

# Responsibility, made by EADS

A progress report



EADS



AIRBUS



ASTRIUM



CASSIDIAN



EUROCOPTER

EADS

at a glance



# Contents

III	EADS Group
VI	Airbus
X	Eurocopter
XII	Astrium
XIV	Cassidian
XVI	Other Businesses
XVII	Global Sales
XVIII	EADS Shares
XX	EADS Management Structure



# EADS Group

## From stabilisation to expansion



EADS is a global leader in aerospace, defence and related services. In 2010, the Group's 10<sup>th</sup> anniversary year, EADS comprising Airbus, Eurocopter, Astrium and Cassidian generated revenues of €45.8 billion and employed a workforce of some 122,000.

EADS Group		2010	2009	2008
Revenues	€m	45,752	42,822	43,265
Self-financed R&D	€m	2,939	2,825	2,669
EBIT*	€m	1,231	-322	2,830
Net income <sup>1)</sup>	€m	553	-763	1,572
Earnings per share <sup>1)</sup>	€	0.68	-0.94	1.95
Dividend per share <sup>2)</sup>	€	0.22 <sup>2)</sup>	—	0.20
Net cash position	€m	11,918	9,797	9,193
Order intake <sup>3)</sup>	€m	83,147	45,847	98,648
Order book <sup>3)</sup>	€m	448,493	389,067	400,248
Employees		121,691	119,506	118,349

### Results

EADS' annual results demonstrated significant achievements in 2010 supported by the recovery of the macro-economic and commercial environment which was stronger than expected.

### Revenues

EADS' revenues increased 7% to a new high of €45,752 million thanks to growth from both volume and mix effects across core businesses.

### EBIT\*

EBIT\* stood at €1,231 million and benefited from good underlying performance in all core business activities, especially Airbus legacy programmes.

### Net cash

Net cash position amounted to €11,918 million, representing a key asset to foster future growth.

### Order book

The record €448,493 million order book provides a solid platform for future deliveries.

\* Unless otherwise indicated, EBIT\* figures presented in this report are Earnings Before Interest and Taxes, pre-goodwill impairment and exceptionals.

1) EADS continues to use the term Net Income. It is identical with Profit for the period attributable to equity owners of the parent as defined by IFRS Rules.

2) To be proposed to the EADS Annual General Meeting.

3) Contributions from commercial aircraft activities to EADS Order intake and Order book based on list prices.

IV

EADS



A380



A400M



EC225



(€m)	2010	2009	Variation
Revenues	29,978	28,067	+7%
Self-financed R&D	2,321	2,306	+1%
EBIT*	305	-1,371	-
Order intake	68,223	23,904	+185%
Order book	400,400	339,722	+18%

Airbus Division comprises Airbus Commercial and Airbus Military. Airbus' consolidated revenues of €29,978 million show an increase of 7% compared to the same period last year.

In number of aircraft	2010	2009	Variation	2010	2009	Variation
Deliveries	510	498	+2%	20	16	+25%
Order book	3,552	3,488	+2%	241	250	-4%

#### Airbus Commercial

Airbus Commercial revenues amounted to €27,673 million, reflecting a favourable volume and mix effect. Deliveries increased to 510 commercial aircraft.

#### Airbus Military

Airbus Military revenues increased to €2,684 million, driven by higher A400M revenue recognition but lower revenues in medium and light aircraft and tankers.



	2010	2009	Variation
Revenues	4,830	4,570	+6%
Self-financed R&D	189	164	+15%
EBIT*	183	263	-30%
Order intake	4,316	5,810	-26%
Order book	14,550	15,064	-3%

Eurocopter's revenues increased by 6% to €4,830 million, reflecting a favourable revenue mix. Deliveries totalled 527 helicopters, including 28 NH90 and 15 Tiger, double the 2009 level. The Dutch and French navies received the first naval versions of the NH90 multi-role helicopter.

\* Unless otherwise indicated, EBIT\* figures presented in this report are Earnings Before Interest and Taxes, pre-goodwill impairment and exceptionals.

1) Following integration of former Military Transport Aircraft Division into Airbus, Airbus is reporting in two segments: Airbus Commercial and Airbus Military. The Airbus Commercial perimeter includes EFW and the completed aerostructures reorganisation but excludes the A400M. Airbus Military includes the former Military Transport Aircraft Division as well as A400M Airbus operations. Eliminations are treated at the Division level.

EADS Divisions' results reflect the strong uplift in commercial aviation, with a headwind approaching in institutional and governmental businesses.

V



Ariane 5



Eurofighter



ATR 72-600

Please refer to [www.eads.com](http://www.eads.com) for further information.

Other Businesses<sup>2)</sup>

2010	2009	Variation
5,003	4,799	+4%
85	74	+15%
283	261	+8%
6,037	8,285	-27%
15,760	14,653	+8%

Astrium's revenues increased by 4% to €5,003 million, exceeding expectations and marking a year of strong programme execution. Milestones included the start of M51 ballistic missile deliveries to the French Navy. Ten Astrium-built satellites were launched in 2010 and Ariane 5 delivered its 41<sup>st</sup> consecutive launch success.

2010	2009	Variation
5,933	5,363	+11%
251	216	+16%
457	449	+2%
4,312	7,959	-46%
16,903	18,796	-10%

Cassidian's revenues rose by 11% to €5,933 million, with pressure from tightening European defence budgets. The strong revenue increase reflects volume growth from core and export in Eurofighter and missile programmes, and progress in Lead Systems Integrator border security contracts.

2010	2009	Variation	(€m)
1,182	1,096	+8%	Revenues
10	6	+67%	Self-financed R&D
25	21	+19%	EBIT *
1,668	969	+72%	Order intake
2,519	1,952	+29%	Order book

The revenues of Other Businesses increased by 8% to €1,182 million, driven predominantly by the ramp-up in Light Utility Helicopter deliveries at EADS North America. ATR delivered 52 of its turboprop aircraft to customers and received 78 firm net orders.

\* Unless otherwise indicated, EBIT\* figures presented in this report are Earnings Before Interest and Taxes, pre-goodwill impairment and exceptionals.

2) Other Businesses is not a stand-alone EADS Division.

## VI



## Airbus Commercial

Airbus Commercial is market leader in the sector for civil aircraft seating 100 or more passengers. It offers airlines a highly competitive range of advanced, fuel-efficient aircraft.



A320



A330/A340



A350 XWB

#### A320 Family

Airbus' Family of single-aisle aircraft, based on the A320, includes the A318, A319 and A321 derivatives. With over 4,500 aircraft in service at the end of 2010, the A320 Family has proven extremely popular with airlines, offering high standards of comfort and economic performance on short and medium-haul routes. In 2010, Airbus launched a new eco-efficient option for its A320 Family aircraft, with new "sharklet" wingtip devices and fuel-efficient engines. The A320neo (new engine option) will deliver fuel savings of up to 15%. Entry into service is planned for 2015.

#### A330/A340

The A330/A340 Family has the versatility to fly either regional or long-range routes, coming in six different passenger configurations, powered by two or four engines. The twin-engine A330 is designed to generate maximum revenue and to reduce operating costs on regional routes, while the four-engine A340 provides flexibility on long-range flights. Airbus has also developed a cargo variant of the A330 Family, the A330-200F, a mid-sized long-range cargo aircraft, designed for fuel efficiency. First delivery of this aircraft was made to Etihad Airways in July 2010. Airbus received 63 firm orders for the A330/A340 Family of aircraft in 2010, and delivered 91 aircraft to customers.

#### A350 XWB Family

The A350 XWB (extra wide body) Family is designed to meet airline demand for a new generation of medium-capacity, long-range aircraft. With a fuselage made largely of composite material, its low weight will help airlines to cut fuel costs and emissions. The wide body will give passengers greater comfort on long journeys. Launched in 2006, the A350 XWB went into production in 2010, with manufacturing of the first sub-assemblies. At the end of 2010, Airbus had received a total of 583 firm orders for A350 XWB Family aircraft from 36 customers.





A380



## A380

The twin-deck A380 is the most spacious and efficient large aircraft in service today. The baseline aircraft has 525 seats and offers passengers an unrivalled level of comfort while delivering superior economic performance, lower fuel consumption, less noise and reduced emissions. In 2010, the total number of orders, including those already delivered, increased to 234 from 17 customers. Over the year, Airbus delivered 18 A380 aircraft to customers. By the end of 2010, 41 aircraft had entered service and nearly nine million passengers had enjoyed the experience of flying with the A380.

## » The year 2010 in review

### 10 June Emirates orders 32 Airbus A380

Dubai-based Emirates airline orders a further 32 A380 from Airbus, taking its total firm orders for the airline industry flagship to 90. Emirates and Airbus CEOs sign the agreement in a ceremony at the Berlin Air Show, witnessed by German Chancellor Angela Merkel.

### 20 July Etihad takes delivery of the world's newest freighter

Etihad Airways and Airbus celebrate the UAE airline's status as the launch customer for the world's newest freighter aircraft, the wide-body A330-200F, at the Farnborough International Air Show.

### 19 September Airbus Family day recalls "40 Years of Innovation"

Airbus marks 40 years of innovation by inviting 145,000 employees, their families and friends to a celebration at its five sites in Toulouse. Guests are able to find out about aeronautics careers, visit Airbus facilities, watch flying displays and take a closer look at the aircraft.

### 1 December Airbus offers A320 with new fuel-saving engines

Airbus improves the eco-efficiency of its best-selling A320 Family by launching a fuel-saving option. The A320neo (new engine option) combines new engines with large wingtip devices, called "sharklets", that reduce drag. Airbus will start deliveries in 2015.

### 7 December Airbus produces first A350 XWB fuselage barrel

Airbus starts making the first carbon fibre barrel for the A350 XWB fuselage at the Company's production plant in Illescas, Spain. The fuselage barrel is 5.5 metres long and 56 square metres.



## VIII



## Airbus Military

Airbus Military is responsible for the European heavy military transport A400M project and produces and sells special mission aircraft, derived from existing aircraft platforms. It is the global leader for light and medium-sized military transport aircraft.



A330 MRTT



CN235



C295

**A330 MRTT**

The A330 MRTT (Multi-Role Tanker Transport) is the world's leading air-to-air refuelling aircraft with an enormous basic fuel capacity and an innovative fly-by-wire refuelling boom. Its huge basic fuel capacity means that no auxiliary tanks are needed to give air-to-air refuelling performance that far exceeds its nearest competitors. The entire cargo bay is available for freight.

By the end of 2010, it had won orders from Australia, Saudi Arabia, the United Arab Emirates and the UK, with a total backlog of 28 aircraft.

**CN235**

The CN235 is a twin-engine turboprop transport aircraft capable of operating from short and unpaved runways. The latest variant, the CN235-300, can transport a payload of up to 6,000 kg, accommodating 36 paratroopers or over-sized loads such as aircraft engines or helicopter blades. Variants of the CN235-300 are used for missions such as maritime patrol or pollution control, among others. Including all variants, over 275 CN235 have been sold since the beginning of the programme.

**C295**

The C295 has a basic configuration similar to the CN235, with a stretched cabin to airlift a 50% heavier payload at greater speed over longer distances. Over 70 C295 have been delivered to 12 operators from 11 countries. The C295 has accumulated 90,000 flight hours in all kind of environments: from the polar arctic areas to deserts.



A400M



## A400M

Airbus Military's A400M airlifter is a cost-effective, high-speed turboprop aircraft specifically designed to meet the harmonised needs of NATO nations, as well as the requirements of international air forces. Powered by four modern turboprop engines, the A400M is capable of cruising speeds of up to Mach 0.72 and altitudes up to 37,000 feet. The A400M is designed for operations from unprepared runways – enabling it to deliver large payloads to tactical forward bases or to evacuate a full complement of refugees or casualties from remote areas. The aircraft completed its maiden flight from Seville, Spain in December 2009 and first delivery is planned for a contractual date in early 2013.

## » The year 2010 in review

### 23 August US Coast Guard orders three CN235 maritime patrol aircraft

The US Coast Guard orders three additional Airbus Military CN235 maritime patrol aircraft through EADS North America, the prime contractor for EADS military and defence products in the United States. The Coast Guard has an option to buy up to six more aircraft over four years.

### 6 October Military certification for A330 MRTT

Airbus Military obtains certification for the A330 Multi Role Tanker Transport (MRTT) from Spanish military certification authority Instituto Nacional de Tecnologia Aeroespacial, paving the way for delivery of the first A330 MRTT to the Royal Australian Air Force. This follows shortly after the UK Royal Air Force's first MRTT completed its maiden flight in September 2010.

### 20 December Fourth A400M makes first flight

The fourth A400M military airlifter takes to the air for the first time. The five-hour flight from Seville, Spain caps a highly successful 2010 for the A400M programme, with the development fleet completing 1,000 flight hours.

X



Eurocopter is a global leader in the civil and military helicopter market, offering one of the most complete and modern ranges of helicopters and related services. Overall, the Division's products account for 33% of the total world civil and parapublic helicopter fleet.



EC725



NH90



Tiger

#### EC225/EC725

The EC225/EC725 brings Eurocopter's latest rotor and all-weather technology to the 11-ton helicopter class. The EC225 flies for offshore oil and gas services, VIP transport, and search and rescue services. Its military twin, the EC725, is in service with the French Army and Air Force. The twin-engine helicopter is equipped with a five-blade rotor and a large-capacity fuel tank, providing enhanced performance and a greater flight endurance.

#### NH90

The NH90 medium-weight, multi-role military helicopter has two basic variants, the Tactical Transport Helicopter and the NATO Frigate Helicopter. The programme is a co-development with Agusta-Westland and Fokker Aerostructures within NATO Helicopter Industries (NHI). Eurocopter's share of NHI is 62.5%. At the end of 2010, the NH90 programme had received 529 firm orders from 14 nations.

#### Tiger

The Tiger is a medium-weight air-to-air combat and fire-support helicopter, fitted with twin engines. It includes four variants, based on the same airframe, which have been ordered by France, Germany, Spain and Australia. Total deliveries amounted to 70 as of the end of 2010.

Since 2009, the Tiger has been deployed in Afghanistan by the French Armed Forces with three helicopters permanently on site (1,600 flight hours).

#### EC135

The EC135 is a light twin-engine, multi-mission helicopter made using the latest carbon fibre technologies. Variations have been designed specifically for VIP transport, and for rescue and police work. The EC135 has become the helicopter of choice in the world of emergency medical services (EMS). More than 800 of these rotary-wing aircraft – including 400 in the EMS configuration – have been delivered to 160 customers in 40 countries since the programme was launched. At the end of 2010, the EC135 held a 63% share in the market for this category of aircraft.



Eurocopter's civil range



## EC175

A joint development and production programme of Eurocopter and Aviation Industry Corporation of China (AVIC), the EC175 is a multi-role helicopter in the seven-metric-ton category. In addition to its version for the oil and gas marketplace, the EC175 is being developed for search and rescue missions and emergency medical transport. It can meet the needs of the commercial aviation industry for VIP and corporate transport. EC175 deliveries are scheduled to begin in 2012. At the end of 2010, a total of 114 commitments for the EC175 had been placed by 14 customers.

## » The year 2010 in review

### 19 March Eurocopter and Helibras break ground in Brazil

Eurocopter and its Helicópteros do Brasil-Helibras subsidiary start to build a new rotary-wing centre of excellence in Itajubá, Brazil, where Helibras will produce, assemble and maintain EC725 helicopters for the Brazilian armed forces. The Brazil armed forces' three initial EC725, built by Eurocopter in France and finished by Helibras, were delivered in December 2010. Assembly of the EC725 at Itajubá will begin in 2012.

### 27 September New hybrid X3 helicopter flies

Eurocopter begins test flights of the X3 demonstrator for its innovative high-speed, long-range hybrid helicopter concept. Combining excellent vertical takeoff and landing capabilities, the X3 can fly at cruise speeds of more than 220 knots.

### 20 October Eurocopter forms Indian subsidiary

Eurocopter inaugurates its new Indian subsidiary, with the goal of expanding in this fast-growing market, reinforcing its support and

services network throughout the country, and further developing the company's four-decade relationship with Indian industry.

### 17 December NH90 TTH for France and Spain perform maiden flights

France and Spain's NH90 Tactical Transport Helicopters perform their first flights at Eurocopter's Marignane facility in southwest France. The NH90 is the largest helicopter programme ever undertaken by Europe, and its capabilities cover the full spectrum of activities, from reconnaissance to casualty evacuation.

## XII



Astrium is the third largest space systems manufacturing company in the world and the leading supplier in Europe. It designs, develops and manufactures satellites, orbital infrastructures and launcher systems and provides space services.



Ariane 5



Ariane 5



ATV-2



Spot 5

### Ariane 5

Ariane 5 is a heavy-lift satellite launcher, with a payload capacity of up to ten tonnes. Since becoming operational in 2005, it has proved reliable and flexible, with 41 successful launches in succession up to the end of 2010. Astrium is the sole prime contractor for the Ariane 5 system and is the largest industrial shareholder in Arianespace, which markets and sells the Ariane launcher worldwide and carries out launches from the Guiana Space Centre in Kourou, French Guiana. Astrium is prime contractor for future developments on Ariane 5, starting with the development of the Ariane 5 ME (Midlife Evolution) launcher, which will provide an increased payload capacity of up to 12 tonnes.

### ATV

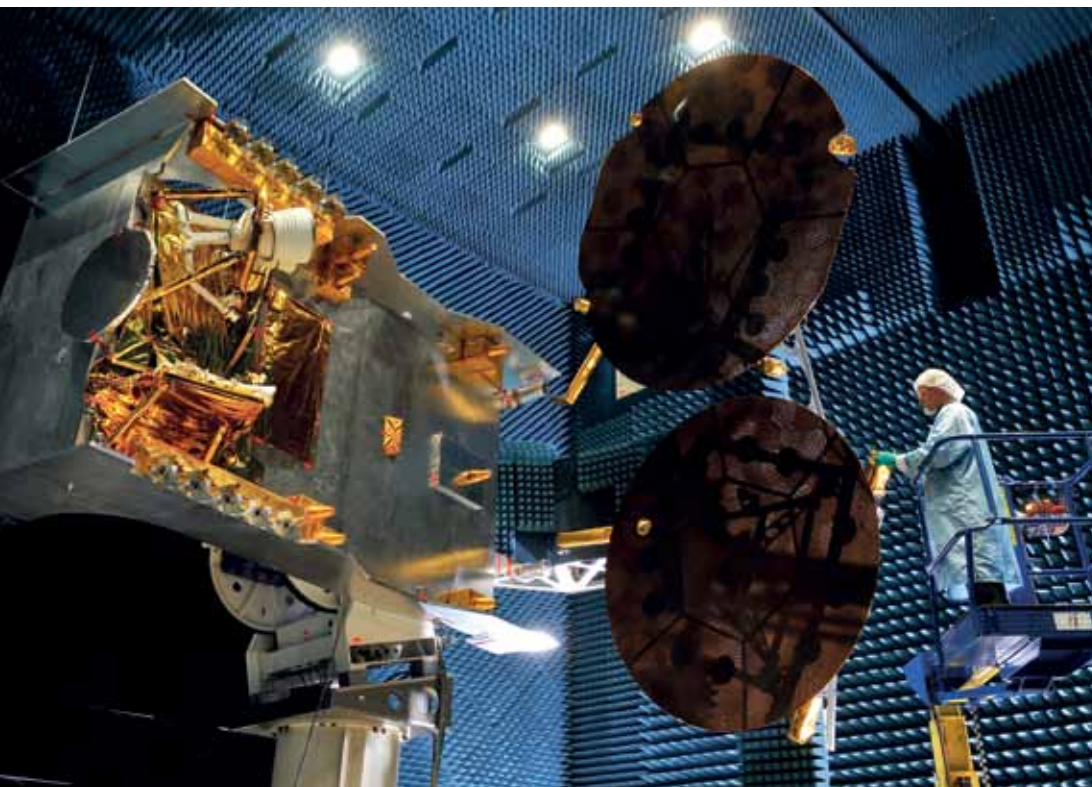
Astrium is the prime contractor for the development and construction of the Automated Transfer Vehicle (ATV) cargo carrier, designed to carry fuel and supplies to the International Space Station (ISS) and to provide reboost capability and a waste disposal solution. The first ATV, "Jules Verne", was launched in 2008 and docked to the ISS. After six months in orbit, it was de-docked from the ISS and burned up on re-entering the atmosphere. The second ATV, "Johannes Kepler", was launched from Kourou, French Guiana on 16 February 2011, successfully docking to the ISS a week later.

