

RESPONSIBILITY MADE BY AIRBUS GROUP

CORPORATE RESPONSIBILITY
& SUSTAINABILITY REPORT 2013



AIRBUS
GROUP

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HOW TO READ THIS REPORT

Corporate Responsibility & Sustainability (CR&S) at Airbus Group is about the long-term creation of value for the benefit of our shareholders and other stakeholders. Each Group programme – from new aircraft, to satellites, helicopters and security equipment – brings together strengths built over many years. In order to make its programmes successful, Airbus needs the right technologies in place to sustain innovation, the appropriate competencies for multi-skilled teams and a robust, well-resourced supply chain.

Above all, the Group and its programmes are built on good corporate governance. As a result, the Group has a duty to manage wisely three assets: (1) its innovation portfolio, (2) its competencies and (3) its supply chain. Describing how the Group manages these assets and other CR&S activities forms the cornerstone of this report. The report explains each of these areas in turn, reporting key performance indicators, with a particular focus on 2013.



CHIEF EXECUTIVE OFFICER'S LETTER

Dear shareholders, employees, customers and suppliers,

2013 was a pivotal year. With the backing of its shareholders, the Group overhauled its governance and shareholding structure, paving the way for today's performance-driven company. This means Airbus Group is fully focused on serving its customers and delivering profitable growth, which ultimately benefits all stakeholders.

Following the in-depth strategic review conducted in 2013, we defined new objectives that reflect changing market dynamics. We recognised that our core strength is in aeronautics and embraced the strong growth momentum in the commercial aviation business. At the same time, we decided to consolidate our defence and space activities in a new division, enhancing our competitiveness within the more constrained governmental sectors.

GROUP PRIORITIES FOR 2014

1. Shape our Future, Stay Innovative

— Combine technology roadmaps into a Group-wide R&T Strategy supporting our short and long-term product portfolio, maximising eco-efficiency and minimising our environmental footprint. Unite our Group-wide know-how of autonomous systems. Leverage our top experts to exploit breakthrough technologies in a lean and pragmatic way.

2. Internationalisation

Integrate all our businesses under the "One-Roof Principle" in our key countries, such as the United States, China, India, Brazil and Australia. Increase our international reach and leverage our presence (in particular defence and space). Fully embrace benefits offered by cultural diversity and further strengthen our local citizenship.

3. Make Airbus Group ("Team Airbus") a Success

Shape defence and space for competitiveness, from its "in formation" phase to its maturity in the second half of the year. Stabilise the helicopter business and strengthen it for the future. Manage the execution challenges of the commercial aircraft business, most notably for the A350 XWB and A320neo. Focus corporate functions on supporting operations efficiently and fulfilling responsibilities to all stakeholders effectively.

4. People

Support people through Group restructuring and treat them decently and fairly throughout the critical phase. Invest in mastery of critical skills and behaviours for our future. Reward entrepreneurship, creativity, teamwork, mobility and diversity management, developing behaviours that build a unified Airbus Group culture. Develop all management levels in accordance with the leadership model to grow future and current leaders who foster high performance through employee engagement.

“In the years ahead, we will strive to improve our performance in all areas related to corporate responsibility. This will drive profitable growth and will help us remain a strong employer, provider of aeronautics and space related products and partner to our suppliers.”

The Group's renaming is a logical consequence of this strategy. It gathers the Divisions under a strong brand that stands for internationalisation, innovation and integration. It reinforces the message: “We Make it Fly”.

2013's transformation also shows how corporate responsibility inspires long-term performance: the change in governance enabled the change in strategy. Airbus Group must have strong foundations to achieve its goals, and in terms of corporate responsibility, it strives for world class. As we look forward to a new era at the Group, we acknowledge our duty as a world leader in aerospace and defence, and have a clear vision about our approach to corporate responsibility.

Take the workforce. As an employer of more than 144,000 people at the end of 2013, Airbus Group is one of Europe's largest employers, and dynamically prepares the competencies needed for the future. We plan strategically years in advance, recruiting and developing people in anticipation. We also take steps to maximise engagement, leadership and inclusivity. The fruits of our vision are evident in the ramp up of our programmes, for example the A350 XWB aircraft programme, which will be one of 2014's biggest operational challenges.

Responsible management of the workforce also presents challenges. 2014 will see Airbus Group working closely with employees' representatives to merge a number of defence and space industrial sites to restore competitiveness at a time of shrinking defence budgets and new industry competitors. But the Group's distinctive approach to social dialogue means we are striving to offer people with valuable skills the opportunity to move to other parts of the Group and minimising compulsory layoffs.

In the area of innovation and eco-efficiency, Airbus' new generation of aircraft – the A380, A350XWB and A320 neo – are setting new standards, enabling aviation to continue as a powerful driver of socio-economic development. Furthermore, the Group is a leading player in the EU's Clean Sky Joint Technology Initiative, developing tomorrow's clean aircraft technologies. With 37,000 patents worldwide, Airbus Group is rightly judged one of the leading global innovators.

From an operational perspective, the Group is pioneering new ways to integrate the supply chain for large industrial projects. With external sourcing equivalent to about 70 percent of Group revenues, strong supplier relationships are critical to the successful ramp up of product programmes. In order to mitigate supply chain risk, the Group's 'Extended Enterprise' philosophy fosters risk-sharing partnerships with major suppliers. But the Group is also introducing measures such as improved procurement operations and active support for Europe's SME engineering firms. In some cases the results are remarkably successful.

Every day we learn and realise how much corporate responsibility helps to drive performance. In fact, seven of the Group's eight stated priorities for 2014 relate to corporate responsibility. In the years ahead, we will strive to improve our performance in all areas related to corporate responsibility. This will drive profitable growth and will help us remain a strong employer, provider of aeronautics and space related products and partner to our suppliers.



Tom Enders,
Chief Executive Officer

5. Strive for further Improvement of Customer Satisfaction

Deliver our products and services on quality, on time and on cost. Tightly manage critical series and development programmes, and recover when necessary. Capture customer needs, expectations and trends; adapt our products and services portfolio accordingly. Nurture customer confidence, especially in times of restructuring and increased competition.

6. Drive our Performance

Stick to Operative Planning commitments and focus on profitability and cash management. Aim for a smooth delivery stream throughout the year allowing for operational stability and the well-being of our employees. Drive Business Excellence by adherence to quality (Quest initiative), applying standard processes, eradicating inefficiencies and fostering continuous improvement. Continue to strengthen our programme management skills throughout the Group to ensure flawless execution of series as well as development programmes. Manage our supply chain responsibly and achieve ramp-up targets as ONE team.

7. Ethics and Compliance

Live Our Integrity Principles on a daily basis and speak up to improve our performance and preserve our reputation. Align our business conduct to best practices within the Group to maintain our top-tier position in Ethics and Compliance. Build on our robust anti-bribery programme to promote integrity throughout our supply chain and keep our suppliers and subcontractors engaged in the fight against corruption.

8. Cyber Security and Protection of our Assets

Protect our intellectual property, industrial assets and products. Further increase awareness on cyber threats and proactively apply the relevant precaution measures to reduce the risks. Roll out and implement the cyber security initiative across the entire Group.

STRAIGHTFORWARD **APPROACH**

Extra-financial analysis moves to the mainstream

Extra-financial analysis is clearly coming of age, becoming an accepted part of the way that companies are evaluated.

Airbus Group shareholders and stakeholders at large are becoming increasingly interested in 'Corporate Responsibility' factors and extra-financial performance. Indeed, they have made clear that they want to know more about these issues and how they affect the Group's capacity to create value. In summary, they have clarified the concept of 'Corporate Responsibility' as follows:

- It refers to the integration of extra-financial matters (governance, human resources, supply chain management, environmental issues, etc.) in the assessment of the company – in terms of performance, risks and, ultimately, sustainable value creation.
- It has 'good' governance at the core, which is the cornerstone upon which the Group's ability to create value is built.
- It is increasingly tied into mainstream analysts' investment selection processes. Analysts are asking to see extra-financial performance indicators, showing a further integration between financial and non-financial analysis.

Stakeholders' questions are increasingly direct, tied to operational issues and linked to performance.

The extra-financial performance indicators included in this report are designed to meet these requests. They have been selected for the following three reasons:

- They represent a performance metric that is material for the Group
- They track the trajectory towards a long-term goal
- They help to deepen stakeholders' understanding about the Group's capacity for creating long-term value.

In short, extra-financial analysis is moving to the mainstream of corporate analysis.

For Airbus Group, this is good news. It is fully in line with the pragmatic and business-oriented approach to corporate responsibility and sustainability developed in the past five years. It gives stakeholders an opportunity to understand thoroughly the nature of the company, to see what drives the industry, the Group's operations and the drive for sustainable value creation.



VISION, MISSION AND MATERIALITY

Airbus Group aims to balance its strategy for growth with fulfilling duties to all stakeholders and addressing material sustainability issues. Underlying this is our drive to deliver the best technology to serve mobility and security.

VISION

In 2012, a new CEO was appointed and the Group's core shareholders agreed to revise significantly the corporate governance regime, subject to approval at a 2013 Extraordinary General Meeting, preparing the way for a wider distribution of Airbus Group's shares and a larger number of independent, non-executive Board Directors. As a result, the Group reviewed its strategy and decided to focus on leadership in commercial aeronautics, and on optimising its position in defence and space.

MISSION

Airbus Group is an industrial group operating in businesses which are characterised by long product lifecycles and corresponding returns on investment, considerable cost and risks in programme development, and highly cyclical civilian markets. The Group defines its primary purpose, missions and the objectives flowing from them in relation to these stakeholders, who are all vital to the Group's interests and existence. Because Airbus Group has many stakeholders and such a long-term outlook, it has a multi-faceted set of missions, which it seeks to perform

harmoniously while bearing in mind that shareholder value creation is an absolute must to ensure the Group's future. Certain missions take precedence over others, such as those mandated by law. The Board of Directors is the ultimate arbitrator for prioritising key missions, taking into account its duty to serve the best interests of the Group and our stakeholders.

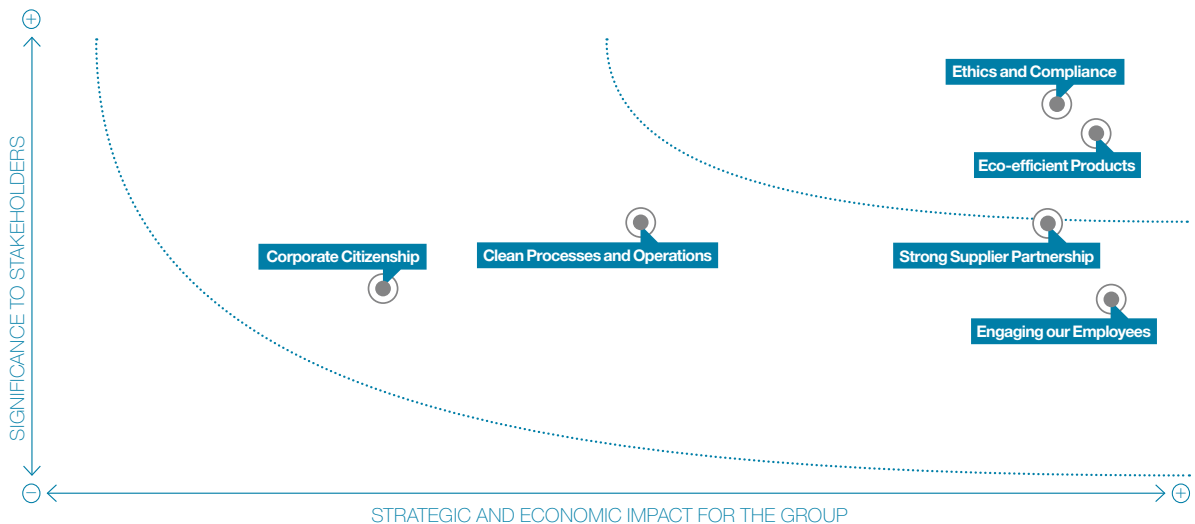
MATERIALITY

Airbus Group's CR&S priorities are based on assessments of the factors that are most relevant within its Divisions and to its stakeholders. In 2010, the Group conducted a formal assessment of materiality that confirmed the appropriateness of these issues, and raised awareness regarding secondary issues. In particular, the Group monitors the wishes of its shareholders and seeks to act in its interests. The main CR&S issues have been gathered under the five following main challenges:

- Strong governance
- Innovative products and processes
- People
- Supply chain
- Corporate citizenship.

Airbus Group categorises its many CR&S challenges under these headings, which also serve to structure this report.

MATERIALITY ASSESSMENT



OUR MAIN CR&S

OBJECTIVES

- Embed CR&S standards into Airbus Group strategy and core business processes
- Raise awareness of employees and business partners regarding Airbus Group's commitment to ethical business conduct.



STRONG GOVERNANCE

— For Airbus Group, responsibility and sustainability starts with good governance. Strong 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 Airbus Group transforms its business.

OBJECTIVES

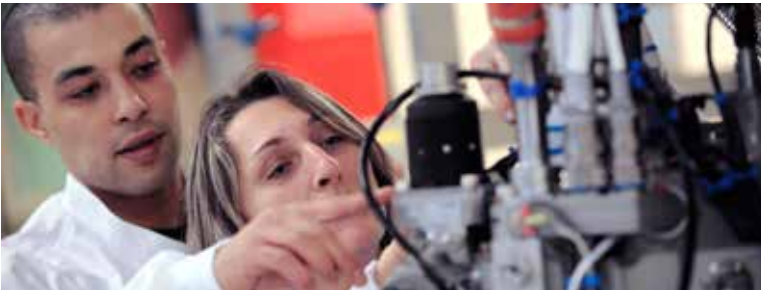
- Promote innovation, quality and eco-efficiency as drivers of research, product development, production and new business opportunities
- Develop cutting-edge solutions for sustainable mobility
- Reach out beyond aerospace to provide solutions



INNOVATION

— Airbus Group is at the heart of today's corporate responsibility debate and is committed to fostering innovation to become an eco-efficient enterprise, i.e. a more profitable company that continuously improves its overall environmental performance. The Group is striving to introduce this management philosophy, fully integrating it within the business and turning it into a company culture. The Group is using innovation to help find the answers for some of today's most critical issues – sustainable mobility, the security of nation states and, more broadly, the evolution to a low-carbon economy.

CHALLENGES



DEVELOPING AND ENGAGING PEOPLE

— Airbus Group's people are the key to its success and competitiveness. The Group is committed to developing their full potential, responding to their expectations regarding personal development, and providing equal opportunities to all. Concentrating on managing employee competencies, Airbus Group is 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 employees are truly engaged.



SUPPLIER PARTNERSHIPS

— Airbus Group is forging increasingly strong relationships with suppliers. The combination of a business model that relies extensively on high-quality outsourcing, and long product cycles, means that the Group forms long-term partnerships with suppliers.



AN ACTIVE CORPORATE CITIZEN

— Airbus Group believes that contributing to the wellbeing of the communities in which it works, and especially to education in the sciences for young people, is an ethical imperative. The Group is focusing on activities where its expertise can add value.

OBJECTIVES

- Anticipate, secure and develop competencies
- Improve employee engagement and development
- Reinforce diversity and integration throughout Airbus Group.

OBJECTIVES

- Grow and progress with suppliers
- Share CR&S objectives with suppliers.

OBJECTIVES

- Be a long-term partner in the countries where the Group operates.
- Focus on activities where Airbus Group's expertise adds value, i.e. research, education and humanitarian relief.

STAKEHOLDERS

AIRBUS GROUP'S DUTIES TO ITS INTER-DEPENDENT STAKEHOLDERS

The Group has a duty to serve five inter-dependent sets of stakeholders. Creating long-term value for shareholders is a priority. But management recognises that sustainable growth in profits depends on serving the long-term interests of customers, employees, suppliers and society as a whole. Only by balancing the needs of all stakeholders can Airbus Group achieve sustainable, long-term growth.

CUSTOMERS

Airbus Group's mission towards its customers is to be a provider of choice, to offer superior value for money through behaviour and performance. Airbus Group owes its customers:

- To commit only to specifications and to schedules that it is sure of meeting, and to manage customers' expectations transparently and honestly
- To warrant the price of products, systems and services by their quality and by the economic and performance advantages they provide
- To anticipate evolving market requirements through innovation; to seek safe and eco-efficient solutions for sustainable mobility, and reliable, capable and affordable solutions for defence, security and institutional needs.

SHAREHOLDERS

The Group has a duty to create value for shareholders by developing a sustainably profitable portfolio of aerospace and security businesses. The Group must meet its obligations to lenders and other financial counterparties, and safeguard its creditworthiness. As a custodian of the trust it receives, the Group must strive:

- To maximise the economic return of long lifecycle investments, while minimising their risks
- To adapt its portfolio of businesses continuously and to ensure its value is reflected in the share price by making disciplined and transparent disclosure.

SOCIETY

The Group's mission towards members of society at large and local communities includes:

- To be a sustainable source of high-quality employment, seeking the benefits of culture and skills in its home countries and throughout the global market, while fostering education in technological fields and research
- To be an inventor and symbol of cutting-edge technology
- To progress towards eco-efficiency
- To promote a model of European cooperation, perpetuating the spirit of Airbus Group's founders

- To fulfil the defence and security interests of legitimate customers sustainably, and particularly to be an instrument of strategic independence in our home countries
- To reject any form of anticompetitive and illegal behaviour.

SUPPLIERS

Airbus Group benefits from sustainable relationships based on mutual interest with suppliers, and recognises that its ability to satisfy customers depends on their performance.

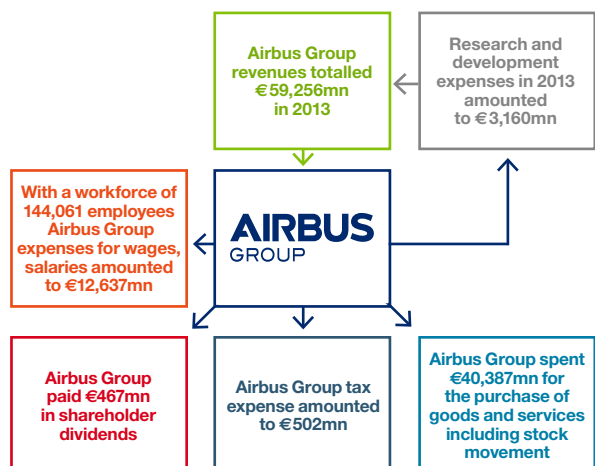
With regard to these suppliers, the Group must strive:

- To deal fairly with them, following terms and conditions that further their prosperity, making sure that they understand and are able to meet the commitments, challenges and risks they take
- To share information and to assist them, so that they can perform optimally under their contracts
- To impose standards consistent with our own, as defined in the Supplier Code of Conduct, and to provide regular feedback on performance.

EMPLOYEES

Airbus Group must engage employees as partners that share the Group's goals and rise to its challenges. Within the confines of local regulations, Airbus Group must respond to employees' expectations about development. The purpose of the Group is:

- To offer personal development and career perspectives commensurate with competency and attitude, with the Group needs, with equal opportunity principles and with diversity objectives
- To promote leadership that sets clear, achievable and measurable objectives
- To justify employees' pride in Airbus Group's products, and our values of good citizenship and responsibility
- To offer fair gratification and rewards.



STRENGTHENING GOVERNANCE

The Group's profitable growth depends on strong governance. The Board sets the Group's strategy, monitoring its execution through a variety of control frameworks, and addresses all aspects of the business, including the environmental, social and governance factors that support long-term performance.

In 2013, the Group implemented a series of governance changes, paving the way for its 'strategy 2.0'. A new Board of Directors was elected that supported management in its evolution of strategy, leading to the Group's restructuring and renaming. The former Airbus Military, Astrium and Cassidian Divisions were integrated into the new Airbus Defence and Space Division. And the Group and its Divisions were renamed under the globally well-known Airbus brand, enhancing integration and cohesion.

CONFIRMING THE NEW GOVERNANCE STRUCTURE

Shareholders approved the historic new governance structure at an Extraordinary General Meeting (EGM) in March, confirming a Multiparty Agreement reached between the Board of Directors and core shareholders in late 2012. This limited shareholders' agreement replaced the Participation Agreement shareholder pact that had existed among the core shareholders – including France, Germany, Spain and their proxies – since the Group's inception in 2000.

Management negotiated the Multiparty Agreement after learning the lessons of the abandoned BAE Systems merger. The agreement limits the collective shareholding of the French, German and Spanish governments to 29 percent, reducing their ability to influence strategic decisions. But the agreement also protects the Group from takeover, recognising its strategic importance to these European countries.

The broad safeguards of all shareholders' interests remain in place. Being registered in the Netherlands and listed on the stock exchanges of France, Germany and Spain, Airbus conforms with best practice for several corporate governance regimes. In accordance with Dutch law, and with the provisions of the Dutch Corporate Governance Code, if the Group does not comply with these provisions it must explain why not.

NEW BOARD OF DIRECTORS

The EGM also approved changes to the Board's composition, reducing the influence of national governments, and sharpening the focus on profitable growth. The Board expanded from 11 to 12 members, including the Chairman and Chief Executive Officer. Ten of these Directors are independent, charged with serving the best interests of the Group, compared with the legal requirement that at least eight of the Board members be independent. In order to protect French and German security

“Demonstrating the new Board's independence of mind, it thoroughly debated and tested the management's proposal to integrate defence and space activities into the new Airbus Defence and Space Division.”

interests, the new agreement stipulated that four Directors from two “national defence companies”, ring-fenced within the Airbus Group, shall be members of the Airbus Board. The French and German states propose these Directors. However, these national governments do not have any right of appointment over the position of Chairman.

The Board of Directors met 12 times during 2013 and was regularly informed of developments through business reports from the Chief Executive Officer, including strategic and operational plans. Demonstrating the new Board's independence of mind, it thoroughly debated and tested the management's proposal to consolidate defence and space activities.

Internal Directors' guidelines govern the Board of Directors' work and are in line with corporate governance best practices. The guidelines include a Directors' Charter, which details the rights and duties of each Director. There are also charters for the Board's two committees – the Audit Committee and the Remuneration and Nomination Committee. The members of both committees changed after the EGM.

THE BOARD'S COMMITTEES

In 2013, the Audit Committee met six times, compared with the requirement that it meet at least four times a year. Out of these six meetings, the two meetings of the pre-EGM Audit Committee had an average attendance rate of 75%, while the post-EGM Audit Committee's four meetings had an average attendance rate of 94%. Some members of the former Audit Committee asked to be excused from meetings in order to avoid possible conflicts of interest regarding the exit of certain core-shareholders and the discussion of the share buybacks. The Remuneration and Nomination Committee met four times, against the requirement that it meets at least twice. The pre-EGM committee met once with an average attendance rate of 50%,

and the post-EGM committee met three times with an average attendance rate of 92%. Again, some former members asked to be excused, because of possible conflicts of interest regarding the shareholding changes and share buyback.

Additionally, an ad hoc 'Nomination Committee' met four times to select the new Board members for recommendation to the EGM. This ad hoc Nomination Committee was composed of four independent Board members: Sir John Parker, Hermann-Josef Lamberti, Michel Pébereau and Lakshmi Mittal.

BOARD EVALUATION

Ten months into the new Board's tenure, the Company Secretary conducted a formal evaluation of its performance.

Based on interviews with the Directors, the evaluation had positive findings. The Board believes it is properly equipped

to accomplish its fiduciary duties in the company's interests. Furthermore, as one Director remarked, "the Board senses its independence."

This sentiment indicates that the sharing of responsibilities between the Board and management works well. A number of actions were identified for improvement, including the possibility of more regular meetings between the Board and management – both the Executive Committee and the next layer down.

The 2014 Board evaluation will be carried out by an independent consultant, in line with the practice of inviting independent consultants to perform the annual assessment once every three years.

