

**2021 UNIVERSAL  
REGISTRATION  
DOCUMENT**

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**Including the Annual  
Financial Report and  
the Integrated Report**



## INTEGRATED REPORT

Safran at a glance	1
Editorial	2
Group profile	4
Ecosystem	10
Strategy and business model	16
Risk management	36
Corporate governance	38
Key indicators	46

## 1 PRESENTATION OF THE GROUP 49

1.1	Safran overview	50
1.2	Group businesses	54
1.3	Competitive position	76
1.4	Research and development	76
1.5	Industrial investments	83
1.6	Sites and production plants	86
1.7	Safran performance and quality policy	87

## 2 REVIEW OF OPERATIONS IN 2021 AND OUTLOOK FOR 2022 91

2.1	Comments on the Group's performance in 2021 based on adjusted data and outlook for 2022	92
2.2	Comments on the consolidated financial statements	115
2.3	Comments on the parent company financial statements	117

## 3 FINANCIAL STATEMENTS 121

3.1	Group consolidated financial statements at December 31, 2021	122
3.2	Statutory Auditors' report on the consolidated financial statements	196
3.3	Parent company financial statements at December 31, 2021	201
3.4	Statutory Auditors' report on the financial statements	226

## 4 RISK FACTORS 231

4.1	Risk management	233
4.2	Internal control system	235
4.3	Risk factors	237
4.4	Insurance	249

## 5 NON-FINANCIAL PERFORMANCE 251

5.1	Organization and management of non-financial performance	252
5.2	Main non-financial risks and summary of non-financial performance	259
5.3	Climate: decarbonize aeronautics	263
5.4	Human responsibility: be an exemplary employer	274
5.5	Ethics, responsible purchasing and the environment: embody responsible industry	286

5.6	Corporate social responsibility: affirm our commitment to citizenship	298
5.7	Methodological note and report of the independent third party (ITP)	303
5.8	Cross-reference table for the Non-Financial Information Statement (NFIS)	311

## 6 CORPORATE GOVERNANCE 313

6.1	Safran's corporate governance structure	314
6.2	Membership structure of the Board of Directors	318
6.3	Operating procedures and work of the Board of Directors and the Board Committees	354
6.4	Application of the AFEP-MEDEF Corporate Governance Code	366
6.5	Directors' interests in the Company's share capital	367
6.6	Compensation policies and compensation packages for corporate officers	369
6.7	Cross-reference table for the corporate governance report prepared in accordance with Article L.225-37 of the French commercial code	399

## 7 INFORMATION ABOUT THE COMPANY, THE CAPITAL AND SHARE OWNERSHIP 403

7.1	General information and bylaws	405
7.2	Information on share capital	411
7.3	Share ownership	416
7.4	Relations with shareholders	420
7.5	Stock market information	421
7.6	Credit ratings	422

## 8 ANNUAL GENERAL MEETING 425

8.1	Agenda	427
8.2	Report of the Board of Directors on the resolutions proposed to the Annual General Meeting and text of the proposed resolutions	428
8.3	Statutory Auditors' special report on related-party agreements	444
8.4	Bonds convertible into new Safran shares and/or exchangeable for existing Safran shares	447

## 9 ADDITIONAL INFORMATION 457

9.1	Persons responsible	459
9.2	Statutory Auditor	460
9.3	Historical financial information	460
9.4	Documents on display	461
9.5	Cross-reference tables	461
9.6	Glossary	468

A large, vertical rectangular image showing a blurred, close-up view of a jet engine's internal components, likely the compressor section, with a blue tint.

# 2021 — UNIVERSAL REGISTRATION DOCUMENT

INCLUDING  
THE ANNUAL FINANCIAL REPORT  
AND THE INTEGRATED REPORT



The Universal Registration Document in French was filed on March 31, 2022 with the French financial markets authority (*Autorité des marchés financiers* - AMF) as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said Regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market together with any amendments, if applicable, and a securities note and summary approved by the AMF in accordance with Regulation (EU) 2017/1129. The English language version of this report is a free translation from the original, which was prepared in French. In all matters of interpretation, views or opinions expressed in the original language version of the document in French take precedence over the translation.

The annual financial report included in the Universal Registration Document is a translation of the official version of the annual financial report in format ESEF (European Single Electronic Format) and is available on the issuer's website. This document is a translation into English of the Universal Registration Document



The Universal Registration  
Document is available on the  
website at  
[safran-group.com](https://www.safran-group.com)





# INTEGRATED REPORT

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Front cover:  
"Mimesis, nature inspiring technology",  
images from the photo contest  
organized by Safran and Wipplay.



## 2021 KEY FIGURES

3<sup>rd</sup>global aerospace group,  
excluding airframers\*

€15,257 million

REVENUE<sup>(1)</sup>down 7.5% (down 5.4%  
on organic basis) on 2020

€1,805 million

RECURRING OPERATING INCOME<sup>(1)</sup>up 7.1% (up 8.4%  
on organic basis) on 2020

€1,680 million

FREE CASH FLOW

up 57% on 2020

Long-term  
credit rating:BBB+ with stable outlook  
(Standard & Poor's)

€1,544 million

NET DEBT

€1,430 million

TOTAL R&amp;D

(including customer-funded R&amp;D)

€387 million

CAPEX

## OUR ACTIVITIES

AEROSPACE  
PROPULSION

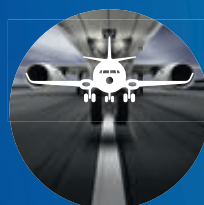
€7,439 million

REVENUE<sup>(1)</sup>

€1,342 million

RECURRING OPERATING  
INCOME<sup>(1)</sup>

18.0%

RECURRING OPERATING  
MARGIN<sup>(1)</sup>EQUIPMENT  
& DEFENSE

€6,325 million

REVENUE<sup>(1)</sup>

€650 million

RECURRING OPERATING  
INCOME<sup>(1)</sup>

10.3%

RECURRING OPERATING  
MARGIN<sup>(1)</sup>AIRCRAFT  
INTERIORS

€1,475 million

REVENUE<sup>(1)</sup>

€(167) million

RECURRING OPERATING  
INCOME<sup>(1)</sup>

(11.3%)

RECURRING OPERATING  
MARGIN<sup>(1)</sup>

76,765

EMPLOYEES

(at December 31, 2021)

\* Classification criteria: revenue – Source: Safran.

(1) Adjusted data. See section 2.1.1 of the 2021 Universal Registration Document for a reconciliation of the consolidated income statement with the adjusted income statement and a breakdown of the adjustment.

# Message from the Chairman of the Board of Directors and the Chief Executive Officer

“Safran’s business model is anchored on solid foundations and strong leadership positions. Safran is rebounding from the Covid-19 crisis with strong profitable growth at the forefront of sustainable aviation. The Board of Directors is fully aware of the strategic importance of the climate challenge, and will be working with the Director responsible for monitoring climate issues to ensure the Group achieves its climate roadmap.”

ROSS McINNES  
CHAIRMAN  
OF THE BOARD OF DIRECTORS



**2021 was an important year for Safran, marked by significant operational and financial progress.**

As the market recovers from its low point in the first quarter, Safran delivered solid margin and cash performances in 2021, exceeding the forecasts made one year previously.

We generated robust commercial orders across our businesses and gained traction from Rafale export programs.

