

2014

CORPORATE RESPONSIBILITY & SUSTAINABILITY REPORT

# RESPONSIBILITY MADE BY AIRBUS GROUP

**AIRBUS**  
GROUP

# HOW TO READ THIS REPORT

At Airbus Group, corporate responsibility and sustainability (CR&S) refers to how governance, human resources, supply chain management, innovation and environmental issues, and citizenship activities help to boost performance, reduce risks and maximise value creation. This report acknowledges the increasing demands of shareholders, policymakers and employees for 'integrated performance' reporting, which combines financial and non-financial performance metrics.

As more stakeholders ask for non-financial reporting, so it must be as robust, informative and disciplined as financial reporting. The Airbus Group 2014 CR&S report focuses on material issues that have significant operational and strategic impacts, potentially affecting the Group's risks and performance. It includes both key performance indicators and descriptive information, addressing the following topics: Governance, Innovation, People, Supply chain, Philanthropy.

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# CHIEF EXECUTIVE OFFICER'S LETTER



## Dear shareholders, employees, customers and suppliers

2014 was a year of tremendous achievements. We had major operational successes such as the first A350 XWB delivery, the first flight of the A320neo, entry into service of the H175 helicopter, further successful Ariane launches. Strategically, we formed the Airbus Defence and Space Division. And the year ended with a record order backlog, which provides a solid platform for sustainable growth. But there are other factors, less visible, that contribute to our success as well.

Our approach to 'responsibility and sustainability' is straightforward, business-oriented and pragmatic. Environmental, Social and Governance (ESG) factors, often described as 'non-financial matters', are in fact powerful contributors of Airbus Group's financial success. A good and effective governance is the starting point for us, as it ensures that investments are performed in the best way to generate shareholder returns. Our innovative technologies are the building bricks for tomorrow's products. And by supporting and nurturing our supply chain, we benefit from its growing capacity.

Most of us are lucky enough to live in privileged societies where disease and violence are what we read on the news. I believe that corporate citizenship is an important vehicle for giving back to our communities.

Besides looking at our financial results, many of our shareholders use ESG analysis to substantiate their investment decisions. I firmly believe this makes sense. By understanding how we manage ESG issues, they will also learn how we manage risks and opportunities, as well as how we embed long-term value.

In this context, the Annual and Corporate Responsibility & Sustainability (CR&S) reports come this year together in the same pack. This makes the convergence between financial and non-financial reporting very clear. It capitalises on our improvement of CR&S key performance indicators over the past few years.

*"Our approach to 'responsibility and sustainability' is straightforward, business-oriented and pragmatic."*

## GROUP PRIORITIES FOR 2015

### Ramp up Production

- Focus on ramping up our new civil platforms: A350, A320neo, EC175, EC145T2
- Recover A400M industrial setup and outstanding development milestones of military capabilities; deliver aircraft to full customer satisfaction

### Operational Excellence

- Deploy Quest throughout the entire Group
- Further reduce times required to get a fix for in-service issues
- Simplify and shorten development processes (BelugaXL, Ariane6, X6), reduce R&D complexity
- Continue to drive "lean", improve competitiveness in all areas
- Implement the Cyber Security Improvement Plan (CSIP)

### Innovation

- Develop and implement a digital strategy at Group level
- Connect existing innovation initiatives for synergies and improve traction with operations and customers
- Install Innovation Centre and Corporate Venture fund in Silicon Valley
- Pursue innovation-to-business projects in all Divisions while leveraging Group-wide roadmaps, expertise, technologies and resources

### Finance

- Continue margin enhancement and increase our profitability
- Focus on cash generation and build up reserves for future investments
- Build trustful relationship with shareholders and reconsider our capital allocation policy
- Ensure that all employees have the financial awareness and understanding the necessity to make best use of our resources

In another step forward, we have adopted the GRI4 Sustainability Reporting Guidelines, in line with our commitment to meet the best reporting standards and practices.

The sustainability highlights of 2014 demonstrate how we are performing in all aspects of our operations. They illustrate our Group's huge socio-economic impact – driving eco-efficient innovation, fuelling economic growth, providing highly-skilled jobs, supporting thousands of suppliers and providing philanthropic support. And they show how the Group is embedding long-term value for the benefit of all stakeholders.

The first A350 XWB delivery was a real success for our supply chain and would not have happened without a spirit of partnership. We also launched the A330neo aircraft, which brings together the best aerodynamics and engines to reduce emissions and operating costs. In the field of helicopters, the H160's lightweight structure opens up new commercial perspectives for our customers. And in space, the Rosetta spacecraft – a marvel of technology designed and built by Airbus Group – achieved an amazing world first by landing its Philae companion on a comet travelling at 135,000 kilometres per hour.

In order to design and manufacture these unique products, we need the very best people. To help us find and develop them, we launched a partnership programme with over 20 universities in more than 10 countries worldwide.

Finally, we focused our philanthropic activities and brought together previous Group foundations into a single corporate foundation, leveraging the Group's unique skills and products to support humanitarian and youth development activities.

Of course, none of this could happen without sound governance. The Group's system of corporate governance safeguards the trust placed in us by key stakeholders. Tools and processes throughout our businesses give management transparency into risk

*“The sustainability highlights of 2014 demonstrate how we are performing in all aspects of our operations. (...) They show how the Group is embedding long-term value for the benefit of all stakeholders.”*

management, right down to individual programmes. And the Board has oversight of compliance and business ethics. There is no place for fraudulent or unethical behaviour. This report shows how we are proactively addressing compliance allegations, as well as continually increasing our compliance resources.

Many ESG issues are critical for our future. As we ramp up our programmes, the supply chain's performance will matter more than ever. The highest standards of ethics and compliance not only safeguard the trust placed in us by key stakeholders, but also set the bar for our competitors. Our new Quest initiative will help to make quality a competitive advantage. Finally, ensuring employees are engaged means we will get the best from them.

By embedding all of these ESG factors into our businesses and operations, we will make sure that future years will be as successful as 2014.



**Tom Enders,**  
Chief Executive Officer

### Ethics and Compliance

- Reinforce anti-corruption programme, update Group policies
- Apply the same Ethics & compliance standards throughout the Group
- Promote culture of “Speaking Up”, integrity and transparency, including suppliers and partners

### Corporate Citizenship and Responsibility

- Strengthen our position as trusted partner, with all stakeholders, in our home countries and globally, by focusing on how we perform our operations, and their socio-economic impact
- Leverage our employees' engagement and skills through the Airbus Corporate Foundation's activities

### Team Airbus

- Drive Group-wide, Divisional and team level actions to double employee engagement over the next two years, thereby increasing performance, competitiveness and accelerating transformation and innovation
- Accelerate the development and mobility of current and future leaders through new Leadership University's development of >12,000 people in 2015
- Invest in smarter ways of working, collaborative tools and targeted restructuring that boost integration, connectivity and agility, hardwiring trust and cooperation in our ways of working and behaviours across organisational boundaries

### Global Outreach

- Ensure full deployment of the one-roof concept throughout the Group by year-end
- Strive to further expand our worldwide footprint with local industrial presence (e.g. Airbus Final Assembly Line in Mobile, Alabama)
- Tap into talents and resources worldwide and hence strengthen our cultural and citizenship diversity

# 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 a drive to deliver the best technology to serve mobility and security.**

## VISION

**We make things fly.**

At Airbus Group, we engineer the future to address global challenges. We create innovative and sustainable solutions, driving our industry forward to enhance mobility and help defend freedom. We focus on the people we work with and for.

## MISSION

**Drive innovation. Deliver results. Define our industry. Develop our people.**

Airbus Group is a global pioneer in aeronautics and space. Combining European heritage with global outreach, we bring together talent and technology to drive innovation, integration and internationalisation. We create cutting edge technology to help our customers connect and protect lives. Our people have the competence, character and courage to take this industry to the next dimension. We dare to challenge the status quo and push the boundaries; strive to stay agile, take risks to innovate and manage these risks with responsibility. Our passion for this industry compels us to stand up for what we do and we do what we believe to be right. We take responsibility for our behaviour and the quality and safety of our products. We value the trust that our colleagues, customers, communities and shareholders place

in us. By collaborating with integrity and respect, we craft competitive products, solutions and services. On behalf of the people we work with and for, Airbus Group creates added value and secures future growth; delivering the profitability that provides the basis for innovation.

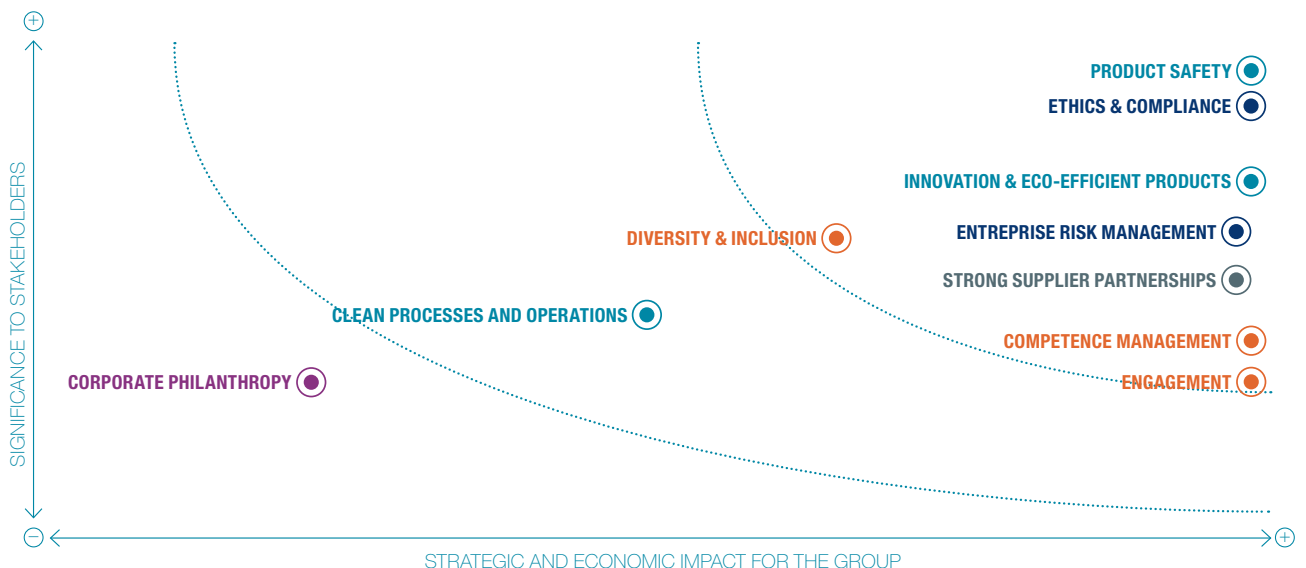
We never forget that how we deliver is just as important as what we deliver. Learning from experience is just as important as learning from science; and the support of our customers, suppliers and communities is equally important to our success as is our own work.

## MATERIALITY

Airbus Group is continuously refining its materiality matrix. The matrix illustrated below answers stakeholders' and analysts' questions about the materiality of CR&S issues. The chapters of this report reflect the Group's analysis of material issues, as described below.

- **Governance** – how governance is embedded, especially in terms of enterprise risk management; ethics and compliance
- **Innovation** – how innovation is managed, notably in areas such as product safety; innovative and eco-efficient products; clean processes and operations
- **People** – how the Group is leveraging human capital, particularly in terms of competence management; engagement; diversity and inclusion
- **Suppliers** – how the supply chain is managed with a focus on strong supplier partnerships
- **Philanthropy** – how the Group approaches philanthropic activities.

## 2014 MATERIALITY ASSESSMENT



# OUR MAIN CR&S CHALLENGES



## GOVERNANCE

For Airbus Group, responsibility and sustainability starts with good governance. The Group is building its future on strong corporate governance frameworks, including controls and risk management, and ethics & compliance. These governance standards are influencing how the Group builds and sustains its business.

## 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.



## INNOVATION

Airbus Group is at the heart of today's corporate responsibility debate and is committed to fostering innovation to become an eco-efficient and sustainable enterprise, i.e. a more profitable company where environmental performance helps to drive growth. This management philosophy is being integrated into the business and its culture. The Group is using innovation to help solve critical issues such as – the low-carbon economy (including through sustainable mobility) and security (including cyber security).

## 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.

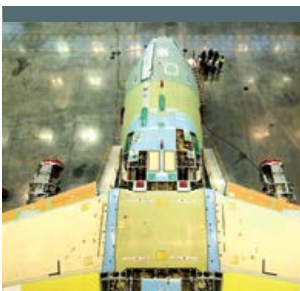


## PEOPLE

Competences and motivation are the cornerstone of Airbus Group's success and competitiveness. The Group is investing in having the right skills, at the right time, in the right place, to empower its future development.

## OBJECTIVES

- Anticipate, secure and develop competences
- Improve employee engagement and development
- Reinforce diversity and integration throughout Airbus Group
- Work with other stakeholders to achieve objectives.



## SUPPLIERS

Airbus Group relies on the performance of its supply chain. Robust supply chain management, backed by mutual trust, is essential. A long-term approach and shared values are needed to build trust and ensure high quality standards.

## OBJECTIVES

- Partner with suppliers to optimise supply chain management
- Secure 'on-time, on-cost, on-quality' product delivery.



## PHILANTHROPY

Airbus Group believes philanthropy is an important vehicle for giving back to communities. It focuses on leveraging its unique skills and products in the causes of humanitarian relief and youth development.

## 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. humanitarian relief and youth development.



# STAKEHOLDERS

Airbus Group’s businesses are characterised by long product lifecycles and corresponding returns on investments, considerable costs and risks in programme development, and cyclical civilian markets. The principal stakeholders are shareholders, customers, employees, suppliers and partners, as well as society at large.

## DUTIES TO STAKEHOLDERS

### SHAREHOLDERS

The Group will generate value by developing a sustainably profitable portfolio of aeronautics and space businesses. It must foster profitability in the following ways:

- maximise the economic return of long life cycle investments, while minimising their risks;
- maintain a capital structure consistent with the needs of future growth, with continued solvency and with dividend payments;
- adapt its portfolio of businesses continuously, using disciplined and transparent disclosure to reflect their value in the share price.

### CUSTOMERS

Airbus Group is a provider of choice, offering superior value-for-money product and services. It must:

- commit only to specifications and to schedules that it is assured to meet, and manage customer expectations transparently and honestly;
- warrant the price of products, systems and services by their quality,

and by the economic and performance advantages they provide;

- anticipate evolving market requirements.

### EMPLOYEES

Airbus Group engages its employees as partners who share its goals and rise to the challenges. It must:

- offer personal and career development commensurate with competence and attitude, with equal opportunity principles and diversity objectives;
- promote leadership that sets clear, achievable and measurable objectives;
- offer fair rewards commensurate with performance.

### SUPPLIERS

Airbus Group treats its suppliers as partners based on mutual interest. It strives to:

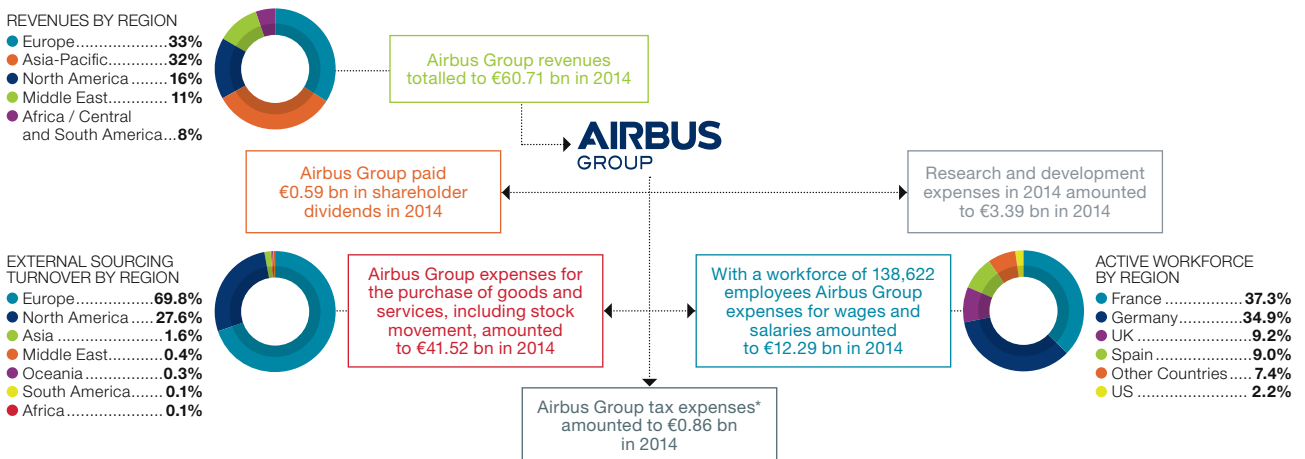
- deal fairly with suppliers, ensuring that they understand the commitments, challenges and risks they take;
- assist them so they can perform optimally under their contracts;
- set clear, achievable and measurable objectives.

### SOCIETY

Airbus Group plays a key role in society and towards local communities. It aims to:

- be a symbol of cutting edge technology and capabilities;
- be a sustainable source of high-quality employment;
- be a resilient source of export revenues and tax income for its home countries.

## INTERACTIONS WITH STAKEHOLDERS



\*The Group's effective tax rate for 2014 is 26.9%. It reflects the compound rate of the current and deferred tax rates applicable in the countries of its operations, in particular in France (38%, should go down again to 34.43%), Germany (30% including surcharge and trade tax), Spain (30%, should go down to finally 25%), the UK (21.5%, should go down to finally 20%) and the Netherlands (25%). And it is impacted by non-taxable benefits and non-deductible expenses arising from permanent differences between the local tax base and IFRS rules and by other effects. The Group's tax base and tax paying companies are mainly in its European home countries.

# 2014 ACCOMPLISHMENTS

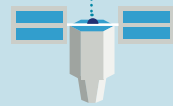
## Waking Up

Rosetta for the comet landing after a 6.5 billion-km journey



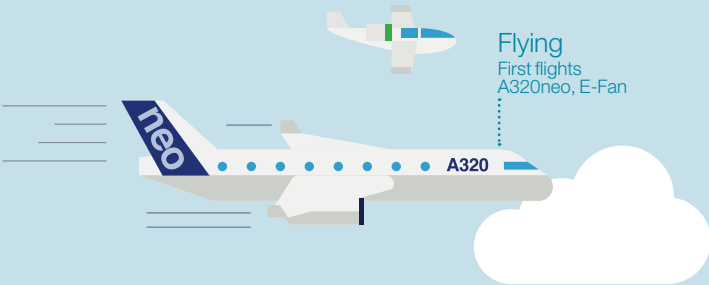
## Boosting

Pléiades/SPOT's satellite constellation acquisition capacity boosted to 6 million m<sup>2</sup>/per day



## Flying

First flights A320neo, E-Fan

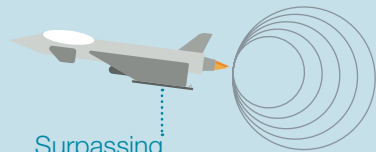


Supplying an ATV to the ISS for the 5<sup>th</sup> time



## Reaching

18.8 km in UAE with Zephyr solar powered pseudo-satellite



## Surpassing

275,000 flight hours – Eurofighter Typhoon

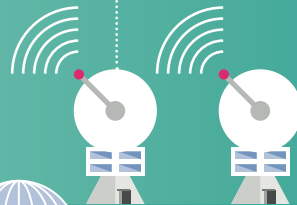
## Entering into service

A350 XWB, H175, H145, H135, commercial launch of SPOT 7



## Deploying

Qatar's 600 km national security shield



## Excelling

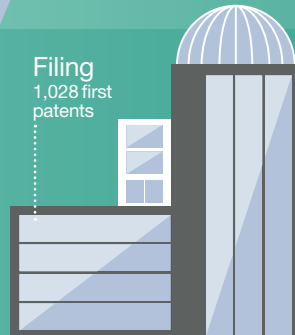
with an order book worth €857.5 billion\*\*. If we were a country, this GDP would rank 16<sup>th</sup> in the world!

Reducing energy intensity of our infrastructures to below 0.4%\*



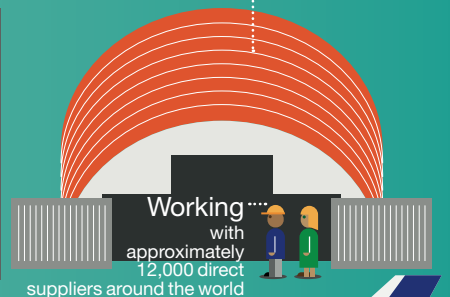
## Filing

1,028 first patents



## Working

with approximately 12,000 direct suppliers around the world



Supporting our people with nearly 3 million hours of training



\* Energy cost divided by turnover, Airbus Group legal entities scope, revenue based figure 2013

\*\* At year end; figure based on Airbus Group Annual Results 2014

# 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 2014, the Board supported management's new 'strategy 2.0', which refined the approach to achieving the Group's commercial goals. The previous year's governance changes – which led to the collective shareholdings of the French, German and Spanish governments falling to 26% – gave the Board the flexibility needed to make such far-reaching changes.

The Group was renamed and restructured during 2014. EADS NV became Airbus Group NV, adopting the well-known Airbus brand. The Airbus Defence and Space Division – created out of the former Astrium, Cassidian and Airbus Military entities – became operational.

Strategy 2.0 is an evolution of the previous Vision 2020 strategy. In order to achieve this evolution, the Board conducted a detailed review of its businesses, products and technologies, assessing which of them create value for the Group and which do not. Focusing on the areas that create greatest value will result in improved profitability and performance.

Internally, the Group is consolidating and adapting the way it works. The squeeze on public sector budgets in European countries means the Group needs to rationalise its cost base and find new

export customers in order to protect the profitability and competitive position of its defence and space business. This situation has necessitated the integration of the Group's diverse defence and space activities in Airbus Defence and Space, as well as the streamlining of this portfolio of businesses. Additionally, it has led to the transformation programme launched at Airbus Helicopters.

## BOARD OF DIRECTORS

The Board of Directors has 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 interests, four Directors from two "national defence companies", ring-fenced within the Airbus Group, are members of the Airbus Group Board. The French and German states have the right to approve or disapprove these Directors. However, these national governments do not have any rights over the position of Chairman.

The Board met seven times during 2014 (*see table below*), and was regularly informed of developments through business reports from the Chief Executive Officer, including details of progress on the strategic and operational plans. The average attendance rate at these meetings was 88%.

Throughout 2014, the Board received reports on the technical and commercial progress of significant programmes, such as A350XWB, A400M, A380 and Super Puma. During two off-site Board meetings, one in Marignane at Airbus Helicopters, and the other in Toulouse at Airbus, the Board took the opportunity to

## GOVERNANCE DATA

		Board of Directors	Audit Committee	Remuneration and Nomination Committee
DIRECTORS	Independent Board members	83%	100%	100%
	Number of meetings during 2014	7	4	3
	Average attendance rate	88%	75%	83%
	Number of women	1	1	0
	Evaluation of Board performance	The evaluation of the Board of Directors was conducted in December 2014 and January 2015 by an independent consultant through individual interviews with all Board members.		
	Length of Board members' mandates	Three years, renewable		
	Board members' remuneration	Cf. Board Report chapter 4.3 'Remuneration Report'		
SHAREHOLDERS	General meetings	Last General Meeting: 27 May 2014		
		percentage of voting rights present or represented: 65%		

meet with local management and the workforce. The Directors visited the Super Puma final assembly line, were introduced to the X6-helicopter concept and flew on the A350XWB on the day of its certification.

In terms of making new decisions, the Board launched the A330 new engine option (neo) programme, conducted a detailed and comprehensive product portfolio assessment in line with the Group's strategy review initiated in 2013, approved and monitored Airbus Group's joint venture with Safran, and decided on the divestment of a part of the Group's stake in Dassault Aviation. Moreover, the Board of Directors focused on the Group's financial results and forecasts, asset management, supply chain challenges, the services business, compliance in key business processes and in major programmes, as well as efficiency and innovation initiatives. It reviewed Enterprise Risk Management results, the internal audit plan, the compliance programme, litigation and legal risks, investor relations, financial communication and dividend policy.

In order to avoid a large number of Directors needing to be replaced at once, with a corresponding loss of experience, as well as induction and integration challenges, the Board discussed a smoother, yearly replacement schedule. Additionally, the Board limited a Director's term of appointment to three consecutive terms of three years each (with possible exceptions), setting an age limit of 75 years at the time of appointment. This is the first step towards a more regular turnover of the Board of Directors, the principle of which is embodied in the provisions of the Internal Rules of the Board of Directors. Further steps to implement the staggered Board will be proposed at the 2016 Annual General Meeting, aiming to create a schedule of staggered retirements and inductions, consistent with the Dutch Corporate Governance Code and with the present Internal Rules of the Board of Directors.

### THE BOARD'S COMMITTEES

The Audit Committee is required to meet at least four times a year. In 2014, it met four times with an average attendance rate of 75%. The Remuneration and Nomination Committee is required to meet at least twice a year. In 2014, it met three times with an average attendance rate of 83%.

### BOARD EVALUATION

An independent consultant evaluated the Board in December 2014 and January 2015, interviewing all Directors. They all said that the Board meets the highest international standards, pointing out its steady progress, especially since the new governance regime was introduced in 2013, which is considered balanced and effective. Board dynamics and performance are rated highly. The Board's decision-making process fits both Directors' and management's expectations, and the contribution of Board committees is considerable. Mutual trust between the Board and management is strong.

### CONFLICTS OF INTEREST

The Group's conflict of interest policy states that any potential or actual conflict of interest between the Group and any Board Director must be disclosed and avoided. No transactions with a conflict of interest were reported in 2014.

## 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.

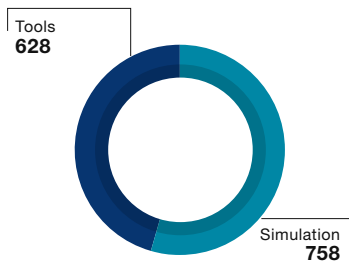
This approach provides a framework for the Divisions and Business Units, which are responsible for day-to-day business, and promotes dialogue with their direct stakeholders.



