

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

AIRBUS SE

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	8/8
2. Internal Controls	6	8/12
3. Support to Employees	7	7/14
4. Conflict of Interest	4	3/8
5. Customer Engagement	7	5/14
6. Supply Chain Management	5	7/10
7. Agents, Intermediaries and Joint Ventures	10	13/20
8. Offsets	4	2/8
9. High Risk Markets	4	3/8
10. State-Owned Enterprises	5	9/10
TOTAL		65 / 112
BAND		C

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
2
Comments
Based on publicly available information, company has a publicly stated anti-bribery and corruption commitment, which details the company's stance against any form of bribery or corruption within the organisation. It is clear that this commitment was authorised and endorsed by the company's CEO.
Evidence
<p>[2] Ethics & Compliance – Commitments and standards (Webpage) Accessed 27/09/2019 https://www.airbus.com/company/ethics-compliance.html#commitments "Join me in focusing on what really matters: rejecting bribery and corruption, preserving our integrity and embracing our values for the purpose of serving the best interests of our great company Airbus." – Guillaume Faury – CEO Airbus</p> <p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf <p>[p.2] Dear Colleagues,</p> <p>Within Airbus, there is an undeniable link that unites us all—the passion for our products. This passion and the quality of our products have been the foundation of our success over the past 50 years, building our strong reputation around the world. The Airbus brand stands for a bold and innovative spirit found in few other industries.</p> <p>While it takes a lifetime to build a good reputation, it takes only a moment to destroy it. One bad decision can ruin our brand. In challenging times, we must reaffirm and demonstrate our commitment to the core values upon which our company was built. This starts with our commitment to conduct business with integrity—for the good of our company, our people, our customers, and our shareholders.</p> <p>[...]</p> <p>This new Code of Conduct signifies the continuation of the remarkable progress Airbus has made on compliance and responsible business practices over the past several years. Whilst there is still work to be done, I count on all of you to continue supporting this journey by embodying the principles set forth in this Code of Conduct in every aspect of your day-to-day work.</p> <p>[...]</p> <p>Read it carefully and make sure it is respected around you. If you see something unusual in your work or environment, I encourage you to Speak Up.</p> <p>I am proud to be working side-by-side with you towards our goal of building a better-connected, safer, and more prosperous world. Join me in focusing on what really matters: preserving our integrity and embracing our values for the purpose of serving the best interests of our great company Airbus.</p> <p>Kind regards, Guillaume Faury, May 2019</p> <p>[p.4] Board of directors' message Walking the Walk and Talking the Talk...</p> </p>

You cannot lead your people beyond where you are willing to go yourself. We take this principle to heart and strive to lead by example in supporting Airbus' commitment to be a responsible corporate citizen and to conduct its business with integrity and in compliance with all applicable laws.

[p.23] "We have zero tolerance for corruption."

"We act with integrity and take appropriate steps to eradicate unethical and non-compliant behaviour"

Airbus Values

[p.24] Anti-Bribery and Corruption

Airbus has zero tolerance for any form of bribery or influence peddling. We do not offer, pay, or accept bribes or kickbacks for any purpose, either directly or through a third party. We do not make facilitation payments or permit others to make them on our behalf. Before offering or accepting any gifts or hospitality, we ensure that the value is reasonable and allowed under Airbus internal policies and standards, and that the gift or hospitality will not be viewed as improperly influencing a business decision. Interactions with government officials or state organisations present particular risks that must be adequately addressed.

[1] Airbus Anti-Corruption Policy (Document)

Accessed 18/06/2019

<http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf>

[p.1] This Document defines the Airbus Anti-Corruption Policy. It ultimately provides employees with a single and unique reference and guide on its related matters. This Document is applicable to all Airbus employees.

[p.5] As a world leader in the aerospace and defence industry, Airbus is committed to conducting business ethically, and maintains a zero tolerance policy towards corruption of any kind, whether public or private, active or passive. While the Airbus Standards of Business Conduct provide guidance on common ethics and compliance issues in several areas, this Policy and the specific Directives referenced below form the backbone of our anti-corruption compliance programme. Airbus employees must conduct business with the highest standards of honesty, integrity and fairness in accordance with this Policy and the Directives referenced below. Third parties acting on behalf of Airbus are held to the same high standards of honesty, integrity and fairness, including through contractual provisions requiring compliance with relevant Policies and Directives and all applicable international anti-corruption laws. Any questions should be directed to your local Ethics & Compliance representative or to compliance@airbus.com.

[6] Airbus 2018 Annual Report (Document)

Accessed 10/06/2019

<https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf>

[p.63] Business Ethics/Anti-Corruption Compliance

The Company rejects corruption of any kind, whether public or private, active or passive. This means that neither the Company, its employees or third parties acting on its behalf may offer, promise, give, solicit or receive – directly or indirectly – money or anything of value to or from a government official or someone in the private sector in order to obtain or retain business or secure some other improper advantage.

The Anti-Corruption Policy (available at airbus.com/company/ethics-compliance.html) summarises its stance of zero tolerance. It also refers to some of the specific directives the Company has adopted to address key anti-corruption risk areas, such as the engagement of third parties (e.g., business partners, lobbyists, etc.), gifts and hospitality exchange and the making of sponsorships and donations.

Question
<p>1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:</p> <p>a) All employees, including staff and leadership of subsidiaries and other controlled entities; b) All board members, including non-executive directors.</p>
Score
2
Comments
<p>The company publishes a comprehensive Anti-Corruption Policy and supporting Code of Conduct, both of which specifically define and prohibit bribery, payments to public officials, commercial bribery and facilitation payments. Both policies clearly apply to all employees and board members as described in (a) and (b) above, regardless of their location, responsibilities or seniority.</p>
Evidence
<p>[1] Airbus Anti-Corruption Policy (Document) Accessed 11/06/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf [p.1] This Document defines the Airbus Anti-Corruption Policy. It ultimately provides employees with a single and unique reference and guide on its related matters.</p> <p>This Document is applicable to all Airbus employees.</p> <p>[p.5] While the Airbus Standards of Business Conduct provide guidance on common ethics and compliance issues in several areas, this Policy and the specific Directives referenced below form the backbone of our anti-corruption compliance programme. Airbus employees must conduct business with the highest standards of honesty, integrity and fairness in accordance with this Policy and the Directives referenced below. Third parties acting on behalf of Airbus are held to the same high standards of honesty, integrity and fairness, including through contractual provisions requiring compliance with relevant Policies and Directives and all applicable international anti-corruption laws. Any questions should be directed to your local Ethics & Compliance representative or to compliance@airbus.com.</p> <p>[p.6] This is where this Policy [Anti-Corruption Policy] fits in, by helping to summarise the prohibition against bribery and corruption for employees and other stakeholders, while providing an overview of the main elements of the Airbus anti-corruption compliance programme designed to mitigate this risk.</p> <p>Violations of anti-corruption laws carry significant civil and criminal penalties, and put the reputation, hard work and business of Airbus and its employees at risk. Any employee who fails to comply with this Policy and the Directives referenced below will be subject to appropriate disciplinary action.</p> <p>[p.7] The anti-corruption laws that apply to Airbus and its employees are generally broad in their scope and application. They make it illegal for anyone to offer, promise, give, solicit or receive – directly or indirectly – money or “anything of value” to or from a Public Official or someone in the private sector in order to obtain or retain business or secure some other “improper advantage”.</p> <p>[p.9] Airbus has developed an anti-corruption compliance programme that is designed to mitigate the risk of bribery and corruption occurring.</p> <p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf [p.4] Board of directors’ message Walking the Walk and Talking the Talk... You cannot lead your people beyond where you are willing to go yourself. We take this principle to heart and strive to lead by example in supporting Airbus’ commitment to be a responsible corporate citizen and to conduct its business with integrity and in compliance with all applicable laws.</p>

[...]

To whom does this code of conduct apply?

[...]

This Code of Conduct applies to all Airbus employees and directors, regardless of their job title, responsibilities, seniority, or location, within every subsidiary or joint venture where we have control. Additionally, Airbus promotes the adoption of strong ethical standards by our other stakeholders, including customers, suppliers, partners, and contractors. We have published this Code of Conduct in order to make it easily accessible to our employees, directors, and to these other stakeholders, whom we encourage to adopt similar standards.

[p.23] "We have zero tolerance for corruption."

"We act with integrity and take appropriate steps to eradicate unethical and non-compliant behaviour"

Airbus Values

[p.24] Anti-Bribery and Corruption

Key Principles

Airbus has zero tolerance for any form of bribery or influence peddling. We do not offer, pay, or accept bribes or kickbacks for any purpose, either directly or through a third party. We do not make facilitation payments or permit others to make them on our behalf. Before offering or accepting any gifts or hospitality, we ensure that the value is reasonable and allowed under Airbus internal policies and standards, and that the gift or hospitality will not be viewed as improperly influencing a business decision. Interactions with government officials or state organisations present particular risks that must be adequately addressed.

DO

- Conduct business with the highest integrity, always consistent with anti-bribery laws and our internal policies and standards.
- Inform Legal & Compliance if you become aware of any requests or solicitations made by customers, suppliers, or other third parties for improper payments.
- Declare and obtain pre-approval for any gifts or hospitality that exceed value thresholds set by Airbus.
- Attend required trainings tailored to your specific role at Airbus.

DON'T

- Offer, authorise, or promise anything of value in order to obtain or retain an improper advantage, including small payments meant to expedite a routine government action (facilitation payments).
- Work through a third party to make any promises or payments that you could not make under Airbus' internal policies and standards.
- Offer or accept any lavish or extravagant gifts or hospitality, or any cash gifts or cash equivalents like gift cards.

[p.25] What is bribery?

Bribery means promising, offering, giving, soliciting, or receiving—directly or indirectly—money or anything of value to or from another person, in order to obtain or retain business or to secure some other improper advantage. Bribery can be active or passive. Active bribery refers to a person who obtains, or tries to obtain, an improper advantage by offering or giving money or anything of value to a public official or private party. Passive bribery refers to a private party or public official who takes advantage of his or her position by soliciting or accepting money or anything of value, in exchange for performing (or refraining from performing) his or her duties impartially, or for exerting his or her influence inappropriately.

What is a facilitation payment?

A facilitation payment is a small, unofficial payment to a low-level public official made to speed up or obtain a routine administrative process. Consistent with most anti-corruption laws, Airbus prohibits such payments.

[p.26] *I must get an emergency visa within two weeks in order to travel on Airbus business. At the embassy, I was told by a public official that obtaining the visa will take a minimum of one month, but he offers to speed up the procedure in exchange for 20 euros cash. How should I react to this proposal?*

This type of small, unofficial payment to a low-level public official is called a facilitation payment. Airbus prohibits any form of facilitation payment. Therefore, you should first ask whether the payment is required under local law and whether it is possible to get an official, government-issued receipt for the 20 euros payment to obtain an

emergency visa. If the fee is not required by law or the agent refuses to provide an official receipt for this payment, explain to the public official that Airbus refuses this type of arrangement, regardless of the amount of the payment requested, and that you will inform your hierarchy of the risk of delay. Please inform your line manager or a Legal & Compliance staff member of the situation as soon as possible.

[2] Ethics & Compliance – Commitments and standards (Webpage)

Accessed 11/06/2019

<https://www.airbus.com/company/ethics-compliance.html#commitments>

Airbus rejects corruption of any kind, whether public or private, active or passive. This means that neither we, our employees or third parties acting on our behalf may offer, promise, give, solicit or receive – directly or indirectly – money or anything of value to or from a government official or someone in the private sector in order to obtain or retain business or secure some other improper advantage.

Our anti-corruption policy summarises our stance of zero tolerance. It also refers to some of the specific directives we have adopted to address key anti-corruption risk areas, such as the engagement of third parties, gifts and hospitality exchange and the making of sponsorships and donations.

More broadly, Business Ethics at Airbus also covers other areas such as conflicts of interest, anti-competitive conduct, insider trading, fraud, etc., whilst also complementing the Airbus Corporate Responsibility programme which focuses on managing the social and environmental impacts of Airbus's operations.

The Standards of Business Conduct apply to all employees, officers and directors of Airbus as well as entities that we control. Third party stakeholders whom we engage are also expected to adhere to these Standards of Business Conduct in the course of performing work on our behalf.

[6] Airbus 2018 Annual Report (Document)

Accessed 11/06/2019

<https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf>

[p.7] Our Ethics and Compliance Committee was also fully occupied, overseeing the development of a state-of-the-art compliance programme and a zero-tolerance compliance culture across Airbus. It also monitored closely the investigations in full cooperation with judiciary authorities. During the year, the Company also implemented its Responsibility and Sustainability Charter.

[p.19] The Company is required to comply with applicable anti-bribery laws and regulations in jurisdictions around the world where it does business. To that end, an anti-corruption programme has been put in place that seeks to ensure adequate identification, assessment, monitoring and mitigation of corruption risks.

[p.50] All Airbus affiliates (affiliates where Airbus owns more than one half of the voting rights, or is able to appoint or discharge more than one half of the members of the board) with operational activities are expected to deploy similar internal policies applying Airbus directives. A corporate directive assists Airbus affiliates in effectively fulfilling their responsibilities while assuring Airbus' ongoing commitment to high standards of corporate governance. In 2018, Airbus, working closely with its two Divisions, approved one single directive on corporate governance for the Company's affiliates, which defines rules, processes and procedures applicable to Airbus affiliates and their respective boards, directors and officers. Airbus leveraged this in-depth work to integrate enhanced requirements on labour and human rights, environment, health and safety and procurement matters into the new directive on the basis of related Airbus internal policies including:

- International Framework Agreement;
- Agreement on the European Works Council;
- Supplier Code of Conduct;
- Health & Safety Policy;
- Standard of Business Conduct;
- Environmental Policy; and
- Airbus Anti-corruption Policy and Directives.

[p.63] Our programme

While the Standards of Business Conduct [or Code of Conduct as of May 2019] provide a useful starting point, they cannot answer all questions, nor are they sufficient to ensure that the Company complies with the myriad legal requirements applicable to its business. Because of this, Airbus has worked over the past several years to develop

an Ethics & Compliance programme that is structured around the following key risk areas: Business Ethics/Anti-Corruption Compliance, Export Compliance and Data Protection Compliance.

Each of these areas is, in turn, supported by dedicated compliance policies and a team responsible for their implementation, together with the identification and proposal of new measures to adapt to a constantly evolving regulatory landscape.

[...]

More broadly, the Company's Ethics & Compliance programme also covers other areas such as conflicts of interest, anticompetitive conduct, insider trading, fraud, *etc.*, while also working with the Airbus R&S Network. Improving the Ethics & Compliance programme is a constant and ongoing process, not only in the area of Business Ethics/ Anti-Corruption but across the ethics and compliance spectrum more generally in order to capitalise on our values.

Business Ethics/Anti-Corruption Compliance

The Company rejects corruption of any kind, whether public or private, active or passive. This means that neither the Company, its employees or third parties acting on its behalf may offer, promise, give, solicit or receive – directly or indirectly – money or anything of value to or from a government official or someone in the private sector in order to obtain or retain business or secure some other improper advantage.

The Anti-Corruption Policy (available at airbus.com/company/ethics-compliance.html) summarises its stance of zero tolerance. It also refers to some of the specific directives the Company has adopted to address key anti-corruption risk areas, such as the engagement of third parties (*e.g.*, business partners, lobbyists, *etc.*), gifts and hospitality exchange and the making of sponsorships and donations.

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
2
Comments
<p>There is evidence that the company has a designated board committee – the Ethics and Compliance Committee – that is ultimately responsible for oversight of the company's anti-bribery and corruption programme. This includes reviewing reports from management on the programme's performance and ensuring that required changes are made.</p>
Evidence
<p>[6] Airbus 2018 Annual Report (Document) Accessed 11/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf</p> <p>[p.20] Interview with John Harrison, General Counsel: “The Board established a permanent E&C Committee, composed of Independent Directors and our Chairman, which is overseeing Airbus’ culture and commitment to ethical business and integrity, as well as monitoring the internal E&C programme, organisation and framework. Notably, we also appointed an Independent Compliance Review Panel, composed of eminent external consultants, whom we have asked to recommend ways for us to improve compliance.”</p> <p>[p.130] The Ethics and Compliance Committee To reinforce oversight of ethics and compliance matters at the Board of Directors level, a dedicated Ethics and Compliance Committee (“E&C Committee” or “ECC”) was established in 2017 and the Board Rules have been amended accordingly. Pursuant to the Board Rules the main mission of the E&C Committee is to assist the Board in monitoring Airbus’ culture and commitment to ethical business and integrity. This committee is empowered to oversee Airbus’ ethics and compliance programme, organisation and framework in order to make sure that Airbus ethics and compliance governance is effective (including all associated internal policies, procedures and controls). This includes the areas of money laundering and terrorist financing, fraud, bribery and corruption, trade sanctions and export control, data privacy, procurement and supply chain compliance and anti-competitive practices.</p> <p>The E&C Committee has five (5) Members and is chaired by any of its members. Each member should be an Independent Director. Both the chairman of the Audit Committee and the chair of the RNGC is a member of the E&C Committee.</p> <p>The E&C Committee makes recommendations to the Board of Directors and its Committees on all ethics and compliance-related matters and is responsible for providing to the Audit Committee any necessary disclosures on issues or alleged ethical and compliance breaches that are financial and accounting-related. The E&C Committee maintains a reporting line with the Chief Ethics and Compliance Officer, who is requested to provide periodic reports on its activities.</p> <p>The Chairman of the Audit Committee and the Chair of the RNGC are members of the E&C Committee. Unless otherwise decided by the E&C Committee, the CEO is invited to attend the meetings. From time to time, independent external experts and the Independent Compliance Review Panel are also invited to attend E&C Committee meetings.</p> <p>[7] Corporate Governance – Board and Board Committees (Webpage) Accessed 11/06/2019 https://www.airbus.com/company/corporate-governance/board-and-board-committees.html#EandC</p> <p>Pursuant to the Board Rules, the Ethics and Compliance Committee is required to meet at least four times a year and has as its main mission to assist the Board in overseeing Airbus’ culture and commitment to ethical business and integrity.</p>

[4] Corporate Governance – Our Organisation (Webpage)

Accessed 11/06/2019

<http://www.airbus.com/company/corporate-governance/organisation.html>

Members of the Ethics and Compliance Committee:

- Denis Ranque – Chairman
- Catherine Guillouard – Member
- Hermann-Josef Lamberti – Member
- Amparo Moraleda – Member
- Lord Paul Drayson – Member

[3] Airbus Internal Rules of the Board of Directors (Document)

Accessed 11/06/2019

<https://www.airbus.com/content/dam/corporate-topics/strategy/governance/Internal-Rules-BoardofDirectors.pdf>

[p.30] RESPONSIBILITIES OF THE ETHICS AND COMPLIANCE COMMITTEE

- a) to assist the Board in overseeing Airbus' culture and commitment to ethical business and integrity;
- b) to oversee Airbus' Ethics & Compliance programme, organisation and framework for the effective governance of ethics and compliance, including all associated internal policies, procedures and controls;
- c) to maintain a reporting line with the Airbus Ethics and Compliance Officer and receive periodic reports from the latter relating to:
 1. the operation of Airbus' Ethics & Compliance programme, including any major changes or recommended improvements related to the programme or to the structure of the Ethics and Compliance organisation within Airbus;
 2. the status of material investigations related to ethical or compliance breaches or allegations of misconduct, and any associated legal proceedings;
 3. material issues raised through the confidential alert mechanism made available to employees of Airbus; and
 4. the status of any remedial or disciplinary actions undertaken in relation to material ethics and compliance related issues;
- d) to monitor the status and strategic direction of material internal and external investigations related to ethical or compliance breaches or allegations of misconduct, and any associated legal proceedings;
- e) to monitor and review any remedial or disciplinary actions undertaken in relation to material ethics and compliance related issues;
- f) to consider the findings of reviews into proposed transactions, to consider the appropriateness of applications to any legal, regulatory, financial or other authority and, where appropriate, to provide assurances or authorise assurances to be given to such authorities;
- g) to establish and supervise a mechanism that enables employees to confidentially and if appropriate, anonymously, report any significant potential irregularity, especially financial and accounting-related, that they notice within Airbus;
- h) to report to and advise the Board and its Committees on all ethics and compliance-related matters as required, including Airbus' policies and procedures regarding compliance with applicable laws and regulations and with Airbus' Ethics & Compliance programme;

[p.31]

- i) to report any issues or alleged ethical or compliance breaches that are financial and accounting-related to the Audit Committee;
- j) to appoint external ethics or compliance experts to perform independent compliance reviews as needed, to review the results and oversee the implementation of any recommended improvements and to periodically seek input and advice from the "Independent Compliance Review Panel"; and
- k) more generally speaking, to advise and make recommendations to the Board regarding matters that concern any of the above responsibilities.

[1] Airbus Anti-Corruption Policy (Document)

Accessed 11/06/2019

<http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf>

[p.9] The Ethics & Compliance Organisation is part of the Legal & Compliance Department under the ultimate responsibility of the Airbus General Counsel. The Airbus General Counsel is an Executive Committee member who reports to the CEO and the Board of Directors. To maintain independence, the Airbus Ethics & Compliance Officer reports to both the Airbus General Counsel and to the Ethics & Compliance Committee of the Board.

Question
1.4. Is responsibility for implementing and managing the company's anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company's programme?
Score
2
Comments
<p>There is evidence that a designated senior executive – the Ethics and Compliance Officer – has ultimate responsibility for implementing and managing the company's anti-bribery and corruption programme. It is clear that this person has a direct reporting line to the board committee that provides oversight of the anti-bribery and corruption programme, and there is evidence that the company's reporting structure allows the Ethics and Compliance Officer to report and feedback to the board directors (through the General Counsel).</p>
Sources
<p>[1] Airbus Anti-Corruption Policy (Document) Accessed 11/06/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf [p.9] The Airbus Ethics & Compliance Officer leads a dedicated team of professionals responsible for</p> <ul style="list-style-type: none"> (i) drafting and implementing Directives and compliance programme processes, (ii) monitoring effectiveness, and (iii) providing support, advice and expertise across Airbus. <p>The Ethics & Compliance Organisation is part of the Legal & Compliance Department under the ultimate responsibility of the Airbus General Counsel. The Airbus General Counsel is an Executive Committee member who reports to the CEO and the Board of Directors. To maintain independence, the Airbus Ethics & Compliance Officer reports to both the Airbus General Counsel and to the Ethics & Compliance Committee of the Board.</p> <p>[3] Airbus Internal Rules of the Board of Directors (Document) Accessed 11/06/2019 https://www.airbus.com/content/dam/corporate-topics/strategy/governance/Internal-Rules-BoardofDirectors.pdf [p.30] RESPONSIBILITIES OF THE ETHICS AND COMPLIANCE COMMITTEE</p> <p>[...]</p> <p>c) to maintain a reporting line with the Airbus Ethics and Compliance Officer and receive periodic reports from the latter relating to:</p> <ul style="list-style-type: none"> 1. the operation of Airbus' Ethics & Compliance programme, including any major changes or recommended improvements related to the programme or to the structure of the Ethics and Compliance organisation within Airbus; 2. the status of material investigations related to ethical or compliance breaches or allegations of misconduct, and any associated legal proceedings; 3. material issues raised through the confidential alert mechanism made available to employees of Airbus; and 4. the status of any remedial or disciplinary actions undertaken in relation to material ethics and compliance related issues; <p>[8] Ethics & Compliance – Organisation (Webpage) Accessed 11/06/2019 http://www.airbus.com/company/ethics-compliance.html#commitments Our Ethics & Compliance organisation is part of the Legal Department under the ultimate responsibility of the Group General Counsel. The aim is to provide strong governance throughout the company with the global presence of qualified compliance officers who ensure the compliance programme is implemented in the different functional and operational areas.</p> <p>They do this in close cooperation with our employees and management, who are expected to lead with integrity by example and take responsibility for compliance within their scope of activity.</p>

[6] Airbus 2018 Annual Report (Document)

Accessed 11/06/2019

<https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf>

[p.130] The Ethics and Compliance Committee

[...]

The E&C Committee maintains a reporting line with the Chief Ethics and Compliance Officer, who is requested to provide periodic reports on its activities.

2. Internal Controls

Question
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?
Score
2
Comments
Based on publicly available information, there is evidence that the company has a formal bribery and corruption risk assessment procedure that informs the design of the anti-bribery and corruption programme. It is clear that the results of these risk assessments are used to develop action plans and update policies and procedures. There is evidence that the board reviews the results of these assessments on at least an annual basis.
Evidence
<p>[6] Airbus 2018 Annual Report (Document) Accessed 11/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf</p> <p>[p.19] The Company is required to comply with applicable anti-bribery laws and regulations in jurisdictions around the world where it does business. To that end, an anti-corruption programme has been put in place that seeks to ensure adequate identification, assessment, monitoring and mitigation of corruption risks. Despite these efforts, ethical misconduct or non-compliance with applicable laws and regulations by the Company, its employees or any third party acting on its behalf could expose it to liability or have a negative impact on its business.</p> <p>[p.49] The Company is determined to conduct its business responsibly and with integrity. The Company is convinced that promoting responsible business conduct within our value chain is key to sustainable growth. As far as its own operations are concerned, the Company has adopted internal policies and management tools to perform the assessment, monitoring, mitigation, reporting of risk and compliance allegations, which are fully embedded into the Company's culture and processes. At Airbus, heads of programmes and functions, as well as managing directors of affiliates, supported by respective specialists, shall ensure proper deployment of the Company's policies, management of Enterprise Risk Management ("ERM") in their fields or perimeters as well as duly reporting issues to top management. The Company's approach is thus based on its existing strengths, namely strong management process already established and adopted by employees; empowerment of specialists; industry approach whenever possible.</p> <p>In 2017, Airbus established a working group composed of specialists representing supplier management, health and safety, environmental affairs, labour rights, ethics and compliance, corporate governance as well as risk managers and representatives from the Company's two Divisions. One of the tasks of the working group was to perform a risk assessment and define concrete actions in order to ensure continuous monitoring of the entire Company and to mitigate principal risks or prevent serious violations. In 2018, the working group focused on leveraging every opportunity to embed R&S elements throughout the Company and including them into internal processes and tools.</p> <p>With regard to risk management, Airbus performed an in-depth review of its ERM system in order to identify potential missing risks related to human rights and fundamental freedoms, health and safety and the environment in 2017. The ERM system was updated to take into account the most significant potential risks related to these areas that the Company may generate as part of its operations. These risks and related action plans are now consolidated and reported to the top management of the Company.</p> <p>[p.50] In 2019, affiliates will be asked to evaluate risks via the Airbus ERM system as well as to regularly monitor them as part of their risk assessment process. Airbus endeavours to ensure that the procedures to assess, investigate and manage allegations are well aligned throughout the Company. Each affiliate with operational activities has in place a Board of Directors and/or a shareholders' meeting where strategic decisions are made. Each affiliate has an Airbus supervisor who is a member or chairman of the board who ensures that all Airbus requirements are considered by the affiliate's management. At least once a year the agenda of the board will include an update on ethics and compliance matters (including training, awareness and any other relevant issues).</p>

[p.135] Airbus' long-term development and production lifecycle make ERM a crucial mechanism for both mitigating the risks faced by the Company and identifying future opportunities.

Applied across the Company and its main subsidiaries, ERM is a permanent top-down and bottom-up process, which is executed across Divisions at each level of the organisation. It is designed to identify and manage risks and opportunities. A strong focus is put on the operational dimension due to the importance of Programmes and Operations for Airbus.

ERM is an operational process embedded into the day-to-day management activities of Programmes, Operations and Functions. The key risks and their mitigations are reported to the Board of Directors through a reporting synthesis, consolidated on a quarterly basis. The ERM system is articulated along four axes:

- Anticipation: early risk reduction and attention to emerging risks;
- Speak-up and early warnings;
- Robust risk mitigations; and
- Opportunities.

The objectives and principles for the ERM system as endorsed by the Board of Directors are set forth in the Company's ERM Policy and communicated throughout the Company. The Company's ERM Policy is supplemented by directives, manuals, guidelines, handbooks, etc. External standards which contribute to the Company's ERM system include the standards as defined by the International Organisation for Standardisation ("ISO").

The ERM process consists of four elements:

- a strong operational process, derived from ISO 31000
- to enhance operational risk and opportunity management;
- a reporting process, which contains procedures for the status reporting of the ERM system and the risk/opportunity situation;
- a ERM compliance process, which comprises procedures to assess the effectiveness of the ERM system; and
- a support process, which includes procedures to maintain and increase the quality of the ERM system.

The ERM process applies to all relevant sources of risks and opportunities that potentially affect the Company's activities, its businesses and its organisation in the short-, mid- and long-term. The ERM process is part of the management process and inter-related with the other processes.

[13] Corporate Governance – Enterprise Risk Management (Webpage)

Accessed 11/06/2019

<https://www.airbus.com/company/corporate-governance/enterprise-risk-management.html>

Airbus' long-term development and production lifecycle make Enterprise Risk Management a crucial mechanism for both mitigating the risks faced by the Company and identifying future opportunities.

By systematically integrating Enterprise Risk Management (ERM) as a key management process across the Company, Airbus supports value creation and competitiveness.