Our performance in 2021 reflects a transition year before the anticipated recovery in 2022. The ongoing implementation of our adaptation plan has enabled the Group to mitigate the economic impact of the crisis and lower our breakeven point by optimizing our industrial footprint, adjusting our workforce, reducing our operating costs and controlling our investments.

The crisis has not stopped us planning for, and investing strongly in, the future to maintain our position as a benchmark in our markets.

**In the short term, our main challenge will be to increase production rates in line with the return to growth in air traffic, against a backdrop of tensions in the supply chain and the job market and shortages of certain components and raw materials.**

After adjusting our workforce for more than a year, recruitment picked up strongly from the third quarter of 2021. We recruited a total of 8,000 people in 2021, notably internationally, and we plan to recruit 12,000 people per year over the next few years, including around 3,000 in France – which will support considerable growth in our workforce.



“The strong commitment of our employees from the outset of the Covid-19 crisis has enabled Safran to demonstrate agility, resilience and discipline. The Group will leverage its operational excellence, notably through accelerated digitalization and a leaner organization, to deliver increased profitability and manage the forthcoming ramp-up in OE build rates and services. We are stepping up investments to reach the goal of carbon neutrality by 2050.”

**OLIVIER ANDRIÈS**

CHIEF EXECUTIVE OFFICER

**Another, longer-term challenge is the decarbonization of aviation, to which we are firmly committed,** with two main axes. The first relates to technologies for achieving the industry's collective goal of carbon neutrality by 2050.

Our roadmap is clear. Work is progressing on ultra-optimized propulsion for future engine generations through our RISE technology program, which is targeting a more than 20% reduction in engine emissions by 2035 compared to today's most efficient engines, and will be compatible with 100% sustainable aviation fuel and hydrogen.

The second axis relates to the low-carbon project launched in late 2018, targeting CO<sub>2</sub> emissions reduction at our production sites. Here too, we have set the ambitious target of a 30% reduction by 2025 and 50% by 2030, in line with the 1.5°C trajectory.

Safran is well placed to benefit from the positive trends in both aftermarket and original equipment as narrowbody traffic returns, we expect, to pre-crisis levels by the end of 2022.

On that basis, Safran has published financial objectives for 2022 that reflect our confidence in a strong recovery and show very significant increases in all our

business and investment indicators. We also intend to continue reinvesting capital from divested activities into complementary bolt-on acquisitions with growth potential.

The financial objectives do not take into account the impacts of the Russo-Ukrainian conflict, which are under review. The recent sanctions decided against Russia by the US and European authorities apply to all aerospace activities and products. In compliance with these decisions, Safran has suspended all exports and product and service deliveries to Russia and halted its manufacturing joint ventures' operations in the country until further notice.

With geopolitical tension accentuating the importance of self-reliance, Safran will strive to strengthen and protect our sovereign technologies in defense and space, and with our strategic suppliers.

**From a longer-term perspective, Safran is well positioned to meet accelerating trends in the aerospace industry thanks to its global leadership positions, unique technology portfolio, operational excellence, strong employee engagement and solid financials.**

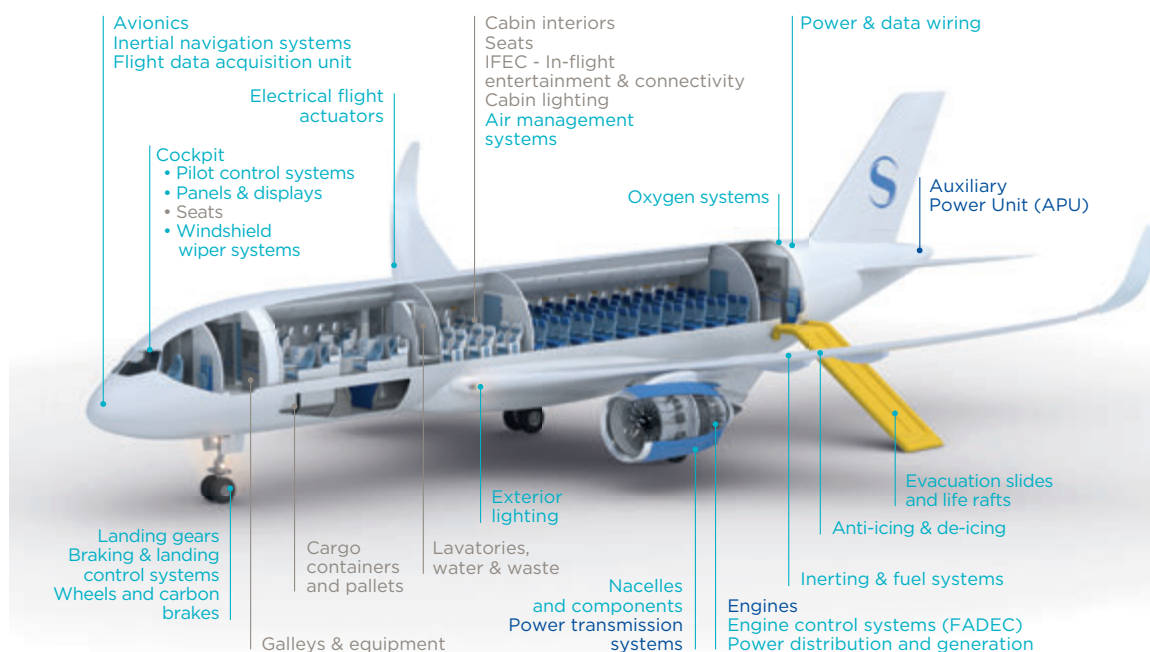
**We would like to thank you for your trust and hope you enjoy reading this report.**

**Regards,  
Ross McInnes  
and Olivier Andriès**



# Safran: a comprehensive offering

Present across the whole aircraft, Safran aims to build the future of the global aerospace sector and be the preferred partner of airframers and airlines.



Safran products have common features that contribute to the resilience of its business model: its position as a tier-one supplier to airframers and airlines, high technology content and leadership positions in its main business segments.

**A fully-fledged engine manufacturer<sup>(1)</sup>**, Safran supplies airframers with engines for commercial aircraft, military aircraft, regional transport aircraft, business jets and helicopters. To increase cost efficiency and share risks, engine manufacturers often develop their engine programs in partnership. Safran has primarily partnered with GE since the 1970s, when they set up the 50-50 joint venture CFM International that develops the CFM56® and LEAP® engines. The partnership has been extended through to 2050. Safran also contributes to access to space through its 50% stake in the ArianeGroup joint venture, the prime contractor for the Ariane 5 and Ariane 6 launchers.

Safran supplies a wide range of **aircraft equipment** including landing and braking systems, nacelles and related electrical systems and engineering solutions. **Aerosystems:** Safran is one of the world's leading players in aerosystems, supplying equipment that provides essential aircraft functions and aircraft safety: safety systems (evacuation slides, oxygen masks, etc.); cockpit systems; and fluid management systems (fuel, pneumatic and hydraulic circuits). **Defense:** Safran provides solutions and services in optronics, avionics, navigation systems, tactical drones, electronics and critical software for civil and defense markets.

**To ensure passenger safety and optimize comfort, Safran develops cabin interiors** (overhead bins, lavatories, galley and catering equipment, etc.), passenger and crew seats, water and waste management systems, in-flight entertainment systems (RAVE™), and interior retrofit for commercial aircraft. The aircraft interiors business addresses both airframers (under the SFE<sup>(2)</sup> model) and airlines (BFE<sup>(3)</sup> model).