CR&S: IMPLEMENTING FROM THE TOP DOWN AND BOTTOM UP

The Corporate Secretary has made CR&S part of Airbus Group's business culture, embedding it in core business processes and constructing a network of controls. While top management defines strategy, employees are encouraged to suggest bottom-up initiatives that are consistent with this.

As shown in the illustration, the Group has a CR&S organisation, coordinated by the Corporate Secretary, which manages CR&S in a manner consistent with the Group's broad strategy for creating economic value. The organisation has a pragmatic approach, with specific objectives implemented by a number of specialist teams.

Structured activities

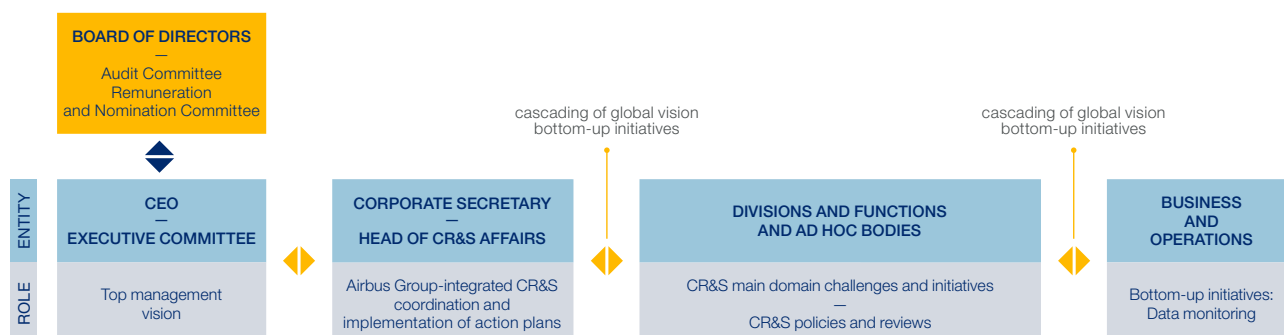
The Corporate Secretary (Head of CR&S) makes sure that CR&S is conducted in a structured way by:

- 1 — Coordinating the internal CR&S network to ensure transparency of activity and consistency of approach

- 2 — Exploring how to leverage CR&S to create value through competitive advantage or cost reduction
- 3 — Defining and updating the Group's CR&S policies and activities
- 4 — Overseeing appropriate reporting (e.g. environmental reporting), to measure performance and progress
- 5 — Identifying emerging CR&S issues and exploring how to respond
- 6 — Making proposals and recommendations to management and Board of Directors regarding all CR&S matters
- 7 — Representing the Group to outside networks and maintaining a dialogue with stakeholders.

This approach provides a framework for the Divisions and Business Units, which are responsible for day-to-day business, and promotes dialogue with their direct stakeholders.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY STRUCTURE

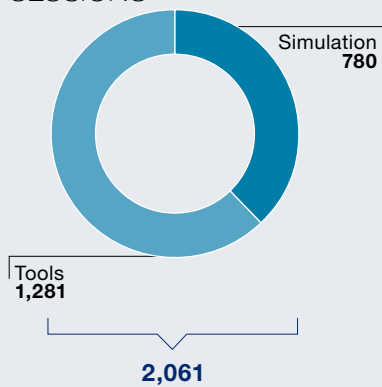




IMPLEMENTING GOVERNANCE

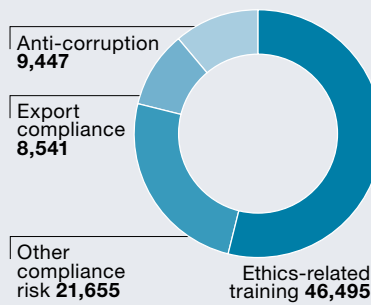
Airbus Group's governance bodies embed their monitoring and control functions within the Divisions, seeking not only to manage risk effectively but also to gain competitive advantage. The long-term, complex and capital intensive nature of the aerospace and defence industry make Enterprise Risk Management a top priority, for both mitigating risks and identifying opportunities. And the Ethics and Compliance Organisation aims to make having high standards a source of differentiation. As a result, it has added to its resources in recent years.

NUMBER OF ENTERPRISE RISK AND OPPORTUNITY MANAGEMENT TRAINING SESSIONS

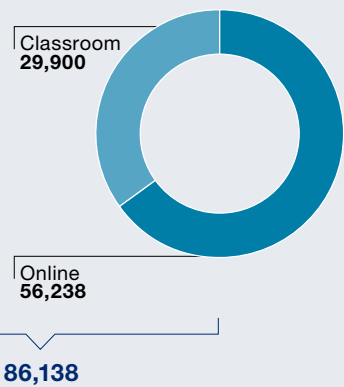


NUMBER OF ETHICS & COMPLIANCE TRAINING SESSIONS

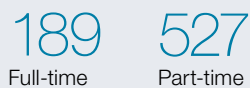
BY SUBJECT



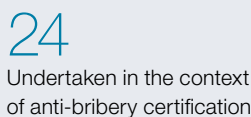
BY FORMAT



HEADCOUNT FOR ETHICS AND COMPLIANCE STAFF



NUMBER OF AUDITS



ENTERPRISE RISK MANAGEMENT

Airbus Group's long-term development and production lifecycle make Enterprise Risk Management (ERM) a crucial mechanism for both mitigating the risks faced by the company and identifying future opportunities.

ERM has become a key management process across the Group, serving to mitigate key risks and increase opportunity. By mapping all material risks, planning how to mitigate them and how to seize related opportunities, ERM is designed to protect the achievement of the following:

- 1 — Strategy: selection of high level strategic objectives consistent with risk appetite
- 2 — Operations: effectiveness and efficiency of operations and resource allocation, in line with performance and financial targets
- 3 — Reporting: reliability of reporting, in particular financial reporting
- 4 — Compliance: compliance with applicable laws and regulations.

EMBEDDED THROUGHOUT THE GROUP

ERM is a governance system that is becoming progressively more integrated into policies and processes, including key management policies, programme management and supply chain management. As it is applied more consistently across the Group, its subsidiaries and major suppliers, there is increasingly a common understanding, methodology, practice and language. Tools for fostering ERM include policies, training, internal controls and IT systems. In 2013, the ERM function streamlined its activities to reflect the Group consolidation. Consequently, there is one Group ERM function, with direct responsibility for Airbus. The head of this function also coordinates the ERM functions at Airbus Helicopters and Airbus Defence and Space. Additionally, the MBDA subsidiary joined the Divisions in using the Active Risk Manager (ARM) software tool. ARM helps the Group and its suppliers to coordinate their approach to project risks and opportunities. ERM is seeking to extend use of ARM to other subsidiaries and major suppliers.

RISK MAPPING AND MITIGATION

In order to develop a true risk culture, ERM training has become more standardised across the Group. In all, the ERM team supplied more than 2,000 hours of training during the year. Learning from successes on aircraft programmes, ERM supports COIN key performance indicators (KPIs) through its ARM software, covering financial risk measures and operational measures (see box and waterfall chart). COIN is currently being rolled out across the Group.

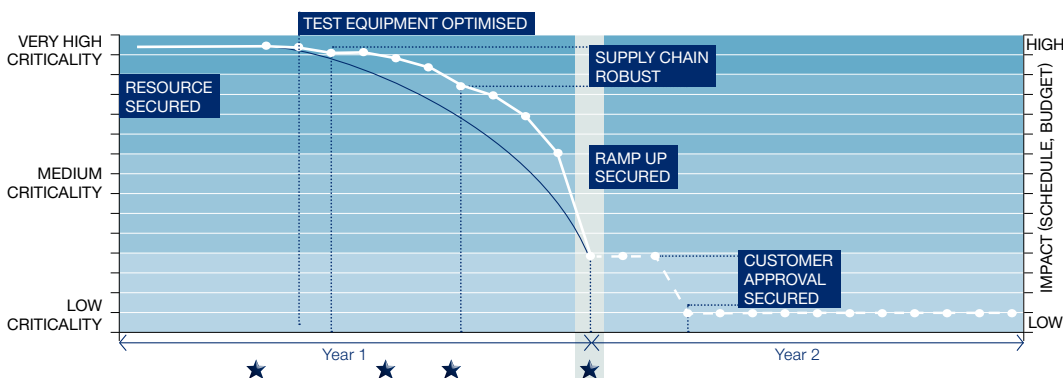
“Enterprise Risk Management has become a key management process across the Group, serving to mitigate key risks and increase opportunity.”

COIN PUTS A FINANCIAL VALUE ON RISK

The COIN financial dashboard, currently being rolled out by Airbus Group, links risk and financial outcomes. Showcasing two KPIs – the ‘waterfall chart’ operational risk metrics and the financial measures of risk – COIN is a management tool for mitigating and quantifying risk (see graphic).

The waterfall chart assigns a target risk level to a programme, records the actions for cutting risk to that level and monitors the success of those actions. The financial KPI quantifies the cost of a risk, with a given probability. The weighted value of major risks is monitored across the Group, forming part of reporting to senior management.

PROGRAMME WATERFALL CHART: PLANNING AND ACHIEVING RISK MITIGATION



780

ERM Simulation Training sessions

1,281

ERM Tools Training sessions

- Proposed risk mitigation
- Risk mitigation achieved
- Key milestone
- Response Actions
- Today

ETHICS AND COMPLIANCE

The Ethics & Compliance (E&C) Organisation designs and implements its E&C Programme, focusing on developing a culture of integrity while addressing the Group's compliance risks. The Group regards commitment to the highest E&C standards as a source of competitiveness, and has reinforced its resources in recent years.

The Airbus Group E&C Programme seeks to ensure that the Group's business practices conform to applicable laws and regulations as well as to ethical business principles, and so establish a culture of integrity. The Company is convinced that such a culture helps to sustain global competitiveness.

There are two foundation documents in the Airbus Group E&C Programme: the *Standards of Business Conduct*, which was revised in 2013, and *Our Integrity Principles*, a leaflet summarising the Group's six key E&C commitments, rolled out Group-wide to each individual employee in 2013 by his/her manager.

The Airbus Group E&C Organisation balances proximity to day-to-day business activities with the necessary independence. Hence, the Group's Ethics & Compliance Officer (ECO), who is appointed by the Board of Directors, reports both to the Group's Chief Executive Officer and the Audit Committee, while the Divisions' E&C officers report both to their Division CEO and the Group ECO. Each Division E&C officer runs a Divisional E&C Organisation that is embedded in the business through a network of E&C representatives. In 2013, the Company enlarged the footprint of E&C representatives and they are now

“In 2013, the Group published its Integrity Principles, describing the six guiding values.”

present in all functions and locations. In 2013, the Company also extended the breadth of the E&C Programme, by appointing E&C managers in four key Countries: Brazil, Russia, India, and Saudi Arabia. Furthermore, an E&C manager will be hired in China in 2014.

The various country E&C Managers report to the ECO. At Group level, dedicated Compliance Risk Officers are empowered to issue standards applicable throughout the Group, test effectiveness and control adherence. The Group International Compliance Officer addresses corruption and bribery risks. The Group ECO ensures that the activities of the Group comply with all relevant export control rules and furthermore with the internal “sensitive countries” policy. The Group Procurement Compliance Officer supervises compliance in the supply chain, while the Group Data Protection Compliance Officer is in charge of the protection of personal data. These compliance risk officers manage a network of more than 100 risk specialists that are embedded in the Divisions within the business structure.

Similar to previous years, E&C was defined as a top priority for the Group in 2013, resulting in a number of specific objectives for the E&C Organisation as well as for all Group employees.

THE COMPANY'S E&C CYCLE INCLUDES THE FOLLOWING STEPS, WHICH ARE PUT IN MOTION BY EMPOWERED E&C RESOURCES:



Employees, customers, suppliers, and third-party intermediaries are encouraged to freely share their E&C concerns with management or with E&C resources. The Company's alert system is called OpenLine (*see box*).

The Airbus Group ECO reports to the Audit Committee on compliance allegations twice a year. The report, which is shared with top management in order to ensure transparency and leverage on lessons learned, contains details on the Group's significant compliance allegations.

Similar to previous years, in 2013 the Group participated in various collective actions on E&C and anti-corruption in forums such as the *Global Compact 10th Principle* and the *International Forum for Business Ethical Conduct*. The latter is an association that develops global E&C standards in the aerospace and defence industry and was chaired by the Group in 2013.

“In 2013, there were 86,138 training sessions. Of these, 29,900 were in the classroom and the remainder online.”

OPENLINE EXTENDS GEOGRAPHICAL FOOTPRINT

The OpenLine system for employees to report compliance concerns confidentially was extended beyond the European home countries, Brazil and Australia, to include Russia and Saudi Arabia. The system gives employees a way to report concerns relating to accounting, finance, corruption, anti-competitive practices, conflicts of interest, harassment, disclosure of confidential information and product safety. In 2014, it will be extended to include China.

THE INTEGRITY PRINCIPLES

In 2013, the Group published its *Integrity Principles*, describing the six preeminent values. A large communication campaign was launched and the *Integrity Principles* (*see below*) were rolled out by means of talks between managers and their employees.

TRAINING

Training is an important component of the E&C Programme, with the number of sessions growing gradually. In 2013, there were 86,138 training sessions. Of these, 29,900 were in the classroom and the remainder online.

The most common training sessions related to broad awareness of Ethics and Compliance. There were more than 46,000 of these sessions. There were also more than 1,800 training sessions dedicated to the new Integrity Principles.

OUR INTEGRITY PRINCIPLES

Commitment to our people

Our Company believes that a workplace should be based on respect, honesty, and fairness. We encourage innovation and employee engagement and are committed to maintaining high standards of quality, health and safety.

Commitment to our company

Our employees are committed to avoiding any conflicts that might put their personal interests ahead of what is best for the Company. Additionally, our employees are encouraged to speak up and seek guidance if they have any ethical or compliance concerns.

Commitment to building trust

Our employees protect the property and confidential information of the Company and of our stakeholders. Protecting confidential data, keeping accurate records, and adhering to all laws governing our business are critical to our long-term success.

Commitment to conducting ethical business

Business meals, hospitality, and modest non-monetary gifts may be given or accepted if they reflect customary business practices. However, all business decisions must be based solely on the merits. Only clean business is sustainable business. Corruption is detrimental to the work environment, stifles innovation, and is illegal. Our Company has a zero tolerance policy towards corruption of any kind.

Commitment to corporate citizenship

Our Company is committed to being a good corporate citizen. We acknowledge our responsibilities towards the environment, our local communities, and our stakeholders.

Commitment to be responsive

Our Company is committed to respond to employees' concerns and suggestions. Our Division Compliance Officers and our Ethics & Compliance representatives are always available to offer guidance and support. Additionally, the Airbus Group OpenLine can be contacted to report an incident or raise a concern, confidentially and without fear of retaliation.

EXPORT COMPLIANCE

Complying with export laws and regulations is central to Airbus Group’s culture. The Group commits itself to respect and follow all export/import compliance laws affecting its technologies and products.

As an importer and exporter of cutting-edge technologies that are strategic to its home countries and their allies, the Group has to act responsibly.

The Group’s export compliance policy commits it to the following actions:

- 1 – Cooperate closely and openly with governments
- 2 – Comply with governmental export rules and regulations
- 3 – Check reliability of customers and end users
- 4 – Check on the end use
- 5 – Train staff regarding export compliance
- 6 – Manage export compliance risks.

CENTRALISED CONTROL FRAMEWORK

The Group Export Compliance Office oversees compliance in the Divisions, additionally acting as a centre of expertise. The Group Export Compliance Directive, issued by the Group CEO, sets the general policies to be implemented. In total, more than 150 people now belong to the Group-wide organisation. In 2013, the Group held its second export compliance meeting in order to promote the export compliance topic and to make the export compliance community visible. With around 180 participants, this meeting was the occasion to welcome various people who work in different areas within the Group, as well as management. A panel with representatives of the Airbus Group home country governments gave their views on regulatory changes and the impacts on the Group. There was also a session with peers, which provided an opportunity for benchmarking.

ONGOING MONITORING

The Group Export Compliance Office closely monitors export/import compliance rules and regulations, which are often changed by governments and supranational organisations to reflect shifting

security pressures. In 2013, for example, the United States published the President’s Export Control Initiative, which reviewed US export control regulations. Additionally, negotiations related to the easing of sanctions on Iran are ongoing.

SENSITIVE COUNTRY PROCESS

The Group’s Sensitive Country Directive (*see graphic*) states that all proposed business with “sensitive countries” will be scrutinised. The Group Export Compliance Office has a dedicated department that, every quarter, updates a list of sensitive countries, taking into account both sanctions (from the UN, US, EU and Group home countries) and socio-economic/ethics indicators. Countries are then split into two categories: countries which are subject to embargoes and countries which are subject to restrictions. The CEO and the Executive Committee make the final decision about whether to do business in a country.

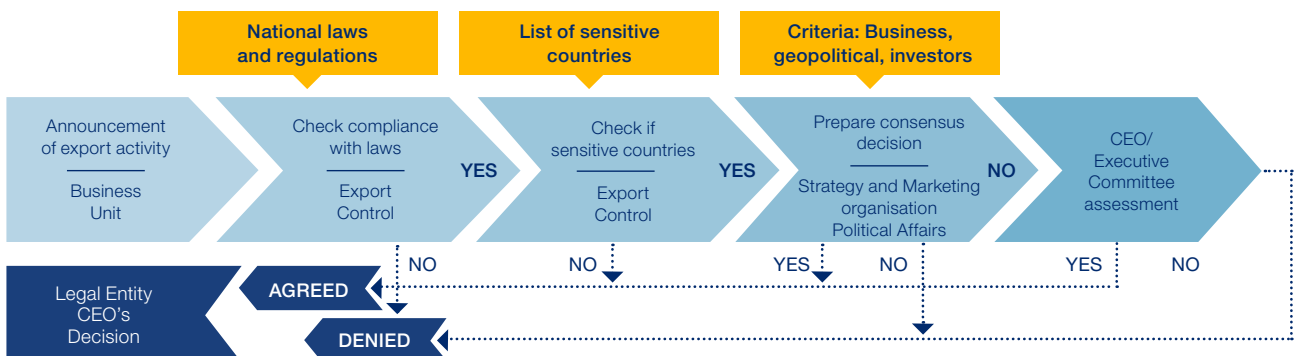
TRAINING

Training is a key method of raising awareness and changing behaviour throughout the Group. In 2013, the Group Export Compliance Office provided training to more than 1,000 employees across the Group. Additionally, it trained more than 300 suppliers and customers. The Divisions also provided some training and awareness sessions: circa 50 sessions were provided to almost 5,000 persons.

DEFINITION OF A SENSITIVE COUNTRY

Airbus Group has a list of sensitive countries, which are countries subject to sanctions decided by the UN, EU, US or any Airbus Group home country, generally for reasons of national security, nuclear non-proliferation or foreign policy. Due to the dynamic nature of world events, additional countries may at any time become subject to international sanctions.

SENSITIVE COUNTRIES PROCESS



BUSINESS ETHICS

Airbus Group is committed to eliminating bribery and corruption risks. The Group commissioned an external audit of its control framework, while strengthening its controls and providing ongoing training.

The former Group's Business Ethics Policy and Rules issued in 2008 aimed at mitigating potential non-compliance risks linked to partnerships with "business partners".

The 2008 Policy was focused on a centralised process for selection and validation of business partners which was based on the following principles:

- 1 – Transparency in selection of business partners
- 2 – Robust due diligence on business partners
- 3 – Appropriate remuneration for legitimate services
- 4 – Monitoring of contractual relationships with business partners.

An update of the Business Ethics Policy and Rules was completed in 2013. The new version, called "Business Ethics Policy, Processes & Guidelines" now encompasses not only the compliance risk linked to business partners, but also compliance risk linked to international marketing development projects or merger and acquisition projects and any other kind of operation where a compliance risk has been detected.

COMPREHENSIVE TOOLS

A set of anti-bribery tools has been available for many years in the Group. These tools are regularly updated: for example, guidelines were established to support detection and mitigation of anti-bribery compliance risk linked to mergers and acquisitions (*M&A Anti-Bribery Compliance Guidelines*, published in 2012). Moreover templates of documents to be used in the selection of business partners (*Compliance Pack*, including questionnaires, representation and warranties, bank letter templates), the *Airbus Group Business Ethics Main Principles*, which are a summary of the Business Ethics Policy and Processes are now distributed to all Business Partners as an attachment to the *Compliance Pack*, whereas updated standard clauses (such as Consultant Agreement, Service Provider Agreement, etc.) have been edited together with the Airbus Group Policy, Processes & Guidelines in 2013.

The tools will be updated in 2014 to take into account the Group rebranding.

In addition, the International Compliance Programme includes regular internal control of business partner files by, and reporting mechanisms from Division International Compliance Officers (Division ICOs) to the Group International Compliance Officer (Group ICO) using a risk-based approach.

Management within Group subsidiaries is responsible for reporting any deviation from the Business Ethics Policy, Processes & Guidelines to the concerned Division ICO and/or to the Group ICO, as applicable.

The International Compliance Organisation regularly informs concerned employees about the regulatory environment linked to foreign trade and/or anti-bribery regulation, through newsletters or through information published on the Ethics & Compliance e-room.

TRAINING

The Group ICO initiates and defines training modules for all employees of the Group adapted to the level of risk they potentially face. The Group ICO performs training at Group level. Division ICOs customise and perform training at Division level, as do International Compliance Officers at subsidiary level. In 2013, there were more than 9,000 training sessions specifically for raising awareness on bribery and corruption.

"In 2013, ETHIC Intelligence, a leading compliance specialist, successfully completed its review of the Group's anti-corruption system, carrying out 24 audits."

ANTI-BRIBERY AUDIT

In 2013, ETHIC Intelligence, a leading compliance specialist, successfully completed its review of the Group's anti-corruption system. The review of this system at Airbus Group level concluded with the Certification of Airbus Group for the design of its Anti-Corruption Compliance Programme, highlighting the quality of the business partner vetting process. ETHIC Intelligence carried out 24 audits in the course of its work. Some of the Divisions also received the Certification of ETHIC Intelligence in 2013. All other Divisions have received the same in the beginning of 2014.

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Audits undertaken in the context of anti-bribery certification

FOSTERING INNOVATION

Airbus Group's innovation pipeline drives its competitive advantage. At a time when the aviation industry is focusing on stabilising and then reducing greenhouse gas emissions, the Group is investing significantly in developing more eco-efficient aircraft. For the next ten years, the Group intends to make incremental improvements to existing products. At the same time, it is investing in developing the underlying pioneering technologies that will form the building bricks of breakthrough products further into the future. In order to manage the innovation process effectively, Airbus Group uses cost and time-based indicators.

SELF-FUNDED R&D

€3.16 bn

NUMBER OF PATENTS

990

PERCENTAGE
OF WORKFORCE

82%

Covered by ISO 14001
& environmental reporting



DELIVERING INNOVATION

Innovation improves the Group's products continually, fostering profitable growth. Through innovation the Group improves the value it offers customers – delivering better products and services, at a lower cost.

For this reason, the Group invested €3.16 billion in self-financed research and development (R&D) in 2013 (2012: €3.14 billion). Equating to more than 5 percent of 2013 Group revenues, R&D spending finances development of Airbus aircraft and other Group products and services.

The Group divides investment in innovation into two categories – R&D spending which takes existing technologies and develops them into products such as new aircraft, and research and technology (R&T) which researches early-stage technologies. Showing the growing importance of eco-efficient innovation, it is estimated that more than 80 percent of R&T spending at Airbus, the largest Division, relates to environmental efficiency.

STRATEGY

In line with the Group's new '2.0 strategy', its approach to innovation shifted emphasis in 2013. Following substantial investment in development of new aircraft, helicopters and other products over the past ten years, Airbus Group's main focus will be exploiting the potential of these new product platforms for incremental innovation.

At the same time, it will maintain investment in early-stage technologies – often working with research partners – to develop the breakthrough technologies that will be the building bricks of future new products some time in the next decade. Development of new technologies will also facilitate incremental improvement to existing products, for example through the addition of lightweight wings, incorporating the latest aerodynamic technology to reduce drag.

