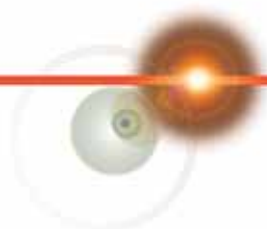


RESPONSIBILITY

MADDE
BY
EADS

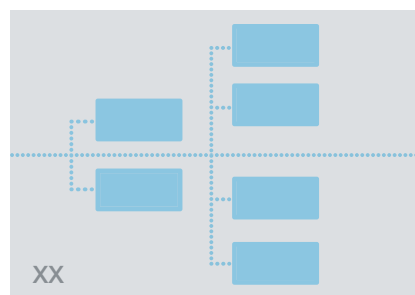
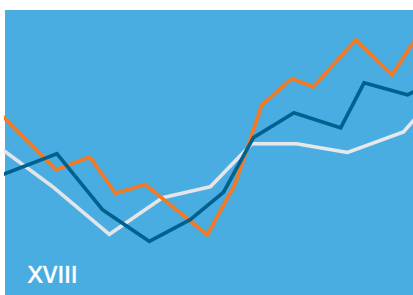
EADS



EADS

ATA GLANCE

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EADS GROUP IN 2012

CONTINUED GROWTH

EADS is a global leader in aerospace, defence and related services. In 2012, the Group – comprising Airbus, Astrium, Cassidian and Eurocopter – generated revenues of €56.5 billion and EBIT* of €2.2 billion.

EADS Group		2012	2011	2010
Revenues	€m	56,480	49,128	45,752
Self-financed R&D	€m	3,142	3,152	2,939
EBIT*	€m	2,186	1,696	1,231
Net Income ⁽¹⁾	€m	1,228	1,033	553
Earnings per share ⁽¹⁾	€	1.50	1.27	0.68
Dividend per share	€	0.60 ⁽²⁾	0.45	0.22
Net cash position	€m	12,292	11,681	11,918
Order intake ⁽³⁾	€m	102,471	131,027	83,147
Order book ⁽³⁾	€m	566,493	540,978	448,493
Employees		140,405	133,115	121,691

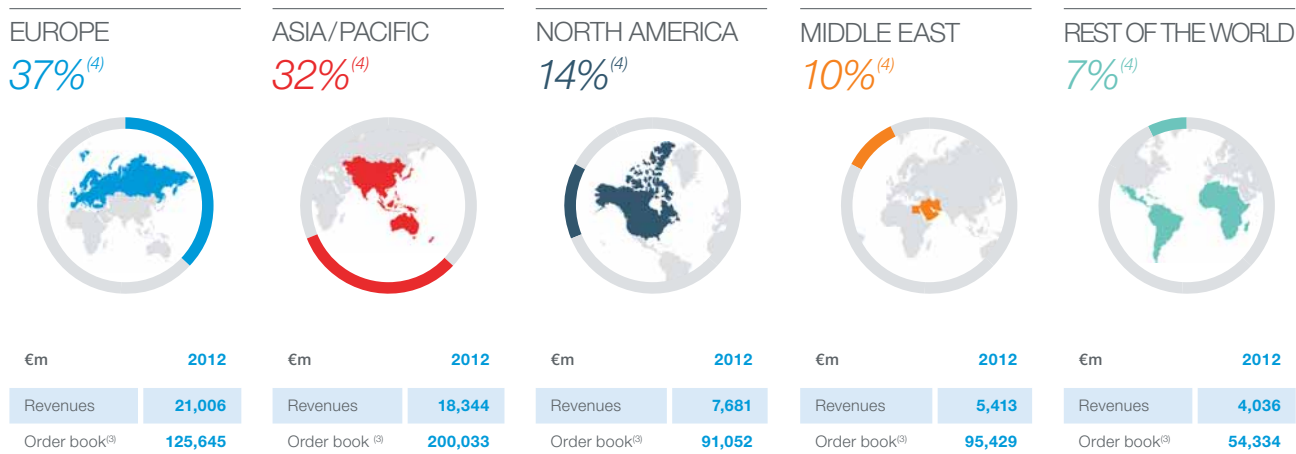
2012 RESULTS

EADS achieved strong revenue and underlying profit growth for the full year 2012, despite a difficult macro-economic environment.

REVENUES

Group revenues increased by 15% to €56.5 billion, driven mainly by higher volume and more favourable U.S. dollar rates at Airbus Commercial as well as solid increases at Eurocopter and Astrium.

GLOBAL SALES



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

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

2) To be proposed to the EADS Annual General Meeting 2013.

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

4) Of Group revenues.

EADS

Airbus achieved a record number of commercial aircraft deliveries in 2012, while Eurocopter, Astrium and Cassidian saw increased order intake.

AIRBUS ¹⁾

(€m)	2012	2011	Change
Revenues	38,592	33,103	+17%
Self-financed R&D	2,442	2,482	-2%
EBIT*	1,230	584	+111%
Order intake ²⁾	88,142	117,874	-25%
Order book ²⁾	523,410	495,513	+6%

AIRBUS Division's revenues increased by 17% to €38.6 billion. Airbus consolidated EBIT* more than doubled to €1.2 billion, thanks to improved operational performance.

By number of commercial aircraft	2012	2011	Change
Deliveries	588	534	+10%
Order book	4,682	4,437	+6%

Airbus Commercial revenues increased to €36.9 billion, driven by record deliveries, including 30 A380s. With net orders in 2012 of 833 aircraft, the order book increased to 4,682 aircraft.

By number of military aircraft	2012	2011	Change
Deliveries	29	29	0%
Order book	220	217	+1%

Airbus Military revenues decreased by 15% due to lower A400M and tanker revenues. Total deliveries were in line with the previous year at 29 aircraft, while 32 aircraft orders were booked.

EUROCOPTER

(€m)	2012	2011	Change
Revenues	6,264	5,415	+16%
Self-financed R&D	297	235	+26%
EBIT*	311	259	+20%
Order intake	5,392	4,679	+15%
Order book	12,942	13,814	-6%

EUROCOPTER revenues increased 16% to a record €6.3 billion, driven mainly by higher repair and overhaul support activities and the Vector Aerospace business consolidation. EBIT* rose 20% to €311 million.

1) The reportable Segments Airbus Commercial and Airbus Military form the Airbus Division. Eliminations are treated at the Division level.

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



EC175 (foreground) & EC225 (background)

Please refer to www.eads.com for further information

Ariane 5



ASTRIUM

(€m)	2012	2011	Change
Revenues	5,817	4,964	+17%
Self-financed R&D	128	109	+17%
EBIT*	312	267	+17%
Order intake	3,761	3,514	+7%
Order book	12,734	14,666	-13%

ASTRIUM revenues rose 17% to €5.8 billion, mainly due to growth in services and strong programme execution. EBIT* increased 17% to €312 million, thanks to an improved operational performance.

CASSIDIAN

(€m)	2012	2011	Change
Revenues	5,740	5,803	-1%
Self-financed R&D	234	275	-15%
EBIT*	142	331	-57%
Order intake	5,040	4,168	+21%
Order book	15,611	15,469	+1%

CASSIDIAN generated revenues which were broadly in line with the previous year's at €5.7 billion. EBIT* fell to €142 million, with €198 million of charges booked for restructuring and portfolio de-risking.

Eurofighter



OTHER BUSINESSES ⁽³⁾

(€m)	2012	2011	Change
Revenues	1,524	1,252	+22%
Self-financed R&D	12	10	+20%
EBIT*	49	59	-17%
Order intake	1,549	2,025	-24%
Order book	2,908	2,983	-3%

Revenues of **OTHER BUSINESSES** increased 22% to €1.5 billion, driven by volume increases at EADS North America and higher ATR deliveries. Due to a less favourable revenue mix, EBIT* decreased to €49 million.

³⁾ Other Businesses is not a stand-alone EADS Division.

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

ATR 42-500





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

A320 FAMILY

Airbus' family of single-aisle aircraft, based on the A320, includes the A318, A319 and A321 derivatives. With over 5,200 aircraft in service and an order backlog of 3,629 aircraft at the end of 2012, the A320 Family has proved extremely popular with airlines, offering high standards of comfort and economic performance on short- and medium-haul routes. In 2012, the A320 single-aisle Family won 783 gross orders, and the new eco-efficient A320neo (New Engine Option) remains the fastest-selling commercial jet ever. The A320neo's combination of the latest engine technology and 'Sharklet' wing tips will deliver fuel savings of up to 15%. Entry into service is planned for 2015.

A380

The twin-deck A380 is the most spacious and efficient large aircraft in service today. Now in its sixth year of commercial service, the baseline aircraft has 525 seats and offers passengers an unrivalled level of comfort while giving airlines superior economic performance, lower fuel consumption, less noise and reduced emissions. Over the course of the year, Airbus delivered 30 A380 aircraft to customers. By the end of 2012, 97 aircraft had entered service with nine airlines and had performed approximately 80,000 revenue flights. The order backlog amounted to 165 aircraft.

A330 FAMILY

The A330 Family has the versatility to fly either regional or long-range routes, making it ideal for point-to-point operations. Coming in five variants – the A330-200, A330-300, A330-200F, ACJ330 and A330 MRTT – the A330 is designed to generate maximum revenue and to reduce operating costs on regional routes. Airbus launched an upgraded variant with increased take-off weight capability in 2012. The A330 won 80 gross orders in the year 2012, demonstrating its continuing competitiveness. At the end of 2012, the backlog stood at 306 aircraft.

A350 XWB

The A350 XWB (Extra Wide Body) Family is an all new family of mid-sized wide-body aircraft, designed to accommodate between 270 and 350 passengers (three-class layout). The A350 XWB features A380 technology, a wider fuselage than competing new-generation aircraft, and a greater use of composite material to help airlines cut fuel costs and emissions. The wide fuselage will give passengers greater comfort on long journeys. Launched in 2006, the aircraft progressed towards series production in 2012. By the end of 2012, Airbus had received a total of 582 firm orders.

2012 IN REVIEW

08 July

AIRBUS STARTS MAKING THE A320neo

Airbus begins machining the A320neo's first engine pylon component in Toulouse, starting production of the world's fastest-selling airliner, ahead of entry into service from late 2015.

27 September

THAI TAKES DELIVERY OF ITS FIRST A380

Thai Airways International takes delivery of its first A380 from a total of six, becoming the ninth airline to operate the world's largest and most eco-efficient airliner.

23 October

AIRBUS UNVEILS A350 XWB FINAL ASSEMBLY LINE

French Prime Minister, Jean-Marc Ayrault, and Airbus CEO, Fabrice Brégier, inaugurate the 74,000 square metre A350 XWB Final Assembly Line (FAL) in Toulouse, France, that will employ 1,500 people.

21 December

AIRASIA RECEIVES FIRST A320 WITH SHARKLETS

AirAsia becomes the first operator of an A320 equipped with Sharklets, the wing-tip devices designed to reduce fuel burn by up to 4%, with commensurate emissions reductions.



A380



A350 FAL Inauguration



A330



A320





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

A330 MRTT

The A330 Multi-Role Tanker Transport (MRTT) is the world's most advanced air-to-air refuelling aircraft. Its huge fuel capacity means that no auxiliary tanks are needed to give an air-to-air refuelling performance that far exceeds its nearest competitors. The entire cargo bay is available for freight. The A330 MRTT can also be used as a pure transport aircraft able to carry up to 380 passengers or a payload of up to 45 tonnes. In 2012, Airbus Military delivered a total of five MRTTs. The UK's MRTT, known as the "Voyager", performed its first flight for the Royal Air Force.

A400M

Airbus Military's A400M airlifter is a cost-effective, high-speed turboprop aircraft specifically designed to meet the needs of NATO nations and other international air forces, for a modern transporter that harnesses the latest aircraft technology. Powered by four modern turboprop engines, the A400M is capable of cruising speeds of up to Mach 0.72 and altitudes of up to 37,000 feet. The A400M is designed for operations from unpaved runways, enabling it to deliver large payloads to tactical forward bases or to evacuate a full complement of refugees or casualties from remote areas.

Additionally, the A400M is fully equipped to perform air-to-air refuelling, and can serve as a receiver aircraft to take on fuel while in flight, further extending its operating range. The aircraft passed key milestones on the road to first delivery in 2012, and had accumulated 4,500 flight hours by the year-end. The first delivery is due to be made in the second quarter of 2013. The current order book comprises 174 aircraft.

CN235

The CN235 is a twin-engine turboprop transport aircraft. The latest variant, the CN235-300, can transport a payload of up to 6 tonnes, accommodating 36 paratroopers, 18 stretchers plus three medical attendants or over-sized loads such as aircraft engines or helicopter blades. Variants of the CN235 are used for missions such as maritime patrol or pollution control. Including all variants, more than 270 CN235s had been delivered as of year's end 2012.

C295

The C295 has a basic configuration similar to the CN235, with a stretched cabin to airlift a 50% heavier payload at a greater speed over longer distances. The C295 has logged more than 100,000 flight hours in all kinds of environments: from Arctic areas to deserts. As of year's end 2012, more than 95 C295s had been delivered.

2012 IN REVIEW

16 November FIRST THREE A400M AIRLIFTERS TAKE SHAPE

The initial three A400M new-generation airlifters take shape at the Final Assembly Line in Seville, Spain, ahead of delivery to France and Turkey in 2013.

03 December FINAL AUSTRALIAN TANKER DELIVERED

Airbus Military formally delivers the Royal Australian Air Force's fifth and final new-generation A330 MRTT Multi-Role Tanker Transport, the world's most advanced air-to-air tanker.

10 December A400M COMPLETES CRITICAL FLIGHT TESTS

The A400M completes 300 hours of 'function and reliability' flight testing in just 32 days, preparing the way for full type certification and first delivery in 2013.



A400M



C295



A330 MRTT





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

EC225/EC725

The EC225/EC725 is a high-performance twin-engine helicopter in the 10-11 tonnes category. It seats up to 19 passengers, with the latest technologies that make it a leader in the field of flight safety. The EC225 is recognised as the reference for offshore and passenger transport missions, as well as search and rescue operations. Its military twin, the EC725, is in service with the French Army and Air Force. In 2012, Eurocopter's Brazilian subsidiary, Helibras, inaugurated a major new assembly centre for the helicopter.

NH90

Designed for modern multi-mission capabilities and cost-effectiveness throughout its lifecycle, the NH90 has been developed as a multi-role helicopter for both tactical transport (TTH) and naval (NFH) applications. The programme is a co-development with AgustaWestland and Fokker Aerostructures within NATO Helicopter Industries (NHI). Eurocopter's share of NHI is 62.5%. As of the end of 2012, the NH90 programme had received 529 firm orders from 14 nations and 135 NH90s had been delivered to 13 countries.

TIGER

The Tiger is a medium-weight, air-to-air combat and fire-support helicopter, with twin engines. It includes four variants, which have been ordered by France, Germany, Spain and Australia. The Tiger has been deployed in Afghanistan by the French Armed Forces since 2009, with three helicopters permanently on site. The German government's first batch of four Tiger helicopters, optimised for conditions in Afghanistan, were delivered in 2012. As of the end of 2012, a total of 96 Tiger helicopters had been delivered to the four customer countries.

EC145 T2

The EC145 T2 is the newest light twin-engine, multi-purpose helicopter in the Eurocopter product range, evolved from the popular EC145. It combines Eurocopter's breakthrough technologies, such as advanced cockpit design, modern avionics, optimised autopilot and the fenestron tail rotor. With deliveries scheduled to begin in 2013, the aircraft can accommodate up to 12 seats and can be configured for either one or two pilots.

EC175

A joint development and production programme between Eurocopter and AVIC II Corporation of China, the EC175 is a multi-role civil helicopter in the 7-tonne category. The EC175 can carry 16 passengers with a range-of-action of 135 nautical miles when configured for offshore oil and gas missions, outperforming any medium-lift helicopter on the market. For longer-range missions, the EC175 can carry 12 passengers up to 190 nautical miles. In addition, Eurocopter has launched the development of an 18-passenger configuration option for a radius-of-action of 100 nautical miles. The first production EC175 performed its maiden flight in 2012.

2012 IN REVIEW

12 February EUROCOPTER UNVEILS THE EC130 T2

The EC130 T2 lightweight single-engine helicopter is revealed, featuring optimised performance, comfort and mission diversity. Seven launch customers order 105 helicopters.

10 September SPOTLIGHT ON INNOVATION AT BERLIN

Eurocopter showcases its technological leadership at the ILA Berlin Airshow, presenting its latest civil and military helicopters, including the X³ high-speed, hybrid demonstrator.

12 September FOUR GERMAN TIGERS DEPLOY TO AFGHANISTAN

Delivery of the first four helicopters upgraded for deployment in Afghanistan puts the German Army in possession of a complete batch of Tigers with sand filters and additional defence weaponry.



EC175



Tiger



EC725





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

ARIANE 5

Ariane 5 is a heavy-lift satellite launcher, with a maximum payload of over 10 tonnes. Since becoming operational in 2005, it has proved reliable and flexible, with 53 consecutive successful launches up to the end of 2012. Astrium is the sole prime contractor for the Ariane 5 system and is the largest industrial shareholder in Arianespace, which markets and sells the Ariane 5 worldwide and carries out launches from the Guiana Space Centre in Kourou, French Guiana. Astrium is prime contractor for future developments on Ariane 5, including the development of the Ariane 5 ME (Midlife Evolution) launcher and the definition study of the Ariane 6.

EUROSTAR 3000

Astrium Satellites produces telecommunication satellites which have multiple applications, such as long-distance and mobile telephone links, television and radio broadcasting, data transmission, multimedia and internet trunking. They may be used for civil or military applications. Astrium's geostationary telecommunication satellites are based on the Eurostar Family platforms (69 ordered by the end of 2012), the latest version of which is Eurostar 3000. Astrium launched four telecommunications satellites in 2012.

XII

ATV

Astrium is the prime contractor for the development and construction of the Automated Transfer Vehicle (ATV) cargo carrier, designed to carry fuel and supplies to the International Space Station (ISS), and to provide re-boost capacity and a waste disposal solution. The first ATV "Jules Verne" was launched in 2008 and the second ATV "Johannes Kepler" was launched from Kourou, French Guiana, in February 2011. The third ATV "Edoardo Amaldi" was launched and successfully docked with the ISS in March 2012.

SERVICES

Astrium offers innovative, tailored solutions in the fields of secure communications, Earth observation and navigation services. In 2012, the Vizada business, acquired the previous year, was consolidated into Astrium Services, creating a new business line for commercial satellite communication services and enhancing the global presence in the government business.

2012 IN REVIEW

03 October

'EDOARDO AMALDI' MISSION ACCOMPLISHED

Europe's supply vehicle for the International Space Station, built by Astrium, burns up as planned during re-entry to the Earth's atmosphere, after delivering vital equipment.

21 November

EUROPEAN SPACE BUDGET SECURES LAUNCHER FUNDS

The European Space Agency votes for a €10 billion budget from 2013 to 2017, confirming future funding for further development of the Ariane 5 ME satellite launcher and definition of Ariane 6.

29 November

NASA COMMISSIONS TWO RESEARCH SATELLITES

NASA commissions Astrium to build two new Gravity Recovery And Climate Experiment (GRACE) research satellites, adding to its two earlier Astrium GRACE satellites.

19 December

ARIANE 5 LAUNCHES UK'S SKYNET 5D MILITARY SATELLITE

Ariane 5 launches the Skynet 5D military satellite from Kourou, French Guiana. Astrium also made the satellite for the UK Ministry of Defence Skynet 5 programme, and operates the programme.



SATCOMBw



International Space Station with ATV



Ariane 5



Cassidian is a worldwide leader in global security solutions and systems, providing lead systems integration and value-added products and services to civil and military customers around the globe.

SECURITY SOLUTIONS

Cassidian is a leading provider of digital Professional Mobile Radio (PMR) and secure networks with more than 200 networks delivered in more than 60 countries. Its solutions for PMR enable professional organisations in various areas – such as public safety, civil defence, transport and industry – to communicate effectively, reliably and securely. Cassidian's PMR solutions helped to secure events like the XII Ibero-American Summit in Spain in 2012.

RADARS

Cassidian is heavily involved in the technological development and application of next-generation active electronically scanning radars for air, naval and ground applications. The Tactical Radar Ground Surveillance System (TRGS) is specially designed for reliably detecting movements both on the ground and in the air close to the ground. TRGS is intended for mobile use on armoured vehicles.

MISSILE SYSTEMS

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

UNMANNED AERIAL SYSTEMS (UAS)

In the field of Unmanned Aerial Systems (UAS), Cassidian provides tactical systems such as Tracker and ATLANTE, Medium-Altitude Long Endurance (MALE) systems such as Harfang, and the High-Altitude Long Endurance (HALE) system Euro Hawk. A co-development with Northrop Grumman, this UAS successfully performed its first sensor flight in January 2013.

EUROFIGHTER

Eurofighter, known as "Typhoon" in export markets outside Europe, is a network-enabled, extremely agile, multi-role combat aircraft optimised for swing-role operations in complex air-to-air and air-to-surface combat scenarios. Participating countries in the Eurofighter programme include Germany, Italy, Spain and the UK. In 2012, the Eurofighter consortium signed a contract with the NATO Eurofighter and Tornado Management Agency to support the fleet of Typhoon jets across the four Eurofighter core nations: Germany, Italy, Spain and the UK. As of 31 December 2012, a total of 571 aircraft had been ordered, with a total of 355 aircraft delivered.

2012 IN REVIEW

30 March EUROFIGHTER FIVE YEAR SUPPORT CONTRACT SIGNED

NATO Eurofighter and Tornado Management Agency (NETMA) awards a major contract for the support of the fleet of Typhoon jets across the four Eurofighter core nations, Germany, Italy, Spain and the UK.

22 May CASSIDIAN BECOMES KEY NATO AGS PARTNER

Cassidian becomes a major partner in NATO's Alliance Ground Surveillance (AGS) programme, as sub-contractor to Northrop Grumman, supplying the mobile ground segment entities.

08 November CASSIDIAN WINS CHINESE TETRA CONTRACTS

Cassidian's TETRA system wins bid to provide radio communication for a new tram line in Shenyang, China. This is the first contract that Cassidian has won on the Chinese tram market.



Eurofighter



Euro Hawk



Maritime surveillance



OTHER BUSINESSES



EADS NORTH AMERICA

EADS North America, headquartered in Herndon, Virginia, offers a broad array of advanced solutions to meet U.S. military and commercial requirements, including fixed- and rotary-wing aircraft, homeland security systems, public safety communications, defense electronics and avionics, and threat detection systems.

It is prime contractor for the US Army's UH-72A Lakota helicopter programme. In 2012, EADS North America and Astrium jointly announced the creation of Astrium Americas. A subsidiary of EADS North America, Astrium Americas will bring Astrium's broad global space capabilities to North America and provide government customers with secure satellite communications services formerly marketed by Vizada, Inc.

ATR

ATR is a world leading manufacturer of advanced 50- to 74-seat regional turboprop aircraft. ATR is a joint venture and equal partnership between EADS and Alenia Aermacchi (Finmeccanica Group). ATR's family of high-wing, twin-turboprop aircraft are designed for optimal efficiency, operational flexibility and comfort. ATR in 2012 secured 61 firm orders and its order backlog reached 221 aircraft at the end of the year. ATR delivered 64 aircraft in 2012, a record number of deliveries for one year.

XVI

ATR



Lakota

2012 IN REVIEW

03 May

ATR DELIVERS 1,000TH AIRCRAFT

ATR marks an important stage in its history with the delivery of its 1,000th aircraft, an ATR 72-600 for Spanish airline Air Nostrum, confirming its turboprop technology's leadership in regional aviation.

14 November

US ARMY TAKES OPTION ON LAKOTA HELICOPTERS

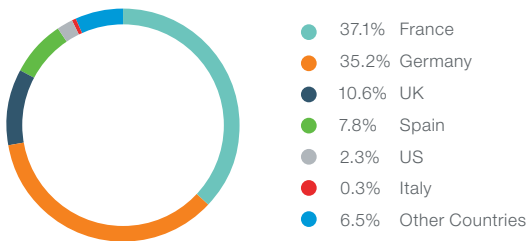
EADS North America is awarded a contract option by the US Army for 34 UH-72A Lakota helicopters, bringing the army's total orders to 312, and following delivery of 243 on-time and on-budget.

PEOPLE

EADS is focused on creating value through its people, seeking to attract the best candidates from all backgrounds and building a stimulating culture that helps employees to realise their full potential. At the end of 2012, the EADS workforce had grown to 140,405 (year-end 2011: 133,115).

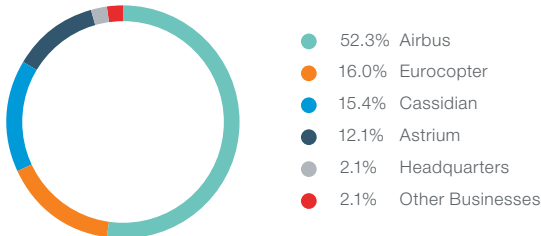
EADS EMPLOYEES SPLIT BY GEOGRAPHICAL AREA

2012



EADS EMPLOYEES SPLIT BY DIVISION

2012



2012 IN REVIEW

02 July AIRBUS UNVEILS US FINAL ASSEMBLY LINE PLANS

In a major strategic development, Airbus announces plans to establish a US A320 Final Assembly Line (FAL) in Mobile, Alabama. The new assembly line, together with associated functions, is expected to create as many as 1,000 new high-skilled jobs.

12 July EADS PLANS TO HIRE 1,000 WOMEN IN 2012

At the Farnborough Air show, EADS and its Divisions sign the CEO Charter of the UK Resource Centre (UKRC) for women in Science, Engineering and Technology, also announcing plans to hire 1,000 women in 2012.

EADS' US employee numbers will increase further with the Airbus Alabama Final Assembly Line



In 2012, EADS recruited more than 7,000 employees



EADS SHARES

Following a 38% progression the previous year, the EADS share price rose 22% in 2012. In the same year, the CAC 40 improved by 15%, the DAX by 29% and the MDAX by 34%. The MSCI Aerospace index rose 12%.