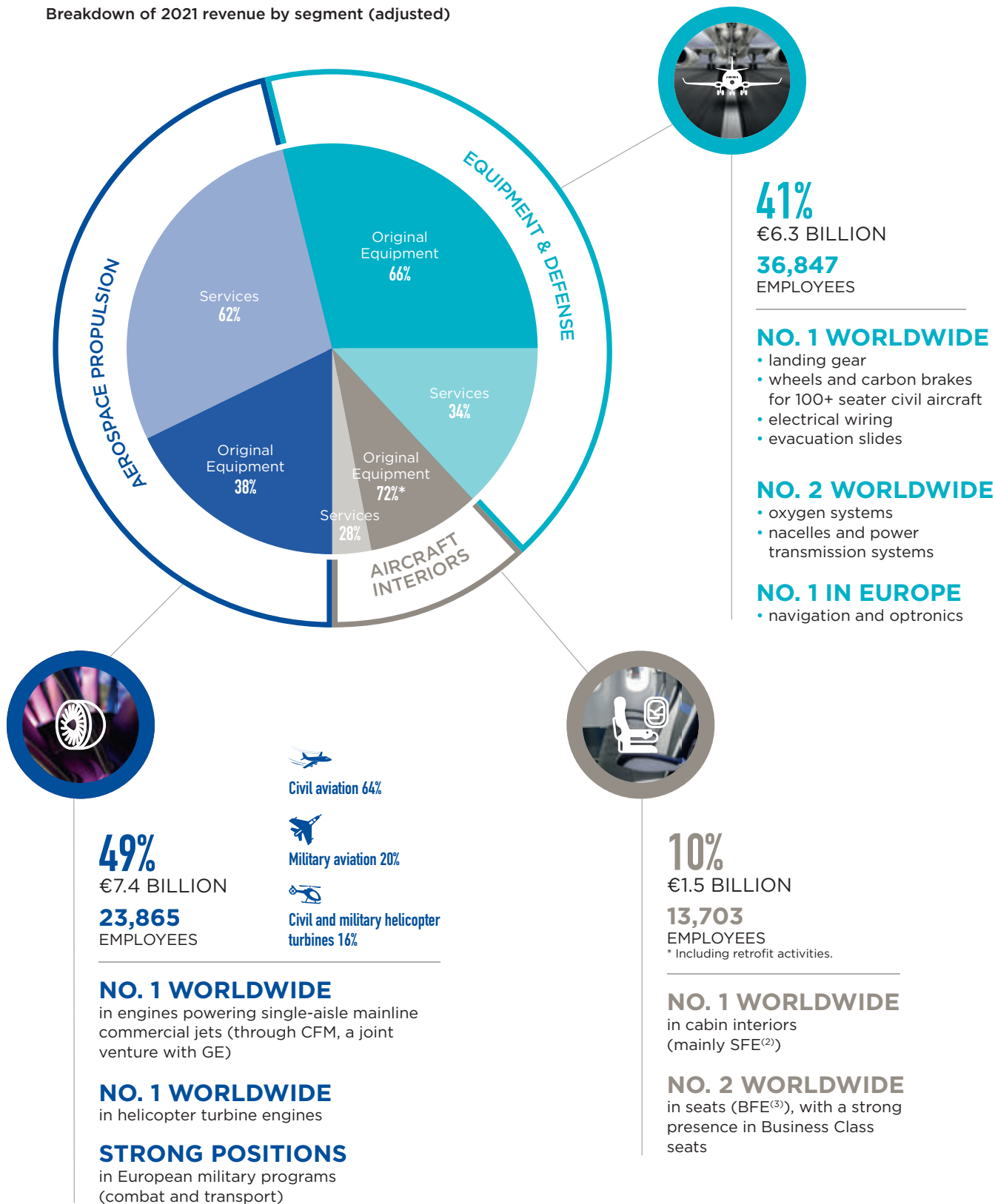
(1) A full-fledged engine manufacturer is present in all engine components and all propulsion market segments.

(2) Supplier Furnished Equipment: equipment specified and purchased by the airframer.

(3) Buyer Furnished Equipment: equipment specified and purchased by the airline.

## LEADERSHIP POSITIONS IN ITS MAIN BUSINESS SEGMENTS (source: Safran)

Breakdown of 2021 revenue by segment (adjusted)



## A leading global player

Since its creation in 2005, Safran has expanded internationally, with around 76,800 employees in 27 countries.

LEVERAGING ITS GLOBAL FOOTPRINT, SAFRAN ESTABLISHES STRONG AND SUSTAINABLE RELATIONSHIPS WITH THE MAJORITY OF AEROSPACE PLAYERS AND AIRLINES, REFLECTING ITS DESIRE TO SUPPLY ITS CUSTOMERS PROMPTLY FROM LOCAL BASES.

INTEGRATED REPORT

**AMERICAS 24%****18,186** EMPLOYEES **64** **27** **9**



## GEOGRAPHIC SPREAD OF EMPLOYEES AND SITES AT END-2021<sup>(1)</sup>

**Percentage of employees**  
% of employees  
in the total Group workforce

### Number of sites<sup>(2)</sup>



**R&D and  
production  
activities**



**Service and  
maintenance  
activities**



**Commercial and  
administrative  
activities**

(1) Illustration of the countries where the sites of Safran's consolidated companies were located at December 31, 2021. Further to the sanctions decided against Russia by the US and European authorities, Safran has suspended all exports and services to Russia and halted its manufacturing joint ventures' operations in the country until further notice.

(2) Each site corresponds to a legal entity covering one or more tertiary, production, service or maintenance sites.

### FRANCE 54%

**41,346 EMPLOYEES**

64 14 20

### EUROPE (excl. France) 11%

**8,174 EMPLOYEES**

27 8 3

### ASIA OCEANIA 5%

**3,975 EMPLOYEES**

9 8 2

### AFRICA MIDDLE EAST 6%

**5,084 EMPLOYEES**

10 3 1

# A look back at our history

With a rich history spanning over 100 years, Safran has made high technology its hallmark.

**1905**

Société des Moteurs Gnome is founded in the Paris suburb of Gennevilliers. Gnome rotary engines become the standard for planes around the world.

**1912**

Creation of Société des Moteurs Le Rhône, Gnome's main competitor before being taken over by its rival.

**1924**

Creation of Société d'Applications Générales d'Électricité et de Mécanique (Sagem), that will mainly manufacture cameras and artillery equipment and go on to design the world's first infrared guidance system for air-to-air missiles.

**1945**

Gnome & Rhône is nationalized and renamed Snecma (Société Nationale d'Étude et de Construction de Moteurs d'Aviation).

**1945-2002**

Several aerospace companies join Snecma: Hispano-Suiza, a specialist in power transmission for aircraft engines, followed by Messier-Hispano-Bugatti, a specialist in landing gear.

In 2000, wiring specialist Labinal and its helicopter engine manufacturer subsidiary Turbomeca join Snecma.

In 2002, nacelles specialist Hurel-Dubois joins Snecma.

**1974**

Snecma becomes a civil aircraft engine manufacturer through a cooperation agreement with GE for the manufacture of the CFM56 engine.

## TRENDS IN THE SAFRAN SHARE PRICE AND THE EURO STOXX 50 INDEX

(in %) (May 11, 2005 to March 25, 2022)

1,000

**SAFRAN: +576%**  
**EURO STOXX 50: +30%**

800

600

400

200

0

-200

**2008**

Extension of the partnership with GE until 2040.