Key performance indicators (KPIs) are used to link technology innovation with strategic goals. Within Airbus, all R&T projects are evaluated by judging their impact on airlines' Cash Operating Costs (COC) and Airbus's Recurring Costs (RC). These KPIs are used for both an initial evaluation and then ongoing monitoring.

“The Group invested €3.16 billion in self-funded R&D in 2013”

ECO-DESIGN APPROACH

Reducing the environmental impact of products and services differentiates products, improves efficiency and ensures compliance with regulations. The 'Design for Environment' (DfE) working group is acting as a catalyst for accelerating and integrating the approach to reducing the environmental impact of the Group's products and manufacturing. Following a three-year pilot scheme, from 2014 all of Airbus's new technologies are reviewed at each of their maturity stages (known as technology readiness levels) to see if their environmental impact can be reduced. In time, this approach should spread to Airbus Helicopters and Airbus Defence and Space.

From a manufacturing perspective, DfE is studying best practice at Airbus and Airbus Helicopters to see how their leading-edge manufacturing techniques can be used across the Group. In terms of governance DfE aims to become a centre of excellence for the Group as a whole.

ORGANISATION

While the Divisions carry out their own product development, Airbus Group Innovations (AGI) is a central resource for early-stage technology research. The Divisions have long-term product strategies that enable them to identify the technologies they will need many years in advance. AGI's approximately 800 scientists and researchers, including doctorates and interns, at facilities in France, Germany, UK, Spain, USA, Canada, Singapore, India and China, advance these technologies to maturity within the timeframe needed for product development.

AIRBUS GROUP STRATEGY PROCESS

<p>PURPOSE OF THE STRATEGY PROCESS:</p>	<p>To achieve the highest quality of strategic management in Airbus Group through professional standards, deployed by fully-informed teams, working together, efficiently and effectively, on the issues that have the most impact.</p>		
<p>THE AIRBUS GROUP APPROACH TO STRATEGY CONTINUES TO CENTRE ON:</p>	<p>Strategic Focus Topics addressed in High Level Meetings</p> <p>Most relevant strategic questions are addressed as part of high level meetings (e.g. Board of Directors, or Executive Committee meetings) or at dedicated meetings to:</p> <ul style="list-style-type: none"> ■ manage most relevant subjects at Group level through Strategic Focus Topics ■ review and adapt strategy on the division and Group level ■ address and make decisions about subjects of cross-Divisional and Group interest ■ assess implementation status of strategic projects 	<p>A Strategy Factbase</p> <p>The strategy community produces the elements needed for strategy to be formulated, evaluated and updated:</p> <ul style="list-style-type: none"> ■ annual update of strategy in the Strategy Snapshot, using the Airbus Group Strategy Framework ■ annual updates on markets and competitors ■ additional ongoing information sharing of strategically relevant data 	<p>An Integrated working mode</p> <ul style="list-style-type: none"> ■ Corporate and Divisional / functional strategy teams work together on a range of projects ■ Strategy Leadership Team will <ul style="list-style-type: none"> – steer joint projects, and proactively work on cross-Divisional strategic topics in an engaged way – facilitate translation of strategy 2.0 into action including sharing of best practices and know how – act as a sparring partner to elaborate Divisional strategic focus topics ■ clear roles and processes make this collaboration effective and efficient

STRATEGY PROCESS

The Group's top-level strategy process reviews product development, identifying opportunities for incremental product innovation. In 2013, the strategy process focused on innovation at Airbus and Airbus Helicopters, seeking to refine future product strategy and in particular how the Group can improve its current product platforms.

The Strategy and Marketing Organisation (SMO) conducts the strategy process and monitors strategy implementation. The objective is to grow profits steadily, and to maximise the return of long lifecycle investments.

RESEARCH AND TECHNOLOGY DEVELOPMENT

The Group's three Divisions work with AGI, the centralised Group early-stage technology research unit, to study and mature new technologies. The Divisions have long-term product strategies that enable them to identify the technologies they will need many years in advance. AGI focuses on advancing the underlying, building-block technologies to maturity within the timeframe needed for product development (see *Group Innovation Process illustration*).

The Group has one of the largest technology portfolios in the aerospace and defence sector, and is constantly adding to it.

“The Group has one of the largest technology portfolios in the aerospace and defence sector, and is constantly adding to it. In 2013, the Group filed a total of 990 new patents (972 in 2012).”

In 2013, the Group filed a total of 990 new patents (972 in 2012) and it holds approximately 37,000 patents worldwide. Recognising the company's track record at the forefront of research and technology, Thomson Reuters listed the Group among its Top 100 Global Innovators, while Booz & Co judged it within the top 50.

While the main use of its technologies is within the Group's own product development, it also markets technologies to third parties. Through its technology licensing initiative, the Group markets intellectual property in fields such as composites, metallics, green technologies, safety and security technologies and communications infrastructure. In 2013, licensing rights sales generated approximately €3 million.

OUTPUT/RESULTS

Early-stage research

In addition to the patents recorded, a number of high-profile technology demonstrators showed 2013's research progress. Among them, AGI, together with its research partners, unveiled the E-Fan fully electric general aviation training aircraft (which performed its first flight in early 2014). The E-Fan is one of a number of electric propulsion technologies being explored by the Group (see *Future Innovation*).

Product development

Development activity within the commercial aircraft business was driven mainly by the A350 XWB programme, with flight tests advancing significantly in 2013. In addition, Airbus pursued its strategy of bringing incremental improvements to existing platforms such as the A320 single-aisle plane, with development of the A320neo (new engine option) remaining on track. A lower-weight variant of the A330 was launched for regional and domestic operations.

Within Airbus Helicopters, development continued on the new EC175 medium-weight twin-engine helicopter and the EC145T2 light twin upgrade, both of which are due to enter service in 2014. Development on the new X4 medium-weight helicopter is also advancing.

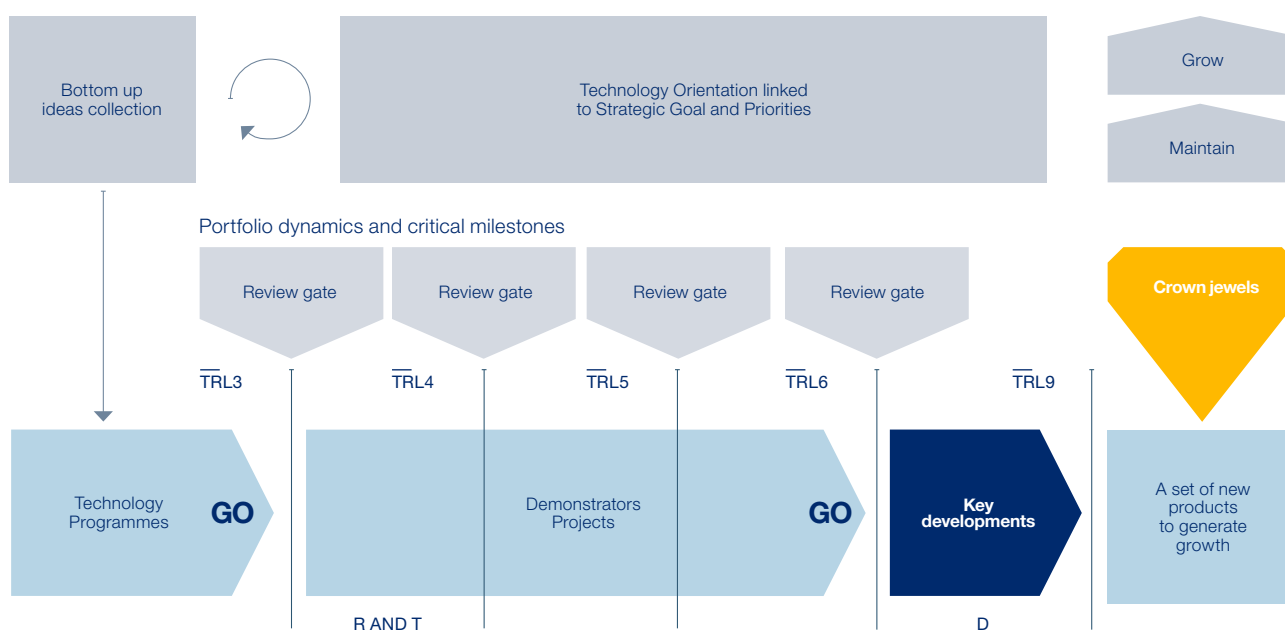
TECHNOLOGIES FOR GREATER AIRCRAFT AUTONOMY

Airbus Group Innovations (AGI) is working jointly with the Divisions to develop technologies that will increase aircraft autonomy and automation. For example, Airbus Helicopters unveiled its Optionally Piloted Vehicle demonstrator in 2013, which could provide the underlying technology for unmanned helicopter missions in difficult environments such as disaster or war zones. AGI has agreed technology roadmaps with the Divisions that tie in with product roadmaps, in anticipation of a future when many more aircraft will not have pilots. Apart from dangerous missions, it is likely that freight aircraft may not have pilots, although passenger aircraft are likely to continue to be manned, in part to give reassurance.

MANUFACTURING

The Group is also committed to developing innovative solutions to enhance manufacturing processes and quality. A 3D imaging tool, named MiRA (mixed reality application), developed for fitting brackets with the aid of hand held devices, has been adopted within space and helicopter manufacturing operations. Airbus has successfully used MiRA since 2012.

INNOVATION TECHNOLOGY READINESS PROCESS



TRL: Technology Readiness Level

SUSTAINABLE MOBILITY

Airbus Group is playing a leading role in developing and integrating the new aircraft technologies that will allow commercial aviation to grow without increasing emissions. In doing so, it supports its own profitable growth, as well as its customers'.

The Group supports European Commission and aviation industry targets to stabilise and then reduce greenhouse gas emissions. The aviation industry as a whole is committed to Air Transport Action Group (ATAG) commitments for carbon neutral growth. These commitments are:

- 1 — 1.5 percent a year improvement in fuel efficiency to 2020
- 2 — Stabilise emissions from 2020 with carbon neutral growth
- 3 — 50 percent reduction in CO₂ emissions (from 2005 levels) by 2050.

The industry is already achieving its short-term fuel efficiency commitments and is firmly on track to meet its longer term goals. The European Commission has a complementary set of technology targets, called Flightpath 2050, which provides a framework for Airbus Group and other European aviation industry participants to develop supporting technologies. Under the umbrella of the Advisory Council for Aviation Research and Innovation in Europe (ACARE), the Group is participating in the Clean Sky Joint Technology Initiative, which aims to develop aircraft technologies that will show by 2020 how the Flightpath 2050 targets can be achieved. The targets are as follows:

- 1 — 75 percent CO₂ emissions reduction per passenger kilometre;
- 2 — 90 percent NO_x emissions reduction;
- 3 — 65 percent noise reduction.

LEVERS FOR ECO-EFFICIENCY

Airbus Group is working to meet these goals through improvements to aircraft design, better aviation infrastructure and operations, and sustainable fuels.

Aircraft design improvements

Airbus' new generation of aircraft – the A380 and soon to enter service A350XWB and A320 neo (new engine option) – is already helping to decouple the growth of aviation from greenhouse gas emissions. The 122 A380 aircraft in service at the end of 2013 burned 20 percent less fuel per seat than their nearest competitor. The A350XWB, scheduled to enter service in late 2014, will reduce fuel burn by 25 percent against its nearest competitor. Finally, the A320 neo, which is due to enter service at the end of 2015, is 15 percent more fuel efficient than the current A320. There were 876 gross orders for the A320 neo at the end of 2013.

Infrastructure and operations

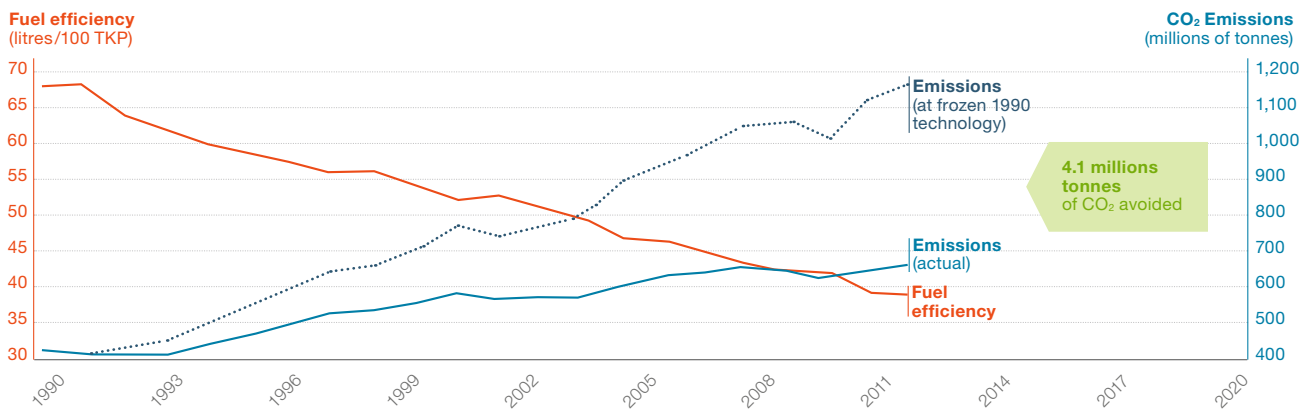
Improved Air Traffic Management (ATM) promises significant improvements in eco-efficiency. The Group is helping to develop ATM programmes such as "Single European Sky ATM Research" (SESAR) in Europe, and NextGen in the US. Airbus ProSky, which supplies ATM performance improvement solutions, was awarded a contract in 2013 to study cost effective ways of reducing fuel consumption in the Asia-Pacific region.

Sustainable fuels

Airbus Group is pioneering the development of sustainable fuels, made from biomass feedstock that through their total lifecycle produce lower CO₂ emissions than conventional fossil fuels. The Group has acted as an agent of change, helping to put together value chains across the world alongside numerous sustainable fuel research projects. These value chains will foster industrialisation of sustainable fuels in sufficient quantities for commercial use. Furthermore, Airbus Group Innovations is conducting research into these fuels, partnering with several universities, and in 2013 set up a new research centre at Ottobrunn, near Munich.

STABILISING CO₂ EMISSIONS

CO₂ from commercial airline fuel burn, emissions and efficiency



CURRENT INNOVATION

Existing technologies and leading-edge operational practices already have the potential to reduce CO₂ emissions and noise significantly.

Airbus has demonstrated this by flying several 'perfect flights' with airlines. In 2013, Airbus and Air Canada won Air Transport World's Eco-partnership award for North America's first 'perfect flight', following an A319 commercial flight from Toronto to Mexico in June 2012. The flight achieved a 40 percent reduction in CO₂ emissions, by bringing together modern air traffic management and operations, weight-saving fittings and sustainable fuels.

PRODUCT IMPROVEMENTS

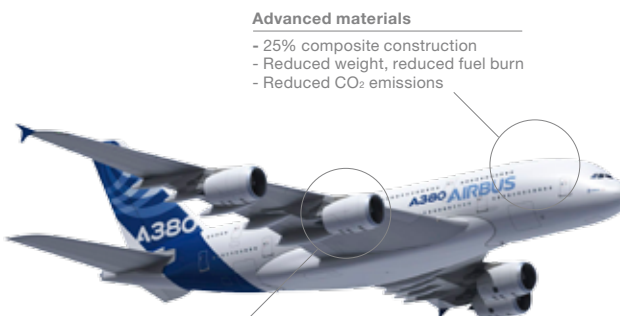
Airbus product improvements will create further eco-efficiency in the next years as they come onstream. The new-generation A380, A350 XWB and A320 neo fleets make use of light composite materials, more efficient engines and aerodynamic wing tips to achieve significant advances in fuel efficiency and environmental efficiency. Airbus Group is now shifting the focus of its research to make incremental improvements to these aircraft and the rest of its aircraft and helicopter range. And to boost their time to market, Airbus has recently created a dedicated organisation tasked with targeting high value innovations and bringing them rapidly to its customers, from technologies to services. Such innovations will lead to further eco-efficiency gains until well into the next decade. For aircraft, new wing tip devices, known as Sharklets, will cut fuel burn by up to 4 percent. Airbus has been fitting Sharklets as an option on new A320s since 2012, and A320 neos have them as standard. In 2013, Airbus announced that airlines would be able to retrofit Sharklets to existing aircraft from 2015. In 2013, the first members of the A320 Family with Sharklets were

delivered. The A320neo employs a new engine and wing tip devices to deliver significant reduction in fuel burn and emissions.

INFRASTRUCTURE AND OPERATIONS

Enhanced aviation infrastructure and operations can make even more eco-efficiency improvements. More efficient air traffic management (ATM) has the potential to save 8 percent on aviation fuel, according to the International Civil Aviation Organisation (ICAO). Airbus Group is playing an important role in ATM programmes such as "Single European Sky ATM Research" (SESAR) in Europe, and NextGen in the US. The SESAR Joint Undertaking aims to increase the European air traffic capacity threefold while significantly improving safety. SESAR and its partners are working to achieve the highest operational efficiencies with more direct routings, resulting in 10 percent less aircraft fuel consumption and significant reductions in CO₂ emissions and noise by 2020. A key research project within SESAR is the I-4D system, led by Airbus. 4D trajectory management (with time as the fourth dimension) is at the core of this ATM research programme and will provide benefits for passengers, airlines and the environment. Airbus ProSky, Airbus' ATM subsidiary, develops and supports modern ATM systems across the globe. Working closely with Air Navigation Service Providers (ANSPs), aircraft operators and airport authorities, Airbus ProSky provides ATM solutions that maximise efficiency, capacity and environmental benefits. In 2013, Airbus ProSky made progress towards helping to modernise ATM systems in Asia, the world's fastest growing region for air travel. A memorandum of understanding (MoU) signed in the year with China's Air Traffic Management Bureau focuses on improving air transportation, capacity and efficiency, while contributing to

A380



Advanced materials

- 25% composite construction
- Reduced weight, reduced fuel burn
- Reduced CO₂ emissions

Latest generation engine technology

- Zero-splice inlet technology for engine nacelles
- Reduced fan noise
- 17dB margin to ICAO Chapter 4 standards

A350XWB



Advanced materials

- 4-panel intelligent structural concept
- Reduced weight, reduced fuel burn
- Reducing CO₂ emissions

Avionics enabling eco-efficient operations

- Reduced noise & emissions

Advanced high speed aerodynamics

- Reduced fuel burn & CO₂ emissions

Latest generation engine technology

- Lowest SFC & CO₂ emissions
- Reduced NOx & HC smoke emissions

a sustainable future. Airbus ProSky also revealed plans to open an office in Singapore in 2014, following on from a 2012 agreement with the Civil Aviation Authority of Singapore to study cost-effective ways of reducing fuel consumption in the Asia-Pacific region. Another emerging contributor to lower emissions is e-taxiing. In order to reduce fuel and CO₂ emissions on the ground, Airbus signed a MoU with two partners to develop an electric taxiing solution, known as eTaxi, for the A320 Family. The eTaxi would be an option for airline customers. Its projected fuel and CO₂ emissions savings are approximately 4 percent.

SUSTAINABLE FUELS

The Group is pioneering the development of sustainable fuels, made from biomass feedstock that through their lifecycle emit less CO₂ than conventional fossil fuels. The Group has been working with a broad range of partners – universities, farmers, airlines, refineries and standard-setting organisations – to act as an agent of change, helping to develop value chains that produce 'drop-in' sustainable fuels that today's aircraft can burn without modification. Airbus aims to be a catalyst, sparking the search for production of affordable sustainable fuels, in sufficient commercial quantities to help the aviation industry reach its goals for minimising greenhouse gas emissions.

Airbus currently has development partnerships in place in Romania, Spain, Qatar, Brazil, Australia and China. In 2013, Airbus formed new agreements to research the development and commercialisation of sustainable fuels for aviation in countries such as Canada, Malaysia and Russia. It also supports commercial airlines' sustainable fuel trials, and is co-leading the ITAKA project with the EU to prepare a feasibility study and roadmap that will contribute to the Flightpath 2020 objective

of providing two million tonnes annual production of sustainable aviation fuel by 2020. Through Airbus' involvement in flights and its technical support, 50/50 blend sustainable fuels are now certified for commercial flights (turned from sustainable feedstock into jet fuel using Fischer-Tropsch and Hydro-processed Esters and Fatty Acids (HEFA) processes). Over 1,500 commercial flights have now been flown with sustainable fuels worldwide.

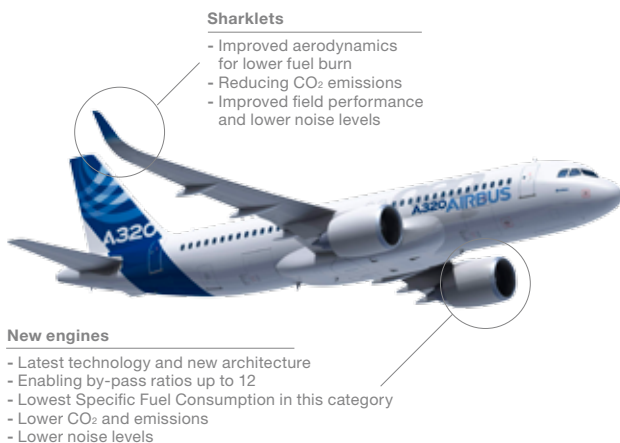
FUTURE INNOVATION

Achieving Flightpath 2050's goals for reducing greenhouse gas emissions requires the pioneering of unconventional aircraft and propulsion system concepts.

LAMINAR WINGS AND FUTURE ROTORCRAFT

At an early stage of its development, the BLADE laminar wing has the potential to reduce fuel burn and greenhouse gas emissions by up to 6 percent, more than any other single technology. The project is part of the EU Clean Sky initiative, and is one of the main 'Smart Fixed-Wing Aircraft' integrated technology demonstrators (ITDs). Airbus – along with Saab Group, Dassault and the Fraunhofer research institute – is working on a laminar flow wing demonstrator. This should lead to a next-generation production wing by the middle of the next decade. Airbus Helicopters is also contributing to Clean Sky, as co-leader of the 'Rotorcraft' ITD, which aims to develop technologies that help to meet the Flightpath 2050 targets for noise and emissions. In 2013, the Division demonstrated a new flight guidance concept for quieter landing procedures, developed during Clean Sky.

A320 NEO FAMILY



PROPULSION FOR SPACE

Airbus Defence and Space has agreed with ECAPS, a company of the Swedish Space Corporation Group (SSC), to jointly develop a 'green' propulsion system for satellites and satellite launchers. ECAPS High Performance Green Propellant (HPGP) technology, which utilises an Ammonium Dinitramide (ADN) based monopropellant, is environmentally benign and significantly easier for both transport and handling than the traditionally used hydrazine monopropellant. These favourable characteristics provide increased flexibility for spacecraft manufacturers whose mission concepts require the ability to launch from various sites around the world. In addition, HPGP has demonstrated higher on-orbit performance than traditional hydrazine systems.

E-AIRCRAFT

In the past few years, the Group has devoted considerable energy to electric propulsion. Working with research partners ranging from universities to engine manufacturers, it is looking into how engine technology, systems architecture and engine/airframe integration could make propulsion radically more efficient. New technologies are evolving fast in energy storage and conversion, electrical motors, novel combustion cycles and ultra-high bypass ratio configurations. All of these developments are advancing the development of hybrid electric/thermodynamic and fully electric systems.

E-Fan

The development of small e-aircraft is progressing fast. In 2010, the Group and its development partner flew the first electric aerobatic plane, the single-seat Cri-Cri. Three years later, at 2013's Paris Air Show, Airbus Group Innovation (AGI) unveiled a demonstrator of the E-Fan, a two-seat electric training aircraft. It allows electrical taxiing on the ground without the main engines, and acceleration during take-off of up to 60 km/h. The Group intends to mature the aircraft for pilot training in four to five years, while also using it as a platform for understanding the potential of electric propulsion.