# PUTTING GOVERNANCE FIRST

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.

## NUMBER OF ENTERPRISE RISK MANAGEMENT TRAINING SESSION



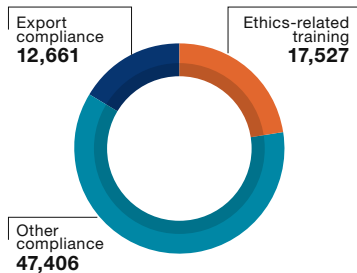
## HEADCOUNT FOR ETHICS & COMPLIANCE STAFF

FULL-TIME  
**183**

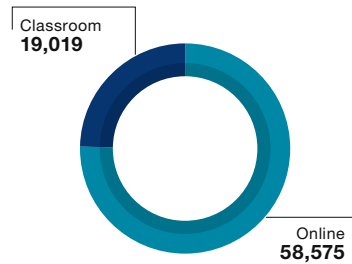
PART-TIME  
**496**

## TOTAL NUMBER OF ETHICS & COMPLIANCE TRAINING SESSIONS

### BY SUBJECT



### BY FORMAT





# ENTERPRISE RISK MANAGEMENT

**Enterprise Risk Management (ERM) is a specialist function that reviews the Group's risks and opportunities, bringing transparency mainly to the risks faced but also to potential opportunities. In 2014, ERM evaluated the operational risks of some of the Group's major aircraft programmes.**

ERM has become a key management process across the Group, serving to mitigate key risks and increase opportunity, with a particular focus on major aircraft programmes such as the A350 XWB.

By mapping all material risks, planning how to mitigate them and how to seize related opportunities, ERM is designed to achieve the following:

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

### FOCUSING ON OPERATIONS

The Group's biggest risks relate to the successful execution of its programmes – on time, on quality and on cost. All risks that could impact new programmes are identified. The performance of major suppliers is critical and is checked regularly. This scrutiny is particularly important when a new programme, such as the A350 XWB or A320 neo, is moving into production.

ERM's role shifted during the year from offering risk consultancy to critically reviewing the risks of major programmes. It has an ongoing role in reviewing the risks of the A350 XWB jet programme and monitors the A380 double-decker programme. The team has also examined the A400M airlifter programme's risks.

ERM staff spend about half their time identifying and addressing risks related to quality and cost.

### COMBINING ERM FORCES

In 2014, a Group ERM Centre of Competence (CoC) was established, combining the divisional ERM functions, in order to develop an integrated approach with common priorities. The CoC is fostering a culture where risks are anticipated and its resources are used efficiently. The CoC helps the Board and senior management to discharge its duty, under the Dutch Corporate Governance Code, to manage risks and opportunities in a transparent manner.

The ERM CoC has a staff of 25 working across the Group. They communicate regularly through a bi-monthly newsletter, a gazette covering the ERM community's actions and an IT collaboration platform.

### IMPROVING TRANSPARENCY

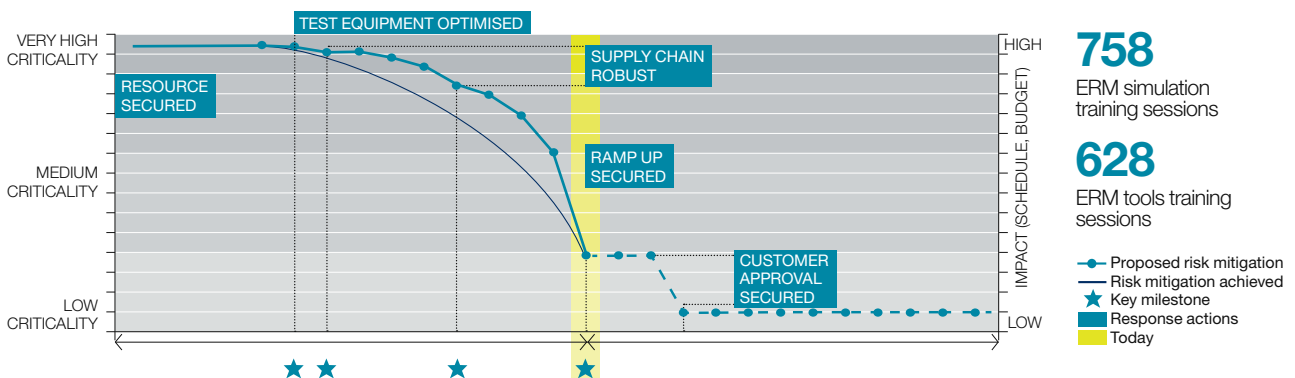
Steps are being taken to improve the visibility of key risks, and to quantify how mitigating actions reduce them. The function is continually improving visual tools for quantifying and measuring risks. A Programme Performance Dashboard brings together all key performance indicators (KPIs), representing the risks of the different programmes in waterfall charts. These dashboards quantify 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.

Virtual control rooms are being implemented at all the Group's industrial sites, integrating ERM into the day-to-day management of programmes.

### TRAINING SIMULATES KEY RISKS

In addition to training in the ERM process and its tools, ERM runs training simulations. Carried out across the Group, it models the major risks in order to improve management of them. Simulation training is currently being adapted to focus on important business issues such as competitiveness and customer satisfaction, and less on financial KPIs.

## PROGRAMME WATERFALL CHART: PLANNING AND ACHIEVING RISK MITIGATION





# ETHICS & COMPLIANCE

The Ethics & Compliance 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 Group is convinced that such a culture helps to sustain its global competitiveness.

### AN ETHICS & COMPLIANCE LEADER

In 2014, Ethics & Compliance (E&C) was defined as one of the Group’s top priorities, making clear its fundamental importance to the Group. As in previous years, in 2014 the Group participated in various collective actions on ethics and compliance, and anti-corruption. For example, Airbus Group signed the ‘Call to Action, A Call from Business to Governments to Address Corruption and Foster Good Governance’, within the context of the Global Compact 10<sup>th</sup> Principle. In 2014, Airbus Group also continued to chair the International Forum for Business Ethical Conduct (IFBEC), an association that develops global Ethics & Compliance standards in the aerospace and defence industry.

### UP-TO-DATE POLICIES AND PROCESSES

E&C maintains a set of policies and processes, which it updates regularly. There are two foundation documents in the Airbus Group E&C Programme: the Standards of Business Conduct and Our Integrity Principles.

In 2014, a number of policies were updated, making them more effective in specific areas. For example, the policy on sponsorship and donations was redefined to allow for Ethics & Compliance vetting.

### CASCADING INTO OPERATIONS

E&C considerations are steadily becoming part of day-to-day operations throughout the Group. E&C goals were included in the executives’ and managers’ annual objectives for the first time in 2014. Under the ‘Develop my team’s E&C leadership’ initiative, executives and managers have to take one E&C training session each year, make sure their teams understand their E&C responsibilities, nurture an open and transparent team spirit, and encourage staff to talk to them about E&C issues.

Turning to the supply chain, an initiative has been introduced to make sure that suppliers have undergone E&C checks before selection. In 2014, the breadth of the Group E&C Programme continued to be extended through the appointment of an E&C manager in China. This appointment complements a network of four E&C

managers previously appointed in Brazil, India, Russia and the Kingdom of Saudi Arabia. The Country E&C Managers report to the Group E&C Officer.

### BOOSTING EMPLOYEE AWARENESS

Training is an important component of the E&C programme. In 2014, there were 77,594 training sessions. There is a growing emphasis on e-learning, as it can easily reach a large percentage of the workforce across many countries.

An employee survey tested awareness of the Integrity Principles, which were released in 2013. 60% of employees and 80% of managers had received them; 46% of employees had attended a briefing and 72% of managers had.

#### 2014 E&C training sessions

	Online	Classroom	Total
Ethics & Compliance	10,132	7,395	17,527
Other Ethics & Compliance related training	41,350	6,056	47,406
Export compliance training	7,093	5,568	12,661

### OPENLINE ALERT SYSTEM

The Airbus Group Ethics & Compliance Officer reports to the Audit Committee on compliance allegations twice a year. The report contains details on the Group’s significant compliance allegations. In 2014, approximately 450 allegations were made through OpenLine or other channels, half of which were substantiated. With the OpenLine, Airbus Group confidential reporting line, employees can raise concerns about corruption and bribery, accounting, finance, anti-competitive practices, harassment, conflicts of interest, quality or product safety.

Employees, customers, suppliers, and third-party intermediaries are encouraged to share their concerns with management or with E&C resources. Subject to local legal restrictions, the OpenLine alert system has been available for several years to employees in France, Germany, Spain, UK, Canada, Brazil, Australia and the US. In 2014, it was made available to employees in Mexico, China and Saudi Arabia.

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



**EXPORT COMPLIANCE**

Aerospace and defence companies must comply with a number of regulations controlling their export activities. The Group Export Compliance Office (GECO) ensures full compliance with all applicable export/import and trade regulations, including economic sanctions, which apply to the Group's products, technologies and services.

**EMBEDDED INTO EARLY PRODUCT PLANNING**

As a manufacturer of cutting-edge defence products and technologies that are strategic to its home countries and their allies, the Group has a long history of acting responsibly, continually maintaining state-of-the-art compliance procedures. Export compliance considerations are integrated into the early stages of product planning, so that future difficulties relating to marketing products can be anticipated long in advance.

**POLICY FRAMEWORK**

The Group has a framework of policies and processes that control exports, safeguarding the trust placed in it by the governments of its home countries. Its main policy document is the Airbus Group Export Compliance Directive, which was redrafted in 2014 for release in 2015. A further important policy document is the Airbus Group Export Compliance Procurement Directive, which ensures compliance with export regulations within the sphere of procurement processes; employees can access these documents on the Group intranet.

**SANCTIONED COUNTRIES**

The Sanctioned Country Process is key to export compliance (see illustration). The GECO updates a list of sanctioned countries every quarter to reflect sanctions programmes and trade limitations set by

*"The Group Export Compliance Office (GECO) updates a list of sanctioned countries every quarter to reflect sanction programmes and trade limitations set by the European Union, United States, United Nations and the Group's home countries."*

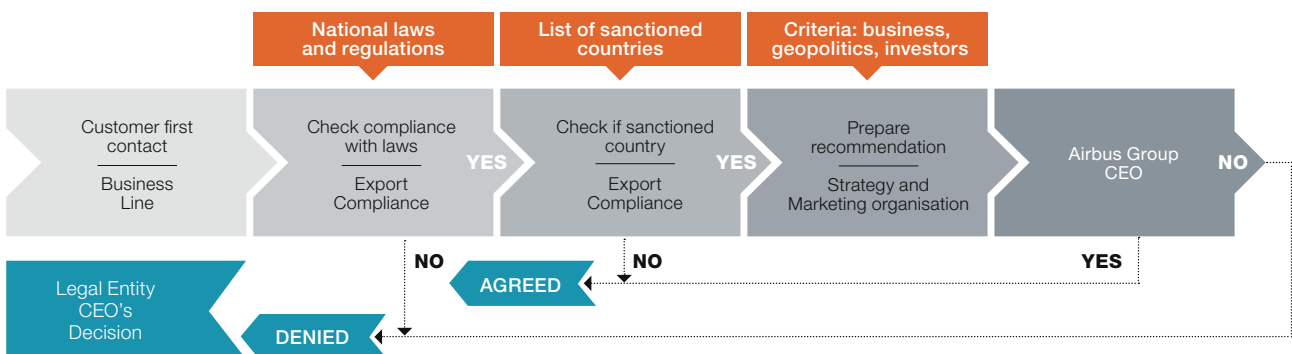
the European Union, United States, United Nations and the Group's home countries. Any potential business involving sanctioned countries must be approved by the top management. Following recent cases of companies fined for illegally conducting business in hardline sanctioned countries, as well as the fluid situation with regard to several sanctions programmes, the Airbus Group directive regarding business with sanctioned countries was revised to remain a robust compliance tool for the Group.

**RAISING AWARENESS**

The Group's third annual export compliance meeting was held in 2014, and was addressed by the Chief Executive Officer, Chief Strategy and Marketing Officer and Group Ethics & Compliance Officer. Around 200 participants from across the Group attended the meeting, raising their awareness of export compliance.

Training is a key method for changing behaviour. In 2014, Airbus Group's export compliance team provided training to more than 12,000 employees across the Group.

**SANCTIONED COUNTRY PROCESS**



## BUSINESS ETHICS

**Airbus Group is committed to preventing bribery and corruption. It regularly updates its policies to cover all risks, while training employees according to the level of risk they face.**

### ANTI-CORRUPTION POLICIES

A large number of regularly updated policies are in place, covering a range of potential business ethics issues and situations. The Airbus Group Business Development Anti Corruption Policy outlines the main principles, targeting not only the risks linked to business partners, but also those linked to mergers and acquisitions and any other kind of operation where a business ethics risk has been detected. Included among the business ethics tools are questionnaires for business and project partners, as well as anti-bribery compliance guidelines for mergers and acquisitions.

### TRAINING AND COMMUNICATION

The Group International Compliance Officer (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 particular, e-learning focuses on bribery. The Group's International Compliance organisation regularly informs concerned employees about the regulatory environment linked to foreign trade and/or anti-bribery regulation, through newsletters or information published on the Ethics & Compliance e-room.

### ANTI-BRIBERY SYSTEM AUDIT

Testifying to the strength of the anti-bribery system, in 2014 ETHIC Intelligence awarded Airbus Group an Anti-Corruption Compliance System Certificate for the design and implementation of its compliance system to prevent corruption. This followed certification of each of the Divisions over the previous 18 months.

## ADDRESSING ALLEGATIONS

### GPT

Prompted by a whistleblower's allegations, Airbus Group conducted internal audits and retained PricewaterhouseCoopers ("PwC") to conduct an independent review relating to GPT Special Project Management Ltd. ("GPT"), a subsidiary that Airbus Group acquired in 2007. The allegations called into question a service contract entered into by GPT prior to its acquisition by Airbus Group, relating to activities conducted by GPT in Saudi Arabia. PwC's report was provided by Airbus Group to the UK Serious Fraud Office (the "SFO") in March 2012. In the period under review and based on the work it undertook, nothing came to PwC's attention to suggest that improper payments were made by GPT. In August 2012, the SFO announced that it had opened a formal criminal investigation into the matter. Airbus Group is cooperating fully with the authorities.

### EUROFIGHTER AUSTRIA

In March 2012, the German public prosecutor, following a request for

assistance by the Austrian public prosecutor, launched a criminal investigation into alleged bribery, tax evasion and breach of trust by current and former employees of EADS Deutschland GmbH (renamed on 1 July 2014 Airbus Defence and Space GmbH) and Eurofighter Jagdflugzeug GmbH, as well as by third parties relating to the sale of Eurofighter aircraft to Austria in 2003. After having been informed on the investigation in 2012, Airbus Group retained law firm Clifford Chance to conduct a fact finding independent review. Upon concluding its review, Clifford Chance presented its fact finding report to Airbus Group in December 2013. Airbus Group provided the report to the public prosecutors in Germany. Airbus Group is cooperating fully with the authorities.

### OTHER INVESTIGATIONS

Following the publication of investigations by the Romanian authorities relating to the border surveillance project in Romania in mid-October 2014 Airbus Group confirms that Airbus Defence and Space GmbH

has been informed that also the German prosecution office investigates with respect to potential irregularities in relation to this project, a project in Saudi Arabia and a project of Tesat-Spacecom GmbH & Co. KG. No legal entity of Airbus Group is the subject of any accusations.

Public prosecutors in Greece and Germany launched investigations into a current employee and former officers and employees of Atlas Elektronik GmbH, a joint company of ThyssenKrupp and Airbus Group, on suspicion of bribing foreign officials and tax evasion. The public prosecutor in Germany has launched an administrative proceeding for alleged organisational and supervisory shortfalls. The authorities in Greece have launched civil claims against Atlas Elektronik GmbH. With the support of its shareholders, the company is cooperating fully with the authorities and in consultation with the public prosecutor is assisting the further clarification of the matter through its own internal investigation.



# DEVELOPING TOMORROW'S TECHNOLOGIES

AIRBUS GROUP DEVELOPS CUTTING-EDGE TECHNOLOGIES THAT IT USES TO BUILD GROUNDBREAKING PRODUCTS. IN THIS WAY, IT DELIVERS SOLUTIONS TO SOCIETY'S CHALLENGES SUCH AS SUSTAINABLE MOBILITY, ENVIRONMENTAL PROTECTION AND SECURITY, WHILE DRIVING ITS OWN LONG-TERM GROWTH. THE GROUP'S NETWORK OF RESEARCH FACILITIES, SCIENTISTS, ENGINEERS AND PARTNERSHIPS IS AT THE FOREFRONT OF TECHNOLOGY.

SELF-FUNDED R&D

**€3.39** bn

NEW PATENTS FILED  
IN 2014

**1,028**

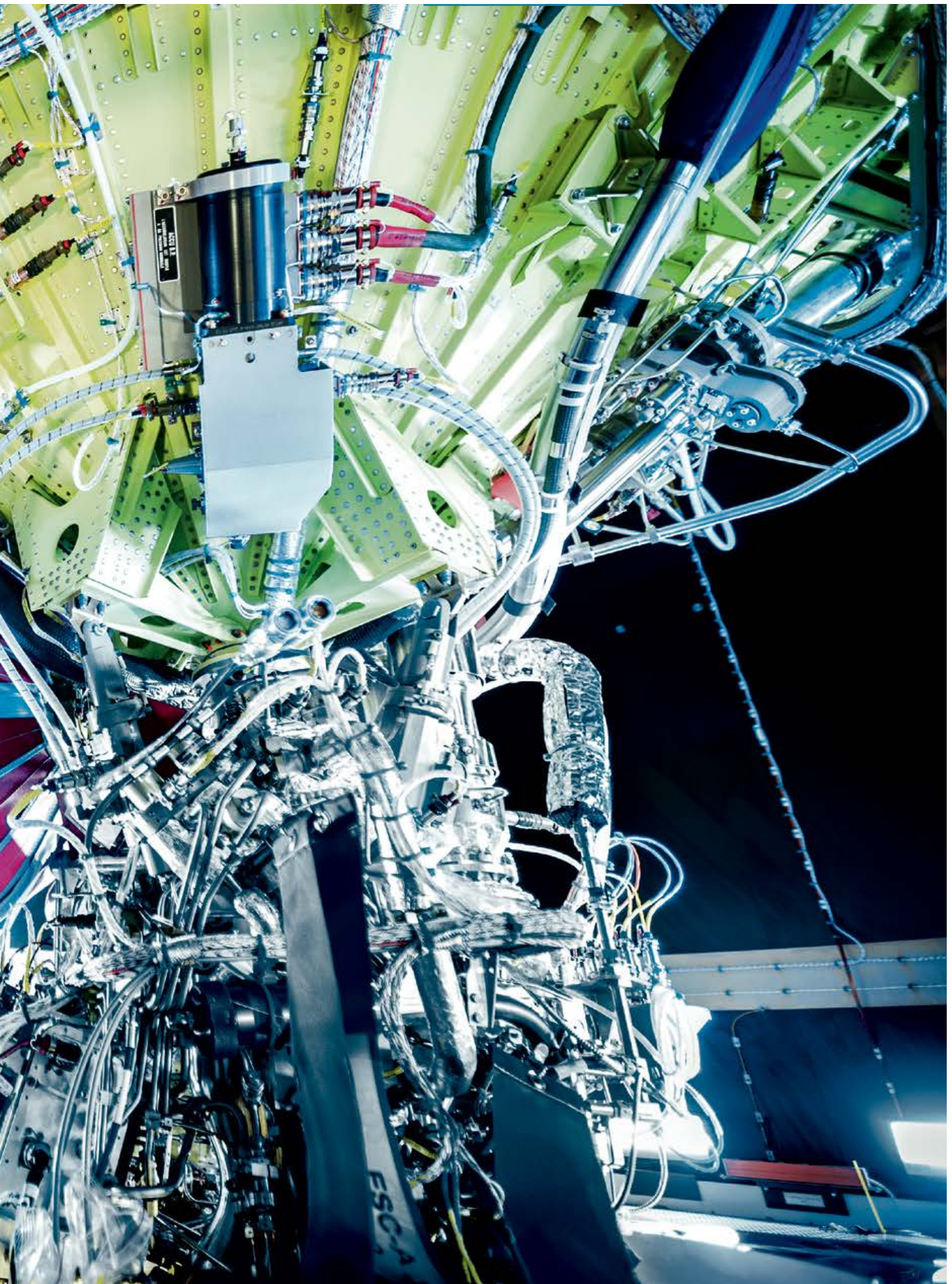
PERCENTAGE OF WORKFORCE  
COVERED BY ISO 14001  
& ENVIRONMENTAL REPORTING

**83%**

CARBON EMISSIONS  
REDUCTION\*

**-36%**

\*Revenue-based figures 2006-2014, based on 2006 levels, Airbus Group legal entities scope of reporting. This figure does not include fugitive emissions, or emissions related to mobile sources and processes on site.



# DELIVERING INNOVATION

Through innovation, Airbus Group aims to strengthen its position as a global leader in aerospace and defence. Scientific research develops the technologies that are the building blocks for cutting-edge products such as more eco-efficient aircraft, satellites that monitor climate change and cyber security systems.

The Group divides investment in innovation into two categories. Research and technology (R&T) investigates early-stage technologies. Research and development (R&D) leverages these technologies to develop groundbreaking products and services. Environmental efficiency is a particular focus, accounting for more than 80% of R&T spending at Airbus. Every year, the Group spends more than € 3 billion on R&D. In 2014, € 3.39 billion was invested in self-financed R&D (2013: €3.16 billion). Equating to more than five percent of revenues, R&D spending finances the development of major new programmes such as the A350 XWB and A320neo.

## INNOVATION STRATEGY

Following substantial investment in R&D over the past decade, Airbus Group is shifting its current focus to incremental improvements of existing products through, for example, the addition of lightweight wings incorporating the latest aerodynamic research to reduce drag. At the same time, it is maintaining commitment to early-stage R&T, often working with research partners, both for the improvement of existing

*“Approximately 800 scientists and researchers, including doctorates and interns, are employed at facilities in France, Germany, UK, Spain, USA, Canada, Singapore, India and China. Additionally, AGI benefits from partnerships with world-famous schools, universities and research centres, seeking out pockets of technological excellence around the world.”*

products and for the development of entirely new products in future. There is a Group-wide technology roadmap, created in 2014 from the combination of formerly separate divisional roadmaps. The R&T strategy supports the Group’s short-term and long-term product portfolio, with a particular focus on maximising eco-efficiency. Top experts from across the Group are leveraged in a lean and pragmatic way to exploit breakthrough technologies. Key performance indicators (KPIs) are used to link technological innovation with strategic goals.

## AIRBUS GROUP STRATEGY PROCESS

<p><b>PURPOSE OF THE STRATEGY PROCESS:</b></p>	<p>To support the CEO and the GEC in taking the <b>right strategic decisions in a timely manner</b>, while ensuring <b>the highest quality of strategic management</b>. To enable the strategy community to focus on the most impactful topics and to make sure that it <b>uses the best knowledge available from the Divisions and Corporate Functions</b> to strengthen the Group’s strategy.</p>		
<p><b>THE AIRBUS GROUP APPROACH TO STRATEGY CENTRE ON:</b></p>	<p><b>Top management involvement</b></p> <p>Most relevant <b>strategic questions are addressed</b> in Divisional Business Reviews, in recurring Group top management meetings, or as dedicated meetings to</p> <ul style="list-style-type: none"> <li>■ <b>review and adapt strategy</b> on the Division and Group level</li> <li>■ address and make decisions about subjects of <b>cross-divisional and / or Group relevance</b></li> <li>■ assess <b>implementation status</b> of strategic projects</li> </ul>	<p><b>An agile process</b></p> <p>The strategy community produces the <b>elements</b> needed for strategy to be <b>formulated, evaluated and evolved</b>:</p> <ul style="list-style-type: none"> <li>■ define <b>Strategic Focus Topics</b> which allow review and preparation for management decision in a practical manner</li> <li>■ update Division and Group strategy annually in the <b>Strategy Snapshot</b></li> <li>■ update <b>market and competitor information</b> annually, mainly through business, market and competitor profiles</li> </ul>	<p><b>An integrated working mode</b></p> <ul style="list-style-type: none"> <li>■ <b>Corporate Development</b> and Divisional / functional strategy teams work together, they are the privileged way of contact and ensuring consistency</li> <li>■ <b>Strategy Leadership Team will</b> <ul style="list-style-type: none"> <li>— <b>steer joint projects</b>, proactively engage on cross-divisional topics</li> <li>— facilitate <b>translation of strategy into action</b></li> <li>— act as <b>sparing partner</b></li> </ul> </li> <li>■ <b>Strategy</b> and the <b>Coordinated Intelligence Network</b> share internal and external information to build an intelligence view. They <b>contribute foresight on trends and game changers in markets</b>, business models, and technology.</li> </ul>

**ORGANISATION AND GOVERNANCE**

Airbus Group Innovations (AGI) is a central resource for early-stage technology research. Approximately 800 scientists and researchers, including doctorates and interns, are employed at facilities in France, Germany, UK, Spain, USA, Canada, Singapore, India and China. Additionally, AGI benefits from partnerships with world-famous schools, universities and research centres, seeking out pockets of technological excellence around the world. The Divisions have long-term product strategies that enable them to identify the technologies they will need many years in advance. AGI advances these technologies to maturity within the timeframe needed for product development.

**STRATEGY PROCESS**

The Group's top-level strategy process reviews product development, identifying opportunities for incremental product innovation. The process seeks 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.

**LEADING SCIENTIFIC RESEARCH**

Airbus Group has invested in one of the largest portfolios of aerospace and defence technologies worldwide. In 2014, the Group filed 1,028 new patents (990 in 2013), taking its inventory of patents to 37,262 patents worldwide. In recognition of the Group's technology leadership, it was ranked among the world's leading innovators (see box). In addition to its in-house research, the Group's Innovation Nursery & Start-ups incubates disruptive innovations, both internally and externally.