**2005**

Safran is formed from the merger of Snecma and Sagem.

— Trends in the Safran share price since May 2005

05/11/2005

01/01/2006

01/01/2007

01/01/2008

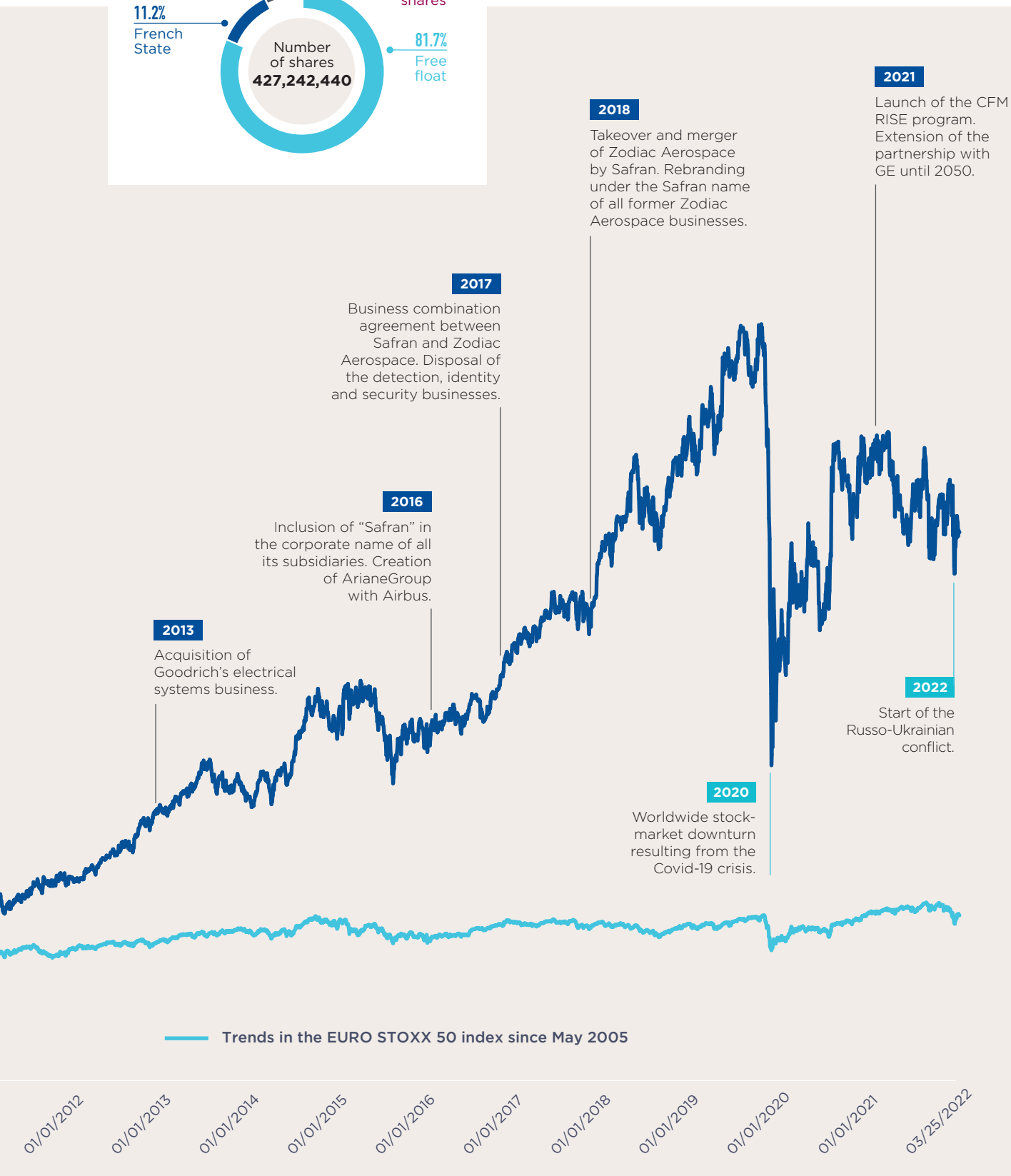
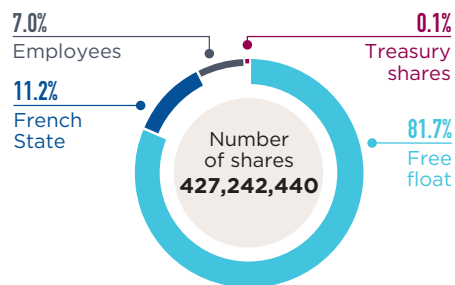
01/01/2009

01/01/2010

01/01/2011

## Ownership structure

Share capital at December 31, 2021





# A CSR<sup>(1)</sup> approach supporting our strategy and stakeholder expectations

Through its objectives and commitments and the related actions, Safran's CSR approach – Engage for the Future – contributes to the Group's strategy. It is closely aligned with Safran's core purpose and contributes to progress toward the UN Sustainable Development Goals (SDGs).

## ENGAGE FOR THE FUTURE, AN AMBITIOUS CSR STRATEGY

By setting its sights on sustainable growth, "Engage for the Future" brings an ambitious CSR dimension to the Group's strategy. By associating profitability with responsibility, the strategy drives short-, medium- and long-term value creation, and consequently the Group's performance. It is based on four pillars and 12 commitments, defined in 2021 through a process of extensive consultation with stakeholders.



1

### DECARBONIZE AERONAUTICS

Be recognized as a leader in the decarbonization of the aviation sector



**1.** Make carbon neutral aircraft the R&T priority



**2.** Reduce CO<sub>2</sub> emissions throughout our value chain



**3.** Involve employees in the reduction of their carbon footprint



2

### BE AN EXEMPLARY EMPLOYER

Be considered as an employer of choice by our employees and the talents of the sector



**4.** Accelerate training in the skills and professions of tomorrow



**5.** Ensure health and safety of employees, improve the quality of life at work and maintain a thriving social dialogue



**6.** Encourage equal opportunities and promote diversity



3

### EMBODY RESPONSIBLE INDUSTRY

Be the benchmark in our production methods and throughout our value chain



**7.** Uphold the highest standards of ethics



**8.** Strengthen responsible supply chain management and support suppliers



**9.** Respect the environment and natural resources



4

### AFFIRM OUR COMMITMENT TO CITIZENSHIP

Get involved with our local communities and contribute to their development



**10.** Be at the forefront of innovation to protect citizens



**11.** Develop partnerships for training and research



**12.** Enhance professional and social integration



The Group's CSR strategy is aligned with the UN Global Compact, of which Safran has been a signatory since 2014, and actively contributes to progress toward 13 of the 17 UN Sustainable Development Goals.

To fulfill its ambitions, Safran has set objectives for 2025 that will enable the Group to track progress annually for each pillar in the CSR roadmap. These objectives are listed in the overall table of key performance indicators on page 46.

(1) Corporate social responsibility.



## A STRATEGY LED BY THE EXECUTIVE COMMITTEE

The CSR strategy is led by the Executive Committee and steered by the Executive Vice President, Corporate Human and Social Responsibility, who draws on the work of the CSR Department in defining the CSR strategy, its roadmap and its rollout. The department works with all Group companies and departments to ensure that the CSR strategy is in place across the whole of the organization and engages all employees on its Group-wide commitments.