This is carefully followed by the Board of Directors (BoD).

There is one group ERM Centre of Competence with direct responsibility for Commercial Aircraft ERM and for group-wide coordination of the Airbus Helicopters and Airbus Defence and Space ERM functions.

In terms of mission, ERM plays a key role to:

- Make the business more robust and become resilient to unpredicted crises
- Support operational decision making
- Improve the business results
- Reduce the exposure level
- Be compliant with the Dutch Corporate Governance Code

Airbus ERM system relies on:

- Strong anticipation culture
- Speak-up mind-set
- Robust risk mitigation
- Opportunity management

- Strengthened ERM governance at Company, Divisions, Programmes and Functions levels

Airbus ERM uses ISO 31000 as a guideline.

[1] Airbus Anti-Corruption Policy (Document)

Accessed 11/06/2019

<http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf>

[p.10] Specific Directives have been adopted to address key anti-corruption risk areas. These include among others:

- Requirements for the Prevention of Corruption in the Engagement of Business Development Support Initiative (BDSI) Third Parties;
- Requirements for Gifts & Hospitality;
- Requirements for Sponsorships, Donations & Memberships.
- In addition, anti-corruption compliance safeguards are embedded in many other processes such as procurement and supplier management, Joint Venture formation and acquisitions, etc.

[11] Ethics & Compliance – Our programme (Webpage)

Accessed 11/06/2019

<https://www.airbus.com/company/ethics-compliance.html>

While our Code of Conduct provide a useful starting point, they cannot answer all questions, nor are they sufficient to ensure that Airbus complies with the myriad legal requirements applicable to its business.

Because of this, we have worked over the past several years to develop an Ethics and Compliance programme that is structured around four key risk areas: Business Ethics/Anti-Corruption Compliance, Export Compliance, Data Protection Compliance and Procurement Compliance.

[12] Ethics and Compliance – Anti-corruption compliance (Webpage)

Accessed 11/06/2019

<https://www.airbus.com/company/ethics-compliance.html>

Our anti-corruption policy summarises our stance of zero tolerance. It also refers to some of the specific directives we have adopted to address key anti-corruption risk areas, such as the engagement of third parties, gifts and hospitality exchange and the making of sponsorships and donations.

More broadly, Business Ethics at Airbus also covers other areas such as conflicts of interest, anti-competitive conduct, insider trading, fraud, etc., whilst also complementing the Airbus Corporate Responsibility programme which focuses on managing the social and environmental impacts of Airbus's operations.

[14] Airbus 2017 Registration Document (Document)

Accessed 11/06/2019

https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/20180328%20Airbus2017_RegDoc.pdf

[p.67] In September 2017, Airbus published its revised Business Development Support Initiative Directive (BDSI). The directive defines the Airbus requirements for the prevention of corruption in the engagement of BDSI third parties. It provides employees with step-by-step explanation of the due diligence, engagement, remuneration and monitoring of BDSI third parties. In October 2017, Airbus published a directive defining the requirements for identifying and mitigating corruption risks in connection with M&A, JV and similar transactions. This directive is intended to help ensure a consistent approach to these matters across Airbus.

Question
2.2. Is the company's anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?
Score
2
Comments
<p>Based on publicly available evidence, the company's internal processes and activities – including the company's anti-bribery and corruption programme – are subject to internal and external audit. The company develops action plans to improve its anti-corruption policies based on the findings and recommendations of these audits and, more recently, has appointed an Independent Compliance Review Panel to advise the CEO and Board on how to improve ethics and compliance processes. There is evidence that these audits are conducted annually.</p>
Evidence
<p>[1] Airbus Anti-Corruption Policy (Document) Accessed 11/06/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf [p.10] The Ethics & Compliance Organisation is charged with oversight and monitoring of the anti-corruption compliance programme to ensure that this Policy is being implemented effectively. Periodic reports are provided to the Airbus Executive Committee and Ethics & Compliance Committee of the Board, including recommendations to strengthen the compliance programme where necessary.</p> <p>To complement this, the Corporate Audit & Forensic Department undertakes periodic, independent audits as well. Audits help to assess the effectiveness of internal controls and procedures and allow Airbus to develop action plans for strengthening such controls in the future.</p> <p>[47] Ethics & Compliance – Monitoring, Controls and Audits (Webpage) Accessed 11/11/2019 https://www.airbus.com/company/ethics-compliance.html The Ethics & Compliance organisation is charged with oversight and monitoring of the Ethics & Compliance Programme to ensure that it is being implemented effectively. Periodic controls on key processes are performed and reports provided to the Airbus Executive Committee and Ethics & Compliance Committee of the Board of Directors, including recommendations to strengthen the Ethics & Compliance programme where necessary.</p> <p>In addition, the Corporate Audit & Forensic Department conducts periodic (at least annual), independent audits of Airbus compliance processes to assess the effectiveness of internal controls and procedures and allow Airbus to develop action plans for strengthening such controls.</p> <p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.130] Moreover, the Audit Committee has responsibility for verifying and making recommendations to the effect that the internal and external audit activities are correctly directed, that internal controls are duly exercised and that these matters are given due importance at meetings of the Board of Directors. Thus, it discusses with the auditors their audit programme and the results of the audit of the financial statements, and it monitors the adequacy of Airbus' internal controls, accounting policies and financial reporting. It also oversees the operation of the Company's ERM system and keeps a strong link to the Ethics and Compliance Committee.</p> <p>The Chairman of the Board of Directors and the CEO are invited to attend meetings of the Audit Committee. The CFO and the Head Accounting Record to Report are requested to attend meetings to present management proposals and to answer questions. Furthermore, the Head of Corporate Audit & Forensic and the Chief Ethics and Compliance Officer are requested to report to the Audit Committee on a regular basis.</p> <p>[p.137] 4.1.4 Internal Audit</p>

In accordance with Principle 1.3 of the Dutch Code, Airbus Corporate Audit and Forensic assesses and provides objective assurance on the design and effectiveness of the Company's risk management, internal controls and governance systems. Its mandate is set out in the Airbus Corporate Audit and Forensic Charter.

Corporate Audit & Forensic engages in the independent and objective corporate assurance activities of internal auditing and forensic investigations. It supports the Company in improving its operations and accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's governance, risk management and internal controls. The function includes a team of forensic specialists who assist Airbus and the Legal and Compliance function by leading and supporting investigations of compliance allegations.

The department's independence is established by direct reporting to the Audit Committee and CEO. Corporate Audit & Forensic adheres to the Institute of Internal Auditor's Definition of Internal Auditing, Code of Ethics and International Standards for the Professional Practice of Internal Auditing as well as relevant policies and procedures of the Company. The department was recertified by the Institut français de l'audit et du contrôle internes (IFACI) in 2018.

[10] Ethics & Compliance – Enforcing Compliance (Webpage)

Accessed 11/06/2019

<https://www.airbus.com/company/ethics-compliance/enforcing-compliance.html>

Airbus appointed an Independent Compliance Review Panel (ICRP) composed of eminent external consultants.

All well-versed in compliance monitoring of large corporations, they have access to all levels of the company and are reporting to the Airbus CEO and Board on how to further improve Airbus' compliance processes, policies, organisation and culture.

Airbus continues to revise and implement improved anti-corruption compliance policies and procedures, including those with respect to its engagement of consultants and other third parties. The lessons learned as part of the SFO and the PNF investigations will be fed back into our compliance programme in order to strengthen it for the future. We also have appointed an Independent Compliance Review Panel composed of eminent external consultants to help us further improve our compliance processes, policies, organisation and culture.

Question
2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?
Score
1
Comments
<p>Based on publicly available information, the company commits to investigating incidents promptly and has a specific procedure in place to deal with whistleblowing cases. This procedure covers the whole investigation from receipt to outcome and includes provisions to provide employees (including whistleblowers) with updates on the outcome of investigations. Additionally, the company's investigations procedure ensures independence by outsourcing to an external provider and by stipulating the involvement of different senior individuals depending on the type of report. However, the company does not clearly state that information on each investigation is documented, nor that a central body reviews summary information of all reports and their status on an annual basis.</p>
Evidence
<p>[48] Ethics & Compliance – Investigation (Webpage) Accessed 11/11/2019 https://www.airbus.com/company/ethics-compliance.html Airbus takes seriously its responsibility to investigate potential instances of misconduct, whether detected in the normal course of business, via the Airbus OpenLine or from any other source. Airbus has developed a dedicated investigations procedure to ensure that these investigations are conducted in a consistent and professional manner in accordance with company standards and relevant laws. Investigations are closely monitored by the investigation team to ensure a timely resolution and documentation of the investigative work performed. In the event a misconduct is confirmed, Airbus considers not only appropriate disciplinary action for the employees involved, but also engages in a root cause analysis of the misconduct.</p> <p>[17] Airbus OpenLine Policy (Document) Accessed 12/06/2019 https://www.airbusopenline.com/Documents/PolicyFiles/en_636911090720589810.pdf <p>[p.2] 3/ Operation of the Airbus OpenLine To ensure integrity of the OpenLine system, Airbus has outsourced its management to a specialised external service provider (Deloitte). Alerts are received in a secure environment by a restricted number of trained personnel employed by the service provider. The confidential information provided through the OpenLine, including personal data, will be stored in France on secured IT servers managed by the external service provider. Employees who wish to use the system must contact the service provider directly, either by phone or via the dedicated website (contact details below). Users of the OpenLine must read and acknowledge this Airbus OpenLine Policy.</p> <p>[p.3] 6/ Responsibility The Airbus Chief Ethics and Compliance Officer is responsible for updating this policy and for overseeing the management of alerts made using the Airbus OpenLine, including any required corrective actions and reporting to authorities, if necessary. The Airbus Chief Ethics and Compliance Officer is also responsible for communicating with all parties required to be involved in the treatment of an alert and for providing feedback as soon as possible to the employee who made that alert.</p> <p>[...]</p> <p>9/ Recording of Alerts and Reporting Users of the system can submit an alert in one of two ways: 1. They can call a dedicated phone number, or 2. They can go to the web-site. Alerts will be received by the external service provider, which will prepare and send a report to the Airbus Head of Ethics & Compliance, Business & Programmes Office (except for alerts related to a member of the Airbus Board of Directors or Executive Committee, in which case the Airbus Chief Ethics and Compliance Officer will be informed directly). The reports will include only objectively presented information that is in direct relation to the permissible scope of the alert system and strictly necessary for the verification of the alleged facts.</p> <p>[p.4] 10/ Summary Investigation Procedure</p> </p>

The external service provider will send all reports to the Airbus Head of Ethics & Compliance, Business & Programmes Office (except as noted above). Those related specifically to harassment or other HR concerns will be managed directly by the Airbus Head of Business Compliance for HR, who will coordinate the management of the alert in liaison with the local HR function.

For non-HR matters, the Airbus Head of Ethics & Compliance, Business & Programmes Office will involve the relevant Division Ethics & Compliance Officer and/or functional Ethics and Compliance representative as necessary. After a review of the consistency/gravity of the alert, it will be decided whether or not to investigate.

All investigations of OpenLine Alerts will be carried out in accordance with the "Airbus Method for Investigation of Compliance Allegations".

If an investigation is launched, a limited investigation team will be set up. In some cases, Corporate Audit and Forensic may be asked to conduct the investigation. If recommendations or corrective actions are necessary, they will be decided by the appropriate level of management.

[...]

12/ Communication and Feedback

The Airbus Ethics and Compliance Officer (or his/her designee) will notify any Airbus employee implicated in a reported alert as soon as the decision to investigate the concern is taken, in order to allow the implicated person to exercise his/her rights. However, the Airbus Ethics and Compliance Officer (or his/her designee) has the right to take protective measures, for example those measures necessary to prevent the destruction of evidence relevant to the alert, prior to notifying the implicated person. The Airbus Ethics and Compliance Officer (or his/her designee) will provide feedback as soon as possible to the person making the alert via the external service provider. The external service provider will, in turn, ask the person for his/her response on this feedback.

13/ Record Management and Rights of Access

Information provided in connection with a reported alert that is deemed to be unfounded or immaterial, will be destroyed or archived immediately.

Information provided in connection with a reported alert that has been deemed material and within the scope of the system will not be retained for a period exceeding two months after the date the investigation procedures end. After this time period, the information will be destroyed in a manner consistent with national laws. This does not apply to cases in which disciplinary and/or judicial proceedings have been brought against the implicated person or the person who submitted the alert or any third parties. In line with national laws, the implicated person has the right to access the data that concerns him or her and to request that such data be corrected or deleted, as applicable. An implicated person may not obtain information regarding third parties, such as the identity of the person who made the alert, on the basis of such rights of access.

[1] Airbus Anti-Corruption Policy (Document)

Accessed 18/06/2019

<http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf>

[p.11] Subject to applicable laws and regulations, violations of this Policy may result in appropriate disciplinary measures in accordance with Airbus policies, and could additionally result in civil or criminal proceedings (or both) against individual employees and/or against relevant Airbus companies.

[5] Code of Conduct (Document)

Accessed 02/10/2019

<http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf>

[p.6] In addition to Legal & Compliance staff, Airbus has a network of part-time Ethics & Compliance Representatives (ECRs), spanning all Divisions, functions, and regions. Although the ECR network members are not compliance experts, they play an important role in promoting Airbus' E&C programme and culture (including Airbus' Values and Code of Conduct) and serve as a point of contact for any employee who has questions about the E&C programme or wishes to raise an E&C concern.

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
1
Comments
<p>There is some evidence that the company assures itself of the quality of its internal investigations and whistleblowing cases, for example by asking for feedback from those who report cases. There is also evidence that staff conducting investigations are properly qualified. However, the company does not provide sufficient detail on how complaints about the investigation process are handled, nor does it state that its procedures are reviewed regularly or at least every three years in response to any changes in the regulatory environment. More information may be available in the document entitled "Airbus Method for Investigation of Compliance Allegations", however this is not publicly accessible.</p>
Evidence
<p>[17] Airbus OpenLine Policy (Document) Accessed 12/06/2019 https://www.airbusopenline.com/Documents/PolicyFiles/en_636911090720589810.pdf</p> <p>[p.2] 3/ Operation of the Airbus OpenLine To ensure integrity of the OpenLine system, Airbus has outsourced its management to a specialised external service provider (Deloitte). Alerts are received in a secure environment by a restricted number of trained personnel employed by the service provider. The confidential information provided through the OpenLine, including personal data, will be stored in France on secured IT servers managed by the external service provider.</p> <p>[p.3] The Airbus Chief Ethics and Compliance Officer is responsible for updating this policy and for overseeing the management of alerts made using the Airbus OpenLine, including any required corrective actions and reporting to authorities, if necessary. The Airbus Chief Ethics and Compliance Officer is also responsible for communicating with all parties required to be involved in the treatment of an alert and for providing feedback as soon as possible to the employee who made that alert.</p> <p>[...]</p> <p>10/ Summary Investigation Procedure The external service provider will send all reports to the Airbus Head of Ethics & Compliance, Business & Programmes Office (except as noted above). Those related specifically to harassment or other HR concerns will be managed directly by the Airbus Head of Business Compliance for HR, who will coordinate the management of the alert in liaison with the local HR function. For non-HR matters, the Airbus Head of Ethics & Compliance, Business & Programmes Office will involve the relevant Division Ethics & Compliance Officer and/or functional Ethics and Compliance representative as necessary. After a review of the consistency/gravity of the alert, it will be decided whether or not to investigate. All investigations of OpenLine Alerts will be carried out in accordance with the "Airbus Method for Investigation of Compliance Allegations". If an investigation is launched, a limited investigation team will be set up. In some cases, Corporate Audit and Forensic may be asked to conduct the investigation. If recommendations or corrective actions are necessary, they will be decided by the appropriate level of management.</p> <p>[...]</p> <p>12/ Communication and Feedback The Airbus Ethics and Compliance Officer (or his/her designee) will notify any Airbus employee implicated in a reported alert as soon as the decision to investigate the concern is taken, in order to allow the implicated person to exercise his/her rights. However, the Airbus Ethics and Compliance Officer (or his/her designee) has the right to take protective measures, for example those measures necessary to prevent the destruction of evidence relevant to the alert, prior to notifying the implicated person. The Airbus Ethics and Compliance Officer (or his/her designee) will provide feedback as soon as possible to the person making the alert via the external service provider. The external service provider will, in turn, ask the person for his/her response on this feedback.</p> <p>13/ Record Management and Rights of Access Information provided in connection with a reported alert that is deemed to be unfounded or immaterial, will be destroyed or archived immediately.</p>

Information provided in connection with a reported alert that has been deemed material and within the scope of the system will not be retained for a period exceeding two months after the date the investigation procedures end. After this time period, the information will be destroyed in a manner consistent with national laws. This does not apply to cases in which disciplinary and/or judicial proceedings have been brought against the implicated person or the person who submitted the alert or any third parties. In line with national laws, the implicated person has the right to access the data that concerns him or her and to request that such data be corrected or deleted, as applicable. An implicated person may not obtain information regarding third parties, such as the identity of the person who made the alert, on the basis of such rights of access.

[10] Ethics & Compliance – Enforcing Compliance (Webpage)

Accessed 11/06/2019

<https://www.airbus.com/company/ethics-compliance/enforcing-compliance.html>

The following experienced senior executives and their teams are working to ensure compliance remains front and centre of all business that Airbus does. They are also working closely with the authorities to support its investigations: John Harrison, Airbus General Counsel; Sylvie Kandé de Beaupuy, Chief Ethics and Compliance Officer; Karl Hennessee, Senior Vice President, Head of Litigation, Investigations and Regulatory Affairs.

[...]

Compliance is at the heart of everything Airbus does today – we are putting significant resources and effort into supporting the coordinated criminal investigations by the UK Serious Fraud Office (SFO) and France's Parquet National Financier (PNF).

[6] Airbus 2018 Annual Report (Document)

Accessed 10/06/2019

<https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf>

[p.64] In addition to these existing anti-corruption directives, in 2018 the following new policies were adopted:

- a method defining the requirements for the prevention of corruption in the context of international cooperation & offset activities (IC&O), which provides employees with an explanation of the compliance due diligence that must be conducted on IC&O third parties depending on the function or services they perform;
- a method defining the requirements for the processes for "Manage Staffing and On-Boarding" and "Recruit People", on how to manage applications, recommendations and referrals for recruitment at Airbus;
- a method related to the requirements for the investigation of compliance allegations, to ensure that these investigations are conducted in a consistent and professional manner in accordance with company standards and relevant laws.

[p.137] Corporate Audit & Forensic engages in the independent and objective corporate assurance activities of internal auditing and forensic investigations. It supports the Company in improving its operations and accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's governance, risk management and internal controls. The function includes a team of forensic specialists who assist Airbus and the Legal and Compliance function by leading and supporting investigations of compliance allegations.

[48] Ethics & Compliance – Investigation (Webpage)

Accessed 11/11/2019

<https://www.airbus.com/company/ethics-compliance.html>

Airbus takes seriously its responsibility to investigate potential instances of misconduct, whether detected in the normal course of business, via the Airbus OpenLine or from any other source.

Airbus has developed a dedicated investigations procedure to ensure that these investigations are conducted in a consistent and professional manner in accordance with company standards and relevant laws.

Investigations are closely monitored by the investigation team to ensure a timely resolution and documentation of the investigative work performed.

In the event a misconduct is confirmed, Airbus considers not only appropriate disciplinary action for the employees involved, but also engages in a root cause analysis of the misconduct.

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
2
Comments
The company makes a clear commitment to report material findings of bribery and corruption from investigations to the board. An appropriate senior individual is ultimately responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if found necessary.
Evidence
<p>[3] Airbus Internal Rules of the Board of Directors (Document) Accessed 18/06/2019 https://www.airbus.com/content/dam/corporate-topics/strategy/governance/Internal-Rules-BoardofDirectors.pdf [p.30] RESPONSIBILITIES OF THE ETHICS AND COMPLIANCE COMMITTEE</p> <p>[...]</p> <ul style="list-style-type: none"> c) to maintain a reporting line with the Airbus Ethics and Compliance Officer and receive periodic reports from the latter relating to: <ul style="list-style-type: none"> 1. the operation of Airbus' Ethics & Compliance programme, including any major changes or recommended improvements related to the programme or to the structure of the Ethics and Compliance organisation within Airbus; 2. the status of material investigations related to ethical or compliance breaches or allegations of misconduct, and any associated legal proceedings; 3. material issues raised through the confidential alert mechanism made available to employees of Airbus; and 4. the status of any remedial or disciplinary actions undertaken in relation to material ethics and compliance related issues; d) to monitor the status and strategic direction of material internal and external investigations related to ethical or compliance breaches or allegations of misconduct, and any associated legal proceedings; e) to monitor and review any remedial or disciplinary actions undertaken in relation to material ethics and compliance related issues; f) to consider the findings of reviews into proposed transactions, to consider the appropriateness of applications to any legal, regulatory, financial or other authority and, where appropriate, to provide assurances or authorise assurances to be given to such authorities; g) to establish and supervise a mechanism that enables employees to confidentially and if appropriate, anonymously, report any significant potential irregularity, especially financial and accounting-related, that they notice within Airbus; h) to report to and advise the Board and its Committees on all ethics and compliance-related matters as required, including Airbus' policies and procedures regarding compliance with applicable laws and regulations and with Airbus' Ethics & Compliance programme; i) to report any issues or alleged ethical or compliance breaches that are financial and accounting-related to the Audit Committee; j) to appoint external ethics or compliance experts to perform independent compliance reviews as needed, to review the results and oversee the implementation of any recommended improvements and to periodically seek input and advice from the "Independent Compliance Review Panel"; and k) more generally speaking, to advise and make recommendations to the Board regarding matters that concern any of the above responsibilities. <p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.7] Our Ethics and Compliance Committee was also fully occupied, overseeing the development of a state-of-the-art compliance programme and a zero-tolerance compliance culture across Airbus. It also monitored closely the investigations in full cooperation with judiciary authorities. During the year, the Company also implemented its Responsibility and Sustainability Charter.</p>

[p.19] In 2016, for example, the Company announced that it had discovered misstatements and omissions in certain applications for export credit financing for Airbus customers, and had engaged legal, investigative and forensic accounting experts to conduct a review.

[p.47] In the context of review and enhancement of its internal compliance improvement programme, the Company discovered misstatements and omissions relating to information provided in respect of third party consultants in certain applications for export credit financing for the Company's customers. In early 2016, the Company informed the UK, German and French Export Credit Agencies ("ECAs") of the irregularities it had discovered. The Company made a similar disclosure to the UK Serious Fraud Office ("SFO").

[17] Airbus OpenLine policy (Document)

Accessed 12/06/2019

https://www.airbusopenline.com/Documents/PolicyFiles/en_636911090720589810.pdf

[p.3] The Airbus Chief Ethics and Compliance Officer is responsible for updating this policy and for overseeing the management of alerts made using the Airbus OpenLine, including any required corrective actions and reporting to authorities, if necessary. The Airbus Chief Ethics and Compliance Officer is also responsible for communicating with all parties required to be involved in the treatment of an alert and for providing feedback as soon as possible to the employee who made that alert.

Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
0
Comments
There is no evidence that the company publishes high-level results from incident investigations or any information related to disciplinary actions against its employees.
Evidence
No evidence found.

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
2
Comments
<p>There is evidence that the company provides both face-to-face and online anti-corruption training to all employees across all divisions and geographies, in four different languages. The company requires its employees to undertake Ethics and Compliance training, including on Anti-Bribery and Corruption, at least once a year.</p>
Evidence
<p>[10] Ethics & Compliance – Enforcing Compliance (Webpage) Accessed 11/06/2019 https://www.airbus.com/company/ethics-compliance/enforcing-compliance.html The company works continuously towards ensuring that employees act in a compliant manner. In the past three years alone, Airbus has conducted more than 160,000 awareness trainings covering – amongst others – the topics of anti-corruption, fraud, antitrust, export compliance, and confidential information.</p> <p>[18] Ethics & Compliance – Our awareness and training (Webpage) Accessed 11/06/2019 https://www.airbus.com/company/ethics-compliance.html While the Tone at the Top and leading by example are critical for the success of the Ethics & Compliance Programme, it is equally important to ensure that employees and Directors receive the right level of training and awareness around the key Directives. Airbus aims to educate its employees about the standards of conduct that apply to their jobs and the potential consequences, including on anti-corruption. All Airbus employees receive Ethics & Compliance training including on Anti-Corruption and are required to take at least one ethics & compliance e-learning per year. Additionally, depending on the functions, the country and the level of risk implied by their role, some employees may be selected to attend enhanced and tailored face to face Anti-Corruption training.</p> <p>[1] Airbus Anti-Corruption Policy (Document) Accessed 11/06/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf [p.11] Speak Up! Each employee is responsible for ensuring that this Policy and the related Directives are applied within his or her area of activity. Relevant employees must attend regular and appropriate training as requested by their managers.</p> <p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.50] At least once a year the agenda of the board will include an update on ethics and compliance matters (including training, awareness and any other relevant issues).</p> <p>[p.59] The Company also continued the roll-out of its e-learning modules focused on helping employees identify the signs of human rights abuse and modern slavery, including raising awareness of what to do if they have concerns. At the end of 2018, 4,972 employees had completed this e-learning, which is available in four languages and forms part of the ethics and compliance catalogue of learning. The Company is also committed to promote awareness through internal communication initiatives and awareness sessions and to train its most impacted employees on potential risks.</p>

[p.64] The Company aims to educate its people about the standards of conduct that apply to their jobs and the potential consequences of violations. Target populations are reviewed annually and required to undergo training and awareness eLearning or face to face sessions based on job function, role and responsibility. In 2018, the Company's employees followed 204,667 Ethics & Compliance digital training sessions. In coordination with an effort to increase accessibility to the digital learning platform, one of Airbus' 2018 objectives was for all employees with access to a computer to perform an Ethics and Compliance digital training session.

[19] Airbus 2018 Information Document

Accessed 11/06/2019

<https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-SE-Information-Document-2018.pdf>

Each affiliate has an Airbus supervisor who is a member or chairman of the board who ensures that all Airbus requirements are considered by the affiliate's management. At least once a year the agenda of the board will include an update on ethics and compliance matters (including training, awareness and any other relevant issues).

Question
3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees: a) Employees in high risk positions, b) Middle management, c) Board members.
Score
1
Comments
<p>There is evidence that the company provides tailored anti-bribery and corruption training to employees based on their job role, location and level of risk. There is evidence that this includes employees in high risk employees and board members. However, there is insufficient evidence that the company provides training to employees covered in (b) above, and it is not clear that training for employees in high-risk positions is refreshed on at least an annual basis.</p>
Evidence
<p>[18] Ethics & Compliance – Our awareness and training (Webpage) Accessed 11/06/2019 https://www.airbus.com/company/ethics-compliance.html While the Tone at the Top and leading by example are critical for the success of the Ethics & Compliance Programme, it is equally important to ensure that employees and Directors receive the right level of training and awareness around the key Directives. Airbus aims to educate its employees about the standards of conduct that apply to their jobs and the potential consequences, including on anti-corruption. All Airbus employees receive Ethics & Compliance training including on Anti-Corruption and are required to take at least one ethics & compliance e-learning per year. Additionally, depending on the functions, the country and the level of risk implied by their role, some employees may be selected to attend enhanced and tailored face to face Anti-Corruption training.</p> <p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf [p.24] Anti-Bribery and Corruption DO</p> <ul style="list-style-type: none"> Attend required trainings tailored to your specific role at Airbus. <p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.50] At least once a year the agenda of the board will include an update on ethics and compliance matters (including training, awareness and any other relevant issues).</p> <p>[...]</p> <p>In addition to the current training catalogue of over 80 e-learning courses on labour relations, diversity, environmental and health and safety matters, as well as R&S and human rights, the Company is working on specific learning programmes for target groups. One programme targeting all the Company's employees worldwide will focus on increasing general awareness on R&S as well as Airbus' commitments as outlined in the Charter. A second programme will be dedicated to risk-exposed populations, such as directors of subsidiaries and buyers, aiming at developing in-depth understanding of legal requirements with regards to environment, health & safety, human rights, labour relations, anti-corruption within the Company's operations and supply chain, and promoting the Company's internal processes to help mitigate potential risks and help prevent violations. The Airbus Leadership University took the lead to embed R&S strategy and commitments into the courses it offers in order to ensure the Company's managers are trained and equipped to instil the right behaviours, foster cultural change and</p>

encourage the search for innovative solutions to answer societal challenges. In addition, the Company also provides training to its employees on the Airbus Standards of Business Conduct.

[...]


In 2018, Airbus and its two Divisions each sent their respective affiliates a questionnaire to assess their internal controls including as they relate to the environment, human resources and compliance. Regarding all the above activities, affiliates were asked to confirm that all relevant Airbus policies were accessible to their employees and duly communicated to them and that dedicated training was organised for risk-exposed employees.

In 2019, the scope of the questionnaire will evolve to cover topics included in the new Directive, including R&S, and harmonised between Airbus and the two Divisions.

[p.59] The Company also continued the roll-out of its e-learning modules focused on helping employees identify the signs of human rights abuse and modern slavery, including raising awareness of what to do if they have concerns. At the end of 2018, 4,972 employees had completed this e-learning, which is available in four languages and forms part of the ethics and compliance catalogue of learning. The Company is also committed to promote awareness through internal communication initiatives and awareness sessions and to train its most impacted employees on potential risks.