*"In 2014, € 3.39 billion was invested in self-financed R&D (2013: € 3.16 billion). Equating to more than five percent of revenues, R&D spending finances development of major new programmes such as the A350 XWB and A320neo."*

The incubator supplies business coaching, funding and networking. In 2014, for example, two start-up companies expanded. APWORKS, which focuses on advanced manufacturing engineering services, enlarged its 3D printing capabilities. And SPEECTECT, a company for rapid detection of bacteria in water, started looking for an external investor to help fund its growth. Fourteen new business ideas were analysed in areas such as lightweight materials, virtual reality, air quality and unmanned flight applications.

**EXPANDING PATENT INVENTORY**

Year-end status	2013	2014	Percent increase
First Filings	990	1,028	3.84%
Patent Families	11,095	12,262	10.52%
Living Patent Rights	36,265	37,262	2.75%

**RANKED A LEADING GLOBAL INNOVATOR**

The Group achieved a top ranking for aerospace and defence globally in the European Union's 2014 R&D Scorecard, ranked 27<sup>th</sup> among the top 50 companies. Its high R&D spend and ever-increasing patent portfolio regularly win it accolades for technology leadership. Underlining its strong position, a survey by BCG ranked Airbus Group the 33<sup>rd</sup> most innovative company globally, and the leading aerospace and defence company.

**TECHNOLOGY LICENSING**

Airbus Group is making 9,500 of its technologies available for licensing, fostering innovation within aerospace and other industries. Its technologies span areas such as aeronautics, space, communications, production methods, lean manufacturing, renewable energy, systems reliability, security and safety. In 2014, Maserati Automotive signed a framework agreement, giving it access to a portfolio of patents. Maserati receives consulting services from engineers, after which it can select the patents of most use.



**TECHNOLOGY HIGHLIGHTS**

**Early-stage research: from electric propulsion to winged space flight**

New technologies are incorporated into demonstrators, which illustrate futuristic concepts and test the technologies. The all-electric, CO<sub>2</sub>-free E-FAN aircraft, for example, showed the Group's vision for the future of flight, with electric and hybrid propulsion. E-FAN performed more than 60 test flights, including successful demonstrations at the Farnborough Airshow before thousands of spectators.

The SpacePlane project, which is exploring potential for winged vehicles in space, also progressed. A one-quarter scale model was launched from a helicopter over the South China Sea, acquiring valuable flight data including air pressure, temperature, acceleration and vibration levels.

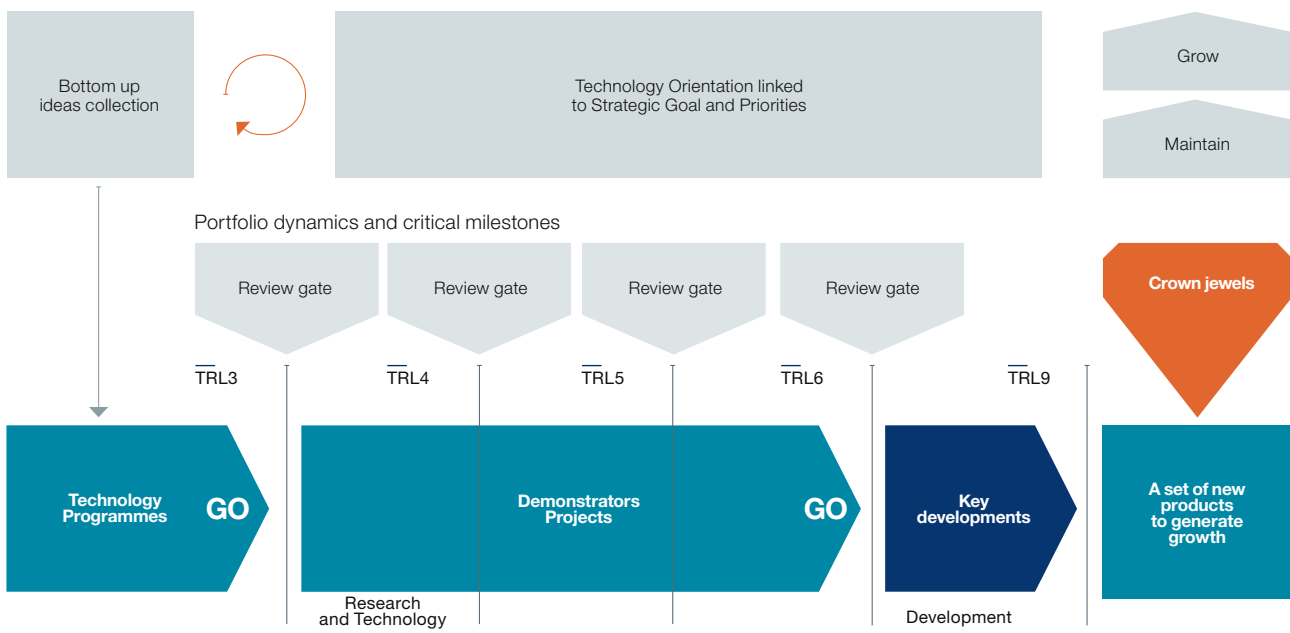
Looking to next-generation unmanned aerial vehicles (UAVs), the Airbus Zephyr High Altitude Pseudo-Satellite (HAPS) completed a full day and night of operation in Dubai, at more than 60,000 feet, showing its ability to operate in the world's most crowded airspaces.

*"In 2014, the Group filed 1,028 new patents (990 in 2013), taking its inventory of patents to 37,262 patents worldwide. In recognition of the Group's technology leadership, it was ranked among the world's leading innovators."*

**Manufacturing: 'Future Factory'**

A concept called 'Future Factory' is bringing major innovation to the factory floor and the manufacturing process. Robots, under direct control of workers using virtual reality technology, will execute assembly tasks in parts of an aircraft that are hard to reach. Airbus plans to use these 'cobots' – an acronym for 'cooperative-robot' from the end of 2015 on the A380 programme. Three-dimensional printing is being developed to design and optimise parts, cutting waste, production time and costs.

**INNOVATION TECHNOLOGY READINESS PROCESS**



TRL: Technology Readiness Level

# COMMITTED TO SAFE OPERATIONS

**The aviation industry regards safety as being of paramount importance, and Airbus Group's safety ethos is deeply embedded. The Group works proactively with the rest of the industry to continually improve the safety of aircraft operations. Safety is not a matter of competition in the aviation industry. Airbus shares its know-how with others to improve safety for everyone.**

Safety has reached a very good level in commercial aviation with a fatal accident rate around one or two flights per ten million for Western-built jets, depending on the year, according to Commercial Aviation Accidents 1958-2014, a statistical analysis published on Airbus' web site. Yet, even if the accident rate continues its decreasing trend over the years, safety can never be taken for granted and continuous effort is needed to make further improvements.

Right from the outset, Airbus has been committed to considering safety as a top priority. At every point in design, manufacturing and assembly, Airbus makes sure that its aircraft not only comply with but exceed the safety requirements laid down by the European Aviation Safety Authority and the US Federal Aviation Safety Authority. The development of the 'Fly-By-Wire' and 'flight envelope protection' technologies, more than 25 years ago, or more recently of the 'Runway Overrun Prevention System' are examples of significant contributions to safety introduced by Airbus and now becoming industry standards. Yet what makes a flight safe is a combination of a safe aircraft, safe airline operations and a safe air transport system. Therefore, even if the primary responsibility of Airbus as a manufacturer is the aircraft, the scope of safety at Airbus reaches beyond the product and also includes an active role at the air transport system level.

## AIRBUS SAFETY ORGANISATION

At corporate level, a central team is in charge of coordinating and managing all the activities aiming at preventing incidents and accidents involving Airbus aircraft, with the help of all the functions. It is also in charge of managing Airbus' response to aircraft accidents and serious incidents. Beyond this group, all Airbus functions also contribute directly or indirectly to aircraft safety, either in direct support of the central corporate safety team, or indirectly through their daily jobs by designing, manufacturing and supporting the Airbus fleet.

*"The scope of safety at Airbus reaches beyond the product and also includes an active role at the air transport system level."*

Safety activities combine reactive and proactive approaches. Among the proactive approaches is the 'Product Safety Process' (PSP) focusing on the analysis of in-service events, leading to the introduction of safety enhancements either to new products under development or to existing designs. As a complementary approach, Airbus decided to set up a Corporate 'Safety Management System' (SMS) allowing for managing and improving the safety risks associated with Airbus organisations' activities. Both the PSP and the SMS rely on a network of safety representatives throughout the whole Division.

## REGULATORY FOUNDATIONS OF AIR SAFETY

Through '**Certification**' and '**Continued Airworthiness**', air safety regulators safeguard aircrafts' intrinsic safety. Every new aircraft design must comply with current aviation safety regulations before it can fly commercially. Only once it has done so will a regulator award the aircraft with its Type Certificate. Airbus' internal design requirements exceed certification requirements; they include additional non-mandatory safety devices. Preparation for Certification starts with safety studies at the design stage.

In-service aircraft must comply with the applicable airworthiness requirements and remain in a condition for safe operation throughout their operating lives.

As operational experience teaches new lessons in air safety, new requirements are embedded in Airworthiness Directives.

At Airbus, the continued airworthiness activity includes:

- The collection, reporting to authorities and analysis of events in design, production, operation and maintenance that may impact the continued safe operation of the fleet
- The management of immediate mitigating solutions followed by the development of final fixes that restore airworthiness.

All aviation safety information, related to certification or continued airworthiness, is publicly available on the aviation authorities' websites, notably [www.easa.europa.eu](http://www.easa.europa.eu) and [www.faa.gov](http://www.faa.gov)

# CUSTOMER SATISFACTION AND QUALITY

**Airbus Group works with a relatively small number of major customers, building on strong and lasting relationships. Both Airbus Group and its Divisions carry out surveys on a regular basis. The intention is to identify areas of weakness and remedy them. In this way, a strategic relationship is established with the customer.**

More generally, as one of the world's biggest aerospace and defence companies, Airbus Group is trusted by airlines, governments and many thousands of private companies to deliver high-quality, reliable products on time. At every point in design, manufacturing and assembly, the Group ensures the highest quality standards.

Across the Group, there is a drive to improve quality and customer satisfaction. Most importantly, the Quest initiative was introduced in 2014 (see box), building on existing improvement initiatives.

## CONTINUALLY MEASURING SATISFACTION

The Airbus Division, for example, measures customer satisfaction using a number of reviews and surveys. Taken together, they provide a detailed, up-to-date picture of whether Airbus is heading in the right direction, whether improvement plans are paying off and what dissatisfied customers want.

Every year, an operators' survey canvasses the views of 50% of Airbus' airline customers. Every two years the Division surveys all of its maintenance, repair and overhaul (MRO) clients; it also surveys its lessor customers every two years (close to half of the Airbus fleet is leased).

The customer satisfaction team also interviews senior decision makers, including CEOs, at airlines over periods of 30 to 40 months. This more in-depth exercise builds an authoritative picture of airlines' views about Airbus products.

The results of these surveys are used to build three indices – a relationship index, a customer satisfaction index and a product index. Within the Airbus Division, initiatives introduced in recent years to lift the quality of Airbus products and services started to pay off. There was a marked improvement in customer satisfaction scores, with three-point rises in both the relationship and satisfaction indices.

## TAKING CORRECTIVE ACTION

Airbus acts to improve weaknesses when surveys, and their associated key performance indicators (KPIs), show this is necessary. Typically, there are 50 to 60 initiatives of this kind each year. Implementation is followed every four months at scheduled meetings.

*“A ‘right first time’ approach improves not only quality but also cost management and on-time delivery.”*

Customer affairs has also put in place a training programme for employees, which has helped to increase customer satisfaction.

## ORGANISATION

Airbus devotes considerable resources to managing customer satisfaction. A total of 4,500 staff worldwide, from 57 different nations, are dedicated to customer satisfaction.

In order to be close to customers, staff are based around the world in five regions – North America, China, Europe, Asia Pacific and the Middle East & Africa.

## LOOKING AHEAD

Airbus is leveraging the customer satisfaction process as a way of forcing itself to become more focused on customers' needs and to improve performance. A tougher set of KPIs have been put in place. They are likely to identify more areas for improvement, leading to a further raising of the customer satisfaction bar.

## EMBARKING ON A QUEST FOR QUALITY

Airbus Group aims to make high standards of quality a key competitive advantage. In 2014, it launched the full implementation of the Quest initiative, which had begun the previous year, seeking to embed a working culture focused firmly on quality. Achieving a culture of excellence in quality for products and services promises high rewards.

'Non-quality' is estimated to cost the Group €1 billion each year. One of Quest's aims is to halve this number in three years. Management recognises that Quest will only be successful if it changes culture and behaviours. For this reason, it is introducing measures to boost individual motivation through both incentive schemes and by empowering employees to find practical ways to improve quality. The initiative aims to share best practices from across Airbus Group and other industries. It is introducing standardised tools, including key performance indicator dashboards, while improving professional skills.

# DESIGNING ECO-EFFICIENT PRODUCTS

**Innovation is making aviation more sustainable while securing the competitiveness of Airbus Group's existing and future products. The Group is developing and integrating new aircraft technologies that will allow commercial aviation to grow while reducing environmental impacts.**

Working together, the aviation industry, international and government bodies have established a number of complementary targets for improvement. Airbus Group is a prime mover in all of these initiatives.

### TOWARDS GOALS FOR LOWER EMISSIONS AND NOISE

Aviation is steadily improving its fuel efficiency, leading to lower emissions. Better aerodynamics, lighter aircraft and latest-generation engines are yielding significant improvements. Between 2009 and 2013, fuel efficiency improved by an annual average of 2.9% – according to the Air Transport Action Group (ATAG), and based on key inputs from the International Energy Agency, the International Civil Aviation Organisation (ICAO) and the International Air Transport Association.

#### ATAG targets:

Airbus Group is committed to the industry-wide ATAG objectives for reducing environmental impacts (see graphic below). ATAG's current targets are:

- 1.5% average annual fuel efficiency improvement from 2009 to 2020
- Stabilise net aviation CO<sub>2</sub> emissions at 2020 levels through carbon-neutral growth
- Reduce aviation's net CO<sub>2</sub> emissions to 50% of the level in 2005, by 2050.

Airbus Group is working closely with partners across the industry to build upon the ATAG four-pillar strategy, which combines technology, operations, infrastructure and market-based measures to construct an industry roadmap for reducing CO<sub>2</sub> emissions from aviation. The Group collaborates closely with airlines to look at how the environmental performance of Airbus' latest generation aircraft can be optimised to reduce fuel burn and noise in aircraft operations.

*“Airbus Group is committed to the industry-wide ATAG objectives for reducing environmental impacts, and is working towards the ambitious technology targets in Flightpath 2050 – Europe's Vision for Aviation.”*

#### EC targets:

In addition, the Group works towards reaching the ambitious technology targets of the European Commission, stated in the “Flightpath 2050 – Europe's Vision for Aviation” report:

- Reduction of aircraft CO<sub>2</sub> emissions by 75%
- Reduction of nitrogen oxides (NOx) by 90%
- Reduction of noise level by 65% - all compared to the levels of the year 2000
- Customer orientation and market needs
- Industrial competitiveness and maintain adequate skills and research infrastructure base in Europe.

Working with the other major players in Europe's aerospace industry, Airbus Group is developing aircraft technologies that aim to show by 2020 how the Flightpath 2050 targets will be met. In order to do so, it is playing a leading role in the EU's recently launched CleanSky 2 (CS2) joint technology initiative – the follow-up to CleanSky and the most extensive aeronautical research programme ever launched in Europe. Airbus is leading the CS2 collaborative research work stream focusing on the future of large passenger aircraft, while Airbus Helicopters is leading the work stream designing a high-speed compound rotorcraft.

In broad terms, within the Group a number of initiatives are helping to achieve the ATAG and Flightpath 2050 goals. They involve five areas: technology, sustainable fuels, operations, infrastructure and industry-wide initiatives.

## AVIATION'S CLIMATE ACTION FRAMEWORK

ATAG TARGETS	STATUS	HOW IS INDUSTRY ACHIEVING THIS?
<b>1.5% AVERAGE ANNUAL FUEL EFFICIENCY IMPROVEMENT FROM 2009 TO 2020</b>	<b>EXCEEDING GOAL LATEST DATA SHOWS ANNUAL IMPROVEMENT OF 2.9%</b>	Through the first three pillars: new technology, more efficient operations and better use of infrastructure.
<b>STABILISE NET AVIATION CO<sub>2</sub> EMISSIONS AT 2020 LEVELS THROUGH CARBON-NEUTRAL GROWTH</b>	<b>PUSHING POLITICAL ACTION</b>	Through the four-pillar strategy, including a global market-based measure at the International Civil Aviation Organisation (ICAO).
<b>REDUCE AVIATION'S NET CO<sub>2</sub> EMISSIONS TO 50% OF WHAT THEY WERE IN 2005, BY 2050</b>	<b>IN PROGRESS</b>	Two main areas of action: development of sustainable alternative aviation fuels; research into future design concepts by aircraft and engine manufacturers.

**TECHNOLOGY  
(INCLUDING SUSTAINABLE FUELS)**

The Group applies new technologies to improve the efficiency of existing products, reducing their environmental impact. It is applying incremental innovation, for example, to develop the neo (new engine option) ranges of Airbus aircraft. Looking further to the future, game-changing technologies are being researched to drive the next generation of 'cleantech' and sustainable mobility.

**CURRENT INNOVATION**

Existing technologies are being used to make existing aircraft more efficient. Within Airbus, both an A320neo version of the popular single-aisle Family and an A330neo version of the twin-engine widebody Family are under development, with more efficient engines and aerodynamic wingtips. Airbus Helicopters is also constantly working on product innovations in order to decrease fuel consumption and reduce noise.

**Aircraft:**

The A320neo Family aircraft are now expected to offer even better fuel efficiency than originally targeted, at up to 20% lower fuel burn per seat compared to the previous generation. In addition to its new engines and wingtips, the aircraft benefits from optimised seating options. The A320neo programme remained on schedule following the first flight in September 2014, with certification planned in the third quarter of 2015 and first deliveries in the fourth quarter. The A330neo programme was launched during 2014, for entry into service in December 2017 (see box, facing page).

**Helicopters:**

Airbus Helicopters is developing a new generation of helicopters, aiming to combine superior mission capability, safety and reliability,

with eco-efficiency. Modern engines, lightweight materials and aerodynamically-enhanced blade profiles all significantly reduce CO<sub>2</sub> and NOx emissions. A new generation of the quiet Fenestron® anti-torque system greatly reduces noise levels and improves the acoustic 'feel' of the aircraft. 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. The new H145 helicopter that was introduced in 2014 features a quiet Fenestron® anti-torque system, leading to a substantial noise reduction.



**NEW HEIGHTS FOR HELICOPTER PERFORMANCE**

In early 2015, Airbus Helicopters unveiled its next-generation H160 helicopter, which will improve operating performance, enhance fuel economy and reduce operating costs by 15 to 20%. This groundbreaking helicopter incorporates Airbus Helicopters' expertise in aerodynamics, rotor blade design and avionics. Key to the performance are weight savings achieved through the extensive use of new materials and technologies. The H160 flight-test programme will begin in 2015.

A320neo



**-20% fuel burn compared to previous generation from 2020**

Lower noise levels – up to 15dB below ICAO Ch4 standard  
NOx emissions 50% below CAEP6 standards

A350 XWB



**-25% fuel burn compared to previous generation**

Lower noise levels - 21dB below ICAO Ch4 standard  
NOx emissions 35% below CAEP6

**Eco-design approach:**

Reducing the environmental impact of the Group's products and manufacturing is a priority. The Design for Environment (DfE) working group is developing new ways to integrate eco-efficiency in the design of new products. 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 could 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.

**FUTURE INNOVATION**

Early-stage research is preparing the technologies that will be the building blocks of tomorrow's products. For example, the Group is conducting extensive research into electric propulsion for aircraft, as well as advanced materials. It is also looking into more futuristic technologies such as high-speed concepts.

**Electric propulsion:**

Electric and hybrid propulsion represents an important focus of the Group's early-stage research. The Group's E-FAN electric flight demonstrator is a major step on the road towards electrically powered flight. The E-FAN is the first aircraft with fans to have fully electric propulsion. This 600-kilogramme, two-seater plane, with a wingspan of nearly 10 metres, currently has a flight endurance of one hour. In 2014, a major milestone was achieved with the first flight of the E-FAN demonstrator. The E-FAN 2.0 version is set to enter into service in 2017, primarily as a training aircraft for flight schools. This will be followed by the E-FAN 4.0, a four-seater plane targeted for full pilot licensing and the general aviation market.

In the medium-term, the technical and operational experiences gained with E-FAN will serve as stepping stones for improvements across the product range – for example for hybrid helicopters and larger electric aircraft in general.

Another electric propulsion project is 'E-Thrust', which is researching the potential of using 'distributed propulsion' to optimise propulsion system integration, thereby reducing an aircraft's weight and drag. The Group 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.

**Advanced materials:**

Advances in materials have an important role to play in making aviation more eco-efficient. In 2014, Airbus Group Innovations unveiled a new process for creating lightweight hybrid-construction materials. The Stingtech process offers a lightweight sandwich material with superior damage tolerance, improved fatigue behaviour and excellent

**INTRODUCING THE A330neo**

2014 saw the launch of the A330neo, Airbus' latest advance in eco-efficiency performance. Incorporating the latest generation engines, aerodynamic enhancements and optimised cabins, this enhancement of the twin-engine widebody jet is set to offer a 14% improvement in fuel efficiency per seat. Within six months of its launch, the A330neo had already received 120 firm orders. Deliveries of the A330neo are due to start in December 2017.

**A380****-20% fuel burn compared to closest competitor**

Lower noise levels – up to 17dB below ICAO Ch4 standard  
NOx up to 25% below CAEP6

**A330neo****-14% fuel burn compared to previous generation**

Lower noise levels – QC1 departure, QC 0.5 arrival  
NOx emissions 15% below CAEP8 standards

mechanical flexibility compared to existing honeycomb structures. Thanks to this technology, a jetliner's reinforcing stringers and approximately 50% of its strengthening frames should no longer be necessary, according to researchers at Airbus Group Innovations.

#### High-speed concepts:

The vision of high-speed, low emissions transport remains a long-term goal. The Group is working with international research organisations to evaluate potentially ground-breaking hypersonic flight technology at speeds of up to Mach 6. The collaboration builds on the Group's ZEHST (Zero Emission High-Speed Transport) concept, a visionary high-speed commercial aircraft capable of flying from Tokyo to Paris in less than three hours.

#### SUSTAINABLE FUELS

The Group is supporting the development of sustainable fuels, made from biomass feedstock that through their lifecycle emit less CO<sub>2</sub> 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 Spain, Qatar, Brazil, Australia, Malaysia and China. It also supports commercial airlines' sustainable fuel trials, and is co-leading ITAKA (Initiative Towards sustainable Kerosene for Aviation), a collaborative project that is funded by the EU, aiming to produce sustainable aviation fuel and to test its use in existing systems and normal flight operations. Europe's largest initiative for local production of sustainable jet fuels, the first campaign with used cooking oil (UCO) was completed in 2014, totaling 14 commercial flights from Amsterdam to Aruba with an Airbus A330 operated by KLM. More flights are planned for the future, fuelled by camelina oil feedstock. Over 1,500 commercial flights have now been flown with sustainable fuels worldwide.

Also during 2014, Airbus signed a memorandum of understanding with Malaysian partners to assess local solutions for sustainable bio-mass production in Malaysia. The partners aim to determine the most suitable feedstocks for future alternative jet fuel production in the region.

#### OPERATIONS AND INFRASTRUCTURE

The Group is working closely with a range of partners to develop new air traffic management (ATM) solutions, which will save fuel by planning optimal routes for commercial aircraft. More efficient ATM has the potential to save eight percent on aviation fuel, according to the ICAO.

*“For ex The 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.”*

For example, the 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% less aircraft fuel consumption and significant reductions in CO<sub>2</sub> emissions and noise by 2020. In 2014, the EU extended SESAR to 2024.

#### MARKET-BASED MEASURES

The 38<sup>th</sup> ICAO Assembly in October 2013 concluded with the adoption of a landmark decision by states to develop a global market-based measure (MBM) for international aviation, to be effective from 2020 and complement the important action taking place in technology, operations and infrastructure efficiency improvements.

Airbus Group, alongside the aviation industry, supports the ICAO MBM. A global industry requires a global solution – regional or differentiated schemes could create market distortions. ICAO states and observers are currently working towards finding an agreement at the next ICAO General Assembly in 2016, effective from 2020, to contribute to the aviation industry's Carbon Neutral Growth (CNG) Goal.

# DEFENCE AND SPACE

**As a major aerospace and defence company, Airbus Group's products and services help society in a number of important ways, from securing nation states, to monitoring climate change. The Group recognises the responsibility to society that its position implies, and is energetically transforming its businesses and products to respond to the global changes taking place.**

Airbus Group designs and manufactures a wide range of defence and space products, many of which perform essential tasks. As a trusted partner to governments, the Group provides military aircraft, communications, radars and related services that safeguard the security of Europe, NATO countries and allies. Geopolitical instability, terrorism and cyber warfare are growing challenges. Airbus Group is developing innovative products, systems and services that equip governments to respond to these evolving threats, safeguarding their citizens and the stability of nation states.

Airbus Defence and Space also provides Europe's access to space, a vital strategic capability that has a wider range of civil and defence applications. The Ariane series of satellite launchers are developed and manufactured by the recently founded Airbus Safran Launcher joint venture.

Space technologies have an increasingly broad range of uses, with applications across many other sectors. The Division is a key partner for the European Space Agency (ESA), building satellites for its Earth exploration and environmental monitoring activities, including the Automated Transfer Vehicle (ATV) spacecraft and Copernicus Earth observation programme (see following pages). Its technologies are pushing the boundaries of space, while pioneering new ways of monitoring the environment.