Safran's CSR strategy addresses the Group's nine main challenges, identified in the updated materiality matrix plotted in early 2020:

- quality and safety of products and services;
- customer satisfaction and trust;
- business ethics and the fight against corruption;
- reduction of atmospheric emissions and the carbon impact linked to the use of products and services;
- innovation and eco-design of products and services;
- technological developments;
- attractiveness of Safran and recruitment of talent;
- skills development and talent retention;
- health and safety in the workplace.

## CLOSE ATTENTION TO STAKEHOLDER EXPECTATIONS

The CSR approach was developed in alignment with stakeholder expectations.

### Business community

**Customers** (airframers, airlines, etc.)

**Suppliers and subcontractors Partners** (industrial companies, research laboratories, etc.)

#### Main expectations

- **Customers:** safe, reliable, available, efficient and innovative products and services, plus CSR commitments made across all the Group's businesses.
- **Suppliers and subcontractors:** relationships rooted in trust, shared long-term vision, and the fulfillment of reciprocal commitments, including CSR commitments.
- **Partners:** pursuit of continuous innovation and protection of their intellectual property.

### Public partners

**Government bodies and local authorities**  
**European and international bodies Certification authorities**

#### Main expectations

- Ethical business conduct, social commitments both within and outside the Company.
- Safe products that comply with international standards.
- Contribution to implementation of the Green Pact for Europe in the aviation sector, through the development of innovative technologies.

### Employees and employee representatives

#### Main expectations

- Safeguarding of jobs and business.
- Rewarding career paths, with regular skills development.
- Strong focus on quality of life at work, including working conditions and health and safety.
- Strong commitment to decarbonizing the aviation sector.
- Compliance with national and international labor conventions.

### Civil society

**Academia, local community, associations and non-governmental organizations (NGOs)**

#### Main expectations

- Training for young people and exchanges between academic and business worlds to promote aerospace industry professions.
- Consideration of environmental, social and societal challenges in the Group's strategy and throughout the value chain.

### Financial community

**Institutional investors, individual shareholders and employee shareholders, financial analysts and financial rating agencies**

#### Main expectations

- Attractive shareholder value creation.
- Transparency in the management of the Company, compliance with our financial and non-financial commitments, the long-term strategy and its implementation and consideration of CSR criteria.
- Exemplary governance.

# Our markets

The underlying air traffic development fundamentals remain solid and should continue to drive strong long-term growth in the global commercial aircraft fleet.

## CIVIL AVIATION

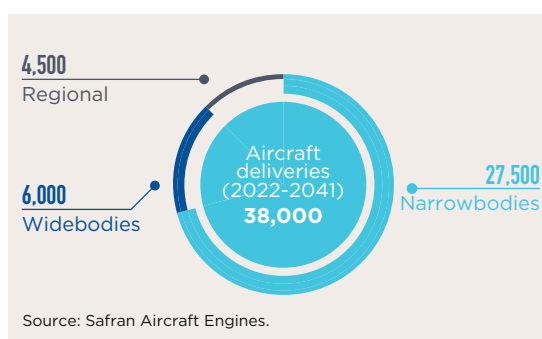
Covid-19 had an unprecedented impact on air traffic: according to International Air Transport Association (IATA) estimates, passenger kilometers fell 65.8% in 2020 and 58.4% in 2021 (compared with 2019). International traffic was hit the hardest, down by 75.5% on average in 2021 compared with 2019, while domestic traffic declined by 28.2%. Nevertheless, the underlying air traffic growth fundamentals, for the medium and long term, remain:

- global growth trends that are changing but which remain solid and beneficial for air transport;
- higher load factors to win market share and increase profitability in airline company operations;
- demand in regions enjoying strong economic growth (in particular China, South-East Asia and India), and renewal of the existing fleet (mainly in North America and Europe).

Growth in air traffic proved resilient to previous global economic crises (in 1991, 2001 and 2008), and Safran expects a return to 2019 traffic levels somewhere between

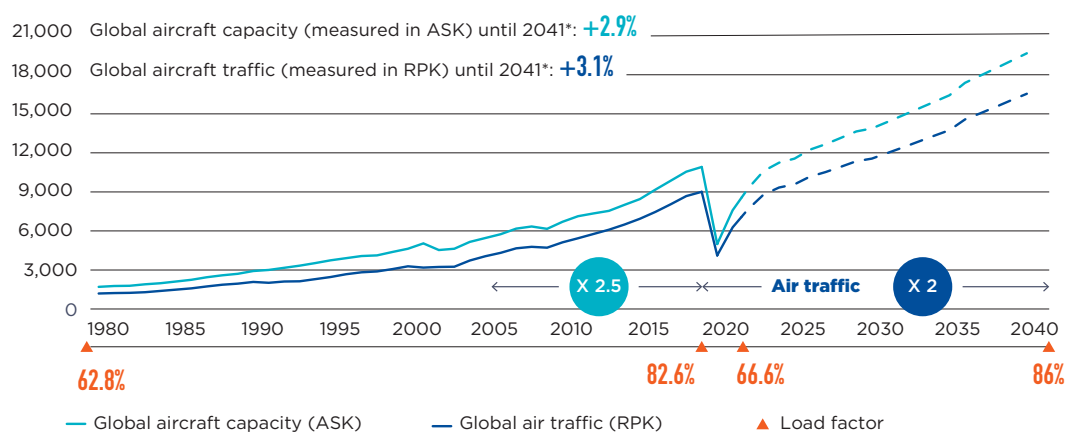
end-2022 and 2025 (depending on the market segment), followed by lasting sound growth, despite the increasing pressure of ecological impacts on air transport.

### New planes expected over the next 20 years



## CIVIL AVIATION, GLOBAL PROJECTIONS

The long-term growth outlook remains solid, despite the short- and medium-term impact of the Covid-19 crisis on air traffic. These projections do not take into account the impacts of the Russo-Ukrainian conflict.



RPK: Revenue passenger kilometers, in billions (= number of occupied seats multiplied by the total distance traveled by the global fleet).  
ASK: Available seat kilometers, in billions (= number of available seats multiplied by the distance traveled by the global fleet).

Source: Safran Aircraft Engines.

\* Annual growth (reference year: 2019).





## DEFENSE AND SPACE

A clear and ongoing upward trend in defense and space budgets has been observed over recent years, in a context of increased tension in several regions and the Russo-Ukrainian conflict. In Europe, the initiatives taken in recent years by the European Commission and member states have proved successful, with co-financing for cooperative programs topping €500 million in 2019-2020. The European Defense Fund (EDF) was formed to co-finance collaborative research and development programs, with a budget of €7 billion over the period covered by the upcoming European Union multi-annual financial framework (2021-2027). In addition, Germany has announced plans to devote more than €100 billion to modernizing its defense. Preparatory work continued on major European programs such as the Future Combat Air System (FCAS) and the Eurodrone, with an agreement on the development of the engine for the FCAS signed between Safran (responsible for engine design and integration) and MTU (services leader). Prospects on new space projects are enhanced by a record budget of €13.2 billion for 2021-2027, satellite constellations for worldwide internet coverage, and confirmation of a firm intention to strengthen European sovereignty in space.