Up to April 2012, EADS followed an upward trend supported by the Company's full year results press release in March. The financial markets reacted positively to the improved financial performance, which beat expectations despite on-going programme challenges. On 3 April 2012, the EADS share peaked at €31.17. Over the following months, EADS and the markets as a whole declined due to concerns about the worldwide macro-economic environment. Some analysts and investors questioned the production rates of the main manufacturers.

From early June 2012, the EADS share price followed a positive market trend, recovering to its highest level of the year, at €31.20 on 3 August. Positive sentiment around EADS was boosted by the announcement of plans to build an Airbus Final Assembly Line in the US.

On 12 September 2012, the announcement of talks on a possible merger of EADS and BAE Systems triggered a sharp fall in the share price. Investors were unsettled by the news, some arguing that the 60/40 ratio envisaged in the proposed new entity represented a low valuation for EADS shareholders.

Following the termination of merger discussions on 10 October 2012, the EADS share rebounded somewhat. However, the markets remained cautious about the Company, and looked forward to further news on future strategy scheduled for 2013.

Early in December, EADS' top management confirmed its focus on delivering profitable growth. This message combined with the news on 5 December of plans to change the Group's governance gave EADS' shares fresh impetus. The prospect of an end to the controlling shareholder pact, a significant increase in free float and a planned share buyback was warmly welcomed by the market.

On 31 December 2012, the EADS share closed at €29.50.

XVIII

PROFILE

Number of shares as of 31 December 2012

827,367,945

ISIN code

NL0000235190

Gross Dividend per share

€ 0.60*

High in 2012 on the Paris Stock Market:
on 3 August

€ 31.20

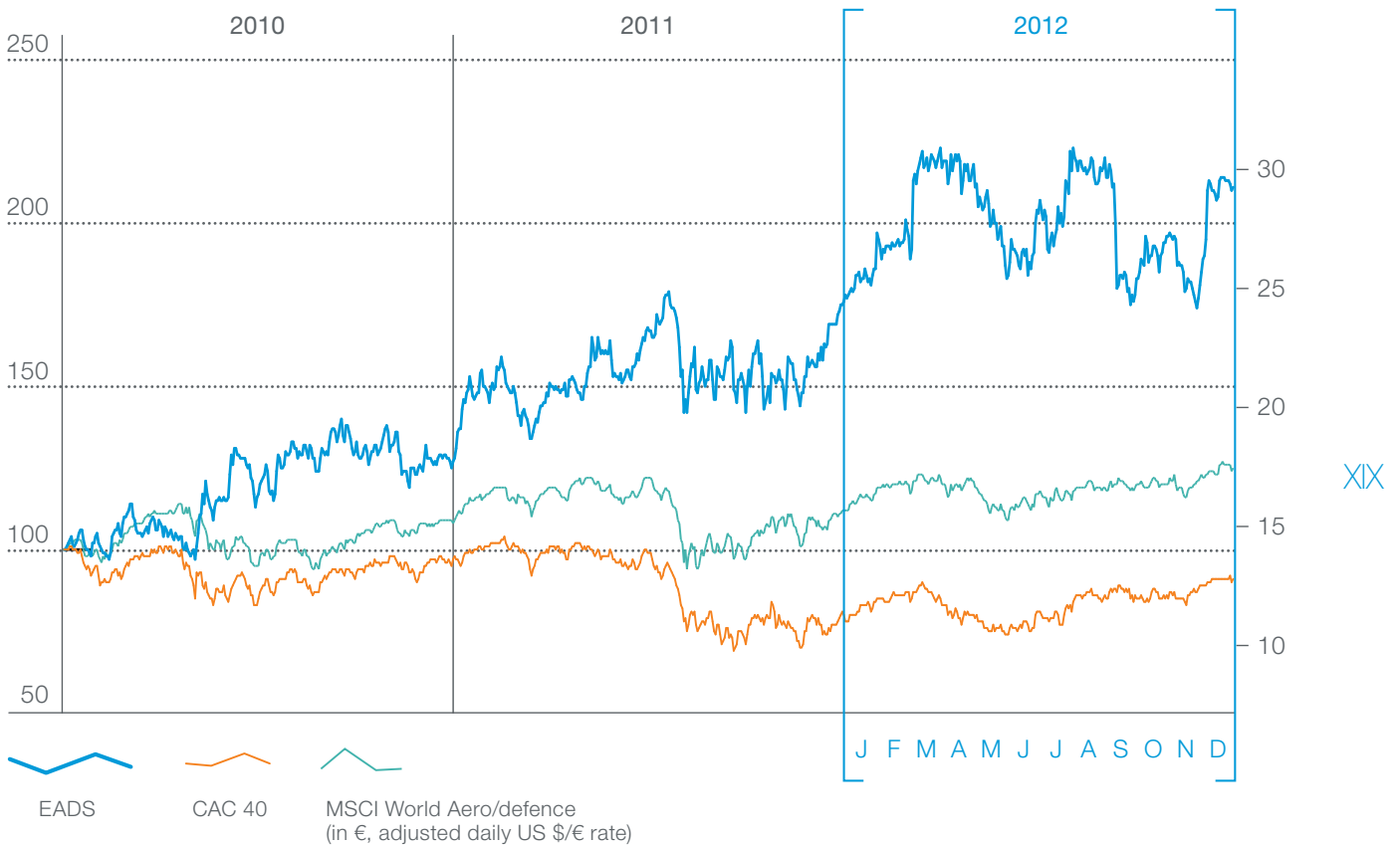
Low in 2012 on the Paris Stock Market:
on 27 November

€ 24.38

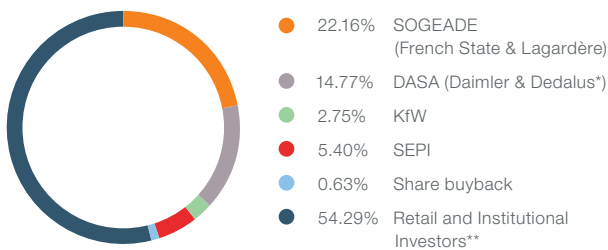
SHARE PRICE EVOLUTION as of 31 December 2012

Base 100 as of 4 January 2010

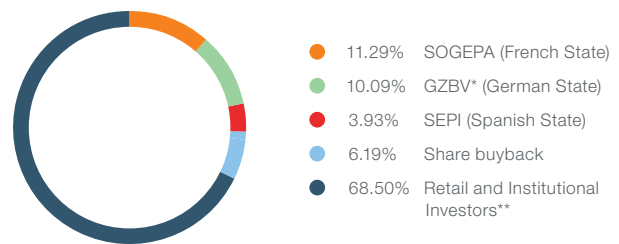
EADS share price in €



SHAREHOLDER STRUCTURE as of 31 December 2012



SHAREHOLDER STRUCTURE as of 01 May 2013



* Dedalus consortium consists of private and public-sector investors including KfW. Daimler controls the voting rights of the entire package of EADS shares

** Including 0.06% held by the French State outside of the Contractual Partnership

* KfW and other German public entities

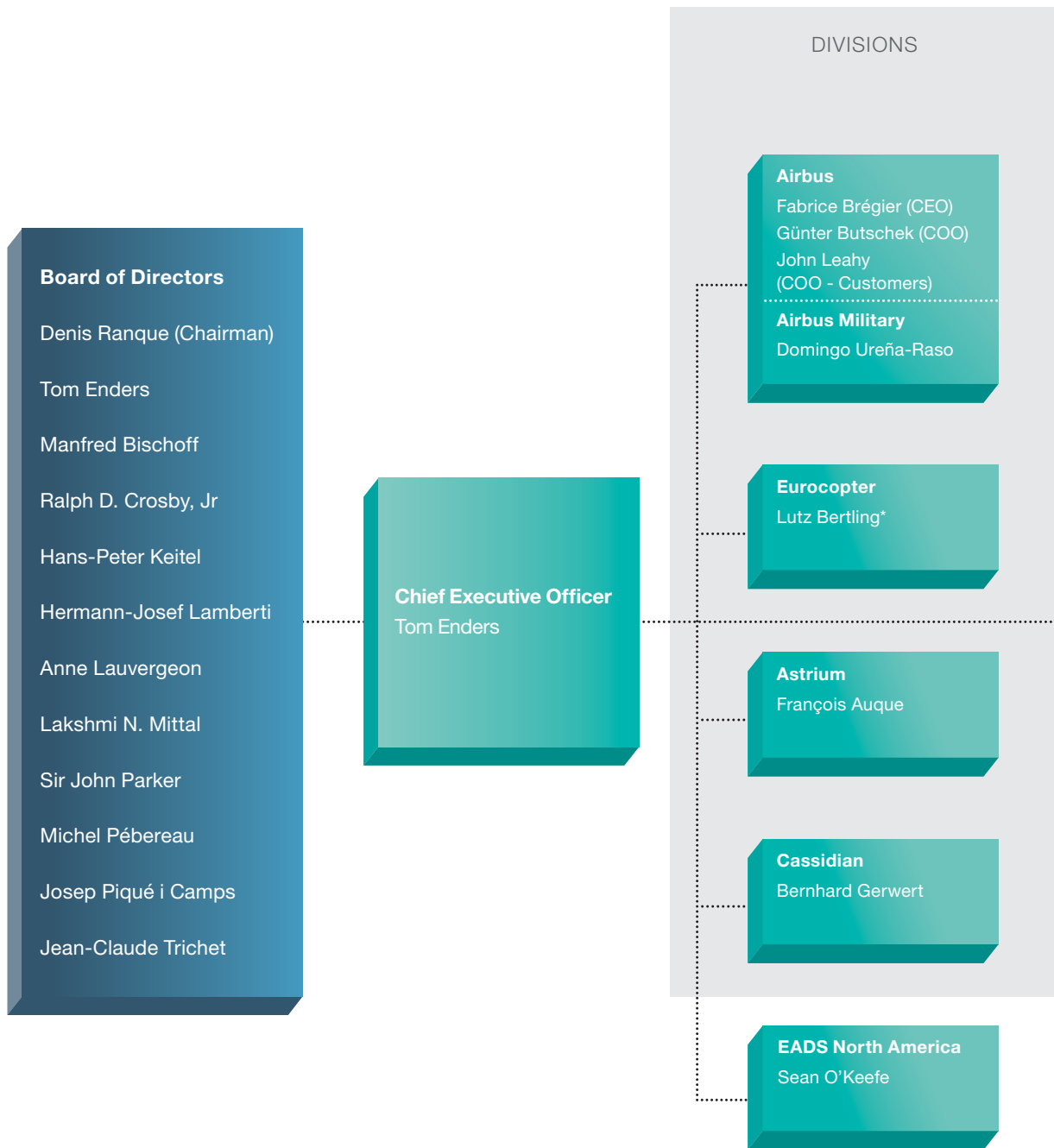
** Including warehoused shares of SOGEPA (0.07%) and SEPI (0.29%)

EADS

MANAGEMENT STRUCTURE

as of 01 April 2013

XX

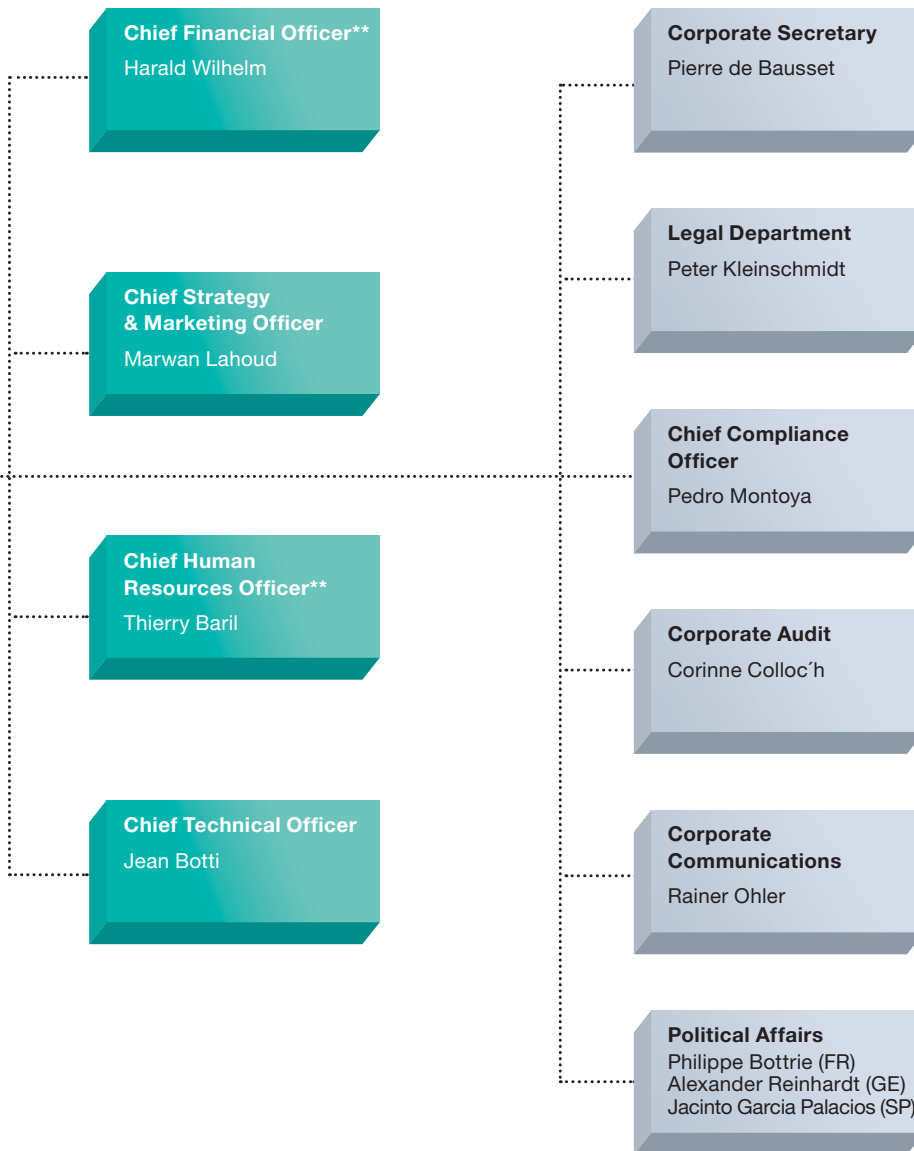


 GROUP EXECUTIVE COMMITTEE MEMBERS

* Guillaume Faury to succeed Lutz Bertling on 30 April 2013

** EADS and Airbus

GROUP FUNCTIONS



Subsidiaries: the Group comprises a number of operational subsidiaries that are managed by HQ or Divisions, such as SOGERMA, Premium AEROTEC, Aerolia, ATR, MBDA, EFW and the operational divisions of Astrium.

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HOW TO READ THIS REPORT

Corporate Responsibility and Sustainability (CR&S) at EADS is about the long-term creation of value for the benefit of our shareholders and other stakeholders. Each EADS programme – from Airbus new aircraft, to Astrium's satellites, Eurocopter's helicopters and Cassidian's security equipment – brings together strengths built over many years. In order to make its programmes successful,

EADS needs the right technologies in place to sustain innovation, the appropriate competences for multi-skilled teams and a robust, well-resourced supply chain. Above all, the Group and its programmes are built on good corporate governance. As a result, the Group has a duty to manage wisely three assets: (1) its innovation portfolio, (2) its competences and (3) its supply chain.

Describing how EADS manages these assets and other CR&S activities forms the cornerstone of this report. The report explains each of these areas in turn, illustrating the policies and processes behind them, with a particular focus on 2012.

CHIEF EXECUTIVE OFFICER'S LETTER



02

Dear Shareholders, employees,
customers and suppliers,

In my first Corporate Responsibility and Sustainability (CR&S) report as CEO of EADS, I wish to get straight to the point. My vision of responsibility and sustainability is pragmatic and business-oriented. It's a way of making sure our operations have solid foundations and is at the heart of how we are building a world-beating company for the benefit of all our stakeholders.

For me, the concept of "responsibility and sustainability" refers to the integration of environmental, social and governance criteria in the conduct and assessment of EADS operations. It refers to how we use these extra-financial criteria to measure our performance and risks, always keeping our long-term goals in sight. Ultimately, it is a measure of the quality of EADS' operations and their capacity for creating value.

I'm interested to make non-financial reporting as robust and revealing, with time, as financial reporting. Indeed, environmental, social and governance indicators complement financial reporting, providing a fuller understanding of EADS' operations, of their underlying strengths and how we are developing them for the future. As an aerospace and defence business with long-term product cycles, this type of reporting has particular relevance for our Group, showing our competitiveness.

Delivering large, complex programmes is what we do at EADS. Part of my job is to make sure that we're always increasing our capacity to excel in these programmes, relentlessly improving our capabilities. In this report, you will read about the resources we are devoting to future aerospace and defence technologies, how we're helping our people to develop the competences we will need and how we're working more closely than ever with our suppliers.

This report is published on the occasion of our annual general meeting and two months after an extraordinary general meeting of Shareholders that has approved our new governance. Together with the change of the shareholding structure, this sets the ground for EADS 2.0, a new phase in the Group's history. The single most important change for our Company is the independence the Board and the Group have gained from major shareholders, preserving the security interests of the democracies where we are based. Together with the friendlier attitude to shareholders and the increase in free-float investors to above 70%, it will create an environment that will benefit our Company in various ways: it will give management and our employees the freedom to focus on global growth, competitiveness and profitability across the entire EADS Group, provided we do our jobs and deliver on our programmes.

“Responsibility and sustainability” refers to how we use extra-financial criteria to measure our performance and risks. Ultimately, it is a measure of the quality of EADS’ operations and their capacity for creating value.”

The success of our programmes depends, to varying degrees, on how we weave together all of the factors that we describe in this report. Management and governance, innovation, industrial processes, people and even corporate citizenship all determine our programmes’ achievements – from their design, to their production, marketing, sales and operation. Each EADS programme – whether Airbus’ new aircraft, Astrium’s satellites, Eurocopter’s helicopters or Cassidian’s security equipment – brings together assets and talents developed painstakingly over many years. EADS needs the right technologies to sustain innovation, the appropriate competences for multi-skilled teams and the best suppliers for its complex programmes.

This report clearly illustrates how EADS is building its capabilities and managing the associated risks. For example, it describes how we are developing “green” aviation technologies, investing in more efficient industrial operations, expanding our skills base and building a robust supply chain.

In the spirit of openness, we also report on areas that caused concern during 2012. During the year we responded swiftly to allegations of bribery related to the award of defence contracts, supporting investigation procedures into bribery allegations. We also commissioned a leading compliance specialist to review our anticorruption system. We will continue to cooperate closely with investigating authorities. Many things are negotiable in the business world; ethics and compliance are clearly not!

I’d like to conclude on our way forward. I launched a strategic review last year, which is now well underway, and I will present the new Board of Directors with a strategic roadmap to success in an increasingly competitive and global industry. As you would expect, we are factoring in all the key capabilities and the stakeholder relationships described here to grow our company on sustainable, differentiating advantages. EADS is an ambitious company and I am determined to make it a long-term success.



Tom Enders,
Chief Executive Officer

GROUP PRIORITIES FOR 2013

Illustrating how CR&S plays an essential role in building sustainable value, six of the eight Group priorities for 2013 are CR&S issues reported on in this report.

> 1. Keep customer focus and enhance market position

Develop and deliver on all commitments for full customer satisfaction. Ensure speedy recovery of programmes with development or in-service problems. Optimise and enhance the flexibility of our industrial set-up and supply chain. Capture profitable growth opportunities and optimize market position of our businesses.

> 2. Build EADS 2.0

Complete organisational changes initiated in HQ and Divisions. Implement new governance and share buyback. Finalise strategy review with approval of EADS Board of Directors by mid-2013, followed by communication to all stakeholders.

> 3. Enhance financial performance

Achieve financial targets (including EBIT and free cash flow). Progress towards 10% EBIT in 2015, while reducing business risk. Manage budgets; boost efficiency and productivity. Introduce return on capital employed (ROCE) as a key measure of performance.

> 4. Nurture employee engagement

Boost engagement and upskill leaders. Grow diversity, recruit according to business needs, develop and retain talent, and support mobility across the Group.

> 5. Further strengthen ethics and compliance

Strengthen Group-wide Ethics and Compliance Organisation, processes and tools (e.g. training) to drive irreproachable conduct and safeguard our reputation.

> 6. Drive quality and lean improvement

Pursue quality and lean improvement initiatives and facilitate adoption of the associated mindset and behaviours throughout the Group. Continue to improve programme and risk management.

> 7. Ensure highest standards in health, safety and security

Maintain the highest safety standards in all aspects of operations, and nurture the health and wellbeing of employees. Protect data, processes and intellectual property, shielding customers, employees and shareholders from any security threats. Leverage our experience in cyber security to create new business opportunities.

> 8. Foster innovation and entrepreneurial spirit

Foster innovation beyond the product in processes, ways of working and business models. Launch demonstrators for breakthrough innovations within each Division and at corporate level in the fields of environment, services, security and mobility.

WHAT

WE

DO

DELIVERING LARGE, COMPLEX PROGRAMMES

EADS is a leading industrial group operating in the aerospace and defence sector, which is characterised by long product development cycles and corresponding returns on investment, considerable cost and risks in programme development. These features define the Group and shape its relationships with all stakeholders.

The development of programmes is EADS' core activity – pulling together all of the different activities that fulfil customers' needs, and enable the Group to create long-term value for shareholders and its other stakeholders. Each EADS programme – from Airbus' new aircraft, to Astrium's satellites, Eurocopter's helicopters and Cassidian's security equipment – brings together strengths built over many years. In order to make its programmes successful, EADS needs the right technologies in place to sustain innovation, the appropriate competences for multi-skilled teams and a robust, well-resourced supply chain.

Programme management and development involves the coordination and leadership of teams and activities so that EADS delivers its products, solutions and services on time and on quality, and so that the Group achieves its profit targets over the product/solution/service lifecycle.

As such, EADS' programmes are the focal point linking many of the long-term activities this report focuses on, including:

- ▮ Product innovation
- ▮ Eco-efficient industrial processes
- ▮ Forward planning of core employee competences
- ▮ Building of strong, mutually beneficial supplier relationships.

EADS' long-term value creation depends on its success in developing multi-billion euro programmes over multi-year cycles. As a result, programme development is the theme for this report and its contents.

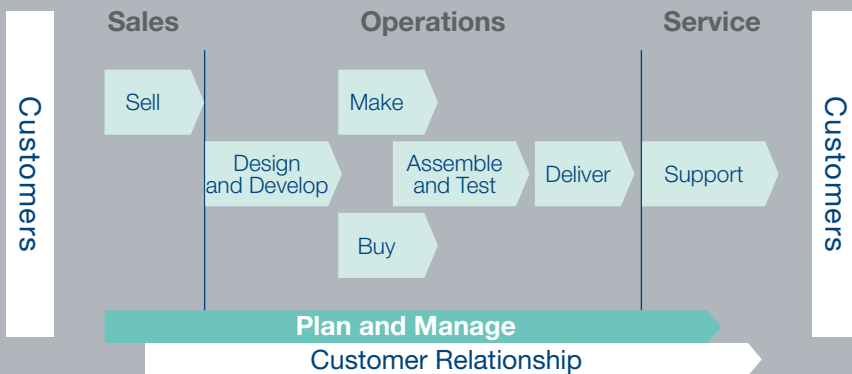
DEFINITION OF A PROGRAMME

EADS defines a programme as a group of related projects and processes, managed in a coordinated way to ensure greater control than would be possible if managing them individually. Programmes may include tasks outside the immediate scope of these discrete projects in the

programme. Programmes may also involve a series of repetitive or cyclical undertakings. This includes development programmes for series and one-off products, solutions and services; portfolios of projects; and industrial production programmes.

WHAT THE GROUP DOES: THE EADS VALUE CHAIN

Generate and Fulfil Orders



VISION, MISSION AND MATERIALITY

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

VISION AND STRATEGIC REVIEW

EADS' vision for the future defines the nature and the shape of the Group it intends to become. Its activities for the past five years were driven by Vision 2020, which anticipated EADS maturing as the world-wide leader in aerospace and defence platforms and systems, doubling its revenues, and balancing them between commercial aircraft and other businesses, with services accounting for 25%. In 2012, a new CEO was appointed and the Group's core shareholders agreed to revise significantly the corporate governance regime, subject to approval at a 2013 Extraordinary General Meeting, preparing the way for a wider distribution of EADS' shares and a larger number of independent, non-executive Board Directors. As a result, the Group is reviewing its strategy, planning to announce its conclusions in mid-2013.

MISSION

EADS is an industrial group operating in businesses which are characterised by long product lifecycles and corresponding returns on investment, considerable cost and risks in programme development, and highly cyclical civilian markets.

The Group defines its primary purpose, missions and the objectives flowing from them, in relation to these stakeholders, who are all vital to the Group's interests and existence.

Because EADS has many stakeholders and such a long-term outlook, it has a multi-faceted set of missions, which it seeks to perform harmoniously while bearing in mind that shareholder value creation is an absolute must to ensure the Group's future.

Certain missions take precedence over others, such as those mandated by law. The Board of Directors is the ultimate arbitrator for prioritising key missions, taking into account its duty to serve the best interests of the Group and our stakeholders.

MATERIALITY

EADS' CR&S priorities are based on assessments of the factors that are most relevant within its Divisions and to its stakeholders. In 2010, EADS conducted a formal assessment of materiality that confirmed the appropriateness of these issues, and raised awareness regarding secondary issues. In particular, the Group monitors the wishes of its shareholders and seeks to act in its interests.