## DELIVERING DEFENCE AND SPACE PRODUCTS MORE EFFICIENTLY

In 2014, the new Airbus Defence and Space Division was formed, creating synergies that will lead to greater efficiency for the benefit of customers. The Division has four business lines: Military Aircraft, Space Systems, Electronics and Communication, Intelligence & Security. In line with the Division's announced restructuring target, eight industrial sites were closed, and the number of employees was reduced by approximately 1,900. In the second half of 2014, the Division unveiled plans to refocus activities around its core businesses: space, military aircraft, missiles and related services around these products. As part of its portfolio optimisation, the Division plans to divest non-core activities such as the secure land communications business and the commercial satellite communications services. In addition, the Division is exploring industrial alternatives for the security and defence electronics business, and intends to sell some of its minority investments and subsidiaries. The new Division will eliminate product and resource overlaps, create synergies in operations and product portfolios, sharpen its focus on research and development, and concentrate investment on core businesses.

## MAKING NATION STATES SECURE

**The Group is one of the main providers of defence and security products for European nations, NATO countries and their partners. Its products include the Eurofighter Typhoon, the A400M and other military transport aircraft, A330 MRTT air-to-air refuelling tanker, NH90 military helicopter, satellite secure military communications and border security systems.**

New technologies and products are being introduced to help countries meet new security threats. For example, Airbus Defence and Space is a partner in the Eurofighter Typhoon programme. More than 420 Eurofighter Typhoons have been delivered. The aircraft patrols the airspace of six nations – Austria, Germany, Italy, the Kingdom of Saudi Arabia, Spain and the United Kingdom – and has flown over 275,000 flight hours since entering into service in 2003. With 571 aircraft ordered, Eurofighter is Europe's largest military collaborative programme.

The A400M is another important programme. Eight countries have ordered 174 aircraft, replacing their aged transports fleets. In 2014, Germany, Turkey and the United Kingdom took delivery of their first aircraft, following on from France, which received its first aircraft in 2013. By the end of the year, 10 A400M aircraft had been delivered to four nations. As agreed with the customer, the

## FRENCH DETERRENCE-RELATED ACTIVITIES

Airbus Group is a trusted partner that equips the French deterrence force through the French parts of its Airbus Defence and Space Division. 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 (Airbus Group holds 37.5% of the shares) 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 the 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 programmes, publishing detailed reports.



A400M development included an Initial Operating Clearance (IOC), obtained in July 2013, followed by subsequent upgrades that will be introduced gradually with the full capability available by end 2018. Innovative solutions are being developed to combat increasingly sophisticated cyber attacks, which represent a growing threat to private and public sector organisations. Airbus Defence and Space brought to the market its new-generation of cyber security products in 2014, which are certified at the highest level in Europe and protect customers' networks, work stations and corporate data.

Looking ahead, Airbus Defence and Space is Europe's leading developer of Unmanned Aerial Systems (UAS), which are the long-term future of military and civil aviation. In May 2014, Airbus, Dassault and Alenia proposed a joint approach to the governments of France, Germany and Italy for a Medium Altitude Long Endurance (MALE) UAS, which would support the needs of European armed forces while pooling research and development funding. The Division's UAS expertise includes developing the Unmanned Aerial Vehicule (UAV) Barracuda technology demonstrator and developing and integrated the mission payload equipment for the HALE (High Altitude Long Endurance) UAV Euro Hawk. Furthermore, the TANAN new-generation compact VTOL Tactical UAS (Vertical Take-Off and Landing Tactical Unmanned Aerial System) for maritime and land missions is currently being developed.

Illustrating its Unmanned Aerial Systems (UAS) technology, the Division's unmanned, solar-powered Zephyr platform completed its first civil flight in the United Arab Emirates in 2014. The Zephyr High Altitude Pseudo-Satellite (HAPS) flew at more than 60,000 feet, completing a full day and night of operation. Using solar power to charge a battery during the day, HAPS can continue operations at night, spending weeks at heights of up to 20 kilometres, from where

it acts as a monitoring system or communication relay.

UASs are also helping to tackle the crisis of economic migration and smuggling on Europe's maritime borders. Airbus Defence and Space is providing the Atlante UAS for the four-year, EU-funded Perseus demonstrator programme that started in 2013 and is Europe's flagship maritime security project. Atlante follows maritime targets, identifying and classifying them.

The Division's products also protect entire borders. In early 2015, it completed Qatar's security shield, securing 600 kilometres of borders across land and sea.

## SPACE EXPLORATION AND EARTH MONITORING

**The Group continually advances its range of space products and technologies, pushing new boundaries in space exploration and Earth monitoring.**

### ACCESSING AND RESEARCHING SPACE

Airbus Defence and Space develops and builds the satellite launchers that secure Europe's access to space, as well as many of the spacecraft and satellites that further scientific knowledge.

In 2014, its Ariane 5 launcher conducted its 63<sup>rd</sup> successful launch in a row, demonstrating unparalleled reliability. In order to become more efficient and competitive, Airbus Group and Safran formed a joint venture, Airbus Safran Launchers, which went live in January 2015. As well as producing Ariane 5, the joint venture will develop and produce the next-generation Ariane 6 launcher.

Demonstrating the Division's technological leadership, the Rosetta spacecraft achieved after a 10-year journey through space an amazing world first by touching down its Philae lander on a comet travelling at 135,000 kilometres per hour. The mission's aim is to shed light on the origins of the solar system. Rosetta was developed and built for ESA under the industrial leadership of Airbus Defence and Space.

The ATV spacecraft docked with the International Space Station for the fifth and last time in August 2014. In total, it has delivered 32 tonnes of cargo and 40 re-boosts, and is the most complex spacecraft ever developed and constructed in Europe. Building on the ATV technology, ESA awarded the Division a contract to develop and construct the service module for Orion, the future US human space capsule. Orion will fly astronauts to the Moon and possibly even Mars.

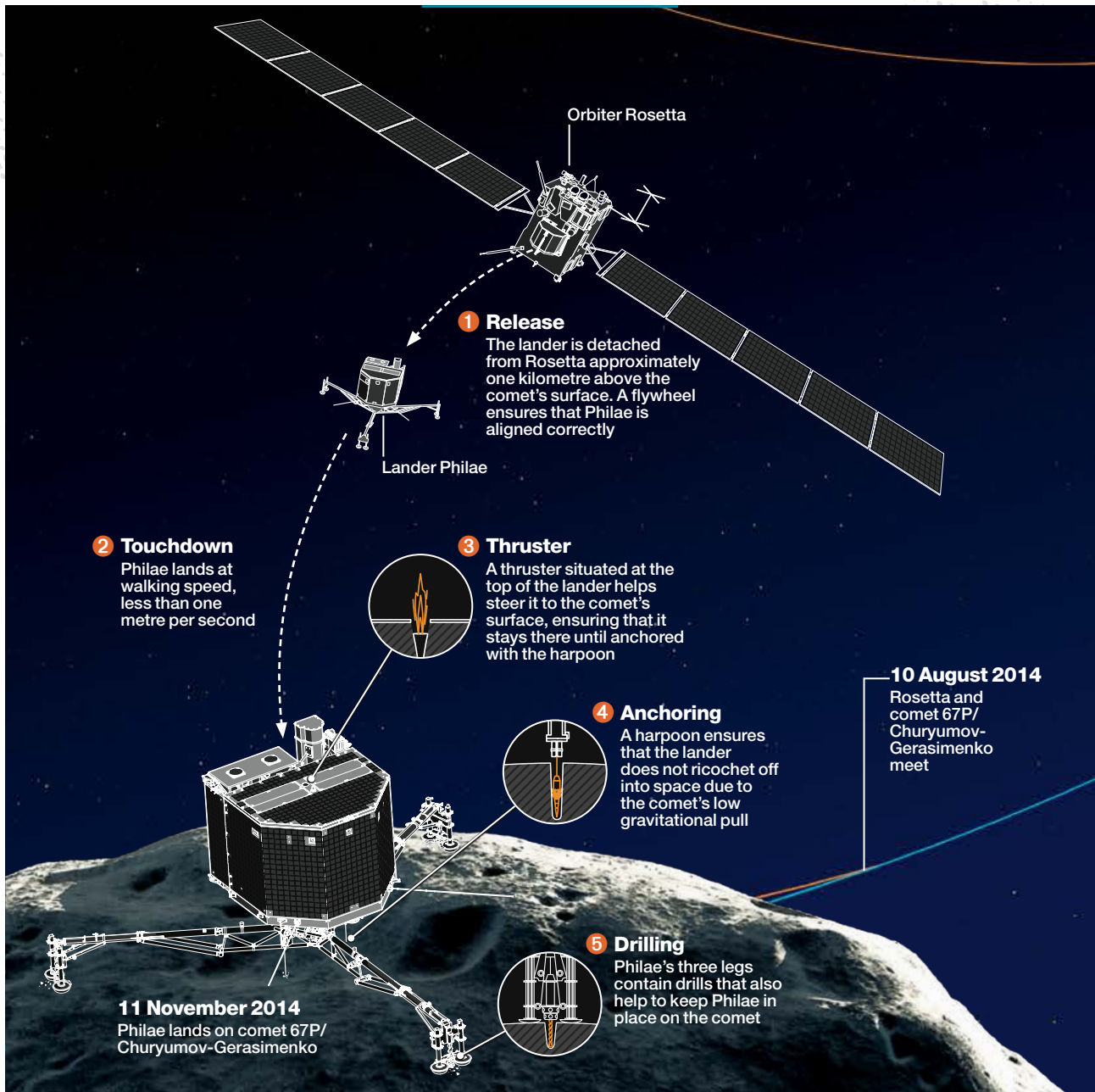
The Division also became the first manufacturer in the world to offer next-generation electric satellites with two key contracts for large telecom satellites using electric propulsion.

### EARTH MONITORING

Satellite technology is monitoring changes in the environment, giving governments and other agencies greater understanding of changes in the Earth's atmosphere. The satellite data help to quantify the effects of climate change, and provide high-value

## 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 respecting and implementing the Ottawa Treaty and the Oslo Convention throughout the Group.



geospatial information in fields such as agriculture, deforestation or environment monitoring. The European Earth observation programme 'Copernicus' is creating a modern, capable infrastructure for Earth observation and geo-information services. The European Commission together with ESA and the European Environment Agency are running the programme. Copernicus aims to provide important information in six areas: land monitoring; marine environment monitoring; disaster and crisis management; monitoring the Earth's atmosphere; climate change monitoring; and security. Airbus Defence and Space is the prime contractor for the programme's 'Sentinel' satellites, the first of which was launched in 2014.

ESA also awarded the Division a contract to design and build the second generation of Meteorological Operational (MetOp-SG) satellites in 2014. The satellites will deliver enhanced meteorological observations from 2021, improving weather forecasting and monitoring climate change.

The Division is also 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 has set up demonstrators in Paris and Rotterdam, following testing in London.

Enhanced imagery from Airbus Defence and Space's constellation 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 joined its twin, SPOT 6, and the Pleiades constellation in 2014 in a phased orbit. Among other projects, it is being 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.

In 2014, satellites performed humanitarian missions. A SPOT satellite captured images of the floods in the UK and the Balkans. And the Pleiades satellites played a role in reconstruction efforts in Gaza, under contract to the United Nations.

# ECO-EFFICIENT MANUFACTURING

The drive to reduce the Group's industrial environmental footprint continued in 2014. Industrial facilities are being modernised to reduce energy consumption and CO<sub>2</sub> emissions, while new manufacturing practices and processes are cutting waste and water consumption, as well as volatile organic compound (VOC) emissions. The Group has a structured approach to optimising eco-efficiency, broadly defined as maximising added value and minimising the environmental footprint.

### A STRUCTURED APPROACH

The Group's environmental policy defines and directs the way eco-efficiency is embedded within product development, industrial operations and services. The Corporate Environmental Affairs department oversees implementation of this policy, coordinating the work of the Group's Environmental Network, as well as identifying trends, defining strategy and managing reporting.

Goals for environmental efficiency have been in place for the past seven years. They are currently being refined, with targets tailored to each Division, rather than set for the entire Group as was previously the case.

### FRAMEWORK FOR IMPLEMENTATION

ISO 14001 is an internationally recognised Environmental Management System (EMS) efficiency standard for businesses and organisations, which sets a framework for minimising the Group's environmental footprint. Airbus Group encourages the development and the maintenance of a robust ISO14001 certified EMS. These standards have been progressively implemented across the Group's manufacturing sites. 83% of Group employees operate under ISO 14001 certification.

### SHARING BEST PRACTICE

Under the guidance of the Environmental Network, a number of working groups discuss and promote the sharing of good practice,

aiming to find new ways to reduce the Group's impact on the environment. This network brings together approximately 350 people from 17 business units into technical working groups. In 2014, exchanges were strengthened in a number of areas, including eco-design.

The Design for Environment (DfE) Working Group is introducing eco-design approaches to improve the environmental footprint of products across their life cycles. Having identified the most advanced practices in the Divisions, the DfE Working Group is now deploying them across the Group (for example, Airbus' integration of environmental criteria in R&T; Airbus Helicopters' use of eco-efficiency assessments to develop manufacturing processes). 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.

The Chemical Regulations Working Group plays an important role in developing the understanding of regulations governing hazardous chemicals, impacting both products and operations. It creates internal synergies and organises dialogue with the wider industry and with institutions, providing real added value to the whole Group.

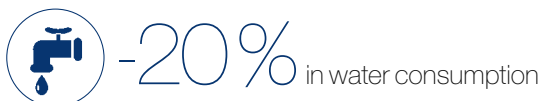
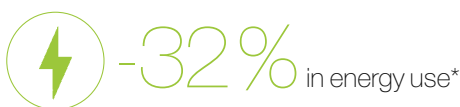
### REPORTING

Environmental reporting is embedded across the Group, measuring progress and complying with reporting obligations. Consolidated data has been externally audited since 2010 by EY. In 2014, some 13 environmental indicators were verified, covering topics such as energy consumption, CO<sub>2</sub> emissions, waste production and water consumption.

### ENVIRONMENTAL COMPETENCES

The Corporate Governance Academy has set up a competence catalogue which will identify and develop the environmental competences needed for the future.

## ENVIRONMENTAL FOOTPRINT REDUCTIONS



Revenue-based figures 2006-2014, based on 2006 levels, Airbus Group legal entities scope of reporting.

\* This figure does not include consumption related to mobile sources.

\*\* This figure does not include fugitive emissions, or emissions related to mobile sources and processes on site.

\*\*\* This figure does not include exceptional waste.

## GOOD INDUSTRIAL PRACTICES

Good industrial practices and processes are being developed in specific facilities, which then become benchmarks for the Group as a whole. Lean processes and eco-efficient facilities are reducing the Group's energy footprint, putting it ahead of other major industries. They are also achieving waste, water, VOC and CO<sub>2</sub> reduction improvements.

### Energy management

While substantial savings have already been achieved through specific energy-saving technologies at different manufacturing facilities (such as wood boilers for France or combined heat and power for Germany), there is a drive to introduce common solutions across Airbus Group sites. Some far-reaching initiatives have emerged, such as a common lighting solution for the top 22 sites in Europe. According to current estimates, this project will save 20 GWh per year at the Group's four largest sites, equivalent to the annual consumption of nearly 5,990 households.

Further standardising the approach to reducing energy consumption, five sites were granted the ISO50001 energy management certification during 2014 – the Airbus Helicopters plants in Albacete, Spain and Marignane, France (certified ISO 50001 level 1, with level 2 planned in 2015), as well as the Airbus Defence and Space sites in Newport, Toulouse (Astrolab) and Ulm. This accreditation specifies the requirements for the establishment, implementation, maintenance and improvement of an energy management system, the objective being to systematically and continuously improve energy performance and reduce costs.

Additionally, a 'Green IT' initiative is reducing energy use at data centres through the review of urbanisation of the data rooms (e.g. the use of hot aisle and cold aisle layouts between server racks), as well as a leaner management of IT equipment and processes.

At site level, more than 100 energy-saving projects that have improved performance in 2014 include the following initiatives:

- Airbus Toulouse: Solar cooling system and biomass boiler
- Airbus Hamburg: Motion sensors in A380 assembly stations, absorption chillers using recovered heat from combined heat and power to cool the data centre
- Airbus Getafe, Illescas and Puerto Real: Change to LED lighting in halls
- Airbus Helicopters Marignane: Data centre refurbishment with ambitious energy performance target
- Airbus Helicopters Donauwörth (Germany) and Querétaro (Mexico): Combined heat and power
- Airbus Defence and Space Manching: Energy-efficient LED lighting in new jet hangar
- Airbus Defence and Space's Les Mureaux: Biomass boiler.

*"Robust certified EMS standards have been progressively implemented across the Group's manufacturing sites. 83% of Group employees operate under ISO 14001 certification."*

### 'Factory of the Future'

The Group is designing 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. More efficiency will also reduce waste. For example, a number of projects are accelerating the development of 3D printing to produce prototypes and series components, potentially delivering cheaper and lighter parts with less waste.

### Blue5

The Airbus Blue5 organisation implements reduction projects in the following areas: energy, CO<sub>2</sub>, water, waste and VOC, working with the functions and sites through multi-functional teams. The organisation has demonstrated impressive results in reductions across all of its domains (see results on following pages).

During 2014, an event was held to recognise employees' contribution to reducing Airbus' environmental footprint. The following projects were highlighted and received awards for their achievements:

- Energy - New lighting technology with LEDs - Spain
- CO<sub>2</sub> - Combined heat and power technology - Germany
- Water - Waterless urinals - Spain
- Waste - Introduction of tote boxes for stationery - UK
- VOC - VOC reduction in paint shops – France.

### Lean & 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.

## AIRBUS BLUE5 2014 RESULTS

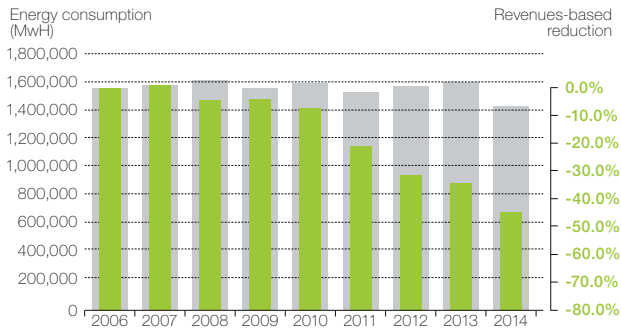
The text below reports the environmental footprint reduction status, with some examples of projects that have been implemented on Airbus sites in Europe\*:

\* Scope: European Airbus sites, baseline 2006, revenue based.

### ENERGY CONSUMPTION\*

#### Evolution of energy consumption – Airbus European sites

Revenue-based energy consumption decreased by 45% between 2006 and 2014



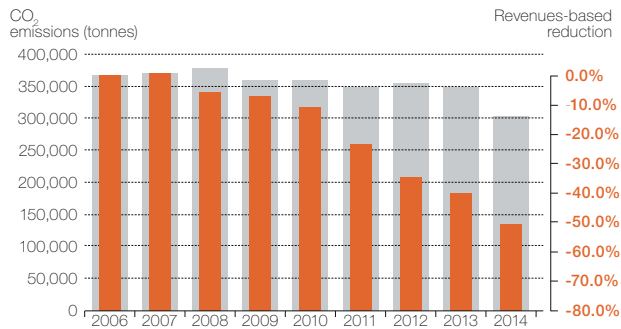
- The Nantes plant in France has set up a heat recovery wheel for the Nepal paint booth. A heat recovery wheel is a rotary heat exchanger. It recovers more than 60% of the energy used to condition a paint booth.  
**Savings:** 56% of the annual consumption of gas and around 185 tonnes of CO<sub>2</sub> emissions.
- The integration of the cold water production from 2B stage phase into centralised control and expand the centralisation to the whole east area of Illescas' plant in Spain. The central cooling power installation was optimised without increasing the number of cooling machines.  
**Savings:** 2,503 MWh/year and 876 tonnes CO<sub>2</sub>/year.

\* This figure does not include consumption related to mobile sources.

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

#### Evolution of CO<sub>2</sub> emissions – Airbus European sites

Revenue-based CO<sub>2</sub> emissions decreased by 51% between 2006 and 2014



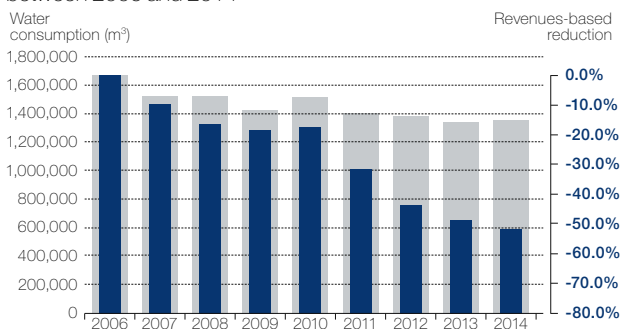
- Installation of a 12 MW biomass boiler as a source of renewable energy in Toulouse, France. By burning woodchips sourced from nearby certified forests, the boiler provides enough low-carbon energy for the new A350 XWB Final Assembly Line.  
**Savings:** 52,000 MWh of energy produced and 12,000 tonnes of CO<sub>2</sub> emissions avoided every year.

\* This figure does not include consumption related to mobile sources, fugitive sources and processes on site.

### WATER CONSUMPTION

#### Evolution of water consumption – Airbus European sites

Revenue-based water consumption\* decreased by 52% between 2006 and 2014



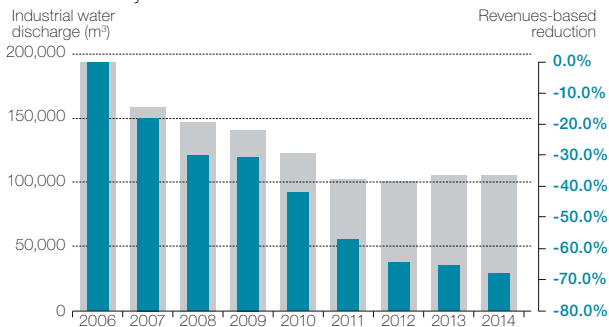
- Fix-installed water leakage detection equipment in all German sites.  
**Savings:** 10,200 m<sup>3</sup> potable water and 4,500 m<sup>3</sup> waste water per year.
- Substitution of obsolete autoclave water pumps with refrigeration system by loss water in Illescas, Spain. The new pumps are energetically more efficient than the current ones due to frequency converter, achieving additional energy savings.  
**Savings:** 10,000 m<sup>3</sup> per year (approximately 10% of plant consumption)

\* 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

Revenue-based industrial water discharge\* decreased by 68% between 2006 and 2014

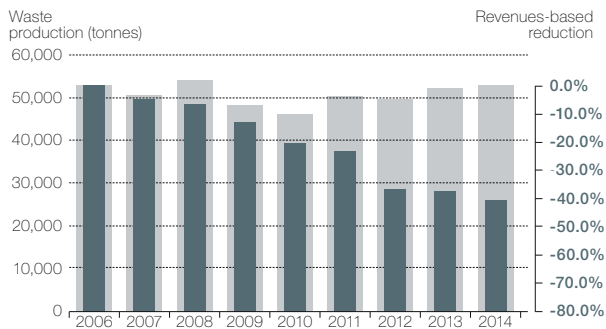


\* Blue5 scope: includes water discharged from industrial processes and from pre-treatment plants, if existing.

## WASTE PRODUCTION\*

### Evolution of total waste production – Airbus European sites

Revenue-based waste production decreased by 40% between 2006 and 2014



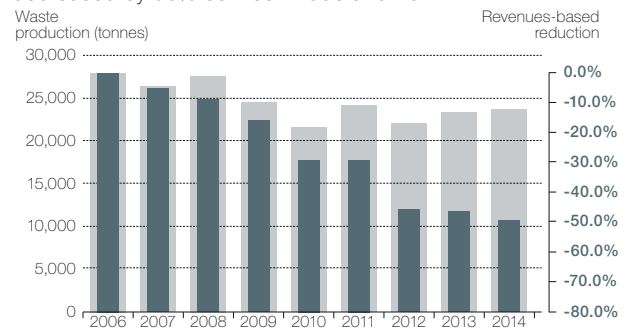
— In Broughton, UK the introduction of the new style bins has led to a 30% increase in segregation and recycling of waste across the site.

\* This figure does not include exceptional waste.

## NON-RECYCLED WASTE PRODUCTION\*

### Non-recycled waste production – Airbus European sites

Revenue-based non-recycled waste production\*\* decreased by 50% between 2006 and 2014



**Savings:** Increased recycling, therefore diverting waste from landfill, leading to a reduction of 763 tonnes of non-recycled waste.

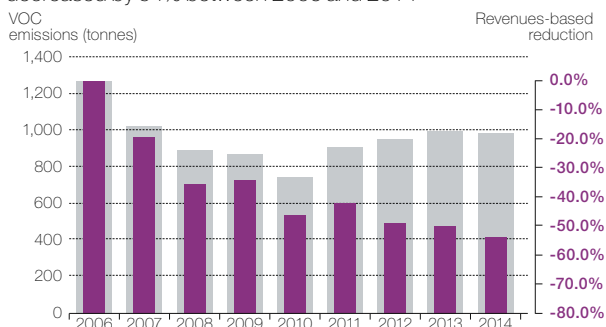
\* This figure does not include exceptional waste.

\*\* Total waste produced - amount of material recovery.

## VOLATILE ORGANIC COMPOUNDS EMISSIONS

### Evolution of VOC emissions – Airbus European sites

Revenue-based Volatile Organic Compounds emissions decreased by 54% between 2006 and 2014



— Introduction of an encapsulated spray gun for spot repairs of fuselage surface protection in the structure assembly in Hamburg, Germany.

**Savings:** Reduction of 90% of paint and 95% of solvent when the system is cleaned.

— Water-based primers and internal topcoats were introduced to the component manufacturing paint booths, replacing high solids paints in Broughton plant in UK, therefore reducing the emissions of VOC from Broughton plant.

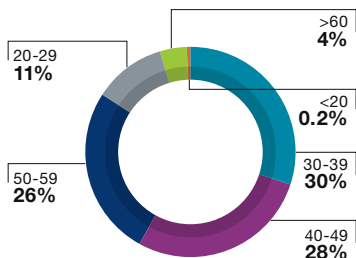
**Savings:** 3.5 tonnes VOC per year.