## BUSINESS AVIATION AND HELICOPTERS

The business jet market proved highly resilient in 2021, with utilization rates reaching a record high, up by 40% on 2020 in the United States (which represents 68% of the in-service fleet), and returning to 2019 levels in Europe (which represents 12% of the fleet). The sustained level of activity led to tension, and even shortages, in the used aircraft market, with very few withdrawals from service over the past three years, indicating renewed interest in the new aircraft market. Leading airframers are preparing to increase delivery rates in response to ever-growing order

backlogs, which are approaching record highs. A total of 700 aircraft were delivered in 2021. At the end of 2021, there were around 22,000 business aircraft in service.

The helicopter market showed resilience in 2021, with military, healthcare and public service applications remaining robust. Only the tourism and oil sectors continued to be impacted. The volume of flights using Safran helicopter turbines rose by 6% from 2020 to 2021, and several new platform projects are in the pipeline. A total of 52,000 helicopters were in operation worldwide in 2021.



# Aerospace industry transformation

Although it has been among the hardest hit by the Covid-19 crisis, the air transport sector has also demonstrated a strong capacity for adaptation and resilience, driving confidence in a lasting recovery in growth. Safran operates in an ever-changing industrial landscape.



## 2 TECHNOLOGICAL BREAKTHROUGHS AND NEXT-GENERATION AIRCRAFT

Innovation has been a cornerstone of the aerospace sector from the outset. Fuel consumption per passenger kilometer has been reduced five-fold since the emergence of commercial jet aircraft, chiefly because of engine improvements. Civil aviation is also one of the world's safest means of transport today. To tackle climate change and continue to reduce transport costs and improve safety, disruptive innovations are being prepared for forthcoming platforms, including digital technologies, connectivity, autonomy, widespread application of onboard electrical energy, hybrid and/or electric propulsion, distributed propulsion, new materials (metal, composite, ceramic), artificial intelligence, sustainable fuels, hydrogen, etc. Such innovations involve new engine and aircraft architectures, new technologies, and new ways of manufacturing and maintaining aircraft. They also address the needs of new players and new use cases, such as urban mobility solutions. All of this work and these innovations are paving the way for the next generation of aircraft platforms, which will need to make a leap in performance to address climate change challenges.

## 1 ENVIRONMENTAL CHALLENGES

The societal and political revolution regarding environmental and global warming challenges gained momentum in 2021 and is growing in many new regions of the world such as the United States, which has returned to the 2015 Paris Agreement.

New reports from the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA) confirm

the need for rapid and large-scale reduction in human-caused emissions. In September 2021, the entire air transport sector accordingly committed – through the ATAG (Air Transport Action Group) – to achieving carbon neutrality by 2050. At the same time, the aerospace industry as a whole is working on solutions to achieve this goal (see pages 20 to 23).



### 3 SHIFTS IN THE AEROSPACE INDUSTRY

Airlines have been resilient throughout the Covid-19 crisis, in part because of support received in many countries, but also because of a strong capability of rapid adaptation. Traffic resumption – for example, in the summer of 2021 – showed that travelers want to fly again, leading most airlines to ready themselves for a sustained recovery. Accordingly, the rate of aircraft retirements is low. In addition, aircraft leasing companies took on fuller roles in managing the impacts of the Boeing 737 MAX grounding and the Covid-19 crisis. They account for a growing proportion of total

airframer orders: in 2021, more than 50% of short- and medium-haul civil aircraft delivered were financed by leasing companies. Consolidation is under way in the sector, as with the 2021 merger of AerCap and GECAS, the number one and two market players respectively. Airframers, who have adapted production to cope with the Covid-19 crisis, are preparing to step up supply chain throughput. After a wave of major mergers in 2018-2019, further consolidation has taken place, such as Parker-Hannifin's acquisition of Meggitt, which is set to be finalized in 2022.



### 5 STRONGER ROLE OF NATIONAL AUTHORITIES

Although air transport is today one of the safest means of transport in the world, the two Boeing 737 MAX accidents, in 2018 and 2019, sharpened certification authorities' attention on safety throughout the aircraft life cycle. The Boeing 737 MAX flight re-authorization process that began in 2020 and continued in 2021 revealed an intensification of requirements on flight safety, a fundamental challenge shared by all Group companies. That aside, the crisis has marked a reinforcement of the role played by national authorities in the aviation sector, as regards certification rules, management of border openings, health measures for passengers, support for airlines, and aid for the aerospace industry.



### 4 GEOPOLITICAL RISKS

The aviation sector and the aerospace industry are impacted by various geopolitical and commercial tensions: uncertainty on the continuation of international air transport with the emergence of Covid-19 variants, a more gradual pick-up in business travel and public health measures (vaccine mandate and Covid-19 testing) that are slowing down passenger numbers in airports. Geopolitical tensions have heightened, with the Russo-Ukrainian conflict pointing to moves towards firmer defense policies and larger budgets around the world.



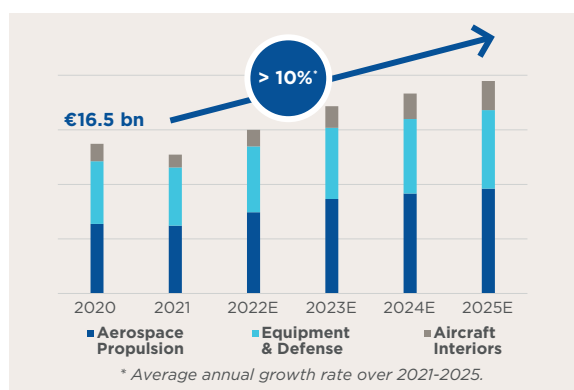
# Our trajectory to 2025

Safran presented its strategic and financial\* ambitions for 2025 at its Capital Markets Day, on December 2, 2021 at the Group's campus. These projections do not take into account the impacts of the Russo-Ukrainian conflict.

## LEANER ORGANIZATION TO DELIVER INCREASED PROFITABILITY

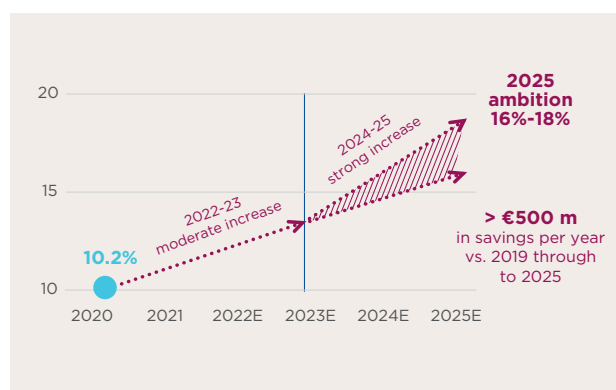
Robust organic growth driven by ramp-up in OE build rates and recovery in services.

Adjusted revenue



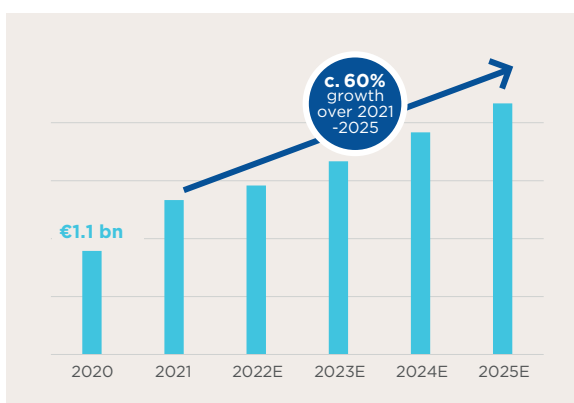
Increased profitability, mainly driven by growth in services across all divisions.