E-Star2

In addition to the E-Fan, the Group is demonstrating hybrid propulsion systems. One of them is in the Diamond Aircraft DA36 E-Star 2 motor glider, first introduced at the Paris Air Show 2011. Electricity is supplied by a small engine with a generator that functions solely as a power source. AGI prepared the battery packs, which are installed in the wings.

“Airbus Helicopters is also contributing to Clean Sky, as co-leader of the ‘Rotorcraft’ ITD, which aims to develop technologies that help to meet the Flightpath 2050 targets for noise and emissions.”

E-Thrust

The E-Thrust project is researching the potential of using ‘distributed propulsion’ to optimise propulsion system integration, so reducing an aircraft’s weight and drag. AGI is working with engine manufacturer Rolls-Royce within the Distributed Electrical Aerospace Propulsion (DEAP) project, co-funded by the UK’s Technology Strategy Board. E-Thrust has six electrically powered fans, which are distributed in clusters of three along the wing and housed with a common intake duct. An advanced gas power unit provides electrical power for the fans and for re-charging energy storage.

NEW-GENERATION HELICOPTERS

Airbus Helicopters is developing a new generation of helicopters, aiming to combine superior mission capability, safety, and reliability, with competitive cost and eco efficiency. Evolutions in airframe and vehicle technology, together with mature systems and functions, have made it possible to attain these goals. Modern engines, lightweight materials and aerodynamically performance-enhanced blade profiles all contribute, and significantly reduce CO₂ and NO_x emissions. A new generation of quiet Fenestron® anti-torque system greatly reduces noise levels and improves the acoustic ‘feel’ of the aircraft. Airbus Helicopters is also incorporating advanced noise reduction technologies, such as innovative blade shapes to reduce rotor Blade-Vortex Interaction (BVI) noise. Research has, for example, led to the development of the Blue Edge™ double-swept platform, which has demonstrated significant noise reduction on a demonstrator aircraft.



ECO-EFFICIENT MANUFACTURING

Airbus Group is making its manufacturing processes more eco-efficient, improving both industrial efficiency and environmental impacts. It has specific goals for improvement by 2020, which it is steadily moving towards thanks to numerous initiatives across industrial facilities.

The drive to improve eco-efficiency continued in 2013, with concrete progress across the Divisions and their industrial facilities. Its importance was confirmed by the Group's eight priorities for 2013, the first of which was: 'Shape our future, stay innovative'. In broad terms, the priority's goal was to maximise eco-efficiency while maximising added value and minimising Airbus Group's environmental footprint.

There is a structured approach to eco-efficiency, with an environmental policy and a Corporate Environmental Affairs department that coordinates the work of the Group's Environmental Network, as well as identifying trends, defining strategy and managing reporting.

Airbus Group's environmental policy both defines and directs the way in which the Group embeds eco-efficiency within product development, industrial operations and services. The Group's Environmental Network promotes cross-organisational sharing of good practices, supports cross-divisional activities, monitors achievements and identifies opportunities and risks.

GOALS FOR INDUSTRIAL OPERATIONS

Ambitious environmental goals for industrial operations have been in place for the past four years. These Group-wide targets, to be achieved by 2020, are as follows:

- 30 percent reduction in energy consumption
- 50 percent reduction in CO₂ emissions
- 20 percent of energy from renewable sources
- 50 percent reduction in waste production
- 50 percent reduction in water consumption
- 80 percent reduction in water discharge
- 50 percent reduction in volatile organic compound (VOC) emissions

These plans are driving step-changes in environmental efficiency, which are also improving cost efficiency.

IMPLEMENTATION

More than 90 Airbus Group sites operate on an Environmental Management System (EMS) certified ISO14001.

In 2013, Airbus successfully completed the ISO 14001 recertification process, for all its sites, products and services. Airbus Helicopters also gained certification for the first time for sites in Singapore, Canada and the United States. The EMS strives to create economic value by reducing environmental costs and impacts at each stage of product life, from design to operations to end-of-life. Additionally, the Group encourages a lifecycle approach to product and service development, viewing this as the most cost-efficient and practical way to reduce environmental impacts.

SHARING GOOD PRACTICES

A number of working groups share knowledge and good practices across the Group. The Design for Environment Working Group is introducing eco-design approaches to improve the environmental footprint of products across their life cycles. In 2014, it plans to launch pilot cases in the different Divisions to deploy methods developed by some Divisions across the Group (for example, Airbus' integration of environmental criteria in research and technology, and Airbus Helicopter's use of eco-efficiency assessments to develop manufacturing).

Additionally, there are groups specialising in chemical regulations and end-of-life product management. The Chemical Regulations Working Group primarily focuses on the European Union REACH regulation governing the replacement of hazardous chemicals. It prepared to update the Group's REACH policy in 2013, from 2014 onwards its also covers general other regulations targeting chemicals. The End-of-Life Working Group provides the Divisions with background information in terms of regulations, related operations and risks, in order to identify and to promote business opportunities or service offerings in this field.

REPORTING

Environmental reporting is embedded across the Group, measuring progress and complying with reporting obligations. Consolidated data has been externally audited since 2010. In 2013, some 13 environmental indicators were verified, covering topics such as energy consumption, CO₂ emissions, waste production and water consumption.

HIGHLIGHTED 2013 PROJECTS

Numerous projects were launched at site level recently to reduce the Group's environmental footprint by 2020. An 'Energy Award' competition was started to highlight the best of these projects in the energy domain, concluding in an awards ceremony in Toulouse in October. The projects highlighted in five categories were:

- 1 — Low carbon energy generation:** Airbus Toulouse and Astrium Les Mureaux have installed wood boilers on each site, with significant CO₂ savings. For example, the 12MW Toulouse boiler covers 60 percent of the Clement Ader district's heating needs, saving 12,000 tonnes of CO₂ each year.
- 2 — Innovation:** Airbus Toulouse has installed a solar heat pump that cools 'iron bird' hydraulic motors and cuts energy usage by pre-heating buildings' air intake in spring and autumn.
- 3 — Employee awareness:** Airbus Helicopters Marignane encouraged employees to reduce energy wastage by switching off power in manufacturing units whenever possible, especially at weekends.
- 4 — Energy efficiency in facility management:** Airbus Defence and Space Ulm earned ISO 50001 certification, identifying 60 measures over two years, reducing energy consumption by 20 percent, with a net saving of €700,000 per year.
- 5 — Energy efficiency in manufacturing and IT:** Airbus Defence and Space Toulouse and Airbus Helicopters Marignane were rewarded after working to improve the efficiency of their data centres.

BEST-IN-CLASS INDUSTRIAL PRACTICES

Best-in-class industrial practices and processes are being developed in specific facilities, which will then become benchmarks for the Group as a whole.

Industrial energy efficiency roadmap in Airbus

Lean approaches to energy and CO₂ reduction have already yielded benefits across Airbus. By focusing on manufacturing process improvement, the industrial energy efficiency roadmap has identified and implemented projects leading to energy and CO₂ savings in a previously untapped area with 25 percent

of the targeted savings already achieved. Examples range from straightforward behavioural and control activities eliminating energy use when processes are not adding value, through to more complex activities, such as energy recovery. Key to the success of the roadmap is a network across all manufacturing sites, involving a variety of manufacturing functions from engineering to maintenance and close collaboration with facility management. In order to keep up the industrial energy and CO₂ savings, other improvements will soon be achieved with the publication and deployment of internal standards for energy efficiency.

'Lean and Green'

Airbus Helicopters has introduced a new 'lean and green' methodology and applies it to Starflex rotor hub manufacturing. It has studied each stage of the manufacturing process in order to identify potential improvements in industrial efficiency (cost, time cycle) and environmental impacts (waste, energy, volatile organic compounds). The results are promising, with substantial savings in energy, time, waste and cost.

'Future Factory'

Airbus is starting an initiative to design the factory of the future, identifying different technologies to find new ways of producing and assembling components. Through greater automation, new production methods aim to ease the workload and reduce the risk of quality defects.

blue5

In line with Airbus Group's long-standing commitment to decreasing the impact of its production activities on the environment, Airbus is running its blue5 programme, which supports the implementation of reduction projects in the following areas: energy, CO₂, water, waste and volatile organic compounds.

At the end of 2013, the programme had already met some reduction objectives ahead of their 2020 target.

As Airbus believes that efficient aircraft needs an efficient production system, it will keep working to decrease the environmental footprint of its sites and improve the use of natural resources in production.

AIRBUS BLUE5 2013 RESULTS

The text below reports the environmental footprint reduction status, with some examples of projects that have been implemented on sites of Airbus*:

* Scope European Airbus sites-baseline 2006, iso-parameter, iso-revenues.

ENERGY CONSUMPTION

Evolution of energy consumption Airbus European sites

Energy consumption decreased by 35 percent

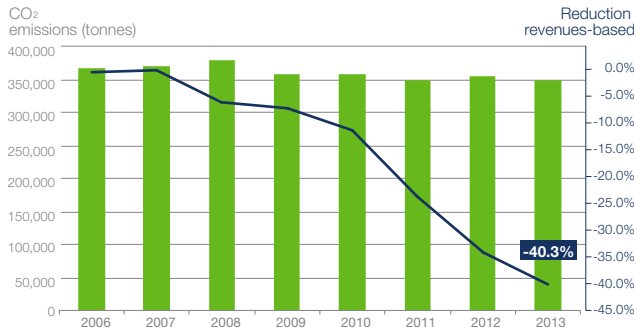


- Large project of lighting refurbishment with high-efficiency technologies, lighting control and graduation by sensors – between 50 percent and 70 percent less energy consumed. (various sites)
- Heat recovery on compressed air stations. (Broughton and Nantes sites)
- Pilot project of a solar cooling system, based on 80m² of solar panels to cool the industrial water network of the A350 XWB simulators and test benches. (Toulouse)

CO₂ EMISSIONS

Evolution of CO₂ emissions Airbus European sites

CO₂ emissions decreased by 40 percent

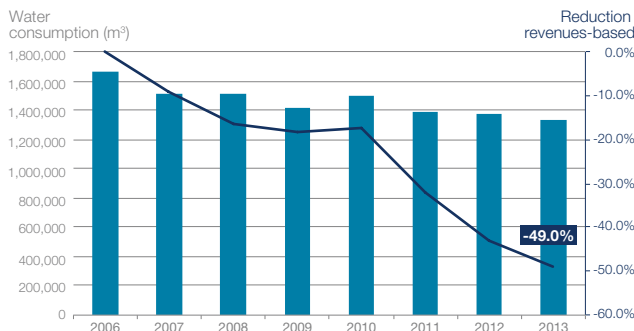


- Installation of a 12MW biomass boiler as a source of renewable energy. By burning woodchips sourced from nearby certified forests, the boiler provides enough low-carbon energy for the new A350 XWB Final Assembly Line. Key figures: 52,000MWh of energy produced and 12,000t of CO₂ emissions avoided every year. (Toulouse)
- Installation of five combined heat and power units on German sites between 2006 and 2013. 27,000t of CO₂ emissions avoided every year. (Germany)

WATER CONSUMPTION

Evolution of water consumption Airbus European sites

Water consumption* decreased by 49 percent



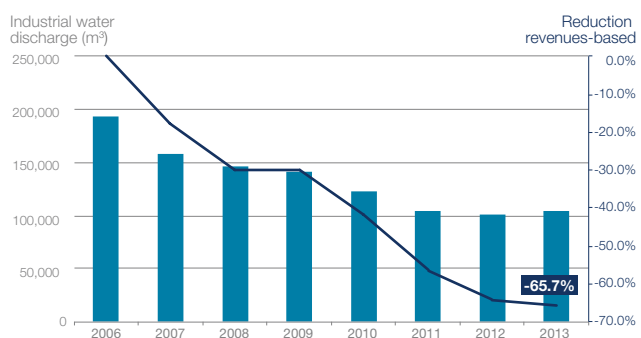
- Awareness campaign targeting employees on all 17 Airbus sites in Europe. Stands, animations and direct contact with employees to encourage them to make a difference. (All sites)
- Sanitary equipment replacement: Taps and showers optimised to reduce flow rates and timing. (Broughton)
- Installation of waterless urinals. Water savings ≈ 40m³/urinal per year, saving an overall 1,648m³. High saving potential so it will be expanded to other sites in the coming years. (Getafe and Bremen)

* blue5 scope: does not include the volume of water that goes back to the same natural environment without any external treatment

INDUSTRIAL WATER DISCHARGE

Evolution of industrial water discharge Airbus European sites

Industrial water discharges** decreased by 66 percent



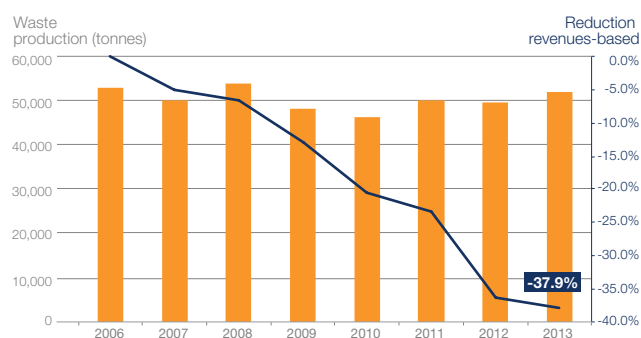
- Replacement of aero-refrigerant towers by adiabatic cooling towers with closed loops. Significantly contributed to decreasing industrial water discharge by 61 percent since 2006. (Toulouse)

** blue5 scope: includes water discharged from industrial processes and from pre-treatment plants, if existing.

WASTE PRODUCTION

Evolution of total waste production Airbus European sites

Total waste production decreased by 38 percent

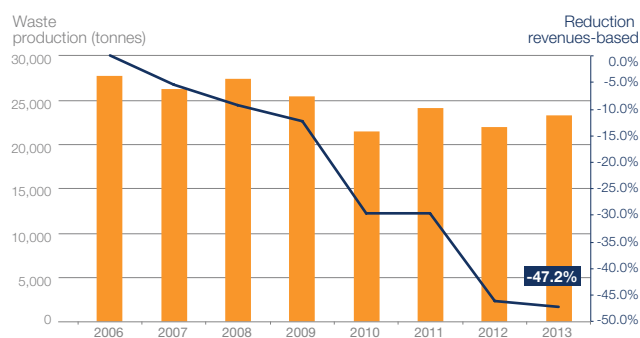


- Transparent bins introduced onto shop floor: the pilot led to a 30 percent increase in waste segregation. Will be implemented in other shop floor areas soon. (Broughton)

NON-RECYCLED WASTE PRODUCTION

Non-recycled waste production* Airbus European sites

Non-recycled waste production decreased by 47 percent



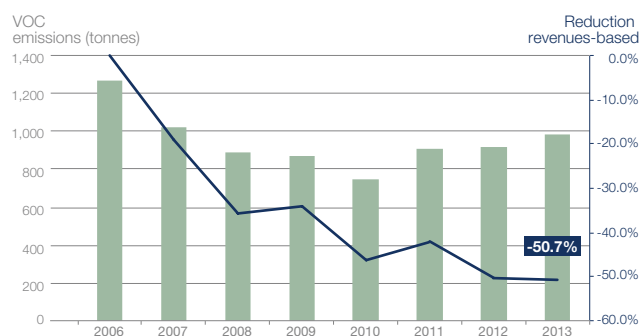
- Transnational campaigns to raise employee awareness about correct waste procedures and recycling.

* Total waste produced - amount of material recovery

VOLATILE ORGANIC COMPOUNDS EMISSIONS

Evolution of VOC emissions Airbus European sites

Volatile Organic Compounds emissions decreased by 51 percent



- Improvement in the proper and efficient use of cleaning products by means of awareness sessions to employees
- Substitution of high VOC content cleaning products

QUALITY MANAGEMENT

Airbus Group sells products which require the highest level of quality. The Quest initiative, launched in 2013, aims to make the quality of products, services and processes a competitive advantage.

Improving quality is an absolute priority for the Airbus Group and the CEO and Executive Committee decided in 2013 to launch an initiative to improve quality across the Group. Building on existing quality initiatives in the Divisions, Quest aims to harmonise the approach to improving quality, leveraging common best practices and embedding high standards in company culture.

As one of the world's biggest aerospace and defence companies, Airbus Group is trusted by airlines, governments and many thousands of private companies. They expect high-quality and reliable products that are delivered on time. At every point in design, manufacturing and assembly, Airbus Group ensures the highest quality standards.

The Quest initiative is essential for increasing customer satisfaction, striving for ever higher levels of reliability and performance, and building the strength of the Airbus Group brand. It was defined in 2013 by six working groups, mainly experts from the Divisions. The working groups were as follows:

- 1 — Philosophy and 'voice of the customer'
- 2 — Quality Management System and core tools
- 3 — Quality performance
- 4 — Competencies, training and organisation
- 5 — Mindsets and behaviours
- 6 — Supply chain management.

Each of these working groups has defined a variety of methods for improvement. These include: training, tools, communication and key performance indicators (KPIs). Best practice tools being used include those used for example for the A350 XWB development (known as 'stop-and-fix').

“Airlines, governments and many thousands of private companies, expect high-quality and reliable products that are delivered on time. At every point in design, manufacturing and assembly, Airbus Group ensures the highest quality standards.”

Also, for the first time, a single Airbus Group Quality Policy has been put together.

KPIs have been defined that will measure improvement in quality as the Quest initiative progresses. Amongst others, Customer Satisfaction, number of negative customer feedbacks, supplier rejection rates, Quality Gates passed in green or the cost of non-quality are used as a KPI and are showing that even before the start of this initiative quality standards have been increasing.

Under the Quest initiative, the set of KPIs, many of which already exist, others still outstanding, will be implemented and monitored under a Quality Performance Management System. Furthermore, Quest aims at developing a culture of "first-time right", looking for prevention rather than correction, addressing also competency development and relevant trainings.

OUR QUALITY STRATEGY

CUSTOMER	- Listen, respect and commit to the Voice of the Customer	
PEOPLE	- Build quality mindset and capabilities - Keep things short and simple - Be fact-oriented and customer focused	- Share best practices and lessons learnt - Embed leadership, commitment and empowerment - Foster mutual trust along the value chain
PROCESS	- Build quality throughout our processes - Ensure detailed and timely planning	- Prevention and process control - Continuously improve
SUPPLIERS	- Our suppliers will be an extension of our quality strategy	

PROVIDING SECURITY, STABILITY AND EARTH MONITORING

Airbus Group is a trusted partner to governments, providing defence and space products and services that help to preserve stability. The portfolio of defence and space technologies has wider applications, for example playing a growing role in monitoring climate change. As time passes, both governments and private companies are likely to have greater need for these wider applications.

The Group's products and services play an important role in safeguarding the security of European countries, their NATO allies and other states not regarded as 'sensitive countries'. Both Airbus Defence and Space, and Airbus Helicopters develop products and services that help to maintain stability in the nation states where they are deployed.

Notably, Airbus Defence and Space is a partner in the Eurofighter programme, which delivered its 400th Typhoon in December 2013. The Typhoon secures the airspace of six nations – Germany, Italy, Spain, the UK, Austria and Saudi Arabia. In 2013, it received a major upgrade of its air-to-ground weapon systems, and development of the new E-Scan electronic radar reached its final stages, ahead of integration into industrial production in 2014. The Group is one of the main providers of European Union defence and security capabilities. Apart from the Typhoon, its products include MBDA missiles, the A400M troop transport, A330 MRTT air-to air refuelling tanker, NH90 military helicopter, satellite secure military communications and border security systems.

COMPLIANCE WITH OTTAWA TREATY AND OSLO CONVENTION

Recent international conventions proscribe anti-personnel landmines (Ottawa Treaty) and certain munitions ("cluster munitions", as defined in the Convention on Cluster Munitions, "Oslo Convention"). Airbus Group conducts its business in full compliance with all applicable laws and regulations. In this respect, Airbus Group complies with the regulations of its home countries that have adopted the provisions of both the Ottawa Treaty and the Oslo Convention. Airbus Group wishes to underline that neither it, nor any of its subsidiaries, is involved in the production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of anti-personnel landmines or cluster munitions targeted by the Oslo Convention. Since Airbus Group is always consistent with the highest industry standards, it is committed to respect and implement the Ottawa Treaty and the Oslo Convention throughout the Group.

FRENCH DETERRENCE-RELATED ACTIVITIES

Airbus Group is a trusted partner that equips the French deterrence force through the French parts of some of its Business Units. Airbus Defence and Space is the exclusive supplier of ballistic missiles to the French state, its sole customer in this area. It is responsible for the development, manufacturing and maintenance of the M45 and M51 submarine-launched missiles and related system, but not for the production of the nuclear warhead. Additionally, the business unit conducts ongoing maintenance work to ensure system readiness over the equipment's life. MBDA supports the second pillar of French nuclear deterrence, the ASMPA air-to-ground missile—once again, it is not involved in warhead production. Production of this missile has ended and last missiles have been delivered to the French Air Force. No future production of the current ASMPA missile is expected. As part of the contract, MBDA is supporting this weapon system (vector only, not the warhead). A mid-life update is expected in 2020. The commissions of both chambers of France's Parliament regularly examine these programs, publishing detailed reports.

GREATER SYNERGIES AND SIMPLICITY

Following the formation of Airbus Defence and Space, in January 2014, the new Division's synergies will lead to greater efficiency, and a simpler service for the customer. Previously, Airbus Military, Astrium and Cassidian had joined forces to provide a number of key products. For example, the A400M Military Mission Management system was previously built by 150 engineers from across Airbus Military and Cassidian. Similarly, Astrium had built satellites and Cassidian satellite ground stations. The new Airbus Defence and Space Division will eliminate product and resource overlaps, create synergies in operations and product portfolios, and better focus research and development efforts.

INNOVATION FOR EMERGING THREATS

New technologies are being introduced to help customers meet new security threats. Highly versatile and sensitive electronic scan radar technology (AESA) is being developed for a range of purposes. In addition to its application on the Typhoon, this AESA technology allows detection of even a single person. It can be used to protect industrial or military installations, and can even spot a swimmer in the water.

The Group's pioneering work on Unmanned Aerial Systems was demonstrated in 2013, when systems developed by Airbus Defence and Space played key roles in the first large-scale demonstration of technologies to address the growing crisis of economic migration and smuggling on Europe's maritime borders. In an exercise linked to Europe's Perseus maritime border control programme, an Airbus CN235 aircraft equipped with the FITS Fully Integrated Tactical System and an Atlante Unmanned Aerial System flew over the Mediterranean, detecting and tracking simulated and real suspicious boats. The results of the operation helped to pave the way for a multi-national system to address the human misery and social costs of illegal migration and criminal maritime activity.

In the area of cyber security, the Group is making acquisitions to enhance its technology base for protecting governments, critical national infrastructures and industries. In 2013, it acquired Arkoon Network Security, a pioneer in protecting IT infrastructure, following its acquisition of Netasq in November 2012.

WIDER USES OF TECHNOLOGIES

The Group's extensive portfolio of technologies has a growing range of applications for monitoring the environment and climate change.

MONITORING THE ENVIRONMENT

Satellite technology is monitoring changes in the environment, giving governments and other agencies greater understanding. Airbus Defence and Space is a key partner for the European Space Agency, building satellites for its environmental monitoring activities, including the Copernicus Earth observation programme. Copernicus's series of Sentinel satellites, set for launch from 2014 onwards, will improve management of the environment, as well as understanding and mitigation of climate change, and ensure civil security. In addition, Airbus Defence and Space is prime contractor for the Aeolus wind monitoring satellite that conducts atmospheric modelling, benefiting climate research.

The Division is pioneering services that quantify the greenhouse gas emissions of cities and countries in close to real time. This allows governments, cities and local authorities to measure the effectiveness of their emission reduction policies.

The project is profiled on the UN Climate and Energy Action Hub, an online UN platform that allows businesses supporting UN goals to seek partners. It has already begun emissions mapping in Paris and Rotterdam, following testing in London.

