO<sub>2</sub> and noise emission reduction, autonomy and automatisisation, artificial intelligence, urban mobility.

## Airbus Defence and Space

In 2020, the challenging economic situation led to a review of the overall R&T Portfolio of projects for the Company's Defence and Space Division. This exercise of prioritisation was done under the premises of maintaining our core capabilities, focusing only on those technologies that are required for adoption in key products.

The optimisation of the portfolio also offered the opportunity to revise the links between R&T and R&D, and reinforce them where necessary, as well as to restructure the way that the Division addresses its technologies and the link between technology and product. The new portfolio is arranged using the concept of

flagships, which represent the main areas of interest for focusing the technology maturation to ensure proper adoption by internal and external customers.

In terms of main technology achievements, the Division focused on technologies related to automatic processing of information from multiple sources, and enhanced high-resolution satellite image processing and data analytics. Many of those technology bricks are being integrated into the main family of products of the Connected Intelligence Program Line.

In Space, significant effort has also been dedicated to work on core technology bricks for the OneSat and Eurostar NEO family of satellites, in the areas of: propulsion, materials and radiation protection. There is special emphasis on radar developments and on telecom payloads, including significant progress on the optical communications roadmap.

Big achievements have been made in digitalisation and automation for production and assembly, applicable for both aircraft and satellites. Highlighted technologies here are artificial vision, augmented reality and enhanced use of cobots (collaborative robots).

During 2020, the Defence and Space Division continued developing key technologies for new combat platforms and systems, applicable both for Eurofighter and future elements of the FCAS System-of-Systems. This includes not only platform-related aspects (such as flight physics methods and tools, energy and thermal management developments), but also technology elements related to the cloud-based networking environment in which those platforms will have to operate, combining assets that will have to work collaboratively and in contested environments. This includes manned-unmanned teaming demonstrations.

### Central Research and Technology (CRT)

CRT operates in concert with Technology fast tracks and roadmaps to meet strategic objectives, as well as with divisional R&T to ensure the continuation of CRT activities. At the end of 2020, CRT had 55 projects running concurrently across its six domains. Highlights from these activities include:

- **Blue Sky:** together with Airbus Engineering, Blue Sky (on behalf of the CTO) successfully led the Airbus Quantum Computing Challenge to its conclusion. The worldwide competition was the first of its kind. It made news around the globe and attracted over 1000 people from more than 70 countries. The winner, Machine Reply, was announced in December 2020 at the Q2B conference. A joint follow-on project between Engineering, CRT, and Machine Reply is expected to take place in 2021. In addition, Blue Sky launched a novel research project on biological means of recycling CFRP, opening the door to novel means of ensuring long-term sustainability in aerospace;

- **Communications:** pioneering new communication system architectures and concepts of operation for ultra-high speed connectivity between flying platforms and the terrestrial infrastructure. Proof-of-concept of a special many-core processor design for highly integrated airborne computer systems, including safety-critical and high-performance applications. Unprecedented precision in-door positioning in the aircraft cabin using the existing wireless infrastructure. Adopting research results on secure aircraft-to-ground equipment communications to the “Keep Trust in Air Travel” initiative to sanitise the aircraft cabin against the COVID-19 virus;
- **Materials:** green and sustainable materials and process technologies projects have been accelerated, e.g. assessment of different carbon capture routes to raw materials for carbon fibre composites or eco-efficient value streams for Ti64 circular use (from production chips to new powder). Highly efficient multi-functional structures with integrated printed sensors inside the material lay-up have proven their robustness and functional feasibility during coupon testing. Digitalisation Technologies have been shown to accelerate and improve materials analytics and development processes, e.g. striation counting in failure analytics images, evaluation of computer tomography data or physical-chemical data or simulations with a volume element for composite digital twins. Multi-material printing technologies for tailoring parts has shown its feasibility and triggered new application ideas (new heat exchanger design concepts for zero emission flying);
- **Electrics:** successful demonstration of a high-voltage cable prototype capable of sustaining the required performances in voltage (up to 3 kV) without undesired phenomenon such as partial discharges, and with weight and flexibility improvement for installation. The Zero Emission team makes use of this technology;
- **Virtual Product Engineering:** five projects were concluded and successfully handed over to divisional customers addressing topics in efficient High Power Computing, future Model Based System Engineering, modelling and simulation. Topics launched in 2020 will investigate use of Artificial Intelligence in Modelling and Simulation as well as addressing simulation challenges for future Airbus platforms and industrial systems;
- **Data Science:** the team has concluded four major projects that contributed either open or inner source software for use in major projects in the business. A new project, Intelligent Observe Orient Decide Act, has been launched with the aim of improving commercial aircraft manufacturing through the delivery of a virtual assistant that integrates planning and scheduling capabilities.



## 1.2 Non-Financial Information

### 1.2.1 The Company's Approach to Sustainability

The Company is now using the term “sustainability” to fully encompass both the notions of responsibility and sustainability, not only to be in line with current business practices but also to reflect a more comprehensive and integrated approach to sustainability. It understands that acting responsibly is a prerequisite, essential to ensuring sustainability, now at the heart of the Company's new purpose and business strategy. For a description of the Company's business model and strategy, see “– Information on the Company's Activities – 1.1.1 Overview”.

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

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

The Company's purpose is brought to life *via* its strategy which defines what it does, plans and prioritises. The “what it does” is reflected first and foremost in the product and services portfolio offered to its customers. Its aircraft are essential to uniting families, business leaders, medical professionals, students and diplomats worldwide. In 2019, the aviation sector helped unite 4.5 billion passengers<sup>(1)</sup>, many of which used Airbus aircraft. In parallel, its helicopters are critical to ensuring medical emergency missions, firefighting missions, search and rescue missions and the performance of geological and wildlife surveys amongst others.

Its defence and space portfolio assists government authorities, emergency service providers and healthcare providers in safeguarding citizens worldwide by providing communication, collaboration and intelligence knowledge solutions. Solutions such as Airbus Earth monitoring systems are critical to better understanding the impact of climate change and to monitoring deforestation, ensuring positive contributions to SDG 13, “Climate Action” and SDG 15, “Life on Land”.

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

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

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

For example, it also contributes significantly to SDG 8 “Decent Work and Economic Growth”. According to the 2019 ATAG Benefits Beyond Borders fact sheet, prior to the COVID-19 crisis, the aviation sector supported 87.7 million jobs worldwide, 11.3 million of which were direct jobs in the industry, known for its high-value added professions. Another 18.1 million jobs were supported through the aviation industry supply chain and 13.5 million through induced benefits of industry and employee spending. Finally another 44.8 million jobs supported in the tourism industry.

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

<p><b>Economic benefits</b></p>	<p><b>87.7 million</b></p> <p>Jobs supported by aviation worldwide</p> <ul style="list-style-type: none"> <li>→ 11.3 million direct jobs in the industry:                             <ul style="list-style-type: none"> <li>■ 648,000 at airport operators</li> <li>■ 5.5 million in other on-airport jobs</li> <li>■ 3.6 million at airlines</li> <li>■ 1.3 million in civil aerospace</li> <li>■ 237,000 at air navigation service providers</li> </ul> </li> <li>→ 18.1 million jobs supported through the aviation industry supply chain</li> <li>→ 13.5 million jobs through induced benefits of industry and employee spending</li> <li>→ 44.8 million jobs supported in the tourism industry</li> </ul>	<p><b>\$3.5 trillion</b></p> <p>Global contribution to GDP, 2018 (4.1% of world economic activity)</p> <hr/> <p><b>4.3x</b></p> <p>Aviation jobs are, on average, 4.3 times more productive than other jobs</p> <hr/> <p><b>35%</b></p> <p>Worldwide trade by value carried by air transport, 2018 (\$6.5 trillion). By volume: 0.5%</p> <hr/> <p><b>17th</b></p> <p>If aviation were a country, it would rank 17th in size by GDP</p>
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Reference: ATAG Aviation Benefits Beyond Borders Global Fact Sheet – September 2020.

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

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

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

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

– Lead the journey towards clean aerospace



– Respect human rights and foster inclusion



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



– Exemplify business integrity



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

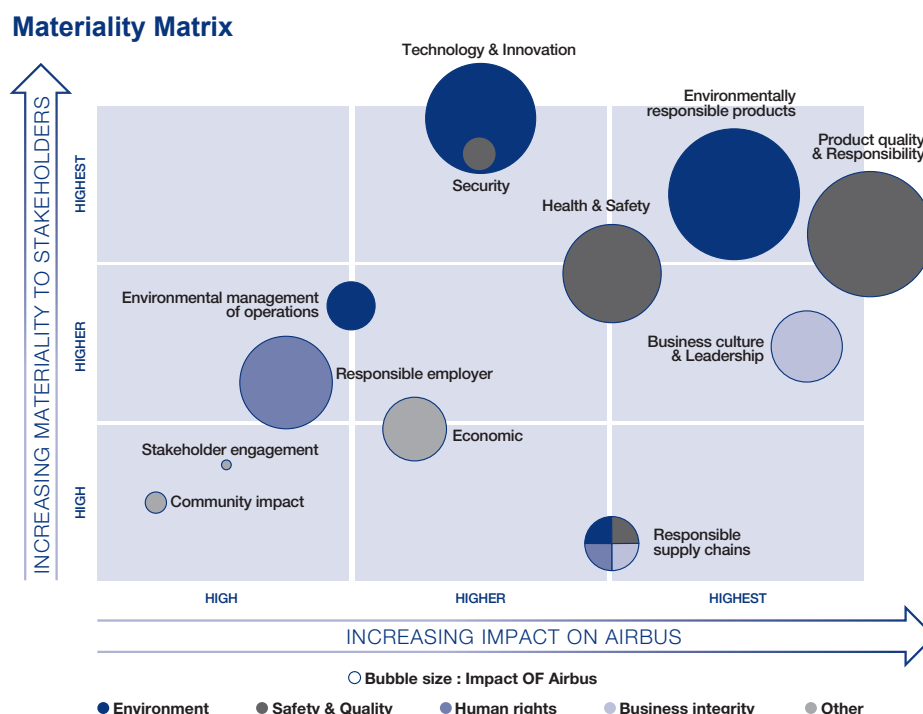
The objective is to set clear ambitions across each commitment with agreed key performance indicators (“KPIs”) and targets enabling the Company to monitor progress towards these ambitions. This process has begun in 2020 and will continue to mature over 2021.

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

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

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

## Materiality matrix 2020



Source: Datamaran.

## Governance and Organisation

2020 was also a year when the Company strengthened its governance around sustainability. The former Ethics & Compliance Committee of the Board of Directors was expanded to include sustainability as a whole, with the first meeting of the Ethics, Compliance and Sustainability Committee (“ECSC”) taking place in October 2020. For further information about the ECSC, see “– Corporate Governance – 4.1.1 Corporate Governance Arrangements”.

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

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



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

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



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

The Company also believes the integration of sustainability criteria in its reward mechanisms is an important enabler for accelerating its sustainability ambitions. In 2020, the Company integrated a sustainability component into the Common Collective Component of the CEO’s Variable Remuneration, accounting for 20% of the payout. This principle also applied to the other members of the Executive Committee who do not serve on the Board of Directors, and to a large extent to all Executives employed at the Company. As for employees below senior manager level, sustainability criteria has been integrated as part of the operational targets impacting the payout of success sharing schemes which are implemented in the Company in more than 30 countries. For more details regarding the Company’s remuneration schemes, see “– Corporate Governance – 4.2 Remuneration Policy”.

## Reporting

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

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

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

- **Lead the journey towards clean aerospace:**
  - 1.2.2 Environment (“environmentally responsible products” and “environmental management of operations” in the matrix);
- **Build our business on the foundation of safety and quality<sup>(1)</sup>:**
  - 1.2.3(a) Aviation and Product Safety (“product quality & responsibility” in the matrix),
  - 1.2.3(b) Health and Safety (same in the matrix);
- **Respect human rights and foster inclusion:**
  - 1.2.4(a) Human Rights (“responsible employer” in the matrix),
  - 1.2.4(b) Inclusion and Diversity (“responsible employer” in the matrix),
  - 1.2.4(c) Labour Relations (“responsible employer” in the matrix),
  - 1.2.4(d) Workforce (“responsible employer” in the matrix),
- 1.2.5 **Exemplify business integrity:** Ethical business practices (“business culture & leadership” in the matrix),
- 1.2.6 **Responsible supply chain** (“responsible supply chains” in the matrix), and
- 1.2.7 **Community engagement** (“community impact” in the matrix).

(1) See section 1.1.8 for Research & Technology (“technology and innovation” in the matrix).

## Airbus' Way Forward: Vigilance Plan

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

The Company is determined to drive its four sustainability commitments across its value chain. They include commitments linked to human rights, health and safety and the environment. In 2020, even greater focus has been placed on Airbus' supply chain. With the launch of a dedicated Sustainable Supply Chain Roadmap, the Company intends to accelerate improvements upstream. For the Company's Vigilance Plan for its supply chain, see "– 1.2.6 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. At the Company, heads of programmes and functions, as well as managing directors of affiliates, supported by respective internal specialists, shall ensure proper deployment of the Company's policies, management of ERM in their fields or perimeters, as well as duly reporting issues to top management. The Company's approach is based on its existing strengths, namely a strong management process already established and adopted by employees, empowerment of specialists and an industry approach whenever possible.

With regard to risk management, the Company performed an in-depth review of its ERM system in 2017 in order to identify potential missing risks related to human rights and fundamental freedoms, health and safety and the environment. Since then, the ERM system is continuously evolving to take into account the most significant risks which can be generated as part of the Company's operations. During 2020, these risks and related response plans were consolidated and were reported to the Company's top management on a regular basis. Sustainability risks are structured around four topics reflecting the Company's four sustainability commitments: environment, human rights, safety, and business integrity. To increase the consideration of sustainability subjects across the Company, the ERM Center of Competence 2020 Confirmation Letter required all organisations to assess if human rights, health & safety and environment risks are identified, assessed, and response plans are in place, and eventually define improvement actions to address these types of risks. For further information on ERM, see "– Corporate Governance – 4.1.3 Enterprise Risk Management System". For further information on the Company's risks, see "– Risk Factors".

To support our commitment to and promotion of a "SpeakUp" culture, the Company has an "OpenLine" to provide employees and third parties with an avenue for raising concerns in a confidential way. For further information on the OpenLine, see "– 1.2.5 Exemplify Business Integrity".

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

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

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

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

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

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

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

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

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

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

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

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

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

For further information on the Company's approach to the environment, see "– 1.2.2 Lead the Journey Towards Clean Aerospace – Environment". For further information on the Company's approach to human rights and health and safety, see 1.2.4 and 1.2.3 respectively.

## 1.2.2 Lead the Journey Towards Clean Aerospace

### Environment

#### I. Introduction

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

#### II. Governance

##### Environmental policy

The Company has put sustainability at the heart of its company strategy and governance, making it a clear priority. We take a holistic approach to measuring and acting upon our environmental performance by assessing the environmental impact of our internal operations as well as providing capabilities to our customers to reduce the impact of the products in operation. This also means introducing a lifecycle perspective

and mitigating the risks and impacts at all stages along the lifecycle, from the procurement of raw materials, through the design and manufacturing of our products, to their in-service life until their retirement.

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

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

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

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

### Organisation and responsibilities

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

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

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

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

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

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

### Disclosure of environmental indicators

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

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



## Annual reporting of performance indicators table

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

### Geographical scope

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

### Scope of metrics

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

✓: 2020 data audited by EY<sup>®</sup>. 2020 data covers 94.7% of active workforce.

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

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

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

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

## III. Risk Management

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

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

### 1. Climate-related risks

Climate-related risks are described in "– 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.

## 2. Regulated Chemicals

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

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

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

## IV. Initiatives

### Industrial Operations

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

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

In 2019, the Company rolled out High5+, a 2030 plan to reduce the footprint of the Company's activities globally and reach out to the supply chain. High5+ engages sites and functions, making sure that each area plays its part in delivering the global 2030 objectives. These objectives have been set in absolute value compared to 2015 levels to reduce energy consumption, CO<sub>2</sub> emissions, water consumption, VOC emissions and waste production as follows:

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

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

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

#### Geographical scope

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

#### Scope of metrics

- Energy: Natural gas consumption, Propane consumption, Stationary Distillate fuel oil consumption, Biomass consumption, Purchased electricity consumption, Purchased heat/steam consumption;
- GHG Scope 1 & Scope 2: all GHG emissions associated with Energy metrics, GHG emissions reductions from Renewable Certificate & Sustainable Aviation Fuel, GHG emissions from jet fuel aircraft / Kerosene consumption, GHG emissions from kerosene consumption from Beluga flights;
- Scope 3: GHG Emissions from Oversize Transport;
- Scope 3: Use of Sold Product data is excluded from coverage calculation;
- Volume of purchased water, Water consumption;
- Total amount of waste produced, Amount of waste going to energy recovery, Amount of waste going to material recovery, Amount of waste going to landfill (calculated as Total amount of waste produced – Amount of waste going to energy recovery – Amount of waste going to material recovery) and excluding exceptional waste;
- Total VOC emitted, Total NO<sub>x</sub> emitted, Total SO<sub>x</sub> emitted.

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

CO<sub>2</sub> emissions have decreased by around 20% in 2020 due to the decrease of industrial activities mainly in the Company's commercial aircraft operations. Purchased water volume has followed a similar trend, decreasing by 21% in Europe, which reflects the impact of lower activities and presence on site due to confinement and remote-working scheme deployment as well as some efficient recovery on leak detection and remediation.

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

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

For 2020, the CO<sub>2</sub> and Water annual performance is described in the table below:

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

**Annual objective on CO<sub>2</sub>**

Geographical scope

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

Scope of metrics

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

**Annual objective on water purchase**

Geographical scope

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

Scope of metrics

- Volume of purchased water.

**Other Initiatives**

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

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

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

The Company has also been proactive in seeking ways to reuse and recycle materials beyond their initial life. Not only does the Company send around 50% of its waste to be recycled, but today, through the TARMAC Aerosave joint venture, more than 90% of an aircraft weight is recycled or reused through a

**Annual objectives**

In order to better embed this ambition into the Company's performance management, the Executive Committee agreed in 2019 to include a reduction target for 2020 (compared to 2019) of -2.7% for CO<sub>2</sub> and -5% for purchased water (see table below) as part of the Company's top objectives.

In 2020, the Executive Committee agreed to include reduction targets of -3% for CO<sub>2</sub> and -5% for water for 2021 (compared to 2020) as part of the Company's top objectives.

As such, these annual targets form part of the CEO's and other Executive Committee members' remuneration. In 2021, the CO<sub>2</sub> target will also be included as a non-financial KPI in the variable remuneration of executives and success sharing for all eligible employees.

selective dismantling (reverse manufacturing) process. In 2021, all carbon fibre waste from commercial aircraft production will be recycled by a specialised subcontractor.

Wherever its industrial activities have an impact on biodiversity (e.g. when building a new site or extending an existing one), the Company is engaged with local partners on conservation and remediation projects to preserve the affected flora and fauna and ensure they are not adversely affected by the Company's activities.

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

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

### Use of Carbon Offsetting

In 2019, the Company introduced a mechanism to compensate emissions of activities for which reduction and use of renewable energy are not sufficient to meet the internal targets, such as air and sea activities. This mechanism follows an approach of avoiding and reducing GHG emissions in absolute value first to later compensate when necessary. Due to the COVID-19 crisis and related production rate adaptation, no compensation was required in 2020 to achieve CO<sub>2</sub> reduction targets. As part of its plan to tackle scope 3 emissions, the Company also compensates all emissions linked to air business travel.

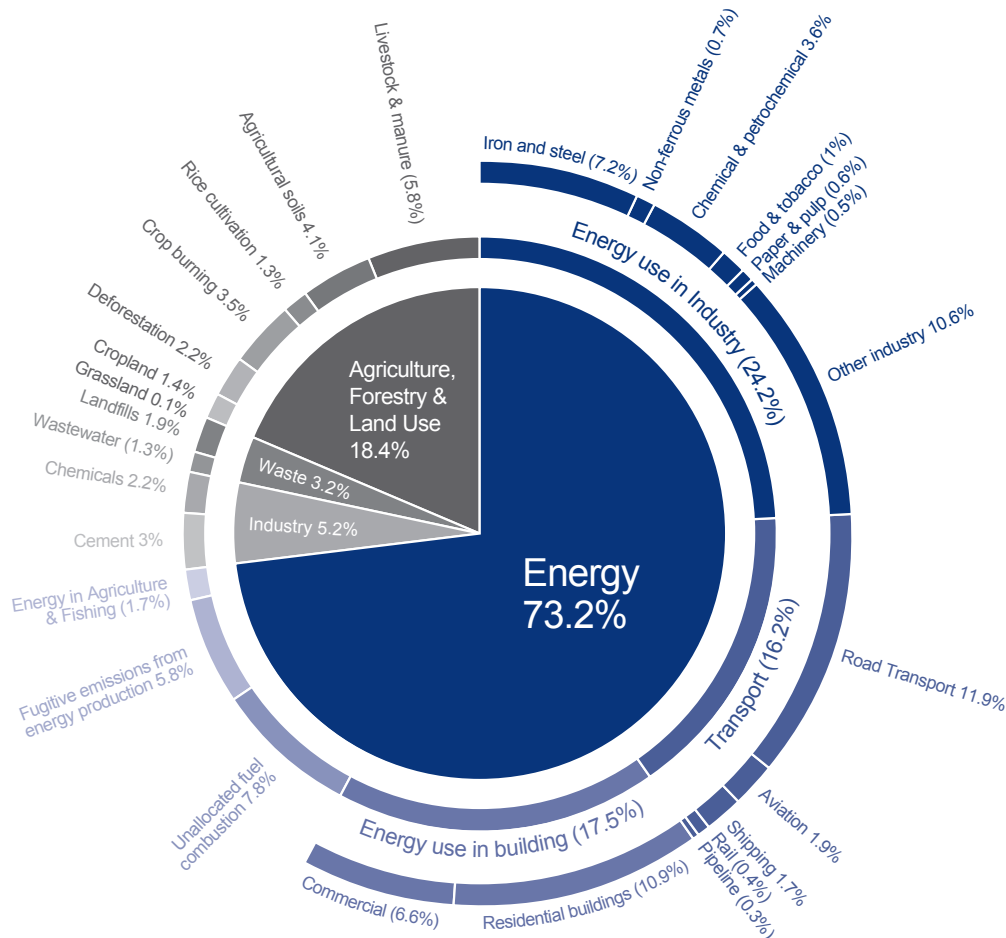
The Company built a rigorous procurement process based on the concepts of additionality, real (permanent) reduction, prevention of double counting, prevention of overestimation and no additional harm. As a minimum, the carbon offsets need to be certified by the Gold Standard (or Verra for certain projects) and the supplier needs to show proof of how each one

of the mentioned criteria were met. In addition, understanding that these carbon offsetting programs may have gaps in their methodologies, it was requested additional proof of how such gaps are managed by the provider. Moreover, certain societal aspects were considered, such as prevention of child labour and the relation with the communities surrounding the projects.

### Product Operations

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

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



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

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



## Reporting of Airbus' Emissions from Sold Products

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

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

In 2019, the Company delivered a record 863 commercial aircraft. Based on an average life-time in service of around 22 years (average life-times specific to each aircraft type were used in the calculation), the total CO<sub>2</sub> emissions for these products over their

anticipated life-time is estimated at around 740MtCO<sub>2</sub>e (of which around 130Mt are linked to upstream fuel production), which translates to an average efficiency of 66.6gCO<sub>2</sub>e per passenger-kilometre. In 2020, the Company delivered 566 aircraft with resulting estimated life-time emissions of around 440MtCO<sub>2</sub>e (of which 80Mt are linked to upstream fuel production) and average efficiency of 63.5gCO<sub>2</sub>e per passenger-kilometre.

For the purpose of this calculation, the operating conditions of the aircraft were considered to be static over the whole service life. Therefore, it has to be taken into account that these numbers do not reflect the anticipated gradual introduction of decarbonisation measures such as SAF and probably constitute a "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.

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

### Methodology

- The Company's emission calculation methodology was developed by a joint team comprising key personnel from the Engineering and Environment departments and is aligned with the guidance provided by the Greenhouse Gas Protocol. The external auditor performed a review of the calculation methodology applied by Airbus and assessed the reasonableness of the supporting assumptions.
- The Company has used a number of assumptions based on internal and external information including assumptions based on publicly-available data. These assumptions include the aircraft load factor, the current penetration rate of sustainable aviation fuels, their CO<sub>2</sub> reduction potential and the indirect emissions index from jet fuel production, emission factors, as well as aircraft operational usage and average in-service lifetime. Primary data collected within the Company was also used, such as the type of sustainable aviation fuel considered or aircraft performance and configuration parameters.

### Key Hypothesis

- The estimation includes emissions related to CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>o. Emissions related to NO<sub>x</sub> were estimated and excluded given the uncertainty related to the NO<sub>x</sub> emission factors and the relatively low contribution of this emission stream.
- Emissions related to aircraft engine start and taxiing have been included, however, emissions from the Auxiliary Power Units (APU) and ground handling equipment have been excluded.

## Aviation Industry Targets

The aviation sector's efforts to reduce its environmental footprint are not starting today. Significant achievements have already been made. CO<sub>2</sub> emissions per revenue passenger kilometre have been reduced by around 50% since the 1990s. Aviation has managed to decouple the increase in CO<sub>2</sub> emissions from its traffic growth and has improved its energy intensity quicker than any other mode of transport.

In 2008, the aviation sector was also the first to commit to ambitious CO<sub>2</sub> emission reduction goals through the Air Transport Action Group ("ATAG"):

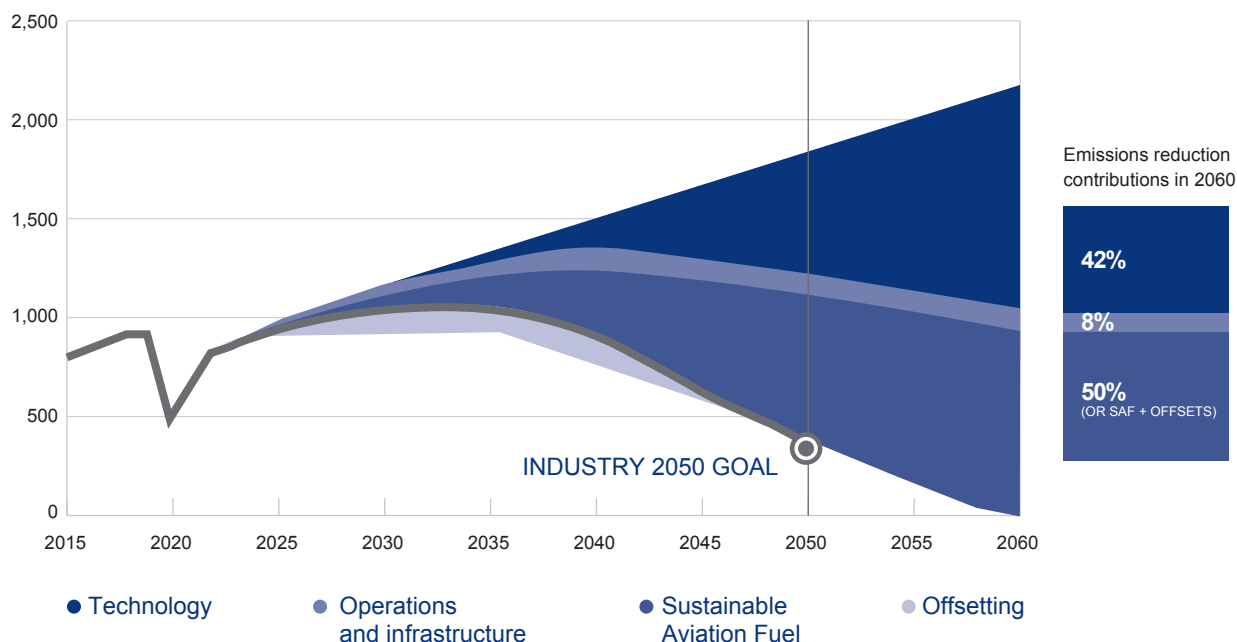
- improving the fuel efficiency of the worldwide fleet by an average of 1.5% per annum between 2009 and 2020. This first target has been achieved with more than 2% CO<sub>2</sub> reduction per annum throughout the period;
- stabilising emissions from 2020 with carbon-neutral growth. This means that even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

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

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

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

**Graph 2: The aviation industry's roadmap to significant emissions reduction by 2060**



Source: ATAG Waypoint 2050 report (2020)

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

### Airbus' Roadmap to Reducing Emissions

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

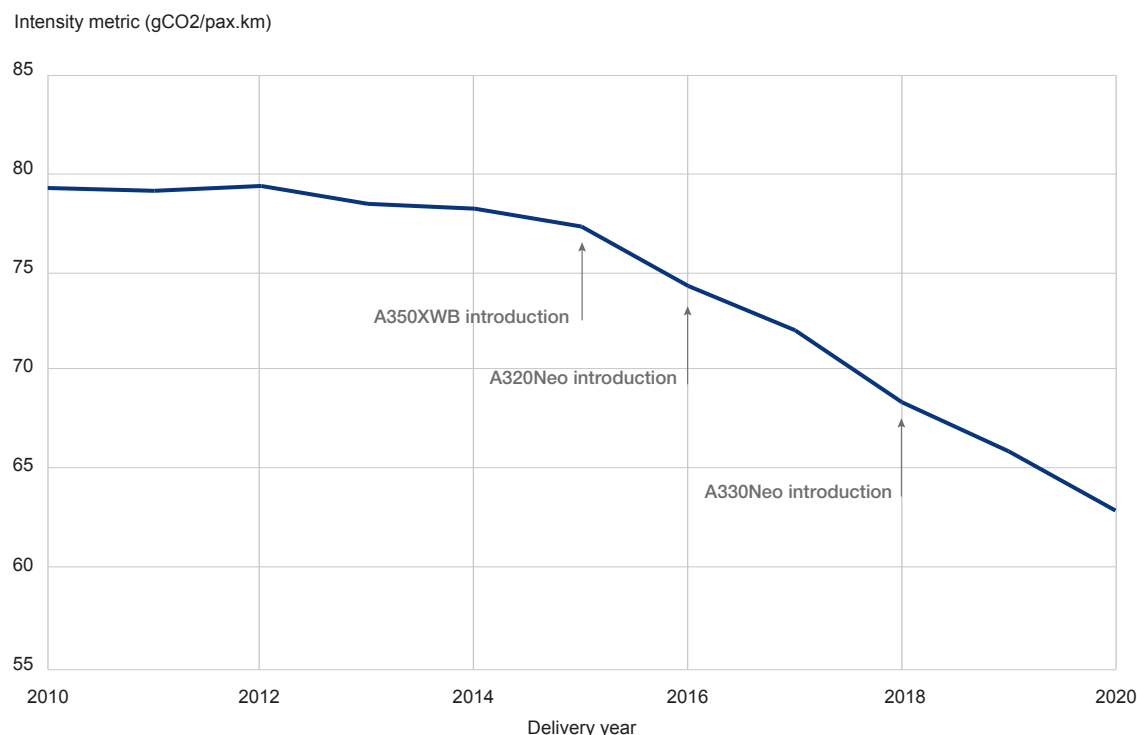
#### 1. Replacing Current Fleets with More Performant Aircraft

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

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

- A350 and A330neo offer 25% reduction in fuel burn and significantly reduced noise footprints versus the previous generation of aircraft;
- the A320neo family brings a 20% reduction in fuel burn, and nearly half the noise footprint;
- A220 offers 25% reduction in CO<sub>2</sub> emissions per seat versus previous generation of small single-aisle aircraft, 50% reduction in noise footprint and 50% fewer NO<sub>x</sub> emissions than the standards.

**Graph 3: Average intensity metric (gCO<sub>2</sub>/pax.km)**



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

The Company is committed to contributing to developing, building and testing alternative-propulsion systems – powered by electric, hydrogen and/or solar technology – to enable the aviation industry to disruptively reduce the CO<sub>2</sub> emissions of commercial aircraft, helicopters, satellites and future urban air mobility vehicles. In 2019, the Company invested €3.4 billion in R&D for the development and improvement of its product line.

### Zero-emission Commercial Aircraft Ambition

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

Hydrogen is a high-potential technology with a specific energy-per-unit mass that is three times higher than traditional jet fuel. If generated from renewable energy through electrolysis, it emits no CO<sub>2</sub>, thereby enabling hydrogen-based synthetic fuels to potentially power large aircraft over long distances in a carbon neutral way.

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

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

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

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

### Zero-emission Urban Air Mobility

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

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

#### Zero-emission High-Altitude Pseudo-Satellite

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

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

- developing advanced photovoltaic solar panels that are lighter, more flexible and capable of capturing more energy per m<sup>2</sup> of surface;
- converting captured solar energy into electrical energy to power an electric-propulsion system and other onboard equipment;
- harnessing solar energy into a rechargeable energy storage system, thereby enabling the aircraft to fly at night with unlimited autonomy.

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

#### 3. Investing in Smart ATM Solutions and Optimised Operations

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

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

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

#### 4. Developing and Deploying SAF

The main driver of the Company's commercial aircraft products emissions and CO<sub>2</sub> intensity is the energy source. Although they only represented a small share of aviation's current fuel use in 2020, SAF (biomass-based or synthetic) are key in the air transport sector decarbonisation strategy.

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

All the Company commercial aircraft are already certified to fly with a fuel blend including up to 50% of SAF, and the Company ambition is to reach a certified 100% blending capacity. SAF produced using the most advanced pathways can provide CO<sub>2</sub> emission reduction of up to 80%. This means that today, the emissions from aircraft currently offered by the Company could be reduced by 40% if their potential was fully used. As detailed above (see Section “Aviation industry targets”), the Company supports decarbonisation scenarios which include an ambitious rollout of SAF. Under such scenarios, the Company estimates that products delivered in 2020 could see their life-time emissions reduced by around 10% thanks to the gradual introduction of SAF during their operational life.

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

#### 5. Encouraging Temporary CO<sub>2</sub> Emission Compensation Schemes

Finally, temporary CO<sub>2</sub> emission compensation will be instrumental to stabilising aviation's emissions in the medium term until disruptive solutions reach maturity. For that reason, the Company supports ICAO's CORSIA as the only global market-based measure for international aviation.

#### Sustainable Space Products

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

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

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



### Substances Roadmap

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

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

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

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

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

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

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

all Airbus commercial aircraft manufacturing programmes and across the aerospace industry. Another example is the Airbus Basic Primer project that researches potential alternatives with the aim of phasing out the green chromated primer coat.

### V. Future Outlook

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

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

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

In an effort to improve the circularity of its products and reduce the need for non-renewable resources, the Company actively researches innovative new materials that could be used in the next generation products. Such projects include for instance bamboo based bio-composites for aircraft structures, or using algae to turn the atmosphere's CO<sub>2</sub> into carbon fibre.

*"We have made the commitment to bring CO<sub>2</sub> emissions to half of 2005 levels by 2050. A new generation of technology, research and development, and our total respect for the planet lay the foundation for a more sustainable aviation industry. By demanding more of ourselves in the areas of research, supply, production and operations, we can demand less of our planet. This clears the path toward a future in which we can connect more people than ever before, in the most sustainable way possible."* Guillaume Faury – Airbus CEO

## 1.2.3 Build Our Business on the Foundation of Safety and Quality

### a. Aviation and Product Safety

#### I. Introduction

The Company believes that everyone in our industry has a role to play to further enhance the safety of the air transport system. Flying today is safer than ever before, and collective efforts continue to ensure it will be even safer by anticipating and responding to risks, threats and challenges. Whilst the foundations of the air transport system are built on regulatory compliance, the safety culture at the Company goes beyond compliance with certification and continued airworthiness requirements to also focus on safety enhancement activities in products and services and implementing enhancements when appropriate. This also extends to the products and services of the Company's Defence and Space Division that offer communication, collaboration and intelligence knowledge solutions to assist government authorities, emergency service providers and healthcare providers. For further information, see "– Information on the Company's Activities – 1.1.4 Defence and Space".

#### II. Governance

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

#### Airbus Safety Management System

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

#### Airbus Safety Strategy

The Company's safety strategy is based on the top safety threats or opportunities and provides the associated key safety objectives for the safe operation of Airbus aircraft. It is a five-year projection, which is reviewed and updated annually, and responds to EASA's annual European Plan for Aviation Safety.

#### Regulatory Compliance

Product certifications are provided by the competent aviation authorities including the main civil aviation authorities and specific military authorities. Within each Division, and according to their respective functions, the Company works to ensure compliance through design and certification of products under EASA Part 21 Design Organisation Approvals (DOA); ECSS-Q ST-40-C for (Space Products) and Def-Stan 00-56 (Defence Products); manufacturing under Production Organisation Approvals (POA); monitoring of in-service safety through approved EASA Part-M

Continuing Airworthiness Management Organisations (CAMO); aircraft maintenance and retrofit operations conducted in line with civil and military EASA Part 145 regulations; and training provided to flight crews, cabin crews and maintenance crews through EASA Part 147 Approved Training Organisations (ATO).

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

#### Commitment to Just and Fair Culture

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

#### III. Risk Management

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

#### IV. Initiatives

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

For example, the Company is working with its supply chain to extend its safety enhancement principles with its suppliers. This includes specific SMS forums and initiatives with 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 50,000 readers in the aviation community every month via the website [safetyfirst.airbus.com](http://safetyfirst.airbus.com) and the Safety first app.

In addition to these external safety promotion initiatives, the Company invests in internal safety promotion with the objective to continuously reinforce the safety culture of all employees. This is supported by different means including communication campaigns, training, safety awareness sessions, and development of a Safety Promotion Centre. SMS officers are nominated and trained in all key business functions to ensure implementation and operation of SMS within the Company, including safety promotion. The above mentioned commitment to a just and fair reporting culture is another example of initiatives

that promote the Company's safety culture. These elements are integrated in the Company's SMS action plan.

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

### Function SMS Officers Deployment & Training

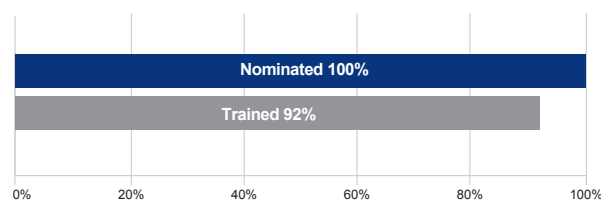


Fig. 1 (above) 2020 SMS Network -% of SMS officers nominated and trained (target 100%)

### 10 Year Moving Average Fatal Accident Rate (per million flights) per Aircraft Generation

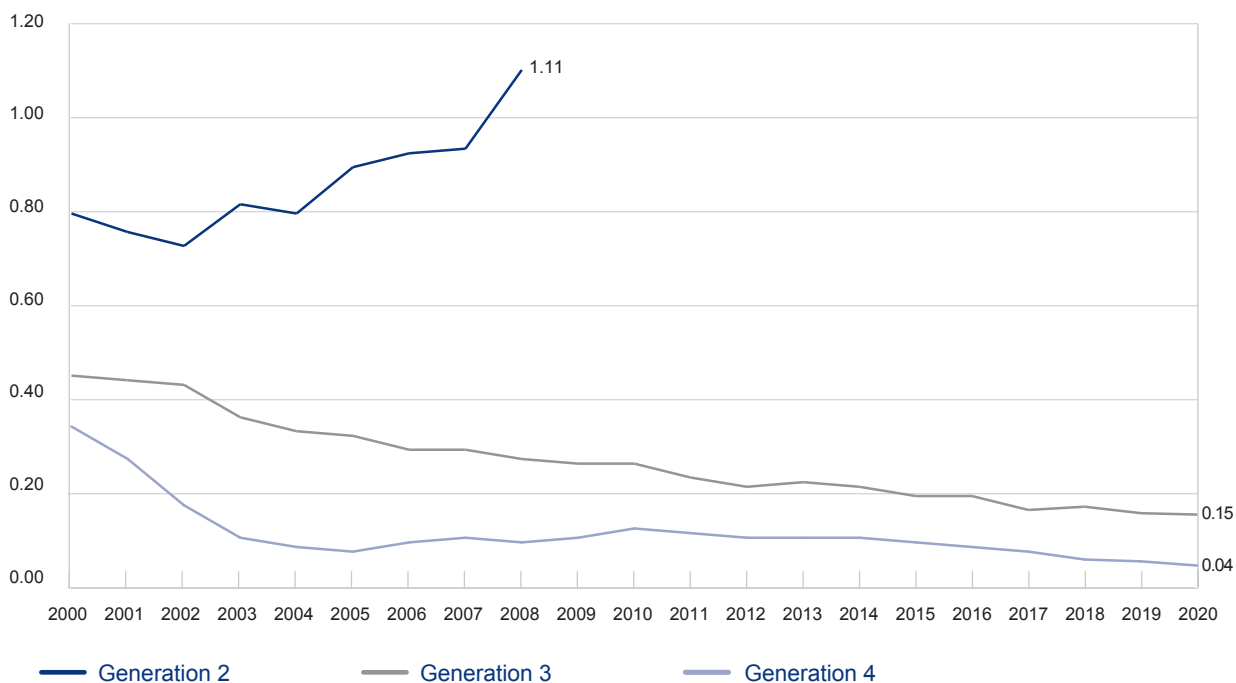


Fig. 2 (above) 10 year moving average fatal accident rate (per million flights) per aircraft generation.

## b. Health and Safety

### I. Introduction

The Company's philosophy is that the protection of people is not only about compliance, it is an ethical and commercial imperative. The Company wants to be a company where the safety, health and welfare of people is valued as an integral part of our business sustainability. It therefore strives to maintain world class standards of health and safety.

In 2020, the Company has pursued health and safety performance improvements in our top company objectives, continuing our journey to ensure that everyone feels responsible for the health and safety of themselves and others.

### II. Governance

The Airbus Occupational Health and Safety Policy sets the framework and integrates health and safety activities that support our goal. The Policy applies company-wide to Airbus commercial aircraft activities, the Company's Helicopters Division and Defence and Space Division, including affiliates in which Airbus has a controlling holding. The Policy principles are also reflected in the Company's Code of Conduct.

As expressed in the Airbus Occupational Health and Safety Policy and the Company's Code of Conduct, the Company has worked on a number of priorities, principles and key initiatives in 2020, including:

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

Constantly measuring and monitoring our health and safety performance is a key activity for the Company, in order to stimulate continuous improvement.

Health and safety resources are organised as a company-wide function. This Centre of Excellence contains dedicated Centres of Expertise, which address the various specialised disciplines of health and safety. The Centres of Expertise take a transversal cross-divisional approach, engaging a network of competent professionals in all operational entities. The aim is to ensure

the global presence of competent professionals, to support a consistently high standard of health and safety management throughout the Company, including all necessary measures for the identification, evaluation and elimination or mitigation of health and safety risks.

In 2020, the Company has needed to commit considerable health and safety efforts to the management of COVID-19 pandemic issues. This has restricted the resources available for the development of our global aspiration of ISO45001 based management systems. However, work has continued in this regard at the corporate level, albeit more slowly and the commitment remains unchanged.

Currently about one third of the Company's core entities are already ISO45001 certified, or are OHSAS18001 accredited and are progressively transferring to ISO45001.

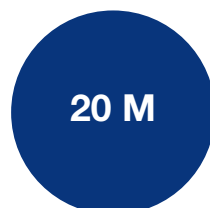
### III. Risk Management

The health and safety function has naturally taken a leading role in the COVID-19 crisis management. Together with other Company functions, such as procurement, facility management and site management teams; experts from the medical, industrial hygiene and safety teams have defined and coordinated the measures necessary to cope with the COVID-19 pandemic.

To mitigate the risks, the following key actions have been performed:

- providing guidance on the core barrier measures supported by awareness campaigns and material including posters, videos and e-learning courses;
- securing distancing rules and other controls in buildings and common areas;
- purchasing and distributing surgical masks and digital thermometers;
- supporting infection testing activities, both on and off-site;
- following-up COVID-19 positive cases and close contacts;
- reiterating and reinforcing the mental health support by providing, for example, employee Helplines and comprehensive guidance for maintaining both mental and ergonomic health while remote working.

Some figures further representing our initiatives in Europe, around:



**Surgical masks distributed**



**Calls to track COVID-19 cases and contact cases**



**Tests performed to ensure aircraft deliveries and business continuity**



Airbus capitalised on its existing network of local support roles jointly referred to as “Safety Ambassadors” to support implementation of COVID-19 management measures. This network provided a significant and valuable resource; as an example, in France and Germany, around 500 Safety Ambassadors were actioned in the Company’s Helicopters Division. In Airbus commercial aircraft activities around 1,900 Safety Ambassadors were actioned or further nominated in France, Germany, Spain and the UK. The clear, positive activity of this network during the crisis has reinforced our “We Are One” approach to our health and safety culture.

Sadly, this does not mean that our colleagues have not been touched, and our heartfelt sympathy is with those who have suffered as a result of this pandemic.

The health and safety function has defined the company-wide standards and methods to be applied for risk assessment and control, and the reporting and management of incidents. The system to escalate significant health and safety risks to top management has been reinforced. Serious risks are reported using the Company’s ERM system and tool, thereby ensuring efficient and effective decisions are made.

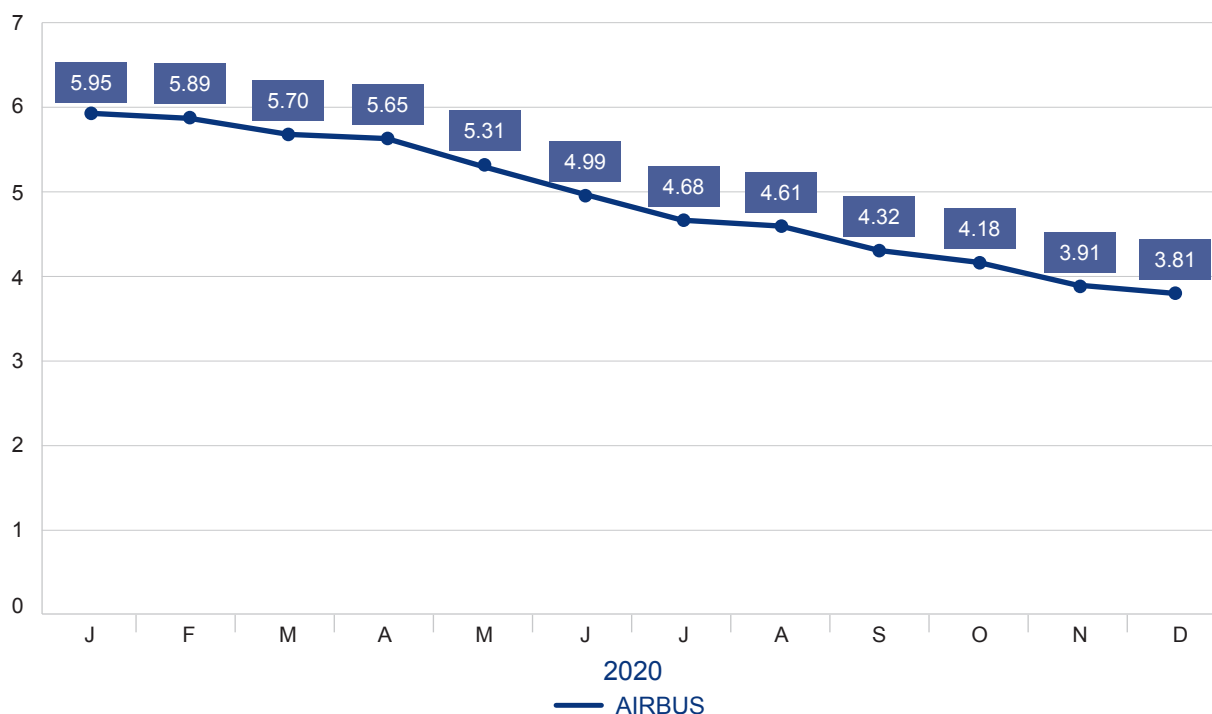
The main health and safety concerns remain the risk of injury, ill-health, asset damage, business interruption and regulatory action. In 2020, the main causes of injury that could arise from

work activities included “slip, trip and fall”, ergonomics and the use of hand tools and equipment. These represent the majority of injuries recorded on the FISH global environment, health and safety software platform.

Since 2018, the global scope of the FISH software platform has been progressively extended as an integral part of a company-wide management framework for health and safety. The deployment of the incident management module and the overall harmonisation process have enabled improvements in data collection and analysis, and the production of reports, including the company-wide key performance indicator, (shown in below table). A key improvement in 2020 was the inclusion of apprentices and temporary employees in the measurement of the Lost Time Injury Frequency Rate.

The scope of the incident management module covers Airbus’ commercial aircraft business and its Divisions in France, Germany, Spain and UK, as well as the Airbus commercial aircraft plants in Mobile, USA and in Tianjin, China and continues to be progressively extended, including coverage of small sites. Development of the platform is ongoing and the module to support the assessment and management of risks is now an area of focus for the team.

**Airbus and its Divisions Rolling 12 months Employee Lost Time Injury Frequency Rate**



The rolling year average of the Lost Time Injury Frequency Rate has been very positively impacted in 2020 as a result of the various safety activities and the particular circumstances linked to pandemic. The result is a more than 30% improvement in FR1, with an end of year figure of 3.81 company-wide and 5.12 in the Company excluding the Divisions.

## IV. Initiatives

The Company has pursued a range of key activities to promote the health and safety culture in 2020. These activities have been instrumental in the reduction of lost time injuries, and have included:

- the People Safety at Work initiative, which has deployed a range of diverse work packages in different sites, such as industrial changes (work orders improvement, safe assets deployment, safer infrastructure and site traffic safety), and culture-change activities (leadership training, communication and awareness campaigns, and safety mind-set coaching);
- the People Safety network has also driven the wider deployment of the “Safety Corner” and “Safety Lab”, which are places to meet and exchange on safety topics, and to pilot risk management ideas;
- awareness has been further raised by the company-wide communication campaigns for COVID-19, and initiatives such as the “WeCare” initiative within the Company’s Defence and Space Division have addressed health and wellbeing;
- in parallel to the COVID-19 crisis management, the Company’s employees’ health has continued to be protected by programmes that include mandatory and voluntary health checks, health campaigns such as flu vaccination campaigns, skin, vein or cardiovascular screenings, stress or addictions guides, and well-being management.

As well as reminding employees that health and safety is a priority, promoting competence and encouraging skills maintenance, the Company learning strategy supports the integration of health and safety into the business culture.

The Company has pursued the harmonisation of employee training to ensure consistently high standards of delivery.

However, due to the COVID-19 crisis, learning deployment has been impacted, with some non-essential classroom based training deferred to enable a focus on legal and mandatory training. The training team has adapted to the pandemic setting by increasing the volume of digital training and introducing new concepts, such as the “virtual classroom”.

Despite the challenging environment, we have managed to deliver over 103,070 hours of dedicated health and safety training to 37,599 individual employees between October 2019 and September 2020.

The formal Leadership Development Strategy is now in full deployment, with dedicated training programmes for the Company’s executives and leaders of all levels.

More than 350 executives and senior leaders have completed the “Environment and Health & Safety Masterclass” since October 2019, with around 300 of those attending the new “virtual classroom” format introduced in August 2020.

The “Executive Back to the Floor” module, which provides practical skills for leaders to use in shop floor settings, has been so successful that it is now being delivered to other management tiers by specially selected and trained Airbus employees.

Managers at all levels are continuing to attend the “Airbus Environment and Health and Safety Leadership Certificate”. This intensive course has four modules, which, if completed within a certain period, lead to an externally validated “Environment, Health and Safety Certificate”. Over 900 managers have attended modules 1 and 2 since their launch in September 2018. Due to deferment of classroom training in 2020, around 500 managers have been trained in 2020. Modules 3 and 4 will be developed in early 2021, with the objective of starting deployment in Q4 2021.

## V. Future Outlook

The Company is committed to securing this positive trend on people safety and business sustainability. Thus further health and safety initiatives are planned for the coming years, including work environment enhancements, mind-set and behavioural changes, and integrating safety routines in the operating systems. Underpinning this activity is the continuing work to define and implement the formal ISO45001 based management system, which will provide the structure, monitoring and analysis necessary for continuous improvement.

## 1.2.4 Respect Human Rights and Foster Inclusion

### a. Human Rights

#### I. Introduction

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

During 2019, the Company undertook a human rights impact and gap analysis across its global business to better understand the relevant impacts on human rights. This analysis, conducted with the help of external consultants, considered current and upcoming regulatory requirements and international best

practice as well as growing human rights requirements linked to the UN Guiding Principles for Business and Human Rights within standards such as the UN Global Compact.

During 2020, the Company progressed a number of recommendations outlined in this gap analysis. Details of these actions follow.

#### II. Governance

During 2020 the Company formalised its governance arrangements for human rights. Accountability for human rights at Executive Committee level has been assigned to the EVP Communication and Corporate Affairs. Starting October 2020, focused human rights updates will be provided to the Executive Committee, at a minimum of twice per year. In addition, regular updates on human rights will be provided to the ECSC at Board level. The Executive Committee will agree and guide the strategic direction of the Airbus’ human rights ambition; agree

and guide the prioritisation of initiatives and resource allocation for implementation; and review the status and effectiveness of actions in progress (including roadmap /targets /KPIs). The ECSC will make and support decisions on identified salient issues and emerging significant risks; make and support decisions on key trends/ legislation and provide feedback and steering as required.

In support of these new governance arrangements and to coordinate action on human rights, a new Human Rights Steering Committee, chaired by the Head of Sustainability & Environment, and Human Rights Multi-Functional Team (“**Human Rights MFT**”), led by an appointed lead for human rights, were created during 2020. The objectives of the Human Rights Steering Committee include providing strategic guidance to support decision making and prioritisation as well as providing guidance and support on progress, whilst the Human Rights MFT will ensure the development and delivery of the human rights roadmap, including actions against agreed targets and support awareness raising and capacity building. In addition, as part of the formalised governance arrangements on human rights, the topic will be presented annually at the Societa Europea Works Council (“**SEWC**”) meeting comprising social partners from across the Company's European sites.

### III. Risk Management

#### Human Rights Due-Diligence

During 2020, the Company continued to roll out its supply chain risk mapping programme, run through the Procurement Responsibility & Sustainability team. See “– 1.2.6 Responsible Supply Chain”. This built on the work which started in 2018 to map the Company's external suppliers based on high-risk countries and purchasing categories, using third-party data, which considered child labour, modern slavery /forced labour, working time and wages as well as other criteria such as environment and health & safety. In 2019, working with an independent social assurance provider, the Company began evidence based self-assessments on those high-risk suppliers identified through initial mapping. See “– 1.2.6 Responsible Supply Chain”. The self-assessments gather evidence on social compliance criteria such as human rights, employment practices and working conditions. By the end of 2020, initial assessments had been launched for all identified external high-risk suppliers. Based on the results of the evidence based self-assessments and internal analysis, the Company will consider additional action including specific improvement action plans and on-site audits as required. This work is in addition to the checks which are carried out at the supplier onboarding stage via the Company's Ethics & Compliance organisation. During 2021, the Company will continue to integrate this process within the Company's supplier qualification and monitoring process.

For information on the Company's revised Supplier Code of Conduct, including strengthened expectations and requirements on human rights, see “– 1.2.6 Responsible Supply Chain”.

Building on the supply chain risk mapping programme, during 2020, the Company introduced a due diligence programme of onsite social assessments focused on human and labour rights, covering its own operations (including its subsidiaries and affiliates) using an independent social assurance provider consistent with the assessments carried out in its supply chain. An initial programme of five locations was conducted during 2020, as a pilot exercise to inform the Company's approach

going forward. The sites selected for the pilot were Airbus Defence & Space Ltd at Stevenage in the UK, Airbus Helicopters in Brisbane, Australia, Airbus Helicopters in Mexico, and the Airbus Delivery Centre and the FAL in Tianjin, China. In addition, evidence based self-assessment questionnaires, which included an assessment of policies and processes linked to human and labour rights, were conducted at STELIA Aerospace in France and Premium AEROTEC in Germany, each of which are wholly owned subsidiaries of the Company.

Analysis of the assessments and the recommendations for improvement are ongoing. A minimum of four social assessments will be carried out during 2021.

#### Airbus' Identified Areas of Salient Issues

The human rights gap analysis undertaken in 2019 included an initial identification of the Company's salient areas of potential human rights risks (see box with impacted groups in parenthesis). This identification was based on benchmarking of industry peers and companies in similar industries and analysis of stakeholder expectations, including consideration from a rightsholder's perspective.

During 2020, the Company, through the Human Rights MFT, reviewed its identified areas of potential human rights risks and took part in an internal workshop to test these risks. In addition, the Company engaged with a number of key external stakeholders, including human rights NGOs, academics/ researchers and industry groups, to gain external feedback. Following these consultations, the areas of salient issues which the Company will focus on during 2021 are as follows (with impacted groups in parenthesis). Taking into account that salient issues may change over time due to internal and external influences, the Company commits to reviewing these issues on a regular basis:

#### Salient Human Rights Issues

- Impact of products and services on the right to life and liberty (passengers and citizens);
- Data privacy (individuals and their personal data);
- The transition to decarbonisation (supply chain);
- Forced and child labour and other labour rights (contractors and supply chain);
- Diverse and inclusive workplaces (the Company's workforce and contractors).

#### Salient Human Rights Issues

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- Transition to decarbonisation (*supply chains*)
- Forced and child labour and labour rights (*contractors and supply chains*)
- Diverse and inclusive workplaces (*Airbus workforce and contractors*)

As part of the Company's ambition to strengthen its human rights due diligence, owners for each salient issue were identified, each of whom, taking into account stakeholder feedback, began to develop action plans for each salient issue to include the scope,

the current management arrangements and new actions required as well as the identification of measures of effectiveness. Risks related to these salient issues were embedded into the Company's risk portfolio in the frame of the Company's ERM system. This work will be further developed in 2021.

### Impact of Products and Services on the Right to Life and Liberty

Given the wide scope of this salient issue, which touches on each Division, and feedback from external stakeholders, the Company will focus attention in the first instance on its defence portfolio where potential actions include the strengthening of human rights considerations into the Company's Defence and Space Division product lifecycle. Initial work in this area started in 2020 and included the mapping of the product lifecycle process and planning of initial integration of strengthened human rights considerations into country guidance memos that will be part of the review process of the Company's dealings with sanctioned countries. Further actions will progress throughout 2021.

### Data Privacy

Privacy risks in the Company exist in relation to its employees, customers and any other individuals that will be impacted by the use of its products and the management of its business. However the scope of the data privacy salient issue is focused on the risk derived from personal data being processed by the Company (e.g., data on employees, suppliers, etc.). The risk linked to the misuse of the Company's products by customers (having potential impact on the privacy of individuals) will be addressed as part of the "impact of products and services" salient issue.

To further deploy the Company's privacy programme throughout the business and affiliates, Data Privacy Focal Points are nominated in the functions and affiliates of the Company (currently one focal point for every 350 employees). The Data Protection Office trains, provides methodologies to and coordinates the Data Privacy network and provides expertise to the business.

The Data Protection Office manages risk by:

- deploying the Airbus Privacy Programme across the whole Company;
- providing data protection laws and regulation guidance and methodologies to the business. Promoting awareness and understanding of the risks, rules, safeguards, and rights in relation to personal data processing;
- cooperating with national data protection authorities;
- maintaining Data Subject Access Rights including the mandatory "right to be informed" and ensuring the lawful basis for processing;
- reporting and mitigating risks through the Company ERM system.

Key issues under review include the transfer of data outside Europe, the impact of Brexit and cyber security. See "– Risk Factors".

### The Transition to Decarbonisation

This salient risk was initially "Impact of Climate Change on Livelihoods (climate vulnerable communities)". Whilst the Company understands the contribution aviation has on climate change and the subsequent potential human rights impacts, the focus of this issue has been amended following both internal

and external stakeholder feedback and the Company's initiatives on emissions reduction, in particular its ambition to develop the world's first zero-emission commercial aircraft by 2035. For further information, see "– 1.2.2 Environment". The scope of this salient issue will therefore focus on the human rights risks of sourcing and integrating new technology in the transition to decarbonisation. Work on defining actions will continue in 2021.

### Forced and Child Labour and Other Labour Rights

Following feedback from external stakeholders, and based on the size and complexity of the Company's supply chain, this salient issue was expanded to include "other labour rights" focused on the Company's supply chain. Key actions include reviewing the alert systems for human and labour rights, extending the scope of supplier assessments including human and labour rights and focusing on critical, rare earth and conflict materials. For further information, see "– 1.2.6 Responsible Supply Chain".

### Diverse and Inclusive Workplace

This salient issue is focused on the Company's workforce and contract workers. As well as prioritising inclusion as one of the key commitments within the Company's sustainability strategy, actions being progressed in this area include eliminating barriers to recruitment and talent development, focusing on inclusive leadership and reinforcing business ownership and accountability for Inclusion & Diversity ("I&D"). For further information, see "– 1.2.4(b) Inclusion & Diversity" in the next Section.

## IV. Initiatives

### Prioritising Respect for Human Rights

"Respect human rights" was prioritised by the Company as one of the four sustainability commitments agreed by the EC and the ECSC at Board level during 2020. This also included agreement of an ambition for human rights: "to embed and advance human rights throughout our business, operations and supply chain".

### Commitment to Respect Human Rights

Building on the human rights commitments and expectations that have existed in various key documents for many years, including within the Airbus International Framework Agreement, signed in 2005, the Company's Code of Conduct and the Company's Supplier Code of Conduct, during 2020, the Company started work to map, consolidate, articulate and embed its commitments to human rights standards and principles, as well as its expectations in this respect, aligned to international human rights standards and principles including the United Nations Guiding Principles for Business and Human Rights, the ILO Core Conventions on Labour Standards and the OECD Guidelines for Multinational Enterprises. This work will continue in 2021.

### Grievance and Remediation

During 2020, a number of actions were taken to further strengthen human rights in the Company's "SpeakUp", investigation and remediation processes. These included reinforcing references to human rights within the Company's OpenLine and investigation policies and clarifying the internal reporting process for human rights concerns.



If an allegation of human rights breach received from within the Company or through its supply chain or other third party business relationships is found to be substantiated, remedy would be sought through a variety of mechanisms. If an alert is received *via* its OpenLine reporting system, the Company commits to acknowledge receipt of the report within two business days. The Company has a global network of internal investigators, tasked with investigating allegations, including those relating to human rights such as forced or child labour, or labour rights and working conditions.

During 2021, the Company will continue to strengthen its processes to monitor human rights alerts and resulting investigations, and will undertake proactive communication on these mechanisms to employees, suppliers and other third party business relationships to raise awareness.

Five alleged cases of concern related to forced labour and labour rights in the Company's supply chain were identified during 2020. These include alleged forced labour and labour rights concerns in the sites of both tier one and lower tier suppliers. Four of the cases are closed as either unsubstantiated or with a consequential action, whilst one alert is currently still under review by the Procurement Responsibility & Sustainability team. The Company will continue to investigate any new alerts during 2021.

### Awareness Raising

During 2020, the Company continued to raise awareness of human rights through communication, presentations and the promotion of its dedicated training on human rights and modern slavery which is available to all employees in four languages. During 2020, 1,493 participants undertook this training (10,096 in total since its launch), which included information on how to identify the signs of human rights abuse and what to do if anybody has concerns. More in-depth training on human rights, including for employees in high-risk areas, is currently under consideration.

In addition, the Company made presentations to its social partners, including the SEWC, to raise awareness of its human rights ambition. There was a commitment from both sides to continue ongoing dialogue to embed and advance respect for human rights and the Company committed to provide an annual update to the SEWC as part of its governance on human rights.

### Collaboration

During 2020, the Company engaged with a number of external stakeholders on human rights in order to advance the topic through external collaboration. These included academics, researchers, NGOs, officials and peers.

The Company is also a member of a number of industry trade associations which during 2020 held focused discussions on progressing human rights within the aerospace and defence industry. These include the BDSV (German Industry Association for Security and Defence), ASD (the Aerospace and Defence Industries Association of Europe), GIFAS (French Aerospace Industries Association) and ADS (UK Industry Association for Aerospace, Defence, Security and Space).

The Company was also asked by the UK Ministry of Defence to be the first of its suppliers to complete their Modern Slavery Assessment Tool which the Company completed in January 2020 and will continue to update.

In August 2020, it was announced that a contract had been awarded by the UK Space Agency to a consortium, led by the University of Nottingham Rights Lab, including the Company's Defence and Space Division, on a project to support anti-trafficking efforts in Uganda. The project, known as "Anti-trafficking using Satellite Technology for Uganda's Sustainability" ("ASTUS"), will develop a stakeholder-informed Modern Anti-trafficking Support System ("MASS"), underpinned by satellite imagery and associated geospatial datasets provided by the Company, with the aim of enhancing Uganda's anti-trafficking efforts and progress towards SDG 8. The MASS aims to assist anti-trafficking decision-making and response at scales never seen before.

### KPIs

The Company has identified a number of KPIs related to human rights to measure the progress and effectiveness of its actions. During the reporting period, the following KPIs and targets were agreed:

- number of social assessments, including human and labour rights, carried out on the Company's sites, including subsidiaries and affiliates against a target of four per year (five onsite social assessments and two evidence based self-assessment questionnaires were carried out in 2020);
- number of alerts of human rights concerns, including labour rights and forced labour received *via* OpenLine or other means (five alerts were received in 2020);
- percentage of investigations completed or in progress following reports of concerns linked to human rights, including labour rights and forced labour (100% are complete or in progress);
- number of participants who have completed e-learning modules on human rights and modern slavery (1,493 completed in 2020, 10,096 completed in total);
- percentage of assessments (including human rights) carried out on identified high risk external suppliers (100% of assessments carried out in 2020).

For specific activities related to the Company's supply chain, see "– 1.2.6 Responsible Supply Chain".

### V. Future Outlook

During 2021, the Company will continue its focus on embedding and advancing its commitment to respect human rights throughout its business, operations and supply chain, including through the Human Rights MFT. Specific ongoing actions include:

- formally articulating the Company's commitments to human rights principles and standards including the UN Guiding Principles for Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the ILO;
- embedding a process for due-diligence on human rights and strengthened human rights commitments through the Company's business management system;
- prioritising actions based on the Company's identified salient human rights issues;
- strengthening processes to monitor human rights alerts and resulting investigations;
- progressing social assessments focused on human and labour rights throughout the Company's sites, subsidiaries and affiliates;
- sapacity building with key teams throughout the Company through development of training, communication and awareness raising.

## b. Inclusion & Diversity

### I. Introduction

During 2020, "Respect Human Rights and Foster Inclusion" was prioritised as one of the four sustainability commitments. This priority reflects the focus the Company puts on I&D and the 140 nations and 20 different languages that it represents.

An I&D position statement outlines the Company's commitments to creating a safe and inclusive culture, including zero tolerance to discrimination and harassment, whilst the Company's Code of Conduct and Supplier Code of Conduct expresses the expectations of both employees and suppliers in this respect.

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

- creates a safe environment and inclusive culture where collaboration, empowerment, continuous learning and accountability are promoted and valued. The Company has zero tolerance for harassment or discrimination of any kind;
- ensures the Company attracts, recruits, develops and retains a large and diverse pool of talent. This talent is a reflection of our customers and suppliers base as well as the communities around us;
- develops a thriving work environment supported by its values system, leadership model as well as a code of conduct understood and practiced by all;
- champions long-term sustainable impact not only in the aviation sector but also in the communities we work in by being signatories to the SDGs.

### II. Governance

The I&D team is part of the "DEVELOP Leadership, Culture, Inclusion and Diversity Center of Expertise" within the human resources function and represents each of the Company's Divisions, with regional I&D focal points supporting the implementation of the I&D strategy.

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

In addition, local I&D (including disability) steering committees, championed by senior leaders and executives in the regions, provide additional support to embed and advance the I&D strategy and provide valuable local input into the I&D team and advisory board. The steering committees are supported by a network of diversity business champions.

### III. Risk Management

Any identified risks related to I&D are recorded in the Company's ERM and appropriate action plans agreed. Progress is reviewed quarterly.

In addition, any alerts related to I&D raised via the Company's SpeakUp mechanism, including its confidential OpenLine, are investigated in accordance with the Company's investigation process.

### IV. Initiatives

During 2020, the Company continued to focus its efforts to redress its gender balance, including the number of women in management positions and an annual target of 33% of all new recruits to be female (26% in 2020), including those entering early in their careers, such as apprentices and graduates. Since 2017 there have been three women on the Board of Directors, compared to zero in 2013, and two women on the Company's Executive Committee.

At the end of 2020:

- 18.7% of the Company's active workforce were women;
- 14% of management positions at the Company were held by women;
- 26% of all new Company recruits were women.

The Company supports various national and international initiatives such as International Women's Day and since 2018 we have committed to the UN Women's Empowerment Principles aimed at empowering women to participate fully in economic life. The Company has also led the "Women in Aviation and Aerospace Charter" and has been instrumental in the development of the "Women in Defence Charter" which demonstrates the commitment of a growing number of organisations across the industry to build a more balanced and fairer industry for women. In addition, the Company launched a "Management Basics Leadership Foundation Programme" to ensure that inclusive leadership becomes the norm at all levels.

The Company is also accelerating change through its employee-led "Balance for Business" network, which has around 10,000 volunteer members worldwide. Initiatives run through this network include roadshows promoting employee-led initiatives such as peer-to-peer mentoring, confidence building and encouraging employees to challenge stereotypes and build their careers. The network also supports some outreach initiatives.

Other employee-led networks such as the Women Innovative Network ("WiN"), the Airbus Africa Network, Spectrum, Pride@Airbus, Generation-A, Seniors Talent and (Dis)Ability ambassadors networks are key to raising awareness of I&D, promoting inclusion, equal rights and increasing visibility. Initiatives include mentoring, leadership development of under-represented groups as well as conferences and discussions open to all employees.

The annual Dis(A)bility Week campaign aims to raise awareness of disability across the Company and worldwide. This includes a series of workshops and awareness sessions on topics such as unconscious bias and psychological disabilities. During 2020 more than 30,000 employees engaged in Dis(A)bility Week activities worldwide, having doubled the participation rate compared to the previous year.

Highlighting that being unique is valued and that difference is welcome, the Company ran a self-declaration campaign during 2020 to promote awareness of the importance of declaring a disability to the Company whilst communicating the benefits of self-declaration for employees and the teams.

The Company also engaged in various social diversity programmes during 2020 in partnership with a number of different associations to promote quality education and mentorship for young people from underprivileged areas. For example, the Company participated in the "PAQTE" and "Plan 10,000" initiated in 2018 by the French government to encourage business to get involved in helping everyone find their place in society by, for example, recruiting from priority neighbourhoods, promoting learning and responsible purchasing and creating a link between neighbourhoods and businesses.

During 2020, the Company disclosed its Gender Pay Gap as required through both French and UK legislation and continues to put measures in place to ensure gender pay parity worldwide. Full details can be found on the Company's website at: <https://www.airbus.com/company/sustainability/reporting-and-performance-data/document-centre.html>.

## V. Future Outlook

Priorities for 2021 include continuing the Company's focus on gender parity. Other actions include:

- eliminating systemic barriers during talent recruitment, development and management;
- agreeing targets for external recruitment of women, external recruitment from non-EU countries and external recruitment of people with disabilities;
- extending leadership development programmes to include a focus on I&D and in particular on gender diversity;
- increasing awareness and training on inclusive leadership and unconscious bias;
- leveraging and reinforcing business ownership and accountability through the Company's network of diversity champions.

## c. Labour Relations

### I. Introduction

2020 has been an unprecedented year due to the COVID-19 crisis which has demonstrated the essential dimension and contribution of having a proactive employee relations strategy in the Company. Throughout the crisis, the Company has undertaken numerous discussions, consultations and negotiations with its social partners, sometimes on a daily basis, to adapt to the evolving situation resulting from both the health and economic crisis. For further information, please refer to "Notes to the IFRS Consolidated Financial Statements – Note 2: Impact of the COVID-19 Pandemic" (2.4 Workforce adaptation).

These various adaptation plans were carried out 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.

### II. Governance

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

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

The head of each business is responsible for ensuring compliance with these principles. The provisions of this framework agreement define the Company's standards to be applied wherever the Company operates provided they are not in contravention of local law, insofar as more favourable conditions do not exist already. Dedicated processes ensure that the provisions of this agreement are not breached wherever the Company operates, insofar as more favourable conditions do not exist already.

The Company is in continuous dialogue with social partners on its sites in Europe, principally through meetings with management at the European Committee level but also through meetings and negotiations at national or local level. Sites outside Europe are covered by the Company's 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 thanks to the Company's SEWC agreement in 2015 and reshaped in 2018.

Labour relations and social dialogue are fully part of the Company's DNA and therefore, its continuous evolution and improvement are embedded in the Company's Human Resources strategy supporting the Company's business challenges. This has been particularly evident throughout 2020. The close working relationship between the Company and employee representatives has demonstrated the value of good employee relations and the value of constructive social dialogue to understand the challenges facing the Company, work through resource adaptation plans and co-design solutions *via* collective agreements.

### III. Risk Management

The European labour relations of the four main countries of the Company (France, Germany, UK, Spain) is also part of the Company Risk Management processes and these risks are reviewed internally on a regular basis. For example during 2020 employee relations focused on ensuring legal compliance regarding national labour laws and immigration and the impact of Brexit. The Company's approach to risk management is also reinforced by a whistle-blowers mechanism provided by the OpenLine, which allows employees to report concerns anonymously.

### IV. Initiatives

During 2020, the main focus for the Company's employee and labour relations has been on adapting the business to the health and economic crisis caused by COVID-19 and the preparation of an adaptation plan.

As part of the COVID-19 adaptation plan discussions, the SEWC nominated independent external experts to analyse the social, economic and financial situation of the Company. This included interviews with the Company's top management which informed a detailed report for the SEWC on the impact of COVID-19 on the business and the actions the Company proposed to take.

In Europe, the Company's social partners were also closely involved in discussions on the health and safety measures taken in the workplace to protect workers and prevent the spread of COVID-19. This included the provision of personal protective equipment (PPE), team rotations, homeworking, social distancing and regular communication particularly on any special site measures.

COVID-19 adaptation plan discussions also resulted in the signature of various collective agreements by the main unions or staff body representatives in France, Germany, Spain and the UK covering all employees in Airbus' commercial aircraft business within these countries. These discussions and agreements enabled dedicated partial unemployment schemes to be implemented in order to adapt activities and the workforce in 2020. In parallel, negotiations on resource adaptations also enabled mechanisms to be put in place to encourage, where possible, voluntary departures whilst not ruling out the need for compulsory redundancies.

These collective agreements were signed by employee representatives and unions including: the KBR / GBR Konzern-/Gesamtbetriebsrat (social partners in all Divisions) in Germany; the three main trade unions represented in the Company in France and three out of the five trade unions represented in the Intercompany Committee in Spain. Unite the Union were actively involved in adaptation measures in the UK.

The agreements provide for a range of social measures including: working time adaptations, voluntary departure schemes, early retirement and the opportunity to pursue personal or professional opportunities outside of the Company, such as business creation.

Consultation and negotiations on adaptation measures have also taken place in other regions with the recognised unions and employee representatives. For example, in Africa and the Middle East, successful negotiations and agreements related to adaptation measures were signed in both Morocco and Tunisia including a working time reduction arrangement; whilst in Latin America, agreements were signed in Queretaro, Mexico, covering headcount reduction, collective vacation and working time reduction.

During 2020, the Company also continued activities aimed at strengthening collaborative and partnership approaches with unions in various countries.

For example, in Canada, the Company has benefited from its first year following the signature of the new collective agreement in Airbus Canada in Mirabel, which succeeded in creating a true partnership with the Québec Association Internationale des Machinistes et Travailleurs de l'Aéronautique (AIMTA). The benefits of this partnership have been clearly evident throughout the COVID-19 crisis where many urgent agreements dealing with the situation were reached, ensuring the continuity of operations, despite severe restrictions imposed by the Québec Government. In addition, as part of the acquisition in 2020 of the Airbus A220

and A330 work package production capability from Bombardier in Québec and the creation of Stelia Aéronautique Saint Laurent Inc., a newly created subsidiary of STelia Aerospace, the group has welcomed more than 300 new employees, 200 of which are members of the AIMTA. The local AIMTA section held a general meeting and a poll, which resulted in 97.8% of members voting in favour of the transfer of their collective agreement to Stelia Aéronautique Saint Laurent Inc.

In addition, the Company is 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.

During 2020, the Company introduced a new KPI measuring the accident frequency rate as part of its executive and senior manager variable pay and employee success sharing scheme. This new approach has been validated and agreed at the SEWC and demonstrates the shared willingness of the Company and its social partners to introduce important non-financial measures to assess the performance of the Company.

## V. Future Outlook

The COVID-19 health and economic crisis will continue to be a key area of focus during 2021 as the Company adapts to the fallout of the pandemic and ensures the successful implementation of its adaptation plan. This will include continuing ongoing dialogue with its social partners, including on organisational changes and new ways of working.

## c. Our Workforce

As of 31 December 2020, the Company's workforce amounted to 131,349 employees (compared to 134,931 employees in 2019), 95.58% of which consisted of full-time employees. These statistics take into account consolidation effects and perimeter changes throughout 2020. Depending on country and hierarchy level, the average working time is between 35 and 40 hours per week.

The decrease in total headcount was the result of the COVID-19 adaptation plan in the Company's commercial aircraft business and the already planned restructuring of the Company's Defence and Space Division with some additional adjustments to reflect the impact of the crisis on some of its business lines.

Whilst the number of entries had significantly decreased following a decision to restrict new hires in all businesses impacted by the crisis, the number of leavers had significantly increased as a result of the voluntary departures in the frame of collective agreements.