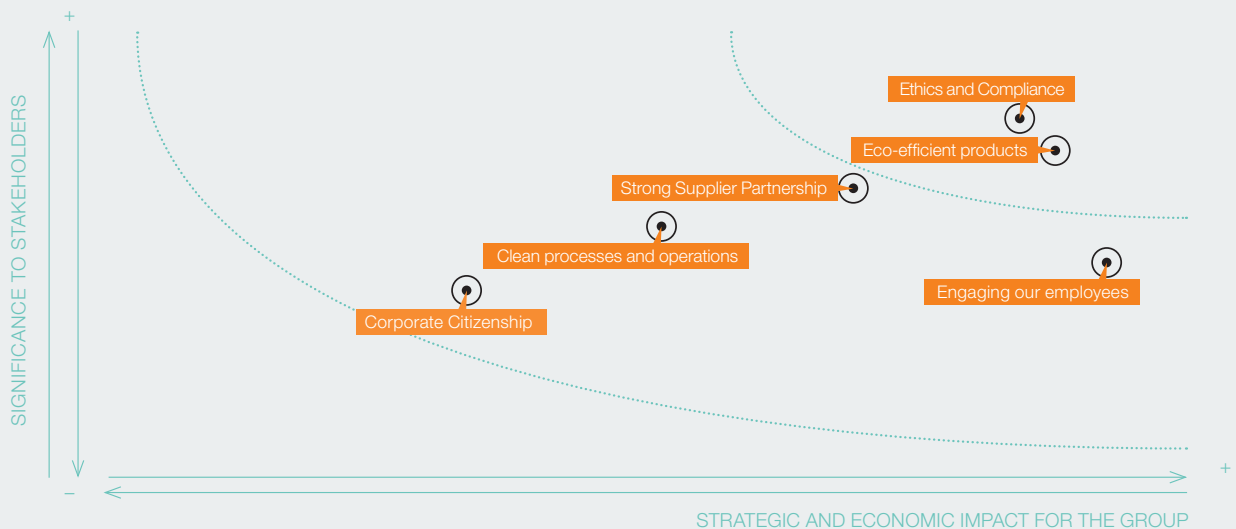
The main CR&S issues have been gathered under the six following main challenges:

- ▮ Strong governance
- ▮ Innovative, clean and safe products
- ▮ Eco-efficient processes and operations
- ▮ Our people
- ▮ Supply chain
- ▮ Corporate citizenship.

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

06

MATERIALITY ASSESSMENT



OUR MAIN CR&S CHALLENGES

STRONG GOVERNANCE



INNOVATIVE, CLEAN AND SAFE PRODUCTS



REDUCING THE IMPACT OF INDUSTRIAL OPERATIONS



07



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



EADS is at the heart of today's corporate responsibility debate. The Group is involved in some of today's most critical questions – sustainable mobility, the security of nation states and, more broadly, the evolution to a low-carbon economy. EADS has to take a lead in providing answers to these questions while building economic value, creating more jobs, and preparing for the challenges and opportunities of a more sustainable economy.



EADS is committed to becoming an eco-efficient enterprise, i.e. a more profitable company that continuously improves its overall environmental performance. The Group is striving to introduce this management philosophy, fully integrating it within the business and turning it into a company culture. All staff, programmes and stakeholders are encouraged to exercise responsibility towards the environment, while at the same time enhancing EADS' competitiveness.

OBJECTIVES

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

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
- ▮ Support security and stability
- ▮ Reach out beyond aerospace to provide solutions.

OBJECTIVES

- ▮ Use our roadmap to achieve greater environmental efficiency
- ▮ Embed environmental management across product lifecycles in EADS' culture.

DEVELOPING AND ENGAGING EADS' PEOPLE



EADS' people are the key to its success and competitiveness. The Group is committed to developing their full potential, responding to their expectations regarding personal development, and providing equal opportunities to all. Concentrating on managing employee competences, EADS is nurturing the skills base needed for the future and preparing to weather the ups and downs of economic cycles, while also seeking to ensure that employees are truly engaged.

OBJECTIVES

- ▮ Anticipate, secure and develop competences
- ▮ Improve employee engagement and development
- ▮ Reinforce diversity and integration throughout EADS.

SUPPLIER PARTNERSHIPS



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

OBJECTIVES

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

AN ACTIVE CORPORATE CITIZEN



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

OBJECTIVES

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

STAKEHOLDERS

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

EADS' DUTIES TO ITS INTER-DEPENDENT STAKEHOLDERS

> CUSTOMERS

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

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

> SHAREHOLDERS

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

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

> SOCIETY

EADS' mission towards members of society at large and local communities includes:

- To be a sustainable source of high-quality employment, seeking the benefits of culture and skills in its home countries and throughout the global market, while fostering education in technological fields and research

- To be an inventor and symbol of cutting-edge technology
- To progress towards eco-efficiency
- To promote a model of European cooperation, perpetuating the spirit of EADS' founders
- To fulfil the defence and security interests of legitimate customers sustainably, and particularly to be an instrument of strategic independence in our home countries
- To reject any form of anticompetitive and illegal behaviour.

> SUPPLIERS

EADS benefits from sustainable relationships based on mutual interest with suppliers, and recognises that its ability to satisfy customers depends on their performance. With regard to these suppliers, EADS must strive:

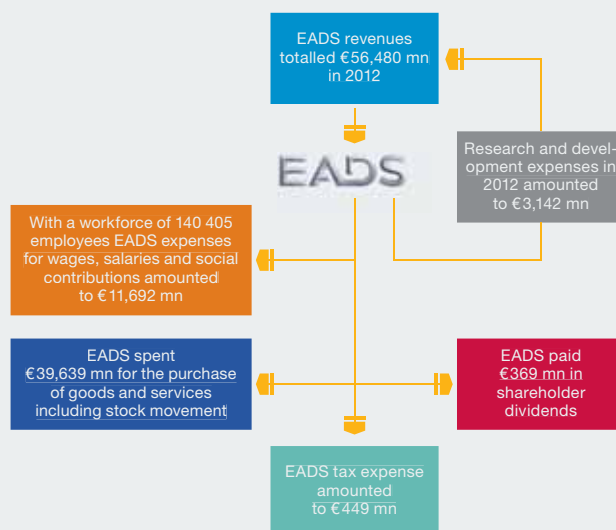
- To deal fairly with them, following terms and conditions that further their prosperity, making sure that they understand and are able to meet the commitments, challenges and risks they take
- To share information and to assist them, so that they can perform optimally under their contracts

- To impose standards consistent with our own, as defined in the Supplier Code of Conduct, and to provide regular feedback on performance.

> EMPLOYEES

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

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



GOVERNANCE

ENTERS A NEW ERA

In early 2013, EADS overhauled its corporate governance, passing control to a “normal” shareholder democracy. At an Extraordinary General Meeting, shareholders agreed a new governance framework that reduced state influence, while continuing to protect national strategic interests. New rules ensuring the independence of Board Directors, and an agreement limiting the size of state shareholdings, prepared the Company for an independent future.



Chairman from 2 April 2013

Dear Shareholders, dear Stakeholders,

It is a great honour to have been appointed Chairman of the Board at a time when EADS is moving ahead with a new corporate governance and an enlarged shareholder base. I was delighted to accept the challenge because of what the “new deal” means for the company and its stakeholders:

- First, it gives a greater voice to all shareholders, without discrimination.
- Secondly, it means less exposure to national politics and a mature relationship with EADS home countries’ governments, which can rest assured that their vital security interests are protected.
- Lastly, it means that over 70% of EADS shares are now in the free float, enhancing their liquidity and increasing their appeal to investors, for instance through a greater weighting in indices.

These positive effects stem from fundamental governance changes that you, as shareholders, endorsed at the Extraordinary General Meeting of March 27, 2013:

The main points to highlight are:

Board independence: at least nine non-executive directors must meet the independence test set by the Dutch Corporate Governance Code, and neither active civil servants nor state representatives are eligible for the Board: we now have 10 independent directors. For the Boards of the Defence Companies of France and Germany, only EADS can propose candidates, who are subject to a state consent mechanism.

Decision-making is simplified: within the Board, simple majority is the rule, and veto rights have disappeared. However, a system of qualified majorities and quorums has been introduced, specifically targeted to maintain the balance of the new governance, or to force a higher degree of scrutiny and conviction for important decisions. The “new deal” means not more, but rather less state influence: As with any other normal company, the authority of the French, German and Spanish states will be con-

fined to the roles of regulator or customer. Through their agreement, they will have very limited powers of influence, and as any other shareholder, none over operational issues, which is an important change from the past.

The 15% upper ownership limit, combined with the 80% breakthrough requirement for take-overs and the present 28% states ownership, provides ample assurance that strategic assets stay out of reach of hostile control attempts. The French and German Defence subsidiaries provide another ring-fencing mechanism for the most nationally sensitive activities inside a dedicated perimeter overseen by a cleared Board.

What should you expect from the Board of Directors?

The Board and I intend to leverage the tools you have handed to us in order to support and challenge the management and to set the company's sights on continued ambitious, sustainable and responsible growth.

Building on the healthy base set by our predecessors, we will first focus on giving fresh impetus to the Company's strategic aspirations, while seeking profitable new business opportunities, in terms of business scope and international footprint. As in the recent past, the Board will monitor progress on key programmes, and emphasise risk control and operational excellence.

To live up to the "new deal" with our stakeholders, we must be attuned to their voice, and above all to that of our shareholders.

The Board recognises that, to be attractive to investors, EADS must be capital effective. Authorised by shareholders, it launched the share buy-back and subsequent share cancellations to support earnings per share accretion, and the broadening of our shareholder base to new investors. The calibration of this buy-back was made prudently, with an eye to value, affordability and future capacity to invest, as well as to the impact on credit ratings.

The Board also believes in the merits of a sustainable dividend policy, reflecting the company's improving performance.

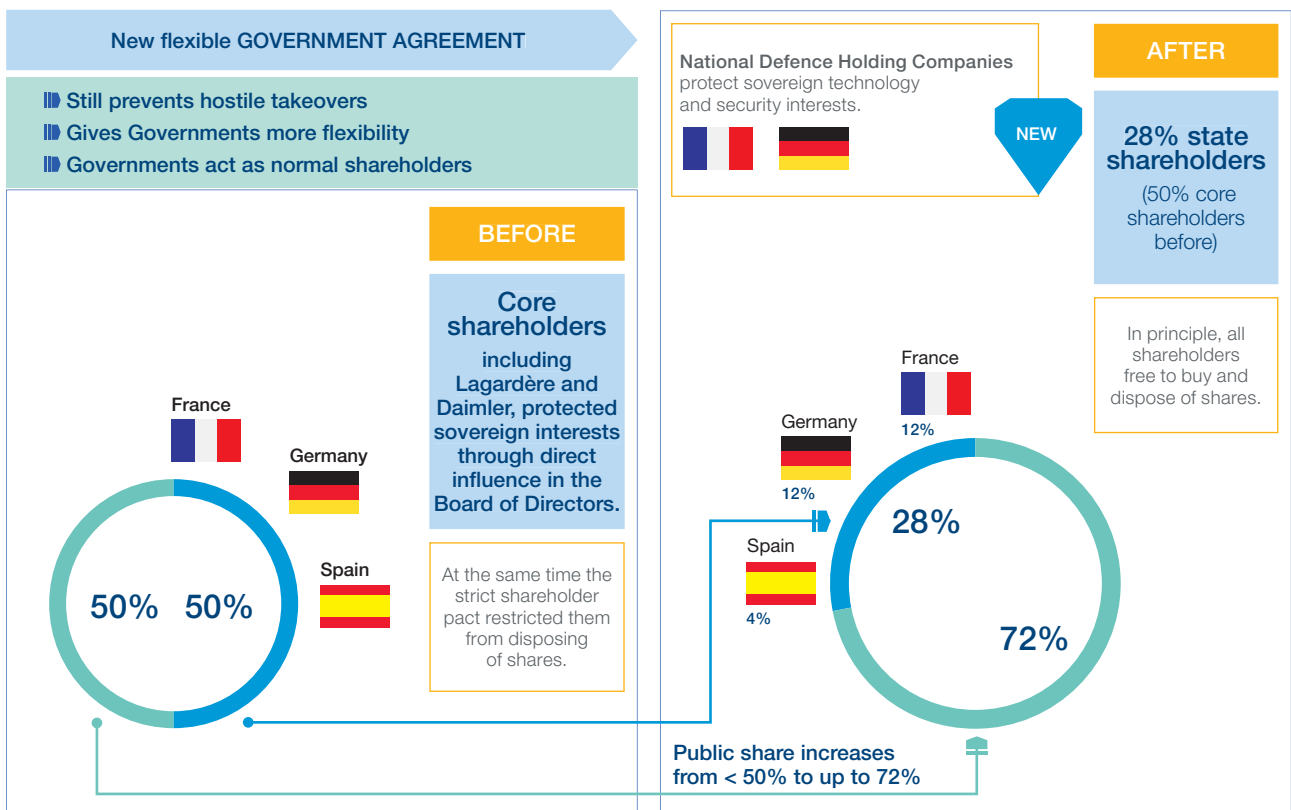
Furthermore, the Board wants EADS' new dynamism to benefit stakeholders at large: employees – whose competence and dedication underpin our success – as well as our suppliers and business partners, and more generally the communities in which EADS strives to be an exemplary citizen. To accomplish this, the Board is committed more than ever to supervising all aspects of EADS' performance, risks and opportunities for long-term achievement.

EADS now has a great opportunity to hoist its mainsail and catch favourable winds.

Yours sincerely,

Denis Ranque,
Chairman of the Board

NEW SHAREHOLDING STRUCTURE



NEW BOARD COMPOSITION

The Board of Directors' composition is at the core of EADS' new governance. Under the terms of the Dutch corporate governance code, at least nine of the Board's 12 Directors must be non-executives who meet the code's independence test. The new Board appointed at the March 2013 EGM includes 10 independent Directors.

Within the Board, simple majority is the rule, and veto rights have disappeared. However, a system of qualified majorities and quorums has been put in place to force greater scrutiny of extraordinary decisions relating to investment, alliances or changes in share capital.

Following the EGM, and the appointment of the new Chairman and reappointment of the CEO, the new Board of Directors elected new members to the Audit Committee and the Remuneration and Nomination Committee. The Strategic Committee was discontinued.

Based on their strong experience in recent years, Sir John Parker and Hermann-Josef Lamberti were elected to continue serving as Chairmen of the Remuneration and Nomination Committee and Audit Committee respectively. Jean-Claude Trichet, Lakshmi N. Mittal and Hans-Peter Keitel joined Sir John on the Remuneration and Nomination Committee. On the Audit Committee, Hermann-Josef Lamberti was joined by Anne Lauvergeon, Michel Pébereau and Josep Piqué i Camps.

BOARD OPERATIONS IN 2012

The Board met 11 times during 2012 and monitored the progress of important programmes such as the A350 XWB, A400M and A380 aircraft, the NH90 helicopter and Saudi Border Security. In particular, the Board focused on the A350 XWB programme's progress and the A380's wing rib feet challenges. The CEO kept the Board regularly informed through business reports, including strategic and operational plans. The average attendance at meetings was 86% (85% in 2011).

The Board also reviewed strategic issues (including the competitive environment) and the integrations of the recent Vector Aerospace and Vizada acquisitions. It approved the decision to build a Final Assembly Line in Mobile, Alabama to produce the A320 Family aircraft in the United States for the first time. Additionally, it supported management's evaluation and negotiation of the proposed merger between EADS and BAE Systems, which was discontinued due to the difficulty in reconciling the interests of home country governments.

Equally significantly, the Board supported management's negotiation of the new shareholder agreement.

Finally, the Board of Directors focused on ensuring a smooth Board and management transition. It applied the prescribed succession process to identify the best candidates for both the Board of Directors and top Executive management positions.

Audit Committee

The Audit Committee makes recommendations to the Board of Directors on the approval of the annual financial statements and the interim (Q1, H1, Q3) accounts, as well as the appointment of external auditors and the level of their remuneration. Moreover, the Audit Committee has the responsibility for making sure that the internal and external audit activities are correctly directed and that audit matters are given due importance at meetings of the Board of Directors. The Audit Committee is required to meet at least four times a year. In 2012 it fully performed all of its duties, meeting five times with an 85% average attendance rate.

Remuneration and Nomination Committee

In addition to making recommendations to the Board of Directors for major appointments within the Group, the Remuneration and Nomination Committee reviewed top talents and succession planning; discussed measures to improve engagement and to promote diversity; reviewed the Executive Committee members' 2012 remuneration; reviewed the long-term incentive plan and the variable pay for 2011. It also proposed the terms of the 2013 employee share ownership plan. The Remuneration and Nomination Committee is required to meet at least twice a year. It met six times during 2012, with a 96% average attendance rate.

IMPLEMENTING CR&S

The Board and top management make strategic decisions relating to CR&S, charging the Corporate Secretary with implementing them throughout the Group. CR&S strategy helps to create sustainable economic value by both promoting opportunities and managing risk.

IMPLEMENTING FROM THE TOP DOWN AND BOTTOM UP

The Corporate Secretary has made CR&S part of EADS' 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.

EADS has a Group-wide 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.

Throughout the Divisions and Business Units, there are people charged with executing CR&S objectives. They have specific goals, with milestones and key performance indicators, so that progress can be planned and measured.

INVOLVING ALL EMPLOYEES

Top management is committed to engaging all employees in CR&S. As shown in the illustration, top-down management primarily drives EADS' CR&S strategy, but requires bottom-up initiatives from employees to turn this into

reality. While management decides the overall vision, employees suggest how initiatives may be implemented.

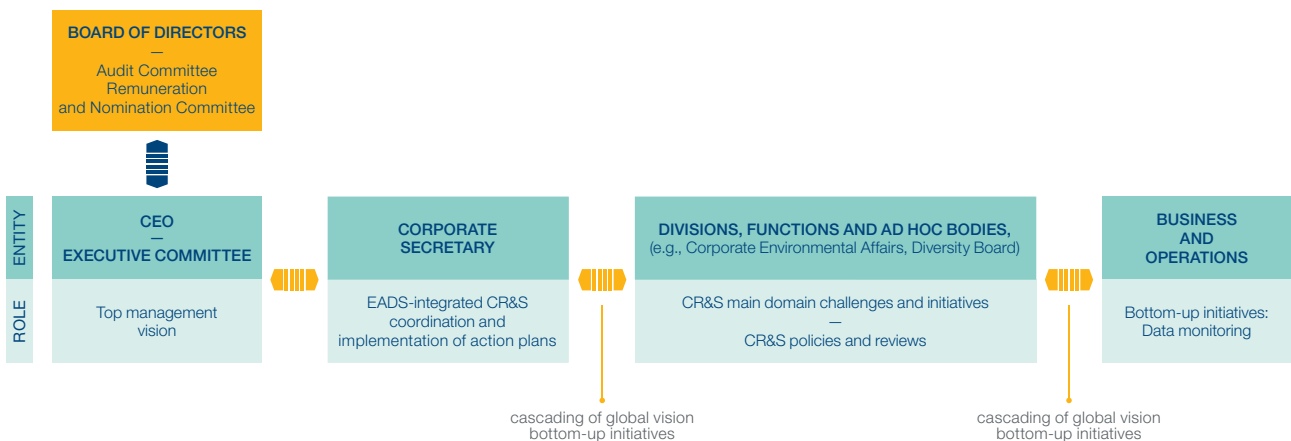
STRUCTURED ACTIVITIES

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

- Coordinating the internal CR&S network to ensure transparency of activity and consistency of approach
- Exploring how to leverage CR&S to create value through competitive advantage or cost reduction
- Defining and updating EADS' CR&S policies and activities
- Overseeing appropriate reporting (e.g., environmental reporting), to measure performance and progress
- Identifying emerging CR&S issues and exploring how to respond
- Making proposals and recommendations to EADS management regarding all CR&S matters
- Representing EADS to outside networks and maintaining a dialogue with stakeholders.

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

CORPORATE RESPONSIBILITY AND SUSTAINABILITY STRUCTURE



ENTERPRISE RISK MANAGEMENT

The aerospace and defence industry’s complex programmes, and its long-term returns on investment delivered over volatile market cycles, amplify risk and opportunity. By systematically integrating enterprise risk management (ERM) across the Group, EADS is mitigating risk and increasing opportunity, so supporting value creation. Consequently, EADS has made ERM a key management process.

EADS has built a Group-wide ERM system to make sure it has a systematic approach to risks and opportunities. Given the complex and volatile nature of the aerospace and defence industry, this management tool plays a crucial role. The ERM team is progressively embedding the system more deeply into the Group’s day-to-day operations, making its application increasingly homogenous across all four Divisions.

ERM starts at Board level and extends to the factory floor. The Audit Committee supervises the effectiveness of the ERM process, while each Division has an ERM officer.

The Group-level ERM team is steadily strengthening the system across EADS. This progress is improving ERM governance and execution, and is beginning to lead to better management of risk and opportunities. In order to achieve this improvement, ERM is being embedded into policies and management processes. Tools such as training and IT software are communicating ERM disciplines throughout the Divisions, subsidiaries and the supply chain.

EADS regards advanced ERM as delivering a competitive advantage, successfully helping to factor risk and opportunity into management decisions and processes, as follows:

- ▮ Supporting management, especially of programmes, in their management of risks and opportunities
- ▮ Enhancing decision-making and subsequent actions concerning risk and opportunity
- ▮ Matching strategy and operational decision-making, especially within the programmes, to risk tolerance
- ▮ Identifying, assessing and managing cross-enterprise risks and opportunities
- ▮ Collating information that facilitates the Group’s financial and strategic planning processes.

EMBEDDED THROUGHOUT THE GROUP

ERM is a governance system that is becoming progressively more integrated into EADS’ policies and processes. The ERM team is embedding it in key management policies, programme management and supply chain management. It is becoming applied in an increasingly consistent manner across the Group, its subsidiaries and major suppliers.

There is increasingly a common understanding, methodology, practice and language. Tools for fostering ERM include policies, training and internal controls. Additionally, IT tools play an important part.

Internal tools include dedicated executive management reports that are made and consolidated on quarterly, annual and, if necessary, ad-hoc bases.

A320NEO RISK WATERFALL

The A320neo’s risk waterfall was introduced in mid-2012, showing how risks evolve and diminish over the project’s life. The new aircraft’s risks are given a financial value, which falls until deliveries start.

The waterfall charts how various activities will mitigate the risk over time. As such, management can follow the anticipated progression of risks over the A320neo’s life against what actually happens.

A SECOND LINE OF DEFENCE

As ERM becomes more integrated within EADS’ Divisions and programmes, it is becoming a so-called ‘second line of defence’. Borrowing from banking terminology, while the frontline business functions are known as the first line of defence, the risk function checks on the business functions and so becomes the second line. Internal audit then checks on the risk function, so becoming the third and final line of defence.

The ERM team has been working with the Programme Management Improvement (PMI) team in the past few years to help incorporate risk and opportunity management into its policies. For example, it has been integrated into the policies governing bid preparation and improving collaboration with key suppliers. In 2012, the ERM principles were at the heart of a new PMI policy, regarding learning lessons from difficulties on projects.

“Lessons learned” is becoming an important ERM topic. By borrowing from commercial aviation’s approach learning from accidents to improve safety, ERM intends to reduce the risk in programmes. The Astrium Division had already developed a process for learning from mistakes, which is being applied in other Divisions.

Acknowledging EADS’ reliance on its supply chain, ERM is extending its activities to subsidiaries such as Premium Aerotec and other major suppliers. A software tool called

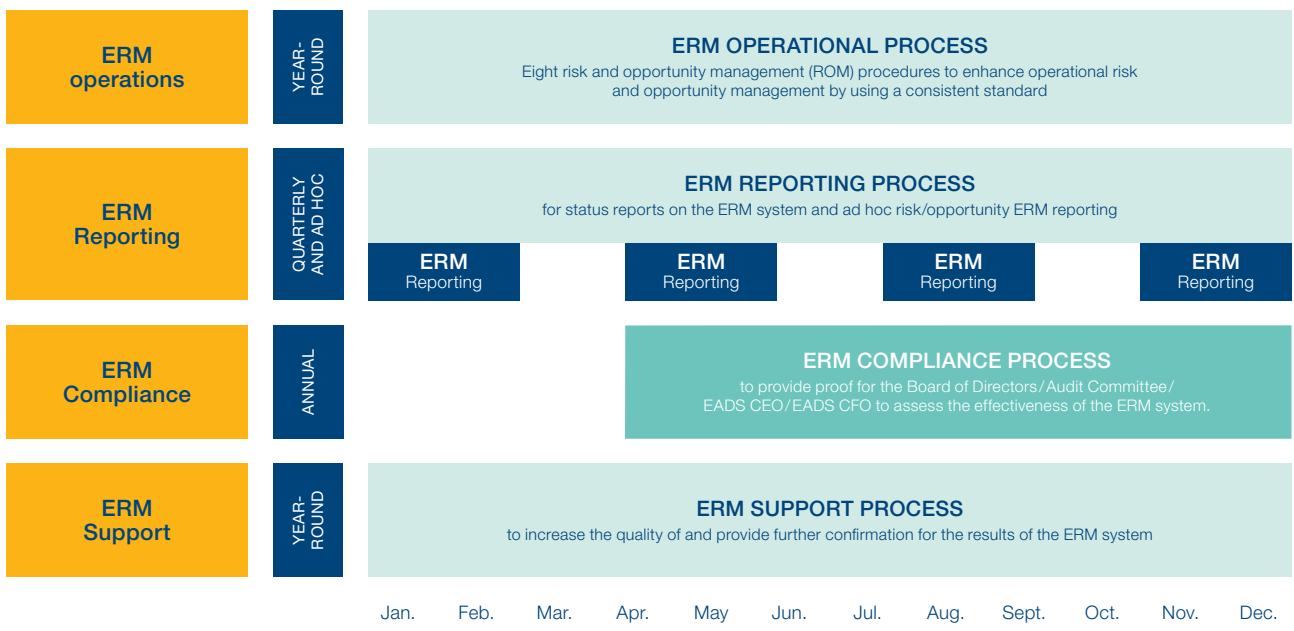
Active Risk Manager (ARM) was rolled out across the Divisions in 2012 in order to improve dialogue with major suppliers. ARM details the risks and opportunities related to a particular project, as well as customer deliverables and what suppliers must provide. A large number of the Group’s major suppliers have connected to the tool, enhancing the quality of discussion about the challenges relating to particular projects.

In order to develop a true risk culture, ERM training has become more standardised across the Group. New simulated and classroom-based training courses were introduced across the Divisions in 2012, and e-learning training courses were prepared for introduction in 2013. In all, the ERM team supplied approximately 1,700 hours of training during the year.