[p.64] The Company aims to educate its people about the standards of conduct that apply to their jobs and the potential consequences of violations. Target populations are reviewed annually and required to undergo training and awareness eLearning or face to face sessions based on job function, role and responsibility.

In 2018, the Company's employees followed 204,667 Ethics & Compliance digital training sessions. In coordination with an effort to increase accessibility to the digital learning platform, one of Airbus' 2018 objectives was for all employees with access to a computer to perform an Ethics and Compliance digital training session.

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
1
Comments
<p>Based on publicly available information, the company's board of directors receives an update on ethics and compliance training on an annual basis. The Annual Report also contains some high-level information on the anti-bribery and corruption e-training provided to employees, in the form of completion rates. However, there is no evidence to indicate that the company measures or reviews the effectiveness of its anti-bribery and corruption communications or training programme beyond completion rates. According to the Annual Report, the company issued questionnaires to its affiliates in 2018 to check that internal procedures were adequate and to ensure that anti-corruption messages had been communicated, but this is not sufficient to receive a score of '2'.</p>
Evidence
<p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.2] Ethics and Compliance (digital training sessions)</p>  <p>[p.50] At least once a year the agenda of the board will include an update on ethics and compliance matters (including training, awareness and any other relevant issues).</p> <p>[...]</p> <p>All Airbus affiliates (affiliates where Airbus owns more than one half of the voting rights, or is able to appoint or discharge more than one half of the members of the board) with operational activities are expected to deploy similar internal policies applying Airbus directives. A corporate directive assists Airbus affiliates in effectively fulfilling their responsibilities while assuring Airbus' ongoing commitment to high standards of corporate governance. In 2018, Airbus, working closely with its two Divisions, approved one single directive on corporate governance for the Company's affiliates, which defines rules, processes and procedures applicable to Airbus affiliates and their respective boards, directors and officers. Airbus leveraged this in-depth work to integrate enhanced requirements on labour and human rights, environment, health and safety and procurement matters into the new directive on the basis of related Airbus internal policies including:</p> <ul style="list-style-type: none"> • International Framework Agreement; • Agreement on the European Works Council; • Supplier Code of Conduct; • Health & Safety Policy; • Standard of Business Conduct; • Environmental Policy; and • Airbus Anti-corruption Policy and Directives. <p>In 2018, Airbus and its two Divisions [Airbus Defence and Space and Airbus Helicopters] each sent their respective affiliates a questionnaire to assess their internal controls including as they relate to the environment, human resources and compliance. Regarding all the above activities, affiliates were asked to confirm that all relevant Airbus policies were accessible to their employees and duly communicated to them and that dedicated training was organised for risk-exposed employees.</p> <p>In 2019, the scope of the questionnaire will evolve to cover topics included in the new Directive, including R&S, and harmonised between Airbus and the two Divisions.</p>

[p.59] The Company also continued the roll-out of its e-learning modules focused on helping employees identify the signs of human rights abuse and modern slavery, including raising awareness of what to do if they have concerns. At the end of 2018, 4,972 employees had completed this e-learning, which is available in four languages and forms part of the ethics and compliance catalogue of learning. The Company is also committed to promote awareness through internal communication initiatives and awareness sessions and to train its most impacted employees on potential risks.

[p.64] In 2018, the Company's employees followed 204,667 Ethics & Compliance digital training sessions. In coordination with an effort to increase accessibility to the digital learning platform, one of Airbus' 2018 objectives was for all employees with access to a computer to perform an Ethics and Compliance digital training session.

Question
3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
0
Comments
There is no evidence that the company's incentive schemes incorporate ethical or anti-bribery and corruption principles.
Evidence
<p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.151] The Company's remuneration policy is strongly linked to the achievement of individual and Company objectives, both for each Division and for the overall Company. In 2012, a Performance and Restricted Unit plan was established for the senior management of Airbus (see "— 4.3.3 Long-Term Incentive Plans"), and employees were offered shares at favourable conditions within the context of a new Employee Share Ownership Plan (see "— 4.3.2 Employee Share Ownership Plans"). The success sharing schemes which are implemented at the Company in France, Germany, Spain and the UK follow one set of common rules of the group, ensuring a consistent application in these four countries.</p>

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
0
Comments
Based on publicly available information, there is no clear evidence that the company commits to supporting employees who refuse to act unethically where such actions may result in a loss of business or other disadvantage to the company.
Evidence
<p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf [p.5] If you are a team leader or manager, you have a particular responsibility to create an environment in which members of your team feel confident and able to raise concerns, to listen carefully to their concerns, and to take all appropriate action in response.</p> <p>[...]</p> <p>Speak Up Airbus is committed to maintaining a Speak Up culture by promoting an open and trusting dialogue with employees at all levels. All employees are encouraged to express their views, defend their opinions and point out unacceptable behaviour, especially behaviour that violates this Code of Conduct.</p> <p>[p.6] Leadership We rely on team leaders and managers, at every level of the company, to accept responsibility for instilling a culture of integrity within Airbus.</p> <p>DO</p> <ul style="list-style-type: none"> Encourage a Speak Up culture in which employees feel comfortable discussing risks or raising concerns, by taking the necessary time to listen and promote dialogue and feedback. <p>[16] Ethics & Compliance – Speak Up (Webpage) Accessed 11/06/2019 https://www.airbus.com/company/ethics-compliance.html Airbus is committed to maintaining a Speak Up culture by promoting an open and trusting dialogue with employees at all levels.</p> <p>All employees are encouraged to express their views, defend their opinions, and point out unacceptable behaviour—especially behaviour that violates our Code of Conduct. Employees can raise concerns to their line manager, their Human Resources Business Partner, to a Legal & Compliance representative, or through the Airbus “OpenLine”.</p> <p>[17] Airbus OpenLine policy (Document) Accessed 12/06/2019 https://www.airbusopenline.com/Documents/PolicyFiles/en_636911090720589810.pdf [p.1] Airbus is also committed to developing a “Speak Up” culture where all employees feel comfortable sharing their views, asking questions, flagging anomalies, expressing concerns, or reporting what they perceive as suspected wrongdoing or violations of laws, regulations, our Standards of Business Conduct or other policies.</p>

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
1
Comments
<p>Based on publicly available information, the company has a clear policy of non-retaliation against whistleblowers and employees who report suspected bribery and corruption incidents. This commitment provides a clear definition of actions that may constitute retaliation and is repeated in several different documents that are made available to all employees. Additionally, there is evidence that this policy extends to suppliers, affiliates and third parties who may wish to report suspected bribery and corruption. However, there is no evidence that the company assures itself of its employees' confidence in the commitment of non-retaliation through surveys, usage data or other clearly stated means.</p>
Evidence
<p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf [p.5] Speak Up Airbus protects those who Speak Up and raise concerns appropriately and in good faith; we do not retaliate against anyone who raises a concern, or against those who assist in investigations of suspected violations. Retaliation can take many forms, both direct and indirect, including: harassment, exclusion from meetings, sanction, dismissal or other discriminatory measures, in particular related to compensation, profit-sharing, free share awards, job classification, performance reviews, promotion, training, transfers, contract renewal, etc. If you believe you have been retaliated against for reporting an issue, please contact a Legal & Compliance staff member.</p> <p>[1] Airbus Anti-Corruption Policy (Document) Accessed 18/06/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf [p.11] Airbus will not tolerate retaliation against an employee who raises concerns in good faith, and is committed to protecting confidentiality and personal data.</p> <p>[17] Airbus OpenLine policy (Document) Accessed 12/06/2019 https://www.airbusopenline.com/Documents/PolicyFiles/en_636911090720589810.pdf [p.1] Because Airbus encourages employees to Speak Up, it prohibits retaliation against them for making alerts in good faith, or for assisting in investigations of suspected violations.</p> <p>Recognising however that employees may fear retaliation if they do Speak Up, Airbus has established "OpenLine": a channel through which they may submit an alert securely and confidentially or in an anonymous manner. The use of Airbus OpenLine is entirely optional and voluntary, and there will be no consequences for employees who do not use the system. The objective of this policy is to explain the scope of the system and how Airbus OpenLine works, including the safeguards that have been implemented to protect users' identity and other personal data.</p> <p>[...]</p> <p>2/ Scope of the Airbus OpenLine All Airbus employees, including interns and temporary workers, may use the Airbus OpenLine to submit an alert concerning our Standards of Business Conduct and other policies as well as applicable laws or regulations, in areas including: bribery, fraud, competition, conflict of interest, data protection, export control and sanctions, human resources related matters, procurement and product integrity, security and intellectual property, responsibility and sustainability</p> <p>[p.2] In addition, third parties such as suppliers may use the Airbus OpenLine to submit an alert in the areas of bribery and Responsibility and sustainability.</p>

[...]

4/ Acting in Good Faith

[...]

Anyone who acts in good faith will not be subject to disciplinary action even if the allegation later proves unfounded or any statement or disclosure is later shown to be inaccurate. On the other hand, any Airbus employee who deliberately makes false or misleading statements or acts in bad faith may be subject to disciplinary action, in accordance with applicable laws and regulations.

[p.3] 8/ Protection from Retaliation

Retaliation by any Airbus employee, and/or by Airbus itself, directly or indirectly, against a person who, in good faith, submits an alert or assists in investigations of suspected violations, will not be tolerated. Prohibited retaliation measures include harassment and negative employment consequences such as: denial of access to recruitments, internships or professional training; sanction, dismissal or discriminatory measures, either direct or indirect, in particular related to compensation, profit-sharing, free shares, classification, promotion, transfers, contract renewal etc.

[6] Airbus 2018 Annual Report (Document)

Accessed 10/06/2019

<https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf>

[p.64] The Company does not tolerate retaliation against employees making reports in good faith and/or assisting in investigations of suspected violations of the Standards of Business Conduct.

[16] Ethics & Compliance – Speak Up (Webpage)

Accessed 11/06/2019

<https://www.airbus.com/company/ethics-compliance.html>

Alerts could relate to our Code of Conduct, policies and standards, or to compliance with applicable laws or regulations. The use of the OpenLine is entirely optional and voluntary, and there will be no consequences for employees who do not use the system.

Airbus protects those who Speak Up and raise concerns appropriately and in good faith; we do not retaliate against anyone who raises a concern, or against those who assist in investigations of suspected violations. Retaliation can take many forms, both direct and indirect, including: harassment, exclusion from meetings, sanction, dismissal, or other discriminatory measures, in particular related to compensation, profit-sharing, free share awards, job classification, performance reviews, promotion, training, transfers, contract renewal, etc.

Question
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?
Score
2
Comments
<p>According to publicly available information, the company offers multiple channels for employees, suppliers and third parties to report instances of suspected bribery or corruption or seek advice. Channels are sufficiently varied to allow employees to raise concerns across the management chain and across divisions – including to an external independent provider – as well as being accessible to employees in all jurisdictions in which the company operates and in all relevant languages. There is evidence that these channels allow for confidential and, where possible, anonymous reporting of concerns.</p>
Evidence
<p>[1] Airbus Anti-Corruption Policy (Document) Accessed 18/06/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf [p.11] Speak Up! Each employee is responsible for ensuring that this Policy and the related Directives are applied within his or her area of activity. Relevant employees must attend regular and appropriate training as requested by their managers. If you need guidance or wish to report a concern, you should contact your line manager or an Ethics & Compliance or HR representative. In addition, the Airbus OpenLine (www.airbusgroupopenline.com) provides a confidential, secure and easy way to report concerns with regard to corruption and other areas such as financial and accounting fraud.</p> <p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf [p.5] Speak Up</p> <p>[...]</p> <p>Employees can raise concerns to their line manager, their Human Resources Business Partner, to a Legal & Compliance representative, or through the Airbus “OpenLine” (www.airbusopenline.com).</p> <p>The OpenLine is a channel through which employees and other stakeholders may submit an alert securely and confidentially or anonymously. Alerts could relate to our Code of Conduct, policies and standards, or to compliance with applicable laws or regulations. The use of the OpenLine is entirely optional and voluntary, and there will be no consequences for employees who do not use the system.</p> <p>[p.6] Raising Questions In addition to reporting potential wrongdoing, Airbus encourages its employees to seek clarification when needed. This Code of Conduct cannot address every challenging situation that may arise. If you have questions about the topics covered in the Code of Conduct, you may address them to the points of contact listed in each chapter or to:</p> <ul style="list-style-type: none"> • Your line manager • A Legal & Compliance staff member • Your Human Resources Business Partner • compliance@airbus.com <p>Mail: Airbus Ethics & Compliance 2 Rond-Point Emile Dewoitine BP 90112 31703 Blagnac cedex – France</p>

In addition to Legal & Compliance staff, Airbus has a network of parttime Ethics & Compliance Representatives (ECRs), spanning all Divisions, functions, and regions. Although the ECR network members are not compliance experts, they play an important role in promoting Airbus' E&C programme and culture (including Airbus' Values and Code of Conduct) and serve as a point of contact for any employee who has questions about the E&C programme or wishes to raise an E&C concern.

[16] Ethics & Compliance – Speak Up (Webpage)

Accessed 11/06/2019

<https://www.airbus.com/company/ethics-compliance.html>

Employees can raise concerns to their line manager, their Human Resources Business Partner, to a Legal & Compliance representative, or through the Airbus "OpenLine".

The OpenLine is a channel through which employees and other stakeholders may submit an alert securely and confidentially or anonymously.

[17] Airbus OpenLine Policy (Document)

Accessed 12/06/2019

https://www.airbusopenline.com/Documents/PolicyFiles/en_636911090720589810.pdf

[p.1] Several channels exist for employees to Speak Up: immediate supervisors, Human Resources Business Partners (HRBP), Ethics & Compliance representatives, or senior management representatives.

[...]

Because Airbus encourages employees to Speak Up, it prohibits retaliation against them for making alerts in good faith, or for assisting in investigations of suspected violations.

Recognising however that employees may fear retaliation if they do Speak Up, Airbus has established "OpenLine": a channel through which they may submit an alert securely and confidentially or in an anonymous manner. The use of Airbus OpenLine is entirely optional and voluntary, and there will be no consequences for employees who do not use the system.

The objective of this policy is to explain the scope of the system and how Airbus OpenLine works, including the safeguards that have been implemented to protect users' identity and other personal data.

[p.3] 7/ Confidentiality

Users of the alert system will have the choice either to disclose their identity to Airbus or to remain anonymous where legally permissible. If the user discloses his identity, Airbus will make all possible efforts to protect the identity of the person submitting the alert. All reports and information collected will be kept strictly confidential, to the extent possible, consistent with the need to conduct a thorough and effective investigation, or as required by law or court proceedings.

[...]

9/ Recording of Alerts and Reporting

Users of the system can submit an alert in one of two ways: 1. They can call a dedicated phone number, or 2. They can go to the web-site. Alerts will be received by the external service provider, which will prepare and send a report to the Airbus Head of Ethics & Compliance, Business & Programmes Office (except for alerts related to a member of the Airbus Board of Directors or Executive Committee, in which case the Airbus Chief Ethics and Compliance Officer will be informed directly). The reports will include only objectively presented information that is in direct relation to the permissible scope of the alert system and strictly necessary for the verification of the alleged facts.

[p.5] 14/ Contact Details

It is possible to get in contact with the OpenLine by:

- Connecting to the Airbus OpenLine website: www.airbusopenline.com. This medium is available in English, German, French, Spanish, Portuguese, Mandarin, Arabic, Swedish, Russian, Hungarian, Kazakh, Turkish, Indonesian, Dutch, Polish, Romanian and Italian.
- Calling the following numbers

COUNTRY AND CONTACT NUMBERS	LIMITATIONS	LIVE ANSWERING
Worldwide +27 (0)315715424 +33 (0)567804343	International South Africa number – accessible from all networks at international call rates. Local Toulouse number - accessible from all networks at normal local and national call rates.	English 24/7. French, German, Spanish and Portuguese during European business hours
Australia 1800249139	Toll-free number; accessible from all fixed lines; limited access from mobile networks, normal call rates may apply to mobile networks.	English 24/7.
Brazil 0-800-591-9018	Toll-free number. Accessible from fixed and mobile networks. Free from fixed line, normal domestic call rates apply to mobile networks.	English 24/7. Portuguese during European business hours.
Canada		English 24/7. French during European business hours.

[p.6]

18552253002	Toll-free number. Accessible from fixed and mobile networks. Free from fixed line, mobile call rates could apply to some mobile networks.	
Hong Kong 4001200144	Toll-free number. Accessible from fixed and mobile networks. Free from fixed line, mobile call rates could apply to some mobile networks.	English 24/7. Mandarin during Malaysian business hours.
France 0805-080727 +33 (0)567804343	Toll-free number; Toll free from fixed lines. Accessible from mobile networks at normal call rates. Local France number; accessible from all networks at normal national call rates within France	English 24/7. French during European business hours.
Germany 0800-181-9892	Toll-free; Toll free from fixed lines. Accessible from mobile networks at normal call rates.	English 24/7. German during European business hours.
India 000-800-919-0268	Toll-free access from fixed line; accessible from mobile networks except TTSL (prepaid) and Etisalat DB Telecom	English 24/7. Hindi between 06h00 and 15h00 CAT.

Mexico 018006815372	Toll-free; Toll free from fixed lines. Accessible from mobile networks at normal call rates.	English 24/7. Spanish during European business hours.
Saudi Arabia 8008444045	Toll-free. Accessible and toll-free from fixed line only.	English 24/7. Arabic on SA business days between 06h00 and 15h00 CAT.
Spain 900839126	Toll-free number; Toll free from fixed lines. Accessible from mobile networks at normal call rates.	English 24/7. Spanish during European business hours.
United Kingdom 08081891338	Toll-free; Toll-free from fixed lines. Limited access from mobile networks at normal call rates.	English 24/7.
China 400-8383-233 + 862161412649	Toll-free number, accessible from fixed and mobile networks. Free from fixed line, mobile call rates could apply to some mobile networks. Local Shanghai number, accessible from all networks. International call rates to China applies.	English and Mandarin during China business hours.

The OpenLine is operated in English 24/7.

[p.7] 15/ Specific information per country

The OpenLine will indicate to the user which national Information Notices are applicable based on the location of the user and of the reported incident. The user must read and acknowledge these Information Notices.

[6] Airbus 2018 Annual Report (Document)

Accessed 10/06/2019

<https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf>

[p.64] The Company recognises that the Standards of Business Conduct cannot address every challenging situation that may arise. The Company therefore encourages its employees to speak-up through various channels, including through OpenLine (available at <https://www.airbusopenline.com/>). The OpenLine enables users to submit in good faith an alert securely and confidentially and also to ask all questions related to Ethics and Compliance. In 2018, the Company decided to further improve the accessibility and use of the OpenLine by extending the geographical coverage of the tool, which should allow access to all employees based in the countries where Airbus operates. The Company also decided to extend the scope of the OpenLine to responsibility and sustainability related topics. Finally, and beyond already existing measures to preserve the confidential use of the OpenLine, users are offered a new option allowing them to remain anonymous, where legally permissible. All of these improvements came into force on 1 January 2019. The Company does not tolerate retaliation against employees making reports in good faith and/or assisting in investigations of suspected violations of the Standards of Business Conduct.

[19] Airbus 2018 Information Document

Accessed 11/06/2019

<https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-SE-Information-Documents-2018.pdf>

[p.50] To support our commitment to and promotion of a speak-up culture, Airbus created the OpenLine to provide the Company's employees with an avenue for raising concerns in a confidential way. In 2018, the Company decided to extend the scope to responsibility and sustainability related topics.

[p.64] The Company recognises that the Standards of Business Conduct cannot address every challenging situation that may arise. The Company therefore encourages its employees to speak-up through various channels, including through OpenLine (available at <https://www.airbusopenline.com/>).

The OpenLine enables users to submit in good faith an alert securely and confidentially and also to ask all questions related to Ethics and Compliance. In 2018, the Company decided to further improve the accessibility and use of the OpenLine by extending the geographical coverage of the tool, which should allow access to all employees based in the countries where Airbus operates. The Company also decided to extend the scope of the OpenLine to responsibility and sustainability related topics. Finally, and beyond already existing measures to preserve the confidential use of the OpenLine, users are offered a new option allowing them to remain anonymous, where legally permissible. All of these improvements came into force on 1 January 2019. The Company does not tolerate retaliation against employees making reports in good faith and/or assisting in investigations of suspected violations of the Standards of Business Conduct. For further information, visit the OpenLine website.

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
2
Comments
Based on publicly available evidence, the company has a policy on conflicts of interest which applies to all employees and board members. This policy covers actual, potential and perceived conflicts of interest and covers employee relationships, other employment, government relations and financial interests as possible categories of conflict.
Evidence
<p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf <p>[p.34] Managing Conflicts of Interest Key Principles We do not allow personal interests to interfere, or appear to interfere, with our ability to make fair and objective decisions when performing our jobs in the best interest of Airbus. A conflict of interest is not necessarily a problem by itself, but failing to declare and manage one properly may have negative consequences for the employee and for Airbus. In particular, when negotiating with or hiring current or former military and civilian government officials, we must comply with all applicable laws, regardless of whether they will be on our payroll or engaged as consultants or subcontractors.</p> <p>DO</p> <ul style="list-style-type: none"> Discuss with your line manager any personal or professional relationships that could give rise to a conflict of interest. <p>DON'T</p> <ul style="list-style-type: none"> Conceal information on any actual or potential conflict of interest. Place yourself in the position of hiring or supervising a family member or close personal friend. Act on situations where your personal interests could appear to influence your business decisions within Airbus. <p>[p.35] Q&A <i>My best friend has asked me if there is a possibility of employment at Airbus. How should I handle this question?</i> Airbus encourages employees to refer good candidates, so you can certainly refer the candidate internally. After having made a referral, however, you should refrain from getting involved in the hiring process or trying to influence any internal decision making in this respect. You should also not share any Airbus internal information with your friend in order to help him or her get the job, even if you believe he or she is the best-qualified candidate.</p> <p><i>My cousin works for a company that is an Airbus supplier. My line manager has asked me to participate in the team that is responsible for assessing this tender. What should I do?</i> You should disclose this information to your line manager immediately. Your line manager might decide to assign another colleague to the team to avoid any conflict of interest.</p> <p><i>I've been really impressed with the quality of work from a particular Airbus supplier and as a result I'd like to invest in the company. Is there any conflict of interest here?</i> Even though your involvement may only be financial, this could create a conflict of interest depending on your position within Airbus, your influence on purchasing decisions, the amount of your investment, and the</p> </p>

importance of Airbus as a customer to the particular supplier. You should disclose the matter to your line manager and discuss the issue openly in order to identify whether a conflict of interest could exist

Key Airbus Documents to Reference

- Airbus Conflict of Interest Directive
- Legal & Compliance community on the Hub

[20] Ethics & Compliance – Conflicts of interest (Webpage)

Accessed 11/06/2019

<https://www.airbus.com/company/ethics-compliance.html>

We do not allow personal interests to interfere, or appear to interfere, with our ability to make fair and objective decisions when performing our jobs in the best interest of Airbus.

Airbus has implemented a directive requiring employees facing a situation that represents or may represent a conflict of interest with regards to their activities with or within Airbus should proactively declare it to the Ethics & Compliance team. Examples include, among others, having a financial interest or directorship in a third party, an outside employment or a side business, or, for example, having a relative who is a public official with decision-making power that could affect Airbus.

Failing to declare and manage properly a conflict of interest situation may have negative consequences for individuals and for Airbus.

[6] Airbus 2018 Annual Report (Document)

Accessed 10/06/2019

<https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf>

[p.117] In addition, the Board Rules detail the rights and duties of the Members of the Board of Directors and sets out the core principles which each and every Member of the Board of Directors shall comply and shall be bound by, such as acting in the best interest of the Company and its stakeholders, devoting necessary time and attention to the carrying out of his/her duties and avoiding any and all conflicts of interest.

[3] Airbus Internal Rules of the Board of Directors (Document)

Accessed 18/06/2019

<https://www.airbus.com/content/dam/corporate-topics/strategy/governance/Internal-Rules-BoardofDirectors.pdf>

[p.6] Any conflict of interest or apparent conflict of interest between Airbus SE and Directors is to be avoided and the Board is responsible for ensuring that there are rules to avoid such conflicts. Where conflicts nevertheless arise, the non-executives Directors shall be responsible for ensuring that in dealing with such conflicts Dutch law and the Dutch Corporate Governance Code and all other applicable laws, rules and regulations are complied with. A Director shall not take part in the deliberations or decision-making if he has a direct or indirect personal interest which conflicts with the interests of Airbus SE and of the enterprise connected with it.

[p.21] Any conflict of interest or apparent conflict of interest between the Company and Directors is to be avoided. Each Director shall immediately report any such or potential conflict to the Chairman and shall provide him with all relevant information. Where conflicts nevertheless arise, the non-executives Directors shall be responsible for ensuring that in dealing with such conflicts Dutch law and the Dutch Corporate Governance Code and all other applicable laws, rules and regulations are complied with. A Director shall not take part in the deliberations or decision-making if he has a direct or indirect personal interest which conflicts with the interests of the Company and of the enterprise connected with it. Decisions to enter into transactions under which Directors would have conflicts of interest that are of material significance to the Company and/or to the relevant Director require the approval of the Board and are to be agreed on terms that are customary to the sector in which the Company operates its business.

[21] Airbus 2019 Annual General Meeting (Document)

Accessed 11/06/2019

https://www.airbus.com/content/dam/events/annual-general-meeting/AIRBUS_AGM_2019_MEL.pdf

[p.26] The Company has a conflict of interest policy, which sets out that any potential or actual conflict of interest between the Company and any Member of the Board of Directors shall be disclosed and, where possible, avoided (please refer to the "Board Rules (Annex D – Article 8: Conflicts of interest)"). This policy is available on the Company's website: www.airbus.com (Company / Corporate Governance / Governance Framework and Documents), as is the related best practice provision 2.7 of the Dutch Code (as such term is defined in section 4.3 "Dutch Corporate Governance Code" below), which the Company complied with during 2018. Pursuant to the Articles of Association and the Board Rules, a conflicted Member of the Board of Directors should abstain from participating in the deliberation and decision-making process relating to the matters concerned. The Board of

Directors must approve any decision to enter a transaction where a Director has conflicts of interest that are material to the Company or the individual Director.

Question
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?
Score
1
Comments
<p>Based on publicly available evidence, the company has procedures in place to identify, declare and manage conflicts of interest. This includes declaring the actual or perceived conflict to a line manager or to the Ethics and Compliance team, the latter of which provides oversight of these declarations. However, there is no evidence that all declarations are recorded in a central register. Additionally, there is no information regarding the possible criteria for recusals or potential punitive measures for breaches of the policy.</p>
Evidence
<p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf [p.34] DO</p> <ul style="list-style-type: none"> • Discuss with your line manager any personal or professional relationships that could give rise to a conflict of interest. • Make sure that conflicts of interest are disclosed, managed, and recorded. • Contact Legal & Compliance or your Human Resources Business Partner when you have a question. <p>DON'T</p> <ul style="list-style-type: none"> • Conceal information on any actual or potential conflict of interest. • Place yourself in the position of hiring or supervising a family member or close personal friend. • Act on situations where your personal interests could appear to influence your business decisions within Airbus. <p>[p.35] Q&A <i>My best friend has asked me if there is a possibility of employment at Airbus. How should I handle this question?</i> Airbus encourages employees to refer good candidates, so you can certainly refer the candidate internally. After having made a referral, however, you should refrain from getting involved in the hiring process or trying to influence any internal decision making in this respect. You should also not share any Airbus internal information with your friend in order to help him or her get the job, even if you believe he or she is the best-qualified candidate.</p> <p><i>My cousin works for a company that is an Airbus supplier. My line manager has asked me to participate in the team that is responsible for assessing this tender. What should I do?</i> You should disclose this information to your line manager immediately. Your line manager might decide to assign another colleague to the team to avoid any conflict of interest.</p> <p><i>I've been really impressed with the quality of work from a particular Airbus supplier and as a result I'd like to invest in the company. Is there any conflict of interest here?</i> Even though your involvement may only be financial, this could create a conflict of interest depending on your position within Airbus, your influence on purchasing decisions, the amount of your investment, and the importance of Airbus as a customer to the particular supplier. You should disclose the matter to your line manager and discuss the issue openly in order to identify whether a conflict of interest could exist</p> <p>Key Airbus Documents to Reference</p> <ul style="list-style-type: none"> • Airbus Conflict of Interest Directive • Legal & Compliance community on the Hub

[20] Ethics & Compliance – Conflicts of interest (Webpage)

Accessed 11/06/2019

<https://www.airbus.com/company/ethics-compliance.html>

Individuals facing a situation that represent or may represent a conflict of interest with regards to their activities with or within Airbus should proactively declare it to the Ethics & Compliance team.

Failing to declare and manage properly a conflict of interest situation may have negative consequences for individuals and for Airbus.

[7] Corporate Governance – Board and Board Committees (Webpage)

Accessed 11/06/2019

<https://www.airbus.com/company/corporate-governance/board-and-board-committees.html#EandC>

The Ethics and Compliance Committee assists the Board in overseeing Airbus' culture and commitment to ethical business and integrity. It oversees the Company's ethics and compliance programme, organisation and framework for the effective governance of ethics and compliance, including all associated internal policies, procedures and controls.