### Services

Astrium offers innovative, tailored solutions in the fields of secure communication and geo-information services. Following a contract extension signed in 2010, wholly-owned subsidiary Paradigm will provide the UK Ministry of Defence with military satellite communications services until at least 2022. A team led by Astrium is providing Germany's armed forces with a secure satellite communication network. The system began operations in 2010.

With its subsidiaries Infoterra and Spot Image, Astrium Services is also a provider of both optical and radar-based geo-information services.





Eurostar 3000



### Eurostar 3000

Astrium produces telecommunication satellites for fixed and mobile applications and direct-to-home broadcast services. Its geostationary telecommunication satellites are based on the Eurostar Family platforms, of which 63 had been ordered up to the end of 2010. The latest version is Eurostar 3000. Astrium's telecommunications satellites are used for both civil and military applications.

## » The year 2010 in review

### 9 March UK Ministry of Defence orders fourth Skynet 5 satellite

Paradigm, a wholly owned subsidiary of Astrium Services, signs a contract with the UK Ministry of Defence (MoD) to extend the Skynet 5 programme by two years until 2022. This will involve the manufacture, launch, test and operation of a fourth satellite, Skynet 5D. The Skynet 5 contract ensures that British and allied troops have access to critical communications whenever needed.

**27 April**  
**All systems go for the Helios IIB satellite**  
Astrium achieves in-flight acceptance of the Helios IIB observation satellite on behalf of the French Defence Procurement Agency and under delegation from the French space agency CNES.

Helios IIB enters operation, serving France, Belgium, Spain, Italy, Greece and Germany.

### 11 May Second ATV achieves milestone

The second of the European Space Agency's Automated Transfer Vehicles (ATV) cargo craft is cleared for shipping to the launch site in Kourou, French Guiana. ATV-2 is named after astronomer and mathematician Johannes Kepler.

### 7 July Contract to start new generation launcher

The European Space Agency (ESA) selects Astrium to undertake initial development studies for a next-generation launcher for future satellite launches. This 15-month project has a total contractual value of

€8.5 million, and Astrium will contribute €1.5 million of this from its own funds.

### 29 December 41<sup>st</sup> consecutive success for Ariane 5

The Ariane 5 launch vehicle takes off successfully from Kourou, French Guiana, for the 41<sup>st</sup> time in a row. The launcher places two telecommunication satellites in orbit, Hispasat 1E and KOREASAT 6.



## XIV



Cassidian is the main pole of EADS' defence and global security activities. Its wide range of products and services include the Eurofighter combat aircraft, missile systems, integrated defence and security solutions, defence electronics and related services.



Security Solutions



TRS-3D Radar



Euro Hawk

### Security Solutions

Security threats often call for multiple responses from different services. The need to coordinate action has driven demand for integrated security solutions. Cassidian delivers integrated systems for border security, maritime security, crisis and emergency response, as well as for protection of infrastructure and populations. Cassidian Professional Mobile Radio (PMR) solutions enable security organisations to communicate effectively, reliably and securely.

### Radars

Cassidian is heavily involved in the technological development and application of next-generation active electronically scanning (AESA) radars for air, naval and ground applications. In the area of air defence, Cassidian

produces mid-range radars for ship (TRS-3D/4D) and land (TRML-3D) applications. The TRS-3D radar has been selected for the US Navy's Littoral Combat Ship and is also being supplied to the US Coast Guard for its fleet of National Security Cutters.

### Missile Systems

MBDA, a joint venture between EADS, BAE Systems and Finmeccanica, is the missile systems group within Cassidian. The broad range of MBDA products covers all six principal missile system categories: air-to-air, air-to-surface, ground-to-air, surface-to-air, anti-ship and surface-to-surface. Programmes currently under development include the Aster Paams naval air defence system and the Meteor air superiority missile system.

### UAS

In the field of Unmanned Aerial Systems (UAS), Cassidian is seeking to develop leading technologies and products based on its projects to date, which include Talarion, Harfang, Barracuda and DRAC systems. Cassidian and its US partner Northrop Grumman are supplying the German forces with the Euro Hawk UAS. Euro Hawk is a high-altitude Unmanned Aerial System for signal intelligence. Cassidian is responsible for the overall mission system, including situation analysis and reporting, as well as sensor-payload and modifications. In 2010, Euro Hawk successfully undertook its first flight in Palmdale, California.



Eurofighter



## Eurofighter

Eurofighter, known as “Typhoon” for export outside of Europe, is a network-enabled, extremely agile, multi-role combat aircraft optimised for swing-role operations in complex air-to-air and air-to-surface combat scenarios.

Participating countries in the Eurofighter programme include the UK, Germany, Italy and Spain, and the aircraft is competing in major export campaigns. The 250<sup>th</sup> delivery was achieved in 2010.

The Eurofighter is designed to be adapted and improved over the long-term, as new avionics and weapons evolve, to provide for an extended service life.

## » The year 2010 in review

### 17 May Cassidian commissioned to deliver Future Soldier System

Germany's Federal Office of Defence Technology and Procurement orders a further 220 units of the Future Soldier System infantry equipment, including bullet-proof vests and communications equipment, to meet the needs of the Bundeswehr forces deployed in Afghanistan.

### 31 May Cassidian forms strategic Brazil joint venture

Signalling its commitment to the Brazilian market, Cassidian forms a joint venture with the Odebrecht Organisation, one of the country's biggest companies. The two companies aim to forge a long-term partnership, with an industrial base servicing regional defence and security needs.

### 29 June Euro Hawk makes first flight

The Euro Hawk Unmanned Aerial System, built by Northrop Grumman Corporation and Cassidian, successfully completes its first flight, reaching an altitude of 32,000 feet over the Palmdale desert in California. The Euro Hawk has a wingspan larger than a commercial airliner, endurance of 30 hours and a maximum altitude of more than 60,000 feet.

### 20 July Eurofighter GmbH and Euroradar to develop latest-generation radar

Together with their industrial partners, Eurofighter GmbH and Euroradar begin full-scale development of a new-generation Active Electronically Scanned Array radar for the Eurofighter. The radar will enter service in 2015.

### 19 August Acquisition of leading cyber-security company

Cassidian acquires UK-based Regency IT Consulting, strengthening its cyber-security capabilities. The acquisition will ensure that Cassidian stays at the forefront of cyber-security expertise and has keen insights into emerging threats.

## XVI Other Businesses



UH-72A Light Utility Helicopter



ATR 42-500

### EADS North America

EADS North America is the North American operation of EADS. Headquartered in Arlington, Virginia, the company offers a broad array of advanced solutions for fixed- and rotary-wing aircraft, homeland and cyber security, telecommunications, defence electronics and avionics, and services. It is prime contractor for the US Army's UH-72A Light Utility Helicopter programme. On 4 March 2010, the 100<sup>th</sup> helicopter was delivered on-time and on budget.

### ATR

ATR is the world's leading manufacturer of advanced 50 to 74 seat regional turboprop aircraft. ATR is a joint venture and equal partnership between EADS and Alenia Aeronautica. ATR's Family of 42- and 72-series high-wing, twin turboprop aircraft are designed for optimal efficiency, operational flexibility and comfort. Since the beginning of the programme, ATR has booked net orders for 1,074 aircraft (423 ATR 42 and 651 ATR 72).

A Family upgrade was launched in October 2007. Deliveries of the first ATR 72-600 are scheduled to start by mid-2011, while deliveries of ATR 42-600 are due to start before the end of the year 2011.

# Global Sales



(€m)	2010
Revenues	21,402
Order intake	17,813
Order book	124,291

EADS leverages Europe's well-established aerospace capabilities and is expanding its cooperation in Eastern Europe and Russia. In 2010, UTair Aviation, Russia's largest helicopter operator, signed a contract with Eurocopter Vostok for the acquisition of twenty AS350/AS355 helicopters.



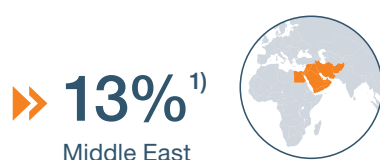
(€m)	2010
Revenues	3,507
Order intake	19,235
Order book	63,425

EADS is a leading supplier and industrial partner in North America and has been selected to provide major equipment programmes for the Army and the Coast Guard. In 2010, EADS North America delivered its 100<sup>th</sup> Lakota Light Utility Helicopter to the US Army.



(€m)	2010
Revenues	11,335
Order intake	28,772
Order book	124,645

Asia Pacific is an important region for the EADS Group. China and India, in particular, show huge market potential, while Korea and Vietnam also offer significant opportunities. In 2010, Astrium signed a contract with Vietnam for delivery of an optical Earth observation satellite system.



(€m)	2010
Revenues	6,247
Order intake	9,277
Order book	101,124

The Middle East is an attractive market for EADS where significant breakthroughs have been made in new fields such as border surveillance or air-to-air refuelling aircraft. Middle East airlines are important Airbus customers. In 2010, Emirates ordered a further 32 A380, taking its total firm orders for this aircraft to 90.



(€m)	2010
Revenues	3,261
Order intake	8,050
Order book	35,008

Amongst other regions, Latin America offers numerous commercial and industrial opportunities. EADS is seeking to develop strategic partnerships with Brazil in space, defence and security domains. In 2010, Cassidian signed an agreement with Odebrecht in Brazil for a joint-venture in the field of defence and security technology.

1) Of Group revenues.

## XVIII EADS Shares

In 2010, EADS was the seventh best performer of the CAC 40. It outperformed the CAC 40 and DAX, as well as the Dow Jones US Select Aerospace & Defense index. In a positive market environment, EADS benefited from a favourable dollar development, encouraging news on aircraft orders and the gradual derisking of the A400M and A380 programmes.

Early in the year, EADS' share price benefited from a general market upturn. Following positive news on the continuation of the A400M programme, the EADS share rose to €15.96 on 5 March 2010. The share price decreased after EADS announced a more conservative than expected EBIT\* outlook for 2010 and, more generally, as markets became unsettled by sovereign debt issues. After retreating to €13.56 on 7 May 2010 the EADS stock rebounded, however, driven by positive market data. The weakening euro, which fell below US\$ 1.20 on 6 June supported the advance, as did the announcement of new aircraft orders, in particular the Emirates order for 32 A380. A conservative EBIT\* outlook for 2011, announced in November 2010 with the nine months results, caused the share price to dip back to €16.68 on 23 November. In December, the share began to recover again in a strong commercial environment.

On 31 December 2010, the EADS share price closed at €17.44, having gained 23.82% over the year. During the same period the CAC 40 fell -3.34%.

Please refer to  
[www.eads.com](http://www.eads.com)  
for further  
information

### Profile

» Number of shares  
as of 31 December 2010

816,402,722

» ISIN code

NL0000235190

» High in 2010 on Paris  
Stock Market: on 21 September

€19.60

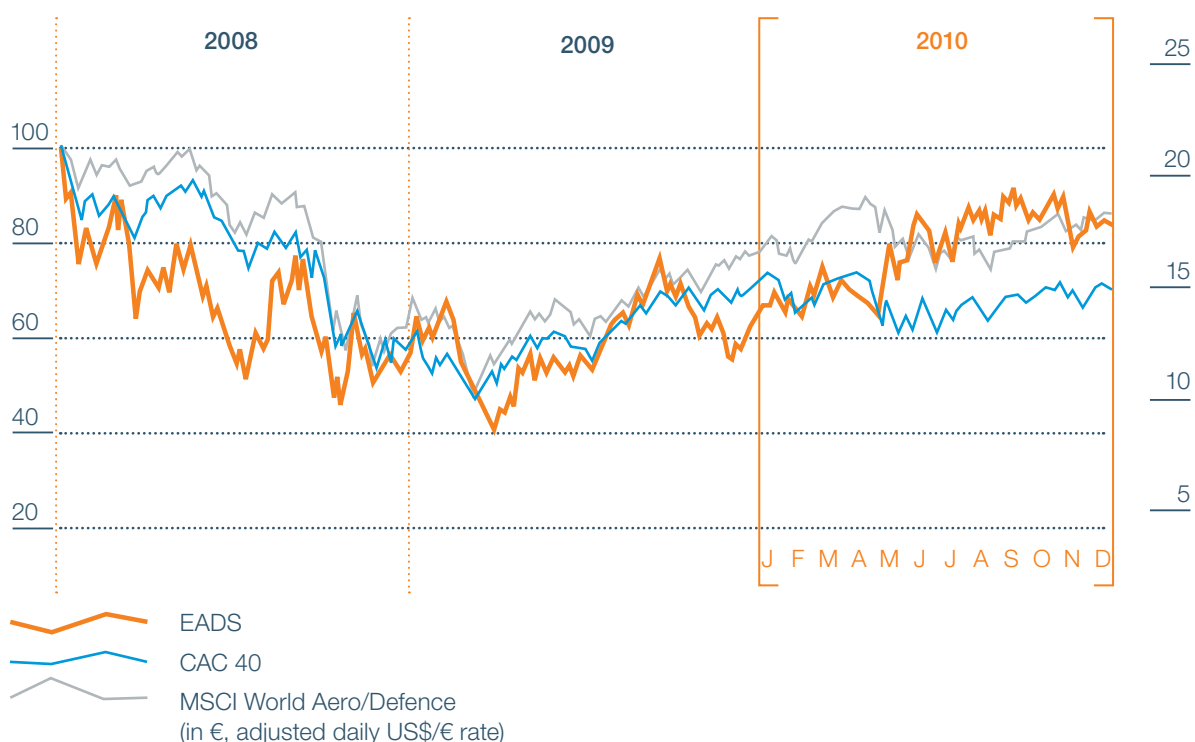
» Low in 2010 on Paris  
Stock Market: on 15 February

€13.55

## Share Price Evolution as of 31 December 2010

Base 100 as of 2 January 2008

EADS share price in €



## Shareholder Structure as of 31 December 2010



22.46%	<b>Sogead</b> (Lagardère and French state holding company Sogepa)
22.46%	<b>Daimler*</b>
5.47%	<b>SEPI</b> (Spanish state holding company)
0.06%	Shares held out of the contractual partnership by the <b>French state</b>
49.16%	<b>Institutional, retail and employee ownership</b>
0.39%	<b>Treasury shares</b> (without economic or voting rights)

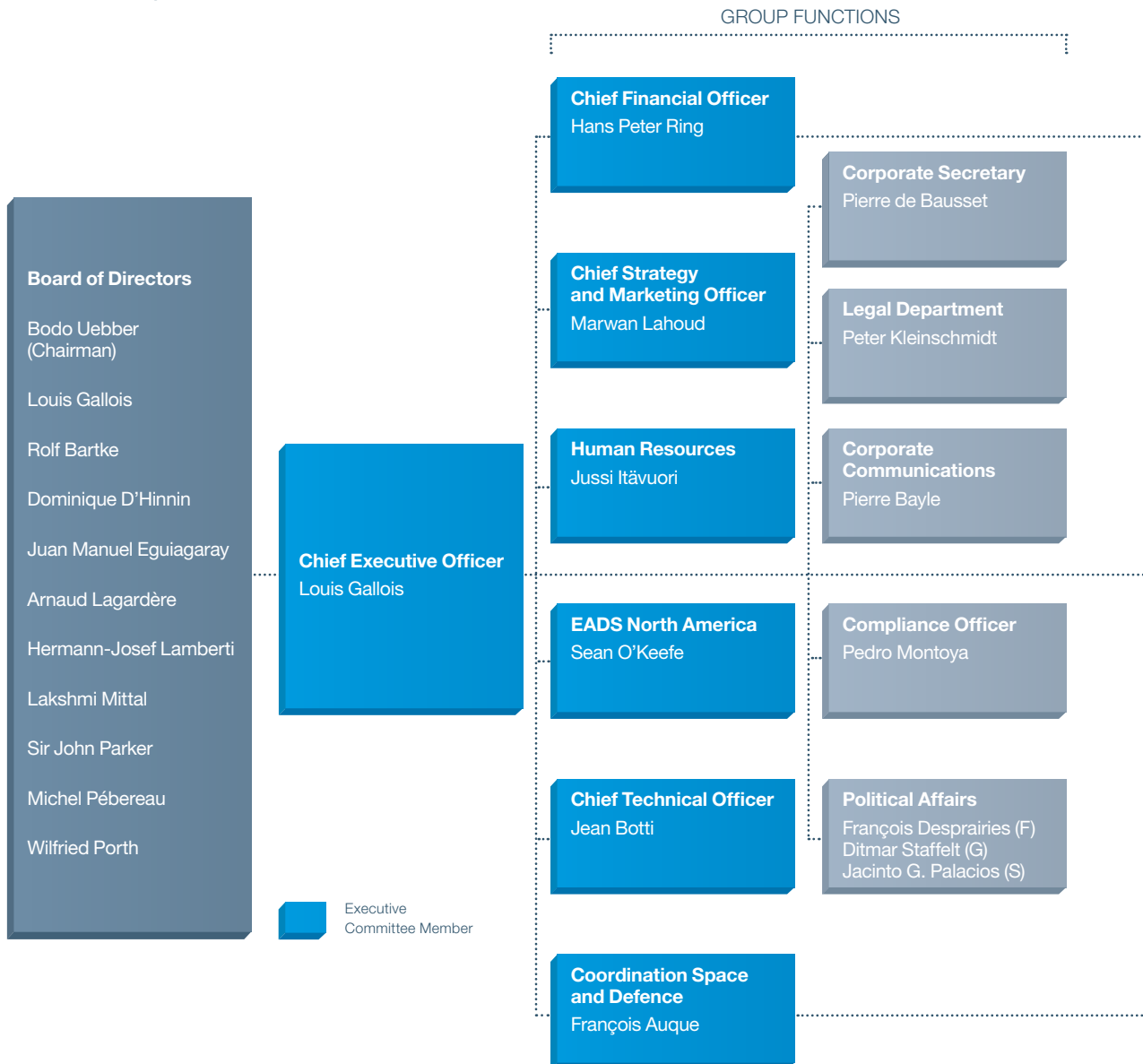
\* On 9 February 2007, Daimler reached an agreement with a consortium of private and public-sector investors by which it effectively reduced its shareholding in EADS by 7.5%, while retaining its voting rights over the entire 22.5% package of EADS shares.



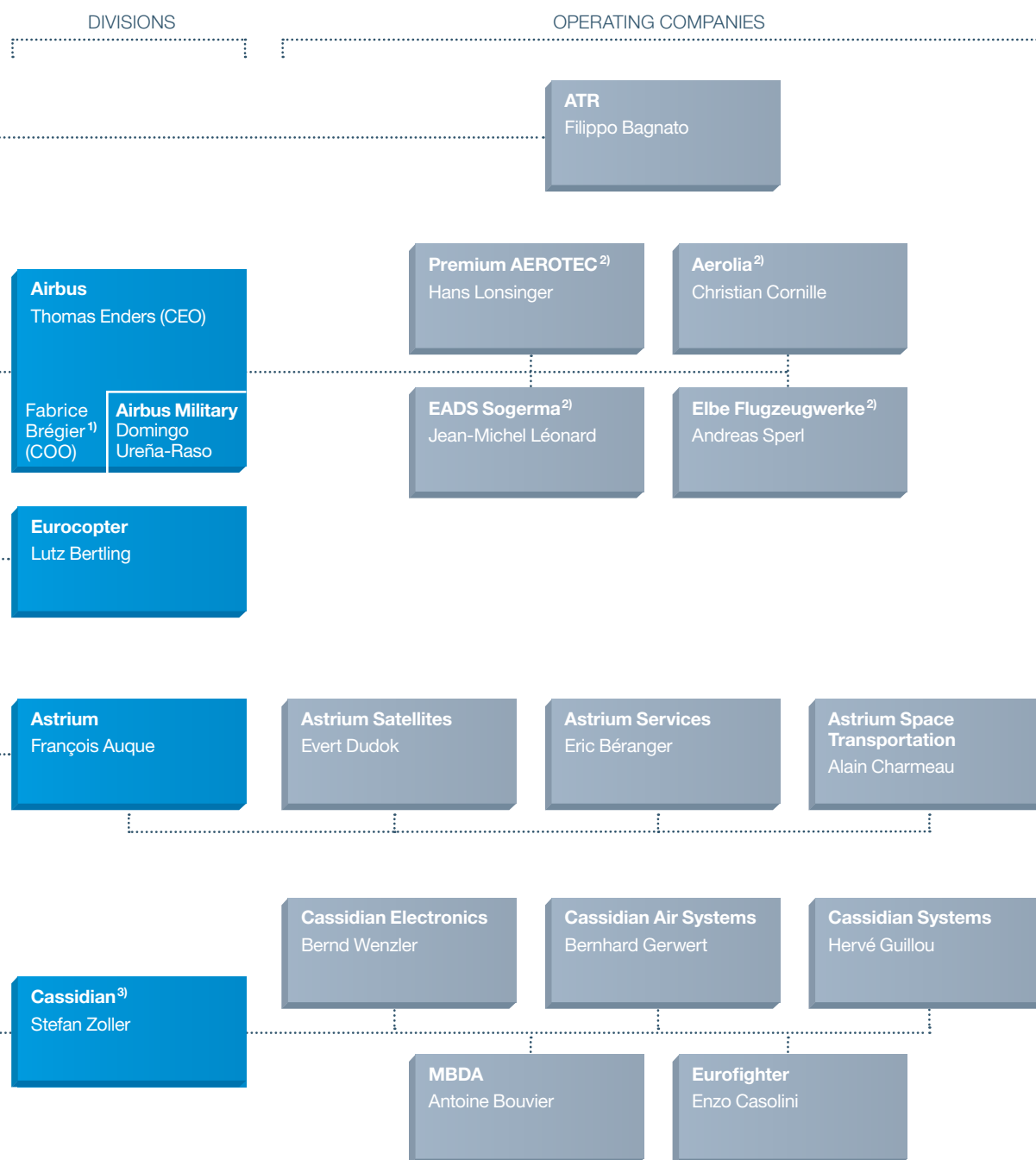
XX

# EADS Management Structure

as of 1 April 2011



**The Board** actively shapes the Group's mission and strategic priorities, which are implemented under the leadership of the **Chief Executive Officer** (CEO), who provides the impetus for major operational initiatives. The Group functions and Divisions operate under the leadership of the CEO.