ERM has also become more involved in the programmes. Major programmes are subject to regular risk reviews as a matter of course, in order to check whether any new risks have emerged and, if so, the potential impact on the project. “Risk waterfalls” were introduced for all major Airbus programmes in 2012, showing the progress of risks during the project’s life, and are ready to be rolled out across the Group.

As part of the Finance improvement project, key performance indicators will be introduced in future to measure ERM’s achievements.

ENTERPRISE RISK MANAGEMENT PROCESS (ERM)



ETHICS AND COMPLIANCE

EADS is committed to complying with the increasing number of laws and regulations applying to its activities. In particular, the Group has developed strong processes to manage the aerospace and defence sector's two major risks – corruption and export control. Its compliance system meets the highest industry standards and stands up to growing scrutiny.

EADS' central Compliance Organisation designs and implements its Ethics and Compliance Programme, focusing on the Group's major compliance risks. The Group regards commitment to the highest compliance standards as a source of competitiveness, and has reinforced its compliance resources in recent years.

The Group's new CEO confirmed the approach to compliance in 2012, publicly stating EADS' "zero tolerance" approach in a public letter to EADS executives. He also made "further strengthening ethics and compliance" one of the Group's top priorities for 2013. Subsequently, he requested that the Group Executive Committee and his direct reports should include ethics and compliance in their performance targets.

The Compliance Organisation stretches throughout the Group, balancing proximity to day-to-day business activities with necessary independence.

Demonstrating the importance accorded to compliance, the Audit Committee (AC) oversees the Ethics and Compliance Programme's progress and new proposals are reported on a quarterly basis. In 2012, for example, the AC approved the CEO's decision to launch an external verification of the Anti-Bribery Compliance Programme by a specialised agency. The AC receives a "Compliance Report" twice a year which provides an overview of all reported Compliance allegations, together with the details of corrective actions being taken.

"The Group's new CEO confirmed the approach to compliance in 2012, publicly stating EADS' 'zero-tolerance' approach in a public letter to EADS executives."

CODE OF ETHICS

The Code of Ethics, called "Integrity and Transparency," is the Group's main policy. The Code is a high-level guide describing how EADS expects employees to behave.

Further policies supplement the Code, both at Group and Division levels. The Code is communicated to employees, and to suppliers and subcontractors. The EADS Code of Ethics is built around the following five directives:

- ▮ Build a positive working climate, treating each other with respect, upholding employee rights, and ensuring workplace health and safety.
- ▮ Ensure sustainable profitability and focus on value creation, protecting EADS' assets, maintaining accurate records, managing conflicts of interest, and avoiding insider trading.
- ▮ Deliver products and services that meet expectations, promoting product quality and safety, competing fairly, engaging in proper business practices, protecting third-party assets, working with government customers and classified information, and complying with export laws.
- ▮ Grow together in an extended enterprise, treating suppliers equitably and conduct responsible sourcing.
- ▮ Support balanced local development, supporting our communities, striving for eco-efficiency, and donating to our communities.

Communication of the Code increased in 2012. It was communicated to all employees through the intranet and the EADS website. Additionally, approximately 1,200 requests were received for copies of the Code and a summary pocket guide was sent to all Airbus employees. E-learning modules were also rolled out to all senior managers and executives of the Group, with a further 2,500 people in roles exposed to specific compliance risks receiving face-to-face training.

COMPLIANCE ROADMAP

The Chief Compliance Officer (CCO) has created a compliance “roadmap” based on international standards and addressing the main identified compliance risks. The roadmap provides an overview of compliance activities such as:

- ▮ Periodic assessment and reporting of the main compliance risks as part of the EADS Enterprise Risk Management system
- ▮ Monitoring of Ethics and Compliance policies
- ▮ Empowerment of the Compliance organisation and transparent reporting to the AC and communication to the Group Executive Committee
- ▮ Communication and training activities across the Group
- ▮ Investigation and remediation of compliance allegations and the functioning of the “OpenLine” system through which employees may raise ethical and compliance concerns in strict confidentiality and without fear of retaliation.

The programme is regularly reviewed in the light of benchmarking activities internally performed, and with further external verification of the implementation of adequate procedures being provided.

PROGRAMME MANAGEMENT

The CCO is supported by Compliance Officers across our Divisions, Business Units and Functions. A balance between proximity to day-to-day business activities and necessary independence is ensured through dual reporting to both Compliance and management. Two committees help to advance compliance within the Group.

- ▮ The Compliance Steering Committee, which is made up of Compliance Officers, supports the development of the Ethics and Compliance Programme and ensures alignment throughout the Group.
- ▮ Meanwhile, the Compliance Council, which is composed of the Group Executive Committee and Compliance Steering Committee members, as well as other executives, approves priorities and fosters the implementation of the EADS Ethics and Compliance programme.

To guarantee independence, the CCO reports to the AC of the Board. The Group CCO provides the AC with written reports four times a year. Each report contains a dashboard describing the Compliance Organisation’s progress in meeting its objectives. Additionally, focus reports detail the main compliance risks, key performance indicators, significant compliance allegations and compliance objectives. Additional special reports are presented to the AC upon request on an ad hoc basis.

OPENLINE

In 2012, relevant regulators gave permission for the OpenLine system for employees to report confidentially compliance concerns to be widened in scope and geography. It can now encompass, subject to internal clearance, reporting of issues related to conflict of interest, harassment, disclosure of confidential information and product safety – in addition to accounting, finance, corruption, anticompetitive practices. Furthermore, it has been extended beyond the European home countries to Brazil and Australia.

PREVENTING CORRUPTION

EADS Business Ethics Policy and Rules aim to identify, detect and control, when possible, mitigate potential non-compliance risks linked to partnerships with “business partners.” The Policy and the centralised process for selection and validation of business partners, as described in the EADS Business Ethics Policy and Rules, is based on the following principles:

- ▮ Transparency in selection of business partners
- ▮ Robust due diligence on business partners
- ▮ Appropriate compensation for legitimate services
- ▮ Monitoring of contractual relationships with business partners.

Moreover, the Policy lays down guidelines regarding the acceptance of gifts and hospitality.

Notably, the update of the EADS Business Ethics Policy and Rules began in late 2012. The new version (“Business Ethics Policy, Processes and Guidelines”) encompasses the risk assessment of business partners supporting activities linked to commercial campaigns, international marketing development projects or merger and acquisition projects.

Anti-bribery measures were stepped up in 2012. For example, guidelines were established to support detection and mitigation of anti-bribery compliance risk linked to mergers and acquisitions (“M&A Anti-Bribery Compliance Guidelines,” published in 2012).

In addition, the International Compliance Programme includes regular audit of files by and reporting mechanisms to the Group International Compliance Officer (ICO) on a risk-based approach.

Management within EADS’ subsidiaries is responsible for reporting any deviation from the Business Ethics Policy and Rules to the concerned Division ICO and/or to the Group ICO as applicable.

EXTERNAL AUDIT OF GROUP COMPLIANCE

In late 2012, EADS commissioned ETHIC Intelligence, a leading compliance specialist, to review its anti-corruption system. The ETHIC Intelligence review of EADS' compliance system at HQ level was completed at the end of February 2013, and concluded with the Certification of EADS for the design of its Anticorruption Compliance Programme (highlighting the quality of the business partner process) with minor recommendations.

The Group ICO initiates and performs training of employees at Group level, adapted to the level of risk they face. Division ICOs customise and perform training at Division level, as do ICO correspondents at subsidiary level.

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

Furthermore, investigation procedures into bribery allegations were strengthened, with stronger central coordination and forensic investigation by Corporate Audit. The Audit Committee receives a report on allegations twice a year.

EXPORT COMPLIANCE

EADS commits itself to respect and follow all export/import control laws governing strategically important technologies and products. As a provider of products and services which include cutting-edge technologies that are strategic to its home countries, and as an importer and exporter of those technologies, the Group has to act with responsibility. Export/import control laws are often adapted to adjust to geopolitics and security pressure of EADS' home countries. Penalties for violations are severe and can include monetary penalties, imprisonment, and suspension of export/import and government contracting privileges.

The Group's export control policy commits it to the following actions:

- ▮ Cooperate closely and openly with governments
- ▮ Always comply with governmental export rules and regulations
- ▮ Check reliability of customers and end users
- ▮ Check on the end use
- ▮ Training and awareness sessions regarding export controls
- ▮ Risk management of export control.

ROBUST CONTROL FRAMEWORK

The EADS Group Export Compliance Directive, issued by the CEO, forms the foundation of the export compliance policy, setting the general policies that must be implemented. Taking into account the specific nature of their businesses, each Division and related Business Unit has issued implementing processes and procedures to comply with these policies.

The EADS Export Control Compliance Manual sets out the 16 principles of the EADS Export Control System. It provides all EADS entities with common rules and describes practical guidelines to make sure the principles are enforced consistently across the Group, with procedures for managing foreign nationals, technology, reporting, certification, audit and correction. Two annexes describe, respectively, (1) the EADS home countries' specific requirements (e.g. application for export licenses) and (2) how each of the four Divisions should implement the principles, depending on the specific nature of each organisation.

The EADS Group Export Compliance Directive is supplemented by two other key directives. Applicable to the whole Group, these Directives are incorporated in the Export Compliance Manuals. The Directives are:

- ▮ The Sensitive Country Directive
- ▮ The Export Compliance Procurement Directive.

The Sensitive Country Directive states that all proposed EADS business with "sensitive countries" will be scrutinized. The Group Export Compliance Office has a dedicated department that, every quarter, updates a list of sensitive countries. The CEO and the Executive Committee make the final decision about whether to do business in a country or not (see the Sensitive Countries Process table).

The Export Compliance Procurement Directive ensures compliance with the export and re-exports requirements of procured items' countries of origin (especially the United States).

The Group Export Compliance Office participates in the Enterprise Risk Management (ERM) process and, accordingly, submits through the Compliance Office quarterly reports to the Audit Committee of the EADS Board. The Group Export Compliance Office also supports the harmonization of export compliance processes in major programmes, especially multinational or multi-divisional programmes.

Notably, it takes part in the merger and acquisitions due diligence process. Additionally, it coordinates EADS' interactions with governmental institutions and industry associations (e.g., positions regarding US and/or EU law-making initiatives). The Group Export Compliance Officer has access to all export compliance-related information in EADS (unless classified or restricted by national authorities), and has the power to intervene in situations that could impact the Group, escalating any matter if required.

In 2012, the sensitive countries process was updated to include a broader range of products, extending beyond classical defence products to products such as cyber-security software.

Finally, the corporate intranet, training and awareness programme, as well as IT solutions for license and programme management, are important tools for promoting the effectiveness of export control.

CENTRALISED EXPORT COMPLIANCE ORGANISATION

In order to strengthen compliance monitoring, the Group Export Compliance Office was strengthened and centralised during 2011 and 2012. As a centralised organisation, it will enforce Group compliance, and implement Group policies and procedures, taking into account relevant national laws and regulations. It is

DEFINITION OF A SENSITIVE COUNTRY

EADS has a list of sensitive countries, which are countries subject to sanctions decided by the UN, EU, US or any EADS home country, generally for reasons of national security,

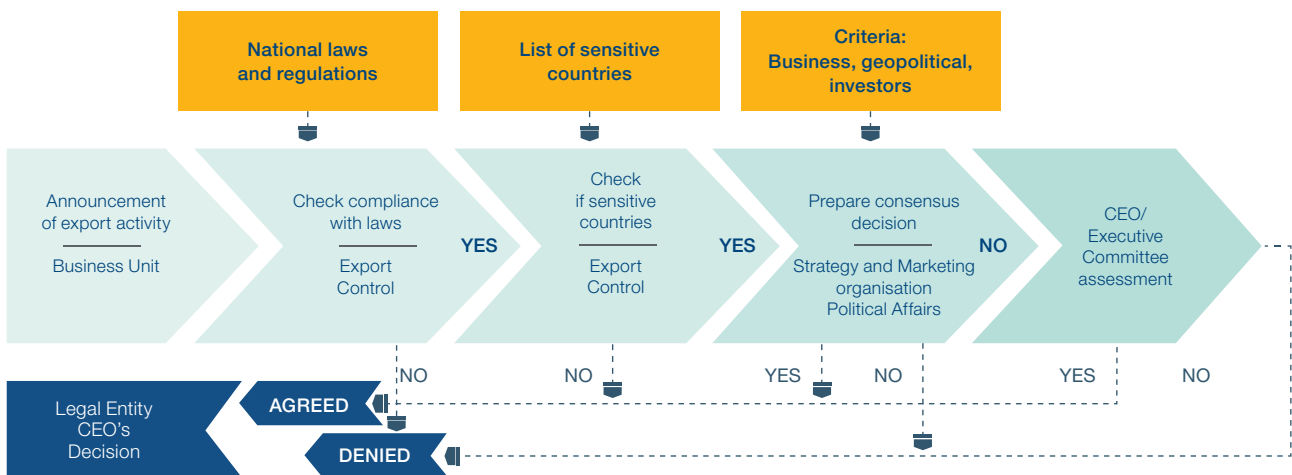
nuclear non-proliferation or foreign policy. Due to the dynamic nature of world events, additional countries may at any time become sensitive.

creating Centres of Competence (CoCs) that will provide expertise, give advice and promote best practice across EADS while addressing the Group's key risks.

Each Division has its own export control organisation that is responsible for its operational activities and reports to the Group Export Control Office. The Head of the Group Export Compliance Office and the heads of the divisional export control organisations are members of the Export Compliance Council, which meets every quarter to monitor implementation of export control policies throughout the Group. In total, more than 150 people now belong to the Group-wide organisation.

The Group Export Compliance Officer reports to both the Chief Compliance Officer and the Chief Strategy and Marketing Officer. This double reporting line safeguards the function's independence, while also making sure it is close to business operations and effective.

SENSITIVE COUNTRIES PROCESS





INNOVATION

20 INNOVATION IS THE POWER BEHIND EADS' PRODUCT DEVELOPMENT. THE GROUP'S MULTI-YEAR RESEARCH AND DEVELOPMENT PROJECTS CONTINUALLY CREATE NEW TECHNOLOGIES, PRODUCTS AND SERVICES. REFLECTING THEIR TECHNICAL SOPHISTICATION, EADS' DIVISIONS PLAN PRODUCTS MANY YEARS AHEAD OF THEIR MARKET ENTRY, WITH THE CONSTANT AIM OF ANTICIPATING AND MEETING THEIR CUSTOMERS' EVOLVING NEEDS.

ENGINE OF LONG-TERM GROWTH

Innovation drives the success of EADS’ programmes and fuels its growth. The Group is developing new products and services that meet its customers’ fast-changing needs, which are related to some of the world’s most pressing problems – ranging from the challenges of creating a low-carbon economy to countering new threats to nation states.

EADS’ innovation starts with early-stage research and technology, progressing through a development process over several years to launch of the final product. Innovation momentum is evident from the high rate of early-stage patent filings, with more than 970 patent filings in 2012, through to the launch of landmark products such as the Airbus A320neo, A350 and A380 aircraft.

The Group is one of the organisations leading the aerospace industry’s drive to develop new eco-friendly technologies. Airbus and Eurocopter are principal participants in Clean Sky, the cooperative European initiative that is researching the technology foundations needed to achieve the aviation industry’s targets for emissions reductions. A significant proportion of research budgets at Airbus and Eurocopter is devoted to environmental technologies, as is a large part of the Group research and technology budget.

“The Group multi-year research and development projects continually create new technologies, products and services.”

Astrium, too, has a high level of innovation in its Satellites, Space Transportation and Services businesses. It has, for example, developed satellite information services offering insights into the causes and effects of climate change, measuring deforestation and thickness of ice caps.

EADS’ research and technology activities contribute to the competitive strengths of local economies. By working in cooperation with local universities and suppliers, the Group helps them to develop specialist knowledge and technologies, which then create jobs.

Illustrating the multiplier effect of research technology investment, governments and institutions estimate that every €100 million invested in aeronautic research and technology boosts gross domestic product by €700 million in the following 10 years (Source: Oxford Economics).

970

Patent filings in 2012 showing innovation momentum

ECO-EFFICIENCY: COMBINING ENVIRONMENTAL AND FINANCIAL PERFORMANCE

The World Business Council for Sustainable Development originally defined eco-efficiency as follows: “Eco-efficiency is achieved by the delivery of competitively-priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impacts and resource intensity throughout the lifecycle to a level at least in line with

the earth’s estimated carrying capacity.” In its simplest terms, EADS views eco-efficiency as “creating more value with less environmental impact” – doing more with less. EADS is committed to becoming an eco-efficient enterprise, i.e. a company that continuously improves its overall environmental performance in a way that also boosts profits.

INNOVATION PROCESS

EADS links its innovation activities to Group strategy and customers' emerging needs. Formal processes are used to steer technologies from early-stage development through to maturity, and to make sure that technology research is linked to product development.

In 2012, the Corporate Technical Office (CTO) simplified its relationships with the Divisions, with the aim of aligning EADS' centralised research and technology activities even more closely with business strategy.

LINK TO STRATEGIC PLANNING

A clear strategic planning process identifies EADS' future product and technology needs. After defining long-term strategic and product goals, it identifies the technologies needed to support them. The Strategy and Marketing Organisation (SMO) conducts the strategic planning process and monitors strategy implementation. The objective is to develop a sustainable and profitable business, and to maximize the return of long lifecycle investments.

The strategic planning process does the following:

- ▮ Provides a standard/framework for corporate headquarters and business entities to plan, agree and monitor strategies on an annual basis. This framework ensures consistency between strategic and operational planning.
- ▮ Coordinates Corporate Headquarters', Divisions' and business entities' strategies and objectives for the next 10 years and beyond, aligning them to the Group's overall strategic objectives and targets.
- ▮ Facilitates resource allocation for the defined long-term Group strategic objectives.
- ▮ Delivers a framework for major organic and M&A investment decisions.

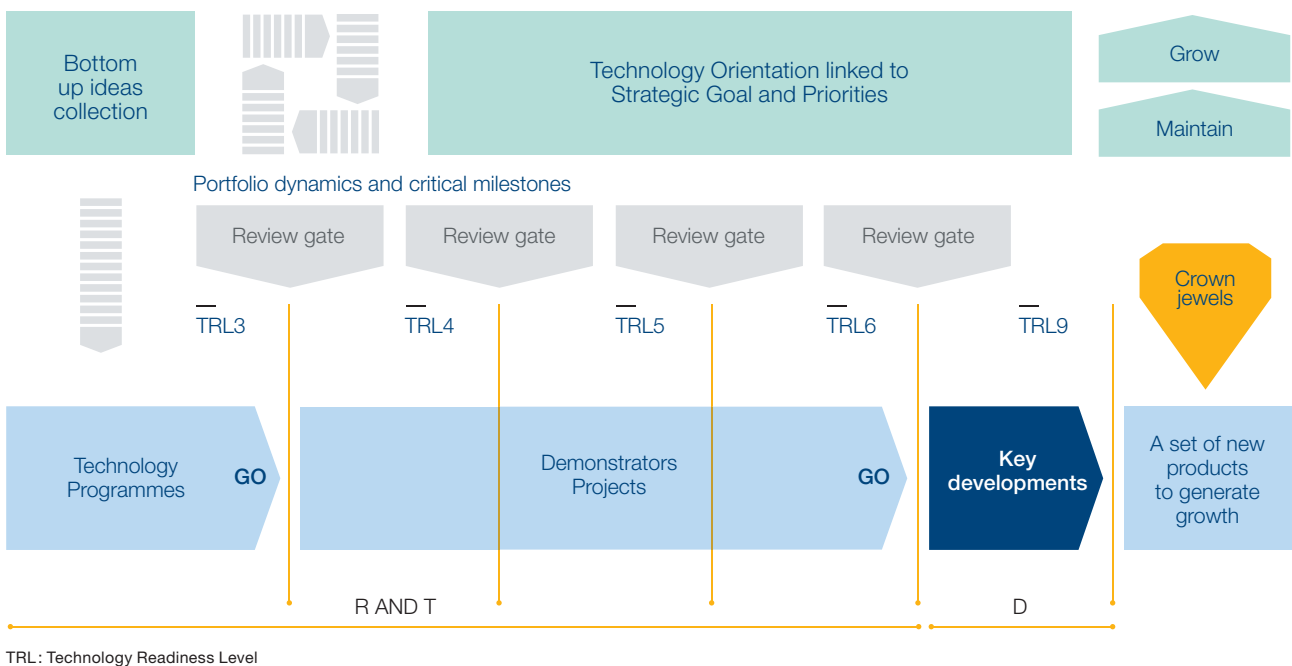
The strategic planning process follows an annual cycle, with both the Divisions and Functions preparing plans for the following year. EADS' CEO is closely involved in the process, reviewing strategic plans during business discussions, either approving them or requesting amendments.

A Strategic Cockpit tool monitors strategy implementation. The tool is prepared twice a year (July and December) for monitoring implementation of the Group's strategy for the next decade. Score cards at Group and Division levels monitor progress. The SMO presents strategy implementation status reports to the Board of Directors.

STRATEGIC PLANNING PROCESS



EADS INNOVATION WORKS IN THE GROUP INNOVATION PROCESS



TRL: Technology Readiness Level

RESEARCH AND TECHNOLOGY DEVELOPMENT

EADS' four Divisions work with EADS Innovation Works, the centralised Group early-stage technology research unit, to study and mature new technologies. The Divisions have long-term product strategies that enable them to identify the technologies they will need many years in advance. EADS Innovation Works focuses on advancing these technologies to maturity within the timeframe needed for product development.

The nine steps to maturity:

- 1-3. In the first stages of a technology's development – called technology readiness levels (TRLs) one to three – Innovation Works collects and researches technologies that are relevant to the Group's long-term product plans.
- 4-6. After passing the TRL3 proof-of-concept gate, projects enter the demonstrator phase, where greater cooperation between Innovation Works and the Divisions is required to align technology development with a specific product requirement.

- 6-9. Should the demonstrators prove technologically robust and likely to attain maturity in time for product development schedules, they move beyond TRL6 into product development. At this point, the Divisions take sole responsibility for incorporating new technologies into new products (with lifecycle analysis fully integrated into the process). TRL9 is the final level of technology readiness, at which testing is completed and full-scale production can be launched.

Also within EADS Innovation Works, the Innovative Growth Steering Committee (Nursery) focuses on developing disruptive technologies in areas adjacent to the Divisions' core businesses and determining if they merit funding. In 2012, the Nursery approved three proposals after examining more than 30. These three will develop new technologies for cellular phone networks, complex non-destructive testing of composite aircraft structures and more efficient combustion engines. In total, the CTO is currently running approximately 12 Nursery projects.

SUSTAINABLE MOBILITY

Aviation plays an essential role in the world economy. Air travel facilitates economic growth and the aviation industry is a valuable contributor to global wealth. EADS is developing the products, technologies and services that will allow aviation to continue its growth with minimal impact on the environment.

EADS has a leading role in the aviation industry's drive to achieve carbon-neutral growth by 2020 and then to reduce CO₂ emissions by 50% by 2050 (see ATAG targets below). The Group is allocating increasing resources and investment to developing new technologies and ways of operating, so preparing the way for attaining these ambitious targets.

Demand for aviation is growing fast. Over the next 20 years, Airbus forecasts that the six billion people living in Africa, Asia, Eastern Europe, the Middle East and Latin America will take an average of 6% more flights a year (measured in revenue passenger kilometres (RPKs)), according to the Airbus Global Market Forecast, September 2012.

Yet the aviation industry's future growth depends on it being able to improve the environmental performance of aircraft, significantly reducing emissions. Aircraft manufacturers, airlines and governments are working together to find ways of doing so. The aviation industry has set itself clear targets, and is the only industry sector to have set itself goals of this sort.

TARGETS FOR EMISSIONS AND NOISE CUTS

EADS is committed to meeting aviation's ambitious targets for emissions and noise reductions. It is helping to prepare aviation for both the Advisory Council for Aviation Research and Innovation in Europe's (ACARE's) Flightpath 2050 targets and those of the global Air Transport Action Group (ATAG).

The Flightpath 2050 targets for cuts (relative to 2000) are as follows:

- ▮ 75% CO₂ emissions reduction per passenger kilometre to support ATAG targets
- ▮ 90% NOx emissions reduction
- ▮ 65% noise reduction.

ATAG's broader objectives are:

- ▮ Stabilise CO₂ emissions by 2020
- ▮ 50% CO₂ emissions cut (below 2005 levels) by 2050

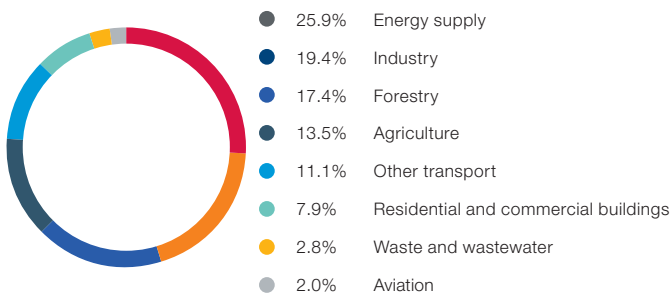
THE CONTRIBUTORS TO SUSTAINABLE AIR TRANSPORT

Known technology

The ATAG CO₂ roadmap (illustrated above) foresees the replacement of old aircraft with newer, more efficient planes as contributing significantly to emissions reduction. Since this roadmap to reduce CO₂ emissions was signed in 2008, Airbus has filled its programme development pipeline with next-generation aircraft, delivering reductions in not only CO₂ emissions but also noise.