Recurring operating margin (as % of adjusted revenue)



**Underlying assumptions:** air traffic recovery pattern and airline behavior, OE build rates, aircraft retirements, Rafale exports, launch of major new R&D programs, EUR/USD spot rate of 1.20 and EUR/USD hedge rate of 1.16.

Free cash flow (FCF)



Free cash flow generation expected to reach €10 billion on a cumulative basis over the 2021-2025 period.

- ROI (recurring operating income) to FCF conversion rate: 70% on average over 2021-2025.
- Stable working capital over 2021-2025.
- Selective resumption of capital expenditure, from 3.0% to 3.5% of revenue over 2021-2025.
- P&L impact of R&D expenses: approx. 4.5% of revenue on average over 2021-2025.

Safran is well positioned to meet accelerating trends in the aerospace industry thanks to its global leadership positions, unique technology portfolio, operational excellence, accelerated investments in low-carbon aviation, strong employee engagement and solid financials.

\* In adjusted data, except where noted.

## PRIORITY FOR CAPITAL ALLOCATION

### • Investing for organic growth

by stepping up Research & Technology (R&T) efforts and selectively resuming capital expenditure. R&T is at the core of Safran's answer to customer needs and its response to the climate challenge as the industry moves towards sustainable aviation. Safran is investing in technological building blocks adapted to all airframer options, addressing future customer needs with a very broad portfolio of onboard products.

**75%** of R&T investment  
focused on environmental efficiency

**€4.2 BILLION** in R&T expenditure  
between 2021 and 2025, including an expected  
€1.4 billion in public funding

- **Portfolio review** of the Zodiac Aerospace legacy businesses:

**70%** core, **30%** under review

- Maintaining **low debt** for full flexibility to fund development of new programs and/or additional working capital needs.

**Net debt to EBITDA<sup>(1)</sup> ratio < 1 by 2025**

- **Safran will continue to ensure an attractive return for its shareholders.**

**Return to a 40% payout ratio, starting with the 2022 dividend (paid in 2023)**

In addition, following the May 2022 Annual General Meeting and in a context of the anticipated recovery in air traffic, Safran's Board of Directors will review its practice in order to ensure growing and attractive returns to shareholders.



## A CLEAR ROADMAP



### AEROSPACE PROPULSION

**Be at the forefront  
of air transport  
decarbonization.**

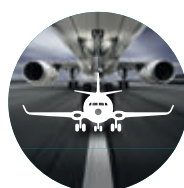
**Manage the ramp-up**  
in OE deliveries for  
both civil and military  
applications.

**Ensure a smooth  
aftermarket transition**  
from CFM56 to LEAP.

**Consolidate our position**  
as a fully-fledged engine  
manufacturer<sup>(2)</sup>.

2025 TARGET  
FOR RECURRING  
OPERATING MARGIN

**> 20%**



### EQUIPMENT & DEFENSE

**Prepare technologies and  
materials** for greener,  
lighter aircraft.

**Leverage our strengths**  
to grow organically and  
expand our portfolio  
further.

**Be the leader**  
in electrical/hybrid  
propulsion for regional  
aircraft and new air  
mobility solutions.

2025 TARGET  
FOR RECURRING  
OPERATING MARGIN

**c. 15%**



### AIRCRAFT INTERIORS

**Propose and provide  
unequalled solutions**  
in passenger experience.

**Achieve double-digit  
profitability** when  
the topline returns.

2025 TARGET  
FOR RECURRING  
OPERATING MARGIN

**> 10%**

(1) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is the sum of recurring operating income plus net recurring and non-recurring depreciation, amortization and provisions.

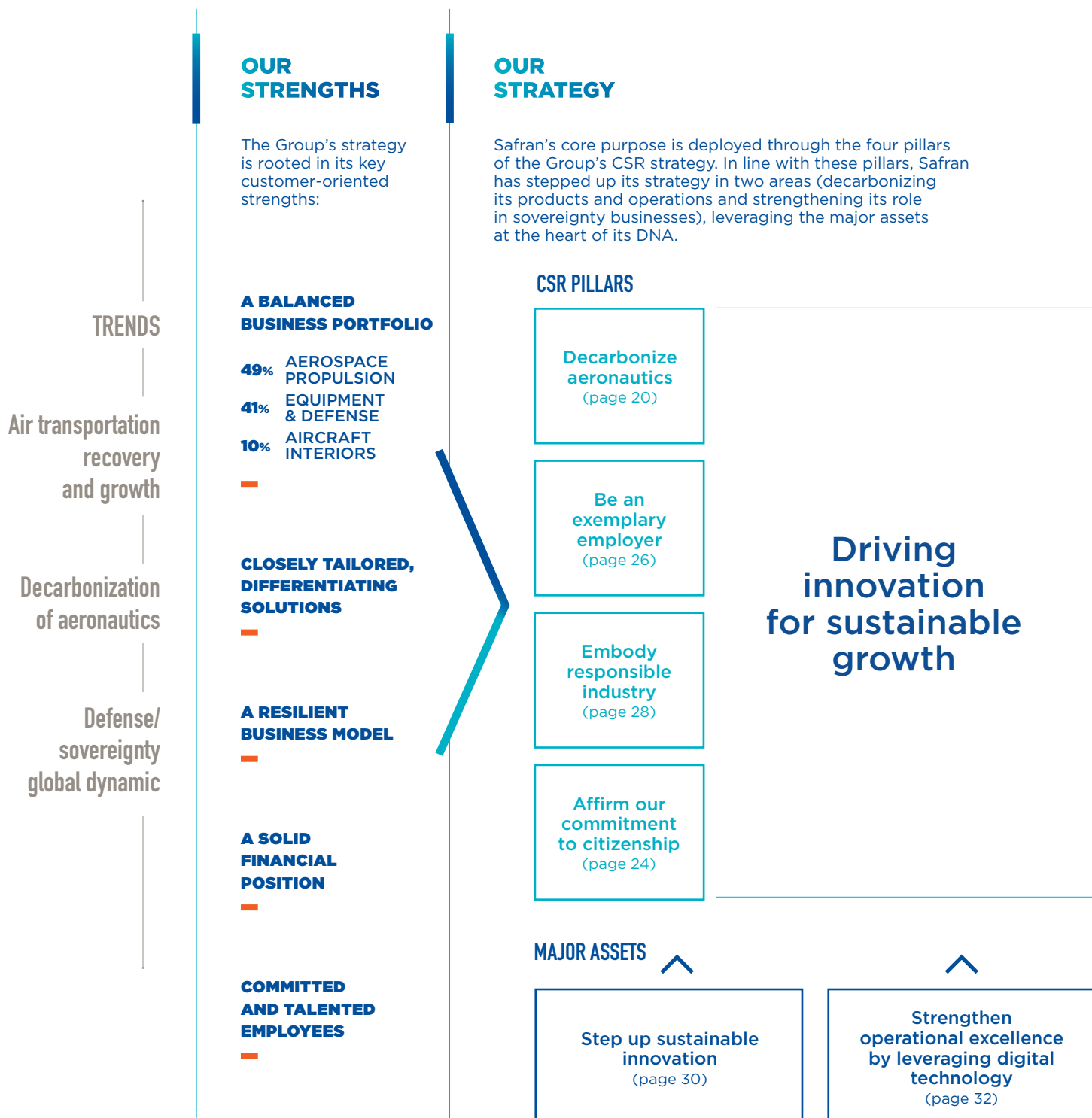
(2) Safran is present in all engine components and all segments of the propulsion market.