The four Divisions – **Airbus, Eurocopter, Astrium and Cassidian** – serve the specific needs of their respective customers, while the Group functions enhance the Company offering through information exchange, technology sharing and working practice synergies.

1) Responsible as Executive Committee Member, of a permanent Group-wide mission to ensure EADS enhanced operational performance.

2) 100% EADS owned, management delegated to Airbus.

3) The organisation of Cassidian is under revision and is due to change from 1 August 2011 onwards.



# A progress report

As one of the world's largest aerospace and defence groups, with product lifecycles extending to 30 years, 120,000 employees and an extensive global supply chain, we recognise the responsibility that our position implies. We welcome the opportunity to tell our stakeholders how our Corporate Responsibility and Sustainability (CR&S) values are not only consistent with our strategy for creating economic value but also provide an opportunity to differentiate EADS from our competitors.

Last year, EADS produced a comprehensive report explaining how we understand our CR&S challenges and how these CR&S objectives are fully integrated into EADS strategic Vision 2020. This progress report, focusing on 2010 achievements, documents how we met the commitments in our roadmap, describes some of the highlights in tangible case studies and measures our development through key performance indicators. Above all, it shows how we are continuously transforming our businesses, and how we are investing in innovation and the skills of our employees to make sustainable growth a reality.

## contents

### MANAGEMENT & GOVERNANCE

- 02 Letter from the Chief Executive Officer
- 04 Our main challenges
- 06 Our CR&S roadmap
- 08 Sound governance

### RESPONSIBILITY, MADE BY EADS

- 12 ▶▶ 01. Innovative products and services
- 22 ▶▶ 02. Reducing the impact of industrial operations
- 26 ▶▶ 03. Engaging our people
- 30 ▶▶ 04. Supplier partnerships
- 32 ▶▶ 05. Corporate citizenship

- 35 Indicators and appendix
- 46 Glossary
- 47 Contacts

## Chief Executive Officer's letter



*Dear Shareholders, employees,  
customers and suppliers,*

During 2010, Corporate Responsibility & Sustainability (CR&S) issues moved up the agenda at EADS. Reflecting their growing relevance to our business, as we passed into 2011 they were represented in no less than five of our top 10 priorities for the coming year (see box).

Given the sphere of operations and size of EADS, CR&S inevitably is at the heart of our activities and is closely linked to our growth strategy. As a leading global aerospace and defence Group, we have a huge warehouse of technologies that we are applying to many of today's critical environmental and security dilemmas. And as the employer of approximately 120,000 individuals, many of them highly skilled, our employees' welfare is closely linked to the fortunes of the wider Group.

Our first CR&S Report, focused on 2009, explained how we are embedding CR&S in our core policies and business processes, as well as within the Group's strategy and vision. For 2010, we are publishing a shorter, progress report, giving a broad description of the advances made during the year.

The CR&S case studies presented in this report give specific examples of how we are moving forward, and how CR&S is linked to business strategy. Below are some of the highlights:

» the launch of the Airbus A320neo (new engine option) was announced, using the latest engine technology to deliver significant fuel and emissions savings, so reducing environmental impact and delivering a competitive advantage;

» following an initial employee engagement survey in 2009, a multi-year initiative was started to lift employee engagement, so enhancing employee fulfilment and nurturing our workforce;

» the number of sites covered by the ISO 14001 standard for environmental management systems increased to 90, up from 85 in 2009, covering 90% of the workforce and integrating environmental awareness into the Group's culture;

» a code of conduct for suppliers was published and distributed to the top 1,000 suppliers, as a step to ensure that the CR&S values of EADS are cascaded down into our supply chain.

Two broad areas linked to CR&S are particularly important to the Group's future growth – our people and our technologies.

When it comes to our people, our ambitions for growth and better financial performance can only be achieved through their skills and competencies. For this reason, our activities to improve engagement and competency management should also aid long-term profitability.

“Given the sphere of operations and size of EADS, CR&S inevitably is at the heart of our activities and is closely linked to our growth strategy.”

Following an initial EADS-wide employee engagement survey during the previous year, 2010 was the year when we acted to improve engagement. Managers on all levels and their teams discussed and analysed their own survey results and decided together on specific actions to take. Furthermore, some 3,000 managers received training in ways to build engagement and, to encourage exchange of best practice, around 100 focus groups were organised in all Divisions.

Indicating that our efforts are leading to results, a follow-up 2010 engagement survey showed early signs of improvement.

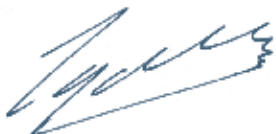
Recognising that our success depends on managing our resources of highly skilled people, especially engineers and technicians, we are taking steps to manage employees' competencies. During the year, we completed the process of mapping the skills of 95% of our employees, grouping them into 10 to 20 core competences. We piloted a new generation of competency management tools, to manage both development at an individual level, and team and unit-level competency development and planning.

Technology is an area in which EADS has much to offer. We are playing a strong role in developing the solutions to today's environmental and security dilemmas. Our Divisions are doing this directly through, for example, launching the A320neo, which will deliver fuel savings of up to 15%, with similar reductions in gas emissions. Yet they are also putting our warehouse of approximately 9,000 patents to work as the building blocks for sustainable energy products. As we explain later in the report, EADS is becoming an important enabler of the 'green economy'.

Our technologies demonstrate most clearly the link between CR&S and future profitability. Our 'eco-efficiency' business philosophy of creating more value with less environmental impact gives us a strong competitive advantage, while also meeting the urgent need to take better care of the world we live in. These technologies, and the products that spring from them, will drive our growth.

In summary, we are energetically and continuously transforming our business, as our 2010 achievements amply demonstrate. This is a matter of business sense, good governance and responsibility. We are committed to CR&S, both for its own sake and as a driver of our future prosperity.

Yours sincerely,



Louis Gallois  
Chief Executive Officer

### EADS 2011 priorities related to CR&S

(Extract from EADS Group priorities for 2011)

- » *Stay focused on employee engagement and reinforce the positive momentum emerging from the survey. Foster trust, empowerment, proximity and innovation, reaching out to all our employees.*
- » *Expand our business in North America and set strong solid foundations in emerging countries through investment, partnerships, sourcing and recruitment.*
- » *Ensure proper management of risks and opportunities (ERM); guarantee integrity and compliance of business processes, and uphold the new code of ethics.*
- » *Promote eco-efficiency, innovation and quality as key elements of competitiveness through action plans in Divisions and at EADS Group level.*
- » *Expand mobility in particular for managers and foster diversity on all levels.*



# Our main challenges

4



**Sound Governance**  
the starting point

### In context

For EADS, responsibility and sustainability start with good governance. Our corporate governance organisations, including controls and risk management, and ethics and compliance, are the foundations on which the Group is building its future. These governance standards are influencing how we transform our business.

### In 2010

*Governance advanced on a number of fronts. At Board level, an assessment revealed further improvement in Board performance.*

*Compliance activities continued to increase, most notably with publication of a revised EADS Code of Ethics and launch of the OpenLine employee reporting system.*



**01 Innovative products and services**

### In context

We are at the heart of today's corporate responsibility debate. We are involved in some of the most critical questions of our times – sustainable mobility, the security of nation states and, more broadly, the evolution to a 'green economy'. We have a responsibility, through our products and services, to take the lead in providing answers to these questions while building economic value, fostering employment, and preparing for the challenges and opportunities of a more sustainable economy.

### In 2010

*EADS kept at a high level investment in technologies and products that will further sustainable air travel, improve security and, more broadly, accelerate the transition to a 'green economy'.*

*Progress included the launch of a new aircraft programme, defence and security products, technology research and leveraging technologies for 'sustainability' purposes.*



**02 Reducing the impact of industrial operations**

### In context

EADS is not only committed to providing eco-efficient solutions, but also to becoming an eco-efficient enterprise in its own operations, i.e., a more sustainable company that continuously improves its overall environmental performance. We are striving to introduce this management philosophy, integrating it within the business and turning it into a company culture. We encourage all functions, programmes and stakeholders to exercise responsibility for the environment while enhancing our competitiveness.

### In 2010

*EADS progressed towards reducing the impact of industrial operations in line with our roadmap milestones and longer-term targets.*

*Advances were made in environmental management systems, more efficient buildings, improved reporting and regulatory compliance.*



**03** Engaging our people

**In context**

Our people are the source of the success and competitiveness of EADS. We are committed to developing their full potential, responding to their expectations for personal development, and providing equal opportunities to all. Concentrating on managing employee competencies, we are nurturing the skills base needed for the future and preparing to weather the ups and downs of economic cycles, while also seeking to ensure that our people are truly engaged and fulfilled.

**In 2010**

*EADS began a multi-year initiative to enhance employee engagement, leading to early signs of positive results.*

*Additionally, the Group worked to enhance management of critical skills and made progress towards the long-term goal of broadening workforce diversity.*



**04** Supplier partnerships

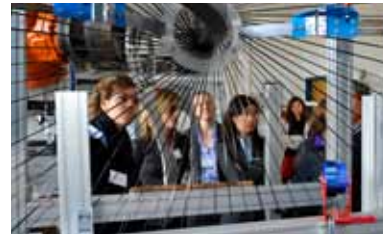
**In context**

EADS is forging increasingly strong relationships with suppliers. Having a business model that has long product cycles and relies extensively on high-quality outsourcing means that we form long-term partnerships with our suppliers and we progress together.

**In 2010**

*EADS continued to strengthen its pact with suppliers, based on mutual benefit and responsibility.*

*Airbus launched a second initiative to improve supplier performance, while the Group expanded its international procurement network and published a Supplier Code of Conduct.*



**05** Corporate citizenship

**In context**

We believe that contributing to the well-being of the communities in which we work, and especially to the scientific education of young people, is an ethical imperative. We are focusing on activities where our expertise can add value.

**In 2010**

*EADS created new high-value research posts and jobs in international markets, while broadening the scope of our philanthropic foundations and providing various forms of humanitarian assistance.*

# Our CR&S roadmap: progress and delivery

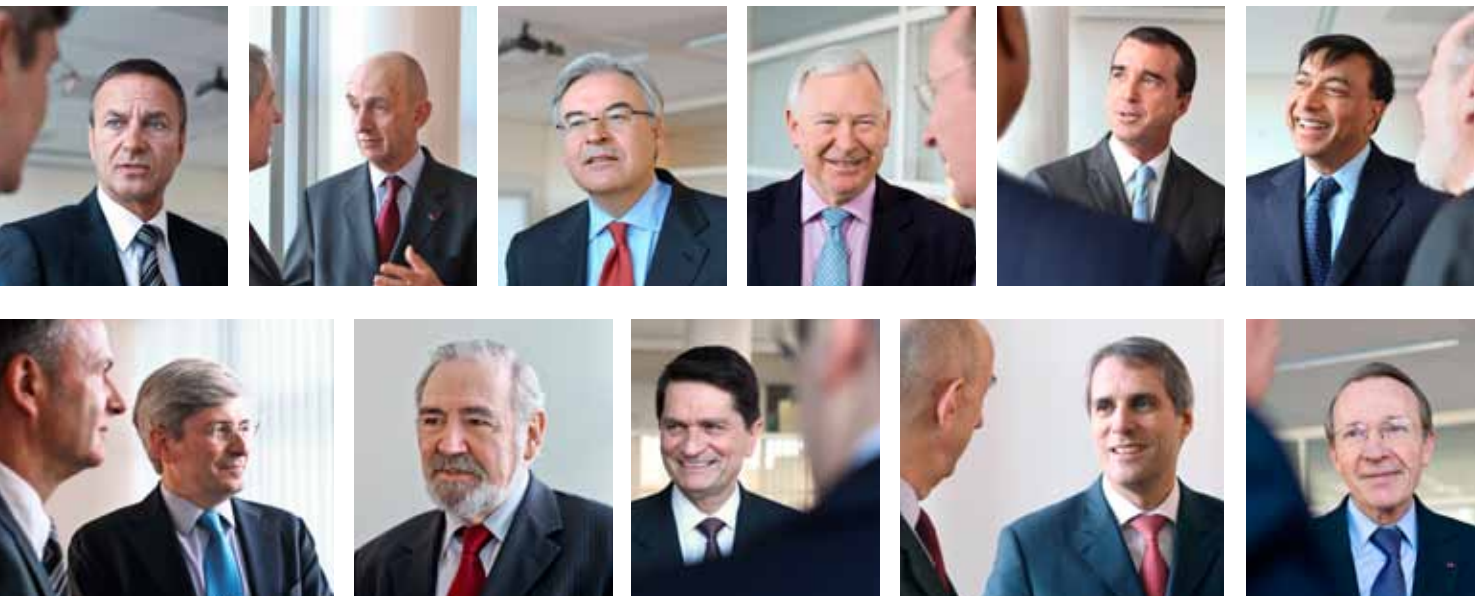
6

Area	Rationale and Group Objectives	Milestones, Indicators, Progress	Section
An integrated approach to Corporate Responsibility & Sustainability	Embed CR&S standards into EADS Group strategy	The yearly top 10 priorities of the Group include at least four CR&S related targets. These targets are reflected in Group strategic planning, with a Vision 2020 horizon.	Entire report
	Embed CR&S standards into selected EADS core business processes	EADS strives to engage employees, with commitment expressed by the Executive Committee (EC). Crystallising this commitment, all EC members have at least one CR&S related objective in their personal annual targets for 2011.	Entire report
Governance, Ethics and Compliance	Leverage governance as a tool to foster improved EADS sustainability	The Group seeks continuous improvement of Board proceedings and operations. A Board performance self-assessment review is performed annually (with an independent review every three years).	Sound Governance
	Improve effective monitoring by EADS of ethical business conduct	An updated Code of Ethics was issued in 2010. A new OpenLine confidential employee reporting system was made available to all employees in 2010 to enable them to raise questions and concerns confidentially, and without fear of retaliation. A communications drive will raise employee awareness of the Code of Ethics and OpenLine in 2011.	Sound Governance
	Raise awareness of employees and business partners regarding the EADS commitment to ethical business conduct	Following establishment of an integrated ethics and compliance organisation in 2008, EADS employees are being trained in ethics and compliance in 2010. 11% of the workforce was trained and a further 20% will be in 2011.	Sound Governance
Innovative products and services	Develop cutting-edge solutions for sustainable mobility	We promote eco-efficiency as a driver of innovation in research, production, product development and new business opportunities. Our Airbus and Eurocopter Divisions are researching and developing technologies that will mitigate the effect of aircraft on the environment. They are involved in the EU Clean Sky technology initiative and are committed to R&T targets compatible with the ACARE goals for aviation: 50% reduction in perceived noise, 50% reduction in CO <sub>2</sub> , 80% reduction in NOx by 2020 (using 2000 as a baseline).	Products
	Support security and stability	We help to secure the stability of nation states. As the boundaries blur between defence and security, our products are increasingly used for security applications such as border surveillance, reconnaissance and cyber security. We are developing the new technologies and products required to respond effectively, including the large complex systems which allow different response services and different platforms to work in concert.	Products
	Develop technologies for the 'green economy'	Our warehouse of innovative technologies is proving to have applications beyond the aerospace sector and we are seizing these "green growth" opportunities. EADS aims to market its technologies to the renewable energy sector, and its earth observation satellites are playing a growing role in monitoring climate change. The Group now owns more than 9,000 patents.	Products

Area	Rationale and Group Objectives	Milestones, Indicators, Progress	Section
Impact of industrial operations	Execute roadmap towards greater environmental efficiency and make environmental management (across product lifecycles) part of company culture.	A roadmap is being implemented to achieve concrete industrial operational targets by 2020. Three intermediary horizons, with specific actions and key performance indicators, have been defined: Horizon 1 (2012); Horizon 2 (2015); Horizon 3 (2020). By 2020 (reference 2006), industrial operational targets are: 50% reduction of VOC emissions; 50% reduction in water consumption; 50% reduction in CO <sub>2</sub> emissions; 50% reduction in waste production; 80% reduction in water discharge; 30% reduction in energy consumption; and 20% of electricity produced from renewable energy sources. In 2010, the scope of environmental management systems increased, the scope of reporting expanded, the energy-efficiency of buildings was improved and we complied with emerging regulations.	Industrial operations
Our people	Improve employee engagement and development.	We are committed to respond to employee expectations for personal development, people management and shared values. Following an initial engagement survey in 2009, in 2010 some 3,000 managers received training in building engagement, focus groups were held and two engagement forums took place at corporate level. In 2010, a second survey showed improving engagement. Another survey will be carried out in 2012 as part of the multi-year engagement programme.	People
	Anticipate, secure and develop competencies.	We develop and implement group-wide solutions to manage competencies from a quantitative and qualitative point of view to support three processes: strategic competency management, workforce planning and individual competence appraisal and development. Implementation is in progress: web-based management tools were piloted in 2010 and will be fully introduced in 2011.	People
	Reinforce diversity and integration throughout EADS.	We are committed to equal opportunity careers for all employees and we aim to transform diversity into a competitive advantage, including gender diversity at every level, particularly at senior management level. For instance, gender diversity targets include 25% of recruitment to be women; 20% of CBA (Corporate Business Academy) development program participants to be women; and 20% of employees to be women by 2020 (versus 16.8% today). In 2010, 22.4% of new recruits were women.	People
Our suppliers	Growing and progressing with our suppliers.	We are forming even closer relationships with key suppliers and continually seeking to improve the quality of these relationships.	Suppliers
	Sharing CR&S objectives with our suppliers.	EADS expects its suppliers to embrace the Group's Responsible Sourcing principles. A new charter on responsible sourcing was issued and shared with suppliers in 2010.	Suppliers
Our responsibilities as a corporate citizen	Being a long-term partner in the countries where we operate.	We are contributing to the development of countries where we do business through creating skilled jobs, sourcing and funding research partnerships. In 2010, we continued to expand our international workforce, increase overseas sourcing and set up more research partnerships. We plan to increase these activities in line with our Vision 2020 goals for international expansion.	Citizenship
	Focusing on activities where our expertise can add value i.e., research, education and humanitarian relief.	We are leveraging our expertise to support communities, both in our home countries and, increasingly, elsewhere. We were active in 2010, providing sponsorships and donations, promoting the scientific education of young people, making loans of equipment and giving employee time, particularly through the development of our foundations.	Citizenship

# Sound governance

For EADS, responsibility and sustainability start with good governance. Our corporate governance organisations, including controls and risk management, and ethics and compliance, are the foundations on which the Group is building its future. We believe we have high standards, which we are continually seeking to improve.



To achieve the highest standards of corporate governance, we continually review and improve the effectiveness of our organisations, policies, processes and controls. In recent years we have significantly improved both the functioning of the Board and our compliance program, and 2010 was a year of progress in both of these areas.

## » Management and control

The Corporate Secretary's annual review of the Board revealed perceived progress in its collaborative performance. After several years in which Board meetings dedicated considerable time to technical or contractual programme challenges, the Directors stated that in 2010 they were able to concentrate more on the functioning of the Group and to have in-depth discussions about the long-term business model.