Enhanced imagery from Airbus Defence and Space's constellation

COPERNICUS AND ITS FIVE SENTINELS

Observing our planet for a safer world. The European Earth Observation Programme.



Known as **GMES** until 2012 - Global Monitoring for Environment and Security



30 Public and Private missions are also contributing data



16 years of development and testing



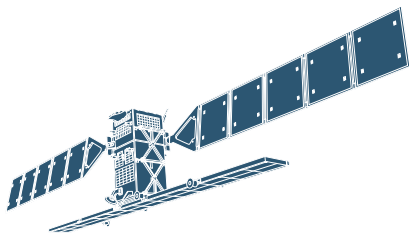
Five Sentinel-Missions at the heart of the space component



Civil Security. Allowing early warning and crisis prevention in conflict and disaster areas

SENTINEL-1A/1B

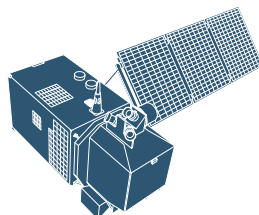
- All-weather, day-and-night radar imaging satellite for land and ocean services
- Able to "see" through clouds and rain
- Data delivery within 1 hour of acquisition
- Airbus Defence and Space developed C-band radar instrument



2014: Sentinel-1A
2015: Sentinel-1B

SENTINEL-2A/2B

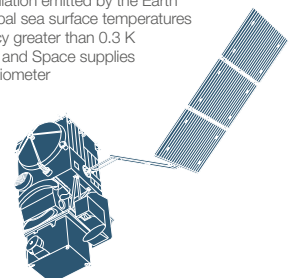
- Medium Res Multispectral optical satellite for observation of land, vegetation and water
- 13 spectral bands with 10, 20 or 60 m resolution and 290 km swath width
- Global coverage of the Earth's land surface every 5 days
- Airbus Defence and Space prime contractor for satellites and instruments



2014: Sentinel-2A
2015: Sentinel-2B

SENTINEL-3A/3B

- Measures sea-surface topography with a resolution of 300 m, sea and land surface temperature and colour with a resolution of 1 km
- Measures water vapour, cloud water content and thermal radiation emitted by the Earth
- Determines global sea surface temperatures with an accuracy greater than 0.3 K
- Airbus Defence and Space supplies Microwave Radiometer



2014: Sentinel-3A
2015: Sentinel-3B



HIGH-ALTITUDE PSEUDO-SATELLITES ENTER THE STRATOSPHERE

The High-Altitude Pseudo-Satellite (HAPS) technology demonstrator will be one of the new Airbus Defence and Space Division's first technology breakthroughs. In August 2013, this new type of hybrid aircraft flew in the stratosphere over Arizona's Yuma desert. Bringing together Airbus Group's UAS and satellite technologies, the HAPS flew way above air traffic, weather systems and jet streams, observing the Earth below. Powered by solar energy, it can stay aloft for longer than a UAS and, unlike a satellite, remains over a local area. Currently in development, the HAPS is especially attractive as an observation platform for border security, cartographic institutions, energy providers and climate research institutions.

of both optical and radar satellites is helping to monitor deforestation and manage agricultural land use with higher image resolution than ever before. SPOT 7 will join its twin, SPOT 6, and the Pléiades constellation in 2014 in a phased orbit and will be used by UN REDD (Reducing Emissions from Deforestation and Forest Degradation) projects in major forest zones such as the Congo Basin and Indonesia. These projects aim to protect

standing forest by providing a means to monetise their value, which they do by trading avoided emissions on voluntary carbon markets. In the agriculture sector, SPOT satellites contribute to sustainable practices by helping farmers to make the right decisions regarding irrigation and the optimal use of pesticides and fertilisers. This service is particularly valuable for planning, risk management and land use purposes.

Copernicus provides geo-information products and services based on satellite imagery.



Emergency Management.
Accurate and timely data for emergency plans and rescue for disaster management



Land Surface Monitoring.
Geographical information on land cover, related variables and urban development



Marine Environmental Monitoring.
Observations and forecasts on the state of the physical oceans and regional seas



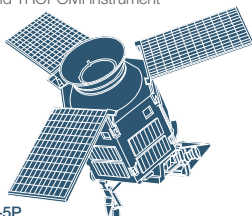
Climate Change Monitoring.
Helps to understand the reason for climate change, rising sea levels and melting ice caps



Earth Atmosphere Monitoring.
Daily information on the global atmospheric composition and when Sentinel-4 is in service this will be hourly

SENTINEL-5P

- Global observation of key atmospheric constituents, including ozone, nitrogen dioxide, sulphur dioxide and other environmental pollutants
- Improves climate models and weather forecasts
- Provides data continuously during five-year gap between the retirement of Envisat and the launch of Sentinel-5
- Airbus Defence and Space prime contractor for satellite and TROPOMI instrument



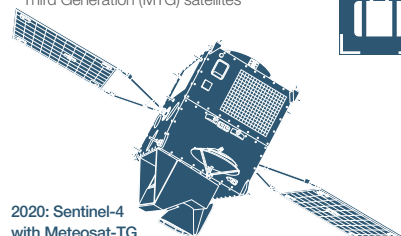
2015: Sentinel-5P

SENTINEL-4

- Provides hourly updates on air quality with data on atmospheric aerosol and traces gas concentrations
- Spatial sampling is 8 km and spectral resolution between 0.12 nm and 0.5 nm
- Airbus Defence and Space prime contractor for spectrometer



– Carried aboard EUMETSAT's Meteosat Third Generation (MTG) satellites



2020: Sentinel-4 with Meteosat-TG

SENTINEL-5

- Measures air quality and solar radiation, monitors stratospheric ozone and the climate
- Global coverage of Earth's atmosphere with an unprecedented spatial resolution
- Airbus Defence and Space prime contractor for instrument



– Carried aboard EUMETSAT's MetOp Second Generation satellites



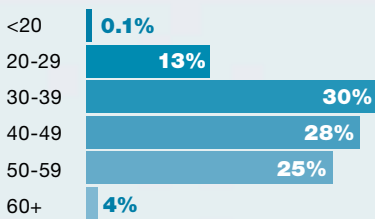
2020: Sentinel-5 with MetOp-SG

DEVELOPING AND ENGAGING PEOPLE

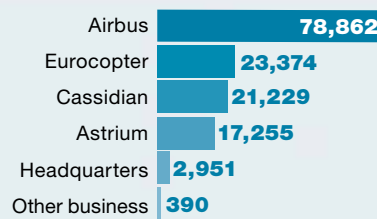
Aerospace and defence is an industry with exceptionally long product cycles, where specific types of skills, such as some forms of engineering and project management, are expected to be in short supply.

Consequently, Airbus Group takes a strategic approach to its highly-skilled workforce, identifying the competencies it will need for future programmes and planning recruitment, training and career development accordingly. In this way, HR supports the Group's performance, which in turn improves its ability to provide high-value jobs.

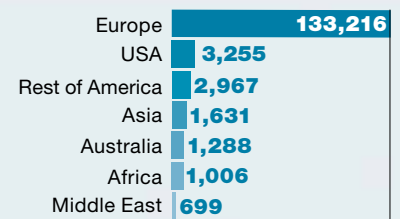
ACTIVE WORKFORCE BY AGE



ACTIVE WORKFORCE BY DIVISION



ACTIVE WORKFORCE BY REGION



EMPLOYEE

3%
Turnover rate

3.5%
Part-time proportion

WOMEN

17%
In active workforce

9.6%
In management positions

TRAINING

3.9mn
Total training hours in 2013

1.66
Average number of training sessions per employee

3%
Of salary costs
Total amount spent on training



STRATEGY

The Group Human Resources (HR) function's mission is to ensure that the company can attract, develop and retain a world-class, competent, motivated and flexible workforce. HR takes a strategic approach to making the company a global employer of choice, and an inclusive and engaging place to work for all employees, while planning the competencies it will need many years in advance. It has created a number of tools and tactics for developing the workforce, at a time of growing competition for the skills it needs. HR teams act as change agents supporting the business through the transformation and restructuring. Additionally, HR has been restructuring and streamlining its own organisation, reflecting the changes in the wider Group.

Airbus Group has become one of Europe's largest employers of skilled people – from engineers, to technicians, to managers – and has a growing presence in important international markets such as the United States, Middle East and Asia Pacific. At the end of 2013, it employed 144,061 people, after having recruited a further 8,823 employees worldwide, of which 5,000 were in the core Divisions (11,080 recruits in 2012).

The increase in active workforce was mainly driven by ramp up of activities, in particular related to Airbus's aircraft programmes such as the A350 XWB and the A320 neo, which employed the majority of the new recruits. HR has a long-term approach to strategy, reflecting the Group's vision.

HR works to enable a fully effective and optimised Airbus Group with people fully engaged and working together in one global company change culture. It delivers and develops talented and engaged people all over the world, working together effectively to innovate and deliver the best in aviation.

In order to achieve its goals, HR is concentrating on three issues:

- 1** – The development of competencies in the existing workforce, and planning of future competency requirements
- 2** – The internationalisation of HR to reflect the Group strategy, and the development of a global mindset and multi-cultural company in which diversity is a lever for performance at all levels
- 3** – The development of the HR organisation, its processes and tools.

PLANNING, RECRUITING AND DEVELOPING

HR plans many years in advance to build the right balance of competencies to support new products and programmes. It secures the skills it needs through targeted recruitment and development of existing employees.

Employees are overseen by their managers and dedicated HR Business Partners, who help them to develop to their full potential through training, mentoring, coaching and on the job development. In this way, individuals receive assistance both to achieve their career ambitions and to perform their jobs.

The Group's exceptionally low staff turnover ensures it does not lose key skills. Just 3.0 percent of employees left in 2013.

TOOLS FOR SUCCESS

In order to implement its strategy, HR is continuously reviewing policies and tools. In broad terms, it invests in being a leading employer brand, so it can attract the top talent; in engaging its workforce, to get the best from them; and training people, to develop their full potential.

HR measures its success in achieving its objectives in these areas, through key performance indicators (KPIs) every month. These KPIs cover key topics such as mobility, training, talent and recruitment.

GROWING A PERFORMANCE CULTURE

The Group uses variable remuneration packages to foster a performance culture. At the leadership level, strong performance can account for up to 50 percent of remuneration. While the primary metrics are financial, behavioural objectives account for at least 20 percent of variable pay.

The Group is extending variable pay down to middle management. In 2013, a total of €350 million was spent on variable pay.

HR REORGANISATION

In 2013, HR embarked on a new phase in its reorganisation, to further optimise ways of working through reinforced collaboration and integration across the HR function, further internationalisation of the HR function and standardisation around the world, as well as optimised shared services with a high quality of delivery. The new organisation will have a lean corporate HR at headquarters designing strategy, six integrated centres of competencies defining Group policies and associated processes, as well as advising the business and HR. One HR Business Support and Operations organisation will deliver operational activities, and HR Business Partners will remain the primary focal points for the business.

COMPETENCY MANAGEMENT

Airbus Group identifies the workforce competencies it will need to deliver planned products and services long in advance. It then recruits people with the skills it needs and helps existing employees to develop their capabilities accordingly.

Aerospace and defence is an industry with exceptionally long product cycles, where specific types of skills, such as some forms of engineering and project management, are expected to be in short supply. Consequently, the Group identifies the strategic competencies it will need for future programmes, planning recruitment and career development accordingly.

A GROUP-WIDE SOLUTION

Competency management translates business strategy into a forecast for skills requirements. The Group develops the skills and know-how of employees, both for their individual benefit and for the Group's collective success.

Employee Competency Management (ECM) is a Group-wide solution, with common processes and tools. It manages individual and collective competencies from a qualitative and quantitative point of view. ECM supports Airbus Group's long-term strategy in the following ways:

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

“Competency management translates business strategy into a forecast for skills requirements, which HR then acts on.”

A large percentage of the workforce are engineers. The majority are qualified general engineers, with aerospace engineers the second most common type of employee.

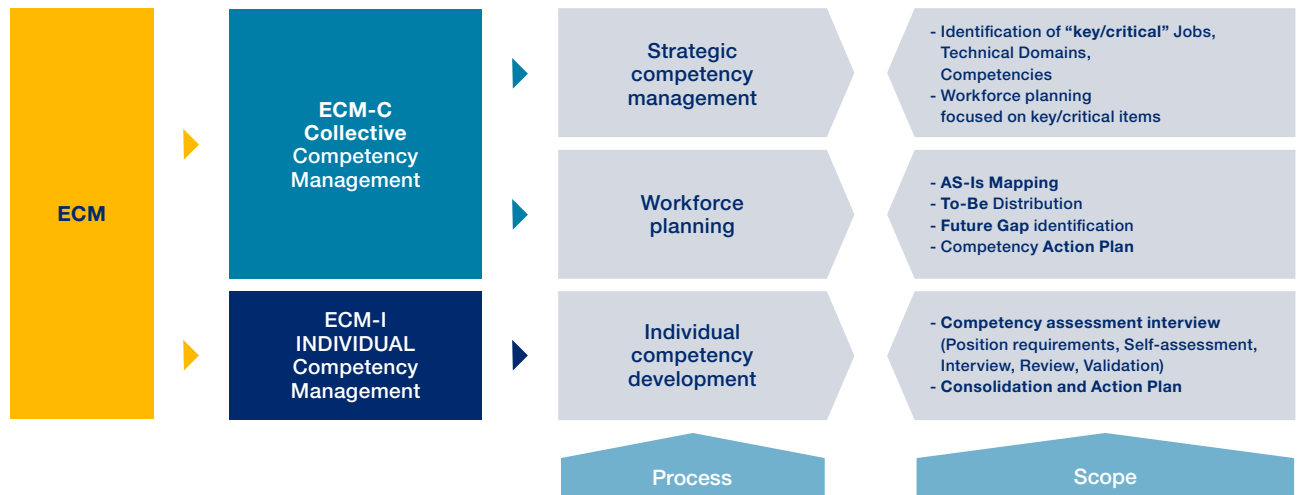
The Competency Management Framework identifies 82 mid- and long-term competency needs across four areas:

- 1 — Technical engineering disciplines
- 2 — Generic engineering disciplines / Systems engineering and technical management
- 3 — Transversal disciplines
- 4 — Management, leadership and soft skills.

Airbus Group monitors its competency base, tracking employee skills/education as well as job families. The largest job family is manufacturing, assembly integration and testing (30 percent of total staff), followed by engineering (24 percent), with company governance accounting for 9 percent. *(See graphic below.)*

VISION

combine the building blocks into an integrated competency management framework for anticipating short, mid and long term resource and competency needs



Competency needs translate both into training internally and recruiting externally. When recruiting externally, especially for programmes such as the A350 XWB, competency management is crucial for ensuring that the right competencies are available at the moment required. For example, the majority of staff (70 percent) for the A350 final assembly line was sourced internally. Airbus spent six months recruiting the remaining 30 percent, and then spent three to four months' training each recruit to bring them up to the right quality standard.

CORE COMPETENCIES

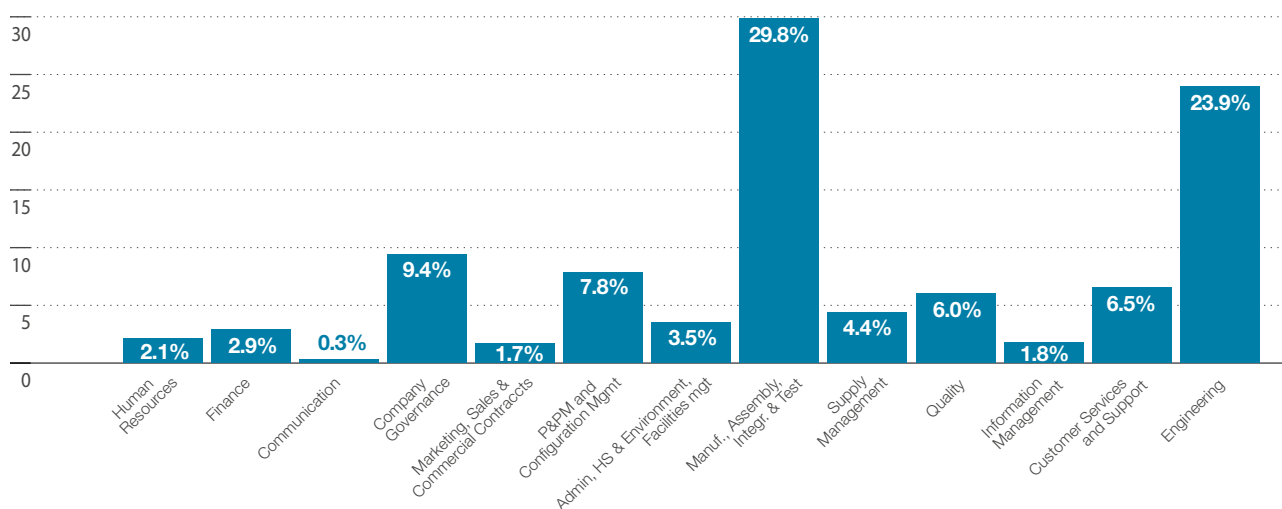
Airbus Group defines the core competencies it needs in order to fulfil its strategy for developing products and services. The list constantly evolves in line with the changing strategy. For example, in 2013 competencies associated with 'quality' and cyber security were added to the list. HR compares mapped employee competencies against the Group's forecast requirements in the short, medium and long terms. Action plans have been developed to secure the strategic competencies needed, especially over the long term. These plans include: recruitment, career development, training, mobility between Divisions and knowledge management.

DEVELOPING EMPLOYEE POTENTIAL

The Group actively seeks to make sure its employees develop to their full potential, helping it to develop the competencies it needs. In the Annual HR Cycle – which consists of two interviews a year – HR actively seeks out individuals with the aspiration, ability and engagement to perform roles of critical responsibility. These individuals are encouraged to take responsibility for their own development, actively supported by their managers and HR. The managers encourage these individuals to stretch themselves – both within their jobs and through training. HR proposes career development activities. The individuals themselves must demonstrate their ability to grow, learn and seek feedback.

CORE BUSINESS COMPETENCY FAMILIES AT AIRBUS GROUP

Split by percentage



TRAINING AND DEVELOPMENT

Airbus Group has a strong commitment to the development of its employees. It offers training, mentoring, coaching and on-the-job development to build key competencies in technical skills, leadership and soft skills and languages, so fostering employee engagement.

Approximately 3 percent of salary costs are spent on training each year, with at least 30 percent of this committed to the top ten core competencies for each Division. In total, employees received more than 3.9 million hours of training in 2013, with an increase in blended learning, mixing classroom, individual and e-learning.

DEVELOPING CAREERS

Training plays an important part in career development. The Annual HR Cycle provides the opportunity for employees to agree their training and development needs. Comprising of at least two structured discussions with managers each year, the HR Cycle covers employees' annual objectives, performance, development needs and career aspirations. The Group also actively encourages employee mobility, enabling employees to move jobs within and across departments, functions, sites, Divisions and countries. It believes that mobility both helps employees to develop new skills and competencies, and brings benefits to the business

by broadening the perspectives of its employees. Around 10,000 employees changed positions within the Company in 2013, including 710 moves across Divisions. Career development paths have been established in core competencies such as programme management and systems engineering, as well as areas of 'expert' technical skills that are essential to the Group. Training leading to certifications supports these career paths.

INTEGRATED APPROACH

Learning and training catalogues are harmonised across Divisions. HR systematically assesses the effectiveness of training to ensure continuous improvement.

FOUNDING A LEADERSHIP UNIVERSITY

Training is being used to breed a leadership culture. A new Leadership University will train the Group's 17,000 leaders – from shop floor to senior management – in leadership behaviours. The first pilot schemes take place in 2014, with inauguration of the main campus at Toulouse planned for 2016. Additional campuses are planned for Ottobrunn, Marseille, Madrid, London, Hamburg and Paris. Campuses in the United States and Asia will follow.

TRAINING PRIORITIES IN 2013

The table below shows each Division's training priorities for 2013. While training related to current programmes features heavily, strategic topics such as lean manufacturing were also prioritised.

	Airbus	Eurocopter	Astrium	Cassidian
Business / Technical	<ul style="list-style-type: none"> - Engineering, Manufacturing and Supply chain related Key Competencies mostly for A350 and A320Neo programmes ramp-up, as well as incremental innovations on all aircrafts and services - Quality (QUEST) and Lean - ARP (Airbus Resource Planning) and A380 PLM Harmonization projects 	<p>Support Ramp up and Business priorities</p> <ul style="list-style-type: none"> - Develop core competencies and "specialists" career paths - Support Quality improvement projects (mindset, career path) - Support Systemhaus and Paris Le Bourget projects <p>Internationalisation</p> <ul style="list-style-type: none"> - Support subsidiaries activities (Brasil, China...) 	<ul style="list-style-type: none"> - Business & Customer focused - Programme & Risk management - Technical excellence & Innovation - Suppliers Management - Quality & Eco Efficiency 	<ul style="list-style-type: none"> - Learning related to Cassidian's Key Engineering Capabilities - Systems Engineering & Project Management also linked with external accreditation (INCOSE, PMI) - Sales competencies and initiatives supporting Internationalisation
Organisational/ Managerial/ Leadership	<ul style="list-style-type: none"> - Leadership - Ethics & Compliance - Innovation - Programme & Project Management - Change Management 	<p>Implement and Promote new Leadership model & Values</p> <ul style="list-style-type: none"> - MRA deployment to all Executives including development solutions - Adapt actual Leadership portfolio <p>Put People at the heart of the Company</p> <ul style="list-style-type: none"> - Engagement: support actions implementation, prepare and deploy engagement survey - Continue My life at EADs initiatives including Diversity - Contribute to Health & Safety working environment 	<ul style="list-style-type: none"> - Change Management, LEAN & Operational efficiency - Leadership, People Management & Expertise 	<ul style="list-style-type: none"> - Leadership supporting Change Management and People Engagement - Health, Safety & Environment / Stress Management - Action Learning to develop Band Z / V Talents
Other priorities	<ul style="list-style-type: none"> - Learning effectiveness measurement and improvement - Blended learning portfolio development and deployment - Sessions filling rate and attendance rate improvement 	<p>Continue Lean Journey: HR improvement</p> <ul style="list-style-type: none"> - Support HR Lean processes implementation - Support full VTM implementation - Improve interfaces with Shared Services 	<ul style="list-style-type: none"> - Finance - HR4HR - Ethics & Compliance 	<ul style="list-style-type: none"> - Trainings for Finance to improve Business Partnership - Strengthen awareness on Ethics & Compliance - Internal PM Certification

RECRUITMENT AND EMPLOYMENT MARKETING

Airbus Group has expanded the size of its workforce substantially in the past few years, recruiting the talented employees it needed for increased production as well as to fuel future growth. Recruitment will return to more normal levels in 2014.

The Group has a long-term approach to recruiting the best talent, not only investing in promoting Airbus Group as an attractive employer, but also encouraging young people to consider careers as engineers. In 2013, Airbus Group welcomed more than 6,000 VIEs (volunteers for international experience), interns and PHD students as part of its commitment to training and developing young people.

A LEADING EUROPEAN EMPLOYER

In 2013, the Group hired approximately 8,823 people (11,080 recruits in 2012), lifting the total size of its workforce to 144,061 people. Programmes that are ramping up employed the majority of the new recruits, in particular activities related to Airbus's new aircraft.

Looking to 2014, the Group plans to hire approximately 1,500 more people, mainly to support the commercial aircraft programmes, but also to source scarce skills in areas such

as cyber security and structure/stress engineering. At the same time, it plans to redeploy 500 people from the Airbus Defence and Space Division and corporate functions to the rest of the Group.

BUILDING AN EMPLOYER BRAND

The Group regularly wins accolades as one of Europe's top employers. Its leadership of the aerospace and defence industry, international presence, career opportunities and competitive pay make it an attractive employer. HR promotes these qualities, as it works with universities in its home countries, and increasingly worldwide, to attract engineering students and facilitate technological cooperation. Airbus Group engineers work with universities to ensure that the courses provided meet the needs of the Group, both for technical skills and management and leadership attributes.