[3] Airbus Internal Rules of the Board of Directors (Document)

Accessed 11/06/2019

<https://www.airbus.com/content/dam/corporate-topics/strategy/governance/Internal-Rules-BoardofDirectors.pdf>

[p.6] Any conflict of interest or apparent conflict of interest between Airbus SE and Directors is to be avoided and the Board is responsible for ensuring that there are rules to avoid such conflicts. Where conflicts nevertheless arise, the non-executives Directors shall be responsible for ensuring that in dealing with such conflicts Dutch law and the Dutch Corporate Governance Code and all other applicable laws, rules and regulations are complied with. A Director shall not take part in the deliberations or decision-making if he has a direct or indirect personal interest which conflicts with the interests of Airbus SE and of the enterprise connected with it.

[p.21] Any conflict of interest or apparent conflict of interest between the Company and Directors is to be avoided. Each Director shall immediately report any such or potential conflict to the Chairman and shall provide him with all relevant information. Where conflicts nevertheless arise, the non-executives Directors shall be responsible for ensuring that in dealing with such conflicts Dutch law and the Dutch Corporate Governance Code and all other applicable laws, rules and regulations are complied with. A Director shall not take part in the deliberations or decision-making if he has a direct or indirect personal interest which conflicts with the interests of the Company and of the enterprise connected with it. Decisions to enter into transactions under which Directors would have conflicts of interest that are of material significance to the Company and/or to the relevant Director require the approval of the Board and are to be agreed on terms that are customary to the sector in which the Company operates its business.

[6] Airbus 2018 Annual Report (Document)

Accessed 10/06/2019

<https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf>

[p.117] In addition, the Board Rules detail the rights and duties of the Members of the Board of Directors and sets out the core principles which each and every Member of the Board of Directors shall comply and shall be bound by, such as acting in the best interest of the Company and its stakeholders, devoting necessary time and attention to the carrying out of his/her duties and avoiding any and all conflicts of interest.

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
0
Comments
<p>There is no evidence that the company has a policy regulating the employment of current or former public officials. Although the company acknowledges the need to comply with all applicable laws and regulations when hiring such individuals, there is no evidence of a policy with specific controls to regulate such interactions.</p>
Evidence
<p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf <p>[p.24] Interactions with government officials or state organisations present particular risks that must be adequately addressed.</p> <p>[p.26] <i>A former member of a local government is offering to perform a consulting mission for Airbus, arguing that he or she would use his or her relationships within the government to obtain the administrative permissions necessary for Airbus' development. What should I do?</i> Handle this request with extreme caution as this person could abuse his or her influence in ways that are illegal. In order to protect Airbus, before engaging a third party to assist in interactions with public authorities, you should ensure the legality of the mission and comply with the terms of the Lobbyists and Special Advisors Directive. You should contact a Legal & Compliance staff member who will help perform risk-based due diligence in order to ensure the integrity of the consultant and the legality of hiring him or her.</p> <p>[p.34] In particular, when negotiating with or hiring current or former military and civilian government officials, we must comply with all applicable laws, regardless of whether they will be on our payroll or engaged as consultants or subcontractors.</p> <p>[3] Airbus Internal Rules of the Board of Directors (Document) Accessed 11/06/2019 https://www.airbus.com/content/dam/corporate-topics/strategy/governance/Internal-Rules-BoardofDirectors.pdf <p>[p.116] Under the Board Rules, an "Independent Director" is a non-Executive Director who is independent within the meaning of the Dutch Corporate Governance Code (the "Dutch Code") and meets additional independence standards. Specifically, where the Dutch Code would determine non-independence, in part, by reference to a Director's relationships with shareholders who own at least 10% of the Company, the Board Rules determine such Director's non-independence, in relevant part, by reference to such Director's relationships with shareholders who own at least 5% of the Company. According to the criteria of the Dutch Code and the Board Rules, all non-Executive Directors (including the Chairman) presently qualify as an "Independent Director".</p> </p> </p>

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
0
Comments
There is no publicly available evidence that the company reports details of contracted services of serving politicians.
Evidence
No evidence found.

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?
Score
0
Comments
There is publicly available evidence to indicate that the company has a policy on corporate political donations, where by such contributions are permitted subject to prior review and approval.
Evidence
<p>[23] Ethics & Compliance – Sponsorship, Membership and Donations (Webpage) Accessed 11/06/2019 https://www.airbus.com/company/ethics-compliance.html Airbus has a Sponsorships, Donations and Corporate Memberships Directive that applies to all employees. The Directive incorporates mandatory recording for all projects irrespective of their values and sign-off requirements by Ethics & Compliance for projects over certain financial values, or where E&C 'red flags' are identified.</p> <p>All Sponsorships, Donations and Corporate Memberships entered into by Airbus must:</p> <ul style="list-style-type: none"> • Have a legitimate charitable, societal, professional trade or promotional purpose, consistent with Airbus' global strategy, priorities and values; • Comply with all applicable laws; • Be made to reputable organisations or beneficiaries; • Be properly recorded. <p>The Sponsorship, Donations and Corporate Membership Directive also applies to political contributions.</p> <p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf [p.20] Community Impact Key Principles</p> <p>[...]</p> <p>Charitable donations, together with political contributions, must always be reviewed and approved prior to being made and must be accurately recorded in Airbus' books and records.</p>

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
0
Comments
There is no evidence that the company discloses details of its political contributions.
Evidence
No evidence found.

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
1
Comments
<p>There is evidence that the company has a policy covering both charitable donations and sponsorships. This policy specifies criteria for the type of donations and states that authorisation is required for donations over a certain threshold. Examples of charitable donations and sponsorships are mentioned on the company's website and in the Annual Report. However, the company does not publish full details of the donations made by the company, such as the recipient, amount, country and corporate entity that made the payment. The relationship between the company's Sponsorships, Donations and Corporate Memberships Directive and the activities of the Airbus Foundation is also unclear.</p>
Evidence
<p>[23] Ethics & Compliance – Sponsorship, Membership and Donations (Webpage) Accessed 11/06/2019 https://www.airbus.com/company/ethics-compliance.html Airbus has a Sponsorships, Donations and Corporate Memberships Directive that applies to all employees. The Directive incorporates mandatory recording for all projects irrespective of their values and sign-off requirements by Ethics & Compliance for projects over certain financial values, or where E&C 'red flags' are identified.</p> <p>All Sponsorships, Donations and Corporate Memberships entered into by Airbus must:</p> <ul style="list-style-type: none"> • Have a legitimate charitable, societal, professional trade or promotional purpose, consistent with Airbus' global strategy, priorities and values; • Comply with all applicable laws; • Be made to reputable organisations or beneficiaries; • Be properly recorded. <p>The Sponsorship, Donations and Corporate Membership Directive also applies to political contributions.</p> <p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf [p.20] Community Impact Key Principles We seek to contribute to the economic development and social well-being of communities by partnering with local stakeholders and international organisations, and by encouraging Airbus employees to donate their time to worthy causes through the Airbus Foundation and other channels. Charitable donations, together with political contributions, must always be reviewed and approved prior to being made and must be accurately recorded in Airbus' books and records</p> <p>DO</p> <ul style="list-style-type: none"> • Familiarise yourself with the Responsibility & Sustainability Charter. • Learn more about the work of the Airbus Foundation and the volunteer opportunities available to employees in support of its activities. • Make sure that company charitable contributions are appropriate and proportionate. <p>DON'T</p> <ul style="list-style-type: none"> • Make any charitable donation on behalf of Airbus without receiving approval under the applicable Airbus policies on sponsorships and donations. • Undertake activities that may present a reputational risk to the company.

[p.21] Q&A

What community impact activities does the Airbus Foundation undertake?

The Foundation's mission focuses on two key pillars: Humanitarian Activities and Youth Development. There are several ways for employees to get involved, for example by volunteering for the Airbus Flying Challenge programme.

[6] Airbus 2018 Annual Report (Document)

Accessed 10/06/2019

<https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf>

[p.63] The Anti-Corruption Policy (available at [airbus.com/company/ethics-compliance.html](https://www.airbus.com/company/ethics-compliance.html)) summarises its stance of zero tolerance. It also refers to some of the specific directives the Company has adopted to address key anti-corruption risk areas, such as the engagement of third parties (e.g., business partners, lobbyists, etc.), gifts and hospitality exchange and the making of sponsorships and donations.

[p.67] The Company recognises the importance of contributing to the development of the communities in which it operates. Airbus was created by establishing a European partnership not only on one aircraft programme but on a long term industrial project. This same spirit of cooperation drives the development of the Company's international footprint. The Company's approach to community engagement is driven by the willingness to develop a win-win cooperation with the local eco-system and often materialises through partnerships with local NGOs, institutions and other companies.

[...]

Local Involvement

On a country level, take Spain as an example. In addition, in 2017, the direct contribution of the Company to the GDP of Spain was just under € 1.3 billion, which represents 0.12% of national GDP and 60.7% of the contribution to GDP made by the sector. In addition, the Company stands out in Spain for its contribution to quality employment. The percentage of permanent contracts exceeds the national average by 11 percent and 100% of its employees are covered by a collective agreement. The Company is also committed to training and development of its employees, investing five times more than the national average per employee. The Company's employees receive 4 hours more training per employee than the average for the Spanish industrial sector and 11 hours more than the national average.

On a municipal level, in Toulouse in 2018, the Company continued to support regional economic, academic and institutional players to create the conditions for long-term sustainability and the development of innovation. Airbus provided answers to calls for cooperation in the areas of artificial intelligence, data management and urban mobility as well as sustainability and quality of life in the region. In terms of mobility, the partnership with Toulouse Metropole reached a new milestone in 2018 with the deployment of a car-sharing initiative on all Airbus sites. The job fair Carnet de Vol gathering over 650 young professionals and 80 companies and the launch of an employers' groups (GEIQ) supporting insertion and training of young professionals around digitalisation were key highlights in terms of human capital resources. Sponsorships and donations are often meaningful ways to have a positive global impact in the communities and society at large. By leveraging its skills, know-how, expertise and passion of its employees, the Company can bring positive contributions to local communities around its sites.

The Company's directive on sponsorships, donations and memberships provides a Company-wide framework to ensure its local actions are aligned with global strategy, priorities and values. While it naturally supports the local aerospace and defence community, the Company encourages initiatives around:

- Education and Youth Development (preferably in Science, Technology, Engineering and Mathematics (STEM));
- Corporate citizenship and/or local community engagement;
- Humanitarian and/or Environment;
- Innovation, R&T and Science.

[...]

The Airbus Foundation

The Airbus Foundation's goal is to support the international aid organisations in regions where the Company operates and beyond. It brings products and resources, from relief flights to satellite imagery, to the humanitarian aid community to help alleviate some of the world's most pressing challenges.

Through its Humanitarian Flight Programme, the Foundation offers Airbus customers to use the delivery of their new aircraft to contribute to humanitarian efforts. By doing so, the programme helps the humanitarian community reduce its high logistics costs by delivering medical and school supplies, food, water sanitation equipment, toys, clothing and emergency response units to the most vulnerable around the world. The programme also utilises, where possible, Airbus flight test aircraft for such missions. Since its launch in 2008, Airbus Foundation has coordinated 66 humanitarian flights, delivering over 827 tonnes of aid in over 27 countries. Since 2012, 495 helicopters flight hours have been chartered in 15 countries, amounting to € 820,000. Finally, satellite images can be used to assist humanitarian organisations in the wake of a crisis in a number of ways. In 2017, a Foundation branded satellite portal was opened, providing free of charge access to satellite imagery to selected partners with whom we have entered into partnerships, including IFRC, WFP, ACF, MSF and KRC. To date, it was responded to 15 requests for satellite imagery to help our partners make assessments following crisis or disaster situations.

Since the launch of its youth development activities in 2012, more than 11,750 young people worldwide were involved with the aim to help them prepare for tomorrow's challenges. More than 1,980 Airbus volunteers supported these programmes. One of its flagship programmes, the Flying Challenge, focuses on young people who are at risk of dropping out of the educational system and subsequently missing training and employment opportunities. The programme has been deployed in sixteen Airbus sites across France, Germany, Spain, the UK, the US and Brazil.

With programmes like the Airbus Foundation Little Engineer (ALE) and Discovery Space (AFDS), the Foundation uses aerospace to spark an interest in STEM, facilitating the access to STEM skills for thousands of young minds around the world. In 2018, over 5,800 students participated to the ALE programme; and since its launch in May 2018, the Airbus Foundation Discovery Space digital platform has reached more than 7,000 science centres and obtained over 50,000 content views.

[24] Airbus Foundation – Partnering with the humanitarian community (Webpage)

Accessed 11/06/2019

<https://www.airbus.com/company/airbus-foundation/partnering-with-the-humanitarian-community.html#employees>

Our goal is to support the international aid organisations in regions where we operate and beyond. We bring our products and resources, from relief flights to satellite imagery and helicopter hours, to emergency responders to help alleviate some of the world's most pressing challenges.

[25] Partnerships and Competitions – Awards and Sponsorships (Webpage)

Accessed 11/06/2019

<https://www.airbus.com/careers/partnerships-and-competitions/awards-and-sponsorships.html>

Airbus is committed to leading initiatives and celebrating outstanding projects which foster inclusion and diversity within the engineering community.

[26] Airbus Foundation 2018 Annual Report

Accessed 11/06/2019

<https://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/Airbus-Foundation-Annual-Report-2018.PDF>

[p.2] 2018 started with the planning of three significant events which focused on the Foundation's strategic pillars:

- Inspiring youth through aerospace and the promotion of STEM (Science, Technology, Engineering and Mathematics)
- Supporting the Humanitarian community through our products, services and expertise.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
1
Comments
<p>There is some publicly available evidence that the company has a policy on lobbying. This policy requires due diligence checks on lobbyists and compliance with all relevant laws, and states that lobbying is overseen jointly by the Ethics and Compliance and Government Relations teams. However, these provisions are not sufficient to constitute a responsible lobbying policy. Although the company mentions an internal Lobbyist & Special Advisors Due Diligence Directive, there is no publicly available evidence of guidelines to establish certain standards of conduct for lobbyists, beyond a broad commitment to integrity.</p>
Evidence
<p>[27] Ethics & Compliance – Lobbyists and special advisors (Webpage) Accessed 11/06/2019 https://www.airbus.com/company/ethics-compliance.html Airbus is committed to ensuring that any Lobbying Activity is done in compliance with all applicable laws and its Anti-Corruption Programme.</p> <p>Third parties conducting lobbying activities must undergo a thorough due diligence check and abide by the detailed guidelines set in the Lobbyist & Special Advisors Due Diligence Directive.</p> <p>Lobbyists & Special Advisors must act with honesty, integrity and transparency at all times and work closely with the relevant Airbus Ethics & Compliance and Government Relations teams.</p> <p>Invoices will be paid only upon reception of detailed activity reports and invoices which should include accurate and factual information about the activities carried out.</p> <p>Ethics & Compliance regularly audits these third parties.</p> <p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf [p.28] The nature of our work requires us to interact frequently with third parties. These third parties include customers, suppliers, distributors, resellers, lobbyists, and consultants, and any other person or entity that is not an Airbus employee or company.</p> <p>[21] Airbus 2019 Annual General Meeting (Document) Accessed 11/06/2019 https://www.airbus.com/content/dam/events/annual-general-meeting/AIRBUS_AGM_2019_MEL.pdf [p.70] The Anti-Corruption Policy (available at airbus.com/company/ethics-compliance.html) summarises its stance of zero tolerance. It also refers to some of the specific directives Airbus has adopted to address key anti-corruption risk areas, such as the engagement of third parties (e.g., business partners, lobbyists, etc.), gifts and hospitality exchange and the making of sponsorships and donations.</p>

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
2
Comments
<p>The company publishes a list of the topics on which it lobbies, including a description of its core positions, their importance or relevance to the company and stakeholders, and the activities it carries out. The company provides specific aims and topics for in the main jurisdictions in which it lobbies.</p>
Evidence
<p>[28] Airbus UK Public Affairs (Webpage) Accessed 11/06/2019 https://www.airbus.com/public-affairs/uk.html Airbus is a world-renowned aerospace company which leads the way in designing and manufacturing planes, helicopters and satellites, amongst many other pioneering products for our global customer base. Our Public Affairs team represents Airbus at the heart of decision-making across every corner of the UK. Our role is to fly the flag in Government, helping propel Airbus as global leader in aerospace, defence and space.</p> <p>[44] Airbus UK Public Affairs – About Us (Webpage) Accessed 04/10/2019 https://www.airbus.com/public-affairs/uk/about-us.html “Our Public Affairs team is here to represent the voice of our business to political and governmental stakeholders. It's a two-way street which we must operate effectively” – Katherine Bennett CBE, Senior Vice President, Airbus</p> <p>The Airbus UK Public Affairs team is based across the country, from Filton in the South-West, to Broughton in North Wales and in London. Our team is focussed on building partnerships with our external stakeholders, whilst engaging with local communities and delivering for everything and everybody in between.</p> <p>The Airbus Public Affairs team work closely with Government Ministers and Parliamentary personnel, who form one of Airbus’ most important customers, and have the ability to voice and represent Airbus and matters relating to defence, space, aerospace and aviation in Parliament.</p> <p>[45] Airbus Berlin Position Paper – Our Positions at a Glance (Document) Accessed 04/10/2019 https://www.airbus.com/public-affairs/berlin/en.html [p.1] Military aviation</p> <p>Strategic importance of the defence industry</p> <ul style="list-style-type: none"> • The security and defence industry is of strategic national interest not only from an economic, but also a technological and security perspective. <p>Franco-German cooperation as the engine of European defence policy</p> <ul style="list-style-type: none"> • With the Franco-German Declaration of 13 July 2017, both nations stressed the importance of a European Common Security and Defence Policy. The aim is to improve European defence capability and secure long-term industrial expertise and R&D capabilities. The "Lead Nation" organisational concept should serve as a guideline, as should the involvement of interested European partner nations in combining needs and budgets and avoiding parallel initiatives. A prerequisite for the successful implementation of the projects is to gain early clarity about export opportunities. This requires the alignment of existing export regulations between the two countries.

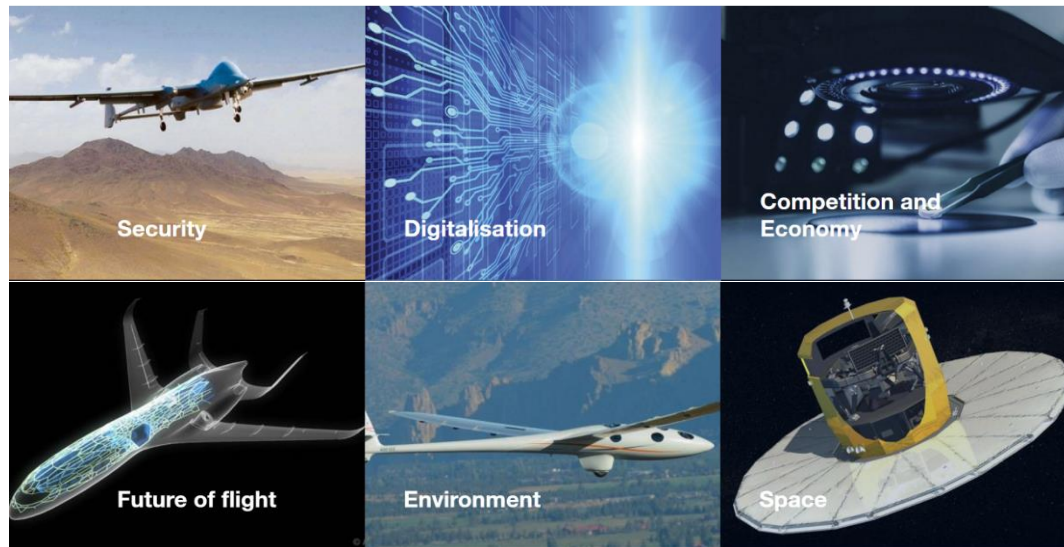
[30] Airbus Berlin Public Affairs (Webpage)

Accessed 12/06/2019

<https://www.airbus.com/public-affairs/berlin/en.html>

"The Airbus office in Berlin is our hub in the heart of the government district and the vibrant exchange hub of Airbus in the capital, including a modern, interactive showroom. From there, we act in close dialogue as a link between politics and business." Alexander Reinhardt – Head of Public Affairs Germany Airbus

Our topics



[46] Airbus Berlin Public Affairs – Our Topics, Security (Webpage)

Accessed 04/10/2019

<https://www.airbus.com/public-affairs/berlin/en/our-topics/security.html>

Standing up for defence, by Dirk Hoke, CEO Airbus Defence and Space

[...]

Status: Feb 2019

Shaping the future of European industry with FCAS

[...]

Status: July 2018

NATO Summit: Europe needs a strong alliance

[...]

Status: July 2018

[31] Airbus Brussels Public Affairs (Webpage)

Accessed 12/06/2019

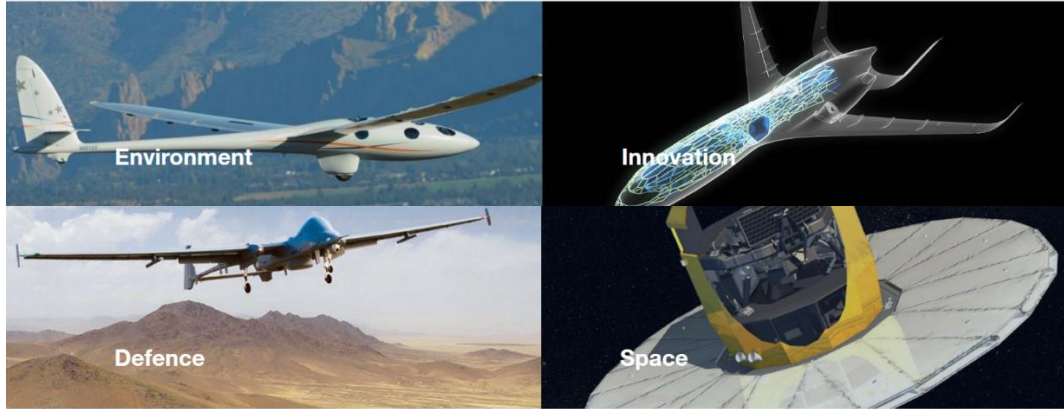
<https://www.airbus.com/public-affairs/brussels.html>

Airbus is an international pioneer in the aerospace industry. We are a leader in designing, manufacturing and delivering aerospace products, services and solutions to customers on a global scale. We aim for a better-connected, safer and more prosperous world.

“Our Public Affairs office represents Airbus as the flagship of European aerospace in the heart of the European Union. Our mission is to inform, explain and liaise with EU decision-makers on a wide range of issues having an impact on our Company.”

Nathalie Errard – Head of EU & NATO Affairs

Our topics



[47] Airbus Brussels Public Affairs – Our Topics, Defence (Webpage)

Accessed 04/10/2019

<https://www.airbus.com/public-affairs/brussels/our-topics/defence.html>

- Shaping the future of European aerospace industry with the Future Combat Air System
[...]
- Cybersecurity: How to protect Europe from a growing threat
[...]
- Strengthening European Defence Research
[...]
- The making of a European Defence Union
[...]
- NATO summit: Europe needs a strong alliance in a changing world
[...]
- EU Defence Fund paves the way towards a stronger Europe

Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
0
Comments
There is no evidence that the company publishes details of its global lobbying expenditure.
Evidence
No evidence found.

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
1
Comments
<p>There is evidence that the company has a policy and procedure on the giving and receipt of gifts and hospitality. The policy addresses the risks associated with gifts and hospitality given to and received from domestic or foreign government officials. The policy also indicates that there are specific financial limits and different approval procedures for different types of promotional expenses. However, there is no evidence that all gifts and hospitality above a certain threshold are recorded in a dedicated register or central depository that is accessible to those responsible for oversight of the process.</p>
Evidence
<p>[6] Airbus 2018 Annual Report (Document) Accessed 12/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.63] The Anti-Corruption Policy (available at airbus.com/company/ethics-compliance.html) summarises its stance of zero tolerance. It also refers to some of the specific directives the Company has adopted to address key anti-corruption risk areas, such as the engagement of third parties (e.g., business partners, lobbyists, etc.), gifts and hospitality exchange and the making of sponsorships and donations.</p> <p>[32] Ethics & Compliance – Gifts and Hospitality (Webpage) Accessed 12/06/2019 https://www.airbus.com/company/ethics-compliance.html Gifts or hospitality shall not be extended as a way to improperly influence a business decision or gain an undue competitive advantage. The giving and receiving of any gifts or hospitality are regulated by an internal Airbus Internal policy and are subject to recording and pre-approval into a digital approval tool depending on their value. Before offering or accepting any gifts or hospitality, we must ensure that (i) it is lawful, (ii) the value is reasonable and (iii) it is allowed under Airbus internal policies and standards. Extra caution must be taken when interacting with government officials, for which specific compliance pre-approval is required as set forth in the applicable Airbus policy.</p> <p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf [p.24] Anti-Bribery and Corruption Key Principles</p> <p>Before offering or accepting any gifts or hospitality, we ensure that the value is reasonable and allowed under Airbus internal policies and standards, and that the gift or hospitality will not be viewed as improperly influencing a business decision.</p> <p>DO</p> <ul style="list-style-type: none"> • Declare and obtain pre-approval for any gifts or hospitality that exceed value thresholds set by Airbus. <p>DON'T</p> <ul style="list-style-type: none"> • Offer or accept any lavish or extravagant gifts or hospitality, or any cash gifts or cash equivalents like gift cards.

[p.25] Q&A

I am organising a training session for potential customers at our headquarters in the south of France. Several of the attendees have asked me if I could organise a sightseeing trip for the group after the training session is over, which would include luxury meals and lodging over the weekend. What should I do?

It is legitimate for Airbus to provide reasonable assistance to customers, in particular those that may be visiting from another country. In this instance, Airbus could provide some logistical support, for example booking the hotel at which the customer would like to stay. However, we may not go beyond this and pay for the hotel, as doing so could be perceived as an attempt to inappropriately influence a potential customer. Anytime you are considering providing or receiving gifts or hospitality to or from a third party, you should refer to the Airbus Gifts & Hospitality Directive to ensure you are acting consistently with its requirements.

[1] Airbus Anti-Corruption Policy (Document)

Accessed 11/06/2019

<https://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf>

[p.7] The anti-corruption laws that apply to Airbus and its employees are generally broad in their scope and application. They make it illegal for anyone to offer, promise, give, solicit or receive – directly or indirectly – money or “anything of value” to or from a Public Official or someone in the private sector in order to obtain or retain business or secure some other “improper advantage”.

[p.8] Anti-corruption laws generally prohibit giving an individual “anything of value”, tangible or intangible, for the purpose of securing an improper advantage, and law enforcement has interpreted “anything of value” broadly to include:

- Extravagant or overly frequent Gifts or Hospitality, including meals, entertainment, event tickets, travel or accommodation without a clear business purpose;

6. Supply Chain Management

Question
6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?
Score
2
Comments
<p>There is evidence that the company requires the involvement of its procurement team in the establishment of new suppliers and that this team is ultimately responsible for providing oversight of the company's supplier base. The company states that the procurement team maintains oversight of all supplier relationships, which implies that the department is constantly involved in the company's supplier relationships.</p>
Evidence
<p>[33] Ethics & Compliance – Supplier compliance review (Webpage) Accessed 12/06/2019 https://www.airbus.com/company/ethics-compliance.html Complementing the specific processes applicable to commercial intermediaries, lobbyist & Special Advisors, Sponsorships & Donations, the Ethics & Compliance team conducts screening on the entire supplier base of the group. Consequently, all suppliers undergo an automated initial screening and ongoing monitoring through the Airbus Supplier Screening Tool. The third-party due diligence is managed by the Ethics & Compliance team to ensure a full segregation of duty with the Procurement team, which itself maintains oversight of all supplier relationships.</p> <p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.50] A dedicated programme has been launched by the Procurement function in order to monitor Airbus' suppliers.</p> <p>[p.64] More than 12,000 suppliers from more than 100 countries supply parts, components or sub-systems to Airbus. In 2017, the overall external sourcing volume of Airbus is valued at around € 52 billion. Whilst Airbus products and services are sold all over the world, the majority of its workforce and supply chain are based in Europe and the Organisation for Economic Cooperation and Development (OECD) countries. In the past few years, the supply chain has become concentrated and more international. Such rising concentration is the result of consolidation within the aerospace and defence sector, as well as larger work packages for the major new aircraft programmes being placed with a smaller number of lead suppliers. Airbus has identified global sourcing as one of its leading long-term objectives.</p> <p>To promote the globalisation of its sourcing footprint, an Airbus Global Sourcing Network (GSN) has been established including regional sourcing offices in USA, China and India. The Airbus "Procurement Academy" provides training on core competences and skills to develop procurement expertise and prepare Procurement employees for the challenges of the future.</p> <p>[...]</p> <p>In 2018, the Ethics & Compliance team also worked to align and integrate the compliance due diligence screening and on-boarding process of suppliers – formerly managed by the Procurement team through its "Watchtower" – into the overall Ethics & Compliance policy framework and tools. Further work will be conducted by the E&C team in 2019 to roll-out the process consistently across Airbus' Divisions and subsidiaries.</p> <p>[p.65] The Supplier Code of Conduct was sent to the 12,000 main suppliers across the world with a letter from the Airbus' Chief Procurement Officer and the Airbus General Counsel requesting a commitment to the Code. Airbus</p>

expects its suppliers to comply with the key values set out in this. Suppliers are also expected to cascade these principles throughout their own supply chains.