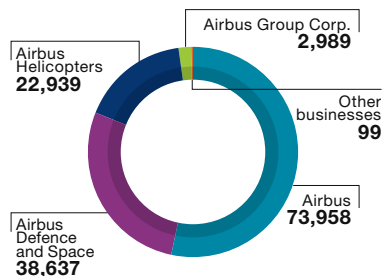
# ENGAGING OUR PEOPLE

AEROSPACE REQUIRES HIGHLY-SKILLED PEOPLE TO DELIVER ITS PROGRAMMES. AIRBUS GROUP HAS A LONG-TERM PEOPLE STRATEGY, FIRSTLY IDENTIFYING THE COMPETENCES IT WILL NEED FOR FUTURE PROGRAMMES AND THEN PLANNING RECRUITMENT, TRAINING, ENGAGEMENT AND CAREER DEVELOPMENT ACCORDINGLY. IN THIS WAY, THE GROUP DEVELOPS THE SKILLS IT NEEDS TO SUPPORT FUTURE PROGRAMMES, AND IS A MAJOR PROVIDER OF HIGH-VALUE JOBS IN EUROPE AND OTHER INTERNATIONAL MARKETS.

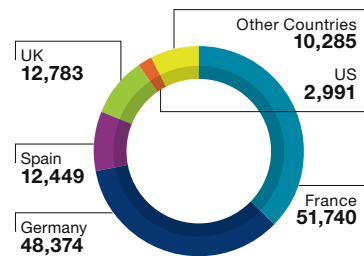
ACTIVE WORKFORCE  
BY AGE



ACTIVE WORKFORCE  
BY DIVISION



ACTIVE WORKFORCE  
BY REGION



WOMEN  
IN ACTIVE  
WORKFORCE

**17%**

WOMEN  
IN MANAGEMENT  
POSITIONS

**10.2%**

EMPLOYEE  
TURNOVER

**3.3%**

PART-TIME  
PROPORTION

**3.9%**

TRAINING

TOTAL TRAINING HOURS  
IN 2014

**2,906,356**

NUMBER OF PARTICIPANTS  
IN 2014

**238,386**





# STRATEGY

**The Group has a clear strategy for attracting, developing and retaining a world-class, competent, motivated and flexible workforce, anticipating the competences it needs many years in advance. Within aerospace, it aims to maintain its status as an employer of choice, creating an inclusive and engaging workplace for all employees, while fostering relationships with universities.**

## DEVELOPING TALENTED PEOPLE

Airbus Group is one of Europe's largest providers of skilled jobs and has a growing presence in important international markets such as the United States, the Middle East and Asia Pacific. As of 31 December 2014, the Group workforce amounted to 138,622 employees (compared to 138,404 employees in 2013 (restated to reflect the application of IFRS 10 and 11)), ranging from engineers to technicians and managers. Surveys of European graduates and other potential employees recognise the Group's position as a major employer, offering attractive career development and the opportunity to play a part in developing groundbreaking new technologies. 5,211 employees were recruited worldwide in 2014 (8,823 recruits in 2013), mainly for Airbus' new aircraft programmes such as the A350 XWB and the A320neo. At the same time, 4,478 people left the company, in line with the low attrition rate of approximately 3%.

HR works to make sure that the Group's workforce is as effective as possible, with people fully engaged and working together, united by a single culture. It develops talented people all over the world, working to innovate and deliver the best in aviation.

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

- 1** - Preparing the future – maintaining a strong talent pipeline and ensuring competences match business needs
- 2** - Supporting business transformation
- 3** - Developing the HR organisation, its processes and tools.

*“Surveys of European graduates and other potential employees recognise the Group's position as a major employer, offering attractive career development and the opportunity to play a part in developing groundbreaking new technologies.”*

*“Airbus Group is one of Europe's largest providers of skilled jobs and has a growing presence in important international markets such as the United States, the Middle East and Asia Pacific.”*

## PREPARING THE FUTURE

The Group plans many years in advance to build the right balance of competences to support its strategy. It is committed to maintaining a strong talent pipeline, attracting skilled and motivated individuals from all backgrounds. In 2014, it launched a University Partner Programme to help students develop the skills that the Group will need in the future (see page 39).

The Group develops employees' careers and provided 2.9 million training hours in 2014. In order to strengthen the Group's approach to leadership, it has launched a leadership university for its 17,000 leaders at all levels.

## Supporting business transformation

The HR department played an important role in supporting the creation of the Airbus Defence and Space Division, created from three former business entities. In order to establish a common culture and team spirit, site meetings, workshops and focus groups were carried out. Through constructive dialogue with workers' representatives, the restructuring of the business is being achieved according to plan.

The new Division was created in the first six months of 2014, with more than 40,000 employees successfully transferred. A new headquarters was set up in Munich and eight industrial sites were closed. In line with the announced restructuring target, the Division's headcount was reduced by around 1,900 positions. The restructuring will be completed by the end of 2016. This is in line with the targeted reduction of 5,300 employees, mainly through voluntary measures and redeployment of affected employees to other parts of the Group.

## Developing the HR organisation, its processes and tools

A new Group HR organisation was formed in 2014, uniting the previous divisional teams. It promotes integration and collaboration, developing harmonised tools and processes across the Group.

HR measures its success every month, using key performance indicators covering topics such as mobility, training, talent and recruitment.

# CASE STUDY

## SECURING TOP TALENT FOR THE FUTURE

In 2014, Airbus Group launched a partner programme with 22 universities in 12 countries to mould the curricula of their degree courses to the future requirements of the aerospace industry, among other objectives. This strategic initiative should help Airbus Group find the critical skills it needs for future programmes and secure its future competitive advantage.

The Airbus Group University Partner Programme is the forum for a dialogue with key educational institutions across the world, making sure that they are aware of the competences that future graduates should master. This long-term collaboration covers a range of subjects, including technical and soft skills, as well as encouraging diversity.

A campus team of more than 80 Airbus Group employees is working to bring the partnerships to life. They are working with their associates in the universities to review course curricula, implement training modules, courses and sometimes an entire Masters degree. So far, the ambassadors have concentrated on the Group's mid-term competence priorities but they will move on to the long-term competences in 2015.

*“A campus team of more than 80 Airbus Group employees is working to bring the partnerships to life. They are working with their associates in the universities to review course curricula, implement training modules, courses and sometimes an entire Masters degree.”*

The aerospace industry is changing fast and employees' skills need to adapt. The so-called 'Engineer of the Future' is an important part of the partnership programme. It seeks to identify what will be necessary in the future to educate engineers with a high-level of skills in complex systems integration, and a broad understanding of the related technical skills needed to design, build and service aerospace products.

This represents a significant change from the traditional skills required by engineers, who have often been deep specialists in one field only. In the future, engineers will need an open, flexible mindset. They will need to be constantly learning, and be comfortable working in multidisciplinary teams.

Developing an understanding of the synergies between engineering and other disciplines now starts at university. Many of the partner universities are looking into ways for students to discover the benefits of working in multidisciplinary, diverse, international teams. Such activities closely model the real challenges of the workplace, where trans-disciplinary teams design multi-faceted solutions for the most pressing engineering challenges.

The Airbus Group University Partner Programme will cultivate the benefits of working more closely with universities. It will develop the Group's competences portfolio, promote its employer brand, broaden the recruitment pool and increase workforce diversity. It will also give some of the roughly 119,000 young people studying at these universities highly relevant skills, and introduce them to rewarding careers.

### THE PROGRAMME IN NUMBERS



partner universities in **12** countries training **120,000+** engineers for the future



**83** employees are part of the Group-wide campus team supporting the programme



**55+** activities on campus throughout 2014 at partner universities



**2,500+** students interacting with Airbus Group staff during the year



**400+** members on the Airbus social network for university relations

# COMPETENCE MANAGEMENT

**Airbus Group anticipates the workforce competences it will need to deliver planned products and services long in advance. It then gathers these skills by recruiting people and helping existing employees to develop their capabilities.**

### PLANNING FOR FUTURE PROGRAMMES

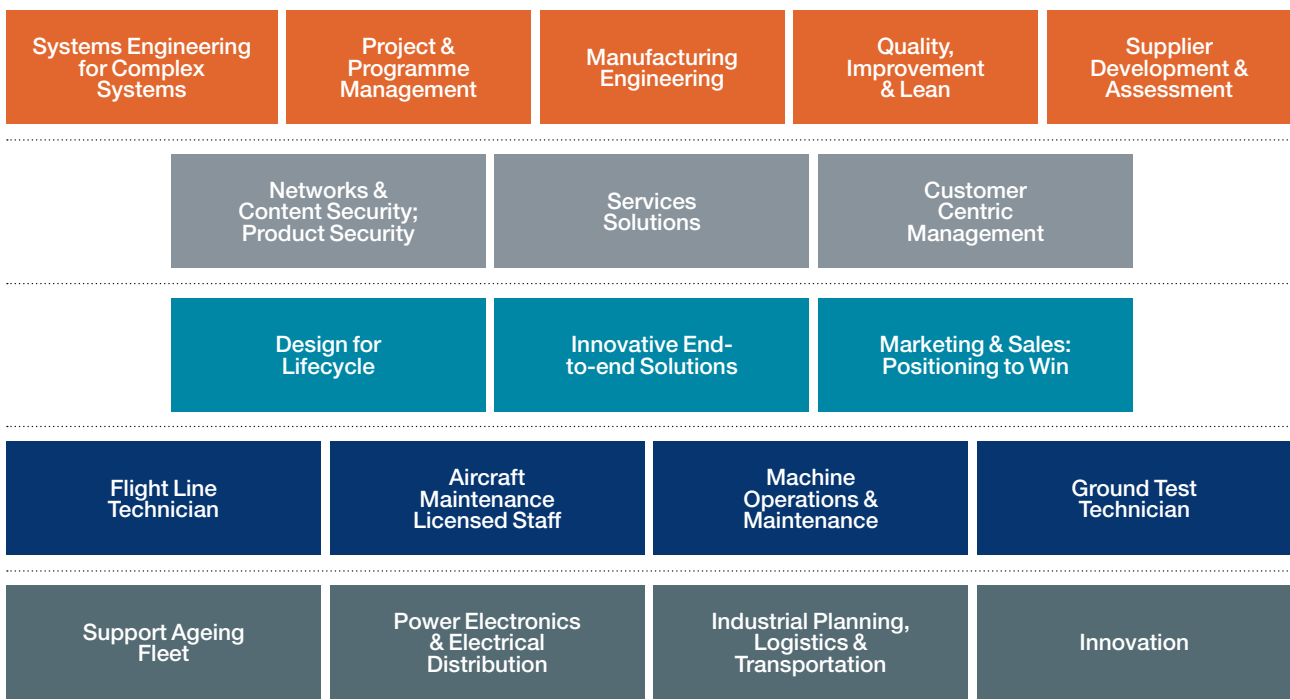
Aerospace is an industry with exceptionally long product cycles, where specific types of skills, such as some forms of engineering and project management, are expected to be in short supply in the future. Consequently, the Group identifies the strategic competences it will need for future programmes in advance, planning recruitment and career development accordingly. Competence 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 Competence Management (ECM) is a Group-wide solution, with common processes and tools. It manages individual and collective competences from a qualitative and quantitative point of view. ECM supports Airbus's long-term strategy in the following ways:

- Anticipating the supply and demand of competences
- Identifying, securing and developing key competences
- Creating added value through synergies, networking and best practices.

Approximately 23% of the workforce works in the 'engineering' job function. The majority are qualified general engineers, with aerospace engineers the second most common type of employee. A further 30% of employees are in the 'manufacturing, assembly, integration and test' job function. The process of managing competences was under review in 2014 and is likely to change in 2015.

## 19 CORE COMPETENCES



**CORE COMPETENCES**

Airbus Group defines the core competences 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 2014 a list of 19 core competences was defined. Competences have been defined at Group level and within the Divisions – ranging from systems engineering, quality and programme management at Group level, through to more specific skill sets including marketing and supporting an ageing fleet at divisional level.



*“Action plans have been developed to secure the strategic competences needed, especially over the long term.”*

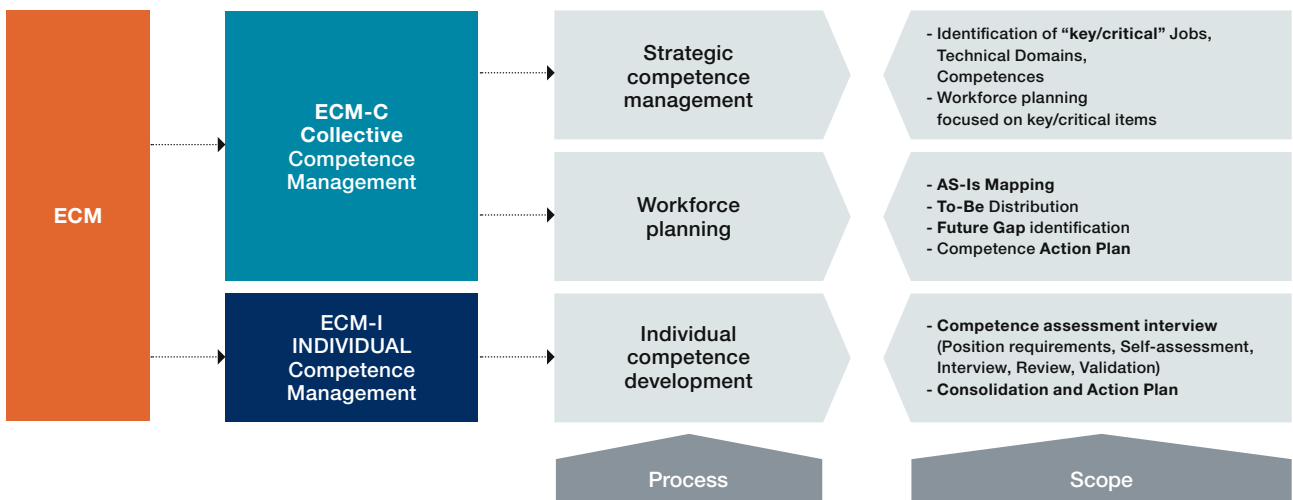
HR compares mapped employee competences against the Group’s forecast requirements in the short, medium and long term. Action plans have been developed to secure the strategic competences needed, especially over the long term. These plans include: recruitment, career development, training, mobility between Divisions and knowledge management.

**MAKING TALENT MOBILE**

One way to leverage core competences is to encourage people to change jobs. In 2014, more than 10,000 people changed jobs within Airbus Group, moving it one step closer to making mobility part of its DNA. HR is keen to encourage 10% of employees a year to change jobs, especially those identified as ‘talents’ with leadership potential. Mobility can be a powerful tool for integration, and also for ensuring that talented employees are used to their best potential.

**MAPPING CORE COMPETENCES**

A framework for anticipating short, mid and long-term competence needs.



# TRAINING AND DEVELOPMENT

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

## DEVELOPING EMPLOYEES

In total, employees received more than 2.9 million hours of training in 2014. There is a particular emphasis on the 19 strategic competence priorities which, together with leadership development, account for approximately 50% of the learning investment. Airbus Group has initiated a substantial transformation of its learning organisation. It is preparing the future by aligning and improving the learning offer across the whole Group. Shifting the balance from classical classroom training to more digital and social learning is increasing the efficiency and effectiveness of learning for all employees.

The Group actively seeks to make sure its employees develop to their full potential, helping it to develop the competences it needs. The Annual HR Cycle – which consists of two interviews between employees and managers a year – is used to review employees' performance and identify development needs. During these reviews, managers and employees discuss competence gaps and appropriate learning solutions to support employee development. In addition, HR actively seeks out individuals with the aspiration, ability and engagement to perform roles of critical responsibility. These talented individuals are encouraged to take responsibility for their own development, for example by taking on challenging assignments and seeking feedback. Their managers and HR encourage these 'talents' to stretch themselves – both within their jobs and through training and other career development activities. Talents are supported, mentored and encouraged. But they are expected to perform and deliver for the Group and be open to mobility.

Career development paths have been established in core competences such as programme management and systems engineering, as well as areas of 'expert' technical skills that are essential to the Group. Training leading to certification supports these career paths.

To make training options clearer for employees, the Group's learning catalogue has been simplified recently, reducing the number of courses from 16,000 to 4,500 – with modules ranging from project management, to acoustics, to validation and verification. Key topics have been identified in which the Group wants to focus training for its employees. These topics include systems engineering, quality and programme management.

## LEADERSHIP UNIVERSITY

In order to strengthen its approach to leadership, the Group launched a leadership university for its 17,000 leaders – from shop floor to senior management. This will harmonise leadership learning across the Divisions and subsidiaries, offering equivalent opportunities for all leaders to develop their careers anywhere in the Group. The University has been running since July 2014 and is operational. Inauguration of the main campus at Toulouse is planned for 2016. Additional campuses are planned for Ottobrunn, Marseille, Madrid, London, Hamburg and Paris. Campuses in the United States and Asia will follow.

## INTRODUCING 'BLENDED' LEARNING

Learning and training catalogues are harmonised across the Group, and the effectiveness of training is systematically assessed to ensure continuous improvement. A move towards 'blended' learning, combining digital solutions and the classroom, will foster a more personalised approach. By 2016, the Group aims to make 50% of all training 'blended' learning, up from 10% in 2014.

## TRAINING PRIORITIES IN 2014

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

# RECRUITMENT AND EMPLOYMENT MARKETING

Airbus Group is one of Europe's leading providers of high-value jobs. After expanding the size of its workforce substantially in the past decade, recruiting the talented employees it needed for increased production and to fuel future growth, recruitment has returned to more normal levels.

## HIRING TO SUPPORT EXPANSION

In 2014, the Group hired 5,211 people worldwide, 2,200 of whom were in the core Divisions. At the same time, 4,478 people left the company, in line with the low attrition rate of approximately 3%.

## A LEADING EUROPEAN EMPLOYER BRAND

In line with Airbus Group integration, a single Airbus Group employer brand was implemented across employment tools, platforms and campaigns.

Amid fierce competition for key engineering skills, the Group ranks among Europe's top employers. Its leadership in aerospace, international presence, career opportunities and competitive pay make it an attractive employer. HR works with universities in Europe and elsewhere to promote the Group's employment credentials. The Group's engineers collaborate with universities to tailor their courses to the aerospace industry's future needs.

Engineering students viewed the Group as a top 10 European

*"In 2014, the Group hired 5,211 people worldwide, mainly to support the commercial aircraft programmes, but also to source scarce skills in areas such as cyber security and structure/stress engineering."*

employer in 2014, according to the Trendence and Universum Global surveys. Testifying to Airbus Group's popularity in France, the same organisations found it to be France's most popular employer when they surveyed France's leading engineering universities.

## YOUTH EMPLOYMENT INITIATIVES

The Group is committed to training and developing young people. In 2014, it welcomed 2,800 trainees and a further 4,000 apprentices. Additionally, it takes on interns, giving them valuable technical and personal experience, as well as a unique opportunity to have a closer look at the industrial world.

5,211

Number of new hires in 2014

14%

Percentage of recruitments outside Europe

19%

Women as percentage of new hires in 2014

3.3%

Employee turnover rate

39%

Employees under 26 as percentage of new hires in 2014

## ON-THE-JOB TRAINING FOR FRANCO-GERMAN UNEMPLOYED YOUTH

The Group has teamed up with the Franco-German Youth Office to offer two-month internships to unemployed young people aged between 18 and 30. The programme offers on-the-job training, as well as a structured mentoring and support programme. It builds workplace skills, improves employability and provides an insight into the aerospace industry. Started at the beginning of 2014, the programme has welcomed 80 interns across all Divisions of the Group.

# DIVERSITY AND INCLUSION

**Airbus Group promotes diversity in its workforce, as well as inclusion 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.**

### A DIVERSE AND INCLUSIVE ORGANISATION

Reflecting the Group's international presence and wide range of customers, employees are already highly diverse, spanning four generations and more than 130 nationalities. The Group recognises that embracing diversity and working together across cultures to develop innovative products has helped to foster its success. To support the Group's medium-term business targets, it continues its focus on developing a diverse workforce and an inclusive working environment that allows everyone to use their full potential irrespective of their differences. Actions are implemented to advance behavioural change; encourage people to assume greater personal responsibility for diversity; have an organisation and system that supports a diverse workforce; improve outreach through benchmarking, partnering with relevant associations and including all levels of the organisation.

### GENDER

It is increasingly accepted that having a balance of both genders in a team fosters creativity and innovation. With a background in aerospace engineering, Airbus Group's workforce has historically been mainly composed of men. Therefore encouraging more women to consider careers in the industry, raising awareness in schools and universities, and developing women internally, is now a priority. While jobs will always be given to the candidate with the best competences, Airbus Group's target is for 25% of new recruits

to be women. Progress is being made. In 2014, women made up 19% of recruits, 17% of the active workforce, and 10% of the senior manager and executive community. In Airbus, events have been held to raise awareness of careers in manufacturing. This started with two events in Toulouse, including a Final Assembly Line visit, networking opportunities and testimonies from production workers. About 100 women attended the first events, which were so successful they have been extended to other sites.

### CULTURAL, SOCIAL AND AGE DIVERSITY

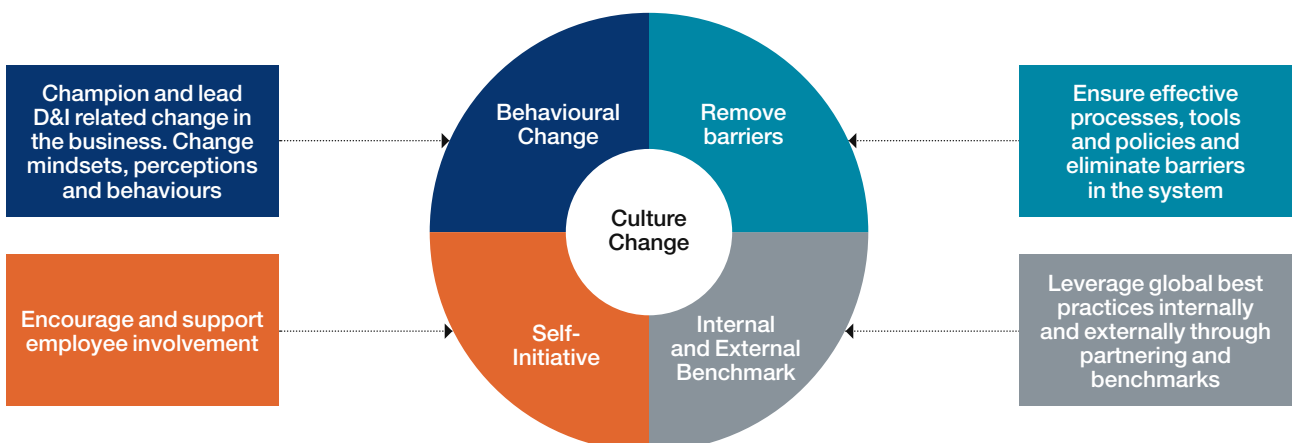
HR is focusing on cultural, social and age diversity, reflecting the Group's growing international presence and changing workforce demographics. Cultural diversity helps Airbus Group to enter non-European markets, improving relations with both customers and suppliers in these markets. Airbus aims to employ 20% of its employees outside Europe by 2020. At the end of 2014, employees based outside Europe accounted for 9% of the workforce (7.5% in 2013).

In the field of age diversity, 39% of new recruits were under 26. 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 to improve coordination between generations.

### DISABILITY

All Divisions are working to raise awareness and eliminate bias against disabilities through a range of initiatives. For example, they are partnering with specialist agencies such as the Business Disability Forum, to promote best practice in integrating disabled people into the workforce. As a matter of course, the Group complies with national legislation on the employment and integration of disabled people.

## DIVERSITY AND INCLUSION (D&I) STRATEGIC MODEL





# ENGAGEMENT

**Engaged employees help to maximise the performance of the Group. An ongoing programme seeks to enhance trust and enthusiasm, empowering employees to innovate and make more decisions. Regular surveys measure engagement, identifying improvement actions for management to take.**

## IMPROVING OVER TIME

Employee engagement is a priority. The Group promises a trusting environment with open dialogue about how engagement can be improved.

For the past six years, measures have been introduced to empower employees and remove obstacles to engagement. These measures include sharing best practices; increasing bottom-up communication; holding team workshops that enable teams to evaluate ways of working and identify issues hindering engagement; reducing bureaucracy of policies and processes; developing a Group-wide leadership model.

Since 2009, regular surveys have recorded improvements in engagement as a result of these actions. The third survey, conducted in 2012, showed a meaningful increase in employee engagement and satisfaction.



*“We shall soon discover the results of our latest engagement survey and, whatever the improvements required at team, Division or Group level, they must be addressed in a sustained and rigorous manner, because our performance, competitiveness, successful transformation and innovation capability depend upon it,”*  
*Tom Enders, Chief Executive Officer,*  
*letter to all employees, January 2015.*

## TESTING MOTIVATION

The fourth survey took place towards the end of 2014, reporting its findings in early 2015. The survey, which employees answered anonymously, took place at an important time for the Group. Questions assessed whether employees understood the changes underway as the Group becomes more integrated. They also related to the Divisions and subsidiaries where people work. Management has committed itself to acting on the findings to continue engagement's trend of improvement.

The survey covered the following six topics: immediate work environment, general work environment, top management, company culture and inclusiveness, agility and performance, and progress and change. It covered a wider range of topics than before, for example looking into whether the Group lives up to its values of fairness, ethics, openness and well-being.

Approximately 82% of employees – 105,890 people – took part in the 2014 survey. It showed a positive trend in the immediate work environment, thanks to local leaders and teams working on engagement together. The general environment also scored well, reflecting employee pride in the Group.

# SOCIAL DIALOGUE

The Group works constructively with employee representatives. In the past 15 years, management has collaborated with these partners to make adjustments to working practices. In 2014, management worked with Group, divisional and national representatives to minimise the social impact of restructuring.

### A HISTORY OF COOPERATION

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.