Independent surveys consistently recognised the Group's appeal in 2013. According to research conducted by international HR services company Randstad, experienced professionals ranked Airbus Group as the number one employer in Spain and number three in Germany, while Airbus Helicopter was number two in France. Similarly, French engineering students rated Airbus Group as Europe's number one employer, according to both the Trendence and Universum graduate surveys.

AIRBUS RECEIVES LE TROPHÉE DE LA DIVERSITÉ 2013

DiversityConseil presented Airbus Group with an award, recognising its innovative recruitment process for people from diverse backgrounds. Called 'People-centric Recruitment', this process matches people from a range of backgrounds to vacancies that suit them. Candidates are assigned recruitment specialists, who advise them how their skills and work experience meet Group needs. This approach has been applied to people with disabilities and from socially diverse backgrounds.

"The Group regularly wins accolades as one of Europe's top employers. Its leadership of the aerospace and defence industry, international presence, career opportunities and competitive pay make it an attractive employer."

8,823

Number of new hires in 2013

20.9%

Women as percentage of new hires in 2013

32.8%

Employees under 26 as percentage of new hires in 2013

19.3%

Percentage of recruitments outside Europe

3%

Employee turnover rate

SOCIAL DIALOGUE

The Group has a history of constructive and cooperative social dialogue with its partners, the employee representatives. Just as in the past management has discussed reorganisations with workers' representatives, it is working with Group, divisional and national representatives on the Group restructuring and the social impact of this restructuring.

Airbus Group management and workers' representatives have a long history of cooperating. The European Works Council (EWC), established at the Group's inception in 2000, is the main forum for dialogue with unions and employee representatives on matters at Group level. The EWC and Divisional and national committees have been informed and consulted on a series of improvement programmes over the history of the Group that have introduced leaner working practices, reduced the cost base and increased flexibility.

“In order to restore the Group's competitiveness at a time of shrinking defence budgets and new industry competitors, management is discussing plans to restructure defence and space activities with the employee representatives.”

DISCUSSING DEFENCE AND SPACE RESTRUCTURING

In order to restore the Group's competitiveness at a time of shrinking defence budgets and new industry competitors, management is discussing plans to streamline defence and space activities with the works councils and unions. Overall, Airbus Group plans to reduce 5,800 positions at the new Airbus Defence and Space Division and in Corporate / Headquarters functions by the end of 2016. Measures to mitigate the impact of restructuring include non-replacement of attrition, termination of some temporary contracts, application of voluntary measures (leaves and early retirement) and up to 1,500 positions available at Airbus and Airbus Helicopters. Further negotiation on productivity and competitiveness aims at preserving the remaining 1,000 – 1,450 positions potentially impacted after application of the voluntary measures.

THE PROCESS OF SOCIAL DIALOGUE

The restructuring will result in a reduction of headcount and a consolidation of sites across France, Germany, Spain and the UK in the Airbus Defence and Space Division and corporate headquarters, leading to discussions with workers' representatives at European and national levels. On a European level, the Group has agreements to discuss changes such as this with the EWC and national Works Councils. At national level, the different countries' labour laws require the Group to consult the relevant unions, giving them varying levels of influence over the exact social measures and solutions introduced.

The EWC, established at the Group's inception in 2000, is the main forum for dialogue with unions and employee representatives in the four home countries of France, Germany, Spain and the UK. The EWC meets twice a year to be informed and consulted about the Group's prospects and planned evolution. It also has an economic committee that meets four times a year to discuss economic matters. European sub-committees have been set up in each of the four Divisions.

Since 2005, the EWC's influence has extended beyond the home countries, following the signing of an International Framework Agreement committing the Group to common social principles and standards throughout operations worldwide. The principles contained in the agreement are aligned with the general rules of the International Labour Organisation conventions, the Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises and the UN Global Compact. They are also in line with the Group Code of Ethics.

The agreement commits the Group to providing equal employment opportunities and not discriminating against any specific groups, to good working conditions and environmental protection. It condemns child labour, recognises the principles of freedom of association and the protection of trade unions' rights.

DIVERSITY AND INCLUSION

Airbus Group promotes diversity in its workforce, as well as inclusiveness in the workplace. Recruiting from varied areas and backgrounds gives the best opportunity to hire outstanding talent. The Group believes that diversity boosts engagement, innovation and long-term value.

Employees already span four generations and more than 130 nationalities. The Diversity and Inclusion initiative is pursuing several work streams, supporting the Group's medium-term business targets. These work streams are:

- 1 — Advance behavioural change
- 2 — Encourage people to assume greater personal responsibility for diversity
- 3 — Have an organisation and system that supports a diverse workforce
- 4 — Improve outreach through benchmarking, partnering with relevant associations and including all levels of the organisation.

PROGRESSING ACROSS THREE DIMENSIONS

GENDER

Recruiting more women is a priority. By 2020, Airbus Group wants women to make up 25 percent of all recruits and 20 percent of the senior manager and executive community. Progress is being made. In 2013, women made up 20.9 percent of recruits, and 17 percent of the active workforce. Additionally, in the two years since 2011, 600 female employees have attended a talent development

“Employees already span four generations and more than 130 nationalities. The Diversity and Inclusion initiative is pursuing several work streams, supporting the Group's medium-term business targets...”

programme specifically for women in the early-to-mid stages of their careers, while women also made up 31 percent of the mentoring programme this year. Attaining an attractive work/life balance for both men and women remains an important topic. HR is testing pilot schemes in the areas of: remote working, part-time work and parental leave for men.

CULTURAL, SOCIAL AND AGE DIVERSITY

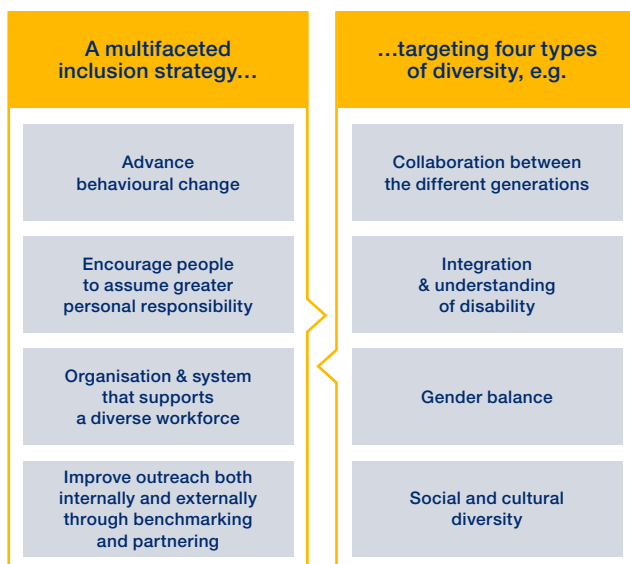
HR is focusing on cultural, social and age diversity, reflecting the Group's growing international presence and changing workforce demographics. Cultural diversity helps Airbus Group to enter non-European markets, improving relations with both customers and suppliers in these markets. Airbus Group aims to employ 20 percent of its employees outside Europe by 2020. At the end of 2013, non-European employees accounted for 7.5 percent of the workforce (7.4 percent in 2012). In the field of age diversity, a relatively large 57 percent of the workforce was over 40 at the end of 2013, and possesses a considerable amount of Airbus Group's technical knowledge. Meanwhile, 12.9 percent was under 30 at the end of 2013. The Group is encouraging the older generation to pass on knowledge through tutoring or 'buddying'. The Group is sponsoring an external 'inter-business' programme to share best practice and innovative ideas concerning age diversity. It has also signed an agreement with the unions in France concerning age diversity. Airbus Group signed a diversity charter in France and Germany last year to underline its strong commitment to diversity and inclusion.

DISABILITY

All Divisions are working continuously in all countries to raise awareness and eliminate bias against disabilities through an extensive range of initiatives. For example, the Group partners with specialist agencies such as the Business Disability Forum, which promotes best practice in integrating disabled people into the workforce. As a matter of course, the Group complies with national legislation on employment and integration of disabled people in each country.

VISION

combine the building blocks into an integrated competency



ENGAGEMENT AND LEADERSHIP

Employee engagement is a crucial success factor which maximises the Group's performance. An ongoing programme improves engagement from the grass roots up, with the results of its actions regularly measured. In addition, Airbus Group places a strong emphasis on leadership, to ensure the employee engagement and the Group's continued success.

Employee engagement is a priority. The Group is improving engagement through measures that both empower employees and remove obstacles to engagement. These include: sharing best practices, increasing bottom-up communication, creating team workshops that evaluate ways of working and address obstacles to engagement, reducing bureaucracy of policies and processes, and developing a Group-wide leadership model.

Engagement surveys measure progress every 18-24 months, identifying areas for further development. Conducted for the third time in 2012, the latest survey recorded a meaningful increase in employee engagement and satisfaction across all Divisions. The first engagement survey took place in 2009. The fourth survey will take place towards the end of 2014, with a revised questionnaire to ensure all aspects of the Group's working culture are addressed. While engagement is the primary method of improving employees' performance, making them shareholders gives them a greater stake in future success. In 2013, management allocated 10 free shares to eligible employees.

Because of the strong correlation between leadership strength and engagement, the leadership model has been developed to guide leaders at all levels. It is also the basis for leadership training, development, assessment and measurement. Multi-rater assessments – in which managers are assessed by their peers, managers and direct reports – have been rolled out from Executive Committee level down to senior manager level. Each participant receives a personal report, which also compares him/her

“HR is improving engagement through measures that both empower employees and remove obstacles to engagement.”

to all managers at the same level. This report is discussed between participants and their managers, forming the basis of a development plan that is followed up to ensure improvement. A 360° assessment is also available at all management levels.

Assessment centres have been introduced for promotions to executive, senior manager (and Band 5B at Airbus), to ensure a fair and transparent promotion process based on leadership abilities. The leadership model is translated into specific expectations for each management level, against which the candidates are assessed. Development plans are developed for all the assessment centre's attendees.

Leadership development can take the form of training and development sessions, mentoring, coaching, on the job experience, or encouraging mobility to an area in which the leader can develop and grow. A new leadership university (see page 38) is being set up to train leaders at all levels.

AIRBUS GROUP LEADERSHIP MODEL

Agility with People	My Agility	Business Agility
<ul style="list-style-type: none"> — Focus on people — Give meaning — Give energy — Build team spirit 	<ul style="list-style-type: none"> — Be yourself — Speak up — Trust — Evolve 	<ul style="list-style-type: none"> — Be creative — Simplify — Decide — Deliver

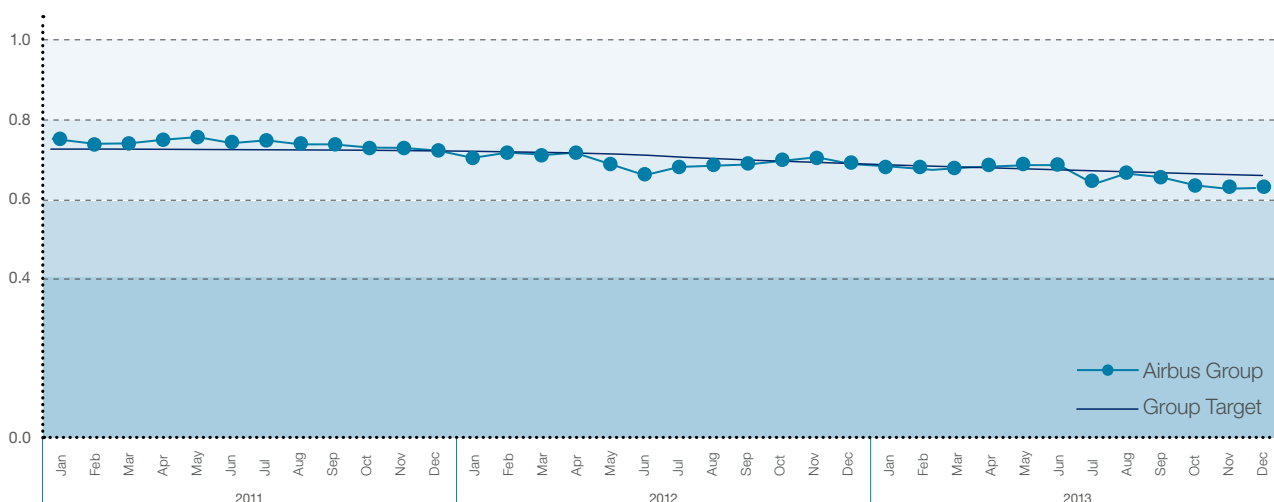
HEALTH AND SAFETY

The Group is making progress towards its goal of having a world-class standard of health and safety performance, with competent, risk-aware employees who feel responsible for themselves and each other.

Ensuring the highest standards in health and safety was one of the Group's eight stated priorities for 2013, illustrating that management regards it as not only a compliance issue, but also a moral and financial imperative. Good health and safety management is key for employee engagement, talent recruitment and retention, efficient and consistent production, and stakeholder confidence. Consequently, it is a foundation of ethical and sustainable business. The Group has a formal health and safety policy, authorised by the CEO, reflecting its belief that good health and safety has both a moral and a commercial imperative. The policy makes a commitment to reducing the risk of accidents and ill health, and provides the core principles to support ethical and regulatory-compliant decision making. It helps to protect employees, the environment and the business. On a like-for-like basis, 2013's annual accident reduction performance was better than target, at 7.5 percent for the Group. The former Astrium Division performed well, while the former Cassidian Division, Airbus Helicopters and Airbus also remained on track, below the three year reduction target line. In 2013, the Group Health and Safety function established common data collection systems, and formally began a project to define and implement a common Group accident management software tool. This tool will improve the consistency of accident

investigation and management, providing more granular anonymous risk data to improve analytical capability. A Group Health and Safety Congress was held in Toulouse, attended by more than 50 people from across the Group, to foster a network of professional collaboration. Health and safety practitioners from around the organisation worked on strategy and possible future performance indicators. Group Health and Safety professionals meet regularly to agree ways of harmonising best practice. Other 2013 activities included developing Group-level policies for psychosocial risk and hazardous materials management, in order to harmonise the approach to these critical topics. These two policies establish the principles that must be applied in order to reduce work-related psychosocial risks and the dangers to employees from hazardous materials. One of the main causes of accidents in 2013 was slip or trip falls, for example on uneven or slippery surfaces. As a result, in 2014 the Group will concentrate on this area, encouraging business unit managers to focus on good housekeeping measures, including regular workplace safety tours. Reducing the number of slips or trips is vital for delivering the three-year accident reduction target and providing a foundation for sustainable improvement over the coming years. The Group Health and Safety organisation will be redefined in 2014, to strengthen its structure, cohesion and capability, with heads of Health and Safety appointed to each Division.

GROUP LOST TIME INJURY INCIDENCE RATE ROLLING YEAR AVERAGE



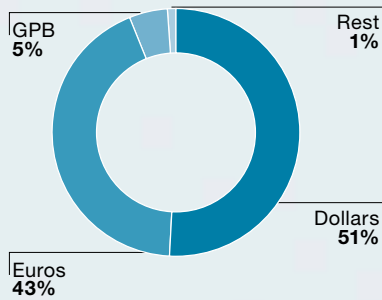
Graph of average reported lost-time injuries (LTIs). (LTIs are defined as the number of days lost due to workplace injuries, ranging from bad backs to accidents).



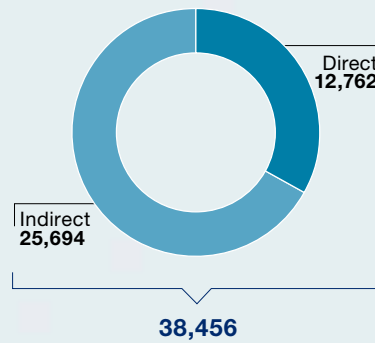
BUILDING SUPPLIER PARTNERSHIPS

As an architect and integrator of complex aerospace and defence products, Airbus Group takes a proactive approach to building sustainable supplier partnerships. It is continually seeking better ways of working with suppliers, aiming to integrate them more effectively into programme development, while mitigating risks and finding new suppliers to facilitate growth in international target markets.

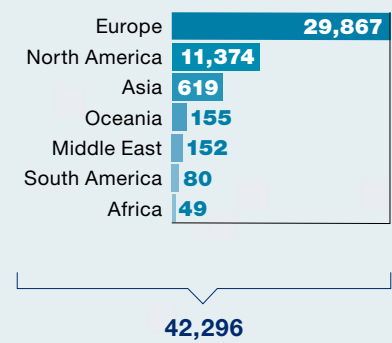
AIRBUS EXTERNAL SOURCING VOLUME PER CURRENCY



TOTAL NUMBER OF AIRBUS GROUP SUPPLIERS



EXTERNAL SOURCING TURNOVER BY REGION (€MN)



€42.3 bn

Total amount of Airbus Group's external sourcing

70%

Airbus Group's external sourcing as a percentage of revenues

REFINING SUPPLY CHAIN MANAGEMENT

The Group's suppliers provide a large proportion of the value in its products, necessitating a robust supply-chain governance framework, backed by processes and tools that foster partnership, risk mitigation and supplier performance development. Learning from best practices, these processes and tools are becoming increasingly uniform across the Group.

The supply chain's major share of the value of Airbus Group products demonstrates the importance of strong supplier partnerships. The ratio of external sourcing turnover to Airbus Group revenues has grown in recent years, stabilising at approximately 70 percent. In 2013, Group external sourcing turnover amounted to €42.3 billion, a 7.1 percent increase on the year before, roughly in line with the increase in revenues. Aircraft Propulsion Systems accounted for 29 percent of external sourcing turnover, Systems & Equipment and Structure & Airframe each for 14 percent, Production Material for 10 percent and Product-Related Services for 9 percent. Indirect Material, representing goods and services which are not directly attributable to sold products and services, accounted for 24 percent of external sourcing turnover.

SUPPLY CHAIN CONCENTRATION AND INTERNATIONALISATION

In the past few years, the supply chain has become concentrated and more international. Rising concentration has resulted from consolidation within Europe's aerospace and defence sector, as well as from major new aircraft programmes placing larger work packages with a smaller number of lead suppliers. In 2013, the Group's top 10 suppliers accounted for more than 40 percent of external sourcing.

AIRBUS PROCUREMENT OPERATIONS IMPROVE SUPPLY CHAIN RESULTS

In its first year of operation, the new Procurement Operations function within the Airbus Commercial Procurement Department has achieved remarkable results in its quest to improve supply chain performance. Missing airframe parts have fallen by approximately 50 percent, while key performance indicators such as supplier delivery, supplier rejection rates, outstanding work and cost of non-quality show a consistent pattern of improvement. Procurement Operations played a major part in the successful delivery of 626 aircraft in 2013, and is set to help in the 2014 challenges of ramping up the A350 XWB programme, A320neo maiden flight and rising production rates across serial programmes.

“The supply chain's major share of the value of Airbus Group products demonstrates the importance of strong supplier partnerships.”

Supply chain presence outside Europe has grown. Due to the overall growth of sourcing volumes, this has been achieved with simultaneous growth in sourcing from European suppliers. As an important means of gaining access to growth markets and natural currency hedging, the Group aims to source 40 percent of external procurement from international markets by 2020, up from about 30 percent in 2013. Country sourcing offices in India, China, the US and Brazil took on regional roles during 2013, extending their respective responsibilities to the Middle East, East Asia, North America and South America. Additionally, surveys were conducted to explore the sourcing potential of the Philippines, Columbia, Chile, Argentina and ASEAN countries generally. In 2013, the volume of spending invoiced from the US increased to over €11.4 billion (2012: €10.4 billion), supporting the decision to open an Airbus A320 Final Assembly Line in Alabama from 2015. Approximately €1.0 billion was directly sourced during the year from outside both Europe and the US. Talking into account indirect sourcing, this spend value exceeded €3.0 billion.

GOVERNANCE AND RISK MITIGATION

The Group takes a proactive approach towards the supply chain in order to anticipate and mitigate potential issues, particularly in relation to ongoing production ramp-ups and the challenging series production of the A350 XWB. Group-wide procurement boards exchange best practices, monitor supplier performance and meet common suppliers. Tools such as 'Watchtower' supplier monitoring play an important part in mitigating risk. Supplier risks are also fed into the Enterprise Risk Management process. And in 2013 a 'double sourcing' approach was developed for aerostructures, in order to secure two alternative suppliers for major programmes, reducing dependence on individual companies. In 2013, a compliance risk assessment of the supply chain was performed in order to map risks associated with the procurement process, taking into account a variety of topics such as geopolitical situation, sensitive countries, corruption risk, tax havens, sensitive commodities and procurement process compliance. This assessment led to a strengthened procurement process and an implementation of further procurement compliance key performance indicators.

COLLABORATION ACROSS THE SUPPLY CHAIN

The Group has an ‘Extended Enterprise’ philosophy, designed to foster risk-sharing partnerships with major suppliers. This philosophy is backed by a series of tools to ensure control and transparency.

EXTENDED ENTERPRISE PHILOSOPHY

The Group uses a common supply chain philosophy, called the ‘Extended Enterprise,’ to develop optimum ways of working with suppliers. This approach is being applied to new programmes across all three Divisions, but the ethos applies to all supplier relationships. A framework of processes and tools is used to implement it.

An Extended Enterprise policy states that successful aerospace and defence programmes depend on the quality of their key suppliers, as well as the governance and processes that formalise these relationships.

This philosophy of partnership entails sharing both risks and opportunities with suppliers. Specifically, suppliers share responsibility for developing technology in return for larger work packages.

Strict selection for Extended Enterprise-type suppliers include qualities such as:

- expertise in aerospace, defence and security;
- ability to get involved in the programme during the development stage;
- critical size and capability to complete the proposed work package. Such relationships are only formed after careful review of their strategic merits.

Lessons learned in recent years during development of the A350 XWB aircraft programme have informed the philosophy and many of its associated practices.

TOOLS FOR CONTROL AND TRANSPARENCY

The Group has developed a range of tools for fostering control and transparency, the best of which are being used increasingly across the Group.

STABILITY OF SUPPLY

Watchtower

The “Watchtower” monitors the financial statements and operational performance of major suppliers, and those thought likely to be at risk, for signs of distress.

Additionally, Airbus anticipates the capital investments suppliers will need and how this might affect their finances. If Airbus discovers difficulties, it suggests recovery plans ranging from engineering or financing measures to more fundamental solutions. Originally introduced by the Group in 2008 to foresee the effect of the financial crisis on suppliers, all the Divisions have since developed similar systems and exchanged on critical suppliers.

SPACE™ STRENGTHENS EUROPE'S SME SUPPLY CHAIN

In order to foster improvement in the supply chain, the Group supports the initiative called Supply Chain Progress towards Aeronautical Community Excellence (SPACE™), which improves SMEs’ industrial processes through training and consultancy. SPACE™ stepped up its activities in 2013, planning a programme of industrial improvement across approximately 400 French SMEs. SPACE has also further developed its activities in Germany and Spain.

DIMENSIONS OF REVERSE SUPPLIER QUESTIONNAIRE

All questionnaire dimensions include specific compliance-related questions.

<p>RELATIONSHIP</p> <p>Quality of the relationship with Airbus Group interfaces</p>	<p>COMMUNICATION</p> <p>Transparency of the communication and quality of information provided by Airbus Group</p>	<p>REQUIREMENTS</p> <p>Quality of the requirements provided by Airbus Group</p>	<p>LOGISTICS</p> <p>Knowledge of the delivery conditions for Airbus Group</p>
<p>FORECAST</p> <p>Knowledge of the forecasts from Airbus Group</p>	<p>TRANSACTIONAL PROCESS</p> <p>Clearness and efficiency of Airbus Group Procurement process</p>	<p>COOPERATION</p> <p>Support and collaboration of Airbus Group in terms of engineering, innovation and strategy</p>	<p>DEVELOPMENT</p> <p>Support from Airbus Group in terms of development and innovation</p>

“The Group uses a common supply chain philosophy, called the ‘Extended Enterprise,’ to develop optimum ways of working with suppliers.”