[...]

As part of supplier management activities for commercial aircraft, Airbus has put in place, the Supplier Mapping tool with multiple capabilities, notably to identify Airbus supply chain sub-tiers and support identification of risks of supplier non-performance. In 2018, a total of 8,680 suppliers from 64 countries were identified by the Supplier Mapping tool of which 1,071 were tier-one suppliers, 6,473 second tier suppliers, 1,314 qualified sub-tiers suppliers. A total of 141,148 activities were involved and 45 quality alerts resulted from 422 analyses and reports. The alerts were managed internally by the Procurement supply chain management department.

[...]

In 2018, the Ethics & Compliance Supplier Watchtower was managed by the Procurement Ethics & Compliance department proactively checking specific suppliers for compliance aspects. In 2018, suppliers were checked depending on the risks linked to their country of registration. The risk rating of countries is defined by the Procurement Compliance department and updated regularly. Criteria comprise export restrictions and responsibility and sustainability-related elements such as anticorruption, human and labour rights.

[...]

Airbus Procurement is continuously striving to improve the integration of environmental, health and safety elements into the purchasing process. Current standard procurement contracts include

- i. requirements for suppliers to comply with all applicable laws and regulations regarding, products and services and
- ii. requirements for suppliers to provide information on substances used in manufacturing processes, contained in their products and on environmental, health and safety matters, including information for management of the product across its lifecycle (including waste management).

[p.66] The Supplier R&S Programme initiated and defined in 2017 for Airbus' commercial aircraft activities will continue and evolve year on year on the principle of continuous improvement and roll-out in Airbus' Divisions. In 2019, Airbus will also launch the Supply Chain Environmental Sustainability (SCES) project to complement the response to the Vigilance Plan. The Supplier R&S Programme has been presented to and is regularly reviewed by the Procurement Executive Team led by the Airbus Chief Procurement Officer. The Supplier R&S Programme and its activities are managed by the Airbus Procurement Ethics & Compliance department, together with relevant Airbus Procurement stakeholders. To this end, the existing Airbus Procurement environmental network with representatives from the different Procurement categories of purchase has been extended to cover other R&S topics. The aim of this network is to ensure that the entire Airbus Procurement community is made aware of R&S-related topics and support the identification of risks according to the category of purchase. The Airbus Procurement R&S network can also support initiating cooperation with suppliers as well promoting industry-recognised practices. Additional governance exists with the corporate R&S, Legal and Ethics & Compliance departments. The Supplier R&S Programme manager is also part of the corporate cross-functional Airbus R&S Network.

[5] Code of Conduct (Document)

Accessed 02/10/2019

<http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf>

[p.29] Q&A

I want to retain a consultant. I have contacted Procurement to make sure a proper tender process occurs. What else should I do to ensure the integrity of the on-boarding process?

All third parties present some risk to Airbus. For that reason, Airbus conducts risk-based due diligence on every third party with which it works. In addition to ensuring that Procurement processes are followed, you should categorise the third party under Airbus policies and procedures to ensure that the third party undergoes the appropriate level of due diligence. In order to properly categorise a third party, you will typically need to know the type of good or service to be provided, how the third party was identified for this particular work, whether the third party may interact with government officials or Airbus customers in the course of its work, and any other information related to the integrity of the third party. Legal & Compliance staff are able to assist in the categorisation if you have any questions.

[1] Airbus Anti-Corruption Policy (Document)

Accessed 18/06/2019

<http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf>

[p.10] In addition, anti-corruption compliance safeguards are embedded in many other processes such as procurement and supplier management, Joint Venture formation and acquisitions, etc.

[49] Universal Registration Document 2019 (Document)

Accessed 16/06/2020

https://www.airbus.com/content/dam/events/annual-general-meeting/20200323_AirbusSE_2019RegistrationDocument.pdf

[p.52] Airbus' Way Forward: Vigilance Plan

The Company is determined to conduct its business responsibly and with integrity. The Company is convinced that promoting responsible business conduct within its value chain is key to sustainable growth. A dedicated programme has been launched by the Procurement function in order to monitor the Company's suppliers. For more information on the programme and its implementation, including the Company's vigilance plan for suppliers, see " — 1.2.3(b) Responsible Suppliers" .

[...]

To continuously drive improvements, the Company offers employees over 100 training opportunities, online and in-person, linked to labour relations, diversity, environmental and health and safety matters, as well as R&S and human rights. It continues to deploy programmes for target groups. One programme targeting all employees worldwide focuses on increasing general awareness on R&S as well as on the Company's commitments as outlined in the Charter. A second programme is dedicated to risk-exposed populations, such as buyers and key leaders of affiliates (including managing Directors and heads of finance or board members of affiliates). It aims at developing in-depth understanding of legal requirements with regards to environment, health & safety, human rights, labour relations, anti-corruption within the Company's operations and supply chain, and promoting the Company's internal processes to help mitigate potential risks and help prevent violations.

[p.65] Responsibility and sustainability activities in the supply chain are managed by the Procurement R&S department together with divisional representatives and a network of focal points from the different purchasing commodities. The Head of Procurement R&S department is part of the Procurement Leadership Team (PLT).

The central Procurement R&S department manages integrity topics and awareness within the Procurement function and deploys the corporate Supplier R&S programme with related supplier due diligence actions. The Supplier R&S Programme Manager is also part of the corporate cross-functional group, the R&S Network.

[...]

For anti-corruption topics in the supply chain, the Procurement department cooperates closely with the Legal & Compliance department.

[p.66] IV. Initiatives: Airbus Supplier Vigilance Plan

The Company requires commitment to responsible business practices and sustainable development from all suppliers of its entities and strives to make environmental and social responsibility a core element of our sourcing and supplier management process. This joint commitment is a key element in securing success, conformance to applicable laws and a sustainable future of the aviation industry.

Supply Base Risk Mapping Social Compliance Risks Since 2018, the Procurement R&S department has performed a proactive social risk mapping in line with international guidance, internal commodity expertise and externally available country indices. The risk mapping resulted from both a country risk and a purchasing category perspective considering indices like child labour, modern slavery/forced labour, recruitment practices, working time, wages, people safety at work and freedom of association. In 2019, the methodology has been formalised and published in an internal commodity guide and applied to the entire Company.

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
2
Comments
<p>According to publicly available evidence, the company has procedures to conduct due diligence on all of its suppliers both at the start of the business relationship and on an ongoing basis afterwards. There is evidence that the company's checks include verifying the beneficial ownership of each supplier and that suppliers may be subject to enhanced due diligence based on an internal risk assessment. Additionally, it is clear that supplier relationships will be subject to review and possible termination if the results of due diligence reveal significant concerns.</p>
Evidence
<p>[33] Ethics & Compliance – Supplier compliance review (Webpage) Accessed 12/06/2019 https://www.airbus.com/company/ethics-compliance.html Complementing the specific processes applicable to commercial intermediaries, lobbyist & Special Advisors, Sponsorships & Donations, the Ethics & Compliance team conducts screening on the entire supplier base of the group.</p> <p>Consequently, all suppliers undergo an automated initial screening and ongoing monitoring through the Airbus Supplier Screening Tool.</p> <p>The third party due diligence is managed by the Ethics & Compliance team to ensure a full segregation of duty with the Procurement team.</p> <p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.64] In 2018, the Ethics & Compliance team also worked to align and integrate the compliance due diligence screening and on-boarding process of suppliers – formerly managed by the Procurement team through its “Watchtower” – into the overall Ethics & Compliance policy framework and tools. Further work will be conducted by the E&C team in 2019 to roll-out the process consistently across Airbus’ Divisions and subsidiaries.</p> <p>[p.65] In 2018, the Ethics & Compliance Supplier Watchtower was managed by the Procurement Ethics & Compliance department proactively checking specific suppliers for compliance aspects. In 2018, suppliers were checked depending on the risks linked to their country of registration. The risk rating of countries is defined by the Procurement Compliance department and updated regularly. Criteria comprise export restrictions and responsibility and sustainability-related elements such as anticorruption, human and labour rights.</p> <p>Supplier Integrity Checks investigate compliance concerns which are triggered by certain business relationships. Such concerns are comprised of, for the Company or its ownership, among others: legal investigations or judgements, negative press reports, incidents of corruption, listings on sanction lists/blacklists, proximity to governments or risky entities (shareholders, customers, beneficial owners and subsidiaries). In case a Supplier Integrity Check yields concerns, a Procurement management meeting is held to discuss potential additional due diligence measures and mitigation actions. About 700 Supplier Integrity Checks were conducted each year in both 2017 and 2018.</p> <p>A Supplier Integrity Check can be performed on demand and is also embedded in the supplier registration process and eProc, an electronic platform where buyers and suppliers perform all aspects of calls for tender, from identification of potential suppliers, contract awarding, to supplier evaluation and spend analysis.</p> <p>[1] Airbus Anti-Corruption Policy (Document) Accessed 18/06/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf</p>

[p.7] Risks are decreased through the effective implementation of a robust compliance programme including risk-based due diligence designed to identify and appropriately mitigate risks, including with respect to third parties.

[34] Airbus Supplier Code of Conduct (Document)

Accessed 12/06/2019

<https://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Supplier-Code-Conduct-EN.pdf>

[p.10] In the event that the expectations of this Code are not met, the business relationship may be reviewed and corrective action pursued subject to the terms of the related procurement contract(s).

Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company contractually requires all of its suppliers to comply with the Airbus Supplier Code of Conduct which outlines the best practices in regards to ethics and compliance. This includes requirements for policies that prohibit foreign and domestic bribery, facilitation payments, and address conflict of interest, gifts and hospitality and whistleblowing. The company assures itself of its suppliers' compliance with its code of conduct when onboarding new suppliers and for the duration of the business relationship.</p>
Evidence
<p>[6] Airbus 2018 Annual Report (Document) Accessed 12/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf</p> <p>[p.50] In addition to the current training catalogue of over 80 e-learning courses on labour relations, diversity, environmental and health and safety matters, as well as R&S and human rights, the Company is working on specific learning programmes for target groups.</p> <p>[...]</p> <p>A second programme will be dedicated to risk-exposed populations, such as directors of subsidiaries and buyers, aiming at developing in-depth understanding of legal requirements with regards to environment, health & safety, human rights, labour relations, anti-corruption within the Company's operations and supply chain, and promoting the Company's internal processes to help mitigate potential risks and help prevent violations.</p> <p>[p.64] As a global leader in aeronautics and space, the Company has taken a commitment to conduct its business responsibly and with integrity. Taking into consideration the level of outsourcing at Airbus, the supply chain is an integral part of Airbus' ecosystem and the Company is therefore committed to ensure that, as far as possible within its own scope of responsibility and legal obligations, potential adverse impacts of the Company's activities are managed.</p> <p>Airbus suppliers must comply with all applicable laws and regulations of the countries in which operations are managed or services provided. In addition, wherever suppliers are located, all business should be conducted in a manner compatible with the Airbus Supplier Code of Conduct.</p> <p>[...]</p> <p>In 2018, the Ethics & Compliance team also worked to align and integrate the compliance due diligence screening and on-boarding process of suppliers – formerly managed by the Procurement team through its "Watchtower" – into the overall Ethics & Compliance policy framework and tools. Further work will be conducted by the E&C team in 2019 to roll-out the process consistently across Airbus' Divisions and subsidiaries.</p> <p>[p.65] The Airbus Supplier Code of Conduct is the document of reference for Airbus' responsible supplier management (available at https://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Supplier-Code-Conduct-EN.pdf). This Code represents the group-wide values and principles in line with internationally recognised standards and conventions (such as OECD and ILO). Airbus implemented the International Forum on Business Ethical Conduct ("IFBEC") Model Supplier Code of Conduct in its entirety as the Airbus Supplier Code of Conduct in 2016. The Supplier Code of Conduct was sent to the 12,000 main suppliers across the world with a letter from the Airbus' Chief Procurement Officer and the Airbus General Counsel requesting a commitment to the Code. Airbus expects its suppliers to comply with the key values set out in this. Suppliers are also expected to cascade these principles throughout their own supply chains.</p> <p>[...]</p>

Supplier Integrity Checks investigate compliance concerns which are triggered by certain business relationships. Such concerns are comprised of, for the Company or its ownership, among others: legal investigations or judgements, negative press reports, incidents of corruption, listings on sanction lists/blacklists, proximity to governments or risky entities (shareholders, customers, beneficial owners and subsidiaries). In case a Supplier Integrity Check yields concerns, a Procurement management meeting is held to discuss potential additional due diligence measures and mitigation actions. About 700 Supplier Integrity Checks were conducted each year in both 2017 and 2018.

A Supplier Integrity Check can be performed on demand and is also embedded in the supplier registration process and eProc, an electronic platform where buyers and suppliers perform all aspects of calls for tender, from identification of potential suppliers, contract awarding, to supplier evaluation and spend analysis.

[34] Airbus Supplier Code of Conduct (Document)

Accessed 12/06/2019

<https://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Supplier-Code-Conduct-EN.pdf>

[p.5] Anti-Corruption

A. Anti-Corruption Laws

Suppliers must comply with the anti-corruption laws, directives and regulations that govern operations in the countries in which they do business. Suppliers are required to refrain from offering or making any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons. This includes a prohibition on facilitating payments intended to expedite or secure performance of a routine governmental action like obtaining a visa or customs clearance, even in locations where such activity may not violate local law. Personal safety payments are permitted where there is an imminent threat to health or safety.

Suppliers are expected to exert reasonable due diligence to prevent and detect corruption in all business arrangements, including partnerships, joint ventures, offset agreements, and the hiring of intermediaries such as agents or consultants.

B. Illegal Payments

Suppliers must not offer any illegal payments to, or receive any illegal payments from, any customer, supplier, their agents, representatives or others. The receipt, payment, and/or promise of sums of money or anything of value, directly or indirectly, intended to exert undue influence or improper advantage is prohibited. This prohibition applies even in locations where such activity may not violate local law.

E. Gifts/Business Courtesies

Suppliers are expected to compete on the merits of their products and services. The exchange of business courtesies may not be used to gain an unfair competitive advantage. In any business relationship, suppliers must ensure that the offering or receipt of any gift or business courtesy is permitted by law and regulation, and that these exchanges do not violate the rules and standards of the recipient's organisation, and are consistent with reasonable marketplace customs and practices.

[p.6] Conflict of Interest

Suppliers are expected to avoid all conflicts of interest or situations giving the appearance of a potential conflict of interest. Suppliers are expected to provide notification to all affected parties in the event that an actual or potential conflict of interest arises. This includes a conflict between the interests of Airbus and personal interests or those of close relatives, friends or associates.

[p.10] A. Whistleblower Protection

Suppliers are expected to provide their employees with avenues for raising legal or ethical issues or concerns without fear of retaliation. Suppliers are also expected to take action to prevent, detect, and correct any retaliatory actions.

B. Consequences for violating the Code

In the event that the expectations of this Code are not met, the business relationship may be reviewed and corrective action pursued subject to the terms of the related procurement contract(s.)

C. Ethics Policies

Commensurate with the size and nature of their business, suppliers are expected to establish management systems to support compliance with laws and regulations, as well as the expectations expressed within this Supplier Code of Conduct. Suppliers are encouraged to implement their own written code of conduct and to flow down their

principles to the entities that furnish them with goods and services. Airbus expects its suppliers to maintain effective programmes to encourage their employees to make ethical, values driven choices in their business dealings - beyond compliance with laws, regulations and contract requirements.

[5] Code of Conduct (Document)

Accessed 02/10/2019

<http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf>

[p.4] Additionally, Airbus promotes the adoption of strong ethical standards by our other stakeholders, including customers, suppliers, partners, and contractors. We have published this Code of Conduct in order to make it easily accessible to our employees, directors, and to these other stakeholders, whom we encourage to adopt similar standards.

[p.28] The nature of our work requires us to interact frequently with third parties. These third parties include customers, suppliers, distributors, resellers, lobbyists, and consultants, and any other person or entity that is not an Airbus employee or company. In order to ensure that we only work with reputable third parties who, like us, have zero tolerance for corruption and influence peddling, we perform robust, risk-based, due diligence prior to engaging a third party. In addition, we monitor our third parties throughout the life of the business relationship to ensure they operate to the highest standards of quality and integrity and provide Airbus with the value they have promised to deliver.

[33] Ethics & Compliance – Supplier compliance review (Webpage)

Accessed 12/06/2019

<https://www.airbus.com/company/ethics-compliance.html>

Complementing the specific processes applicable to commercial intermediaries, lobbyist & Special Advisors, Sponsorships & Donations, the Ethics & Compliance team conducts screening on the entire supplier base of the group.

Consequently, all suppliers undergo an automated initial screening and ongoing monitoring through the Airbus Supplier Screening Tool.

The third-party due diligence is managed by the Ethics & Compliance team to ensure a full segregation of duty with the Procurement team, which itself maintains oversight of all supplier relationships.

[49] Universal Registration Document 2019 (Document)

Accessed 16/06/2020

https://www.airbus.com/content/dam/events/annual-general-meeting/20200323_AirbusSE_2019RegistrationDocument.pdf

[p.65] II. Governance Responsible sourcing and supplier management

The Company strives to make environmental and societal responsibility a core element of its procurement process, managing the relationships with suppliers through sourcing strategy, supplier selection, contract management, supplier monitoring and development.

The Company's suppliers must comply with all applicable laws and regulations of the countries in which operations are managed or services provided. In addition, wherever suppliers are located, all business should be conducted in compliance with the Airbus Supplier Code of Conduct.

The Airbus Supplier Code of Conduct is the document of reference for Airbus' responsible supplier management (available at <https://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Supplier-Code-Conduct-EN.pdf>). This Supplier Code represents the group-wide values and principles in line with internationally recognised standards and conventions (such as OECD and ILO). It has been developed with the International Forum on Business Ethical Conduct (IFBEC).

Responsibility and sustainability activities in the supply chain are managed by the Procurement R&S department together with divisional representatives and a network of focal points from the different purchasing commodities.

[p.66] IV. Initiatives: Airbus Supplier Vigilance Plan

The Company requires commitment to responsible business practices and sustainable development from all suppliers of its entities and strives to make environmental and social responsibility a core element of our sourcing and supplier management process. This joint commitment is a key element in securing success, conformance to applicable laws and a sustainable future of the aviation industry.

[...]

Supplier Assessment / Audit and Development

In 2019, the Company has worked with external expert companies for the performance of R&S related desktop assessments and specific on-site audits. The assessments cover social compliance criteria such as human rights, labour practices, health and safety and anti-corruption as well as environmental regulations and sustainability criteria based on the environmental questionnaire developed by the IAEG.

All business relevant external risk suppliers are eligible to an R&S assessment by an external expert company. By end of January 2020, the Company had launched approximately 55% of such assessments with a target to reach 100% by end of 2020.

[...]

Supplier Engagement**Contractual Requirements**

The Company's standard procurement contract templates have evolved over the last few years to reinforce R&S related clauses that require suppliers to:

- comply with all applicable laws and regulations relating to production, products and services;
- provide information on substances used in manufacturing processes and contained in the product itself;
- provide information on environmental, health and safety matters such as safe usage and management of products across its lifecycle (including waste management);
- implement an Environmental Management System based on ISO 14001 or equivalent;
- comply with the Company's anti-corruption and bribery requirements; and;
- comply with the Airbus Supplier Code of Conduct, including with regard to environment, human rights, labour practices, responsible sourcing of minerals and anti-corruption.

In 2019, the full scope of clauses were included in new contracts by default and the implementation in existing contracts has started according to the contractual roadmap of each purchasing commodity.

[50] Annual Report 2019 (Document)

Accessed 16/06/2020

<https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus%20Annual%20Report%202019.pdf>

[p.14] Supply chain

In the past few years, the Company has stepped up the management of suppliers' social and environmental practices. Suppliers must comply with the Airbus Supplier Code of Conduct, as well as all applicable laws and regulations in the countries where operations are managed or services are provided. The Supplier Code of Conduct, which covers environment, human rights, labour practices, anti-corruption and responsible sourcing of materials, is the baseline for responsible business. In 2019, a Responsible Mineral Policy was released, outlining the Company's commitment to ethically and sustainably sourcing minerals throughout the supply chain.

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
1
Comments
<p>The company publicly states that its suppliers are expected to cascade the ethics and compliance standards outlined in the Airbus Supplier Code of Conduct throughout their own supply chains. However, it is unclear how the company does this in practice.</p>
Evidence
<p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.65] The Airbus Supplier Code of Conduct is the document of reference for Airbus' responsible supplier management (available at https://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Supplier-Code-Conduct-EN.pdf). This Code represents the group-wide values and principles in line with internationally recognised standards and conventions (such as OECD and ILO). Airbus implemented the International Forum on Business Ethical Conduct ("IFBEC") Model Supplier Code of Conduct in its entirety as the Airbus Supplier Code of Conduct in 2016. The Supplier Code of Conduct was sent to the 12,000 main suppliers across the world with a letter from the Airbus' Chief Procurement Officer and the Airbus General Counsel requesting a commitment to the Code. Airbus expects its suppliers to comply with the key values set out in this. Suppliers are also expected to cascade these principles throughout their own supply chains.</p> <p>[...]</p> <p>As part of supplier management activities for commercial aircraft, Airbus has put in place, the Supplier Mapping tool with multiple capabilities, notably to identify Airbus supply chain sub-tiers and support identification of risks of supplier non-performance. In 2018, a total of 8,680 suppliers from 64 countries were identified by the Supplier Mapping tool of which 1,071 were tier-one suppliers, 6,473 second tier suppliers, 1,314 qualified sub-tiers suppliers. A total of 141,148 activities were involved and 45 quality alerts resulted from 422 analyses and reports. The alerts were managed internally by the Procurement supply chain management department.</p> <p>[34] Airbus Supplier Code of Conduct (Document) Accessed 12/06/2019 https://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Supplier-Code-Conduct-EN.pdf [p.4] Suppliers are expected to exert reasonable due diligence to prevent and detect corruption in all business arrangements, including partnerships, joint ventures, offset agreements, and the hiring of intermediaries such as agents or consultants.</p>

Question
6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?
Score
0
Comments
Based on publicly available evidence, the company publishes some information about the number of suppliers it has identified through its risk mapping system and the number of quality alerts received. However, it does not publish any high-level results from ethical incident investigations or the related disciplinary actions.
Evidence
<p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf</p> <p>[p.65] As part of supplier management activities for commercial aircraft, Airbus has put in place, the Supplier Mapping tool with multiple capabilities, notably to identify Airbus supply chain sub-tiers and support identification of risks of supplier non-performance. In 2018, a total of 8,680 suppliers from 64 countries were identified by the Supplier Mapping tool of which 1,071 were tier-one suppliers, 6,473 second tier suppliers, 1,314 qualified sub-tiers suppliers. A total of 141,148 activities were involved and 45 quality alerts resulted from 422 analyses and reports. The alerts were managed internally by the Procurement supply chain management department.</p>

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
2
Comments
<p>Based on publicly available evidence, the company has a policy on the use of agents which acknowledges the associated corruption risks and provides details of specific controls to mitigate these risks. There is evidence that the company's approach includes ensuring that third parties conduct work under a valid, approved contract, thereby ensuring that agents are only engaged to perform legitimate business functions. There is evidence that this policy applies across all group companies.</p>
Evidence
<p>[15] Ethics & Compliance – Intermediaries, agents (Webpage) Accessed 12/06/2019 https://www.airbus.com/company/ethics-compliance.html Airbus has implemented a “Business Development Support Initiative” directive for the approval and monitoring of commercial intermediaries / agents, requiring them to undergo an enhanced Ethics & Compliance due diligence background check and multi-level managerial approval prior to engagement. As part of the process, information gathered directly from the potential intermediary/agent is corroborated by Airbus’ own in depth thorough research activities, e.g. to confirm/establish the ultimate beneficial ownership of the intermediary.</p> <p>Commercial intermediaries’ activities are monitored on a regular basis throughout the entire life of the relationship. Payments require approval from different functions including Ethics & Compliance and Finance, and are processed only upon reception of satisfactory and detailed activity reports.</p> <p>Ethics & Compliance regularly audits these third parties.</p> <p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf [p.28] The nature of our work requires us to interact frequently with third parties. These third parties include customers, suppliers, distributors, resellers, lobbyists, and consultants, and any other person or entity that is not an Airbus employee or company.</p> <p>DO</p> <ul style="list-style-type: none"> • Ensure third parties work for Airbus under a valid, approved contract. <p>[1] Airbus Anti-Corruption Policy (Document) Accessed 18/06/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf [p.1] This Document is applicable to all Airbus employees.</p> <p>[p.5] Third parties acting on behalf of Airbus are held to the same high standards of honesty, integrity and fairness, including through contractual provisions requiring compliance with relevant Policies and Directives and all applicable international anti-corruption laws.</p> <p>[p.7] The anti-corruption laws that apply to Airbus and its employees are generally broad in their scope and application. They make it illegal for anyone to offer, promise, give, solicit or receive – directly or indirectly – money</p>

or “anything of value” to or from a Public Official or someone in the private sector in order to obtain or retain business or secure some other “improper advantage”.

More importantly, they make it illegal for Airbus or its employees to remain wilfully ignorant of, or turn a blind eye towards, potential improper payments or bribes made by others, in particular third parties that act on our behalf – such as business partners, commercial consultants, agents, etc. Rather than insulating themselves, employees who adopt a “head in the sand” approach to potentially improper activity by others are likely to increase their risks of prosecution. Risks are decreased through the effective implementation of a robust compliance programme including risk based due diligence designed to identify and appropriately mitigate risks, including with respect to third parties.

[9] Airbus 2017 Annual Report (Document)

Accessed 12/06/2019

http://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/AIRBUS_Annual_Report_2017.pdf

[p.67] In September 2017, Airbus published its revised Business Development Support Initiative Directive (BDSI). The directive defines the Airbus requirements for the prevention of corruption in the engagement of BDSI third parties. It provides employees with step-by-step explanation of the due diligence, engagement, remuneration and monitoring of BDSI third parties.

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?
Score
2
Comments
<p>Based on publicly available evidence, the company has in place formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to engaging with third parties. There is evidence that agents and high risk intermediaries are subject to enhanced due diligence, and it is clear that these checks are conducted regularly throughout the entire life of the relationship. There is evidence that the company commits to review or terminate its engagement with third party agents and intermediaries where risks identified in the due diligence cannot be mitigated.</p>
Evidence
<p>[15] Ethics & Compliance – Intermediaries, agents (Webpage) Accessed 12/06/2019 https://www.airbus.com/company/ethics-compliance.html Airbus has implemented a “Business Development Support Initiative” directive for the approval and monitoring of commercial intermediaries / agents, requiring them to undergo an enhanced Ethics & Compliance due diligence background check and multi-level managerial approval prior to engagement. As part of the process, information gathered directly from the potential intermediary/agent is corroborated by Airbus’ own in depth thorough research activities, e.g. to confirm/establish the ultimate beneficial ownership of the intermediary. In the event where Airbus identifies red flags or risks that cannot be properly mitigated, in particular questions concerning ultimate beneficial ownership, the company has and will refuse new engagements and terminate existing engagements with the third party.</p> <p>Commercial intermediaries’ activities are monitored on a regular basis throughout the entire life of the relationship. Payments require approval from different functions including Ethics & Compliance and Finance, and are processed only upon reception of satisfactory and detailed activity reports.</p> <p>Airbus systematically requires inclusion of an anti-corruption clause in its contracts with intermediaries, which includes a termination right for Airbus in case of failure by the latter to adhere to anti-corruption or other standards. Incentives schemes for agents are designed and calculated in such a way to promote ethical behaviours and discourage corrupt practices.</p> <p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf [p.28] In order to ensure that we only work with reputable third parties who, like us, have zero tolerance for corruption and influence peddling, we perform robust, risk-based, due diligence prior to engaging a third party. In addition, we monitor our third parties throughout the life of the business relationship to ensure they operate to the highest standards of quality and integrity and provide Airbus with the value they have promised to deliver.</p> <p>DO</p> <ul style="list-style-type: none"> • Properly categorise third parties to ensure they undergo an appropriate level of risk-based due diligence before being engaged. • Notify Legal & Compliance staff immediately of any information suggesting that a third party presents ethical risks. • Ensure third parties work for Airbus under a valid, approved contract. • Monitor the work performed to ensure that the third party delivers the goods or services for which it has been contracted in a timely and professional manner. <p>DON'T</p> <ul style="list-style-type: none"> • Assume that a well-drafted contractual provision is enough to protect Airbus from legal liability. • Turn a blind eye or fail to report a concern about a third party.

- Attempt to bypass company policies related to third party selection and due diligence.

[p.29] Q&A

I don't have time to wait for the screening process on a third party to be completed. Is the company protected if the third party promises in the contract to respect all laws?