### THE PROCESS OF SOCIAL DIALOGUE

On a European level, the Group has agreements to discuss changes such as the business transformation 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 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 Divisions.

*“Through constructive dialogue with workers’ representatives, the restructuring of the business is being achieved according to plan.”*

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.

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.

In March 2015, an agreement on the establishment of a European Works Council in the context of the project to convert Airbus Group NV into a European Company was signed. This agreement governs, under common rules, the European Group Works Council and the European Committees of the Group Divisions. It will come into force at the time of the conversion to a European Company.

## ORGANISATIONS REPRESENTING WORKERS



# HEALTH AND SAFETY

**The Group has exceeded its three-year accident reduction target and continues to make good progress towards the goal of a world-class standard of occupational health and safety risk management.**

Protection of health and safety at work remains a top priority for the Group. Good health and safety performance supports efficient production and is an indication of management excellence. The health and safety key performance indicator is the rolling average of the Lost Time Injury Incidence Rate. Measured on a like for like basis, the Group exceeded its target of reducing such injuries by 15% between December 2011 and December 2014, achieving a 24.3% reduction overall.

In 2014 the Group worked on a number of topics and initiatives, aimed at improving the effectiveness of health and safety management. Primarily it focused on improving collaboration of expert resources and better data collection, management and analysis.

To continue the process of building a solid professional network, some 125 health and safety experts attended the second Group Health and Safety Congress, held in Toulouse. Health and safety resources have also been organised in a Group-wide Centre of Competence, led by the Airbus Group and Division Head of Health and Safety. Divisional Heads of Health and Safety have been appointed in Airbus Helicopters, and Airbus Defence and Space. This new organisation is designed to promote harmonisation of philosophy and method. To support this objective, a set of common definitions has been agreed upon.

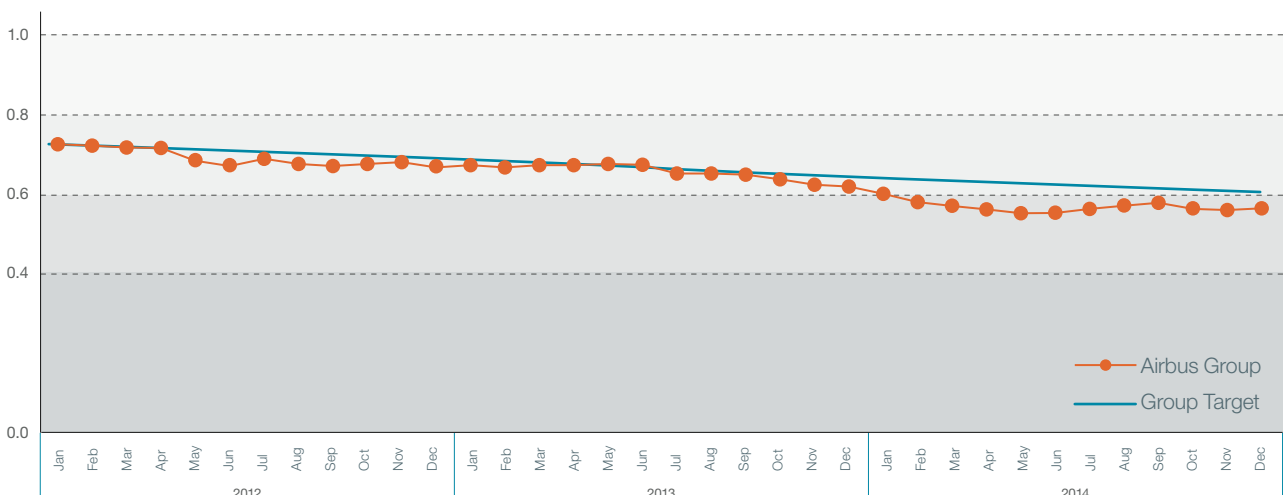
The 'well-being at work' network was also finalised, composed of expert representatives from across the Group. It is a multi-disciplinary monitoring body with the objectives of defining strategy, and coordinating actions to reduce the causes of work-related psychosocial risk, and to facilitate internal best practice sharing and benchmarking. More than 4,500 managers have been trained on 'managing in times of change' delivered by e-learning in four different languages. Airbus also entered two initiatives in the European Union Occupational Safety and Health Agency competition for stress management, and was highly commended for both.

A project to develop and deploy a Group-wide software tool for recording and managing accidents and incidents is progressing well. The project team includes safety experts from all Divisions and home countries.

The Group health and safety team implemented recommendations from the 2013 health and safety report, by working with Airbus Industrial Strategy and Systems to further develop and universally deploy a system of weekly manager health and safety tours in industrial areas. Airbus Defence and Space and Airbus Helicopters are deploying localised versions of this system. Coupled with this, the system for accident investigation and escalation has been refreshed, in preparation for the new software tool.

To provide a solid foundation of competence and to promote a robust health and safety management and culture, a health and safety e-learning course has been selected. This multi-lingual, externally accredited, modular course is currently being tested and evaluated, in anticipation of a Group-wide deployment.

**GROUP LOST TIME INJURY INCIDENCE RATE: ROLLING YEAR AVERAGE**

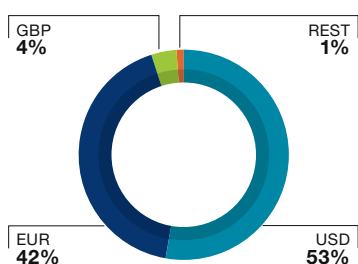




# GROWING OUR SUPPLY CHAIN

AIRBUS GROUP DESIGNS AND INTEGRATES COMPLEX AEROSPACE AND DEFENCE PRODUCTS, LEVERAGING AN EXTENSIVE SUPPLY CHAIN. THE GROUP IS WORKING CLOSELY WITH SUPPLIERS IN ORDER TO ENSURE THE TIMELY DELIVERY OF MAJOR PROGRAMMES, WHICH WILL LEAD TO SHARED SUCCESS.

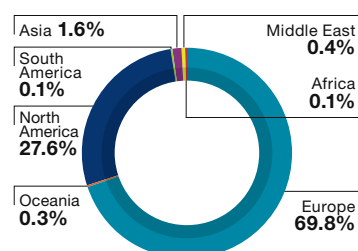
AIRBUS EXTERNAL SOURCING VOLUME PER CURRENCY



TOTAL NUMBER OF DIRECT GROUP SUPPLIERS

**11,827**

EXTERNAL SOURCING TURNOVER BY REGION



TOTAL AMOUNT OF AIRBUS GROUP'S EXTERNAL SOURCING

**€43.0** bn

AIRBUS GROUP'S EXTERNAL SOURCING AS A PERCENTAGE OF REVENUES

**71%**

NUMBER OF SUPPLIER AUDITS (AIRBUS)

**1,123**



# IMPROVING SUPPLY CHAIN MANAGEMENT

**With the Group outsourcing a significant proportion of its activities, the supply chain is an integral part of its ecosystem. As several major aircraft programmes ramp up, the Group is focusing on improving supply chain management. This enhancement drive benefits both the Group and its suppliers.**

Every year the Group spends the equivalent of approximately 70% of its revenue with suppliers. In 2014, it spent an estimated €43 billion with suppliers, up by 1.5 percent on the previous year in line with the growth in revenue. Aircraft propulsion systems accounted for the largest share at 30%, followed by structure and airframes with 14% and systems and equipment with 16%.

In recent years, Airbus Group has continued to increase the volume of its dollar procurement as part of its strategy of reducing exchange rate risk. In 2014, 53% of external sourcing turnover was booked in US dollars (2013: 51%), 42% in euros and 4% in pounds sterling.

### ORGANISATION, GOVERNANCE AND RISK MITIGATION

The Group Head of Procurement was appointed to the Airbus Group Executive Committee, recognising the supply chain's importance in strategy and key decisions. In the course of 2014, the governance and the coordination across the Group have been further strengthened by the implementation of functional targets between the Group's head of procurement and the heads of divisional procurement. An updated procurement strategy for the Group, aligned to the Airbus Group Strategy 2.0, has been defined and two new Group procurement boards – the Supply Chain Board and Cabin Board – have been established.

The Procurement function is improving its performance through creating a more integrated, effective and lean organisation. It aims to increase harmonisation of internal and supplier-related processes, job profiles, training processes and tools.

Each Division's procurement function integrates enterprise risk management into its processes. In 2014, the procurement risk management process has been harmonised across the Group. Following 2013's compliance risk assessment, the Compliance Committee and Audit Committee decided to set up a Group-level Ethics and Compliance Watchtower in 2015, to perform supplier integrity checks.

Following the creation of the Airbus Defence and Space Division, a centralised supplier quality team was established in 2014. This team took over responsibility for the performance of suppliers from the functions in the former business units that were merged to form the new Division.

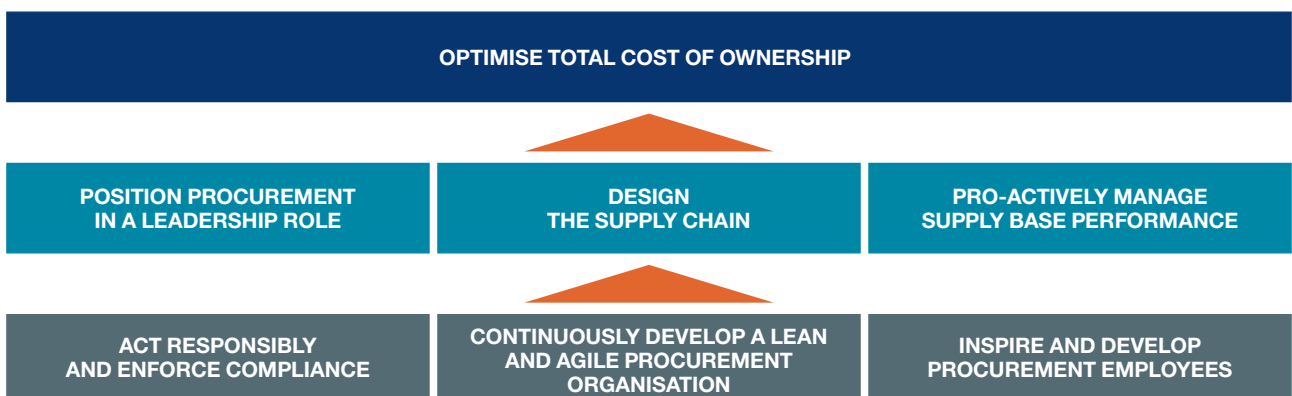
### GLOBAL SOURCING AND SUPPLIER CONCENTRATION

In the past few years, the supply chain has become concentrated and more international. Consolidation within Europe's aerospace and defence sector, as well as the tendency of major new aircraft programmes to place larger work packages with a smaller number of lead suppliers, has led to greater concentration. In 2014, the Group's top 10 suppliers accounted for more than 40% of external sourcing.

Supporting the Group's international expansion and production ramp up, country sourcing offices in China, India, the United States and Brazil have helped to identify a high-quality and diversified base of suppliers beyond the Group's traditional home countries. While European suppliers accounted for 70% of Airbus Group external turnover in 2014, 30% was sourced from the rest of the world. The Group has increased sourcing from outside Europe in recent years, in line with its international expansion.

The Group continues to explore the potential of suppliers in additional countries. In 2014, supplier surveys were carried out in Vietnam, Malaysia, Japan, South Africa, the Baltic States, Poland and Turkey.

## PROCUREMENT STRATEGY: SIX CORE ELEMENTS



# COLLABORATION ACROSS THE SUPPLY CHAIN

**The Group has a philosophy of collaboration with suppliers, designed to foster risk-sharing partnerships that benefit all parties. This philosophy is backed by a series of tools to ensure control and transparency.**

Close collaboration helps to support supply chain performance. The Group speaks regularly with major suppliers in order to discover areas of strategic cooperation. Through regular events and forums, such as supplier days, it discusses and resolves topics concerning the aerospace and defence industry's supply chain.

Europe's small and medium sized enterprises (SMEs) also receive support. They are an important part of the region's aerospace and defence supply chain. For example, the Group is a founding member and driving force behind SPACE, an organisation that supports aerospace SMEs, helping them to improve their performance, to prepare for industrial ramp ups, and to innovate through research and development (see *Airbus Helicopters case study, page 53*).

### EXTENDED ENTERPRISE

Airbus has developed a supply chain philosophy called the 'Extended Enterprise,' to optimise ways of working with suppliers. In particular, Airbus has matured the philosophy and its practices during development and ramp up of the A350 XWB programme. As the A350 XWB and other major aircraft programmes enter critical phases, Airbus conducted joint improvement programmes covering engineering and production capabilities in 2014 with its major suppliers (see *A350 XWB case study, page 55*).

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; and critical size and capability to complete the proposed work package. Such relationships are formed only after careful review of their strategic merits.

### COMMITMENT TO FRENCH SPACE SMEs

French SMEs are key suppliers to Airbus Defence and Space's Space Systems business line. In order to booster collaboration, the Division has been supporting 20 suppliers in the Aquitaine and Midi Pyrénées regions since 2013 through its COMETES initiative. The 18-month programme aims to improve SMEs' technical skills and operational efficiency. Airbus Group consultants help to implement the improvement plans. In 2014, significant progress was made towards the objective of 95% on-time delivery and 98% on-quality delivery by May 2015.

## DIMENSIONS OF REVERSE SUPPLIER QUESTIONNAIRE

All questionnaire dimensions include specific compliance-related questions.

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



**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. The tools are described below. They help to make sure that supply chain components and structures are received on time and up to the required quality, safeguarding production schedules.

**STABILITY OF SUPPLY**

**Watchtower:**

The Divisions deploy “Watchtower” processes to avoid supply chain disruptions caused by major suppliers’ financial troubles or instability in their home countries. The Watchtower monitors the financial statements and operational performance of major suppliers, and those thought likely to be at risk, for signs of distress. If Airbus discovers difficulties, it suggests recovery plans ranging from engineering or financing measures to more fundamental solutions. In particular, Watchtowers are used for programmes in series production. They are empowered at divisional level but share a common governance model and centralised financial analysis resources.

**Strategic procurement solution (ePROC):**

The Group’s common procurement platform, ePROC, provides greater visibility into the Group’s supply chain, allowing the different buyers to collaborate with each other. It is an efficient way of working together on supplier selection, contract management and supplier evaluation. Following Airbus Defence and Space joining the platform at the beginning of 2015, all three Divisions use ePROC.

**Procurement Academy:**

The Airbus “Procurement Academy” provides training to harmonise procurement job profiles, competences and skills. The academy has introduced a complete set of common training solutions, covering the full range of supply chain topics. Additionally, training is offered to suppliers.

**ENSURING HIGH QUALITY**

**Supplier audits:**

Supplier audits and assessments support the goal of making sure that supplier deliveries meet the Group’s specific requirements. Several thousand audits and assessments were performed in 2014. Suppliers are assessed annually, with five areas of performance evaluated: logistics, quality, customer support, commercial performance and technical performance. An average score is calculated for each supplier.

**Reverse supplier evaluation:**

The Group carries out reverse supplier evaluations to get feedback about its own procurement and supply chain management performance. Conducted in 2013, the first survey involved more than 260 suppliers working for Airbus Defence and Space. The questionnaire looked into issues such as the quality of relationships, communication, cooperation, support and compliance. Following analysis of the results, corrective actions are being undertaken. The next evaluation will be completed in 2015.

**TYPES OF SUPPLIER AUDITS & ASSESSMENTS (AIRBUS)**



- Equipment, Systems & Support 12%
- Cabin & Cargo 5%
- Aerostructure 43%
- General Procurement 17%
- Materials 19%
- Multiple types 3%
- Power Plant & Nacelle 1%

**PROMOTING “DISABILITY-FRIENDLY” SUPPLIERS**

For the past four years, Airbus in France has promoted employment of disabled people by its suppliers. A dedicated project team was set up in 2011 to increase sourcing from “disability-friendly” companies. A specific clause has been integrated into calls for tender. As a result, sub-contracting

volume with these specialised companies has grown by 158%, from € 6.4 million to € 16.5 million. Having made such a positive impact, the General Procurement function is extending the procurement project across all Divisions and countries from 2015.

# CASE STUDY

## AIRBUS HELICOPTERS: HELPING TO RAISE SME PERFORMANCE

**In its drive to raise the standards of supplier quality and performance, Airbus Helicopters is working hard to help its suppliers in several different ways.**

Within France, it is participating in a three-year initiative, started in 2014, to raise the standards of operational execution in the aerospace supply chain, encouraging industrial excellence. Organised by the *Groupement des Industries Françaises Aéronautiques et Spatiales (GIFAS)*, this € 22.9 million programme is known as *Performances Industrielles*.

The programme is pursuing its goals in four ways:

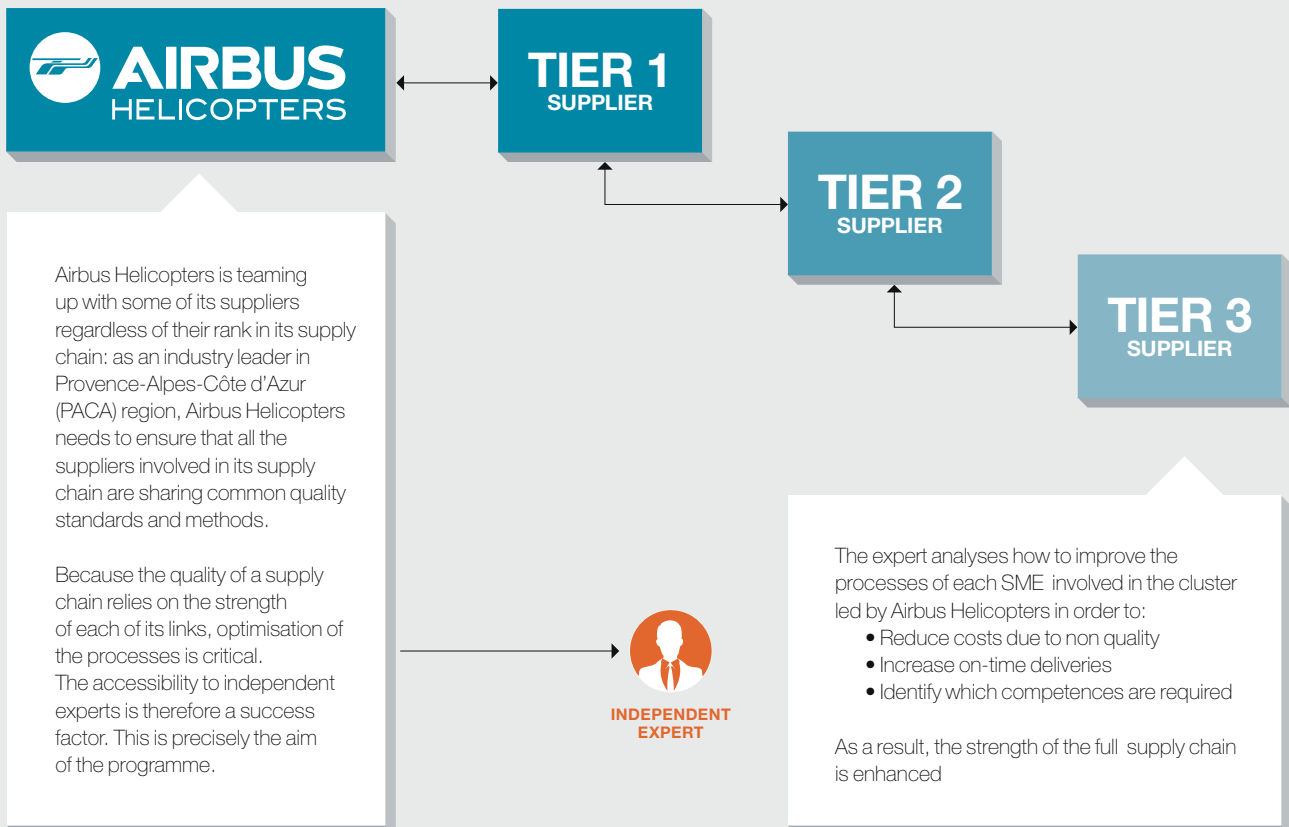
- 1** - Improving the performance of the supply chain
- 2** - Enhancing relationships between customers and suppliers
- 3** - Raising the competitiveness of SMEs
- 4** - Sustaining and developing jobs.

Designed specifically for SMEs, *Performances Industrielles* gathers them into clusters of five to seven companies. SMEs can either participate by creating a cluster of fellow SMEs or by joining a cluster. In both cases, they receive training in areas such as lean manufacturing and management improvement that is designed to build industrial maturity.

Airbus Helicopters is heading the project in France's Provence-Alpes-Côte d'Azur (PACA) region, and has recruited some of its tier one suppliers as cluster leaders. In this way, the local SMEs gain from both GIFAS's funding and the expertise of leading aerospace companies such as Airbus Helicopters. Furthermore, *Performances Industrielles* encourages stronger links between the aerospace companies and suppliers taking part in the programme. *(The illustration below shows how the scheme is organised.)*

### STRENGTHENING SUPPLY CHAIN PERFORMANCE WITH PERFORMANCES INDUSTRIELLES

*Airbus Helicopters is one of the 34 industry leaders involved in this programme. In 2014, 202 SMEs were involved*



# CASE STUDY

## CREATING THE A350 XWB 'EXTENDED ENTERPRISE' SUPPLY CHAIN

When Airbus conceived the A350 XWB project, it pioneered a new way of working with suppliers. Major suppliers work more closely with Airbus, gaining larger work packages but sharing some of the development risks. This form of 'partnering' has resulted in improved performance from suppliers, helping to secure the programme's industrial success.

### A350 XWB PROCUREMENT POLICY

As it has piloted the A350 XWB from design to successful production, Airbus has pioneered both new aircraft technology and an innovative way of working with suppliers. It has adopted an "integrator" strategy for this latest-generation jet, outsourcing much of its design, manufacturing and sub-assembly. Far more comprehensive work packages have been purchased from suppliers than in previous programmes. In particular, each supplier work package is much larger, more integrated and technologically more innovative than in previous programmes. Airbus has transformed its supplier relationships, awarding larger work packages to a selection of major tier one suppliers, transferring costs of development and some of the risks.

From the beginning, the A350 XWB programme opened up a new level of partnership with tier one suppliers, known as members of the 'Extended Enterprise'. A multi-stream approach has been developed to make sure that suppliers are managed in a way that is well synchronised with the programme's milestones. The programme's reliance on suppliers is shown by the fact that they account for roughly 60% of the A350 XWB aerostructure cost.

### NEW WAYS OF WORKING: BROADER, EARLIER, CLOSER

In order to make working with suppliers as efficient as possible, the A350 XWB programme is based on three pillars:

- More comprehensive and integrated work packages;
- Earlier supplier involvement in the process;
- Closer collaboration with suppliers, sharing key processes and IT tools, like the digital mock-up.

Having a greater involvement in the aircraft's development, tier one suppliers are responsible for meeting targets for product specifications and performance. They also have targets for cost and schedule. Contracts span the A350 programme's entire lifecycle.

Suppliers, therefore, have far greater autonomy when completing their work packages and delivering them, saving costs all along the phases. This helps to make sure that suppliers make fewer errors, improves the maturity of work packages and reduces development and production costs.

### SUPPLIER MANAGEMENT AND DEVELOPMENT

While Airbus has invested significantly in producing the aircraft's parts and components, the A350 XWB's success rests equally on mastering its supply chain. This depends on robust surveillance and continuous improvement.

For each major supplier, a risk profile has been created, showing supplier capabilities for programme management, engineering, configuration management, quality management, supply chain and logistics, as well as industrial and product support. Operational

## AIRBUS SOURCING PRINCIPLES: ENHANCED RESPONSIBILITIES

	Past	Today
Platform Assembly Large-scale Integration Value-added Parts and Assemblies Make-to-print Parts and Assemblies Raw Materials		
	<ul style="list-style-type: none"> <li>- Fewer, but still many direct partners</li> <li>- Limited role for "integrators"</li> <li>- Some technical competences remain exclusively internal</li> </ul>	<ul style="list-style-type: none"> <li>- Far fewer large direct risk-sharing partners with whom to build strong ties and who can share capital expenditure, development costs and risk</li> <li>- A real global extended enterprise</li> <li>- Extensive role for "integrators"</li> <li>- Design to functional specifications of large main components or sub-assemblies</li> <li>- Some technical competences remain exclusively internal</li> </ul>

performance is measured in terms of adherence to planning and targets. Airbus has developed a tailored action plan for each supplier, so that it can support measures that will increase supplier capacity and improve performance.

'Joint-improvement' or 'transformation' plans have been prepared for high-risk suppliers. These plans align priorities between Airbus and the supplier, so reinforcing programme management, and improving engineering and production capabilities. The aim is to create long-term partnerships while improving performance.

In order to control the supply chain effectively, Airbus needs a complete picture of the performance of tier one suppliers at all times. A digital control room integrates all the supplier performance data, giving visibility into the supply chain, and providing early warnings of any performance problems.

Furthermore, the supply chain Watchtower monitors the financial statements and operational performance of major suppliers, and those thought likely to be at risk, for signs of distress (see page 51).

**CONCLUSION**

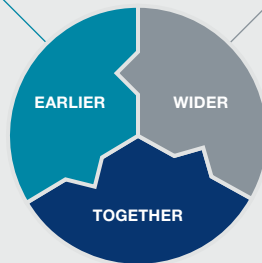
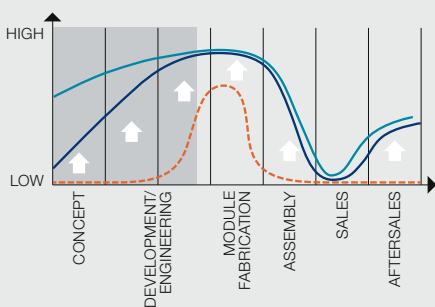
The Extended Enterprise model is an important factor in the A350 XWB programme's success. Thanks to improved working methods, as well as optimised and efficient data exchange, both Airbus and its suppliers share a common framework. A structured risk management approach has supported supplier readiness. As a result, airworthiness certification was received in 2014, preparing the way for the first delivery to Qatar Airways, the launch customer.