Overall, the Board considers that it assembles a very international and varied set of skills, with competencies centred on business and finance; it believes that its

renewal in 2012 will be an opportunity to fine-tune its composition, which may improve gender diversity.

Illustrating how the Board is increasingly able to focus on strategy, during 2010 it met for a full day on an industrial site to discuss strategy. This is only the second time the Board has had a site meeting but the practice is considered beneficial and will be continued.

Throughout the year, the Board monitored the progress of significant programmes, such as the A350 XWB and A380 aircraft, and NH90 and Tiger helicopters. It was kept informed about the A380 Qantas engine incident and reviewed the status of the Group's programme management improvement initiative. The Board approved the launch of the A320neo (new engine option), as well as its bid for the US Department of Defense tanker replacement programme. It was also involved in A400M contract negotiations. In line with the EADS Vision 2020 strategy for the next decade, the Board also focused on cash management, savings from improvement and



## ► Composition of the Board of Directors

Name	Age	Term started (as a member of the Board of Directors)	Term expires	Principal function	Status
Bodo Uebber	51	2007	2012	Chairman of EADS	Non-Executive
Louis Gallois	67	2000, re-elected in 2005 and 2007	2012	Chief Executive Officer of EADS	Executive
Rolf Bartke	63	2007	2012	Chairman of Keiper-Recaro-Group	Nominated by Daimler
Dominique D'Hinnin	51	2007	2012	Co-Managing Partner of Lagardère SCA	Nominated by Sogéade
Juan Manuel Eguiagaray Ucelay	65	2005, re-elected in 2007	2012	Economic Advisor	Nominated by SEPI
Arnaud Lagardère	49	2003, re-elected in 2005 and 2007	2012	Managing Partner of Lagardère SCA	Nominated by Sogéade
Hermann-Josef Lamberti	55	2007	2012	Member of the Management Board of Deutsche Bank	Independent
Lakshmi N. Mittal	60	2007	2012	Chairman and Chief Executive Officer of ArcelorMittal	Independent
Sir John Parker	68	2007	2012	Chairman of National Grid PLC and Anglo American PLC	Independent
Michel Pébereau	69	2007	2012	Chairman of the Board of Directors of BNP Paribas	Independent
Wilfried Porth	52	2009	2012	Member of the Board of Management of Daimler	Nominated by Daimler

Notes: Status as of 1 March 2011. The professional address of all members of the Board of Directors for any matter relating to EADS is Mendelweg 30, 2333 CS Leiden, Netherlands.

efficiency programmes, compliance in key business processes and employee engagement. General topics addressed by the Board included EADS strategy (including the competitive environment), the Group's financial results and forecasts, the enterprise risk management system, investor relations and financial communications policy, as well as legal risks. The Board approved a change in the executive remuneration system and discussed succession planning. Finally, it decided to replace the 2010 employee share ownership plan with a free share plan for every eligible EADS employee, in celebration of the 10<sup>th</sup> anniversary of EADS.

Importantly, the Board committees are functioning well, as the following reports of 2010 activity demonstrate:

**Audit Committee:** The Committee met eight times, with an 88% average attendance rate, to review financial results, performance and disclosure. It also reviewed the compliance organisation's processes and achievements, the enterprise risk management system's effectiveness and internal audit.

**Remuneration and Nomination Committee:** The Committee met four times, with an 88% average attendance rate. In addition to making recommendations to the Board of Directors for major appointments, the Committee reviewed proposed changes to the executive remuneration system. The 2010 salaries of Executive Committee members, long-term incentive plan, variable pay for 2009 and succession planning were also discussed.

**Strategic Committee:** The Committee met twice, with a 90% average attendance rate. It monitored major strategic and divisional initiatives, acquisition targets and divestment candidates, as well as the Group's top priorities. Furthermore, it made recommendations to the Board linked to the competitive landscape and industrial policy in the home countries, company perception in key markets, and recent constraints on defence budgets. The Committee also reviewed technology development in EADS.

The new Code of Ethics is being promoted under the slogan 'Integrity and Transparency'. It is being promoted through posters and other media, and is available on the EADS Group website.



### » Integration

A less specific way in which governance progressed was through the Group's greater integration. In the most visual expression of this, the Group harmonised branding across all four Divisions. Less evidently, EADS Divisions became more integrated as the Future EADS programme increased coordination between functions such as Human Resources and Sourcing, and the incremental process of standardising policies and procedures across Divisions continued.

### » Compliance roadmap

The compliance organisation has rapidly expanded across EADS since 2008, as the Board has sought to ensure effective prevention of compliance risk. Expansion has followed a compliance roadmap, with specific milestones for each year. During 2010, most major milestones were achieved, and a homogenous culture of awareness of compliance requirements and expectations has started to cascade throughout the Group.

The year's most important achievement was the publication of an updated EADS Code of Ethics. An independent review had judged the previous Code to be too complex, and so a simpler and more comprehensive version was written. Launch of the OpenLine, a system for employees confidentially to report concerns about financial accounting and corruption, was the year's other major event.

### In 2010 *Revising the Code of Ethics*

Formally launched at the EADS Ethics and Compliance Forum in May 2010, the Code of Ethics provides employees with a guide to responsible business conduct that complies with the relevant regulations. Applying to all EADS employees, the Code is built around the following five responsibilities:

#### » BUILDING A POSITIVE WORKING CLIMATE

*Treating each other with respect; upholding employee rights; ensuring workplace health and safety*

#### » ENSURING SUSTAINABLE PROFITABILITY AND FOCUSING ON VALUE CREATION

*Protecting EADS assets; maintaining accurate records; managing conflicts of interest; avoiding insider trading*

#### » DELIVERING PRODUCTS AND SERVICES THAT MEET EXPECTATIONS

*Promoting product quality and safety; competing fairly; engaging in proper business practices; protecting third-party assets; working with government customers and classified information; complying with export laws*

#### » GROWING TOGETHER IN AN EXTENDED ENTERPRISE

*Treating suppliers equitably; conducting responsible sourcing*

#### » SUPPORTING BALANCED LOCAL DEVELOPMENT

*Supporting our communities; striving for eco-efficiency; donating to our communities*

*Over time, EADS has built the foundations of a strong ethical culture. The Group is an active participant in a number of global forums dedicated to corporate responsibility, including the UN Global Compact. Within the aerospace and defence sector, EADS leadership led to the adoption in 2009 of the 'Global principles of business ethics' by the sector's US and European industry associations.*

*Recognising that the future success of EADS depends on conducting business responsibly, the Code of Ethics sets forth the behaviours expected of all employees, regardless of location or background.*



Internal newsletters and websites publicised the new Code of Ethics and OpenLine to employees, but the main communications drive is scheduled for 2011. Under the slogan *Integrity & Transparency*, posters and other media will be used to make people in the Divisions, throughout manufacturing plants and support functions, aware of the initiatives.

As part of raising awareness of compliance across EADS, the compliance organisation is steadily training the entire workforce. In 2010, approximately 12,000 people, or 11% of the workforce, received training either directly or through e-learning. In 2011, compliance targets training a further 20%.

### » Business ethics

By the nature of our structure, as a global aerospace and defence company, EADS has strict business ethics and export control rules, which are rigorously enforced. While these tend to remain static from one year to another, we enhanced the way that business ethics considerations are embedded in the mergers and acquisitions process, with systematic reviews by the Chief Compliance Officer not only during due diligence but also post acquisition.

### In 2010 *OpenLine: Confidential employee reporting*

EADS employees can confidentially report concerns about financial, accounting and corruption issues through the new OpenLine communications system, which became operational in June 2010. In case employees are uncomfortable about raising their concerns through the normal business channels, OpenLine provides a facility for them to do so through a telephone number or a website without fear of retaliation. To ensure confidentiality, we have outsourced management of the system to a specialist external service provider that records all employee concerns. Currently, 90% of the workforce (employees of France, Germany, Spain and the UK) can use the system. Looking forward, EADS will assess the possibility of extending its use to other countries. The scope will be broadened according to the evolution of national laws and regulations.

### In 2010 *Keeping technology in the right hands*

*As a global enterprise that provides high-technology products and services to armed forces and domestic security organizations, the EADS Group controls the export and transfer of 'controlled' goods and technologies that are considered important to the national security and foreign policies of Europe and its allies. We have, therefore, established a cascading system of export control procedures and policies, implemented by export control professionals, which ensure that we comply with export control regulations and laws. Our export compliance professionals work with the Strategy & Marketing organisation to maintain a 'Sensitive Countries' process, which scrutinizes any exports into countries that are officially sanctioned or where one of the governments of the EADS home countries might have major concerns. Export control policy can be summarised as follows:*

- » DEFENCE EXPORTS ARE ALWAYS CONTROLLED BY GOVERNMENTS
- » DO NOT EXPORT LISTED GOODS WITHOUT A GOVERNMENT LICENSE
- » COOPERATE CLOSELY AND OPENLY WITH GOVERNMENTS
- » CHECK RELIABILITY OF ALL CUSTOMERS AND END USERS
- » CONSIDER DIFFERENCES IN THE EXPORT POLICIES OF THE HOME COUNTRIES

*In 2010, a new EADS-wide standardized IT toll for Export Control was established. While export control procedures did not change in 2010, this was a year of consolidation following extensive enhancements in 2009. During that year, a new matrix structure of the export compliance organisation had been formalised, headed by a Group Export Compliance Officer with both national and divisional structures of export compliance. Additionally, two export control directives were issued which provide guidance for EADS Divisions and Business Unit – the Export Compliance Directive and Export Compliance Procurement Directive.*

01

# Innovative products and services



**As a leading aerospace and defence group, EADS is developing technologies and products answering crucial CR&S needs** such as: sustainable mobility, the security of nation states and, more broadly, evolution to a 'green economy'. During 2010, we invested heavily in related technology research and product development. Achievements included launching a low-emission derivative of the popular A320 passenger jet, initiatives to industrialise biofuel production, and progress in developing cyber security and unmanned aerial systems. We worked to turn our warehouse of 9,000 scientific patents into building blocks for sustainable growth in our core business and to realise their applications beyond the aerospace sector.

## Our approach

For EADS, responsibility is about combining innovation, growth and sustainability. By developing the technology to create the products needed to make our economies more sustainable, we will grow. In this section, we highlight how we are doing this, and playing our part in solving some of society's most pressing problems.

EADS is one of the world's largest manufacturers of aircraft and helicopters, is a major defence company and one of the biggest space companies. As such, we are at the heart of today's corporate responsibility debate, involved in critical issues such as: sustainable mobility, the security of nation states and, more broadly, evolution to a 'green economy'.

At the same time, our evolving warehouse of technologies and products is creating solutions. We are a key factor in aviation's drive to reduce aircraft emissions. With the threats to civil societies changing, we are helping to secure nation states.

And, our technologies are helping to monitor and mitigate climate change.

### » Sustainable mobility

Across EADS, we make approximately 50% of the world's commercial aircraft with 100 or more seats and are the world's largest helicopter manufacturer. Through research, technology and product innovation, we are leading the aviation sector to a more sustainable future, developing the solutions that will reduce its environmental impact. By developing new, eco-efficient EADS products and promoting the sustainability of aviation as a whole, we are safeguarding our own profitable growth.

### » Security and stability

Our defence and security businesses make products ranging from modern unmanned aerial systems (UASs) to cyber security defences. At a time when the nature of threats to nations is fast evolving, when terrorism, maritime piracy and cyber attacks are often more immediate concerns than war, with blurring boundaries between defence and security, we are working hard to develop new solutions. We are developing the new technologies and products required to respond effectively, including the large complex systems which allow different response services and platforms to work in concert.

### » Beyond aerospace

EADS is an aerospace and defence group that possesses one of the biggest portfolios of advanced products and technologies. Many of these have applications in other sectors that are related to sustainability. For example, our satellites' view of the earth from space can help to monitor climate change and our advanced materials have applications in wind turbine blades. While we often use our satellites for disaster relief and crisis management, many of these applications will contribute to future profitable growth.

#### In 2010 *A320neo saves 3,600 tonnes of CO<sub>2</sub>*

*In December 2010, Airbus launched its A320neo (new engine option) showing how we are committed to providing customers with the latest and most eco-efficient technologies to improve aircraft performance continuously and reduce environmental impact. This new version of the best-selling A320 Family gives airlines the option of using new, more fuel-efficient engines that will become available in the middle of this decade, and also incorporates fuel-saving large wingtip devices called Sharklets. The A320neo will deliver fuel savings of up to 15%, with 11.5% coming from the new engines and 3.5% from the Sharklets. This represents up to 3,600 tonnes of CO<sub>2</sub> savings annually per A320neo. Furthermore, airlines will benefit from a double-digit reduction in NOx emissions, reduced engine noise, lower operating costs and up to 950 km more range or two tonnes more payload. With today's technology base, this environmental performance represents the best compromise possible between economic and environmental targets. In early 2011, Virgin America became the aircraft's launch customer, ordering 30 A320neos and praising its carbon and fuel efficiency. Airbus sees a potential market of 4,000 A320neo aircraft over the next 15 years.*

## » Sustainable mobility

Through technology and product innovation, we are paving the way for an aviation industry that will have less impact on the environment. In spite of the recent global downturn, we have maintained our level of research and development spending over the past few years, specifically so that we can steadily create the products and solutions that will be needed. Today, we have a clear vision of how aviation will achieve its goals for a cleaner future. By anticipating the demand for more sustainable aviation, we are enabling the aviation sector to fulfil its growth potential, and ensuring our own future expansion.

14

### » Increasing activity

In 2010, spending on new technologies and products that will reduce aviation's environmental footprint remained at a high level. Within Innovation Works, the EADS global network of laboratories for strategic long-term research, the resources devoted to more efficient forms of propulsion, better aerodynamics and biofuels are growing. Spending in these areas is also increasing in the Airbus and Eurocopter Divisions.

After rises in recent years, the budget for Innovation Works remained at a stable level. Self-financed research and development spending, which includes product development, grew to €2.94 billion, remaining roughly stable as a proportion of Group revenues at 6.5%. Product development includes the new A350XWB aircraft, due to enter service in the second half of 2013, which will reduce fuel burn and emissions chiefly due to a lighter airframe, rather than introducing game-changing technologies.

Airbus started a review to define, precisely, how to meet the aviation sector's voluntary targets for emission reductions. The Air Transport Action Group (ATAG), an aviation industry coalition, aims to stabilise CO<sub>2</sub> emissions by 2020 and to reduce them by 50% (versus 2005) by 2050. Partnering with other ATAG members, we are working to achieve this through disruptive technologies such as counter rotating open rotors, laminar flow surfaces and sustainable biofuels.

The highlight of the year was the launch of the A320neo (new engine option), which is a derivative of the best-selling A320 single-aisle aircraft. Entering into service in 2016, the aircraft will burn 15% less fuel than today's A320 family, which translates into a saving of up to 3,600 tonnes of CO<sub>2</sub> emissions per aircraft each year (see case study).

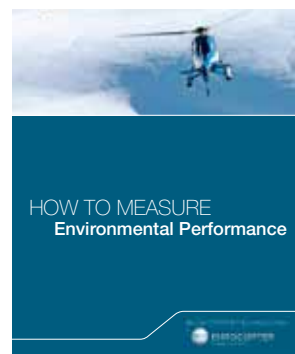
The EADS Eurocopter Division, which is one of the world's largest helicopter companies, unveiled a new method of measuring the environmental performance of helicopters, and a related rating that it aims to introduce across the

helicopter industry. Furthermore, it demonstrated the latest Bluecopter® technology, including a new compact, high efficiency, high compression two-stroke diesel engine that is in development.

### In 2010 Eurocopter pioneers first environmental rating

Seeking to standardise the measurement of emissions and noise levels as a first step towards improving environmental performance, Eurocopter has created an environmental performance rating, which it revealed at the Heli-Expo 2010 exhibition in Houston, Texas. The rating delivers a simple indicator of fuel consumption and noise level for each helicopter. In this way, it heightens each customer's awareness of their environmental footprints. The indicators are derived from flight manual and certification data, with the emission indicator expressed as a function of flight hours, and the noise-level indicator defined according to International Civil Aviation Organisation standards. This simple yet robust rating system also measures emissions according to different flight phases and loads. Eurocopter is lobbying to get the

ratings widely accepted across the helicopter industry, believing this would encourage manufacturers to improve the environmental performance of their products while also demonstrating the relatively low emissions of its own products.







### In 2010 *Scaling up biofuel production*

Airbus is a key promoter of the industrialisation of biofuel production around the world, seeking to develop local value chains capable of producing commercial quantities of biomass from local feedstock that will not compete for arable land. During 2010, it was involved in establishing biofuel production projects in Brazil and Romania. Working with TAM Airlines and other shareholders, Airbus started the Brazilian Biokerosene Platform, which aims to start biokerosene production by the end of 2013 to supply Rio de Janeiro and San Paolo airports. The facility will use local, sustainable feedstock such as the jatropha plant and sugar cane biomass. In Romania, Airbus has joined with TAROM Romanian Air Transport and other stakeholders to develop a biofuel value chain using the camelina plant, which is common in the country. In its initial stage, the project will conduct feasibility studies into agricultural, technological and aeronautical factors, as well as examining sustainability criteria. In Qatar, Airbus is supporting the Qatar Advanced Biofuel Platform, which is developing the first large-scale biofuel value chain using algae as a feedstock. Over time, initiatives such as these will enable the aviation sector to continue its growth sustainably.

#### » Biofuels

Airbus aims to help the aviation sector to industrialise the sustainable biofuels sector so that it supplies 30% of all jet fuel by 2030. Because biofuel feedstock consumes CO<sub>2</sub> as plants grow, they offset what is emitted when they are burned. For the aviation industry, biofuel is the only form of power that can enable it to significantly reduce emissions within the medium term. In 2010, significant progress was made in the gradual process of achieving this goal.

In both Europe and Latin America, Airbus worked in consortia to set up facilities to supply industrial quantities of biofuel (see case study). The facilities located in Brazil and Romania were chosen both because feedstock can be grown there and due to their proximity to regional airports.



### In 2010 *H<sup>3</sup> helicopter concept flies further*

Eurocopter is developing the H<sup>3</sup> concept (High-speed, long-range, Hybrid Helicopter), a new type of aircraft that performs vertical takeoffs and landings, with cruising speeds of up to 220 kts (333 kph). The new aircraft will fly further with less fuel, and therefore emit less gas, than existing helicopters. Flying about 50% faster than today's helicopters, its speed will effectively reduce the volume of fuel consumption per kilometre and for each mission. Furthermore, the hybrid helicopter carries a heavier load than traditional helicopters, and consumes less fuel for a specific weight. The X<sup>3</sup>, which is the technology demonstrator for the new concept, made its first flight on September 6, 2010, out of Istres, France. Ongoing flight tests started in December. The X<sup>3</sup> demonstrator's two turboshaft engines power a five-blade main rotor system and two propellers, installed on short-span fixed wings. This creates an advanced transportation system offering the speed of a turboprop-powered aircraft and the full hover flight capabilities of a helicopter. In addition to its environmental credentials, the X<sup>3</sup> is designed for applications where operational costs, flight duration and mission success depend directly on maximum cruising speed.

Establishing biofuel plants in these regions will bring local socio-economic benefits.

Innovation Works established an incubator for biofuel, as a vehicle for investing in young companies developing these fuels. The new business incubator was officially approved in early 2011.

Airlines are now on the point of moving from testing biofuel to using it commercially. Airbus and Brazil's TAM Airlines flew Latin America's first biofuel flight during the year. In 2011, Lufthansa plans to operate the first commercial service partly propelled by biofuel on an Airbus A321 between Hamburg and Frankfurt.

## » Key stages of the product lifecycle

Our lifecycle-oriented approach to the stages of an aircraft's life mostly emphasises the reduction of environmental impact during operations, the point at which there is greatest scope for improvement. In order to achieve this, our scientists and technicians are concentrating on the technologies and efficiencies that can enhance both design and operating practices. We are also introducing measures to improve the other stages – incorporating the supply chain and manufacturing, and even how to recycle aircraft, which are flying today, at the end of their lifecycles.

16

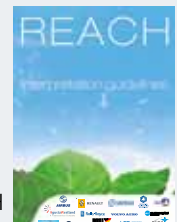
### 01 / Design

EADS is focusing on improved aircraft design, and enhanced component technologies, acknowledging the fact that this is how to achieve the biggest reduction in environmental impact. Our scientists are working to minimise fuel consumption and emissions. We are doing this by supporting more efficient engine design projects, and by reducing aircraft drag and weight. Both Airbus and Eurocopter are working on specific projects intended to lead design improvements in their sectors. And several EADS Divisions are involved in the Clean Sky project, a seven-year, €1.6 billion joint technology initiative contributing towards the environmental goals which the Advisory Council for Aeronautics Research in Europe (ACARE) put forward for 2020. (see 2010 case study, page 17)



### 02 / Supply chain

EADS is working with its supply chain to improve environmental performance, notably for compliance with regulatory requirements. For example, the REACH interpretation guidelines have been introduced across the Group and distributed extensively to suppliers. Furthermore, Airbus organised training sessions to help suppliers implement environmental guidelines.