Absolutely not! Contractual provisions, no matter how well drafted, are of limited utility when risk-based due diligence has not been performed on a third party. Not only can Airbus or its employees be held legally responsible for wrongdoing committed by that third party (such as the payment of bribes), but a poor or reckless choice to engage a third party, made in the absence of relevant facts that only a proper due diligence process could have uncovered, can severely harm Airbus' reputation as well.

[1] Airbus Anti-Corruption Policy (Document)

Accessed 18/06/2019

<http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf>

[p.7] Risks are decreased through the effective implementation of a robust compliance programme including risk based due diligence designed to identify and appropriately mitigate risks, including with respect to third parties.

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
2
Comments
<p>There is publicly available evidence that the company has formal procedures in place to establish and verify the beneficial ownership of third party agents prior to engaging with them and on an ongoing basis throughout the relationship. The company commits to not engaging or terminating its engagement with agents or intermediaries if beneficial ownership cannot be established.</p>
Evidence
<p>[15] Ethics & Compliance – Intermediaries, agents (Webpage) Accessed 12/06/2019 https://www.airbus.com/company/ethics-compliance.html</p> <p>Airbus has implemented a “Business Development Support Initiative” directive for the approval and monitoring of commercial intermediaries / agents, requiring them to undergo an enhanced Ethics & Compliance due diligence background check and multi-level managerial approval prior to engagement. As part of the process, information gathered directly from the potential intermediary/agent is corroborated by Airbus’ own in depth thorough research activities, e.g. to confirm/establish the ultimate beneficial ownership of the intermediary. In the event where Airbus identifies red flags or risks that cannot be properly mitigated, in particular questions concerning ultimate beneficial ownership, the company has and will refuse new engagements and terminate existing engagements with the third party.</p> <p>Commercial intermediaries’ activities are monitored on a regular basis throughout the entire life of the relationship. Payments require approval from different functions including Ethics & Compliance and Finance, and are processed only upon reception of satisfactory and detailed activity reports.</p> <p>Airbus systematically requires inclusion of an anti-corruption clause in its contracts with intermediaries, which includes a termination right for Airbus in case of failure by the latter to adhere to anti-corruption or other standards. Incentives schemes for agents are designed and calculated in such a way to promote ethical behaviours and discourage corrupt practices.</p> <p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf</p> <p>[p.28] In order to ensure that we only work with reputable third parties who, like us, have zero tolerance for corruption and influence peddling, we perform robust, risk-based, due diligence prior to engaging a third party. In addition, we monitor our third parties throughout the life of the business relationship to ensure they operate to the highest standards of quality and integrity and provide Airbus with the value they have promised to deliver.</p>

Question
7.1.4 Does the company's anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
2
Comments
<p>According to publicly available information, the company requires that all of its third parties comply with its anti-bribery and corruption policies as well as with international anti-corruption laws. The company monitors its third parties in this respect throughout the duration of the relationship and conducts regular audits of these parties. There is evidence that the company's contracts with third party agents include formal provisions to terminate the relationship if necessary.</p>
Evidence
<p>[15] Ethics & Compliance – Intermediaries, agents (Webpage) Accessed 11/06/2019 https://www.airbus.com/company/ethics-compliance.html Commercial intermediaries' activities are monitored on a regular basis throughout the entire life of the relationship. Payments require approval from different functions including Ethics & Compliance and Finance, and are processed only upon reception of satisfactory and detailed activity reports.</p> <p>Airbus systematically requires inclusion of an anti-corruption clause in its contracts with intermediaries, which includes a termination right for Airbus in case of failure by the latter to adhere to anti-corruption or other standards. Incentives schemes for agents are designed and calculated in such a way to promote ethical behaviours and discourage corrupt practices.</p> <p>[1] Airbus Anti-Corruption Policy (Document) Accessed 18/06/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf [p.5] Third parties acting on behalf of Airbus are held to the same high standards of honesty, integrity and fairness, including through contractual provisions requiring compliance with relevant Policies and Directives and all applicable international anti-corruption laws.</p> <p>[p.7] The anti-corruption laws that apply to Airbus and its employees are generally broad in their scope and application. They make it illegal for anyone to offer, promise, give, solicit or receive – directly or indirectly – money or "anything of value" to or from a Public Official or someone in the private sector in order to obtain or retain business or secure some other "improper advantage".</p> <p>More importantly, they make it illegal for Airbus or its employees to remain wilfully ignorant of, or turn a blind eye towards, potential improper payments or bribes made by others, in particular third parties that act on our behalf – such as business partners, commercial consultants, agents, etc. Rather than insulating themselves, employees who adopt a "head in the sand" approach to potentially improper activity by others are likely to increase their risks of prosecution. Risks are decreased through the effective implementation of a robust compliance programme including risk based due diligence designed to identify and appropriately mitigate risks, including with respect to third parties.</p> <p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.63] The Company rejects corruption of any kind, whether public or private, active or passive. This means that neither the Company, its employees or third parties acting on its behalf may offer, promise, give, solicit or receive – directly or indirectly – money or anything of value to or from a government official or someone in the private sector in order to obtain or retain business or secure some other improper advantage.</p>

[5] Code of Conduct (Document)

Accessed 02/10/2019

<http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf>

[p.28] The nature of our work requires us to interact frequently with third parties. These third parties include customers, suppliers, distributors, resellers, lobbyists, and consultants, and any other person or entity that is not an Airbus employee or company. In order to ensure that we only work with reputable third parties who, like us, have zero tolerance for corruption and influence peddling, we perform robust, risk-based, due diligence prior to engaging a third party.

DO

- Notify Legal & Compliance staff immediately of any information suggesting that a third party presents ethical risks.
- Ensure third parties work for Airbus under a valid, approved contract.
- Monitor the work performed to ensure that the third party delivers the goods or services for which it has been contracted in a timely and professional manner.

DON'T

- Assume that a well-drafted contractual provision is enough to protect Airbus from legal liability.
- Turn a blind eye or fail to report a concern about a third party.
- Attempt to bypass company policies related to third party selection and due diligence.

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
1
Comments
Based on publicly available information, incentive structures for agents are highlighted and addressed as a factor in bribery and corruption risk. However, there is no evidence that the company imposes a threshold on the payment of sales commissions to agents, and there is no requirement that remuneration is paid in stage payments or into local bank accounts.
Evidence
<p>[15] Ethics & Compliance – Intermediaries, agents (Webpage) Accessed 12/06/2019 https://www.airbus.com/company/ethics-compliance.html</p> <p>Commercial intermediaries' activities are monitored on a regular basis throughout the entire life of the relationship. Payments require approval from different functions including Ethics & Compliance and Finance, and are processed only upon reception of satisfactory and detailed activity reports.</p> <p>Airbus systematically requires inclusion of an anti-corruption clause in its contracts with intermediaries, which includes a termination right for Airbus in case of failure by the latter to adhere to anti-corruption or other standards. Incentives schemes for agents are designed and calculated in such a way to promote ethical behaviours and discourage corrupt practices.</p>

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes details of the agents currently contracted on its behalf.
Evidence
No evidence found.

Question
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption-related investigations, incidents or any associated disciplinary actions involving its third party agents.
Evidence
No evidence found.

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has procedures in place to conduct due diligence when entering into and operating as part of joint ventures. The company states that it has processes to ensure that corruption risks associated with joint ventures are detected, assessed and mitigated. There is some evidence that high-risk intermediaries are subject to enhanced due diligence. The company's due diligence explicitly includes checks on the ultimate beneficial ownership of the partner company. However, there is no evidence that due diligence checks are conducted at least every two years.</p>
Evidence
<p>[36] Ethics & Compliance – Prevention of corruption related to M&A, JVS and similar transactions (Webpage) Accessed 12/06/2019 https://www.airbus.com/company/ethics-compliance.html Airbus has implemented a Directive to ensure that corruption risks associated with potential M&A, JV and similar transactions are detected, assessed and mitigated.</p> <p>The Directive incorporates a number of milestones which are reviewed from a compliance perspective at each stage of the transaction. For example, the Directive sets out the requirement for Airbus to establish a potential JV's ultimate ownership, understand its track record with regard to anti-corruption initiatives, and scrutinise key individuals' historical business activities.</p> <p>In addition, the Directive provides for extra requirements such as the right to conduct periodic audits on a JV's activities.</p> <p>The Directive also requires that Airbus is able to terminate a JV following breaches of anti-corruption representations and warranties in the JV agreement.</p> <p>[1] Airbus Anti-Corruption Policy (Document) Accessed 18/06/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf [p.10] In addition, anti-corruption compliance safeguards are embedded in many other processes such as procurement and supplier management, Joint Venture formation and acquisitions, etc.</p> <p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.16] Acquisitions, Divestments, Joint Ventures and Strategic Alliances As part of its business strategy, the Company may acquire or divest businesses and/or form joint ventures or strategic alliances. Executing acquisitions and divestments can be difficult and costly due to the complexities inherent in integrating or carving out people, operations, technologies and products. There can be no assurance that any of the businesses that the Company intends to acquire or divest can be integrated or carved out successfully, as timely as originally planned or that they will perform well and deliver the expected synergies or cost savings once integrated or separated. In addition, despite the efforts and expenditures of the parties, regulatory, administrative or other contractual conditions can prevent transactions from being finalised. While the Company believes that it has committed sufficient resources and established appropriate and adequate procedures and processes necessary to mitigate these risks, there is no assurance that these transactions will be successfully completed or produce the expected benefits.</p>

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture relationships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company commits to establishing and implementing anti-bribery and corruption policies and procedures in all of its joint ventures. The company implemented a directive that requires the company to terminate a joint venture following a breach of anti-corruption representations and warranties in its joint venture agreement, and that also specifies the company's right to conduct periodic audits of these entities.</p>
Evidence
<p>[36] Ethics & Compliance – Prevention of corruption related to M&A, JVS and similar transactions (Webpage) Accessed 12/06/2019 https://www.airbus.com/company/ethics-compliance.html Airbus has implemented a Directive to ensure that corruption risks associated with potential M&A, JV and similar transactions are detected, assessed and mitigated.</p> <p>The Directive incorporates a number of milestones which are reviewed from a compliance perspective at each stage of the transaction.</p> <p>In addition the Directive provides for extra requirements such as the right to conduct periodic audits on a JV's activities.</p> <p>The Directive also requires that Airbus is able to terminate a JV following breaches of anti-corruption representations and warranties in the JV agreement.</p> <p>[1] Airbus Anti-Corruption Policy (Document) Accessed 18/06/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf</p> <p>[p.8] a. "Anything of Value" – A Bribe is More than Just Money Anti-corruption laws generally prohibit giving an individual "anything of value", tangible or intangible, for the purpose of securing an improper advantage, and law enforcement has interpreted "anything of value" broadly to include:</p> <ul style="list-style-type: none"> • Extravagant or overly frequent Gifts or Hospitality, including meals, entertainment, event tickets, travel or accommodation without a clear business purpose; • Medical, educational or living expenses; • Sponsorships and donations (such as to the "pet charity" of a Public Official); • Offers of employment or unpaid internships (such as to the son or daughter of a Public Official designed to curry favour); • Contracts or business opportunities (such as an investment offered at below market value to a company controlled by a Public Official). <p>[p.9] C. Facilitation Payments Consistent with most anti-corruption laws, Airbus also prohibits "facilitation payments", which are small, unofficial payments to low level Public Officials to speed up or obtain routine administrative processes. Examples include visa applications, customs checks, administrative procedures, etc. An exception to this Policy may be tolerated if a facilitation payment is made in the context of an imminent threat to the health, safety or welfare of an employee - in that case, he or she should immediately inform the local Ethics & Compliance representative.</p> <p>[p.10] In addition, anti-corruption compliance safeguards are embedded in many other processes such as procurement and supplier management, Joint Venture formation and acquisitions, etc.</p>

[p.14] Our anti-corruption policies therefore apply to the engagement of third parties, as well as the entry into partnerships, joint ventures or other M&A transactions.

[21] Airbus 2019 Annual General Meeting (Document)

Accessed 12/06/2019

https://www.airbus.com/content/dam/events/annual-general-meeting/AIRBUS_AGM_2019_MEL.pdf

[p.59] For its principal minority joint ventures, Airbus will ensure the proper application of its policies or those of its partner.

[5] Code of Conduct (Document)

Accessed 02/10/2019

<http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf>

[p.30] Q&A

I am concerned about the integrity of a joint venture partner. What should I do?

The term “third party” does not only refer to suppliers or business partners. It encompasses every non-Airbus business or employee that conducts work with or for Airbus, including joint venture partners. If you have concerns about any third party, please Speak Up.

Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
1
Comments
<p>There is evidence that the company publicly commits to take an active role in preventing bribery and corruption in all of its joint ventures. However, the company does not provide any further statements or evidence to support this claim.</p>
Evidence
<p>[36] Ethics & Compliance – Prevention of corruption related to M&A, JVS and similar transactions (Webpage) Accessed 12/06/2019 https://www.airbus.com/company/ethics-compliance.html Airbus has implemented a Directive to ensure that corruption risks associated with potential M&A, JV and similar transactions are detected, assessed and mitigated.</p> <p>The Directive incorporates a number of milestones which are reviewed from a compliance perspective at each stage of the transaction.</p> <p>In addition the Directive provides for extra requirements such as the right to conduct periodic audits on a JV's activities.</p> <p>The Directive also requires that Airbus is able to terminate a JV following breaches of anti-corruption representations and warranties in the JV agreement.</p> <p>[1] Airbus Anti-Corruption Policy (Document) Accessed 18/06/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf [p.10] In addition, anti-corruption compliance safeguards are embedded in many other processes such as procurement and supplier management, Joint Venture formation and acquisitions, etc.</p> <p>[p.14] Our anti-corruption policies therefore apply to the engagement of third parties, as well as the entry into partnerships, joint ventures or other M&A transactions.</p> <p>[21] Airbus 2019 Annual General Meeting (Document) Accessed 12/06/2019 https://www.airbus.com/content/dam/events/annual-general-meeting/AIRBUS_AGM_2019_MEL.pdf [p.59] For its principal minority joint ventures, Airbus will ensure the proper application of its policies or those of its partner.</p> <p>[5] Code of Conduct (Document) Accessed 02/10/2019 http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf [p.30] Q&A <i>I am concerned about the integrity of a joint venture partner. What should I do?</i> The term “third party” does not only refer to suppliers or business partners. It encompasses every non-Airbus business or employee that conducts work with or for Airbus, including joint venture partners. If you have concerns about any third party, please Speak Up.</p>

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
1
Comments
<p>There is evidence that the company recognises the corruption risks associated with offset contracting, and that it has a dedicated team involved in managing offset obligations. However, there is little evidence of policies and processes in place, and it is not clear that this team is responsible for monitoring the company's offset activities throughout the lifecycle of each project. There is also no evidence that all employees within the team receive tailored anti-bribery and corruption training.</p>
Evidence
<p>[37] Ethics & Compliance – Offset Contracting (Webpage) Accessed 12/06/2019 https://www.airbus.com/company/ethics-compliance.html As part of its mission to support sales campaigns and contract execution in certain countries, Airbus may enter into Offset related agreements.</p> <p>Offset Transactions carried out by, or on behalf of Airbus, must comply with the company's policies and all the applicable laws, which include but are not limited to, anti-corruption, export controls and local procurement laws and regulations.</p> <p>All Offset Third Parties must be reviewed from a compliance perspective prior to entry into any binding agreement or transaction.</p> <p>The depth of the due diligence will depend on the level of risks implied by the Offset agreement (Country risk; Operational risk; Commercial relation type: supplier; JV partner; Consulting services etc.)</p> <p>The company has implemented a dedicated procedure for the compliance review of offset third parties and projects. As for intermediaries and JVs, this includes due diligence steps to ensure the legitimate business rationale of investments, checks to confirm/establish the ultimate beneficial ownership of third parties, etc. A central business team in turn has oversight over all approved offset projects and commitments, working closely with the Ethics & Compliance team on proposed new engagements as needed.</p> <p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.63] In addition to these existing anti-corruption directives, in 2018 the following new policies were adopted: - a method defining the requirements for the prevention of corruption in the context of international cooperation & offset activities (IC&O), which provides employees with an explanation of the compliance due diligence that must be conducted on IC&O third parties depending on the function or services they perform;</p>

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
1
Comments
<p>There is publicly available evidence that the company conducts due diligence on its offset activities. There is evidence that the company takes steps to ensure the legitimacy of the investment and that the due diligence checks include beneficial ownership. However, there is no evidence that the due diligence checks include conflict of interest risks. There is also no evidence that the company refreshes its due diligence continuously or when there is a significant change in the business relationship or nature of the partner.</p>
Evidence
<p>[37] Ethics & Compliance – Offset Contracting (Webpage) Accessed 12/06/2019 https://www.airbus.com/company/ethics-compliance.html As part of its mission to support sales campaigns and contract execution in certain countries, Airbus may enter into Offset related agreements.</p> <p>Offset Transactions carried out by, or on behalf of Airbus, must comply with the company's policies and all the applicable laws, which include but are not limited to, anti-corruption, export controls and local procurement laws and regulations.</p> <p>All Offset Third Parties must be reviewed from a compliance perspective prior to entry into any binding agreement or transaction.</p> <p>The depth of the due diligence will depend on the level of risks implied by the Offset agreement (Country risk; Operational risk; Commercial relation type: supplier; JV partner; Consulting services etc.)</p> <p>The company has implemented a dedicated procedure for the compliance review of offset third parties and projects. As for intermediaries and JVs, this includes due diligence steps to ensure the legitimate business rationale of investments, checks to confirm/establish the ultimate beneficial ownership of third parties, etc. A central business team in turn has oversight over all approved offset projects and commitments, working closely with the Ethics & Compliance team on proposed new engagements as needed.</p> <p>Airbus Annual Report 2018 (EN) https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.63] In addition to these existing anti-corruption directives, in 2018 the following new policies were adopted:</p> <ul style="list-style-type: none"> • a method defining the requirements for the prevention of corruption in the context of international cooperation & offset activities (IC&O), which provides employees with an explanation of the compliance due diligence that must be conducted on IC&O third parties depending on the function or services they perform;

Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
0
Comments
The company does not publish any details of the offset agents, brokers or consultancy firms currently contracted to act with and on behalf of the company's offset programme.
Evidence
No evidence found.

Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
0
Comments
The company does not publish any details of its offset obligations or contracts.
Evidence
No evidence found.

9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
0
Comments
<p>Based on publicly available evidence, the company acknowledges the risks associated with operating in different markets and there is evidence that a risk assessment procedure is in place to account for specific risks associated with anti-money laundering/counter terrorism financing risks. There is evidence that these assessments impact business decisions to some extent. However, there is no evidence to suggest that the company's risk assessment procedures cover bribery and corruption risks in different markets.</p>
Evidence
<p>[40] Ethics and compliance – Anti-Money Laundering (Webpage) Accessed 14/07/2019 https://www.airbus.com/company/ethics-compliance.html#commitments Airbus conducts business only with reputable Customers, who are involved in legitimate business activities and whose funds are derived from legitimate sources.</p> <p>To ensure that its Customers do not present Money Laundering/Terrorism Financing risks, Airbus has implemented a Directive to perform risk-based due diligence depending on the level of Anti-Money Laundering/Counter-Terrorism Financing risk induced by its prospective Customer. This due diligence is also known as the Know Your Customer (KYC) process.</p> <p>Such due diligence includes identifying and understanding the identities of individual ultimate beneficial owners and the Customer's source of wealth or funds.</p> <p>The KYC due diligence is updated periodically on a risk basis and in case of significant changes in the relationship or activity.</p> <p>The process incorporates an enhanced level of due diligence to be performed where a prospective customer resides in a FATF-designated High-Risk or Non-Cooperative Jurisdiction, or where other red flags are identified. In the event that red flags are unable to be mitigated at the conclusion of the Divisional Customer Due Diligence Process, there will be an escalation to the Group level for additional consideration and recommendation.</p>

Question
9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?
Score
1
Comments
<p>Based on publicly available evidence, the company discloses its fully consolidated and non-fully consolidating holdings, its percentage of ownership and their country of incorporation. This information is published annually. However, there is evidence that the company has other holdings which are not part of this list; it is therefore not clear that the company has disclosed a full list of its holdings and subsidiaries. Additionally, the company does not publish countries of operation for each of its subsidiaries.</p>
Evidence
<p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf</p> <p>[p.18] The Company generates a substantial proportion of its revenues through various consortia, joint ventures and equity holdings. These arrangements include primarily: -the Eurofighter and AirTanker consortia; and -four principal joint ventures: ArianeGroup, ATR, CSALP and MBDA. The formation of partnerships and alliances with other market players is an integral strategy of the Company, and the proportion of sales generated from consortia, joint ventures and equity holdings may rise in future years. This strategy may from time to time lead to changes in the organisational structure, or realignment in the control, of the Company's existing joint ventures. The Company exercises varying and evolving degrees of control in the consortia, joint ventures and equity holdings in which it participates. While the Company seeks to participate only in ventures in which its interests are aligned with those of its partners, the risk of disagreement or deadlock is inherent in a jointly controlled entity, particularly in those entities that require the unanimous consent of all members with regard to major decisions and specify limited exit rights. The other parties in these entities may also be competitors of the Company, and thus may have interests that differ from those of the Company. In addition, in those holdings in which the Company is a minority partner or shareholder, the Company's access to the entity's books and records, and as a consequence, the Company's knowledge of the entity's operations and results, is generally limited as compared to entities in which the Company is a majority holder or is involved in the day-to-day management.</p> <p>[p.28] Airbus' global presence includes, on top of France, Germany, Spain and the United Kingdom, fully-owned subsidiaries in the United States, China, Japan, India and in the Middle East, and spare parts centres in Hamburg, Frankfurt, Washington, Beijing, Dubai and Singapore. Airbus also has engineering and training centres in Toulouse, Miami, Mexico, Wichita, Hamburg, Bangalore, Beijing and Singapore, as well as an engineering centre in Russia. There are also hubs and field service stations around the world. Airbus also relies on industrial co-operation and partnerships with major companies and a wide network of suppliers around the world.</p> <p>[p.28] In line with the previous organisational structure, Airbus SE itself does not engage in the core aerospace, defence or space business of the Company but coordinates related businesses, sets and controls objectives and approves major decisions for the Company. As the parent company, Airbus SE conducts activities which are essential to the Company's activities and which are an integral part of the overall management of the Company. In particular, finance activities pursued by Airbus SE are in support of the business activities and strategy of the Company. In connection therewith, Airbus SE provides or procures the provision of services to the subsidiaries of the Company. General management service agreements have been put in place with the subsidiaries and services are invoiced on a cost plus basis. For management purposes, Airbus SE acts through its Board of Directors, Executive Committee, and Chief Executive Officer in accordance with its corporate rules and procedures as described below under "— Corporate Governance — 4.1 Management and Control". Within the framework defined by Airbus SE, Airbus, each Division, Business Unit and subsidiary is vested with full entrepreneurial responsibility.</p> <p>[p.29] The Company's individually material joint ventures are ArianeGroup, Paris (France), MBDA S.A.S., Paris (France), and ATR GIE, Blagnac (France), as parent companies of their respective groups. These joint venture companies are not publicly listed.</p> <p>ArianeGroup is a 50% joint venture between the Company and Safran. ArianeGroup is the head company in a group comprising several subsidiaries and affiliates, all leading companies in their fields, such as: APP,</p>

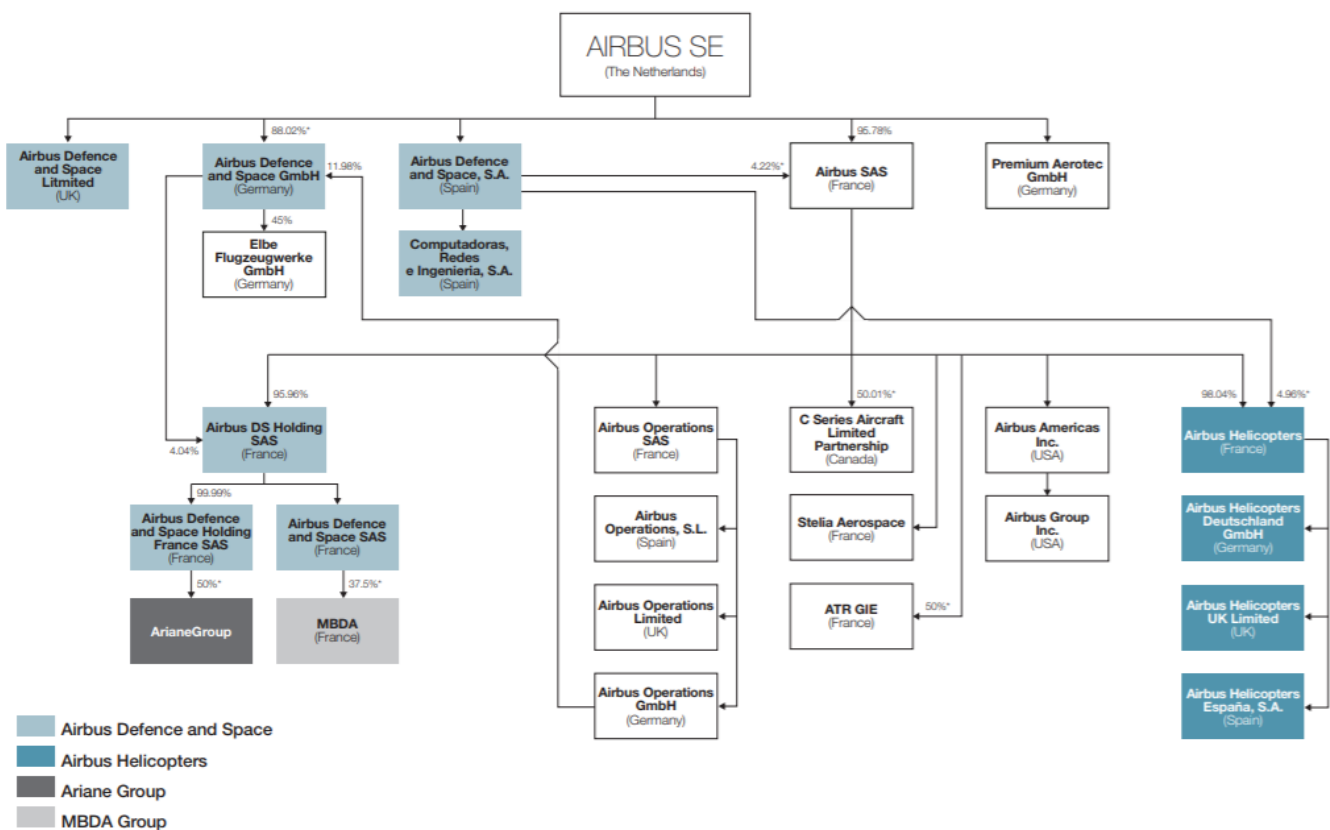
Arianespace, Cilas, Eurockot, Eurocryospace, Europropulsion, Nuclétudes, Pyroalliance, Regulus, Sodern and Starsem. ArianeGroup inherits a rich portfolio of products and services, enabling it to deliver innovative and competitive solutions to numerous customers around the world.

The Company holds a 37.5% stake in MBDA at 31 December 2018 and 2017, which is a joint venture between the Company, BAE Systems and Leonardo (formerly Finmeccanica). MBDA offers missile systems capabilities that cover the whole range of solutions for air dominance, ground-based air defence and maritime superiority, as well as advanced technological solutions for battlefield engagement.

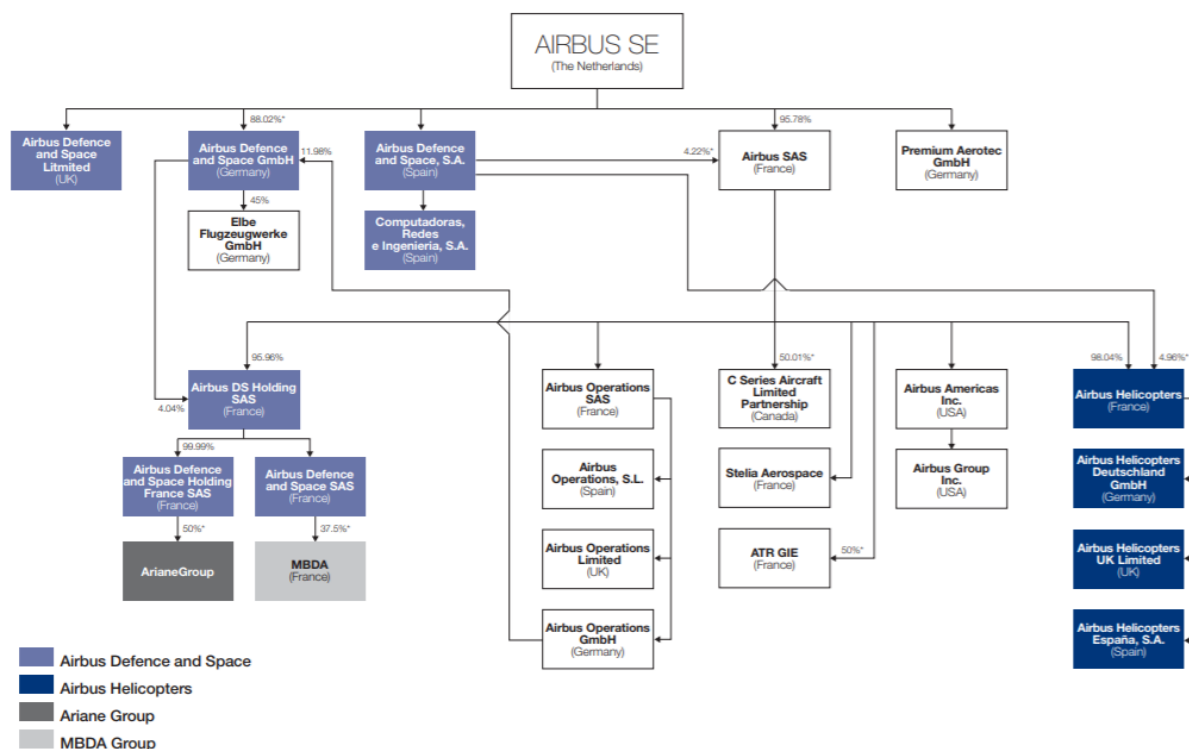
ATR GIE manufactures advanced turboprop aircraft. It is a 50% joint venture between Leonardo (formerly Finmeccanica) group company and the Company. Both Leonardo and the Company provide airframes which are assembled by ATR GIE in France. The members of ATR GIE are legally entitled exclusively to the benefits and are liable for the commitments of the Company. ATR GIE is obliged to transfer its cash to each member of the joint venture.