In 2015, Airbus is on the way to turning out monthly from its final assembly line three of the A350-900 version of the aircraft. The number of supplier errors, such as missing items, has fallen significantly. This provides strong support for the industrial ramp up. Regarding the A350-1000 stretch version of the jet that is still in development, suppliers' engineers have completed the design of their work packages. The MG7 (end of the design) milestone was passed in December 2014. The first A350-1000 aircraft is set to enter the final assembly line early in 2016.

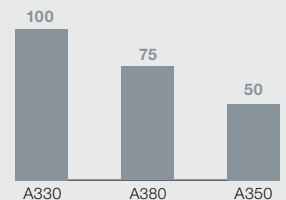
In future, the lessons of the A350 XWB Extended Enterprise will help to improve supply chain performance both within Airbus and across the wider Group.

**PARTNERING APPROACH FOR WORKING WITH SUPPLIERS**

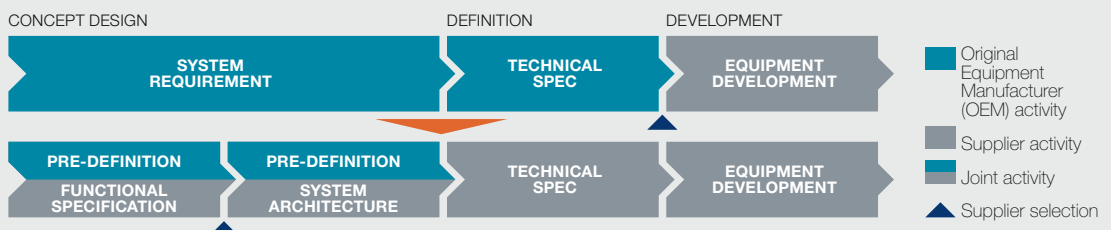
**EVOLUTION OF SUPPLIER INVOLVEMENT OVER THE PRODUCT LIFECYCLE**



**REDUCTION IN NUMBER OF WORK PACKAGES (A330:100)**



**EVOLUTION OF SHARING OF DEVELOPMENT STEPS**





# FOCUSING **OUR** PHILANTHROPY

AS A RESPONSIBLE CORPORATE CITIZEN, AIRBUS GROUP WORKS WITH KEY STAKEHOLDERS AND LOCAL COMMUNITIES TO DELIVER HUMANITARIAN RELIEF AND SUPPORT YOUTH PROGRAMMES. ITS FOUNDATIONS LEVERAGE LEADERSHIP IN AEROSPACE TO MAKE A DIFFERENCE, ESPECIALLY BY ORGANISING TRANSPORT FOR RELIEF SUPPLIES. IN 2014, THEY CONCENTRATED THEIR ACTIVITIES FURTHER, IN LINE WITH THE GROUP'S MOVE TOWARDS GREATER INTEGRATION.

## HUMANITARIAN SUPPORT

**3**

FLIGHTS BY  
AIRBUS FOUNDATION  
IN 2014

AROUND

**150**

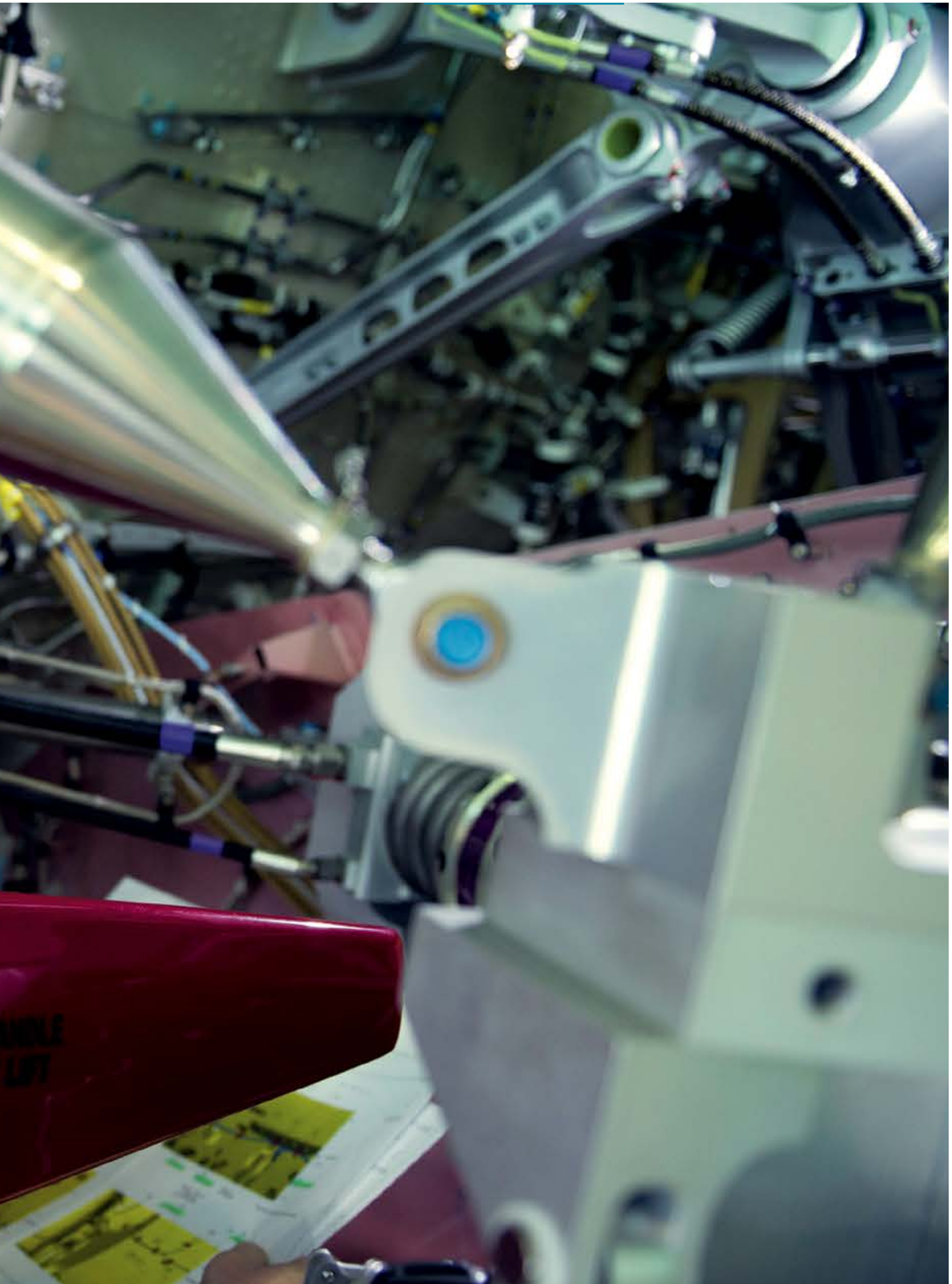
FLIGHT HOURS  
BY AIRBUS HELICOPTERS  
FOUNDATION IN 2014

## YOUTH PROGRAMMES

MORE THAN

**500**

YOUNG PEOPLE PARTICIPATED  
IN FLYING CHALLENGE  
BY THE AIRBUS CORPORATE  
FOUNDATION IN 2014



# CONCENTRATING ON HUMANITARIAN AID AND YOUTH DEVELOPMENT

The Group's foundations focused their activities still further in 2014. Membership of the Airbus (Corporate) Foundation was extended to all three Divisions, creating a new Group-wide foundation, with fields of activity centred on humanitarian aid and youth development.

Reflecting the increasing integration and centralisation of the Airbus Group, the number of philanthropic foundations is being reduced in order to concentrate and simplify their activities. In the future the Airbus (Corporate) Foundation will become the Group's sole foundation. It will continue to work in the fields of humanitarian relief and youth development.

The Airbus Group Foundation (formerly the EADS Foundation) reached the end of its statutory five-year term in 2014, and its funding was not renewed. While the Airbus Helicopter Foundation's term is set to run until 2017, its mandate will not be renewed for another term.

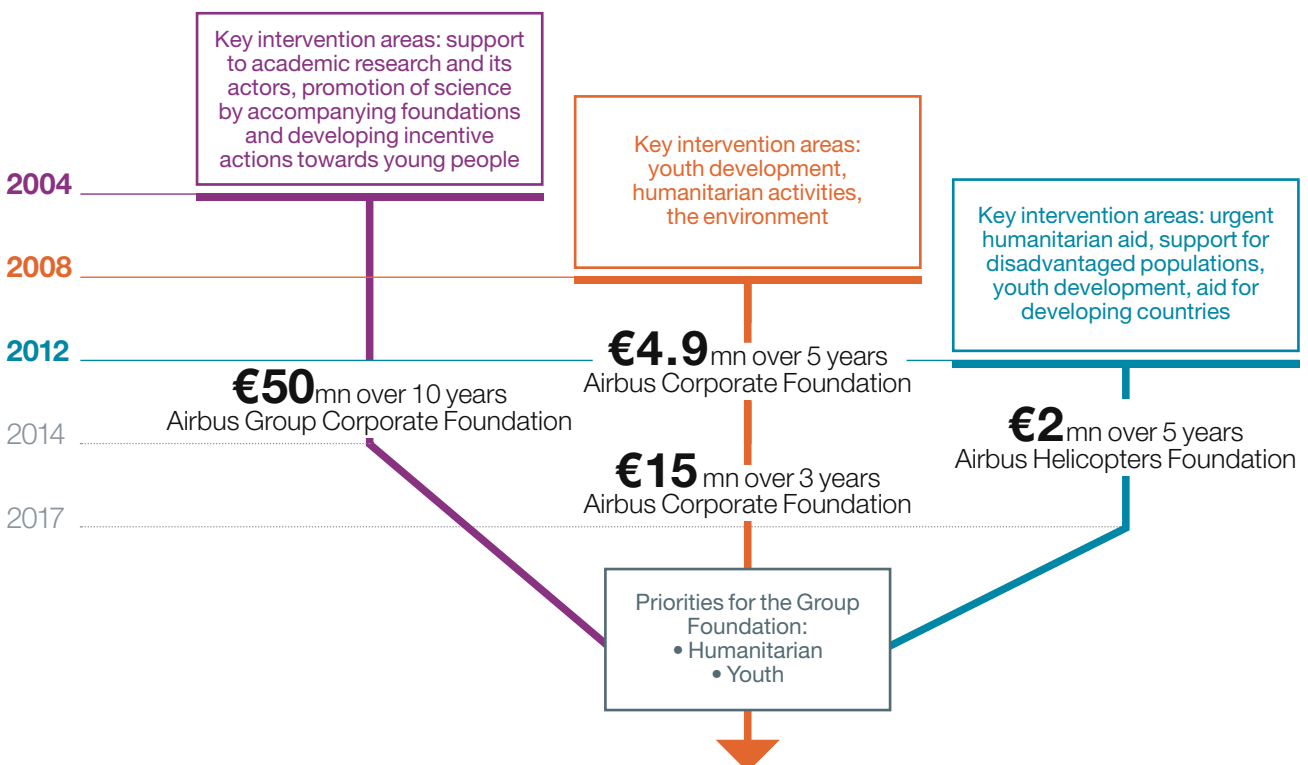
This centralisation will allow the remaining Airbus Foundation to use all of the Group's resources in its mission. In the aftermath of natural disasters, for example, it will be able to deploy aircraft or ferry flights, supply helicopters, take satellite imagery and provide communications.

*"This centralisation will allow the remaining Airbus Foundation to use all of the Group's resources in its mission. In the aftermath of natural disasters, for example, it will be able to deploy aircraft or ferry flights, supply helicopters, take satellite imagery and provide communications."*

### MATCHING EMPLOYEE GIVING

A Group-wide fundraising campaign gathered €260,000 in 2014 for Syrian refugees in Iraq, as well as victims of the Ebola crisis in West Africa. The Airbus Foundation donated the first €50,000 and then matched employee donations to the campaign, including €10,000 from Tom Enders, CEO. The campaign was coordinated by the IFRC.

## FOCUSING OUR ACTIVITIES





**A DECADE OF ACHIEVEMENTS**

While the Airbus Group Foundation's activities were discontinued in 2014, its support of scientific research and youth development over the 10 years of its existence has made a significant positive impact. One of its best-known activities was the Irène Joliot-Curie Prize, sponsored jointly with the French Ministry of Higher Education and Research, designed to encourage women in science and technology. 2014's 'Woman Scientist of the Year' is H  l  ne Olivier-Bourbigou, head of research in molecular catalysis at public-sector research body IFP New Energies, who is developing sustainable processes that reduce the environmental impact of chemicals. In the field of research, the Foundation funded 12 research and teaching chairs at universities, including the Castex Chair for Cyberstrategy and the Chair for Composites Manufacturing at the   cole Centrale de Nantes. Additionally, it organised the annual Research Takes Flight Day, which brings together representatives of the French and European scientific community from the corporate and research worlds to discuss key issues for the future. In 2014, the theme was robotics, including issues such as what degree of autonomy can be expected from robots.

The Foundation's youth development activities gave 80 students 10-year grants to enable them to pursue their education. Four of them graduated in 2014, some are still in engineering schools, or are studying medicine or mechanics at university. Although the Foundation has been dissolved, its support of these young people will continue until their graduation.

**HUMANITARIAN RELIEF FLIGHTS**

**Relief flights are organised to deliver food and medical supplies to disaster zones and other areas worldwide where communities are in need, and helicopters are put at the disposal of NGOs so that they can access remote areas.**

*"Between its establishment in 2008 and 2014, the Airbus Foundation coordinated 38 humanitarian flights, successfully delivering more than 470 tonnes of aid – including medical supplies, food, water sanitation equipment and clothes – across five regions. Since 2013, the Airbus Helicopters Corporate Foundation has volunteered around 150 helicopters flight hours in response to humanitarian crises around the world – a number that continues to grow."*

**DELIVERING FOOD AND MEDICAL SUPPLIES**

Taking advantage of the transport capacity of Airbus aircraft, the Airbus Foundation ferries aid to communities in need around the world. Between its establishment in 2008 and 2014, the Foundation coordinated 38 humanitarian flights, successfully delivering more than 470 tonnes of aid – including medical supplies, food, water sanitation equipment and clothes – across five regions.

Both customer aircraft on their maiden flights and Airbus development aircraft deliver the supplies. After the customer receives its aircraft from the Toulouse or Hamburg delivery centre, the Foundation coordinates between the customer and one of

**AIRBUS GROUP FOUNDATION'S POSITIVE IMPACT**

<b>180</b> employees from all Divisions involved in projects	<b>~ 100</b> site visits organised for pupils	<b>120</b> research projects supported in more than 50 research labs
<b>More than 100</b> scientists awarded by the Airbus Group Foundation Prizes	<b>12</b> research and teaching chairs funded	<b>3</b> partner foundations created
<b>��2.5 million</b> granted to different associations and initiatives	<b>More than 6,000</b> pupils benefited directly from Foundation activities	<b>40,000</b> Flight Books distributed

its partner NGOs to fill the otherwise empty aircraft cargo hull with humanitarian aid. At the end of 2014, the Foundation had worked with 14 different customer airlines, which had performed 29 of the total flights.

The Airbus Foundation has signed a cooperation agreement with the Federation of Red Cross and Red Crescent Societies (IFRC), pooling expertise and resources in order to bring relief to communities in distress as quickly as possible. The intention is to deliver emergency response units when a natural disaster strikes or in the midst of a humanitarian crisis. The IFRC agreement, signed in 2012, gives it the right to use up to four Airbus development aircraft a year, depending on their availability.

In 2014, three flights ferried aid for communities in need, but the absence of natural disasters meant there were no emergency aid deliveries. The occasion of the delivery of Emirates' 50th A380 was an opportunity to fly 41 tonnes of relief goods – the largest ever on a single Airbus Foundation flight – to the UN World Food Programme humanitarian response depot in Dubai. The goods were deployed in cooperation with Action Contre La Faim.

An A320 delivery to South Africa Airways was used to transport a tonne of medical equipment, school supplies and clothing donated by la Banque Alimentaire du Pallet and Office Depot, the business equipment supplies chain. Aviation Sans Frontières and World Vision South Africa, an NGO specialising in sponsoring children in need from around the world, coordinated the goodwill ferry flight to Johannesburg. Children's clothing and stationery supplies were distributed to hospitals, clinics and schools.

Additionally, an A321 delivery to JetBlue transported 10 tonnes of medical supplies, blankets, sheets and toys from Hamburg, Germany to Haiti. The donations included cholera medication, sheets, clothing and toys.

**HELICOPTER FLIGHTS AND TRAINING**

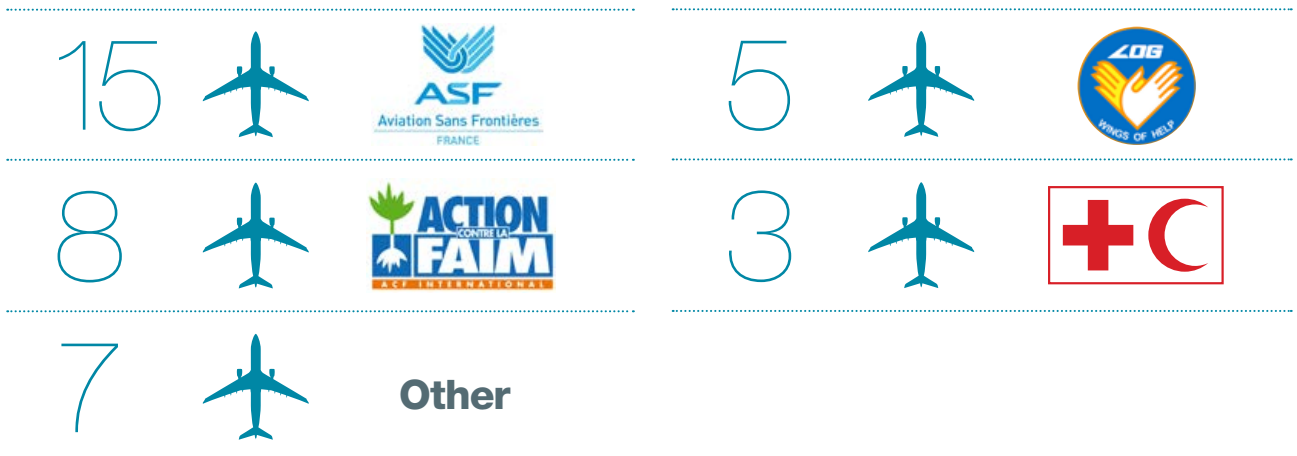
Whenever infrastructure is destroyed or communities are afflicted by severe weather, helicopters are the best option to save lives and alleviate suffering. Helicopters play a critical role in humanitarian relief work, performing a number of important missions. The Airbus Helicopters Corporate Foundation arranges for helicopters to be deployed to disaster areas and coordinates their operations. It charters helicopters from operators based near disaster zones, putting them at the NGO's disposal.

In 2014, the Foundation formalised its support for the French Ministry of Foreign Affairs Crisis Centre, partnering with the centre to provide humanitarian agencies with helicopter airlift support for natural disasters and other emergency situations.

Activities performed in 2014 in Bolivia and the Balkans included ground surveillance, search and rescue, medical evacuations, and the transport of food, basic necessities and even construction materials:

- In order to respond to the needs of Bolivia's flood-ravaged population, where torrential rains left many people dead and homeless, the Foundation took measures to assure helicopter support to first aid operations. The helicopter provided by the Foundation logged 40 flight hours, assisting in the evacuation and transport of the wounded and the distribution of food and water.

**NUMBER OF FLIGHTS PER NGO**



- In response to the catastrophic floods that hit the Balkans, the Foundation partnered with the French Ministry of Foreign Affairs and International Development in Serbia and with the International Federation of the Red Cross in Bosnia, in order to help people stricken by the disaster. The team's missions were to assist with evacuations, as well as identifying and cordoning off the areas worst affected by the adverse weather.

Beyond providing helicopter transport, the Foundation supports the training of volunteers and medical staff in the use of helicopters for emergency rescue missions. A 2014 agreement with the French sea rescue organisation, Société Nationale de Sauvetage en Mer (SNSM), committed the Foundation to provide support for the training and equipment that will prepare volunteers for helicopter rescue missions. SNSM has more than 7,000 volunteers based at 220 lifeguard stations along the coast of France and in its overseas territories.

The year also saw the Foundation working in partnership with the Société Française de Médecine de Catastrophe and its Brazilian counterpart Consultoria e Gestão em Saúde, training the Brazilian medical corps in urgent medical aid provided by helicopter. More than 40 doctors and nurses from all over Brazil received training, developing their knowledge of air rescue.

## YOUTH PROGRAMMES

### Supporting disadvantaged and disengaged young people is a priority for the Airbus Foundation.

Over the six years since its inception in 2008, the Foundation has supported more than 50 youth development projects, which have used aviation to inspire children from difficult backgrounds.

The Foundation develops and implements signature projects that are carried out annually around Airbus sites worldwide. For example, the 'Flying Challenge' has grown over the past three years into the Airbus Foundation's largest youth mentoring programme. Launched in partnership with United Way, a non-profit organisation that promotes education as a means of development, Flying Challenge programmes seek to inspire youngsters through weekly tutoring by business and engineering school students, and through coaching sessions by Airbus employee volunteers. After starting out at the Airbus site in Toulouse, France, it has expanded to Wichita in Kansas and Getafe in Spain. A pilot programme was also held at Cadiz, Spain during 2014.

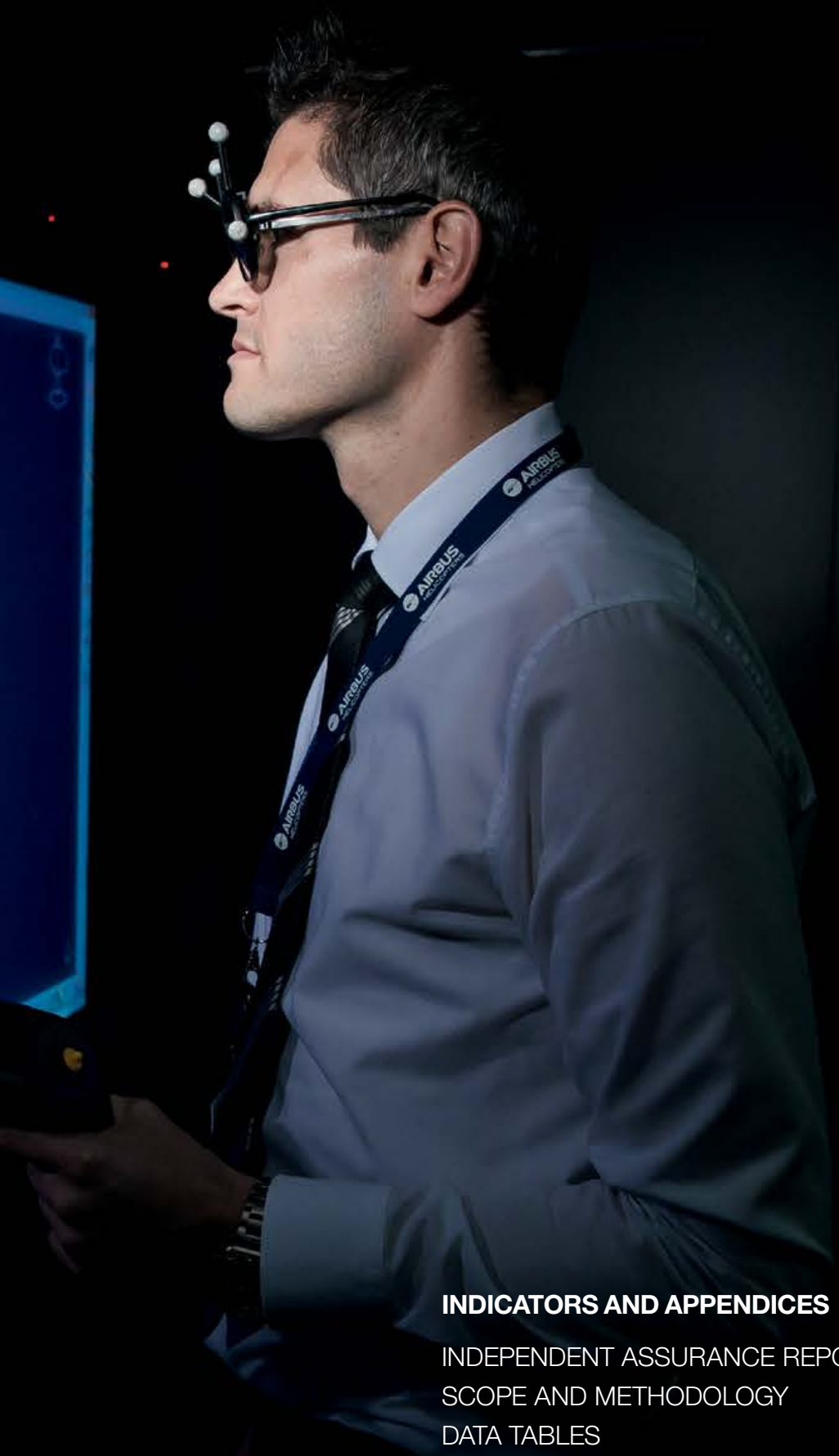
More than 500 school children aged 13 to 16 from disadvantaged backgrounds took part in the 2014 events. By leveraging Airbus employees' competences, the Flying Challenge helps students who are at high risk of not continuing to higher education. It aims to help them to achieve success in their academic, social and professional lives.

*"Over the six years since its inception in 2008, the Foundation has supported more than 50 youth development projects that used aviation to make the dreams of children under 20 from difficult backgrounds a reality."*

In 2014, the Foundation also piloted a programme in Toulouse, encouraging young people to volunteer with the French Red Cross. Once again, Airbus employees mentor the young Red Cross volunteers, who are between school and higher education, or taking a gap year.