### 03 / Manufacturing

Across the Group, initiatives are underway to reduce energy used in manufacturing processes, emissions of CO<sub>2</sub> and volatile organic compounds, water consumption, water discharge and general waste. For example, devices that use renewable energy to produce heating and power are being fitted to assembly line buildings (see 2010 case study, page 25). Our production processes are now being reviewed to include eco-efficiency criteria in capital expenditure calculations.

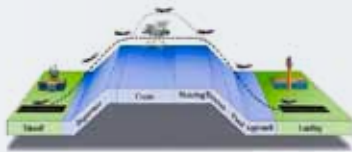


04 / Aircraft operations

Aircraft have most of their impact on the environment during operation. To limit this we are optimising aircraft design and working to limit the environmental effect in other ways. Developing sustainable biofuels is of particular interest for Airbus, and we are working with partners throughout the value chain to industrialise biofuel production (see 2010 case study, page 15). In time, we expect biofuels will power a significant proportion of aircraft flight, bringing economic benefits to the regional communities that grow them.

We are also working to improve efficiency during maintenance, and through modern air traffic management.

Across EADS, we are participating in the joint undertaking Single European Sky ATM Research (SESAR), which aims to decrease environmental impacts per flight by as much as 10%, thus also contributing to the ACARE 2020 goals mentioned earlier.



05 / End of life

Through a joint venture called TARMAC AEROSAVE, Airbus and its partners aim to help to retire the 6,200 aircraft reaching the end of their lives over the next 20 years. They are offering a whole range of services, from the short-term storage of aircraft to their final dismantling. Airbus estimates that up to 85% of an aircraft's components can be easily recycled, while its new aircraft designs also facilitate recycling at end of life.



In 2010 *Clean Sky's early achievements*

EADS is one of the 120 organisations from 16 countries which are members of Clean Sky, the project aiming to lead Europe in the 'green' technology race and secure a competitive edge for the continent. In 2010, work started on developing the project's technology demonstrators and the participants made their first concrete technological achievements, with innovations in noise reduction, turbofan engines and nano-modified composite materials. EADS leads three of the project's six technical domains, known as integrated technology demonstrators. Airbus is responsible for the Smart Fixed Wing Aircraft demonstrator, Airbus Military heads research into green regional aircraft and Eurocopter has been coordinating studies into eco-efficient rotorcraft. Airbus fixed wing work aims to make radical improvements to wing aerodynamics, including new structural concepts and the use of cutting-edge materials and manufacturing techniques. Studies are expected to culminate in a few years with a test flights of an A340 with laminar flow wings and another with a new 4.2 m diameter counter-rotating open rotor engine.

## » Security and stability

Shifting alliances, nuclear proliferation, terrorism and cyber-warfare are all causing countries to reconsider their defence strategies. At the same time, rising terrorist threats, the emergence of cyber attacks, and the need to respond effectively to large-scale natural disasters are leading to an increased focus on national security. These trends are leading a blurring of the boundaries between defence and security. The EADS Cassidian Division is developing the new technologies and products required to respond effectively, including the large complex systems which allow different response services and platforms to work in concert.

18



### » Focusing on national security

The growing security business of EADS made progress in developing new technologies and products during the year, as well as in building security systems for nation states. Our products and systems played an increasing part in the protection of civil societies. Alongside traditional equipment for defending borders, such as fighter planes, helicopters and missiles, security systems are becoming an increasingly important part of our business.

Through our Cassidian Division, we are expanding our business internationally, offering countries the tools they need to maintain security. Countries all over the world are acquiring our TETRA communications systems, for example, which enable security forces to communicate in a highly secure environment. In 2010 alone, new secure communications contracts were signed with organisations in Canada, China, Bulgaria and Qatar, adding to the many already in place elsewhere.

Cassidian is the world's leading provider of border security contracts and passed significant milestones in its construction of Saudi Arabia's integrated security system. The system will protect the country's 9,000 kilometre land and sea border, with a command-and-control system, and surface and airborne monitoring, as well as a system of security posts. This is the world's largest-ever security contract, and follows similar systems awarded in Qatar and Tangiers.

### In 2010 *Warding off attacks in cyberspace*

Two events in 2010 demonstrated Cassidian's drive to build the expertise and solutions needed to counter mounting threats from cyberspace. In France, the Armed Forces and Ministry of Defence successfully commissioned into operational service their first secure intranet. Known as INTRACED, developed by Cassidian and a joint venture partner, this will allow 20,000 personnel to communicate securely with each other. In the UK, Cassidian acquired a small IT consultancy specialising in cyber security. The acquisition enables Cassidian to gain additional insights into emerging threats to digital network structures, for example through cyber attacks. To meet the growing need for new solutions and products to face cyber threats, Cassidian has established a Cyber Security Customer Solutions Centre. Teams of experts in France, Germany and the UK serve the needs of critical IT infrastructure operators such as governments and global companies.



Developing the new products that will counter today's defence and security threats requires new technologies. A major focus of our activity is the unmanned aerial systems (UASs) that perform intelligence, surveillance and reconnaissance tasks without risking pilots' lives. One of our UAS projects, the Euro Hawk®, a joint venture between EADS and Northrop Grumman, flew for the first time during the year and reached an altitude of 32,000 feet (see case study).

In another technological first, the Swedish and German security agencies tested the communications for managing international incidents, linking up their respective TETRA systems.

In a joint effort with Cassidian, Innovation Works added to its security technology research projects by, funding a Chair of Detection Technology at Bonn-Rhine-Sieg University of Applied Sciences in Germany. The five-year programme will research technologies for detecting hazardous substances used in terrorist attacks.

The year's most significant security product development was the new SPEXER™ security radar family. As the first security radar to use new Active Electronically Scanning Array radar technology, SPEXER can scan in several directions at once and consequently take the place of several different radar systems. SPEXER was launched publicly in early 2011.

## In 2010 *Securing high-profile events*

*Cassidian's secure communications products and solutions helped to protect three of 2010's highest-profile events: the G8 summit in Canada, the World Cup in South Africa and the Asian Games in Guangzhou. Complementing physical security in the forms of fences, gates and guards, we provided secure communications and data from various sources, such as video cameras, biometric recognition systems, airborne platforms, patrol cars and command vehicles, all processed, linked and securely transmitted to control centres. In another event, the Ryder Cup golf championship, held in the United Kingdom, Cassidian provided police with cutting-edge three-dimensional (3D) mapping technology of the site, as well as the ability to track prestigious visitors, such as heir to the British throne Prince Charles. 3D mapping provides the most accurate graphical view of a site available, enabling police to determine quickly which of their staff is closest to an incident and to respond in a more coordinated and strategic way. Innovation Works, the EADS research and development network, is developing new methods for protecting public events, as well as securing airports, public water networks and other targets susceptible to terrorist attack.*

## In 2010 *New reconnaissance tools*

*Cassidian is developing a range of unmanned aerial systems (UASs) to perform intelligence, surveillance and reconnaissance tasks. In addition to the Euro Hawk®, jointly developed with Northrop Grumman, which made its first flight during the year, Cassidian is focusing on developing its Talarion UAS, which is designed to have both civil security and military applications. Showing how Cassidian's UAS technology is progressing, the Barracuda UAS demonstrator completed four test flights in 2010, in particular showing its ability to fly in civil airspace. EADS is also the joint manufacturer of the Harfang MALE unmanned aerial vehicle, which is in service in Afghanistan. In the future, UAS are expected to be in considerable demand, as their versatility makes them highly effective for both security and defence purposes. Cassidian is exploring research and development funding with European governments, seeking to position itself as the prime European manufacturer of UASs, so helping to provide security and promoting its own profitability.*



## » Beyond aerospace

Arising from its position as a leader in aerospace and defence over many years, EADS has developed a large and evolving technology portfolio, which has practical applications that extend beyond our core business. Our extensive warehouse of technologies is enabling product innovation across many related sectors, providing the technological building blocks for the development of products related to sustainable energy, and facilitating earth observation-related applications for monitoring climate change. EADS is becoming a key enabler of the so-called 'green economy'.

20



### » Applying our technologies

Advanced technologies and products from EADS are increasingly being put to use outside the aerospace and defence sector. In 2010, greater resources were put into marketing our technologies to the renewable energy sector, and our earth observation satellites played a growing role in monitoring the impact of global warming.

Innovation Works, the EADS global network of laboratories for strategic long-term research, added to its warehouse of technologies, filing a total 1,007 new patents, and lifting its total patent portfolio to more than 9,000, which makes it the leading owner of patents in the aerospace sector.

As a group, we are actively marketing our technologies to the renewable energy sector. Efficient fibre-composite manufacturing methods developed across EADS are preparing the way for advances in energy production from wind turbines. In one example, Astrium's technology for joining together composite parts with huge mechanical loads makes it possible to design much larger turbine blades. As a result, wind turbines with capacities of over 10 MW are technically feasible, which is especially valuable for offshore operations.

### In 2010 *Space technology for the heart*

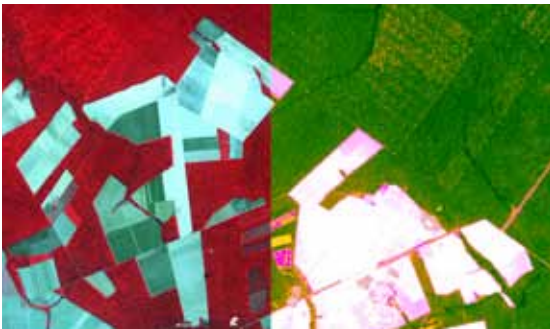
*In late 2011, the first completely artificial heart, built by the Carmat company, is set to be fitted to a patient for initial clinical trials, so potentially solving the problem presented by a shortage of donor organs. The work of visionary French professor of cardiac surgery Alain Carpentier, the artificial heart makes use of technologies developed by Astrium for the space industry. Our technology is being used to solve the hemocompatibility problem that typically occurs in heart surgery, and to provide the high-precision electronics needed. In particular, Astrium has been working for two years on the design of the electronics. Integrating an electronic system into a heart requires the same high degree of precision and reliability that is required for space launchers and satellites. Once functional and bench trials have been carried out, the results will be submitted to the French Health Products Safety Agency, so that it can authorise clinical trials and transplant an artificial heart into a volunteer patient. Artificial hearts could be available for patients as early as 2013.*

Agriculture and fisheries is another sector where our aerospace technologies are contributing to sustainability. Eurocopter helicopters and Airbus military reconnaissance aircraft are, for example, being used to police fishing off the coast of Spain. Astrium's GEO-Information Services produced satellite images in 2010 to demonstrate how they could help a 3,000-acre arable farm in Argentina to match specific seeds and fertilisers to different micro-environments.

Furthermore, our work to develop sustainable biofuels is designed to act as a catalyst for the establishment of local value chains on each continent to accelerate

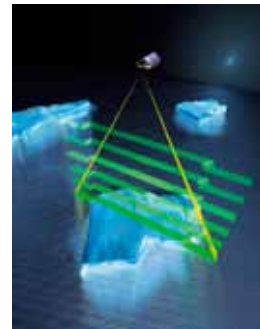
commercialisation. Biofuel feedstock can grow on arid soils, where it will not compete with food production, and will expand local agricultural sectors.

Astrium's satellites are already playing a key role in quantifying the effect of climate change. The EADS Division is a key partner of the European Space Agency's 'Living Planet' programme, providing the satellites needed to monitor the 45 essential climate variables identified by the United Nations. The key event of 2010 was the launch of the Cryosat II satellite, which will measure degradation of polar ice (see case study).



**In 2010** *Valuing the CO<sub>2</sub> retention capacity of tropical forests*

*In a development that may pave the way for preserving tropical forests which act as the world's biggest carbon sink, EADS signed an agreement in 2010 with the Agence Française de Développement (AFD) which will provide countries that own tropical forests with satellite observation data. This will enable them to measure their CO<sub>2</sub> retention capacity and, potentially, place a value on it in international markets. Such a development would clearly help to stop deforestation. As a first step, Astrium will map the forests of the Congo Basin, the second largest forested area in the world. This initiative will make satellite images available to administrations, public institutions and NGOs working on sustainable forest governance in the Congo Basin countries. Archive imagery dating from 1990 will be used to establish baseline reference maps over the zone. Additional programming campaigns to acquire fresh datasets over the years will track the evolution of forest cover.*

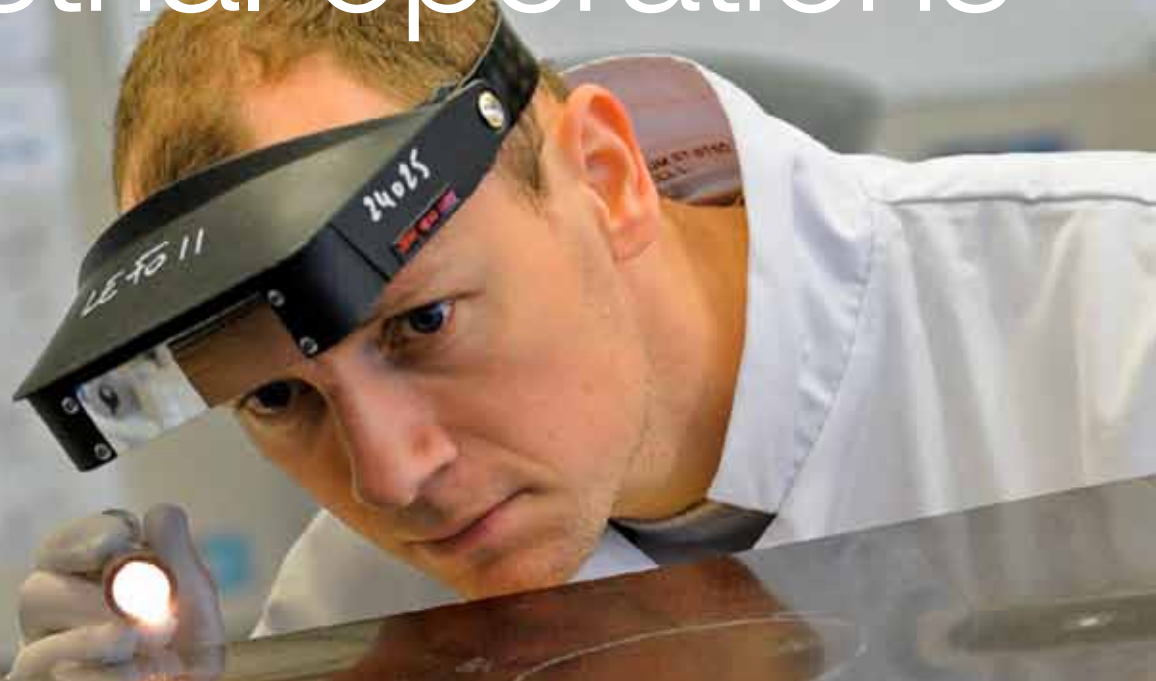


**In 2010** *Measuring polar ice cover*

*In April 2010, Europe's ice research satellite CryoSat-2, built by Astrium, was launched into orbit tasked with measuring ice coverage at the earth's poles with unprecedented accuracy. The satellite will scan the polar caps (4.6 million sq km of Arctic and Antarctic ice) with unprecedented precision, furnishing climate change specialists with precisely monitored changes in ice cover, right down to the details of individual ice bergs. The polar ice sheets and the sea-ice cover together greatly affect the Earth's climate. If the ice fields of Greenland and Antarctica melt significantly, the run-off could cause changes to the great ocean currents, with unforeseen consequences for the climate. Astrium is also providing other satellites for the Living Planet, Earth Explorer missions, including the EarthCARE Earth observation satellite currently under construction and the three Swarm satellites due for launch in 2011. Other Astrium satellites have been measuring wind patterns, soil moisture and sea salinity since 2009.*

02

# Reducing the impact of industrial operations



**In line with our eco-efficiency philosophy of ‘creating more value with less environmental impact’** we have ambitious targets for reducing our environmental footprint. As a large industrial organisation, we have manufacturing facilities mainly in Europe but also in Asia, the Americas and North Africa. During 2010, we both enhanced our framework for achieving our medium-term targets and made improvements to industrial sites. Increasing the coverage of our environmental management systems strengthened our framework, as did enhancements to the quality and scope of reporting. Improvements to buildings started to reduce emissions, energy usage and waste, and we made substantial progress in complying with new environmental regulations.



## Our approach

As one of the biggest global aerospace and defence companies, EADS has extensive production facilities across Europe, and also has facilities in the Americas and Asia-Pacific and Africa that, collectively and together with its supply chain, have a large environmental footprint. In line with our eco-efficiency philosophy of 'creating more value with less environmental impact' we have ambitious environmental targets and are currently introducing systematic methods and inventing new technologies to achieve them throughout the lifecycle of the products we manufacture.

Across the Group, we are finding ways to reduce energy used in manufacturing processes, emissions of CO<sub>2</sub> and volatile organic compounds, water consumption, water discharge and general waste. Our production processes are currently being reviewed to include eco-efficiency criteria in capital expenditure calculations. Furthermore, we are changing our practices to address emerging issues and comply with regulations.

While environmental impact of manufacturing operations is minimal in the overall lifecycle of our products, it is significant nonetheless. For this reason, we have set environmental goals for our industrial operations over the medium term, and are planning in detail the step changes needed to attain them.

### » Environmental management tools

Environmental management systems are key tools that enable EADS to drive environmental improvements. Most of our sites are covered with an Environmental Management System (EMS) certified against ISO 14001 or the European Union's Eco-Management and Audit Scheme (EMAS). These provide a framework for ensuring that the Group complies with all applicable environmental legislation, prevents pollution and that it commits to improve its environmental performance continually. We are steadily expanding the coverage of these tools across EADS with the incorporation of a lifecycle perspective.

### » Specific achievements and reporting

EADS is planning concrete actions to reduce the environmental footprint of its manufacturing activities, whether it is in terms of gas emissions, energy, waste water or other forms of waste. Many initiatives are already underway, while others are in the planning stage. We are monitoring the improvements made through rigorous corporate reporting systems.

### » Compliance

New regulations being introduced by the European Union (EU) and other governmental organisations are steadily raising the environmental standards with which industrial facilities have to comply. EADS is taking the necessary steps to comply with these regulations across its operations. These regulations typically affect hazardous substances such as certain critical chemicals and radioactive materials.

#### In 2010 *Technology to transform manufacturing*

*EADS is leading the world in development of Additive Layer Manufacturing (ALM), a revolutionary new method of manufacturing that promises greater precision, improved raw material performance and significantly less waste. With the aid of lasers, raw materials in powder form are fused together, one layer at a time, to form component parts. Consequently, designs can be followed exactly, raw materials can be used to their optimum performance and the waste from traditional machining processes is eliminated. ALM creates products from fine metal, nylon or carbon-reinforced plastic products. By manipulating these materials at a molecular level, EADS technology has enabled ALM to be used to build high-stress, safety-critical aviation components. Analysis of an A380 door strut bracket has shown that ALM has great potential as a 'green technology' using 25 times less energy and raw material, and weighing 50% less than a milled titanium bracket. ALM has moved rapidly from prototype stage to producing certified high-performance aerospace parts. The technology has great potential for reducing waste in manufacturing, making rare raw materials such as titanium go further and reducing the weight of aircraft.*

## » Planning and making progress

Our ambitions for reducing the environmental impacts of our industrial operations will require a transformation in the efficiency of our facilities in order to meet the goals we have set ourselves for the year 2020. We have started to take the specific actions required at the same time as we plan, in detail, the further improvements that will be needed in every Division and Business Unit. Even as EADS expands across the globe, the actions we are taking today will lead to a considerable reduction in the environmental footprint of our industrial facilities in the next decade.

24

In 2010, the EADS Environmental Network that oversees the way that eco-efficiency is embedded throughout products, industrial operations and services progressed towards achieving its goals. In the short term, a first milestone for EADS is to establish a robust environmental management system by 2012 that will provide the foundation for achieving the longer-term targets contained within the EADS Vision 2020 strategy for the next 10 years.