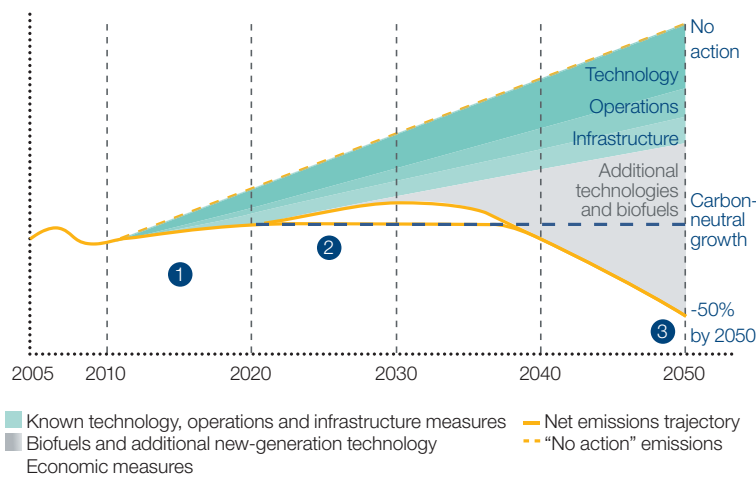
At the end of 2012, 97 of the new fuel-efficient A380 double-deckers were in service, up from just one at the end of 2008. The A380 is 20% more fuel efficient than the closest competing aircraft and produces half the noise when taking off; in 2012, it won the prestigious UK Noise Abatement Society Award. The A350 XWB (extra wide body) should enter into service in the second half of 2014 and will deliver up to 25% CO₂ emissions reductions compared with existing aircraft in its category. At the end of 2012, 582 of these aircraft had been ordered.

SHARE OF DIFFERENT SECTORS IN TOTAL ANTHROPOGENIC GHG EMISSIONS



Source: IPCC, Synthesis Report Climate Change 2007, for 2000.

AIRBUS FULLY COMMITS TO INDUSTRY TARGETS



ATAG roadmap envisages the following stages:

- 1 Improve fleet fuel efficiency by 1.5% per year from now until 2020.
- 2 Cap net emissions from 2020 through carbon-neutral growth.
- 3 By 2050, net aviation carbon emissions will be half of what they were in 2005.

Source: ATAG, Emission Reduction Roadmap, 2008.

³ Intergovernmental Panel on Climate Change.

Looking further ahead, the A320neo (new engine option) is due to enter service in 2015, from when it will contribute materially to cutting emissions in the airlines’ single-aisle fleets. A total of 1,734 firm orders from 36 airlines across the globe had been received at the end of 2012. New engines and wing-tip sharklet devices deliver a 15% reduction in fuel consumption compared with current aircraft, with corresponding cuts in CO₂.

Infrastructure and operations

More efficient air traffic management (ATM) has the potential to save 8% on aviation fuel, according to the International Civil Aviation Organisation (ICAO). Airbus has created the ProSky Group, which develops and supports modern ATM systems across the globe. Working closely with Air Navigation Service Providers (ANSPs), aircraft operators and airport authorities, Airbus ProSky provides ATM solutions that maximise efficiency, capacity and environmental benefits. Airbus is also a partner in the Single European Sky ATM research (SESAR) initiative in Europe and in the US-led NextGen, both of which aim

A350 XWB ECO-EFFICIENCY

The A350 XWB has been designed to be eco-efficient from gate to gate, emitting less gas and noise at every stage of its journey. Compared to current generation long-range twin-engine aircraft, the A350 XWB saves up to 25% on fuel burn, thanks to intelligent use of light-weight composite materials, state-of-the-art aerodynamics, advanced systems and new-

generation engines. More than 20 years before the first A350 XWB will end its life, the process to recycle composite materials is being developed. Thanks to recycling feasibility studies on composite parts of the A380 static cell, it is already possible to automatically dismantle a section of an aircraft and separate out all composite materials.

ABU DHABI INTRODUCES PERFORMANCE-BASED NAVIGATION (PBN)

Airbus ProSky's PBN specialist subsidiary, Quovadis, is deploying RNP (Required Navigation Procedures) across the globe. In September 2011, Etihad Airways and Abu Dhabi Airport contracted Quovadis to develop procedures for approaches into both Abu Dhabi International and Al Bateen Airports. These procedures enable Etihad Airways to use continuous descent operations and optimised trajectories, shortening flight paths to the runway. In May

2012, Etihad Airways performed its first optimised RNP-AR approach into Abu Dhabi with an A330. Each time the operator performs an RNP-AR approach, it reduces noise, flight time, fuel consumption and CO₂ emissions. Both the ICAO and International Air Transport Association (IATA) are promoting these new RNP-AR procedures for their significant role in reducing the environmental impact of fuel consumption and resulting emissions.

CLEAN SKY STAGE 2

As part of Clean Sky, Airbus is co-leading with Saab the seven-year Smart Fixed Wing Aircraft Integrated Technology Demonstrator project, which aims to develop a range of fuel-efficient, low-emission vehicle subsystems. As 2020 approaches, Airbus, Eurocopter and several industrial partners have renewed their commitment to the Clean Sky programme

from 2014 to 2020. The Memorandum of Understanding defining the Clean Sky 2 programme, signed in September 2012, highlights industry's commitment to increase research and technology investment. It foresees investment of €1.8bn for Clean Sky 2, allowing Airbus and its industrial partners to ensure the maturity and integration of groundbreaking technologies.

to modernise air traffic management. The SESAR Joint Undertaking intends 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 CO₂ emissions and noise by 2020. A key research project within SESAR is the I-4D system, led by Airbus. 4D trajectory management is at the core of this ATM research programme and will provide benefits for passengers, airlines and the environment.

Economic measures

ATAG envisages that market-based economic measures will contribute to its targets from 2020 to 2040. In late 2012, the ICAO, a United Nations specialised agency, moved a step closer to proposing a global market-based system for limiting CO₂ emissions. It formed a high-level group to make recommendations about related policy issues and to develop a policy framework for introducing such a system. As a result, the European Union (EU) stopped the clock on the inclusion of international aviation within its own Emission Trading Scheme. EADS and Airbus fully support the ICAO initiative and the EU's reaction to it, believing this development means the international community is one step closer to a world-wide agreement on CO₂ emissions.

New technologies

New technologies, when combined with alternative fuels, will make the biggest contribution to the emissions cuts targeted from 2040 onwards, according to ATAG. Airbus, Eurocopter and their aviation industry partners are researching technologies that include new aircraft materials, better aerodynamics and more efficient engines. Much of EADS' research into new technologies is being conducted within the Clean Sky Joint Technology Initiative, which is partly funded by the European Union. This research programme aims to develop aircraft technologies that will show by 2020 how the full ACARE goals can be met. Clean Sky is producing six integrated technology demonstrators, each covering the following specific areas: SMART Fixed Wing Aircraft, Green Regional Aircraft, Green Rotorcraft, Sustainable and Green Engines, Sys-



tems for Green Operations, and Eco-Design. Each demonstrator integrates a range of new technologies such as laminar wings, innovative rotor blades and open-rotor engines.

Alternative fuels

Airbus is acting as a catalyst for industrialising sustainable alternative fuel production, by encouraging development of regional biofuel “value chains.” EADS Innovation Works, the Group’s corporate research arm, has been researching algae-based research fuels while, in parallel, looking at alternative forms of propulsion including hybrid diesel and electric. Sustainable alternative drop-in jet fuels, produced from renewable resources, reduce the net effect of aircraft CO₂ emissions through their total lifecycle. EADS is concentrating on finding sustainable alternatives to fossil fuels that can be produced in sufficient commercial quantities without competing with food crops, land use and water supplies. Airbus has established a global programme of value chains, bringing together farmers, refiners, airlines and universities in six countries – Brazil, Romania, Qatar, Spain, Australia and China. The Roundtable on Sustainable Biofuels (RsB) standard guarantees the environmental, social and economic sustainability of these projects; meanwhile independent university feasibility and sustainability reports provide objective validation. Airbus has provided technical support so that 50/50 blend alternative fuels are now certified for commercial use. More than 1,500 commercial flights have taken place with alternative fuels world-wide.

COMBINING TECHNOLOGIES

By combining existing new technologies in commercial flights, Airbus has demonstrated with partner airlines that CO₂ emissions can already be reduced by over 40%. In 2011, Air France reduced CO₂ emissions by 50% on an Airbus A321 commercial flight from Toulouse to Paris. In 2012, Air Canada cut CO₂ emissions on an A319 flight from Toronto to Mexico City by over 40%. These reductions are the net effect of combining all best practice currently available, i.e. the most fuel-efficient aircraft, sustainable alternative fuels, streamlined ATM and optimised operational procedures.

THE BRAZILIAN FUEL VALUE CHAIN

Each value chain set up by Airbus uses the raw material best adapted to local conditions to ensure its environmental, social and economic sustainability. Airbus started work on a value chain in Brazil in 2011 using *Jatropha* plants which yield nearly 2 tons of dry seed per hectare per year. Once crushed, the seeds produce oil that can be distilled into drop-in alternative jet fuel. *Jatropha* can be grown under difficult and dry

soil conditions, not suitable for other crops or as arable land and requiring little water. The partners in the Brazilian value chain project include TAM (LATAM) Airlines, JetBio, UOP and AirBP. Yale University provided an independent Sustainability Assessment in June 2012. This value chain targets producing 80,000 tonnes of *Jatropha* bio-jet fuel by the end of 2013, so providing 25% of TAM’s annual fuel consumption.

ROTORCRAFT NOISE ABATEMENT PROCEDURES IN CLEAN SKY

Eurocopter’s Green RotorCraft reduces noise In the context of Clean Sky’s Green RotorCraft integrated technology Demonstrator project, Eurocopter is researching how to reduce helicopter noise through noise-abatement approach procedures, complying with Instrument Flight Rules (IFR) regulations. Indeed, computer-optimised low noise flight paths have previously shown a significant reduction of the noise-impacted area for given procedures, which were targeted to Visual Flight Rules (VFR) operations being flown in a research environment.

In order to meet ACARE’s Vision 2020 noise-reduction goals, Eurocopter engineers and pilots are designing new procedures. An automatic on-board guidance system is being developed for the twin-engine EC155 to reduce pilot workload and to ensure an accurate and safe adherence to low-noise IFR flight paths. In parallel, Eurocopter is working on VFR procedures, and in 2014 will test real-time optimisation of noise with the medium-sized twin-engine EC145 helicopter, equipped with advanced on-board sensors and guidance equipment.

SAFETY AND QUALITY

The aviation industry regards safety as of paramount importance, and EADS' safety ethos is deeply embedded. More generally, as one of the world's biggest aerospace and defence companies, EADS is trusted by airlines, governments and many thousands of private companies. They expect safe, high-quality and reliable products that are delivered on time. At every point in design, manufacturing and assembly, EADS ensures the highest safety and quality standards.

SAFETY

Aircraft safety is EADS' top priority and is embedded in its genetic makeup. The Group not only meets but also exceeds the requirements of the two leading certification authorities, the European Aviation Safety Agency and the American Federal Aviation Authority. Signifying safety's importance, both Airbus and Eurocopter allocate significant resources to safety issues and the Head of the Airbus Safety Board reports directly to the Division's CEO. Putting safety before commercial issues, EADS works closely with the rest of the aviation industry to make sure that air travel is always becoming safer.

This cooperative approach has resulted in continuous improvements to the industry's safety record. In 2012, Western-built jets had just one accident in every 5 million flights, according to the International Air Transport Association. Airbus' introduction 25 years ago of the "flight envelope protection" system on the A320 single-aisle aircraft, which minimizes the risk to aircraft from stalling, has made one of the biggest contributions to safety.

Airbus' most notable recent safety measure was the "runway excursion prevention" tool, which tells pilots if they do not have enough runway in front of them for landing, introduced initially on the A380 in 2009 (see box). Runway excursion – meaning either an aircraft veering off the side of the runway, or overrunning at the very end – has become the primary cause of civil aircraft losses in recent years, particularly as other formerly prevalent categories of aircraft accidents have now largely been reduced. Airbus is working to make the tool available on aircraft from other manufacturers. It cooperates with rival manufacturers to improve safety through forums such as the IATA Safety Group, Flight Safety Foundation, etc..

Ensuring safety is engrained in Airbus and Eurocopter operations – through design, manufacturing, operations and maintenance. EADS expects the same stringent quality and safety standards from its suppliers, and these are important criteria in the supplier selection process.

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AMERICAN AIRLINES INTRODUCES RUNWAY PROTECTION TOOL

In early 2013, American Airlines decided to equip all of its A320 family fleet with Airbus' innovative Runway Overrun Prevention System (ROPS) technology. This onboard cockpit technology, which Airbus has pioneered over several years, increases pilots' situational awareness during landing and reduces exposure to runway excursion risk. The

European Aviation Safety Agency first approved ROPS on the A380 in October 2009 and around 70% of the A380 fleet use the tool. ROPS is also part of the A350 XWB's basic configuration and Airbus is fitting it on other aircraft families, starting with the A320 family, with certification on this type expected later this year.



“Aircraft safety is EADS’ top priority and is embedded in its genetic makeup.”

Airbus and Eurocopter have permanent safety processes in place which allow for monitoring their fleets, and as a result may define safety enhancements with timely action plans which can range from reminding airlines of correct operations or maintenance procedures, to modifying maintenance or operational procedures, or modifying an aircraft or engine design. When Airbus A380s developed cracked wing rib feet in 2012, in addition to developing interim maintenance inspections to guarantee the continuous safe operation of the fleet, Airbus also defined a wing structure modification, implying its detailed development, flight testing and certification.

QUALITY

EADS is constantly seeking to improve the quality of its products and services. In the past few years, the Group has pursued a series of initiatives in order to raise quality in a number of ways.

Most recently, in December 2012, EADS’ Executive Committee approved a Quality Initiative aiming to make “quality” a competitive advantage. The initiative has six dimensions: (1) voice of the customer, (2) quality management system, (3) performance management, (4) quality organisation, (5) mindset and (6) supply chain. Its target is to reduce the costs of not delivering sufficiently high-quality products and services by half over three years.

Programme management has been another focus for improvement. The initiative has shared 17 best practices across the Group, certified almost 1,000 people in programme management and trained a further 7,000. Programme management centres of competence (CoCs) have been established in Airbus and Cassidian, with Astrium Space Transportation looking into establishing one.

The A350 XWB aircraft programme shows how programme management best-practice policies work in practice. The Earned Value Management (EVM) policy introduces programme milestones with associated costs, which give greater transparency into progress. This extra monitoring led to the aircraft’s entry-into-service being delayed so that the programme could be stabilised.

Experts from across EADS now regularly conduct independent reviews of major programmes at critical programme milestones. They assess key issues such as resource plans, time plans and technological maturity.

Good long-term customer relationships are key to EADS. The Group works with a relatively small number of major customers, relying on strong and lasting relationships. Both EADS 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. At Group level, a structured customer review process (CRP) is used to gauge customer confidence. More than 30 CRP surveys have been conducted in the seven years since CRP surveys started. Follow-on surveys show that quality is improving as a result.

In 2012, EADS established the first internal CRP, with the Finance Function surveying internal customers’ perception of its performance.

SECURITY AND STABILITY

EADS' security businesses help the governments of nation states to preserve stability. The Group provides equipment and services that play an important role in the security of European countries, their NATO allies and selected other countries. EADS is constantly developing new products to counter emerging threats.

The defence and security market continues to be driven by rapidly evolving security challenges and the need to respond to new global threats. At the same time, economic conditions in the main industrialised countries—in particular Cassidian's European home markets—are creating downward pressure on budget resources for defence and security spending. Countries must therefore balance funding priorities in order to plan for the broadest possible range of operations, including homeland defence, stabilisation efforts, counterinsurgency and counterterrorism operations, or nation state aggressors with growing sophistication and military means.

The nature of Cassidian's business demands that it establish long-term relationships with its customers and, where possible, enter into strategic partnerships with large international players in order to sustainably expand the Division's industrial footprint outside its home markets. Key customers primarily include government and security agencies, such as ministries of defence and the interior and security forces, located not only in Cassidian's European home markets but increasingly world-wide.

In addition to facilities in its European home markets of Germany, France, Spain and the UK, Cassidian operates in more than 80 countries and has a world-wide network of offices. Important production sites are located in Germany (Manching, Ulm) and Spain (Getafe). Cassidian operates an engineering centre in Bengaluru, India.

As one of Europe's leading defence companies, EADS provides equipment and systems used to safeguard security in the Group's home countries, their allies and other countries to which EADS exports. The Group exports to countries it does not judge "sensitive," and that are not restricted by international bodies.

All of EADS' four Divisions develop products and services that help to maintain stability in the nation states where they are deployed. For example, Cassidian is a partner in the Eurofighter programme.

As of 31 December 2012, in the Eurofighter programme, a total of 571 aircraft had been ordered by seven customers (UK, Germany, Italy, Spain, Austria, Saudi Arabia and Oman), with a total of 355 aircraft delivered. Within the core programme, 472 aircraft were firmly on order (with an additional 99 aircraft for export). A total of 46 aircraft were delivered in 2012. Production of aircraft within the core programme is scheduled to last until 2017, while further export opportunities are believed to exist world-wide.

"EADS provides equipment and systems used to safeguard security in the Group's home countries, their allies and other countries to which EADS exports."



Cassidian designs, integrates and implements secure fixed, tactical, theatre and mobile information infrastructure solutions, including all of the services needed to support integrated mission systems and solutions. Cassidian is also a designer and supplier of C4I systems (Command, Control, Communications, Computers and Intelligence).

Cassidian also makes the radar systems, sensors, missiles, unmanned aerial systems and cyber-security systems that play a part in European security.

Within other Divisions, Airbus Military is developing the new-generation A400M troop transport that will enter service in 2013, and manufactures the A330 MRTT air-to-air refuelling tanker. Eurocopter is a leading manufacturer of military helicopters, and Astrium satellites' observation and communication capabilities help to anticipate conflicts and to mitigate the impact of crises.

Cassidian is EADS' main security business, selling equipment to countries all over the world. In 2012, for example, it sold secure TETRA communication systems to organisations in Belgium, China, India and Sri Lanka, adding to the many already in place elsewhere.

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

FRENCH DETERRENCE-RELATED ACTIVITIES

EADS is a trusted partner that equips the French deterrence force through the French parts of some of its Business Units. EADS Astrium Space Transportation 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 produces the second pillar of French nuclear deterrence, the ASMPA air-to-ground missile—once again, it is not involved in warhead production. The commissions of both chambers of France's Parliament regularly examine these programmes, publishing detailed reports.

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»). EADS conducts its business in full compliance with all applicable laws and regulations. In this respect, EADS complies with the regulations of its home countries that have adopted the provisions of both the Ottawa Treaty and the Oslo Convention, even though this convention is not yet in force. EADS 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 EADS is always consistent with the highest industry standards, it is committed to respect and implement the Ottawa Treaty and the Oslo Convention throughout the Group.

EADS TECHNOLOGY'S WIDER USES

EADS' aerospace technologies have a growing range of practical applications beyond the aerospace and defence sector. These evolving technologies form the building blocks for products in the developing "green economy." As time passes, both governments and private companies are likely to have a greater need for this expertise.

Through its activities in aerospace and defence, EADS has developed a large portfolio of technologies. The Group applies for approximately 1,000 patents a year, many of which relate to technologies with applications that can be used for environmental or social purposes. Although it is not immediately apparent, EADS technologies play a part in everyday life. In particular, satellites are helping to protect the environment against climate change and its effects, as well as promoting economic wellbeing by bringing telecommunications to developing communities.

Satellites provide unquestionable scientific data that can be used to measure environmental emissions. Demand for this data is likely to grow as environmental awareness increases pressure to reduce greenhouse gas (GHG) emissions, so creating a need for objective global governance.

"Satellites provide unquestionable scientific data that can be used to measure environmental emissions. Demand for this data is likely to grow."

MONITORING AND MANAGING CLIMATE CHANGE

Astrium satellites quantify the effect of climate change by measuring land-use change, shrinking arctic ice, rising sea levels, shifting oceanic currents and GHG concentrations in the atmosphere. In this way, they improve knowledge of the carbon dioxide cycle and its transport in the atmosphere. Satellite technologies also contribute to emissions reduction in other ways. For example, methods of joining together composite materials for satellite launchers can be applied to wind turbines in order to build bigger blades.

Recognising Astrium's expertise in building satellites that measure and monitor the environment, the European Space Agency (ESA) awarded the contract to design CarbonSat in 2012. CarbonSat will measure the global concentration and distribution of the two most important GHGs—carbon dioxide and methane—with unprecedented accuracy, providing climate scientists with essential data for climate analysis and for refining climate simulation. Astrium is also acting as prime contractor for some of ESA's Sentinel satellites for its Global Monitoring for Environment and Security programme.

Also in 2012, Astrium Services trialled the first city-wide GHG measurement demonstrator in London. It used data from satellites, aerial measurements and four ground sensors to create emission maps. Following the success



of this demonstration, in early 2013, Astrium partnered with CarboCountCity, a three-year demonstration project to measure emissions in Paris.

These measurements will be used to create highly accurate emissions reports such as those required by national legislations and to assess the effectiveness of emission reduction policies. Up to now, cities and local authorities have only had access to statistical assessments of GHG concentrations.

Satellites also provide reliable data for monitoring forest cover and its carbon dioxide sequestration capability. Working together with Brazilian NGO IMAZON, Astrium has analyzed the Amazon's Matto Grosso forest and developed a new methodology that was presented at the Copenhagen Climate Conference. It is now being used in REDD projects (Reducing Emissions from Deforestation and Forest Degradation). The goal is to reduce emissions from deforestation by protecting standing forest and allowing trading of avoided emissions on voluntary carbon markets, so that forested countries can monetize the value in their forests to protect them. In the past three years, Astrium has established a partnership with the French Development Agency (AFD) for mapping Africa's Congo Basin and provides satellite assessment for the REDD programme (see box). The Congo Basin is the second biggest forested area on earth, and Astrium's maps will provide monitoring for future sustainable forest management.

Within the agricultural sector, Astrium satellites are helping farmers to use their land more effectively to reduce the use of fertilizer and pesticides as much as possible, without diminishing their yields; this is particularly important at a time when the growing world population needs more food and environmental concerns demand agricultural practices showing limited impact and guaranteeing sustainability.

CRISIS AND DISASTER RELIEF

Satellites' monitoring capabilities make them a valuable tool for disaster relief. Astrium delivers, for example, maps of floodable zones that are based on the analysis of space imagery, while its meteorological satellites are the main early warning system for hurricanes. When the crisis has struck, satellites are the first tools that are present and operational to assess damages, and guide rescue and reconstruction teams by providing timely maps of damaged zones, as well as means of communication. Because they are in space, satellites are the only infrastructures that can be counted on when everything on the ground is destroyed.

EADS, through Astrium, is one of the founding members of the International Charter on Space and Major Disasters, which is based on voluntary contributions, by all parties, providing earth observation satellite data to supply states or communities affected by a crisis or natural disaster.

MONITORING FOREST COVER IN THE CONGO

According to the Intergovernmental Panel on Climate Change, the disappearance of 13 million hectares of forest every year is the source of about 17% of all GHG emissions linked to human activity—more than the world's entire transport sector. Astrium is providing SPOT satellite images with the support of the AFD to local governments, NGOs and other stakeholders. The Congo Basin spreads across

six countries—Gabon, Central African Republic, Cameroon, Democratic Republic of Congo, Congo and Equatorial Guinea. The governments of these six countries and project developers can access this satellite imagery for free through the REDD programme, helping them to develop forest governance and expertise, and ultimately to set up national plans and operational projects to combat deforestation and mitigate climate change.

PEOPLE

EADS IS CREATING HIGHLY-SKILLED JOBS AT A TIME OF SLOW ECONOMIC GROWTH IN ITS EUROPEAN HOME COUNTRIES. IN ORDER TO MAKE SURE IT HAS THE COMPETENCES IT NEEDS TO DEVELOP ITS PRODUCTS AND SERVICES, HUMAN RESOURCES (HR) IS WORKING TO ATTRACT AND NURTURE TALENTED PEOPLE WITH THE RIGHT SKILLS, PLANNING NOT ONLY FOR THE IMMEDIATE FUTURE BUT ALSO FOR 10 YEARS FROM NOW. MAKING EADS AN ENGAGING PLACE TO WORK IS ADDING TO ITS APPEAL AS AN EMPLOYER.

STRATEGY

Highly skilled and motivated people are the key to EADS' long-term success and competitiveness. In order to research, develop and sell its products and services, the Group needs exceptionally able people – from engineers, to technicians, to managers. For this reason, EADS aims to be a global employer of choice, to develop a world-class workforce that fits its business requirements, to recruit from a diverse range of people and to make EADS an engaging and innovative place to work.

Yet competition for people with specialist skills is increasing, especially in EADS' European home markets. Over the next 20 years, the number of graduates entering the workforce will not keep pace with the demand created by economic growth, particularly at a time when Europe's overall workforce is stagnant due to the retirement of the baby boomer generation. By contrast, the workforce will continue to expand in countries such as Brazil, China, India and the United States. In line with EADS' growing international presence, it has a roadmap for deploying learning and competence worldwide.

EADS is adapting its Human Resources (HR) capabilities to make sure that it has the capabilities to manage a growing workforce and to achieve its strategic goals. In 2012 alone, the workforce expanded from 133,115 to 140,405 at the year end. In order to achieve its goals, HR is concentrating on three issues:

1. The development of competences in the existing workforce
2. The development of the HR organisation, its processes and tools
3. The recruitment of a talented global workforce.

THE HR ORGANIZATION

EADS has an integrated HR organization that both manages the workforce on a day-to-day basis and sets strategy for the future. In 2012, it moved towards more complete integration in order to reduce duplication of resources, shorten lines of command and contribute to improved shared services for the Group. Ultimately, the purpose of this restructuring was to improve how EADS develops and supports its people.

From a governance perspective, all Division's heads of HR report to the Group's Chief HR Officer, which will help the development of a common, efficient approach. They also report to their Divisions' CEOs.

FORWARD-LOOKING SOCIAL DIALOGUE

EADS believes that high-quality social dialogue is key to its prosperity. The cooperative nature of dialogue with the unions improves the sustainability of EADS' business model, and is particularly helpful in a business with long product cycles. Working with employee representatives, HR plans the competences and training it will need over the mid- and long-term, and carefully manages any reorganisations.

The European Works Council (EWC), established at EADS' inception in 2000, is the main forum for transnational social dialogue with unions in the four home countries. The EWC meets twice a year to be informed and consulted about the Group's prospects and planned evolution.