Strategic procurement solution (ePROC)

The Group's common procurement platform, ePROC, began to be rolled out in the Divisions during 2012. The tool will provide greater visibility into the Group's supply chain, as well as support a harmonised process in:

- Supplier selection
- Supplier performance
- Spend analysis
- Contract management

DEVELOPING THE RIGHT SKILLS

Procurement Academy

The Airbus “Procurement Academy” was extended in 2013 to the whole Airbus Group in order to harmonise procurement job profiles, competencies and skills across the Group. As its key measures, the academy will introduce a set of common training solutions, covering the complete supply chain perimeter.

ADDRESSING ENVIRONMENTAL CONCERNS

Supply chain environmental compliance management

In line with the Group Environmental Policy, the Divisions' procurement departments support compliance with environmental legislation and regulations. When suppliers are initially selected they are expected to respond to an environmental questionnaire, and environmental requirements are included in all contractual arrangements. Notably, suppliers provide environmental data on their products, so the Group can make sure it complies with regulations targeting hazardous substances.

Procurement Environmental Network

Internally, the Divisions coordinate their approach to environmental topics through the Procurement Environmental Network (PEN), which identifies and shares best practices to prepare for increasing environmental regulations. Its role is also to benchmark best practices within the supply base and to strengthen lobbying coordination along with sector supplier associations.

Supply chain cooperation within IAEG

Airbus Group is one of the founders of the International Aerospace Environmental Group (IAEG), a non-profit corporation established to help aerospace companies and their supply chains to develop voluntary standards for meeting to manage the emerging and growing environmental issues. Procurement in Airbus actively participates in the development of harmonised environmental requirements for the supply chain.

ENSURING HIGH QUALITY

Supplier audits

Supplier audits and assessments support the goal of making sure that supplier deliveries meet the Group's specific requirements. Approximately 1,200 audits and assessments were performed in 2013.

Reverse supplier evaluation

The Group performs reverse supplier evaluations, the first of which was completed in 2013. Suppliers provided feedback about Group procurement and supply chain management performance. This first survey involved more than 260 suppliers working with the former Airbus Military and Astrium Divisions. The questionnaire looked into issues such as the quality of relationships, communication, cooperation and support from the Group for innovation and development. Following analysis of the results, corrective actions are being undertaken.

SUPPORTING EMPLOYMENT OF DISABLED PEOPLE

Airbus Group's General Procurement board has been successfully concentrating on doing business with French companies that employ a high proportion of disabled people. As a result, it has doubled the volume of business conducted with such companies, and identified 190 actual or potential suppliers with products and services made by handicapped people.

CASE STUDY: CREATING THE A350 XWB 'EXTENDED ENTERPRISE' SUPPLY CHAIN

The A350 XWB pioneered a new level of partnership with Tier One suppliers at Airbus, known as members of the 'Extended Enterprise'. With the procurement of parts and components accounting for a significant proportion of production cost, Airbus set out to forge a new form of partnership that reduced costs and the lead times for component delivery. In order to achieve this, Airbus has transformed its supplier relationships, awarding larger work packages in return for greater risk sharing. It has also introduced a multi-stream approach to supplier management, aligning the different streams with the programme's milestones.

EVOLVING PROCUREMENT POLICY

The primary rationale behind the Group's 'Make-or-Buy' policy is to source from external suppliers those parts which, from Airbus' perspective, do not add value to the final product if produced in-house. By outsourcing more components and bigger components, Airbus also reduces handling costs and inventory holding costs, and makes distribution more efficient. The table below shows how relationships with suppliers have evolved. The A350 XWB's procurement policy has three main considerations: (1) award more comprehensive and integrated work packages; (2) involve suppliers earlier in the process; (3) work more closely with suppliers. For the A350XWB, suppliers account for roughly 60 percent of the aerostructure cost. Airbus purchased more comprehensive and integrated work packages from its suppliers for the A350 XWB than it did in previous programmes. In particular, each supplier work package is much larger, more integrated and technologically more innovative than in previous programmes. *(The illustration below right shows the falling number and increasing size of Systems work packages.)*

of the supplied system or component, with contracts spanning the entire programme life. Suppliers, therefore, have far greater autonomy when completing their work packages. They perform all development and certification tests at work package level, which are then validated by Airbus. Meanwhile, Airbus remains responsible for the overall aircraft certification. This has reduced Airbus' costs, and is likely to save more money in the future. Moreover, suppliers get involved in the process 12 to 18 months earlier than before. They are selected at the concept phase to help with the definition and elaboration of systems and components for the new aircraft. In this so-called 'Joint Definition Phase', the Airbus and supplier teams meet to agree a set of detailed definitions for the work package, in response to the 'Functional Work Package Specification'. Involving suppliers so early leads to quantitative and qualitative improvements in performance. It not only optimises performance and reduces development and production costs and time, but also provides Airbus with additional design resources and improved supply chain management. In this way, Airbus saves precious time and money, partly by improving the maturity of work packages and reducing failure costs.

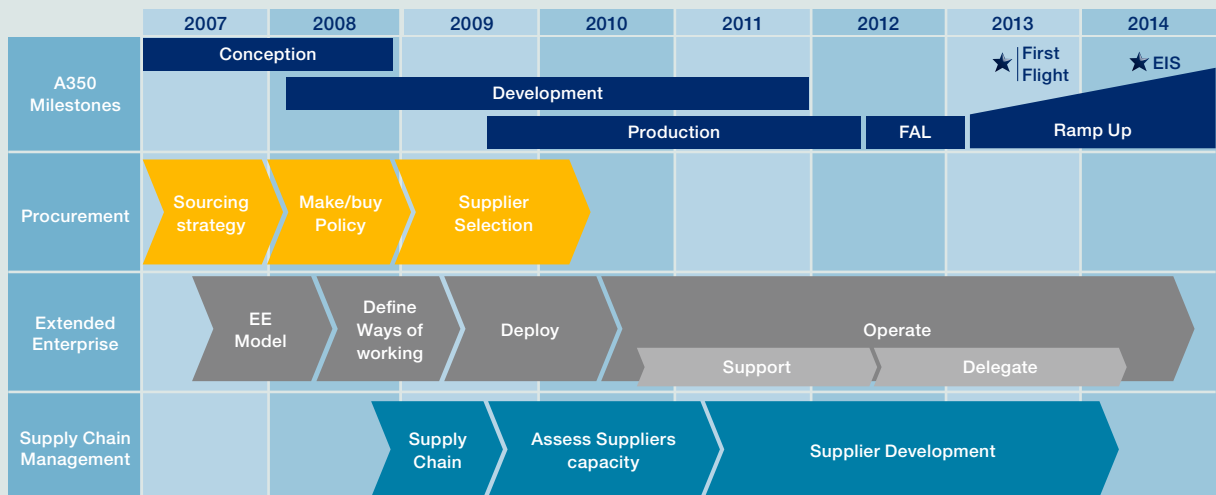
NEW WAYS OF WORKING

With the new sourcing policy, suppliers have a greater involvement in the aircraft's development. They have become real partners, who are responsible for the development, testing, certification and after-sales service

INSIDE THE EXTENDED ENTERPRISE MODEL

Some 58 Tier One suppliers are responsible for 128 design-and-build work packages for the A350 XWB in the three domains of: aerostructures, systems and cabins.

A350XWB SUPPLIER MANAGEMENT OVERVIEW



As mentioned above, suppliers are fully responsible for the entire scope of their work packages, including their supply chains. This evolution of supplier relationships has been supported by appropriate rules and practices and sustained by genuine change management. Starting in 2008, the A350 XWB Extended Enterprise project defined, deployed and then operated a set of processes, methods and tools. Common ways of working with suppliers involve sharing Airbus methods and processes, and using the same tools for design, stress, configuration, planning, industrialisation, customer support, etc. Up to 27 different tools and 470 procedural documents have been shared with suppliers. Among other advantages, this has allowed real-time shared access to project data (design, configuration, planning, etc.). For example, designers from both Airbus and its suppliers can easily access the full 3D digital mock-up, allowing real-time progressive design and internal/external designer exchanges.

SUPPLIER MANAGEMENT AND DEVELOPMENT

A350 XWB suppliers invested significantly in the production of the aircraft's parts and components. Airbus itself has had to master and invest in new technologies and production processes that are very different from those used in earlier large aircraft programmes. In order to achieve the best quality with the lowest lead times, Airbus developed special relationships with suppliers, acquainting them with its needs and specifications. As a first step, this involved setting up a new organisation around the supply chain. Externally, Airbus and suppliers have mirror-image project teams and organisations. Internally, the partnership between the programmes and Procurement was revisited, leaving the programme responsible for product development, and Procurement for supplier development. The guiding philosophy for A350XWB supply chain management is surveillance and continuous improvement. An up-to-date picture of each supplier was constructed, showing its capabilities for programme management, engineering, configuration management, quality management, supply chain and logistics, industrial and product support. Operational performance was also controlled in terms of adherence to planning and weight targets. With these elements in place, a risk map of the

supply chain was built as a basis for developing a consolidated action plan customised for each supplier, in order to develop support activities as required. Both Airbus and suppliers made considerable preparations in order to implement successfully the Extended Enterprise model. Support initiatives were adapted for each supplier, fashioning a structured risk management approach. The intensity of support ranges from surveillance and continuous improvement plans for low-risk suppliers, up to transformation plans for suppliers considered high risk. For intermediate-risk suppliers, 'joint-improvement plans' (JIPs) were proposed. JIPs aim to reinforce the organisation and adapt ways of working for improved performance. Transformation plans involve a set of projects covering all areas: programme management, engineering and the supply chain. The first step of a transformation plan is to align priorities between Airbus and supplier, then moving on to reinforce programme management, increase leadership and improve engineering capabilities. The aim is to create a long-term partnership.

CONCLUSION

The Extended Enterprise model is a key enabler of the A350 programme's success. Thanks to the improved ways of working (concurrent engineering), optimised and efficient data exchange (design and planning) and the successful deployment of common processes and tools like digital mock-up, both Airbus and the supplier share a common framework as the programme progresses towards the airworthiness authorities and type certification. A structured risk management approach manages supply chain complexity. Late identification of some suppliers' weaknesses has required challenging recovery plans, to develop the necessary level of capability. At this stage, all the necessary plans are in place at suppliers, with clear priorities for action and enablers of the production ramp-up. A punctual first flight, the readiness of Tier One and two suppliers for the initial ramp-up and the risk mitigation measures secured for first batch of aircraft, are the visible results of this evolved supply chain management. As the A350XWB prepares for successful entry-into-service, the programme's current priority is improved support capability.

AIRBUS SOURCING PRINCIPLES: ENHANCED RESPONSIBILITIES

	Past	Today	The "New Airbus"
<p>Platform Assembly</p> <p>Large-scale Integration</p> <p>Value-added Parts and Assemblies</p> <p>Make-to-print Parts and Assemblies</p> <p>Raw Materials</p>			
	<ul style="list-style-type: none"> - Many direct partners - No real role for "integrators" - Design to print of parts and sub-assemblies 	<ul style="list-style-type: none"> - Fewer, but still many direct partners - Limited role for "integrators" 	<ul style="list-style-type: none"> - Far fewer large direct risk sharing partners with whom to build strong ties and who can share capital expenditure, development costs and risk - A real global extended enterprise - Extensive role for "integrators" - Design to functional specifications of large main components or sub-assemblies

ACTIVE CORPORATE CITIZENSHIP

Airbus Group is an active corporate citizen, working with key stakeholders and local communities to build and maintain long-term relationships primarily in the areas of humanitarian, youth and research support, mainly through its specialist products or expertise. The Group operates three charitable foundations – the Airbus Group Corporate Foundation, Airbus Corporate Foundation and Airbus Helicopters Corporate Foundation – which are separate legal entities, with their own governance, personnel and projects. Additionally, its employees support charitable causes at grass roots level.

HUMANITARIAN SUPPORT

12

Flights by Airbus Corporate Foundation in 2013

90

Flight hours by Airbus Helicopters Corporate Foundation in 2013

YOUTH PROGRAMMES

436

Number of young people participated in Flying Challenge by the Airbus Corporate Foundation in 2013

2,521

Number of pupils helped by the Foundation for Equal Opportunities by the Airbus Group Corporate Foundation in 2013

RESEARCH SUPPORT

2

Number of research chairs created by the Airbus Group Corporate Foundation in 2013

25

Ongoing research projects sponsored by the Airbus Group Corporate Foundation in 2013



HUMANITARIAN

2013 was the Foundations' most active year yet for humanitarian relief flights. Both the Airbus Corporate Foundation (ACF) and Airbus Helicopters Corporate Foundation (AHF) used their aircraft to ferry food and medical supplies to disaster zones. In particular, they supported NGOs helping the thousands of people made homeless by the force of Typhoon Haiyan, which struck the Philippines in November.

In total, the ACF flew 12 flights to the Philippines, Turkey, Thailand, Jordan and Dubai during the year, in partnership with the network of NGOs and airlines it has established in its five years of operation. AHF was active in the Philippines and Mexico.

SUPPORT FOR VICTIMS OF TYPHOON HAIYAN

The ACF sent five flights to the Philippines, using both its own test aircraft and Philippine Airlines delivery aircraft, delivering medical supplies, food and water sanitation equipment. Its partners were Philippine Airlines, Action Contre la Faim, Aviation Sans Frontières and Humedica.

AHF, which started its activities in 2013, also supported relief actions in the Philippines in the wake of the typhoon. Working with Airbus Helicopters subsidiary in Philippines, it made its helicopters available to Médecins Sans Frontières, International Federation of Red Cross and Red Crescent Societies, Luftfahrt Ohne Grenzen and French Foreign Affairs Ministry Crisis Center the day after the typhoon, so that they could access people on the ground. A month earlier, the AHF partnered with the International Federation of Red Cross and Red Crescent Societies to provide a helicopter after an earthquake struck the Philippine island of Bohol.

But the Group's support for victims of Typhoon Haiyan did not end there. Airbus Group employees raised a total of €117,000, which was presented to the International Federation of Red Cross and Red Crescent Societies early in 2014.

RELIEF FLIGHTS FROM SYRIA TO MEXICO

Elsewhere in the world, the ACF sent aircraft to Turkey and Jordan, providing aid for refugees fleeing Syria's civil war. For example, in August an Airbus A340-600 test aircraft transported 25 tonnes of medical equipment and supplies, as well as medical and logistics personnel, from Finland to Jordan. The flight supplied a field hospital at a new refugee camp, some 100 kilometres East of Amman, which will accommodate up to 130,000 people. The Foundation worked with the International Federation of Red Cross and Red Crescent Societies.

The ACF struck its first long-term agreement with a customer airline, agreeing with Emirates to deliver food and water sanitation equipment on its A380 deliveries scheduled for the next few years to the United Nations Humanitarian Response Depot in Dubai. Supporting Action Contre la Faim, the first flight landed in October, with 31 tonnes of food bars.

In Mexico, which was hit by two major storms during 2013, AHF also flew relief flights to the worst affected areas in support of an World Vision Mexico.

INTRODUCTION TO THE FOUNDATIONS

	Airbus Group Corporate Foundation (AGF)	Airbus Corporate Foundation (ACF)	Airbus Helicopters Corporate Foundation (AHF)
Year founded	2004	2008	2012
Budget	€26 million over 5 years	€4.9 million for 5 years	€2 million over 5 years
Key intervention areas	Support to academic research and its actors, promotion of science by accompanying foundations and associations and developing incentive actions towards young people	Youth development, humanitarian activities, the environment	Urgent humanitarian aid, support for disadvantaged populations, youth development, aid for developing countries

YOUTH PROGRAMMES

Support for disadvantaged and disengaged youth is steadily increasing. In 2013, both the Airbus Group Corporate Foundation (AGF) and Airbus Corporate Foundation's (ACF) activities continued to mount, as they expanded existing programmes and started new ones. The programmes helped youngsters to improve their education in locations as diverse as France, Spain, the United States and India. Some of the 2013 highlights are described below.

'FLYING CHALLENGE'

During 2013, the ACF continued to fund the 'Flying Challenge' programmes, near Airbus' Toulouse and Wichita sites, and launched a pilot programme at the Getafe site, near Madrid. In partnership with United Way, a non-profit organisation that promotes education as a means of development, ACF's Flying Challenge programmes seek to inspire youngsters through weekly tutoring by business and engineering school students, and through coaching sessions by Airbus employee volunteers.

The programmes include several field trips throughout the school year attended by the pupils, students and employee volunteers, and a Career Forum where employees showcase their professions. The programmes finish in a day dedicated to flight in small aircraft. Including Spain's pilot programme and the programmes in France and the United States, the number of school children taking part increased by about 100 during the year to just over 500.

LIGHT AND EDUCATION IN BANGALORE

In India, the AGF's 'enLIGHT' project became fully operational during the year, bringing light and schooling to a slum in Bangalore. Originally started in September 2012, the project provides electric power to families in the slum for less than half of the cost of rival power source, kerosene, which delivers lower quality light and pollutes the atmosphere. The families' solar-powered batteries are recharged each day, giving them light in the evenings. Underneath the roof where the batteries are recharged, there is a community and education centre. In addition to making domestic tasks such as cooking easier, the electric light allows children to do homework.

The project was the idea of members of both the Group's PROGRESS management development programme, and employees at the Bangalore facilities. Half of the funds were provided by the AGF and the balance raised from employees during fund-raising events across the Group's sites.

'ALM WITH AFRICA'

The former Astrium Division launched its 'ALM with Africa' initiative in partnership with the NGO Songhai in 2013. This aims to encourage the uptake of sustainable additive layer manufacturing (ALM) technology in Africa. ALM builds solid, three-dimensional objects from a series of layers of material (powder, polymer or metal). This manufacturing technique is highly efficient, cutting use of raw materials, burning less energy and generating less waste. As an eco-efficient manufacturing process, this technology meets the UN's Millennium Development Goals to ensure environmental sustainability and develop global partnerships for development. ALM for Africa will facilitate the adoption of new technologies and the emergence of competitive suppliers to meet Airbus manufacturing needs.

SCIENTIFIC AND TECHNICAL STUDIES IN FRANCE

In France, AGF created 16 new scholarships to encourage pupils and students from under privileged areas to strive for career opportunities in science. It also continued its sponsorship of the 'Alouette' project, set up in 2009, which teaches students at Aristide Briand high school in Paris' Le Bourget district to maintain helicopters. Retired Airbus Helicopters engineers and technicians help young people to restore old helicopters or to perform maintenance operations, so supporting their studies in the vocational aeronautics baccalaureate, which has become highly successful. The partnership agreement behind the project was extended for three years in 2013, to allow for new intakes of pupils to continue to benefit from this out-of-the-ordinary learning programme.

'IMAGINE THE TRANSPORT OF THE FUTURE'

The sixth annual "Imagine the transport of the future" contest took place, with about 500 French pupils proposing futuristic concepts for air transport.

RESEARCH SUPPORT

The Airbus Group Corporate Foundation (AGF) is responsible for more than 6 percent of France's annual research sponsorship spending. In total, it has backed 120 research projects since its inception in 2004, including more than 45 laboratories or research centres, helping France's scientific community to make notable progress in areas of research generally related to aviation, ranging from alternative fuels, to nano-drones, to composite materials. In 2013, it supported 25 research projects. Some of the 2013 highlights are described below.

RESEARCH AND EDUCATIONAL CHAIRS

The AGF backed two new research and education chairs during 2013, bringing the total number it supports to five. In France, it created a teaching chair at three of Toulouse University's engineering schools, intended to strengthen teaching about safety-critical embedded systems.

In India, the AGF partnered with the Tata Institute of Fundamental Research (TIFR). Based at TIFR's Centre for Applicable Mathematics in Bangalore, the chair is entitled the 'Mathematics of Complex Systems' and aims to develop innovative research, to strengthen the existing training programme and to build a sustainable research group.

LOCAL EMPLOYEES TAKE OWNERSHIP OF AIRBUS FOUNDATION BIODIVERSITY PROGRAMME

In 2013, the Airbus Corporate Foundation (ACF) Biodiversity Programme evolved from being a programme involving international volunteers to engaging primarily Indian employees. The programme sent one group of Airbus Group employee volunteers to Southern India to build biogas plants for a local community living in a forest. In total, the ACF has funded 36 biogas units for the community since the programme started in 2010, and employees have built 17 of them. The Foundation's impact study of the programme shows positive social, economic and environment effects.

“The Airbus Group Corporate Foundation (AGF) is responsible for more than 6 percent of France's annual research sponsorship spending. In 2013, it supported 25 research projects.”

RECOGNISING WOMEN IN SCIENCE

2013 also saw the 12th annual Irène Joliot Curie prize, awarded jointly by the Foundation and the French Ministry of Higher Education and Research. The prize recognises the achievements of women in science and technology, highlighting exemplary careers in both private and public research. It is intended to inspire others, promoting science and technology as a career avenue for women.

Valérie Masson-Delmotte, Research Director at the French Alternative Energies and Atomic Energy Commission, won the lead prize for 'Woman Scientist of the Year', in acknowledgement of her 20 years of work improving the understanding of the mechanisms of climate change, through a dual approach of detailed reconstructions from natural archives and modelling. There were also three runner-up prizes in different categories.

France's Academy of Sciences and Academy of Technologies are in charge of the constitution of the prize's jury and the evaluation of applications.

REWARDING RESEARCH MILESTONES

In association with the Academy of Sciences, the AGF also gave three prizes to reward scientists for their research and related industrial applications, and five prizes to reward students for their doctoral theses.

OUR DATA



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INDEPENDENT ASSURANCE REPORT

EUROPEAN AERONAUTIC DEFENCE AND SPACE N.V. (EADS)

YEAR ENDED DECEMBER 31, 2013

Independent assurance report on the review of a selection of environmental and social performance indicators.

Further to your request, we have performed a review of a selection of environmental and social performance indicators selected by EADS ("the Indicators¹"), identified in this report by the symbol √, in the Corporate Responsibility & Sustainability 2013 Report on pages 60 and 61.

These Indicators have been prepared under the responsibility of the management of EADS, in accordance with EADS environmental performance indicators reporting guidelines (EADS-CDS-011), EADS greenhouse gas emissions inventory guidelines (EADS-CDS-045), EADS HR Definitions Policy, "Headcount definitions for all consolidated companies of EADS", EADS Specification for HR Definitions (Available ; Active Work Force ; Availability Reason) and EADS Band and PD Eligibility (Specification for Executive/Non-Executive status), hereinafter the "Reporting Criteria", which can be consulted at EADS headquarters and are summarized in chapter "Scope and Methodology" of the Corporate Responsibility & Sustainability 2013 Report.

The EADS Environmental Reporting Coordinator was responsible for preparing the environmental performance indicators. Head of HR Operations Data management and Reporting was responsible for preparing social performance indicators. Both environmental and social Reporting Criteria can be consulted at EADS headquarters and are described in chapter "Scope and Methodology" of the Corporate Responsibility & Sustainability Report 2013.

It is our responsibility to express a conclusion on these Indicators. Our review was conducted in accordance with International Standard on Assurance Engagement (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 Indicators reviewed and not to the entire sustainability information published in the 2013 report. A higher level of assurance would have required a more extensive review.