### » Environmental management tools

The ISO 14001 standard provides a framework for the development of environmental management systems and a supporting audit programme. In 2010, the number of EADS sites covered by ISO 14001 expanded to 90, up from 85 in 2009. Approximately 90% of EADS employees now work at sites covered by the standard.

Airbus renewed its certification, which encompasses all activities throughout the lifecycle of its manufactured products, and expanded coverage to the A320 final assembly line in Tianjin, China. Astrium Space Transportation achieved global certification for the first time. Within Eurocopter, certification of German and Spanish sites was renewed, and certification of Australian, Brazilian and UK subsidiaries is under way. Eurocopter's French sites will receive certification in 2011. Finally, EADS Sogerma had three sites certified. EADS Cassidian UK and ATR plan certification for 2011.

### » Specific achievements and reporting

Facility managers across EADS have been working to reduce emissions, energy consumed and waste. EADS assembly line buildings saw a range of improvements in 2010, including: bio-mass boilers in Broughton in the UK; geo-thermal energy systems in Getafe and solar panels in San Pablo in Spain; an optimally-sized A380 hangar in Hamburg in Germany to reduce heating needs; huge windows in Tianjin in China to minimise energy consumption for lighting; and photovoltaic rooftop cells for the A350 XWB final assembly line in Toulouse in France.

These measures are preparing the Group for reducing emissions and waste in the future, although the year-on-year trend for 2010 showed increases in the footprint of our facilities across all indicators for emissions, particularly as aircraft production increased.

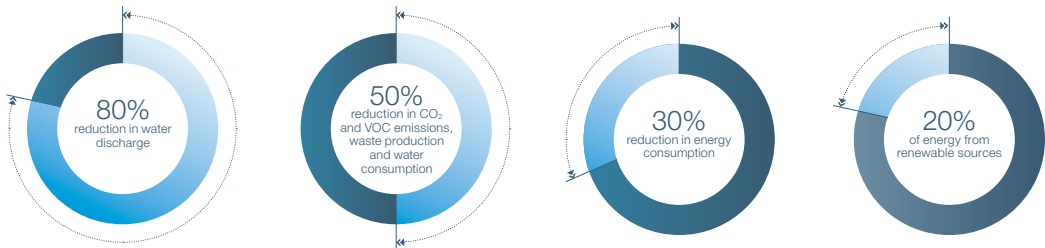
In order to meet stakeholders' increasing demands for environmental information, and in anticipation of more stringent regulation (e.g., emission trading schemes), we improved the quality and scope of reporting. Consequently, reporting was extended to a larger number of sites, and the documentation that forms the basis for environmental reporting was reviewed to ensure approval at local level.

Within Airbus, audits were carried out on scopes 1 and 2 of the Greenhouse Gas (GHG) Protocol, relating to direct emissions and energy respectively. These audits identify risks and opportunities for cutting GHG emission and relevant carbon dependencies. Furthermore, we estimated the amount of carbon within the EADS supply chain as part of GHG Scope 3 road testing.

### » Compliance

Substantial efforts were made in anticipating compliance with new regulations. The 2010 milestone of the European Union's Registration, Evaluation, Authorisation, and Restriction of Chemical Substances (REACH) regulation, regarding registration of hazardous chemicals, was successfully passed. In this respect, we are continuing to focus on installing proper and efficient processes and tools for tracking hazardous substances throughout the supply chain (including nano-materials). Appropriate measures were also introduced for compliance with new EU licensing obligations for ozone depleting substances, and preparations were made for compliance with relevant regulations limiting and controlling the use of radioactive materials, in particular in France.

EADS Vision 2020 targets<sup>1)</sup> for industrial operations are:



1) Baseline 2006.



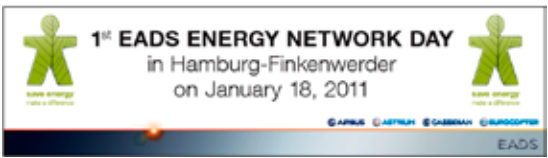
**In 2010** A350 XWB's 'green' buildings

The new Airbus A350 XWB aircraft, which is due to start final assembly in 2011, will be built constructed in buildings that are models of heat and power generation. The roof of the Toulouse-based A350XWB final assembly line is covered with 22,000 square metres of photovoltaic solar cells which generate a large proportion of its electricity needs, and plants that help to keep its surface cool. In early 2011, Fabrice Brégier, Airbus Chief Operating Officer, signed a letter of agreement for the annual supply of wood to heat the building. A locally-sourced mixture of plantation and waste wood will power a steam-generating boiler, expected to start operating in mid-2012. Wood is a carbon-neutral fuel and today is cheaper than natural gas. The A350 XWB systems testing facility, also located in Toulouse, will use solar power to cool water and pre-heat incoming air. Due to be introduced in 2011, this system is expected to save 140 tonnes of CO<sub>2</sub> every year. And in the UK, the new North factory at Broughton that will make the aircraft's wings has passive ventilation, air-sourced heat pumps and a biomass boiler. All of these A350 XWB building initiatives will help EADS to achieve its goals for energy consumption and greenhouse gas emissions by 2020.



**In 2010** Meeting Vision 2020 energy reduction targets


In early 2011, EADS held an Energy Day in Hamburg to outline how to achieve its ambitious energy reduction targets set for 2020, as well as the shorter-term goal of cutting energy costs by 10% by 2010 (against a 2008 baseline). Focusing on about 60 sites in France, Germany, Spain and the United Kingdom as its first priority, EADS is planning savings in energy generation, energy efficiency and the supply chain's use of energy. Buildings will be made more efficient through refurbishment, while manufacturing efficiency will be integrated into 'lean' initiatives and will also be a focus for new technologies. An energy awareness campaign, to garner support for the Vision 2020 goals and to encourage employees to report energy waste has been launched.





03

# Engaging our people

A man in a blue uniform is focused on working on a machine in a factory setting. The background is filled with colorful, blurred objects, possibly parts or components, creating a vibrant and industrial atmosphere. The man's concentration is evident as he works on the machine.

**Recognising that our people are crucial to our success,** we are focusing on fostering their fulfilment and ensuring we have the skills we need for the future. At the same time, we are increasing the diversity of our workforce, both to broaden our potential talent pool and for ethical reasons. In 2010, our achievements included beginning a multi-year programme to lift employee engagement and put vital tools in place to manage our employees' competencies. Furthermore, our efforts to improve diversity were rewarded by a rise in the percentage of female new recruits.

## Our approach

Our people are the key to the EADS competitive edge. We are committed to ensuring they are engaged and motivated, to encouraging people to work in our sector and to providing equal opportunities for all.

The exceptional skills of our workforce – from engineers, to technicians, to managers – enable us to create world-leading products and define our unique place in the global economy. We are actively seeking to attract people into the engineering profession and EADS, and then to develop their careers and maximise their motivation.

Just as EADS takes a long-term approach to product development, so we do to our employees. We anticipate the skills we will need many years in advance, and partner with employees' representatives to develop these skills steadily, in spite of variations in economic growth. Our active management of the workforce is intended to provide the skills we need to provide our products and services, and to give employees the opportunity to have rewarding careers.

### » Employee engagement and development

Employee engagement is a key priority for our Human Resources function. Starting in 2009, our first Group-wide engagement survey showed that employees took pride in our products, but also identified areas with potential for improvement. Since then, a process of dialogue between managers and employees has begun. We have made progress and taken the first steps in our multi-year engagement initiative. We are also continuing to invest in developing our employees' skills through a wide range of training programmes.

### » Competency management

In order to ensure that our employees possess the skills they will need to build our products in the future, we are mapping the competencies we will need as our product programmes evolve against the skills within our workforce. Where there are gaps between the two, we are acting to fill them both through development of individual employees and through recruitment. An important challenge is recruiting sufficient numbers of skilled engineers and technicians for the future.

### » Diversity

EADS is committed to equal opportunity careers for all employees and we aim to turn diversity into a competitive advantage. Engineering is typically a male-dominated profession but we have targets for increasing the number of women in our engineering workforce and are making progress towards achieving them. Additionally, we provide tailored opportunities for older-aged employees.



### In 2010 *Engagement improves*

*Engagement among EADS employees is improving, following the actions taken in response to the results of our first engagement survey, conducted in 2009. Participation in the 2010 survey increased markedly, to 81% of employees compared with 69% in the initial survey. Some 22,000 people took part that did not do so in 2009. Of these, 10,000 represent the increasing participation rate: another 10,000 reflect the survey's wider scope and the last 2,000 are due to normal turnover of personnel. Significantly, the number of blue collar participants doubled. Overall, the engagement level across the Group improved slightly. Satisfaction levels were higher than engagement and stable. Yet this masked a substantial improvement in engagement among executives and middle managers, where many of 2010's actions to enhance engagement have been focused. The number of engaged employees increased by 50%. Overall, employees showed strong commitment to EADS, were proud of its products and their quality and said they intended to continue working with the Group for a long period of time. But the survey also still revealed a number of areas where potential for improvement remains.*



## » Enhancing our employees' careers

As a high-technology company, our ambitions for growth and better financial performance can only be achieved through the skills and competencies of our employees. Across the Group, we are acting to improve the way Human Resources (HR) is developing the EADS workforce for the future. Enhancing employee engagement was a focus of HR and executive management's attention during the year. At the same time, we sought to improve the way we manage competencies and develop individual career paths. Additionally, we are working to enhance workforce diversity in many different ways.

28



In 2010, we improved the way EADS supports and develops its workforce. Initiatives to lift engagement and manage competencies were introduced and showed early signs of progress, while spending on training was maintained at a high level.

Within the scope of the Future EADS integration programme, HR began to streamline the way it delivers its services to enable it to give employees more efficient support. To improve the proximity of HR services, the number of HR Business Partners will rise to one for every 200 employees, a 34% increase overall, enabling employees to meet their HR Business Partner more often.

### » Employee engagement and development

Actions were taken to improve engagement, based on the findings of the first EADS-wide survey in 2009. Managers on all levels and their teams discussed and analysed their own survey results and decided together on specific actions to take. Divisions made the overall survey results accessible to all their employees. Some 3,000 managers received training in ways to build engagement. To encourage exchange of best practice, around 100 focus groups were organised in all Divisions.

Some 600 managers participated in two engagement forums at corporate level. The EADS Executive Committee discussed their recommendations and used them to tailor improvement measures.

A follow-up 2010 engagement survey attracted a high level of participation at 81%, compared to 69% in 2009. Actions to lift engagement at all levels of the organisation will continue over the coming years, with the next survey due to take place in early 2012.

Engagement is closely linked to training. In 2010, HR Learning Shared Services delivered about 2.5 million training hours, for 200,000 participants, in 30,000 training sessions. This data does not cover all EADS training activities but gives an indication of how much training is being given.

### » Competency management

EADS is working to enhance competency management, identifying the areas of expertise that we will need for future product development programmes many years in advance, and planning recruitment and career development accordingly.



In 2010, we completed the process of mapping the skills of 95% of our approximately 120,000 employees, grouping them into 10 to 20 core competences. In order to facilitate the management of competencies, we piloted a new generation of skills management tools, to manage both development at an individual level, and team and unit level skills development and planning.

The first tool matches gaps in employees' competencies to planning of training programmes through the EADS myHR



intranet platform. The second enables managers to update the collective mapping of the workforce.

Our attractiveness to engineering graduates is a key to our ability to attract the skills we will need in the future. With a shortage of engineers forecast in Europe, EADS is working with schools and universities to promote interest in our activities. According to independent studies, engineering students continued to regard us as the number one employer in France in 2010, and the eighth most highly-regarded across Europe.<sup>1)</sup>

### » Diversity

Several initiatives were introduced to help EADS achieve its targets of making 25% of all graduate recruits women and lifting the number of women in management to 20% by 2020. Of the new EADS Mentoring talent development initiative started during the year, 39% were women. Similarly, just under a third of recruits in the PROGRESS talent graduate recruitment programme were women. There were also networking events for female employees, and policies regarding work-life balance were discussed.

During 2010, women made up 22.4% of new recruits and 16.8% of the total workforce (16.5% in 2009).

<sup>1)</sup> Trenderce survey, 2010.

### In 2010 Marketing EADS to future engineers

*In Europe, the aerospace industry needs to hire more engineers and technicians in the future than the universities are training. In 2011, EADS alone plans to recruit more than 3,300 new engineers and technicians for permanent employment. For this reason, we are working with schools and universities, mainly in Europe but also elsewhere, to promote both engineering as a career and EADS as an employer. We have strong links with the top European universities – for example, Airbus cooperates with the Pegasus network of 23 top engineering schools and Eurocopter has a chair at the Technical University of Munich. Additionally, EADS invites students to career fairs at air shows like ILA Berlin and the Paris Air Show, and runs Internship Days to speed up the process of hiring students as interns. The EADS Corporate Foundation encourages science among children, right up to supporting doctoral students and sponsoring programmes that support higher learning for young women in science. Seeking to encourage children from a young age, the Group invited 10,000 schoolchildren to EADS sites across Europe in 2010 to celebrate our tenth birthday.*

### In 2010 Relations with employee representatives

*EADS enjoys a history of social dialogue which is unique in the aerospace and defence sector, and reflects our long-term commitment to growth that benefits all stakeholders. During 2010, several events demonstrated the strong working partnership. An agreement defining the collective bargaining process at European level was signed with all unions in the Group's four main home countries and with the European Works Council. The unions agreed that European social agreements signed by a majority of two thirds of their representatives will automatically be transposed at national level in all these countries, without modification. This innovative and pioneering agreement in Europe greatly simplifies relations between EADS and employee representatives and demonstrates the constructive working relationship between all parties. Other activities with the EADS European Works Council were also constructive. For example, EADS organised a trip by employee representatives to view its activities in India, and an in-depth analysis of Group strategy for the European Works Council aided by a consultant. Also of note, three agreements aiming at promoting gender and social diversity, and at preventing stress, were signed in France.*

# 04 Supplier partnerships

**As EADS has pursued a strategy of focusing on core competencies in recent years,** so we have given our major suppliers increasing roles in large and complex programmes. Recognising that our supplier relationships are based on mutual benefit and responsibility, we are concentrating on improving the way we work together. In 2010, we continued to support our suppliers by pursuing initiatives to improve understanding and performance, while also expanding our geographic procurement network, bringing us closer to international suppliers. Notably, we published a Supplier Code of Conduct, seeking to share CR&S principles with our major suppliers.



# Our approach

EADS and its supply chain are working closely together to launch new, more complex programmes and to expand into markets outside Europe. In order to enhance the way we manage our large programmes, bigger work packages are being allocated to a smaller number of suppliers. At the same time, we are seeking to cascade our CR&S principles down into the supply chain and to comply with new regulations. For all of these reasons, we are seeking to enhance our coordination with suppliers, to improve our mutual understanding and to progress together.

During 2010, we continued to focus on improving performance together through our existing forums for meeting with suppliers and solving common challenges.

The Airbus Supplier Council is increasingly becoming a platform for sharing best practices with our suppliers. For example, we shared information about our respective presences in low-cost countries. Furthermore, Airbus set up a common low-cost country approach with suppliers, designed to reduce the time involved in development cycles, so reducing the scope for programme delays.

The two specialist Aerostructures and Systems & Equipment procurement boards, established in 2009, exchanged supply-chain best practices, discussed supplier performance and agreed common approaches. They held several meetings with common suppliers, aiming to strengthen and coordinate supply-chain relationships.

### » Sourcing in international markets

The Global Sourcing Network was strengthened, most notably through preparation of a US sourcing office at headquarters in Virginia for Airbus Americas, which opened in early 2011. It joins the established offices in China and India. There are also plans to open a new office in Brazil.

Development of the Global Sourcing Network is preparing the ground for growth in international procurement. In 2010, 26% of EADS external procurement by value was from North America and 3% from the rest of the world, with 71% from Europe. Procurement from countries such as China and India has risen from a low base over five years, and will grow significantly as production within new programmes at Airbus and other Divisions is ramped up.

In preparation for greater international procurement volumes, we performed Sourcing surveys in the following countries Brazil, Bulgaria, Croatia, Morocco, Kazakhstan, Korea and Tunisia. We also took 26 of our strategic European suppliers on a trip to China to make them aware of the opportunities for them to source from the country.

### » Sharing CR&S objectives

As a signatory to the United Nations Global Compact, EADS is committed to promoting its core values in respect of human rights, labour, environmental and anti-corruption practices, both within its organisation and in other areas that it influences, such as its supply chain.

For this reason, the EADS Supplier Code of Conduct was published in 2010 and distributed to the top 1,000 suppliers. The Supplier Code of Conduct requests that suppliers commit with standards in the areas of organisational governance, fair operating practices, labour practices and human rights, and promoting a culture of respect.

### In 2010 *Partnering to improve the supply chain*

*Airbus is working in partnership with key suppliers to improve their performance. Already, the first so-called Supply Chain & Quality Improvement Programme (SQIP), which ran from 2007 to 2010, has resulted in major improvements in industrial performance throughout the supply chain. Now Airbus is targeting a similar quantum leap in performance between 2010 and 2013. Working together, Airbus and individual suppliers have produced business improvement plans focused on processes and product controls. They are aiming to cut both late deliveries and rejections on quality grounds by 20% a year over the period of the programme. During early 2011, approximately 200 senior supplier representatives attended an annual SQIP day to discuss results and the way forward. Awards were presented at the day to the best suppliers. By 2013, Airbus anticipates there will be few issues around quality, no shortages of parts and the supply chain will be supported by highly robust processes.*





# 05 Corporate citizenship

**We consciously contribute to the communities where we do business around the world,** seeking to promote local expertise and the prosperity of local economies. We create and sustain valuable, high-technology jobs in Europe and elsewhere, and undertake charitable activities that leverage our aerospace and defence capabilities. In 2010, we created new jobs and research programmes, while also expanding the activities of our charitable foundations. We contributed to humanitarian relief programmes by providing flights and equipment.



# Our approach

## ► Backing local communities

The contribution of EADS to local communities is growing, both as our businesses expand into new markets and as we consciously broaden the scope of our charitable activities. Just as customers in a growing number of countries place their faith in us, so we are creating high-value local jobs and funding joint research facilities. Our philanthropic activities complement our business activity, targeting donations, sponsorship and other initiatives at the areas where our expertise can make the most difference.

33



In 2010, the EADS strategy of international expansion led to an increase in our activity outside Europe, with economic and social benefits for local people. Our aircraft programmes and our supply chains created manufacturing jobs in China and North America. Early in 2011, we opened a new research centre in India, adding to the other research posts created around the world in the previous year.

Our charitable programmes actively supported education, scientific research, youth development and biodiversity.

### ► Contributing to host countries

The expansion of EADS outside Europe gathered momentum in 2010, creating new jobs and research programmes in the Americas, Asia and Middle East. New facilities around the world included final assembly lines and research facilities. We also advanced with our strategy of growing the supply chain outside Europe.

China was a focus of activity as Airbus sought to fulfil its pledge of basing 5% of the work constructing the new A350 XWB long-range aircraft's airframe there.

### In 2010 *Creating local expertise*

*The EADS Innovation Works organisation centre of expertise for long-term research sponsors a growing number of academic research chairs and projects worldwide, developing technology for the benefit of both EADS and local countries. From a total of 354 chairs and projects at the end of 2010, some 154 were based outside the Group's home countries of France, Germany, Spain and the UK. The greatest numbers of these were in the United States and Russia – each the base for 28 – taking advantage of the long traditions of technology development in these countries. Yet there were also significant numbers of projects in Canada, China, India, Japan and South Africa. These projects introduce high-value technologies to the local economies in disciplines as diverse as biofuels, composite manufacturing, high-performance computing and secure communications. In doing so, they help these economies to gain places in the emerging global aerospace and defence supply chain. Strategically, EADS is committed to grow the number of research and technology partnerships based outside Europe.*



An Airbus joint-venture composite manufacturing centre opened at Harbin in Northeast China and received several A350 XWB contracts. By 2016, the centre plans to employ 600 people.

Supply chain procurement in China is also increasing. EADS signed a framework supply contract with Southwest Aluminium, one of the country's largest aluminium producers, in early 2011.

In North America, EADS opened a new sourcing office, operating from the Airbus Americas headquarters in Herndon, Virginia. EADS already spends US\$11 billion annually on US suppliers and aims to increase this amount.



In India, Cassidian became the first foreign company to open a defence-oriented engineering centre. Based in Bangalore, the centre is staffed almost entirely by Indian engineers and plans to expand the workforce from 60 to 200 by the end of 2012.

### » Education & sponsorship

EADS corporate foundations carry out the majority of education and sponsorship activities, although Divisions and national subsidiaries also launch their own initiatives.