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

EMPLOYEES BY COUNTRY

140,405

GLOBAL

EUROPE

	2012
France	52,147
Germany	49,442
Spain	11,021
United-Kingdom	14,894

2,522

REST OF EUROPE



3,245

U.S.A.



2,709

REST OF AMERICA



947

AFRICA



2,251

ASIA



1,227

AUSTRALIA



COMPETENCE MANAGEMENT

Management of workforce competences helps to create value. Only by having the right skills within the workforce can EADS provide planned products and services. The Group identifies the core competences it needs long in advance, preparing recruitment and career development accordingly.

EADS develops the skills and know-how of employees, both for their individual benefit and for the Group's collective success. Aerospace and defence is an industry with exceptionally long product cycles, where specific types of skills, such as some forms of engineering and project management, are expected to be in short supply. Consequently, the Group identifies the strategic core competences it will need for future programmes, planning recruitment and career development accordingly.

EADS 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 EADS' 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.

CORE COMPETENCES

EADS 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 2012 competences associated with green aerospace (reducing aviation's environmental footprint), autonomous systems (especially unmanned air systems) and integrated systems (especially systems of systems) were added to the list.

A job catalogue helps the process of recruiting, workforce planning and training. It is particularly useful at a time when the Group encourages people to move between programmes, Divisions and countries. Employees' skills are mapped against these job types and competence interviews are also carried out.

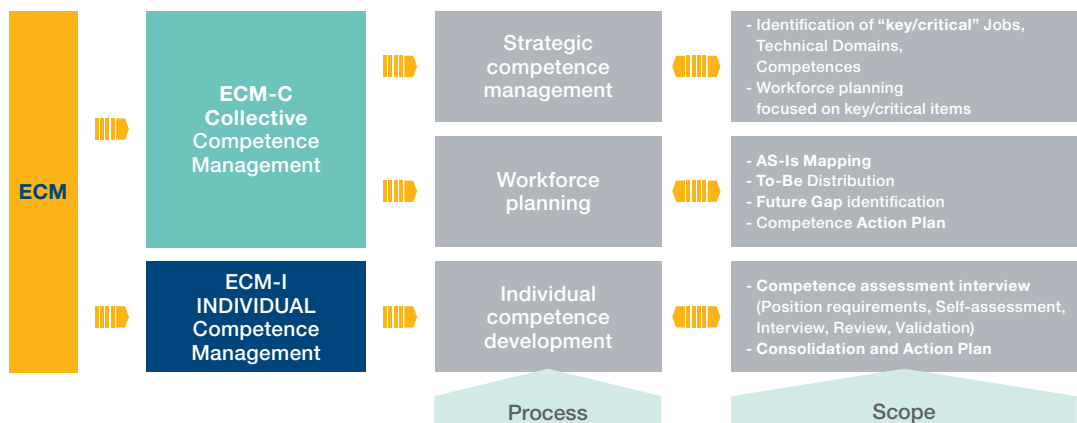
ANTICIPATING SKILLS GAPS

HR compares mapped employee competences against the Group's forecast requirements in the short, medium and long terms. 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.

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VISION

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



TRAINING

Training develops employees' competences to meet EADS' needs and to help employees' career development. HR is continually improving the efficiency and effectiveness of learning and development programmes. Similarly, HR adjusts training programmes to focus on the Group's current priorities.

Training develops employees' full potential for EADS and helps them to develop their careers. It also prepares them to fulfil a range of roles. In total, EADS spends the equivalent of 3% of salary costs every year on training, focusing at least 30% of this on the top ten core competences for each Division. In total, EADS provided employees with more than 3,2 million hours of training in 2012.

Development/career path

EADS has established development paths in core competences such as programme management and systems engineering. Training leading to certifications supports these career paths. Additionally, EADS offers rewarding career paths to staff designated as 'Experts' in specific technical domains requiring high level of expertise. They are a valued resource and play an important part in issues such as product development and innovation. Experts receive training to develop their skills. They are rewarded by compensation packages in line with managerial compensation levels.

Training needs

Employees and their managers agree their training needs within the Annual HR Cycle, which is EADS' key process for managing careers and performance. It provides a regular channel for open communication between employees and their managers. All employees have at least two structured discussions with their managers each year, discussing their annual objectives, performance, development needs and career aspirations. They agree training and competence development.

Learning and training

Learning and training catalogues are harmonized across Divisions. The focus of attention is shifting from classical classroom training to blended learning and new training techniques. HR systematically assesses the effectiveness of training, sharing the results with managers and employees.

TRAINING PRIORITIES IN 2012

The table below shows each Division's training priorities for 2012. While training related to current programmes features heavily, strategic topics such as lean manufacturing were also prioritised.

	Airbus	Eurocopter	Astrium	Cassidian
Business / Technical	<ul style="list-style-type: none"> - All Learning actions related to AKCs and EKC- A350 industrialisation, A320 Neo, A400M industrialisation, A380 recovery - Support worldwide expansion and Extended Enterprise and monitor supply chain 	<ul style="list-style-type: none"> - Improve Programme Management - Continue to invest in Innovation - Master Production Ramp-Up 	<ul style="list-style-type: none"> - Programme, Risk and Cost Management - Customer and Business Orientations - Supply Management - Quality and Eco-Efficiency 	<ul style="list-style-type: none"> - Learning actions related to Cassidian's Key Engineering Capabilities - Sustained investment in Systems Engineering and Project Management also linked with certification (PMP, CSEP) - Learning policy and training initiatives supporting globalization
Organisational/ Managerial	<ul style="list-style-type: none"> - Process management driven by SHAPE (Shaping Airbus Process Excellence) and LEAN deployment - Leadership and Engagement - Health and Safety 	<ul style="list-style-type: none"> - Foster Empowerment - Continue Lean journey 	<ul style="list-style-type: none"> - Change Management, LEAN and Innovation mindset - Leadership and People management (intercultural and diversity) - AGILE training initiatives (Astrium Transformation Programme) 	<ul style="list-style-type: none"> - Sustained development of young professionals - Leadership on change management supporting transformation and people engagement - Awareness trainings on work-related stress for manager and frontline staff
Other priorities	<ul style="list-style-type: none"> - Project and Programme Management - ARP (Airbus Resource Planning) deployment 		<ul style="list-style-type: none"> - ECM and LMS further integration 	

RECRUITMENT

As it grows, EADS is expanding its workforce in Europe and around the world. Attracting the talented recruits with the competences it needs is essential for EADS to achieve its strategic goals. The Group ranks highly in independent engineering industry employee surveys.

EADS seeks to recruit the best candidates in engineering and all other skills that it needs, and then to help these individuals to develop their skills. In order to achieve this, the Group is continually refining and improving recruitment and career management processes. In 2012, EADS recruited 11,080 employees worldwide (8,238 in 2011), while 4,042 employees left the Group (3,666 in 2011). At year-end the EADS workforce had increased to 140,405 (133,115 at year-end 2011). The ongoing ramp-up in EADS programmes was the main reason for the increase in the workforce. EADS plans to recruit another 5,000 people in 2013.

HR works with universities in its home countries, and increasingly worldwide, to attract engineering students and facilitate technological cooperation (see Corporate Citizenship section). EADS Expert engineers and technicians help to design universities' engineering courses and sit on their boards.

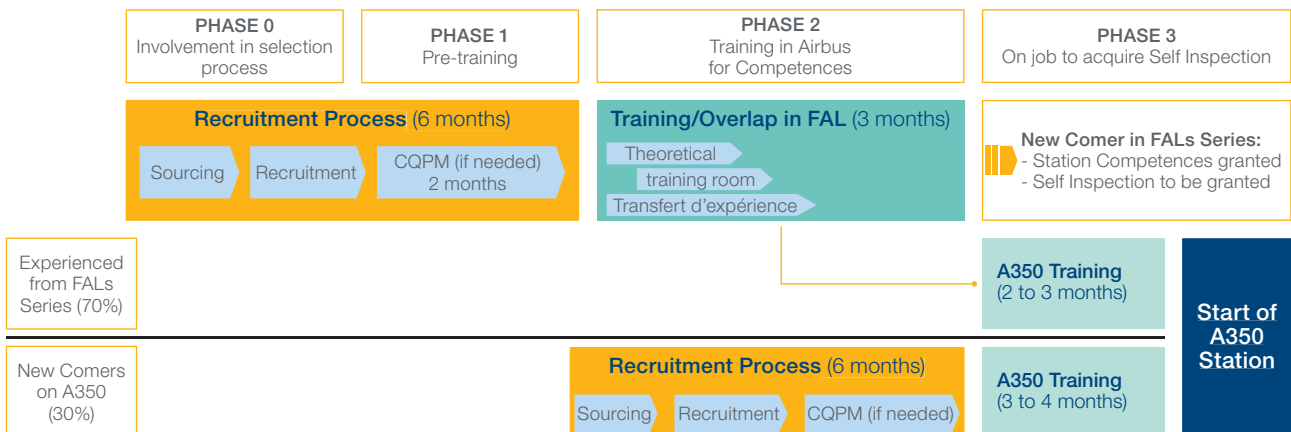
Independent surveys continually recognise EADS and its Divisions as employers of choice. According to research conducted by international HR services company Randstad, experienced professionals ranked EADS and its Divisions in the top three employers in France, Germany and Spain for 2012. Similarly, French engineering students rated EADS as Europe's number one employer, according to both the Trendence and Universum graduate surveys (see illustration below). During recruitment, there is a policy of hiring from a fully diverse range of people, with, for example, targets for female recruits (see Diversity sub-section). Once recruited, EADS offers employees a wide range of career opportunities across its Divisions and countries (11.1% of new hires were from outside Europe in 2012, see Recruitment sub-section). Competence development and mobility help engagement, contributing to the low turnover rate that was 3.0% in 2012.

RECRUITING FOR THE A350 FINAL ASSEMBLY LINE

As the new A350 aircraft moves into industrial production, Airbus has been hiring new staff for the programme. Approximately 30% of employees on the Final Assembly Line are new recruits, creating hiring and training challenges. The remaining 70% are experienced blue collar workers, coming from the

existing aircraft final assembly Lines (Single Aisle and Long Range). In all, Airbus spends six months on the recruitment process and invests in three to four months' training for each individual in the competences required for the job. They are then ready to start working with the appropriate quality level.

RECRUITMENT/TRAINING PRINCIPAL



DIVERSITY AND INCLUSION

EADS is working hard to increase the diversity of its workforce and the inclusiveness of the environment, to boost engagement, innovation and long-term value. Recruiting from a diverse pool of people gives more opportunity to recruit the best talent in more varied areas. Specific initiatives and action plans have been set up and are gradually progressing in several areas of diversity, moving towards EADS' medium-term targets.

While EADS' workforce is already diverse, spanning four generations and more than 130 different nationalities, the Group is progressively making it more so. HR started launched a 'Diversity at EADS' initiative in 2011, followed by a new strategy framework in 2012.

The initiative has four different work streams: to advance behavioural change, to encourage people to assume greater responsibility in this area, to have an organisation that supports a diverse workforce, and to have a global outreach. Each work stream has plans for improvement focused on four target groups: inter-generational, disability, gender, and social and cultural. The improvement plans are varied, span all Divisions and include, for example: the support of a women's network, increasing self-awareness on diversity topics, a leadership programme for women and a buddy programme for experienced employees to coach newcomers. These plans are raising awareness across EADS, creating a more inclusive working environment.

ACTIVITIES AND PROGRESS

Gender diversity

Recruiting more women is a priority. By 2020, EADS wants women to make up 25% of all recruits and 20% of the senior manager and executive community. In 2012, 21.4% of the new recruits were women, and women made up 17.3% of the active workforce. Additionally, 250 female employees attended a development programme targeted specifically at talented women in the early-to-mid stages of their career (124 in 2011).

Women receive fair professional development and remuneration compared to men. The diversity initiative promotes female employees' interests, creating working practices that encourage them to join EADS and stay, including remote working pilot schemes and part-time work. (There are also parental leave schemes for men.)

Cultural, social and age diversity

Cultural diversity is a particular focus, helping EADS to enter non-European markets. By 2020, the Group aims to employ 20% of its employees outside Europe. At the end of 2012, non-European employees accounted for 11.1% (8.3% in 2011) of the workforce, with the balance from France, Germany, the UK and Spain.

Recognising its older employees' expertise, EADS is helping them to share their knowledge and to plan their future careers. Agreements covering the topic have been signed with unions in France.

Several initiatives encourage social diversity. For example, in 2009 an agreement was forged with the French Ministry of National Education for recruiting young people from deprived areas.

The French government has recognized EADS' strong record in diversity, giving it the Label Égalité award in both 2005 and 2008.

Handicap

EADS complies with national legislation on handicap and employment of disabled people in each country where it operates. All Divisions are strengthening support for handicapped people. Several social agreements have been signed that aid recruitment and continued employment of disabled people, and foster partnerships with agencies working with the handicapped. Awareness training has been developed to ensure an inclusive working environment for all.

17.3%
of the active workforce
are women

HEALTH AND SAFETY

EADS aims to develop a culture that delivers a world-class standard in health and safety performance, with competent, risk-aware employees who feel responsible for themselves and each other.

In order to maximise the effectiveness of health and safety improvement activities, EADS created a Group headquarters for health and safety in 2012. The Group health and safety team supports all parts of the organisation, making sure that they contribute to the Group target of a 15% reduction in accidents by the end of 2014. Lost Time Injury data is currently used to measure this performance.

Also during 2012, EADS published its formal Group health and safety policy, authorised by the CEO, reflecting its belief that good health and safety has both a moral and a commercial imperative. The policy commits EADS to reduce the risk of accidents and ill health, and provides the core principles to support ethical and regulatory-compliant decision making. This policy will help to protect employees, the environment and the business.

In fact, EADS Group accident reduction performance was slightly better than the annual target in 2012, at 8.22%. (see table below). Airbus did exceptionally well, reducing its Lost-Time Injury rate by 13%.

Health protection is a key priority. Individual health surveillance is used to systematically determine fitness and detect and assess any adverse health effects of work.

Occupational health professionals support employees with restricted capability, sometimes by helping them find the external services they need in order to recover.

A large-scale biological monitoring study was concluded in 2012 with positive results. The study concluded that, generally, employees are risk-aware and comply with the safe systems of work provided to protect them from exposure to chemicals and physical agents. But the study also identified areas of possible improvement in prevention that are being addressed.

Industrial hygiene scientists are also involved in research projects looking into the development of new technologies. They are working with external laboratories and suppliers to determine effective risk control strategies.

The Group recognises that psychological health is just as important as the physiological. Experts are improving awareness of psychological issues and deploying methodologies to evaluate the risks. These methodologies identify areas of potential risk and help to plan improvements. Employees can seek help from a number of services, depending on their location, including psychosocial 'First Aiders' who direct people to suitable support and anonymous help lines.

40

AVERAGED MONTHLY LOST TIME INJURY INCIDENCE RATE

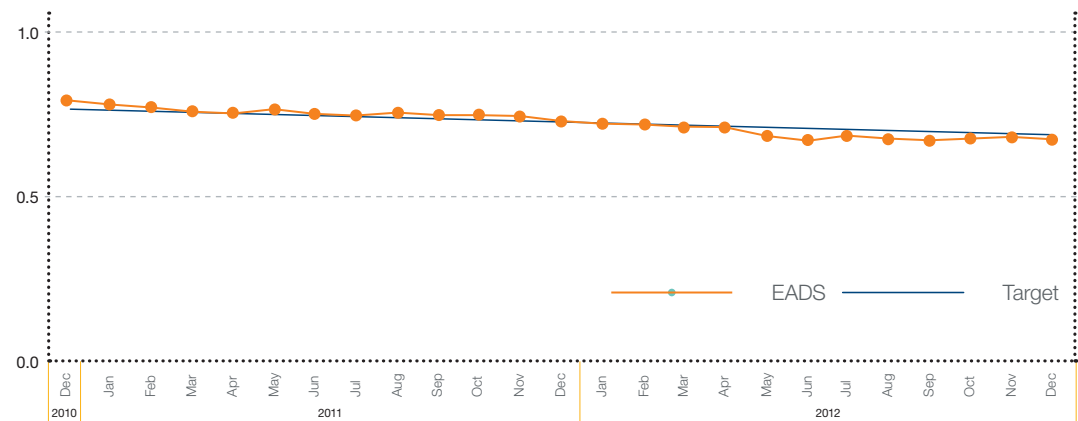


Figure – Graph of average reported lost-time injuries (LTIs). (LTIs are defined as the number of days lost due to workplace injuries, ranging from bad backs to accidents).

ENGAGEMENT

EADS has a range of initiatives designed to support employee engagement and to enhance its attractiveness as a workplace. Additionally, the ‘my life at EADS’ programme is addressing employee needs, focusing in particular on work-life balance.

Employee engagement is a priority. HR is seeking to improve engagement through measures ranging from greater employee empowerment to significant improvements in working conditions. A survey measures progress every 18-24 months, identifying areas for further development.

Conducted for the third time in 2012, the survey recorded a meaningful increase in employee engagement and satisfaction across all Divisions. Further activities to increase engagement have been put in place, as have exchanges of best practice (e.g. customised workshops, spontaneous recognition schemes, etc.). The fourth wave of EADS Engagement survey will take place at end of 2013/beginning of 2014.

MY LIFE AT EADS

The Group continued its ‘my life at EADS’ initiative in 2012, addressing employee needs in particular with regard to ‘safety’, ‘health, wellbeing and stress prevention’, ‘adaptive workplace’, ‘diversity’ and ‘childcare’. On childcare for example, existing arrangements have been reinforced with new facilities set up at several sites in France and Germany. Feasibility studies are underway for more childcare facilities at EADS’ sites, as well as for arrangements with external childcare providers close to company workplaces.

For example, the nursery that recently opened at the Airbus France plant in Saint-Nazaire is fully occupied and every time a child leaves its place is immediately filled. The nursery has made the plant a more attractive workplace and contributes to employees’ work-life balance.

A MODERN WORK-LIFE BALANCE

EADS launched its “Care for Life” programme in 2012 that offers employees in Germany the opportunity to take time off work for a certain period while continuing to receive a large part of their salary. Employees can cut back their working hours for a certain period or take up to a

year off work. EADS supports them by continuing to pay up to two-thirds of their regular salary. This initiative places employees’ needs at the heart of HR policy. They can take time off for purposes such as nursing family members or achieving personal plans.

PROCESSES



42 EADS IS INVESTING IN CUTTING ITS ENVIRONMENTAL FOOTPRINT, WHILE IMPROVING ITS FINANCIAL PERFORMANCE. THE GROUP HAS SET AMBITIOUS TARGETS FOR REDUCING THE IMPACT OF ITS INDUSTRIAL OPERATIONS BY 2020, AND IS MAKING PROGRESS TOWARDS THEM. TO ACHIEVE ITS AMBITIONS, EADS HAS ESTABLISHED SEVERAL POLICIES AND TOOLS.

INDUSTRIAL PROCESSES

REDUCING THE ENVIRONMENTAL FOOTPRINT AND IMPROVING FINANCIAL PERFORMANCE

EADS takes an eco-efficiency approach to industrial processes, intended to reduce its environmental footprint while improving its financial performance. The Group has embedded this principle into its business model (see *Innovation section*). Its Divisions and Business Units are working towards a set of targets for the year 2020, sharing best practice and knowledge in order to achieve these goals.

Reducing the environmental footprint of its industrial operations is part of the Group's product lifecycle approach to eco-efficiency—encompassing design, supply chain, manufacturing, operations and end-of-life. EADS is planning and implementing systematic ways to value the environmental savings across sites world-wide.

At the same time, the Group is continually anticipating future environmental legislation and regulations.

ENVIRONMENTAL TARGETS

A set of environmental goals for industrial operations is embedded in EADS' Vision 2020 strategy. These are as follows:

Goals for industrial operations

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

Within these Group-wide targets, each of the Divisions has specific goals. These plans are driving step-changes in environmental efficiency, which are also improving cost efficiency.

GROUP POLICY AND NETWORK

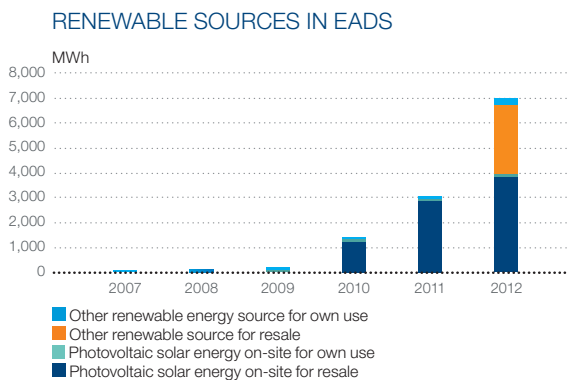
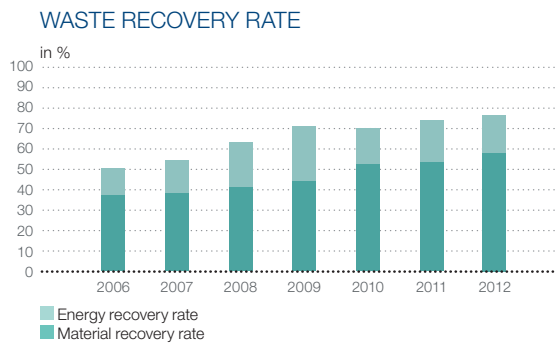
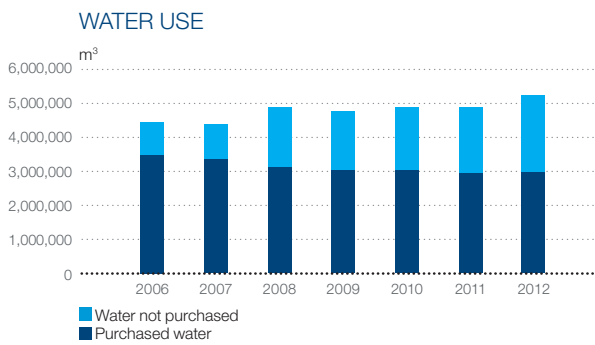
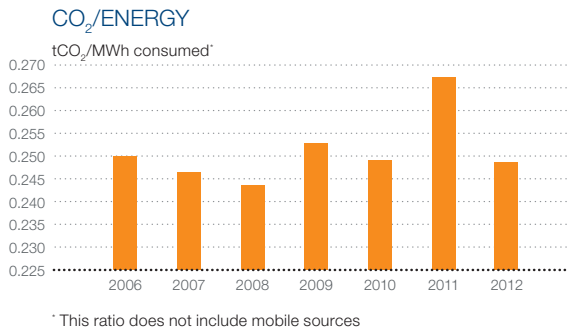
EADS' Environmental Policy was published in 2008. It both defines and directs the way in which the Group is embedding eco-efficiency within product development, industrial operations and services.

The policy has nine principles and goals:

- > 1. Comply with applicable environmental laws and regulations and develop state-of-the-art environmental standards
- > 2. Evaluate the main environmental aspects, opportunities and risks of operations and products, and act to minimise impacts across lifecycles
- > 3. Establish a formal, lifecycle-oriented, advanced environmental management system to cover all Group activities
- > 4. Provide transparent, reliable and regular reporting on environmental performance, and strive to nurture scientific debate through the provision of accurate and relevant data
- > 5. Achieve environmental excellence in technology and mobilisation of expertise, contributing to the research, design and development of optimally clean and green technologies and products; without compromising quality, technical requirements and safety
- > 6. Use EADS' best technologies and products to help protect the environment, to diagnose and to mitigate possible sources of environmental degradation, and to adapt to unavoidable changes in the environment
- > 7. Contribute to the establishment of an international industry framework of goals, practices, standards and rules; based on dialogue and voluntary commitments
- > 8. Increase the awareness of environmental challenges among the Group's stakeholders
- > 9. Promote and support concrete changes towards individual environmentally-friendly behaviours, with the firm belief that EADS' employees are key players in the implementation of its eco-efficiency strategy.

A corporate roadmap outlines the series of projects necessary for implementing the policy. Supplementing this corporate roadmap, Airbus, Eurocopter, Cassidian and Astrium have produced their own plans.

The EADS Environmental Network—which includes representatives from each Division, Business Unit and entity—oversees the policy's implementation. The network promotes cross-organisational sharing of best practice, monitors achievements, identifies opportunities and



risks, and anticipates emerging regulatory frameworks. A Corporate Environmental Affairs department helps the Divisions to achieve their objectives and coordinates the Group's approach to environmental issues. The department identifies trends that may evolve into regulations, and supports the implementation of regulatory monitoring tools and services. Additionally, it works to improve performance, environmental reporting and best-practice sharing.

ENVIRONMENTAL MANAGEMENT SYSTEM

EADS is committed to a continuous improvement of its environmental performance. This has led to it implementing environmental management systems (EMS) to monitor and minimise the environmental impacts of its processes and products. The EMS comply with the International Organisation for Standardisation (ISO) 14001 norm. Almost all of EADS' sites have achieved ISO 14001 certification for their EMS. At the end of 2012, 96 sites were covered and almost 90% of EADS employees worked at certified sites.

At Division level, Airbus has global ISO 14001 certification, a certification covering all of its sites world-wide, as well as all of its activities throughout the lifecycle of its products. Additionally, Eurocopter has targeted achieving the ISO 14001 certification of all its subsidiaries throughout the world by the end of 2015. Within this framework, in 2012, three additional sites received their ISO 14001 certification: Eurocopter Romania, Eurocopter UK and Eurocopter USA.

ENVIRONMENTAL REPORTING

Group environmental reporting guidelines comply with Global Reporting Initiative requirements. A specialised accounting software tool provides comprehensive information, including key performance indicators (KPIs). Reporting has been extended to a larger number of sites in recent years, and the documentation that forms the basis for environmental reporting is reviewed each year to ensure approval at local level. Audits are carried out each year on numerous environmental indicators displayed in this report, such as scopes 1 and 2 GHG emissions (according to Greenhouse Gas (GHG) Protocol definitions), relating respectively to direct emissions from energy, refrigerant leakages, processes and indirect emissions from purchased electricity and steam. These audits also cover indicators related to waste generation and water consumption and discharges. They are key to ensuring continuous improvement within the reporting boundaries, sharing of best practice and evidence of our data quality.