Despite the crisis, the Company fulfilled commitments towards candidates already selected prior to the crisis and welcomed 5,463 newcomers.

Entries & Leaves	2020	2019	2018
<b>Newcomers</b>	<b>5,463</b>	<b>11,270</b>	<b>10,959</b>
Core Division	2,413	6,643	5,246
Subsidiaries	3,050	4,627	5,713
<b>Leavers (including partial retirement)</b>	<b>7,796</b>	<b>5,842</b>	<b>6,198</b>
Core Division	4,675	2,902	3,245
Subsidiaries	3,121	2,940	2,953

In terms of nationalities, 35.7% of the Company's employees are from France, 32.3% from Germany, 7.7% from the UK and 9.8% from Spain. US nationals account for 2.1% of employees. The remaining 12.4% are employees coming from a total of 134 other countries. In total, 89.9% of the Company's active workforce is located in Europe on more than 100 sites. Furthermore, the Company expects its workforce to evolve naturally to support the business.

### Workforce by Business Segment and Geographic Area

The tables below provide a breakdown of the Company's employees by Business segment and geographic area, including the percentage of part-time employees.

The workforce of the Company's Helicopters Division remained stable in line with its business resilience during COVID-19 crisis, while the adaptation plans in the Company's commercial aircraft business and the Company's Defence and Space Division had started to materialise with significant decrease.

Employees by business segment	31 December 2020	31 December 2019	31 December 2018
Airbus <sup>(1)</sup>	78,487	80,985	80,924
Airbus Helicopters	20,026	20,024	19,745
Airbus Defence and Space	32,836	33,922	33,002
Airbus (former HQ)	0	0	0
<b>Group Total</b>	<b>131,349</b>	<b>134,931</b>	<b>133,671</b>

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

Employees by geographic area	31 December 2020	31 December 2019	31 December 2018
France	48,231	49,143	48,144
Germany	45,568	45,638	45,387
Spain	11,828	12,637	13,684
UK	9,846	11,109	11,214
US	2,980	3,151	2,489
Other Countries	12,896	13,253	12,753
<b>Group Total</b>	<b>131,349</b>	<b>134,931</b>	<b>133,671</b>

% Part time employees	31 December 2020	31 December 2019	31 December 2018
<b>Group Total</b>	<b>4.42%</b>	<b>4.46%</b>	<b>4.22%</b>

Active Workforce by contract type	31 December 2020	31 December 2019	31 December 2018
Unlimited contract	128,151	130,591	130,131
Limited contract > 3 months	3,198	4,340	3,540

Voluntary departures have triggered an increase in the Company's attrition rate, which in 2020, is 5.8% overall (including subsidiaries) and 9.4% in subsidiaries only.

The Company's headcount reporting includes all consolidated companies worldwide. The internationally comparative figures are based on the active workforce, *i.e.* the number of permanent and short-term employees, irrespective of their individual

working times. The headcount is calculated according to the consolidation quota of the respective companies. The scope for HR structure reporting covers about 99.98% of the Company's total active workforce from consolidated companies. In total, about 0.02% of the Company's employees are not included in the scope, as no detailed employee data is available at group level for some companies belonging to the Company, usually recently acquired.

For more details on Scope and Methodology, please refer to the Company's website at [www.airbus.com](http://www.airbus.com).

## Our People

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

- to ensure that the Company can attract, develop and retain a world-class competent, motivated and flexible workforce, which fits current and future business requirements;

In 2020, the Company provided more than 1 million training hours to employees.

	2020 <sup>(1)</sup>	2019 <sup>(1)</sup>	2018 <sup>(1)</sup>
Number of Classroom Training	78,443	129,296	114,327
Number of Digital Training	752,702	433,338	248,448

(1) Change of reporting period since 2018: from 1 Oct to 30 Sep.

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

In addition, in 2020 more than 33,500 employees benefitted from other leadership development and transformation solutions proposed by the Airbus Leadership University – many of which

- to facilitate diversity, continuous integration and internationalisation of the Company and contribute to a common culture based on strong company values; and
- to be a global employer of choice and an innovative, inclusive and engaging place to work for all employees.

## Training & Mobility

COVID-19 has been destabilising and has had a significant impact on the Company's learning activities, driven by the need to reduce cash spend to secure the short-term survival of the Company. While the various restrictions and national lockdown measures have limited the Company's ability to deploy classroom sessions, the Company invested further in our digital learning platforms to increase digital learning by 74% compared to 2019.

The measures taken to adapt our classroom training sessions to comply with the strictest health and safety measures ensured the delivery of the mandatory and critical training without disruption to operations. The acceleration of our digital learning strategy has allowed employees to remain active in their development during periods of remote working and partial unemployment (according to social agreements).

were provided in a digital format given the challenging context of 2020. The university continues to strengthen the Company's approach to leadership, offering equivalent opportunities for all leaders to drive their development one step further, while accelerating the culture evolution and human transformation of the Company.

Mobility of employees within the Company's commercial aircraft business and its two Divisions provides overall benefit and value to the Company. In 2020, as of end of December, more than 7,000 employees have changed jobs through internal mobility.

## 1.2.5 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 developing a culture of integrity and speak-up. In 2020, Ethics & Compliance continued to be a top priority for the Company as for 2019 and 2018. In its list of priorities for the year, the Company set the objective to: "Adapt our company and workforce to the crisis in a responsible manner that upholds our Values, while ensuring Health and Safety and reinforcing our commitment to Ethics & Compliance".

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

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

## II. Governance

The Ethics & Compliance organisation is part of the Legal Department under the ultimate responsibility of the Company's General Counsel. The aim is to provide strong governance throughout the Company with the global presence of qualified compliance officers who ensure the Ethics & Compliance programme is implemented consistently in the different functional and operational areas.

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

The ECSC also plays a key role in the oversight and continued development of the Company's Ethics & Compliance programme, organisation and framework for the effective governance of Ethics & Compliance.

In addition to the dedicated Compliance professionals, the Company continued, in 2020, to expand its network of part-time Ethics & Compliance Representatives ("ECRs"), spanning all Divisions, functions, and regions. There were a total of 335 ECRs at the end of 2020, representing a ratio of one ECR per 390 employees. Although the ECR network members are not compliance experts, they play an important role in promoting the Ethics & Compliance programme and culture and serve as points of contact for any employee who has questions about the Ethics & Compliance programme or wishes to raise an Ethics & Compliance concern, including but not limited to bribery or corruption.

Likewise, the network of Data Privacy Focal Points in the business (functions and affiliates) grew considerably in 2020 to around 380. The Data Privacy Office ("DPO") comprises a dedicated team of privacy experts, consisting of divisional and country Data Protection Officers in the EU and appointments in the regions (US, China and Singapore), responsible for privacy compliance within their perimeters. To further deploy the Company's Privacy Programme throughout the business and affiliates, the DPO and Data Protection Directive mandate that Data Privacy Focal Points are nominated in the functions and affiliates of the Company. The DPO trains, provides methodologies to and coordinates the Data Privacy network.

## III. Risk Management, Monitoring and Controls

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

Accordingly, since 2017, the Company has been conducting a thorough bribery and corruption risk assessment across its two Divisions and different businesses. The results of this risk assessment are embedded and monitored within the Company's ERM framework and highlight, among others, the risk of improper payments being made to or via third parties such as sales intermediaries, lobbyists and special advisors, suppliers, distributors and joint venture or offset partners. Further corruption risks include the use of sponsorships,

donations, or political contributions to improperly benefit decision-makers, or the provision of excessive or overly frequent gifts and hospitality by Airbus employees.

In order to ensure its compliance with Export Control regulations and laws in the EU, US and internationally, the Company continues to review its Export Control compliance programme to ensure it is fit for purpose. Where risks are identified, they are embedded and monitored in the Company's ERM. Identified risks include potential unauthorised access to export controlled data and hardware by third parties and non-compliance with the International Traffic in Arms Regulations ("ITAR"). Regarding Data Privacy, the Company systematically undertakes Privacy Impact Assessment for applications meeting the criteria (nature of the personal data processed or scale of the processing, etc.) as defined by the General Data Protection Regulation ("GDPR"). In addition, risks derived from GDPR are also assessed in the context of the ERM and kept updated.

Specific directives have been adopted to address the Company's key compliance risk areas. These include among others:

- Requirements for Gifts & Hospitality;
- Requirements for Sponsorships, Donations and Corporate Memberships;
- Requirements for the Prevention of Corruption in the Engagement of Sales Intermediaries;
- Requirements for the Prevention of Corruption in the Engagement of Lobbyists & Special Advisors;
- Requirements for Supplier Compliance Review;
- Requirements for Preventing and Declaring Conflicts of Interest;
- Requirements for the Prevention of Corruption related to Mergers & Acquisitions, Joint Ventures, Partnerships and similar Transactions;
- Method for the Prevention of Corruption in the Context of International Cooperation & Offset Activities;
- Requirements for Anti-Money Laundering/Know your Customer;
- Requirements for Export Control Sanctions, Embargoes and Screening;
- Requirements for Export Control Framework;
- Requirements for Export Control Escalation and Voluntary Disclosure;
- Requirements for Export Control Brokering;
- Requirements for Export Control Classification;
- Requirements for Export Control Licences and Agreements;
- Requirements for ITAR Part 130 Reporting;
- Data Protection Directive, Method and Binding Corporate Rules.

The Ethics & Compliance organisation is charged with oversight and monitoring of these directives to ensure that they are being implemented effectively. Periodic controls on key processes are performed and reports provided to the Company's Executive Committee and the ECSC, including recommendations to strengthen the Ethics & Compliance programme where necessary.

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

## IV. Initiatives

### Awareness and Training

All Company employees are required to undergo a minimum amount of compliance training *via* e-learning. Additionally, depending on the function, the country and the level of risk implied by their role, certain employees are selected to attend live classroom training as well. Attendance in such cases is mandatory, and managers have a responsibility to ensure that their team members do so.

From 1 October 2019 to 30 September 2020, the Company's employees followed 309,682 Ethics & Compliance e-learning sessions, including on bribery, corruption and export control. Furthermore, 3,501 employees attended live classroom training on different E&C topics in 2020, the majority of which were delivered in virtual classroom settings due to the pandemic.

Likewise the Company also delivered anti-bribery and corruption training towards higher risk third parties, including sales intermediaries, lobbyists and special advisors. In 2020, 80% higher risk third parties were trained on E&C requirements and expectations.

The Company continued the roll out of the data protection e-learning as part of the E&C compulsory training catalogue. Approximately 30,000 employees completed this training in 2020.

### Speak-Up Channel: OpenLine

The Company recognises that the Code of Conduct cannot address every challenging situation that may arise, and therefore encourages its employees to speak-up through various channels, including through OpenLine (available at <https://www.airbusopenline.com>). The OpenLine enables users to submit an alert securely and confidentially, and also to ask questions related to Ethics & Compliance.

In 2020, Inclusion & Diversity was expressly added to the definition of the "Human Resources" topic. Product Safety, previously covered by a broader "Procurement and Product Security" topic, is now displayed as a separate category as well.

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

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

## Policies and Procedures

In 2020, the Company updated its anti-bribery and corruption policies related to Sales Intermediaries (Business Partners) and Mergers & Acquisitions, Joint Ventures, and Partnerships, in particular to extend the scope of coverage to teaming and cooperation agreements, and other forms of non-monetary partnership. The Company also issued new ethical guidelines related to (i) competitive intelligence gathering and (ii) resisting solicitation and extortion. All policies and guidelines are made available to employees on the Intranet, and classroom training is delivered to employees who are particularly exposed to the underlying risks as described above.

On the Export Control side, the Company restructured its programme and issued the following new directives: (i) Requirements for Export Control Sanctions, Embargoes and Screening; (ii) Requirements for Export Control Framework; (iii) Requirements for Export Control Escalation and Voluntary Disclosure; (iv) Requirements for Export Control Brokering; (v) Requirements for Export Control Classification; (vi) Requirements for Export Control Licences and Agreements and (vii) Requirements for ITAR Part 130 Reporting.

Under the terms of the Consent Agreement with the US DoS made public on 31 January 2020, the DoS has agreed to settle all civil violations of the ITAR outlined in the Company's voluntary disclosures identified in the Consent Agreement, and the Company has agreed to retain an independent export control compliance officer, who will monitor the effectiveness of the Company's export control systems and its compliance with the ITAR for a duration of three years. See "– Information on the Company's Activities – 1.1.7 Legal and Arbitration Proceedings" (Investigation by the UK, France's PNF, US Departments of State and Justice and Related Commercial Litigation).

## V. Future Outlook

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

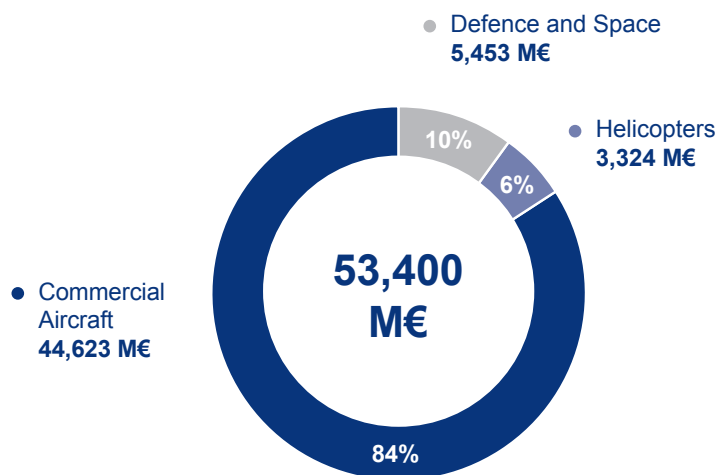
When misconduct reveals a gap in compliance policies, procedures or tools, the Company undertakes revisions to its Ethics & Compliance programme commensurate with the wrongdoing and in light of lessons learned. While compliance at the Company will therefore always be a work in progress, the Company is committed to this endeavour, as it aims to make its Ethics & Compliance programme sustainable over time.



## 1.2.6 Responsible Supply Chain

### I. Introduction

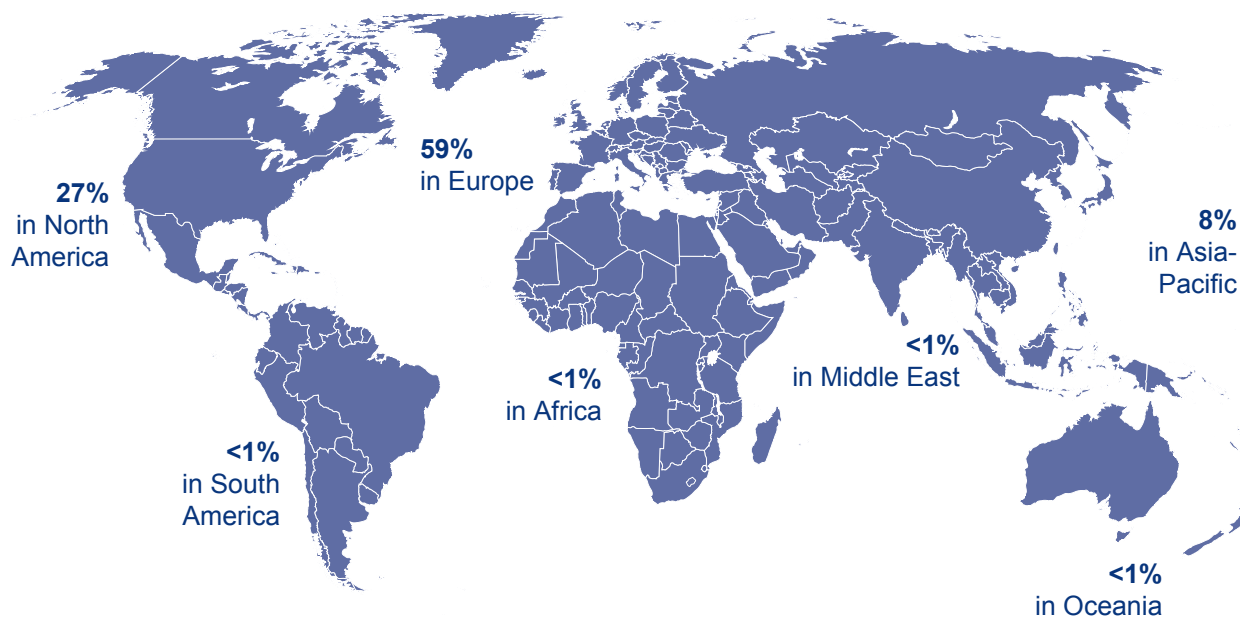
At the end of 2020, approximately 23,000 suppliers from more than 100 countries supply parts, components, systems and services to the Company. In 2019, the overall external sourcing volume of the Company was valued at around €53 billion and shared between Divisions with 84% for the Company's commercial aircraft business, 10% for the Company's Defence and Space Division and 6% for the Company's Helicopters Division.



Source: Procurement Performance & Reporting Services; Airbus Sourcing Report 2020.

Whilst the Company's products and services are sold all over the world, the majority of its supply chain is based in Europe and OECD countries. However, in the past few years, the supply chain has become concentrated and more international. The Company has identified local sourcing in Asia as one of its leading long-term objectives. In addition, and due to increasing consolidation within the aerospace and defence sector, larger work packages are being placed with a smaller number of lead suppliers.

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



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

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

As the Company's commercial aircraft business and its two Divisions are certified ISO14001, the Procurement function acts in adherence with ISO 14001 requirements.

## II. Governance

### Responsible Sourcing and Supplier Management

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

The Company's suppliers must comply with all applicable laws and regulations. In addition, all business should be conducted by suppliers in compliance with the principles of the Company's Supplier Code of Conduct.

The Company's Supplier Code of Conduct is the document of reference for the Company's responsible supplier management (available at <https://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Supplier-Code-Conduct-EN.pdf>). This Supplier Code of Conduct represents the group-wide values and principles in line with internationally recognised standards and conventions (such as OECD and ILO).

In 2020, in order to further embed sustainability activities throughout its supply chain, the Company formalised a Sustainable Supply Chain Roadmap ("SSCR"). This multifunctional and multidivisional team has responsibility for leading and monitoring progress around the implementation of the four commitments of the Company's sustainability strategy throughout the Company's supply chain. This includes environment, human rights and inclusion, safety (including product safety and health and safety and quality) and business ethics. The SSCR reports into a steering committee chaired by the Head of Sustainability & Environment and the Head of Procurement Responsibility & Sustainability and includes the representative of the Chief Procurement Officer of the Company and the Chief Procurement Officer of its two Divisions as well as the Head of Health & Safety, the Head of Product Safety and the Head of Ethics & Compliance, or their nominated representatives. The EVP Communication and Corporate Affairs and the Chief Procurement Officer of the Company act as sponsors of the SSCR. In addition, the Head of Procurement Responsibility & Sustainability department is part of the Procurement Leadership Team (PLT) and is responsible for facilitating the exchange of feedback on sustainability activities between the SSCR and the PLT on a regular basis.

All sustainability activities in the supply chain are based on the following key elements and principles of due diligence following the Organisation for Economic Co-operation and Development ("OECD") Due Diligence Guidance for Responsible Business Conduct:

- supply base risk mapping;
- supplier engagement and contractual requirements;
- supplier assessment/audits and development plans;
- policies, tools and reporting.

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

## III. Risk Management

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

### a) Regulatory Non-Compliance

The Company may not receive sufficient visibility and information from its supply chain in regards to compliance with environmental, human rights, health and safety laws and regulations.

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

### b) Supplier's Impact on Local Environment

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

### c) Disruption Risk

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

In response to the above a) to c), the Company deploys responsible sourcing activities and specific supplier due diligence actions in the frame of the SSCR.

### d) Risk of Product Non-Compliance

The various products manufactured and sold by suppliers must comply with applicable environmental, human rights, health and safety laws and regulations, for example those covering substances and product composition. Even if a supplier seeks to ensure that its products meet the highest quality standards,

increasingly stringent and complex laws and regulations, new scientific discoveries, delivery of defective products or the obligation to notify or provide regulatory authorities or others with required information (such as under the REACH regulation) may force it to adapt, redesign, redevelop, recertify and/or remove its products from the market. Seizures of defective products may be pronounced that could prevent delivery to the Company.

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

#### IV. Initiatives: Airbus Supplier Vigilance Plan

The Company requires commitment to responsible business practices and sustainable development from all suppliers and strives to make environmental and social responsibility a core element of its sourcing and supplier management process. This joint commitment is a key element in securing success, conformance to applicable laws and a sustainable future for the aviation industry. For the Company's Vigilance Plan for its own operations, see "– 1.2 Non-Financial Information – 1.2.1 Airbus' Approach to Sustainability".

##### 1. Supply base risk mapping

###### Social Compliance Risks

Since 2018, the Procurement Responsibility & Sustainability department has carried out proactive social risk mapping in line with international guidance, internal commodity expertise and externally available country indices. The risk mapping includes risks from both a country and a purchasing category perspective considering indices such as child labour, modern slavery/forced labour, recruitment practices, working time, wages, people safety at work and freedom of association. In 2019, this social risk mapping methodology was formalised and published in an internal commodity guide applicable to the Company's commercial aircraft business and its two Divisions.

###### Environmental Compliance Risks

In addition, the Company has carried out environmental risk mapping, taking into consideration categories such as the existence of hazardous substances, energy consumption, CO<sub>2</sub> emissions, water usage, waste management, air pollution and specific local Chinese environmental regulations. In 2020, this environmental risk mapping methodology was included in the internal commodity guide (see previous Section).

###### Number of Business-Relevant External Risk Suppliers Identified in 2019 (thereof lower tiers)

Based on the Company's 2018 Sourcing Report and following application of the risk mapping methodology (described in previous Section), 412 suppliers were identified as high risk in 2019.

However, taking into account the number of suppliers who had finished or are decreasing activities with the Company during this time, the number of business-relevant high risk suppliers was reduced to 397 in 2020.

##### Supplier Factory Visits

In 2019, the Company introduced "the Gemba Walk" pocketbook, applicable to commercial aircraft activities, which is a practical and visual guide for the Company's employees when visiting the shop floor of a supplier, supporting the identification and reporting of risks or improvement opportunities observed during factory visits. A dedicated pocketbook covering environment, health & safety and human rights risks was also developed in 2019 and published on the Airbus intranet. Unfortunately, restrictions put in place during 2020 due to COVID-19 significantly reduced the effectiveness of identifying risks through supplier shop floor visits.

##### 2. Supplier Assessment / Audit and Development

Since 2019, the Company has worked with external expert companies to conduct sustainability-related, evidence-based desktop assessments and specific on-site audits. The assessments cover social compliance criteria such as human rights, labour practices, health and safety and anti-corruption as well as environmental regulations and sustainability criteria based on an environmental questionnaire developed by IAEG. During 2020, all suppliers identified as high risk following application of the Company's risk mapping methodology in 2019 were required to undertake an evidence based desktop assessment. 50% of all those planned have been completed, whilst the remaining are in progress. The results from the assessments are being analysed and the Company is establishing a governance process to follow up on the findings.

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

- engagement with 236 *in situ* suppliers through webinars and supplier conferences to develop their readiness to comply with enhanced REACH EHS conditions when working on the Company's sites. Further direct exchanges with the Company's EHS experts has been organised with 26% of them;
- evaluation of the maturity of external suppliers in the Company qualified processes in regards to the future enhanced protection requirements that are being defined by the European Commission:
  - out of 357 suppliers of the Company qualified processes using chromates in industrial operations, the 80 most impacting suppliers have been assessed on-site by a third party on behalf of the Company,
  - in 2020, the Company engaged with those suppliers, which revealed findings and requested them to demonstrate and launch action plans for improvement. By end of 2020, the suppliers have successfully closed approximately 80% of the major findings,
  - a complementary "wave 2" of supplier assessment considering 18 suppliers group wide was initiated in November 2020. This wave of assessments will start with supplier visits in December 2020 and the gap closure and recovery gap coverage should occur in 2021.

### 3. Supplier Engagement

#### Contractual Requirements

The Company's standard procurement contract templates have evolved over the last few years to reinforce clauses relating to sustainability and environment that require suppliers to:

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

In addition, in 2020, the Company's Defence and Space Division implemented criteria on sustainability and environment in the call-for-tender procurement process. Only those suppliers which meet criteria, including in particular agreement to comply with the Company's Supplier Code of Conduct, can continue with the call for tender procurement process. Positive answers to additional criteria, such as commitment to the SDGs, sustainable projects, life-cycle assessment, waste and packaging reduction, will prioritise suppliers for further selection. Consideration will be given during 2021 to extend this process throughout the Company.

In 2019, the full scope of clauses relating to sustainability and environment criteria were included in new contracts and implementation into existing contracts has started according to the contractual roadmap of each purchasing commodity. During 2020, following a review of processes to make them more efficient, the process to obtain from the Company's suppliers a commitment to apply the principles of the Company's Supplier Code of Conduct was reviewed. A target to reach 80% of the Company's sourcing volume committing to apply its principles by 2022 was approved.

In 2020, the physical Annual Supplier Conference for the Company's commercial aircraft business was cancelled due to COVID-19. However, discussions with suppliers on sustainability continued during various supplier meetings or virtual supplier conferences for specific commodities.

### 4. Training & Awareness

Throughout 2020, the Procurement Responsibility & Sustainability department supported both internal awareness sessions and workshops as well as external supplier meetings on sustainability topics in the supply chain. The Company's internal Procurement Academy provides training on core competencies and skills to develop procurement expertise and prepare employees within the Procurement department for the challenges of the future. Sustainability modules are embedded in Procurement's newcomer induction path and manager development programme. This training targets supply chain quality managers, ordering officers and buyers.

At the Company's Defence and Space Division, Procurement colleagues received mandatory training in sustainability throughout 2020.

### 5. Policies and Tools

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

### 6. Grievance Mechanism

From 2019, the Company OpenLine has been accessible to external stakeholders, such as suppliers and their employees, as a secure and confidential channel through which they may, on a voluntary basis, raise alerts related to the Company in the areas of bribery, human rights, environment and health and safety. This medium is available through the Company's OpenLine website ([www.airbusopenline.com](http://www.airbusopenline.com)) in 13 languages. For further information on OpenLine, see "– 1.2.5 Ethical Business Practices". In addition to OpenLine, the Company's Sustainable Supply Chain Roadmap may receive alerts from other sources including through the supplier onboarding process, media or directly from employees.

During 2020, the Sustainable Supply Chain Roadmap received alerts on five potential allegations relating to forced labour or labour rights in its supply chain. Analysis and/or investigations of those alerts have been completed or are in progress.

### 7. Work with External Stakeholders

As mentioned under "Environment" in Section 1.2.2, the Company is a founding member of IAEG, which is working on common aerospace industry standards and tools to manage environmental obligations.

More specifically, for the supply chain, IAEG has developed:

- a supply chain environmental survey, which the Company implemented in 2019 and which will be used as the environmental assessment module as mentioned in paragraph 2 above;
- an EMS implementation guideline to encourage a wider 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. IAEG is currently reviewing the opportunity to extend this qualification programme for the other sustainability topics.

As a co-founder of the International Forum on Business Ethical Conduct ("IFBEC"), the Company is supporting the application of global standards for business ethics and compliance. IFBEC members have established a Model Supplier Code of Conduct which expresses the minimum ethical standards to be applied by suppliers throughout the aerospace and defence industries. It also encourages suppliers to go beyond legal compliance, drawing upon internationally recognised standards in order to advance in social and environmental responsibility and business ethics. During 2020, the Company worked with IFBEC to update and strengthen the IFBEC Model Supplier



Code of Conduct, which was re-issued in November 2020. The update included strengthened requirements around a number of topics including human rights, product safety and environment:

- in addition, the Company added reinforced expectations into its own revised Supplier Code of Conduct, including: Product safety;
- working hours and migrant workers aligned with ILO conventions;
- environment, to specifically account for the Company's environmental policies on substance management and product performance accounting for a life-cycle perspective;
- strengthened communication on the Company's reporting mechanism, OpenLine.

All suppliers will now be asked to sign a confirmation of compliance with the principles of the revised Supplier Code of Conduct (or to confirm their own practices are aligned with the principles set out in this Code), and to cascade these principles throughout their own supply chains.

The Company is committed to support suppliers, where necessary, to improve their own human rights due diligence.

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

## 8. Promoting Disability Friendly Companies

Since 2011, in France the Company has been promoting employment of disabled people by its suppliers. This includes a request for relevant bidding suppliers to propose a partnership with a disability friendly company during the call for tender process. In 2019, the global volume of business with disability friendly companies in France was more than €50 million – a number that has been multiplied by six for the last eight years. At the end of 2020, around 60 disability friendly companies are working with the Company compared to ten in 2010. In November 2019, the Company organised its first (Dis)Ability Forum in Hamburg to increase its cooperation with disability friendly companies in Germany. In addition, the first (Dis)Ability Forum in Spain is planned for 2021. During 2020, the Company's subcontracting activities have decreased due to the COVID-19 crisis. This decrease also affected disability friendly companies. The Company regards disability friendly companies as particularly fragile and is committed to support them to get through the economic crisis.

## 9. Conflict Minerals

The Company places great importance on the responsible sourcing of materials used in manufacturing. Some minerals including 3TG (tin, tungsten, tantalum and gold) are necessary for the proper functioning of components within its products. The Company largely does not directly import minerals but these minerals are found in certain products the Company procures. In that context, the Company requires from all suppliers to comply with applicable laws and regulations on conflict minerals, including 3TG. To outline the Company's commitment to responsible business, the Responsible Mineral Policy was released in 2019 (available at <https://www.airbus.com/company/sustainability/human-rights.html>),

which details its engagement to improve safety and human rights conditions in the mineral supply chains.

The Company is also monitoring developments from the European Commission on critical raw materials (CRM) and is investigating the possibilities to take a deeper look at its related supply chain, through direct involvement and/or trade associations. The update of the Supplier Code of Conduct (available from Q1 2021) will also require suppliers to pay more attention to CRM responsible sourcing.

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

## 10. Plastic-Free Supply Chain

Based on the SDGs, specifically SDG 12 (responsible consumption 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). Optimised processes are already in place and alternative packaging is being used at some locations. During a pilot case for the Division's Labège site in France, plastic-free packaging alternatives to replace transparent plastic film, plastic sleeves and adhesive tape were successfully implemented from June 2020. From this project alone, annual savings of plastic packaging corresponding to more than 200kg, equivalent to more than 14,000m<sup>2</sup> of plastic film, has been achieved. Discussions are also ongoing with suppliers to reduce plastic used in shipments and contractual requirements of packaging are reviewed in order to make the change from the current take-make-waste extractive industrial model to a circular economy approach towards a sustainable way to use plastic. Discussions to extend this project to the Company's commercial aircraft activities and the Airbus Helicopters Division and to widen the scope started in 2019 and continued during 2020.

## 11. CO<sub>2</sub> Emissions

During 2020, the Company engaged with its top suppliers to engage in the Carbon Disclosure Project (CDP) supplier programme. 95 of the Company's top suppliers, covering 67% of the Company's sourcing volume, have been contacted and 47 suppliers have completed the CDP questionnaire.

The results from this questionnaire will allow the Company to identify supplier strengths and potential areas of improvement and to engage with non-responsive suppliers in order to improve the response rate in 2021.

Around 75% of responsive suppliers have set emission targets and make use of Renewable Electricity or Renewable Energy to achieve those targets, integrating into their strategy a Risk and Opportunity approach from a climate change perspective.

In 2021 the Company intends to invite additional suppliers to contribute to the CDP and hopes that those who were not able to respond due to the COVID-19 situation will be in a better position to do so during 2021.

## V. Future Outlook

The Sustainability Supply Chain Roadmap will evolve to actively mitigate sustainability risks in the supply chain, adapt to evolving sustainability requirements and support the Company's ambition to be more sustainable. Actions to be progressed during 2021 include:

- development and publication of a comprehensive picture of the Company's ambition towards its suppliers including monitoring progress;
- formalisation and reinforcement of the process to collect alerts relating to sustainability and environment topics from within the Company's supply base;
- reinforcing the adherence of the Company's Supplier Code of Conduct principles throughout the Company's supply base;
- extending the scope of supplier R&S assessments;
- engaging with those suppliers identified as requiring further action based on completed supplier assessments and development of action plans when required;
- further integrating sustainability elements into procurement processes;
- developing specific training modules on Sustainability & Environment and other solutions to support internal awareness in purchasing commodities. This will include awareness on the new Company's Supplier Code of Conduct, and the Company's approach towards sustainability within its supply base;
- the launch of a pilot project to further enhance the collection of digital data from suppliers on conflict minerals, critical material and regulated substances in the Company's delivered products.

Regarding environmental sustainability and substance management, the Company will focus on the following in 2021:

- completing the onsite assessment for REACH EHS assessment for additional suppliers and monitoring their mitigation action plan to close the findings. See above “— 2. Supplier assessment / audit and development”;
- engaging with the key contributors to CO<sub>2</sub> emissions in the supply chain and further development in supplier dialogue, through the CDP, to evaluate opportunities for GHG emission reduction and suppliers' maturity to address the climate change challenges;
- cooperating with suppliers of equipment representative of aerospace products to better assess the environmental impact of Company products and embodiment of Ecodesign and LCA approaches in the Company's DDMS, engaging suppliers to innovate for future products accounting for their life cycle perspective.

## 1.2.7 Community Engagement

The situation in 2020 as a result of the COVID-19 crisis meant that we had to adapt, but this adaptation does not mean that we stop our responsibility as a company to be a force for positive social impact. In fact, now more than ever, communities around the world need companies like Airbus to help in their recovery.

When the crisis hit, the Company and its employees around the world offered to help, ranging from industrial solutions, to offering air transportation of essential medical supplies to local volunteering.

With air traffic grounded around the world, and Europe facing a severe shortage of PPE across several countries, the Company used its test aircraft to transport over 36 million face masks from China to Europe. Some face masks were used to safeguard employees on Airbus sites and the majority were donated to European governments for onward distribution to frontline health services.

On several Airbus sites, assembly lines were transformed into production lines to manufacture essential PPE. The award-winning Ventilator Challenge UK programme, in which Airbus in Broughton played a major role, brought together a 33-strong consortium of engineering businesses from across the aerospace, automotive and medical sectors to build an incredible 13,437 Penlon ventilators for the NHS. The consortium produced 20 years' worth of ventilators in just 12 weeks and peak production exceeded 400 devices a day.

3D printing also became a vital component in the global response and the Company put its 3D printers to use producing a range of potentially lifesaving equipment. Airbus plants in Spain (Getafe, Illescas, Albacete, Tablada and San Pablo) joined forces to produce 3D-printed protective face shields for healthcare workers. Airbus Protospace in Germany and the Composite Technologie Centre (CTC) in Stade, together with the 3D-printing network in Germany “Medical goes Additive”, and a wider group of German companies and institutions also supported the project to print and deliver visors to regions in Spain which were lacking PPE. Airbus teams in the US worked with local businesses (Wichita) to consolidate the final assembly of donated parts, and the site in Mobile teamed up with the University of South Alabama to produce 3D-printed, reusable face masks and mask tension release bands, all of which were donated to support medical staff.

The pandemic restrictions caused all face to face volunteering to halt, but the Company's employees found innovative ways to pivot. More than 100 employees volunteered to take part in a virtual hackathon, coordinated by the Airbus Humanity Lab. Projects ranged from logistic support to prototyping valves which transformed a diving mask from the brand Decathlon into a safe and reusable face shield. Airbus Balance for Business, an employee volunteer platform with more than 10,000 followers also found innovative solutions to show its support. As an example, Airbus Africa Community was able to share open source plans and prototypes for the manufacture and 3D printing of protective equipment for healthcare workers in Africa. These were widely shared via collaborative digital platforms enabling, for example, Senegalese researchers to use them and start rapid manufacturing of essential material. The Airbus Foundation supported this project through the acquisition of five 3D printers for an NGO in Senegal to print plastic visors and prototype respirators.

As well as sharing its innovation and technical know-how, the Company also used its global reach to inspire and entertain children (and support their parents) around the world, who were spending more time at home. Through its Discovery Space platform, the Airbus Foundation offered a series of fun and engaging videos for children to explore the science behind the Company – from learning how planes fly to travel and life on the moon. Airbus China also developed a series of aviation on-line classes, aiming to inspire interest in aviation and enrich the digital experience of children studying at home.

When the pandemic moves beyond crisis into recovery, the Company commits to strengthening opportunities for its employees to support their local communities. Closely aligned with the Airbus Foundation, a global community engagement programme is under development and is scheduled to be deployed in 2021 to build trusted partnerships with charitable organisations in local communities. The programme will be enabled through a digital platform to create, mobilise and measure the Company's social impact activities against the framework of the UN SDGs.

The Company's principal vehicle for corporate philanthropy, the Airbus Foundation refocused its 2020 budget to respond to the COVID-19 pandemic, prioritising support for the humanitarian actions of its NGO partners. In light of changing societal needs, the Foundation also revisited its mission and a new vision for the Foundation was approved by its Board of Directors in April 2020. As well as retaining strong support for humanitarian and youth development activities, the Airbus Foundation's strategic priorities now include "environment" as a third axis, focusing on nature preservation and assisting the climate change mitigation actions of its NGO partners. For further information on the Airbus Foundation mission and activities, please visit the Airbus Foundation annual report available on the Company's website.

## 1.3 Recent Developments

On 5 March 2021, the EU and US announced they would suspend all tariffs related to the WTO aircraft disputes for a four-month period.

# 2



# 2

## Management's Discussion and Analysis of Financial Condition and Results of Operations

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## 2.1 Operating and Financial Review

The following discussion and analysis is derived from and should be read together with the audited IFRS Consolidated Financial Statements as of and for the years ended 31 December 2020, 2019 and 2018. These Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board as endorsed by the European Union, and with Part 9 of Book 2 of the Dutch Civil Code. When reference is made to “IFRS”, this intends to be EU-IFRS.

The following discussion and analysis also contains certain “non-GAAP financial measures”, *i.e.* financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS. Specifically, the Company makes use of the non-GAAP financial measures (*i.e.* Alternative Performance Measures) “EBIT Adjusted”, “net cash” and “Free Cash Flow”.

The Company uses these non-GAAP financial measures to assess its consolidated financial and operating performance and believes they are helpful in identifying trends in its performance. These measures enhance management’s ability to make decisions with respect to resource allocation and whether the Company is meeting established financial goals.

Non-GAAP financial measures have certain limitations as analytical tools, and should not be considered in isolation or as substitutes for analysis of the Company’s results as reported under IFRS. Because of these limitations, they should not be considered substitutes for the relevant IFRS measures.

The Company also measures and communicates its performance on the basis of “EBIT” (reported).

### Reporting in Universal Registration Document 2020

**Impact of the COVID-19 pandemic.** 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. For further information on COVID-19, see “– Risk Factors – Business-Related Risks – COVID-19 Risks”. The main elements related to the IFRS Consolidated Financial Statements considered as of 31 December 2020 are detailed in the “Notes to the IFRS Consolidated Financial Statements – Note 2: Impact of the COVID-19 Pandemic”.

## 2.1.1 Overview

With consolidated revenues of €49.9 billion in 2020, the Company is a global leader in aeronautics, space and related services. Airbus is one of the world's leading aircraft manufacturers of passenger and freighter aircraft and related services. It is also a European leader providing tanker, combat, transport and mission aircraft, as well as one of the world's leading space companies. In helicopters, the Company provides the most efficient civil and

military rotorcraft solutions worldwide. In 2020, it generated 79% of its total revenues in the civil sector (compared to 86% in 2019) and 21% in the defence sector (compared to 14% in 2019). As of 31 December 2020, the Company's active headcount was 131,349 employees, a decrease compared to 2019 (134,931 employees).

2

### 2.1.1.1 Exchange Rate Information

The financial information presented in this document is expressed in euro, US dollar or pound sterling. The following table sets out, for the periods indicated, certain information concerning the exchange rate between the euro, the US dollar and the pound sterling, calculated using the official European Central Bank fixing rate:

	Average		Year-end	
	€/US\$	€/£	€/US\$	€/£
31 December 2018	1.1810	0.8847	1.1450	0.8945
31 December 2019	1.1195	0.8778	1.1234	0.8508
<b>31 December 2020</b>	<b>1.1422</b>	<b>0.8897</b>	<b>1.2271</b>	<b>0.8990</b>

### 2.1.1.2 Reportable Business Segments

The Company operates in three reportable business segments which reflect the internal organisational and management structure according to the nature of the products and services provided.

- **Airbus** – Development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats, aircraft conversion and related services; development, manufacturing, marketing and sale of regional turboprop aircraft and aircraft components. It also includes the holding function of the Company and its bank activities.
- **Airbus Helicopters** – Development, manufacturing, marketing and sale of civil and military helicopters; provision of helicopter related services.
- **Airbus Defence and Space** – Military Aircraft design, development, delivery, and support of military aircraft such as combat, mission, transport and tanker aircraft and their associated services. Space Systems design, development, delivery, and support of full range of civil and defence space systems for telecommunications, earth observations, navigation, science and orbital systems. Connected Intelligence provision of services around data processing from platforms, secure communication and cyber security. In addition, the main joint ventures design, develop, deliver, and support missile systems as well as space launcher systems. Unmanned Aerial Systems design, development, delivery and service support.

Consolidation effects are reported in the column "Eliminations". The activities related to innovation and digital transformation, formerly reported in the column "Transversal/Eliminations", are now included in the Business segment Airbus under the new segment structure.

### 2.1.1.3 Significant Programme Developments in 2018, 2019 and 2020 and Other Financial Topics

**A380 programme.** In 2018, Airbus delivered 12 A380 aircraft. As of 31 December 2018, the Company's largest A380 operator reviewed its aircraft fleet strategy going forward and concluded it was forced to restructure and reduce its A380 order by 39 aircraft. The Company entered into discussions with the customer in late 2018 which finally resulted in the signature of a head of agreement on 11 February 2019. Without this customer's A380 order, the Company had no substantial order backlog and no basis to sustain A380 production, despite all sales and marketing efforts in recent years. As a consequence of this decision, deliveries of the A380 would cease in 2022. At year-end 2018, in view of the above, the Company reassessed accordingly the expected market assumptions and the recoverability and depreciation method of specific assets allocated to the A380 programme. As a result, the Company impaired specific A380 assets in the amount of €167 million, recognised an onerous contract provision for an amount of €1,257 million and updated the measurement of refundable advances including interest accretion for a total amount of €1,426 million. As a consequence, the recognition of the onerous contract provision as well as other specific provisions and the remeasurement of the liabilities affected the consolidated income statement before taxes by a net €463 million in EBIT and positively impacted the other financial result by €177 million as of 31 December 2018.

Airbus delivered four A380 aircraft in 2020 and eight A380 aircraft in 2019. As part of its continuous assessment of assets recoverability and quarterly review of onerous contract provision assumptions, the Company recorded a net charge of €320 million in EBIT in 2020 and of €99 million in 2019.

**A350 XWB programme.** In 2018, Airbus delivered 93 A350 XWB aircraft.

In 2019, Airbus delivered 112 A350 XWB aircraft. New order intakes, cancellations, delivery postponements and other contractual agreements to the end of December 2019 were reflected in the Financial Statements. Risks continued to be closely monitored in line with the schedule, aircraft performance and overall cost envelope, as per customer commitments. Despite the progress made, challenges remained with recurring cost convergence. The breakeven target for the A350 was achieved in 2019. Given overall customer demand for widebody aircraft, Airbus expected A350 deliveries to stay between a monthly rate of nine and ten aircraft.

On 8 April 2020, the Company announced its decision to adapt commercial aircraft production rates to six per month for A350 in response to the new COVID-19 market environment. Subsequently, the rate for A350 was further reduced to around five per month. In 2020, Airbus delivered 59 A350 XWB aircraft. In 2020, given the significant production rate reduction, the A350 programme did not reach breakeven with 59 A350 XWB deliveries.

**A400M programme.** Progress on the A400M programme resulted in the recognition of revenues of €2.1 billion in 2018, €1.5 billion in 2019 and €1.6 billion in 2020.

In 2018, 17 A400M aircraft were delivered. The Company worked together with OCCAR and concluded the negotiations on a contract amendment. In the fourth quarter 2018, an update of the contract estimate at completion triggered a net additional charge of €436 million. This reflected the outcome of the negotiations, updated estimates on the export scenario during the launch contract phase of the A400M programme as well as applicable escalation and some cost increases. The contract amendment was successfully completed in June 2019, after each nation finalised their domestic approval processes. This new contract de-risked the programme and provided the Company, OCCAR and customers greater visibility, which supported future planning and preparedness. Yet, despite the progress, the A400M programme was not entirely risk free. Risks remained on development of technical capabilities and the associated costs, on securing sufficient export orders in time, on aircraft operational reliability in particular with regards to engines, and on cost reductions as per the revised baseline.

In 2019, 14 A400M aircraft were delivered. In total, the Company had delivered a total of 88 A400M aircraft as of 31 December 2019.

On 13 June 2019, the Company concluded together with OCCAR and the Nations the negotiations on a global re-baselining of the programme. A contract amendment was signed by all parties, providing a revised aircraft delivery schedule, an updated technical capability roadmap and a revised retrofit schedule. Important certification milestones were achieved in 2019, in particular on critical Paratrooper Simultaneous Dispatch and Helicopter Air to Air refuelling capabilities. Technical modifications corresponding to the New Standard Operating Clearance (NSOC2) contractual standard were certified and qualified. However, NSOC2 Type Acceptance initially planned in 2019 was still pending due to ongoing discussions on some operational limitations.

In the fourth quarter 2019, an update of the contract estimate at completion was performed and an additional charge of €1,212 million recorded. This reflected mainly the updated estimates on the export scenario during the launch contract phase based on a revision of the market perspectives taking into account the current environment, including the suspension of the export licenses by the German Government and its consequences on potential prospects. It reflected as well some cost increases in particular for retrofit and an updated view on applicable escalation.

As of 31 December 2020, the Company has delivered a total of 97 A400M aircraft including nine aircraft in 2020. The COVID-19 pandemic is weighing on the performance of development, production, flight testing, aircraft delivery and retrofit activities. The Company continued with development activities toward achieving the revised capability roadmap. Retrofit activities are progressing in close alignment with the customer. In 2020, an update of the contract estimate at completion confirmed the 2019 position. A charge of €63 million has been recorded in 2020 reflecting mainly the variation of price escalation indexes. Risks remain on the development of technical capabilities and associated costs, on aircraft operational reliability in particular with regard to power plant, on cost reductions and on securing export orders in time as per the revised baseline.

**A320 programme.** In 2018, A320neo Family deliveries increased to 386 aircraft and represented over 60% of overall A320 Family deliveries during 2018. The first long-range A321LR was delivered in the fourth quarter.

In 2019, NEO aircraft deliveries rose by 43% year-on-year to 551 aircraft. The ramp-up continued for the Airbus Cabin Flex ("ACF") version of the A321 with almost 100 more deliveries than in 2018. The Airbus teams were focused on securing the ongoing ACF ramp-up and improving the industrial flow. At that time, Airbus discussed further ramp-up potential for the A320 programme beyond rate 63 per month with the supply chain, and saw a clear path to further increase the monthly production rate by one or two for each of the two years after 2021.

On 8 April 2020, the Company announced its decision to adapt commercial aircraft production rates to 40 per month for the A320 Family in response to the new COVID-19 market environment. In 2020, Airbus delivered 431 A320neo Family aircraft. On A320, production rates are foreseen to gradually increase from 40 aircraft per month currently to 43 in the third quarter and 45 in the fourth quarter 2021.

**A330 programme.** In 2018, 49 A330 were delivered. On the A330neo programme, the first A330-900s were delivered and the A330-800 conducted its maiden flight in the final quarter of 2018.

In 2019, 53 A330 were delivered. Given overall customer demand for widebody aircraft, Airbus expected A330 deliveries of approximately 40 aircraft per year beginning in 2020 (prior to the outbreak of COVID-19).

On 8 April 2020, the Company announced its decision to reduce commercial aircraft production rates to around two per month for A330 in response to the new COVID-19 market environment. In 2020, 19 A330 were delivered.



**A220 programme.** As of 1 July 2018, the A220 aircraft programme was consolidated into Airbus. In 2018, the Company delivered 20 A220s.

In 2019, A220 aircraft deliveries rose to 48 aircraft. Our focus continued to be on cost reduction as well as growing the backlog to support the ramp-up plan in Mirabel (Canada) and Mobile (US) where we targeted our first delivery in 2020. Order backlog stood at 495 aircraft as of 31 December 2019.

In 2020, 38 A220 aircraft were delivered. Since inception of the programme a total of 143 aircraft have been delivered. Rates are expected to increase from four to five aircraft per month from the end of the first quarter 2021.

**Defence export ban.** Due to the suspension of defence export licences to Saudi Arabia by the German Government until 31 March 2020, and the consequential inability of the Company to execute a customer contract, a revised Estimate at Completion ("EAC") was performed as of 31 December 2019. As a result, a €221 million impairment charge mainly on inventories on top of a €112 million financial expense related to hedge ineffectiveness was recognised in 2019. In the fourth quarter 2020 the Company updated its contract estimate at completion which confirms the 2019 assessment. 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 further significant financial impacts.

**Going concern and associated liquidity measures.** On 23 March 2020, the Company has announced measures to bolster its liquidity and balance sheet in response to the COVID-19 pandemic, including a new €15 billion credit facility partially termed out by bond and USPP issuances, the withdrawal of 2019 dividend proposal with cash value of €1.4 billion, the suspension of voluntary top up pension funding and strong focus on support to customers and delivery. In parallel, governmental partners have supported the aerospace sector since the beginning of the crisis either through direct support to airlines and suppliers, or through partial unemployment schemes. With these decisions, the Company has available liquidity to cope with additional cash requirements, including the amended production rates as described above.

On 21 October 2020, the Company signed a new €6 billion Revolving Syndicated Credit Facility also partially terming out the €15 billion credit facility by €3 billion in order to refinance its existing €3 billion Revolving Syndicated Facility (see "Notes to the IFRS Consolidated Financial Statements – Note 37: Net Cash").

As of 31 December 2020, the Company has a net cash position of €4.3 billion with a total liquidity of €33.6 billion, before deducting short-term financing liabilities.

Based on the above, management considers the Company has sufficient resources to continue operating for at least 12 months and that there are no material uncertainties about the Company's ability to continue as a going concern.

**Restructuring provisions.** In 2019, a provision of €103 million related to restructuring measures at Premium AEROTEC was recorded following the announcement in December 2019 to the Works Council of the main features that would be carried out to increase future competitiveness.

In June 2020, Airbus announced plans to adapt its global workforce, principally in France, Germany, Spain and the UK, and resize its commercial aircraft activity in response to the COVID-19 crisis. This adaptation was expected to result in a reduction of around 15,000 positions no later than summer 2021.

Working time adaptation and mitigation measures supported by the governments have reduced the number of positions subject to the restructuring plan. Taking into consideration the actual departures since the initial announcement, the remaining number of positions subject to the restructuring plan amounts to approximately 6,100 as of 31 December 2020, including pre-retirement headcount under German Altersteilzeit ("ATZ").

In addition, Airbus Defence and Space completed the consultation process with the Company's European works council on the Division's planned restructuring. The plan presented to the employee representatives initially foresaw the reduction of around 1,900 positions including pre-retirement headcount under German Altersteilzeit ("ATZ") until the end of 2021. However this number was also subsequently reduced to approximately 1,400 positions reflecting departures which occurred after the initial announcement.

In November 2020, a reconciliation of Interest Agreement involving approximately 100 positions was signed in Germany within Airbus Helicopters and hence, a provision has been recorded accordingly.

As of 30 September 2020, a restructuring provision was recognised for an amount of €1.2 billion including mainly the cost of voluntary and compulsory measures taking into account management's best estimate of the impact of the working time adaptation and government support measures. Total payments to employees affected by the plan would amount to approximately €1.5 billion, including the settlement of other accrued employee benefits.

As of 31 December 2020, the provision amounts to €1.0 billion, reduced mainly by the costs incurred in the fourth quarter.

**Operational assets.** The Company has performed a comprehensive review of its operational assets and liabilities taking into account the amended production rates and expected future deliveries. This review has resulted in charges being recorded in 2020 for an amount of €1.3 billion, including an impairment of inventories considered at risk of €355 million, additional provisions relating to A380 programme of €279 million, a write-off of capitalised development costs of €101 million, provisions for supplier commitments of €157 million and provisions covering various commercial risks of approximately €401 million.

**Brexit.** On 29 March 2017, the UK triggered Article 50 of the Lisbon Treaty, the mechanism to leave the European Union ("Brexit").

In June 2018, the Company published its Brexit Risk Assessment outlining its expectations regarding the material consequences and risks for the Company arising from the UK leaving the European Union without a deal. In September 2018, the Company launched a project to mitigate the risks and anticipate possible consequences associated with Brexit and its impact on the Company's business and production activities. Significant progress was made in mitigating the identified risks through for example the modification of the Company's customs

and IT systems, and the stockpiling of parts associated with transportation and logistics. The UK left the European Union in an orderly manner on 31 January 2020 under the terms of the Withdrawal Agreement, opening a transition period until 31 December 2020. On 30 December 2020, the UK Parliament ratified the EU-UK Trade and Cooperation Agreement ("TCA") but it still awaits ratification by the European Parliament and the Council of the European Union before final conclusion and entry into force. The TCA is expected to prevent the disruption a no-deal scenario would have created. Preliminary analysis confirms that although Brexit will result in a requirement for increased areas of vigilance, additional administrative work and reduced industrial flexibility, the continuity of the Company's business operations and supply chain in particular are not materially threatened.

**Litigation.** For information, see "– 1.1.7 Legal and Arbitration Proceedings" and "Notes to the IFRS Consolidated Financial Statements – Note 25: Provisions, Contingent Assets and Contingent Liabilities".

#### 2.1.1.4 Current Trends

As the basis for its 2021 guidance, the Company assumes no further disruptions to the world economy, air traffic, the Company's internal operations, and its ability to deliver products and services. The Company's 2021 guidance is before M&A.

On that basis, the Company targets to at least achieve in 2021: the same number of commercial aircraft deliveries as in 2020; EBIT Adjusted of €2 billion; and breakeven Free Cash Flow before M&A and Customer Financing.

This guidance has been prepared on the basis of certain assumptions, including the principal assumptions as set out below. The principal assumptions within the Company's control are as follows: (a) underlying commercial aircraft deliveries are based on existing orders. Revenues from other activities are also based on existing orders and may include estimates based on relevant market forecasts; (b) no significant interruption in operational performance or programme execution; (c) no disruption in or change to the development of products or other development projects; and (d) no material change to the Company's existing capital structure.

The principal assumptions outside the Company's control are as follows: (a) no material change in general trading conditions, economic conditions, competitive environment or levels of demand which would materially affect the Company's business; (b) the Company's internal operations do not suffer further disruptions or from external interruptions; (c) suppliers will meet their delivery commitments and ensure maturity, availability and in-service performance; (d) no material change in the ability or willingness of our customers to meet their contractual obligations, including payment obligations to the Company; (e) no changes in the legislative or regulatory environment which could have a material effect on the Company; and (f) no adverse outcome to any material litigation or investigation.

This guidance has been prepared on a basis consistent with the accounting policies adopted by the Company and is comparable with the Company's historical financial information.

## 2.1.2 Significant Accounting Considerations, Policies and Estimates

The Company's significant accounting considerations, policies and estimates are described in the Notes to the IFRS Consolidated Financial Statements. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 3: Significant Accounting Policies", "– Note 4: Key Estimates and Judgements" and "– Note 5: Change in Accounting Policies and Disclosures".

### 2.1.2.1 Scope of and Changes in Consolidation

For further information on the scope of and changes in consolidation as well as acquisitions and disposals of interests in business, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 7: Scope of Consolidation" and "– Note 8: Acquisitions and Disposals".

### 2.1.2.2 Capitalised Development Costs

Pursuant to the application of IAS 38 "Intangible Assets", the Company assesses whether product-related development costs qualify for capitalisation as internally generated intangible assets. Criteria for capitalisation are strictly applied. All research and development costs not meeting the IAS 38 criteria are expensed as incurred in the consolidated income statement. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 3: Significant Accounting Policies – Research and development expenses" and "– Note 20: Intangible Assets".

### 2.1.2.3 Impairment of Long-Life Assets, Work in Progress and Finished Aircraft

In testing long-life assets such as jigs and tools and capitalised development costs for impairment, the Company makes estimates on the number and timing of aircraft units to be delivered in the future, the margin of these aircraft, and the discount rate associated with the aircraft programme. For aircraft that may need to be remarketed, the impairment of working progress and finished aircraft is assessed based on an estimation of the future selling price and associated remarketing costs.

### 2.1.2.4 Accounting for Hedged Foreign Exchange Transactions in the Financial Statements

In 2020, more than 70% of the Company's revenues are denominated in US dollars, with around 60% of such currency exposure "naturally hedged" by US dollar-denominated costs. The remainder of costs are incurred primarily in euros, and to a lesser extent, in pounds sterling. Consequently, to the extent that the Company does not use financial instruments to hedge its net current and future exchange rate exposure from the time of a customer order to the time of delivery, its profits will be affected by market changes in the exchange rate of the US dollar against these currencies, and to a lesser extent, by market changes in the exchange rate of pound sterling against the euro.

The Company uses hedging strategies to manage and minimise the impact of exchange rate fluctuations on its profits, including foreign exchange derivative contracts, interest rate and equity swaps and other non-derivative financial assets or liabilities denominated in a foreign currency. As the Company intends to generate profits only from its operations and not through speculation on foreign currency exchange rate movements, the Company uses hedging strategies solely to mitigate the impact of exchange rate fluctuations on its EBIT.

For further information on the Company's hedging strategies in response to its particular exposures as well as a description of its current hedge portfolio, see "– Risk Factors – 1. Financial Market Risks – Foreign Currency Exposure" and please refer to "Notes to the IFRS Consolidated Financial Statements – Note 2.7: Impact of the COVID-19 Pandemic – Hedge accounting", "– Note 3: Significant Accounting Policies" and "– Note 38: Information about Financial Instruments".

### 2.1.2.5 Foreign Currency Translation

For information on transactions in currencies other than the functional currency of the Company and translation differences for other assets and liabilities of the Company denominated in foreign currencies, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 3: Significant Accounting Policies – Transactions in Foreign Currency".

#### Currency Translation Mismatch

Customer advances (and the corresponding revenues recorded when sales recognition occurs) are translated at the exchange rate prevailing on the date they are received (historical rates of customer advances). US dollar-denominated costs are converted at the exchange rate prevailing on the date they are incurred

(historical rates of US dollar-denominated costs). To the extent those historical rates and the amounts received and paid differ, there is a foreign currency exchange impact (mismatch) on EBIT. Additionally, the magnitude of any such difference, and the corresponding impact on EBIT, is sensitive to variations in the number of deliveries and spot rate (€/US\$).

### 2.1.2.6 Accounting for Sales Financing Transactions in the Financial Statements

The accounting treatment of sales financing transactions varies based on the nature of the financing transaction and the resulting exposure. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 22: Other Investments and Other Long-Term Financial Assets", "– Note 25: Provisions, Contingent Assets and Contingent Liabilities" and "– Note 28: Sales Financing Transactions".

For further information on the significance of sales financing transactions for the Company, see "– 2.1.6.4 Sales Financing".

### 2.1.2.7 Provisions for Onerous Contracts

Provisions for onerous contracts are reviewed and reassessed regularly. However, future changes in the assumptions used by the Company or a change in the underlying circumstances may lead to a revaluation of past provisions for onerous contracts and have a corresponding positive or negative effect on the Company's future financial performance. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 3: Significant Accounting Policies – Provisions for Onerous Contracts" and "– Note 25: Provisions, Contingent Assets and Contingent Liabilities".

## 2.1.3 Performance Measures

### 2.1.3.1 Business segments

#### Airbus

<i>(In € million)</i>	2020	2019	2018
Revenue	34,250	54,775	47,970
EBIT <sup>(1)</sup>	(1,330)	1,794	3,912
<i>in % of revenue<sup>(1)</sup></i>	-3.9%	3.3%	8.2%

(1) 2019 and 2018 figures are restated due to new segment presentation.

#### Airbus Helicopters

<i>(In € million)</i>	2020	2019	2018
Revenue	6,251	6,007	5,934
EBIT	455	414	366
<i>in % of revenue</i>	7.3%	6.9%	6.2%

## Airbus Defence and Space

<i>(In € million)</i>	2020	2019	2018
Revenue	10,446	10,907	11,063
EBIT	408	(881)	676
<i>in % of revenue</i>	3.9%	-8.1%	6.1%

### 2.1.3.2 Order Intake and Order Backlog

Year-end order backlog consists of contracts signed up to that date. Only firm orders are included in calculating the order backlog for commercial aircraft and civil helicopters. A firm order is defined as one for which the Company receives a down payment on a definitive contract. Defence-related orders are included in the backlog upon enforcement of the signed contract. Commitments under defence “umbrella” or “framework” agreements by governmental customers are not included in backlog until the Company is officially notified.

The total order backlog and order intake represent the aggregate amount of the net transaction price allocated to the unsatisfied and partially unsatisfied performance obligations to the Company's customers. Backlog commitments are relative

to the Company's enforceable contracts with its customers where it is probable that the consideration will be collected. The value of the order backlog is measured in accordance with the revenue recognition standard (IFRS 15). The order intake value is measured consistently with IFRS 15. As a result, contractual rebates, engine concessions and variable considerations are taken into account for measurement. Contracts stipulated in a currency different from the presentation currency are translated to euro using the spot rate as of 31 December 2020, 2019 and 2018. Adjustments to the value of the order backlog could result from changes in the transaction price. Options are not considered in the valuation of order intake and order backlog. The order backlog will mainly be released into revenue over a period of seven years.

#### ORDER INTAKE

	2020		2019		2018	
	<i>(In € billion)</i>	<i>(In percentage)<sup>(1)</sup></i>	<i>(In € billion)</i>	<i>(In percentage)<sup>(1)</sup></i>	<i>(In € billion)</i>	<i>(In percentage)<sup>(1)</sup></i>
Airbus	16.1	48.1%	65.8	80.7%	41.5	73.7%
Airbus Helicopters	5.5	16.4%	7.2	8.8%	6.3	11.3%
Airbus Defence and Space	11.9	35.5%	8.5	10.5%	8.4	15.0%
<b>Subtotal segmental order intake</b>	<b>33.5</b>	<b>100%</b>	<b>81.5</b>	<b>100%</b>	<b>56.3</b>	<b>100%</b>
Eliminations	(0.2)		(0.3)		(0.8)	
<b>Total</b>	<b>33.3</b>		<b>81.2</b>		<b>55.5</b>	

(1) Before “Eliminations”.

#### ORDER BACKLOG

	31 December					
	2020		2019		2018	
	<i>(In € billion)</i>	<i>(In percentage)<sup>(1)</sup></i>	<i>(In € billion)</i>	<i>(In percentage)<sup>(1)</sup></i>	<i>(In € billion)</i>	<i>(In percentage)<sup>(1)</sup></i>
Airbus	324.7	86.8%	424.1	89.7%	411.7	89.1%
Airbus Helicopters	15.8	4.2%	16.6	3.5%	14.9	3.2%
Airbus Defence and Space	33.5	9.0%	32.3	6.8%	35.3	7.7%
<b>Subtotal segmental order backlog</b>	<b>374.0</b>	<b>100%</b>	<b>473.0</b>	<b>100%</b>	<b>461.9</b>	<b>100%</b>
Eliminations	(0.9)		(1.5)		(2.4)	
<b>Total</b>	<b>373.1</b>		<b>471.5</b>		<b>459.5</b>	

(1) Before “Eliminations”.



**2020 compared to 2019.** The €-98.4 billion decrease in order backlog to €373.1 billion (2019: €471.5 billion), reflected higher number of deliveries compared to order intake, the weakening of the US dollar and an assessment of the order backlog's recoverability.

Airbus' backlog decreased by € -99.4 billion to €324.7 billion. The book to bill ratio in units was below one (calculated using units of new net orders, *i.e.* new net orders in units divided by deliveries in units). Total order backlog at Airbus amounted to 7,184 aircraft at the end of 2020 (as compared to 7,482 aircraft at the end of 2019). Order intake consisted of 268 net orders in 2020 (as compared to 768 in 2019), including mainly 263 net firm orders of the A320 Family and 30 A220s.

Airbus Helicopters' backlog decreased by € -0.8 billion to €15.8 billion and the book-to-bill ratio amounted to 0.9 in terms of value, including 31 NH90s for the German Bundeswehr and 11 H160s. Airbus Helicopters received 268 net orders in 2020 (as compared to 310 in 2019). Total order backlog amounted to 663 helicopters at the end of 2020 (as compared to 695 helicopters at the end of 2019).

Airbus Defence and Space's backlog increased by €1.2 billion to €33.5 billion and the book-to-bill ratio in value amounted to 1.1 with new net orders of €11.9 billion, mainly driven by major contract wins in Military Aircraft, including a contract to deliver 38 new Eurofighters for the German Air Force.

**2019 compared to 2018.** The €12.0 billion increase in order backlog to €471.5 billion (2018: €459.5 billion) which represented about seven times our 2019 revenues, reflecting the strengthening of the Company's backlog.

Airbus' backlog increased by €12.4 billion to €424.1 billion. While the book to bill ratio in units was below one (calculated using units of new net orders, *i.e.* new net orders in units divided by deliveries in units), the value of the backlog slightly increased year on year. Order intake consisted of 768 net orders in 2019 (as compared to 747 in 2018), driven mainly by the A320 Family, which received 654 net firm orders (662 A320neo and -8 A320ceo) and included 63 A220s. Total order backlog at Airbus amounted to 7,482 aircraft at the end of 2019 (as compared to 7,577 aircraft at the end of 2018).

Airbus Helicopters' backlog increased by €1.7 billion to €16.6 billion and the book-to-bill ratio was above one in terms of value, a good performance in a difficult market environment. Airbus Helicopters received 310 net orders in 2019 (as compared to 381 in 2018). Total order backlog amounted to 695 helicopters at the end of 2019 (as compared to 717 helicopters at the end of 2018).

Airbus Defence and Space's backlog decreased by €-3.0 billion to €32.3 billion and the book-to-bill ratio in value amounted to 0.8 with new net orders of €8.5 billion, supported by A400M service contracts and key contract wins in Space.

The following table illustrates the proportion of civil and defence backlog at the end of each of the past three years.

	31 December					
	2020		2019		2018	
	(In € billion)	(In percentage) <sup>(1)</sup>	(In € billion)	(In percentage) <sup>(1)</sup>	(In € billion)	(In percentage) <sup>(1)</sup>
Civil sector	334.5	90%	433.4	92%	420.2	91%
Defence sector	38.6	10%	38.1	8%	39.3	9%
<b>Total</b>	<b>373.1</b>	<b>100%</b>	<b>471.5</b>	<b>100%</b>	<b>459.5</b>	<b>100%</b>

(1) Including "Eliminations".

### 2.1.3.3 EBIT Adjusted

The Company uses an alternative performance measure **EBIT Adjusted** as a key indicator capturing the underlying business margin by excluding material charges or profits caused by movements in provisions related to programmes, restructurings or foreign exchange impacts as well as capital gains/losses from the disposal and acquisition of businesses.

The following table reconciles the Company's EBIT with its EBIT Adjusted.

(In € million)	2020	2019	2018
EBIT	(510)	1,339	5,048
PDP mismatch / BS revaluation	480	170	(129)
A380 programme	385	202	463
A400M charge	63	1,212	436
Penalties	0	3,598	0
Compliance costs	87	206	123
M&A impact <sup>(1)</sup>	2	(111)	(188)
Defence export ban	0	221	0
Restructuring provision <sup>(2)</sup>	1,199	103	8
Other costs	0	6	73
<b>EBIT Adjusted</b>	<b>1,706</b>	<b>6,946</b>	<b>5,834</b>

(1) Including net capital gains from PFW Aerospace GmbH (€-57 million) and Alestis Aerospace SL (€-45 million) in 2019, and Plant Holdings, Inc (€-159 million) in 2018.

(2) Including workforce adaptation recognised in 2020 (€1,202 million).

### 2.1.3.4 EBIT Adjusted by Business segment

(In € million)	2020	2019	2018
Airbus <sup>(1)</sup>	618	5,947	4,425
Airbus Helicopters	471	422	380
Airbus Defence and Space	660	565	935
<b>Subtotal segmental EBIT Adjusted<sup>(1)</sup></b>	<b>1,749</b>	<b>6,934</b>	<b>5,740</b>
Eliminations <sup>(1)</sup>	(43)	12	94
<b>Total</b>	<b>1,706</b>	<b>6,946</b>	<b>5,834</b>

(1) 2019 and 2018 figures are restated due to new segment presentation.

### 2.1.3.5 EBIT by Business segment

(In € million)	2020	2019	2018
Airbus <sup>(1)</sup>	(1,330)	1,794	3,912
Airbus Helicopters	455	414	366
Airbus Defence and Space	408	(881)	676
<b>Subtotal segmental EBIT<sup>(1)</sup></b>	<b>(467)</b>	<b>1,327</b>	<b>4,954</b>
Eliminations <sup>(1)</sup>	(43)	12	94
<b>Total</b>	<b>(510)</b>	<b>1,339</b>	<b>5,048</b>

(1) 2019 and 2018 figures are restated due to new segment presentation.

**2020 compared to 2019.** The Company's consolidated EBIT decreased from €1.3 billion for 2019 to €-0.5 billion for 2020. This includes the impacts of the ongoing COVID-19 pandemic and the €1.2 billion restructuring provision recognised in the third quarter of 2020 (see "– 2.1 Operating and Financial Review").

Airbus' EBIT decreased from €1.8 billion for 2019 to €-1.3 billion for 2020, also reflecting the impacts of the ongoing COVID-19 pandemic including lower deliveries, the charges recognised as a result of the comprehensive review of the operational assets and liabilities taking into account the amended production rates and expected future deliveries and the restructuring provision recorded related to the COVID-19 pandemic. In 2019, it included the recognition of penalties for agreements with authorities of €3.6 billion.

Airbus Helicopters' EBIT increased from €414 million for 2019 to €455 million for 2020, reflecting favourable product mix, strong governmental-related activities and reliable programme execution. It also includes lower research and development expenses reflecting the end of the European Union Aviation Safety Agency ("EASA") certification process for the five-bladed H145 and the H160.

Airbus Defence and Space's EBIT increased from €-881 million for 2019 to €408 million for 2020, mainly due to lower A400M programme charge in 2020 as well as the effect of costs containment measures and lower research and development costs, partially offset by the impact of COVID-19 pandemic, including on the launcher business.

**2019 compared to 2018.** The Company's consolidated EBIT decreased by 73.5%, from €5.0 billion for 2018 to €1.3 billion for 2019. The decrease reflected the strong operational performance at Airbus, driven by higher deliveries and favourable mix, overcompensated by the compliance penalties, the A400M charge recognised in the period and the lower performance at Airbus Defence and Space.

Airbus' EBIT decreased from €3.9 billion for 2018 (restated) to €1.8 billion for 2019 (restated), negatively impacted by the recognition of penalties for agreements with authorities of €3.6 billion and €206 million related to compliance costs. This partially offset the record deliveries and operational performance, largely driven by the A320 ramp-up and progress on the A350. It also included the gain from disposals of PFV Aerospace GmbH of €57 million and Alestis Aerospace S.L. of €45 million.

Airbus Helicopters' EBIT increased from €366 million for 2018 to €414 million for 2019, reflecting a higher contribution from services and lower research and development costs, partially reduced by less favourable delivery mix.

Airbus Defence and Space's EBIT decreased from €676 million for 2018 to €-881 million for 2019, mainly due to the recognition of the A400M programme charge of €1.2 billion and the €221 million suspension of defence export licences to Saudi Arabia by the German government. EBIT deterioration also reflected the lower performance in Space and efforts to support sales campaigns. Airbus Defence and Space's EBIT in 2018 also included the impact of disposals, mainly the gain from the Plant Holdings, Inc. of €159 million.

**Foreign currency impact on EBIT.** In 2020, more than 70% of the Company's revenues are denominated in US dollars, whereas a substantial portion of its costs is incurred in euros and to a lesser extent, pounds sterling. Given the long-term nature of its business cycles (evidenced by its multi-year backlog), the Company hedges a significant portion of its net foreign exchange exposure to mitigate the impact of exchange rate fluctuations on its EBIT. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 38: Information about Financial Instruments" and see "– Risk Factors – 1. Financial Market Risks – Foreign Currency Exposure" and "– 2.1.2.5 Foreign Currency Translation". In addition to

the impact that hedging activities have on the Company's EBIT, the latter is also affected by the impact of revaluation of certain assets and liabilities at the closing rate and the impact of natural hedging.

During 2020, cash flow hedges covering approximately US\$ 17.1 billion of the Company's US dollar-denominated net exposure matured. In 2020, the compounded exchange rate at

which hedged US dollar-denominated revenues were accounted for was €/US\$ 1.19, as compared to €/US\$ 1.24 in 2019.

During 2019, cash flow hedges covering approximately US\$ 24.0 billion of the Company's US dollar-denominated net exposure matured. In 2019, the compounded exchange rate at which hedged US dollar-denominated revenues were accounted for was €/US\$ 1.24, as compared to €/US\$ 1.24 in 2018.

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## 2.1.4 Results of Operations

The following table summarises the IFRS Company's Consolidated Income Statements for the past three years:

<i>(In € million)</i>	2020	2019	2018
<b>Revenue</b>	<b>49,912</b>	<b>70,478</b>	<b>63,707</b>
Cost of sales	(44,250)	(59,973)	(54,920)
<b>Gross margin</b>	<b>5,662</b>	<b>10,505</b>	<b>8,787</b>
Selling and administrative expenses	(2,140)	(6,125)	(2,435)
Research and development expenses	(2,858)	(3,358)	(3,217)
Other income	132	370	1,656
Other expenses	(1,458)	(356)	(182)
Share of profit from investments accounted for under the equity method and other income from investments	152	303	439
<b>Profit before finance costs and income taxes</b>	<b>(510)</b>	<b>1,339</b>	<b>5,048</b>
Interest result	(271)	(111)	(232)
Other financial result	(349)	(164)	(531)
Income taxes	(39)	(2,389)	(1,274)
<b>(Loss) Profit for the period</b>	<b>(1,169)</b>	<b>(1,325)</b>	<b>3,011</b>
Attributable to			
Equity owners of the parent (Net income)	(1,133)	(1,362)	3,054
Non-controlling interests	(36)	37	(43)
<b>Earnings per share</b>	<b>€</b>	<b>€</b>	<b>€</b>
Basic	(1.45)	(1.75)	3.94
Diluted	(1.45)	(1.75)	3.92

### 2.1.4.1 Revenues

The following table presents a breakdown of the Company's revenues by Business segment for the past three years:

<i>(In € million)</i>	2020	2019	2018
Airbus	34,250	54,775	47,970
Airbus Helicopters	6,251	6,007	5,934
Airbus Defence and Space	10,446	10,907	11,063
<b>Subtotal segmental revenue</b>	<b>50,947</b>	<b>71,689</b>	<b>64,967</b>
Eliminations	(1,035)	(1,211)	(1,260)
<b>Total</b>	<b>49,912</b>	<b>70,478</b>	<b>63,707</b>

Revenues decreased by 29.2%, from €70.5 billion for 2019 to €49.9 billion for 2020, reflecting mainly lower commercial aircraft deliveries at Airbus.

For 2019, revenues increased by 10.6%, from €63.7 billion for 2018 to €70.5 billion for 2019, reflecting mainly higher commercial aircraft deliveries and a favourable mix at Airbus.

REVENUE BY GEOGRAPHICAL AREAS

	2020		2019		2018	
	(In € billion)	(In percentage) <sup>(1)</sup>	(In € billion)	(In percentage) <sup>(1)</sup>	(In € billion)	(In percentage) <sup>(1)</sup>
Asia/Pacific	13.1	26.3%	22.6	32.1%	23.3	36.6%
Europe	20.3	40.7%	22.6	32.1%	17.8	27.9%
North America	8.7	17.4%	12.0	17.0%	11.1	17.4%
Other countries <sup>(2)</sup>	7.8	15.6%	13.3	18.8%	11.5	18.1%
<b>Total</b>	<b>49.9</b>	<b>100%</b>	<b>70.5</b>	<b>100%</b>	<b>63.7</b>	<b>100%</b>

(1) Percentage of total revenue after eliminations.

(2) Including the Middle East.

## Airbus

The following table presents a breakdown of deliveries of commercial aircraft by product type for the past three years.

(In units)	2020	2019	2018
A220 <sup>(1)</sup>	38	48	20
A320 Family	446	642	626
A330	19	53	49
A350 XWB	59	112	93
A380	4	8	12
<b>Total</b>	<b>566</b>	<b>863</b>	<b>800</b>

(1) A220 consolidated into Airbus as of 1 July 2018.

Airbus' revenues decreased by 37.5%, from €54.8 billion for 2019 to €34.3 billion for 2020. This was due to lower deliveries of 566 aircraft (compared to 863 deliveries in 2019), including 59 A350 XWBs and 38 A220s, in line with the production adaptation plan set out in April 2020 in response to the COVID-19 pandemic, see "– 2.1 Operating and Financial Review".

For 2019, Airbus' revenues increased by 14.2%, from €48.0 billion for 2018 to €54.8 billion for 2019. This was due to record deliveries of 863 aircraft (compared to 800 deliveries in 2018) including 112 A350 XWBs and 48 A220s.

## Airbus Helicopters

The following table presents a breakdown of deliveries of helicopters by product type for the past three years.

(In units)	2020	2019	2018
Light	123	159	156
Medium	126	122	137
Heavy	50	47	54
<i>thereof NH90</i>	28	32	36
Tiger	1	4	9
<b>Total</b>	<b>300</b>	<b>332</b>	<b>356</b>

Airbus Helicopters' revenues amounted to €6.3 billion in 2020 (2019: €6.0 billion). This increase reflected a favourable product mix effect despite lower deliveries of 300 units (2019: 332 units) and higher volume in services.

