

## IV. Implementation/Activities

### 1. Industrial operations

The Company has been working for many years on the reduction of its environmental footprint, not only its products and services but also its production and facilities. This started in 2006 with the Blue5 programme, supporting the 2020 Vision objectives for the reduction of the Company's industrial environmental footprint.

#### High5+ revised targets in line with a "1.5°C" pathway and neutralising residual emissions by 2030

In 2019, the Company continued with the 2030 vision and extended its programme in order to anticipate increasing environmental regulation, foster employees' engagement and provide answers to stakeholders' expectations for the coming decade.

Named "high5+", the programme is built on a set of ambitious reduction targets covering the five most material environmental impacts for the Company in order to reduce energy consumption, CO<sub>2</sub> emissions, water withdrawal, Volatile Organic Compounds (VOCs) emissions and waste production. These objectives have been set in absolute value, with 2015 levels as reference, as follows:

– **CO<sub>2</sub>**: reduce direct (scope 1) and indirect (scope 2) net GHG emissions by -63% by 2030 compared to 2015. This target has been set by applying the relevant "Science Based Target Initiative" (SBTi) methodology for a near-term target in line with a "1.5°C" pathway. While the Company is working on a detailed pathway for a long-term target in line with the SBTi Net-Zero

standard, it has committed to neutralise the scopes 1 and 2 residual emissions from 2030 by using only carbon removals;

- **energy**: reduce energy consumption from stationary sources by 20% by 2030;
- **waste**: reducing the amount of waste produced by 20% by 2030 and divert 100% of the waste from landfilling and incineration without energy recovery;
- **air emissions**: 0% increase of VOCs emissions by 2030;
- **water**: develop strong maintenance and rehabilitation programmes to reduce drinking (purchased) water by 50%, with no increase in overall water withdrawal.

#### Annual objectives and CEO / executives remuneration

In order to better embed this ambition into the Company's performance management, short-term targets are established consistently. The Executive Committee agreed in 2020 to include a reduction target for 2021 (compared to 2020) of -3% for CO<sub>2</sub> and -5% for purchased water (see table below) as part of the Company's top objectives.

In 2021, the Executive Committee agreed to include reduction targets of -5% for CO<sub>2</sub> for 2022 (compared to 2021) as part of the Company's top objectives.

As such, these annual targets form part of the CEO's and other Executive Committee members' remuneration, see "– Corporate Governance – 4.2.1 Remuneration Policy". In 2022, the CO<sub>2</sub> target will also be included as a non-financial KPI in the variable remuneration of executives.

For 2021, the CO<sub>2</sub> and water annual performance is described in the table below:

|                         | Target | 2020      | 2021      | 2021 v. 2020                       | Covered scope |
|-------------------------|--------|-----------|-----------|------------------------------------|---------------|
| CO <sub>2</sub> (ktons) | -3%    | 811       | 754       | -7% (-6% retained <sup>(1)</sup> ) | 91%           |
| Water (m <sup>3</sup> ) | -5%    | 2 101 229 | 1 791 662 | -15%                               | 69%           |

Data audited by EY<sup>®</sup>

**Annual objective on CO<sub>2</sub>**. Geographical scope: In 2021: **48 sites**. Scope of metrics: Scope 1 & 2 (including Oversize Transport) and excluding: refrigerant leakage, butane consumption, electricity on site from CHP, emissions due to processes. Scope 2 is location based with purchased guarantees of origin deducted.

(1) Net of guaranteed origins in excess of amount planned for target setting.

**Annual objective on purchased water**. Geographical scope: In 2021: **35 sites** in Europe, China, USA and Canada, excluded: subsidiaries and Airbus Helicopters sites. Scope of metrics: Volume of purchased water.