IMPROVEMENTS TO PROCESSES

MATERIALS AND BUILDINGS

The Divisions are making specific improvements in order to move progressively towards achieving the targets set for 2020. They are using state-of-the-art construction techniques for new buildings, making processes more efficient, investing in new equipment and replacing hazardous chemicals. EADS' four Divisions are all introducing measures to cut environmental waste at their industrial facilities, reduce water consumption and hazardous-substance use, with the intention of meeting the Group's ambitious targets for 2020. Furthermore, the Future EADS project, which aims to increase Group synergies and efficiencies, has driven energy saving measures. The following paragraphs describe some of the Divisions' specific initiatives, which together will achieve the 2020 targets.

SMARTER INDUSTRIAL OPERATIONS

Within Airbus, the blue5 organisation introduced in 2011 has a series of annual environmental reduction targets, which cover activities from buildings and manufacturing processes to information and communications technology equipment across Europe. The blue5 organisation has ambitious annual targets (as the table below shows) and is on track to meet them.

Buildings

As Airbus has expanded production in the last few years, it has built state-of-the-art buildings, with low environmental profiles. For example, in late 2012 the new factory built to make the A350 XWB aircraft's wings in Broughton in the UK was judged «excellent» in a BREEAM assessment. The factory has biomass heating boilers, improved insulation, photovoltaic solar tracking arrays, a rainwater harvesting system and many other building management system improvements. As a result, Airbus calculates that the building's CO₂ emissions are 47% lower than they would have been if it had used a conventional construction.

Industrial processes

In 2012, Airbus started to deploy a «LEAN» initiative called STRE3TCH at its European industrial sites. The STRE3TCH acronym stands for STop, REmove, REpair, REDuce, Trade and Change; the initiative seeks to reduce energy consumption while decreasing cost and environmental impact. It has already led to its industrial processes consuming significantly less energy during the pilot phase.

In Europe, Eurocopter expanded its Donauwörth site in Germany in 2012, incorporating low energy consumption technologies. The new building, in which Airbus A350 doors are manufactured, uses geothermal groundwater to produce 50% of the energy of the building, which saves 2.7 GWh per year, equivalent to the usage of 1,080 households. Moreover, heat-recovery systems were installed in four paint shops; the energy saving represents 10 GWh per year, equivalent to more than 10% of the current energy consumption of the site (or 4,000 households). Eurocopter has also installed 16,000 m² of solar panels, covering the car park of its Marignane site in France. These panels generate electricity equal to the annual consumption of 1,200 households.

In Brazil, the new Helibras Itajubá production facility opened in 2012, incorporates the most up-to-date sustainability concepts. The main building's architecture uses natural light to illuminate the interior, with solar panels generating electricity and translucent industrial shutters providing ventilation. The roof collects rainwater for use in industrial processes. Additionally, a recycling programme is collecting approximately four tons of material per month.

REACH COMPLIANCE

EADS is committed to complying with REACH, the main EU regulation for controlling and progressively eliminating the most dangerous chemicals. For example, Airbus has replaced chromate aircraft coatings. EADS suppliers are also expected to comply with REACH. Tracking tools have been put in place to assess which substances are being used by suppliers. The Group is a member of the International Aerospace Environmental Group, a non-profit corporation established to help aerospace companies and their supply chains to comply with laws and regulations protecting human health and the environment.

Baseline 2006 Iso-production Iso-perimeter	blue5 objectives	2012 achievements Revenues criteria
Energy	-30%	-20%
CO ₂	-50%	-21%
Non-recycled Waste	-50%	-48%
VOC	-50%	-54%
Water	-50%	-37%

SUPPLY CHAIN



46 AS AN ARCHITECT AND INTEGRATOR OF AEROSPACE AND DEFENCE PRODUCTS, EADS RELIES ON ITS SUPPLY CHAIN. ITS ABILITY TO CREATE SUSTAINABLE VALUE DEPENDS ON THE QUALITY OF ITS RELATIONSHIPS WITH SUPPLIERS. THE GROUP RECOGNISES THIS AND IS CONCENTRATING ON IMPROVING THE WAY IT MANAGES ITS SUPPLIERS, AS WELL AS HELPING SUPPLIERS TO PERFORM.

STRONG PARTNERSHIPS

EADS is actively strengthening the quality of its supply chain. As it sub-contracts a greater proportion of manufacturing, it has designed a series of policies and processes for building long-term, risk-sharing partnerships with major suppliers. Additionally, it is investing in initiatives to foster the health of the aerospace and defence supply chain in Europe.

The Group has developed a philosophy for forming mutually beneficial relationships with its suppliers called "Extended Enterprise." While this approach influences all supplier relationships, it applies to selected major suppliers. In the spirit of partnership, they share development and technology risks with EADS, and participate in the rewards of the programme. EADS is continually strengthening its procurement organisations to improve their ability to manage these relationships.

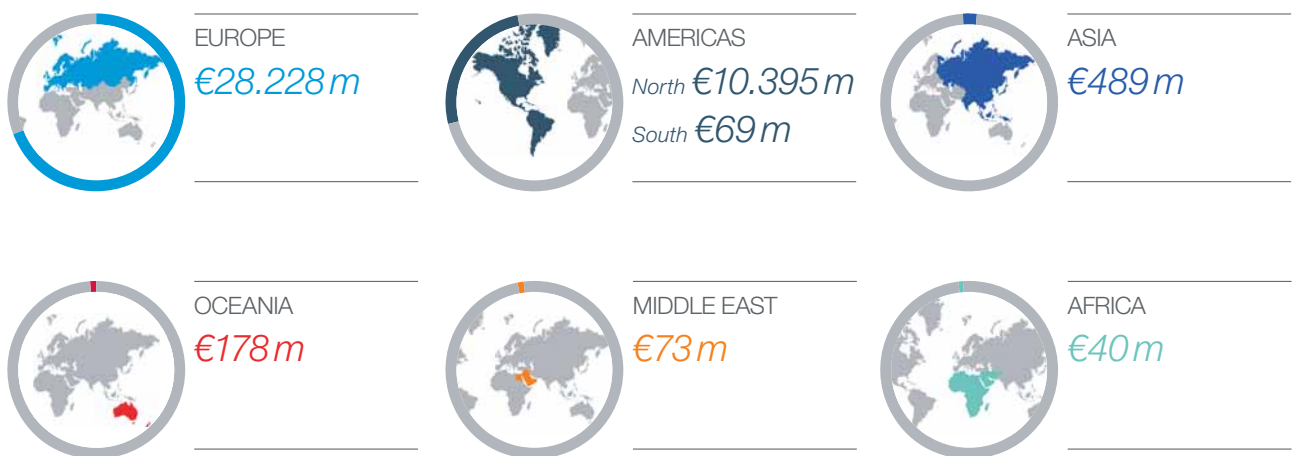
Suppliers contribute a high proportion of the value of EADS' programmes. In 2012, external sourcing was €39.5 billion, equating to a stable ratio of approximately 70% of Group revenues.

SUPPLIER STRATEGY

The Group is seeking to work with a smaller number of stronger partners in order to make the supply chain more robust. Partly as a result of this aim, the supply chain is becoming more concentrated. In 2011, the top 10 direct suppliers accounted for 54% of direct procurement spending, up from 52% in 2010.

As EADS expands outside Europe, the supply chain is becoming strategically important as an aid to entering growth markets and increasing capacity. The Group has built a network of country sourcing offices, which will help it to attain a target of 40% of sourcing from outside Europe by 2020. A sourcing office was opened in Brazil in 2012, following offices in India, China and the United States in recent years.

EXTERNAL SOURCING TURNOVER PER REGION



EXTENDED ENTERPRISE PHILOSOPHY

EADS uses a common supply chain philosophy, called the “Extended Enterprise,” to develop optimum ways of working with suppliers. Major suppliers naturally become a part of the “Extended Enterprise” approach, but the ethos applies to all supplier relationships. A framework of processes and tools is used to implement it.

EADS has defined a policy for working with key suppliers in an “Extended Enterprise” fashion. The policy states that successful aerospace and defence programmes depend on the quality of their key suppliers, as well as the governance and processes that formalize these relationships. The evolution of EADS’ business model from manufacturer to integrator makes working effectively with suppliers more important.

The “Extended Enterprise” concept involves a philosophy of partnership; EADS and its suppliers share both risks and opportunities. Specifically, the EADS Division and its supplier share responsibility for developing technology, and the supplier receives larger work packages of greater scope. In the spirit of partnership, the Division and its supplier develop the technology roadmap jointly and specify the supplier’s work package jointly.

All of the Group’s Divisions are progressively adapting to these new ways of working, with a common goal of:

- ▄ Reducing lead times
- ▄ Ensuring robust production ramp-ups
- ▄ Delivering high-quality products
- ▄ Innovating with suppliers.

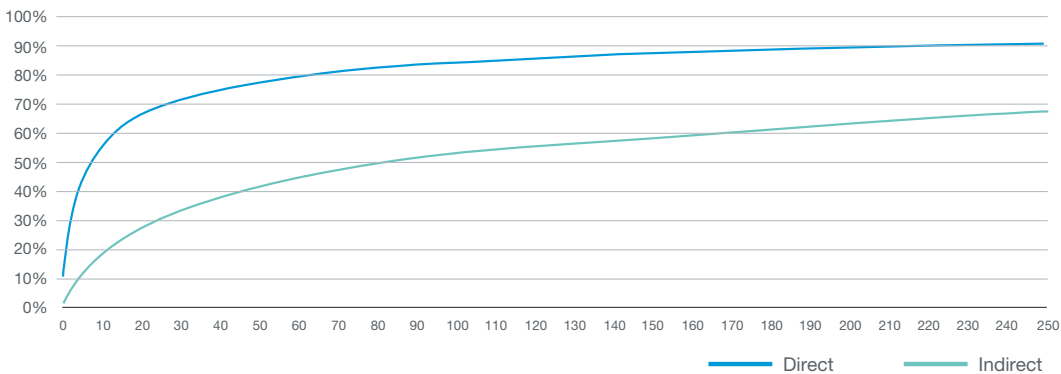
The policy is built on existing best practice observed in the Group’s various Divisions.

In the event that a Division, or Business Unit, decides to develop an Extended Enterprise-type relationship with a major supplier for a specific programme, the policy describes selection criteria. These 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.

PRE-REQUISITES AND STEPS TO WORKING WITH KEY SUPPLIERS IN EXISTENT RELATIONSHIPS



NUMBER OF SUPPLIERS VS. AGGREGATED EXTERNAL TURNOVER 2011



11,330

Number of Suppliers* (direct)

22,621

Number of Suppliers* (indirect)

* Consolidated, Suppliers with Direct and Indirect Volumes are counted twice

Before forming such a relationship with a supplier, the Division or Business Unit is required to analyse why outsourcing would confer a sustainable competitive advantage, so supporting medium-to-long term strategic objectives.

Formal “Extended Enterprise” relationships operate within well-defined contractual frameworks. Examples of ways of working include:

- ▮ Enablers and interfaces are pre-defined for each area of work
- ▮ Management processes must be sufficiently mature
- ▮ Definitions must be in place for—scope, collaboration method, project management rules, intellectual property, confidentiality, competence and delegation level, support conditions and duration of the contract/programme
- ▮ There must be set expectations, with measures of performance
- ▮ There must be action plans for suppliers throughout the whole product/programme lifecycle, including potential handover/ending conditions
- ▮ Milestone achievements should be linked to financial incentives.

EADS only forms a formal Extended Enterprise relationship after careful review of its strategic merits and subsequent preparation of enabling processes. Lessons learned in recent years during development of the A350 XWB aircraft programme have informed the philosophy and many of its associated practices.

HELPING THE SUPPLY CHAIN

EADS’ Eurocopter Division continues to develop a pioneering approach to improving the environmental performance of its supply chain, called the CORINE project. This project is helping Eurocopter to improve the environmental footprint of its programmes. It is also a major advance for small and medium-sized enterprises (SMEs) which often lack the resources to reduce the environmental impact

of manufacturing processes. Running from 2010 to 2013, and financed by up to €3.5 million from the LIFE European program, CORINE deploys a collaborative eco-design tool to identify new processes and materials that will reduce solvent use, production of hazardous waste, energy consumption and carbon emissions throughout a helicopter’s lifecycle.

AIRBUS MATERIAL ENABLEMENT

Suppliers benefit from EADS contractual terms, while Airbus has given more than 100 selected subcontractors the opportunity to purchase materials, such as metals, composites or standard parts, under EADS contractual terms, taking advantage of Airbus/ EADS’ pre-negotiated conditions

with materials suppliers. The overall business benefits include:

- Long-term contracts with managed prices
- Assured supply of materials
- Secured qualification
- Monitoring of quality
- Improved forecast volume demand
- Optimised batches.

GOVERNANCE AND INITIATIVES

EADS' Sourcing function has developed a supply-chain governance framework, backed by processes and tools. Additionally, the Group is pursuing a range of initiatives to strengthen the global aerospace and defence supply chain.

As EADS matures its approach towards being an architect and integrator, it is improving the way that it manages suppliers through strengthening procurement governance, as well as introducing new tools and initiatives. In this way, it is maximising the synergies to be gained from its buying power, while also making sure that best practices spread throughout the Group.

In 2012, this process of improvement was pursued with renewed vigour. Supply chain governance progressed with the establishment of a new Propulsion Board, which oversees relationships with engine manufacturers, while Airbus and Eurocopter streamlined their procurement organisations. There was also a focus on making procurement leaner and more effective. And, the Sourcing function sought to enhance the skills and engagement of procurement professionals.

As part of managing supply chain risk, EADS is flowing sound CR&S principles into its supply chain. As a participant in the UN Global Compact, which encourages businesses to adopt responsible practices and report on their progress, EADS is committed to apply the Compact's principles to its supply chain. The Group requires suppliers to comply with common standards relating to: human rights, labour, the environment and anticorruption. EADS' CR&S principles are fully integrated in the supplier selection and contracting process. Its expectations of suppliers are summarised in the EADS Supplier Code of Conduct—Growing Together, which was updated and communicated in 2012.

PROCUREMENT GOVERNANCE

The formal governance framework operates across the Group. EADS' broad strategic vision is reflected in a Group-wide procurement strategy, which most of the Divisions have embedded in their own procurement strategies.

A series of pan-EADS procurement boards maximises synergies, exchanging best practice, discussing supplier performance, forming common strategies and meeting common suppliers. These boards are the:

- EADS General Procurement shared service for indirect procurement, which procures general goods and services from stationery to accountancy.
- Material Board, which governs materials and parts procurement, including metals, composites, electronics and standard parts, and acts to ensure coordination between the Divisions and strategic suppliers through steering the Lead Buyer Network having the mandate to negotiate EADS framework contracts.
- Aerostructures Board, in charge of airframe components, including fuselage, wings, etc.
- Systems and Equipment Board, in charge of systems and components, such as landing gear, flight-control systems, actuators, etc.
- Propulsion Board, in charge of engines and auxiliary systems, which was established in 2012.

CASCADING CR&S PRINCIPLES

Procurement Compliance Officers coordinate measures to promote CR&S and compliance in the supply chain. The officers' role includes conducting risk analyses, defining and implementing guidelines, monitoring procurement compliance, investigating non-compliance and sharing best practice. The Sourcing CR&S Network makes sure that CR&S objectives are inserted into management processes and associated documentation. A variety of tools embed CR&S into the supply chain, including the supplier code, a supplier evaluation questionnaire, contractual clauses to ensure supplier compliance with EADS policies and recommended environmental requirements for suppliers.

TOOLS FOR FOSTERING CONTROL AND TRANSPARENCY

Watchtower

The “Watchtower” monitors major suppliers and those thought likely to be at risk for signs of distress. Financial statements and operational performance is monitored. Additionally, EADS anticipates the capital investments suppliers will need and how this might affect their finances. If EADS does discover difficulties, it suggests recovery plans ranging from engineering or financing measures to more fundamental solutions. Originally introduced by EADS in 2008 to foresee the effect of the financial crisis on suppliers, all the Divisions have since developed similar systems and exchanged on critical suppliers.

EADS strategic procurement solution (ePROC)

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

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

Supplier Evaluation and Development (SED)

Supplier performance is continually measured, using a common Group-wide set of criteria. Results are communicated to the supplier and actions are agreed to improve performance. The aim is to reach defined levels of cost, quality and delivery in order to achieve a long-term relationship with EADS. The SED process is deployed at Group level and then further developed by the SED Network. The five criteria for measuring performance are: (1) commercial, (2) logistics, (3) customer support, (4) quality and (5) technical. A traffic light system denotes performance.

IMPROVING EUROPE’S AEROSPACE AND DEFENCE ECOSYSTEM

Recognising its dependence on Europe’s small- and medium-sized aerospace and defence companies, EADS is playing a key role in a number of initiatives intended to strengthen the sector.

The Supply Chain Progress towards Aerospace Community Excellence (SPACE™) initiative commits Europe’s main aerospace companies—including EADS and its Divisions—to supporting improvement in the industrial processes of Europe’s small and medium-sized aerospace companies. As the aerospace industry

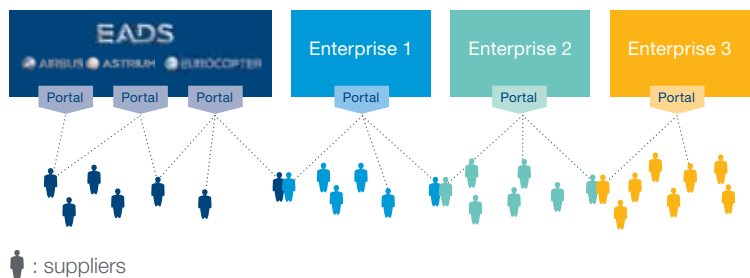
grew, so the activities of this not-for-profit organisation increased in France and Germany during 2012, with further acceleration expected in 2013. In its five years’ existence, SPACE™ has supported more than 35 industrial improvement projects and trained more than 200 people in controlling industrial processes.

Aero Trade is a further example of how EADS is helping the supply chain. Its Airbus Division has contributed to setting up this centralised purchasing organisation for SMEs in the Midi-Pyrénées and Aquitaine regions of France. Established in 2009, the organisation helps SMEs to fund their purchases of raw materials such as aluminium, titanium and steel. It aims to place orders of €20 million in 2013, rising to €160 million in 2016.

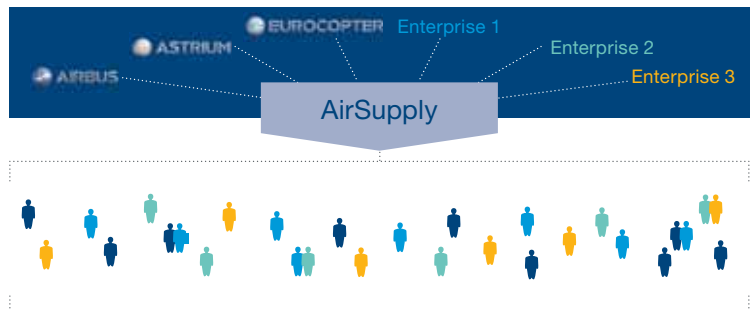
Finally, EADS is working with other leading European aerospace and defence companies to enhance coordination in the supply chain. EADS and its peers have established a common supply-chain platform, called AirSupply, through which they give suppliers forecasts of future demand. For the leading European aerospace and defence companies, it should serve to reduce supply chain bottlenecks and generally to improve performance. In 2012, the Divisions moved several hundred suppliers onto the platform.

“AIRSUPPLY”: A GREAT EUROPEAN AMBITION

From individual Supply Chain Portals...



... to a unique European Aerospace and Defense Supply Chain Platform



CITIZEN SHIP

52 EADS IS A LONG-TERM PARTNER AND INVESTOR IN THE COUNTRIES WHERE IT DOES BUSINESS, PROVIDING HIGHLY-SKILLED EMPLOYMENT IN EUROPE AND OTHER REGIONS. IN THIS WAY, THE GROUP SUPPORTS LOCAL ECONOMIES AND MAKES THEM MORE COMPETITIVE. TO COMPLETE ITS CONTRIBUTIONS TO LOCAL COMMUNITIES, GROUP FOUNDATIONS BACK SCIENTIFIC RESEARCH, YOUTH DEVELOPMENT, ENVIRONMENTAL ACTIVITIES AND HUMANITARIAN AND COMMUNITY SUPPORT. EADS CONTINUALLY REFINES ITS APPROACH TO PHILANTHROPY, INVOLVING EMPLOYEES AND TARGETING THE GREATEST POSSIBLE BENEFITS FOR THE RESOURCES IT COMMITS.

ACTIVE CITIZENSHIP

CONTRIBUTION TO LOCAL ECONOMIES

As EADS expands, it is creating high-value jobs in its European home countries and the other countries where it operates, training local employees, sourcing products locally and contributing to the strength of their economies and societies. In the past ten years, it has created many thousands of skilled jobs. In 2012 alone, the workforce expanded to 140,405, up from 133,115 at the end of 2011. Non-European employees accounted for 11.1% of the total (8.3% in 2011). EADS plans to recruit another 5,000 people in 2013 (see *People section, Recruitment subsection*).

The Divisions are hiring all over the world. Sites that are expanding include not only EADS' main European sites but also Airbus' new assembly line in Mobile, Alabama, USA, Eurocopter's Helibras assembly facility in Brazil, Astrium's satellite manufacturing joint venture in India and Cassidian's engineering centre, also in India.

EADS' expansion is also creating new jobs in the supply chain. In the field of scientific research, EADS continues to form symbiotic partnerships with local scientific communities in countries inside and outside Europe.

THE GROUP'S FOUNDATIONS

EADS' two corporate Foundations carry out the majority of the Group's philanthropic activities, although the Divisions and national subsidiaries also have their own initiatives.

EADS CORPORATE FOUNDATION

The EADS Corporate Foundation was established in 2004 to build ties between research centres, universities and business, and to promote the spread of science. Supported by Airbus, Astrium, Cassidian, Eurocopter, MBDA and EADS, its budget accounts for more than 6% of France's annual research sponsorship spending.

The Foundation supported 10 new research projects in 2012, bringing the total backed since inception to 120, including more than 45 laboratories or research centres. A total of €1.5 million was allocated for research into topics including producing renewable aviation fuel from H₂O and CO₂ using concentrated solar thermal energy, making artificial muscles and new approaches to developing photovoltaic cells (see *table below*).

The Foundation sponsored two new chairs in the year: (1) a chair at the University of Toulouse to research nano-materials and systems, with the aim of increasing the storage capacity of lithium-ion batteries and improving the impact resistance of composite materials; and (2) a chair researching propulsion and the environment, intended to strengthen the courses at the University of Orleans, the University of Poitiers, ENSIB and ISAE-ENSMA.

In the field of youth development, the EADS Corporate Foundation co-supported The Equal Opportunities Foundation in France, which operated for the first time in 2012. The Foundation, which encourages under-privileged children to enter further education, supported 34 educational projects, helping 3,500 young people. One flagship project was the "Justice" project, run as part of the Douai internship for excellence programme, in which pupils imagined and which reconstructed a trial, explaining how a court worked.

10 NEW RESEARCH PROJECTS SELECTED FOR FUNDING IN 2012

- Renewable aviation fuel production from H₂O and CO₂ using concentrated solar thermal energy
- Optimal and decentralized control of communication networks
- Preparation of nano-metals and hydrides via an electrochemical conversion process (MHx + xLi⁺ + xe⁻ = xLiH + M); with application as a negative electrode for Li-ion batteries and for hydrogen storage in fuel cells
- Robust learning with structured outputs
- New composite materials TiO₂/nano-diamonds for converting solar energy into hydrogen by photodissociation of water
- Monolithic magnetic power components
- Artificial muscles based on polymer actuators with linear deformation
- Growth and thermoelectric properties of bismuth nano-wires and nano-particles
- New approach in the development of photovoltaic cells : interpenetrating hybrid networks based on oxide-polymer for p, n volume hetero-junctions
- Computer-assisted "schedulability" and resource access checking for concurrent Java programmes using timed automata

COMPLETED RESEARCH PROJECTS

Since inception in 2004, the EADS Foundation's projects have helped France's scientific community to make notable progress in several areas of research. Below are two examples.

The "Flying Object Mimicking Insects" project has created a nano-drone with vibrating wings, the size of a flying insect (1-2 cm). Two laboratories worked together on the project: (1) French institute for electronics, microelectronics and nano-technologies IEMN and (2) French aerospace laboratory Onera. IEMN designed, produced and structurally optimised prototypes, while Onera developed an aeroelastic model that assisted with the design of prototypes and optimised their aerodynamic performance. The project's approach was differentiated by its inspiration from biology, the intensive use of micro-electromechanical

system technologies and its energy-efficiency-based system architecture. As a result, the laboratories developed an aero-elastic model, borrowing the aerodynamic and structural properties of flying insects.

In the four years leading up to 2012, **the Chaire Fondation EADS Central Nantes, dedicated to advanced modelling of composite manufacturing processes**, helped to establish the knowledge needed in Europe for manufacturing composite materials on an industrial scale. French state-run École Centrale de Nantes designed a degree course called "**Composite Structures: Modelling and Advanced Process Technology**." Additionally, research led to a far more efficient process for modelling and simulating composite forming processes, allowing for greater optimisation and control of these processes.

AIRBUS CORPORATE FOUNDATION

The Airbus Corporate Foundation, started in 2008, seeks to "go global locally" across each of its three themes—youth development, environment, humanitarian and community support (see next section)—by forming long-term partnerships with international organisations that have local capabilities near Airbus sites. In 2013, the Foundation will be renewed for a second five-year term, from 2013-2018, with a budget of €3.4 million.

YOUTH DEVELOPMENT

During 2012, the Foundation funded the Flying Challenge pilot programme in Toulouse from January through June, before officially launching it as a full-fledged programme for the 2012-13 academic year with partner United Way Tocqueville. Additionally, a Flying Challenge pilot in the Airbus site in Wichita, Kansas, USA, was launched in September, for the 2012-13 academic year. The programmes benefit more than 400 disengaged youngsters in Toulouse and Wichita, seeking to inspire them through weekly tutoring by business and engineering school students, and through coaching sessions by Airbus employee volunteers. The programmes include several field trips throughout the school year attended by the pupils, students and employee volunteers, and a Career Forum where employees showcase their professions. The programmes finish in a day dedicated to flight in small aircraft. So far this programme has reached over 400 beneficiaries in both France and the United States.