For 2019, Airbus Helicopters' revenues amounted to €6.0 billion in 2019 (2018: €5.9 billion). This stability was supported by growth in services, which offset lower deliveries of 332 units (2018: 356 units).



## Airbus Defence and Space

The following table presents a breakdown of deliveries of Airbus Defence and Space by product type for the past three years.

<i>(In units)</i>	2020	2019	2018
A400M	9	14	17
A330 MRTT (Tanker)	4	7	6
Light & Medium aircraft	10	8	6
Telecom satellites	1	2	2
<b>Total</b>	<b>24</b>	<b>31</b>	<b>31</b>

Airbus Defence and Space's revenues amounted to €10.4 billion in 2020 (2019: €10.9 billion). The decrease is due to lower volume and the impact of the COVID-19 pandemic on business phasing. It also reflects the lower order intake in Space Systems in the prior years.

For 2019, Airbus Defence and Space revenues of €10.9 billion in 2019 (2018: €11.1 billion) remained broadly stable compared to the previous year.

### 2.1.4.2 Cost of Sales

Cost of sales decreased by 26.2% from €60.0 billion for 2019 to €44.3 billion for 2020. This was driven by lower deliveries, also impacted by charges recorded as a result of the comprehensive review performed by the Company of its operational assets and liabilities in response to the COVID-19 pandemic, see “–2.1 Operating and Financial Review”.

For 2019, cost of sales increased by 9.2% from €54.9 billion for 2018 to €60.0 billion for 2019. This was principally due to higher deliveries and provisions recognised on the A400M programme of €1.2 billion.

### 2.1.4.3 Selling and Administrative Expenses

Selling and administrative expenses decreased from €6.1 billion for 2019 to €2.1 billion for 2020. The decrease was mainly due to the €3.6 billion penalties recognised in 2019, as a consequence of the final agreements reached with the French PNF, the UK SFO and the US DoS.

For 2019, selling and administrative expenses increased from €2.4 billion for 2018 to €6.1 billion for 2019. This was driven by the €3.6 billion penalties recognised in the fourth quarter.

### 2.1.4.4 Research and Development Expenses

Research and development expenses decreased by 14.9%, from €3.4 billion for 2019 to €2.9 billion for 2020, mainly reflecting cash containment measures in response to the COVID-19 pandemic. In addition, an amount of €101 million of development costs has been capitalised, mainly linked to Airbus programmes. See “– 2.1.2.2 Capitalised Development Costs”.

For 2019, research and development expenses increased by 4.4%, from €3.2 billion for 2018 to €3.4 billion for 2019, particularly related to the DDMS project ramp-up and A350 XWB programme. In addition, an amount of €133 million of development costs has been capitalised, mainly linked to Airbus programmes.

### 2.1.4.5 Other Income and Other Expenses

Other income and other expenses typically include gains and losses on disposals of investments, of fixed assets and income from rental properties.

Other income and other expenses was €-1,326 million net as compared to €14 million net for 2019. The decrease is driven by the restructuring provision recorded in 2020 in response to the COVID-19 pandemic, see “–2.1 Operating and Financial Review”.

For 2019, other income and other expenses was €14 million net as compared to €1,474 million net for 2018. The decrease is mainly related to the release of liabilities on the A380 programme in 2018, partly compensated by the capital gains from the sale of PFW Aerospace GmbH and Alestis Aerospace S.L. in 2019.

### 2.1.4.6 Share of Profit from Investments Accounted for under the Equity Method and Other Income from Investments

Share of profit from investments accounted for under the equity method and other income from investments principally include results from companies accounted for under the equity method and the dividends attributable to unconsolidated investments. Please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 9: Investments Accounted for under the Equity Method” and “– Note 16: Share of Profit from Investments Accounted for under the Equity Method and Other Income from Investments”.

The Company recorded €152 million in share of profit from investments accounted for under the equity method and other income from investments as compared to €303 million for 2019.

For 2019, the Company recorded €303 million in share of profit from investments accounted for under the equity method and other income from investments as compared to €439 million for 2018.

### 2.1.4.7 Interest Result

Interest result reflects the net of interest income and expense arising from financial assets and liabilities, including the interest expense on refundable advances provided by European Governments to finance R&D activities. Please refer to the “– Note 17: Total Financial Result”.

The Company recorded a net interest expense of €-271 million, as compared to €-111 million for 2019. This was principally due to lower level of securities and higher financing liabilities due to the issuance of new bonds.

For 2019, the Company recorded a net interest expense of €-111 million, as compared to €-232 million for 2018. The decrease in net interest expense was principally due to a continued lower interest expense relating to the European governments' refundable advances.

### 2.1.4.8 Other Financial Result

Other financial result includes the impact from the revaluation of financial instruments, the effect of foreign exchange valuation of monetary items and the unwinding of discounted provisions. Please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 3: Significant Accounting Policies”, “– Note 17: Total Financial Result” and “– Note 26: Other Financial Assets and Other Financial Liabilities”.

Other financial result decreased from €-164 million for 2019 to €-349 million for 2020. This reflects the €-155 million European governments' refundable advances impact mainly related to the A350 XWB programme and the net €-147 million related to Dassault Aviation financial instruments. The change in other financial result also includes a positive impact from the revaluation of financial instruments of €+43 million and foreign exchange valuation of monetary items of €+41 million.

For 2019, other financial result increased from €-531 million for 2018 to €-164 million for 2019. This is mainly due to a positive impact from the revaluation of financial instruments of €+408 million and foreign exchange valuation of monetary items

### 2.1.4.12 Earnings per Share

Basic earnings were €-1.45 per share in 2020, as compared to €-1.75 per share in 2019. The denominator used to calculate earnings per share was 783,178,191 shares (2019: 777,039,858), reflecting the weighted average number of shares outstanding during the year. In 2018, the Company reported basic earnings of €3.94 per share, based on a denominator of 775,167,941 shares.

	2020	2019	2018
Profit for the period attributable to equity owners of the parent (Net income)	€ (1,133) million	€ (1,362) million	€3,054 million
Weighted average number of ordinary shares	783,178,191	777,039,858	775,167,941
<b>Basic earnings per share</b>	<b>€ (1.45)</b>	<b>€ (1.75)</b>	<b>€3.94</b>

of €+169 million. The financial result includes €-112 million on hedge ineffectiveness relating to the defence export licences to Saudi Arabia. In 2018, it included an impact due to the European governments' refundable advances revaluation related to the update of the A380 programme.

### 2.1.4.9 Income Tax

Income tax expense was €-39 million as compared to €-2,389 million for 2019. The decrease was mainly driven by the loss before tax in 2020 (€-1,130 million) as compared to the income before tax in 2019 (€1,064 million), and the non-deductibility of the penalties accounted for in the 2019 accounts next to more favourable impacts on tax risk updates. Please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 18: Income Tax”.

For 2019, income tax expense was €-2,389 million as compared to €-1,274 million for 2018. The increase, despite the lower income before tax recorded in 2019 (€1,064 million) as compared to 2018 (€4,285 million), was mainly driven by the non-deductibility of the penalties, deferred tax impairments and tax risk updates, partially offset by the sales of PFW Aerospace GmbH and Alestis Aerospace S.L. at a reduced tax rate.

### 2.1.4.10 Non-controlling interests

For 2020, loss for the period attributable to non-controlling interests was €-36 million, as compared to profit of €37 million for 2019.

### 2.1.4.11 Profit for the Period Attributable to Equity Owners of the Parent (Net Income)

As a result of the factors discussed above, the Company recorded a net loss of €-1,133 million for 2020, as compared to €-1,362 million for 2019.

Diluted earnings were €-1.45 per share in 2020, as compared to €-1.75 per share in 2019. The denominator used to calculate diluted earnings per share was 783,178,191 (2019: 777,039,858). As there is a net loss in 2020 and 2019, the effect of potentially dilutive ordinary shares is anti-dilutive. In 2018, the Company reported diluted earnings of €3.92 per share, based on a denominator of 780,943,038 shares, reflecting the weighted average number of shares outstanding during the year, adjusted to assume the conversion of all potential ordinary shares.

	2020	2019	2018 <sup>(1)</sup>
Profit for the period attributable to equity owners of the parent (Net income), adjusted for diluted calculation	€ (1,133) million	€ (1,362) million	€ 3,061 million
Weighted average number of ordinary shares (diluted)	783,178,191	777,039,858	780,943,038
<b>Diluted earnings per share</b>	<b>€ (1.45)</b>	<b>€ (1.75)</b>	<b>€ 3.92</b>

(1) In 2018, dilution assumes conversion of all potential ordinary shares.

For further information, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 19: Earnings per Share".

## 2.1.5 Changes in Total Equity (Including Non-Controlling Interests)

The following table sets forth a summary of the changes in total equity for the period 1 January 2020 through 31 December 2020.

<i>(In € million)</i>	
<b>Balance at 1 January 2020</b>	<b>5,990</b>
Loss for the period	(1,169)
Other comprehensive income	1,134
<i>thereof foreign currency translation adjustments</i>	(206)
Capital increase	45
Equity transactions (IAS 27)	374
Share-based payment (IFRS 2)	42
Change in treasury shares	40
<b>Balance at 31 December 2020</b>	<b>6,456</b>

The number of shares issued as of 31 December 2020 was 784,149,270. Please refer to the "Airbus SE IFRS Consolidated Financial Statements – IFRS Consolidated Statements of Changes in Equity for the years ended 31 December 2020 and 2019" and to the "Notes to the IFRS Consolidated Financial Statements – Note 35: Total Equity".

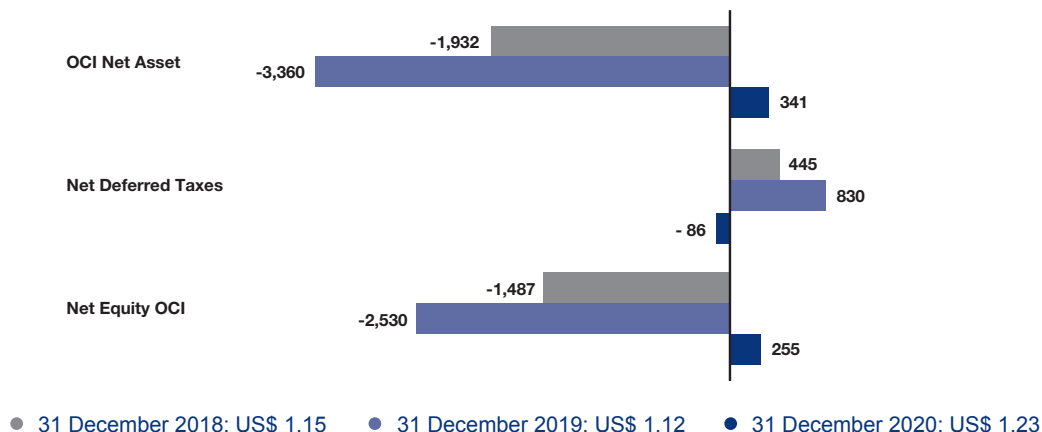
### 2.1.5.1 Cash Flow Hedge Related Impact on AOCI

As of 31 December 2020, the notional amount of the Company's portfolio of outstanding cash flow hedges amounted to US\$81.0 billion, hedged against the euro and the pound sterling. The year-end mark to market valuation of this portfolio resulted in a positive pre-tax accumulated other comprehensive income ("AOCI") valuation change of €3.7 billion as of 31 December 2020 compared to 31 December 2019, based on a closing rate of €/US\$ 1.23 as compared to a pre-tax AOCI valuation change of €-1.4 billion as of 31 December 2019 compared to 31 December 2018, based on a closing rate of €/US\$ 1.12. For further information on the measurement of the fair values of financial instruments, please refer to the "– Note 38: Information about Financial Instruments".

Positive pre-tax mark to market values of cash flow hedges are included in other financial assets, while negative pre-tax mark to market values of cash flow hedges are included in other financial liabilities. Year-to-year changes in the mark to market value of effective cash flow hedges are recognised as adjustments to AOCI. These adjustments to AOCI are net of corresponding changes to deferred tax assets (for cash flow hedges with negative mark to market valuations) and deferred tax liabilities (for cash flow hedges with positive mark to market valuations).

The following graphic presents the cash flow hedge related movements in AOCI over the past three years. The mark to market of the backlog is not reflected in the accounts whereas the mark to market of the hedge book is reflected in AOCI.

CASH FLOW HEDGE RELATED MOVEMENTS IN AOCI IN € MILLION (BASED ON YEAR-END EXCHANGE RATES)<sup>(1)</sup>



(1) Cash flow hedge in AOCI in total equity (including non-controlling interests).

As a result of the positive change in the fair market valuation of the cash flow hedge portfolio in 2020, AOCI amounted to a net asset of €0.3 billion for 2020, as compared to a net liability of €-3.4 billion for 2019. The corresponding €-0.9 billion tax effect led to a net deferred tax liability of €-0.1 billion as of 31 December 2020 as compared to a net deferred tax asset of €0.8 billion as of 31 December 2019.

For further information, please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 38.5: Information about Financial Instruments – Derivative Financial Instruments and Hedge Accounting Disclosure”.

### 2.1.5.2 Foreign Currency Translation Adjustment Impact on AOCI

The €-206 million currency translation adjustment related impact on AOCI in 2020 mainly reflects the effect of the variations of the US dollar and the pound sterling.

## 2.1.6 Liquidity and Capital Resources

The Company’s objective is to generate sufficient operating Cash Flow in order to invest in its growth and future expansion, honour the Company’s dividend policy and maintain financial flexibility while retaining its credit rating and competitive access to capital markets.

The Company defines its consolidated net cash position as the sum of (i) cash and cash equivalents and (ii) securities, minus (iii) financing liabilities (all as recorded in the Consolidated Statements of Financial Position). Net cash position is an alternative performance measure and an indicator that allows the Company to measure its ability to generate sufficient liquidity to invest in its growth and future expansion, honour its dividend policy and maintain financial flexibility. The net cash position as of 31 December 2020 was €4.3 billion (€12.5 billion as of 31 December 2019).

As of 31 December 2020, the total liquidity is €33.6 billion and it is secured by the €21.4 billion gross cash and the committed credit lines such as the €6.2 billion Supplemental Liquidity

Line and the €6 billion revolving syndicated credit facility, both undrawn as of 31 December 2020 with no financial covenants. The Company can raise further liquidity through its €12 billion Euro Medium Term Note programme (of which €9 billion have already been issued), its €11 billion Negotiable European Commercial Paper programme, its €4 billion Euro Commercial Paper programme and its \$3 billion US commercial paper programme. See “– Risk Factors – 1. Financial Market Risks – Liquidity” and “– 2.1.6.3 Consolidated Financing Liabilities”. Please also refer to the “Notes to the IFRS Consolidated Financial Statements – Note 37: Net Cash” and “– Note 38.1: Information about Financial Instruments – Financing Risk Management”. The factors affecting the Company’s cash position, and consequently its liquidity risk, are discussed below.

For information on Airbus SE’s credit ratings, please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 36: Capital Management”.



### 2.1.6.1 Cash Flows

The Company generally finances its manufacturing activities and product development programmes, and in particular the development of new commercial aircraft, through a combination of flows generated by operating activities, customer advances, risk-sharing partnerships with subcontractors and European governments' refundable advances. In addition, the Company's military activities benefit from government-financed research and development contracts. If necessary, the Company may raise funds in the capital markets.

The following table sets forth the variation of the Company's consolidated net cash position over the periods indicated.

<i>(In € million)</i>	2020	2019	2018
<b>Net Cash position at 1 January</b>	<b>12,534</b>	<b>13,281</b>	<b>13,391</b>
Initial application impact of IFRS 16	0	(1,352)	0
Gross Cash Flow from operations <sup>(1)</sup>	3,061	3,391	5,515
Changes in other operating assets and liabilities (working capital) <sup>(2)</sup>	(8,197)	2,176	(633)
Cash used for investing activities <sup>(3)</sup>	(2,226)	(2,092)	(1,377)
<i>thereof industrial capital expenditures</i>	<i>(1,759)</i>	<i>(2,340)</i>	<i>(2,285)</i>
<b>Free Cash Flow<sup>(4)</sup></b>	<b>(7,362)</b>	<b>3,475</b>	<b>3,505</b>
<i>thereof M&amp;A transactions</i>	<i>(551)</i>	<i>(92)</i>	<i>514</i>
<i>Free Cash Flow before M&amp;A<sup>(5)</sup></i>	<i>(6,811)</i>	<i>3,567</i>	<i>2,991</i>
<i>thereof Cash Flow from customer financing (net)</i>	<i>124</i>	<i>58</i>	<i>79</i>
<i>Free Cash Flow before customer financing</i>	<i>(7,486)</i>	<i>3,417</i>	<i>3,426</i>
<b>Free Cash Flow before M&amp;A and customer financing</b>	<b>(6,935)</b>	<b>3,509</b>	<b>2,912</b>
Cash distribution to shareholders / non-controlling interests	0	(1,280)	(1,161)
Contribution to plan assets of pension schemes	(314)	(1,752)	(2,519)
Changes in capital and non-controlling interests	89	194	117
Change in treasury shares / share buyback	(4)	(31)	(49)
Others	(631)	(1)	(3)
<b>Net Cash position at 31 December</b>	<b>4,312</b>	<b>12,534</b>	<b>13,281</b>

(1) Represents cash provided by operating activities, excluding (i) changes in other operating assets and liabilities (working capital), (ii) contribution to plan assets of pension schemes and (iii) realised foreign exchange results on treasury swaps (€70 million in 2020, €102 million in 2019, €-45 million in 2018). It is an alternative performance measure and an indicator used to measure its operating cash performance before changes in other operating assets and liabilities (working capital).

(2) Including customer financing, excluding some perimeter change impacts from changes in consolidation.

(3) Does not reflect change in securities (net disposal of €6,303 million in 2020, net investment of €-397 million in 2019, net investment of €-93 million in 2018), which are classified as cash and not as investments solely for the purposes of this net cash presentation. Excluding bank activities.

(4) Does not reflect change of securities, change in cash from changes in consolidation, contribution to plan assets of pension schemes and realised foreign exchange results on treasury swaps. Excluding bank activities. Free Cash Flow is an alternative performance measure and indicator that reflects the amount of Cash Flow generated from operations after cash used in investing activities.

(5) Free Cash Flow before M&A refers to Free Cash Flow adjusted for net proceeds from disposals and acquisitions. It is an alternative performance measure and indicator that reflects Free Cash Flow excluding those Cash Flows from the disposal and acquisition of businesses.

The net cash position as of 31 December 2020 was €4.3 billion, a 65.6% decrease from 31 December 2019. Please see further details below.

#### Gross Cash Flow from Operations

Gross Cash Flow from operations is an alternative performance measure and an indicator used by the Company to measure its operating cash performance before changes in working capital. Gross Cash Flow from operations decreased to €3.1 billion for 2020, which reflects lower EBIT Adjusted before charges related to the ongoing COVID-19 pandemic (see "– 2.1 Operating and Financial Review"), offset by the impact the compliance related penalties amounting to €-3.6 billion recognised in 2019. In 2019, the negative impact from recognising these penalties was neutralised by a corresponding decrease in current liabilities included in changes in other operating assets and liabilities (working capital).

#### Changes in Other Operating Assets and Liabilities (Working Capital)

Changes in other operating assets and liabilities (working capital), comprises inventories, trade receivables, contract assets and contract liabilities (including customer advances), trade liabilities, and other assets and other liabilities. They resulted in a negative working capital variation of €-8.2 billion for 2020, versus a positive impact of €2.2 billion for 2019.

The negative working capital variation from 2019 to 2020 reflects the change in other assets and liabilities (€-6.5 billion), mainly due to the negative impact of the payment of penalties, the change in trade liabilities (€-3.9 billion) and the change in contract assets and contract liabilities (€-0.4 billion), which includes final payments received from customers and others parties in anticipation. This was partially compensated by the increase in trade receivables (€+0.3 billion). The change in trade liabilities reflects the phasing impact in line with the production adaptation plan set out in April 2020 in response to the COVID-19 pandemic (see "– 2.1 Operating and Financial Review") and includes payments made to suppliers in anticipation.

**European governments' refundable advances.** As of 31 December 2020, total European governments' refundable advances liabilities, recorded on the statement of Financial Position in the line items "non-current other financial liabilities" and "current other financial liabilities" due to their specific nature, amounted to €3.9 billion, including accrued interest.

The decrease of €-0.4 billion (2019: €4.3 billion), is mainly due to payments made on the A380 programme for an amount of €-505 million, partially offset by a remeasurement of the A350 XWB programme for a net amount of €236 million. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 11: Segment Information" and "Notes to the IFRS Consolidated Financial Statements – Note 26: Other Financial Assets and Other Financial Liabilities".

### Cash Used for Investing Activities

Management categorises cash used for investing activities into three components: (i) industrial capital expenditure, (ii) M&A transactions and (iii) others. Cash used for investing activities amounted to €-2.2 billion for 2020, to €-2.1 billion for 2019, and to €-1.4 billion for 2018.

**Capital expenditure.** Capital expenditure (investments in property, plant and equipment and intangible assets) amounted to €-1.8 billion for 2020, €-2.3 billion for 2019 and €-2.3 billion for 2018. This decrease of capital expenditure in 2020 reflected the prioritisation of projects.

In 2019, the stabilisation of capital expenditure demonstrated the Company's sound approach to capital allocation and supported the production rates at the time.

Capital expenditure includes product-related development costs that are capitalised in accordance with IAS 38. See "– 2.1.2.2 Capitalised development costs".

**M&A transactions.** In 2020, the €-0.6 billion figure mostly relates to the acquisition of Bombardier's additional 29.64% shares in Airbus Canada.

In 2019, the €-0.1 billion figure included net proceeds from the funding of OneWeb Communications and the disposals of PFW Aerospace GmbH and Alestis Aerospace S.L.

Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 8: Acquisitions and Disposals".

### Free Cash Flow

The Company defines Free Cash Flow as the sum of (i) cash provided by operating activities and (ii) cash used for investing activities, minus (iii) change of securities, (iv) contribution to plan assets of pension schemes, (v) realised foreign exchange results on treasury swaps and (vi) Airbus Bank activities. It is an alternative performance measure and key indicator that is important in order to measure the amount of Cash Flow generated from operations after cash used in investing activities. As a result of the factors discussed above, Free Cash Flow amounted to €-7.4 billion for 2020 as compared to €3.5 billion for 2019 and €3.5 billion for 2018.

### Free Cash Flow before M&A

Free Cash Flow before mergers and acquisitions refers to Free Cash Flow adjusted for net proceeds from disposals and acquisitions. It is an alternative performance measure and key indicator that reflects Free Cash Flow excluding those Cash Flows resulting from acquisitions and disposals of businesses.

### Free Cash Flow before M&A and Customer Financing

Free Cash Flow before M&A and customer financing refers to Free Cash Flow before mergers and acquisitions adjusted for Cash Flow related to aircraft financing activities. It is an alternative performance measure and indicator that may be used occasionally by the Company in its financial guidance, especially when there is higher uncertainty around customer financing activities.

### Cash Distribution to Shareholders / Non-Controlling Interests

Given the global business environment, there will be no dividend proposed for 2020. This decision aims at strengthening the Company's financial resilience by protecting the net cash position and supporting its ability to adapt as the situation evolves.

On 23 March 2020, the Company decided to withdraw the €-1.3 billion cash distribution to shareholders / non-controlling interests initially proposed for 2019, in response to the COVID-19 pandemic, see "– 2.1 Operating and Financial Review". Consequently, there was no cash distribution to shareholders / non-controlling interests in 2020. The cash distribution to shareholders / non-controlling interests amounted to €-1.2 billion in 2018.

### Contribution to Plan Assets of Pension Schemes

The cash outflows of €-0.3 billion, €-1.8 billion and €-2.5 billion in 2020, 2019 and 2018, respectively, primarily relate to contributions to the two Contractual Trust Arrangements ("CTA") in Germany for allocating and generating pension plan assets in accordance with IAS 19, as well as to pension schemes and plan assets in the UK, Canada and to French benefit funds. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 32: Post-employment Benefits".

### Change in Treasury Shares / Share Buyback

Change in treasury shares amounted to €-4 million for 2020, to €-31 million for 2019 and to -49 for 2018. As of 31 December 2020 and 2019, the Company held 432,875 and 862,610 treasury shares, respectively.

### 2.1.6.2 Cash and Cash Equivalents and Securities

The cash and cash equivalents and securities portfolio of the Company is invested mainly in non-speculative financial instruments, mostly highly liquid, such as certificates of deposit, overnight deposits, commercial papers, other money market instruments and bonds. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 38.1: Information about Financial Instruments – Financial Risk Management".

The Company has a partially automated cross-border and domestic cash pooling system in all countries with major group presence and whenever country regulations allow such practice (among others, this includes mainly France, Germany, Spain, the Netherlands, the UK and the US). The cash pooling system enhances management's ability to assess reliably and instantaneously the cash position of each subsidiary within the Company and enables management to allocate cash optimally within the Company depending upon shifting short-term needs.

### 2.1.6.3 Financing Liabilities

The outstanding balance of the Company's consolidated financing liabilities increased from € 10.1 billion as of 31 December 2019 to € 17.1 billion as of 31 December 2020. The increase is due to €6 billion bond issuances by Airbus SE and an US\$830 million US private placement issued by Airbus Canada. For further information, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 37.3: Net Cash – Financing Liabilities".

### 2.1.6.4 Sales Financing

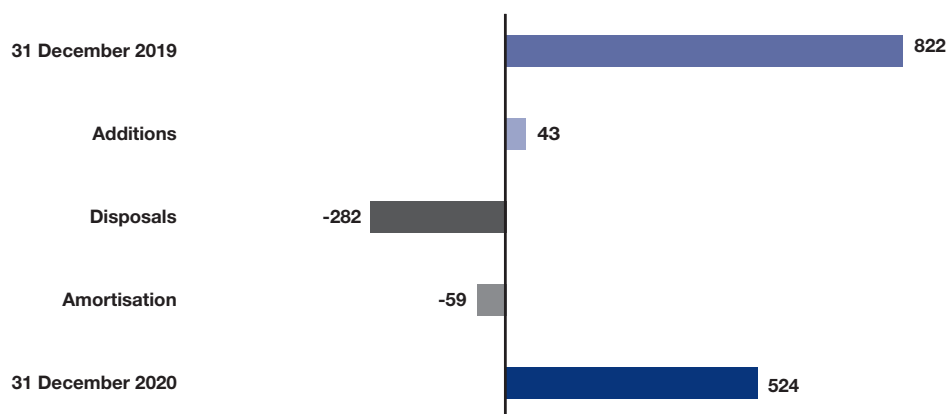
The Company favours cash sales and encourages independent financing by customers, in order to avoid retaining credit or asset risk in relation to delivered products. However, in order to support product sales, primarily at Airbus and Airbus Helicopters, the Company may agree to participate in the financing of customers, on a case-by-case basis, directly or through guarantees provided to third parties.

The financial markets remain unpredictable, which may cause the Company to increase its future outlays in connection with customer financing of commercial aircraft and helicopters, mostly through finance leases and secured loans and if deemed

necessary through operating lease structures. Nevertheless, the Company intends to keep the amount as low as possible.

Dedicated and experienced teams structure such financing transactions and closely monitor total finance and asset value exposure of the Company and its evolution in terms of quality, volume and intensity of cash requirements. The Company aims to structure all financing it provides to customers in line with market-standard contractual terms so as to facilitate any subsequent sale or reduction of such exposure.

#### Evolution of Airbus Gross Exposure during 2020 in US\$ million



Airbus gross customer financing exposure as of 31 December 2020 is distributed over 17 aircraft, operated by approximately six airlines. In addition, the level of exposure may include other aircraft-related assets, such as spare parts. More than 90% of Airbus gross customer financing exposure is distributed over six countries (this excludes backstop commitments).

Over the last three years (2018 to 2020), the average number of aircraft delivered in respect of which direct financing support has been provided by Airbus amounted to less than 1% of the average number of deliveries over the same period, *i.e.* two aircraft financed per year out of 743 deliveries per year on average.

Airbus Helicopters' gross customer financing exposure amounted to €46 million as of 31 December 2020. This exposure is distributed over 19 helicopters, operated by approximately eight companies.

For further information, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 28: Sales Financing Transactions".

## 2.2 Financial Statements

The [IFRS Consolidated Financial Statements and the Company Financial Statements of Airbus SE for the year ended 31 December 2020](#), together with the related notes, appendices and independent auditors' report, shall be deemed to be incorporated in and form part of this Registration Document.

In addition, the following documents shall be deemed to be incorporated by reference in and form part of this Registration Document:

- The [IFRS Consolidated Financial Statements and the Company Financial Statements of Airbus SE for the year ended 31 December 2019](#), together with the related notes, appendices and independent auditors' report, as incorporated by reference in the [Registration Document](#) filed in English with the AFM on 23 March 2020 without prior approval and filed in English with the Chamber of Commerce of The Hague.
- The [IFRS Consolidated Financial Statements and the Company Financial Statements of Airbus SE for the year ended 31 December 2018](#), together with the related notes, appendices and independent auditors' report, as incorporated by reference in the [Registration Document](#) filed in English with, and approved by, the AFM on 29 July 2019 and filed in English with the Chamber of Commerce of The Hague.

Copies of the AFM-approved documents are available free of charge upon request in English at the registered office of the Company and on [www.airbus.com](http://www.airbus.com) (Investors > Financial Results & Annual Reports).

Copies of the above-mentioned Registration Documents are also available in English on the website of the AFM on [www.afm.nl](http://www.afm.nl) (Professionals > Registers > Approved prospectuses). The above-mentioned Financial Statements are also available in English for inspection at the Chamber of Commerce of The Hague.

The Company confirms that the reports of the auditors incorporated by reference herein have been accurately reproduced and that as far as the Company is aware and is able to ascertain from the information provided by the auditors, no facts have been omitted which would render such reports inaccurate or misleading.

## 2.3 Statutory Auditor Fees

Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 40: Auditor Fees".

## 2.4 Information Regarding the Statutory Auditors

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

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

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





# 3

# 3

## General Description of the Company and its Share Capital

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## 3.1 General Description of the Company

### 3.1.1 Commercial and Corporate Names, Seat and Registered Office

**Commercial Name:** Airbus

**Seat (*statutaire zetel*):** Amsterdam

**Statutory Name:** Airbus SE

**Tel:** +31 (0)71,5245,600

**Registered Office:**

**Fax:** +31 (0)71,5232,807

Mendelweg 30, 2333 CS Leiden, The Netherlands

### 3.1.2 Legal Form

The Company is a European public company (*Societas Europaea*), with its corporate seat in Amsterdam, the Netherlands and registered with the Dutch Commercial Register (*Handelsregister*) under number 24288945. The Company's legal identifier (LEI) is MIN079WLOO247M1IL051. As a company operating worldwide, the Company is subject to, and operates under, the laws of each country in which it conducts business.

### 3.1.3 Governing Laws and Disclosures

The Company is governed by the laws of the Netherlands (in particular Book 2 of the Dutch Civil Code and the Dutch Corporate Governance Code) and by its Articles of Association (the "**Articles of Association**").

Finally, Regulated Information must be made available for central storage by a mechanism that is officially designated by the Company's home Member State.

The Company is subject to various legal provisions of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the "**WFT**"). In addition, given the fact that its shares are admitted for trading on a regulated market in France, Germany and Spain, the Company is subject to certain laws and regulations in these three jurisdictions. A summary of the main regulations applicable to the Company in relation to information to be made public in these three jurisdictions, as well as the Netherlands, is set out below.

#### Dutch Regulations

For the purpose of the Transparency Directive, supervision of the Company is effected by the Member State in which it maintains its corporate seat, which is the Netherlands. The competent market authority that assumes final responsibility for supervising compliance by the Company in this respect is the AFM.

Under the Transparency Directive as implemented under Dutch law, the Company is subject to a number of periodic disclosure requirements, such as:

- publishing an Annual Financial Report, together with an audit report drawn up by the Statutory Auditors, within four months after the end of each financial year; and
- publishing a semi-Annual Financial Report, within three months after the end of the first six months of the financial year.

#### 3.1.3.1 Periodic Disclosure Obligations

Pursuant to Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (as amended, the "**Transparency Directive**"), the Company is required to disclose certain periodic and ongoing information (the "**Regulated Information**").

In addition, the Company must file with the AFM, within five days following their adoption by the Company's shareholders, its audited annual Financial Statements (including the consolidated ones), the management report, the Auditors' report and other information related to the Financial Statements.

Pursuant to the Transparency Directive, the Company must disseminate such Regulated Information throughout the European Community in a manner ensuring fast access to such information on a non-discriminatory basis. For this purpose, the Company may use a professional service provider (wire). In addition, Regulated Information must be filed at the same time with the relevant competent market authority. The Company must then ensure that Regulated Information remains publicly available for at least ten years.

#### French Regulations

In accordance with the requirement set forth in the Transparency Directive to disseminate Regulated Information throughout the European Community, the Company is required to provide simultaneously in France the same information as that provided abroad.



## German Regulations

Due to the listing of the Company's shares in the *Prime Standard* sub-segment of the Regulated Market (*regulierter Markt*) of the Frankfurt Stock Exchange, the Company is subject to certain post-listing obligations as described below. The Company is included *inter alia* in the selection index MDAX, the MidCap index of *Deutsche Börse AG*.

Pursuant to the Exchange Rules (*Börsenordnung*) of the Frankfurt Stock Exchange, the Company is required to publish consolidated annual and semi-annual Financial Statements as well as consolidated quarterly reports which may be prepared in English only. In addition, pursuant to the Exchange Rules, the Company is required to publish a financial calendar at the beginning of each financial year in German and English. The Company is also required to hold an analysts' meeting at least once per year in addition to the press conference regarding the annual Financial Statements.

## Spanish Regulations

In accordance with the requirement set forth in the Transparency Directive to disseminate Regulated Information throughout the European Community, the Company is required to provide simultaneously in Spain the same information as that provided abroad.

### 3.1.3.2 Ongoing Disclosure Obligations

Pursuant to the Transparency Directive, Regulated Information includes in particular "inside information" as defined pursuant to Article 7 of EU Regulation No. 596 / 2014 on market abuse (the "**Market Abuse Regulation**" or "**MAR**"). Such information must be disseminated throughout the European Community (see introduction to Section "– 3.1.3.1 Periodic Disclosure Obligations").

Inside information consists of information of a precise nature which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

Inside information must be disclosed to the markets as soon as possible. However, an issuer may under its own responsibility delay the public disclosure of inside information so as not to prejudice its legitimate interests provided that such delay would not be likely to mislead the public and provided that the issuer is able to ensure the confidentiality of that information.

## Dutch Regulations

Following the implementation of the Transparency Directive into Dutch law, the Company must publicly disclose Regulated Information and also file Regulated Information with the AFM, which will keep all relevant Regulated Information in a publicly available register. The Company will, whenever it discloses inside information pursuant to applicable mandatory law as part of the Regulated Information, disclose and disseminate throughout the European Community any such information.

Under Dutch law, the Company must also publish any change in the rights attached to its shares, as well as any changes in the rights attached to any rights issued by the Company to acquire Airbus shares.

## French Regulations

Any inside information as defined above will be disclosed in France by means of dissemination throughout the European Community, as it is organised under Dutch law implementing the Transparency Directive so as to provide simultaneously in France equivalent information to that provided abroad.

## German Regulations

Any inside information as defined above will be disclosed in Germany by means of dissemination throughout the European Community, as it is organised under Dutch law implementing the Transparency Directive so as to provide simultaneously in Germany equivalent information to that provided abroad.

## Spanish Regulations

Any inside information as defined above will be disclosed simultaneously in Spain by notifying it to the CNMV which shall, in turn, make it public through its webpage.

Any other information of a financial or corporate nature which the Company is required by law to make public in Spain or which the Company deems necessary to disclose to investors shall be also notified to the CNMV which shall also publish it through its webpage.

Pursuant to the Spanish securities rules and regulations, the Company is also required to make available to shareholders and file with the CNMV a Corporate Governance Report in the Spanish language or in a language customary in the sphere of international finance on an annual basis.

## 3.1.4 Date of Incorporation and Duration of the Company

The Company was incorporated on 29 December 1998 for an unlimited duration.

## 3.1.5 Objects of the Company

Pursuant to its Articles of Association, the objects of the Company are to hold, co-ordinate and manage participations or other interests and to finance and assume liabilities, provide for security and/or guarantee debts of legal entities, partnerships, business associations and undertakings that are involved in:

- the aeronautic, defence, space and/or communication industry; or
- activities that are complementary, supportive or ancillary thereto.

## 3.1.6 Commercial and Companies Registry

The Company is registered with the Dutch Commercial Register (*Handelsregister*) under number 24288945.

## 3.1.7 Inspection of Corporate Documents

The Articles of Association are available for inspection in Dutch at the Chamber of Commerce.

In France, the Articles of Association are available at the operational headquarters of the Company (2, rond-point Emile Dewoitine, 31700 Blagnac, France, Tel.: +33 5 81 31 75 00).

In Germany, the Articles of Association are available at the Munich office of the Company (Willy-Messerschmitt-Strasse 1, 82024 Ottobrunn, Germany, Tel.: +49 89 60 70).

In Spain, the Articles of Association are available at the CNMV and at the Madrid office of the Company (Avenida de Aragón 404, 28022 Madrid, Spain, Tel.: +34 91,585 70 00).

The documents incorporated by reference into this Registration Document are available on [www.airbus.com](http://www.airbus.com).

## 3.1.8 Financial Year

The financial year of the Company starts on 1 January and ends on 31 December of each year.

## 3.1.9 Allocation and Distribution of Income

### 3.1.9.1 Dividends

The Board of Directors shall determine which part of the profits of the Company shall be attributed to reserves. The remaining distributable profit shall be at the disposal of the shareholders' meeting.

The shareholders' meeting may resolve (if so proposed by the Board of Directors) that all or part of a distribution on shares shall be paid in Airbus shares or in the form of assets as opposed to cash.

The declaration of a dividend, an interim dividend or another distribution to the shareholders shall be made known to them within seven days after such declaration. Declared dividends, interim dividends or other distributions shall be payable on such date(s) as determined by the Board of Directors.

Dividends, interim dividends and other distributions on shares shall be paid by bank transfer to the bank or giro accounts designated in writing to the Company by, or on behalf of, shareholders at the latest 14 days after their announcement.

The persons entitled to a dividend, interim dividend or other distribution shall be the shareholders as at a record date to be determined by the Board of Directors for that purpose, which date may not be a date prior to the date on which such dividend, interim dividend or other distribution is declared.

### 3.1.9.2 Liquidation

In the event of the dissolution and liquidation of the Company, the assets remaining after payment of all debts and liquidation expenses shall be distributed amongst the holders of the shares in proportion to their shareholdings.

## 3.1.10 General Meetings

### 3.1.10.1 Calling of Meetings

Shareholders' meetings are held as often as the Board of Directors deems necessary, when required under the Dutch Civil Code (as a result of a decrease of the Company's equity to or below half of the Company's paid up and called up capital) or upon the request of shareholders holding, individually or together, at least 10% of the total issued share capital of the Company. The AGM of Shareholders of the Company is held within six months of the end of the financial year.

The Board of Directors must give notice of shareholders' meetings through publication of a notice on the Company's website ([www.airbus.com](http://www.airbus.com)), which will be directly and permanently accessible until the shareholders' meeting. The Company must comply with the statutory rules providing for a minimum convening period, which currently require at least 42 days of notice. The convening notice must state the items required under Dutch law.

Shareholders' meetings are held in Amsterdam, The Hague, Rotterdam or Haarlemmermeer (Schiphol Airport). The Board of Directors may decide that shareholders' meetings may be attended by means of electronic or video communication devices from the locations mentioned in the convening notice.

The Board of Directors must announce the date of the AGM of Shareholders at least ten weeks before the Meeting. A matter which one or more shareholders or other parties with meeting rights collectively representing at least the statutory threshold (which is currently 3% of the issued share capital) have requested in writing to be put on the agenda for a General Meeting of Shareholders shall be included in the convening notice or shall be announced in the same fashion, if the substantiated request or a proposal for a resolution is received by the Company no later than the 60<sup>th</sup> day before the general meeting. When exercising the right to put a matter on the agenda for a General Meeting of Shareholders, the respective shareholder or shareholders are obliged to disclose their full economic interest to the Company. The Company must publish such disclosure on its website.

A request as referred to in the preceding paragraph may only be made in writing. The Board of Directors can decide that in "writing" is understood to include a request that is recorded electronically.

### 3.1.10.2 Right to Attend Shareholders' Meetings

Each holder of one or more shares may attend shareholders' meetings, either in person or by written proxy, speak and vote according to the Articles of Association. See "– 3.1.10.4 Conditions of Exercise of Right to Vote". However, under (and subject to the terms of) the Articles of Association these rights may be suspended under certain circumstances. A shareholder, or another person who has the right to attend a shareholders' meeting, can be represented by more than one proxy holder, provided that only one proxy holder can exercise the rights attached to each share.

The persons who have the right to attend and vote at shareholders' meetings are those who are on record in a register designated for that purpose by the Board of Directors on the registration date referred to in the Dutch Civil Code which is currently the 28<sup>th</sup> day prior to the day of the shareholders' meeting (the "Registration Date"), irrespective of who may be entitled to the shares at the time of that meeting.

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

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

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

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

### 3.1.10.3 Majority and Quorum

All resolutions are adopted by means of a simple majority of the votes cast except when a qualified majority is prescribed by the Articles of Association or by Dutch law. No quorum is required for any shareholders' meeting to be held except as required under applicable law for a very limited number of resolutions of an extraordinary nature. Dutch law requires a special majority for the passing of certain resolutions: *inter alia*, capital reduction, exclusion of pre-emption rights in connection with share issues, statutory mergers or statutory de-mergers; the passing of such resolutions requires a majority of two-thirds of the votes cast if 50% of the share capital with voting rights is not present at the shareholders' meeting (or otherwise a simple majority). In addition, resolutions to amend the Articles of Association or to dissolve the Company may only be adopted with a majority of at least two-thirds of the valid votes cast at a shareholders' meeting, whatever the quorum present at such meeting, and resolutions to amend certain provisions of the Articles of Association may only be adopted with a majority of at least 75% of the valid votes cast at a shareholders' meeting, whatever the quorum present at such meeting.

#### 3.1.10.4 Conditions of Exercise of Right to Vote

In all shareholders' meetings, each shareholder has one vote in respect of each share it holds. The major shareholders of the Company – as set forth in “– 3.3.2 Relationships with Principal Shareholders” – do not enjoy different voting rights from those of the other shareholders.

A shareholder whose shares are subject to a pledge or usufruct shall have the voting rights attaching to such shares unless otherwise provided by law or by the Articles of Association or if, in the case of a usufruct, the shareholder has granted voting rights to the usufructuary. Pursuant to the Articles of Association and subject to the prior consent of the Board of Directors, a pledgee of shares in the Company may be granted the right to vote in respect of such pledged shares.

According to the Articles of Association, no vote may be cast at the General Meeting on a share that is held by the Company or a subsidiary, nor for a share in respect of which one of them holds the depository receipts. Usufructuaries and pledgees of shares that are held by the Company or its subsidiaries are, however, not excluded from their voting rights, in case the right of usufruct or pledge was vested before the share was held by the Company or its subsidiary.

#### 3.1.11 Disclosure of Holdings

Pursuant to the WFT, any person who, directly or indirectly, acquires or disposes of an (actual or deemed) interest in the capital, voting rights or gross short position of the Company must immediately give written notice to the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person meets, exceeds or falls below the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Any person whose interest in the capital, voting rights or gross short position in the Company meets, exceeds or falls below one or several of the above-mentioned thresholds due to a change in the Company's outstanding capital, or in voting rights attached to the shares as notified to the AFM by the Company, should notify the AFM no later than the fourth trading day after the AFM has published the notification by the Company. Among other things, the Company is required to notify the AFM immediately if its outstanding share capital or voting rights have changed by 1% or more since the Company's previous notification. Additional disclosure and/or publication obligations apply under European regulations for net short positions in respect of the Company.

If at the end of a calendar year the composition of a shareholder's holding differs from its previous disclosure as a result of the conversion of certain types of securities or following the exercise of rights to acquire voting rights, this shareholder must then provide an update of its previous disclosure within four weeks of the end of each calendar year by giving written notice thereof to the AFM. The disclosures are published by the AFM on its website ([www.afm.nl](http://www.afm.nl)).

Pursuant to the Articles of Association, shareholders must notify the Company when meeting or crossing the thresholds above. The Articles of Association also contain disclosure obligations for shareholders that apply when their interests in the Company reach or cross certain thresholds.

Under the Articles of Association, the disclosure obligations of shareholders are enhanced in several ways beyond what is required under the WFT, including by requiring the disclosure of additional information, tying the disclosure obligations to a broader range of interests in the capital or voting rights of the Company and by requiring a shareholder to notify the Company if his or her interest reaches, exceeds or falls below the Mandatory Disposal Threshold (as defined below) or if the interest of a shareholder (alone or a member of a concert) which is above such Mandatory Disposal Threshold changes in its composition, nature and/or size.

Failure to comply with the legal obligation to notify a change in shareholding under the WFT is a criminal offence punishable by criminal and administrative penalties as well as civil law penalties, including the suspension of voting rights. Failure to comply with a notification under the Articles of Association can lead to a suspension of meeting and voting rights.

#### Disclosure Requirements for Members of the Board of Directors and the Executive Committee

##### Disclosure of Holdings

In addition to the requirements under the WFT regarding the disclosure of holdings in case the specified thresholds are met or exceeded or if holdings fall below these thresholds, Members of the Board of Directors must report to the AFM the number of shares in the Company and attached voting rights<sup>(1)</sup> held by him or an entity controlled by him, within two weeks following his appointment as Director, whether or not such shareholdings meet or exceed any of the specified thresholds. Subsequently, any Member of the Board of Directors is required to notify the AFM of any changes in such number of shares in the Company and attached voting rights.

(1) In this context, the term “shares” also includes for example depository receipts for shares and rights resulting from an agreement to acquire shares or depository receipts for shares, specifically call options, warrants, and convertible bonds. Equally, the term “voting rights” also includes actual or contingent rights to voting rights (e.g., embedded in call options, warrants or convertible bonds).



## Disclosure of Transactions Carried Out on Any Securities Issued by the Company

Based on the Market Abuse Regulation, certain persons discharging managerial or supervisory responsibilities within the Company as well as persons closely associated with them (together “**Insiders**”, as defined below), are required to notify the Company and the AFM within three trading days of all transactions conducted for their own account involving shares of the Company, or derivatives or other financial instruments related to such shares, unless the aggregate amount of such transactions does not exceed €5,000 in respect of all transactions in a calendar year.

“Insiders” for the Company include (i) Members of the Board of Directors and the Executive Committee of the Company as well as certain other senior executives who are not members of these bodies and who have regular access to inside information relating directly or indirectly to the Company and power to take managerial decisions affecting the future developments and business prospects of the Company, (ii) persons closely associated with any person mentioned under category (i) (including their spouses, life partners or any partner considered by national law as equivalent to the spouse, dependent children and other relatives who have shared the same household), and (iii) legal entities, trusts or partnerships whose managerial responsibilities

are discharged by any person referred to in categories (i) or (ii) or which are directly or indirectly controlled by such a person, or that have been set up for the benefit of such a person, or whose economic interests are substantially equivalent to those of such a person.

The Company has adopted specific internal insider trading rules (the “**Insider Trading Rules**”) in order to ensure compliance with the above requirements and with other share trading regulations applicable in the Netherlands, France, Germany and Spain. The Insider Trading Rules are available on the Company’s website, and provide in particular that: (i) all employees and Directors are prohibited from conducting transactions in the Company’s shares or stock options if they have inside information, and (ii) certain persons are only allowed to trade in the Company’s shares or stock options within very limited periods and have specific information obligations to the ITR Compliance Officer of the Company and the competent financial market authorities with respect to certain transactions. The ITR Compliance Officer is responsible for the implementation of the Insider Trading Rules.

Pursuant to the Market Abuse Regulation, the Company must maintain a list of all persons working for it by virtue of a labour relationship or otherwise, who may have access to inside information.

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## 3.1.12 Mandatory Disposal

### 3.1.12.1 Notification Requirements and Mandatory Disposal Threshold Restricting Ownership to 15%

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

The Articles of Association prohibit any shareholder from holding an interest of more than 15% of the share capital or voting rights of the Company, acting alone or in concert with others (the “**Mandatory Disposal Threshold**”). An interest (“**Interest**”) includes not only shares and voting rights, but also other instruments that cause shares or voting rights to be deemed to be at someone’s disposal pursuant to the WFT, and must be notified to the Dutch regulator, the AFM, if certain thresholds are reached or crossed. Any shareholder having an interest of more than the Mandatory Disposal Threshold must reduce its interest below the Mandatory Disposal Threshold, for instance by disposing of its Excess Shares, within two weeks after such notification by the Company. Upon receipt of such notification, the voting, attendance and dividend rights attached

to the Excess Shares shall be suspended. The same applies to concerts of shareholders and other persons who together hold an interest exceeding the Mandatory Disposal Threshold. Should such shareholder or concert not comply with not exceeding the 15% Mandatory Disposal Threshold by the end of such two-week period, the voting, attendance and dividend rights attached to all shares held by such shareholder or concert shall be suspended, and their Excess Shares would be transferred to a Dutch law foundation (“*Stichting*”), which can, and eventually must, dispose of them. The suspension of shareholder rights described above shall be lifted once a shareholder or concert complies with its obligations under the Articles of Association. The Dutch law foundation would issue depositary receipts to the relevant shareholder in return for the Excess Shares transferred to the foundation, which would entitle the relevant shareholder to the economic rights, but not the voting rights, attached to such Company shares. The foundation’s Articles of Association and the terms of administration governing the relationship between the foundation and the depositary receipt holders provide, *inter alia*, that:

- the Board Members of the foundation must be independent from the Company, any grandfathered persons and their affiliates (see “– 3.1.12.2 Exemptions from Mandatory Disposal Threshold”) and any holder of depositary receipts and their affiliates (there is an agreement under which the Company will, *inter alia*, cover the foundation’s expenses and indemnify the Board Members against liability);
- the Board Members are appointed (except for the initial Board Members who were appointed at incorporation) and dismissed by the Management Board of the foundation (the Company may however appoint one Board Member in a situation where there are no foundation Board Members);

### 3. General Description of the Company and its Share Capital /

#### 3.1 General Description of the Company

- the foundation has no discretion as to the exercise of voting rights attached to any of the Company shares held by it and will in a mechanical manner vote to reflect the outcome of the votes cast (or not cast) by the other shareholders, and the foundation will distribute any dividends or other distributions it receives from the Company to the holders of depositary receipts; and
- no transfer of a depositary receipt can be made without the prior written approval of the foundation's Board.

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

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

## 3.1.13 Mandatory Offers

### 3.1.13.1 Takeover Directive

The Directive 2004 / 25 / EC on takeover bids (the "**Takeover Directive**") sets forth the principles governing the allocation of laws applicable to the Company in the context of a takeover bid for the shares of the Company. The Takeover Directive refers to the rules of the Netherlands and the rules of the European Union Member State of the competent authority that must be chosen by the Company from among the various market authorities supervising the markets where its shares are listed.

For the Company, matters relating to, *inter alia*, the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, in particular the information on the offeror's decision to make a bid, the contents of the offer document and the disclosure of the bid, shall be determined by the laws of the European Union Member State having the competent authority, which will be selected by the Company at a future date.

Matters relating to the information to be provided to the employees of the Company and matters relating to company law, in particular the percentage of voting rights which confers control

### 3.1.12.2 Exemptions from Mandatory Disposal Threshold

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

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

The Company has confirmed that: (i) the specific exemption in Article 16.1.b of the Articles of Association applies to Société de Gestion de Participations Aéronautiques ("**Sogepa**"), as it held more than 15% of the outstanding Company voting rights and shares including the legal and economic ownership thereof on the Exemption Date; and (ii) the specific exemption in Article 16.1.c of the Articles of Association applies to the concert among Sogepa, Gesellschaft zur Beteiligungsverwaltung GZBV mbH & Co. KG ("**GZBV**") and Sociedad Estatal de Participaciones Industriales ("**SEPI**"), as they held more than 15% of the outstanding Company voting rights and shares including the legal and economic ownership thereof on the Exemption Date.

and any derogation from the obligation to launch a bid, the conditions under which the Board of Directors of the Company may undertake any action which might result in the frustration of the bid, the applicable rules and the competent authority will be governed by Dutch law (see "– 3.1.13.2 Dutch Law").

### 3.1.13.2 Dutch Law

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

## 3.2 General Description of the Share Capital

### 3.2.1 Issued Share Capital

As of 31 December 2020, the Company's issued share capital amounted to €784,149,270, consisting of 784,149,270 fully paid-up shares of a nominal value of €1 each.

### 3.2.2 Authorised Share Capital

As of 31 December 2020, the Company's authorised share capital amounted to €3 billion, consisting of 3 billion shares of €1 each.

### 3.2.3 Modification of Share Capital or Rights Attached to the Shares

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

Holders of shares have a pre-emptive right to subscribe for any newly issued shares in proportion to the aggregate nominal value of shares held by them, except for (i) shares issued for consideration other than cash, (ii) shares issued to employees of Airbus and (iii) shares issued pursuant to a previously granted right to subscribe for those shares. For the contractual position as to pre-emption rights, see "– 3.3.2 Relationships with Principal Shareholders".

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

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

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

1. Employee Share Ownership Plans and share-related Long-Term Incentive Plans, provided that such powers shall be limited to 0.14% of the Company's authorised share capital; and

2. funding the Company and any of its subsidiaries, provided that such powers shall be limited to 0.3% of the Company's authorised share capital.

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

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

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

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

## 3.2.4 Securities Granting Access to the Company's Share Capital

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").

## 3.2.5 Changes in the Issued Share Capital

Date	Nature of Transaction	Nominal value per share	Number of shares issued / cancelled	Premium <sup>(1)</sup>	Total number of issued shares after transaction	Total issued capital after transaction
20 June 2013	Cancellation of shares upon authorisation granted by the Extraordinary General Meeting held on 27 March 2013	€1	47,648,691	-	779,719,254	€779,719,254
29 July 2013	Issue of shares for the purpose of an employee offering	€1	2,113,245	€57,580,650	781,832,499	€781,832,499
27 September 2013	Cancellation of shares upon authorisation granted by the Extraordinary General Meeting held on 27 March 2013	€1	3,099,657	-	778,732,842	€778,732,842
27 September 2013	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 29 May 2013	€1	2,448,884	-	776,283,958	€776,283,958
In 2013	Issue of shares following exercise of options granted to employees <sup>(2)</sup>	€1	6,873,677	€176,017,918	783,157,635	€783,157,635
In 2014	Issue of shares following exercise of options granted to employees <sup>(2)</sup>	€1	1,871,419	€50,619,684	784,780,585	€784,780,585
In 2015	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 27 May 2015	€1	2,885,243	-	785,333,784	€785,333,784
In 2015	Issue of shares following exercise of options granted to employees <sup>(2)</sup>	€1	1,910,428	-	785,344,784	€785,344,784
In 2016	Cancellation of treasury shares	€1	14,131,131	-	771,213,653	€771,213,653
In 2016	Issues of shares for the purpose of an employee offering	€1	1,474,716	-	772,688,369	€772,688,369
In 2016	Issue of shares following exercise of options granted to employees <sup>(2)</sup>	€1	224,500	-	772,912,869	€772,912,869
In 2017	Issues of shares for the purpose of an employee offering	€1	1,643,193	-	774,556,062	€774,556,062
In 2017	Issues of shares for the purpose of an employee offering	€1	1,643,193	-	774,556,062	€774,556,062
In 2018	Issues of shares for the purpose of an employee offering	€1	1,811,819	-	776,367,881	€776,367,881
In 2019	Issues of shares for the purpose of an employee offering	€1	1,784,292	-	778,152,173	€778,152,173
In 2019	Issue of shares under the convertible bond	€1	5,020,942	-	783,173,115	€783,173,115
In 2020	Issue of shares for the purpose of an employee offering	€1	976,155	-	784,149,270	€784,149,270

(1) The costs (net of taxes) related to the initial public offering of the shares of the Company in July 2000 have been offset against share premium for an amount of €55,849,772.

(2) For information on Stock Option Plans under which these options were granted to the Company's employees, see "– Corporate Governance – 4.3.3 Long-Term Incentive Plans".

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

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



## 3.3 Shareholdings and Voting Rights

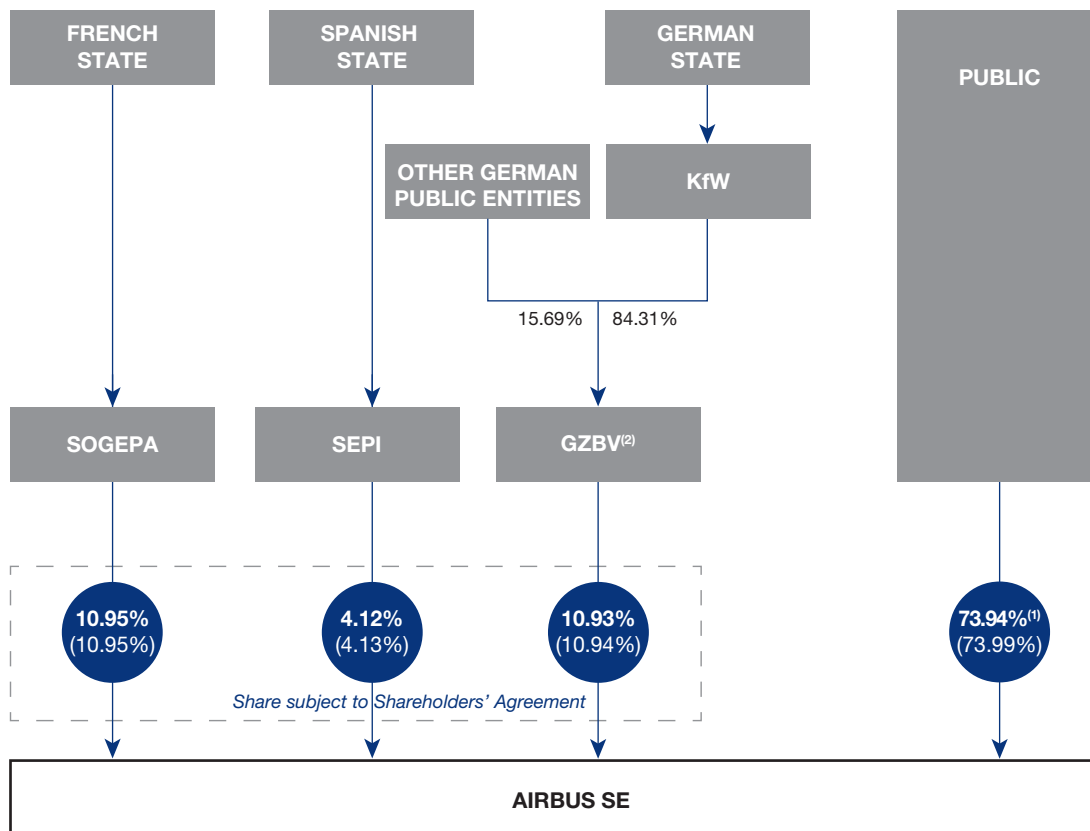
### 3.3.1 Shareholding Structure at the End of 2020

As of 31 December 2020, the French State held 10.95% of the outstanding Company shares through Sogepa, the German State held 10.93% through GZBV, a subsidiary of Kreditanstalt für Wiederaufbau (“KfW”), a public law institution serving domestic and international policy objectives of the Government of the

Federal Republic of Germany, and the Spanish State held 4.12% through SEPI. The public (including the Company’s employees) and the Company held, respectively, 73.94% and 0.06% of the Company’s share capital.

The diagram below shows the ownership structure of the Company as of 31 December 2020 (% of capital and of voting rights (in parentheses)). See “– Corporate Governance – 4.3.3 Long-Term Incentive Plans”.

#### Ownership Structure of Airbus SE as of 31 December 2020



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

According to the AFM register on substantial holdings, the below listed entities have notified the AFM of their substantial interest in the Company as per 1 January 2021:

- Capital Research and Management Company (9.90% of the voting rights);
- the Goldman Sachs Group Inc. (3.35% of the share capital and voting rights);
- BlackRock, Inc. (3.06% of the share capital and 3.85% of the voting rights).

Actual interests may differ as the holder of a substantial interest is only obliged to notify the AFM of any change in the percentage of share capital and/or voting rights if such holder, directly or indirectly, reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

Except as described above, the Company is not aware of any other person or legal entity that, as of the date of this Registration Document, has a capital or voting interest in the Company of 3% or more. For further details, please refer to the website of the AFM at: [www.afm.nl](http://www.afm.nl).

As of 31 December 2020, the Company held, directly or indirectly through another company in which the Company holds directly or indirectly more than 50% of the share capital, 432,875 of its own

shares, equal to 0.06% of the issued share capital. The treasury shares owned by the Company do not carry voting rights.

For the number of shares and voting rights held by Members of the Board of Directors and Executive Committee, see “– Corporate Governance – 4.2.1 Remuneration Policy”.

Approximately 0.92% of the share capital (and voting rights) was held by the Company’s employees as of 31 December 2020.

## 3.3.2 Relationships with Principal Shareholders

In 2013, GZBV, Sogepa and SEPI entered into a shareholders’ agreement (the “**Shareholders’ Agreement**”). The Shareholders’ Agreement, further details of which are set out below, does not give the parties to it any rights to designate Members of the Board of Directors or management team or to participate in the governance of the Company. The Company has also entered into state security agreements with each of the French State and German State, which are also described in more detail below.

### 3.3.2.1 Corporate Governance Arrangements

Corporate governance arrangements of the Company were substantially changed in 2013, resulting in changes in the composition of the Board of Directors and its internal rules, as well as amendments to the Articles of Association of the Company. These changes were intended to further normalise and simplify the Company’s corporate governance, reflecting an emphasis on best corporate governance practices and the absence of a controlling shareholder group. Changes to the Company’s corporate governance arrangements in the Articles of Association, included (i) disclosure obligations for shareholders that apply when their interests in the Company reach or cross certain thresholds and (ii) ownership restrictions prohibiting any shareholder from holding an interest of more than 15% of the share capital or voting rights of the Company, acting alone or in concert with others. See Sections 3.1.11 and 3.1.12 above and Section 4 below.

### 3.3.2.2 Shareholder Arrangements

#### Grandfathering Agreement

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

#### Individual Grandfathering Rights

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

#### Loss of Individual Grandfathering Rights

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

- the Concert is terminated as a result of it or any of its affiliates having actually or constructively terminated such Concert; or
- it or its relevant affiliate(s) exit(s) the Concert;
- and such termination or exit is not for good cause and is not based on material and ongoing violations of the Concert arrangements, including, without limitation, of the Shareholders’ Agreement, by the other principal Member of the Concert.

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

#### Notification to the Company

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

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

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

## Various Provisions

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

**Governing law.** Laws of the Netherlands.

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

## Shareholders' Agreement

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

## Governance of the Company

**Appointment of the Directors.** The shareholders shall vote in favour of any draft resolution relating to the appointment of Directors submitted to the shareholders' meeting of the Company in accordance with the terms and conditions of the German State Security Agreement and the French State Security Agreement (as described below). If, for whatever reason, any person to be appointed as a Director pursuant to the German State Security Agreement or the French State Security Agreement is not nominated, the shareholders shall use their best endeavours so that such person is appointed as a Director.

Sogepa and GZBV shall support the appointment of one Spanish national that SEPI may present to them as Member of the Board of Directors of the Company, provided such person qualifies as an Independent Director pursuant to the conditions set forth in the Board Rules, and shall vote as shareholders in any shareholders' meeting in favour of such appointment and against the appointment of any other person for such position.

If, for whatever reason, the French State Security Agreement and/or the German State Security Agreement has / have been terminated, KfW or Sogepa, as the case might be, shall propose two persons, and the shareholders shall exercise their best endeavours so that these persons are appointed as Directors. Directors can be dismissed by the General Meeting at all times.

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

**Reserved Matters.** With respect to the matters requiring the approval of a Qualified Majority at the Board level ("**Reserved Matters**"), all the Directors shall be free to express their own

views. If the implementation of a Reserved Matter would require a decision of the shareholders' meeting of the Company, Sogepa and GZBV shall consult each other with a view to reaching a common position. Should Sogepa and GZBV fail to reach a common position, Sogepa and GZBV shall remain free to exercise on a discretionary basis their votes.

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

## Balance of Interests

The shareholders agree their common objective to seek a balance between themselves of their respective interest in the Company as follows:

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

## Mandatory Takeover Threshold

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

## Transfer of Securities

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

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

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

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

#### Various Provisions

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

**Governing law.** Laws of the Netherlands.

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

#### 3.3.2.3 Undertakings with Respect to Certain Interests of Certain Stakeholders

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

#### State Security Agreements and Related Undertakings and Negotiations

The Company and the French State have entered into an amendment to the existing convention between the French State and the Company relating to the ballistic missiles business of the Company (as so amended, the "**French State Security Agreement**"). Under the French State Security Agreement, certain sensitive French military assets are held by a Company 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 to the Board of Directors of the French Defence Holding Company (the "**French Defence Outside Directors**"), at least two of whom must qualify as Independent Directors under the Board Rules if they were Members of the Board of Directors. Two of the French Defence Outside Directors are required to also be Members of the Board of Directors. French Defence Outside Directors may neither (i) be employees, managers or corporate officers of a company belonging to the Company (although they may be Members of the Board of Directors) nor (ii) have material ongoing professional relationships with Airbus.

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

In February 2021, the Company 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, the Company granted the Spanish State a pre-emption right to acquire the sensitive assets as defined under the Spanish State Security Agreement. The pre-emption right applies in case the Spanish Defence Holding Company wishes to sell the sensitive assets to an entity outside Airbus or outside Spain's territory. In such case, the Spanish State has the right to acquire the sensitive assets.

#### Dassault Aviation

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

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

For more information about Dassault Aviation, see "– Information on the Company's Activities – 1.1.5 Investments".

#### Stock Exchange Listings

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

#### Specific Rights

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

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



### 3.3.3 Form of Shares

The shares of the Company are in registered form. The Board of Directors may decide with respect to all or certain shares, on shares in bearer form.

Shares shall be registered in the shareholders' register without the issue of a share certificate or should the Board of Directors so decide, with respect to all or certain shares, with the issue of a certificate. Share certificates shall be issued in such form as the Board of Directors may determine. Registered shares shall be numbered in the manner to be determined by the Board of Directors.

### 3.3.4 Changes in the Shareholding of the Company

The evolution in ownership of the share capital and voting rights of the Company over the past three years is set forth in the table below:

Shareholders	Position as of 31 December 2020			Position as of 31 December 2019			Position as of 31 December 2018		
	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares
SOGEPA	10.95%	10.95%	85,835,477	10.96%	10.97%	85,835,477	11.06%	11.06%	85,835,477
GZBV <sup>(1)</sup>	10.93%	10.94%	85,709,822	10.94%	10.96%	85,709,822	11.04%	11.04%	85,709,822
SEPI	4.12%	4.13%	32,330,381	4.13%	4.13%	32,330,381	4.16%	4.16%	32,330,381
<b>Sub-total New Shareholder Agt.</b>	<b>26.00%</b>	<b>26.01%</b>	<b>203,875,680</b>	<b>26.03%</b>	<b>26.06%</b>	<b>203,875,680</b>	<b>26.26%</b>	<b>26.28%</b>	<b>203,875,680</b>
Foundation "SOGEPA"	0.00%	0.00%	0	0.00%	0.00%	0	0.00%	0.00%	0
Public <sup>(2)</sup>	73.94%	73.99%	579,840,715	73.86%	73.94%	578,434,825	73.66%	73.72%	571,855,277
Own share buyback <sup>(3)</sup>	0.06%	-	432,875	0.11%	-	862,610	0.08%	-	636,924
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>784,149,270</b>	<b>100%</b>	<b>100%</b>	<b>783,173,115</b>	<b>100%</b>	<b>100%</b>	<b>776,367,881</b>

(1) KfW & other German public entities.

(2) Including Company employees. As of 31 December 2020, the Company's employees held approximately 0.92% of the share capital (and voting rights).

(3) The shares owned by the Company do not carry voting rights.

To the knowledge of the Company, there are no pledges over the shares of the Company.

The Company requested disclosure of the identity of the beneficial holders of its shares held by identifiable holders (*titres au porteur identifiables*) holding 2,000 or more shares each. The study, which was completed on 31 December 2020, resulted in the identification of 2,257 shareholders holding a total of

570,426,556 Company shares (including 2,357,136 shares held by Iberclear on behalf of the Spanish markets and 24,597,254 shares held by GZBV on behalf of the German market).

The shareholding structure of the Company as of 31 December 2020 is as shown in the diagram in "– 3.3.1 Shareholding Structure at the end of 2020".

### 3.3.5 Persons Exercising Control over the Company

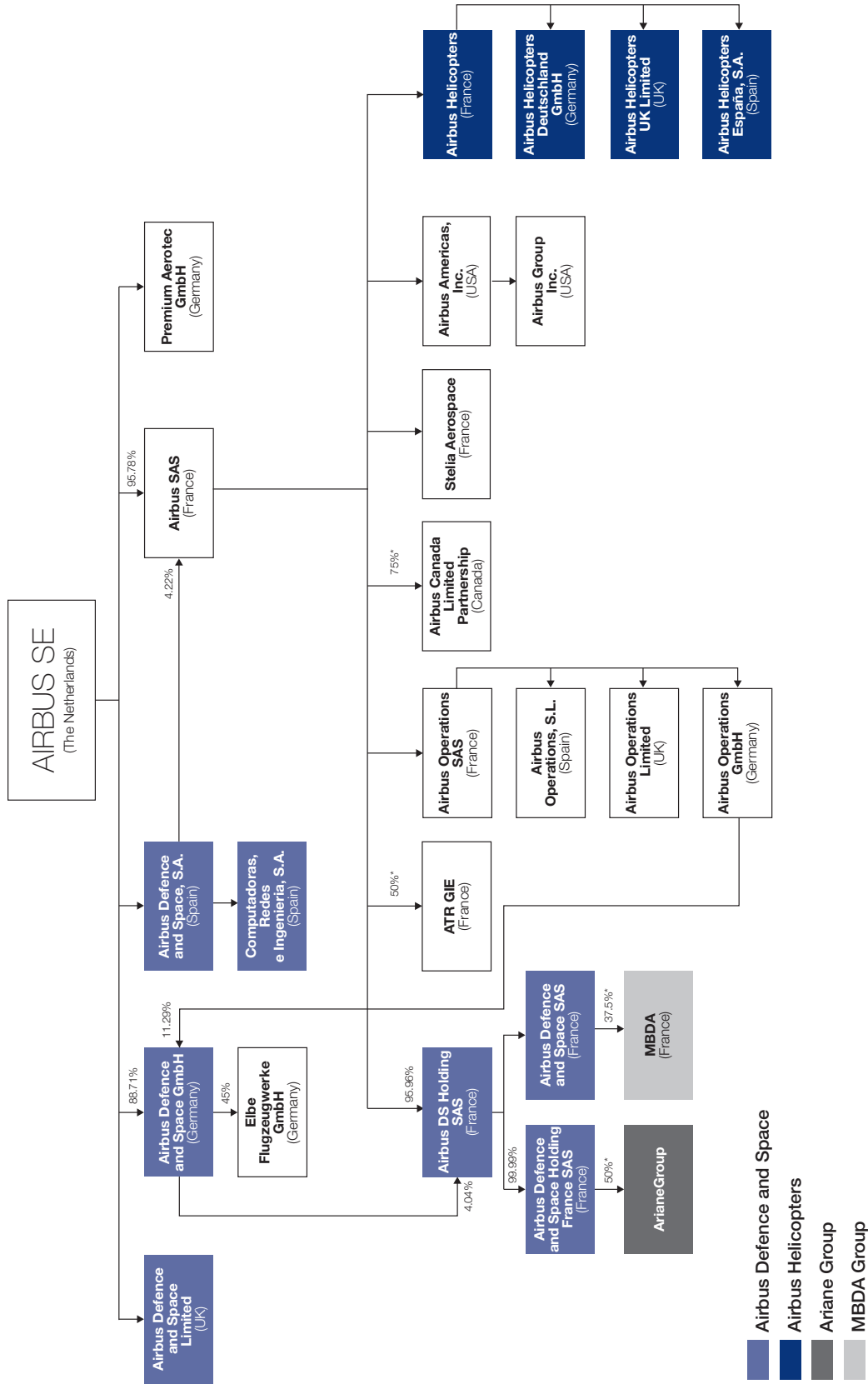
See "– 3.3.1 Shareholding Structure at the end of 2020" and "– 3.3.2 Relationships with Principal Shareholders".

### 3.3.6 Simplified Group Structure Chart

The following chart illustrates the simplified organisational structure of Airbus as of 31 December 2020, comprising the Divisions and the main Business Units. See "– Information on the Company's Activities – 1.1.1 Overview – Organisation of the Company's Businesses". For ease of presentation, certain intermediate holding companies have been omitted.

3. General Description of the Company and its Share Capital /

3.3 Shareholdings and Voting Rights



Subsidiaries held with no indication of ownership percentage are 100% owned.  
 \* Indirectly  
 Legal forms are indicated for information purposes and are not always part of the legal name.

## 3.3.7 Purchase by the Company of its Own Shares

### 3.3.7.1 Dutch Law and Information on Share Repurchase Programmes

Under Dutch civil law, the Company may acquire its own shares, subject to certain provisions of the law of the Netherlands and the Articles of Association, if (i) the shareholders' equity less the payment required to make the acquisition does not fall below the sum of paid-up and called portion of the share capital and any reserves required by the law of the Netherlands and (ii) the Company and its subsidiaries would not thereafter hold or hold in pledge shares with an aggregate nominal value exceeding one-half (50%) of the Company's issued share capital. Share acquisitions may be effected by the Board of Directors only if the shareholders' meeting has authorised the Board of Directors to effect such repurchases. Such authorisation may apply for a maximum period of 18 months.

For the authorisations granted to the Board of Directors at the AGM of Shareholders held on 16 April 2020, see "– 3.2.3 Modification of Share Capital or Rights Attached to the Shares".

### 3.3.7.2 European Regulation

Pursuant to the Market Abuse Regulation and EU Delegated Regulation no. 2016/1052, the Company is subject to conditions for share repurchase programmes and disclosure relating thereto. In particular, prior to implementing the share repurchase programme, the Company must ensure adequate disclosure of the following information: the purpose of the programme, the maximum pecuniary amount allocated to the programme, the maximum number of shares to be acquired, and the duration of the programme.

In addition, the Company must report to the competent authority of each trading venue on which the shares are admitted to trading or are traded no later than by the end of the seventh daily market session following the date of execution of the transaction, all the transactions relating to the buy-back programme and ensure adequate disclosure of that certain information relating thereto within the same time frame. These transactions must be posted on the Company's website and be made available to the public for at least a five-year period from the date of adequate public disclosure.

### 3.3.7.3 French Regulations

As a result of its listing on a regulated market in France, the Company is subject to the European regulations summarised above in 3.3.7.2 (*European Regulation*).

In addition, the *Autorité des marchés financiers* ("AMF") General Regulations and AMF guidelines n°2017-04 define the conditions for a company's trading in its own shares to be valid in accordance with the Market Abuse Regulation and EU Delegated Regulation no. 2016 / 1052.

Moreover, the Company must report to the AMF, on at least a monthly basis, all the specified information regarding such purchases previously published on its website and information concerning the cancellation of such repurchased shares.

### 3.3.7.4 German Regulations

As a foreign issuer, the Company is subject to German rules on repurchasing its own shares only to a limited extent, since German rules refer to the law of the Member State in which the Company is domiciled. In addition, general principles of German law on equal treatment of shareholders are applicable.

The European regulations summarised above in 3.3.7.2 (*European Regulation*) also applies to the Company in Germany.

### 3.3.7.5 Spanish Regulations

As a foreign issuer, the Company is not subject to Spanish rules on trading in its own shares, which only apply to Spanish issuers. The European regulations summarised above in 3.3.7.2 (*European Regulation*) also applies to the Company in Spain.