During the Foundation's existence, it has supported a number of other initiatives. For example, it has partnered since 2011 with the Gulf Coast Exploreum Science Centre in Mobile, Alabama to launch the ExploreAir Programme, which aims to ignite curiosity in children aged 11 to 16 in the subjects of science, maths and technology. Similarly, the AirMinies project has been inspiring children aged 8 to 14 from challenging backgrounds since 2010. Run in collaboration with Spielhaus Horner Rennbahn in Hamburg, AirMinies gives children the opportunity to learn about science, maths and physics in a fun and engaging environment. Finally, the Ailes Pour Tous programme, run in collaboration with the Purpan Children's Hospital and the Toulouse Rotary Club, brings child patients and their families together with the flight test teams to visit Airbus A380 test aircraft in the morning. In the afternoon, the children experience first flights with the Rotary Club. Since its launch in 2009, several hundred children have attended this eventful day.

# OUR DATA



## INDICATORS AND APPENDICES

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# INDEPENDENT ASSURANCE REPORT

## AIRBUS GROUP

YEAR ENDED DECEMBER 31, 2014

### 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 Airbus Group ("the Indicators"<sup>1</sup>), identified in this report by the symbol √, in the Corporate Responsibility & Sustainability 2014 Report on pages 68 and 69.

These Indicators have been prepared under the responsibility of the management of Airbus Group, in accordance with Airbus Group environmental performance indicators reporting guidelines, Airbus Group greenhouse gas emissions inventory guidelines, Airbus Group HR Definitions Policy, "Headcount definitions for all consolidated companies of Airbus Group", Airbus Group Specification for HR Definitions (Available ; Active Work Force; Availability Reason) and Airbus Group Band and PD Eligibility (Specification for Executive/Non-Executive status), hereinafter the "Reporting Criteria", which can be consulted at Airbus Group headquarters and are summarized in chapter "Scope and Methodology" of the Corporate Responsibility & Sustainability 2014 Report.

The Airbus Group Environmental Reporting Coordinator and the head of HR Operations Data management were respectively responsible for preparing the environmental performance indicators and social performance indicators. Environmental and social

Reporting Criteria can be consulted at Airbus Group headquarters and are described in chapter "Scope and Methodology" of the Corporate Responsibility & Sustainability Report 2014. 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 2014 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.

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, Total Number of Persons trained on Environmental.

- As part of our environmental performance indicators review, we selected a sample of 8 sites<sup>2</sup> 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 23% for water indicators, 31% for waste indicators, 26% for CO<sub>2</sub> emissions indicators and 24% 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 Broughton.

- We have also reviewed the presentation of the Indicators in the 2014 Corporate Responsibility & Sustainability report.

## CONCLUSION

Based on our review, nothing has come to our attention that causes 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 17 2015

Cleantech & Sustainability  
ERNST & YOUNG et Associés

Eric Duvaud

<sup>2</sup> Airbus Puerto Real; Stelia Méaulte; Airbus Hambourg limited to energy indicators; Airbus Broughton; Airbus Helicopter Donauworth; Airbus Defence & Space Manching; Airbus Defence & Space St Médard; Airbus Toulouse limited to waste and water indicators.

# 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. Starting Fiscal Year 2014, only employees from fully consolidated companies are included in the HR reporting perimeter. The application of this new consolidation rule is the main explanation for the decrease observed in the overall active workforce when compared to previous year data. The scope for HR structure reporting covers about 98% of the Group's consolidated companies, including all employees of these companies. This includes employees working for Airbus Group or its subsidiaries in France, Germany, Spain, the UK and internationally. In total, about 2% of the companies belonging to Airbus Group – usually recently acquired – are not included in the scope, as no detailed employee data is available at Airbus level.

### REPORTING TOOLS

The indicators are calculated using 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 Airbus Group.

##### ACTIVE WORKFORCE

The reported number of employees shows the active workforce available in Airbus Group on 31 December 2014. 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 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 of 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 €450 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 98% of the Group's consolidated companies.

##### ACTIVE WORKFORCE BY AGE

This indicator shows the percentage of employees per age group on 31 December 2014.

##### PART-TIME QUOTA

This indicator shows the percentage of employees holding a part time contract on 31 December 2014 in proportion to the active headcount at this time.

##### PERCENTAGE OF WOMEN

The calculation of the percentage of women within Airbus is based on the number of women included in the active workforce, status 31 December 2014.

### 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 2014. 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 2014 (number of resignations, terminations, retirement, 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 schemas – 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 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 whose training needs are 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 retrieved from the SAP-based Learning Management System (LMS).

##### TOTAL NUMBER OF PARTICIPANTS

This indicator is defined as the Total Number of participants (one person could have attended more than one time) of a training session.

##### TOTAL NUMBER OF TRAINING HOURS RELATED TO ENVIRONMENTAL, HEALTH AND SAFETY

This indicator is defined as the total number of training hours related to Environmental, Health and Safety topics retrieved in LMS.

##### TOTAL NUMBER OF PARTICIPANTS IN ENVIRONMENTAL, HEALTH AND SAFETY TOPICS

This indicator is defined as the total number of participants (one person could have attended more than one time) of a training session, related to Environmental, Health and Safety topics, managed and delivered by Airbus Group Learning Services in 2014.



## 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 100% consolidated companies with more than 50 employees, which represent 98% 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 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2014.

Astrium Elancourt, for which no data was available in 2013, has been integrated in the 2014 environmental reporting campaign. Eurocopter Oxford is 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 EY to review the reporting procedures and data for a selection of key environmental performance indicators published in this report: energy and CO<sub>2</sub> indicators, non-hazardous and hazardous waste produced (excluding exceptional waste) and material recovery rate, purchased water and total water consumption. This brings the total of audited indicators to 13, as in past years. The nature of the work performed and the results of the verification are presented on pages 64-65.

### 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 generated from CHP (Combined Heat Power plant) on site for own use is reported separately, as the primary energy used for its production is natural gas which is already reported in the fossil energy consumption detailed above.

The energy consumption due to Beluga flights is reported in a separate indicator and automatically added to the total energy consumption from sites.

#### CO<sub>2</sub>eq emissions

The CO<sub>2</sub>eq 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: CO<sub>2</sub>eq emissions = Energy consumption x Emission factor. Scope 1 are also include CO<sub>2</sub>eq emissions linked to the use of refrigerants, calculated using the following formula: CO<sub>2</sub>eq emissions = Refrigerant leakage amount x Global Warming Potential. These emissions are automatically calculated by the reporting tool based on energy consumption and refrigerant leakages reported and expressed in t CO<sub>2</sub> 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). It includes water for industrial installations, offices, catering facilities, buildings, etc. It is expressed in m<sup>3</sup>/year.

#### Water discharges

This indicator is the sum of water effluents (expressed in m<sup>3</sup>/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 European Waste 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 is construction/deconstruction waste from buildings and installations, is reported separately. Non-hazardous and hazardous waste data published on p. 69 exclude exceptional waste, in order to bring relevance 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 sources of emissions from Airbus Group's activities derive from surface treatment, cleaning, painting and coating operations through the 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 measurement is taken 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	2014	2013*
ACTIVE WORKFORCE	G4-10	<b>Headcount reporting</b>		
		<b>Active workforce (employees) ✓</b>	<b>138,622</b>	<b>144,061</b>
		<b>Active workforce by region ✓</b>		
		France	51,740	54,510
		Germany	48,374	50,080
		Spain	12,449	11,217
		UK	12,783	14,626
		USA	2,991	3,255
		Other countries	10,285	10,373
		<b>Active workforce by division ✓</b>		
		Airbus*	73,958	78,862
		Airbus Defence and Space*	38,637	n/a
		Astrium	n/a	17,255
		Cassidian	n/a	21,229
		Airbus Helicopters	22,939	23,374
		Airbus Corporate Functions**	2,989	2,951
		Other Businesses	99	390
		<b>Active workforce by contract type ✓</b>		
		Unlimited contract	135,688	140,327
		Limited contract > 3 months	2,934	3,733
<b>HR Structure</b>				
<b>Active workforce by age ✓</b>				
<20	0.2%	0.1%		
20-29	11.4%	12.7%		
30-39	30.0%	30.1%		
40-49	27.8%	27.8%		
50-59	26.3%	25.4%		
60+	4.3%	3.9%		
<b>Part-time quota ✓</b>	<b>3.4%</b>	<b>3.5%</b>		
<b>Women of Active workforce ✓</b>	<b>17.1%</b>	<b>17.2%</b>		
<b>Women in management positions ✓</b>	<b>10.2%</b>	<b>9.6%</b>		
<b>TURNOVER</b>	<b>LA1</b>	<b>Employee turnover rate ✓</b>	<b>3.3%</b>	<b>3.0%</b>
<b>HEALTH AND SAFETY</b>	<b>LA6</b>	<b>Lost-time injury incidence rate</b>	<b>0.56</b>	<b>0.62</b>
<b>TRAINING</b>	<b>LA9</b>	Total number of training hours ✓	2,906,356	3,170,102
		Total number of participants ✓	238,386	239,544
		Total number of training hours related to Environmental, Health and Safety topics ✓	272,851	252,290
		Total number of participants trained in Environmental, Health and Safety topics ✓	50,584	39,431

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

\* Employees of companies accounted for by the proportionate method (such as ATR, MBDA) in 2013 are included in the tables on the same proportionate basis and have not been restated to reflect the application of IFRS 10 and 11.

✓ 2014 data audited by EY

# DATA TABLES

## ENVIRONMENTAL PERFORMANCE

	GRI	KPI	Unit	2014	2013
ENERGY	EN3	<b>Total energy consumption (excluding electricity generated by CHP on site for own use)✓</b>	MWh	<b>3,875,226</b>	<b>4,120,059</b>
		<b>Energy consumption from stationary sources✓</b>	MWh	<b>1,313,714.40</b>	<b>1,533,756.52</b>
		<i>of which, natural gas consumption</i>	MWh	<i>1,228,281.73</i>	<i>1,479,453.14</i>
		<i>distillate fuel oil consumption (gas oil, diesel, FOD)</i>	MWh	<i>16,838</i>	<i>21,838</i>
		<i>heavy fuel oil consumption (residual fuel oil)</i>	MWh	<i>0</i>	<i>0</i>
		<i>liquefied natural gas consumption</i>	MWh	<i>322.02</i>	<i>258</i>
		<i>propane consumption</i>	MWh	<i>10,320</i>	<i>12,909</i>
		<i>biomass consumption</i>	MWh	<i>57,952</i>	<i>19,298</i>
		<i>other type of fuel consumption</i>	MWh	<i>0</i>	<i>0</i>
		<b>Energy consumption from mobile sources✓</b>	MWh	<b>1,043,221.55</b>	<b>1,013,548.82</b>
		<i>of which, gasoline consumption</i>	MWh	<i>2,418</i>	<i>2,509</i>
		<i>distillate fuel oil consumption (gas oil, diesel, FOD)</i>	MWh	<i>23,780.3</i>	<i>16,806.23</i>
		<i>liquefied natural gas consumption</i>	MWh	<i>128</i>	<i>508</i>
		<i>propane consumption</i>	MWh	<i>1,046.38</i>	<i>1,248</i>
		<i>jet fuel aircraft/kerosene consumption</i>	MWh	<i>1,012,502.91</i>	<i>988,271.84</i>
		<i>- flight tests</i>	MWh	<i>660,535.91</i>	<i>644,867.59</i>
		<i>- Beluga</i>	MWh	<i>351,967</i>	<i>343,404</i>
<i>aviation gasoline consumption</i>	MWh	<i>3,346</i>	<i>4,206</i>		
<b>Total electricity consumption</b>	MWh	<b>1,518,289.92</b>	<b>1,572,753.49</b>		
<i>of which, purchased electricity consumption✓</i>	MWh	<i>1,414,031.64</i>	<i>1,458,742.86</i>		
<i>purchased heat/steam</i>	MWh	<i>103,929</i>	<i>113,717</i>		
<i>generated electricity from photovoltaic sources on-site for own use</i>	MWh	<i>187</i>	<i>150</i>		
<i>generated electricity from other renewable sources on-site for own use</i>	MWh	<i>143</i>	<i>144</i>		
<b>Generated electricity from CHP on site for own use✓</b>	MWh	<b>260,541</b>	<b>259,708</b>		
AIR EMISSIONS	EN15	<b>Total CO<sub>2</sub> emissions✓</b>	tonnes CO <sub>2</sub>	<b>940,492</b>	<b>1,010,866</b>
		<b>Total direct CO<sub>2</sub> emissions (Scope 1)✓</b>	tonnes CO <sub>2</sub>	<b>541,017</b>	<b>584,732</b>
		<i>of which, CO<sub>2</sub> emissions from stationary sources</i>	tonnes CO <sub>2</sub>	<i>255,913</i>	<i>309,463</i>
		<i>CO<sub>2</sub> emissions from mobile sources</i>	tonnes CO <sub>2</sub>	<i>268,607</i>	<i>260,730</i>
		<i>CO<sub>2</sub> emissions from fugitive sources</i>	tonnes CO <sub>2</sub>	<i>16,412</i>	<i>13,106</i>
		<i>CO<sub>2</sub> emissions from processes on site</i>	tonnes CO <sub>2</sub>	<i>50</i>	<i>1,433</i>
	EN16	<b>Total indirect CO<sub>2</sub> emissions (Scope 2)✓</b>	tonnes CO <sub>2</sub>	<b>399,475</b>	<b>426,134</b>
EN21	<b>Total VOC emissions</b>	tonnes	<b>1,527</b>	<b>1,615</b>	
	<b>Total SOx emissions</b>	tonnes	<b>18</b>	<b>20</b>	
	<b>Total NOx emissions</b>	tonnes	<b>190</b>	<b>241</b>	
WATER	EN8	<b>Total water consumption✓</b>	m <sup>3</sup>	<b>5,367,872.92</b>	<b>5,515,695.25</b>
		<i>of which, purchased water✓</i>	%	<i>54.3%</i>	<i>54.3%</i>
		<i>abstracted ground water</i>	%	<i>43.0%</i>	<i>42.9%</i>
		<i>withdrawn surface water</i>	%	<i>2.4%</i>	<i>2.7%</i>
		<i>rainwater collected used</i>	%	<i>0.1%</i>	<i>0.1%</i>
	EN22	<b>Total water discharges</b>	m <sup>3</sup>	<b>4,245,520.85</b>	<b>4,366,209.46</b>
		<i>of which, water discharged via an internal pre-treatment plant</i>	m <sup>3</sup>	<i>1,179,761.63</i>	<i>1,177,391.95</i>
WASTE	EN23	<b>Total waste production, excluding exceptional waste</b>	tonnes	<b>102,927.49</b>	<b>114,135.45</b>
		<i>of which, non-hazardous waste✓</i>	tonnes	<i>73,782.02</i>	<i>83,617.30</i>
		<i>hazardous waste✓</i>	tonnes	<i>29,145.5</i>	<i>30,518.2</i>
		<i>waste going to material recovery</i>	tonnes	<i>55,741.60</i>	<i>64,264.8</i>
		<i>waste going to energy recovery</i>	tonnes	<i>21,137.67</i>	<i>20,555.38</i>
		<b>Material recovery rate✓</b>	%	<b>54.2%</b>	<b>56.3%</b>
<b>Energy recovery rate</b>	%	<b>20.5%</b>	<b>18.0%</b>		
EMS certification		<b>Number of sites with ISO 14001/EMAS certification</b>	unit	<b>79</b>	<b>79</b>
		<b>Percentage of workforce covered by ISO 14001 and environmental reporting</b>	%	<b>83%</b>	<b>81%</b>

✓ 2014 data audited by EY

# GRI INDEX AND GLOBAL COMPACT CORRESPONDENCE

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 G4 Guidelines, meeting the 'core' in accordance option. Following the Airbus Group materiality analysis on page 6, all following aspects are material for the Group and for its external stakeholders, with the exception of the aspects covered by the "Labor practices and decent work" sub-category.

General Standard Disclosures	GRI Description	Page Number (or Link)	External Assurance	Global Compact Cross Reference
<b>STRATEGY AND ANALYSIS</b>				
G4-1	Statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	p. 2-3		
<b>ORGANISATIONAL PROFILE</b>				
G4-3	Name of the organisation.	Inside front cover (leaflet Airbus Group at a glance)		
G4-4	Primary brands, products, and services.	Inside front cover (leaflet Airbus Group at a glance)		
G4-5	Location of the organisation's headquarters.	Inside front cover (leaflet Airbus Group at a glance)		
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Inside front cover (leaflet Airbus Group at a glance)		
G4-7	Nature of ownership and legal form.	Inside front cover (leaflet Airbus Group at a glance)		
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Inside front cover (leaflet Airbus Group at a glance)		
G4-9	Scale of the organisation.	p. 47 and Registration Document, p. 18-19		
G4-10	Number of employees by employment contract and gender, workforce by region, significant variations in employment numbers.	p. 37, 66, 68		Principle 6
G4-11	Employees covered by collective bargaining agreements.	p. 68		Principle 3
G4-12	Description of the organisation's supply chain.	p. 49-55		
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain, including changes in location, share capital structure, relationships with suppliers.	p. 50-57 and Registration Document p. 53		
G4-14	Addressing the precautionary principle within the organisation.	Registration Document p. 8-20		
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	Registration Document p. 49		
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation: <ul style="list-style-type: none"> <li>• Holds a position on the governance body</li> <li>• Participates in projects or committees</li> <li>• Provides substantive funding beyond routine membership dues</li> <li>• Views membership as strategic.</li> </ul>	p. 25 and Registration document p.49		
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>				
G4-17	Entities included in the organisation's consolidated financial statements or equivalent documents. Exclusion of any entity included in the organisation's consolidated financial statements or equivalent documents from the report. The organisation can report on this Standard Disclosure by referencing the information in publicly available consolidated financial statements or equivalent documents.	p. 66-67 and Registration Document p. 32-37		
G4-18	Process for defining the report content and the Aspect Boundaries and explanation of how the organisation has implemented the Reporting Principles for Defining Report Content.	p. 6-9		
G4-19	Material Aspects identified in the process for defining report content.	p. 6-9		
G4-20	Material Aspect Boundaries within the organisation.	p. 6-9, p.70		
G4-21	Material Aspect Boundaries outside the organisation.	p. 6-9, p.70		
G4-22	Effects of any restatements of information provided in previous reports, and the reasons for such restatements.	p. 76		
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	p. 66-67		

General Standard Disclosures	GRI Description	Page Number (or Link)	External Assurance	Global Compact Cross Reference
<b>STAKEHOLDER ENGAGEMENT</b>				
G4-24	Stakeholder groups engaged by the organisation.	p. 7-8		
G4-25	Basis for identification and selection of stakeholders with whom to engage.	p. 7-8		
G4-26	Organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	p. 7-8		
G4-27	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. Report the stakeholder groups that raised each of the key topics and concerns.	p. 7-8		
<b>REPORT PROFILE</b>				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	p. 66-67		
G4-29	Date of most recent previous report (if any).	p. 76		
G4-30	Reporting cycle (such as annual, biennial).	p. 66-67		
G4-31	Contact point for questions regarding the report or its contents.	p. 74		
G4-32	The 'in accordance' option the organisation has chosen, the GRI Content Index for the chosen option, and the External Assurance Report.	p. 64-65, p. 70-73		
G4-33	The organisation's policy and current practice with regard to seeking external assurance for the report.	p. 64-65		
<b>GOVERNANCE</b>				
G4-34	Governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	p. 10-11		
<b>ETHICS AND INTEGRITY</b>				
G4-56	The organisation's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	p. 10-11, 13-17		Principle 10

Specific Standard Disclosures	GRI Description	Page Number (or Link)	External Assurance	Global Compact Cross Reference
<b>CATEGORY: ECONOMIC</b>				
<b>MATERIAL ASPECT: ECONOMIC PERFORMANCE</b>				
G4-DMA	Management approach.	p. 8		
G4-EC1	Revenues and revenue distribution amongst stakeholders, operating costs, community investments, payments to governments, payments to providers of capital.	p. 8, p. 56-61 and Registration Document p. 67		
<b>MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS</b>				
G4-DMA	Management approach.	p. 8		
G4-EC8	Examples of the significant identified positive and negative indirect economic impacts the organisation has.	p. 8, p. 53-55		
<b>MATERIAL ASPECT: PROCUREMENT PRACTICES</b>				
G4-DMA	Management approach.	p. 50-52		
G4-EC9	External sourcing by region.	p. 49		
<b>CATEGORY: ENVIRONMENTAL</b>				
<b>MATERIAL ASPECT: ENERGY</b>				
G4-DMA	Management approach.	p. 25-28, 32-35		
G4-EN3	Total fuel consumption from non-renewable sources, renewable sources, including fuel types used. Total electricity consumption, energy consumption. Standards, methodologies and assumptions used, as well as the source of the conversion factors used.	p. 32-35, 67, 69	yes	Principles 7, 8
G4-EN5	Energy intensity ratio, with the organisation-specific metric (the ratio denominator) chosen to calculate the ratio, the types of energy included in the intensity ratio.	p. 19, p. 34-35	yes	Principle 8, 9
G4-EN6	Reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, with the basis for calculating reductions in energy consumption such as base year or baseline, and the rationale for choosing it as well as standards, methodologies, and assumptions used.	p. 32-35, 67, 69	yes	Principle 8, 9
G4-EN7	Reductions in the energy requirements of sold products and services achieved during the reporting period, the basis for calculating reductions in energy consumption such as base year or baseline, and the rationale for choosing it as well as the standards, methodologies, and assumptions used.	p. 25-28		Principle 8, 9
<b>MATERIAL ASPECT: WATER</b>				
G4-DMA	Management approach.	p. 32-35		
G4-EN8	Total volume of water withdrawn from different sources with standards, methodologies, and assumptions used.	p. 32-35, 67, 69	yes	Principle 7, 8
<b>MATERIAL ASPECT: EMISSIONS</b>				
G4-DMA	Management approach.	p. 32-35		
G4-EN15	Gross direct (Scope 1) GHG emissions in metric tons of CO <sub>2</sub> equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances with standards, methodologies, and assumptions used. Indication of the source of the emission factors used and the global warming potential (GWP) rates used or a reference to the GWP source as well as the chosen consolidation approach for emissions (equity share, financial control, operational control).	p. 32-35, 67, 69	yes	Principle 7, 8
G4-EN16	Gross energy indirect (Scope 2) GHG emissions in metric tons of CO <sub>2</sub> equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances with standards, methodologies, and assumptions used. Indication of the source of the emission factors used and the global warming potential (GWP) rates used or a reference to the GWP source as well as the chosen consolidation approach for emissions (equity share, financial control, operational control).	p. 32-35, 67, 69	yes	Principle 7, 8
G4-EN18	GHG emissions intensity ratio, with the organisation-specific metric (the ratio denominator) chosen to calculate the ratio, the types of GHG emissions included in the intensity ratio.	p. 19, p. 34-35	yes	Principle 8, 9

Specific Standard Disclosures	GRI Description	Page Number (or Link)	External Assurance	Global Compact Cross Reference
G4-EN19	Amount of GHG emissions reductions achieved as a direct result of initiatives to reduce emissions, in metric tons of CO <sub>2</sub> equivalent, indicating the chosen base year or baseline and the rationale for choosing it, as well as standards, methodologies, and assumptions used.	p. 32-35, 67, 69	yes	Principle 8, 9
G4-EN21	Amount of significant air emissions, in kilograms or multiples for each of the following: <ul style="list-style-type: none"> <li>• NO<sub>x</sub></li> <li>• SO<sub>x</sub></li> <li>• Volatile organic compounds (VOC)</li> </ul> Indication of standards, methodologies, and assumptions used as well as the source of the emission factors used.	p. 32-35, 67, 69		Principle 7, 8
<b>MATERIAL ASPECT: EFFLUENTS AND WASTE</b>				
G4-DMA	Management approach.	p. 32-35		
G4-EN22	Total volume of planned and unplanned water discharges.	p. 32-35, 67, 69		Principle 8
G4-EN23	Total weight of hazardous and non-hazardous waste, as well as material and energy recovery.	p. 32-35, 67, 69	yes	Principle 8
<b>MATERIAL ASPECT: PRODUCTS AND SERVICES</b>				
G4-DMA	Management approach.	p. 25-28		
G4-EN27	The extent to which environmental impacts of products and services have been mitigated during the reporting period.	p. 25-28		Principle 7, 8, 9
<b>CATEGORY: SOCIAL</b>				
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>				
<b>MATERIAL ASPECT: EMPLOYMENT</b>				
G4-DMA	Management approach.	p. 38, 40, 42		
G4-LA1	Total number and rate of new employee hires during the reporting period, by age group, gender and region, as well as turnover.	p. 37, 66, 68	yes	Principle 6
<b>MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>				
G4-DMA	Management approach.	p. 47		
G4-LA6	Types of injury, injury rate (IR), occupational diseases rate (ODR), for the total workforce.	p. 47, 66, 68		
<b>MATERIAL ASPECT: TRAINING AND EDUCATION</b>				
G4-DMA	Management approach.	p. 41, 45		
G4-LA9	Hours of training that the organisation's employees have undertaken.	p. 41, 66, 68	yes	Principle 6
G4-LA10	Type and scope of programs implemented and assistance provided to upgrade employee skills.	p. 41, 45		
<b>SUB-CATEGORY: SOCIETY</b>				
<b>MATERIAL ASPECT: LOCAL COMMUNITIES</b>				
G4-DMA	Management approach.	p. 23		
G4-SO2	Significant actual and potential negative impacts of operations.	p. 23, p. 25-31		Principle 1
<b>MATERIAL ASPECT: ANTI-CORRUPTION</b>				
G4-DMA	Management approach.	p. 10-11		
G4-SO4	Total number and percentage of governance body members that the organisation's anti-corruption policies and procedures have been communicated to, broken down by region and total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.	p. 14		Principle 10
G4-SO8	Report significant fines and non-monetary sanctions.	p. 15-17		Principle 10
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>				
<b>MATERIAL ASPECT: PRODUCT AND SERVICE LABELING</b>				
G4-DMA	Management approach.	p. 21-24		
G4-PR5	Results or key conclusions of customer satisfaction surveys (based on statistically relevant sample sizes) conducted in the reporting period.	p. 24		

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
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CORPORATE RESPONSIBILITY & SUSTAINABILITY REPORT



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