NATURE AND SCOPE OF THE WORK

We performed the following review to obtain a limited assurance that the Indicators are free of material misstatements:

- We assessed the Reporting Criteria with respect to its reliability, understandability, neutrality, completeness and relevance.
- We interviewed the persons in charge of environmental and social reporting at corporate level to check compliance with the Reporting Criteria.
- We assessed the risk of material misstatement, performed analytical review and tests with relevant ratios and verified, on a test basis, the calculations and data consolidation.
- As part of our environmental performance indicators review, we selected a sample of 8 sites² and subsidiaries. Sites were selected based on their activity, their materiality to the Group and their location. For these sites and units, we verified the understanding and the implementation of the Reporting Criteria and, on a test basis, verified the calculations and reconciled data with the supporting documentation. Our review covered an average of 10% for water indicators, 24% for waste indicators, 20% for CO₂ emissions indicators and 20% for energy indicators.
- As part of our social performance indicators review, we verified the understanding and the application of the Reporting Criteria, performed a review of the data consolidation procedures via corporate reporting systems and verified the calculations of the final indicators. With regards to the active workforce indicators, we also performed the detailed tests and reconciled data with the supporting documentation over the data of employees based in Toulouse.
- We have also reviewed the presentation of the Indicators in the 2013 Corporate Responsibility & Sustainability report.

¹ • Environmental indicators:

- Total energy consumption; Total fuel consumption from stationary and mobile sources; Purchased electricity consumption; Generated electricity/heat on site (from CHP and photovoltaic; for own use and resale);
- Total direct and indirect GHG Emissions;
- Volume of purchased water; Total water consumption;
- Total amount of non-hazardous waste and hazardous waste produced (excluding Exceptional waste); Material recovery rate (excluding Exceptional waste).

• Social indicators:

- Active workforce by region, division, contract type;
- HR structure by age, gender, part-time proportion;
- Employee turnover rate; Women of active workforce;
- Women in management positions;
- Total Number of training Hours; Total number of persons trained, Total Number of Training Hours related to Environment, Health & Safety; Total Number of Persons trained on Environmental, Health & Safety Topics.

COMMENTS ABOUT THE REPORTING CRITERIA AND PROCESS

We express the following comments on the Reporting Criteria and process:

- Both Environmental and Social EADS Reporting Criteria describe precisely the reporting scope, steps and indicators definitions that are also detailed in the section “Scope and methodology” of this report. Environmental Reporting Criteria are explained to the various reporting participants during workshops that contribute to the identification of reporting difficulties and best practices sharing.
- EADS reporting process is supported by dedicated computer-based reporting tools. These tools, together with a quite structured internal control process, enable the company to improve data reliability.

CONCLUSION

Based on our review, nothing has come to our attention that cause us to believe that the reviewed indicators have not been prepared, in all material aspects, in compliance with the Reporting Criteria.

Paris-La Défense, April 25 2014

ERNST & YOUNG et Associés
Cleantech & Sustainability

Eric Duvaud

² Aerotec Augsburg (Germany), Airbus Filton (UK), Airbus Hamburg limited to Energy and CO₂ indicators (Germany), Airbus Nantes (France), Astrium Friedrichshafen (Germany), Cassidian Friedrichshafen (Germany), Eurocopter Grand Prairie (USA), Eurocopter Marignane (France).

SCOPE AND METHODOLOGY

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

HUMAN RESOURCES REPORTING PROTOCOL

REPORTING SCOPE

Airbus Group's headcount reporting includes all consolidated companies worldwide. The internationally comparative figures are based on the active workforce, i.e. the number of permanent and short-term employees, irrespective of their individual working times. The headcount is calculated according to the consolidation quota of the respective companies. The scope for HR structure reporting covers about 92% of the Groups consolidated companies, including all employees of these companies, irrespective of their individual consolidation quota. This includes employees working for Airbus Group or its subsidiaries in France, Germany, Spain, Great Britain and internationally. In total, about 8% of the companies belonging to the Airbus Group are not included in the scope, as no detailed employee data is available at Airbus Group level. These companies were either recently acquired, or Airbus Group is only a minority shareholder.

REPORTING TOOLS

The indicators are calculated using a SAP Business Warehouse, which is based on the Airbus Group 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 Airbus Group HR Business Services and Operations department.

DETAILS AND METHODOLOGY

Headcount reporting

The reported figures in this section include all employees of the Airbus Group according to the consolidation quota of the respective companies.

Active workforce

The reported number of employees shows the active workforce available in Airbus Group on 31 December 2013. Active workforce is the official key parameter in the Group's reporting. It is defined in the Airbus Group HR Definitions policy which was introduced in 2006. This policy is valid and binding for all full or quota consolidated entities within the Airbus 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 are earning 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 the employees of about 92% of the Group's consolidated companies, irrespective of their individual consolidation quota.

Active workforce by age

This indicator shows the percentage of employees per age group on 31 December 2013.

Part-time quota

This indicator shows the percentage of employees holding a part-time contract on 31 December 2013, in proportion to the active headcount at this time.

Percentage of women

The calculation of the percentage of women within Airbus Group is based on the number of women included in the active workforce, status 31 December 2013.

Percentage of women in management positions

The calculation of the percentage of women in management positions within Airbus Group is based on the number of women in Senior Management or higher levels included in the active workforce, status 31 December 2013. In the Airbus Group, the Senior Management or higher levels represent approximately 4% of the Active Workforce.

Employee turnover

This indicator is defined as the percentage of people who have left the organisation during all year 2013 (number of resignations, terminations, retirements, partial retirement, etc.) in the proportion to the average active headcount of the same period. The indicator only includes employees having been active on their last working day. Inactive employees having left—mostly employees on special retirement schemes—represent less than 1% additional turnover.

Health and safety data reporting

The reported figures in this section include all employees of the Airbus Group according to the consolidation quota of the respective companies.

Lost-time injury incidence rate 12

The reported of Lost-time injury rate figure shows a rolling-12 months average rate. The rules for reporting introduced in 2011 are defined in the distributed presentation named "What is the Health and Safety KPI?".

- R12 Incidence Rate is the average Incidence Rate for the rolling 12-month average.
- Incidence Rate = (Number of Lost-Time Injuries x 1000)/Number of Fulltime employees.
- Lost-Time Injuries are work related injuries that restrict employees' work activity for more than 24hrs.
- The >24hrs "restricted activity" time includes weekends and holidays.
- Restricted activity includes all days when the employee is absent from work and days when the employee is in work but must do a different task because of his or her injury.
- "Work Related" means related to the functioning of the organisation; happening at a Company site or related to Company work (e.g., travelling between work sites, repair work at a customer site, etc.).

Training data reporting

The reported figures in this section include all employees of the Airbus Group for HQ, Airbus, Airbus Helicopters, and Airbus Defence and Space in France, Germany, the United Kingdom, and Spain where training activities are transferred to the Airbus Group Learning Services. The data is retrieved from the SAP-based Learning Management System (LMS), used by Airbus Group Learning Services. The Learning Management System is the one Airbus Group common tool used for the collection, the approval of training needs, the implementation of training sessions, their follow-up and reporting.

Total Number of Training Hours

This indicator is defined as the number of training hours managed and delivered by Airbus Group Learning Services in 2013.

Total Number of Persons trained

This indicator is defined as the Total Number of People having participated in a training session, managed and delivered by Airbus Group Learning Services in 2013.

Total Number of Training Hours related to Environment, Health and Safety

This indicator is defined as the total number of training hours related to Environmental, Health and Safety topics managed and delivered by Airbus Group Learning Services in 2013.

Total Number of Persons trained in Environmental, Health and Safety topics

This indicator is defined as the total number of persons having participated to a training session, related to Environmental, Health and Safety topics, managed and delivered by Airbus Group Learning Services in 2013.

ENVIRONMENTAL REPORTING PROTOCOL

REPORTING SCOPE

The data here results from Airbus Group worldwide reporting campaign, carried out by our Environmental network. Airbus Group environmental reporting includes all the Group's consolidated companies with more than 50 employees, MBDA excluded, which represent 96% of the Airbus Group total workforce. Among these companies, 86% had reporting contributors and tools. Note that some entities with less than 50 employees are taken into account in the reporting, as they are included in bigger entities which report their environmental data.

The reporting period goes from 1st January 2013 to 31st December 2013. MBDA data, MBDA being an Airbus Group subsidiary at 37.5%, were not included in the scope of the environmental data reporting this year; 2013 data published on page 61 do not include MBDA. However, the scope of the ISO 14001 certification includes them.

Astrium Elancourt data have not been reported during the environmental reporting campaign 2013, and are therefore excluded from the reporting. New sites such as Eurocopter Mexico and Eurocopter Itajuba in Brazil have reported their environmental data 2013 and are therefore included for the first time in the consolidated data.

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 are updated when relevant, so as to be more in line with sites' activities and management. Significant changes and external sources of calculation and conversion factors, if any, 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 key environmental performance indicators published in this report: energy and CO₂ indicators, non-hazardous and hazardous waste produced and material recovery rate, purchased water and total water consumption. This brings the total of audited indicators to 13, as in past years. Note that for the first time this year, VOC emissions have been reviewed in the frame of a blank audit of the data reported. The nature of the work performed and the results of the verification are presented on pages 56-57.

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 and heat/steam purchased;
- 4 — Electricity generated by photovoltaic or other renewable sources on site for own use.

Electricity/Heat generated from CHP (Combined Heat Power plant) on site for own use is reported separately, primary energy used being natural gas which is reported in the energy consumption explained above.

CO₂eq emissions

The CO₂eq 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 by the following formula: CO₂eq emissions = Energy consumption x Emission factor. In scope 1 are also included CO₂eq emissions linked to use of refrigerants, calculated with the following formula: CO₂eq emissions = Refrigerant leakage amount x Global Warming Potential. These emissions are automatically calculated by the

reporting tool based on energy consumption and refrigerants leakages reported and expressed in t CO₂ equivalent. Emissions of Greenhouse Gas due to physical or chemical processes (energy processes excluded) are also part of the scope 1 direct emissions.

Total water consumption

This indicator is the sum of all water drawn into the boundaries of the reporting site from all sources (including surface, ground, rain and purchased water) for all use except watering throughout the reporting period. It includes water for industrial installations, offices, catering facilities, buildings, etc. It is expressed in m³/year.

Water discharges

This indicator is the sum of water effluents (expressed in m³/year) discharged over the course of the reporting period to subsurface waters, surface waters, sewers that lead to rivers, oceans, lakes, wetlands, treatment facilities, and ground water:

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

Waste water removed from the site via truck is reported as a waste indicator, to comply with Waste European regulation. Water withdrawn from the environment for cooling purposes is now included in this definition, and is also reported in a new separate indicator "Total water used for cooling purposes". A specific indicator to report water discharged via an internal pre-treatment plant is also published with the other environmental indicators.

Waste production

The quantity of waste of a site combines hazardous and non-hazardous 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 the waste reporting. Note that exceptional waste, meaning all construction/deconstruction waste from buildings and installations, are reported separately. Non-hazardous and hazardous waste data published on page 61 exclude exceptional waste, in order to bring relevancy in the follow-up of objectives linked to these indicators.

Volatile Organic Compounds (VOC)

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 for VOC (definition according to Council Directive 1999/13/EC).

All exempted solvents according to US regulation (see US EPA at 40CFR PART 51-100) were included here. The main VOC emissions sources of EADS' activities derive from surface treatment, cleaning, painting and coating operations through use of the following materials:

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

NOx and SOx

NOx and SOx are by-products of the combustion of fossil fuels (gas or liquid fuel). These emissions are mainly responsible for acid pollution, which could lead to modifications of ground and water chemical compositions and affect ecosystems. For SOx, the level of sulphur contained in the used gas, heating oils or fuels can be employed to determine the emission level. The emissions are calculated automatically within the ERT if no measure is done on site, with help of the energy consumption reported and the relevant emission factors. NOx and SOx emissions from mobile sources are excluded.

DATA TABLES SOCIAL PERFORMANCE

	GRI	KPI	2013	2012
ACTIVE WORKFORCE	LA1	Headcount reporting		
		Active Workforce (employees) ✓	144,061	140,405
		Active Workforce by Region ✓		
		France	54,510	52,147
		Germany	50,080	49,442
		Spain	11,217	11,021
		UK	14,626	14,894
		USA	3,255	3,245
		Other countries	10,373	9,656
		Active Workforce by Division ✓		
		Airbus	78,862	73,500
		Astrium	17,255	17,038
		Cassidian / Defence	21,229	21,573
		Eurocopter	23,374	22,435
		Headquarters*	2,951	2,904
		Other Businesses	390	2,955
		Active Workforce by contract type ✓		
		Unlimited contract	140,327	136,637
		Limited contract > 3 months	3,733	3,768
				HR Structure
		Active Workforce by Age ✓		
		<20	0.1%	0.1%
		20-29	12.7%	13.4%
		30-39	30.1%	29.3%
		40-49	27.8%	28.0%
		50-59	25.4%	25.7%
		60+	3.9%	3.5%
		Part-time proportion ✓	3.5%	3.4%
		Women of Active workforce ✓	17.2%	17.3%
		Women in Management positions ✓	9.6%	8.9%
TURNOVER	LA 2	Employee turnover rate ✓	3.0%	3.0%
HEALTH AND SAFETY	LA 7	Lost-Time Injury Incidence rate	0.62	0.67
TRAINING	LA10	Total Number of Training hours ✓	3,170,102	3,201,363
		Total Number of Persons trained ✓	239,544	236,450
		Total Number of Training Hours related to Environment, Health and Safety ✓	252,290	222,861
		Total Number of Persons trained in Environmental, Health and Safety topics ✓	39,431	35,811

All figures based on available detailed employee data as described in the HR protocol.

✓ 2013 data audited by Ernst & Young* Headquarters are including Headquarters, Shared Services, and Innovation Works

DATA TABLES ENVIRONMENTAL PERFORMANCE

GRI		KPI	Unit	2013	2012	
ENERGY	EN3	Total energy consumption (excluding electricity generated by CHP on site for own use) ✓	MWh	4,140,108	4,054,478	
		Energy consumption from stationary sources ✓	MWh	1,545,438	1,386,889	
		<i>of which, natural gas consumption</i>	MWh	1,491,201	1,342,791	
		<i>distillate fuel oil consumption (gas oil, diesel, FOD)</i>	MWh	21,772	29,261	
		<i>heavy fuel oil consumption (residual fuel oil)</i>	MWh	0	106	
		<i>liquefied natural gas consumption</i>	MWh	258	0	
		<i>propane consumption</i>	MWh	12,909	13,805	
		<i>biomass consumption</i>	MWh	19,298	30	
		<i>other type of fuel consumption</i>	MWh	0	0	
		Energy consumption from mobile sources ✓	MWh	1,014,512	1,087,175	
		<i>of which, gasoline consumption</i>	MWh	2,506	2,504	
		<i>distillate fuel oil consumption (gas oil, diesel, FOD)</i>	MWh	16,902	26,944	
		<i>liquefied natural gas consumption</i>	MWh	508	0	
		<i>propane consumption</i>	MWh	1,248	1,055	
		<i>jet fuel aircraft/kerosene consumption</i>	MWh	989,142	1,052,069	
		<i>- flight tests and ferry flight</i>	MWh	645,738	719,384	
		<i>- Beluga</i>	MWh	343,404	332,686	
	<i>aviation gasoline consumption</i>	MWh	4,206	4,603		
	EN4	Total electricity consumption	MWh	1,580,158	1,596,946	
		<i>of which, purchased electricity consumption ✓</i>	MWh	1,463,417	1,472,695	
<i>purchased heat/steam</i>		MWh	116,448	123,888		
<i>generated electricity from photovoltaic sources on-site for own use</i>		MWh	150	161		
<i>generated electricity from other renewable sources on-site for own use</i>		MWh	144	203		
		Generated heat/electricity from CHP on site for own use ✓	MWh	259,708	211,059	
AIR EMISSIONS	EN16	Total CO₂ emissions ✓	tonnes CO ₂	1,009,725	1,011,407	
		Total direct CO ₂ emissions (Scope 1) ✓	tonnes CO ₂	585,911	580,243	
		<i>of which, CO₂ emissions from stationary sources</i>	tonnes CO ₂	310,393	284,297	
		<i>CO₂ emissions from mobile sources</i>	tonnes CO ₂	260,978	279,951	
		<i>CO₂ emissions from fugitive sources</i>	tonnes CO ₂	13,106	16,353	
		<i>CO₂ emissions from processes on site</i>	tonnes CO ₂	1,433	1,514	
			Total indirect CO ₂ emissions (Scope 2) ✓	tonnes CO ₂	423,814	431,164
	EN20	Total VOC emissions	tonnes	1,621	1,572	
		Total SO_x emissions	tonnes	12	16	
		Total NO_x emissions	tonnes	257	231	
WATER	EN8	Total water consumption ✓	m ³	5,526,014	5,145,882	
		<i>of which, purchased water ✓</i>	%	54.4%	58.2%	
		<i>abstracted ground water</i>	%	42.8%	39.1%	
		<i>withdrawn surface water</i>	%	2.7%	2.5%	
		<i>rainwater collected used</i>	%	0.1%	0.1%	
	EN21	Total water discharges	m ³	4,376,106	3,879,128	
		<i>of which, water discharged via an internal pre-treatment plant</i>	m ³	1,177,392	1,121,006	
WASTE	EN22	Total waste production, excluding exceptional waste	tonnes	114,795	110,390	
		<i>of which, non-hazardous waste ✓</i>	tonnes	84,163	79,541	
		<i>hazardous waste ✓</i>	tonnes	30,632	30,849	
	EN24	<i>waste going to materials recovery</i>	tonnes	64,420	62,327	
		<i>waste going to energy recovery</i>	tonnes	21,149	19,549	
		Materials recovery rate ✓	%	56.1%	56.5%	
	Energy recovery rate	%	18.4%	17.7%		
EMS certification		Number of sites with ISO 14001/EMAS certification	unit	100**	96*	
		Percentage of workforce covered by ISO 14001 and environmental reporting	%	83%	84%	

Note: MBDA data are not included, except for ISO 14001 coverage

* of which 6 sites excluded from reporting scope

** of which 7 sites excluded from reporting scope

GRI INDEX AND GLOBAL COMPACT CORRESPONDENCE

GRI INDEX

The following tables present the Airbus Group 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 Airbus Group. This report follows the GRI 3.1 guidelines and should allow meeting GRI Application Level B+.

CR ISSUE (GRI Disclosure)	GRI DESCRIPTION	PAGE
1. Strategy and Analysis		
1.1	Statement from the most senior decision-maker in the organisation.	p. 2-3
1.2	Description of key impacts, risks, and opportunities.	p. 2-8
2. Organisational Profile		
2.1	Name of the organisation.	Inside front cover (leaflet Airbus Group at a glance)
2.2	Primary brands, products, and/or services.	Inside front cover (leaflet Airbus Group at a glance)
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Inside front cover (leaflet Airbus Group at a glance)
2.4	Location of organisation's headquarters.	Inside back cover
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Inside front cover (leaflet Airbus Group at a glance)
2.6	Nature of ownership and legal form.	Inside front cover (Registration document)
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Inside front cover (leaflet Airbus Group at a glance)
2.8	Scale of the reporting organisation.	p. 58-59
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Inside front cover (leaflet Airbus Group at a glance) and p. 58-59
2.10	Awards received in the reporting period.	Airbus Group website
3. Report Parameters		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	p. 58-59
3.2	Date of most recent previous report (if any).	Airbus Group website
3.3	Reporting cycle (annual, biennial, etc.)	p. 58-59
3.4	Contact point for questions regarding the report or its contents.	Inside back cover
3.5	Process for defining report content.	p. 6
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Inside front cover (leaflet Airbus Group at a glance) and p. 58-59
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Inside front cover (leaflet Airbus Group at a glance) and p. 58-59
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.	Inside front cover (leaflet Airbus Group at a glance) and p. 58-59
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Inside front cover (leaflet Airbus Group at a glance) and p. 58-59
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/ periods, nature of business, measurement methods).	p. 58-59
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Inside front cover (leaflet Airbus Group at a glance) and p. 58-59
3.12	Table identifying the location of the Standard Disclosures in the report.	p. 62-65
3.13	Policy and current practice with regard to seeking external assurance for the report.	p. 56-57

4 Governance, Commitments and Engagement		
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.	Annual report Registration document and p. 10-11
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Annual report Registration document and p. 2-3
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Annual report Registration document and p. 10-11
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Annual report Registration document and p. 2-3
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).	Annual report Registration document and p. 10-11
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Annual report Registration document and p. 13-17
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Annual report Registration document and p. 10-11
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.	p. 2-9, 13-17, 34-43, 44-49,
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.	Annual report and p. 2-17, 58-65
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Annual report Registration document and p. 10-11
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	p. 16-17, 20-21, 26-27
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	p. 22-25, 45-49,
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	p. 22-25, 40
4.14	List of stakeholder groups engaged by the organisation.	
4.15	Basis for identification and selection of stakeholders with whom to engage.	Stakeholders are treated throughout the report
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	
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.	p. 2-9

CR ISSUE (GRI Disclosure)	GRI DESCRIPTION	PAGE	GLOBAL COMPACT CROSS REFERENCE
Economic			
	Disclosure on Management Approach – Economic	p. 2-9 and throughout the report, and Annual report	
Market Presence			
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	p. 44-49	Principle 6
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	p. 34-41	
Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	p. 50, 53	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Annual report and p. 9, 22-25, 31-33, 44-49, 50-53	

CR ISSUE (GRI INDICATOR)	GRI DESCRIPTION	PAGE	GLOBAL COMPACT CROSS REFERENCE
Environmental			
	Disclosure on Management Approach – Environment	p. 22-23, 26	
Materials			
EN2	Percentage of materials used that are recycled input materials.	p. 61	Principle 8, 9
Energy			
EN3	Direct energy consumption by primary energy source.	p. 61	Principle 8
EN4	Indirect energy consumption by primary source.	p. 61	Principle 8
EN5	Energy saved due to conservation and efficiency improvements.	p. 23-25, 27-29	Principle 8, 9
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	p. 19, 22-25	Principle 8, 9
Water			
EN8	Total water withdrawal by source	p. 61	Principle 8
Biodiversity			
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	p. 31-33	Principle 8
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	p. 61	Principle 8
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	p. 23-25, 27-29	Principle 7-9
EN19	Emissions of ozone-depleting substances by weight.	p. 61	Principle 8
EN20	NOx, SOx, and other significant air emissions by type and weight.	p. 61	Principle 8
EN21	Total water discharge by quality and destination.	p. 61	Principle 8
EN22	Total weight of waste by type and disposal method.	p. 61	Principle 8
Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	p. 19, 22-25,	Principle 7-9

CR ISSUE (GRI INDICATOR)	GRI DESCRIPTION	PAGE	GLOBAL COMPACT CROSS REFERENCE
Environmental (suite)			
Social: Labor Practices and Decent Work			
Disclosure on Management Approach – Labor Practices and Decent Work		p. 35	
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	p. 60	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	p. 60	Principle 6
Training and Education			
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	p. 36-40	
Diversity and Equal Opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	p. 60	Principle 1, 6
Social: Human Rights			
Disclosure on Management Approach – Human Rights		p. 34-43	
Social: Society			
Disclosure on Management Approach – Society		p. 45-53	
Local communities			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.	p. 45-53	
Corruption			
SO4	Actions taken in response to incidents of corruption.	p. 14-17	Principle 10
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	p. 22-25, 31-33	Principle 1-10
Social: Product Responsibility			
Disclosure on Management Approach – Product Responsibility		p. 22-25, 31-33	
Customer Health and Safety			
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.	p. 19-31	Principle 1
Product and Service Labelling			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	p. 30	

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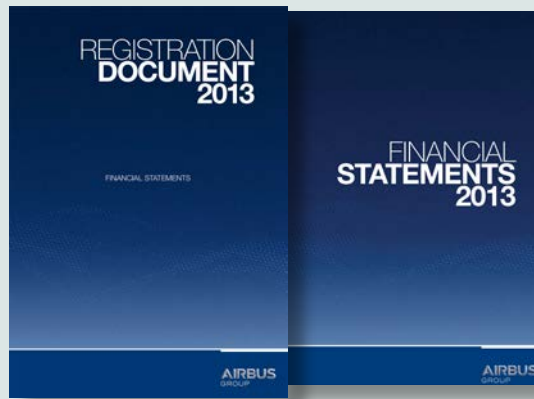
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Registration Document 2013
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