### 3.3.7.6 Description of the Share Repurchase Programme to Be Authorised by the Annual General Meeting of Shareholders to Be Held on 14 April 2021

Pursuant to Articles 241-2-I and 241-3 of the AMF General Regulations, below is a description of the share repurchase programme (*descriptif du programme*) to be implemented by the Company:

- **date of the shareholders' meeting to authorise the share repurchase programme:** 14 April 2021;
- **intended use of the Airbus SE shares held by the Company as of the date of this document:** the owning of shares for the performance of obligations related to employee share option programmes or other allocations of shares to employees of Airbus and Airbus' companies;
- **purposes of the share repurchase programme to be implemented by the Company (by order of decreasing priority, without any effect on the actual order of use of the repurchase authorisation, which will be determined on a case-by-case basis by the Board of Directors based on need):**
  - the reduction of share capital by cancellation of all or part of the repurchased shares, it being understood that the repurchased shares shall not carry any voting or dividend rights,
  - the owning of shares for the performance of obligations related to (i) debt financial instruments convertible into Airbus SE shares, or (ii) employee share option programmes or other allocations of shares to employees of Airbus and Airbus' companies,
  - the purchase of shares for retention and subsequent use for exchange or payment in the framework of potential external growth transactions, and
  - the liquidity or dynamism of the secondary market of the Airbus SE shares carried out pursuant to a liquidity agreement to be entered into with an independent investment services provider in compliance with the decision of the AMF dated 1 October 2008 (as amended) related to approval of liquidity agreements recognised as market practices by the AMF;
- **procedure:**
  - maximum portion of the issued share capital that may be repurchased by the Company: 10%,
  - maximum number of shares that may be repurchased by the Company: 78,414,927 shares, based on an issued share capital of 784,149,270 shares as of 17 February 2021,
  - the amounts to be paid in consideration for the purchase of the treasury shares must be, in accordance with applicable Dutch law, a price per share not less than the nominal value and not more than the higher of the price of the last independent trade and the highest current independent bid on the trading venues of the regulated market of the country in which the purchase is carried out;

- the Company undertakes to maintain at any time a sufficient number of shares in public hands to meet the thresholds of Euronext, shares may be bought or sold at any time (including during a public offering) to the extent authorised by the stock exchange regulations and by any means, including, without limitation, by means of block trades and including the use of options, combinations of derivative financial instruments or the issue of securities giving rights in any way to Airbus SE shares within the limits set out in this document;
- the portion of shares repurchased through the use of block trades may amount to all the shares to be repurchased in the context of this programme. In addition, in the event that derivative financial instruments are used, the Company will ensure that it does not use mechanisms which would significantly increase the volatility of the shares in particular in the context of call options, characteristics of the shares to be repurchased by the Company: shares of Airbus SE, a company listed on Euronext Paris, on the regulierter Markt of the Frankfurt Stock Exchange and on the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges;
- **maximum purchase price per share:** €100;
- **term of the share repurchase programme and other characteristics:** this share repurchase programme shall be valid until 16 October 2021 inclusive, *i.e.* the date of expiry of the authorisation requested from the AGM of Shareholders to be held on 14 April 2021.

As of the date of this document, the Company has not entered into any liquidity agreement with an independent investment services provider in the context of the share repurchase programme.

#### Share Repurchase Programme 2020

In February 2021, the Company started implementing a share buyback programme that was conferred by Board of Directors on 17 February 2021 following the authorisation by the Company's Annual General Meeting of shareholders on 16 April 2020. This share buyback programme is reported in accordance with the Market Abuse Regulation.



## 3.4 Dividends

### 3.4.1 Dividends and Cash Distributions Paid

Cash distributions paid to the shareholders are set forth in the table below:

Financial year	Date of the cash distribution payment	Gross amount per share <sup>(1)</sup>	Adjusted amount per share <sup>(2)</sup>
2016	20 April 2017	€ 1.35	€ 1.332
2017	18 April 2018	€ 1.50	€ 1.483
2018	17 April 2019	€ 1.65	€ 1.636
2019	16 April 2020	€ 0	€ 0

(1) Note: figures take into account the number of shares outstanding at the date of payment.

(2) Note: amounts per share adjusted to the current number of shares outstanding as of 31 December 2020.

### 3.4.2 Dividend Policy of the Company

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

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

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

pandemic, and the Company continues to face significant risks and uncertainties.

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

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

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

### 3.4.3 Unclaimed Dividends

Pursuant to the Articles of Association, the claim for payment of a dividend or other distribution approved by the shareholders' meeting shall lapse five years after the day on which such claim becomes due and payable. The claim for payment of interim

dividends shall lapse five years after the day on which the claim for payment of the dividend against which the interim dividend could be distributed becomes due and payable.

### 3.4.4 Taxation

The statements below represent a broad analysis of the current tax laws of the Netherlands. The description is limited to the material tax implications for a holder of the Company's shares (the "Shares") who is not and is not deemed to be resident in the Netherlands for any Dutch tax purposes (a "Non-Resident Holder"). Certain categories of holders of the Company's shares may be subject to special rules which are not addressed below

and which may be substantially different from the general rules described below. Investors who are in doubt as to their tax position in the Netherlands and in their state of residence should consult their professional advisors. Where the summary refers to "the Netherlands" or "Netherlands" or "Dutch", it refers only to the European part of the Kingdom of the Netherlands.

## Withholding Tax on Dividends

In general, a dividend distributed by the Company in respect of Shares will be subject to Dutch withholding tax at a statutory rate of 15%. Dividends include *inter alia* dividends in cash or in kind, deemed and constructive dividends, (partial) repayments of paid-in capital not recognised as capital for Dutch dividend withholding tax purposes, and liquidation proceeds in excess of the average paid-in capital recognised as capital for Dutch dividend withholding tax purposes. Stock dividends paid out of the Company's paid-in-share premium, recognised as capital for Dutch dividend withholding tax purposes, will not be subject to this withholding tax.

A Non-Resident Holder of Shares can be eligible for a partial or complete exemption or refund of all or a portion of the above withholding tax pursuant to domestic rules or under a tax convention that is in effect between the Netherlands and the Non-Resident Holder's country of residence for tax purposes. The Netherlands has concluded such conventions with the US, Canada, Switzerland, Japan, almost all European Union Member States and other countries.

## Withholding Tax on Sale or Other Dispositions of Shares

Payments on the sale or other dispositions of Shares will not be subject to Dutch withholding tax, unless the sale or other disposition is, or is deemed to be, made to the Company or a direct or indirect subsidiary of the Company. In principle, a redemption or sale to the Company or a direct or indirect subsidiary of the Company will be deemed to be a dividend and will be subject to the rules set forth in "Withholding Tax on Dividends" above.

## Taxes on Income and Capital Gains

A Non-Resident Holder who receives dividends distributed by the Company on Shares or who realises a capital gain derived from Shares, will not be subject to Dutch taxation on income or a capital gain unless:

- the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in the Netherlands or carried on through a permanent establishment (*vaste inrichting*) or permanent representative (*vaste vertegenwoordiger*) taxable in the Netherlands and the holder of Shares derives profits from such enterprise (other than by way of the holding of securities); or
- the Non-Resident Holder is an entity and has, directly or indirectly, a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in the Company and such interest is held by the Non-Resident Holder with the main purpose of or one of the main purposes of avoiding personal income tax for another person; or

- the Non-Resident Holder is an individual and such holder or a connected person to such holder (*verbonden persoon*) has, directly or indirectly, a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in the Company which is not attributable to an enterprise; or
- the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in the Netherlands as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including without limitation, activities that exceed normal, active portfolio management (*normaal actief vermogensbeheer*).

Generally, a Non-Resident Holder of Shares will not have a substantial interest in the Company's share capital, unless the Non-Resident Holder, alone or together with certain related persons holds, jointly or severally directly or indirectly, Shares in the Company, or a right to acquire Shares in the Company representing 5% or more of the Company's total issued and outstanding share capital or any class thereof. Generally, a deemed substantial interest exists if all or part of a substantial interest has been or is deemed to have been disposed of with application of a roll-over relief.

## Gift or Inheritance Taxes

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of Shares by way of gift by, or on the death of, a Non-Resident Holder, unless the transfer is construed as an inheritance or gift made by or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

## Value Added Tax

There is no Dutch value added tax payable by a holder of Shares in respect of dividends on the Shares or on the transfer of the Shares.

## Other Taxes and Duties

There is no Dutch registration tax, stamp duty or any other similar tax or duty other than court fees payable in the Netherlands by a holder of Shares in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of the Netherlands) with respect to the dividends on the Shares or on the transfer of the Shares.

## Residence

A Non-Resident Holder will not become resident, or be deemed to be resident, in the Netherlands solely as a result of holding a Share or of the execution, performance, delivery and/or enforcement of rights in respect of the Shares.



# 4



# 4

## Corporate Governance

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## 4.1 Management and Control

The corporate governance arrangements of the Company were substantially changed pursuant to the Multiparty Agreement, including changes in the composition of the Board of Directors and the rules governing its internal affairs (the “**Board Rules**”). These changes are intended to further normalise and simplify

the Company’s corporate governance, reflecting an emphasis on best corporate governance practices and the absence of a controlling shareholder group. Below is a summary description of such changes.

### 4.1.1 Corporate Governance Arrangements

#### 4.1.1.1 Board of Directors

##### a) Composition Rules and Principles

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

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

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

The Board of Directors, deciding by simple majority vote, proposes individuals to the shareholders’ meeting of the Company for appointment as Directors by the shareholders’ meeting. No shareholder or group of shareholders, or any other

entity, has the right to propose, nominate or appoint any Directors other than the rights available to all shareholders under Dutch law.

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

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

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

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

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

The Board of Directors is required to take into account, in the resolutions proposed in respect of the renewal or nomination of Directors presented to the shareholders' meeting, the undertakings of the Company to the French State pursuant to the amendment to the French State Security Agreement and to the German State pursuant to the German State Security Agreement, in each case as described more fully in "– 3.3.2.3 Undertakings with Respect to Certain Interests of Certain Stakeholders". In practice, this means that at all times the Board of Directors needs to have (i) two Directors who should also be French Defence Outside Directors (as defined above) of the French Defence Holding Company (as defined above) who have been proposed by the Company and consented to by the French State and (ii) two Directors who should also be German Defence Outside Directors (as defined above) of the German Defence Holding Company (as defined above) who have been proposed by the Company and consented to by the German State.

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

## b) Role of the Board of Directors

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

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

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

- approving any change in the nature and scope of the business of the Company;
- debating and approving the overall strategy and the strategic plan of the Company;
- approving the operational business plan of Airbus (the "Business Plan") and the yearly budget of the Company ("Yearly Budget"), including the plans for Investment, R&D, Employment, Finance and as far as applicable, major programmes;
- nominating, suspending or revoking the Chairman of the Board of Directors and the CEO (Qualified Majority);
- approving of all of the Members of the Executive Committee as proposed by the CEO and their service contracts and other contractual matters in relation to the Executive Committee and deciding upon the appointment and removal of the Secretary to the Board of Directors on the basis of the recommendation of the RNGC;
- approving the relocation of the headquarters of the principal companies of 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 as a whole 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 sets out the core principles which each and every Member of the Board of Directors shall comply and shall be bound by, such as acting in the best interest of the Company and its stakeholders, devoting necessary time and attention to the carrying out of his/her duties and avoiding any and all conflicts of interest.

## c) The Board of Directors

### (i) Composition of the Board of Directors in 2020

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

\* As of 17 February 2021.



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

\*\*\* To be re-elected in 2021.

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





**(ii) Curriculum Vitae and Other Mandates and Duties Performed in any Company by the Members of the Board of Directors in 2020**

The Company has not appointed observers to the Board of Directors. Pursuant to applicable Dutch law, the employees are not entitled to elect a Director. There is no minimum number of shares that must be held by a Director.

**René OBERMANN**



57 years old

Director since 2018,  
To be re-elected  
in 2021

Independent



**CURRICULUM VITAE**

René Obermann is Co-Head of Europe and Managing Director of Warburg Pincus Deutschland GmbH, a leading global private equity firm that he joined in 2015. In addition, he is Chairman of the Supervisory Board at 1&1 IONOS Holding SE, a leading European web hosting and cloud provider, and a Member of the Board of Directors at Inmarsat, a satellite network provider. René Obermann also served as a member of the Board of various companies including Allianz Deutschland AG, Spotify and Telenor.

René worked as CEO of Ziggo BV in The Netherlands in 2014 until the merger with LibertyGlobal's UPC in November. Prior to Ziggo, René worked at Deutsche Telekom Group (DT) from 1998 until 2013. After running DT's mobile Division (T-Mobile International), he was appointed as CEO of Deutsche Telekom AG in November 2006, where he remained until December 2013.

René began his career with a business traineeship at BMW AG in Munich. Next, he founded his own business in 1986: ABC Telekom, a company distributing telecommunication equipment and providing technical services. After the acquisition of ABC Telekom by Hutchison Whampoa in 1991, René became Managing Partner of the resulting company: Hutchison Mobilfunk GmbH. Between 1993 and 1998, he was CEO of that company.

From 2007-2013, René also served as Vice-President of the German Association for Information Technology, Telecommunications and New Media (BITKOM).

**CURRENT MANDATES**

- Chairman of the Board of Directors of Airbus SE;
- Co-Head of Europe, Managing Director and Head of Warburg Pincus Deutschland GmbH;
- Chairman of the Supervisory Board of 1&1 IONOS Holding SE;
- Non-Executive Director of Inmarsat.

**FORMER MANDATES FOR THE LAST FIVE YEARS**

- Member of the Supervisory Board of Allianz Deutschland AG (until March 2020);
- Member of the Supervisory Board of Inexio Informationstechnologie und Telekommunikation KGaA (until September 2019);
- Member of the Board of Directors of Telenor ASA (until August 2019);
- Member of the Board of Directors of ThyssenKrupp AG (until August 2018);
- Managing Director of Warburg Pincus LLC, London (until July 2018);
- Member of the Supervisory Board of Compugroup Medical SE (until December 2017);
- Member of the Supervisory Board of Spotify Technology SA (until July 2016);
- Member of the Supervisory Board of E.ON SE (until June 2016).

## Guillaume FAURY



52 years old

Director since 2019

Executive



### CURRICULUM VITAE

Guillaume Faury was appointed Airbus Chief Executive Officer (CEO) in April 2019 and leads the Company's Executive Committee. He was previously President of Airbus' commercial aircraft business, a role he had held since February 2018.

Prior to this, Guillaume was Chief Executive Officer of Airbus Helicopters (2013-2018), where his achievements included restructuring its manufacturing system and introducing new technologies. Before that, he enjoyed a four-year spell in the car industry at Peugeot (2009-2013), the French automotive manufacturer, rising to become the Executive Vice-President for research and development and a member of the company's management board. He presided over significant advances in Peugeot's lower-emissions hybrid-engine technology and the overhaul of the company's product range, among other accomplishments.

Between 1998 and 2008, he held various leadership positions in engineering, programmes and flight testing in Airbus' helicopter business, which at the time operated under the name of Eurocopter. He became Executive-Vice-President for Programmes and a member of the Eurocopter Executive Committee, before being appointed as Executive Director for research and development.

Guillaume began his career in 1992 as a flight-test engineer for the Eurocopter Tiger helicopter in the Direction Générale de l'Armement (DGA), the French government agency responsible for the development and purchase of defence systems for the French armed forces.

He graduated from the École polytechnique in Paris in 1990 and subsequently, from the École nationale supérieure de l'aéronautique et de l'espace in Toulouse.

Guillaume's love of flying and aviation dates back to his childhood. He is a qualified light-aircraft pilot and helicopter flight-test engineer with 1,300 hours of flying experience.

He was born in 1968 in Cherbourg, Normandy, and is married with three children.

### CURRENT MANDATES

- Chief Executive Officer, Member of the Board of Directors and Member of the Executive Committee of Airbus SE;
- President of Airbus SAS;
- Chairman of the Supervisory Board of Airbus Operations GmbH;
- Chairman of the Board of Directors of Airbus Canada Managing GP Inc.;
- Chairman of the Board of Directors of Airbus US A220, Inc.;
- Member of the Advisory Board of AIRBUS GROUP VENTURES FUND II, L.P.;
- Chairman of the Board of Directors of Fondation d'Entreprises Airbus (Airbus Corporate Foundation);
- Vice Chairman of the Board of Directors of AeroSpace and Defence Industries Association of Europe;
- Vice-President of the Board of Directors of Groupement des Industries Françaises Aéronautiques et Spatiales;
- Member of the Board of Directors of Tallano Technologies (SAS).

### FORMER MANDATES FOR THE LAST FIVE YEARS

- Chairman of the Board of Directors of Airbus (China) Enterprise Management and Services Co. Limited (until November 2019);
- Member of the Board of Directors of Airbus Africa and Middle east FZE (until November 2019);
- Member of the Board of Directors of Airbus Americas, Inc. (until October 2019);
- Chairman of the Board of Directors of Airbus Helicopters España, SA (until July 2018);
- Member of the Supervisory Board of Airbus Helicopters Deutschland GmbH (until May 2018);
- Managing Director (*Directeur Général*) of Airbus SAS (until April 2018);
- President of Airbus Helicopters (SAS) (until April 2018);
- President of Airbus Helicopters Holding (SAS) (until April 2018);
- Chairman of the Board of Directors of Airbus Helicopters, Inc. (until April 2018);
- Member of the Board of Directors of Airbus Defense and Space, Inc. (until February 2017).

## Victor CHU



63 years old

Director since 2018,  
To be re-elected  
in 2021

Independent



### CURRICULUM VITAE

Victor Chu graduated as a lawyer in London. He was admitted to practice law in England and Hong Kong. After completing his training with Herbert Smith, the City law firm, Victor moved back to Hong Kong in 1982 with Herbert Smith. He has since handled a wide array of mandates in the field of corporate, commercial and securities law, with special emphasis on China and regional investment transactions. In late 1985, he founded Victor Chu & Co., which has become one of the leading law firms in Hong Kong.

In 1988, Victor Chu created the First Eastern Investment Group, a Hong Kong based international investment firm which he leads since then as Chairman and CEO. First Eastern specialises in private equity investments, venture capital investments and investments in the expansion stage of business development. Victor Chu was part of the first wave of specialists in the Chinese market. He penetrated China early and built a lot of relationships at the highest level in the country.

Victor Chu has been instrumental in gaining the confidence of major international investors and institutions ready to co-invest with First Eastern Investment Group. Key projects have included toll roads, water treatment operations, property and manufacturing industries and FinTech, as well as the launch of Japanese budget airline Peach Aviation.

Victor Chu is an extremely respected business figure in Hong Kong and Asia. In addition to his business activities, he has been very active with several international institutions such as The World Economic Forum and The Royal Institute of International Affairs. He is also a generous philanthropist in the field of environmental protection (having served on Global Ocean Commission and WWF) and education (currently Chair of Council at University College London).

### CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Chairman and CEO of First Eastern Investment Group;
- Member of the Board of China Merchants China Direct;
- Member of the Board of Grand Harbour Marina PLC;
- Member of the Board of Camper & Nicholsons Marina Investments;
- Member of the Board of FE Securities;
- Member of the Board of Peach Aviation;
- Member of the Board of Evolution Securities Asia;
- Member of the Board of Sustainable Development Capital;
- Co-Chair of the International Business Council (by World Economic Forum);
- Senior Partner of Victor Chu & Co.

### FORMER MANDATES FOR THE LAST FIVE YEARS

N/A

## Jean-Pierre CLAMADIEU



62 years old

Director since 2018,  
To be re-elected  
in 2021

Independent



### CURRICULUM VITAE

Jean-Pierre Clamadieu graduated from École Nationale Supérieure des Mines de Paris before becoming Chief Engineer of the Corps of Mines. Between 1981 and 1993, he worked mainly for the French Ministry of Industry and as Technical Advisor to the Minister of Labor.

In 1993, Jean-Pierre Clamadieu joined RhônePoulenc to develop new activities in the field of automobile pollution control. In the following years, he held several executive positions in the Rhodia group, as President of Rhodia's Chemicals in Latin America, President of Rhodia Eco Services, Senior Vice-President for Rhodia Corporate Purchasing, President of Rhodia Organic Fine Chemicals Division and President of Rhodia Pharmaceuticals & Agrochemicals Division.

In October 2003, Mr Clamadieu was appointed CEO of Rhodia, and became its Chairman & CEO in March 2008. Following a merger between Rhodia and the Belgian chemical group Solvay in 2011, Mr Clamadieu was appointed Chairman of the Executive Committee and CEO of the new Solvay group. Since his appointment, Jean-Pierre Clamadieu led the integration of the new group and its transformation into a major player in the field of specialty chemicals and advanced materials, which combines industrial competitiveness with the quest for sustainable solutions for its clients. His mandate at Solvay SA ended in March 2019.

Since May 2018, Mr Clamadieu serves as Chairman of the Board of Directors of Engie, a French energy company. He also serves as a Member of the Board of Directors at AXA SA.

Jean-Pierre Clamadieu also promotes an ambitious and coordinated European energy policy.

### CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Chairman of the Board of ENGIE;
- Member of the Board of Directors of AXA SA;
- Chairman of the Board of Opéra National de Paris.

### FORMER MANDATES FOR THE LAST FIVE YEARS

- Chairman of the Executive Committee and CEO of Solvay SA (until March 2019);
- Member of the Board of Solvay Specialty Chemicals Asia Pacific Pte. Ltd (Singapore) (until March 2019);
- Director of Cytec Industries Inc. (until March 2019);
- Director Cytec UK Holding Inc. (until March 2019);
- Member of the Board of Solvay Finances SA (Luxembourg) (until March 2018);
- Member of the Board of Faurecia SA (France) (until February 2018).



## Ralph DOZIER CROSBY, JR.



### CURRICULUM VITAE

Ralph Crosby was Member of the Executive Committee of EADS from 2002-2012 and served as Chairman and CEO of EADS North America from 2002-2009. He presently serves as an Independent Director of American Electric Power headquartered in Columbus, Ohio, where he chairs the Human Resources Committee and of Excelitas Holdings, LP, headquartered in Boston. Prior to joining EADS, Mr Crosby was an Executive with Northrop Grumman Corporation, where he had served as a Member of the Corporate Policy Council with positions including President of the Integrated Systems Sector, Corporate Vice-President and General Manager of the company's Commercial Aircraft Division and Corporate Vice-President and General Manager of the B-2 Division. Prior to his industry career, Mr Crosby served as an officer in the US Army, where his last military assignment was as military staff assistant to the Vice-President of the United States. Mr Crosby is a graduate of the US Military Academy at West Point, and holds Master's degrees from Harvard University, and the University of Geneva, Switzerland. He is the recipient of the James Forrestal Award from the National Defense Industrial Association, and has been awarded Chevalier of the Légion d'Honneur of France.

*73 years old*

*Director since 2013,  
Re-elected in 2020*

*Independent*



### CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Member of the Board of Directors (Supervisory Board) of American Electric Power Corporation (until April 2021);
- Member of the Board of Directors of Excelitas Holdings, LP.

### FORMER MANDATES FOR THE LAST FIVE YEARS

- Member of the Board of Directors and of the Executive Committee of the Atlantic Council of the United States (until August 2018);
- Member of the Board of Directors (Supervisory Board) of Serco Group plc (until June 2017).

## Lord DRAYSON (PAUL)



60 years old

Director since 2017,  
Re-elected in 2020

Independent



### CURRICULUM VITAE

Lord Drayson graduated as an engineer and finished his PhD in 1985 at Aston University. In 1987 he became Managing Director of The Lambourn Food Company Limited, a subsidiary of the Trebor Group and after a management buy-out of the Company in 1989, completed its sale to a third party in 1991. The same year, he founded Genisys Development Limited, a consultancy company for new products development and management. In 1993, he co-founded PowderJect Pharmaceuticals Plc and led its business as Chairman and CEO until it was sold to Chiron Corporation, a US company, in 2003. He co-founded Drayson Racing Technologies LLP in 2007 and in 2014 he set up Drayson Technologies Ltd (currently named Sensyne Health Holdings Ltd), an Internet of Things platform company of which he currently is the co-founder and Chairman, and which subsequently led to the spin-out of Sensyne Health plc of which he is currently Founder and CEO.

Lord Drayson was also elected Chairman of the UK BioIndustry Association in 2001 and was appointed to the House of Lords and a Member of the Science and Technology Committee of the House of Lords in 2004. He was then appointed Parliamentary under Secretary of State for Defence Procurement in 2005 and became Minister of State for Defence Equipment & Support in 2006 and Minister of State for Science & Innovation in 2008.

### CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Founder and CEO of Sensyne Health plc;
- Chairman and CEO of Sensyne Health Holdings Ltd;
- Chairman of Drayson Holdco 2 Ltd;
- Co-founder and Trustee of the Drayson Foundation;
- Science Entrepreneur in Residence of Magdalen College, Oxford;
- Supernumerary Fellow of St. John's College, Oxford;
- Member of Her Majesty's Privy Council;
- Member of House of Lords;
- Honorary Fellow of the Academy of Medical Sciences.

### FORMER MANDATES FOR THE LAST FIVE YEARS

- Member of Project of the "Oxfordshire Innovation Engine" Project (until February 2018);
- Trustee and External Member of Council at University of Oxford (until December 2017);
- Chairman of the Executive Committee at OUC (Oxford University Clinic) Centres of Excellence LLP (until December 2017);
- Non-Executive Director and Board Member of the Royal Navy (until November 2017).

## Mark DUNKERLEY



57 years old

Director since 2020

Independent



### CURRICULUM VITAE

Mark Dunkerley received his B.S. in Economics from The London School of Economics and Political Science and his M.S. in Air Transport Management from Cranfield University in the UK. Between 1989-1999, he held various senior positions at British Airways Plc. in a corporate strategy capacity as well as in regional roles in Europe and the USA encompassing notably the management of sales, marketing, customer services, operations, finance, industrial relations, human resources and alliances.

Thereafter, Mr Dunkerley successively served as President and COO of Worldwide Flight Services, a leading multinational ground handling business, as Executive Vice-President at the San Francisco-based aviation consultancy firm, Roberts Roach & Associates and as COO at Sabena Airlines Group.

In 2002, Mark Dunkerley joined Hawaiian Airlines, first as President and COO and from 2005 as President and CEO (including of the parent company, Hawaiian Holdings, Inc.) where he led the transformation of the company from bankruptcy into one of the world's most successful airlines from which he retired in 2018.

Mr Dunkerley currently serves as Non-Executive Director of Spirit Airlines Inc., a NASDAQ listed US airline and of Volotea Airlines, a privately-owned low-cost airline operating in Europe. In addition, he serves as Member of the Board of Directors of the Smithsonian Air & Space Museum.

### CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Member of the Board of Directors of Spirit Airlines Inc.;
- Member of the Board of Directors of Volotea Airlines;
- Member of the Board of Directors of Smithsonian Institution, National Air & Space Museum.

### FORMER MANDATES FOR THE LAST FIVE YEARS

- President, CEO and Board Member of the Board of Directors of Hawaiian Airlines Inc. (until March 2018);
- President, CEO and Board Member of the Board of Directors of Hawaiian Holdings Inc. (until March 2018);
- Member of the Board of Governors of IATA (until March 2018);
- Member of the Board of Directors of Airlines of America (until March 2018);
- Member of the Board of Directors of Hawaii Chamber of Commerce and Business Roundtable (until March 2018);
- Member of the Board of Directors of Outrigger Enterprises (until January 2017).

## Stephan GEMKOW



61 years old

Director since 2020

Independent



### CURRICULUM VITAE

Stephan Gemkow (1960) studied business administration at the University of Paderborn and at the St. Olaf College in Minnesota, USA.

From 1988 to 1990 he worked as a management consultant at BDO Deutsche Warentreuhand AG in Hamburg.

Between 1990 and 2012, he held various management positions at Deutsche Lufthansa AG in Frankfurt and Washington, such as Sales Manager, Head of Investors Relations, Head of Corporate Finance and Human Resources for the Cargo Division which he accompanied through a major reorganisation. From 2006 to 2012, Mr Gemkow served as Chief Financial Officer and a member of the Management Board of Deutsche Lufthansa AG which he successfully lead through growth, global expansion as well as the financial crisis.

In 2012, he took the position of Chief Executive Officer and Chairman of the Board of Directors of Franz Haniel & Cie, one of the largest family-owned investment holdings, based in Germany, where he drove the company through important restructuring and investment phases in a complex stakeholder management context and where he remained until June 2019.

Mr Gemkow furthermore served as Chairman on the Supervisory Boards of TAKKT AG and Celesio AG (now known as McKesson Europe AG), and as member of the Supervisory Board of Evonik Industries AG.

Stephan Gemkow currently holds positions as non-executive member in the Board of Directors of Amadeus IT Group, Flughafen Zürich AG and C.D. Waelzholz GmbH & Co. KG.

### CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Member of the Board of Directors of Amadeus IT Group S.A.;
- Member of the Board of Directors of Flughafen Zürich AG;
- Member of the Board of Directors of C.D. Waelzholz GmbH & Co. KG.

### FORMER MANDATES FOR THE LAST FIVE YEARS

- Member of the Board of Directors of JetBlue Airways Corporation (until March 2020);
- CEO and Chairman of the Board of Directors of Franz Haniel & Cie. GmbH (until June 2019);
- Chairman of the Supervisory Board of TAKKT AG (until May 2019);
- Member of the Supervisory Board of Evonik Industries AG (until May 2017).



## Catherine GUILLOUARD



### CURRICULUM VITAE

Catherine Guillouard began her career in 1993 at the Ministry of Economy in the French Treasury working for the department in charge of the Africa – CFA zone and later in the Banking Affairs Department. She joined Air France in 1997 as IPO Senior Project Manager. She was subsequently appointed Deputy Vice-President Finance Controlling in 1999, Senior Vice-President of Flight Operations in 2001, Senior Vice-President of Human Resources and Change Management in 2003 and Senior Vice-President of Finance in 2005. In September 2007, she joined Eutelsat as Chief Financial Officer and member of the Group Executive Committee.

Ms Guillouard joined Rexel in April 2013 as Chief Financial Officer and Group Senior Vice-President. Between May 2014 and February 2017 she has been Deputy Chief Executive Officer of Rexel. On 2 August 2017, Ms Guillouard was appointed Chairwoman and Chief Executive Officer of RATP Group, the fifth largest urban transportation operator in the world with nearly 16 million daily passengers in 12 countries and 4 continents, a workforce of nearly 65,000 employees worldwide and a revenue of €5.7 billion in 2019. She is also Member of SYSTRA's Supervisory Board, the RATP Group and SNCF joint engineering subsidiary. In April 2020, Ms Guillouard became a member of the Supervisory Board of KPN, one of the leading telecommunications and IT providers, market leader in the Netherlands.

Catherine Guillouard, born in 1965, is a graduate of the Institute of Political Studies of Paris and the *École Nationale d'Administration* and she has a PhD of European laws (*Panthéon-Sorbonne*).

56 years old

Director since 2016,  
Re-elected in 2019

Independent



### CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Chairwoman and Chief Executive Officer of RATP Group;
- Chairwoman of the Supervisory Board of RATP DEV;
- Member of the Supervisory Board of SYSTRA;
- Member of the Supervisory Board of KPN.

### FORMER MANDATES FOR THE LAST FIVE YEARS

- Member of the Board of Directors of ENGIE (until May 2019);
- Deputy Chief Executive Officer of Rexel (until February 2017).

## María AMPARO MORALEDA MARTÍNEZ



56 years old

Director since 2015,  
To be re-elected  
in 2021

Independent



### CURRICULUM VITAE

Amparo Moraleda graduated as an industrial engineer from the ICAI (Escuela Técnica Superior de Ingeniería Industrial) Madrid and holds a PDG from IESE Business School in Madrid. Between January 2009 and February 2012, she was Chief Operating Officer of Iberdrola SA's International Division with responsibility for the United Kingdom and the United States. She also headed Iberdrola Engineering and Construction from January 2009 to January 2011. Previously, she served as General Manager of IBM Spain and Portugal (2001-2009). In 2005 her area of responsibility was extended to encompass Greece, Israel and Turkey as well. Between 2000 and 2001, she was executive assistant to the Chairman and CEO of IBM Corporation. From 1998 to 2000, Ms Moraleda was General Manager of INSA (a subsidiary of IBM Global Services). From 1995 to 1997, she was HR Director for EMEA at IBM Global Services and from 1988 to 1995 held various professional and management positions at IBM España.

Ms Moraleda is also a member of various boards and trusts of different institutions and bodies. She is member of the academy of "Ciencias Sociales y del Medio Ambiente" of Andalucía (Spain), member of the Board of Trustees of MD Anderson Cancer Centre in Madrid, CurArte Foundation in Madrid, member of the International Advisory Board of Instituto de Empresa Business School and member of the Board of the global alumni association of IESE Business School. In May 2017 she was inducted as a member of the Spanish Royal Academy of Economic and Financial Sciences.

### CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Member of the Board of Directors of Vodafone plc;
- Member of the Board of Directors of Solvay SA;
- Member of the Board of Directors of Caixabank SA;
- Member of the Supervisory Board of CSIC (Consejo Superior d'Investigaciones Científicas);
- Member of the Advisory Board of SAP Spain;
- Member of the Advisory Board of Spencer Stuart Spain;
- Member of the Board of Directors of Airbus Foundation;
- Member of the Board of Trustees of Vodafone Foundation;
- Member of the Board of Directors of A.P. Møller - Mærsk A/S.

### FORMER MANDATES FOR THE LAST FIVE YEARS

- Member of the Board of Directors of Faurecia SA (until October 2017);
- Member of the Advisory Board of KPMG Spain (until June 2017).

## Claudia NEMAT



52 years old

Director since 2016,  
Re-elected in 2019

Independent



### CURRICULUM VITAE

Claudia Nemat has been a member of Deutsche Telekom's Board of Management since 2011. Until end of 2016 she led the European Business. Since January 2017 she has been responsible for the Board area "Technology and Innovation", which includes networks, IT, products, as well as information and cyber security.

Before joining Deutsche Telekom AG, Claudia Nemat was Senior Partner ("Director") at McKinsey&Company working for the company more than 17 years. She co-led McKinsey's global Technology Sector and had a number of interim management roles with global IT clients, ensuring disaster recovery of large IT projects, and acting as interim CEO.

She focuses on digital transformation, the impact of new technologies like artificial intelligence on business models, our work and lives, technology and product innovation, as well as IT transformation, security and crisis management. She has worked in different European countries as well as the United States, and was a member of the Supervisory Board of Lanxess for several years. Since 2016, she has been a member of the Board of Airbus, as well as the Supervisory Board of Airbus Defence.

Claudia Nemat studied physics at the University of Cologne and taught at the Institute of Mathematics and Theoretical Physics.

### CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Member of the Board of Directors of Airbus Defence and Space GmbH;
- Member of the Management Board of Deutsche Telekom AG;
- Chairperson of the Supervisory Board of Deutsche Telekom IT GmbH;
- Member of the University Council of University of Cologne;
- Member of the Executive Committee of Deutsche Gesellschaft für Auswärtige Politik e.V.;
- Member of the Supervisory Board of T-Systems International GmbH;
- Vice-Chairwoman of the Supervisory Board of Deutsche Telekom Security GmbH.

### FORMER MANDATES FOR THE LAST FIVE YEARS

- Chairperson and Member of the Board of BuyIn (related to Deutsche Telekom) (until January 2017);
- Member of the Board of OTE (related to Deutsche Telekom) (until January 2017);
- Member of the Supervisory Board of Lanxess AG (until May 2016).

## Carlos TAVARES



### CURRICULUM VITAE

Carlos Tavares is a graduate of École Centrale Paris. He held a number of different positions with the Renault Group from 1981 to 2004 before joining Nissan. In 2009, he was appointed Executive Vice-President, Chairman of the Management Committee Americas and President of Nissan North America.

He was named Group Chief Operating Officer of Renault in 2011. Since 1 January 2014, he has joined the Managing Board of PSA Peugeot Citroën. He was named Chairman of the Managing Board since 31 March 2014. On 16 January 2021, Peugeot SA merged into Stellantis N.V. and Mr Tavares was appointed as Chief Executive Officer of Stellantis N.V.

62 years old

Director since 2016,  
Re-elected in 2019

Independent



### CURRENT MANDATES

- Member of the Board of Directors of Airbus SE;
- Chief Executive Officer of Stellantis N.V.

### FORMER MANDATES FOR THE LAST FIVE YEARS

- Chairman of the Managing Board of Peugeot SA (until merger January 2021);
- Member of the Board of Directors of Total SA (until May 2020);
- Director of Faurecia SA (until October 2018).





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

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

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

### Changes in the Board Committee in the course of 2020

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

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

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

 Chair

### Independent Directors

The Independent Directors appointed pursuant to the criteria of independence set out above are René Obermann, Ralph Crosby Jr., Catherine Guillouard, Victor Chu, Lord Paul Drayson, Maria Amparo Moraleda Martinez, Claudia Nemat, Carlos Tavares, Jean-Pierre Clamadieu, Mark Dunkerley and Stephan Gemkow.

### Prior Offences and Family Ties

To the Company's knowledge, none of the Directors (in either their individual capacity or as Director or senior manager of any of the entities listed above) has been convicted in relation to fraudulent offences, been the subject of any bankruptcy, receivership or liquidation, or companies put into administration nor been the subject of any official public incrimination and/or sanction by a statutory or regulatory authority, nor been disqualified by a court from acting as a Member of the administrative, management or supervisory bodies of any issuer or conduct of affairs of any company, during at least the last five years. As of the date of this document, there are no family ties among any of the Directors.

### (iii) Operation of the Board of Directors in 2020

#### Board of Directors Meetings

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

In 2020, a substantial share of the Board of Directors activities was directly or indirectly related to the COVID-19 crisis. Throughout the year, the Board of Directors reviewed and discussed the operational and commercial situation of programmes as well as the overall financial situation of the Company with a strong focus on funding needs and cash management. In order to ensure the necessary financial flexibility to cope with important cash requirements related to COVID-19, the Board of Directors decided to withdraw the 2019 dividend proposal before the 2020 AGM and suspend the voluntary top up in pension funding.

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

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

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

Moreover, the Board of Directors reviewed the Company's financial results and forecasts and maintained an emphasis on both Enterprise Risk Management ("ERM") and internal control. A particular focus was also made on cybersecurity and sustainability initiatives, notably with the decision made by the Board of Directors in July 2020 to extend the remit of the former Ethics & Compliance Committee to sustainability matters, encompassing Environment (including climate change), Human Rights and Inclusion, Safety & Quality as well as Business Integrity (see paragraph 4.1.3 for further details).

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

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

Furthermore, the Board of Directors played a key role in the succession planning of both the Chairman and Board Members in preparation for the appointment of René Obermann as Chairman of the Board in replacement of Denis Ranque and of the appointment of two new Non-Executive Directors, Mark Dunkerley and Stephan Gemkow in April 2020. The Board of Directors also worked on the top management succession planning and

performed talent reviews. The impact of the COVID-19 crisis on the remuneration structure was also addressed and appropriate actions taken accordingly.

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

#### Board Evaluation 2020

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

The year 2020 would have been the start of a new cycle, but it was decided to add to the previous cycle one exceptional year without the support of a third party expert due to estimated limited added value considering the recent changes in the Board of Directors composition – new Chairman and two new Directors and the restrictions imposed by COVID-19. Therefore in November 2020 an internal evaluation was carried out by the Board of Directors based on an extensive questionnaire issued by the General Counsel.

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

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

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

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

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

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

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

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

#### 4.1.1.2 Board Committees

##### a) The Audit Committee

The Audit Committee has five (5) Members and is chaired by an Independent Director who is not the Chair of the Board of Directors or a current or former Executive Director of the Company. The Chair of the Audit Committee shall be, and the other members of the Audit Committee may be, financial experts with relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities.

Pursuant to the Board Rules, the Audit Committee, which is required to meet at least four times a year, makes recommendations to the Board of Directors on the approval of the annual Financial Statements and the interim accounts (Q1, H1, Q3), as well as the appointment of external auditors and the determination of their remuneration. Moreover, the Audit Committee has responsibility for verifying and making recommendations to the effect that the internal and external audit activities are correctly directed, that internal controls are duly exercised and that these matters are given due importance at meetings of the Board of Directors. Thus, it discusses with the auditors their audit programme and the results of the audit of the Financial Statements, and it monitors the adequacy of 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

"– 4.1.3 Enterprise Risk Management System". Please refer to Annex E of the Board Rules for a complete list of responsibilities of the Audit Committee.

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

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

##### b) The Ethics, Compliance and Sustainability Committee

To reinforce the role and involvement of the Board of Directors on sustainability-related topics, the remit of the former Ethics & Compliance Committee established in 2017 was extended to sustainability matters in July 2020. The Committee was renamed Ethics, Compliance and Sustainability Committee ("ECSC") and the Board Rules have been amended accordingly. Pursuant to the revised Board Rules, the main mission of the EC&S Committee is to assist the Board of Directors in overseeing the Company's culture and commitment to ethical business, integrity and sustainability. The ECSC 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 ECSC is also empowered to oversee the Company's sustainability strategy and effective governance and ensure that sustainability related topics are taken into account in the Company's objectives and strategy.

The ECSC makes recommendations to the Board of Directors and its Committees on all Ethics, Compliance or Sustainability-related matters and is responsible for providing to the Audit Committee any necessary disclosures on issues or alleged ethical and compliance breaches that are financial and accounting-related. The ECSC maintains a reporting line with the Chief Ethics & Compliance Officer, who 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 ECSC. Unless otherwise decided by the ECSC, the CEO and the Chairman of the Board of Directors are invited to attend the meetings. From time to time, independent external experts are also invited to attend ECSC meetings.

The ECSC is required to meet at least four times a year. In 2020, the ECSC met in total four times with an average attendance rate of 94%. All of the above described items were discussed

during the meetings and the ECSC fully performed all the above described duties. In particular, following the settlements reached with the French, UK and US authorities in January 2020 in relation to the Serious Fraud Office / Parquet National Financier / US Department of Justice / US Department of State investigations, the Committee performed regular reviews of the post settlements activities (including compliance and export control updates). Notably, the ITAR Special Compliance Officer appointed in 2020 under the Consent Agreement with the US State Department was introduced to the ECSC and regular updates on his activities were provided. The first ECSC meeting under its extended form took place in October 2020 during which a sustainability strategic review was performed.

#### c) The Remuneration, Nomination and Governance Committee

The RNGC has four (4) Members, with geographic diversity. Each Member of the RNGC is an Independent Director. One Member of the RNGC is a Director who is appointed to the Board of Directors on the basis of the French State Security Agreement. One Member of the RNGC is a Director who is appointed to the Board of Directors on the basis of the German State Security Agreement. The Board of Directors, by a Simple Majority (defined below), appoints the chair of the RNGC, who may not be any of the following:

- the Chairman of the Board of Directors;
- a current or former Executive Director of the Company;
- a Non-Executive Director who is an Executive Director with another listed company; or
- a Director appointed to the Board of Directors on the basis of the French State Security Agreement or the German State Security Agreement.

Pursuant to the Board Rules, besides its role described in Section 4.1.1.1 above, the RNGC consults with the CEO with respect to proposals for the appointment of the members of the Executive Committee, and makes recommendations to the Board of Directors regarding the appointment of the Secretary to the Board of Directors. The RNGC also makes recommendations to the Board of Directors regarding succession planning (at Board of Directors, Executive Committee and Senior Management levels), remuneration strategies and long-term remuneration plans. Furthermore the RNGC decides on the service contracts and other contractual matters in relation to the Members of the Board of Directors and the Executive Committee. The rules and responsibilities of the RNGC have been set out in the Board Rules.

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

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

The Chair of the Board of Directors and the CEO are invited to attend meetings of the RNGC. The Chief Human Resources Officer ("CHRO") is requested to attend meetings to present management proposals and to answer questions. The CEO leaves the meetings when the RNGC discusses his/her remuneration or personal situation. Pursuant to the Board Rules, the Chair of the RNGC automatically fulfils the function of "Lead

Independent Director". In this role he / she is responsible for (i) replacing the Chairman in his / her absence at meetings of the Board of Directors, (ii) organising the annual appraisal of the Chairman's performance by the Board of Directors and (iii) acting as an intermediary for and between the other Directors when necessary.

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

#### 4.1.1.3 The Executive Committee

##### a) Nomination and Composition

The Executive Committee of Airbus (the "Executive Committee") is chaired by the Chief Executive Officer and its members are appointed on the basis of their performance of their individual responsibilities as well as their respective contribution to the overall interest of Airbus.

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

- the preference for the best candidate for the position;
- the maintenance, in respect of the number of Members of the Executive Committee, of the observed balance among the nationalities of the candidates in respect of the location of the main industrial centres of 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.

The Board of Directors determines, by simple majority vote, whether to approve all of the Members of the Executive Committee as proposed by the CEO.

##### b) Role of the Executive Committee

The CEO is responsible for executing the strategy, as approved by the Board of Directors, and for managing the day-to-day operations of 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 and ensuring that EC members report back on business progress, updates and concerns, addressing Airbus-wide topics including corporate matters, approving all vacancies and promotions above certain levels.



The EC further supports the CEO in performing these tasks. Under the leadership of the CEO, the EC is responsible for business strategy as well as organisational matters and management of the business, monitoring key projects/ products and major investments, overseeing performance targets, whether it be financial, individual, programmes or support functions, outlining policies to motivate, recruit and retain employees. It is also accountable for regulatory and statutory obligations along with policy matters, communications and market disclosures. It is also the forum where the information or requests for approval destined to the Board 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.

### c) The Executive Committee in 2020

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

The Executive Committee met four times during 2020.

#### COMPOSITION OF THE EXECUTIVE COMMITTEE AS OF 31 DECEMBER 2020

Name	Start of term	Principal Occupation
Guillaume Faury	2018	Chief Executive Officer Airbus
Dominik Asam	2019	Chief Financial Officer
Thierry Baril	2012	Chief Human Resources Officer
Jean-Brice Dumont	2019	Executive Vice-President Engineering
Bruno Even	2018	Chief Executive Officer Airbus Helicopters
John Harrison	2015	General Counsel
Dirk Hoke	2016	Chief Executive Officer Airbus Defence and Space
Julie Kitcher	2019	Executive Vice-President Communications and Corporate Affairs
Philippe Mhun	2019	Executive Vice-President Programmes and Services
Christian Scherer	2019	Chief Commercial Officer and Head of Airbus International
Michael Schöllhorn	2019	Chief Operating Officer
Grazia Vittadini	2018	Chief Technology Officer

Note: Status as per 31 December 2020. The professional address of all Members of the Executive Committee for any matter relating to Airbus is Mendelweg 30, 2333 CS Leiden, The Netherlands.

#### Guillaume Faury – Chief Executive Officer Airbus

(see above under “– 4.1.1.1 Board of Directors”)

#### Dominik Asam – Chief Financial Officer

Dominik Asam is Chief Financial Officer (CFO) of Airbus and a Member of the Executive Committee.

Dominik Asam joined Airbus in April 2019 from Munich-based Infineon Technologies AG, where he had been CFO since 2011. During eight years he was responsible for functions including Group Controlling, IT, Treasury, Investor Relations, Compliance & Risk Management, Export Control and Sustainability and Business Continuity.

Previously, Dominik Asam was Head of Group Controlling at RWE AG in 2010.

Between 2005 and 2010 he held various positions at Siemens AG such as CEO of Siemens Financial Services and Corporate Vice-President and Treasurer.

From 2003 to 2005, Asam headed Investor Relations, Mergers & Acquisitions and Strategy at Infineon Technologies.

Dominik Asam began his professional career in 1996 in the Investment Banking Division of Goldman Sachs Inc. with postings in Frankfurt, London and New York.

A graduate in Mechanical Engineering from the Technical University of Munich and the École Centrale Paris, Dominik Asam holds a Master's in Business Administration from INSEAD (European Institute of Business Administration).

#### Thierry Baril – Chief Human Resources Officer

Thierry Baril was appointed Chief Human Resources Officer of Airbus on 1 June 2012. In addition, Baril continues to serve as Airbus Commercial Aircraft Chief Human Resources Officer.

Thierry Baril joined Airbus Commercial Aircraft in 2007 as Executive Vice-President, Human Resources, and Member of the Airbus Commercial Aircraft Executive Committee, with responsibility for defining and implementing a company-wide Human Resources strategy, enhancing integration and employee engagement. He oversaw the development of key skills and competences to support business growth and greater internal mobility. One of his main achievements was the transformation of the Company in the areas of leadership culture and diversity, having played a key role in the implementation of “Power8” and Airbus' internationalisation strategy.

Prior to this, Thierry Baril was Executive Vice-President Human Resources at Eurocopter – now Airbus Helicopters – and member of the Eurocopter Executive Committee from January 2003.



In this position, Thierry Baril managed the Company's Human Resources activities globally, including the implementation of Human Resources policies across Eurocopter's European sites and its 15 subsidiaries worldwide. He was instrumental in the implementation of "Vital", a programme which transformed Eurocopter as a business.

Thierry Baril started his career in 1988 as Deputy Human Resources Director at Boccard SA, and transferred to Laborde & Kupfer-Repelec, a subsidiary of GEC ALSTHOM, as Human Resources Manager in 1991.

From 1995, Thierry Baril held roles as Human Resources Director of the Alstom Energy Belfort site and Vice-President of Human Resources of the Alstom Energy Group.

Following on from his experience at Alstom Energy, in 1998 Thierry Baril became Managing Director of Human Resources for Europe for GE (General Electric) at their Belfort Headquarters, followed by Vice-President of Human Resources at Alcatel Space's Headquarters in Toulouse from 2000.

#### **Jean-Brice Dumont – Executive Vice-President Engineering**

Jean-Brice Dumont was appointed Executive Vice-President Engineering at Airbus in April 2019 and is a Member of the Company's Executive Committee.

With over two decades of industry experience, he joined Airbus Commercial Aircraft in this role in January 2018 after six successful years as Executive Vice-President, Engineering and Chief Technical Officer at Airbus Helicopters. Beyond his Engineering leadership, Jean-Brice strongly promotes diversity, teamwork and core human values such as humility and respect.

Jean-Brice Dumont joined Eurocopter, the predecessor company to Airbus Helicopters, in February 2004. There, he worked as an Engineer and Development Project Manager for the NH90 programme, prior to becoming the NH90 Chief Engineer and NH Industries' Technical Director from 2008 to 2012.

A licensed French Army Aviation pilot, Dumont started his career with the country's DGA military procurement agency in 1996, where he worked on the Tiger and Super Puma rotorcraft programs before ultimately being appointed the organisation's Chief Test Director for the Tiger helicopter in 2002.

Jean-Brice Dumont is a graduate of France's École Polytechnique and of the ISAE Aerospace Institute. He was born in 1971, is married with two sons and enjoys running marathons and swimming.

#### **Bruno Even – Chief Executive Officer – Airbus Helicopters**

Bruno Even was appointed Chief Executive Officer (CEO) of Airbus Helicopters as of 1 April 2018. He is a Member of the Airbus Executive Committee.

He joined the Company from Safran, where he held various management positions at the Helicopter Engines and Electronic & Defence businesses. Since 2015, he served as Chief Executive Officer of Safran Helicopter Engines (ex-Turbomeca). Prior to that position, he was CEO of Safran Electronics & Defence (ex-Sagem).

Bruno Even graduated from the École Polytechnique and began his professional career in 1992 at the French Ministry of Defence, where he was in charge of developing the space component for the Helios II satellite.

In 1997, he transferred to the Ministry of Foreign Affairs to become technical advisor for the Director of Strategic Affairs, Security and Disarmament. He moved to the private sector and joined Safran in 1999.

#### **John Harrison – General Counsel**

John Harrison has been General Counsel since June 2015. Solicitor of the Supreme Court of England & Wales, John Harrison completed his academic studies at the University of McGill, Montréal, Canada. He holds a Bachelor LLB (Hons) and Masters LLM of Laws degree.

John Harrison began his career in 1991 at the international law firm Clifford Chance, working consecutively in their London, New York and Paris offices.

He joined Airbus then Technip S.A. where he served as Group General Counsel and Member of the Executive Committee from 2007 to 2015.

Prior to joining Technip, Mr Harrison fulfilled various senior legal positions in Airbus companies over a ten year period culminating his tenure from 2003 to 2007 as General Counsel of the EADS Defence Division.

John Harrison was born on 12 July 1967 in the United Kingdom.

#### **Dirk Hoke – Chief Executive Officer – Airbus Defence and Space**

Dirk Hoke is the designated Chief Executive Officer (CEO) of Airbus Defence and Space as of 1 April 2016. He started on 1 January 2016 as Deputy CEO. He is a Member of the Executive Committee.

Dirk Hoke joined Airbus from Siemens, where he had been CEO of the Large Drives Business Unit since 2014. He has held various executive-level positions at Siemens since becoming CEO of the Cluster Western & Central Africa in 2008. His career spans 21 years and five continents.

In 1994, Dirk Hoke began his professional career as R&D Engineer for process and software analysis in the automotive industry at Renault in Paris. In 1996, he joined Siemens through an international trainee programme with assignments in Germany, Argentina and Austria. He then held various management posts in the Transportation Systems Division based in Germany. He relocated to Sacramento, USA, as Head of the Transportation Systems restructuring team in 2001.

Dirk Hoke continued his professional career at Siemens as General Manager for the Transrapid Propulsion and Power Supply Subdivision from 2002 to 2005 including the Shanghai "Maglev" project. He was then promoted to President of Siemens Transportation Systems China and made Siemens the largest foreign railway supplier in the country.

In 2008, Dirk Hoke moved to Morocco to lead Siemens' Africa activities. He returned to Germany in 2011 to become the Division CEO of Industrial Solutions with the special task to build up the services business for the Industry Sector. Afterwards, he was called upon to restructure the Large Drives Business Unit.

Dirk Hoke holds a degree in mechanical engineering from the Technical University of Brunswick, Germany. In 2010, Dirk Hoke became a member of the Young Global Leader Class of the World Economic Forum and in 2013, member of the Baden Baden Entrepreneur Talks.

Born on 2 April 1969, Dirk Hoke is married with two children.

#### **Julie Kitcher – Executive Vice-President Communications and Corporate Affairs**

Julie Kitcher is EVP Communications and Corporate Affairs of Airbus and a Member of the Executive Committee.

Julie leads all external and internal communication activities.

The role also oversees and co-ordinates the transformation agenda of Airbus. This includes Corporate Audit, Performance Management, Responsibility and Sustainability and Environmental Affairs. She is also Chief of Staff to the CEO.

Previously, from May 2015 to April 2019, she was Head of Investor Relations and Financial Communication for Airbus. In this role, Julie was responsible for the development, management, consistency and communication of the Airbus Equity Story, Vision and Strategy to the financial markets. One of her core missions was to grow and strengthen the relationship and trust with the financial markets, contributing to the strong share price performance during these years.

Under Julie's leadership, Airbus was awarded "Most Honoured Company" status in the Institutional Investor All Europe Executive Team survey four years in a row, from 2015 to 2018. As part of this recognition, Julie was named "Best Investor Relations Professional" in the Aerospace & Defence sector for the same period.

From 2008 to 2015, Julie led relations with UK, French and Southern European institutional investors and sell-side analysts in Airbus' Investor Relations team. Alongside this, she coordinated Airbus' quarterly Financial Disclosures.

Julie began her Airbus career in December 2000 working at Filton, UK. She went on to hold a number of roles in finance including Financial Analyst, Corporate Planning and Business Controlling. She also previously held a role in GE Capital Equipment Finance in the UK.

She is a Chartered Management Accountant (CIMA) with an MSc in Accounting, ESC Skema (Lille).

Julie was born in the United Kingdom. She is married with two children.

#### **Philippe Mhun – Executive Vice-President Programmes and Services**

Philippe Mhun was appointed as Chief Programmes & Services Officer for Airbus Commercial Aircraft, effective 1 January 2019, and a Member of the Company's Executive Committee.

In his previous role as Head of Customer Services since October 2016, Philippe Mhun was responsible for all Airbus support and services activities for airline customers, lessors, MROs and operators, ranging from maintenance and engineering to training, upgrades and flight operations but also material management and logistical support. This included the supervision of the Services Business Unit and affiliated subsidiaries, such as

Satair, Navblue, Airbus Interiors Services and Sepang. For the past two years, Philippe has initiated and implemented a major transformation programme focusing on Customer Satisfaction, Services development and digital enablers such as Skywise applications.

Prior to this assignment, Philippe was Senior Vice-President Procurement for Equipment, Systems and support, a position he held since 2013.

Philippe joined Airbus in November 2004 as Vice-President A380 Programme within Customer Services to prepare and support the A380 entry-into-service. He then became Vice-President Programmes in Airbus Customer Services leading Single Aisle, Long Range, Widebody, A380 and A350 Programmes together with e-operations and supplier support activities.

Before joining Airbus, Philippe held various positions within UTA and following the merger in 1993, within Air France, starting as a Structure Engineer for Boeing 747 at UTA all the way up to becoming the Head of Long-Haul Fleet Engineering and Maintenance in Air France. From 1986 to 2004, Philippe was involved in new programmes' entry-into-service, engineering and maintenance at all levels of the Company.

#### **Christian Scherer – Chief Commercial Officer**

Christian Scherer was appointed Airbus Chief Commercial Officer in September 2018 and is a Member of the Company's Executive Committee.

He was previously Chief Executive Officer of ATR, a position he held since November 2016.

Prior to this, Christian was Executive Vice-President and Head of Airbus Group International, responsible for driving the overall Airbus Group internationalisation strategy.

Christian started his professional career in 1984 when he joined Airbus Industrie as a Commercial Contracts Manager. He was seconded to the US between 1987 and 1994 as Vice-President Contracts of Airbus North America, responsible for pricing, financial performance, negotiation and implementation of all sales transactions in North America.

On his return to headquarters, as Vice-President Leasing Markets, he developed and managed an integrated sales division covering all commercial activities dealing with operating leasing companies and other financial institutions worldwide.

In 1999, he was appointed Vice-President Contracts and Pricing worldwide while retaining leadership of the Leasing Markets Division and in 2003 he also became the Deputy Head of Commercial.

Following his time in Commercial, he became Head of Strategy and Future Programs at Airbus, responsible for defining Airbus' long term strategic objectives and for driving the genesis of future aircraft product offerings and programmes, such as the A320neo, as well as Airbus' international development in terms of the US final assembly lines.

In 2012, he was appointed Head of Sales & International Operations at Cassidian in Munich, Germany, responsible for Sales, Marketing, Strategy and Cassidian's International Subsidiaries including Brazil, India, KSA, UAE, UK and US.

Upon integration of Airbus' Defence, Space and Military aircraft businesses, he became the Head of Marketing & Sales of Airbus Defence and Space and Managing Director of Airbus Defence and Space GmbH. In that role, he held the overall responsibility for all Sales & Marketing activities. He also chaired BDLI's defence and security forum whilst being a member of the BDLI presidium.

Born in 1962 in Duisburg, Germany, and raised in Toulouse, France, Christian Scherer holds an MBA from the University of Ottawa and graduated from the Paris Business School (ESCP) in 1984.

#### **Michael Schöllhorn – Chief Operating Officer**

Michael Schöllhorn is Chief Operating Officer (COO) for Airbus and a Member of the Airbus Executive Committee.

He joined Airbus in February 2019 from BSH Home Appliances GmbH in Munich, where he was COO and a member of the BSH Management Board from 2015.

Between 2012 and 2014, Michael Schöllhorn was Executive Vice-President Manufacturing and Quality, additionally heading the Global Business unit for chassis and safety sensors.

Prior to this, Michael Schöllhorn held several international management positions within the Bosch Group. He was based in the US, Czech Republic and Germany. During this time, he gained a broad expertise in digitalisation, end-to-end process optimisation, manufacturing, engineering, quality and supply chain management.

Michael Schöllhorn holds a degree in Mechanical Engineering and a PhD in Control Engineering from the Helmut Schmidt University in Hamburg. He served in the German Armed Forces as a helicopter pilot and officer from 1984 to 1994.

#### **Grazia Vittadini – Chief Technology Officer**

Grazia Vittadini has been appointed Chief Technology Officer (CTO) of Airbus and a Member of the Airbus Executive Committee, effective 1 May 2018.

Furthermore, she serves as Director of the Airbus Foundation Board and as a member of the Inclusion and Diversity Steering Committee.

Previously, Vittadini was Executive Vice-President Head of Engineering since January 2017 and member of Executive Committee of Airbus Defence and Space.

Prior to this position, she had been Senior Vice-President Head of Corporate Audit & Forensic, responsible for Airbus Group audit activities worldwide.

Since January 2013 and for one year and a half, Grazia was Vice-President Head of Airframe Design and Technical Authority for all Airbus aircraft.

Always leading transnational teams in multiple locations, she also served as Chief Engineer on the Wing High Lift Devices of the A380 in Bremen from First Flight to In-Service (2005-2009) and then contributed to securing First Flight and Type Certification of the A350 XWB aircraft as Head of Major Structural Tests in Hamburg. The Major Tests for A320 Extended Service Goal, A380 and A400M were also in her scope.

Vittadini began her professional career on the Italian side of the Eurofighter Consortium, before joining Airbus Operations in Germany in 2002 and setting on her path towards senior management positions.

Grazia Vittadini graduated in Aeronautical Engineering and she specialised in Aerodynamics from the Politecnico di Milano.

## **4.1.2 Dutch Corporate Governance Code, “Comply or Explain”**

In accordance with Dutch law and with the provisions of the Dutch Code as amended in 2016, which includes a number of non-mandatory recommendations, the Company either complies with the provisions of the Dutch Code or if applicable, explains and gives sound reasons for their non-application.

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 the emphasis of the revised Dutch Code 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, complies with 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 as well as the New Code, please refer to [www.commissiecorporategovernance.nl](http://www.commissiecorporategovernance.nl).

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

### **1. Securities in the Company as Long-Term Investment**

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

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

Provision of 3.1.2 vi of the Dutch Code recommends that the shares awarded to the CEO are held for at least five years after they are awarded. The rules applicable within the Company (as described Section 4.4.2 B e) below) do not impose

a minimum of five year holding of 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 shares with a value equal to 200% of his/her Base Salary.

## 2. Dealings with Analysts

Provision 4.2.3 of the Dutch Code recommends meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the Company's website and by means of press releases. In addition, it recommends that provisions shall be made for all shareholders to follow these meetings and presentations in real time and that after the meetings the presentations shall be posted on the Company's website.

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

## 3. Gender Diversity

The composition guidelines regarding gender diversity under Dutch law pursuant designed to ensure that the Board of Directors is composed in a balanced way if it contained at least 30% women and at least 30% men expired on 1 January 2020. A replacement legislative proposal regarding gender diversity rules is currently under discussion. The proportion of the female

representation on the Board of Directors is currently at 25%. The Company will in any event continue to promote gender diversity within its Board of Directors in accordance with the principles mentioned in Section 4.1.1 above. In addition, the Company will continue to give due consideration to any applicable gender targets in its search to find suitable Board candidates and to actively seek female candidates. However, the Company believes that candidates should not be recruited based on their gender alone; the capabilities and skills of potential candidates are most important in this respect.

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

The Company values diversity in the broadest sense, ranging from gender to ethnicity. To this end, the Company is committed to promoting, supporting and leveraging initiatives to increase the diversity within its workforce, as well as at top management and Board levels. With the support of stakeholder input, the Company is diligently working on building a pipeline of suitable candidates. Through these dedicated programmes, the Company is confident of notably improving gender diversity within a reasonable timeframe. Although the Company has not set specific targets with respect to particular elements of diversity, except for the principles described in "– 4.1.1 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.

4

## 4.1.3 Enterprise Risk Management System

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

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

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

### The ERM system is articulated along five axes:

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

### 4.1.3.1 ERM Process

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

The ERM process consists of three elements:

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

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



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

For a discussion of the main risks to which the Company is exposed, see "– Risk Factors".

#### 4.1.3.2 ERM Governance and Responsibility

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

- the Board of Directors supervises with support of the Audit Committee the strategy and business risk and opportunities as well as design and effectiveness of the ERM system;
- the CEO, with the top management, is responsible for an effective ERM system. He is supported by the CFO, who supervises the Head of ERM, and the ERM system design and process implementation;
- the Head of ERM has primary responsibility for the ERM strategy, priorities, system design, culture development and reporting tool. He supervises the operation of the ERM system

and is backed by a dedicated risk management organisation in the Company focusing on the operational dimension, early warning and anticipation culture development while actively seeking to reduce overall risk criticality by challenging the business. The risk management organisation is structured as a cross-divisional Centre of Competence ("CoC") and pushes for a proactive risk management;

- the management at executive levels has the responsibility for the operation and monitoring of the ERM system in its respective areas of responsibility and for the implementation of appropriate response activities to reduce risk and seize opportunities, considering the recommendations of the internal and external auditors.

#### 4.1.3.3 ERM Effectiveness

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

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

Organisation	Explanations
	<b>Regular monitoring</b>
Board of Directors / Audit Committee	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.
	<b>ERM as part of the regular divisional business reviews</b>
Top Management	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.
	<b>ERM confirmation letter procedure</b>
Management	Entities and department heads that participate in the annual ERM compliance procedures must sign ERM Confirmation Letters.
	<b>ERM effectiveness measurement</b>
ERM CoC	Assess ERM effectiveness by consideration of ERM reports, ERM confirmations, in situ sessions (risk reviews etc.), participation to key controls (e.g., major Programme Maturity Gate Reviews).
	<b>Continuous monitoring and audits on ERM</b>
Corporate Audit	Provide independent assurance to the Audit Committee on the effectiveness of the ERM system.
	<b>Alert System</b>
E&C	Detect deficiencies regarding conformity to applicable laws and regulations as well as to ethical business principles.



#### 4.1.3.4 Board Declaration

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

- the internal risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- this report provides sufficient insight into any material failings in the effectiveness of the internal risk management and control systems;
- it is justified that the Financial Statements have been prepared on a going concern basis; and

- this report states the material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of 12 months after the preparation of the report.

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

#### 4.1.4 Internal Audit

In accordance with Principle 1.3 of the Dutch Code, Airbus Corporate Audit & Forensic assesses and provides objective assurance on the design and effectiveness of the Company's risk management, internal controls and governance systems. Its mandate is set out in the Airbus Corporate Audit and Forensic Charter.

Corporate Audit & Forensic engages in the independent and objective corporate assurance activities of internal auditing and forensic investigations. It supports the Company in improving its operations and accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's governance, risk management and internal controls. The function includes a team of forensic specialists who assist Airbus and the Legal and Compliance function by leading and supporting investigations of compliance allegations.

The department's independence is established by direct reporting to the Audit Committee and by access to the CEO. Corporate Audit & Forensic adheres to the Institute of Internal Auditor's Definition of Internal Auditing, Code of Ethics and International Standards for the Professional Practice of Internal Auditing as well as relevant policies and procedures of the Company. The department was recertified by the *Institut français de l'audit et du contrôle internes* (IFACI) in 2018.

## 4.2 Interests of Directors and Principal Executive Officers

### 4.2.1 Remuneration Policy

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

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

#### 4.2.1.1 Executive Remuneration – Applicable to the CEO

##### a) Remuneration Philosophy

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

The Board of Directors and the RNGC are committed to making sure that the Executive remuneration structure (i) is transparent and comprehensive for all stakeholders, (ii) is consistent and

aligned with the interests of long-term shareholders, also taking into consideration the employment conditions of the Company's employees and (iii) incentivises further the Company's corporate values by basing variable remuneration components also on the achievement of non-financial targets and metrics using environmental, social or governance criteria *via* the Responsibility and Sustainability (“R&S”) performance measure.

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

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

##### b) Total Direct Compensation and Peer Group

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

The level of the Total Direct Compensation for the CEO (Base Salary, VR and LTIP) is set by reference to the median of an extensive peer group (as described in paragraph 4.2.1.4.B item a) below) and takes into account the scope of the role of the CEO and the level and structure of executive rewards within the Company. The benchmark is regularly reviewed by the RNGC with the support of an independent consultant and is based on a peer group which comprises:

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

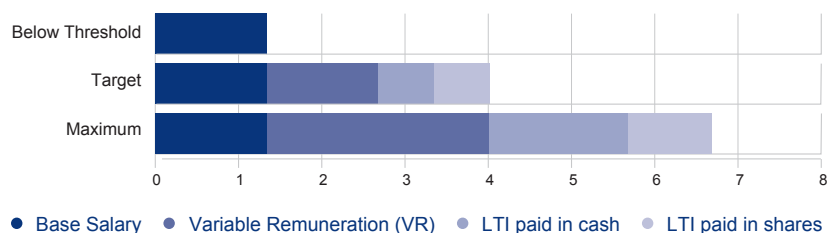
The elements of the Total Direct Compensation are described below:

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

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

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

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



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

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

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

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

### c) Base Salary

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

#### d) Annual Variable Remuneration

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

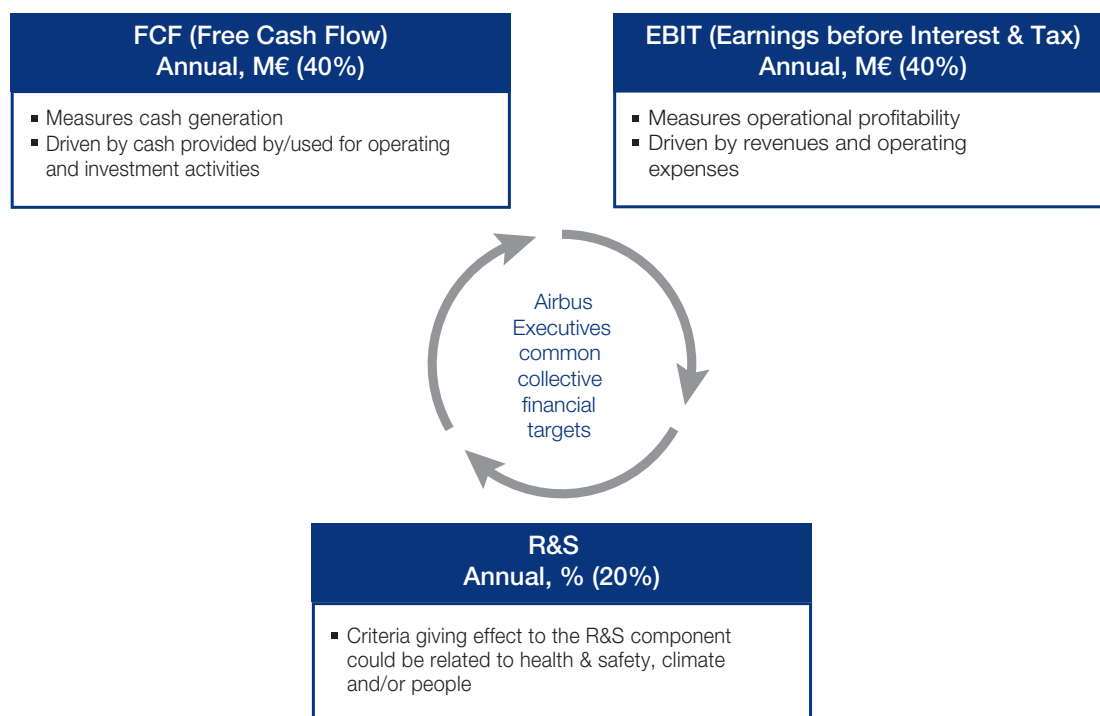
The performance measures that are considered when awarding the variable remuneration to the CEO are split between common collective performance measures and individual performance measures.

#### Common Collective Component

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

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

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



#### Individual Component

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

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

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

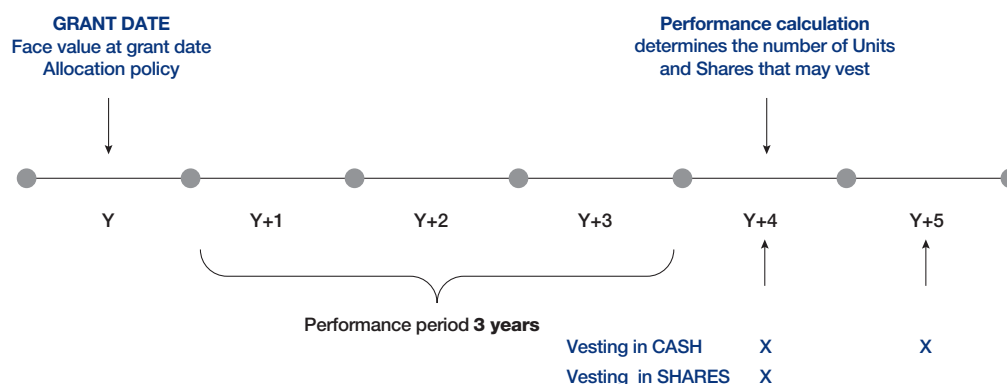
The RNGC discusses the level of achievement of every single target and derives a combined target achievement level for the outcomes. The behavioural part of the Individual Component is also discussed by the RNGC and constitutes an adjustment factor for the target achievement of the outcomes. Finally,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

### e) Long-Term Incentive Plan

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

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

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



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

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

Earnings per Share (75%) Average over 3 years, €	Free Cash Flow (25%) Cumulated over 3 years, M€
<ul style="list-style-type: none"> <li>▪ Measures profitability</li> <li>▪ Driven by net income and number of shares</li> </ul>	<ul style="list-style-type: none"> <li>▪ Measures cash generation</li> <li>▪ Driven by cash provided by/used for operating and investment activities</li> </ul>

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

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

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

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

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

For each payment in cash, one Unit is equal to the value of one Airbus SE share at the time of vesting. The Airbus SE 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 4.2.1.4.B item h) below) subject to applicable local practices (if any).

#### i) Clawback

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

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

#### j) Loans

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

#### k) Severance

In case of termination of the CEO’s duties at the initiative of the Board of Directors, the CEO shall be entitled to an indemnity equal to one (1) time the last Total Annual Remuneration (defined as Base Salary and VR most recently paid) subject to applicable local legal requirements if any, and provided that the performance conditions (as described in paragraph 4.2.1.4 item k) below) assessed by the Board of Directors have been

fulfilled. If the CEO’s appointment as member of the Board of Directors terminates within a period of 12 months or less prior to his retirement date, the termination indemnity will be limited by pro-rating its amount. This will not apply if the CEO’s mandate is terminated for cause (misconduct), in case of resignation or termination on or after his retirement date.

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

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

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

### 4.2.1.2 Non-Executive Remuneration – Applicable to Non-Executive Directors

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

#### Fees and Entitlements

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

- a base fee for membership or chair of the Board 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.

#### 4.2.1.3 Implementation of the Remuneration Policy in 2020: CEO

This paragraph 4.2.1.3 describes how the Remuneration Policy was implemented in 2020 with respect to the CEO (Mr Guillaume Faury). As a reminder, the AGM held in 2020 approved the Remuneration Policy through resolution 6 with a very high level of support.

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

#### b) Base Salary

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

For the reasons indicated in the Board Report issued in 2020, the impact of the penalties resulting from the settlements reached in January 2020, with the PNF, SFO, and the DoJ resolving the authorities' investigations have not been considered in the assessment of the 2019 Variable Remuneration, and will not be considered in the assessment of the ongoing and future incentive plans.

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

#### a) Benchmarking

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

Based on a review performed by the RNGC in the last years with the assistance of an independent consultant, Willis Towers Watson, it was concluded that the CEO's Total Direct Compensation was at the median level of the peer group as defined in paragraph 4.2.1.1 item b) above.

In addition to external benchmark, the RNGC considers also the remuneration of employees through the review of the evolution of the pay-ratio (see 4.2.1.3 item j)).

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

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

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

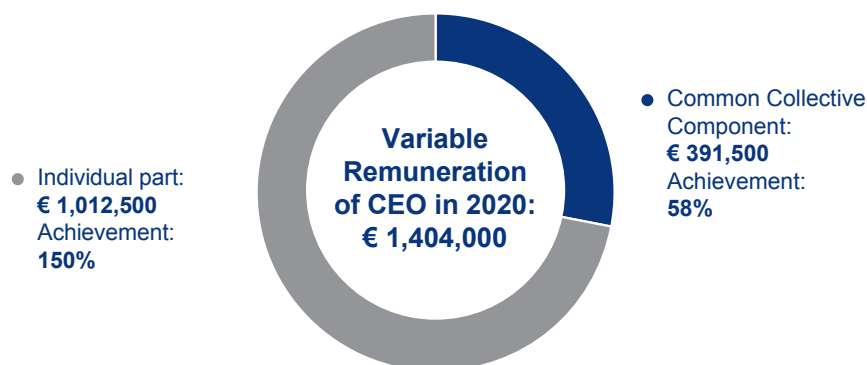
**Spain:** Acciona, Amadeus, Dia, Enagás, Endesa, Ferrovial, IAG, Meliá Hotels, Naturgy (Gas Natural Fenosa), Repsol, Telefónica.

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

### c) Annual Variable Remuneration

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

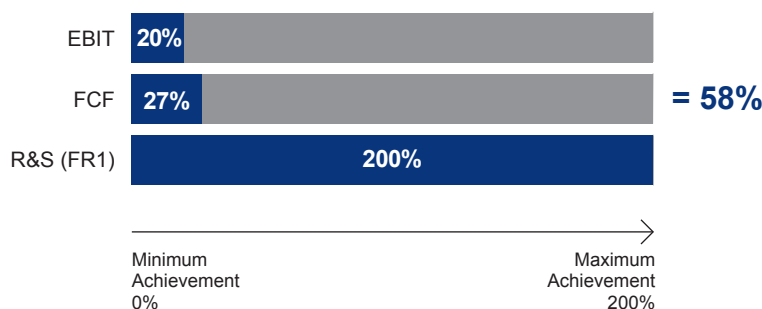
For 2020, the VR of the CEO amounts to an aggregate of €1,404,000 composed of €391,500 (58%) for the Common Collective Component and €1,012,500 (150%) for the Individual Component.



### Performance Achievement – Common Collective Component

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

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



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

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

For 2021 R&S component, in addition to the FR1 value driver used in 2020, the Board of Directors decided to select a climate value driver in line with its significant impact in the materiality assessment of the Company's approach to R&S (See "– Information on the Company's Activities – Non-Financial Information – 1.2.1 Airbus's Approach to Sustainability" and "– 1.2.3 (b) Health and Safety"). In order to support the Company's target of reducing CO<sub>2</sub> emissions by 40% by 2030, the Board of Directors decided to translate this ambition into a concrete objective and include the CO<sub>2</sub> reduction target in the collective variable remuneration of the CEO and all executives. The objective proposed for 2021 is a reduction of 3% versus our actual 2020 CO<sub>2</sub> emissions of our industrial sites and operations. The reference used for 2020 takes into account the effect of the COVID-19 crisis on the production rates while keeping our 2030 target in mind.

It was therefore decided that for 2021 the R&S component would be composed as follows: FR1 for 50% and CO<sub>2</sub> avoidance for 50%.