[p.80] Airbus Defence and Space's EBIT increased from € 462 million for 2017 (restated) to € 676 million for 2018 reflecting continued solid programme execution and contributions from its joint ventures MBDA and ArianeGroup. In 2018, it also included the impact of disposals, mainly the gain from the Plant Holdings, Inc. of € 159 million. A net charge of € 436 million was recorded related to the A400M programme for the period ended 31 December 2018 (2017 (restated): € 992 million).

[p.88]



[p.109] Appendix "Simplified Airbus Structure" – chart




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[p.106] Information on principal investments of the company

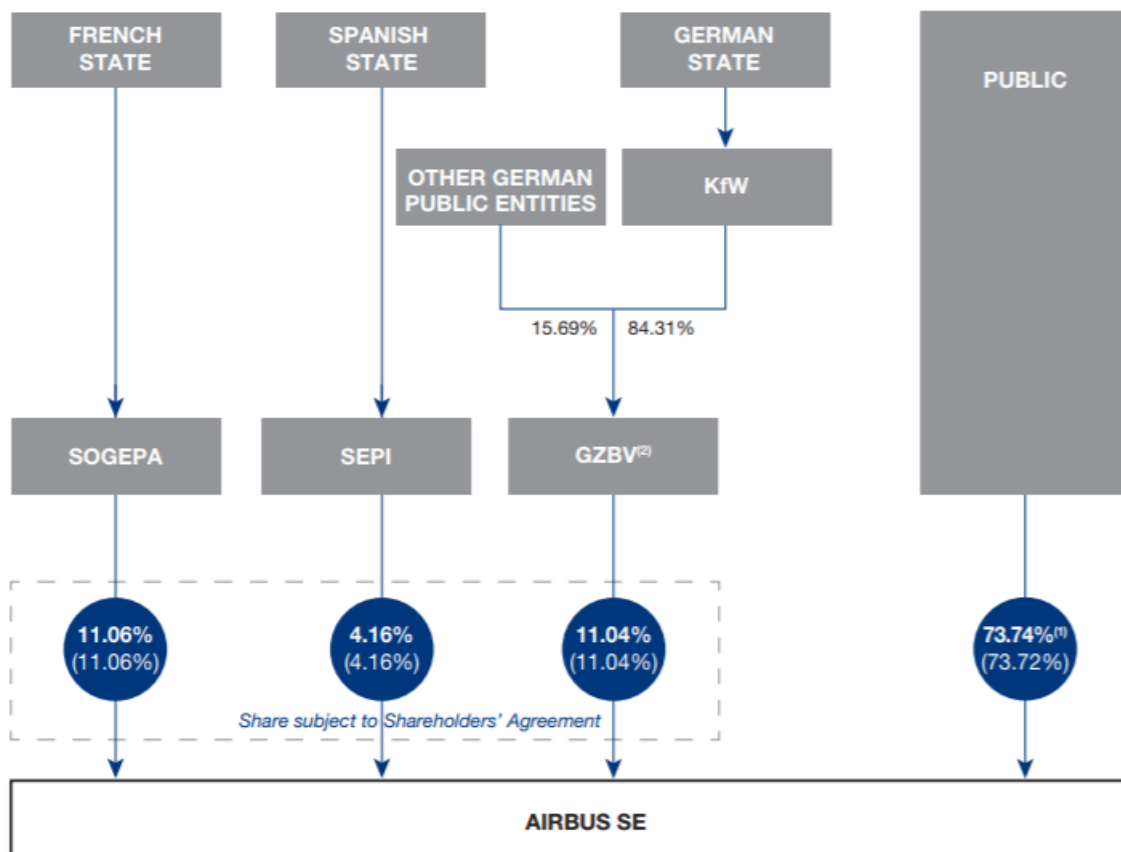
INFORMATION ON PRINCIPAL INVESTMENTS OF THE COMPANY

2018	2017	Company	Head office
(in %) ⁽¹⁾			
100.00	50.90	Aero Ré S.A.	Bertrange (Luxembourg)
74.29	50.10	Airbus Defence and Space GmbH	Taufkirchen (Germany)
100.00	0.00	Airbus Defence and Space Limited	Stevenage (UK)
100.00	0.00	Airbus Defence and Space Netherlands B.V.	Leiden (Netherlands)
100.00	100.00	Airbus Defence and Space S.A.	Madrid (Spain)
0.00	100.00	Airbus DS Holdings B.V.	Leiden (Netherlands)
100.00	100.00	Airbus Bank GmbH	Munich (Germany)
100.00	100.00	Airbus Finance B.V.	Leiden (Netherlands)
100.00	100.00	Airbus Group Ltd.	London (UK)
100.00	100.00	Airbus Group Proj B.V.	Leiden (Netherlands)
99.00	99.00	Airbus Group Ventures Fund I, L.P.	Mountain View, CA (USA)
0.00	100.00	Airbus Helicopters Holding S.A.S.	Marignane (France)
95.78	90.26	Airbus S.A.S.	Toulouse (France)
100.00	100.00	DADC Luft- und Raumfahrt Beteiligungs GmbH	Taufkirchen (Germany)
9.89	9.93	Dassault Aviation S.A.	Paris (France)
100.00	100.00	Premium Aerotec GmbH	Augsburg (Germany)

(1) Percentages represent share held directly by Airbus SE.

Question
9.3 Does the company disclose its beneficial ownership and control structure?
Score
2
Comments
Based on publicly available evidence, the company is a publicly listed company on the Paris, London and other international stock exchanges. It therefore automatically receives a score of '2'.
Evidence
<p>[41] Financial Times Market Data – Airbus (Webpage) Accessed 13/09/2019 https://markets.ft.com/data/equities/tearsheet/summary?s=AIR:PAR</p>  <p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf</p> <p>[p.104] As of 31 December 2018, the French State held 11.06% of the outstanding Company shares through Sogepa, the German State held 11.04% through GZBV, a subsidiary of Kreditanstalt für Wiederaufbau ("KfW"), a public law institution serving domestic and international policy objectives of the Government of the Federal Republic of Germany, and the Spanish State held 4.16% through SEPI. The public (including the Company's employees) and the Company held, respectively, 73.66% and 0.08% of the Company's share capital.</p> <p>In 2018, no listed entities have notified the AFM of their substantial interest in the Company. For further details, please refer to the website of the AFM at: www.afm.nl. As of 31 December 2018, the Company held, directly or indirectly through another company in which the Company holds directly or indirectly more than 50% of the share capital, 636,924 of its own shares, equal to 0.08% of issued share capital.</p> <p>The treasury shares owned by the Company do not carry voting rights. For the number of shares and voting rights held by Members of the Board of Directors and Executive Committee, see "— Corporate Governance — 4.2.1 Remuneration Policy". Approximately 2.0% of the share capital (and voting rights) was held by the Company's employees as of 31 December 2018.</p>

[p.104] Ownership Structure of Airbus SE as of 31 December



(1) Including shares held by the Company itself (0.08%).

(2) KfW & other German public entities.

[p.99] Under the Articles of Association, each shareholder must notify the Company when it (or another party in respect of its interest in the Company) must make a notification to the AFM of a substantial interest or short position with respect to the Company, when its interest (alone or with concert parties) reaches or crosses the Mandatory Disposal Threshold (as defined below) or, subject to certain conditions and exemptions, when changes occur in the composition, nature and/or size of any interest held it or its concert parties in excess of the Mandatory Disposal Threshold (as defined below). Failure to comply with these obligations may, subject to a prior notification by the Company, result in the suspension of voting and attendance rights until the shareholder has complied with its obligations.

The Articles of Association prohibit any shareholder from holding an interest of more than 15% of the share capital or voting rights of the Company, acting alone or in concert with others (the "Mandatory Disposal Threshold"). An interest ("Interest") includes not only shares and voting rights, but also other instruments that cause shares or voting rights to be at someone's disposal pursuant to the WFT, and must be notified to the Dutch regulator, the AFM, if certain thresholds are reached or crossed.

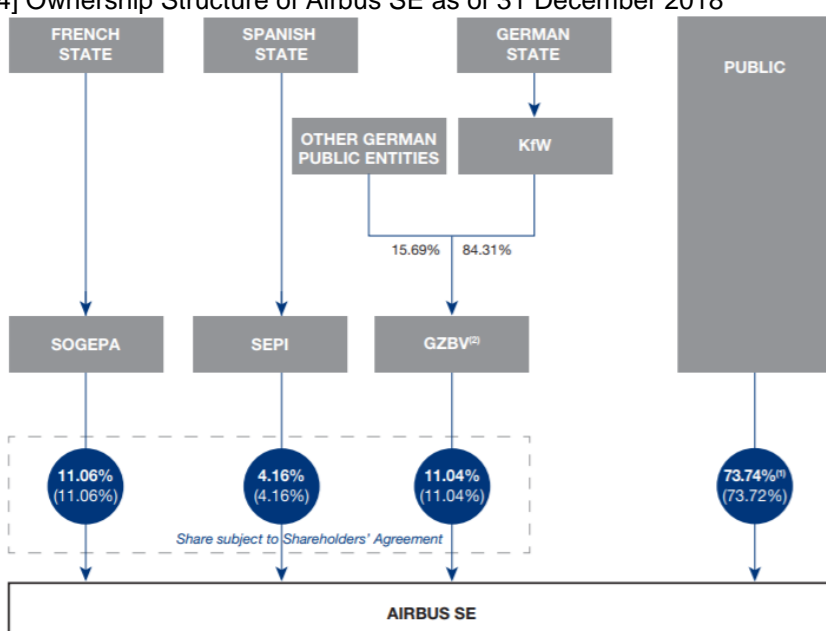
Question									
9.4 Does the company publish a percentage breakdown of its defence sales by customer?									
Score									
0									
Comments									
<p>The company publishes some information about its defence customers. The company publishes defence sales by customer and the total number of aircraft ordered, delivered and in operation for its Military Aircraft programme. However, there are three other programme lines falling under Defence and Space for which information is not published. It is therefore not possible to deduce a breakdown of defence sales per customer.</p>									
Evidence									
<p>[6] Airbus 2018 Annual Report (Document) Accessed 12/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf [p.26] Airbus Defence and Space is organised in four Programme Lines: Military Aircraft; Space Systems; Communications, Intelligence & Security (CIS); and Unmanned Aerial Systems (UAS). It develops and engineers cutting-edge products in the field of defence and space, enabling governments, institutions and commercial customers alike to protect resources and people while staying connected to the world. Airbus Defence and Space solutions guarantee sovereignty in foreign affairs and defence matters. In 2018, Airbus Defence and Space recorded total revenues of € 11.1 billion, representing 17% of the Company's revenues.</p>									
[p.27]									
REVENUE BY GEOGRAPHICAL AREAS									
	Year ended 31 December 2018		Year ended 31 December 2017 as restated		Year ended 31 December 2017 as reported		Year ended 31 December 2016 as reported		
	(In € billion)	(In percentage) ⁽¹⁾	(In € billion)	(In percentage) ⁽¹⁾	(In € billion)	(In percentage) ⁽¹⁾	(In € billion)	(In percentage) ⁽¹⁾	
Asia / Pacific	23.3	36.6%	21.3	36.1%	24.8	37.2%	21.3	32.0%	
Europe	17.8	27.9%	15.8	26.8%	17.0	25.4%	21.4	32.1%	
North America	11.1	17.4%	10.8	18.3%	12.6	18.9%	8.9	13.4%	
Other countries ⁽²⁾	11.5	18.1%	11.1	18.8%	12.4	18.5%	15.0	22.5%	
Total	63.7	100%	59.0	100%	66.8	100%	66.6	100%	
<p>(1) Percentage of total revenue after eliminations. (2) Including the Middle East.</p>									
<p>[p.40] The Military Aircraft Programme Line with its products combat aircraft, military transport aircraft, mission aircraft and related services supplies the public sector, mainly armed forces.</p> <p>Customer relationships in this segment are characterised by their long-term, strategic nature and long decision-making cycles. Once a contract is signed, its life span including considerable services business often amounts to decades. Beyond a strong foothold in home countries, the customer base is increasingly global, in particular due to the success of the A330 MRTT and C295 programmes.</p>									
<p>[p.42] Unmanned Aerial Systems could lead to diversification into services-driven markets. It is also a sector in which Europe has a strong need for investment, which could set the stage for new cooperation programmes. France, Germany, Italy and Spain have signalled their intention to cooperate on a medium altitude, long endurance UAS and Airbus Defence and Space and its partners finalised the two-year definition study of the system end of 2018.</p>									
<p>[p.42] A total of 174 aircraft have been ordered so far by the seven launch customer nations Belgium, France, Germany, Luxembourg, Spain, Turkey, the UK and one export customer, Malaysia. Type Certificate and Initial Operating Clearance have been achieved in 2013. Since then, 74 units have been delivered to six nations by the end of 2018. The A400M is already deployed operationally since 2014 and military capability is expected to grow over time.</p>									

Europe	Austria	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	15	15	15	15	15					
	Belgium	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	0	0	0	8	1	0				
	Czech Rep.	0	0	0	0	0	0	4	4	4	0	0	0	0	0	0	0	0	0	0	0	0	4	4	4				
	Finland	0	0	0	0	0	0	3	3	3	0	0	0	0	0	0	0	0	0	0	0	0	3	3	3				
	France	8	8	5	28	28	27	0	0	0	0	0	0	12	2	2	50	15	15	0	0	0	98	53	49				
	Germany	0	0	0	0	0	0	0	0	0	4	4	4	0	0	0	53	31	31	143	142	140	200	177	175				
	Ireland	0	0	0	2	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2				
	Italy	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	96	94	93	96	94	95				
	Luxembourg	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	2					
	Malta	5	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	5	0				
	NATO - MMF*	0	0	0	0	0	0	0	0	0	0	0	0	8	0	0	0	0	0	0	0	0	8	0	0				
	Poland	0	0	0	0	0	0	17	17	16	0	0	0	0	0	0	0	0	0	0	0	0	17	17	16				
	Portugal	26	26	0	0	0	0	12	12	12	0	0	0	0	0	0	0	0	0	0	0	0	38	38	12				
	Spain	92	92	22	34	34	23	13	13	13	0	0	0	0	0	0	27	5	5	73	71	68	239	215	131				
	Sweden	3	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3	0				
	Switzerland	3	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3	0				
	Turkey	2	2	0	61	61	58	0	0	0	0	0	0	0	0	0	10	9	9	0	0	0	73	72	67				
	UK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14	14	14	22	20	20	160	159	193				
	Europe Total a/c	140	140	31	125	125	110	49	49	48	4	4	4	34	16	16	170	80	80	487	481	475	1009	895	764				
	Middle East	Afghanistan	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1			
Jordan		4	4	0	0	0	2	2	2	2	0	0	0	0	0	0	0	0	0	0	0	0	6	6	4				
Oman		0	0	0	2	2	2	8	8	8	0	0	0	0	0	0	12	12	12	12	12	22	22	22					
Qatar		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	24	0	0	24	0	0				
Pakistan		0	0	0	4	4	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	4	4					
Kuwait		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	28	0	0	28	0	0				
Saudi Arabia		0	0	0	4	4	0	4	4	4	0	0	0	6	6	6	0	0	0	72	72	71	86	86	81				
United Arab Emirates		4	4	0	7	7	5	5	4	4	0	0	0	3	3	3	0	0	0	0	0	19	18	12					
Yemen		0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0					
Middle East & North Africa Total a/c		8	8	1	18	18	13	19	18	18	0	0	0	9	9	9	0	0	0	136	84	83	190	137	124				
North America	Canada	1	1	0	0	0	0	16	0	0	2	2	2	0	0	0	0	0	0	0	0	19	3	2					
	USA	50	50	42	28	28	31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	78	78	73					
	North America Total a/c	51	51	42	28	28	31	16	0	0	2	2	2	0	0	0	0	0	0	0	0	97	81	75					
Latin America & Caribbean	Argentina	8	8	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	8	8					
	Bolivia	1	1	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	5					
	Brazil	0	0	0	0	0	0	15	13	13	0	0	0	0	0	0	0	0	0	0	0	15	13	13					
	Chile	17	17	6	4	4	3	3	3	3	0	0	0	0	0	0	0	0	0	0	0	24	24	12					
	Colombia	11	11	7	4	4	5	6	6	6	0	0	0	0	0	0	0	0	0	0	0	21	21	18					
	Costa Rica	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	0					
	Dominican Rep	3	3	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3	3					
	Ecuador	2	2	2	4	4	4	3	3	3	0	0	0	0	0	0	0	0	0	0	0	9	9	9					
	Mexico	10	10	2	7	7	8	14	14	14	0	0	0	0	0	0	0	0	0	0	0	31	31	24					
	Nicaragua	7	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	7	0					
	Panama	6	6	3	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	7	3					
	Paraguay	5	5	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	5	5					
	Peru	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0					
	Suriname	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	0					
	Uruguay	5	5	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	5	6					
	Venezuela	11	11	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11	11	2					
	Latin America & Caribbean Total a/c	91	91	49	20	20	20	41	39	39	0	0	0	0	0	0	0	0	0	0	0	152	150	108					
Lessor	Company	Ord	Del	Qpr	Ord	Del	Qpr	Ord	Del	Qpr	Ord	Del	Qpr	Ord	Del	Qpr	Ord	Del	Qpr	Ord	Del	Qpr	Ord	Del	Qpr				
	Stellwagen	0	0	0	0	0	0	12	1	1	0	0	0	0	0	0	0	0	0	0	0	12	1	1					
	Lessor Total a/c	0	0	0	0	0	0	12	1	1	0	0	0	0	0	0	0	0	0	0	0	12	1	1					
SUMMARY	Africa (Subsahara)	42	42	21	17	15	14	35	35	34	0	0	0	0	0	0	0	0	0	0	0	94	92	69					
	Asia & Pacific	151	151	74	79	77	49	20	18	18	0	0	0	17	14	14	4	4	4	0	0	271	264	159					
	CIS	0	0	0	0	0	0	13	12	12	0	0	0	0	0	0	0	0	0	0	0	13	12	12					
	Europe	140	140	31	125	125	110	49	49	48	4	4	4	34	16	16	170	80	80	487	481	475	1009	895	764				
	Middle East & North Africa	8	8	1	18	18	13	19	18	18	0	0	0	9	9	9	0	0	0	136	84	83	190	137	124				
	North America	51	51	42	28	28	31	16	0	0	2	2	2	0	0	0	0	0	0	0	0	97	81	75					
	Latin America and Caribbean	91	91	49	20	20	20	41	39	39	0	0	0	0	0	0	0	0	0	0	0	152	150	108					
	Lessor	0	0	0	0	0	0	12	1	1	0	0	0	0	0	0	0	0	0	0	0	12	1	1					
	Undisclosed	0	0	0	0	0	0	4	1	1	0	0	0	0	0	0	0	0	0	0	0	4	1	1					
Countries	77	Customers	160	Current Operators	116	483	483	218	287	283	237	209	173	171	6	6	6	60	39	39	174	84	84	623	565	558	1842	1633	1313

(1) Ord = Orders, Del =Deliveries, Qpr = In Operation (including Modernizations, Upgrades & secondhand aircraft); (*) Bophuthatswena and Transkei aircraft orders are included in South Africa. Both independent states were reincorporated into South Africa in 1994.

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10. State-Owned Enterprises (SOEs)

Question
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
Score
2
Comments
<p>The company publishes a breakdown of its shareholder voting rights, including where this relates to the French, German and Spanish states that each own minority shares. Evidence suggests that the voting rights for these states are equivalent to the percentage of shares held in the company and that no shareholder may retain more than 15% of the capital or voting rights.</p>
Evidence
<p>[6] Airbus 2018 Annual Report (Document) Accessed 12/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf</p> <p>[p.104] As of 31 December 2018, the French State held 11.06% of the outstanding Company shares through Sogepa, the German State held 11.04% through GZBV, a subsidiary of Kreditanstalt für Wiederaufbau ("KfW"), a public law institution serving domestic and international policy objectives of the Government of the Federal Republic of Germany, and the Spanish State held 4.16% through SEPI. The public (including the Company's employees) and the Company held, respectively, 73.66% and 0.08% of the Company's share capital.</p> <p>In 2018, no listed entities have notified the AFM of their substantial interest in the Company. For further details, please refer to the website of the AFM at: www.afm.nl. As of 31 December 2018, the Company held, directly or indirectly through another company in which the Company holds directly or indirectly more than 50% of the share capital, 636,924 of its own shares, equal to 0.08% of issued share capital.</p> <p>The treasury shares owned by the Company do not carry voting rights. For the number of shares and voting rights held by Members of the Board of Directors and Executive Committee, see "— Corporate Governance — 4.2.1 Remuneration Policy". Approximately 2.0% of the share capital (and voting rights) was held by the Company's employees as of 31 December 2018.</p> <p>[p.104] Ownership Structure of Airbus SE as of 31 December 2018</p>  <pre> graph TD FS[FRENCH STATE] --> SOGEPA[SOGEPa] SS[SPANISH STATE] --> SEPI[SEPI] GS[GERMAN STATE] --> KfW[KfW] GS --> OGP[OTHER GERMAN PUBLIC ENTITIES] KfW -- 84.31% --> GZBV[GZBV(1)] OGP -- 15.69% --> GZBV SOGEPA -- 11.06% (11.06%) --> ASE[AIRBUS SE] SEPI -- 4.16% (4.16%) --> ASE GZBV -- 11.04% (11.04%) --> ASE P[PUBLIC] -- 73.74%(1) (73.72%) --> ASE subgraph "Share subject to Shareholders' Agreement" SOGEPA SEPI GZBV end </pre> <p>(1) Including shares held by the Company itself (0.08%). (2) KfW & other German public entities.</p>

[p.99] Under the Articles of Association, each shareholder must notify the Company when it (or another party in respect of its interest in the Company) must make a notification to the AFM of a substantial interest or short position with respect to the Company, when its interest (alone or with concert parties) reaches or crosses the Mandatory Disposal Threshold (as defined below) or, subject to certain conditions and exemptions, when changes occur in the composition, nature and/or size of any interest held it or its concert parties in excess of the Mandatory Disposal Threshold (as defined below). Failure to comply with these obligations may, subject to a prior notification by the Company, result in the suspension of voting and attendance rights until the shareholder has complied with its obligations.

The Articles of Association prohibit any shareholder from holding an interest of more than 15% of the share capital or voting rights of the Company, acting alone or in concert with others (the "Mandatory Disposal Threshold"). An interest ("Interest") includes not only shares and voting rights, but also other instruments that cause shares or voting rights to be deemed to be at someone's disposal pursuant to the WFT, and must be notified to the Dutch regulator, the AFM, if certain thresholds are reached or crossed.

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
2
Comments
The commercial and public policy objectives of the company are made publicly available on its website, and are updated on an annual basis.
Evidence
<p>[6] Airbus 2018 Annual Report (Document) Accessed 12/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf</p> <p>[p.11] As the 2018 results showed, Airbus is a company that delivers on its commitments and we intend to do so again in 2019. I look forward to continuing at full speed with all the potential that the Company has. Operationally, we will remain focused on programme execution, on continuous improvements, on competitiveness and we'll do this by continuing to drive performance, investing in our industrial system and into digital technologies. In fact, digitalisation is key to improving the way we design, manufacture and service our aircraft and support our customers.</p> <p>[p.14] We are committed to reaching a combined monthly A320 Family production rate of 60 aircraft by mid-2019 through our final assembly lines in Toulouse, Hamburg, Mobile and Tianjin. A key enabler for this during 2018 was the opening of a fourth A320 Family production line in Hamburg. The new line makes use of digital technologies and a more flexible industrial set up to build aircraft more efficiently. The new Hamburg line features: – User-optimised delivery of materials, closer to employees – Digital production control systems – Automated 7-axis robots for circumferential joints – Dynamic measurement assembly with laser trackers</p> <p>[p.15] To address greater transport capacity requirements related to the ramp-up of single-aisle and A350 XWB aircraft production, we have invested in a new fleet of larger BelugaXL aircraft, based on the A330-200 freighter. Flight testing underway Following its first flight in July 2018, the BelugaXL will undergo some 600 hours of flight testing ahead of its planned entry-into-service during 2019. The aircraft, which is 63.1 metres long and has a fuselage diameter of 8.8 metres, provides us with an additional 30% of extra transport capacity compared to the current BelugaST aircraft. It can transport two A350 XWB wings while the existing BelugaST can only carry one. The aircraft will operate to 11 destinations and features newly-developed elements including a lowered cockpit, cargo bay structure, and rear and tail section.</p> <p>[p.25] Ultimately, the Board was able to propose a double-digit percentage increase in the dividend to € 1.65 per share. This corresponds to a payout ratio of 42%, in line with our commitment to sustainable dividend growth. And showing our growth trajectory, for 2019 we target an increase in EBIT Adjusted of approximately 15% compared to 2018 and free cash flow before M&A and customer financing of about € 4 billion.</p> <p>[p.27] Key priorities 2019 (Airbus) – Plan and deliver reliably on operational targets – Meet key programme milestones – Achieve sales targets and focus on strategic sales campaigns – Deliver financial KPIs – Pursue digital transformation across design, manufacturing and services</p> <p>[p.29] Key priorities 2019 (Airbus Helicopters) – Deliver on our commitments and achieve key programme milestones – Strengthen our focus on Quality and deliver our Aviation Safety commitment – Deliver financial KPIs and boost competitiveness – Achieve key milestones for demonstrators and prepare technological bricks for future platforms – Roll out digital road-map for customers, operations and employees</p> <p>[p.31] Key priorities 2019 (Airbus Space and Defence) – Meet critical development milestones on quality, on time, on cost</p>

- Secure key European defence initiatives
- European MALE, FCAS
- Develop new businesses and new markets including digital services
- Deliver financial KPIs
- Accelerate deployment of digital solutions with a focus on Digital Design, Manufacturing and Services

[p. 48] Airbus is an industrial company operating in businesses with long product lifecycles and corresponding returns on investment. There are significant costs and risks in programme development and cyclical markets. These features define the Company and shape its relationships with all stakeholders. For a description of the Company's business model, see "— 1.1.1 Overview".

The Company is engaged in stakeholder dialogue at various levels. The responsibility for stakeholder engagement is decentralised at the Company and employees are encouraged to initiate, develop and maintain relationships with their respective stakeholders. The Company often seeks a sectorial approach in order to strengthen the impact. The Company's main purpose, its missions and the objectives resulting from them, are defined in relation to these stakeholders.

The Company has defined the following objectives:

- generate long-term value by developing a sustainably profitable portfolio of aeronautics, helicopter, defence and space businesses. For its shareholders, lenders and other financial counterparts, the Company must meet its obligations and foster its standing of creditworthiness and profitability;
- be a provider of choice, offering superior value-for-money products and services to customers;
- engage employees to share its goals and rise to its challenges. Within the confines of applicable laws and regulations, the Company must respond to their expectations about development, people management and values;
- build sustainable relationships with its suppliers based on mutual interest to satisfy its customers to encourage responsible practices. The Company promotes the Supplier Code of Conduct as standards consistent with its own code of conduct, and also develops and implements adequate mechanisms to monitor supplier performance;
- play a key role in society and towards local communities. The Company is committed to responsible business practices in terms of respect for human rights, labour, the environment and anti-corruption. In addition, the Company encourages initiatives that contribute to tackling societal challenges whether through its products and services, skills and resources or via key partnerships.

[p.54] The following operational objectives on commercial aircraft manufacturing activities have been set:

- respect the Paris Agreement by keeping a global temperature rise well below 2°C above pre-industrial levels, and absorb production ramp-up impacts by reducing CO2 emissions intensity by 60%*;
- reduce its water intensity by 50%*;
- maintain levels in compliance with air emissions regulations and absorb production ramp-up impacts; and
- deploy environmental requirements for and evaluation of suppliers and use these results in supplier selection processes.