The EADS Corporate Foundation always supports research (more than 100 scientific projects since its establishment in 2004, and prizes awarded to more than 70 scientists).

During 2010, it created a new program of grants, allocating money to scientifically-gifted children in deprived inner cities for the first time. Working this year with the Créteil and Versailles academies in France, it gave 30 students cash grants to aid their education. In total, with a budget of €2 million, the Foundation will help 80 children until they get their diploma of higher education in sciences.

In another new initiative, the Foundation helped the Aristide Briand school, north of Paris, to establish a vocational baccalaureate course in aircraft maintenance.

The association, Les Alouettes, found a helicopter to refurbish, and engineers and technicians from Eurocopter provided instruction and support to pupils under the financial patronage of the Foundation.

The Airbus Corporate Foundation alone supported 11 youth development projects, donating a total of €75,000 in 2010. Notably, the Foundation launched its biodiversity programme in 2010. Over the course of three years, this programme aims to raise awareness of



biodiversity among Airbus employees and in young people living near Airbus sites. This programme also sends 32 employees each year to southern India to build biogas plants for a village community, in order to reduce wood consumption and consequent deforestation in this bio-diverse rich area.

### » Humanitarian relief

EADS provided various forms of humanitarian assistance, including swift relief from natural disasters. Following the Haiti earthquake, EADS provided a transport aircraft to shuttle cargo and rescue teams, two helicopters for medical teams and supplies, and a modular field hospital.

In the 12 months to September 2010, the Airbus Corporate Foundation alone undertook a total of 10 humanitarian flights, of which four were planned ferry flights and six were emergency relief flights.

# Indicators and appendix

Scope and methodology	36
Data tables	38
GRI index and Global Compact correspondence	40
Independent Assurance Report to EADS N.V.	44
Glossary	46
Contacts	47

# Scope and methodology

This section summarizes our reporting protocols. The full reporting guidelines are available upon request.

## Human resources reporting protocol

### » Reporting Scope

EADS Group's headcount reporting includes all consolidated companies worldwide. The internationally comparable figures are based on the active workforce, i.e. the number of permanent and short-term employees, regardless of their individual working hours. The headcount is calculated according to the consolidation quota of the respective companies.

The scope for HR structure reporting covers about 94% of the Group's consolidated companies, including all employees of these companies, irrespective of their individual consolidation quota. This includes employees working for EADS or its subsidiaries in France, Germany, Spain, Great Britain and internationally. In total, about 6% of the companies belonging to the EADS Group are not included in the scope, as no detailed employee data is available at EADS level. These companies were either recently acquired, or EADS is only a minority shareholder.

### » Reporting tools

The indicators are calculated using a SAP Business Warehouse, which is based on the EADS global SAP payroll, and interfaces to local payrolls worldwide. Precise definitions of each indicator, consistency checks and relevant testing aim to ensure the quality and consistency of reporting. The Business Warehouse is operated by the EADS Group HR Operations department.

### » Details and methodology

#### HEADCOUNT REPORTING

The reported figures in these sections include all employees of the EADS Group according to the consolidation quota of the respective companies.

#### Active workforce

Active workforce is the official key parameter in the Group's reporting. It is defined in the EADS HR Definitions policy which was introduced in 2006. This policy is valid and binding for all fully- or quota-consolidated entities within the EADS Group worldwide. It was approved by the HR Directors and Finance Controlling. Active workforce includes regular employees (unlimited and limited contracts > 3 months duration) as well as seconded/transferred employees (within the Group). Temporary workforce, students, trainees and externals are excluded.

#### Permanent/limited contracts

Only limited contracts with a work contract duration more than three months are included in this figure as only those employees are part of the active workforce. Neither Mini-Jobs employees ("Geringfügige Beschäftigung"), who earn up to €400 a month, nor the so-called "CIFRE" ("Conventions Industrielles de Formation par la Recherche") belong to the active workforce. Employees whose contracts were transferred during the year from limited to unlimited are counted as permanent.

#### HR STRUCTURE REPORTING

The reported figures included in this section cover about 94% of the Group's consolidated companies, including all employees of these companies, irrespective of their individual consolidation quota.

#### Active workforce by age

This indicator shows the percentage of employees per age group on 31 December 2010.

#### Part-time quota

This indicator shows the percentage of employees holding a part-time contract on 31 December 2010 in proportion to the active headcount at this time.

#### Percentage of women

The calculation of the percentage of women within EADS is based on the number of women included in the active workforce, status at 31 December 2010.

#### Percentage of women in management positions

The calculation of the percentage of women in management positions within EADS is based on the number of women in Senior Management or higher levels included in the active workforce, status at 31 December 2010.

#### Employee turnover

This indicator is defined as the percentage of people who have left the organisation during the year 2010 (number of resignations, terminations, retirement, etc.) in proportion to the average active headcount for the same period.

## Environmental reporting protocol

### » Reporting Scope

The data here results from an EADS worldwide reporting campaign, carried out by our Environmental network. EADS environmental reporting includes all the Group's consolidated companies with more than 50 employees and identified for reporting purposes. Some 97% of this workforce have been covered for environmental reporting on 2010 data, which goes from 1 January 2010 to 31 December 2010. MBDA data are consolidated at 37.5% and certified by an outside auditor.

### » Reporting tools

Indicators used are derived from Global Reporting Initiative guidelines. Data is collected through an Environmental Management Information system called ENABLON. Precise definitions of each indicator, consistency checks and relevant testing aim to ensure the quality and consistency of reporting. The guidelines supporting the reporting process have been updated following workshops organised with reporting contributors and indicators experts, so as to be more relevant *vis-à-vis* site activities and management. Significant changes are indicated within this protocol.

### » External verification

As part of our commitment to providing reliable information on our performance, we have asked Ernst & Young to review the reporting procedures and data for a selection of environmental key performance indicators published in this report: energy and CO<sub>2</sub> indicators, total waste produced and material recovery rate, purchased water and total water consumption, and total water discharge. This brings the total of audited indicators to 13, compared to 4 in 2009. The nature of the work performed and the results of the verification are presented on pages 44-45.

### » Details and methodology

#### ENERGY CONSUMPTION

The energy consumption of a site is the combination of fossil energy and electricity, expressed in Mega Watt hours.

1. Fuel consumption from owned/controlled stationary sources.
2. Fuel consumption from mobile sources managed by the site.
3. Electricity purchased and generated for own use (from CHP, photovoltaic or other renewable sources).

#### CO<sub>2</sub> EMISSIONS

CO<sub>2</sub> emissions result from direct (scope 1) and indirect (scope 2) emissions according to the definition provided by the GHG Protocol. They relate directly to energy consumption using the following formula: CO<sub>2</sub> emissions = Energy consumption x Emission factor. In scope 1 are also included CO<sub>2</sub>-equivalent emissions linked to the use of refrigerants, calculated with the following formula: CO<sub>2</sub>-equivalent emissions = Refrigerant leakage amount x Global Warming Potential. These emissions are automatically calculated by the reporting tool based on energy consumption and refrigerant leakages reported and expressed in CO<sub>2</sub>-tonnes equivalent.

#### TOTAL WATER WITHDRAWAL

This indicator is the sum of all water drawn into the boundaries of the reporting site from all sources (including surface water, groundwater, rainwater runoff and purchased water) for any use throughout the reporting period. It includes water for industrial installations, offices, catering facilities, buildings, and other uses. It is expressed in m<sup>3</sup>/year.

#### WATER DISCHARGE

This indicator is the sum of water effluents (expressed in m<sup>3</sup>/year) discharged over the course of the reporting period into subsurface and/or surface bodies of water, as well as into sewers that lead to rivers, oceans, lakes, wetlands, treatment facilities, and bodies of groundwater:

- Through a defined discharge point (point-source discharge)
- Over land in a dispersed or undefined manner (non point-source discharge).

The perimeter of this indicator has changed between 2009 and 2010. In 2009, only process wastewater was asked to be reported. In order to increase relevancy, the total amount of water discharged includes, this year, all water used for industrial installations as well as offices, catering facilities, buildings and other uses. Another indicator has been implemented: "total amount of water discharged to an internal pre-treatment plant." Wastewater removed from the site via truck is reported as a waste indicator, to comply with regulations. Water withdrawn from the environment for cooling purposes is not included in this definition.

#### WASTE PRODUCTION

The quantity of waste from a site combines hazardous and nonhazardous waste. This includes in particular all waste regularly created by production processes, and treated internally and externally. The European Directive 2008/98/EC defines waste, disposal and recovery. Improvements have been made since last year in order to reinforce the reliability of waste reporting. The "waste recycling rate" has been in particular split into "material recovery rate" and "energy recovery rate," to have a clearer view on the final destination of waste.

#### VOLATILE ORGANIC COMPOUNDS (VOCs)

All organic compounds which present a vapour pressure higher than 10 Pa at 293.15°K are included in the definition adopted in this reporting protocol for VOCs (definition according to Council Directive 1999/13/EC). All exempted solvents according to US regulations (see US EPA at 40CFR PART 51-100) were included here.

The main sources of VOC emissions at EADS from its activities derive from surface treatment, cleaning, painting and coating operations which use the following materials:

- solvents: halogenated (TCE, PER, MC), and non-halogenated excluding paints and coatings
- solvated paints and coatings: primers, wash primers, topcoats and specific coating (for structural and non-structural parts)
- additional VOCs.

#### NO<sub>x</sub> AND SO<sub>x</sub>

NO<sub>x</sub> and SO<sub>x</sub> are by-products of the combustion of fossil fuels (natural gas or liquid fuel). These emissions are mainly responsible for acid rain, which can lead to modifications in the chemical compositions of the ground and water, and affect ecosystems. For SO<sub>x</sub>, the level of sulphur contained in used gas, heating oils or fuels can be employed to determine the emission level.

Emissions are calculated automatically within the ERT if no measure is done on site, with help on the energy consumption reported and the relevant emission factors.

NO<sub>x</sub> and SO<sub>x</sub> emissions from mobile sources are excluded.





## ► Environmental performance

	GRI	KPI	Unit	2010	2009	
ENERGY		<b>Total energy consumption</b> <sup>✓</sup>	GJ	<b>15,440,485</b>	<b>14,338,013</b>	
		<b>Energy consumption from stationary sources</b> <sup>✓</sup>	GJ	<b>5,760,485</b>	<b>5,108,100</b>	
		<i>of which, natural gas consumption</i>	GJ	5,275,605	4,770,000	
		<i>distillate fuel oil consumption (gas oil, diesel, domestic heating oil)</i>	GJ	170,319	176,000	
		<i>heavy fuel oil consumption (residual fuel oil)</i>	GJ	147	91,100	
		<i>liquefied natural gas consumption</i>	GJ	107	32,600	
		<i>propane consumption</i>	GJ	36,691	38,400	
		<i>other type of fuel consumption</i>	GJ	277,616	na	
		EN3	<b>Energy consumption from mobile sources</b> <sup>✓</sup>	GJ	<b>3,372,932</b>	<b>3,430,913</b>
		<i>of which, gasoline consumption</i>	GJ	13,448	9,650	
	<i>distillate fuel oil consumption (gas oil, diesel, domestic heating oil)</i>	GJ	102,357	107,000		
	<i>liquefied natural gas consumption</i>	GJ	5	na		
	<i>propane consumption</i>	GJ	4,176	163		
	<i>jet fuel aircraft/kerosene consumption</i>	GJ	3,239,703	3,300,000		
	<i>- flight tests &amp; ferry flight</i>	GJ	2,244,146	2,270,000		
	<i>- Beluga</i>	GJ	995,557	1,030,000		
	<i>aviation gasoline consumption</i>	GJ	13,243	14,100		
	EN4	<b>Total electricity consumption</b>	GJ	<b>6,224,589</b>	<b>5,799,000</b>	
	<i>of which, purchased electricity consumption</i> <sup>✓</sup>	GJ	5,149,940	5,280,000		
<i>purchased heat/steam</i>	GJ	617,466	233,000			
<i>generated heat/electricity on-site for own use</i> <sup>✓</sup>	GJ	539,493	286,000			
<i>- from CHP</i>	GJ	539,165	na			
<i>- from photovoltaic</i>	GJ	328	na			
AIR EMISSIONS	EN16	<b>Total CO<sub>2</sub> emissions</b> <sup>✓</sup>	tonnes CO <sub>2</sub>	<b>1,022,953</b>	<b>994,500</b>	
		Total direct CO <sub>2</sub> emissions (Scope 1) <sup>✓</sup>	tonnes CO <sub>2</sub>	594,422	550,500	
		<i>of which, CO<sub>2</sub> emissions from stationary sources</i>	tonnes CO <sub>2</sub>	327,890	292,000	
		<i>CO<sub>2</sub> emissions from mobile sources</i>	tonnes CO <sub>2</sub>	241,239	244,000	
		<i>CO<sub>2</sub> emissions from fugitive sources</i>	tonnes CO <sub>2</sub>	25,293	14,500	
	Total indirect CO <sub>2</sub> emissions (Scope 2) <sup>✓</sup>	tonnes CO <sub>2</sub>	428,531	444,000		
	EN20	<b>Total VOC emissions</b>	tonnes	<b>1,328</b>	<b>1,918</b>	
	<b>Total SOx emissions</b>	tonnes	<b>16</b>	<b>26</b>		
<b>Total NOx emissions</b>	tonnes	<b>239</b>	<b>335</b>			
WATER	EN8	<b>Total water consumption</b> <sup>✓</sup>	m <sup>3</sup>	<b>5,336,174</b>	<b>5,369,644</b>	
		<i>of which, purchased water</i> <sup>✓</sup>	%	61.2	60.2	
		<i>abstracted groundwater</i>	%	36.3	37.7	
	<i>withdrawn surface water</i>	%	2.4	2.1		
EN21	<b>Total water discharge</b> <sup>✓</sup>	m <sup>3</sup>	<b>3,607,871</b>	<b>2,462,637</b>		
WASTE	EN22	<b>Total waste production</b>	tonnes	<b>145,408</b>	<b>120,157<sup>1)</sup></b>	
		<i>of which, non-hazardous waste</i> <sup>✓</sup>	tonnes	102,668	77,292	
	EN24	<i>hazardous waste</i> <sup>✓</sup>	tonnes	42,739	42,865	
		<i>construction/deconstruction waste</i>	tonnes	41,105	na	
		<i>waste going to materials recovery</i>	tonnes	85,133	na	
		<i>waste going to energy recovery</i>	tonnes	19,393	na	
	<b>Materials recovery rate</b> <sup>✓</sup>	%	<b>58.5</b>	<b>na</b>		
<b>Energy recovery rate</b>	%	<b>13.3</b>	<b>na</b>			
EMS certification		<b>Number of sites with ISO 14001/EMAS certification</b>	unit	<b>85<sup>2)</sup></b>	<b>84</b>	
		<b>Percentage of workforce covered by ISO 14001</b>	%	<b>88.0</b>	<b>87.4</b>	

✓: 2010 data audited by Ernst & Young.

na: not available.

Note: MBDA data are consolidated at 37.5%.

1) Construction/deconstruction waste were not included in the 2009 data.

2) Sites under scope of the reporting. In 2010, 5 sites not covered by the environmental reporting are also ISO 14001 certified.

# GRI index and Global Compact correspondence

## » GRI index

The following tables present the EADS sustainability report according to Global Reporting Initiative (GRI) principles. The following GRI index indicates to what extent we take the GRI indicators into account. At the same time, it shows where in the report the indicators are dealt with. For some indicators, we also refer to the Annual Report (registration document) of EADS. This report follows the GRI guidelines and should allow meeting GRI Application Level B+.

40

CR ISSUE (GRI INDICATOR)	GRI DESCRIPTION	PAGE
<b>1 Strategy and Analysis Profile</b>		
Disclosure 1.1	Statement from the most senior decision-maker of the organisation (e.g., CEO, chairman, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy	pp. 2-3
Disclosure 1.2	Description of key impacts, risks, and opportunities	pp. 2-7
<b>2 Organisational Profile</b>		
Disclosure 2.1	Name of the organisation	Inside front cover (leaflet EADS at a Glance)
Disclosure 2.2	Primary brands, products, and/or services	Inside front cover (leaflet EADS at a Glance)
Disclosure 2.3	Operational structure of the organisation, including main Divisions, operating companies, subsidiaries, and joint ventures	Inside front cover (leaflet EADS at a Glance)
Disclosure 2.4	Location of organisation's headquarters	page 47
Disclosure 2.5	Number of countries where the organisation operates, and names of countries with either major operations or specifically relevant to sustainability issues including the report	Inside front cover (leaflet EADS at a Glance)
Disclosure 2.6	Nature of ownership and legal form	Annual Report (Registration document)
Disclosure 2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Inside front cover (leaflet EADS at a Glance, page XVII)
Disclosure 2.8	Scale of the reporting organisation	Inside front cover (leaflet EADS at a Glance, page III) and pp. 36-37
Disclosure 2.9	Significant changes during the reporting period regarding size, structure or ownership	Inside front cover (leaflet EADS at a Glance, page III) and pp. 36-37
Disclosure 2.10	Awards received in the reporting period	EADS website
<b>3 Report Parameters</b>		
Profile Disclosure 3.1	Reporting period (e.g., fiscal/calendar year) for information provided	pp. 36-37
Profile Disclosure 3.2	Date of most recent previous report (if any)	page 2
Profile Disclosure 3.3	Reporting cycle (annual, biennial, etc.)	pp. 36-37
Profile Disclosure 3.4	Contact point for questions regarding the report or its contents	page 47
Profile Disclosure 3.5	Process for defining report content	page 1
Profile Disclosure 3.6	Boundary of the report (e.g., countries, Divisions, subsidiaries, leased facilities, joint ventures, suppliers)	Inside front cover (leaflet EADS at a Glance, pp. IV-XVI) and pp. 6-7, 36-37
Profile Disclosure 3.7	State any specific limitations on the scope or boundary of the report	pp. 36-37, 44-45
Profile Disclosure 3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organisations significantly affect comparability from period to period and/or between organisations	Annual Report (Registration document) and pp. 36-37

CR ISSUE (GRI INDICATOR)	GRI DESCRIPTION	PAGE
Profile Disclosure 3.9	Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	pp. 36-37, 44-45
Profile Disclosure 3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	pp. 36-37
Profile Disclosure 3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	pp. 36-37 and Inside front cover (leaflet EADS at a Glance, pp. III-V)
Profile Disclosure 3.12	Table identifying the location of the Standard Disclosures in the report	pp. 40-43
Profile Disclosure 3.13	Policy and current practice with regard to seeking external assurance for the report	pp. 36-37, 44-45
<b>4 Governance, Commitments and Engagement</b>		
Profile Disclosure 4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	pp. 8-9 and Annual Report (registration document)
Profile Disclosure 4.2	Indicate whether the chair of the highest governance body is also an executive officer	pp. 2-3 and Annual Report (registration document)
Profile Disclosure 4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	page 9
Profile Disclosure 4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	pp. 2-3, 27-29 and Annual Report (registration document)
Profile Disclosure 4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	pp. 6, 9, and Annual Report (registration document)
Profile Disclosure 4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	pp. 9-11 and Annual Report (Registration document)
Profile Disclosure 4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics	pp. 8-9 and Annual Report (Registration document)
Profile Disclosure 4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	pp. 3-7, 10-11, 22-25, 26-29, 36-45
Profile Disclosure 4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities and adherence or compliance with internationally agreed standards, codes of conduct, and principles	pp. 2-11, 44-45 and Annual Report (Registration document)
Profile Disclosure 4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	pp. 6, 8, and Annual Report (Registration document)
Profile Disclosure 4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	pp. 16-17, 24-25
Profile Disclosure 4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	pp. 10-11, 16, 24, 40-43
Profile Disclosure 4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations actions taken to implement principles	pp. 10, 14, 16-17, 24
Profile Disclosure 4.14	List of stakeholder groups engaged by the organisation	
Profile Disclosure 4.15	Basis for identification and selection of stakeholders with whom to engage	Stakeholders are treated throughout the report
Profile Disclosure 4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	
Profile Disclosure 4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	pp. 1-3, 4-7

CR ISSUE (GRI INDICATOR)	GRI DESCRIPTION	PAGE
<b>Economic</b>		
	Disclosure on Management Approach – Economic	pp. 8-9, and throughout the report, and Annual Report (Registration document)
<b>Aspect: Market Presence</b>		
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	pp. 30-31
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	pp. 33-34
<b>Aspect: Indirect Economic Impacts</b>		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	pp. 31-34
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Annual Report (Annual Review) page 62
<b>Environment</b>		
	Disclosure on Management Approach – Environment	pp. 6-7, 23-25
<b>Aspect: Energy</b>		
EN2	Percentage of materials used that are recycled input materials	pp. 38-39
EN3	Direct energy consumption by primary energy source	pp. 38-39
EN4	Indirect energy consumption by primary source	pp. 38-39
EN5	Energy saved due to conservation and efficiency improvements	pp. 24-25
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	pp. 7, 16-17, 24-25
<b>Aspect: Water</b>		
EN8	Total water withdrawal by source	pp. 38-39
<b>Aspect: Emissions, Effluents, and Waste</b>		
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	pp. 33-34
EN16	Total direct and indirect greenhouse gas emissions by weight	pp. 38-39
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	pp. 13, 31
EN19	Emissions of ozone-depleting substances by weight	pp. 38-39
EN20	NOx, SOx, and other significant air emissions by type and weight	pp. 38-39
EN21	Total water discharge by quality and destination	pp. 38-39
EN22	Total weight of waste by type and disposal method	pp. 38-39
<b>Aspect: Products and Services</b>		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	pp. 13-31
<b>Labor Practices &amp; Decent Work</b>		
	Disclosure on Management Approach – Labor	pp. 27-29
<b>Aspect: Employment</b>		
LA1	Total workforce by employment type, employment contract, and region	page 38
LA2	Total number and rate of employee turnover by age group, gender, and region	page 38
<b>Aspect: Training and Education</b>		
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	pp. 27-29
<b>Aspect: Diversity and Equal Opportunity</b>		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	pp. 7, 9, 38

CR ISSUE (GRI INDICATOR)	GRI DESCRIPTION	PAGE
<b>Human Rights</b>		
	Disclosure on Management Approach – Human Rights	pp. 27-29, 31
<b>Society</b>		
	Disclosure on Management Approach – Society	pp. 10, 33
<b>Aspect: Community</b>		
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	pp. 32-34
<b>Aspect: Corruption</b>		
SO3	Percentage of employees trained in the organisation's anti-corruption policies and procedures	pp. 10-11
SO4	Actions taken in response to incidents of corruption	page 11
<b>Aspect: Public Policy</b>		
SO5	Public policy positions and participation in public policy development and lobbying	pp. 10, 14-15
<b>Product Responsibility</b>		
	Disclosure on Management Approach – Product Responsibility	pp. 13-21
<b>Aspect: Customer Health and Safety</b>		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	pp. 16-19
<b>Aspect: Product and Service Labeling</b>		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	pp. 2-3, 13-21

This Report also serves as a COP (Communication on Progress). The table below the GRI index shows the correspondence between report for EADS in line with the United Nations Global Compact. The ten principles of the Global Compact and the GRI index.