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

## Performance Achievement – Individual Component

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

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

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

### Outcomes

#### – Health and Safety

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

#### – Operational

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

#### – Commercial

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

#### – Balance Sheet

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

#### – Innovation

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

### Behaviour

#### – Ethics & Compliance, Sustainability, Stakeholder Relations

- Successful management of the COVID-19 crisis by the whole management team recomposed in 2019, under the leadership of the CEO,
- As highlighted by the Board evaluation, strengthened and increased communication between the management team and the Board of Directors, co-ordinated by the Chairman and CEO who developed an efficient and trustful relationship,

- Continuous transparent information sharing to the Board of Directors, Executives and more generally all employees about the Company's situation (including financial and operation status as well as the Health & Safety status of the workforce), that proved to be of real support in terms of giving direction and meaning to ensure continuous engagement in an unprecedented crisis,
- Setting the tone at the top by promoting a strengthened approach to Ethics, Compliance and Sustainability throughout the Company:
  - making Responsibility & Sustainability central to the Company's Priorities, including making sustainability part of the collective component of the Executives' variable remuneration and formally adding such focus and responsibility into the remit of the former Ethics & Compliance Committee,
  - despite the tremendous business, financial and organisational challenges faced, the Ethics & Compliance programme and Airbus's corporate culture proved resilient during the COVID-19 crisis. In addition, significant progress was made on the design of the export control programme and for the anti-bribery and corruption aspects focus was made on further maturity, digitalisation, and integration of compliance measures into existing Company,
  - development of a new I&D strategy tied to the Company's objectives;
- Refocusing of the Airbus Foundation to respond to the COVID-19 pandemic by prioritising the support for humanitarian actions of its NGO partners, transporting medical supplies in addition to organising aid transports and providing satellite imagery following devastating floods and hurricanes around the world.

#### d) Long-Term Incentive Plan

##### 2020 Grant

Under the Company's Remuneration Policy, the CEO is eligible to receive a Performance Units and Performance Shares award under the Company's LTIP. The value of the Performance Unit and Share award is capped at 100% of the Base Salary at the date of grant. During 2020, the CEO was granted an aggregate of 19,840 of Performance Units and Performance Shares. The LTIP awards during 2020, in line with the Remuneration Policy (4.2.1.1 item b)), represent one third of the CEO's target Total Direct Compensation. The table below gives an overview of the Performance Units and Performance Shares granted to the CEO in 2020 pursuant to the LTIP:

##### UNIT PLAN: NUMBER OF PERFORMANCE UNITS

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

##### SHARE PLAN: NUMBER OF PERFORMANCE SHARES

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

The grants in 2020 were performed in compliance with the performance measures (average EPS (75%) and cumulative FCF (25%)) described in paragraph 4.2.1.1 item e).

##### Vesting Values in 2020

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

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



### LTIP overview: granting and vesting

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

Calculations may involve rounding to the nearest unit.

(1) Vesting will occur according to the respective rules and regulations of each plan.

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

#### Performance Conditions of LTIP 2017:

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

#### Review of Achievement of Performance Conditions:

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

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

For reasons of confidentiality, the precise targets set for the average EPS and cumulative Free Cash Flow, even though they have been properly established and validated in a suitable manner, cannot be publicly disclosed as these objectives are considered as competitive sensitive information. Nonetheless,

in the spirit of providing the highest level of transparency to our shareholders and to adhere to best practices, retrospective information demonstrating the stringency of the targets set by the Board of Directors is provided for the previous LTIP, as follows:

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

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

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

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

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

#### e) Share Ownership

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

Please refer to the AFM website [www.afm.nl](http://www.afm.nl) for any further information related to the transactions of the CEO.

#### f) Employee Share Ownership Plan (ESOP)

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

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

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

#### g) Benefits

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

#### h) Retirement

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

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

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

The present value of the remaining CEO's pension obligation related to the frozen defined benefit commitment is estimated annually by an independent actuarial firm according to the international accounting standard IAS 19 as applied by the Company for post-employment benefits. As of 31 December 2020, the defined benefit obligation amounted to € 9,423,777 (€ 9,167,371 in 2019). This obligation has been accrued in the 2020 Consolidated Financial Statements and will be updated annually up to the retirement date of the CEO considering future changes on economic assumptions or other factors like salary increase.

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

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

### i) Clawback

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

### j) Pay Ratio

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

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

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

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

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

### k) Severance

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

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

## l) Development of the compensation

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

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

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

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

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

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

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

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

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

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

**a) Board fees:**

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

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

**b) Committee fees:**

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

For personal reasons, and with regards to the implementation of the Remuneration Policy approved at the AGM in 2016, Denis Ranque decided in 2016 and onwards to waive a portion of his remuneration as Chairman of the Board of Directors (Board chairmanship fixum and attendance fees). For 2020, considering the COVID-19 crisis context, Denis Ranque decided that such a waiver will correspond to half of his 2020 remuneration (including fixum and attendance fees) as Chairman of the Board of the Company, equivalent to an amount of €43,956 (based on the number of Board meetings held from 1 January 2020 until the end of his mandate on 16 April 2020).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The applicable attendance fees for Committee membership remain unchanged since 1 January 2019 following the decision made at the 2019 AGM to allocate an attendance fee above four

meetings per Committee per year in order to take into account Directors' attendance at a greater number of Committee meetings when the workload substantially intensifies due to exceptional circumstances.

#### 4.2.1.6 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.

## 4.2.2 Long-Term Incentives Granted to the Chief Executive Officer

See "– 4.3.3 Long-Term Incentive Plans".



## 4.2.3 Related Party Transactions

Reflecting Article 2:129(6) of the Dutch Civil Code, Article 18.5 of the Articles of Association provides that “a Director shall not take part in the deliberations or decision-making if he has a direct or indirect personal interest which conflicts with the interests of the Company and of the enterprise connected with it. If as a result thereof no resolution of the Board of Directors can be adopted, the resolution is adopted by the General Meeting”.

During the years 2018, 2019 and 2020, no agreement was entered into by the Company with one of its Directors or principal officers or a shareholder holding more than 5% of the voting rights of the Company outside the ordinary course of business and in conditions other than arm’s length conditions. For more information, please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 10: Related party

transactions” for the year-ended 31 December 2020, “Notes to the IFRS Consolidated Financial Statements – Note 9: Related party transactions” for the year-ended 31 December 2019 and “Notes to the IFRS Consolidated Financial Statements – Note 8: Related party transactions” for the year-ended 31 December 2018, as incorporated by reference herein.

For a description of the relationships between the Company and its principal shareholders, see “– General Description of the Company and its Shareholders – 3.3.2 Relationships with Principal Shareholders”. Other than the relationships between the Company and its principal shareholders described therein, there are no potential conflicts of interest between the duties to the Company of the Directors and their respective private interests or other duties.

## 4.3 Employee Success Sharing and Incentive Plans

### 4.3.1 Employee Success Sharing and Incentive Agreements

The Company’s remuneration policy is strongly linked to the achievement of individual and Company objectives, both for each Division and for the overall Company. Since 2012, an annual Performance and Restricted Unit plan has been established for the senior management of Airbus (see “– 4.3.3 Long-Term Incentive Plans”), and employees are offered shares at favourable conditions within the context of an Employee Share Ownership Plan (see “– 4.3.2 Employee Share Ownership Plans”).

Success sharing schemes which are implemented in the Company in more than 30 countries, including France, Germany, Spain and the UK, follow one set of common rules, ensuring a consistent application across the group.

### 4.3.2 Employee Share Ownership Plans

Enabling employees to participate in the results of the Company is a key element in the Airbus benefits policy. Since its creation, the Company has developed a philosophy based on sharing the added value created by the Company with all employees (including the CEO). Therefore, the Company has regularly offered qualifying employees the opportunity to purchase shares on favourable terms through the ESOP.

According to shareholders’ resolutions adopted at the AGM, the powers to issue shares and to set aside preferential subscription rights of existing shareholders have been granted to the Board of Directors at the 2020 AGM. Such powers include the approval of ESOP.

The following table summarises the main terms of the ESOPs conducted over the last three years:

Year	Price per share	Nominal value per share	Number of shares issued	Date of issuance
2018	€88.65 <sup>(1)</sup> / €84.17 <sup>(2)</sup> / €92.57 <sup>(3)</sup>	€1 €1	1,739,390 72,429	3 May 2018 20 November 2018
2019	€97.76 <sup>(1)</sup> / €104.38 <sup>(2)</sup> / €134.40 <sup>(3)</sup>	€1 €1	1,728,800 55,452	2 May 2019 19 November 2019
2020	€136.00 <sup>(1)</sup> / €136.60 <sup>(2)</sup> / €90.09 <sup>(3)</sup>	€1 €1	891,633 84,522	4 May 2020 18 November 2020

(1) Shares purchased within context of French group employee savings plan.

(2) Shares purchased directly.

(3) Under the umbrella of the ESOP, a dedicated UK tax advantageous Share Incentive Plan, SIP, was also deployed in 2017, 2018 and 2019.

In 2020 and 2019, the Board of Directors approved a new ESOP scheme. Eligible employees were able to purchase a fixed number of previously unissued shares at fair market value (5, 15, 30, 50 or 100 shares). Airbus matched each fixed number of shares with a number of the Company free shares based on a determined ratio (4, 7, 10, 13 and 25 free shares). During a custody period of at least one year, employees are restricted from selling the shares, but have the right to receive all dividends paid. Employees who directly purchased the Company shares have, in addition, the ability to vote at the Annual Shareholder Meetings. The subscription price was equal to the closing price at the Paris stock exchange on 12 February 2020 (2019: 13 February 2019) and amounted to € 136.60 (2019: € 104.38). Investing through a mutual fund led to a price which corresponds to the average price at the Paris stock exchange during the 20 trading days immediately preceding 12 February 2020

(2018: 13 February 2019), resulting in a price of € 136.00 (2019: €97.76). In 2020, the Company issued and sold 671,640 ordinary shares (2019: 1,332,840) with a nominal value of € 1.00 each. In 2020, the Company issued and distributed 304,515 matching ordinary shares (2019: 451,452) with a nominal value of € 1.00 each. Compensation expense (excluding social security contributions) of €34 million (2019: €47 million) was recognised in connection with ESOP. The Company intends to implement an ESOP in 2021, subject to approval by the Board of Directors, open to all qualifying employees (including the CEO). With future ESOP, the Company intends to offer shares to eligible employees through the issuance of shares or free distribution of shares or other existing or new securities giving access to the capital as a matching contribution. This plan would aim at favouring the development of employee shareholding.

### 4.3.3 Long-Term Incentive Plans

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In 2014 and 2015, based on the authorisation granted to it by the shareholders' meetings (see dates below), the Board of Directors approved the granting of LTIP Performance Units and Restricted Units in the Company. The grant of so-called "units" will not physically be settled in shares but represents a cash-settled plan in accordance with IFRS 2. Since 2016, the Board of Directors approved an LTIP Performance Units and Performance Shares Plan.

The principal characteristics of these Performance and Restricted Units and Performance Shares as of 31 December 2020 are set out in the "Notes to the IFRS Consolidated Financial Statements – Note 33: Share-based payment". They are also summarised in the tables below:

<b>Sixteenth tranche</b>		
Date of Board of Directors meeting (grant date)	13 November 2014	
	<b>Performance and Restricted Unit plan</b>	
	<b>Performance Units</b>	<b>Restricted Units</b>
Number of units granted <sup>(1)</sup>	1,114,962	291,420
Number of units outstanding	-	-
Units granted to:		
- Mr Guillaume Faury*	12,640	-
- the ten employees having being granted the highest number of units during the year 2014 (sixteenth tranche)	176,460	-
Total number of eligible beneficiaries		1,621
Vesting dates	The Performance and Restricted Units will vest if the participant is still employed by an Airbus company at the respective vesting dates and in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of two payments over two years: <ul style="list-style-type: none"> <li>- 50% expected in June 2018;</li> <li>- 50% expected in June 2019.</li> </ul>	
Number of vested units	814,238	271,275

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT\* of Airbus) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).

\* For more information in respect of units granted to the Chief Executive Officer, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 31: Remuneration".

#### 4. Corporate Governance /

##### 4.3 Employee Success Sharing and Incentive Plans

<b>Seventeenth tranche</b>		
Date of Board of Directors meeting (grant date)	29 October 2015	
<b>Performance and Restricted Unit plan</b>		
	<b>Performance Units</b>	<b>Restricted Units</b>
Number of units granted <sup>(1)</sup>	926,398	240,972
Number of units outstanding	340,239	113,086
Units granted to:		
- Mr Guillaume Faury*	10,656	-
- the ten employees having being granted the highest number of units during the year 2015 (seventeenth tranche)	156,446	-
Total number of eligible beneficiaries		1,564
Vesting dates	<p>The Performance and Restricted Units will vest if the participant is still employed by an Airbus company at the respective vesting dates and in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of two payments over two years:</p> <ul style="list-style-type: none"> <li>- 50% expected in June 2019;</li> <li>- 50% expected in June 2020.</li> </ul>	
Number of vested units	311,473	113,711

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT\* of Airbus) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).

\* For more information in respect of units granted to the Chief Executive Officer, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 31: Remuneration".

<b>Eighteenth tranche</b>		
Date of Board of Directors meeting (grant date)	25 October 2016	
<b>Performance Units and Performance Shares plan</b>		
	<b>Performance Units</b>	<b>Performance Shares</b>
Number of units/shares granted <sup>(1)</sup>	615,792	621,198
Number of units/shares granted through Equity Pool <sup>(2)</sup>	1,762	1,762
Number of units/shares outstanding	432,617	436,694
Units/shares granted to:		
- Mr Guillaume Faury*	5,696	5,696
- the ten employees having being granted the highest number of units/shares during the year 2016 (eighteenth tranche)	79,504	85,200
Total number of eligible beneficiaries		1,671
Vesting dates	<p>The Performance Units and Shares will vest if the participant is still employed by an Airbus company at the respective vesting dates and in the case of Performance Units and Shares, upon achievement of mid-term business performance. Vesting schedule is made up of two payments over two years:</p> <ul style="list-style-type: none"> <li>- Performance Units: <ul style="list-style-type: none"> <li>- 50% expected in May 2020;</li> <li>- 50% expected in May 2021;</li> </ul> </li> <li>- Performance Shares: 100% expected in May 2020</li> </ul>	
Number of vested units	654	654

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT\* of Airbus) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).

(2) Mirroring the respective plan rules and regulations, but granted at a different date based on specific Board of Directors' resolutions.

\* For more information in respect of units granted to the Chief Executive Officer, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 31: Remuneration".

<b>Nineteenth tranche</b>		
Date of Board of Directors meeting (grant date)	30 October 2017	
<b>Performance Units and Performance Shares plan</b>		
	<b>Performance Units</b>	<b>Performance Shares</b>
Number of units/shares granted <sup>(1)</sup>	421,638	425,702
Number of units/shares granted through Equity Pool <sup>(2)</sup>	1,898	1,898
Number of units/shares outstanding	402,925	406,989
Units/shares granted to:		
- Mr Guillaume Faury*	4,404	4,404
- the ten employees having being granted the highest number of units/shares during the year 2017 (nineteenth tranche)	53,808	57,872
Total number of eligible beneficiaries		1,601
Vesting dates	<p>The Performance Units and Shares will vest if the participant is still employed by an Airbus company at the respective vesting dates and in the case of Performance Units and Shares, upon achievement of mid-term business performance. Vesting schedule is made up of two payments over two years:</p> <ul style="list-style-type: none"> <li>- Performance Units: <ul style="list-style-type: none"> <li>- 50% expected in May 2021;</li> <li>- 50% expected in May 2022;</li> </ul> </li> <li>- Performance Shares: 100% expected in May 2021</li> </ul>	
Number of vested units	94	94

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT\* of Airbus) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).

(2) Mirroring the respective plan rules and regulations, but granted at a different date based on specific Board of Directors' resolutions.

\* For more information in respect of units granted to the Chief Executive Officer, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 31: Remuneration".

<b>Twentieth tranche</b>		
Date of Board of Directors meeting (grant date)	30 October 2018	
<b>Performance Units and Performance Shares plan</b>		
	<b>Performance Units</b>	<b>Performance Shares</b>
Number of units/shares granted <sup>(1)</sup>	278,376	281,181
Number of units/shares granted through Equity Pool <sup>(2)</sup>	6,664	6,664
Number of units/shares outstanding	281,306	284,111
Units/shares granted to:		
- Mr Guillaume Faury*	4,208	4,208
- the ten employees having being granted the highest number of units/shares during the year 2018 (twentieth tranche)	23,578	26,383
Total number of eligible beneficiaries		1,626
Vesting dates	<p>The Performance Units and Shares will vest if the participant is still employed by an Airbus company at the respective vesting dates and in the case of Performance Units and Shares, upon achievement of mid-term business performance. Vesting schedule is made up of two payments over two years:</p> <ul style="list-style-type: none"> <li>- Performance Units: <ul style="list-style-type: none"> <li>- 50% expected in May 2022;</li> <li>- 50% expected in May 2023;</li> </ul> </li> <li>- Performance Shares: 100% expected in May 2022</li> </ul>	
Number of vested units	-	-

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT\* of Airbus) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).

(2) Mirroring the respective plan rules and regulations, but granted at a different date based on specific Board of Directors' resolutions.

\* For more information in respect of units granted to the Chief Executive Officer, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 31: Remuneration".

#### 4. Corporate Governance /

##### 4.3 Employee Success Sharing and Incentive Plans

<b>Twenty-first tranche</b>		
Date of Board of Directors meeting (grant date)	29 October 2019	
<b>Performance Units and Performance Shares plan</b>		
	<b>Performance Units</b>	<b>Performance Shares</b>
Number of units/shares granted <sup>(1)</sup>	247,508	247,508
Number of units/shares outstanding	247,508	247,508
Units/shares granted to:		
- Mr Guillaume Faury*	5,530	5,530
- the ten employees having being granted the highest number of units/shares during the year 2019 (twenty-first tranche)	28,058	28,058
Total number of eligible beneficiaries		1,576
Vesting dates	<p>The Performance Units and Shares will vest if the participant is still employed by an Airbus company at the respective vesting dates and in the case of Performance Units and Shares, upon achievement of mid-term business performance. Vesting schedule is made up of two payments over two years:</p> <ul style="list-style-type: none"> <li>- Performance Units: <ul style="list-style-type: none"> <li>- 50% expected in May 2023;</li> <li>- 50% expected in May 2024;</li> </ul> </li> <li>- Performance Shares: 100% expected in May 2023</li> </ul>	
Number of vested units	-	-
<p>(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of Airbus) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).</p> <p>* For more information in respect of units granted to the Chief Executive Officer, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 31: Remuneration".</p>		

<b>Twenty-second tranche</b>		
Date of Board of Directors meeting (grant date)	28 October 2020	
<b>Performance Units and Performance Shares plan</b>		
	<b>Performance Units</b>	<b>Performance Shares</b>
Number of units/shares granted <sup>(1)</sup>	420,004	420,004
Number of units/shares outstanding	420,004	420,004
Units/shares granted to:		
- Mr Guillaume Faury*	9,920	9,920
- the ten employees having being granted the highest number of units/shares during the year 2020 (twenty-second tranche)	48,610	48,610
Total number of eligible beneficiaries		1,602
Vesting dates	<p>The Performance Units and Shares will vest if the participant is still employed by an Airbus company at the respective vesting dates and in the case of Performance Units and Shares, upon achievement of mid-term business performance. Vesting schedule is made up of two payments over two years:</p> <ul style="list-style-type: none"> <li>- Performance Units: <ul style="list-style-type: none"> <li>- 50% expected in June 2024;</li> <li>- 50% expected in June 2025;</li> </ul> </li> <li>- Performance Shares: 100% expected in May 2024</li> </ul>	
Number of vested units	-	-
<p>(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of Airbus) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).</p> <p>* For more information in respect of units granted to the Chief Executive Officer, please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 34: Remuneration".</p>		



The information in respect of stock options and performance and restricted shares cancelled and exercised during the year are set out in “Notes to the IFRS Consolidated Financial Statements – Note 33: Share-based payment”.

#### SHAREHOLDING IN THE COMPANY OF THE MEMBERS OF THE BOARD OF DIRECTORS AT THE END OF 2020

Member of the Board of Directors	Shareholding
- Mr Guillaume Faury	21,131 ordinary shares
- Mr Jean-Pierre Clamadieu	2,000 ordinary shares
- Ms. Amparo Moraleda	1,700 ordinary shares
- Mr Mark Dunkerley	151 ordinary shares <sup>(1)</sup>
- Ms. Catherine Guillouard	185 ordinary shares
- Mr Ralph Dozier Crosby, Jr.	10 ordinary shares

(1) Indirect shareholding through a legal entity.

No other Member of the Board of Directors holds shares or other securities in the Company.

# 5

# 5

## General Information

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## 5.1 Entity Responsible for the Universal Registration Document

Airbus SE

## 5.2 Statement of the Entity Responsible for the Universal Registration Document

The Company declares that, having taken all reasonable care to ensure that such is the case, the information contained in the document is, to the best of the Company's knowledge, in accordance with the facts and contains no omission likely to affect its import.

The legal person responsible for the information in the Universal Registration Document is Airbus SE. The registered office of Airbus SE is Mendelweg 30, 2333 CS Leiden, The Netherlands.

Airbus SE represented by:

Guillaume Faury  
*Chief Executive Officer*

## 5.3 Information Policy

- Contact details for information:  
Mr Thorsten Fischer  
Head of Investor Relations and Financial Communication, Airbus SE  
2 rond-point Émilie Dewoitine  
BP 90112  
31703 Blagnac France  
Telephone: +33 5 82 05 53 01  
E-mail: [ir@airbus.com](mailto:ir@airbus.com)
- Special toll-free hotlines are available to shareholders in France (0 800 01 2001), Germany (00 800 00 02 2002) and Spain (00 800 00 02 2002). An international number is also available for the rest of the world (+33 800 01 2001).
- An e-mail box is dedicated to shareholders' messages:  
[ir@airbus.com](mailto:ir@airbus.com).

A website, [www.airbus.com](http://www.airbus.com), provides a wide range of information on the Company, including the Board of Directors' report. Additionally, for the life of this Registration Document, copies of:

- the Company's [Articles of Association](#);
- the [Registration Document](#) filed in English with, and approved by, the AFM on 28 March 2018;
- the [Registration Document](#) filed in English with, and approved by, the AFM on 29 July 2019;
- the [Registration Document](#) filed in English with the AFM without prior approval on 23 March 2020; and
- the Consolidated Financial Statements (IFRS) and the Company Financial Statements of Airbus SE for the years ended [31 December 2018](#), [2019](#) and [2020](#), together with the related Auditors' reports, may be inspected at the Company's registered office at: Airbus SE, Mendelweg 30, 2333 CS Leiden, the Netherlands, Seat (statutaire zetel) Amsterdam, Tel.: +31 (0)71 5245 600.

The information on the website of the Company has not been scrutinised or approved by the competent authority and does not form part of the Registration Document unless that information is incorporated by reference into the Registration Document.

## 5.4 Undertakings of the Company regarding Information

Given the fact that the shares of the Company are listed on Euronext Paris, on the regulierter Markt (in the sub-segment Prime Standard) of the Frankfurt Stock Exchange and on the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges, the Company is subject to certain laws and regulations applicable in France, Germany and Spain in relation to information, the main ones of which are summarised in “General Description of the Company and its Share Capital – 3.1.3 Governing Laws and Disclosures”.

## 5.5 Significant Changes

As of the date of the Registration Document, there has been no significant change in the Company’s financial performance and there has been no significant change in the Company’s Financial Position since 31 December 2020.

## 5.6 Statement on Approval

This Registration Document has been filed with the AFM on 26 March 2021 in its capacity as competent authority under the Prospectus Regulation without prior approval pursuant to Article 9 of the Prospectus Regulation. This Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if approved by the AFM together with any amendments, if applicable, and a securities note and summary approved in accordance with the Prospectus Regulation.





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# Financial Statements

2020

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# Financial Statements

# 1

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**Airbus SE IFRS Consolidated Financial Statements**

# 2

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**Notes to the IFRS Consolidated Financial Statements**

# 3

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**Airbus SE IFRS Company Financial Statements**

# 4

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**Notes to the IFRS Company Financial Statements**

# 5

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**Other Supplementary Information  
Including the Independent Auditor's Report**

# 1



# 1

## Airbus SE

### IFRS Consolidated Financial Statements

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## Airbus SE – IFRS Consolidated Income Statement for the years ended 31 December 2020 and 2019

<i>(In € million)</i>	Note	<b>2020</b>	<b>2019</b>
<b>Revenue</b>	12	<b>49,912</b>	<b>70,478</b>
Cost of sales		(44,250)	(59,973)
<b>Gross margin</b>	12	<b>5,662</b>	<b>10,505</b>
Selling expenses		(717)	(908)
Administrative expenses	13	(1,423)	(5,217)
Research and development expenses	14	(2,858)	(3,358)
Other income	15	132	370
Other expenses	15	(1,458)	(356)
Share of profit from investments accounted for under the equity method	16	39	299
Other income from investments	16	113	4
<b>(Loss) Profit before financial result and income taxes</b>		<b>(510)</b>	<b>1,339</b>
Interest income		140	228
Interest expense		(411)	(339)
Other financial result		(349)	(164)
Total financial result	17	(620)	(275)
Income taxes	18	(39)	(2,389)
<b>Loss for the period</b>		<b>(1,169)</b>	<b>(1,325)</b>
<b>Attributable to</b>			
Equity owners of the parent (Net income)		(1,133)	(1,362)
Non-controlling interests		(36)	37
<b>Earnings per share</b>		<b>€</b>	<b>€</b>
Basic	19	(1.45)	(1.75)
Diluted	19	(1.45)	(1.75)

The accompanying notes are an integral part of these Consolidated Financial Statements (IFRS).

## Airbus SE – IFRS Consolidated Statement of Comprehensive Income for the years ended 31 December 2020 and 2019

<i>(In € million)</i>	Note	<b>2020</b>	2019
<b>Loss for the period</b>		<b>(1,169)</b>	<b>(1,325)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of the defined benefit pension plans	32	(1,537)	(2,669)
Change in fair value of financial assets		(133)	267
Share of change from investments accounted for under the equity method		(96)	(130)
Income tax relating to items that will not be reclassified	18	373	410
<i>Items that may be reclassified to profit or loss:</i>			
Foreign currency translation differences for foreign operations		(204)	54
Change in fair value of cash flow hedges	38	3,648	(1,434)
Change in fair value of financial assets		(61)	136
Share of change from investments accounted for under the equity method		51	3
Income tax relating to items that may be reclassified	18	(907)	342
<b>Other comprehensive income, net of tax</b>		<b>1,134</b>	<b>(3,021)</b>
<b>Total comprehensive income for the period</b>		<b>(35)</b>	<b>(4,346)</b>
<b>Attributable to</b>			
Equity owners of the parent		(25)	(4,364)
Non-controlling interests		(10)	18

The accompanying notes are an integral part of these Consolidated Financial Statements (IFRS).

## Airbus SE – IFRS Consolidated Statement of Financial Position for the years ended 31 December 2020 and 2019

<i>(In € million)</i>	Note	<b>2020</b>	2019
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	20	16,199	16,591
Property, plant and equipment	21	16,674	17,294
Investment property		2	2
Investments accounted for under the equity method	9	1,578	1,626
Other investments and other long-term financial assets	22	3,855	4,453
Non-current contract assets	23	48	91
Non-current other financial assets	26	3,483	1,033
Non-current other assets	27	483	522
Deferred tax assets	18	4,023	5,008
Non-current securities	37	5,350	11,066
<b>Total non-current assets</b>		<b>51,695</b>	<b>57,686</b>
<b>Current assets</b>			
Inventories	24	30,401	31,550
Trade receivables	23	5,132	5,674
Current portion of other long-term financial assets	22	468	449
Current contract assets	23	1,074	1,167
Current other financial assets	26	2,432	2,060
Current other assets	27	2,216	2,423
Current tax assets		620	1,784
Current securities	37	1,618	2,302
Cash and cash equivalents	37	14,439	9,314
<b>Total current assets</b>		<b>58,400</b>	<b>56,723</b>
Assets and disposal group of assets classified as held for sale		0	0
<b>Total assets</b>		<b>110,095</b>	<b>114,409</b>

<i>(In € million)</i>	Note	2020	2019
<b>Equity and liabilities</b>			
<b>Equity attributable to equity owners of the parent</b>			
Capital stock		785	784
Share premium		3,599	3,555
Retained earnings		250	2,241
Accumulated other comprehensive income		1,853	(523)
Treasury shares		(42)	(82)
<b>Total equity attributable to equity owners of the parent</b>		<b>6,445</b>	<b>5,975</b>
Non-controlling interests		11	15
<b>Total equity</b>	35	<b>6,456</b>	<b>5,990</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current provisions	25	13,998	12,542
Long-term financing liabilities	37	14,082	8,189
Non-current contract liabilities	23	19,212	16,980
Non-current other financial liabilities	26	5,657	7,498
Non-current other liabilities	27	436	384
Deferred tax liabilities	18	451	398
Non-current deferred income		32	54
<b>Total non-current liabilities</b>		<b>53,868</b>	<b>46,045</b>
<b>Current liabilities</b>			
Current provisions	25	6,545	6,372
Short-term financing liabilities	37	3,013	1,959
Trade liabilities	23	8,722	14,808
Current contract liabilities	23	24,675	26,426
Current other financial liabilities	26	1,769	2,647
Current other liabilities	27	3,160	6,817
Current tax liabilities		1,311	2,780
Current deferred income		576	565
<b>Total current liabilities</b>		<b>49,771</b>	<b>62,374</b>
Disposal group of liabilities classified as held for sale		0	0
<b>Total liabilities</b>		<b>103,639</b>	<b>108,419</b>
<b>Total equity and liabilities</b>		<b>110,095</b>	<b>114,409</b>

The accompanying notes are an integral part of these Consolidated Financial Statements (IFRS).



## Airbus SE – IFRS Consolidated Statement of Cash Flows for the years ended 31 December 2020 and 2019

(In € million)	Note	2020	2019
<b>Operating activities</b>			
Loss for the period attributable to equity owners of the parent (Net income)		(1,133)	(1,362)
(Loss) Profit for the period attributable to non-controlling interests		(36)	37
<i>Adjustments to reconcile profit for the period to cash provided by operating activities:</i>			
Interest income		(140)	(228)
Interest expense		411	339
Interest received		82	151
Interest paid		(205)	(187)
Income tax expense		39	2,389
Income tax paid		79	(1,476)
Depreciation and amortisation	11	2,831	2,927
Valuation adjustments		95	600
Results on disposals of non-current assets		9	(77)
Results of investments accounted for under the equity method		(39)	(299)
Change in current and non-current provisions		1,138	475
Contribution to plan assets <sup>(1)</sup>		(314)	(1,752)
<b>Change in other operating assets and liabilities</b>		<b>(8,237)</b>	<b>2,216</b>
Inventories		152	117
Trade receivables		351	29
Contract assets and liabilities		848	1,297
Trade liabilities	23	(5,523)	(1,625)
Other assets and liabilities	26, 27	(4,065)	2,398
<b>Cash provided by (used for) operating activities</b>		<b>(5,420)</b>	<b>3,753</b>
<b>Investing activities</b>			
Purchases of intangible assets, property, plant and equipment, investment property		(1,759)	(2,340)
Proceeds from disposals of intangible assets, property, plant and equipment and investment property		228	112
Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash)		(481)	8
Payments for investments accounted for under the equity method, other investments and other long-term financial assets		(565)	(952)
Proceeds from disposals of investments accounted for under the equity method, other investments and other long-term financial assets		408	358
Dividends paid by companies valued at equity	9	(8)	210
Disposals of non-current assets and disposal groups classified as assets held for sale and liabilities directly associated		0	137
Payments for investments in securities	37	(337)	(2,861)
Proceeds from disposals of securities	37	6,640	2,464
<b>Cash provided by (used for) investing activities</b>		<b>4,126</b>	<b>(2,864)</b>
<b>Financing activities</b>			
Increase in financing liabilities	37	7,102	402
Repayment of financing liabilities	37	(445)	(562)
Cash distribution to Airbus SE shareholders	35	0	(1,280)
Payments for liability for puttable instruments		91	319
Changes in capital and non-controlling interests		89	194
Change in treasury shares		(4)	(31)
<b>Cash provided by (used for) financing activities</b>		<b>6,833</b>	<b>(958)</b>
Effect of foreign exchange rate changes on cash and cash equivalents		(414)	(45)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>5,125</b>	<b>(114)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>9,314</b>	<b>9,428</b>
<b>Cash and cash equivalents at end of period</b>	37	<b>14,439</b>	<b>9,314</b>

(1) Thereof €331 million contributions for retirement and deferred compensation plans in 2020 (2019: €1,758 million).

The accompanying notes are an integral part of these Consolidated Financial Statements (IFRS).

## Airbus SE – IFRS Consolidated Statement of Changes in Equity for the years ended 31 December 2020 and 2019

(In € million)	Note	Equity attributable to equity holders of the parent							Total	Non-controlling interests	Total equity
		Capital stock	Share premium	Retained earnings	Accumulated other comprehensive income			Treasury shares			
					Financial assets at fair value	Cash flow hedges	Foreign currency translation adjustments				
<b>Balance at 1 January 2019, as reported</b>		<b>777</b>	<b>2,941</b>	<b>5,923</b>	<b>492</b>	<b>(1,473)</b>	<b>1,115</b>	<b>(51)</b>	<b>9,724</b>	<b>(5)</b>	<b>9,719</b>
Restatements <sup>(1)</sup>		0	0	(122)	0	0	0	0	(122)	0	(122)
<b>Balance at 1 January 2019, restated <sup>(1)</sup></b>		<b>777</b>	<b>2,941</b>	<b>5,801</b>	<b>492</b>	<b>(1,473)</b>	<b>1,115</b>	<b>(51)</b>	<b>9,602</b>	<b>(5)</b>	<b>9,597</b>
Loss for the period		0	0	(1,362)	0	0	0	0	(1,362)	37	(1,325)
Other comprehensive income		0	0	(2,345)	327	(1,048)	64	0	(3,002)	(19)	(3,021)
Total comprehensive income for the period		0	0	(3,707)	327	(1,048)	64	0	(4,364)	18	(4,346)
Capital increase	35	7	614	0	0	0	0	0	621	0	621
Share-based payment (IFRS 2)	33	0	0	76	0	0	0	0	76	0	76
Cash distribution to Airbus SE shareholders / Dividends paid to non-controlling interests	35	0	0	(1,280)	0	0	0	0	(1,280)	0	(1,280)
Equity transaction (IAS 27)		0	0	1,351	0	0	0	0	1,351	2	1,353
Change in treasury shares	35	0	0	0	0	0	0	(31)	(31)	0	(31)
<b>Balance at 31 December 2019</b>		<b>784</b>	<b>3,555</b>	<b>2,241</b>	<b>819</b>	<b>(2,521)</b>	<b>1,179</b>	<b>(82)</b>	<b>5,975</b>	<b>15</b>	<b>5,990</b>
Loss for the period		0	0	(1,133)	0	0	0	0	(1,133)	(36)	(1,169)
Other comprehensive income		0	0	(1,268)	(171)	2,783	(236)	0	1,108	26	1,134
Total comprehensive income for the period		0	0	(2,401)	(171)	2,783	(236)	0	(25)	(10)	(35)
Capital increase	35	1	44	0	0	0	0	0	45	0	45
Share-based payment (IFRS 2)	33	0	0	42	0	0	0	0	42	0	42
Cash distribution to Airbus SE shareholders / Dividends paid to non-controlling interests	35	0	0	0	0	0	0	0	0	0	0
Equity transaction (IAS 27)		0	0	368	0	0	0	0	368	6	374
Change in treasury shares	35	0	0	0	0	0	0	40	40	0	40
<b>Balance at 31 December 2020</b>		<b>785</b>	<b>3,599</b>	<b>250</b>	<b>648</b>	<b>262</b>	<b>943</b>	<b>(42)</b>	<b>6,445</b>	<b>11</b>	<b>6,456</b>

(1) Opening balance figures are restated due to the application of IFRIC 23.

The accompanying notes are an integral part of these Consolidated Financial Statements (IFRS).

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## Notes to the IFRS Consolidated Financial Statements

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## 2.1 Basis of Preparation

### 1. The Company

The accompanying IFRS Consolidated Financial Statements present the financial position and the results of operations of **Airbus SE** together with its subsidiaries referred to as “the Company”, a European public limited-liability company (*Societas Europaea*) with its seat (*statutaire zetel*) in Amsterdam, The Netherlands, its registered address at Mendelweg 30, 2333 CS Leiden, The Netherlands, and registered with the Dutch Commercial Register (*Handelsregister*) under number 24288945.

The Company’s reportable segments are Airbus, Airbus Helicopters and Airbus Defence and Space (see “– Note 11: Segment Information”). The Company is listed on the European stock exchanges in Paris, Frankfurt am Main, Madrid, Barcelona, Valencia and Bilbao. The IFRS Consolidated Financial Statements were authorised for issue by the Company’s Board of Directors on 17 February 2021.

### 2. Impact of the COVID-19 pandemic

The COVID-19 pandemic, the resulting health and economic crisis and actions taken in response to the spread of the pandemic, including government measures and travel limitations and restrictions, have resulted in significant disruption to the Company’s business operations and supply chain. 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 aerospace industry including 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. As a result, airlines have reduced capacity, grounded large portions of their fleets temporarily, 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.

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

The Company is monitoring the evolution of the COVID-19 pandemic and will continue to assess further impacts going forward. The main elements related to the Consolidated Financial Statements considered as of 31 December 2020 are detailed in the following sections. A consistent set of assumptions has been applied for each of the below elements.

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 the COVID-19 pandemic and its resulting health and economic crisis.

#### 2.1 Going concern and associated liquidity measures

On 23 March 2020, the Company has announced measures to bolster its liquidity and balance sheet in response to the COVID-19 pandemic, including a new €15 billion credit facility partially termed out by bond and USPP issuances, the withdrawal of 2019 dividend proposal with cash value of €1.4 billion, the suspension of voluntary top up pension funding and strong focus on support to customers and delivery. In parallel, governmental partners have supported the aerospace sector since the beginning of the crisis either through direct support to airlines and suppliers, or through partial unemployment schemes. With these decisions, the Company has available liquidity to cope with additional cash requirements, including the amended production rates as described above.

On 21 October 2020, the Company signed a new €6 billion Revolving Syndicated Credit Facility also partially terming out the €15 billion credit facility by €3 billion in order to refinance its existing €3 billion Revolving Syndicated Facility (see “– Note 37: Net Cash”).

As of 31 December 2020, the Company has a net cash position of €4.3 billion with a total liquidity of €33.6 billion, before deducting short-term financing liabilities.

Based on the above, management considers the Company has sufficient resources to continue operating for at least 12 months and that there are no material uncertainties about the Company’s ability to continue as a going concern.

#### 2.2 Goodwill impairment

As a result of the deterioration in the economic environment and the uncertainty in the business outlook, the Company has performed impairment tests of goodwill throughout the year and also as at 31 December 2020, which leads to no impairment being necessary (see “– Note 20: Intangible Assets”).

These tests have been performed in line with existing methodology for each of the Company’s cash generating units (CGUs). Cash flow projections are based on latest operative planning and expected cash flows beyond the planning horizon

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through a terminal value. The latest operative planning includes management's best assessment of future production rates, aircraft deliveries and order in-take, together with any mitigating actions that the Company may implement. These have been used to derive cash flow projections for the years 2021 until 2025, and thereafter for the terminal value.

In addition, the Company performed a comparison with the fair value of each CGU derived from the market capitalisation. The market capitalisation as of 31 December 2020 amounts to €70.4 billion and significantly exceeds the equity of the Company.

## 2.3 Other Investments and Other Long-Term Financial Assets / Joint Ventures

The Company's main investments have been impacted by the high volatility in financial markets in 2020 with the variation recorded either through financial result or OCI. The impact in financial result amounts to €-136 million for a loan to OneWeb Communications and €-226 million for the investment in Dassault Aviation. The impact in OCI for €-206 million includes the investment in OneWeb Communications and other investments.

For further information on Dassault and OneWeb investments, please see "– Note 22: Other Investments and Other Long-Term Financial Assets".

## 2.4 Workforce adaptation

In June 2020, Airbus announced plans to adapt its global workforce, principally in France, Germany, Spain and the UK, and resize its commercial aircraft activity in response to the COVID-19 crisis. This adaptation was expected to result in a reduction of around 15,000 positions no later than summer 2021.

Working time adaptation and mitigation measures supported by the governments have reduced the number of positions subject to the restructuring plan. Taking into consideration the actual departures since the initial announcement, the remaining number of positions subject to the restructuring plan amounts to approximately 6,100 as of 31 December 2020, including pre-retirement headcount under German *Altersteilzeit* ("ATZ").

In addition, Airbus Defence and Space completed the consultation process with the Company's European works council on the division's planned restructuring. The plan presented to the employee representatives initially foresaw the reduction of around 1,900 positions including pre-retirement headcount under German *Altersteilzeit* ("ATZ") until the end of 2021. However this number was also subsequently reduced to approximately 1,400 positions reflecting departures which occurred after the initial announcement.

In November 2020, a reconciliation of Interest Agreement involving approximately 100 positions has been signed in Germany within Airbus Helicopters and hence, a provision has been recorded accordingly.

As of 30 September 2020, a restructuring provision was recognised for an amount of €1.2 billion including mainly the cost of voluntary and compulsory measures taking into account management's best estimate of the impact of the working time

adaptation and government support measures. Total payments to employees affected by the plan would amount to approximately €1.5 billion, including the settlement of other accrued employee benefits.

As of 31 December 2020, the provision amounts to €1.0 billion, reduced mainly by the costs incurred in the fourth quarter.

## 2.5 Operational assets

The Company has performed a comprehensive review of its operational assets and liabilities taking into account the amended production rates and expected future deliveries. This review has resulted in charges being recorded in 2020 for an amount of €1.3 billion, including an impairment of inventories considered at risk of €355 million, additional provisions relating to A380 programme of €279 million, a write-off of capitalised development costs of €101 million, provisions for supplier commitments of €157 million and provisions covering various commercial risks of approximately €401 million.

## 2.6 Deferred tax

As of 31 December 2020, the recoverability of deferred tax assets has been assessed based on the latest operating planning and resulting from the COVID-19 pandemic. This has led to deferred tax asset impairments amounting to €356 million in 2020 including tax losses carried forward (see "– Note 18: Income Taxes").

## 2.7 Hedge accounting

The Company has maintained its hedge accounting policies as defined in the 2019 year-end Financial Statements. In the Company's assessment the risk of future cancellations that are not yet materialised has been included. When transactions are no longer expected to occur in accordance with the hedge designation, the accumulated gains or losses on the hedging instrument have been reclassified to financial result. The impact in financial result amounts to €-48 million as of 31 December 2020, mainly relating to the widebody programmes.

The increase of the counterparty credit risk and credit spread is included in the determination of the fair value of the hedges and had limited impact on the measurement of hedge ineffectiveness.

The Company performed a material roll-over campaign for a nominal amount of US\$31 billion in the third quarter to re-align the hedging portfolio to the last available long term delivery plan, including roll-overs at historical rates for a nominal amount of US\$ 8 billion in July 2020 as part of the liquidity measures. In this way, the Company mitigates the cash flow impacts occurring when the gains or losses on the forward hedges do not coincide with the currency gains or losses on the underlying commercial transactions (see "– Note 38: Financial Instruments").

In the Company's assessment the risk of aircraft rescheduling beyond the risk management and the risk of future cancellations, notably due to potential airlines default, have been included. The Company will continue to review this position going forward to identify any potential trigger for hedge disqualification.

## 2.8 Expected credit loss

The Company has also considered the impact of COVID-19 pandemic on the expected credit loss of its financial instruments (mainly loans, trade and lease receivables). The amount and timing of the expected credit losses, as well as the probability assigned thereto, has been based on the available information at the end of 2020. As a result of this review no significant credit losses have been recorded in 2020 (see “– Note 22: Other Investments and Other Long-Term Financial Assets”).

## 2.9 Pensions

The COVID-19 pandemic has a significant impact on market fluctuations (mainly impacting the interest rates and asset market values). The increase on the net pension liability for 2020 amounting to €1.6 billion is recognised mainly in other comprehensive income and is subject to future volatility (see “– Note 25: Provisions, Contingent Assets and Contingent Liabilities”).

# 3. Significant Accounting Policies

**Basis of preparation** — The Company’s Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (“IASB”) as endorsed by the European Union (“EU”) and Part 9 of Book 2 of the Netherlands Civil Code. When reference is made to IFRS, this intends to be EU-IFRS.

The Consolidated Financial Statements have been prepared on a historical cost basis, unless otherwise indicated. They are prepared and reported in euro (“€”) and all values are rounded to the nearest million appropriately. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The Company describes the accounting policies applied in each of the individual notes to the Financial Statements and avoids repeating the text of the standard, unless this is considered relevant to the understanding of the note’s content. The Company’s accounting policies and methods are unchanged compared to 31 December 2019. The implementation of other amended standards has no material impact on the Company’s Consolidated Financial Statements as of 31 December 2020. The most significant accounting policies are described below, and have been updated accordingly.

**Revenue recognition** — Revenue is recognised when the Company transfers control of the promised goods or services to the customer. The Company measures revenue, for the consideration to which the Company is expected to be entitled in exchange for transferring promised goods or services. Variable considerations are included in the transaction price when it is highly probable that there will be no significant reversal of the revenue in the future. The Company identifies the various performance obligations of the contract and allocates the transaction price to these performance obligations. Advances and pre-delivery payments (contract liabilities) are received in the normal course of business and are not considered to be a significant financing component as they are intended to protect the Company from the customer failing to complete its contractual obligations.

Incurred inefficiency cost such as the unexpected cost of materials, labour hours expended or other resources consumed do not generate revenue as they do not contribute to the Company’s progress in satisfying the performance obligations.

**Revenue from the sale of commercial aircraft** is recognised at a point in time (*i.e.* at delivery of the aircraft). The Company estimates the amount of price concession granted by the Company’s engine suppliers to their customers as a reduction of both revenue and cost of sales.

An aircraft can remain in storage under a bill-and-hold arrangement. In such cases, revenue is recognised when the requirements for the transfer of control under a bill-and-hold arrangement are fulfilled.

**Revenue from the sale of military aircraft, space systems and services** — When control of produced goods or rendered services is transferred over time to the customer, revenue is recognised over time, *i.e.* under the percentage of completion method (“PoC” method).

The Company transfers control over time when:

- it produces a good with no alternative use and the Company has an irrevocable right to payment (including a reasonable margin) for the work completed to date, in the event of contract termination at the convenience of customers (*e.g.* Tiger contract); or
- it creates a good which is controlled by the customer as the good is created or enhanced (*e.g.* Eurofighter contracts, some border security contracts, A400M development); or
- the customer simultaneously receives and consumes the benefits provided by the Company (*e.g.* maintenance contracts).

For the application of the over time method (PoC method), the measurement of progress towards complete satisfaction of a performance obligation is based on inputs (*i.e.* cost incurred).

When none of the criteria stated above have been met, revenue is recognised at a point in time. Revenue is recognised at the delivery of aircraft under IFRS 15 from the sale of military transport aircraft, from the A400M launch contract and most of NH90 serial helicopters’ contracts.

**Provisions for onerous contracts** — The Company records provisions for onerous contracts when it becomes probable that the total contract costs will exceed total contract revenue. Before a provision for onerous contracts is recorded, the related assets under construction are measured at their net realisable value and written-off if necessary. Onerous contracts are identified by monitoring the progress of the contract together with the underlying programme status. An estimate of the related contract costs is made, which requires significant and complex assumptions, judgements and estimates related to achieving certain performance standards (see “– Note 4: Key Estimates and Judgements”, “– Note 12: Revenue and Gross Margin” and “– Note 25: Provisions, Contingent Assets and Contingent Liabilities”).

**Research and development expenses** — The costs for internally generated research are expensed when incurred. The costs for internally generated development are capitalised when:

- the product or process is technically feasible and clearly defined (*i.e.* the critical design review is finalised);
- adequate resources are available to successfully complete the development;
- the benefits from the assets are demonstrated (a market exists or the internal usefulness is demonstrated) and the costs attributable to the projects are reliably measured;
- the Company intends to produce and market or use the developed product or process and can demonstrate its profitability.

Income tax credits granted for research and development activities are deducted from corresponding expenses or from capitalised amounts when earned.

**Capitalised development costs**, are recognised either as intangible assets or when the related development activities lead to the construction of specialised tooling for production (“jigs and tools”), or involve the design, construction and testing of prototypes and models, as property, plant and equipment. Capitalised development costs are generally amortised over the estimated number of units produced. If the number of units produced cannot be estimated reliably, they are amortised over the estimated useful life of the internally generated intangible asset. Amortisation of capitalised development costs is recognised in cost of sales.

**Inventories** are measured at the lower of acquisition cost (generally the average cost) or manufacturing cost and net realisable value. Manufacturing costs comprise all costs that are directly attributable to the manufacturing process, such as direct material and labour, and production related overheads (based on normal operating capacity and normal consumption of material, labour and other production costs), including depreciation charges. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated costs to complete the sale.

**Transactions in foreign currency**, *i.e.* transactions in currencies other than the functional currency of an entity of the Company, are translated into the functional currency at the foreign exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are remeasured into the functional currency at the exchange rate in effect at that date. Except when deferred in

equity as qualifying cash flow hedges (see “– Note 38: Financial Instruments”), these foreign exchange remeasurement gains and losses are recognised, in line with the underlying item:

- in profit before finance costs and income taxes if the substance of the transaction is commercial (including sales financing transactions); and
- in finance costs for financial transactions.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated into functional currency at the foreign exchange rate in effect at the date of the transaction. Translation differences on non-monetary financial assets and liabilities that are measured at fair value are reported as part of the fair value gain or loss. However, translation differences of non-monetary financial assets measured at fair value and classified as fair value through other comprehensive income (“OCI”) are included in accumulated other comprehensive income (“AOCI”).

**Hedge accounting** — Most of the Company’s revenue is denominated in US dollar (“US\$”), while a major portion of its costs are incurred in euro. The Company is significantly exposed to the risk of currency changes, mainly resulting from US\$/€ exchange rates. Furthermore, the Company is exposed, though to a much lesser extent, to foreign exchange risk arising from costs incurred in currencies other than the euro and to other market risks such as interest rate risk, commodity price and equity price risk.

In order to manage and mitigate those risks, the Company enters into derivative contracts. The Company applies hedge accounting to its derivative contracts whenever the relevant IFRS criteria can be met. Hedge accounting ensures that derivative gains or losses are recognised in profit or loss (mainly in revenue) in the same period that the hedged items or transactions affect profit or loss.

The major portion of the Company’s derivative contracts is accounted for under the cash flow hedge model. The fair value hedge model is used only for certain interest rate derivatives. Derivative contracts which do not qualify for hedge accounting are accounted for at fair value through profit and loss; any related gains or losses being recognised in financial result.

The Company’s hedging strategies and hedge accounting policies are described in more detail in “– Note 38: Financial Instruments”.

## 4. Key Estimates and Judgements

The preparation of the Company’s Consolidated Financial Statements requires the use of estimates and assumptions. In preparing these Financial Statements, management exercises its best judgement based upon its experience and the circumstances prevailing at that time. The estimates and assumptions are based on available information and conditions at the end of the financial period presented and are reviewed on an ongoing basis. Key estimates and judgements that have a significant influence on the amounts recognised in the Company’s Consolidated Financial Statements are mentioned below:

**Impairment of long-life assets, work in progress and finished aircraft** — In testing long-life assets such as jigs and tools and capitalised development costs for impairment, the Company makes estimates on the number and timing of aircraft units to be delivered in the future, the margin of these aircraft, and the discount rate associated with the aircraft programme. For aircraft that may need to be remarketed, the impairment of working progress and finished aircraft is assessed based on an estimation of the future selling price and associated remarketing costs.



**Revenue recognition for performance obligations transferred over time** — The PoC method is used to recognise revenue for performance obligations transferred over time. This method places considerable importance on accurate estimates at completion as well as on the extent of progress towards completion. For the determination of the progress of the performance obligations, significant estimates include total contract costs, remaining costs to completion, total contract revenue, contract risks and other judgements. The management of the operating divisions continually review all estimates involved in such performance obligations and adjusts them as necessary (see “– Note 23: Contract Assets and Contract Liabilities, Trade Receivables and Trade Liabilities”).

**Provisions** — The evaluation of provisions, such as onerous contracts and restructuring measures are based on best available estimates. Onerous contracts are identified by monitoring the progress of the contract and the underlying programme performance. The associated estimates of the relevant contract costs require significant judgement related to performance achievements. Depending on the size and nature of the Company’s contracts and related programmes, the extent of assumptions, judgements and estimates in these monitoring processes differs. In particular, the introduction of commercial or military aircraft programmes (e.g. A400M) or major derivative aircraft programmes involves an increased level of estimates and judgements associated with the expected development, production and certification schedules and expected cost components (see “– Note 25: Provisions, Contingent Assets and Contingent Liabilities”).

In view of overall commercial relationships, contract adjustments may occur, and must be considered on a case by case basis.

Estimates and judgements are subject to change based on new information as contracts and related programmes progress. Furthermore, the complex design and manufacturing processes of the Company’s industry require challenging integration and coordination along the supply chain including an ongoing assessment of suppliers’ assertions which may additionally impact the outcome of these monitoring processes.

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision is at the best estimate of the anticipated costs and includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

**Hedge accounting** — The hedge portfolio covers a large portion of the Company’s highly probable forecasted transactions derived from its commercial activities. The Company makes estimates and judgement in assessing the highly probable criteria of the forecasted transactions, in order to anticipate future events, as risk of future cancellations of orders (see “– Note 38: Financial Instruments”).

**Employee benefits** — The Company accounts for pension and other post-retirement benefits in accordance with actuarial valuations. These valuations rely on statistical and other factors in

order to anticipate future events. The actuarial assumptions may differ materially from actual developments due to changing market and economic conditions and therefore result in a significant change in post-retirement employee benefit obligations and the related future expenses (see “– Note 32: Post-Employment Benefits”).

**Legal contingencies** — Airbus companies are parties to litigations related to a number of matters as described in “– Note 39: Litigation and Claims”. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Company. Management regularly analyses current information concerning these matters and provides provisions for probable cash outflows, including the estimate of legal expenses to resolve the matters. Internal and external lawyers are used for these assessments. In making the decision regarding the need for provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Airbus companies or the disclosure of any such suit or assertion, does not automatically indicate that a provision may be appropriate.

**Income taxes** — The Company operates and earns income in numerous countries and is subject to changing tax laws in multiple jurisdictions within these countries. Significant judgements are necessary in determining the worldwide income tax liabilities. Although management believes that it has made reasonable estimates about the final outcome of tax uncertainties, no assurance can be given that the final tax outcome of these matters will be consistent with what is reflected in the historical income tax provisions. At each end of the reporting period, the Company assesses whether the realisation of future tax benefits is probable to recognise deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realised from available tax strategies and future taxable income, as well as other positive and negative factors.

The recorded amount of total deferred tax assets could be reduced, through valuation allowances recognition, if estimates of projected future taxable income and benefits from available tax strategies are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Company’s ability to utilise future tax benefits. The basis for the recoverability test of deferred tax assets is the same as the Company’s latest operative planning also taking into account certain qualitative aspects regarding the nature of the temporary differences. Qualitative factors include but are not limited to an entity’s history of planning accuracy, performance records, business model, backlog, existence of long-term contracts as well as the nature of temporary differences (see “– Note 18: Income Taxes”).

Other subjects that involve assumptions and estimates are further described in the respective notes (see “– Note 8: Acquisitions and Disposals”, “– Note 20: Intangible Assets” and “– Note 23: Contract Assets, Contract Liabilities and Trade Receivables, and Trade Liabilities”).



## 5. Change in Accounting Policies and Disclosures

The accounting policies applied by the Company in preparation of its 2020 year-end Consolidated Financial Statements are the same as applied for the previous year. Other than that, amendments, improvements to and interpretations of standards effective from 1 January 2020 have no material impact on the Consolidated Financial Statements.

### New, Revised or Amended IFRSs Issued, not Applicable but Anticipated

#### Impact of the initial application of COVID 19-related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued COVID-19-related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The Company has elected to apply the amendment to IFRS 16 in advance of its effective date. The Company has applied the practical expedient retrospectively to all rent concessions that meet the conditions of the practical expedient and has accounted for them in the same manner as for a resolution of a contingency that fixes previously variable lease payments. As such, the Company has not updated the discount rate used to remeasure the lease liability and used the remeasured consideration with a corresponding adjustment to the right-to-use. The Company assessed that the application of this amendment has no material impact on the Consolidated Financial Statements as of 31 December 2020.

### New, Revised or Amended IFRSs Issued but not yet Applied

A number of new or revised standards, amendments and improvements to standards as well as interpretations are not yet effective for the year ended 31 December 2020 and have not been applied in preparing these Consolidated Financial Statements and early adoption is not planned:

Standards and amendments	IASB effective date for annual reporting periods beginning on or after	Endorsement status
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2"	1 January 2021	Endorsed
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	1 January 2021	Not yet endorsed
Amendments to IFRS 3 "Reference to the Conceptual Framework"	1 January 2022	Not yet endorsed
Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"	1 January 2022	Not yet endorsed
Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"	1 January 2022	Not yet endorsed
Annual Improvements to IFRS Standards 2018–2020	1 January 2022	Not yet endorsed
IFRS 17 "Insurance Contracts"	1 January 2023	Not yet endorsed
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	1 January 2023	Not yet endorsed
Amendments to IAS 8 "Definition of Accounting Estimates"	1 January 2023	Not yet endorsed
Amendments to IAS 1 "Disclosure of Accounting Policies"	1 January 2023	Not yet endorsed

#### Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform – Phase 2"

Following the financial crisis, the reform and replacement of some benchmark interest rates such as LIBOR and other Interbank Offered Rates ("IBORs") has become a priority for global regulators. There is still uncertainty around the timing and precise nature of these changes.

The Company's treasury is managing the transition plan, so that the existing contracts that refer to LIBORs shall be adjusted to ensure contract continuity and address term and credit differences between LIBORs and alternative reference rates.

The changed reference rates will also impact systems, processes and risk and valuation models.

The Company is mainly exposed to LIBORs under Airbus Bank loan assets portfolio for an amount of €309 million (for a notional amount of US\$530 million) and the interest rate swaps based on USD-Libor used in the hedge relationship as developed under "– Note 38: Financial Instruments".

## 6. Brexit

On 29 March 2017, the UK triggered Article 50 of the Lisbon Treaty, the mechanism to leave the European Union (“Brexit”). In June 2018, the Company published its Brexit Risk Assessment outlining its expectations regarding the material consequences and risks for the Company arising from the UK leaving the European Union without a deal. In September 2018, the Company launched a project to mitigate the risks and anticipate possible consequences associated with Brexit and its impact on the Company’s business and production activities. Significant progress was made in mitigating the identified risks through for example the modification of the Company’s customs and IT systems, and the stockpiling of parts associated with transportation and logistics.

The UK left the European Union in an orderly manner on 31 January 2020 under the terms of the Withdrawal Agreement, opening a transition period until 31 December 2020.

On 30 December 2020, the UK Parliament ratified the EU-UK Trade and Cooperation Agreement (“TCA”) but it still awaits ratification by the European Parliament and the Council of the European Union before final conclusion and entry into force.

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

## 2.2 Airbus Structure

### 7. Scope of Consolidation

**Consolidation** — The Company’s Consolidated Financial Statements include the Financial Statements of Airbus SE and all material subsidiaries controlled by the Company. The Company’s subsidiaries prepare their Financial Statements at the same reporting date as the Company’s Consolidated Financial Statements (see Appendix “Simplified Airbus Structure” chart).

Subsidiaries are entities controlled by the Company including so-called structured entities, which are created to accomplish a narrow and well-defined objective. They are fully consolidated from the date control commences to the date control ceases.

The assessment of control of a structured entity is performed in three steps. In a first step, the Company identifies the relevant activities of the structured entities (which may include managing lease receivables, managing the sale or re-lease at the end of

the lease and managing the sale or re-lease on default) and in a second step, the Company assesses which activity is expected to have the most significant impact on the structured entities’ return. Finally, the Company determines which party or parties control this activity.

**The Company’s interests in equity-accounted investees** comprise investments in associates and joint ventures. Such investments are accounted for under the equity method and are initially recognised at cost.

The Financial Statements of the Company’s investments in associates and joint ventures are generally prepared for the same reporting period as for the parent company. Adjustments are made where necessary to bring the accounting policies and accounting periods in line with those of the Company.

#### PERIMETER OF CONSOLIDATION

	31 December	
	2020	2019
<i>(Number of companies)</i>		
Fully consolidated entities	177	185
Investments accounted for under the equity method		
in joint ventures	58	52
in associates	25	25
<b>Total</b>	<b>260</b>	<b>262</b>

For more details related to unconsolidated and consolidated structured entities, see “– Note 28: Sales Financing Transactions”.

## 8. Acquisitions and Disposals

**Business combinations** are accounted for using the acquisition method, as at the acquisition date, which is the date on which control is transferred to the Company.

The determination of the fair value of the acquired assets and the assumed liabilities which are the basis for the measurement of goodwill requires significant estimates. Land, buildings and equipment are usually independently appraised while marketable securities are valued at market prices. If intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company either consults with an independent external valuation expert or develops the fair value internally, using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows.

These evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and the discount rate applied.

**Loss of control, loss of joint control, loss of significant influence** — Upon loss of control of a subsidiary, the assets and liabilities and any components of the Company's equity

related to the subsidiary are derecognised. Any gain or loss arising from the loss of control is recognised within other income or other expenses in the Consolidated Income Statement. If the Company retains any interest in the previous subsidiary, such interest is measured at fair value at the date the control is lost.

Assets and liabilities of a material subsidiary for which a loss of control is highly probable are classified as assets and liabilities held for sale when the Company has received sufficient evidence that the loss of control will occur in the 12 months after the classification. These assets and liabilities are presented after elimination of intercompany transactions.

When the loss of significant influence or the loss of joint control of an investment accounted under for the equity method is highly probable and is expected to occur in the coming 12 months, this associate or joint venture is classified as an asset held for sale.

**Sale of investment in an associate or joint venture** — Any gain or loss arising from the disposal of investment accounted for under the equity method is recognised within share of profit from investments.

### 8.1 Acquisitions

On 12 February 2020, Bombardier transferred its remaining shares in **Airbus Canada Limited Partnership ("ACLPL")** to Airbus and Investissement Québec ("IQ"). As per the agreement, Airbus acquired an additional 29.64% of the issued shares in ACLPL. This agreement brings the shareholdings in ACLPL for Airbus and IQ to 75% and 25%, respectively.

Airbus paid to Bombardier a consideration of US\$591 million of which US\$531 million was received at closing and US\$60 million to be paid over the 2020-22 period under certain conditions. The agreement also provides for the cancellation of Bombardier warrants owned by Airbus, as well as releasing Bombardier of its future funding capital requirement to ACLPL, previously performed through the non-voting participation Class B common units in ACLPL.

### 8.2 Disposals

On 23 December 2019, the Company finalised the sale of **PFW Aerospace GmbH** to Hutchinson Holding GmbH. Since 2011, Airbus held 74.9% in PFW Aerospace GmbH, a key supplier in the aerospace industry, while Safeguard held the remaining 25.1%. Airbus received a consideration of €103 million and recognised a gain of €57 million, reported in other income. Assets and liabilities of the disposed company were previously classified as held for sale.

The call rights of Airbus in respect of all IQ's interests in ACLPL at fair market value have been extended by an additional three years to January 2026.

The effect of this equity transaction on the equity attributable to the owners of ACLPL amounts to € -53 million.

As part of this transaction, Airbus, via its wholly owned subsidiary Stelia Aerospace, has also acquired the A220 and A330 work package production capabilities from Bombardier in Saint Laurent, Québec. Under this non-material transaction, the fair value of the net assets acquired amount to US\$ -4 million.

On 30 July 2019, the Company sold its shares in **Alestis Aerospace S.L.** to Aciturri Aeronáutica S.L., a company headquartered in Miranda de Ebro, Spain. The Company recognised a gain for an amount of €45 million in Airbus. Assets and liabilities of the disposed company were previously classified as held for sale.

## 8.3 Cash Flows from Disposals including Assets and Disposal Groups Classified as Held for Sale

The following table provides details on cash flows from disposals (resulting in assets and liabilities disposed) of subsidiaries, joint ventures and businesses:

<i>(In € million)</i>	<b>2020</b>	2019
Total selling price received by cash and cash equivalents	0	173
Cash and cash equivalents included in the disposed subsidiaries	0	(36)
<b>Total</b>	<b>0</b>	<b>137</b>

In 2019, the aggregate cash flows from disposals of subsidiaries and assets and disposals groups classified as held for sale resulted mainly from the sale of PFW Aerospace GmbH and Alestis Aerospace S.L.

## 9. Investments Accounted for under the Equity Method

<i>(In € million)</i>	31 December	
	<b>2020</b>	2019
Investments in joint ventures	1,367	1,444
Investments in associates	211	182
<b>Total</b>	<b>1,578</b>	<b>1,626</b>

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

### 9.1 Investments in Joint Ventures

The joint ventures in which the Company holds an interest are structured in separate incorporated companies. Under joint arrangement agreements, unanimous consent is required from all parties to the agreement for all relevant activities. The Company and its partners have rights to the net assets of these entities through the terms of the contractual agreements.

The Company's interest in its joint ventures, accounted for under the equity method, is stated in aggregate in the following table:

<i>(In € million)</i>	<b>2020</b>	2019
<b>Carrying amount of the investments at 1 January</b>	<b>1,444</b>	<b>1,484</b>
Share of results from continuing operations	31	264
Share of other comprehensive income	(57)	(82)
Dividends received during the year	(49)	(225)
Others	(2)	3
<b>Carrying amount of the investments at 31 December</b>	<b>1,367</b>	<b>1,444</b>

The Company's individually material joint ventures are ArianeGroup, Paris (France), MBDA S.A.S., Paris (France), and ATR GIE, Blagnac (France), as parent companies of their respective groups. These joint venture companies are not publicly listed.

**ArianeGroup** is a 50% joint venture between the Company and Safran. ArianeGroup is the head company in a group comprising several subsidiaries and affiliates, all leading companies in their fields, such as: APP, Arianespace, Cilas, Eurockot, Eurocryospace, Europropulsion, Nuclétudes, Pyroalliance,

Regulus, Sodern and Starsem. ArianeGroup inherits a rich portfolio of products and services, enabling it to deliver innovative and competitive solutions to numerous customers around the world.

The Company holds a 37.5% stake in **MBDA** at 31 December 2020, which is a joint venture between the Company, BAE Systems and Leonardo. MBDA offers missile systems capabilities that cover the whole range of solutions for air dominance, ground-based air defence and maritime superiority, as well as advanced technological solutions for battlefield engagement.

ATR GIE manufactures advanced turboprop aircraft. It is a 50% joint venture between Leonardo group company and the Company. Both Leonardo and the Company provide airframes which are assembled by ATR GIE in France. The members of

ATR GIE are legally entitled exclusively to the benefits and are liable for the commitments of the Company. ATR GIE is obliged to transfer its cash to each member of the joint venture.

The following table summarises financial information for ArianeGroup, MBDA and ATR GIE based on their Consolidated Financial Statements prepared in accordance with IFRS:

<i>(In € million)</i>	ArianeGroup		MBDA		ATR GIE	
	2020	2019	2020	2019	2020	2019
Revenue	2,718	3,069	3,592	3,703	398	1,438
Depreciation and amortisation	(128)	(128)	(143)	(126)	(6)	(33)
Interest income	9	4	5	13	0	0
Interest expense	(27)	(15)	(17)	(26)	0	0
Income tax expense	9	(71)	(119)	(127)	1	(3)
Profit from continuing operations	(6)	133	279	268	(138)	106
Other comprehensive income	(14)	(79)	(157)	(79)	0	0
<b>Total comprehensive income (100%)</b>	<b>(20)</b>	<b>54</b>	<b>122</b>	<b>189</b>	<b>(138)</b>	<b>106</b>
Non-current assets	6,111	6,207	2,687	2,718	262	252
Current assets	6,260	6,610	7,841	7,707	835	729
<i>thereof cash and cash equivalents</i>	642	828	2,851	2,906	9	6
Non-current liabilities	1,152	1,067	1,104	1,114	165	166
<i>thereof non-current financial liabilities (excluding trade and other payables and provisions)</i>	483	517	3	5	0	0
Current liabilities	7,075	7,601	8,821	8,693	901	592
<i>thereof current financial liabilities (excluding trade and other payables and provisions)</i>	53	57	27	25	0	0
<b>Total equity (100%)</b>	<b>4,144</b>	<b>4,149</b>	<b>603</b>	<b>618</b>	<b>31</b>	<b>223</b>
Equity attributable to the equity owners of the parent	4,144	4,145	603	618	31	223
Non-controlling interests	0	4	0	0	0	0

<i>(In € million)</i>	ArianeGroup		MBDA		ATR GIE	
	2020	2019	2020	2019	2020	2019
The Company's interest in equity on investee	2,072	2,073	226	232	15	111
Goodwill	244	244	282	282	0	0
PPA adjustments, net of tax	(1,519)	(1,519)	0	0	0	0
Airbus Defence and Space PPA (including 2016 Ariane 6 catch-up)	(71)	(52)	0	0	0	0
Contingent liability release adjustment	(36)	(30)	0	0	0	0
Fair value adjustments and modifications for differences in accounting policies	(23)	(19)	(10)	(11)	0	0
Dividend adjustment	0	0	0	(53)	0	0
Elimination of downstream inventory	2	2	0	0	(5)	(5)
<b>Carrying amount of the investment at 31 December</b>	<b>669</b>	<b>699</b>	<b>498</b>	<b>450</b>	<b>10</b>	<b>106</b>



The development of these investments is as follows:

<i>(In € million)</i>	ArianeGroup		MBDA		ATR GIE	
	2020	2019	2020	2019	2020	2019
<b>Carrying amount of the investment at 1 January</b>	<b>699</b>	<b>722</b>	<b>450</b>	<b>463</b>	<b>106</b>	<b>146</b>
Share of results from continuing operations	(22)	52	107	101	(68)	54
Share of other comprehensive income	(8)	(38)	(57)	(30)	5	(3)
Dividends received during the year	0	(38)	0	(84)	(33)	(90)
Changes in consolidation	0	0	0	0	0	0
Others	0	0	(2)	(1)	0	(1)
<b>Carrying amount of the investment at 31 December</b>	<b>669</b>	<b>699</b>	<b>498</b>	<b>450</b>	<b>10</b>	<b>106</b>

The Company's share of contingent liabilities as of 31 December 2020 relating to MBDA is €450 million (2019: €412 million).

## 9.2 Investments in Associates

The Company's interests in associates, accounted for under the equity method, are stated in aggregate in the following table:

<i>(In € million)</i>	2020	2019
<b>Carrying amount of the investment at 1 January</b>	<b>182</b>	<b>209</b>
Share of results from continuing operations	8	35
Share of other comprehensive income	32	(14)
Dividends received during the year	(44)	(21)
Changes in consolidation	28	0
Disposal of shares	5	0
Others	0	(27)
<b>Carrying amount of the investment at 31 December</b>	<b>211</b>	<b>182</b>

The cumulative unrecognised comprehensive loss for these associates amounts to €-97 million and €-52 million as of 31 December 2020 and 2019, respectively (thereof €-45 million for the period).

## 10. Related Party Transactions

<i>(In € million)</i>	Sales of goods and services and other income	Purchases of goods and services and other expenses	Receivables at 31 December	Liabilities at 31 December	Loans granted / Other receivables due at 31 December	Loans received / Other liabilities due at 31 December
<b>2020</b>						
Total transactions with associates	9	42	6	13	101	16
Total transactions with joint ventures	2,596	186	1,294	1,176	5	1,275
<b>2019</b>						
Total transactions with associates	4	204	5	36	97	7
Total transactions with joint ventures	2,069	268	1,289	1,432	2	1,222

Transactions with unconsolidated subsidiaries are immaterial to the Company's Consolidated Financial Statements.

As of 31 December 2020, the Company granted guarantees of €129 million to Air Tanker Group in the UK (2019: €129 million).

For information regarding the funding of the Company's pension plans, which are considered as related parties, see "– Note 32: Post-Employment Benefits".

The information relative to compensation and benefits granted to Members of the Executive Committee and Board of Directors are disclosed in "– Note 34: Remuneration".

## 2.3 Segment Information

The Company operates in three reportable segments which reflect the internal organisational and management structure according to the nature of the products and services provided.

- **Airbus** — Development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats, aircraft conversion and related services; development, manufacturing, marketing and sale of regional turboprop aircraft and aircraft components. It also includes the holding function of the Company and its bank activities.
- **Airbus Helicopters** — Development, manufacturing, marketing and sale of civil and military helicopters; provision of helicopter related services.

- **Airbus Defence and Space** — Military Aircraft design, development, delivery, and support of military aircraft such as combat, mission, transport and tanker aircraft and their associated services. Space Systems design, development, delivery, and support of full range of civil and defence space systems for telecommunications, earth observations, navigation, science and orbital systems. Connected Intelligence provision of services around data processing from platforms, secure communication and cyber security. In addition, the main joint ventures design, develop, deliver, and support missile systems as well as space launcher systems. Unmanned Aerial Systems design, development, delivery and service support.

## 11. Segment Information

The following tables present information with respect to the Company's business segments. As a rule, inter-segment transfers are carried out on an arm's length basis. Inter-segment sales predominantly take place between Airbus and Airbus Defence and Space and between Airbus Helicopters and Airbus. The activities related to innovation and digital transformation, which were formerly reported in the column "Transversal/Eliminations", are now included in the business segment Airbus under the new segment structure. Consolidation effects will continue to be reported in the column "Eliminations".

The Company uses EBIT as a key indicator of its economic performance.

Business segment information for the year ended 31 December 2020 is as follows:

<i>(In € million)</i>	Airbus	Airbus Helicopters	Airbus Defence and Space	Eliminations	<b>Consolidated Airbus</b>
Total revenue	34,250	6,251	10,446	0	50,947
Internal revenue	(689)	(271)	(75)	0	(1,035)
<b>Revenue</b>	<b>33,561</b>	<b>5,980</b>	<b>10,371</b>	<b>0</b>	<b>49,912</b>
<i>thereof</i>					
<i>sales of goods at a point in time</i>	31,331	3,144	2,921	0	37,396
<i>sales of goods over time</i>	37	273	4,084	0	4,394
<i>services, including sales of spare parts</i>	2,193	2,563	3,366	0	8,122
<b>Profit (Loss) before financial result and income taxes (EBIT)</b>	<b>(1,330)</b>	<b>455</b>	<b>408</b>	<b>(43)</b>	<b>(510)</b>
<i>thereof</i>					
<i>depreciation and amortisation</i>	(1,951)	(208)	(672)	0	(2,831)
<i>research and development expenses</i>	(2,436)	(273)	(225)	76	(2,858)
<i>share of profit from investments accounted for under the equity method</i>	(80)	6	113	0	39
<i>additions to other provisions<sup>(1)</sup></i>	(2,371)	(398)	(980)	(11)	(3,760)
Interest result					(271)
Other financial result					(349)
Income taxes					(39)
<b>Loss for the period</b>					<b>(1,169)</b>

(1) See "– Note 25: Provisions, Contingent Assets and Contingent Liabilities".

Business segment information for the year ended 31 December 2019 is as follows:

<i>(In € million)</i>	Airbus	Airbus Helicopters	Airbus Defence and Space	Eliminations	Consolidated Airbus
Total revenue	54,775	6,007	10,907	0	71,689
Internal revenue	(696)	(429)	(86)	0	(1,211)
<b>Revenue</b>	<b>54,079</b>	<b>5,578</b>	<b>10,821</b>	<b>0</b>	<b>70,478</b>
<i>thereof</i>					
<i>sales of goods at a point in time</i>	50,577	2,924	3,457	0	56,958
<i>sales of goods over time</i>	21	278	3,942	0	4,241
<i>services, including sales of spare parts</i>	3,481	2,376	3,422	0	9,279
<b>Profit before financial result and income taxes (EBIT) <sup>(1)</sup></b>	<b>1,794</b>	<b>414</b>	<b>(881)</b>	<b>12</b>	<b>1,339</b>
<i>thereof</i>					
<i>depreciation and amortisation</i>	(2,130)	(160)	(555)	(82)	(2,927)
<i>research and development expenses <sup>(1)</sup></i>	(2,816)	(291)	(302)	51	(3,358)
<i>share of profit from investments accounted for under the equity method</i>	63	8	228	0	299
<i>additions to other provisions</i>	(1,573)	(429)	(1,788)	(11)	(3,801)
Interest result					(111)
Other financial result					(164)
Income taxes					(2,389)
<b>Loss for the period</b>					<b>(1,325)</b>

(1) Restated due to new segment presentation.

Segment capital expenditures	31 December	
<i>(In € million)</i>	2020	2019
Airbus	1,191	1,678
Airbus Helicopters	113	163
Airbus Defence and Space	455	498
Eliminations	0	1
<b>Total capital expenditures <sup>(1)</sup></b>	<b>1,759</b>	<b>2,340</b>

(1) Excluding expenditure for leased assets.

Segment assets	31 December	
<i>(In € million)</i>	2020	2019
Airbus	65,180	64,723
Airbus Helicopters	8,757	9,407
Airbus Defence and Space	16,701	17,456
Eliminations	(6,593)	(6,651)
<b>Total segment assets</b>	<b>84,045</b>	<b>84,935</b>
<b>Unallocated</b>		
Deferred and current tax assets	4,643	6,792
Securities	6,968	13,368
Cash and cash equivalents	14,439	9,314
Assets classified as held for sale	0	0
<b>Total assets</b>	<b>110,095</b>	<b>114,409</b>

Revenue by geographical areas is disclosed in “– Note 12: Revenue and Gross Margin”. Property, plant and equipment by geographical areas is disclosed in “– Note 21: Property, Plant and Equipment”.