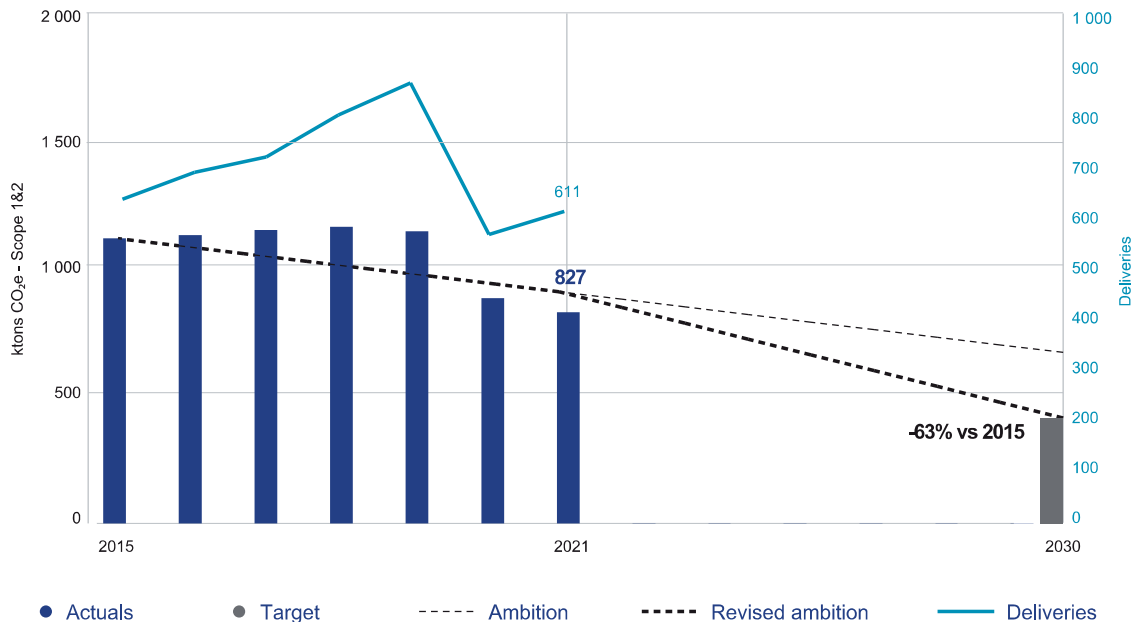
Scope: The TCO scope is reviewed annually. 2020 data were updated to reflect change in TCO scope accordingly.

### GHG emissions and energy reduction

Stationary sources (e.g. heating, cooling, manufacturing processes etc.) account for c.70% of GHG emissions at the Company's sites and mobile sources (ground vehicles, "Beluga" air transport operations, flight test, etc.) for c.30%. Action plans for reducing emissions from stationary sources mainly rely

on increasing energy efficiency and using low carbon energy sources, while plans for reducing mobile sources emissions include switching to lower emission vehicles where possible and avoiding emissions through better planning of flights and logistics and using lower carbon fuels (e.g. sustainable aviation fuels (SAF)),

Fig. High5+ CO2 performance vs. revised ambition



In 2021, scope 1 and 2 GHG emissions have decreased by around 6% (7% on TCO scope), primarily due to oversized transportation efficiency and operation improvements, reduced flight tests activities and European emission factors improvement that more than offset production ramp-up impact.

Since 2019, SAF is used in the operation of the Company's Beluga transport aircraft for the purpose of internal logistics. In 2022, flight test activities will also start using SAF as part of the Company's revised GHG emissions reduction plan. The share of SAF used in these activities will progressively increase to 50% by 2030.

In the same timeframe, the share of renewable electricity used in industrial operations in Europe will also progressively increase, starting with an increase of 10% of guarantee of origin (GoO) certificates per year and the incorporation of long-term power purchase agreements (PPAs). The PPA project was launched in 2020 and achieved a major milestone in 2021 with the validation of the requirements to purchase renewable and low-carbon energy as well as the selection of suppliers to be finalised in 2022. This will allow the Company to accelerate its ambition to secure 100% renewable and low-carbon energy supply to all sites in Europe by 2024. The Company is investigating opportunities in other regions (eg. US, China) to follow the approach applied to Europe.

In addition, the Company uses an internal carbon price to support investment with positive energy and CO<sub>2</sub> reduction impacts on operations. In 2021, this price was updated from

30 €/tCO<sub>2</sub> to 150 €/tCO<sub>2</sub>, giving a clear signal to project leaders on the importance of CO<sub>2</sub> footprint reduction and enabling a strong acceleration of project portfolio implementation.

### Carbon offsetting and neutralising residual emissions

Carbon offsetting: in 2019, the Company introduced a mechanism to compensate emissions of activities for which reduction measures and use of renewable energy are not sufficient to meet the internal targets, such as air and sea activities, as well as emissions from air business travel. This mechanism follows an approach of first avoiding and reducing GHG emissions in absolute value to later compensate for residual emissions. The Company built a rigorous procurement process based on the concepts of additionality, real (permanent) reduction, prevention of double counting, prevention of overestimation and no additional harm. As a minimum, the carbon offsets need to be certified by the Gold Standard or Verra or Verified Carbon Standard or Climate, Community and Biodiversity Standards and the supplier needs to show proof of how each one of the mentioned criteria were met. In addition, understanding that these carbon offsetting programmes may have gaps in their methodologies, additional proof was requested of how such gaps are managed by the provider. Moreover, societal aspects were considered, such as prevention of child labour, respect of human rights and the relation with the communities surrounding the projects. The volume of offsets required in 2021 is about 40ktCO<sub>2</sub>e, procured through offset