[p.64] In 2018, the Company's employees followed 204,667 Ethics & Compliance digital training sessions. In coordination with an effort to increase accessibility to the digital learning platform, one of Airbus' 2018 objectives was for all employees with access to a computer to perform an Ethics and Compliance digital training session.

[...]

Whilst Airbus products and services are sold all over the world, the majority of its workforce and supply chain are based in Europe and the Organisation for Economic Cooperation and Development (OECD) countries. In the past few years, the supply chain has become concentrated and more international. Such rising concentration is the result of consolidation within the aerospace and defence sector, as well as larger work packages for the major new aircraft programmes being placed with a smaller number of lead suppliers. Airbus has identified global sourcing as one of its leading long-term objectives. To promote the globalisation of its sourcing footprint, an Airbus Global Sourcing Network (GSN) has been established including regional sourcing offices in USA, China and India.

[p.135] Furthermore, the Company is committed to supporting, valuing and leveraging the value of diversity. That being said, the importance of diversity, in and of itself, should not set aside the overriding principle that someone should be recommended, nominated and appointed for being "the right person for the job". Although the Company has not set specific targets with respect to particular elements of diversity, except for the principles described in

4.1.1.1 above and those targets which apply by law, the Company is committed to seeking broad diversity in the composition of the Board of Directors and its Executive Committee and will consider attributes such as personal background, age, gender, experience, capabilities and skills when evaluating new candidates in the best interests of the Company and its stakeholders.

[p.136] The objectives and principles for the ERM system as endorsed by the Board of Directors are set forth in the Company's ERM Policy and communicated throughout the Company. The Company's ERM Policy is supplemented by directives, manuals, guidelines, handbooks, etc. External standards which contribute to the Company's ERM system include the standards as defined by the International Organisation for Standardisation ("ISO").

[45] Airbus Berlin Position Paper – Our Positions at a Glance (Document)

Accessed 04/10/2019

<https://www.airbus.com/public-affairs/berlin/en.html>

[p.1] Military aviation

Strategic importance of the defence industry

- The security and defence industry is of strategic national interest not only from an economic, but also a technological and security perspective.

Franco-German cooperation as the engine of European defence policy

- With the Franco-German Declaration of 13 July 2017, both nations stressed the importance of a European Common Security and Defence Policy. The aim is to improve European defence capability and secure long-term industrial expertise and R&D capabilities. The "Lead Nation" organisational concept should serve as a guideline, as should the involvement of interested European partner nations in combining needs and budgets and avoiding parallel initiatives. A prerequisite for the successful implementation of the projects is to gain early clarity about export opportunities. This requires the alignment of existing export regulations between the two countries.

[46] Airbus Berlin Public Affairs – Our Topics, Security (Webpage)

Accessed 04/10/2019

<https://www.airbus.com/public-affairs/berlin/en/our-topics/security.html>

Standing up for defence, by Dirk Hoke, CEO Airbus Defence and Space

[...]

Status: Feb 2019

Shaping the future of European industry with FCAS

[...]

Status: July 2018

NATO Summit: Europe needs a strong alliance

[...]

Status: July 2018

[47] Airbus Brussels Public Affairs – Our Topics, Defence (Webpage)

Accessed 04/10/2019

<https://www.airbus.com/public-affairs/brussels/our-topics/defence.html>

- Shaping the future of European aerospace industry with the Future Combat Air System

[...]

- Cybersecurity: How to protect Europe from a growing threat

[...]

- Strengthening European Defence Research
[...]
- The making of a European Defence Union
[...]
- NATO summit: Europe needs a strong alliance in a changing world
[...]
- EU Defence Fund paves the way towards a stronger Europe

[38] Responsibility & Sustainability – Our approach for responsible business (Webpage)

Accessed 12/06/2019

<https://www.airbus.com/company/responsibility-sustainability/approach-responsible-business.html>

We aim for a world which is more prosperous, safer and better-connected. Like everything we do at Airbus, integrity plays a key role in this effort. We apply strong principles in our approach to how we conduct our business because we believe we can, and should, raise the bar on what's possible in responsibility and sustainability in our industry. Diversity is fundamental to who we are, but we want to go beyond nurturing an inclusive environment for our unique people. We want to enhance the workplace and create a space that truly embraces and allows our employees to feel a sense of safety and inclusion— a workplace where our employees can bring their best selves.

The Airbus Responsibility & Sustainability Charter encapsulates the company's commitment to responsible practices that are part of daily business lives as well as to the UN Sustainable Development Goals (SDGs).

Question
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company is open and clear about the nomination process, appointment and composition of its board and provides details of its board members. The company discloses details of its nomination process, including the criteria for nomination, which company representatives are involved in the nomination, and who makes the final appointment decision. For each board member, the company discloses whether that person has any connection to the company or the state or is an independent director.</p>
Evidence
<p>[7] Corporate Governance – Board and Board Committees (Webpage) Accessed 11/06/2019 https://www.airbus.com/company/corporate-governance/board-and-board-committees.html The Board of Directors is responsible for the management of the Company and consists of a maximum of 12 members, appointed and removed at the Shareholders' Meeting.</p> <p>The Board is responsible for the overall conduct of the Company, the management, direction and performance of the Company and its business.</p> <p>The Board Rules specify that in addition to the Board of Directors' responsibilities under applicable law and the Articles of Association, the Board of Directors is responsible for certain enumerated categories of decisions. Under the Articles of Association, the Board of Directors is responsible for the management of the Company.</p> <p>Under the Board Rules, the Board of Directors delegates day-to-day management of the Company to the CEO, who, supported by the Executive Committee, makes decisions with respect to the management of the Company. However, the CEO may not enter into transactions that form part of the key responsibilities of the Board of Directors unless these transactions have been approved by the Board of Directors.</p> <p>Members of the Board of Directors (as of 10 April 2019)</p> <ul style="list-style-type: none"> • Denis Ranque – Chairman of the Board of Directors Airbus SE • Guillaume Faury – Chief Executive Officer Airbus SE • Victor Chu - Chairman and Chief Executive Officer of First Eastern Investment Group • Jean-Pierre Clamadieu - Member of the Board of Directors of AXA SA • Ralph D. Crosby, Jr. - Member of the Board of Directors of American Electric Power Corp. • Lord Paul Drayson - Co-Founder and Chairman of Drayson Technologies Ltd and Co-Founder and CEO of Sensyne Health PLC • Catherine Guillouard - Chairwoman and Chief Executive Officer of RATP and member of the Board of Engie • Hermann-Josef Lamberti - Member of the Supervisory Board of ING Group N.V. • Amparo Moraleda - Member of the Board of Directors of Solvay SA, CaixaBank SA and Vodafone PLC • Claudia Nemat - Member of the Board of Management of Deutsche Telekom AG • René Obermann - Managing Director of Warburg Pincus Deutschland GmbH and member of the Board of Telenor ASA and Allianz Deutschland AG • Carlos Tavares - Chairman of the Managing Board of Peugeot SA and member of the Board of Directors of Total SA <p>[21] Airbus 2019 Annual General Meeting (Document) Accessed 11/06/2019 https://www.airbus.com/content/dam/events/annual-general-meeting/AIRBUS_AGM_2019_MEL.pdf [p.20] No Director may be an active civil servant.</p>

[6] Airbus 2018 Annual Report (Document)

Accessed 12/06/2019

<https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf>

[p.8]

Board of Directors

As of 1 January 2019

/ 01 Denis Ranque ■Chairman of the Board
of Directors of Airbus SEChairman of the Ethics and
Compliance Committee**/ 02 Tom Enders**

Chief Executive Officer of Airbus SE

/ 05 Catherine Guillouard ■ ■**/ 06 Jean-Pierre Clamadieu** ■**/ 03 Ralph D. Crosby, Jr.** ■**/ 04 Lord Drayson (Paul)** ■ ■**/ 07 Hermann-Josef Lamberti** ■ ■

Chairman of the Audit Committee

[p.9]

/ 08 Amparo Moraleda ■ ■Chair of the Remuneration, Nomination
and Governance Committee**/ 10 Claudia Nemat** ■**/ 11 Carlos Tavares****/ 09 René Obermann** ■**/ 12 Victor Chu** ■**Changes to the Board in 2019**

Tom Enders	To step down as Executive Board Member and CEO at 2019 AGM on 10 April
Guillaume Faury	Proposed CEO to join the Board as Executive Board Member on 10 April 2019, subject to shareholder approval

[p.106] Appointment of the Directors

The shareholders shall vote in favour of any draft resolution relating to the appointment of Directors submitted to the shareholders' meeting of the Company in accordance with the terms and conditions of the German State Security Agreement and the French State Security Agreement (as described below). If, for whatever reason, any person to be appointed as a Director pursuant to the German State Security Agreement or the French State Security Agreement is not nominated, the shareholders shall use their best endeavours so that such person is appointed as a Director.

Sogepa and GZBV shall support the appointment of one Spanish national that SEPI may present to them as Member of the Board of Directors of the Company, provided such person qualifies as an Independent Director pursuant to the conditions set forth in the Board Rules, and shall vote as shareholders in any shareholders' meeting in favour of such appointment and against the appointment of any other person for such position.

If, for whatever reason, the French State Security Agreement and/or the German State Security Agreement has / have been terminated, KfW or Sogepa, as the case might be, shall propose two persons, and the shareholders shall exercise their best endeavours so that these persons are appointed as Directors.

[p.116] Under the Articles of Association, the Board of Directors consists of at most 12 Directors. Under the Board Rules, each Board Director shall retire at the close of the AGM held three years following his or her appointment, unless the said mandate is renewed. Under the Board Rules, at least a majority of the Members of the Board of Directors (i.e. 7/12) must be European Union ("EU") nationals (including the Chairman of the Board of Directors) and a majority of such majority (i.e. 4/7) must be both EU nationals and residents. No Director may be an active civil servant. The Board of Directors has one Executive Director and 11 Non-Executive Directors. While the Board of Directors appoints the Chief Executive Officer of the Company (the "CEO"), the CEO is required to be an Executive Director and must be an EU national and resident; therefore it is anticipated that the Board of Directors will appoint as CEO the person appointed by the shareholders as an Executive Director. At least nine of the Non-Executive Directors must be "Independent Directors" (including the Chairman of the Board of Directors).

Under the Board Rules, an "Independent Director" is a non-Executive Director who is independent within the meaning of the Dutch Corporate Governance Code (the "Dutch Code") and meets additional independence standards. Specifically, where the Dutch Code would determine non-independence, in part, by reference to a Director's relationships with shareholders who own at least 10% of the Company, the Board Rules determine such

Director's non-independence, in relevant part, by reference to such Director's relationships with shareholders who own at least 5% of the Company. According to the criteria of the Dutch Code and the Board Rules, all non-Executive Directors (including the Chairman) presently qualify as an "Independent Director".

The Remuneration, Nomination and Governance Committee of the Board of Directors (the "RNGC") is charged with recommending to the Board of Directors the names of candidates to succeed active Board Members after consultation with the Chairman of the Board of Directors and the CEO.

The Board of Directors, deciding by simple majority vote, proposes individuals to the shareholders' meeting of the Company for appointment as Directors by the shareholders' meeting. No shareholder or group of shareholders, or any other entity, has the right to propose, nominate or appoint any Directors other than the rights available to all shareholders under Dutch law.

In addition to the membership and composition rules described above, the RNGC, in recommending candidates for the Board of Directors, and the Board of Directors in its resolutions proposed to the shareholders' meeting regarding the renewal or appointment of Directors, are both required to apply the following principles:

















- the preference for the best candidate for the position;
- the preference for gender diversity between equal profiles;
- the maintenance of appropriate skills mix and geographical experience;
- the maintenance, in respect of the number of Members of the Board of Directors, of the observed balance among the nationalities of the candidates in respect of the location of the main industrial centres of Airbus (in particular among the nationals of France, Germany, Spain and the United Kingdom, where these main industrial centres are located); and
- at least a majority of the Members of the Board of Directors (i.e. 7/12) shall be EU nationals (including the Chairman), and a majority of such majority (i.e. 4/7) shall be both EU nationals and residents.
- In accordance with these principles the Board of Directors shall continue to seek greater diversity with respect to gender, age, geography, education, profession and background.

[p.118]

c) The Board of Directors in 2018

(i) Composition of the Board of Directors in 2018

AIRBUS SE BOARD OF DIRECTORS

Board member Age*, Gender, Nationality	Status	Since	Term expires	Primary occupation & Other mandates	Director expertise	Board attendance	Committee attendance		
							Audit	RNGC	ECC
 Denis RANQUE 67, M, French	Independent	2013, last re-election in 2017	2020	Chairman of the Board of Directors of Airbus SE		 10/10			 11/11
 Thomas ENDERS 60, M, German	Executive	2012, last re-election in 2016	2019	Chief Executive Officer of Airbus SE		9/10			
 Victor CHU 61, M, Chinese / British	Independent	2018	2021	Chairman and CEO of First Eastern Investment Group		6/9 (from AGM 2018)	2/3 (from AGM 2018)		
 Jean-Pierre CLAMADIEU 60, M, French	Independent	2018	2021	CEO and member of the Board of Solvay SA (until 1 March 2019) and Chairman of the Board of Engie and member of the Board of AXA SA		8/9 (from AGM 2018)		6/7 (from AGM 2018)	
 Ralph D. CROSBY, Jr. 71, M, American	Independent	2013, last re-election in 2017	2020	Member of the Board of Directors of American Electric Power Corp.		9/10	4/5		
 Lord DRAYSON Paul 59, M, British	Independent	2017	2020	Co-Founder and Chairman of Drayson Technologies Ltd and Co-Founder and CEO of Sensyne Health PLC		8/10		8/9	7/8 (from AGM 2018)
 Catherine GUILLOUARD** 54, F, French	Independent	2016, re-election in 2019	2022	Chairwoman and Chief Executive Officer of RATP and member of the Board of Engie		10/10	5/5		11/11

	Hermann-Josef LAMBERTI 63, M, German	Independent	2007, last re-election in 2017	2020	Member of the Supervisory Board of ING Group N.V.		8/10	 4/5	10/11	
	Amparo MORALEDA 54, F, Spanish	Independent	2015, last re-election in 2018	2021	Member of the Board of Directors of Solvay SA, CaixaBank SA and Vodafone PLC		9/10	 9/9	10/11	
	Claudia NEMAT** 50, F, German	Independent	2016, re-election in 2019	2022	Member of the Board of Management of Deutsche Telekom AG		10/10	2/2 (until AGM 2018)	5/7 (from AGM 2018)	
	René OBERMANN 56, M, German	Independent	2018	2021	Managing Director of Warburg Pincus Deutschland GmbH and member of the Board of Telenor ASA and Allianz Deutschland AG		8/9 (from AGM 2018)	3/3 (from AGM 2018)		
	Carlos TAVARES** 60, M, Portuguese	Independent	2016, re-election in 2019	2022	Chairman of the Managing Board of Peugeot SA and member of the Board of Directors of Total SA		6/10			
Board and committee meetings in 2018							10	5	9	11
Average attendance rate in 2018							87%	88%	89%	93%

* As per AGM 2019 Date.

** To be re-elected in 2019.

The professional address of all Members of the Board of Directors for any matter relating to Airbus SE is Mendelweg 30, 2333 CS Leiden, The Netherlands.

								
Global	Engineering	Manufacturing	Aerospace	Finance	Geopolitical	Defence	Information & Data	Asia

Question
10.4 Is the company's audit committee composed of a majority of independent directors?
Score
2
Comments
According to publicly available evidence, the company's audit committee is fully composed of independent directors.
Evidence
<p>[7] Corporate Governance – Board and Board Committees (Webpage) Accessed 12/06/2019 https://www.airbus.com/company/corporate-governance/board-and-board-committees.html Members of the Audit Committee (as of 10 April 2019):</p> <ul style="list-style-type: none"> • Catherine Guillouard – Chair, independent • Victor Chu – Member, independent • Ralph D. Crosby, Jr. – Member, independent • Hermann-Josef Lamberti – Member, independent • René Obermann – Member, independent

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
1
Comments
Based on publicly available evidence, the company has a system in place to manage asset transactions. However, there is no evidence that responsibility for managing asset transactions is held at board level or that asset transactions are subject to scrutiny by an audit board. The company does not publish financial information from its asset acquisitions and there is no evidence that all transactions are documented.
Evidence
<p>[6] Airbus 2018 Annual Report (Document) Accessed 10/06/2019 https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf</p> <p>[p.25] Business combinations are accounted for using the acquisition method, as at the acquisition date, which is the date on which control is transferred to the Company. The determination of the fair value of the acquired assets and the assumed liabilities which are the basis for the measurement of goodwill requires significant estimates. Land, buildings and equipment are usually independently appraised while marketable securities are valued at market prices. If intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company either consults with an independent external valuation expert or develops the fair value internally, using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows.</p> <p>[p.41] Each year the Company assesses whether there is an indication that a non-financial asset or a Cash Generating Unit ("CGU") to which the asset belongs may be impaired. In addition, intangible assets with an indefinite useful life, intangible assets not yet available for use and goodwill are tested for impairment annually, irrespective of whether there is any indication for impairment. An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of impairment testing, any goodwill is allocated to the CGU or group of CGUs in a way that reflects the way goodwill is monitored for internal management purposes.</p> <p>[p.50] For the purpose of measuring an impairment loss, each transaction is tested individually. Impairment losses relating to aircraft under operating lease and second hand aircraft for resale (included in inventory) are recognised for any excess of the aircraft's carrying amount over the higher of the aircraft's value in use and its fair value less cost to sell. Finance leases and loans are measured at fair value, based on the present value of estimated future cash flows (including cash flows expected to be derived from a sale of the aircraft). Under its provisioning policy for sales financing risk, Airbus records provisions as liabilities for estimated risk relating to off-balance sheet commitments.</p> <p>[p.71] The financial risk management of the Company is generally carried out by the Treasury department of the Company under policies approved by the Board of Directors or by the Chief Financial Officer. The identification, evaluation and hedging of the financial risks is in the joint responsibility of several established specific committees such as the Foreign Exchange Committee and the Asset Liability Management Committee, including the Company business segments.</p> <p>[p.73] The Company invests in financial instruments such as overnight deposits, certificates of deposits, commercial papers, other money market instruments and short-term as well as medium term bonds. For its financial instruments portfolio, the Company has an Asset Liability Management Committee in place that meets regularly and aims to limit the interest rate risk on a fair value basis through a value-at-risk approach, from which results a hedge ratio that is however not actively steered.</p> <p>[p.78] Depending on the extent the inputs used to measure fair values rely on observable market data, fair value measurements may be hierarchised according to the following levels of input: - Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;</p>

- Level 2: inputs other than quoted prices that are observable for the asset or liability – fair values measured based on Level 2 input typically rely on observable market data such as interest rates, foreign exchange rates, credit spreads or volatilities;
- Level 3: inputs for the asset or liability that are not based on observable market data – fair values measured based on Level 3 input rely to a significant extent on estimates derived from the Company's own data and may require the use of assumptions that are inherently judgemental and involve various limitations.

[p. 79] The Company uses the following methods to measure fair values:

Equity instruments

— The fair values of listed equity instruments reflect quoted market prices. For non-listed equity investments for which quoted market prices are not available, the Company determines the fair values using valuation methods such as net asset values or a comparable valuation technique.

Customer financing assets and other loans

— The carrying amounts reflected in the annual accounts are used as a proxy for fair value.

Contract assets, trade receivables and other receivables

— The carrying amounts reflected in the annual accounts are used as reasonable estimates of fair value because of the relatively short period between the receivables' origination and their maturity

Securities

— The fair values of securities reflect their quoted market price at the end of the reporting period.

Cash and cash equivalents

— include cash in hand, cash in banks, checks, fixed deposits as well as commercial papers and money market funds. The carrying amounts reflected in the annual accounts are used as reasonable estimates of fair value because of the relatively short period between the origination of the instrument and its maturity or due date. The fair value of commercial papers is determined based on Level 2 input by discounting future cash flows using appropriate interest rates. The fair values of money market funds are determined by reference to their quoted market price.

Derivatives

— The fair values of derivative instruments reflect quoted market prices, where available, but in most cases are determined using recognised valuation techniques such as option-pricing models and discounted cash flow models. The valuation is based on observable market data such as currency rates, currency forward rates, interest rates and yield curves, commodity forward prices as well as price and rate volatilities obtained from recognised vendors of market data. Furthermore, to the extent that these instruments are subject to master netting arrangements and similar agreements and managed on the basis of net credit exposure, their fair values reflect credit and debit value adjustments based on the net long or net short position that the Company has with each counterparty. Except for certain short-term commodity contracts discussed in the Level 3 section above, derivative fair values are measured based on Level 2 input.

Financing liabilities

— The fair values disclosed for financing liabilities, other than those of issued bonds and commercial papers, are determined based on Level 2 input by discounting scheduled or expected cash flows using appropriate market interest rates. The fair values disclosed for the issued EMTN and US dollar bonds reflect public price quotations that qualify as Level 1 input. For issued commercial papers, the carrying amounts reflected in the annual accounts are used as reasonable estimates of fair value because of the relatively short period between the origination of these instruments and their maturity.

Trade liabilities and current other financial liabilities

— For the same reason as trade receivables, carrying amounts are used as reasonable fair value approximations for trade liabilities and current other financial liabilities.

[p.101] A comprehensive exchange of internal services between the subsidiaries of a multinational corporation like Airbus SE is common practice. In its responsibility as holding company to manage its subsidiaries and to assist the business activities conducted by Airbus companies and its subsidiaries, Airbus SE applies transfer prices for its business activities in conformity with market levels and in accordance with national and international tax requirements (arm's length principle).

[p.151] Reflecting Article 2:129(6) of the Dutch Civil Code, Article 18.5 of the Articles of Association provides that “a Director shall not take part in the deliberations or decision-making if he has a direct or indirect personal interest which conflicts with the interests of the Company and of the enterprise connected with it. If as a result thereof no resolution of the Board of Directors can be adopted, the resolution is adopted by the General Meeting”. During the years 2016, 2017 and 2018, no agreement was entered into by the Company with one of its Directors or principal officers or a shareholder holding more than 5% of the voting rights of the Company outside the ordinary course of business and in conditions other than arm’s length conditions.

List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download date	Link
01	Document	Airbus Anti-Corruption Policy	20/06/2019	http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-and-Compliance-Anti-Corruption-Policy.pdf
02	Webpage	Ethics & Compliance – Commitments and standards	20/06/2019	https://www.airbus.com/company/ethics-compliance.html#commitments
03	Document	Airbus Internal Rules of the Board of Directors	20/06/2019	https://www.airbus.com/content/dam/corporate-topics/strategy/governance/Internal-Rules-BoardofDirectors.pdf
04	Webpage	Corporate Governance – Our Organisation	20/06/2019	http://www.airbus.com/company/corporate-governance/organisation.html
05	Document	Code of Conduct	20/06/2019	http://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Airbus-Ethics-Compliance-Code-Conduct-EN.pdf
06	Document	Airbus 2018 Annual Report	20/06/2019	https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-Annual-Report-2018.pdf
07	Webpage	Corporate Governance – Board and Board Committees	20/06/2019	https://www.airbus.com/company/corporate-governance/board-and-board-committees.html#EandC
08	Webpage	Ethics & Compliance – Organisation	20/06/2019	http://www.airbus.com/company/ethics-compliance.html#commitments
09	Document	Airbus 2017 Annual Report	20/06/2019	http://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/AIRBUS_Annual_Report_2017.pdf
10	Webpage	Ethics & Compliance – Enforcing Compliance	20/06/2019	https://www.airbus.com/company/ethics-compliance/enforcing-compliance.html
11	Webpage	Ethics & Compliance – Our programme	20/06/2019	https://www.airbus.com/company/ethics-compliance.html
12	Webpage	Ethics and Compliance – Anti-corruption compliance	20/06/2019	https://www.airbus.com/company/ethics-compliance.html
13	Webpage	Corporate Governance – Enterprise Risk Management	20/06/2019	https://www.airbus.com/company/corporate-governance/enterprise-risk-management.html
14	Document	Airbus 2017 Registration Document	20/06/2019	https://www.airbus.com/content/dam/corporate-topics/financial-and-companyinformation/20180328%20Airbus2017_RegDoc.pdf
15	Webpage	Ethics & Compliance – Intermediaries, agents	20/06/2019	https://www.airbus.com/company/ethics-compliance.html
16	Webpage	Ethics & Compliance – Speak Up	20/06/2019	https://www.airbus.com/company/ethics-compliance.html
17	Document	Airbus OpenLine Policy	20/06/2019	https://www.airbusopenline.com/Documents/PolicyFiles/en_636911090720589810.pdf
18	Webpage	Ethics & Compliance – Our awareness and training	20/06/2019	https://www.airbus.com/company/ethics-compliance.html
19	Document	Airbus 2018 Information Document	20/06/2019	https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-SE-Information-Document-2018.pdf
20	Webpage	Ethics & Compliance – Conflicts of interest	20/06/2019	https://www.airbus.com/company/ethics-compliance.html
21	Document	Airbus 2019 Annual General Meeting	20/06/2019	https://www.airbus.com/content/dam/events/annual-general-meeting/AIRBUS_AGM_2019_MEL.pdf

22	Document	Dutch Corporate Governance Code	20/06/2019	https://www.airbus.com/content/dam/corporate-topics/strategy/governance/Dutch-CorporateGovernanceCode-2016.pdf
23	Webpage	Ethics & Compliance – Sponsorship, Membership and Donations	20/06/2019	https://www.airbus.com/company/ethics-compliance.html
24	Webpage	Airbus Foundation – Partnering with the humanitarian community	20/06/2019	https://www.airbus.com/company/airbus-foundation/partnering-with-the-humanitarian-community.html#employees
25	Webpage	Partnerships and Competitions – Awards and Sponsorships	20/06/2019	https://www.airbus.com/careers/partnerships-and-competitions/awards-and-sponsorships.html
26	Document	Airbus Foundation 2018 Annual Report	20/06/2019	https://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/Airbus-Foundation-Annual-Report-2018.PDF
27	Webpage	Ethics & Compliance – Lobbyists and special advisors	20/06/2019	https://www.airbus.com/company/ethics-compliance.html
28	Webpage	Airbus UK Public Affairs	20/06/2019	https://www.airbus.com/public-affairs/uk.html
30	Webpage	Airbus Berlin Public Affairs	20/06/2019	https://www.airbus.com/public-affairs/berlin/en.html
31	Webpage	Airbus Brussels Public Affairs	20/06/2019	https://www.airbus.com/public-affairs/brussels.html
32	Webpage	Ethics & Compliance – Gifts and Hospitality	20/06/2019	https://www.airbus.com/company/ethics-compliance.html
33	Webpage	Ethics & Compliance – Supplier compliance review	20/06/2019	https://www.airbus.com/company/ethics-compliance.html
34	Document	Airbus Supplier Code of Conduct	20/06/2019	https://www.airbus.com/content/dam/corporate-topics/corporate-social-responsibility/ethics-and-compliance/Supplier-Code-Conduct-EN.pdf
35	Webpage	Be an Airbus Supplier – Overview	20/06/2019	https://www.airbus.com/be-an-airbus-supplier.html#forpotential
36	Webpage	Ethics & Compliance – Prevention of corruption related to M&A, JVS and similar transactions	20/06/2019	https://www.airbus.com/company/ethics-compliance.html
37	Webpage	Ethics & Compliance – Offset Contracting	20/06/2019	https://www.airbus.com/company/ethics-compliance.html
38	Webpage	Responsibility & Sustainability – Our approach for responsible business	20/06/2019	https://www.airbus.com/company/responsibility-sustainability/approach-responsible-business.html
40	Webpage	Ethics and compliance – Anti-Money Laundering	12/07/2019	https://www.airbus.com/company/ethics-compliance.html#commitments
41	Webpage	Financial Times Markets Data	13/09/2019	https://markets.ft.com/data/equities/tearsheet/summary?s=AIR:PAR
42	Webpage	Defence and Security	15/09/2019	https://www.airbus.com/defence.html
43	Document	Defence Orders & Deliveries	15/09/2019	https://www.airbus.com/content/dam/corporate-topics/publications/o&d/2019-8%20_MRS_GEN_Ord-Deliv-by-country.pdf
44	Webpage	Airbus UK Public Affairs – About Us	04/10/2019	https://www.airbus.com/public-affairs/uk/about-us.html
45	Document	Position Paper – Our Positions at a Glance	04/10/2019	https://www.airbus.com/content/dam/locations/germany/berlin/position-paper.pdf
46	Webpage	Airbus Berlin Public Affairs – Our Topics, Security	04/10/2019	https://www.airbus.com/public-affairs/berlin/en/our-topics/security.html
47	Webpage	Ethics & Compliance – Monitoring, Controls and Audits	11/11/2019	https://www.airbus.com/company/ethics-compliance.html

48	Webpage	Ethics & Compliance – Investigation	11/11/2019	https://www.airbus.com/company/ethics-compliance.html
49	Document	Universal Registration Document 2019	16/06/2020	https://www.airbus.com/content/dam/events/annual-general-meeting/20200323_AirbusSE_2019RegistrationDocument.pdf
50	Document	Annual Report 2019	16/06/2020	https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus%20Annual%20Report%202019.pdf