Segment order backlog	31 December			
	2020		2019	
	(In € million)	(in %)	(In € million)	(in %)
Airbus	324,675	87	424,082	90
Airbus Helicopters	15,782	4	16,627	3
Airbus Defence and Space	33,505	9	32,263	7
Eliminations	(835)	0	(1,484)	0
<b>Total</b>	<b>373,127</b>	<b>100</b>	<b>471,488</b>	<b>100</b>

As of 31 December 2020, the total backlog represents the aggregate amount of the transaction price allocated to the unsatisfied and partially unsatisfied performance obligations to the Company's customers. Backlog commitments are relative to the Company's enforceable contracts with its customers where it is probable that the consideration will be collected. The value of the backlog is measured in accordance with the revenue recognition standard (IFRS 15). As a result, contractual rebates, engines concessions, and variable considerations are taken into consideration for measurement. Contracts stipulated in a currency different than the presentation currency are translated

to euro using the spot rate as of 31 December 2020 and 2019 respectively. Adjustments to the value of the backlog could result from changes in the transaction price. The backlog valuation is based on the estimates and assumptions (see "– Note 4: Key Estimates and Judgements") and will mainly be released into revenue over a period of seven years.

The decrease reflects the higher number of deliveries as compared to order intake, the weakening of the US dollar and a thorough reassessment of the recoverability of the order backlog.

## 2.4 Airbus Performance

### 12. Revenue and Gross Margin

**Revenue** decreased by €-20,566 million to €49,912 million (2019: €70,478 million). The decrease is mainly driven by Airbus (€-20,518 million) reflecting lower deliveries of 566 aircraft (in 2019: 863 aircraft) in line with the production adaptation plan set out in April 2020 in response to the COVID-19 pandemic (see "– Note 2: Impact of the COVID-19 pandemic").

Revenue by geographical areas based on the location of the customer is as follows:

(In € million)	2020	2019
Asia-Pacific	13,087	22,625
Europe	20,325	22,591
North America	8,688	12,036
Middle East	3,123	7,053
Latin America	983	1,851
Other countries	3,706	4,322
<b>Total</b>	<b>49,912</b>	<b>70,478</b>

The **gross margin** decreased by €-4,843 million to €5,662 million compared to €10,505 million in 2019. It mainly reflects lower deliveries and lower cost efficiency at Airbus. The gross margin rate decreased from 14.9% to 11.3%.

As of 31 December 2018, the Company's largest A380 operator reviewed its aircraft fleet strategy going forward and concluded it is forced to restructure and reduce its A380 order by 39 aircraft. As a consequence of this decision, deliveries of the A380 will cease in 2022.

At year-end 2018, the Company impaired specific A380 assets in the amount of €167 million, recognised an onerous contract provision for an amount of €1,257 million and updated the measurement of refundable advances including interest accretion for a total amount of €1,426 million. As a consequence, the recognition of the onerous contract provision as well as other specific provisions and the remeasurement of the liabilities affected the consolidated income statement before taxes by a net €463 million in EBIT and positively impacted the other financial result by €177 million.

In 2019, the Company recorded an additional net charge of €99 million in EBIT as part of its continuous assessment of assets recoverability and quarterly review of onerous contract provision assumptions. In 2020, the Company recorded an additional net charge of €320 million in EBIT.

As of 31 December 2020, the Company has delivered a total of 97 A400M aircraft including nine aircraft in 2020.

The COVID-19 pandemic is weighing on the performance of development, production, flight testing, aircraft delivery and retrofit activities. The Company continued with development activities toward achieving the revised capability roadmap. Retrofit activities are progressing in close alignment with the customer.

In the fourth quarter 2019, an update of the contract estimate at completion was performed and an additional charge of €1,212 million recorded. This reflected mainly the updated estimates on the export scenario during the launch contract phase as well as some cost increases in particular for retrofit and an updated view on applicable escalation. In 2020, an update of the contract estimate at completion confirmed the

2019 position. A charge of €63 million has been recorded in 2020 reflecting mainly the variation of price escalation indexes.

Risks remain on the development of technical capabilities and associated costs, on aircraft operational reliability in particular with regard to power plant, on cost reductions and on securing export orders in time as per the revised baseline.

Due to the suspension of defence export licences to Saudi Arabia by the German Government until 31 March 2020, and the consequential inability of the Company to execute a customer contract, a revised Estimate at Completion (EAC) was performed as of 31 December 2019. As a result, a €221 million impairment charge mainly on inventories on top of a €112 million financial expense related to hedge ineffectiveness has been recognised in 2019. In the fourth quarter 2020 the Company updated its contract estimate at completion which confirms the 2019 assessment. 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 further significant financial impacts.

## 13. Administrative Expenses

**Administrative expenses** decreased by €-3,794 million to €1,423 million (2019: €5,217 million), mainly due to the final agreements reached in 2019 with the French Parquet National Financier (PNF), the U.K. Serious Fraud Office (SFO) and the US Department of State (DoS).

## 14. Research and Development Expenses

**Research and development expenses** decreased by €-500 million to €2,858 million compared to €3,358 million in 2019.

## 15. Other Income and Other Expenses

**Other income** decreased by €-238 million to €132 million compared to €370 million in 2019.

**Other expenses** increased by €+1,102 million to €-1,458 million compared to €-356 million in 2019, mainly due to the restructuring provision recorded in 2020 in response to the COVID-19 pandemic. For more details, see “– Note 2: Impact of the COVID-19 pandemic”.

## 16. Share of Profit from Investments Accounted for under the Equity Method and Other Income from Investments

(In € million)	2020	2019
Share of profit from investments in joint ventures	31	265
Share of profit from investments in associates	8	34
<b>Share of profit from investments accounted for under the equity method</b>	<b>39</b>	<b>299</b>
<b>Other income from investments</b>	<b>113</b>	<b>4</b>

**Share of profit from investments under the equity method** and **other income from investments** decreased by €-151 million to €152 million compared to €303 million in 2019.



## 17. Total Financial Result

**Interest income** derived from the Company's asset management and lending activities is recognised as interest accrues, using the effective interest rate method.

<i>(In € million)</i>	<b>2020</b>	<b>2019</b>
Interests on European Governments' refundable advances	(108)	(96)
Others	(163)	(15)
<b>Total interest result <sup>(1)</sup></b>	<b>(271)</b>	<b>(111)</b>
Change in fair value measurement of financial instruments	111	68
Foreign exchange translations on monetary items	(28)	(69)
Unwinding of discounted provisions	(25)	(46)
Others	(407)	(117)
<b>Total other financial result</b>	<b>(349)</b>	<b>(164)</b>
<b>Total</b>	<b>(620)</b>	<b>(275)</b>

(1) In 2020, the total interest income amounts to € 140 million (2019: € 228 million) for financial assets which are not measured at fair value through profit or loss. For financial liabilities which are not measured at fair value through profit or loss € -411 million (2019: € -339 million) are recognised as total interest expenses. Both amounts are calculated by using the effective interest method.

**Total financial result** deteriorated by € -345 million to € -620 million compared to € -275 million in 2019. This is driven by a decrease of € -160 million in interest result and the remeasurement on the A350 Repayable Launch Investment ("RLI") (see "– Note 26: Other Financial Assets and Other Financial Liabilities").

## 18. Income Taxes

The expense for income taxes is comprised of the following:

<i>(In € million)</i>	<b>2020</b>	<b>2019</b>
Current tax expense	227	(2,903)
Deferred tax expense	(266)	514
<b>Total</b>	<b>(39)</b>	<b>(2,389)</b>

Main income tax rates and main changes impacting the Company:

<i>(Rate in %)</i>	<b>2020</b>	<b>2021</b>	<b>&gt; 2021</b>
Netherlands	25.00	25.00	25.00
France	32.02	28.41	25.83
Germany	30.00	30.00	30.00
Spain	25.00	25.00	25.00
UK	19.00	19.00	19.00

The following table shows a reconciliation from the theoretical income tax (expense) using the Dutch corporate tax rate to the reported income tax (expense):

<i>(In € million)</i>	<b>2020</b>	<b>2019</b>
Profit before income taxes	(1,130)	1,064
Corporate income tax rate	25.0%	25.0%
<b>Expected (expense) for income taxes</b>	<b>283</b>	<b>(266)</b>
Effects from tax rate differentials / Change of tax rate	(4)	(439)
Capital gains and losses on disposals/mergers	(3)	21
Income from investment and associates	24	74
Tax credit	13	49
Change in valuation allowances <sup>(1)</sup>	(356)	(467)
Non-deductible final agreements reached with PNF, SFO and DoS		(899)
Tax contingencies	147	(331)
Other non-deductible expenses and tax-free income	(143)	(131)
<b>Reported tax (expense)</b>	<b>(39)</b>	<b>(2,389)</b>

(1) Reassessments of the recoverability of deferred tax assets based on future taxable profits.

The **income tax** expense amounts to € -39 million (2019: € -2,389 million). It corresponds to an effective income tax rate of -3.5% driven by the negative pre-tax result in 2020 offset by deferred tax impairments and tax-free revaluation of certain equity investments.

In 2019, the high effective tax rate was mainly driven by the non-deductibility of the penalties accounted for in the 2019 accounts (see “– Note 39: Litigation and Claims”). It also comprises deferred tax impairments and tax risk updates partially offset by the sales of PFW Aerospace GmbH and Alestis Aerospace S.L. at a reduced tax rate (see “– Note 8: Acquisitions and Disposals”).

As the Company controls the timing of the reversal of temporary differences associated with its subsidiaries (usually referred to as “outside basis differences”) arising from yet undistributed profits

and changes in foreign exchange rates, it does not recognise a deferred tax liability. For temporary differences arising from investments in associates the Company recognises deferred tax liabilities. The rate used reflects the assumptions that these differences will be recovered from dividend distribution unless a management resolution for the divestment of the investment exists at the closing date. For joint ventures, the Company assesses its ability to control the distribution of dividends based on existing shareholder agreements and recognises deferred tax liabilities accordingly.

As of 31 December 2020, the aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, for which deferred tax liabilities have not been recognised, amounts to € 123 million.

Deferred tax on net operating losses (“NOLs”), trade tax loss carry forwards and tax credit carry forwards are:

<i>(In € million)</i>	France	Germany	Spain	UK	Other countries	31 December 2020	31 December 2019
NOL	726	3,159	58	1,575	2,107	7,625	6,962
Trade tax loss carry forwards	0	3,263	0	0	0	3,263	2,544
Tax credit carry forwards	0	0	277	0	2	279	299
<b>Tax effect</b>	<b>188</b>	<b>962</b>	<b>291</b>	<b>299</b>	<b>543</b>	<b>2,283</b>	<b>2,073</b>
Valuation allowances	(112)	(878)	(263)	(170)	(504)	(1,927)	(1,588)
<b>Deferred tax assets on NOLs and tax credit carry forwards</b>	<b>76</b>	<b>84</b>	<b>28</b>	<b>129</b>	<b>39</b>	<b>356</b>	<b>485</b>

NOLs, capital losses and trade tax loss carry forwards are indefinitely usable under certain restrictions in France, Germany, the UK and Spain. They are usable for 20 years in Canada. In Spain, R&D tax credit carry forwards will expire after 18 years.

Roll forward of deferred tax:

<i>(In € million)</i>	2020	2019
<b>Net deferred tax assets at 1 January</b>	<b>4,610</b>	<b>3,516</b>
Deferred tax expense in income statement	(266)	514
Deferred tax recognised directly in AOCI	(893)	308
Deferred tax on remeasurement of the net defined benefit pension plans	358	442
Others	(237)	(170)
<b>Net deferred tax assets at 31 December</b>	<b>3,572</b>	<b>4,610</b>

Details of deferred tax recognised cumulatively in equity are as follows:

<i>(In € million)</i>	2020	2019
Financial assets at fair value through OCI	(128)	(151)
Cash flow hedges	(86)	830
Deferred tax on remeasurement of the net defined benefit pension plans	2,494	2,136
<b>Total</b>	<b>2,280</b>	<b>2,815</b>

Deferred income taxes as of 31 December 2020 are related to the following assets and liabilities:

<i>(In € million)</i>	1 January 2020		Other movements		Movement through income statement		31 December 2020	
	Deferred tax assets	Deferred tax liabilities	OCI/ IAS 19	Others <sup>(1)</sup>	R&D tax credits	Deferred tax benefit (expense)	Deferred tax assets	Deferred tax liabilities
Intangible assets	221	(503)	0	(10)	0	(11)	186	(489)
Property, plant and equipment	55	(281)	0	(4)	0	(53)	30	(313)
Investments and other long-term financial assets	1,897	(38)	0	(14)	0	(754)	1,174	(83)
Inventories	2,636	(37)	0	(15)	0	(1,099)	3,088	(1,603)
Receivables and other assets	1,937	(1,310)	(1,086)	53	0	1,171	2,457	(1,692)
Prepaid expenses	13	0	0	0	0	(15)	0	(2)
Provisions for retirement plans	961	0	451	(16)	0	(208)	1,188	0
Other provisions	2,026	(557)	0	(4)	0	248	2,043	(330)
Liabilities	1,528	(3,642)	160	(83)	0	338	1,966	(3,665)
Deferred income	19	(236)	0	2	0	151	53	(117)
NOLs and tax credit carry forwards	2,073	0	0	(69)	(43)	322	2,283	0
<b>Deferred tax assets (liabilities) before offsetting</b>	<b>13,366</b>	<b>(6,604)</b>	<b>(475)</b>	<b>(160)</b>	<b>(43)</b>	<b>90</b>	<b>14,468</b>	<b>(8,294)</b>
Valuation allowances on deferred tax assets	(2,152)	0	(59)	48	(83)	(356)	(2,602)	0
Set-off	(6,206)	6,206	0	0	0	0	(7,843)	7,843
<b>Net deferred tax assets (liabilities)</b>	<b>5,008</b>	<b>(398)</b>	<b>(534)</b>	<b>(112)</b>	<b>(126)</b>	<b>(266)</b>	<b>4,023</b>	<b>(451)</b>

(1) "Others" mainly comprises changes in the consolidation scope and foreign exchange rate effects.

Deferred income taxes as of 31 December 2019 are related to the following assets and liabilities:

<i>(In € million)</i>	1 January 2019		Other movements		Movement through income statement		31 December 2019	
	Deferred tax assets	Deferred tax liabilities	OCI/ IAS 19	Others <sup>(1)</sup>	R&D tax credits	Deferred tax benefit (expense)	Deferred tax assets	Deferred tax liabilities
Intangible assets	147	(462)	0	(16)	0	49	221	(503)
Property, plant and equipment	613	(1,011)	0	(3)	0	176	55	(281)
Investments and other long-term financial assets	1,416	(14)	0	21	0	436	1,897	(38)
Inventories	1,416	(13)	0	(3)	0	1,199	2,636	(37)
Receivables and other assets	646	(1,681)	319	51	0	1,292	1,937	(1,310)
Prepaid expenses	12	0	0	0	0	1	13	0
Provisions for retirement plans	695	(57)	884	11	0	(573)	961	0
Other provisions	1,890	44	0	(17)	0	(448)	2,026	(557)
Liabilities	887	(1,689)	0	(79)	0	(1,233)	1,528	(3,642)
Deferred income	0	(63)	0	3	0	(157)	19	(236)
NOLs and tax credit carry forwards	1,868	0	0	0	(33)	238	2,073	0
<b>Deferred tax assets (liabilities) before offsetting</b>	<b>9,590</b>	<b>(4,946)</b>	<b>1,203</b>	<b>(32)</b>	<b>(33)</b>	<b>981</b>	<b>13,366</b>	<b>(6,604)</b>
Valuation allowances on deferred tax assets	(1,127)	0	(453)	0	(105)	(467)	(2,152)	0
Set-off	(3,628)	3,628	0	0	0	0	(6,206)	6,206
<b>Net deferred tax assets (liabilities)</b>	<b>4,835</b>	<b>(1,318)</b>	<b>750</b>	<b>(32)</b>	<b>(138)</b>	<b>514</b>	<b>5,008</b>	<b>(398)</b>

(1) "Others" mainly comprises changes in the consolidation scope and foreign exchange rate effects.

## 19. Earnings per Share

	2020	2019
Loss for the period attributable to equity owners of the parent (Net income)	€ (1,133) million	€ (1,362) million
Weighted average number of ordinary shares	783,178,191	777,039,858
<b>Basic earnings per share</b>	<b>€ (1.45)</b>	<b>€ (1.75)</b>

**Diluted earnings per share** – The Company’s dilutive potential ordinary shares are share-settled Performance Units relating to Long-Term Incentive Plans (“LTIP”).

As there is a loss in 2020, the effect of potentially dilutive ordinary shares is anti-dilutive.

	2020	2019
Loss for the period attributable to equity owners of the parent (Net income), adjusted for diluted calculation	€ (1,133) million	€ (1,362) million
Weighted average number of ordinary shares (diluted)	783,178,191	777,039,858
<b>Diluted earnings per share</b>	<b>€ (1.45)</b>	<b>€ (1.75)</b>

## 2.5 Operational Assets and Liabilities

### 20. Intangible Assets

**Intangible assets** comprise (i) goodwill (see “– Note 7: Scope of Consolidation”), (ii) capitalised development costs (see “– Note 3: Significant Accounting Policies”) and (iii) other intangible assets, e.g. internally developed software and acquired intangible assets.

Intangible assets with finite useful lives are generally amortised on a straight-line basis over their respective estimated useful lives (three to ten years) to their estimated residual values.

31 December 2020 and 2019 comprise the following:

(In € million)	31 December 2020			31 December 2019		
	Gross amount	Amortisation / Impairment	Net book value	Gross amount	Amortisation / Impairment	Net book value
Goodwill	14,039	(1,040)	12,999	14,062	(1,043)	13,019
Capitalised development costs	3,210	(1,952)	1,258	3,209	(1,749)	1,460
Other intangible assets	4,807	(2,865)	1,942	4,785	(2,673)	2,112
<b>Total</b>	<b>22,056</b>	<b>(5,857)</b>	<b>16,199</b>	<b>22,056</b>	<b>(5,465)</b>	<b>16,591</b>



## NET BOOK VALUE

(In € million)	Balance at 1 January 2020	Exchange differences	Additions	Changes in consolidation scope	Reclassification	Disposals	Amortisation / Impairment	Balance at 31 December 2020
Goodwill	13,019	(30)	10	0	0	0	0	12,999
Capitalised development costs	1,460	(9)	101	0	0	(72)	(222)	1,258
Other intangible assets	2,112	(128)	199	1	(13)	3	(232)	1,942
<b>Total</b>	<b>16,591</b>	<b>(167)</b>	<b>310</b>	<b>1</b>	<b>(13)</b>	<b>(69)</b>	<b>(454)</b>	<b>16,199</b>

(In € million)	Balance at 1 January 2019	Exchange differences	Additions	Changes in consolidation scope	Reclassification <sup>(1)</sup>	Disposals <sup>(1)</sup>	Amortisation / Impairment	Balance at 31 December 2019
Goodwill	13,039	11	0	0	4	(35)	0	13,019
Capitalised development costs	1,582	8	134	13	49	7	(333)	1,460
Other intangible assets	2,105	32	275	42	(104)	(8)	(230)	2,112
<b>Total</b>	<b>16,726</b>	<b>51</b>	<b>409</b>	<b>55</b>	<b>(51)</b>	<b>(36)</b>	<b>(563)</b>	<b>16,591</b>

(1) Includes intangible assets from entities disposed (see “– Note 8: Acquisitions and Disposals”).

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

## Capitalised Development Costs

The Company has capitalised development costs in the amount of € 1,258 million as of 31 December 2020 (€ 1,460 million as of 31 December 2019), mainly for Airbus programmes (€ 754 million).

## Impairment Tests

Each year the Company assesses whether there is an indication that a non-financial asset or a cash generating unit (“CGU”) to which the asset belongs may be impaired. In addition, intangible assets with an indefinite useful life, intangible assets not yet available for use and goodwill are tested for impairment annually, irrespective of whether there is any indication for impairment. An impairment loss is recognised in the amount by which the asset’s carrying amount exceeds its recoverable amount. For the purpose of impairment testing, any goodwill is allocated to the CGU or group of CGUs in a way that reflects the way goodwill is monitored for internal management purposes.

The discounted cash flow method is used to determine the recoverable amount of a CGU or the group of CGUs to which goodwill is allocated. The discounted cash flow method is particularly sensitive to the selected discount rates and estimates of future cash flows by management. Discount rates are based on the weighted average cost of capital (“WACC”)

for the groups of cash-generating units. The discount rates are calculated based on a risk-free rate of interest and a market risk premium. In addition, the discount rates reflect the current market assessment of the risks specific to each group of CGUs by taking into account specific peer group information on beta factors, leverage and cost of debt. Consequently, slight changes to these elements can materially affect the resulting valuation and therefore the amount of a potential impairment charge.

These estimates are influenced by several assumptions including the growth rate of CGUs where a rate of 1% has been applied, the increase of deliveries in the coming years, the availability and composition of future defence and institutional budgets, and foreign exchange fluctuations or implications arising from the volatility of capital markets. Cash flow projections take into account past experience and represent management’s best estimate of future developments.

The Company tested the intangible assets for which an indicator of impairment was identified. In particular the Company tested the intangible assets associated with the main aircraft programmes and concluded that no impairment was necessary.

As of 31 December 2020 and 2019, goodwill was allocated to CGUs or group of CGUs and is summarised in the following schedule:

<i>(In € million)</i>	Airbus	Airbus Helicopters	Airbus Defence and Space	Eliminations	Consolidated Airbus
<b>Goodwill as of 31 December 2020</b>	<b>10,710</b>	<b>139</b>	<b>2,150</b>	<b>0</b>	<b>12,999</b>
Goodwill as of 31 December 2019	10,733	129	2,157	0	13,019

The goodwill mainly relates to the creation of the Company in 2000 and the Airbus Combination in 2001.

The annual impairment tests performed in 2020 led to no impairment charge. Sensitivities were also performed for growth rates (+/-1%) and discount rates (+/-1%), and in both cases led to no impairment charge.

### General Assumptions Applied in the Planning Process

The basis for determining the recoverable amount is the value in use of the CGUs. Generally, cash flow projections used for the Company's impairment testing are based on operative planning.

The operative planning, used for the impairment test, is based on the following key assumptions which are relevant for all CGUs:

- increase of expected future labour expenses of 1.5% (2019: 2.0%);
- future interest rates projected per geographical market, for the European Monetary Union, the UK and the US;
- future exchange rate of 1.25 US\$/€ (2019: 1.25 US\$/€) to convert in euro the portion of future US dollar which is not hedged (see “– Note 38: Financial Instruments”);

General economic data derived from external macroeconomic and financial studies have been used to derive the general key assumptions.

In addition to these general planning assumptions, the following additional CGU specific assumptions, which represent management's current best assessment as of the date of these Consolidated Financial Statements, have been applied in individual CGUs.

#### Airbus

- The planning takes into account both the current market condition and Airbus production rate, and includes management's best estimates of the progressive increase in aircraft deliveries over the operative planning period.
- In the absence of long-term financial reference, expected cash flows generated beyond the planning horizon are considered through a terminal value.
- Due to the significant hedge portfolio, the carrying value and planned cash flows of the CGU Airbus are materially influenced.
- Cash flows are discounted using a euro weighted pre-tax WACC of 14.1% (2019: 11.6%).

#### Airbus Helicopters

- The planning takes into account the evolution of programmes based upon the current backlog and an assessment of order intake for platforms and services.
- In the absence of long-term financial reference, expected cash flows generated beyond the planning horizon are considered through a terminal value.
- Long-term commercial assumptions in respect of market share, deliveries and market value are based on the helicopter market forecast considering the decrease over recent years in the civil and parapublic market partially driven by decrease of investment in oil and gas, needs of helicopter fleet renewal and growth markers and the increase of Airbus Helicopters market share in this environment.
- Cash flows are discounted using a euro weighted pre-tax WACC of 12.8% (2019: 10.7%).

#### Airbus Defence and Space

- Overall the defence and space markets are expected to have a moderate growth during the period of the operative planning horizon.
- Business growth is underpinned by growing defence opportunities boosted after finalisation of the successful portfolio re-shaping programme. Underlying performance is improved by focusing on project delivery, cost control and efficiency.
- In the absence of long-term financial reference, expected cash flows generated beyond the planning horizon are considered through a terminal value.
- Cash flows are discounted using a euro weighted pre-tax WACC of 10.1% (2019: 8.5%).

## 21. Property, Plant and Equipment

**Property, plant and equipment** is valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. Items of property, plant and equipment are generally depreciated on a straight-line basis. The following useful lives are assumed:

Buildings	10 to 50 years
Site improvements	6 to 30 years
Technical equipment and machinery	2 to 20 years
Jigs and tools <sup>(1)</sup>	5 years
Other equipment, factory and office equipment	2 to 10 years

(1) If more appropriate, jigs and tools are depreciated using the number of production or similar units expected to be obtained from the tools (sum-of-the-units method).

Property, plant and equipment as of 31 December 2020 and 2019 comprises the following:

(In € million)	31 December 2020			31 December 2019		
	Gross amount	Depreciation / Impairment	Net book value	Gross amount	Depreciation / Impairment	Net book value
Land, leasehold improvements and buildings, including buildings on land owned by others	9,767	(5,086)	4,681	9,879	(5,056)	4,823
Technical equipment and machinery	23,650	(16,582)	7,068	23,144	(15,887)	7,257
Other equipment, factory and office equipment <sup>(1)</sup>	3,699	(2,888)	811	3,782	(2,825)	957
Construction in progress	2,310	0	2,310	2,714	0	2,714
Right-of-use assets <sup>(2)</sup>	2,426	(622)	1,804	1,793	(250)	1,543
<b>Total</b>	<b>41,852</b>	<b>(25,178)</b>	<b>16,674</b>	<b>41,312</b>	<b>(24,018)</b>	<b>17,294</b>

(1) Includes the net book value of aircraft under operating lease (see “– Note 28: Sales Financing Transactions”).

(2) The net book value of Land and Buildings under Right-of-use assets amounts to €1,665 million.

### NET BOOK VALUE

(In € million)	Balance at 1 January 2020	Exchange differences	Additions	Changes in consolidation scope	Reclassification	Disposals	Depreciation / Impairment <sup>(1)</sup>	Balance at 31 December 2020
Land, leasehold improvements and buildings, including buildings on land owned by others	4,823	(37)	104	(7)	168	(44)	(326)	4,681
Technical equipment and machinery	7,257	(127)	328	(3)	1,158	(36)	(1,509)	7,068
Other equipment, factory and office equipment	957	(13)	83	0	79	(73)	(222)	811
Construction in progress	2,714	(11)	1,008	2	(1,364)	(39)	0	2,310
Right-of-use assets	1,543	(57)	605	15	(23)	(33)	(246)	1,804
<b>Total</b>	<b>17,294</b>	<b>(245)</b>	<b>2,128</b>	<b>7</b>	<b>18</b>	<b>(225)</b>	<b>(2,303)</b>	<b>16,674</b>

(1) Accelerated depreciation previously included in onerous contract provision has been offset with the release of the provision in the presentation of the Consolidated Statement of Cash Flows for the year ended 2020.

<i>(In € million)</i>	Balance at 1 January 2019	Exchange differences	Additions	Changes in consolidation scope	Reclassification <sup>(1)</sup>	Disposals <sup>(1)</sup>	Depreciation / Impairment <sup>(2)</sup>	Balance at 31 December 2019
Land, leasehold improvements and buildings, including buildings on land owned by others	4,912	25	82	(52)	184	(8)	(320)	4,823
Technical equipment and machinery	7,958	71	408	(88)	935	(15)	(2,012)	7,257
Other equipment, factory and office equipment	890	7	169	(42)	170	(15)	(222)	957
Construction in progress	2,668	24	1,332	(3)	(1,315)	8	0	2,714
Right-of-use assets	1,697	6	201	(6)	(28)	(56)	(271)	1,543
<b>Total</b>	<b>18,125</b>	<b>133</b>	<b>2,192</b>	<b>(191)</b>	<b>(54)</b>	<b>(86)</b>	<b>(2,825)</b>	<b>17,294</b>

(1) Includes property, plant and equipment from entities disposed (see “– Note 8: Acquisitions and Disposals”).

(2) Accelerated depreciation previously included in onerous contract provision has been offset with the release of the provision in the presentation of the Consolidated Statement of Cash Flows for the year ended 2019.

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

For details on assets related to lease arrangements on sales financing, see “– Note 28: Sales Financing Transactions”.

#### PROPERTY, PLANT AND EQUIPMENT BY GEOGRAPHICAL AREAS

<i>(In € million)</i>	31 December	
	2020	2019
France	7,736	7,912
Germany	4,350	4,322
UK	1,615	1,991
Spain	1,350	1,405
Other countries	1,623	1,664
<b>Total</b>	<b>16,674</b>	<b>17,294</b>

### The Company as lessee

The Company leases mainly real estate assets, cars and equipment (such as land, warehouses, storage facilities and offices).

Short-term leases and leases of low-value assets refer mainly to IT equipment (e.g. printers, laptops and mobile phones) and other equipment.

The Company incurred interest expense on lease liabilities of €22 million. The expense in relation to short-term and low-value assets is insignificant.

There are no significant variable lease payments included in the Company’s lease arrangements.

The discount rate used to determine the right-of-use asset and the lease liability for each country and leased asset is calculated based on the incremental borrowing rate at inception of the lease. The Company calculated the rate applicable to each lease contract on the basis of the lease duration.

The maturity analysis of lease liabilities, based on contractual undiscounted cash flows is shown in “– Note 38.1: Financial Risk Management”.

### Real estate leases

The Company leases land and buildings mainly for its operational business warehouses including logistic facilities, offices, production halls and laboratories. The major leases are located in France, Germany, Spain, the US and the UK. As lease contracts are negotiated on an individual basis, lease terms contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 3-25 years and may include extension, termination and other options, which provide operational flexibility to the Company.

In November 2019, additional clarifications were issued by the IFRS Interpretations Committee. Consequently, economic terms should be taken into account when determining the enforceable period of a lease. Based on its lease portfolio, the Company considers that there are no economic consequences leading to a reassessment of the previously assessed enforceable period.

### Vehicle leases

The Company leases cars for management and other functions. Vehicle leases typically run for an average period of three years and do not provide renewal options.

### Other leases

The Company also leases IT equipment, machinery and other equipment that combined are insignificant to the total leased asset portfolio.

### Off-Balance Sheet Commitments

**Commitments related to property, plant and equipment** comprise contractual commitments for future capital expenditures and contractual commitments for purchases of "Land, leasehold improvements and buildings including buildings on land owned by others" (€335 million as of 31 December 2020, 2019: €429 million).

## 22. Other Investments and Other Long-Term Financial Assets

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

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

In December 2019, a reassessment of the OneWeb financial assets was performed leading to a decrease in the fair value of the equity investment by €45 million recorded through OCI, and a depreciation of a loan by €31 million recorded through financial result.

In March 2020, **OneWeb Communications** filed under Chapter 11 of the US Bankruptcy Code. Consequently, the related financial assets were fully impaired, leading to a decrease in the fair value of the equity investment by € -137 million recorded through OCI and a depreciation of a loan by € -136 million recorded through financial result.

On 3 July 2020, OneWeb entered into an agreement with a consortium led by Her Majesty's Government HMG and Bharti Global Limited for the acquisition of the OneWeb business in connection with its court-supervised sale process. On 20 November 2020, OneWeb announced the achievement of all regulatory approvals together with its emergence from Chapter 11 of the US Bankruptcy Code.

The completion of the transaction has no material impact on the Consolidated Financial Statements as of 31 December 2020.

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

## 23. Contract Assets and Contract Liabilities, Trade Receivables and Trade Liabilities

**Contract assets** represent the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned by something other than the passage of time (e.g. revenue recognised from the application of the PoC method before the Company has a right to invoice).

**Contract liabilities** represent the Company's obligation to transfer goods or services to a customer for which the Company has received consideration, or for which an amount of consideration is due from the customer (e.g. advance payments received).

**Net contract assets and contract liabilities** are determined for each contract separately. For serial contracts, contract liabilities are presented in current contract liabilities, if revenues are expected within the next twelve months or material expenses for the manufacturing process have already occurred. For long-term production contracts (e.g. governmental contracts such as A400M, Tiger, NH90), contract liabilities are classified as current when the relating inventories or receivables are expected to be recognised within the normal operating cycle of the long-term contract.



**Trade receivables** arise when the Company provides goods or services directly to a customer with no intention of trading the receivable. Trade receivables include claims arising from revenue recognition that are not yet settled by the debtor. Trade receivables are initially recognised at their transaction prices and are subsequently measured at amortised cost less any allowances for impairment. Gains and losses are recognised in

the Consolidated Income Statement when the receivables are derecognised, impaired or amortised.

**Impairment and allowances of trade receivables and contract assets** are measured at an amount equal to the life-time expected loss as described in “– Note 38: Financial Instruments”.

## Contract Assets, Contract Liabilities and Trade Receivables

Significant changes in contract assets and contract liabilities during the period are as follows:

(In € million)	2020		2019	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Revenue recognised that was included in the contract liability balance at 1 January	-	(20,327)	-	(37,303)
Increases due to cash received, excluding amounts recognised as revenue	-	20,915 <sup>(1)</sup>	-	38,312
Transfers from contract assets recognised at 1 January	(4,353)	-	(3,436)	-
Increase as a result of changes in the measure of progress	4,188	-	3,941	-

(1) Including final payments received from customers and others parties in anticipation.

As of 31 December 2020, trade receivables amounting to € 189 million (2019: € 203 million) will mature after more than one year.

The respective movement in the allowance for doubtful accounts in respect of trade receivables and contract assets during the period was as follows:

(In € million)	2020	2019
<b>Allowance balance at 1 January</b>	<b>(397)</b>	<b>(269)</b>
Utilisations/disposals and business combinations	162	39
Additions	(71)	(167)
<b>Allowance balance at 31 December</b>	<b>(306)</b>	<b>(397)</b>

## Trade Liabilities

**Trade liabilities** of € 8,722 million (2019: € 14,808 million) decreased by € -6,086 million, mainly in Airbus. This is in line with the production adaptation plan set out in April 2020 in response to the COVID-19 pandemic (see “– Note 2: Impact of the COVID-19 pandemic”) and includes payments made to suppliers in anticipation.

As of 31 December 2020, trade liabilities amounting to € 67 million (2019: € 107 million) will mature after more than one year.

## 24. Inventories

(In € million)	31 December 2020			31 December 2019		
	Gross amount	Write-down	Net book value	Gross amount	Write-down	Net book value
Raw materials and manufacturing supplies	3,934	(606)	3,328	3,860	(581)	3,279
Work in progress	21,225	(2,495)	18,730	22,553	(2,034)	20,519
Finished goods and parts for resale	5,919	(691)	5,228	4,729	(617)	4,112
Advance payments to suppliers	3,173	(58)	3,115	3,704	(64)	3,640
<b>Total</b>	<b>34,251</b>	<b>(3,850)</b>	<b>30,401</b>	<b>34,846</b>	<b>(3,296)</b>	<b>31,550</b>

**Inventories** of €30,401 million (2019: €31,550 million) decreased by €-1,149 million. This is driven by Airbus (€-746 million), and mainly reflects a decrease in work in progress in line with the production adaptation plan as well as A380 ramp down, partly offset by an increase in stored aircraft reflecting customer requests to defer deliveries, as well as other factors related to the ongoing COVID-19 pandemic (see “– Note 2: Impact of the COVID-19 pandemic”).

In 2020, write-downs of inventories in the amount of €-950 million (2019: €-1,071 million) are recognised in cost of sales, whereas reversal of write-downs amounts to €24 million (2019: €55 million). At 31 December 2020, €17,777 million of work in progress and €5,046 million of finished goods and parts for resale were carried at net realisable value.

Inventories recognised as an expense during the period amount to €32,985 million (2019: €50,888 million).

## 25. Provisions, Contingent Assets and Contingent Liabilities

**Provisions** — The determination of provisions, e.g. for onerous contracts, warranty costs, restructuring measures and legal proceedings is based on best available estimates.

In general, in the aerospace sector, the contractual and technical parameters considered for provision calculations are complex.

Hence uncertainty exists with regard to the timing and amounts of expenses to be taken into account.

The majority of other provisions are generally expected to result in cash outflows during the next 1 to 12 years.

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

**Provisions for pensions** — As of 31 December 2020, the change in actuarial assumptions resulted overall in a total net increase in pension liability of €1,627 million, principally reflecting the weakening of interest rates in Germany, France, Canada and the UK partly compensated by the performance of the asset market values, resulting from market volatility related to the ongoing COVID-19 pandemic (see “– Note 2: Impact of the COVID-19 pandemic”).

**Other provisions** increased mainly due to the restructuring provision recorded in 2020 in response to the COVID-19 pandemic (see “– Note 2: Impact of the COVID-19 pandemic”), partly offset by a decrease in provisions for onerous contracts due to the utilisation and net presentation of the A380, A400M and A220 programme losses against inventories.

Movements in other provisions during the year were as follows:

<i>(In € million)</i>	Balance at 1 January 2020	Exchange differences	Increase from passage of time	Additions	Reclassification / Change in consolidated group	Used	Released	Balance at 31 December 2020
Onerous contracts	3,955	(124)	0	547	(266)	(1,058)	(28)	3,026
Outstanding costs	1,214	(6)	0	434	3	(281)	(44)	1,320
Aircraft financing risks <sup>(1)</sup>	5	0	0	0	0	0	2	7
Obligation from services and maintenance agreements	571	10	3	36	0	(57)	(10)	553
Warranties	323	(5)	(1)	82	(4)	(54)	(16)	325
Personnel-related provisions <sup>(2)</sup>	983	(3)	1	1,507	(11)	(483)	(89)	1,905
Litigation and claims <sup>(3)</sup>	911	(3)	0	255	0	(93)	(176)	894
Asset retirement	203	(2)	1	1	0	0	(18)	185
Other risks and charges	2,396	(11)	(2)	898	(70)	(753)	(110)	2,348
<b>Total</b>	<b>10,561</b>	<b>(144)</b>	<b>2</b>	<b>3,760</b>	<b>(348)</b>	<b>(2,779)</b>	<b>(489)</b>	<b>10,563</b>

(1) See “– Note 28: Sales Financing Transactions”.

(2) See “– Note 31: Personnel-Related Provisions”.

(3) See “– Note 39: Litigation and Claims”.

**Provisions for onerous contracts** in 2020 mainly include the utilisation and net presentation of the A380, A400M and A220 programme losses against inventories.

**Personnel-related provisions** include restructuring provisions and other personnel charges. For more details, see “– Note 31: Personnel-Related Provisions”.

**Contingent assets and contingent liabilities** — The Company is exposed to technical and commercial contingent obligations due to the nature of its businesses. To mitigate this exposure, the Company has subscribed a Global Aviation Insurance Programme (“GAP”). Information required under IAS 37

“Provisions, Contingent Assets and Contingent Liabilities” is not disclosed if the Company concludes that disclosure can be expected to prejudice seriously its position in a dispute with other parties.

For other contingent liabilities, see “– Note 39: Litigation and Claims” and “– Note 12: Revenue and Gross Margin” (mainly A400M programme).

**Other commitments** include contractual guarantees and performance bonds to certain customers as well as commitments for future capital expenditures and amounts which may be payable to commercial intermediaries if future sales materialise.

## 26. Other Financial Assets and Other Financial Liabilities

### Other Financial Assets

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

(1) See “– Note 38: Financial Instruments”.

## Other Financial Liabilities

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

(1) See "– Note 38: Financial Instruments".

(2) Refundable advances from European Governments are provided to the Company to finance research and development activities for certain projects on a risk-sharing basis, i.e. they are repaid to the European Governments subject to the success of the project.

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

The Company has signed amendments to the French and Spanish A350 RLI contracts which the World Trade Organization ("WTO") considers the appropriate interest rate and risk assessment benchmarks. The WTO has already ruled that RLI is a valid instrument for governments to partner with industry by sharing investment risks. This leads to a remeasurement of the A350 RLI for an additional net amount of €236 million in the third quarter, using an equivalent estimated market rate at the date of the amendments.

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

The allocation of European Governments' refundable advances between non-current and current presented in the IFRS Consolidated Financial Statements ended 31 December 2020 is based on the applicable contractual repayment dates.

## 27. Other Assets and Other Liabilities

### Other Assets

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

### Other Liabilities

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

## 28. Sales Financing Transactions

**Sales financing** — With a view to facilitating aircraft sales for Airbus and Airbus Helicopters, the Company may enter into either on-balance sheet or off-balance sheet sales financing transactions.

**On-balance sheet transactions** where the Company is lessor are classified as operating leases, finance leases and loans, inventories and to a minor extent, equity investments:

- (i) operating leases – Aircraft leased out under operating leases are included in property, plant and equipment at cost less accumulated depreciation (see “– Note 21: Property, Plant and Equipment”). Rental income from operating leases is recorded as revenue on a straight-line basis over the term of the lease;
- (ii) finance leases and loans – When, pursuant to a financing transaction, substantially all the risks and rewards of ownership of the financed aircraft reside with a third party, the transaction is characterised as either a finance lease or a loan. In such instances, revenue from the sale of the aircraft are recorded upon delivery, while financial interest is recorded over time as financial income. The outstanding balance of principal is recorded on the Statement of Financial Position (on-balance sheet) in long-term financial assets, net of any accumulated impairments;
- (iii) inventories – Second hand aircraft acquired as part of a commercial buyback transaction, returned to Airbus after a payment default or at the end of a lease agreement are classified as inventories held for resale if there is no subsequent lease agreement in force (see “– Note 24: Inventories”).



**Off-balance sheet commitments** — Financing commitments are provided to the customer either as backstop commitments before delivery, asset value guarantees at delivery or counter guarantees:

- (i) backstop commitments are guarantees by Airbus, made when a customer-order is placed, to provide financing to the customer in the event that the customer fails to secure sufficient funding when payment becomes due under the order. Such commitments are not considered to be part of Gross Customer Financing Exposure as (i) the financing is not in place, (ii) commitments may be transferred in full or part to third parties prior to delivery, (iii) past experience suggests it is unlikely that all such proposed financings actually will be implemented and (iv) Airbus retains the asset until the aircraft is delivered and does not incur an unusual risk in relation thereto. In order to mitigate customer credit risks for Airbus, such commitments typically contain financial conditions, such as condition precedents, which guaranteed parties must satisfy in order to benefit therefrom;
- (ii) asset value guarantees are guarantees whereby Airbus guarantees a portion of the value of an aircraft at a specific date after its delivery. Airbus considers the financial risks associated with such guarantees to be acceptable, because
  - (i) the guarantee only covers a tranche of the estimated future value of the aircraft, and its level is considered prudent in comparison to the estimated future value of each aircraft, and
  - (ii) the exercise dates of outstanding asset value guarantees are distributed through 2031.

As of 31 December 2020, the nominal value of asset value guarantees considered as variable considerations under IFRS 15 provided to beneficiaries amounts to €461 million (2019: €656 million), excluding €8 million (2019: €9 million) where the risk is considered to be remote. The present value of the risk inherent in asset value guarantees where a settlement is being considered probable is fully provided for and included in the total of contract liabilities for an amount of €403 million (2019: €551 million) (see “– Note 23: Contract Assets, Contract Liabilities and Trade Receivables, and Trade Liabilities”).

**Exposure** — In terms of risk management, the Company manages its gross exposure arising from its sales financing activities (“Gross Customer Financing Exposure”) separately for (i) customer’s credit risk and (ii) asset value risk.

**Gross Customer Financing Exposure** is the sum of (i) the book value of operating leases before impairment, (ii) the outstanding principal amount of finance leases or loans due before impairment, (iii) the guaranteed amounts under financial guarantees (iv) the book value of second hand aircraft for resale before impairment, and (v) the outstanding value of any other investment in sales financing structured entities before impairment. This Gross Customer Financing Exposure may differ from the value of related assets on the Company’s Statement of Financial Position and related off-balance sheet contingent commitments, mainly because (i) assets are recorded in

compliance with IFRS, but may relate to transactions that are financed on a limited recourse basis and (ii) the carrying amount of the assets on the Consolidated Statement of Financial Position may have been adjusted for impairment losses.

Gross Customer Financing Exposure amounts to US\$0.6 billion (€0.5 billion) (2019: US\$0.9 billion (€0.8 billion)).

**Net exposure** is the difference between Gross Customer Financing Exposure and the collateral value. Collateral value is assessed using a dynamic model based on the net present value of expected future receivables, expected proceeds from resale and potential cost of default. This valuation model yields results that are typically lower than residual value estimates by independent sources in order to allow for what management believes is its conservative assessment of market conditions and for repossession and transformation costs. The net exposure is provided for by way of impairment losses and other provisions.

**Impairment losses and provisions** — For the purpose of measuring an impairment loss, each transaction is tested individually. Impairment losses relating to aircraft under operating lease and second hand aircraft for resale (included in inventory) are recognised for any excess of the aircraft’s carrying amount over the higher of the aircraft’s value in use and its fair value less cost to sell. Finance leases and loans are measured at fair value, based on the present value of estimated future cash flows (including cash flows expected to be derived from a sale of the aircraft). Under its provisioning policy for sales financing risk, Airbus and Airbus Helicopters record provisions as liabilities for estimated risk relating to off-balance sheet commitments.

**Security** — Sales financing transactions, including those that are structured through structured entities, are generally collateralised by the underlying aircraft. Additionally, the Company benefits from protective covenants and from security packages tailored according to the perceived risk and the legal environment.

The Company endeavours to limit its sales financing exposure by sharing its risk with third parties usually involving the creation of a structured entity. Apart from investor interest protection, interposing a structured entity offers advantages such as flexibility, bankruptcy remoteness, liability containment and facilitating sell-downs of the aircraft financed. An aircraft financing structured entity is typically funded on a non-recourse basis by a senior lender and one or more providers of subordinated financing. When the Company acts as a lender to such structured entities, it may take the role of the senior lender or the provider of subordinated loan. The Company consolidates an aircraft financing structured entity if it is exposed to the structured entity’s variable returns and has the ability to direct the relevant remarketing activities. Otherwise, it recognises only its loan to the structured entity under other long-term financial assets. At 31 December 2020 the carrying amount of its loans from aircraft financing amounts to €224 million (2019: €349 million). This amount also represents the Company’s maximum exposure to loss from its interest in unconsolidated aircraft financing structured entities.

## On-Balance Sheet Operating and Finance Leases

The **future minimum operating lease payments** (undiscounted) **due from customers** to be included in revenue, and the **future minimum lease payments** (undiscounted) **from investments in finance leases** to be received in settlement of the outstanding receivable at 31 December 2020 are as follows:

<i>(In € million)</i>	Aircraft under operating lease	Finance lease receivables
Not later than one year	6	1
Later than one year and not later than five years	19	12
Later than five years	0	0
<b>31 December 2020</b>	<b>25</b>	<b>13</b>

## Financing Liabilities

**Financing liabilities from sales financing transactions** are mainly based on variable interest rates (see “– Note 37.3: Financing Liabilities”) and entered into on a non-recourse basis (*i.e.* in a default event, the creditor would only have recourse to the aircraft collateral).

<i>(In € million)</i>	31 December	
	2020	2019
Loans	7	24
Liabilities to financial institutions	0	0
<b>Total sales financing liabilities</b>	<b>7</b>	<b>24</b>

## Customer Financing Cash Flows

Direct customer financing cash flows amount to €124 million in 2020 (2019: €58 million).

## Customer Financing Exposure

The on-balance sheet assets relating to sales financing, the off-balance sheet commitments and the related financing exposure (not including asset value guarantees) as of 31 December 2020 and 2019 are as follows:

<i>(In € million)</i>	31 December 2020			31 December 2019		
	Airbus	Airbus Helicopters	Total	Airbus	Airbus Helicopters	Total
Operating leases <sup>(1)</sup>	30	13	43	154	0	154
Finance leases and loans	365	31	396	471	39	510
Inventories	10	0	10	8	0	8
Other investments	10	0	10	4	0	4
<b>On-balance sheet customer financing</b>	<b>415</b>	<b>44</b>	<b>459</b>	<b>637</b>	<b>39</b>	<b>676</b>
<b>Off-balance sheet customer financing</b>	<b>12</b>	<b>2</b>	<b>14</b>	<b>95</b>	<b>9</b>	<b>104</b>
<b>Gross Customer Financing Exposure</b>	<b>427</b>	<b>46</b>	<b>473</b>	<b>732</b>	<b>48</b>	<b>780</b>
Collateral values	(241)	(38)	(279)	(530)	(30)	(560)
<b>Net exposure</b>	<b>186</b>	<b>8</b>	<b>194</b>	<b>202</b>	<b>18</b>	<b>220</b>
Operating leases	(22)	0	(22)	(65)	(7)	(72)
Finance leases and loans	(151)	(8)	(159)	(126)	(11)	(137)
On-balance sheet commitments – inventories	(6)	0	(6)	(6)	0	(6)
Off-balance sheet commitments – provisions <sup>(2)</sup>	(7)	0	(7)	(5)	0	(5)
<b>Asset impairments, fair value adjustments and provisions</b>	<b>(186)</b>	<b>(8)</b>	<b>(194)</b>	<b>(202)</b>	<b>(18)</b>	<b>(220)</b>

(1) For 2020 and 2019, depreciation amounts to €8 million and €9 million respectively and related accumulated depreciation is €21 million and €44 million respectively.

(2) See “– Note 25: Provisions, Contingent Assets and Contingent Liabilities”.

## 2.6 Employees Costs and Benefits

### 29. Number of Employees

	Airbus	Airbus Helicopters	Airbus Defence and Space	Consolidated Airbus
31 December 2020	78,487	20,026	32,836	131,349
31 December 2019	80,985	20,024	33,922	134,931

### 30. Personnel Expenses

(In € million)	2020	2019
Wages, salaries and social contributions	11,799	13,347
Net periodic pension cost <sup>(1)</sup>	749	626
<b>Total</b>	<b>12,548</b>	<b>13,973</b>

(1) See “– Note 32: Post-Employment Benefits”.

### 31. Personnel-Related Provisions

Several German companies provide life-time working account models, being employee benefit plans with a promised return on contributions or notional contributions that qualify as **other long-term employee benefits** under IAS 19. The employees’ periodical contributions into their life-time working accounts result in corresponding personnel expenses in that period, recognised in **other personnel charges**.

The increase in **Restructuring measures/ pre-retirement part-time work** is mainly due to the restructuring provision recorded in 2020 in response to the COVID-19 pandemic. For more details, see “– Note 2: Impact of the COVID-19 pandemic”.

(In € million)	Balance at 1 January 2020	Exchange differences	Increase from passage of time	Additions	Reclassification/ Change in consolidated group	Used	Released	Balance at 31 December 2020
Restructuring measures / pre-retirement part-time work	266	(1)	0	1,196	(13)	(178)	(7)	1,263
Other personnel charges	717	(2)	1	311	2	(305)	(82)	642
<b>Total</b>	<b>983</b>	<b>(3)</b>	<b>1</b>	<b>1,507</b>	<b>(11)</b>	<b>(483)</b>	<b>(89)</b>	<b>1,905</b>

### 32. Post-Employment Benefits

(In € million)	31 December	
	2020	2019
Provisions for retirement plans	8,790	7,286
Provisions for deferred compensation	1,190	1,067
<b>Retirement plans and similar obligations</b>	<b>9,980</b>	<b>8,353</b>

## Plans description

When Company employees retire, they receive indemnities as stipulated in retirement agreements, in accordance with regulations and practices of the countries in which it operates.

Provision for deferred compensation represents obligations that arise if employees elect to convert part of their remuneration or bonus into an equivalent commitment for deferred compensation which is treated as a defined benefit post-employment plan.

**France** — The French pension system is operated on a “pay as you go” basis. Besides the basic pension from the French social security system, each employee is entitled to receive a complementary pension from defined contribution schemes AGIRC-ARRCO (*Association pour le régime de retraite complémentaire des salariés* and *Association générale des institutions de retraite des cadres*). Moreover, French law stipulates that employees are paid retirement indemnities in the form of lump sums on the basis of the length of service, which are considered as defined benefit obligations.

**Germany** — The Company has a pension plan (P3) for executive and non-executive employees in place. Under this plan, the employer provides contributions for the services rendered by the employees, which are dependent on their salaries in the respective service period. These contributions are converted into components which become part of the accrued pension liability at the end of the year. Total benefits are calculated as a career average over the entire period of service. Certain employees that are not covered by this plan receive retirement indemnities based on salary earned in the last year or on an average of the last three years of employment. For some executive employees, benefits are dependent on the final salary of the respective individual at the date of retirement and the time period served as an executive.

In 2018, Airbus introduced the new Airbus Pensions Plan (“APP”) with security-linked benefits in Germany, which all new entrants after 1 January 2018 will join. Accordingly, the existing pension plan has been closed for new entrants. As of 1 January 2019, deferred compensation, which is financed by the employees, is offered exclusively in APP for all employees. In 2020 the Company transferred about half of the active population of the P3 plan into APP. With effect as of 1 January 2020 these employees will accrue future benefits under APP but not in P3 anymore. Benefits related to past service are not affected by this transfer.

Parts of the pension obligation in Germany are funded by assets invested in specific funding vehicles. Besides a relief fund (“*Unterstützungskasse*”), the Company has implemented a Contractual Trust Arrangement. The Contractual Trust Arrangement structure is that of a bilateral trust arrangement. Assets that are transferred to the relief fund and the Contractual Trust Arrangement qualify as plan assets under IAS 19.

In the trust arrangements between the trust and the participating companies a minimum funding requirement is stipulated for the portion of the obligation, which is not protected by the pension guarantee association or Pensions-Sicherungs Verein in case of an insolvency of the subsidiaries concerned. Some portions of the obligation must be covered with securities in the same amount, while other portions must be covered by 115%.

**United Kingdom** — The Company UK Pension Scheme (“the Scheme”) was implemented by Airbus Defence and Space Ltd., Stevenage (UK) as the principal employer. This plan comprises all eligible employees of Airbus Defence and Space Ltd. as well

as all personnel, who were recruited by one of the Company subsidiaries located in the UK and participating in the scheme. The major part of the obligation is funded by scheme assets due to contributions of the participating companies. The Scheme is a registered pension scheme under the Finance Act 2004. The trustee’s only formal funding objective is the statutory funding objective under the Pensions Act part 6 2004, which is to have sufficient and appropriate assets to cover the Scheme’s obligations. Since 1 November 2013, this plan is generally closed for joiners, who participate in a separate defined contribution plan.

Moreover, the Company participates in the UK in several funded trustee-administered pension plans for both executive and non-executive employees with BAE Systems being the principal employer. The Company’s most significant investments in terms of employees participating in these BAE Systems UK pension plans is Airbus Operations Ltd. Participating Airbus Operations Ltd. employees have continued to remain members in the BAE Systems UK pension plans due to the UK pension agreement between the Company and BAE Systems and a change in the UK pensions legislation enacted in April 2006.

For the most significant of these BAE Systems Pension Schemes, the Main Scheme, BAE Systems, the Company and the scheme Trustees agreed on a sectionalisation, which was implemented on 1 April 2016. Although BAE Systems remains the only principal employer of the Scheme, the Company has obtained powers in relation to its section which are the same as if it were the principal employer.

Based on the funding situation of the respective pension schemes, the pension plan trustees determine the contribution rates to be paid by the participating employers to adequately fund the schemes. The different UK pension plans in which the Company investments participate are currently underfunded. Airbus Operations Ltd. (for its section of the Main Scheme) and BAE Systems (for the other schemes) have agreed with the trustees various measures designed to make good the underfunding. These include (i) regular contribution payments for active employees well above such which would prevail for funded plans and (ii) extra employers’ contributions.

In the event that an employer who participates in the BAE Systems pension schemes fails or cannot be compelled to fulfil its obligations as a participating employer, the remaining participating employers are obliged to collectively take on its obligations.

The Company considers the likelihood of this event as remote. However, for the Main Scheme the Company considers that its obligation is in principle limited to that related to its section.

In addition, the Company has two guarantees to cover its obligation towards the Scheme and the BAE Systems pension schemes. To mitigate its exposure, the first guarantee covers an amount up to GBP 400 million for an unlimited period of time while the second one covers an uncapped amount terminating in 2046, respectively for the Scheme and the BAE Systems Pension Schemes.

**Canada** — In 2018 Airbus acquired Airbus Canada Limited Partnership (“ACLP”). ACLP sponsors defined benefit plans for its salaried, hourly and executive employees. In 2020 Airbus acquired Stelia Aeronautics Saint-Laurent Inc. which sponsors a defined benefit plan for its salaried and hourly employees.

## Actuarial risks for the Company

The defined benefit obligation (“DBO”) exposes the Company to actuarial risks, including the following ones:

**Market price risk** — The return on plan assets is assumed to be the discount rate derived from AA-rated corporate bonds. If the actual return rate of plan assets is lower than the applied discount rate, the net liability increases accordingly. Moreover, the market values of the plan assets are subject to volatility, which also impacts the net liability.

**Interest rate risk** — The level of the DBO is significantly impacted by the applied discount rate. The low interest rates, particular in the euro-denominated market environment, lead to a relatively high net pension liability. If the decline in returns of corporate bonds continues, the DBO will further increase in future periods, which might only be offset partially by the positive

development of market values of those corporate bonds included in plan assets. Generally, the pension obligation is sensitive to movements in the interest rate leading to volatile results in the valuation.

**Inflation risk** — The pension liabilities can be sensitive to movements in the inflation rate, whereby a higher inflation rate could lead to an increasing liability. Since some pension plans are directly related to salaries, increases in compensations could result in increasing pension obligations. For the deferred compensation plan P3, which is financed by the employees a fixed interest rate has been agreed.

**Longevity risk** — The pension liabilities are sensitive to the life expectancy of its members. Rising life expectancies lead to an increase in the valuation of the DBO.

## Main average assumptions

The weighted average assumptions used in calculating the actuarial values of the most significant retirement plans as of 31 December 2020 are as follows:

(Rate in %)	Pension plans in									
	Germany		France		UK		Participation in BAE Systems Pension Scheme in the UK		Canada	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Discount rate	0.5	1.0	0.4	0.9	1.5	2.2	1.4	2.1	2.8	3.2
Rate of compensation increase	2.8	2.8	2.5	2.5	2.6	2.6	2.6	2.6	2.8	2.8
Rate of pension increase	1.4	1.4	1.5	1.7	2.6	2.8	2.7	2.8	1.8	1.8
Inflation rate	1.4	1.4	1.5	1.7	2.7	2.9	2.8	2.9	1.8	1.8

**Discount rate** — For Germany and France, the Company derives the discount rate used to determine the DBO from yields on high quality corporate bonds with an AA rating. The determination of the discount rate is based on the iBoxx € Corporates AA bond data and uses the granularity of single bond data in order to receive more market information from the given bond index. The discount rate for the estimated duration of the respective pension plan is then extrapolated along the yield curve. In the UK, it is determined with reference to the full yield curve of AA-rated sterling-denominated corporate bonds of varying maturities. The salary increase rates are based on long-term expectations of the respective employers, derived from the assumed inflation rate and adjusted by promotional or productivity scales.

**Rate of pension increase** — Rates for pension payment increases are derived from the respective inflation rate for the plan.

**Inflation rates** — Inflation rate for German plans corresponds to the expected increase in cost of living. In the UK, the inflation assumptions are derived by reference to the difference between the yields on index-linked and fixed-interest long-term government bonds.

**Mortality tables** — For the calculation of the German pension obligation, the “2018 G” mortality tables (generation tables) as developed by Professor Dr. Klaus Heubeck are applied, while the disability rates of the Heubeck Tables have been reduced to 30%, to align with actual observation.

For the UK schemes, the Self-Administered Pensions S2 mortality tables based on year of birth (as published by the Institute of Actuaries) is used in conjunction with the results of an investigation into the actual mortality experience of scheme members. In France, Institute for French Statistics (“INSEE”) tables are applied.



## Provision for retirement and deferred compensation plans

The development of the provision for retirement and deferred compensation plans is set out below:

<i>(In € million)</i>	DBO			Plan assets			Total provisions
	Pension plans of the Company	Participation in BAE Systems Pension Scheme in the UK	Total	Pension plans of the Company	Participation in BAE Systems Pension Scheme in the UK	Total	
<b>Balance at 1 January 2019</b>	<b>13,562</b>	<b>3,475</b>	<b>17,037</b>	<b>(6,973)</b>	<b>(2,990)</b>	<b>(9,965)</b>	<b>7,072</b>
Service cost (including past service cost)	443	63	506	0	0	0	506
Interest cost and income	231	94	325	(120)	(79)	(198)	127
Remeasurements: actuarial (gains) and losses arising from							
changes in demographic assumptions	1,265	(32)	1,233	0	0	0	1,233
changes in financial assumptions	1,768	310	2,078	0	0	0	2,078
changes in experience adjustments	127	(4)	124	0	0	0	124
plan assets	0	0	0	(615)	(128)	(744)	(744)
Changes in consolidation, transfers and others	(132)	0	(132)	(13)	0	(13)	(145)
Benefits paid	(416)	(106)	(522)	151	106	257	(265)
Contributions by employer and other plan participants	85	2	87	(1,674)	(91)	(1,765)	(1,678)
Foreign currency translation adjustments	92	189	280	(77)	(161)	(235)	43
<b>Balance at 31 December 2019</b>	<b>17,025</b>	<b>3,991</b>	<b>21,016</b>	<b>(9,320)</b>	<b>(3,343)</b>	<b>(12,663)</b>	<b>8,353</b>
Service cost (including past service cost)	590	72	662	0	0	0	662
Interest cost and income	168	76	244	(95)	(62)	(157)	87
Remeasurements: actuarial (gains) and losses arising from							
changes in demographic assumptions	(69)	(3)	(72)	0	0	0	(72)
changes in financial assumptions	1,645	578	2,223	0	0	0	2,223
changes in experience adjustments	(106)	27	(79)	0	0	0	(79)
plan assets	0	0	0	(420)	(117)	(537)	(537)
Changes in consolidation, transfers and others	11	0	11	(45)	0	(45)	(34)
Benefits paid	(450)	(153)	(603)	147	153	300	(303)
Contributions by employer and other plan participants	80	2	82	(256)	(83)	(339)	(257)
Foreign currency translation adjustments	(116)	(220)	(336)	93	180	273	(63)
<b>Balance at 31 December 2020</b>	<b>18,778</b>	<b>4,370</b>	<b>23,148</b>	<b>(9,896)</b>	<b>(3,272)</b>	<b>(13,168)</b>	<b>9,980</b>

In the figures shown in the table, amounts of €2,625 million and €1,435 million are included for the defined benefit obligation and plan assets for deferred compensation plans in Germany (2019: €2,275 million and €1,208 million).

The past service cost included in the service cost amounts to €106 million and €-6 million as of 31 December 2020 and 2019, respectively. The employer contributions amount to €331 million and €8 million for other plan participants as of 31 December 2020 (2019: €1,758 million and €7 million respectively).

The funding of the plans is as follows:

(In € million)	31 December			
	2020		2019	
	DBO	Plan assets	DBO	Plan assets
Unfunded pension plans	1,716	0	2,530	0
Funded pension plans (partial)	21,432	(13,168)	18,486	(12,663)
<b>Total</b>	<b>23,148</b>	<b>(13,168)</b>	<b>21,016</b>	<b>(12,663)</b>

As of 31 December 2020, the change in financial assumptions mainly due to the further weakening of interest rates in Germany, France, Canada and the UK resulted in a total net increase in pension liability of €2,223 million.

In 2020, contributions for retirement and deferred compensation plans amount to €331 million. This consists of:

- payments made to the pension and deferred compensation plans of the Company of €250 million (2019: €1,669 million), mainly relating to the Contractual Trust Arrangement in Germany of €175 million (2019: €1,593 million) as well as to the Company UK scheme €55 million (2019: €59 million);

- payments made to the participation in BAE Systems Pension Scheme in the UK of €81 million (2019: €89 million).

Contributions of approximately €677 million are expected to be made in 2021.

The weighted average duration of the DBO for retirement plans and deferred compensation is 19 years at 31 December 2020 (31 December 2019: 18 years).

## Pension obligations by countries and type of beneficiaries

The split of the DBO for retirement plans and deferred compensation between active, deferred and pensioner members for the most significant plans is as follows:

	Active	Deferred	Pensioner
Germany	56%	8%	36%
France	99%	0%	1%
UK	65%	17%	18%
Participation in BAE System Pension Scheme (Main Scheme)	51%	16%	33%
Canada	88%	1%	11%

## Pension obligations by countries and type of plans

The split of the present value of DBO for retirement plans and deferred compensation for the most significant plans is as follows:

	Present value of DBO		Plan assets	
	Retirement plans	Deferred Compensation plans	Retirement plans	Deferred Compensation plans
Germany	82%	18%	82%	18%
France	100%	-	100%	-
UK	100%	-	100%	-
Participation in BAE System Pension Scheme (Main Scheme)	100%	-	100%	-
Canada	100%	-	100%	-

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## Pension obligations sensitivity to main assumptions

The following table shows how the present value of the DBO of retirement plans and deferred compensation would have been influenced by changes in the actuarial assumptions as set out for 31 December 2020:

	Change in actuarial assumptions	Impact on DBO	
		Change at 31 December	
		2020	2019
Present value of the DBO		23,148	21,013
Discount rate	Increase by 0.5%-point	(2,041)	(1,807)
	Decrease by 0.5%-point	2,347	2,074
Rate of compensation increase	Increase by 0.25%-point	176	184
	Decrease by 0.25%-point	(169)	(160)
Rate of pension increase	Increase by 0.25%-point	449	443
	Decrease by 0.25%-point	(431)	(425)
Life expectancy	Increase by one year	718	629

Sensitivities are calculated based on the same method (present value of the DBO calculated with the projected unit method) as applied when calculating the post-employment benefit obligations. The sensitivity analyses are based on a change of one assumption while holding all other assumptions constant.

This is unlikely to occur in practice and changes of more than one assumption may be correlated leading to different impacts on the DBO than disclosed above. If the assumptions change at a different level, the effect on the DBO is not necessarily in a linear relation.

## Plan assets allocation

The fair value of the plan assets for retirement plans and deferred compensation can be allocated to the following classes:

(In € million)	2020			2019		
	Quoted prices	Unquoted prices	Total	Quoted prices	Unquoted prices	Total
Equity securities						
Europe	1,197	0	1,197	1,095	0	1,095
Rest of the world	356	0	356	429	0	429
Emerging markets	503	0	503	535	0	535
Global	2,820	194	3,014	1,816	177	1,993
Bonds						
Corporates	3,001	271	3,272	1,828	242	2,070
Governments	2,332	0	2,332	2,010	0	2,010
Pooled investments vehicles	295	0	295	415	0	415
Commodities	0	0	0	0	0	0
Hedge funds	0	398	398	0	265	265
Derivatives	0	(129)	(129)	0	58	58
Property	0	464	464	0	563	563
Cash and money market funds	3	106	109	1,875	58	1,933
Others	0	1,357	1,357	0	1,296	1,296
<b>Balance at 31 December</b>	<b>10,507</b>	<b>2,661</b>	<b>13,168</b>	<b>10,003</b>	<b>2,659</b>	<b>12,662</b>

The majority of funded plans apply broadly an asset-liability matching framework. The strategic asset allocation of the plans takes into account the characteristics of the underlying obligations. Investments are widely diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2020

consists of fixed income and equity instruments, although the Company also invests in property, commodities and hedge funds. The Company reassesses the characteristics of the pension obligations from time to time or as required by the applicable regulation or governance framework. This typically triggers a subsequent review of the strategic asset allocation.

## Provisions by countries

The amount recorded as provision for retirement and deferred compensation plans can be allocated to the countries as follows:

(In € million)	Pension plans of the Company				Participation in BAE Systems Pension Scheme in the UK	Total
	Germany	France	UK	Canada		
DBO	14,317	2,274	1,646	541	4,370	23,148
Plan assets	8,179	22	1,358	337	3,272	13,168
<b>Recognised at 31 December 2020</b>	<b>6,138</b>	<b>2,252</b>	<b>288</b>	<b>204</b>	<b>1,098</b>	<b>9,980</b>
DBO	13,089	2,017	1,492	427	3,991	21,016
Plan assets	7,705	23	1,319	273	3,343	12,663
<b>Recognised at 31 December 2019</b>	<b>5,384</b>	<b>1,994</b>	<b>173</b>	<b>154</b>	<b>648</b>	<b>8,353</b>

## Contributions to defined contribution plans

Employer's contribution to state and private pension plans, mainly in Germany and France, are to be considered as defined contribution plans. Contributions in 2020 amounted to €813 million (2019: €853 million).

## 33. Share-based Payment

**Share-based compensation** — Until 2015, the Company operated a **Performance and Restricted Units Plan** which qualifies as a **cash-settled share-based payment plan** under IFRS 2 "Share-based Payment".

Since 2016, the Company operates a **Performance Units and Performance Shares Plan**. Performance Units qualify as a cash-settled share-based payment plan under IFRS 2 and Performance Shares qualify as an **equity-settled share-based payment plan** under IFRS 2.

Plans granting Restricted Units, Performance Units and/or Performance Shares are also mentioned as "LTIP" in the following notes.

Since 2018, the Company operates also exceptional grants of Performance and Restricted Units as well as Performance and Restricted Shares under an Equity Pool. Such exceptional grants are validated by specific resolutions from the Board of Directors and qualify as cash-settled or equity-settled share-based payment plans under IFRS 2. Accounting principles and methodology are the ones applied for LTIP as described below.

For cash-settled plans, provisions for associated services received are measured at fair value by multiplying the number of units expected to vest with the fair value of one LTIP unit at the end of each reporting period, taking into account the extent to which the employees have rendered service to date. Changes of the fair value are recognised as personnel expenses of the period, leading to a remeasurement of the provision. The fair value of Performance Units is re-measured at each closing date as far as they are not paid.

For equity-settled plans, compensation expense is measured at the grant date at the fair value by multiplying the number of shares expected to vest by the fair value of one LTIP share. The compensation expense is accounting for over the vesting period of each LTIP equity-settled plans.

The fair value of each LTIP share (equity or cash-settled plans) is determined using a forward pricing model and is based on publicly available risk free rate, volatility and dividend rate.

Besides the equity-settled plans described above, the **Employee Share Ownership Plan ("ESOP")** is an additional equity-settled share-based payment plan. Under this plan, the Company offers its employees Airbus SE shares at fair value matched with a number of free shares based on a determining ratio. The fair value of shares provided is reflected as personnel expenses in the Company's Consolidated Income Statement with a corresponding increase in equity.

### 33.1 LTIP

The Company hedges the share price risk inherent in the cash-settled LTIP units by entering into equity swaps where the reference price is based on the Airbus SE share price. To the extent that cash-settled LTIP units are hedged, compensation expense recognised for these units will effectively reflect the reference price fixed under the equity swaps. Up to the 2018 LTIP plan, in order to avoid any dilution of its current shareholders out of equity-settled LTIP units, the Company used to perform share buybacks to meet its obligations to its employees, following the decisions of the Board of Directors and approval of the AGM.

In 2020, compensation expense for LTIPs (incl. Equity Pool) including the effect of the equity swaps amounted to €-2 million (2019: €104 million), among which €-9 million for cash-settled plans (2019: €77 million) and €7 million for equity-settled plans (2019: €27 million).

As of 31 December 2020, provisions of €59 million (2019: €144 million) relating to LTIP units (cash-settled) have been accounted for.

The lifetime of the Performance Units as well as Performance Shares is contractually fixed (see the description of the respective tranche in the following table). For the units, the measurement is

next to other market data, mainly affected by the share price as of the end of the reporting period (€89.78 as of 31 December 2020) and the lifetime of the units.

The fair value of units and shares granted in the frame of the LTIP 2020 plan is as follows:

Expected vesting date (In € per unit / share granted)	Fair value of Performance Units and Shares
May 2024 – Performance Shares	55.492
May 2024 – Performance Units	51.045
May 2025 – Performance Units	46.977

The principal characteristics of the LTIPs as at 31 December 2020 are summarised below:

	LTIP 2015 <sup>(7)</sup>		LTIP 2016 <sup>(8)</sup>		LTIP 2017 <sup>(9)</sup>		LTIP 2018		LTIP 2019		LTIP 2020	
Grant date <sup>(1)</sup>	29 October 2015		25 October 2016		30 October 2017		30 October 2018		29 October 2019		28 October 2020	
	<b>Performance and Restricted Unit Plan</b>		<b>Performance Units and Performance Shares Plan</b>									
Units	Performance	Restricted	Units	Shares	Units	Shares	Units	Shares	Units	Shares	Units	Shares
Number of units granted <sup>(2)</sup>	926,398	240,972	615,792	621,198	421,638	425,702	278,376	281,181	247,508	247,508	420,004	420,004
Fair value at grant date <sup>(3)</sup>	56.92/ 53.90	56.92/ 53.90	45.13/ 44.71	45.15	74.83/ 71.69	76.76	84.09/ 83.28	85.01	112.83/ 108.44	112.92	51.04/ 46.98	55.49
Fair value of Performance Units as of 31 December 2020 <sup>(3)</sup>	-	-	85.88	-	88.76/ 85.41	-	87.10/ 84.17	-	84.64/ 81.41	-	75.49/ 72.50	-
Number of units/shares granted through Equity Pool <sup>(4)</sup>	-	-	1,762	1,762	1,898	1,898	6,964	6,964	4,343	4,252	-	-
Number of units outstanding <sup>(5)</sup>	0	0	212,293	0	197,470	199,502	275,379	278,184	248,901	248,810	420,004	420,004
Total number of eligible beneficiaries	1,564		1,671		1,601		1,626		1,576		1,602	
Vesting conditions	The Performance and Restricted Units and Performance Shares will vest if the participant is still employed by a company of the Group at the respective vesting dates. Performance Units and Shares will vest upon achievement of mid-term business performance. Vesting schedule is made up of two payments over two years.											
Share price per unit limited at vesting dates to <sup>(6)</sup>	€ 112.62		€ 105.34		€ 147.62		€ 213.88		€ 244.12		€ 136.08	
Vesting dates	50% in June 2019 50% in July 2020		50% in May 2020 and 50% expected in May 2021		50% each expected: in June 2021 100% expected in May 2021		50% each expected: in June 2022 100% expected in May 2022		50% each expected: in June 2023 100% expected in May 2023		50% each expected: in June 2024 100% expected in May 2024	
Number of vested units	646,328	223,822	214,108	429,335	0	0	0	0	0	0	0	0

(1) Date, when the vesting conditions were determined.

(2) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT of the Company) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).

(3) Values are provided for units corresponding per vesting date.

(4) Mirroring the respective plan rules and regulations, but granted at a different date based on specific Board of Directors' resolutions.

(5) Including shares granted through the Equity Pool, if applicable.

(6) Corresponds to 200% of the respective reference share price. Overall, the pay-out for Performance Units is limited to a total amount of 250% of the units originally granted, each valued with the respective reference share price of €56.31 (for LTIP 2015), €52.67 (for LTIP 2016), €73.81 (for LTIP 2017), €106.94 (for LTIP 2018), €122.06 (for LTIP 2019) and €68.04 (for LTIP 2020).

(7) Based on performance achievement of 75% for Performance Units under LTIP 2015.

(8) Based on performance achievement of 75% for Performance Units under LTIP 2016.

(9) Based on performance achievement of 50% for Performance Units under LTIP 2017.

Additionally, the Board of Directors approved in 2020 the exceptional grant of 4,152 Restricted & Performance Units and 571 Restricted & Performance Shares under the Equity Pool with an average fair value of €79.00. 5,899 Units and 2,787 Shares have vested in 2020. As of 31 December 2020, the number of units outstanding is 5,432 Units and 3,222 Shares.



## 33.2 ESOP

In 2020 and 2019, the Board of Directors approved a new ESOP scheme. Eligible employees were able to purchase a fixed number of previously unissued shares at fair market value (5, 10, 15, 30 or 100 shares in 2020, 5, 15, 30, 50 or 100 shares in 2019). The Company matched each fixed number of shares with a number of the Company free shares based on a determined ratio (4, 6, 7, 10 and 25 free shares, respectively in 2020, *versus* 4, 7, 10, 13 and 25 free shares, respectively in 2019). During a custody period of at least one year, employees are restricted from selling the shares, but have the right to receive all dividends paid. Employees who directly purchased the Airbus SE shares have, in addition, the ability to vote at the Annual Shareholder Meetings. The subscription price was equal to the closing price at the Paris stock exchange on 12 February 2020 (2019: 13 February 2019)

and amounted to €136.60 (2019: €104.38). Investing through a mutual fund led to a price which corresponds to the average price at the Paris stock exchange during the 20 trading days immediately preceding 12 February 2020 (2019: 13 February 2019), resulting in a price of €136.00 (2019: €97.76).

In 2020, the Company issued and sold 671,640 ordinary shares (2019: 1,332,840) with a nominal value of €1.00 each.

In 2020, the Company issued and distributed 304,515 matching ordinary shares (2019: 451,452) with a nominal value of €1.00 each. Compensation expense (excluding social security contributions) of €34 million (2019: €47 million) was recognised in connection with ESOP in 2020.