For the second year in a row, the Foundation continued its programme with the Gulf Coast Exploreum Science Centre in Mobile, Alabama. This programme is dedicated to making local youngsters interested in engineering and aeronautic careers. During the course of 2012, the programme excited local children through three events:

- ▮ Weekend Flight Challenge
- ▮ Summer Camp Flight Academy
- ▮ Principles of Flight (field lesson and complementary teacher workshop).

All three activities were administered through ExploreTec, a laboratory dedicated to promoting careers in engineering and technology.

In the last two years, the Exploreum has welcomed 1,060 schools and 50,000 student visitors. The Airbus programme has benefitted 50 Airbus employee volunteers, 170 students and trained 77 teachers.

In Germany, the Foundation continued its Airminies programme for the fourth consecutive year, which also seeks to widen disadvantaged youngsters' horizons; in this case through after-school activities involving aviation and aeronautics with the participation of Airbus employee volunteers. In four years, this programme has benefitted 400 youngsters.

ENVIRONMENT

In 2012, the Airbus Biodiversity Programme concluded its final expeditions. In September and November 2012, the Foundation sent another two groups of 16 employee volunteers to Southern India to build biogas plants for a local community living in a forest. In total, the Airbus Foundation has funded 35 biogas units for the community since the programme started in 2010, and employees have built 17 of them.

The Foundation's impact study of the programme showed the following positive social, economic and environment effects:

- ▮ The health in the home has improved as women no longer spend hours in the forest collecting firewood and do not have to breath in soot from walls in their houses.
- ▮ Selling cows' milk and slurry has empowered women, also increasing household incomes and assets.
- ▮ The incidence of burning firewood and pollution has fallen, benefitting a fragile, local ecosystem.
- ▮ Finally, the programme has increased Airbus employees' engagement and motivation, boosting their self-confidence and leadership skills.

Additionally, the Foundation's programme for raising youngsters' biodiversity conservation awareness continued for a third and final year in France, the UK, Germany and Spain. Airbus employees returning from India had made presentations to youth groups, telling them about their experiences.

During the Biodiversity programme's three-year life, the Foundation has supported 15 local environmental organisations world-wide, benefitted 19,500 young people and involved 96 Airbus employee volunteers.

HUMANITARIAN SUPPORT

In May 2012 the Foundation entered into a Memorandum of Agreement (MOA) with the International Federation of Red Cross (IFRC) and Red Crescent Societies, strengthening existing cooperation. Under the MOA, the two partners will do the following:

- ▮ Transport: Airbus will ferry Emergency Response Units, supplies and IFRC-associated staff.
- ▮ Training: Both partners will exchange and train staff in the areas of logistics management, procurement and optimisation.
- ▮ Community relations: National Red Cross and Red Crescent Societies will arrange opportunities for local collaboration such as joint volunteer initiatives.

The MOA was agreed following two successful pilot missions to aid the hunger crisis in Somalia in 2011.

The Foundation's goodwill ferry flights continued. In November, it coordinated a goodwill ferry flight on a Thai Airways A380, with the help of its local partner Aviation Sans Frontières, transporting medical equipment for the Veteran's Hospital in Bangkok. The following month, in December, the Foundation coordinated another goodwill flight with Tampa Cargo's newly delivered A330-F—delivering more than 1,000 teddy bears to hospitals and orphanages in Colombia and El Salvador for Christmas.

In September, the Foundation organised a "Humanitarian Day" at the ILA Berlin Airshow. Alongside Astrium, Cassidian and Eurocopter, the Foundation showcased the various products and services which have been deployed during humanitarian crises in the last few years.

OUR DATA



INDICATORS *AND APPENDICES*

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

YEAR ENDED DECEMBER 31, 2012

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

Further to your request, we have performed a limited review of a selection of environmental and social performance indicators selected by EADS (“the Indicators”⁽¹⁾), identified in this report by the symbol √, in the Corporate Responsibility and Sustainability 2012 Report on pages 62 and 63.

These Indicators have been prepared under the responsibility of the management of EADS, in accordance with:

- EADS environmental performance indicators reporting guidelines (EADS-CDS-011), published February 4, 2013,
- EADS greenhouse gas emissions inventory guidelines (EADS-CDS-045), published February 4, 2013,
- EADS HR Definitions Policy, “Headcount definitions for all consolidated companies of EADS”, published in May, 2006, updated November 30, 2012,
- EADS Specification for HR Definitions (Available ; Active Work Force ; Availability Reason), published in March 2007, updated in April 22, 2010,
- EADS Band Definition Policy, published in July 2007, updated January 5, 2011,

hereinafter the “Reporting Criteria”, which can be consulted at EADS headquarters and are summarized in chapter “Scope and Methodology” of the Corporate Responsibility and Sustainability 2012 Report.

The EADS Environmental Reporting Coordinator was responsible for preparing the environmental performance indicators. Head of HR Operations Data management and Reporting was responsible for preparing social performance indicators. Both environmental and social Reporting Criteria can be consulted at EADS headquarters and are described in chapter “Scope and Methodology” of the Corporate Responsibility and Sustainability Report 2012.

It is our responsibility to express a conclusion on these Indicators. Our review was conducted in accordance with the 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 2012 report. A higher level of assurance would have required a more extensive review.

NATURE AND SCOPE OF OUR WORK

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

- We assessed the Reporting Criteria with respect to its reliability, understandability, neutrality, completeness and relevance.
- We interviewed persons in charge of environmental and social reporting at corporate level to check compliance with the Reporting Criteria.
- We assessed the risk of material misstatement, performed analytical review and tests with relevant ratios and verified, on a test basis, the calculations and data consolidation.
- As part of our environmental performance indicators review, we selected a sample of 7 sites and subsidiaries. Sites were selected based on their activity, their materiality to the Group and their location. For these sites and units, we verified understanding and implementation of the Reporting Criteria and, on a test basis, verified the calculations and reconciled data with the supporting documentation. Our review covered the average of 29% for water indicators, 22% for waste indicators, 25% for CO₂ emissions indicators and 29% 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 Sevilla and Spain.
- We have also reviewed the presentation of the Indicators in the 2012 Corporate Responsibility and Sustainability report.

1 • Environmental indicators:

- Energy: 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);

- Green House Gases (GHG): Total direct and indirect GHG Emissions;

- Water: Volume of purchased water; Total water consumption; Total amount of water volume discharges;

- Waste: Total amount of non-hazardous waste and hazardous waste produced (excluding Exceptional waste); Material recovery rate (excluding Exceptional waste);

• Social indicators:

- Active workforce by region, division, contract type ;

- HR structure by age/gender, part-time proportion ;

- Employee turnover rate;

- Women of active workforce;

- Women in management positions;

- Total Number of training Hours; Total number of persons trained, Total Number of Training Hours related to Environment, Health and Safety; Total Number of Persons trained on Environmental, Health and Safety Topics.

COMMENTS ABOUT THE REPORTING CRITERIA

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

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

More than 43% of the "water volume discharges" indicator is not monitored by sites but estimated equal to the "Total water consumption". As such, the indicator barely reflects the level of effort to minimize "water volume discharges".

CONCLUSION

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

Paris-La Défense, April 25 2013

ERNST & YOUNG et Associés
Cleantech and Sustainability

Eric Duvaud

SCOPE AND METHODOLOGY

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

HUMAN RESOURCES REPORTING PROTOCOL

REPORTING SCOPE

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

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

REPORTING TOOLS

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

DETAILS AND METHODOLOGY

HEADCOUNT REPORTING

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

Active workforce

The reported number of employees shows the active workforce available in EADS Group on December 31, 2012. Active workforce is the official key parameter in the Group's reporting. It is defined in the EADS HR Definitions policy which was introduced in 2006. This policy is valid and binding for all fully or quota consolidated entities within the EADS Group world-wide. It was approved by the HR Directors and Finance Controlling. Active workforce includes regular employees (unlimited and limited contracts > 3 months duration) as well as seconded/transferred employees (within the Group). Temporary workforce, students, trainees and externals are excluded.

Permanent/limited contracts

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

HR STRUCTURE REPORTING

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

Active workforce by age

This indicator shows the percentage of employees per age group on 31 December 2012.

Part-time quota

this indicator shows the percentage of employees holding a part-time contract on December 31, 2012, in proportion to the active headcount at this time.

Percentage of women

The calculation of the percentage of women within EADS is based on the number of women included in the active workforce, status December 31, 2012.

Percentage of women in management positions

The calculation of the percentage of women in management positions within EADS is based on the number of women in Senior Management or higher levels included in the active workforce, status December 31, 2012. In EADS, 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 2012 (number of resignations, terminations, retirements, etc.) in 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 partial retirement—represent less than 1% additional turnover.

HEALTH AND SAFETY DATA REPORTING

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

Lost-time injury incidence rate 12

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

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

TRAINING DATA REPORTING

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

Total Number of Training Hours

This indicator is defined as the number of training hours managed and delivered by EADS Learning Services in 2012.

Total Number of Persons trained

This indicator is defined as the Total Number of People having participated in a training session, managed and delivered by EADS Learning Services in 2012.

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

This indicator is defined as the total number of training hours related to Environmental, Health and Safety topics managed and delivered by EADS Learning Services in 2012.

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

This indicator is defined as the total number of persons having participated to a training session, related to Environmental, Health and Safety topics, managed and delivered by EADS Learning Services in 2012.

ENVIRONMENTAL REPORTING PROTOCOL

REPORTING SCOPE

The data here results from the year's EADS world-wide reporting campaign, carried out by our Environmental network. EADS environmental reporting includes all the Group's consolidated companies with more than 50 employees, MBDA excluded, which represent 96% of the EADS total workforce. Among these companies, 85% 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 January 1, 2012 to December 31, 2012. MBDA data, MBDA being an EADS 37.5%-owned subsidiary, were not included in the scope of the environmental data reporting this year; 2012 data published on page 62 do not include MBDA. However, the scope of the ISO 14001 certification includes them.

Astrium UK data (sites of Poynton, Portsmouth and Stevenage) have not been reported during the 2012 environmental reporting campaign, and are therefore excluded from the reporting. Eurocopter Kassel data are based on 2011 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 have been updated, so as to be more relevant with sites' activities and management. Significant changes and external sources of calculation and conversion factors, if any, are indicated within this protocol.

EXTERNAL VERIFICATION

As part of our commitment to providing reliable information on our performance, we have asked Ernst & Young to review the reporting procedures and data for a selection of key environmental performance indicators published in this report: energy and CO₂ indicators, non-hazardous and hazardous waste produced and material recovery rate, purchased water and total water consumption, total water discharges. This brings the total of audited indicators to 13, as in 2011. The nature of the work performed and the results of the verification are presented on page 58 AND 59.

DETAILS AND METHODOLOGY

ENERGY CONSUMPTION

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

1. Fuel consumption from owned/controlled stationary sources;
2. Fuel consumption from mobile sources managed by the site;
3. Purchased electricity and heat/steam;
4. Electricity generated by photovoltaic sources on site for own use. Electricity/heat generated from CHP (Combined Heat Power plant) on site for own use is reported separately, primary energy used being natural gas which is reported in the energy consumption, explained above.

CO₂ EMISSIONS

The CO₂ teq 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: CO₂ teq emissions = Energy consumption x Emission factor. In scope 1 are also included CO₂ teq emissions linked to use of refrigerants, calculated with the following formula: CO₂ teq emissions = Refrigerant leakage amount x Global Warming Potential. These emissions are automatically calculated by the reporting tool based on energy consumption and refrigerants leakages reported and expressed in t CO₂ tonnes equivalent. Emissions of Greenhouse Gas due to physical or chemical processes (energy processes excluded) are also part of the scope 1 direct emissions.

TOTAL WATER CONSUMPTION

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

WATER DISCHARGED

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

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

Waste water removed from the site via truck is reported as a waste indicator, to comply with Waste European regulation. Water withdrawn from the environment for cooling purposes is now included in this definition, and is also reported in a new separate indicator "Total water used for cooling purposes."

A specific indicator to report water discharged via an internal pre-treatment plant has been set up in 2011, and is now published with the other environmental indicators.

WASTE PRODUCTION

The quantity of waste of a site combines hazardous and non-hazardous waste. This includes in particular all waste regularly created by production processes, and treated internally and externally. The European Directive 2008/98/EC defines waste, disposal and recovery. Improvements have been made, since last year, in order to reinforce the reliability of the waste reporting.

Note that exceptional waste, meaning all construction/demolition waste from buildings and installations, are reported separately. Non-hazardous and hazardous waste data published on p.63 exclude exceptional waste, in order to bring relevancy in the follow-up of objectives, linked to these indicators.

VOLATILE ORGANIC COMPOUND (VOC) EMISSIONS

All organic compounds which present a vapour pressure higher than 10 Pa at 293.15°K are included in the definition, adopted in this report, 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 emission sources of EADS' activities derive from surface treatment, cleaning, painting and coating operations through use of the following materials:

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

NO_x AND SO_x

NO_x and SO_x 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 SO_x, the level of sulphur contained in the used gas, heating oils or fuels can be employed to determine the emission level.

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

NO_x and SO_x emissions from mobile sources are excluded.

DATA TABLES SOCIAL PERFORMANCE

	GRI	KPI	2012	2011	
ACTIVE WORKFORCE	LA1	Headcount reporting			
		Active Workforce (employees) ✓	140,405	133,115	
		Active Workforce by Region ✓			
		France	52,147	48,394	
		Germany	49,442	47,051	
		Spain	11,021	10,701	
		UK	14,894	13,467	
		USA	3,245	2,829	
		Other countries	9,656	10,673	
		Active Workforce by Division ✓			
		Airbus	73,500	69,300	
		Astrium	17,038	16,623	
		Cassidian / Defence	21,573	20,923	
		Eurocopter	22,435	20,759	
		Headquarters and Others	2,904	2,665	
	Other Businesses	2,955	2,845		
	Active Workforce by contract type ✓				
	Unlimited contract	136,637	129,605		
	Limited contract > 3 months	3,768	3,510		
			HR Structure		
			Active Workforce by Age ✓		
		<20	0,1%	0,1%	
		20-29	13,4%	13,3%	
		30-39	29,3%	28,7%	
		40-49	28,0%	28,9%	
		50-59	25,7%	25,9%	
		60+	3,5%	3,1%	
		Part-time proportion ✓	3,4%	3,5%	
		Women in Active workforce ✓	17,3%	17,0%	
	LA 13	Women in Management positions ✓	8,9%	8,5%	
TURNOVER	LA 2	Employee turnover rate ✓	3,0%	2,9%	
HEALTH AND SAFETY	LA 7	Lost-Time Injury Incidence rate	0,67	na	
TRAINING	LA10	Total Number of Training hours ✓	3,201,363	na	
		Total Number of Persons trained ✓	236,450	na	
		Total Number of Training Hours related to Environment, Health and Safety ✓	222,861	na	
		Total Number of Persons trained in Environmental, Health and Safety topics ✓	35,811	na	

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

✓ 2012 data audited by Ernst & Young

na : not available

* Headquarters are including Headquarters, Shared Services, and Innovation Works

DATA TABLES ENVIRONMENTAL PERFORMANCE

	GRI	KPI	Unit	2012	2011
ENERGY	EN3	Total energy consumption (excluding electricity generated by CHP on site for own use)✓	MWh	4,070,463	3,897,758
		Energy consumption from stationary sources✓	MWh	1,382,250	1,328,377
		<i>of which, natural gas consumption</i>	MWh	<i>1,340,558</i>	<i>1,272,032</i>
		<i>distillate fuel oil consumption (gas oil, diesel, FOD)</i>	MWh	<i>28,751</i>	<i>43,723</i>
		<i>heavy fuel oil consumption (residual fuel oil)</i>	MWh	<i>106</i>	<i>0</i>
		<i>liquefied natural gas consumption</i>	MWh	<i>0</i>	<i>4,922</i>
		<i>propane consumption</i>	MWh	<i>12,806</i>	<i>7,696</i>
		<i>biomass consumption</i>	MWh	<i>30</i>	<i>4</i>
		<i>other type of fuel consumption</i>	MWh	<i>0</i>	<i>0</i>
		Energy consumption from mobile sources✓	MWh	1,087,202	954,855
		<i>of which, gasoline consumption</i>	MWh	<i>2,519</i>	<i>3,317</i>
		<i>distillate fuel oil consumption (gas oil, diesel, FOD)</i>	MWh	<i>26,955</i>	<i>25,503</i>
	<i>liquefied natural gas consumption</i>	MWh	<i>0</i>	<i>2</i>	
	<i>propane consumption</i>	MWh	<i>1,056</i>	<i>1,264</i>	
	<i>jet fuel aircraft/kerosene consumption</i>	MWh	<i>1,052,069</i>	<i>921,354</i>	
	<i>- flight tests and ferry flight</i>	MWh	<i>719,384</i>	<i>627,801</i>	
	<i>- Beluga</i>	MWh	<i>332,686</i>	<i>293,554</i>	
	<i>aviation gasoline consumption</i>	MWh	<i>4,603</i>	<i>3,417</i>	
EN4	Total electricity consumption	MWh	1,601,011	1,614,525	
	<i>of which, purchased electricity consumption✓</i>	MWh	<i>1,476,265</i>	<i>1,472,752</i>	
	<i>purchased heat/steam</i>	MWh	<i>124,383</i>	<i>141,487</i>	
	<i>generated electricity from photovoltaic sources on-site for own use</i>	MWh	<i>161</i>	<i>145</i>	
	<i>generated electricity from other renewable sources on-site for own use</i>	MWh	<i>203</i>	<i>141</i>	
	Generated heat/electricity from CHP on site for own use✓	MWh	211,059	179,542	
AIR EMISSIONS	EN16	Total CO₂ emissions✓	tonnes CO ₂	1,013,207	1,040,810
		<i>Total direct CO₂ emissions (Scope 1)✓</i>	tonnes CO ₂	<i>581,115</i>	<i>591,536</i>
		<i>of which, CO₂ emissions from stationary sources</i>	tonnes CO ₂	<i>283,271</i>	<i>273,231</i>
		<i>CO₂ emissions from mobile sources</i>	tonnes CO ₂	<i>279,958</i>	<i>245,845</i>
		<i>CO₂ emissions from fugitive sources</i>	tonnes CO ₂	<i>16,372</i>	<i>21,814</i>
		<i>CO₂ emissions from processes on site</i>	tonnes CO ₂	<i>1,514</i>	<i>50,646</i>
	<i>Total indirect CO₂ emissions (Scope 2)✓</i>	tonnes CO ₂	<i>432,092</i>	<i>449,274</i>	
	EN20	Total VOC emissions	tonnes	1,426	1,393
		Total SO_x emissions	tonnes	16	16
		Total NO_x emissions	tonnes	231	205
WATER	EN8	Total water consumption✓	m ³	5,156,246	5,019,075
		<i>of which, purchased water✓</i>	%	<i>58.3%</i>	<i>60.9%</i>
		<i>abstracted ground water</i>	%	<i>39.0%</i>	<i>35.7%</i>
		<i>withdrawn surface water</i>	%	<i>2.5%</i>	<i>3.3%</i>
		<i>rainwater collected used</i>	%	<i>0.1%</i>	<i>0.1%</i>
	EN21	Total water discharge✓	m ³	3,835,784	3,384,087
	<i>of which, water discharged via an internal pre-treatment plant</i>	m ³	<i>1,015,006</i>	<i>927,014</i>	
WASTE	EN22	Total waste production, excluding exceptional waste	tonnes	110,677	110,976
		<i>of which, non-hazardous waste✓</i>	tonnes	<i>79,819</i>	<i>81,510</i>
	EN24	<i>hazardous waste✓</i>	tonnes	<i>30,858</i>	<i>29,466</i>
		<i>waste going to materials recovery</i>	tonnes	<i>62,398</i>	<i>56,159</i>
		<i>waste going to energy recovery</i>	tonnes	<i>19,634</i>	<i>23,259</i>
		Materials recovery rate✓	%	56.4%	50.6%
Energy recovery rate	%	17.7%	21.0%		
EMS certification		Number of sites with ISO 14001/EMAS certification	unit	96*	93**
		Percentage of workforce covered by ISO 14001 and environmental reporting	%	84%	83%

✓ 2012 data audited by Ernst & Young

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

* of which 6 sites excluded from reporting scope

** of which 7 sites excluded from reporting scope

GRI INDEX AND GLOBAL COMPACT CORRESPONDENCE

GRI INDEX

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

CR ISSUE (GRI Disclosure)	GRI DESCRIPTION	PAGE
1. Strategy and Analysis		
1.1	Statement from the most senior decision-maker in the organisation.	p. 2-8
1.2	Description of key impacts, risks, and opportunities.	p. 2-7
2. Organisational Profile		
2.1	Name of the organisation.	Inside front cover (leaflet EADS at a glance)
2.2	Primary brands, products, and/or services.	Inside front cover (leaflet EADS at a glance)
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Inside front cover (leaflet EADS at a glance)
2.4	Location of organisation's headquarters.	Inside back cover
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Inside front cover (leaflet EADS at a glance)
2.6	Nature of ownership and legal form.	Inside front cover (Registration document)
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Inside front cover (leaflet EADS at a glance)
2.8	Scale of the reporting organisation.	p. 60-61
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Inside front cover (leaflet EADS at a glance) and p. 60-61
2.10	Awards received in the reporting period.	EADS website
3. Report Parameters		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	p. 60-61
3.2	Date of most recent previous report (if any).	EADS website
3.3	Reporting cycle (annual, biennial, etc.)	p. 60-61
3.4	Contact point for questions regarding the report or its contents.	Inside back cover
3.5	Process for defining report content.	p. 1
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Inside front cover (leaflet EADS at a glance) and p. 60-61
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Inside front cover (leaflet EADS at a glance) and p. 60-61
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	Inside front cover (leaflet EADS at a glance) and p. 60-61
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Inside front cover (leaflet EADS at a glance) and p. 60-61
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	p. 60-61
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Inside front cover (leaflet EADS at a glance) and p. 60-61
3.12	Table identifying the location of the Standard Disclosures in the report.	p. 62-66
3.13	Policy and current practice with regard to seeking external assurance for the report.	p. 58-59

4 Governance, Commitments and Engagement			
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.		Annual report Registration document and p. 10-12
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.		Annual report Registration document and p. 2-3
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.		Annual report Registration document and p. 10-12
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		Annual report Registration document and p. 2-3, 35
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).		Annual report Registration document and p. 10-12
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		Annual report Registration document and p. 14-19
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.		Annual report Registration document and p. 10-12
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	p. 3-8, 14-19, 34-39, 48-51, 53-55, 60-61	
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.		Annual report and p. 2-19, 60-66
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.		Annual report Registration document and p. 7,8, 10-12
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.		p. 22-23, 43-45
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	p. 24-27, 35, 39, 43-45, 64-66	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.		p. 24-25, 35
4.14	List of stakeholder groups engaged by the organisation.		Stakeholders are treated throughout the report
4.15	Basis for identification and selection of stakeholders with whom to engage.		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.		
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.		p. 1-9

CR ISSUE (GRI Disclosure)	GRI DESCRIPTION	PAGE	GLOBAL COMPACT CROSS REFERENCE
Economic			
	Disclosure on Management Approach – Economic	p. 2-9 and throughout the report, and Annual report	
Market Presence			
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	p. 47-51, 53	Principle 6
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	p. 35-39, 53	
Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	p. 52, 55	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Annual report and p. 21, 35-39, 53	

CR ISSUE (GRI INDICATOR)	GRI DESCRIPTION	PAGE	GLOBAL COMPACT CROSS REFERENCE
Environmental			
Disclosure on Management Approach – Environment		p. 13, 43	
Materials			
EN2	Percentage of materials used that are recycled input materials.	p. 63	Principle 8, 9
Energy			
EN3	Direct energy consumption by primary energy source.	p. 63	Principle 8
EN4	Indirect energy consumption by primary source.	p. 63	Principle 8
EN5	Energy saved due to conservation and efficiency improvements.	p. 45	Principle 8, 9
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	p. 6-9, 24-27, 44-45	Principle 8, 9
Water			
EN8	Total water withdrawal by source	p. 63	Principle 8
Biodiversity			
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	p. 32-33 55	Principle 8
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	p. 63	Principle 8
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	p. 24-27, 44-45	Principle 7-9
EN19	Emissions of ozone-depleting substances by weight.	p. 63	Principle 8
EN20	NOx, SOx, and other significant air emissions by type and weight.	p. 63	Principle 8
EN21	Total water discharge by quality and destination.	p. 63	Principle 8
EN22	Total weight of waste by type and disposal method.	p. 63	Principle 8
Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	p. 24-27, 32-33, 43-45,	Principle 7-9
Social: Labor Practices and Decent Work			
Disclosure on Management Approach – Labor Practices and Decent Work		p. 34-41	
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	p. 62	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	p. 62	Principle 6
Training and Education			
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	p. 36-37	
Diversity and Equal Opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	p. 10-12, 13, 62	Principle 1, 6
Social: Human Rights			
Disclosure on Management Approach – Human Rights		p. 34-41, 46-51	
Social: Society			
Disclosure on Management Approach – Society		p. 46-55	
Local communities			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.	p. 46-55	
Corruption			
SO4	Actions taken in response to incidents of corruption.	p. 16-18	Principle 10
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	p. 24-27	Principle 1-10
Social: Product Responsibility			
Disclosure on Management Approach – Product Responsibility		p. 24-33	
Customer Health and Safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	p. 20-29	Principle 1
Product and Service Labelling			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	p. 2-3, 20-33	

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Accompanying the EADS Corporate Responsibility and Sustainability Report 2012, the EADS Annual Report suite 2012 consists of:



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Designed and produced by  W&CIE

Copywriting by The Clerkenwell Consultancy
(www.clerkenwellconsultancy.com).
Printed by Chirat.

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