#### GLOBAL COMPACT PRINCIPLES – GRI INDICATORS CROSS REFERENCE TABLE

Human Rights	Principle 1 – Businesses should support and respect the protection of internationally proclaimed human rights	EC5, LA4, LA6 – 9, LA13 – 14, HR1 – 9, SO5, PR1 – 2, PR8
	Principle 2 – Businesses should make sure that they are not complicit in human rights abuses	HR1 – 9, SO5
	Principle 3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	LA4 – 5, HR1 – 3, HR5, SO5
Labor	Principle 4 – Businesses should uphold the elimination of all forms of forced and compulsory labor	HR1 – 3, HR7, SO5
	Principle 5 – Businesses should uphold the effective abolition of child labor	HR1 – 3, HR6, SO5
	Principle 6 – Businesses should uphold the elimination of discrimination in respect of employment and occupation	EC7, LA2, LA13 – 14, HR1 – 4, SO5
Environment	Principle 7 – Businesses should support a precautionary approach to environmental challenges	EC2, EN18, EN26, EN30, SO5
	Principle 8 – Businesses should undertake initiatives to promote greater environmental responsibility	EN1 – 30, SO5, PR3 – 4
	Principle 9 – Businesses should encourage the development and diffusion of environmentally friendly technologies	EN2, EN 5 – 7, EN 10, EN 18, EN 26 – 27, EN30, SO5
Anti-corruption	Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery	SO2 – 6



# Independent Assurance Report to EADS N.V.

## Auditors' report on the review of a selection of environmental and social performance indicators

44

Further to your request, we have performed a limited assurance on a selection of environmental and social performance data selected by EADS ("the data"<sup>1)</sup>) for 2010, identified by the symbol ✓, in the Corporate Responsibility & Sustainability 2010 Report on pages 38 and after. The data were prepared under the responsibility of the management of EADS in accordance with:

- EADS environmental performance indicators reporting guidelines (EADS-CDS-011), published December 1, 2010,
- EADS greenhouse gas emissions inventory guidelines, published November 30, 2010,
- BI Reporting Harmonized Query Definitions, published December 15, 2009,
- EADS Band Definition Policy, published in July, 2000,

hereinafter the "Reporting Criteria", which can be consulted at EADS headquarters and is summarized in the Corporate Responsibility & Sustainability Report 2010.

It is our responsibility to express an opinion on this data. Our review was conducted in compliance with the International Standard on Assurance Engagements (ISAE 3000), published in December 2003. Our independence is defined by legal and regulatory texts as well as by our Professional Code of Ethics.

The conclusion expressed below relates solely to these Data reviewed and not to the entire sustainability information published in the 2010 report. A higher level of assurance would have required a more extensive review.

### ► Nature and scope of our work

We performed the following review to obtain limited assurance that the Data are free of material misstatements.

- We have assessed the Reporting Criteria with respect to its reliability, understandability, neutrality, completeness and relevance.
- We conducted interviews with the persons in charge of environmental and social reporting at corporate level to verify compliance with the Reporting Criteria.
- We assessed the risk of material misstatement, performed an analytical review and verified, on a test basis, the calculations and data consolidation.
- As part of our environmental Data review, we selected a sample of 4 sites<sup>2)</sup> within 3 divisions. Sites were selected based on their activity, their materiality to the Group and their location. Our review covered 16% to 52% of the consolidated environmental data for EADS. For these sites and units, we verified understanding and implementation of the Reporting Criteria and, on a test basis, verified the calculations and reconciled data with the supporting documentation.
- As part of our social Data review, we visited the HR operations department at EADS Ottobrunn where we assessed understanding and application of the Reporting Criteria, performed review of the data consolidation procedures via corporate reporting systems and verified the calculations of the final indicators. Our review consisted in verifying the social data at consolidated level of EADS.
- We have also reviewed the presentation of the Data in the 2010 Corporate Responsibility & Sustainability report.

1) Environmental and social indicators are:

- Energy: Total energy consumption; Total fuel consumption from stationary sources; Total fuel consumption from mobile sources; Purchased electricity consumption; Generated electricity on site (from CHP and photovoltaic sources; for own use and resale).
- CO<sub>2</sub>: Total direct CO<sub>2</sub> Emissions; Total indirect CO<sub>2</sub> Emissions.
- Water: Volume of purchased water; Total water consumption; Total amount of water volume discharged.
- Waste: Total amount of non-hazardous waste produced; Total amount of hazardous waste produced; Material recovery rate.
- Social indicators: Total workforce by region, division, contract type, age and gender; Employee turnover rate; Women in the total workforce; Women in management positions.

2) Airbus Toulouse, Eurocopter Marignane, Cassidian Getafe and Airbus Hamburg.

### » Comments about the Reporting Criteria

We draw your attention to the following comments on the Reporting Criteria:

#### » Reporting Criteria

EADS Reporting Criteria appropriately describe the reporting scope, steps, as well as the roles and responsibilities of the people involved in the reporting process. Environmental Reporting Criteria are distributed to the various reporting participants, and explained to them during workshops that contribute to the identification of reporting difficulties and best practices sharing.

The reporting scope for water discharge was changed in 2010. It now includes all water used for industrial installations as well as offices, catering facilities and buildings, whereas only water from industrial processes was reported in 2009. This change in definition, which contributes to most variations detected between years 2009 and 2010, is described in the methodological note

on page 37 of this report. Consolidation works revealed that cooling water was not reported within the scope of the indicator "Total amount of water volume discharged".

#### » Reporting process

The EADS reporting process is supported by dedicated computer-based reporting tools. These tools, together with a well-structured internal control process, enable the company to improve data reliability. Nevertheless, internal controls done at site level regarding the reporting of environmental data could be better formalized and more systematically performed. In particular, controls expected from local management could be described in the reporting guidelines and directly integrated in the computer-based tools.

#### » Conclusion

Based on the assurance work performed, nothing has come to our attention that causes us to believe that the reviewed indicators have not been prepared, in all material respects, in compliance with the Reporting Criteria.

Neuilly-sur-Seine, May 20, 2011

ERNST & YOUNG

Climate Change & Sustainability Services



Eric Duvaud

Partner

# Glossary

46

## » ADDITIVE LAYER MANUFACTURING

A revolutionary new method of manufacturing that promises greater precision, improved raw materials performance and significantly less waste.

## » ADVISORY COUNCIL FOR AERONAUTICS RESEARCH IN EUROPE

A European research organisation founded by government and industry that aims to make Europe's commercial aviation more affordable, cleaner, safer and quieter.

## » AIR TRANSPORT ACTION GROUP

A global coalition of air transport industry companies and trade associations that have united to drive aviation infrastructure improvements in an environmentally responsible manner.

## » CLEAN SKY

Funded equally by the European Commission and Europe's aviation industry, this Joint Technology Initiative is designed to speed up the technology breakthroughs needed to achieve ACARE's environmental goals.

## » CORPORATE BUSINESS ACADEMY

The EADS corporate university for employees with management potential, based at Domaine de Villepreux, near Bordeaux, in France.

## » CORPORATE GOVERNANCE

The control and monitoring of a company to ensure that management acts in the interests of stakeholders, no undue risks are taken and relevant legislation is complied with.

## » EADS INNOVATION WORKS

The global organisation that operates the EADS research and technology laboratories, providing the new technologies needed for product development.

## » ECO-EFFICIENCY

EADS has adapted this term to describe its management philosophy of creating economic value while minimising environmental impact.

## » ENTERPRISE RISK MANAGEMENT

A process, conducted by the EADS Board of Directors, management and other personnel, applied in strategy and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.

## » ENVIRONMENTAL MANAGEMENT SYSTEM

An environmental management system helps to identify and manage significant environmental impacts, increasing efficiency, ensuring compliance with environmental legislation and providing benchmarks for improvement.

## » EUROPEAN WORKS COUNCIL

The European Works Council, established on the initiative of EADS in 2000, is the main forum for dialogue with unions in the Group's four home countries of France, Germany, Spain and the UK.

## » INTERNATIONAL AIR TRANSPORT ASSOCIATION

The International Air Transport Association is the airline industry's global trade association.

## » INTERNATIONAL CIVIL AVIATION ORGANISATION

The International Civil Aviation Organisation is a United Nations specialised agency that works to achieve the safe, secure and sustainable development of civil aviation.

## » ISO 14001

A standard first published by the International Organization for Standardization in 1996 that specifies the exact requirement for an environmental management system.

## » LEAN MANUFACTURING

A methodology that seeks to minimize the resources required for production by eliminating waste, so reducing costs, lead times and inventory requirements.

## » REGISTRATION, EVALUATION, AUTHORISATION AND RESTRICTION OF CHEMICALS

The European Commission regulation designed to improve the identification of hazardous chemicals and their subsequent replacement with less harmful substances.

## » RESEARCH AND TECHNOLOGY

Defined by EADS as all activities in the field of research and generic technologies not directly attributable to products, and designed to maintain or expand knowledge of the technological base.

## » SHARKLETS

Sharklets are wingtip devices fitted to Airbus aircraft that reduce drag, so cutting fuel burn and emissions.

## » SESAR

Single European Sky Air Traffic Management Research (SESAR) is a collaborative project intended to unify European Union air traffic management, so making it far more efficient.

## » SUPPLY CHAIN

A supply chain consists of an organisation's network of outside suppliers. In the case of EADS, the Business Units have suppliers providing systems, components and services.

## » UNMANNED AERIAL SYSTEM

An unmanned aircraft, and ground control system, used for military or security purposes that conducts reconnaissance and can be used as an attack aircraft.

## » VISION 2020

Vision 2020 is the EADS strategic vision for guiding the Group's development until 2020.

## » VOLATILE ORGANIC COMPOUNDS

Organic compounds with high evaporation rates that can affect the environment and human health.

# Contacts

## EADS

Corporate Secretary  
37, boulevard de Montmorency  
75781 Paris cedex 16  
France

EADS would be pleased to receive your feedback or comments on this report. Please contact us at:

**CR\_Sustainability@eads.net**

Visit our website at: [www.eads.com](http://www.eads.com)

## Addresses

### » EADS HEADQUARTERS

**European Aeronautic Defence and Space Company EADS N.V.**  
Mendelweg 30  
2333 CS Leiden  
The Netherlands  
Tel + 31 71 524 56 00

### » HEAD OFFICES

#### In France

EADS  
37, boulevard de Montmorency  
75781 Paris cedex 16  
France  
Tel + 33 1 42 24 24 24

#### In Germany

EADS  
81663 Munich  
Germany  
Tel + 49 89 607 0

#### In Spain

EADS  
Avenida de Aragón 404  
28022 Madrid  
Spain  
Tel + 34 915 85 70 00

### » EADS UK

**EADS UK Limited**  
111, The Strand  
WC2R 0AG London  
United Kingdom  
Tel + 44 207 845 84 00

### » EADS NORTH AMERICA

**EADS North America, Inc.**  
1616 North Ft. Myer Drive,  
Suite 1600  
Arlington, VA 22209  
USA  
Tel + 1 703 236 33 00

### » AIRBUS

#### Airbus

1, rond-point Maurice Bellonte  
31707 Blagnac cedex  
France  
Tel + 33 5 61 93 33 33

#### Airbus Military

Avenida de Aragón 404  
28022 Madrid  
Spain  
Tel + 34 915 85 70 00

#### Premium AEROTEC

Haunstetter Str. 225  
86179 Augsburg  
Germany  
Tel +49 821 801 0

#### Aerolia

13, rue Marie Louise Dissart  
31027 Toulouse cedex 3  
France  
Tel +33 5 81 91 40 00

#### EADS EFW

Grenzstrasse 1  
01109 Dresden  
Germany  
Tel + 49 351 8839 0

### » EUROCOPTER

#### Eurocopter

Aéroport International de  
Marseille-Provence  
13725 Marignane cedex  
France  
Tel + 33 4 42 85 85 85

### » ASTRIMUM

#### Astrium

6, rue Laurent Pichat  
70516 Paris cedex 16  
France  
Tel + 33 1 77 75 80 00

#### Astrium Satellites

31, rue des Cosmonautes  
31402 Toulouse cedex 4  
France  
Tel + 33 5 62 19 62 19

#### Astrium Space Transportation

66, route de Verneuil  
78133 Les Mureaux cedex  
France  
Tel + 33 1 39 06 12 34  
Airbus-Allee 1  
28199 Bremen  
Germany  
Tel + 49 421 539 0

#### Astrium Services

6, rue Laurent Pichat  
75216 Paris cedex 16  
France  
Tel + 33 1 77 75 80 00

### » CASSIDIAN

#### Cassidian

Landshuter Strasse 26  
85716 Unterschleissheim  
Germany  
Tel + 49 89 3179 0

#### Cassidian Air Systems

Rechliner Strasse  
85077 Manching  
Germany  
Tel + 49 84 59 81 0

### Eurofighter

Am Söldnermoos 17  
85399 Hallbergmoos  
Germany  
Tel + 49 811 80 0

### Cassidian Systems

Landshuter Strasse 26  
85716 Unterschleissheim  
Germany  
Tel + 49 89 3179 0

### Cassidian Electronics

Wörthstrasse 85  
89077 Ulm  
Germany  
Tel + 49 731 392 0

### MBDA

11, Strand  
London WC2N 5RJ  
United Kingdom  
Tel + 44 20 7451 60 00

### » OTHER BUSINESSES

#### EADS Sogerma

Aéroport International  
20, avenue Georges Barrès  
33700 Mérignac  
France  
Tel + 33 5 56 55 40 00

#### ATR Avions de Transport Régional

1, allée Pierre Nadot  
31712 Blagnac cedex  
France  
Tel + 33 5 62 21 62 21

## ► EADS STRATEGY AND MARKETING ORGANISATION

Tel + 33 1 42 24 24 24 - Fax + 33 1 42 24 26 19

### Representative offices

#### Europe

Ankara, Turkey

Tel + 90 312 439 89 64

Fax + 90 312 439 70 07

Athens, Greece

Tel + 30 210 69 83 871

Fax + 30 210 69 83 870

Brussels, Belgium

Tel + 32 25 04 78 12

Fax + 32 25 04 78 28

London, United Kingdom

Tel + 44 207 845 83 94

Fax + 44 207 845 84 01

Moscow, Russia

Tel + 7 495 797 53 67

Fax + 7 495 797 53 66

Oslo, Norway

Tel + 47 22 00 95 50

Fax + 47 22 00 95 51

Rome, Italy

Tel + 39 06 45 23 29 01

Fax + 39 06 45 23 40 06

Warsaw, Poland

Tel + 48 22 627 05 35

Fax + 48 22 627 05 35

#### Africa

Algiers, Algeria

Tel + 33 1 42 24 24 70

Fax + 33 1 42 24 26 86

Centurion, South Africa

Tel + 27 12 6868 900

Fax + 27 12 6868 911

#### Middle East

Abu Dhabi, UAE

Tel + 971 2 681 28 78

Fax + 971 2 681 10 27

Cairo, Egypt

Tel + 20 2 279 486 71

Fax + 20 2 279 573 17

Doha, Qatar

Tel + 974 411 0752

Fax + 974 411 0784

Muscat, Oman

Tel + 968 24 601 922

Fax + 968 24 602 845

Riyadh, Saudi Arabia

Tel + 966 1 88 07 421

Fax + 966 1 88 07 410

#### North America

Ottawa, Canada

Tel + 1 613 230 39 02

Fax + 1 613 230 14 12

#### Latin America

Mexico City, Mexico

Tel + 52 55 47 77 51 00

Fax + 52 55 47 77 32 74

Santiago de Chile, Chile

Tel + 56 23 33 43 33

Fax + 56 23 33 47 77

São Paulo, Brazil

Tel + 55 11 3093 2807

Fax + 55 11 3093 2801

#### Asia

Bangalore, India

Tel + 91 80 4031 2530

Fax + 91 80 4031 2531

Bangkok, Thailand

Tel + 662 610 4300

Fax + 662 610 4301

Beijing, China

Tel + 86 10 646 1 1266

Fax + 86 10 646 1 0409

Hanoi, Vietnam

Tel + 844 39 43 68 85

Fax + 844 39 43 68 72

Jakarta, Indonesia

Tel + 62 21 57 97 36 17

Fax + 62 21 57 97 36 16

Kuala Lumpur, Malaysia

Tel + 60 3 2163 0233

Fax + 60 3 2163 0211

New Delhi, India

Tel + 91 11 4580 1103

Fax + 91 11 4580 1124

Seoul, South Korea

Tel + 82 2 798 49 25

Fax + 82 2 798 49 27

Singapore, Singapore

Tel + 65 63 25 03 80

Fax + 65 63 25 03 20

Sydney, Australia

Tel + 61 2 88 64 05 08

Fax + 61 2 88 64 05 01

Taipei, Taiwan

Tel + 886 2 2712 15 94

Fax + 886 2 2712 10 89

#### Central Asia

Astana, Kazakhstan

Tel + 33 1 42 24 24 31

Fax + 33 1 42 24 26 50



Designed and produced by  W&CIE  
Copywriting by The Clerkenwell Consultancy ([www.clerkenwellconsultancy.com](http://www.clerkenwellconsultancy.com)).  
Printed by Chirat.

**Leaflet** - Photographs © by EADS: Abaca/Guibbaud, Exm/Gousse, Geoffrey Lee – Airbus, Airbus Military, Astrium, ATR, Cassidian, ESA/Astrium, Eurocopter, Eurocopter North America, Getty Images/Seiya Kawamoto, Sirpa Air.

**CRS** - Photographs © by EADS: Abaca/Gouhier – Airbus, Airbus Military, Astrium, ATR, Cassidian, ESA/Astrium, Eric Raz/Eurocopter, X.

[www.eads.com](http://www.eads.com)

European Aeronautic Defence  
and Space Company EADS N.V.  
Mendelweg 30  
2333 CS Leiden  
The Netherlands

**In France**

37, boulevard de Montmorency  
75781 Paris cedex 16 – France

**In Germany**

81663 Munich – Germany

**In Spain**

Avenida de Aragón 404  
28022 Madrid – Spain

**EADS**