## 34. Remuneration

### 34.1 Remuneration – Executive Committee

The Company's key management personnel consists of Members of the Executive Committee and Non-Executive Board Members. The Chief Executive Officer ("CEO"), who chairs the Executive Committee, is the sole Executive Board Member. The annual remuneration and related compensation costs of the key management personnel as expensed in the respective year can be summarised as follows:

<i>(In € million)</i>	<b>2020</b>	2019
<b>Executive Committee, including Executive Board Member</b>		
Salaries and other short-term benefits (including bonuses)	16.1	16.5
Post-employment benefit costs	4.8	1.1
Share-based remuneration ("LTIP award", including associated hedge result)	1.0	10.5
Termination benefits <sup>(1)</sup>	0	(0.4)
Other benefits	0.5	0.4
Social charges <sup>(2)</sup>	4.7	4.5
<b>Non-Executive Board Members</b>		
Short-term benefits (including social charges)	2.2	2.4
<b>Total expense recognised</b>	<b>29.3</b>	<b>35.0</b>

(1) 2019 Termination benefits include the adjustment of the estimated amount accounted for in 2018 based on last information available and applicable law.

(2) Costs of benefits provided through applicable mandatory collective and social security plans are accounted for among social charges.

### Salaries and Other Short-Term Benefits (Including Bonuses)

The amount of bonuses is based on estimated performance achievement as at the balance sheet date and difference between previous year estimation and actual pay-out in the current year. Outstanding short-term benefits (bonuses) at year-end 2020 for Executive Committee Members based on estimated performance achievement at year-end was €7.7 million (2019: €7.5 million).

### Post-Employment and Other Long-Term Benefits

The post-employment and other long-term benefits defined obligation for the Executive Committee, including the CEO, amounted to €32.8 million at 31 December 2020 (2019: €29.8 million). The disclosed post-employment and other long-term benefits reflect the total outstanding balance for all Executive Committee Members in charge at the end of the respective balance sheet date.

In 2019, the defined benefit plan in France was frozen, leading to a remeasurement of past service cost recognised as a profit in the Profit & Loss which mainly explains the difference in the Post-employment benefits costs between 2020 (€4.8 million) and 2019 (€1.1 million).

## Share-Based Remuneration (“LTIP Award”)

The share-based payment expenses result from not yet forfeited units and shares granted to the Executive Committee Members under the Company’s LTIP which are re-measured at fair value according to the methodology described in Note 33.

In 2020, the Members of the Executive Committee were granted 50,814 Performance Units (2019: 30,168) and 50,814 Performance Shares (2019: 30,168). For LTIP 2020, the respective fair value of these Performance Units and Shares at grant date was € 7.6 million (2019: € 7.7 million). As of 31 December 2020, provisions of € 5.0 million (2019: € 15.4 million) relating to LTIP have been recognised. The total number of outstanding Performance Units and Performance Shares granted to the current Members of the Executive Committee amounted to 133,966 and 126,442 respectively at 31 December 2020 (2019: 134,398 Performance Units and 119,340 Performance Shares).

Until and including the plan 2015, based on the intention of the Board of Directors to increase the long-term commitment of Executive Committee Members to the success of the Company, the Board has authorised the Executive Committee Members to opt for partial conversion of the otherwise cash-settled LTIPs into share-settled plans at each grant date of any new LTIP, requiring a minimum conversion rate into equity settlement of 25% of total granted Performance Units. At the conversion date, each Executive Committee Member individually determined the split of equity and cash settlement for the formerly granted LTIP. After overall performance assessment of each of the plans, the vesting dates as determined at the initial grant date apply to all cash-settled Performance Units. However, units converted into equity settlement only vest at the last of the vesting dates of the respective plan.

Performance Units granted to Executive Committee Members until 31 December 2015 and vested in 2020 are summarised below:

	LTIP 2015
Total number of units granted	189,476
Number of cash-settled units	143,217
Number of equity-settled units	46,259
Date of conversion	28 February 2016
Share price at date of conversion	€ 59.78

## Termination Benefits

The following benefits apply to Executive Committee Members, except the CEO.

In the case of contract termination, the Executive Committee Members are entitled to an indemnity equal to 1.5 times the Total Target Remuneration (defined as Base Salary and target Annual Variable Remuneration) with respect to applicable local legal requirements, if any.

This will not apply if the Executive Committee mandate is terminated for cause, in case of dismissal, if the Executive Committee Member resigns or has reached retirement age.

The Executive Committee Members’ contract includes a non-compete clause which applies for a minimum of one year and can be extended at the Company’s initiative for a further year. The Board of Directors has the discretion to waive or invoke the extension of the non-compete clause when legally or contractually possible. The compensation for each year that the non-compete clause applies is equal to 50% of the last

Total Annual Remuneration (defined as Base Salary and Annual Variable Remuneration most recently paid) with respect to applicable local legal requirements, if any.

Past LTIP awards may be maintained in full or prorated, in such cases as in case of retirement or if a mandate is not renewed by the Company without cause, prorata being based on the presence in the Company during performance periods. The vesting of past LTIP awards follows the plans’ rules and regulations and is not accelerated in any case. LTIP awards are forfeited for Executives who leave the Company on their own initiative, but this is subject to review by the Board of Directors.

The termination benefits include assumptions about all effective, known or planned terminations to date.

## Other Benefits

Other benefits include expenses for Executive Committee Members’ medical, death and disability coverage, company car and other usual facilities as applicable.

## 34.2 Remuneration – CEO

The annual remuneration and related compensation costs of the CEO as expensed in the respective year can be summarised as follows:

(In €)	2020	2019
Base salary <sup>(1)</sup>	1,350,000	1,392,045
Annual variable pay	1,357,262	1,436,250
Post-employment benefit costs	1,179,332	(2,694,448)
Share-based remuneration (“LTIP award”) <sup>(2)</sup>	206,337	1,627,061
Termination benefits	0	0
Other benefits	33,790	54,423
Social charges <sup>(3)</sup>	1,102,840	797,766

(1) For 2019, the base salary is composed of the prorated base salary paid to the former CEO (€420,455) up to 10 April 2019 and to the current CEO (€971,591) between 10 April 2019 and the end of 2019.

(2) Expense related to share-based payment plans as recognised in the annual period (service period) including the result from the hedge of cash-settled share-based payment (see “– Note 33: Share-Based Payment”).

(3) Social charges depends on the applicable regulation to the CEO. In France, social charges comprise benefits accrued through mandatory collective and state plans such as pension, death and disability or medical coverage.

### Annual Variable Pay

The annual variable pay is based on estimated performance achievement as at the balance sheet date and difference between the previous year’s estimation and actual pay-out in the current year.

### Post-Employment Benefit Costs

Post-employment benefit costs relate to the aggregated amount of current service and interest costs for defined benefit plan and company cost for contributions base plans.

Following the Board decision approved in the AGM 2020, the CEO pension rights are accrued through a defined contributions plan from 1 January 2020, which coexists with the former defined benefit pension plan.

The accrued pension rights under the former defined benefit plan have been frozen at the end of 2019 and remain unvested until the retirement date of the CEO. The pension rights arising from the Company’s defined contribution plan are deducted from the frozen defined pension rights.

As of 31 December 2020, the defined benefit obligation related to the frozen defined benefit commitment amounts to €9,423,777 (€9,167,371 in 2019). This obligation has been accrued in the 2020 Consolidated Financial Statements and will be updated annually up to the retirement date of the CEO considering additional service cost and future changes on economic assumptions or other factors like salary increase.

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

The annual cost of pension rights accrued under applicable mandatory collective and state pension plans are accounted for among social charges.

## Share-based Remuneration

The table below gives an overview of the interests of the CEO, under the various LTIPs of the Company:

Granted Date	LTIP 2015 <sup>(1)</sup>	LTIP 2016 <sup>(1)</sup>	LTIP 2017 <sup>(1)</sup>	LTIP 2018 <sup>(1)</sup>	LTIP 2019	LTIP 2020
Performance Units and Shares	10,656	11,392	8,808	8,416	11,060	19,840
Revaluation	75%	75%	50%	100%	100%	100%
Performance Units and Shares revalued	7,992	8,544	4,404	8,416	11,060	19,840
Vested in 2020						
in cash	5,994	2,136	0	0	0	0
in shares	1,998	4,272	0	0	0	0
Outstanding 2020						
in cash	0	2,136	2,202	4,208	5,530	9,920
in shares	0	0	2,202	4,208	5,530	9,920
Vesting schedule						
Cash-settled units	For vesting dates, see “– Note 33.1: LTIP”					
Equity-settled units	June 2020	May 2020	May 2021	May 2022	May 2023	May 2024

(1) 2015 to 2018 awards were granted before the appointment of the CEO and could vest during the CEO's mandate.

Vesting of all Performance Units and Performance Shares granted to the CEO is subject to performance conditions.

As of 31 December 2020, provisions of €919,556 (2019: €1,896,787) relating to Performance Units have been recognised. The pay-out from vested cash-settled LTIP in 2020 was €401,261 (2019: €697,383) excluding social charges.

## Termination Benefits

The termination benefit applicable to the CEO is described in the Company's Remuneration policy.

## Other Benefits

As stipulated in the Company's Remuneration Policy, 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 the French social security system and mandatory collective Company's plans), a company car and usual facilities. Costs of benefits provided through applicable mandatory collective and social security plans are accounted for among social charges. The monetary value of other benefits provided to the CEO in 2020 amounted to €33,790 (2019: €33,802).

The Company has not provided any loans to, advances to and guarantees on behalf of the CEO.

### 34.3 Remuneration – Board of Directors

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

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

(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 & Sustainability Committee ("ECSC") as the case may be. The fixum for the year 2020 was paid 50% in January 2020 and 50% in July 2020. The fixum for the year 2019 was paid 50% in January 2019 and 50% in July 2019.

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

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

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

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

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

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

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



## 2.7 Capital Structure and Financial Instruments

### 35. Total Equity

#### 35.1 Equity Attributable to Equity Owners of the Parent

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

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

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

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

**Capital stock** comprises the nominal amount of shares outstanding. The addition to capital stock represents the contribution for exercised options by employees of €976,155 (2019: €1,784,292) in compliance with the implemented ESOPs. In 2019, it represents the conversion of €5,020,942 in relation to the convertible bond issued in July 2015 redeemable in shares.

**Share premium** mainly results from contributions in kind in the course of the creation of the Company, cash contributions from the Company's initial public offering, capital increases and reductions due to the issuance and cancellation of shares.

**Retained earnings** include mainly the loss for the period and the changes in other comprehensive income from remeasurements of the defined benefit pension plans net of tax which amounts to €-1,268 million in 2020 (2019: €-2,345 million).

On 23 March 2020, the Company has decided the withdrawal of 2019 dividend proposal with cash value of €1.4 billion in response to the COVID-19 pandemic (see "– Note 2: Impact of the COVID-19 pandemic"). Given the ongoing volatility, there will be no dividend proposal for 2020.

**Treasury shares** represent the amount paid or payable for own shares held in treasury. During 2020, the number of treasury stock held by the Company decreased to 432,875 compared

to 862,610 as of 31 December 2019, mainly due to the vested shares in 2020 under LTIP 2016 (see "– Note 33: Share-based Payment"). No shares were sold back to the market nor cancelled (2019: 0 shares).

On 16 April 2020, the AGM of the Company authorised the Board of Directors, for a period expiring at the AGM to be held in 2021, to issue shares and to grant rights to subscribe for shares in the Company's share capital for the purpose of:

- ESOPs and share-related LTIPs, provided that such powers shall be limited to an aggregate of 0.14% of the Company's authorised share capital (see "– Note 33: Share-based Payment");
- funding the Company and its subsidiaries, provided that such powers shall be limited to an aggregate of 0.3% of the Company's authorised share capital (see "– Note 37.3: Financing Liabilities").

For each operation, such powers shall not extend to issuing shares or granting rights to subscribe for shares if there is no preferential subscription right and for an aggregate issue price in excess of €500 million per share issuance.

Also on 16 April 2020, the AGM authorised the Board of Directors for an 18-month period to repurchase up to 10% of the Company's issued share capital at a price per share not less than the nominal value and not more than the higher of the price of the last independent trade and the highest current independent bid on the trading venues of the regulated market of the country in which the purchase is carried out.

Furthermore, the AGM authorised both the Board of Directors and the CEO, with powers of substitution, to establish the exact number of the relevant shares to be cancelled.

## 35.2 Non-controlling interests

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

## 36. Capital Management

The Company seeks to maintain a strong financial profile to safeguard its going concern, financial flexibility as well as shareholders’, credit investors’ and other stakeholders’ confidence in the Company. Consequently, operating liquidity is of great importance.

As part of its capital management, it is one of the Company’s objectives to maintain a strong credit rating by institutional rating agencies. This enables the Company to contain its cost of capital which positively impacts its stakeholder value (entity value). Next to other non-financial parameters, the credit rating is based on factors such as cash flow, profitability and liquidity ratios. The Company monitors these ratios to keep them in a range compatible with a strong rating.

Rating agency	Long-term rating	Outlook	Short-term rating
Standard and Poor’s	A	Negative	A-1
Moody’s Investors Services	A2	Negative	P-1
Fitch Rating (unsolicited)	BBB+	Negative	F-1

The stand-alone rating reflects the Company’s strong backlog providing revenue visibility, leading market position, strong liquidity and solid balance sheet. It also reflects the Company’s reaction to the COVID-19 pandemic, including the adaptation of the production rate to meet customer demand, cost reductions and cash containment measures, as well as the uncertainties related to the length of the outbreak and the recovery pattern of demand for aircrafts post outbreak. Finally, it reflects the management’s focus on programmes execution, profitability and cash generation improvement.

In accordance with the Company’s conservative financial policy, a strong rating is key to maintain a wide array of funding sources at competitive conditions, to have broad access to long-term hedging and to strengthen the Company’s position as a financially sound counterparty for its customers and suppliers.

A five year plan (previously: three year plan) for rating and a value creation ambition is constructed annually, and is composed of (i) EBIT and (ii) Free Cash Flow, which is defined as Cash provided

by operating activities and Cash used for investing activities less Change of securities, Contribution to plan assets for pensions, realised Treasury swaps and bank activities.

The Company uses the WACC to determine the Net Present Value (“NPV”), which is used for any investment decision.

The Company also monitors the level of dividends paid to its shareholders.

The Company generally satisfies its obligations arising from **ESOPs** and Share Incentive Plans (“SIPs”) by issuing new shares. In order to avoid any dilution of its current shareholders out of **LTIPs**, the Company performs share buybacks to meet its obligations to its employees, following the decisions of the Board of Directors and approval of the AGM. Apart from this purpose, the Company generally does not trade with treasury shares.

The Company complies with the capital requirements under applicable law and its Articles of Association.

## 37. Net Cash

The net cash position provides financial flexibility to fund the Company’s operations, to react to business needs and risk profile and to return capital to the shareholders. This flexibility has been essential in managing the Company’s operations during the COVID-19 pandemic (see “– Note 2: Impact of the COVID-19 pandemic”).

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

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

Derivative instruments recognised on the Company's Statement of Financial Position consist of (i) instruments that are entered into as hedges of the Company's operating activities or interest result, and (ii) embedded foreign currency derivatives that arise

from separating the foreign currency component from certain operating contracts. Cash flows resulting from the settlement of these derivatives are therefore recorded as part of cash flow from operations. Similarly, financial assets and liabilities arising from customer financing activities and refundable advances from European Governments are considered part of operating activities and related cash flows are hence recognised as cash flows from operating activities.

## 37.1 Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

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

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.

## 37.2 Securities

The majority of the Company's securities consists of debt securities and are classified at fair value through OCI (see "– Note 38.2: Carrying Amounts and Fair Values of Financial Instruments").

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

Included in the securities portfolio as of 31 December 2020 and 2019, respectively, are corporate and government bonds bearing either fixed rate coupons (€6,714 million nominal value; 2019: €12,908 million) or floating rate coupons (€108 million nominal value; 2019: €188 million), and foreign currency funds of fixed income funds (€2 million fair value; 2019: €5 million).

When the Company enters into securities lending or other financing activities that involve the pledging of securities as collateral, the securities pledged continue to be recognised on the balance sheet. As of 31 December 2020, securities for an amount of €99 million were pledged as collateral for borrowings from banks (2019: €145 million).

## 37.3 Financing Liabilities

**Financing liabilities** comprise obligations towards financial institutions, issued corporate bonds, deposits made by customers of Airbus Bank, borrowings received from joint ventures and other parties as well as finance lease liabilities. Financing liabilities are recorded initially at the fair value of the proceeds received, net of transaction costs incurred. Subsequently, financing liabilities are measured at amortised cost, using the effective interest rate method with any difference between proceeds (net of transaction costs) and redemption amount being recognised in total finance income (cost) over the period of the financing liability.

Financing liabilities to financial institutions may include liabilities from securities lending transactions. In securities lending transactions, the Company receives cash from its counterparty and transfers the securities subject to the lending transaction as collateral. The counterparty typically has the right to sell or repledge the securities pledged. The amount of cash received is recognised as a financing liability. The securities pledged are not derecognised, but remain on the Company's Statement of Financial Position.

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

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

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

The second bond was split into a six year-maturity tranche of € 1.25 billion with a coupon of 1.375%, a ten year-maturity tranche of € 1.25 billion with a coupon of 1.625% and a 20 year-maturity tranche of € 1 billion with a coupon of 2.375%.

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

The Company has issued several euro-denominated **bonds** under its EMTN programme and three stand-alone US dollar-denominated bonds on the US institutional market under Rule 144A. It has also issued a euro-denominated exchangeable bonds into Dassault Aviation shares. Furthermore, the Company has long-term US dollar-denominated loans outstanding with the Development Bank of Japan ("DBJ").

The Company can issue **commercial paper** under its Negotiable European Commercial Paper ("NEuCP") programme at floating or fixed interest rates corresponding to the individual maturities ranging from 1 day to 12 months. The programme has been set up in 2003 with a maximum volume of € 2 billion, increased in 2013 to € 3 billion and in 2020 to a maximum volume of € 11 billion. In 2020, the Company established a Euro Commercial Paper ("ECP") Programme with a maximum volume of € 4 billion. The Company established in April 2015 a US\$ 2 billion commercial paper programme which has been increased to US\$ 3 billion in April 2016. As of 31 December 2020, there were no outstanding amounts under any of its commercial paper programmes.

The terms and repayment schedules of these bonds and loans are as follows:

	Principal amount (In million)	Carrying amount (In € million)		Issuance date	Coupon or interest rate	Effective interest rate	Maturity date	Additional features
		31 December						
		2020	2019					
US\$ Bond 10 years	US\$1,000	845	896	Apr 2013	2.70%	2.77%	Apr 2023	Interest rate swapped into 3M Libor +0.68%
EMTN 10 years	€1,000	1,047	1,049	Apr 2014	2.375%	2.424%	Apr 2024	Interest rate swapped into 3M Euribor +1.40%
EMTN 15 years	€500	571	555	Oct 2014	2.125%	2.208%	Oct 2029	Interest rate swapped into 3M Euribor +0.84%
EMTN 10 years	€600	626	617	May 2016	0.875%	0.980%	May 2026	Interest rate swapped into 3M Euribor +0.50%
EMTN 15 years	€900	983	940	May 2016	1.375%	1.502%	May 2031	Interest rate swapped into 3M Euribor +0.66%
EMTN 5 years	€750	745	-	Mar 2020	1.625%	1.798%	April 2025	
EMTN 6 years	€1,250	1,243	-	June 2020	1.375%	1.474%	June 2026	
EMTN 8 years	€750	745	-	Mar 2020	2%	2.099%	April 2028	
EMTN 10 years	€1,250	1,237	-	June 2020	1.625%	1.737%	June 2030	
EMTN 12 years	€1,000	987	-	June 2020	2.375%	2.494%	April 2032	
EMTN 20 years	€1,000	988	-	Mar 2020	2.375%	2.437%	June 2040	
Exchangeable bonds 5 years	€1,078	1,075	1,068	Jun 2016	0.00%	0.333%	Jun 2021	Exchangeable into Dassault Aviation shares issued at 103.75%
US\$ Bond 10 years	US\$750	672	687	Apr 2017	3.15%	3.20%	Apr 2027	Interest rate swapped into 3M Libor +0.87%
US\$ Bond 30 years	US\$750	667	680	Apr 2017	3.95%	4.02%	Apr 2047	Interest rate swapped into 3M Libor +1.61%
ACLP Private placement	US\$830	676	-	July 2020, Dec 2020	1.982%- 2.544%	2.77%- 3.09%	July 2026 to July 2029	
<b>Bonds</b>		<b>13,107</b>	<b>6,491</b>					
DBJ 10 years	US\$300	81	89	Jan 2011	3M US-Libor +1.15%	4.84%	Jan 2021	Interest rate swapped into 4.76% fixed
Others		448	261					
<b>Liabilities to financial institutions</b>		<b>529</b>	<b>350</b>					

Reconciliation of liabilities arising from financing liabilities:

(In € million)	Balance at 1 January 2020	Cash flows	Non-cash movements			Balance at 31 December 2020
			Changes in scope	Foreign exchange movements	Others <sup>(1)</sup>	
Bonds and commercial papers	6,491	6,660	0	(44)	0	13,107
Liabilities to financial institutions	350	292	0	(47)	(66)	529
Loans	283	(73)	0	(22)	0	188
Finance lease liabilities	1,560	(331)	0	(36)	605	1,798
Others	1,464	109	0	(100)	0	1,473
<b>Total</b>	<b>10,148</b>	<b>6,657</b>	<b>0</b>	<b>(249)</b>	<b>539</b>	<b>17,095</b>

(1) Included in "other assets and liabilities" in the Statements of Cash Flows.



## 38. Financial Instruments

### 38.1 Financial Risk Management

By the nature of its activities, the Company is exposed to a variety of financial risks: (i) market risks, in particular foreign exchange risk, but also interest rate risk, equity price risk and commodity price risk, (ii) liquidity risk and (iii) credit risk. The Company's overall financial risk management activities focus on mitigating unpredictable financial market risks and their potential adverse effects on the Company's operational and financial performance.

The financial risk management of the Company is generally carried out by the Treasury department of the Company under policies approved by the Board of Directors or by the Chief Financial Officer. The identification, evaluation and hedging of the financial risks is in the joint responsibility of several established specific committees such as the Foreign Exchange Committee and the Asset Liability Management Committee, including the Company business segments.

The Company uses financial derivatives solely for risk mitigating purposes ("hedging") and applies hedge accounting for a significant portion of its hedging portfolio.

#### Market Risk

**Foreign exchange risk** — Foreign exchange risk arises when future commercial transactions or firm commitments, recognised monetary assets and liabilities and net investments in foreign operations are denominated in a currency that is not the entity's functional currency.

The Company manages a long-term hedge portfolio with maturities of several years covering its net exposure to US dollar sales, mainly from the commercial activities of Airbus. This hedge portfolio covers a large portion of the Company's firm commitments and highly probable forecasted transactions.

For Airbus, the highly probable criteria of the underlying foreign currency exposure of cash flow hedges is assessed based on the IFRS15 backlog value analysis. This consists in reducing the contractual firm backlog by all deliveries which cannot be considered as highly probable due to the existence of either cancellation rights, risk of bankruptcy or other risk of order restructuring. The latter assessments is taking into account customers' situation and commercial aspects. The resulting backlog is further adjusted to the foreign exchange management hedging horizon. The highly probable underlying foreign currency exposure is then capped to the production plan when applicable.

Most of the Company's revenue is denominated in US dollars, while a major portion of its costs is incurred in euro and to a lesser extent in other foreign currencies. Consequently, to the extent that the Company does not use financial instruments to hedge its exposure resulting from this currency mismatch, its profits will be affected by changes in the €/US\$ exchange rate. As the Company intends to generate profits primarily from its operations rather than through speculation on exchange rate movements, it uses hedging strategies to manage and minimise the impact of exchange rate fluctuations on these profits.

With respect to its commercial aircraft products, as of 30 June 2018, the Company adopted a new hedge strategy to hedge its net exposure (US dollar revenue less US dollar cost) resulting from commercial aircraft deliveries of specific aircraft types. The strategy more closely aligns hedge accounting with risk management activities.

Under the new strategy the foreign exchange derivatives used as hedging instruments are designated as a hedge of a portion of the cash flows received for each of a number of deliveries of a specific aircraft type that are expected to occur in a given month and hence will allow the hedge result to move along with the hedged deliveries in the event of a shift in deliveries.

If such a shift in hedged deliveries occurs, hedge ineffectiveness will arise to the extent the maturities of the hedging instrument and the expected timing of the hedged cash flows are no longer perfectly aligned. In order to minimise such ineffectiveness the Company will close the timing gap by rolling over hedges to new maturities, using foreign exchange swap contracts.

In addition, the Company will designate the risk of changes in the spot element as the hedged risk in order to eliminate the ineffectiveness resulting from changes in forward points between different maturities. The forward element will be accounted for as a cost of hedging similar to the time value of options.

Until 30 June 2018 the Company typically hedged firmly committed sales in US dollar using a "first flow approach". Under that approach, the foreign currency derivatives the Company entered into were designated as a hedge of the first US dollar inflows received from the customer at aircraft delivery in a given month. The strategy implied that only a portion of the expected monthly customer payments made at aircraft delivery were hedged and that a reduction of monthly cash inflows as a result of postponements or order cancellations had no impact on the effectiveness of the hedge as long as the actual gross US dollar cash inflows received at aircraft delivery in a particular month exceeded the portion designated as being hedged in that month. According to the prospective application requirement of IFRS 9, the fair values of the legacy portfolio in place at inception of the new strategy continue to be assigned to the previous first flow hedge regime and remain in the hedge reserve in OCI, to be recognised in profit and loss only at maturity of the originally hedged cash flows (unless those cash flows are no longer expected to occur).

As a result of prospective application, the hedging instruments designated under the new strategy had a non-zero fair value at hedge inception, which might create some small ineffectiveness.

Another source of ineffectiveness is the counterparty credit risk inherent in the hedge portfolio. As such, credit risk is absent from the hedged cash flows. However, since netting arrangements are in place with all the hedge counterparties and the Company has a policy of trading with investment grade counterparties only, the credit risk arising from its hedging instruments, and associated changes in credit risk, have historically been negligible and are expected to remain so.

The Company also hedges its expected foreign currency exposure arising from US dollar or pound sterling cash outflows in the commercial aircraft business on a first outflow basis, though to a much lesser extent than US dollar cash inflows.

In military aircraft and non-aircraft businesses, the Company hedges inflows and outflows in foreign currencies from firmly committed or highly probable forecast sales and purchase contracts. Here, foreign currency derivatives are typically contracted in lower volumes; they may be accounted for using a first flow approach or are designated as hedges of specific agreed milestone payments. The amount of the expected flows to be hedged can cover up to 100% of the equivalent of the net US dollar exposure at inception. The coverage ratio considers the variability in the range of potential outcomes taking into account macroeconomic movements affecting spot rates and interest rates as well as the robustness of the commercial cycle.

In situations where the payment dates for hedged firmly committed cash flows are not fixed and subject to potentially significant delays, the Company may use rollover strategies, usually involving foreign exchange swaps.

For all foreign currency hedges of future cash flows which qualify for hedge accounting under IFRS 9, the Company uses the cash flow hedge model, which requires (i) recognising the effective portion of the fair value changes of the hedging derivatives in equity (within OCI) and (ii) recognising the effect of the hedge in profit or loss when the hedged cash flows affect profit or loss.

In addition, the Company hedges currency risk arising from financial assets or liabilities denominated in currencies other than the euro, including foreign currency receivable and payable accounts, as well as foreign currency denominated funding transactions or securities. The Company applies hedge accounting if a mismatch in terms of profit or loss recognition of the hedging instrument and hedged item would otherwise occur. Frequently, however, the currency-induced gains or losses of the hedging instrument and the hedged item match in terms of profit or loss recognition ("natural hedge"), so no hedge accounting is required. Sometimes such gains or losses may end up in different sections of the income statement (such as operating profit for the hedged item and financial result for the hedging instrument). If so, the Company may choose to present the gains or losses of both the hedging instrument and the hedged item in the same income statement line item if certain formal requirements are met.

As hedging instruments, the Company primarily uses foreign currency forwards, foreign currency options and to a minor extent non-derivative financial instruments. A hedge ratio of 1:1 is applied by the Company.

The Company also has foreign currency derivative instruments which are embedded in certain purchase contracts denominated in a currency other than the functional currency of any substantial party to the contract, principally in US dollar and pound sterling. If such embedded derivatives are required to be accounted for separately from the host purchase contract, related gains or losses are generally recognised in other financial result. However, if the embedded derivatives qualify for hedge accounting, the Company might choose to designate them as a hedging instrument in a hedge of foreign currency risk, in which case they are accounted for under the cash flow hedge model as described above.

**Interest rate risk** — The Company uses an asset-liability management approach with the objective to limit its interest rate risk. It undertakes to match the risk profile of its interest-bearing assets with those of its interest-bearing liabilities. The remaining net interest rate exposure is managed through several types of interest rate derivatives, such as interest rate swaps and interest rate futures contracts, in order to minimise risks and financial impacts.

The vast majority of related interest rate hedges qualify for hedge accounting, and most of them are accounted for under the fair value hedge model. As a result, both the fair value changes of these derivatives and the portion of the hedged items' fair value change that is attributable to the hedged interest rate risk are recognised in profit and loss, where they offset to the extent the hedge is effective.

A few interest rate swaps that have been entered into as a hedge of certain of the Company variable rate debt (see "– Note 36.3: Financing Liabilities") are accounted for under the cash flow hedge model. Related fair value gains are recognised in OCI and reclassified to profit or loss when the hedged interest payments affect profit or loss.

The Company has applied the relief introduced by the amendments made to IFRS 9 in September 2019 on hedge accounting, having the effect that the IBOR reform should not cause hedge accounting to terminate.

The Company invests in financial instruments such as overnight deposits, certificates of deposits, commercial papers, other money market instruments and short-term as well as medium-term bonds. For its financial instruments portfolio, the Company has an Asset Liability Management Committee in place that meets regularly and aims to limit the interest rate risk on a fair value basis through a value-at-risk approach, from which results a hedge ratio that is however not actively steered.

**Commodity price risk** — The Company is exposed to risk relating to fluctuations in the prices of commodities used in the supply chain. It manages these risks in the procurement process and to a certain extent uses derivative instruments in order to mitigate the risks associated with the purchase of raw materials. To the extent that the gains or losses of the derivative and those of the hedged item or transaction do not match in terms of profit or loss, the Company applies cash flow hedge accounting to the derivative instruments, with a hedge ratio of 1:1.

**Equity price risk** — The Company is to a small extent invested in equity securities mainly for operational reasons. Its exposure to equity price risk is hence limited. Furthermore, it is exposed under its LTIP to the risk of the Company share price increases. The Company limits these risks through the use of equity derivatives that qualify for hedge accounting and have been designated as hedging instruments in cash flow hedges, with a hedge ratio of 1:1.

**Sensitivities of market risks** — The approach used to measure and control market risk exposure of the Company's financial instrument portfolio is, amongst other key indicators, the value-at-risk model ("VaR"). The VaR of a portfolio is the estimated potential loss that will not be exceeded over a specified period of time (holding period) from an adverse market movement with a specified confidence level. The VaR used by the Company is based upon a 95% confidence level and assumes a five-day holding period. The VaR model used is mainly based on

the so-called “Monte-Carlo-Simulation” method. The model generates a wide range of potential future scenarios for market price movements by deriving the relevant statistical behaviour of markets for the portfolio of market data from the previous two years and observed interdependencies between different markets and prices.

The Company’s VaR computation includes the Company’s financial debt, short-term and long-term investments, foreign currency forwards, swaps and options, commodity contracts, finance lease receivables and liabilities, foreign currency trade liabilities and receivables and contract assets.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations, including the following:

- a five-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period;

- a 95% confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a 5% statistical probability that losses could exceed the calculated VaR;
- the use of historical data as a basis for estimating the statistical behaviour of the relevant markets and finally determining the possible range of future outcomes out of this statistical behaviour may not always cover all possible scenarios, especially those of an exceptional nature.

The Company uses VaR amongst other key figures in order to determine the riskiness of its financial instrument portfolio and in order to optimise the risk-return ratio of its financial asset portfolio. Further, its investment policy defines a VaR limit for the total portfolio of cash, cash equivalents and securities. The total VaR as well as the different risk-factor specific VaR figures of this portfolio are measured and serve amongst other measures as a basis for the decisions of the Company’s Asset Liability Management Committee.

A summary of the VaR position of the Company financial instruments portfolio at 31 December 2020 and 2019 is as follows:

<i>(In € million)</i>	Total VaR	Equity price VaR	Currency VaR	Commodity price VaR	Interest rate VaR
<b>31 December 2020</b>					
Foreign exchange hedges for forecast transactions or firm commitments	837	0	838	0	87
Financing liabilities, financial assets (including cash, cash equivalents, securities and related hedges)	137	120	96	0	35
Finance lease receivables and liabilities, foreign currency trade payables and receivables	39	0	35	0	24
Commodity contracts	3	0	0	3	0
Equity swaps	4	4	0	0	0
Diversification effect	(214)	(1)	(201)	0	(54)
<b>All financial instruments</b>	<b>806</b>	<b>123</b>	<b>768</b>	<b>3</b>	<b>92</b>
<b>31 December 2019</b>					
Foreign exchange hedges for forecast transactions or firm commitments	643	0	643	0	179
Financing liabilities, financial assets (including cash, cash equivalents, securities and related hedges)	113	34	78	0	71
Finance lease receivables and liabilities, foreign currency trade payables and receivables	51	0	41	0	27
Commodity contracts	3	0	0	3	0
Equity swaps	5	5	1	0	0
Diversification effect	(249)	(4)	(177)	0	(121)
<b>All financial instruments</b>	<b>566</b>	<b>35</b>	<b>586</b>	<b>3</b>	<b>156</b>

The increase of the total VaR as of 31 December 2020 is mainly attributable to a strong increase of market volatilities, in particular in €/€ and equity due to COVID-19 pandemic.

The Company uses its derivative instruments entirely for hedging purposes. As a result, the respective market risks of these hedging instruments are – depending on the hedges’ actual effectiveness – offset by corresponding opposite market risks of the underlying forecast transactions, assets or liabilities. Under IFRS 7, the underlying forecast transactions do not qualify as financial instruments and are therefore not included in the tables shown above. Accordingly, the VaR of the foreign exchange hedging portfolio in the amount of €837 million (2019: €643 million) cannot be considered as a risk indicator for the Company in the economic sense.

## Liquidity Risk

The Company's policy is to maintain sufficient cash and cash equivalents at any time to meet its present and future commitments as they fall due. It manages its liquidity by holding adequate volumes of liquid assets and maintains a committed revolving credit facility (€6.0 billion as of 31 December 2020) as well as a committed supplemental liquidity line (€6.2 billion as of 31 December 2020) in addition to the cash inflow generated by its operating business. The Company continues to keep within its asset portfolio the focus on low counterparty risk. In addition, it maintains a set of other funding sources, and accordingly may

issue bonds, notes and commercial papers or enter into security lending agreements. Adverse changes in the capital markets could increase its funding costs and limit its financial flexibility.

Further, the management of the vast majority of the Company's liquidity exposure is centralised by a daily cash concentration process. This process enables it to manage its liquidity surplus as well as its liquidity requirements according to the actual needs of its subsidiaries. In addition, management monitors the Company's liquidity reserve as well as the expected cash flows from its operations.

The contractual maturities of the Company's financial liabilities, based on undiscounted cash flows and including interest payments, if applicable, are as follows:

<i>(In € million)</i>	Carrying amount	Contractual cash flows	< 1 year	1 year - 2 years	2 years - 3 years	3 years - 4 years	4 years - 5 years	> 5 years
<b>31 December 2020</b>								
Non-derivative financial liabilities	(26,514)	(29,007)	(12,298)	(774)	(1,616)	(1,465)	(1,088)	(11,766)
Derivative financial liabilities	(2,817)	(2,420)	(955)	(712)	(659)	(79)	(11)	(4)
<b>Total</b>	<b>(29,331)</b>	<b>(31,427)</b>	<b>(13,253)</b>	<b>(1,486)</b>	<b>(2,275)</b>	<b>(1,544)</b>	<b>(1,099)</b>	<b>(11,770)</b>
<b>31 December 2019</b>								
Non-derivative financial liabilities	(26,828)	(28,307)	(17,306)	(1,718)	(484)	(1,293)	(1,310)	(6,196)
Derivative financial liabilities	(3,994)	(6,160)	(1,559)	(1,540)	(1,442)	(998)	(519)	(102)
<b>Total</b>	<b>(30,822)</b>	<b>(34,467)</b>	<b>(18,868)</b>	<b>(3,258)</b>	<b>(1,923)</b>	<b>(2,291)</b>	<b>(1,829)</b>	<b>(6,298)</b>

Non-derivative financial liabilities included in the table above comprise financing liabilities as presented in "– Note 38.2: Carrying Amounts and Fair Values of Financial Instruments". Due to their specific nature, namely their risk-sharing features and uncertainty about the repayment dates, the European Governments' refundable advances, which amount to € -3,912 million at 31 December 2020 (€ -4,277 million at 31 December 2019) are not included.

## Lease liabilities

The maturity analysis of lease liabilities, based on contractual undiscounted cash flows is as follows:

<i>(In € million)</i>	31 December	
	2020	2019
Not later than one year	(260)	(262)
Later than one year and not later than five years	(925)	(768)
Later than five years	(1,004)	(606)
<b>Total undiscounted lease liabilities at 31 December</b>	<b>(2,189)</b>	<b>(1,636)</b>
<b>Lease liabilities included in the Statement of Financial Position at 31 December</b>	<b>(1,798)</b>	<b>(1,560)</b>
Current	(260)	(262)
Non-current	(1,538)	(1,298)

## Credit Risk

The Company is exposed to credit risk to the extent of non-performance by either its customers (e.g. airlines) or its counterparts with regard to financial instruments or issuers of financial instruments for gross cash investments. However, it has policies in place to avoid concentrations of credit risk and to ensure that credit risk is limited.

As far as central treasury activities are concerned, credit risk resulting from financial instruments is managed by the Company. In order to ensure sufficient diversification, a credit limit system is used.

The Company monitors the performance of the individual financial instruments and the impact of market developments on their performance and takes appropriate action on foreseeable adverse development based on pre-defined procedures and escalation levels.

Sales of products and services are made to customers after having conducted appropriate internal credit risk assessment. In order to support sales, primarily at Airbus, Airbus Helicopters and ATR, the Company may agree to participate in customer financing, on a case-by-case basis either directly or through guarantees provided to third parties. In determining the amount and terms of the financing transaction, the Company takes into account the airline's credit rating and economic factors reflecting the relevant financial market conditions, together with appropriate assumptions as to the anticipated future value of the financed asset.

The booked amount of financial assets represents the maximum credit exposure. The credit quality of financial assets can be assessed by reference to external credit rating (if available) or internal assessment of customers' creditworthiness e.g. airlines by way of internal risk pricing methods.

For further information relating to gross credit risk and impairment see "– Note 38.7: Impairment Losses".

## 38.2 Carrying Amounts and Fair Values of Financial Instruments

**Financial instruments** — The Company's financial assets mainly consist of cash, short to medium-term deposits and securities. Its financial liabilities include trade liabilities, obligations towards financial institutions, issued bonds and refundable advances from European Governments. All purchases and sales of financial assets are recognised on the settlement date according to market conventions.

**Financial assets at amortised cost** — This category comprises assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. It includes trade receivables.

**Financial assets at fair value through OCI** — This category comprises:

- (i) equity investments that are not held for trading. With the exception of dividends received, the associated gains and losses (including any related foreign exchange component) are recognised in OCI. Amounts presented in OCI are not subsequently transferred to profit and loss on derecognition of the equity investment nor in the event of an impairment;
- (ii) debt instruments where contractual cash flows are solely payments of principal and interest, and that are held both for sales and collecting contractual cash flows. Changes in their fair value other than impairment losses and foreign exchange gains and losses on monetary items are recognised directly within AOCI. Upon disposal of such financial assets, the cumulative gain or loss previously recognised in equity is recorded as part of other income (other expenses) from investments in the Consolidated Income Statement for the period. Interest earned on the investment are presented as interest income in the Consolidated Income Statement using the effective interest method. Dividends earned on investment were recognised as other income (other expenses) from investments in the Consolidated Income Statement when the right to the payment had been established.

**Financial assets at fair value through profit or loss** — This category comprises all other financial assets (e.g. derivative instruments) that are to be measured at fair value (including equity investments for which the Company did not elect to present changes in fair value in OCI).

The Company assigns its financial instruments into classes based on their balance sheet category.



The following table presents the carrying amounts and fair values of financial instruments by class and by IFRS 9 measurement category as of 31 December 2020:

(In € million)	Fair value through profit or loss	Fair value through OCI	Financial assets and liabilities at amortised cost		Financial instruments total	
			Amortised cost	Fair value	Book value	Fair value
<b>Assets</b>						
Other investments and other long-term financial assets						
Equity investments <sup>(1)</sup>	967	1,278	0	0	2,245	2,245
Customer financing	237	0	0	0	237	237
Other loans	0	0	1,841	1,841	1,841	1,841
Trade receivables	0	0	5,132	5,132	5,132	5,132
Contract assets	0	0	1,122	1,122	1,122	1,122
Other financial assets						
Derivative instruments	4,424	0	0	0	4,424	4,424
Non-derivative instruments	0	0	1,491	1,491	1,491	1,491
Securities	0	6,968	0	0	6,968	6,968
Cash and cash equivalents	9,654	512	4,273	4,273	14,439	14,439
<b>Total</b>	<b>15,282</b>	<b>8,758</b>	<b>13,859</b>	<b>13,859</b>	<b>37,899</b>	<b>37,899</b>
<b>Liabilities</b>						
Financing liabilities						
Bonds and commercial papers	0	0	(13,107)	(13,997)	(13,107)	(13,997)
Liabilities to financial institutions and others	0	0	(2,190)	(2,190)	(2,190)	(2,190)
Finance lease liabilities	0	0	(1,798)	(1,798)	(1,798)	(1,798)
Other financial liabilities						
Derivative instruments	(2,817)	0	0	0	(2,817)	(2,817)
European Governments' refundable advances <sup>(2)</sup>	0	0	(3,912)	(3,912)	(3,912)	(3,912)
Others	0	0	(697)	(697)	(697)	(697)
Trade liabilities	0	0	(8,722)	(8,722)	(8,722)	(8,722)
<b>Total</b>	<b>(2,817)</b>	<b>0</b>	<b>(30,426)</b>	<b>(31,316)</b>	<b>(33,243)</b>	<b>(34,133)</b>

(1) Other than those accounted for under the equity method.

(2) The European Governments' refundable advances of €-3,912 million are measured at amortised cost. Fair values cannot be reliably measured because their risk sharing nature and the uncertainty of the repayment dates give rise to a broad range of reasonable fair value estimates and make it impossible to reasonably assess the probabilities of the various estimates within the range. This may change and reliable fair value measures become available as the related programmes approach the end of production.

The following table presents the carrying amounts and fair values of financial instruments by class and by IFRS 9 measurement category as of 31 December 2019:

(In € million)	Fair value through profit or loss	Fair value through OCI	Financial assets and liabilities at amortised cost		Financial instruments total	
			Amortised cost	Fair value	Book value	Fair value
<b>Assets</b>						
Other investments and other long-term financial assets						
Equity investments <sup>(1)</sup>	1,125	1,390	0	0	2,516	2,516
Customer financing	350	0	0	0	350	350
Other loans	0	0	2,036	2,036	2,036	2,036
Trade receivables	0	0	5,674	5,674	5,674	5,674
Contract assets	0	0	1,258	1,258	1,258	1,258
Other financial assets						
Derivative instruments	1,440	0	0	0	1,440	1,440
Non-derivative instruments	0	0	1,653	1,653	1,653	1,653
Securities	0	13,368	0	0	13,368	13,368
Cash and cash equivalents	7,014	652	1,648	1,648	9,314	9,314
<b>Total</b>	<b>9,929</b>	<b>15,410</b>	<b>12,269</b>	<b>12,269</b>	<b>37,609</b>	<b>37,609</b>
<b>Liabilities</b>						
Financing liabilities						
Bonds and commercial papers	0	0	(6,491)	(6,696)	(6,491)	(6,696)
Liabilities to financial institutions and others	0	0	(2,096)	(2,098)	(2,096)	(2,098)
Finance lease liabilities	0	0	(1,560)	(1,560)	(1,560)	(1,560)
Other financial liabilities						
Derivative instruments	(3,994)	0	0	0	(3,994)	(3,994)
European Governments' refundable advances <sup>(2)</sup>	0	0	(4,277)	(4,277)	(4,277)	(4,277)
Others	0	(1,014)	(859)	(859)	(1,873)	(1,873)
Trade liabilities	0	0	(14,808)	(14,808)	(14,808)	(14,808)
<b>Total</b>	<b>(3,994)</b>	<b>(1,014)</b>	<b>(30,091)</b>	<b>(30,298)</b>	<b>(35,099)</b>	<b>(35,306)</b>

(1) Other than those accounted for under the equity method.

(2) The European Governments' refundable advances of €-4,277 million are measured at amortised cost. Fair values cannot be reliably measured because their risk sharing nature and the uncertainty of the repayment dates give rise to a broad range of reasonable fair value estimates and make it impossible to reasonably assess the probabilities of the various estimates within the range. This may change and reliable fair value measures become available as the related programmes approach the end of production.

## Fair Value Hierarchy

**Fair value of financial instruments** — The fair value of quoted investments is based on current market prices. If the market for financial assets is not active, or in the case of unlisted financial instruments, the Company determines fair values by using generally accepted valuation techniques on the basis of market information available at the end of the reporting period. Derivative instruments are generally managed on the basis of the Company's net exposure to the credit risk of each particular counterparty and fair value information is provided to the Company's key management personnel on that basis. For these derivative instruments, the fair value is measured based

on the price that would be received to sell a net long position, or transfer a net short position, for a particular credit risk exposure as further described below.

Depending on the extent the inputs used to measure fair values rely on observable market data, fair value measurements may be hierarchised according to the following levels of input:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices that are observable for the asset or liability – fair values measured based on Level 2 input typically rely on observable market data such as interest rates, foreign exchange rates, credit spreads or volatilities;

– Level 3: inputs for the asset or liability that are not based on observable market data – fair values measured based on Level 3 input rely to a significant extent on estimates derived from the Company's own data and may require the use of assumptions that are inherently judgemental and involve various limitations.

The fair values disclosed for financial instruments accounted for at amortised cost reflect Level 2 input. Otherwise, the Company determines mostly fair values based on Level 1 and Level 2 inputs and to a lesser extent on Level 3 input.

The following table presents the carrying amounts of the financial instruments held for the three levels of the **fair value hierarchy** as of 31 December 2020 and 2019, respectively:

<i>(In € million)</i>	2020				2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments	1,780	0	465	2,245	1,988	0	528	2,516
Derivative instruments	0	4,424	0	4,424	0	1,224	216	1,440
Securities	6,968	0	0	6,968	13,368	0	0	13,368
Customer financing	0	0	237	237	0	0	350	350
Cash equivalents	9,654	512	0	10,166	7,014	652	0	7,666
<b>Total</b>	<b>18,402</b>	<b>4,936</b>	<b>702</b>	<b>24,040</b>	<b>22,370</b>	<b>1,876</b>	<b>1,094</b>	<b>25,340</b>
Financial liabilities measured at fair value								
Derivative instruments	0	(2,805)	(12)	(2,817)	0	(3,974)	(20)	(3,994)
Other financial liabilities	0	0	0	0	0	0	(1,014)	(1,014)
<b>Total</b>	<b>0</b>	<b>(2,805)</b>	<b>(12)</b>	<b>(2,817)</b>	<b>0</b>	<b>(3,974)</b>	<b>(1,034)</b>	<b>(5,008)</b>

The development of financial instruments of Level 3 is as follows:

<i>(In € million)</i>	Derivatives	Participations	Customer financing	Total	Written put options on NCI interests	Commodity swap agreements	Total
<b>Balance at 1 January 2019</b>	<b>165</b>	<b>489</b>	<b>510</b>	<b>1,164</b>	<b>(2,300)</b>	<b>(26)</b>	<b>(2,326)</b>
Business combination	0	0	0	0	0	0	0
Profit or loss	51	0	(160)	(109)	0	(12)	(12)
Equity	0	39	0	39	1,286	0	1,286
Settlements	0	0	0	0	0	18	18
Release	0	0	0	0	0	0	0
<b>Balance at 31 December 2019</b>	<b>216</b>	<b>528</b>	<b>350</b>	<b>1,094</b>	<b>(1,014)</b>	<b>(20)</b>	<b>(1,034)</b>
Business combination	0	0	0	0	0	0	0
Profit or loss	(216)	0	(113)	(329)	0	6	6
Equity	0	(63)	0	(63)	1,014	0	1,014
Settlements	0	0	0	0	0	2	2
Others	0	0	0	0	0	0	0
<b>Balance at 31 December 2020</b>	<b>0</b>	<b>465</b>	<b>237</b>	<b>702</b>	<b>0</b>	<b>(12)</b>	<b>(12)</b>

As at 31 December 2020, the fair value of the written put options on non-controlling interests ("NCI puts") relating to ACLP is nil, mainly reflecting the latest projections on funding needs, slower ramp-up phasing and market projections.

The fair value of these NCI puts are derived from a discounted cash flow analysis using the latest operating plan and a projection over the lifetime of the A220 programme.

In addition, a post-tax WACC of 9.49% (2019: 7.5%) is used to discount the forecasted cash flows taking into account the impacts of the COVID-19 pandemic and the specificities of the programme.

## Financial Assets Designated at Fair Value through Profit or Loss

The following types of financial assets held at 31 December 2020 and 2019, respectively, are designated at fair value through profit or loss:

<i>(In € million)</i>	<b>Nominal amount at initial recognition at 31 December 2020</b>	<b>Fair value at 31 December 2020</b>	Nominal amount at initial recognition at 31 December 2019	Fair value at 31 December 2019
Designated at fair value through profit or loss at recognition:				
Money market funds	9,654	9,654	7,009	7,009
Foreign currency funds of fixed income funds	2	2	5	5
<b>Total</b>	<b>9,656</b>	<b>9,656</b>	<b>7,014</b>	<b>7,014</b>

The Company manages these assets and measures their performance on a fair value basis.

### Fair Value Measurement Method

The Company uses the following methods to measure fair values:

**Equity instruments** — The fair values of listed equity instruments reflect quoted market prices. For non-listed equity investments for which quoted market prices are not available, the Company determines the fair values using valuation methods such as net asset values, discounted cash flow method or a comparable valuation technique.

**Customer financing assets and other loans** — The carrying amounts reflected in the annual accounts are used as a proxy for fair value.

**Contract assets, trade receivables and other receivables** — The carrying amounts reflected in the annual accounts are used as reasonable estimates of fair value because of the relatively short period between the receivables' origination and their maturity.

**Securities** — The fair values of securities reflect their quoted market price at the end of the reporting period.

**Cash and cash equivalents** — include cash in hand, cash in banks, checks, fixed deposits as well as commercial papers and money market funds. The carrying amounts reflected in the annual accounts are used as reasonable estimates of fair value because of the relatively short period between the origination of the instrument and its maturity or due date. The fair value of commercial papers is determined based on Level 2 input by discounting future cash flows using appropriate interest rates. The fair values of money market funds are determined by reference to their quoted market price.

**Derivatives** — The fair values of derivative instruments reflect quoted market prices, where available, but in most cases are determined using recognised valuation techniques such as option-pricing models (e.g. Black & Scholes model) and discounted cash flow models. The valuation is based on observable market data such as currency rates, currency forward rates, interest rates and yield curves, commodity forward prices as well as price and rate volatilities obtained from recognised vendors of market data. Furthermore, to the extent that these instruments are subject to master netting arrangements and similar agreements and managed on the basis of net credit exposure, their fair values reflect credit and debit value adjustments based on the net long or net short position that the Company has with each counterparty. Except for certain short-term commodity contracts and derivatives presented in the Level 3 section above, derivative fair values are measured based on Level 2 input.

**Financing liabilities** — The fair values disclosed for financing liabilities, other than those of issued bonds and commercial papers, are determined based on Level 2 input by discounting scheduled or expected cash flows using appropriate market interest rates. The fair values disclosed for the issued EMTN and US dollar bonds reflect public price quotations that qualify as Level 1 input. For issued commercial papers, the carrying amounts reflected in the annual accounts are used as reasonable estimates of fair value because of the relatively short period between the origination of these instruments and their maturity.

**Trade liabilities and current other financial liabilities** — For the same reason as trade receivables, carrying amounts are used as reasonable fair value approximations for trade liabilities and current other financial liabilities.

The following interest rate curves are used in the determination of the fair value in respect of the derivative financial instruments as of 31 December 2020 and 2019:

<i>(Rate in %)</i>	31 December					
	2020		2019		2020	
	€	US\$	€	US\$	€	US\$
6 months	(0.45)	(0.36)	0.22	1.93	0.15	0.90
1 year	(0.40)	(0.28)	0.28	1.94	0.20	1.01
5 years	(0.49)	(0.20)	0.43	1.68	0.19	0.88
10 years	(0.29)	0.13	0.93	1.85	0.40	1.02

### 38.3 Potential Effect of Set-Off Rights on Recognised Financial Assets and Liabilities

The Company reports all its financial assets and financial liabilities on a gross basis. With each derivative counterparty there are master netting agreements in place providing for the immediate close-out of all outstanding derivative transactions and payment of the net termination amount in the event a party to the agreement defaults or another defined termination event occurs. Furthermore, securities lending transactions are accounted for as collateralised borrowings. As a result, the securities pledged as collateral continue to be recognised on the balance sheet and the amount of cash received at the outset of the transaction is separately recognised as a financial liability. The following tables set out, on a counterparty specific basis, the potential effect of master netting agreements and collateralised borrowings on the Company's Financial Position, separately for financial assets and financial liabilities that were subject to such agreements as of 31 December 2020 and 2019, respectively:

<i>(In € million)</i>	Gross amounts recognised	Gross amounts recognised set off in the Financial Statements	Net amounts presented in the Financial Statements	Related amounts not set off in Statement of Financial Position		Net amount
				Financial instruments	Cash collateral received	
<b>31 December 2020</b>						
Financial asset	3,879	0	3,879	(1,519)	(77)	<b>2,283</b>
Financial liabilities	2,192	0	2,192	(1,519)	0	<b>673</b>
<b>31 December 2019</b>						
Financial asset	831	0	831	(789)	0	<b>42</b>
Financial liabilities	3,560	0	3,560	(789)	0	<b>2,771</b>

### 38.4 Notional Amounts of Derivative Financial Instruments

The contract or notional amounts of derivative financial instruments shown below do not necessarily represent amounts exchanged by the parties and thus, are not necessarily a measure for the exposure of the Company through its use of derivatives.

The notional amounts of **foreign exchange derivative financial instruments** are as follows, specified by year of expected maturity:

<i>(In € million)</i>	Remaining period						Total
	1 year	2 years	3 years	4 years	5 years	> 5 years	
<b>31 December 2020</b>							
Net forward sales contracts	13,827	12,308	10,427	8,716	6,685	14,791	<b>66,754</b>
Foreign exchange options	0	0	0	0	0	0	<b>0</b>
Foreign exchange swap contracts	1,782	0	0	0	0	0	<b>1,782</b>
<b>31 December 2019</b>							
Net forward sales contracts	23,543	18,108	16,959	11,656	6,450	1,632	<b>78,348</b>
Foreign exchange options	1,745	2,884	0	0	0	0	<b>4,629</b>
Foreign exchange swap contracts	4,054	0	0	0	0	0	<b>4,054</b>

The following table sets out the notional amount of foreign exchange hedges in place as of 31 December 2020 relating to the commercial activities of Airbus, and the average euro converted rates applicable to corresponding EBIT.

<i>(In \$ million)</i>	2021	2022	2023	2024	2025+	Total
<b>Total hedges</b>	<b>16,615</b>	<b>15,197</b>	<b>12,395</b>	<b>10,485</b>	<b>26,275</b>	<b>80,967</b>
Forward rates						
€/US\$	1.21	1.23	1.26	1.26	1.30	1.26
£/US\$	1.37	1.37	1.42	N/A	N/A	1.37

In 2020 new hedge contracts of US\$ 4.5 billion (2019: US\$ 40.6 billion) were added at an average rate of 1.17 US\$/€ (2019: 1.20 US\$/€).



As of 31 December 2020, the total hedge portfolio with maturities up to 2027 amounts to US\$81.0 billion (2019: US\$97.1 billion) and covers a major portion of the foreign exchange exposure expected over the hedging horizon. The average US\$/€ hedge rate of the US\$/€ hedge portfolio until 2027 amounts to 1.26 US\$/€ (2019: 1.23 US\$/€) and for the US\$/£ hedge portfolio until 2024 amounts to 1.37 US\$/£ (2019: 1.37 US\$/£).

<i>(In £ million)</i>	2021	2022	2023	2024	2025+	Total
<b>Total hedges</b>	<b>285</b>	<b>327</b>	<b>298</b>	<b>155</b>	<b>58</b>	<b>1,123</b>
Forward rates						
€/£	0.89	0.89	0.89	0.91	0.92	0.89

During the course of the year 2020, €/£ hedges were implemented in order to cover the GBP exposure of the Company.

The notional amounts of **interest rate contracts** are as follows:

<i>(In € million)</i>	Remaining period								Total
	1 year	2 years	3 years	4 years	5 years	6 years	7 years	> 7 years	
<b>31 December 2020</b>									
Interest rate contracts	109	0	815	1,000	0	600	1,222	1,400	<b>5,146</b>
Interest rate future contracts	0	0	0	0	0	0	0	0	<b>0</b>
<b>31 December 2019</b>									
Interest rate contracts	7	162	4	890	1,000	0	600	2,735	<b>5,398</b>
Interest rate future contracts	0	0	0	0	0	0	0	0	<b>0</b>

Please also refer to “– Note 37.3: Financing Liabilities”.

The notional amounts of **commodity contracts** are as follows:

<i>(In € million)</i>	Remaining period					Total
	1 year	2 years	3 years	4 years	> 4 years	
<b>31 December 2020</b>	25	22	11	3	0	<b>61</b>
<b>31 December 2019</b>	25	36	20	12	3	<b>96</b>

The notional amounts of **equity swaps** are as follows:

<i>(In € million)</i>	Remaining period					Total
	1 year	2 years	3 years	4 years	> 4 years	
<b>31 December 2020</b>	32	23	17	8	0	<b>80</b>
<b>31 December 2019</b>	37	32	23	9	0	<b>101</b>

## 38.5 Derivative Financial Instruments and Hedge Accounting Disclosure

The following table presents the **reconciliation of AOCI**, net of tax, resulting from cash flow hedge accounting as of 31 December 2020 and 31 December 2019:

	31 December	
	2020	2019
<i>(In € million)</i>	Hedge reserve	
<b>Opening balance</b>	<b>2,521</b>	<b>1,473</b>
Foreign exchange contracts	(3,161)	3,527
Others	(111)	7
<b>Changes in fair values</b>	<b>(3,272)</b>	<b>3,534</b>
Foreign exchange contracts	(484)	(1,894)
Others	6	(2)
<b>Amount reclassified to profit or loss (matured hedges)</b>	<b>(478)</b>	<b>(1,896)</b>
Foreign exchange contracts	55	(207)
Others	(4)	0
<b>Amount classified to profit or loss (inefficiency)</b>	<b>51</b>	<b>(207)</b>
<b>Tax impact</b>	<b>916</b>	<b>(383)</b>
<b>Closing balance</b>	<b>(262)</b>	<b>2,521</b>

The following table presents the amounts relating to **items designated as hedging instruments and hedge ineffectiveness** for cash-flow hedges as of 31 December 2020:

<i>(In € million)</i>	Carrying values		OCI		Hedge inefficiency recorded in financial result	Amounts reclassified from hedge reserve to profit and loss
	Asset	Liability	Changes in values of the hedging instrument	Other changes in value of the hedge reserve		
Foreign currency risk						
Net forward sales contracts	3,840	(2,530)	(6,087)	2,934	55	(483)
Foreign exchange options	11	(14)	1	(9)	0	(1)
Embedded Derivatives	5	0	(115)	0	0	0
Interest rate risk	0	(1)	(2)	0	0	0
Commodity swap risk	14	(27)	6	0	(4)	6
Equity swap risk	0	(16)	0	0	0	0
<b>Total</b>	<b>3,870</b>	<b>(2,588)</b>	<b>(6,197)</b>	<b>2,925</b>	<b>51</b>	<b>(478)</b>

The following table presents the amounts relating to **items designated as hedging instruments and hedge ineffectiveness** for cash-flow hedges as of 31 December 2019:

<i>(In € million)</i>	Carrying values		OCI		Hedge inefficiency recorded in financial result <sup>(1)</sup>	Amounts reclassified from hedge reserve to profit and loss
	Asset	Liability	Changes in values of the hedging instrument	Other changes in value of the hedge reserve		
Foreign currency risk						
Net forward sales contracts	848	(3,787)	699	2,824	(208)	(1,895)
Foreign exchange options	19	(58)	(1)	2	0	1
Embedded Derivatives	0	(18)	14	0	0	0
Interest rate risk	0	(3)	0	0	0	0
Commodity swap risk	9	(10)	(4)	0	0	(2)
Equity swap risk	20	0	0	0	0	0
<b>Total</b>	<b>896</b>	<b>(3,876)</b>	<b>707</b>	<b>2,826</b>	<b>(208)</b>	<b>(1,896)</b>

(1) It includes the financial expense of € 112 million on hedge ineffectiveness (see “– Note 12: Revenue and Gross Margin”).

## 38.6 Net Gains or Net Losses

The Company's net gains or net losses recognised in profit or loss in 2020 and 2019, respectively, are as follows:

(In € million)	2020	2019
Financial assets or financial liabilities at fair value through profit or loss		
Held for trading	(117)	(212)
Designated on initial recognition	(277)	228
Financial assets at amortised cost	(598)	(155)
Financial assets at fair value through OCI (previously financial assets at fair value)	75	26
Financial liabilities measured at amortised cost	266	5

Net losses of €-194 million (2019: net gains of €403 million) are recognised directly in equity relating to financial assets at fair value. Interest income from financial assets or financial liabilities through profit or loss is included in net gains or losses.

## 38.7 Impairment Losses

**Loss allowances** — For its portfolio of debt instruments including bonds, term deposits and commercial papers, the Company measures loss allowances at an amount that represents credit losses resulting from default events that are possible within the next 12 months, unless the credit risk on a financial instrument has increased significantly since initial recognition. In the event of such significant increase in credit risk the Company measures loss allowances for that financial instrument at an amount equal to its life-time expected losses, *i.e.* at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument.

The Company applies the low credit risk exemption allowing the Company to assume that there is no significant increase in credit risk since initial recognition of a financial instrument,

if the instrument is determined to have low credit risk at the reporting date. Similarly, the Company has determined that its trade receivables and contract assets generally have low credit risk. The Company applies the simplified approach permitted by IFRS 9 of measuring expected credit losses of trade receivables and contract assets on a lifetime basis from initial recognition.

**Investment grade instruments** — The Company considers a significant increase in credit risk to have occurred, if there is a downgrade by four notches such that the instrument moves into a high yield bucket as a direct result of the downgrade. With respect to instruments that were high yield at initial recognition, a downgrade by four notches is considered as a significant increase in credit risk.

(In € million)	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Credit impaired ECL	Total
At 1 January 2020	4.17	0.27	0	4.44
Change in financial assets	(0.29)	79.34	0	79.05
Change in risk parameters	(0.25)	(72)	0	(72.25)
<b>At 31 December 2020</b>	<b>3.63</b>	<b>7.61</b>	<b>0</b>	<b>11.24</b>

(In € million)	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Credit impaired ECL	Total
At 1 January 2019	3.49	1.13	0	4.62
Change in financial assets	0.01	(0.69)	0	0.37
Change in risk parameters	0.67	(0.17)	0	0.04
<b>At 31 December 2019</b>	<b>4.17</b>	<b>0.27</b>	<b>0</b>	<b>4.44</b>

The following table breaks down the **gross carrying amount of loans and receivables** as of 31 December 2020 and 2019, separately showing those that are impaired, renegotiated or past due:

<i>(In € million)</i>	Not past due	Renegotiated/ not past due/not impaired	Gross impaired	Past due ≤ 3 months	Past due > 3 and ≤ 6 months	Past due > 6 and ≤ 9 months	Past due > 9 and ≤ 12 months	Past due > 12 months	Impairment	Total
<b>31 December 2020</b>										
Trade receivables	4,302	0	172	358	117	119	92	277	(305)	5,132
Contract assets	1,123	0	0	0	0	0	0	0	(1)	1,122
Others	2,396	4	431	302	130	23	10	366	(156)	3,506
<b>Total</b>	<b>7,821</b>	<b>4</b>	<b>603</b>	<b>660</b>	<b>247</b>	<b>142</b>	<b>102</b>	<b>643</b>	<b>(462)</b>	<b>9,760</b>
<b>31 December 2019</b>										
Trade receivables	4,461	113	458	231	165	100	64	478	(396)	5,674
Contract assets	1,266	0	0	0	0	0	0	0	(8)	1,258
Others	2,499	7	531	174	26	31	56	588	(231)	3,681
<b>Total</b>	<b>8,226</b>	<b>120</b>	<b>989</b>	<b>405</b>	<b>191</b>	<b>131</b>	<b>120</b>	<b>1,066</b>	<b>(635)</b>	<b>10,613</b>

The management believes that the unimpaired amounts that are past due are still collectible in full, based on historic payment behaviour and analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The following **impairment losses** on financial assets are recognised in profit or loss in 2020 and 2019, respectively:

<i>(In € million)</i>	2020	2019
Other loans	(143)	(33)
Trade receivables	(71)	(167)
Contract assets	0	(6)
<b>Total</b>	<b>(214)</b>	<b>(206)</b>

## 2.8 Other Notes

### 39. Litigation and Claims

**Litigation and claims** — Various legal actions, governmental investigations, proceedings and other claims are pending or may be instituted or asserted in the future against the Company. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with certainty. The Company believes that it has made adequate provisions to cover current or contemplated litigation risks. It is reasonably possible that the final resolution of some of these matters may require the Company to make expenditures, in excess of established reserves, over an extended period of time and in a range of amounts that cannot be reasonably estimated. The term “reasonably possible” is used herein to mean that the chance of a future transaction or event occurring is more than remote but less than likely.

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

If the Company concludes that the disclosures relative to contingent liabilities can be expected to prejudice seriously its position in a dispute with other parties, the Company limits its disclosures to the nature of the dispute.

#### WTO

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

Following a series of interim WTO panel decisions, in May 2018 the WTO held that the EU achieved compliance in respect of the majority of the subsidies at issue but considered that some remaining obligations required adjustments. The Company and the EU took corrective actions that were reviewed by a WTO panel. The decision of that panel is currently being appealed. In the meantime, the WTO authorised the US to impose US\$7.5 billion in annual countermeasures. The United States Trade Representative (“USTR”) imposed tariffs on a range of imports to the US from the EU including 10% on the importation of large civil aircraft from the EU. Those tariffs went into effect on 18 October 2019. On 18 March 2020, the US increased the additional duty rate imposed on aircraft imported from the EU to 15%. On 12 January 2021, the US imposed an additional tariff of 15% on imports of aircraft manufacturing parts from certain Member States of the EU delivered to the US.

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

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

The respective WTO authorisations to impose tariffs will remain valid until the EU or the US prove to the WTO that they are in full compliance, or until both parties agree to settle the dispute.

#### GPT

In August 2012, the UK Serious Fraud Office (“SFO”) announced that it had opened a formal criminal investigation in relation to GPT Special Project Management Ltd (“GPT”). GPT is a UK company that operated in the Kingdom of Saudi Arabia which the Company acquired in 2007. GPT is now an indirect subsidiary of Airbus Defence and Space. It ceased operations in April 2020.

The SFO's investigation related to contractual arrangements that had been put in place prior to GPT's acquisition by the Company, but which continued thereafter.

On 29 July 2020, the SFO requisitioned (required) GPT to appear in court, and a series of hearings have followed. The single charge against GPT relates to alleged historic corruption in the Kingdom of Saudi Arabia between 2007 and 2012. No plea has yet been entered. For legal reasons, neither the Company nor GPT can comment further on it.

On 31 January 2020 the Company reached a final agreement with investigating authorities in France, the UK and the US in relation to all wrongdoing alleged against the Company and its controlled subsidiaries, with the exception of the pre-existing and separate investigation into GPT. The Deferred Prosecution Agreement of 31 January 2020 mentioned below under “Investigation by the UK SFO, France's PNF, US Departments of State and Justice and Related Commercial Litigation” is not affected in any way by the prosecution of GPT.



## Eurofighter Austria

In 2017, the Austrian Federal Ministry of Defence raised criminal allegations against Airbus Defence and Space GmbH and Eurofighter Jagdflugzeug GmbH for wilful deception and fraud in the context of the sale of the Eurofighter aircraft to Austria and respective damage claims. After the Austrian Federal Ministry of Defence raised its criminal allegations, the Austrian public prosecutor opened investigations against Airbus Defence and Space GmbH, Eurofighter Jagdflugzeug GmbH and former and current employees of the two entities including related to the corresponding offset obligations. The Company has filed several submissions to the Austrian public prosecutor in response to the allegations of deception in the procurement of Eurofighter combat aircraft made by the Austrian Defence Minister. Since the result of the investigations by the Austrian public prosecutor did not confirm the allegations of wilful deception and fraud, the Austrian authorities accordingly terminated the investigations against Airbus Defence and Space GmbH and Eurofighter Jagdflugzeug GmbH.

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

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

Under the terms of the agreements, the Company agreed to pay penalties of €3,597,766,766 plus interest and costs to the French, UK and US authorities. This was recognised in the Company’s 2019 accounts. The settlements with each authority were as follows: PNF €2,083,137,455, the SFO €983,974,311, the DoJ €526,150,496 and the DoS €9,009,008 of which €4,504,504 may be used for approved remedial compliance measures. All penalties have been paid, except for \$1 million that remains to be paid to the DoS by 28 January 2022.

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

Under the terms of the Deferred Prosecution Agreement (“DPA”) with the SFO, no independent compliance monitor will be imposed on the Company in light of the continuing monitorship to be conducted by the AFA.

Under the terms of the DPA with the DoJ, no independent compliance monitor will be imposed on Airbus under the agreement with the DoJ, but the Company will periodically report on its continuing compliance enhancement progress during the three year term of the DPA and carry out further reviews as required by the DoJ.

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

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

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

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

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

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

## Securities Litigation

In August 2020, a putative class action lawsuit was filed in US federal court in the state of New Jersey against Airbus SE and members of its current and former management. The lawsuit was brought on behalf of alleged shareholders that purchased or otherwise acquired Airbus SE securities in the US between 24 February 2016 and 30 July 2020, and asserts violations of US securities laws. The complaint alleges that defendants made false and misleading statements or omissions concerning, among other things, the Company’s agreements approved on 31 January 2020 with the French PNF, the UK SFO, the US DoJ and the US DoS as well as the Company’s historic practices regarding the use of third party business partners and anti-corruption compliance. The lawsuit seeks unquantified damages. The Company believes it has solid grounds to defend itself against the allegations. The consequences of such litigation and the outcome of the proceedings cannot be fully assessed at this stage, but any judgement or decision unfavourable to the Company could have a material adverse impact on the Financial Statements, business and operations of the Company.

## Other Investigations

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

In 2019, the Company self-reported to German authorities potentially improper advance receipt and communication of confidential customer information by employees of Airbus Defence and Space GmbH. The information concerned relates to two future German government procurement projects in the programme line Connected Intelligence. The self-disclosure by the Company follows an ongoing internal review with the support of an external law firm. Both the German Ministry of Defence and the Munich public prosecutor opened an investigation into the matter. The Company will continue to fully cooperate with

relevant authorities. The investigation could have an impact on Airbus Defence and Space GmbH’s and Airbus Secure Land Communications GmbH’s ability to participate in future public procurement projects in Germany and may have other legal consequences.

## Other Disputes

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

## 40. Auditor Fees

With reference to Section 2:382a (1) and (2) of the Netherlands Civil Code, the following fees for the financial year 2020 have been charged by EY to the Company, its subsidiaries and other consolidated entities:

<i>(In € thousand)</i>	2020	2019
Audit of the Financial Statements	11,386	11,618
Other audit engagements	308	220
Tax services	445	1,037
Other non-audit services	447	1,726
<b>Total</b>	<b>12,586</b>	<b>14,601</b>

Other audit firms have audit fees related to audit process, certification and examination of individual and consolidated accounts of €5 million in 2020 (2019: €6 million).

## 41. Events after the Reporting Date

In response to the market environment, the Company is updating its production rate planning.

For its A320 Family aircraft, the new average production rates will now lead to a gradual increase in production from the current rate of 40 per month to 43 and 45, respectively in the third and fourth quarter of 2021. The A220 monthly production rate will increase from four to five aircraft per month from the end of the first quarter of 2021. Widebody production is expected to remain stable at current levels.





# 3



# 3.

## Airbus SE

### IFRS Company

### Financial Statements

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## IFRS Company Income Statement for the years ended 31 December 2020 and 2019

<i>(In € million)</i>	Note	<b>2020</b>	2019
Operating income		3,757	159
Operating expenses		(159)	(3,845)
Income from investments		42	34
Impairment of investments	10	(187)	1
<b>Total operating result</b>	7	<b>3,453</b>	<b>(3,650)</b>
Interest income		142	202
Interest expense		(190)	(176)
Other financial result		(248)	(36)
<b>Total financial result</b>	8	<b>(296)</b>	<b>(10)</b>
<b>Profit (loss) before income taxes</b>		<b>3,157</b>	<b>(3,660)</b>
Tax income (expense)	9	(3)	(5)
<b>Profit (loss) for the period</b>		<b>3,154</b>	<b>(3,665)</b>

## IFRS Company Statement of Comprehensive Income for the years ended 31 December 2020 and 2019

<i>(In € million)</i>	<b>2020</b>	2019
<b>Profit (loss) for the period</b>	<b>3,154</b>	<b>(3,665)</b>
<b>Other comprehensive income</b>		
<i>Items that will be reclassified to profit or loss:</i>		
Change in fair value of financial assets	(52)	143
Change in fair value of cash flow hedges	0	0
<b>Other comprehensive income, net of tax</b>	<b>(52)</b>	<b>143</b>
<b>Total comprehensive income of the period</b>	<b>3,102</b>	<b>(3,522)</b>

## IFRS Company Statement of Financial Position for the years ended 31 December 2020 and 2019

<i>(In € million)</i>	Note	<b>2020</b>	2019
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries and associates	10	16,690	16,960
Long-term financial assets	11	1,345	1,794
Non-current other financial assets	11	2,424	3,066
Non-current other assets		44	0
Deferred tax assets	9	0	0
Non-current securities	15	5,021	10,811
		<b>25,524</b>	<b>32,631</b>
<b>Current assets</b>			
Trade receivables		492	32
Short-term financial assets	11	122	44
Current other financial assets	11	1,136	1,777
Current accounts Airbus companies	11	11,167	8,574
Current other assets		66	85
Current securities	15	1,592	2,255
Cash and cash equivalents	15	10,671	8,129
		<b>25,246</b>	<b>20,896</b>
<b>Total assets</b>		<b>50,770</b>	<b>53,527</b>
<b>Equity and liabilities</b>			
<b>Stockholders' equity</b>			
	14		
Capital Stock		785	784
Share premium		3,599	3,555
Retained earnings		1,581	5,204
Legal reserves		122	174
Treasury shares		(42)	(82)
Result of the year		3,154	(3,665)
		<b>9,199</b>	<b>5,970</b>
<b>Non-current liabilities</b>			
Long-term financing liabilities	15	11,356	6,580
Non-current other financial liabilities	11	2,023	2,898
Deferred tax liabilities	9	27	34
		<b>13,406</b>	<b>9,512</b>
<b>Current liabilities</b>			
Short-term financing liabilities	15	1,156	0
Current accounts Airbus companies	11	25,527	32,510
Current other financial liabilities	11	1,143	1,793
Current other liabilities		339	3,742
		<b>28,165</b>	<b>38,045</b>
<b>Total equity and liabilities</b>		<b>50,770</b>	<b>53,527</b>

## IFRS Company Statement of Cash Flows for the years ended 31 December 2020 and 2019

<i>(In € million)</i>	Note	<b>2020</b>	2019
<b>Operating Activities</b>			
<b>Profit (loss) for the period (Net income)</b>		<b>3,154</b>	<b>(3,665)</b>
<i>Adjustments to reconcile profit for the period to cash provided by operating activities</i>			
Interest income		(142)	(202)
Interest expense		190	236
Interest received		231	176
Interest paid		(172)	(175)
Tax (income) expense		3	5
Results on disposals of assets		0	(1)
Depreciation and amortisation		0	0
Valuation adjustments		903	(72)
Dividends received		(42)	(34)
Change in current and non-current provisions		0	(1)
<b>Change in other operating assets and liabilities</b>		<b>(4,063)</b>	<b>3,813</b>
Trade receivables		(469)	185
Trade liabilities		45	35
Other assets and liabilities and others		(3,639)	3,593
<b>Cash provided by operating activities</b>		<b>62</b>	<b>80</b>
<b>Investing activities</b>			
Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash)	10	(56)	(164)
Payments for long-term financial assets		(294)	(449)
Proceeds from long-term financial assets		383	306
Proceeds of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash)		7	-
Dividends received		42	34
Payments for investments in securities		(157)	(2,687)
Proceeds from disposals of securities		6,508	2,361
<b>Cash provided by (used for) investing activities</b>		<b>6,433</b>	<b>(599)</b>
<b>Financing activities</b>			
Increase in financing liabilities		5,940	0
Repayment of financing liabilities		0	0
Change in current accounts Airbus companies		(9,672)	1,901
Cash distribution to Airbus SE shareholders		0	(1,280)
Change in capital		89	138
Change in treasury shares		(4)	(31)
<b>Cash provide by (used for) financing activities</b>		<b>(3,647)</b>	<b>728</b>
Effect of foreign exchange rate changes on cash and cash equivalents		(306)	34
<b>Net increase in cash and cash equivalents</b>		<b>2,542</b>	<b>243</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>8,129</b>	<b>7,886</b>
<b>Cash and cash equivalents at end of period</b>	15	<b>10,671</b>	<b>8,129</b>

## IFRS Company Statement of Changes in Equity for the years ended 31 December 2020 and 2019

(In € million)	Note	Legal reserves <sup>(1)</sup>						Total equity
		Capital stock	Share premium	Retained earnings	Financial assets at fair value	Cash flow hedges	Treasury shares	
<b>Balance at 1 January 2019</b>		777	2,941	6,408	31	0	(51)	10,106
Profit for the period		0	0	(3,665)	0	0	0	(3,665)
Other comprehensive income		0	0	0	143	0	0	143
Total comprehensive income for the period		0	0	(3,665)	143	0	0	(3,522)
Capital increase		7	614	0	0	0	0	621
Share-based payment (IFRS 2)		0	0	76	0	0	0	76
Cash distribution to Airbus SE shareholders		0	0	(1,280)	0	0	0	(1,280)
Change in treasury shares		0	0	0	0	0	(31)	(31)
<b>Balance at 31 December 2019</b>		<b>784</b>	<b>3,555</b>	<b>1,539</b>	<b>174</b>	<b>0</b>	<b>(82)</b>	<b>5,970</b>
Profit for the period		0	0	3,154	0	0	0	3,154
Other comprehensive income		0	0	0	(52)	0	0	(52)
Total comprehensive income for the period		0	0	3,154	(52)	0	0	3,102
Capital increase	14	1	44	0	0	0	0	45
Share-based payment (IFRS 2)		0	0	42	0	0	0	42
Cash distribution to Airbus SE shareholders	14	0	0	0	0	0	0	0
Change in treasury shares	14	0	0	0	0	0	40	40
<b>Balance at 31 December 2020</b>		<b>785</b>	<b>3,599</b>	<b>4,735</b>	<b>122</b>	<b>0</b>	<b>(42)</b>	<b>9,199</b>

(1) The distribution of legal reserves is restricted by Dutch law.



# 4

# 4.

## Notes to the IFRS Company Financial Statements

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## 4.1 Basis of Presentation

### 1. The Company

The Company's principal activity is acting as a holding and management company for the subsidiaries of **Airbus SE**, the "Company", a listed company in the form of a European public limited-liability company (*Societas Europaea*), legally seated in Amsterdam (current registered office at Mendelweg 30, 2333 CS Leiden, The Netherlands) and registered at the Dutch

Commercial Register (*Handelsregister*) in The Hague under number 24288945. The Company is listed on the European stock exchanges in Paris, Frankfurt am Main, Madrid, Barcelona, Valencia and Bilbao. The IFRS Financial Statements were authorised for issue by the Company's Board of Directors on 17 February 2021.

### 2. Impact of the COVID-19 pandemic

Regarding the impact of the COVID-19 pandemic, please refer to "– Note 2: Impact of the COVID-19 pandemic" of the Consolidated Financial Statements.

### 3. Significant Accounting Policies

**Basis of preparation** — The Company's Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") as endorsed by the European Union ("EU") and with Part 9 of Book 2 of the Netherlands Civil Code. They are prepared and reported in euro ("€") and all values are rounded to the nearest million appropriately. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

In the Company Financial Statements of Airbus SE, unless otherwise disclosed, the same accounting principles have been applied as set out in the Notes to the Consolidated Financial Statements, except for the valuation of the investments as presented under investments in subsidiaries and associates in the Company Financial Statements. These policies have been consistently applied to all years presented.

In the Company Financial Statements, the investments in subsidiaries and associates are recorded at acquisition cost. In the Company Income Statement, dividends received from investments are recorded as dividend income.

Due to this application, the Company equity and net result are not equal to the consolidated equity and net result. A reconciliation of the total shareholders' equity and profit for the period is presented in "– Note 14: Total Equity" to the Company Financial Statements.

The Company Financial Statements have been prepared on a historical cost basis, except for the equity instruments, securities and derivative instruments that have been measured at fair value.

Regarding the application of new, revised or amended IFRS issued and applying from 1 January 2020 and issued but not yet applied please refer to "– Note 5: Change in Accounting Policies and Disclosures" of the Consolidated Financial Statements.

In addition, no material changes are expected in the Company Financial Statements of Airbus SE from the implementation of the new standards not yet applied. Further information about Share-based payment and Employee Stock Ownership Plans (ESOP) is presented in Note 33 and information about Remuneration is presented in Note 34 of the Consolidated Financial Statements.

A number of new or revised standards, amendments and improvements to standards as well as interpretations are not yet effective for the year ended 31 December 2020 and have not been applied in preparing these Financial Statements and early adoption is not planned:

Standards and amendments	IASB effective date for annual reporting periods beginning on or after	Endorsement status
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2"	1 January 2021	Endorsed
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	1 January 2021	Not yet endorsed
Amendments to IFRS 3 "Reference to the Conceptual Framework"	1 January 2022	Not yet endorsed
Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"	1 January 2022	Not yet endorsed
Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"	1 January 2022	Not yet endorsed
Annual Improvements to IFRS Standards 2018–2020	1 January 2022	Not yet endorsed
IFRS 17 "Insurance Contracts"	1 January 2023	Not yet endorsed
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	1 January 2023	Not yet endorsed
Amendments to IAS 8 "Definition of Accounting Estimates"	1 January 2023	Not yet endorsed
Amendments to IAS 1 "Disclosure of Accounting Policies"	1 January 2023	Not yet endorsed

The information with regard to Capital Management is disclosed in Note 36, further information about Litigation and Claims refers to Note 39 and Events after the Reporting Date are disclosed in Note 41 of the Consolidated Financial Statements.

Unless reference is made to the accounting policies described in the Consolidated Financial Statements, the main accounting policies applied in the preparation of these Company Financial Statements are described in each accounting area. These accounting policies have been consistently applied to all financial years presented, unless otherwise stated.

## 4. Key Estimates and Judgements

The preparation of the Company Financial Statements requires the use of estimates and assumptions. In preparing these Financial Statements, management exercises its best judgement based upon its experience and the circumstances prevailing at that time. The estimates and assumptions are based on available information and conditions at the end of the financial period presented and are reviewed on an ongoing basis.

The details regarding the use of estimates and judgements are described in "– Note 4: Key Estimates and Judgements" of the Consolidated Financial Statements.

Key accounting estimates and judgements affecting the assessment and measurement of impairment are included in "– Note 10: Investments in Subsidiaries, Associates and Participations" of the Company Financial Statements.

## 5. Brexit

On 29 March 2017, the UK triggered Article 50 of the Lisbon Treaty, the mechanism to leave the European Union ("Brexit"). In June 2018, the Company published its Brexit Risk Assessment outlining its expectations regarding the material consequences and risks for the Company arising from the UK leaving the European Union without a deal. In September 2018, the Company launched a project to mitigate the risks and anticipate possible consequences associated with Brexit and its impact on the Company's business and production activities. Significant progress was made in mitigating the identified risks through for example the modification of the Company's customs and IT systems, and the stockpiling of parts associated with transportation and logistics.

The UK left the European Union in an orderly manner on 31 January 2020 under the terms of the Withdrawal Agreement, opening a transition period until 31 December 2020.

On 30 December 2020, the UK Parliament ratified the EU-UK Trade and Cooperation Agreement ("TCA") but it still awaits ratification by the European Parliament and the Council of the European Union before final conclusion and entry into force.

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



## 6. Related Party Transactions

### Key Management Personnel

The details regarding the compensation of key management personnel are described in “– Note 10: Related Party Transactions” of the Consolidated Financial Statements.

### Intercompany Transactions

A comprehensive exchange of internal services between the subsidiaries of a multinational corporation like Airbus SE is common practice. In its responsibility as holding company to manage its subsidiaries and to assist the business activities conducted by Airbus companies and its subsidiaries, Airbus SE applies transfer prices for its business activities in conformity with market levels and in accordance with national and international tax requirements (arm's length principle).

The following table discloses the related party intercompany transactions in 2020 and 2019:

<i>(In € million)</i>	Sales of goods and services and other income	Purchases of goods and services and other expenses	Receivables at 31 December	Liabilities at 31 December	Loans granted / Other receivables due at 31 December	Loans received / Other liabilities due at 31 December	Hedge relationships receivables at 31 December	Hedge relationships payables as at 31 December
<b>2020</b>								
<b>Total transactions with subsidiaries</b>	3,825	(479)	11,617	(24,426)	1,366	(3,793)	945	(2,185)
<b>Total transactions with associates</b>	68	(1)	42	0	101	(1,144)	0	0
<b>2019</b>								
Total transactions with subsidiaries	232	(185)	8,586	(31,520)	1,743	(3,866)	3,761	(793)
Total transactions with associates	39	(2)	21	0	96	(1,011)	0	0

For further information about granted guarantees to subsidiaries please refer to “– Note 12: Commitments and Contingencies” of the Company Financial Statements.

For further information about the impairment and the expected credit losses on receivables, please refer to “– Note 16.7: Impairment Losses” of the Company Financial Statements.

## 4.2 Company Performance

### 7. Total Operating Result

<i>(In € million)</i>	<b>2020</b>	2019
<b>Operating income</b>	<b>3,757</b>	<b>159</b>
Corporate services rendered to Airbus companies	3,757	159
<b>Operating expenses</b>	<b>(159)</b>	<b>(3,844)</b>
Service fees charged by Airbus companies	(50)	(45)
Administrative expenses	(109)	(3,799)
<b>Income from investments</b>	<b>(145)</b>	<b>34</b>
Dividends received from Airbus companies	42	34
Impairment	(187)	0
<b>Expense from investments</b>	<b>0</b>	<b>0</b>
Gain (loss) on disposal of investments	0	1
<b>Total operating result</b>	<b>3,454</b>	<b>(3,650)</b>

**Administrative expenses** decreased by €-3,690 million to €109 million (2019: €3,799 million), mainly due to the final agreements reached with the French Parquet National Financier (PNF), the U.K. Serious Fraud Office (SFO) and the US Department of State (DoS).

Corporate services rendered to Airbus companies increased by €3,598 million to €3,757 million (2019: €159 million), mainly due to the agreement with Airbus companies regarding the Fine recharge.

### 8. Total Financial Result

<i>(In € million)</i>	<b>2020</b>	2019
<b>Interest result</b>	<b>(48)</b>	<b>26</b>
Interest income from securities measured at fair value through OCI	53	87
Interest income from securities measured at fair value through P&L	3	26
Interest income on financial assets measured at amortised cost	86	89
<b>Interest expense on financial liabilities measured at amortised cost</b>	<b>(190)</b>	<b>(176)</b>
Other financial result	(249)	(36)
Option liability exchangeable bond	77	31
Change in fair value measurement of financial assets	(174)	(79)
Impairment and Expected Credit Loss	(224)	(2)
Other	72	14
<b>Total financial result</b>	<b>(297)</b>	<b>(10)</b>

The Company is acting as a financial market agent on behalf of its subsidiaries, therefore the fair value changes of derivatives are reported on a net basis.

## 9. Income Tax

The Company is tax registered in the Netherlands. The Company is heading a fiscal unity, which also includes Airbus Finance B.V. and Airbus Defence and Space Netherlands B.V. and therefore the Company is severally and jointly liable for income tax liabilities of the fiscal unity as a whole.

**Income taxes** — The tax expense for the year comprises deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in Other Comprehensive Income.

The amount of income tax included in the Income Statement is determined in accordance with the rules established by the tax authorities in the Netherlands, based on which income taxes are payable or recoverable.

Deferred tax assets and/or liabilities, arising from temporary differences between the carrying amounts of assets and liabilities and the tax base of assets and liabilities, are calculated using the substantively enacted tax rates expected to apply when they are realised or settled. Deferred tax assets are recognised if it is probable that they will be realised.

The expense for income taxes is comprised of the following:

<i>(In € million)</i>	2020	2019
Current tax expense	0	0
Deferred tax expense	(3)	(5)
<b>Total</b>	<b>(3)</b>	<b>(5)</b>

The following table shows reconciliation from the theoretical tax income (expense) using the Dutch corporate tax rate to the reported tax income (expense):

<i>(In € million)</i>	2020	2019
Profit before income taxes	3,157	(3,660)
Corporate income tax rate	25.0%	25.0%
<b>Expected income (expense) for income taxes</b>	<b>(789)</b>	<b>915</b>
Non-deductible final agreements reached with PNF, SFO and DoS	0	(899)
Non-taxable agreements reached with Airbus companies	901	0
Non-taxable income from investment and associates	(33)	(10)
Option liability exchangeable bond	19	7
Income from other companies within the fiscal unity	0	(1)
Impairment on investment and associates	(79)	0
Other non-deductible expenses and tax-free income	(22)	(17)
<b>Reported tax income (expense)</b>	<b>(3)</b>	<b>(5)</b>

Deferred income taxes as of 31 December 2020 are related to the following assets and liabilities:

<i>(In € million)</i>	1 January 2020		Other movements		Movement through income statement	31 December 2020	
	Deferred tax assets	Deferred tax liabilities	OCI	Others	Deferred tax benefit (expense)	Deferred tax assets	Deferred tax liabilities
Securities	0	(50)	9	0	0	0	(41)
Financial instruments	0	(6)	0	0	10	4	0
Net operating loss and tax loss carry forwards	22	0	0	0	(12)	10	0
<b>Deferred tax assets (liabilities) before offsetting</b>	<b>22</b>	<b>(56)</b>	<b>9</b>	<b>0</b>	<b>(2)</b>	<b>14</b>	<b>(41)</b>
Set-off	(22)	22	0	0	0	(14)	14
<b>Net deferred tax assets (liabilities)</b>	<b>0</b>	<b>(34)</b>	<b>9</b>	<b>0</b>	<b>(2)</b>	<b>0</b>	<b>(27)</b>

Deferred income taxes as of 31 December 2019 are related to the following assets and liabilities:

	1 January 2019		Other movements		Movement through income statement	31 December 2019	
	Deferred tax assets	Deferred tax liabilities	OCI	Others	Deferred tax benefit (expense)	Deferred tax assets	Deferred tax liabilities
<i>(In € million)</i>							
Securities	0	(8)	(42)	0	0	0	(50)
Financial instruments	0	(1)	0	0	(5)	0	(6)
Net operating loss and tax loss carry forwards	21	0	0	0	11	22	0
<b>Deferred tax assets (liabilities) before offsetting</b>	<b>21</b>	<b>(9)</b>	<b>(42)</b>	<b>0</b>	<b>5</b>	<b>22</b>	<b>(56)</b>
Set-off	(9)	9	0	0	0	(22)	22
<b>Net deferred tax assets (liabilities)</b>	<b>12</b>	<b>0</b>	<b>(42)</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>(34)</b>

Details of deferred tax recognised cumulatively in equity are as follows:

	31 December	
	2020	2019
<i>(In € million)</i>		
Financial instrument at fair value through OCI	(41)	(50)
<b>Total</b>	<b>(41)</b>	<b>(50)</b>

Deferred tax on net operating losses ("NOLs"), trade tax loss carry forwards and tax credit carry forwards are:

	31 December	
	2020	2019
<i>(In € million)</i>		
NOL	38	97
Tax credit carry forwards	0	0
<b>Tax effect</b>	<b>10</b>	<b>22</b>
Valuation allowances	0	0
<b>Deferred tax assets on NOLs and tax credit carry forwards</b>	<b>10</b>	<b>22</b>

The first tranche of tax loss carry forwards (€38 million) will expire by the end of 2027.

## 4.3 Operational Assets and Liabilities

### 10. Investments in Subsidiaries, Associates and Participations

<i>(In € million)</i>	Subsidiaries	Associates	Participations	Total
<b>Balance at 1 January 2019</b>	<b>15,605</b>	<b>21</b>	<b>1,171</b>	<b>16,797</b>
Additions	164	0	2	166
Share-based payment (IFRS 2)	76	0	0	76
Fair value changes through profit or loss	0	0	(79)	(79)
<b>Balance at 31 December 2019</b>	<b>15,845</b>	<b>21</b>	<b>1,094</b>	<b>16,960</b>
Additions	28	28	0	56
Disposals	(7)	0	0	(7)
Impairment	(187)	0	0	(187)
Share-based payment (IFRS 2)	42	0	0	42
Fair value changes through profit or loss	0	0	(174)	(174)
<b>Balance at 31 December 2020</b>	<b>15,721</b>	<b>49</b>	<b>920</b>	<b>16,690</b>

#### Investments in Subsidiaries, Associated Companies and Participations

Investments in subsidiaries and associated companies are stated at cost, less impairment. Dividend income from the Company's subsidiaries and associated companies is recognised when the right to receive payment is established.

The participations are stated at fair value with changes in fair value recognised in Profit and Loss.

For the purpose of impairment testing all consolidated subsidiaries are allocated to cash generating units ("CGU") in a way they are monitored for internal management purposes. At each balance sheet date, the Company reviews whether there is an indication that a CGU to which its investments in subsidiaries and associated companies belong to are impaired.

An indication for impairment of the investments in subsidiaries and associated companies may include, respectively, management's downward adjustment of the strategic plan, a significant decrease in the share price of a publicly listed company or a significant decrease in future sales. Further indications for impairment of its investments may include other areas where observable data indicates that there is a measurable decrease in the estimated future cash flows. These determinations require significant judgement. In making this judgement, management evaluates, among other factors, the financial performance of and business outlook for its investments, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If any indication for impairment exists, the recoverable amount of the investments is estimated in order to determine the amount, if any, of the impairment loss. An investment is impaired if its recoverable amount is lower than its carrying value. The recoverable amount is defined as the higher of an investment's fair value less costs of disposal and its value in use.

The determination of the investment's value in use is based on calculations using pre-tax cash flow projections based on financial budgets approved by management covering a five-year

period. Cash flows beyond the five-year period are extrapolated using estimated growth rates. The discounted cash flow method is used to determine the recoverable amount of a CGU to which its investments in subsidiaries and associated companies belong. The discounted cash flow method is particularly sensitive to the selected discount rates and estimates of future cash flows by management. Key assumptions used to determine the recoverable value of the CGU are the expected future labour expenses, future interest rates, future exchange rates to translate into euro the portion of future US dollar and pound sterling which are not hedged and the estimated growth rate of terminal values.

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. Any impairment loss is recognised immediately in the Income Statement.

Impairment losses recognised in prior periods shall be reversed only if there has been a change in the estimates or external market information used to determine the investment's recoverable amount since the last impairment loss was recognised. The recoverable amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The annual impairment test performed in 2020 led to an impairment charge of € 187 million (2019: € 0 million).

In November 2019, Airbus SE made further capital contribution and loan into Proj BV. Based on the latest developments, a re-assessment of the Proj BV financial assets was performed in December 2020 leading to a decrease in the fair value of the equity investment by € 187 million recorded through Profit and Loss, and a depreciation of a loan by € 127 million recorded through financial result. The Company will continue to assess the recoverability of the investment.



## Change of Investments in Subsidiaries

In November 2020, Cobham plc / Advent International sold its part in Air Tanker consortium to the other investors who jointly exercised their pre-emption right on a pro-rata basis (€28 million). Consequently, Airbus SE now holds 46% in Air Tanker Holdings and 29% in Air Tanker Services.

During the year 2020, Airbus SE made further capital contributions into Airbus Ventures Fund II for a total amount of €15 million (2019: €26 million).

During the year 2020, Airbus SE made further capital contributions into Airbus Ventures Fund III for a total amount of €13 million (2019: €23 million). During the year 2020, new partner had invested into Airbus Venture Fund III for a total commitments of US\$50 million. Consequently, Airbus SE now holds 66% of Airbus Venture Fund III (€7 million).

On 1 March 2019, Airbus SE acquired 100% of the shares in LaLux SE, a *société anonyme de réassurance* for a total amount of €81 million. On 29 July 2019, LaLux SE has been merged into Aero Ré SA.

On 15 July 2019, Airbus SE entered into a partnership agreement to establish a corporate venture capital fund, dubbed Airbus Venture Fund III. The capital contribution of Airbus SE is €26 million.

On 13 December 2019, Airbus SE contributes its 100% subsidiary DADC Luft-und Raumfahrt Beteiligung GmbH to its subsidiary Airbus Defence and Space GmbH. In return for this contribution, Airbus SE received additional shares in Airbus Defence and Space GmbH for an equivalent amount.

On 29 November 2019, Airbus SE made a further capital contribution of €35 million into Airbus Proj BV.

During the year 2019, Airbus SE made further capital contributions into Airbus Ventures Fund II for a total amount of €23 million (2018: €35 million).

Information on principal investments of the Company:

2020	2019		
	% <sup>(1)</sup>	Company	Head office
100.00	100.00	Aero Ré S.A.	Bertrange (Luxembourg)
88.71	88.71	Airbus Defence and Space GmbH	Taufkirchen (Germany)
100.00	100.00	Airbus Defence and Space Limited	Stevenage (UK)
100.00	100.00	Airbus Defence and Space Netherlands B.V.	Leiden (Netherlands)
100.00	100.00	Airbus Defence and Space S.A.	Madrid (Spain)
100.00	100.00	Airbus Bank GmbH	Munich (Germany)
100.00	100.00	Airbus Finance B.V.	Leiden (Netherlands)
100.00	100.00	Airbus Group Limited.	London (UK)
100.00	100.00	Airbus Group Proj B.V.	Leiden (Netherlands)
95.78	95.78	Airbus S.A.S.	Toulouse (France)
9.90	9.90	Dassault Aviation S.A.	Paris (France)
100.00	100.00	Premium Aerotec GmbH	Augsburg (Germany)

(1) Percentages represent share held directly by Airbus SE.

## 11. Financial Assets and Financial Liabilities

Financial assets at 31 December 2020 and 2019 are as follows:

<i>(In € million)</i>	31 December	
	2020	2019
Long-term loans Airbus companies	1,345	1,794
Long-term loans external	0	0
Positive fair values of derivative financial instruments	2,424	3,066
<b>Non-current financial assets</b>	<b>3,769</b>	<b>4,860</b>
Positive fair values of derivative financial instruments	1,136	1,777
Current portion long-term loans Airbus companies	122	44
Current accounts Airbus companies <sup>(1)</sup>	11,167	8,574
<b>Current financial assets</b>	<b>12,425</b>	<b>10,395</b>
<b>Total</b>	<b>16,194</b>	<b>15,255</b>

(1) The receivables from subsidiaries include mainly transactions in connection with the cash pooling in Airbus SE. Terms and conditions are in agreement with the prevailing market environment.

Financial liabilities at 31 December 2020 and 2019 are as follows:

<i>(In € million)</i>	31 December	
	2020	2019
Negative fair values of derivative financial instruments	2,023	2,898
<b>Non-current financial liabilities</b>	<b>2,023</b>	<b>2,898</b>
Negative fair values of derivative financial instruments	1,143	1,793
Current accounts Airbus companies <sup>(1)</sup>	25,527	32,510
<b>Current financial liabilities</b>	<b>26,670</b>	<b>34,303</b>
<b>Total</b>	<b>28,693</b>	<b>37,201</b>

(1) The liabilities to subsidiaries include mainly transactions in connection with the cash pooling in Airbus SE. Terms and conditions are in agreement with the prevailing market environment.

## 12. Commitments and Contingencies

### Off-Balance Sheet Commitments

Airbus SE issued guarantees on behalf of Airbus companies in the amount of €8,181 million (2019: €7,040 million). The commitments of these companies to third parties mainly relate to their operating business as described in “– Note 21: Property, Plant and Equipment”, “– Note 28: Sales Financing Transactions” and “– Note 38: Financial Instruments” of the Consolidated Financial Statements.

On 8 December 2015, Airbus SE entered into a partnership agreement to establish a corporate venture capital fund, dubbed Airbus Group Ventures, as well as a technology and business innovation center in Silicon Valley with a total commitment amount of US\$ 150 million. On 25 November 2015, a first investment of US\$5 million has been made into this fund. During the year 2020, Airbus SE made further capital contributions into Airbus Ventures Fund II for a total amount of US\$ 15 million (total capital contribution 31 December 2019: €28 million).

On 1 April 2019, Airbus SE entered into a partnership agreement with effective date 1 July 2019 to establish a venture capital fund, dubbed Airbus Ventures Fund III, with a total commitment amount of US\$ 100 million. On 28 August 2019, a first investment of US\$5 million has been made into this fund. During the year 2020, Airbus SE made further capital contributions into Airbus Ventures Fund III for a total amount of US\$ 6 million (total capital contribution 31 December 2019: €23 million).

In addition, the Company has two guarantees to cover its obligation towards the Scheme and the BAE Systems pension schemes. To mitigate its exposure, the first guarantee covers an amount up to £400 million for an unlimited period of time while the second one covers an uncapped amount terminating in 2046, respectively for the Scheme and the BAE Systems Pension Schemes.

## 4.4 Employees

### 13. Number of Employees

The average number of persons employed by the Company in 2020 was 1 (2019: 1). The employees are situated in the Netherlands.

## 4.5 Capital Structure and Financial Instruments

### 14. Total Equity

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

<i>(In number of shares)</i>	<b>2020</b>	2019
<b>Issued as at 1 January</b>	<b>783,173,115</b>	<b>776,367,881</b>
Issued for ESOP	976,155	1,784,292
Issued for convertible bond	0	5,020,942
<b>Issued as at 31 December</b>	<b>784,149,270</b>	<b>783,173,115</b>
Treasury shares	(432,875)	(862,610)
<b>Outstanding as at 31 December</b>	<b>783,716,395</b>	<b>782,310,505</b>
<b>Authorised shares</b>	<b>3,000,000,000</b>	<b>3,000,000,000</b>

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

**Capital stock** comprises the nominal amount of shares outstanding. The addition to capital stock represents the contribution for exercised options by employees of €976,155 (in 2019: €1,784,292) in compliance with the implemented Stock Option Plans and the Employee Stock Ownership Plans ("ESOP").

**Share premium** mainly results from contributions in kind in the course of the creation of the Company, cash contributions from the Initial Public Offering, capital increases and reductions due to the issuance and cancellation of shares.

**Retained earnings** include mainly the profit of the period and cash dividend payments to Airbus SE shareholders.

On 23 March 2020, the Company has decided the withdrawal of 2019 dividend proposal with cash value of €1.4 billion in response to the COVID-19 pandemic (see "– Note 2: Impact of the COVID-19 pandemic" of the Consolidated Financial Statements). Given the ongoing volatility, there will be no dividend proposal for 2020.

**Legal reserves** includes:

- change from **financial assets at fair value** (see "– Note 16.2: Carrying Amounts and Fair Values of Financial Instruments");
- change in fair value of derivatives designated as **cash flow hedges** (see "– Note 16.2: Carrying Amounts and Fair Values" of Financial Instruments).

According to Dutch law, the OCI is considered to be a Legal Reserve and therefore distribution is restricted.

**Treasury shares** represent the amount paid or payable for own shares held in treasury. During 2020, the number of treasury stock held by the Company decrease to 432,875 compared to 862,610 as of 31 December 2019, mainly due to the vested shares in 2020 under the LTIP 2016 (see "– Note 33: Share-based Payment" of the Consolidated Financial Statements). No shares were sold back to the market nor cancelled in 2020 (2019: 0 shares).

## Authorisations Granted by the Annual General Meeting of Airbus SE Held on 16 April 2020

On 16 April 2020, the Annual General Meeting (“AGM”) of the Company authorised the Board of Directors, for a period expiring at the AGM to be held in 2021, to issue shares and to grant rights to subscribe for shares in the Company’s share capital for the purpose of:

- ESOPs and share-related LTIPs, provided that such powers shall be limited to an aggregate of 0.14% of the Company’s authorised share capital (see “– Note 33: Share-Based Payment”);
- funding the Company and its subsidiaries, provided that such powers shall be limited to an aggregate of 0.3% of the Company’s authorised share capital (see “– Note 37.3: Financing Liabilities”).

For each operation, such powers shall not extend to issuing shares or granting rights to subscribe for shares if there is no preferential subscription right and for an aggregate issue price in excess of €500 million per share issuance.

Also on 16 April 2020, the AGM authorised the Board of Directors for an 18 months period to repurchase up to 10% of the Company’s issued share capital at a price per share not less than the nominal value and not more than the higher of the price of the last independent trade and the highest current independent bid on the trading venues of the regulated market of the country in which the purchase is carried out.

Furthermore, the AGM authorised both the Board of Directors and the CEO, with powers of substitution, to establish the exact number of the relevant shares to be cancelled.

## Reconciliation Consolidated to Company Equity and Net Income

The difference between the total shareholders’ equity according to the Consolidated Financial Statements and Company’s Financial Statements as at 31 December 2020 and 2019 is as follows:

<i>(In € million)</i>	<b>2020</b>	2019
<b>Consolidated equity</b>	<b>6,445</b>	<b>5,975</b>
OCI – Restatement of investments from Consolidated to Company Financial Statements	(1,731)	697
Retained Earnings – Restatement of investments from Consolidated to Company Financial Statements	4,683	(916)
Retained Earnings – Valuation investments at historical cost	1,487	1,487
Retained Earnings – Impairment of financial assets	(1,685)	(1,273)
<b>Company’s equity</b>	<b>9,199</b>	<b>5,970</b>

The difference between the net income according to the Consolidated Financial Statements and Company’s Financial Statements for the year ended 31 December 2020 and 2019 is as follows:

<i>(In € million)</i>	<b>2020</b>	2019
<b>Consolidated net income</b>	<b>(1,133)</b>	<b>(1,362)</b>
Income from investments according to Consolidated Financial Statements	4,668	(2,303)
Income from investments according to Company Financial Statements	42	34
Loss on / Impairment of financial assets	(412)	(31)
Other valuation differences	(22)	7
<b>Company’s net income (Profit or loss for the period)</b>	<b>3,143</b>	<b>(3,665)</b>

## 15. Cash, Securities and Financing Liabilities

### 15.1 Net Cash

<i>(In € million)</i>	31 December	
	2020	2019
Cash and cash equivalents	10,671	8,129
Current securities	1,592	2,255
Non-current securities	5,021	10,811
<b>Gross cash position</b>	<b>17,284</b>	<b>21,195</b>
Short-term financing liabilities	(1,156)	0
Long-term financing liabilities	(11,356)	(6,580)
<b>Total</b>	<b>4,772</b>	<b>14,615</b>

The net cash position on 31 December 2020 amounted to €4,772 (2019: €14,615 million), with a gross cash position of €17,284 million (2019: €21,195 million).

### 15.2 Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

<i>(In € million)</i>	31 December	
	2020	2019
Bank accounts and petty cash	405	463
Short-term securities (at fair value through profit or loss)	9,654	7,014
Short-term securities (at fair value through OCI)	512	652
Short-term investment (at amortised cost)	100	0
<b>Total cash and cash equivalents</b>	<b>10,671</b>	<b>8,129</b>

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.

### 15.3 Securities

<i>(In € million)</i>	31 December	
	2020	2019
Current securities at fair value through OCI	1,592	2,255
Non-current securities at fair value through OCI	5,021	10,811
<b>Total securities</b>	<b>6,613</b>	<b>13,066</b>

The majority of the Company's securities consists of debt securities and are classified at fair value through OCI (see "– Note 38.2: Carrying Amounts and Fair Values of Financial Instruments" of the Consolidated Financial Statements).

Included in the securities portfolio as of 31 December 2020 and 2019, respectively, are corporate and government bonds bearing either fixed rate coupons (€6,357 million nominal value; 2019: €12,586 million) or floating rate coupons (€50 million nominal value; 2019: €121 million).

When the Company enters into securities lending or other financing activities that involve the pledging of securities as collateral, the securities pledged continue to be recognised on the balance sheet. As of 31 December 2020, securities for an amount of €99 million were pledged as collateral for borrowings from banks (2019: €145 million).

## 15.4 Financing Liabilities

**Current and non-current classification** — A financial asset or liability is classified as current if it is settled within 12 months after the reporting date, and as non-current otherwise.

**Financing liabilities** comprise obligations towards financial institutions, issued corporate bonds, and borrowing received from joint ventures and other parties.

The Company has received several euro-denominated loans and one US dollar-denominated loan from Airbus Finance B.V. ("AFBV"). It has also issued a convertible bond in euro and euro-denominated exchangeable bonds into Dassault Aviation shares and two stand-alone US dollar-denominated bonds on the US institutional market under Rule 144A. Furthermore, the Company has long-term US dollar-denominated loans outstanding with the Development Bank of Japan ("DBJ"). The terms and repayment schedules of these bonds and loans are as follows:

	Principal amount (in million)	Carrying amount		Coupon or interest rate	Effective interest rate	Maturity	Additional features
		31 December					
		2020	2019				
<b>Loans from Airbus Finance B.V.</b>							
AFBV 10 years (EMTN)	€1,000	€1,047	€1,048	2.40%	2.45%	Apr. 2024	Interest rate swapped into 3M Euribor +1.40%
AFBV 15 years (EMTN)	€500	€571	€555	2.15%	2.24%	Oct. 2029	Interest rate swapped into 3M Euribor +0.84%
AFBV 10 years (EMTN)	€600	€626	€617	0.91%	1.01%	May 2026	Interest rate swapped into 3M Euribor +0.50%
AFBV 15 years (EMTN)	€900	€983	€940	1.41%	1.53%	May 2031	Interest rate swapped into 3M Euribor +0.66%
AFBV US\$ Loan 10 years	US\$1,000	€845	€896	2.72%	2.80%	Apr. 2023	Interest rate swapped into 3M US-Libor +0.68%
<b>Loans from financial institutions</b>							
DBJ 10 years	US\$100	€81	€89	3M US-Libor +1.15%	4.84%	Jan. 2021	Interest rate swapped into 4.76% fixed
<b>Bond</b>							
EMTN 5 years	€750	€745	€0	1.63%	1.80%	Apr. 2025	
EMTN 6 years	€1,250	€1,243	€0	1.38%	1.47%	Jun. 2026	
EMTN 8 years	€750	€745	€0	2.00%	2.10%	Apr. 2028	
EMTN 10 years	€1,250	€1,237	€0	1.63%	1.74%	Jun. 2030	
EMTN 12 years	€1,000	€987	€0	2.38%	2.49%	Apr. 2032	
EMTN 20 years	€1,000	€988	€0	2.38%	2.44%	Jun. 2040	
Exchangeable bond 5 years	€1,078	€1,075	€1,068	0.00%	0.33%	June 2021	Exchangeable into Dassault Aviation SA shares at €1,306.25 per share
US\$ Bond 10 years	US\$750	€672	€687	3.15%	3.20%	Apr 2027	Interest rate swapped into 3M Libor +0.87%
US\$ Bond 30 years	US\$750	€667	€680	3.95%	4.02%	Apr 2047	Interest rate swapped into 3M Libor +1.61%
<b>Total</b>		<b>€12,512</b>	<b>€6,580</b>				
<i>Thereof non-current financing liabilities</i>		<i>€11,356</i>	<i>€6,580</i>				
<i>Thereof current financing liabilities</i>		<i>€1,156</i>	<i>€0</i>				

**Long-term financing liabilities**, mainly comprising bonds and liabilities to financial institutions, increased by €4,776 million to €11,356 million (2019: €6,580 million), mainly due to the issuance of two bonds for a total of €6 billion.

The first bond was split into a five year-maturity tranche of €750 million with a coupon of 1.625%, an eight year-maturity tranche of €750 million with a coupon of 2.00% and a 12 year-maturity tranche of €1 billion with a coupon of 2.375%. The second bond was split into a six year-maturity tranche of €1.25 billion with a coupon of 1.375%, a ten year-maturity tranche of €1.25 billion with a coupon of 1.625% and a 20 year-maturity tranche of €1 billion with a coupon of 2.375%.



**Short-term financing liabilities** increased by €1,156 million to €1,156 million (2019: €0 million). The increase in short-term financing liabilities is mainly related to the issuance of commercial papers and the reclassification of €1 billion of exchangeable bonds from long-term to short-term due to maturity in June 2021.

The Company can issue **commercial paper** under its Negotiable European Commercial Paper (“NEuCP”) programme at floating or fixed interest rates corresponding to the individual maturities ranging from 1 day to 12 months. The programme has been set up in 2003 with a maximum volume of €2 billion, increased in 2013 to €3bn and in 2020 to a maximum volume of €11 billion. As of 31 December 2020, there were no outstanding amounts under any of its commercial paper programmes.

On 21 October 2020, the Company signed a new €6 billion Revolving Syndicated Credit Facility partially terming out the €15 billion credit facility by €3 billion in order to refinance its existing €3 billion Revolving Syndicated Facility.

Reconciliation of liabilities arising from financing liabilities is as follows:

<i>(In € million)</i>	Balance at 1 January 2020	Cash flows	Non-cash movements			Balance at 31 December 2020
			Fair value through profit or loss	Foreign exchange movements	Others	
Bonds and commercial papers	2,435	5,940	83	(113)	13	8,358
Liabilities to financial institutions	89	0	0	(8)	0	81
Loans from Airbus Finance B.V.	4,056	0	89	(75)	3	4,073
<b>Total</b>	<b>6,580</b>	<b>5,940</b>	<b>172</b>	<b>(196)</b>	<b>16</b>	<b>12,512</b>

<i>(In € million)</i>	Balance at 1 January 2019	Cash flows	Non-cash movements			Balance at 31 December 2019
			Fair value through profit or loss	Foreign exchange movements	Others	
Bonds and commercial papers	2,791	0	88	25	(469)	2,435
Liabilities to financial institutions	87	0	0	2	0	89
Loans from Airbus Finance B.V.	3,868	0	168	17	3	4,056
<b>Total</b>	<b>6,746</b>	<b>0</b>	<b>256</b>	<b>44</b>	<b>(466)</b>	<b>6,580</b>

## 16. Information about Financial Instruments

### 16.1 Financial Risk Management

The Company acts as an intermediary for its subsidiaries when they wish to enter into derivative contracts to hedge against foreign exchange risk or other market risks such as interest rate risk, commodity price risk or equity price risk. The Company's practice is to set up a derivative contract with a subsidiary and at the same time enter into a back-to-back derivative transaction with a bank. Contracts with subsidiaries being thus mirrored (on a one-to-one basis) by contracts with banks, the Company's net exposure is virtually zero. There are, however, a few derivative contracts the Company holds in order to hedge its own market risk exposure.

As the Company's back-to-back hedge contracts are entered into with different counterparties, their fair values are reflected separately in the statement of Financial Position and recognised as other financial assets and financial liabilities as disclosed in "– Note 11: Financial assets and liabilities" of the Company Financial Statements.

In the Income Statement, the results of the back-to-back hedge transactions, both realised and unrealised, are presented on a net basis as the Company acts as an agent for its subsidiaries.

The Company's overall financial risk management activities and their objectives are described in detail in "– Note 38.1: Financial Risk Management" of the Consolidated Financial Statements.

#### Market Risk

**Foreign exchange risk** — The Company manages a long-term hedge portfolio with maturities of several years for its subsidiaries, mainly Airbus, and to a small extent for its joint ventures or associates. This hedge portfolio covers a large portion of Airbus' firm commitments and highly probable forecast transactions. As explained above, owing to the Company's back-to-back approach, its own exposure to foreign exchange risk is very limited.

**Interest rate risk** — The Company uses an asset-liability management approach with the objective to limit its interest rate risk. It undertakes to match the risk profile of its interest-bearing assets with those of its interest-bearing liabilities. The remaining net interest rate exposure is managed through several types of interest rate derivatives, such as interest rate swaps and interest rate futures contracts, in order to minimise risks and financial impacts.

The vast majority of related interest rate hedges qualify for hedge accounting, and most of them are accounted for under the fair value hedge model. As a result, both the fair value changes of these derivatives and the portion of the hedged items' fair value

change that is attributable to the hedged interest rate risk are recognised in profit and loss, where they offset to the extent the hedge is effective.

A few interest rate swaps that have been entered into as a hedge of certain of the Company variable rate debt (see "– Note 37.3: Financing Liabilities") are accounted for under the cash flow hedge model. Related fair value gains are recognised in OCI and reclassified to profit or loss when the hedged interest payments affect profit or loss.

The Company invests in financial instruments such as overnight deposits, certificates of deposits, commercial papers, other money market instruments and short-term as well as medium-term bonds. For its financial instruments portfolio, the Company has an Asset Liability Management Committee in place that meets regularly and aims to limit the interest rate risk on a fair value basis through a value-at-risk approach, from which results a hedge ratio that is however not actively steered.

**Commodity price risk** — The Company is exposed to risk relating to fluctuations in the prices of commodities used in the supply chain. It manages these risks in the procurement process and to a certain extent uses derivative instruments in order to mitigate the risks associated with the purchase of raw materials. To the extent that the gains or losses of the derivative and those of the hedged item or transaction do not match in terms of profit or loss, the Company applies cash flow hedge accounting to the derivative instruments, with a hedge ratio of 1:1.

**Equity price risk** — The Company is to a small extent invested in equity securities mainly for operational reasons. Its exposure to equity price risk is hence limited. Furthermore, it is exposed under its LTIP to the risk of the Company share price increases. The Company limits these risks through the use of equity derivatives that qualify for hedge accounting and have been designated as hedging instruments in cash flow hedges, with a hedge ratio of 1:1.

**Sensitivities of market risks** — The approach used to measure and control market risk exposure within the Group's financial instrument portfolio is amongst other key indicators the value-at-risk ("VaR"). For information about VaR and the approach used by the Company to assess and monitor sensitivities of market risks please refer to "– Note 38.1: Financial Risk Management" of the Consolidated Financial Statements.

The Company is part of the Group risk management process, which is more fully described in "– Note 38.1: Financial Risk Management" of the Consolidated Financial Statements.

A summary of the VaR position of the Company's financial instruments portfolio at 31 December 2020 and 31 December 2019 is as follows:

<i>(In € million)</i>	Total VaR	Equity price VaR	Currency VaR	Interest rate VaR
<b>31 December 2020</b>				
Foreign exchange hedges	20	0	20	0
Financing liabilities, financial assets (incl. cash, cash equivalents, securities and related hedges)	88	63	17	43
Equity swaps	4	4	0	0
Diversification effect	(25)	0	(35)	0
<b>All financial instruments</b>	<b>87</b>	<b>67</b>	<b>2</b>	<b>43</b>
<b>31 December 2019</b>				
Foreign exchange hedges	41	0	41	1
Financing liabilities, financial assets (incl. cash, cash equivalents, securities and related hedges)	51	34	42	36
Equity swaps	3	3	0	0
Diversification effect	(48)	(2)	(76)	(1)
<b>All financial instruments</b>	<b>47</b>	<b>35</b>	<b>7</b>	<b>36</b>

The increase in the total VaR compared to 31 December 2019 is mainly attributable to the increase in Equity price VaR (€67 million in 2020; €35 million in 2019) due to high equity volatility in 2020. Regarding the Currency VaR, the volatility of €/US\$ was compensated by the fall in nominal value of foreign exchange hedges portfolio. The derivative instruments entered into with external counterparties are passed on a 1:1 basis to Airbus entities. As a result, the respective market risks of the external derivative instruments are offset by corresponding opposite market risks of intragroup transactions.

### Liquidity Risk

The Company's policy is to maintain sufficient cash and cash equivalents at any time to meet its own and the Group's present and future commitments as they fall due. For information on how the Group monitors and manages liquidity risk, please refer to "– Note 37.1: Financial Risk Management" of the Consolidated Financial Statements.

The contractual maturities of the Company financial liabilities, based on undiscounted cash flows and including interest payments, if applicable, are as follows:

<i>(In € million)</i>	Carrying amount	Contractual cash flows	< 1 year	1 year-2 years	2 years-3 years	3 years-4 years	4 years-5 years	More than 5 years
<b>31 December 2020</b>								
Non-derivative financial liabilities	(12,512)	(14,656)	(1,390)	(230)	(1,045)	(1,208)	(934)	(9,847)
Derivative financial liabilities	(3,166)	(1,869)	(638)	(537)	(605)	(75)	(10)	(4)
<b>Total</b>	<b>(15,678)</b>	<b>(16,525)</b>	<b>(2,028)</b>	<b>(767)</b>	<b>(1,650)</b>	<b>(1,283)</b>	<b>(944)</b>	<b>(9,851)</b>
<b>31 December 2019</b>								
Non-derivative financial liabilities	(6,580)	(7,773)	(125)	(1,291)	(124)	(1,015)	(1,100)	(4,118)
Derivative financial liabilities	(4,691)	(6,188)	(1,741)	(1,804)	(1,421)	(862)	(298)	(62)
<b>Total</b>	<b>(11,271)</b>	<b>(13,961)</b>	<b>(1,866)</b>	<b>(3,095)</b>	<b>(1,545)</b>	<b>(1,877)</b>	<b>(1,398)</b>	<b>(4,180)</b>

## Credit Risk

The Company is exposed to credit risk to the extent of non-performance by its counterparts with regard to financial instruments or issuers of financial instruments for gross cash investments. However, it has policies in place to avoid concentrations of credit risk and to ensure that credit risk is limited.

As far as central treasury activities are concerned, credit risk resulting from financial instruments is managed by the Company. In order to ensure sufficient diversification, a credit limit system is used.

The Company monitors the performance of the individual financial instruments and the impact of market developments on their performance and takes appropriate action on foreseeable adverse development based on pre-defined procedures and escalation levels.

Sales of products and services are made to customers after having conducted appropriate internal credit risk assessment.

The booked amount of financial assets represents the maximum credit exposure. The credit quality of financial assets can be assessed by reference to external credit rating (if available) or internal assessment of customers' creditworthiness by way of internal risk pricing methods.

In 2020, the trade receivables, neither past due nor impaired amount to €492 million (in 2019: €32 million).

The Company measures loss allowances at an amount that represents credit losses resulting from default events that are possible within the next 12 months, unless the credit risk on

a financial instrument has increased significantly since initial recognition, as described in "– Note 37.7: Impairment losses" of the Consolidated Financial Statements. In 2020, an amount of €224 million of impairment losses on financial assets is recognised in profit and loss (2019: €31 million).

For further information relating to gross credit risk and impairment see "– Note 16.7: Impairment Losses".

## 16.2 Carrying Amounts and Fair Values of Financial Instruments

**Financial instruments** – The Company's financial assets mainly consist of cash, short to medium-term deposits and securities. The Company's financial liabilities include intragroup liabilities, obligations towards financial institutions and issued bonds. The Company has the same classification and accounting policies as the Group. Please refer to "– Note 38.1: Financial Risk Management" of the Consolidated Financial Statements for more information.

The Company classifies its financial assets in one of the following categories: (i) at fair value through OCI, (ii) at fair value through profit and loss and (iii) at amortised cost. Classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company assigns its financial instruments (excluding its at-cost investments, which are outside the scope of IFRS 9 "Financial Instruments") into classes based on their category in the Statement of Financial Position.

The following table presents the carrying amounts and fair values of financial instruments by class and by IFRS 9 measurement category as of 31 December 2020:

	Fair value through profit or loss	Fair value through OCI	Financial assets and liabilities at amortised cost		Financial instrument total	
			Amortised cost	Fair value	Book value	Fair value
<i>(In € million)</i>						
<b>Assets</b>						
Other investments and long-term financial assets						
Equity investments	920	0	0	0	920	920
Loans	0	0	1,467	1,568	1,467	1,568
Trade receivables	0	0	492	492	492	492
Other financial assets						
Derivative instruments	3,560	0	0	0	3,560	3,560
Current account Group companies	0	0	11,167	11,167	11,167	11,167
Securities	0	6,613	0	0	6,613	6,613
Cash and cash equivalents	9,654	512	494	494	10,660	10,660
<b>Total</b>	<b>14,134</b>	<b>7,125</b>	<b>13,620</b>	<b>13,721</b>	<b>34,879</b>	<b>34,980</b>
<b>Liabilities</b>						
Financing liabilities						
Bonds and commercial papers	0	0	(8,358)	(9,185)	(8,358)	(9,185)
Liabilities to financial institutions and others	0	0	(81)	(82)	(81)	(82)
Internal loans payable	0	0	(4,073)	(4,106)	(4,073)	(4,106)
Other financial liabilities						
Derivative instruments	(3,166)	0	0	0	(3,166)	(3,166)
Current accounts Group companies	0	0	(25,527)	(25,527)	(25,527)	(25,527)
<b>Total</b>	<b>(3,166)</b>	<b>0</b>	<b>(38,039)</b>	<b>(38,900)</b>	<b>(41,205)</b>	<b>(42,066)</b>

The following table presents the carrying amounts and fair values of financial instruments by class and by IFRS 9 measurement category as of 31 December 2019:

(In € million)	Fair value through profit or loss	Fair value through OCI	Financial assets and liabilities at amortised cost		Financial instrument total	
			Amortised cost	Fair value	Book value	Fair value
<b>Assets</b>						
Other investments and long-term financial assets						
Equity investments	1,094	0	0	0	1,094	1,094
Loans	0	0	1,838	1,895	1,838	1,895
Trade receivables	0	0	32	32	32	32
Other financial assets						
Derivative instruments	4,843	0	0	0	4,843	4,843
Current account Group companies	0	0	8,574	8,574	8,574	8,574
Securities	0	13,066	0	0	13,066	13,066
Cash and cash equivalents	7,014	652	463	463	8,129	8,129
<b>Total</b>	<b>12,951</b>	<b>13,718</b>	<b>10,907</b>	<b>10,964</b>	<b>37,576</b>	<b>37,633</b>
<b>Liabilities</b>						
Financing liabilities						
Bonds and commercial papers	0	0	(2,435)	(2,517)	(2,435)	(2,517)
Liabilities to financial institutions and others	0	0	(89)	(90)	(89)	(90)
Internal loans payable	0	0	(4,056)	(4,180)	(4,056)	(4,180)
Other financial liabilities						
Derivative instruments	(4,691)	0	0	0	(4,691)	(4,691)
Current accounts Group companies	0	0	(32,510)	(32,510)	(32,510)	(32,510)
<b>Total</b>	<b>(4,691)</b>	<b>0</b>	<b>(39,090)</b>	<b>(39,297)</b>	<b>(43,781)</b>	<b>(43,988)</b>

### Fair Value Hierarchy

For further details please refer to “– Note 37.2: Carrying Amounts and Fair Values of Financial Instruments” of the Consolidated Financial Statements.

The fair values disclosed for financial instruments accounted for at amortised cost reflect Level 2 input.

The following table presents the carrying amounts of the financial instruments held at fair value across the three levels of the **fair value hierarchy** as of 31 December 2020 and 2019, respectively:

(In € million)	31 December 2020			31 December 2019		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets measured at fair value						
Equity instruments	920	0	920	1,094	0	1,094
Derivative instruments	0	3,560	3,560	0	4,843	4,843
Securities	6,613	0	6,613	13,066	0	13,066
Cash equivalents	9,654	512	10,166	7,014	652	7,666
<b>Total</b>	<b>17,187</b>	<b>4,072</b>	<b>21,259</b>	<b>21,174</b>	<b>5,494</b>	<b>26,669</b>
Financial liabilities measured at fair value						
Derivative instruments	0	(3,166)	(3,166)	0	(4,691)	(4,691)
Other financial liabilities	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>(3,166)</b>	<b>(3,166)</b>	<b>0</b>	<b>(4,691)</b>	<b>(4,691)</b>

## Financial Assets Designated at Fair Value through Profit or Loss

The following types of financial assets held at 31 December 2020 and 2019, respectively, are designated at fair value through profit or loss:

<i>(In € million)</i>	Nominal amount at initial recognition at	
	31 December 2020	31 December 2019
Designated at fair value through profit or loss at recognition		
Money market funds (accumulating)	9,654	7,014
<b>Total</b>	<b>9,654</b>	<b>7,014</b>

The Company manages these assets and measures their performance on a fair value basis.

## 16.3 Potential Effect of Set-Off Rights on Recognised Financial Assets and Liabilities

The Company reports all its financial assets and financial liabilities on a gross basis. With each derivative counterparty there are master netting agreements in place providing for the immediate close-out of all outstanding derivative transactions and payment of the net termination amount in the event a party to the agreement defaults or another defined termination event occurs. The following tables set out, on a counterparty specific basis, the potential effect of master netting agreements on the Company's financial position, separately for financial assets and financial liabilities that were subject to such agreements as of 31 December 2020 and 2019, respectively:

<i>(In € million)</i>	Gross amounts recognised	Gross amounts set off in the Financial Statements	Net amounts presented in the Financial Statements	Related amounts not set off in the Statement of Financial Position		
				Financial instruments	Cash collateral received	Net amount
<b>31 December 2020</b>						
Financial assets	3,895	0	3,895	(1,520)	(77)	(2,298)
Financial liabilities	2,305	0	2,305	(1,520)	0	785
<b>31 December 2019</b>						
Financial assets	4,538	0	4,538	(1,480)	0	3,058
Financial liabilities	4,295	0	4,295	(1,480)	0	2,815

## 16.4 Notional Amounts of Derivative Financial Instruments

The notional amount of **interest rate contracts** are as follows, specified by year of expected maturity:

<i>(In € million)</i>	Remaining period								Total
	1 year	2 years	3 years	4 years	5 years	6 years	7 years	> 7 years	
<b>31 December 2020</b>									
Interest rate contracts	0	0	815	1,000	0	600	1,222	1,400	<b>5,037</b>
Interest rate future contracts	0	0	0	0	0	0	0	0	<b>0</b>
<b>31 December 2019</b>									
Interest rate contracts	0	0	0	890	1,000	0	600	2,735	<b>5,225</b>
Interest rate future contracts	0	0	0	0	0	0	0	0	<b>0</b>

The notional amounts of **equity swaps** are as follows:

<i>(In € million)</i>	Remaining period					Total
	1 year	2 years	3 years	4 years	> 4 years	
<b>31 December 2020</b>	32	23	17	8	0	<b>80</b>
31 December 2019	37	32	23	9	0	<b>101</b>



## 16.5 Derivative Financial Instruments and Hedge Accounting Disclosure

The following table presents the amounts relating to items designated as hedging instruments and hedge ineffectiveness as of 31 December 2020 under IFRS 9:

(In € million)	31 December			
	2020		2019	
	Carrying values		Carrying values	
	Asset	Liability	Asset	Liability
Foreign currency risk				
Net forward sales contracts	0	0	0	0
Foreign exchange options	0	0	0	0
Interest rate risk	412	0	236	0
Commodity swap risk	0	0	0	0
Equity swap risk	0	0	0	0
<b>Total</b>	<b>412</b>	<b>0</b>	<b>236</b>	<b>0</b>

## 16.6 Net Gains or Net Losses

The Company's net gains or net losses recognised in profit or loss in 2020 and 2019, respectively are as follows:

(In € million)	31 December	
	2020	2019
Financial assets or financial liabilities at fair value through profit or loss		
Held for trading	94	(144)
Designated on initial recognition	(306)	(18)
Financial assets at amortised cost <sup>(1)</sup>	(330)	69
Financial assets at fair value through OCI	75	26
Financial assets at fair value through profit or loss	(174)	(81)
Financial liabilities measured at amortised cost	423	7
<b>Total</b>	<b>(218)</b>	<b>(141)</b>

(1) Including impairment and Expected Credit Losses on Financial assets at amortised cost

## 16.7 Impairment Losses

**Loss allowances** — For its portfolio of debt instruments including bonds, term deposits and commercial papers, the Company measures loss allowances at an amount that represents credit losses resulting from default events that are possible within the next 12 months, unless the credit risk on a financial instrument has increased significantly since initial recognition. In the event of such significant increase in credit risk the Company measures loss allowances for that financial instrument at an amount equal to its life-time expected losses, *i.e.* at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument.

The Company applies the low credit risk exemption allowing the Company to assume that there is no significant increase in credit risk since initial recognition of a financial instrument,

if the instrument is determined to have low credit risk at the reporting date. Similarly, the Company has determined that its trade receivables and contract assets generally have low credit risk. The Company applies the simplified approach permitted by IFRS 9 of measuring expected credit losses of trade receivables and contract assets on a lifetime basis from initial recognition.

**Investment grade instruments** — The Company considers a significant increase in credit risk to have occurred, if there is a downgrade by four notches such that the instrument moves into a high yield bucket as a direct result of the downgrade. With respect to instruments that were high yield at initial recognition, a downgrade by four notches is considered as a significant increase in credit risk.

<i>(In € million)</i>	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Credit impaired ECL	Total
At 1 January 2020	4.4	0.3	0	4.7
Change in financial assets and risk parameters	(0.8)	93.6	0	92.8
<b>At 31 December 2020</b>	<b>3.6</b>	<b>93.9</b>	<b>0</b>	<b>97.5</b>

<i>(In € million)</i>	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Credit impaired ECL	Total
At 1 January 2019	3.5	1.1	0	4.6
Change in financial assets and risk parameters	0.9	(0.8)	0	0.1
<b>At 31 December 2019</b>	<b>4.4</b>	<b>0.3</b>	<b>0</b>	<b>4.7</b>

The following **impairment losses** on financial assets are recognised in profit or loss in 2020 and 2019, respectively:

<i>(In € million)</i>	2020	2019
Loans	(158)	(31)
Trade Receivables	0	0
<b>Total</b>	<b>(158)</b>	<b>(31)</b>

For further information about the impairment on financial assets, please refer to “– Note 10: Investments in Subsidiaries, Associates and Participations” of the Company Financial Statements.

## 4.6 Other Notes

### 17. Auditor Fees

Fees related to professional services rendered by the Company’s auditor, Ernst & Young Accountants LLP, for the fiscal year 2020 were €2,198 thousand (in 2019: €2,046 thousand). These fees relate to audit services only.

### 18. Events after the Reporting Date

No events after Reporting Date.

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# **5.** **Other Supplementary Information Including the Independent Auditor's Report**

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# Other Supplementary Information

## 1. Appropriation of Result

Articles 30 and 31 of the Articles of Association provide that the Board of Directors shall determine which part of the result shall be attributed to the reserves. The General Meeting of Shareholders may dispose of a reserve only upon a proposal of the Board of Directors and to the extent it is permitted by law and the Articles of Association. Dividends may only be paid after adoption of the annual accounts from which it appears that the shareholders' equity of the Company is more than the amount of the issued and paid-in part of the capital increased by the reserves that must be maintained by law.

It will be proposed at the Annual General Meeting of Shareholders that the Profit for the period of €3,143 million as shown in the income statements for the financial year 2020 is to be added to retained earnings and given the ongoing volatility, there will be no dividend proposal for 2020.

## 2. Independent Auditor's Report

To: the General Meeting of Shareholders of Airbus SE

To: the shareholders and Board of Directors of Airbus SE

### Report on the audit of the Financial Statements 2020 included in the annual report

#### Our opinion

We have audited the Financial Statements 2020 of Airbus SE (the Company), based in Amsterdam.

In our opinion the accompanying Financial Statements give a true and fair view of the Financial Position of Airbus SE as at 31 December 2020, and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The Financial Statements comprise:

- the Consolidated and Company Statement of Financial Position as at 31 December 2020;
- the following statements for 2020: the consolidated and company income statement;
- the Consolidated and Company Statements of Comprehensive Income, Changes in Equity and Cash Flows;
- the notes comprising a summary of the significant accounting policies and other explanatory information.

#### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Financial Statements" section of our report.

We are independent of Airbus SE in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Our audit approach

##### Our understanding of the business

The Company is a global leader in aeronautics, aerospace and related services. The Company is structured in segments and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the Group and our risk assessment. We refer to the key audit matters for those areas.

We start by determining materiality and by identifying and assessing the risks of material misstatement of the Financial Statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Materiality

Materiality	€250 million (2019: €347 million)
Benchmark applied	5% of "normalized" EBIT Adjusted. (2019: 5% of EBIT Adjusted).
Explanation	<p>We consider normalized EBIT Adjusted as the most appropriate benchmark as it best aligns with the expectations of those charged with governance at Airbus and of users of the Company's Financial Statements.</p> <p>In determining this year's materiality, we have considered the unique combination of macro-economic factors that led to disruption in demand. We believe that in order to set materiality in the current uncertain economic times, we should account for what is expected to be a relatively temporary phenomenon. Whilst we considered alternative benchmarks to normalized EBIT Adjusted including revenue and total assets, we believe that a normalized EBIT Adjusted approach to materiality remains appropriate. This addresses the analysts' consensus that the Company's industry economics including demand will return to previous levels over time. The normalized EBIT Adjusted is based on an historic ratio comparing EBIT Adjusted to revenue.</p> <p>We confirmed with the Audit Committee that they were satisfied that the level of materiality was appropriate. We kept our assessment of materiality under review throughout our audit.</p>

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the Financial Statements for qualitative reasons.

We agreed with the Audit Committee of the Board of Directors (the Audit Committee) that misstatements in excess of €12 million that are identified during the audit would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### Scope of the Group audit

Airbus SE is at the head of a group of entities. The financial information of this group is included in the Consolidated Financial Statements of Airbus SE.

The entities are grouped into three business segments: Airbus, Airbus Helicopters and Airbus Defence and Space. The audit of the three segments is performed jointly by EY and KPMG. The audit of the entities in scope is performed by either EY or KPMG network firms.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the Group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the Group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit focused mainly on significant group entities that are of significant size, have significant risks to the Company associated with them or are considered for other reasons.

Because of the (international) travel restrictions and social distancing due to the COVID-19 pandemic, we needed to restrict or have been unable to visit management and component auditors to discuss, among others, the business activities and the identified significant risks or to review and evaluate relevant parts of the component auditor's audit documentation and to discuss significant matters arising from that evaluation on site. Furthermore we were forced to perform our procedures to a greater extent remotely due to the COVID-19 measures. In order to compensate for the limitations related to the absence of physical meetings and direct observation, we used predominantly communication technology and written information exchange, attended calls and video conferences with (local) management and local auditors throughout the audit and closing meetings, intensified communication with component teams, required more granular reporting from component audit teams, and reviewed remotely the component teams' working papers in order to obtain sufficient and appropriate audit evidence to provide a basis for our opinion.

In total our audit procedures represent 92% of total consolidated revenue, 89% of total consolidated assets and 85% of total consolidated EBIT and all adjustments to EBIT. The remaining 8% of revenues, 11% of total assets and 15% of total EBIT result from entities, none of which individually represents more than 1% of revenues or EBIT. For those entities, we performed, amongst others, analytical procedures to corroborate our assessment that the Financial Statements are free from material misstatements.

We executed an audit plan that includes participation in risk assessment and planning discussions, setting the direction of the Group audit work (including instructions to the divisional and entity auditors), reviewing and discussing the planned audit approach, obtaining an understanding of the financial reporting process and performing procedures on the Group consolidation, participating in the evaluation of key accounting topics, reviewing the Financial Statements and participating in meetings with the management of the Company and its divisions. In our audit instructions, we also included targeted audit procedures that address the A220, A350, A380, A400M programmes as well as the risk of non-compliance with laws and regulations. We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the aerospace industry. We furthermore executed file reviews at EY network teams and KPMG. We involved several EY specialists to assist the audit team, including specialists from our tax, actuarial, treasury, valuation and compliance departments.



By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the Company's financial information to provide an opinion about the Consolidated Financial Statements.

## **Our focus on fraud and non-compliance with laws and regulations**

### **Our responsibility**

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the Financial Statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. Non-compliance with laws and regulations may result in fines, litigation or other consequences for the Company that may have a material effect on the Financial Statements.

### **Our audit response related to fraud risks**

In order to identify and assess the risks of material misstatements of the Financial Statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, compliance, human resources and regional directors) and the Ethics and Compliance Committee. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic and legal specialists. As the Company is a global company, operating in multiple jurisdictions, we considered the risk of bribery and corruption. We refer to our Key Audit Matter "Litigation and claims and risk of non-compliance with laws and regulations" for more details.

In our process of identifying fraud risks, we considered whether the COVID-19 pandemic gives rise to specific fraud risk factors resulting from a decrease in the effectiveness of controls as a result of the general disruption associated with remote working, illness and workforce reductions, supply chain disruptions, or workarounds.

We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgement areas and significant accounting estimates as disclosed in Note 4 to the Financial Statements. We have also used data analysis to identify and address high-risk journal entries.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we re-evaluate our assessment of fraud risk and its resulting impact on our audit procedures.

### **Our audit response related to risks of non-compliance with laws and regulations**

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us. We refer to our Key Audit Matter "Litigation and claims and risk of non-compliance with laws and regulations" for more details.

### **Going concern**

We performed the following procedures in order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting. Management made a specific assessment of the Company's ability to continue as a going concern and to continue its operations for at least the next 12 months from when the Financial Statements are authorized for issue. We discussed and evaluated the assessment including scenarios with management. We exercised professional judgment and applied professional scepticism, and focused specifically on the process followed by management to make the assessment, on instances of management bias that could represent a risk, on the impact that current events and conditions have on the Company's operations and forecasted cash flows, in order to challenge management's assertion whether or not the Company will have sufficient liquidity to continue to meet its obligations as they fall due. We involved specialists to review the prospective financial information and underlying assumptions.

We consider based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Should we have concluded that a material uncertainty exists, we would be required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

## General audit procedures

Our audit further included among others:

- performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- evaluating the overall presentation, structure and content of the Financial Statements, including the disclosures;
- evaluating whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matter 'Settlement agreements reached with the French Parquet National Financier (PNF), the UK Serious Fraud Office (SFO) and the US Department of Justice (DoJ) and US Department of State (DoS)' which was included in our last year's auditor's report, is no longer considered a key audit matter for this year as this was related to a one-off transaction.

These matters were addressed in the context of our audit of the Financial Statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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## Revenue recognition

*(Reference is made to the disclosures on “– Note 3: Significant Accounting Policies”, “– Note 4: Key estimates and judgements”, “– Note 11: Segment Information” and “– Note 12: Revenues and gross margin” of the Financial Statements)*

Risk	<p>The Group revenue recognition is complex due to its wide range of activities (including the sale of commercial aircraft and helicopters, sale of military aircraft and helicopters, sale of space systems and services), its various types of contracts including non-standard clauses and the duration of some contracts including long-term development activities.</p> <p>Recognition of revenue includes significant judgements and estimates including whether or not the contracts contain multiple performance obligations which should be accounted for separately and including the determination of the most appropriate method for revenue recognition of these performance obligations. This comprises the identification of potential variable considerations reducing the consideration received, allocation of this consideration to the different performance obligations and assessing if the performance obligations are satisfied over time or at a point in time. In particular the amount of revenue and profit recognized in a year for performance obligations satisfied at a point in time is dependent on the transfer of control. For performance obligations satisfied over time this is dependent on the assessment of the stage of completion of performance obligations as well as estimated total revenues and estimated total costs. The Company uses costs incurred as the method for determining stage of completion. Recognition of revenue for some activities may include the assessment of the ability to collect the customer consideration. In the context of COVID-19 pandemic, the deterioration of customer's ability to pay can impact the measurement of revenues.</p>
Our audit approach	<p>Our audit procedures included, amongst others, assessing the appropriateness of the Company's accounting policies related to revenue recognition according to IFRS15 “Revenue from contracts with customers”. In addition, we evaluated the design and implementation and, where considered appropriate, tested the operating effectiveness of internal controls related to the completeness, accuracy and timing of the revenue recognized. We selected individual revenue transactions to assess proper identification of the performance obligations in the contracts and allocation of the consideration amongst the performance obligation (such as the A400M contract and space contracts), the completeness and valuation of the variable considerations (including constraints applied, if applicable) included in the transaction price (notably for A400M contract and residual value guarantee in the sale of some commercial aircrafts) and the timing of transfer of control.</p> <p>In order to evaluate the significant judgements and estimates made by management, we read supporting contractual agreements, met with sales representatives and programme teams to understand the nature of the various obligations to be rendered under the contract and discuss specific clauses that could prevent transfer of control (mostly for the sales of commercial aircrafts), obtained evidence of transfer of control such as proof of delivery, tested the costs incurred, examined computation of costs progression and assessed the reasonableness of the estimated cost to complete included in the cost-to-cost method for performance obligation recognized over time (notably for A400M development, Tiger and Eurofighter contracts and some border security and space contracts).</p> <p>Finally we determined that the appropriate disclosures were made in the Financial Statements.</p>

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**Estimations related to contract margin for the accounting of onerous contracts**

(Reference is made to the disclosure on “– Note 3: Significant Accounting Policies”, “– Note 4: Key estimates and judgements”, “– Note 12: Revenues and gross margin” and “– Note 25: Provisions, contingent assets and contingent liabilities” of the Financial Statements)

Risk	<p>The Group owns a large portfolio of long-term contracts for which it needs to assess the contract margin in order to recognise a provision for onerous contract.</p> <p>Provisions for onerous contracts such as for the A400M contract are recognized when it becomes probable that the present value of unavoidable costs of fulfilling the obligations under the contract exceeds the present value of economic benefits expected to be received under the contract.</p> <p>The determination of these contract margins and provisions for onerous contracts requires management's significant judgement and assumptions associated with estimated revenue and costs at completion of the programme, the achievement of technical milestones, production plan, performance guarantees as well as key risks such as expected outcome from ongoing negotiations with customers, penalties for delay or non-compliance.</p>
Our audit approach	<p>We evaluated the design and implementation and where considered appropriate tested the operating effectiveness of internal controls for accounting for onerous contracts and for the assessment of the contract margin. We also performed substantive procedures on individually significant programmes. We evaluated management's assumptions in the determination of amongst others the stage of completion of a project and estimates to complete for both revenue and costs. We tested the costs incurred to date and the accuracy and completeness of the data used in developing these key estimates.</p> <p>We also evaluated management's assessment of key contract risks and opportunities to determine whether or not these are appropriately reflected in the cost to complete forecasts, paid specific attention to technical and market developments and ongoing negotiations with customers. We performed inquiries with the programme team and the Head of Programme in order to confirm our understanding on the programme status and associated risks which may affect total estimated costs to complete.</p> <p>We challenged management's assumptions by discussing and reviewing correspondence with customers, considered the accuracy and consistency of similar estimates made in previous years and corroborated the assumptions with the latest contractual information.</p> <p>Finally we determined that the appropriate disclosures were made in the Financial Statements.</p>

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**Recoverability of key programme assets - long-lived assets and inventory**

(Reference is made to the disclosures on “– Note 3: Significant Accounting Policies”, “– Note 19: Intangible Assets” and “– Note 21: Property, Plant and Equipment” of the Financial Statements)

Risk	<p>Finished aircraft and work in progress inventory, capitalized development costs, other intangible assets and jigs and tools relating to the key programmes, such as the A220, A330, A350, A380, H160 and H175, were tested for impairment in the context of COVID-19 and reduction of aircraft deliveries. The main estimates to determine if an impairment of long-lived assets such as capitalized development costs, other intangible assets and jigs and tools has to be recognized are the future cash flows (including the projected number of deliveries and the associated margin per aircraft) and the appropriate discount rates. With the reduction of deliveries, some work in progress and finished aircraft may no longer be fully recoverable due to cancellation of orders and resulting remarketing costs. Associated depreciations depend on the estimate of the selling price, remarketing costs and other costs.</p> <p>Owing to the inherent uncertainty involved in forecasting future costs and interpreting contractual and commercial positions in determining impairments, especially in the COVID-19 context, this is a key audit area.</p>
Our audit approach	<p>We evaluated the design and implementation and where considered appropriate tested the operating effectiveness of internal controls for identifying and recording impairments of long-lived assets and depreciations of Work in progress and finished aircrafts.</p> <p>We evaluated the impairment tests performed by testing the integrity of the management's impairment model. We assessed management's assumptions for the discount rate and the determination of the forecasted revenue to be realized (including the timing of expected deliveries and estimated selling price), cost to be incurred (including any contractual penalties) and the expected gross margin, including performing sensitivity to evaluate the impact of changing some assumptions such as the discount rate or key business parameters (price, growth rate for instance). We also performed inquiry of the programme controller and Head of Programmes to confirm our understanding of the status of the programme.</p> <p>We tested the provision for depreciation of work in progress and finished goods by evaluating management's assumptions in the determination of likelihood of cancellation, future selling price, remarketing and other costs. We challenged management's assumptions by discussing and reviewing correspondence with customers and comparing them with historical data, appraisers' market value and agreements with customers.</p> <p>Finally we determined that the appropriate disclosures were made in the Financial Statements.</p>

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**Valuation of derivative financial instruments and hedge accounting**

(Reference is made to “– Note 38: Financial instruments” of the Financial Statements)

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Risk	<p>The Company operates in a business environment that is exposed to currency volatility. A significant portion of the Company's revenue is denominated in US dollars, while a major part of its costs is incurred in Euro and, to a lesser extent, in Pounds Sterling. In response to these risks the Company uses financial instruments (mainly currency forwards) to mitigate the exposure to changes in market rates.</p> <p>The Company applies cash flow hedge accounting. The accounting policy allows the Company to re-position the foreign currency hedges and avoid hedge disqualification when a hedged aircraft is postponed. This is conditioned by the Company's ability to demonstrate the absence of a reduction in the number of hedged aircrafts over the Foreign Exchange management hedging horizon.</p> <p>The magnitude of the Company's hedge portfolio entails a significant “mark to market” valuation risk. Furthermore, in the COVID-19 context, potential changes in the delivery assumptions related to aircraft cancelations, customer defaults and aircraft postponement beyond the Foreign exchange management hedging horizon could lead to disqualification of the associated cash-flow hedges.</p>
Our audit approach	<p>For the audit of the foreign currency hedge portfolio, we used specialists who tested the controls around the Company's central treasury system, independently calculated the valuation of the treasury portfolio (by sample) and evaluated the application of the cash-flow hedge accounting rules.</p> <p>We obtained counterparty confirmation of the outstanding financial instruments to verify the existence and ownership of the hedge portfolio.</p> <p>Based on a sample of financial derivative instruments we assessed that the fair value of the financial instruments was correctly determined and no material exceptions were noted.</p> <p>We verified the documentation of the hedged items supported by both the recoverable backlog and production rate over the Foreign Exchange management hedging horizon. We tested the highly probable assessment of future aircraft delivery performed by the Company and challenged key management assumptions pertaining to order cancellation, airline default and aircraft rescheduling risks.</p> <p>Finally we determined that the appropriate disclosures were made in the Financial Statements.</p>

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### Litigation and claims and risk of non-compliance with laws and regulations

(Reference is made to the disclosures on “– Note 4: Key estimates and judgements”, “– Note 25: Provisions, contingent assets and contingent liabilities” and “– Note 39: Litigations and claims” of the Financial Statements)

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Risk	<p>Litigation and claims involve amounts that are potentially significant and the estimate of the amount to be provided as a liability, if any, is inherently subjective. The outcome of these matters may have a material effect on the Company's results and its Financial Position.</p> <p>A part of the Company's business is characterized by competition for individually significant contracts with customers which are often directly or indirectly associated with governments. The process associated with these activities is susceptible to the risk of non-compliance with laws and regulations. In addition, the Company operates in a number of territories where the use of commercial intermediaries is normal practice. Certain entities of the Group remain under investigation by various law enforcement agencies for amongst others alleged irregularities concerning commercial intermediaries. Breaches of laws and regulations in these areas can lead to fines, penalties, criminal prosecution, commercial litigation and restrictions on future business.</p>
Our audit approach	<p>We planned and designed our audit approach to this area in conjunction with our in-house forensic specialists.</p> <p>We evaluated the tone set by management and the Board of Directors and the Company's approach to managing this risk.</p> <p>We assessed the overall control environment and evaluated and tested the Company's policies, procedures and controls to identify and assess possible non-compliance.</p> <p>Furthermore we tested the selection process of intermediaries, related contractual arrangements, payments to intermediaries and the Company's responses to suspected breaches of policy and non-compliance with laws and regulations.</p> <p>We made inquiries of the Board of Directors and the Audit Committee, as well as the Company's internal and external legal advisors as to the areas of potential or suspected breaches of law and regulations relating to bribery, including the status of ongoing investigations. To corroborate the results of those inquiries we vouched information received with objective evidence, third parties and we reviewed related documentation.</p> <p>We maintained a high level of vigilance to possible indications of significant non-compliance with laws and regulations relating to bribery and corruption whilst carrying out our other audit procedures. Accompanied by our own legal advisors we met on several occasions with the Company's external counsel to obtain their views about the status of ongoing investigations as well as their potential impact on the Financial Statements. We furthermore tested journals entries and other transactions with unusual characteristics using amongst other data-analytics tools.</p> <p>For (threatened) litigation cases and claims, we gained additional assurance by comparing management's position to the assessment from external parties such as external lawyers in those cases where a high amount of judgement is involved.</p> <p>We assessed that the disclosures in the Financial Statements reflect the current status of the investigations regarding suspected breaches of law or regulations in accordance with accounting standards. We also assessed the appropriateness of the contingent liability disclosure in the Financial Statements.</p>

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### Report on other information included in the annual report

In addition to the Financial Statements and our auditor's report thereon, the annual report contains other information that consists of:

- the report of the Board of Directors including the remuneration report (we refer to [www.airbus.com](http://www.airbus.com) for the board report);
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the Financial Statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code and Section 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the Financial Statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the Financial Statements.

The Board of Directors is responsible for the preparation of the other information, including the report of the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information as required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

## Report on other legal and regulatory requirements

### Engagement

We were appointed by the Annual General Meeting of as auditor of Airbus SE on 28 April 2016, as of the audit for the year 2016 and have operated as statutory auditor since that date.

### No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

## Description of responsibilities for the Financial Statements

### Responsibilities of the Board of Directors and the Audit Committee for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the Financial Statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the Financial Statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the Financial Statements.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

### Our responsibilities for the audit of the Financial Statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Our audit approach section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

### Communication

We communicate with the Audit Committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Audit Committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine the key audit matters: those matters that were of most significance in the audit of the Financial Statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 17 February 2021  
Ernst & Young Accountants LLP  
signed by A.A. van Eimeren



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