# Our business model

Safran's business model is based on three cornerstones:

- products with business cycles of different maturities;
- original equipment activities supported by a presence on major programs (A320neo, Boeing 737 MAX, A350, Boeing 787) and services (47% of 2021 adjusted revenue), which ensure recurring revenue streams, margins with smooth time-spreads, and improved visibility;
- coverage of all sub-segments of the aerospace and defense sector (regional aircraft, short- and medium-haul, long-haul, business jets, helicopters and military aircraft), to reduce sensitivity to variations in business cycles.



## OUR CORE PURPOSE

“Thanks to the commitment of our employees, proven innovation and operational excellence, Safran designs, builds and supports high-tech solutions to contribute to a safer, more sustainable world, where air transport is more environmentally friendly, comfortable and accessible. We also apply our skills to develop solutions that meet strategic needs, such as defense and access to space.”

## STRATEGIC FOCUSES

### NO. 1

**DECARBONIZE  
OUR PRODUCTS  
AND OPERATIONS**  
(page 20)

### NO. 2

**STRENGTHEN  
OUR ROLE IN  
SOVEREIGNTY  
BUSINESSES**  
(page 24)

Ensure product,  
customer and  
employee safety  
(page 28)

## OUR VALUE CREATION

for our stakeholders

### CUSTOMERS

- **€15.3 billion** (2021 adjusted revenue)
- Safe, reliable, available, efficient, innovative and competitive products and services

### EMPLOYEES

- **€4.9 billion** (2021 personnel costs)
- Attractive working conditions and social model

### SUPPLIERS

- **€8 billion** (2021 purchases)
- Responsible Purchasing and Supplier Relationships Label

### SHAREHOLDERS

- TSR<sup>(1)</sup> 2005-2021: **+12.9%** per year
- 2021 dividend (paid in 2022): **€0.50/share\***

### DEBT HOLDERS

- One of the best industry financial signatures worldwide
- Long-term credit rating: **BBB+** with stable outlook (Standard & Poor's)

### GOVERNMENTS

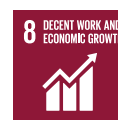
- **€0.7 billion** (2021 taxes and adjusted income tax expense)
- The world's best technology serving national and European sovereignty and French nuclear dissuasion

### INVESTMENTS FOR FUTURE GROWTH

- **6%** of revenue invested in self-funded R&D in 2021
- **75%** of R&T investment focused on environmental efficiency

## OUR CONTRIBUTION

to 13 of the 17  
UN SDGs



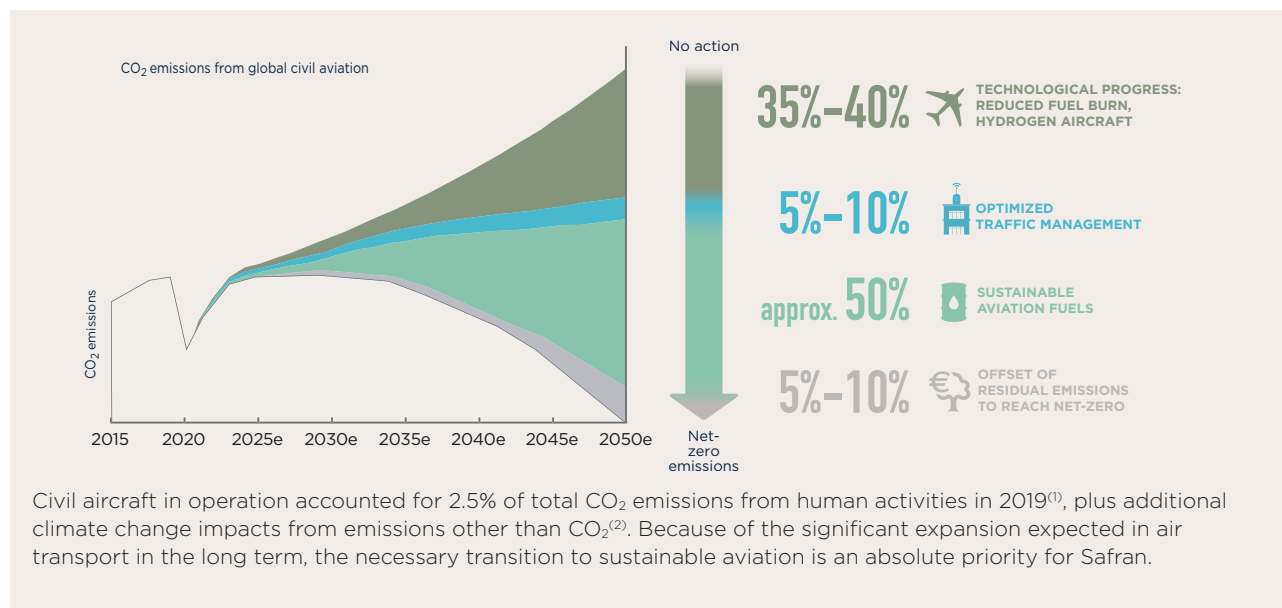
(1) Total Shareholder Return corresponds to dividends plus the change in the share price.

\* Subject to shareholder approval at the Annual General Meeting of May 25, 2022.

## #STRATEGIC FOCUS NO. 1

**Decarbonize our products and operations**

Safran's climate strategy addresses the challenge of climate change to offer customers innovative solutions at a competitive cost. With its position in most aircraft-system segments, and all energy systems in particular, the Group spearheads the technological response to the decarbonization of the aviation sector.

**AN AMBITIOUS COMMITMENT FOR THE AVIATION SECTOR****CLIMATE CHANGE: RISKS AND OPPORTUNITIES**

Climate change poses two types of risk for Safran's businesses:

- physical risks concerning the impact of weather and climate phenomena on the Group's business; and
- transition risks resulting from decarbonization trends in the economy and the aviation sector.

On the other hand, the transition to low-carbon aviation calls for innovation in more efficient, more lightweight products, which presents opportunities for Safran.

**LOW-CARBON AVIATION BY 2035, TOWARDS NET-ZERO EMISSIONS BY 2050**

In 2008, the aviation sector made a voluntary commitment to halve global CO<sub>2</sub> emissions by 2050 compared to 2005, which represents a 90% reduction in average emissions per passenger kilometer across the worldwide fleet, taking into account the expected growth in air traffic over the period. In October 2021, Safran joined the Air Transport Action Group (ATAG) in committing to a goal of net-zero carbon emissions by 2050 for the aviation industry. Ambitious and feasible, the new commitment seeks to contribute to worldwide efforts to comply with the Paris Agreement and limit mean surface temperature warming to below 2°C, and preferably 1.5°C, by the end of the century. Industry-wide commitment will be essential, and disruptive innovations will be needed as early as the 2030s.

**GOVERNANCE ADAPTED TO CHALLENGES**

In view of the challenges that climate change raises for Safran, the Group tightened its governance on the issue in 2021, with the Innovation, Technology & Climate Committee now responsible for overseeing the climate change strategy and action plan.

(1) Data from the International Energy Agency (IAE), the International Council on Clean Transportation (ICCT), including global emissions relating to land-use changes.

(2) These effects concern NO<sub>x</sub> and particulate emissions in particular, as well as contrails.

## SAFRAN'S CLIMATE STRATEGY

Safran intends to lead the way in the decarbonization of the aviation sector, through a climate strategy with two focuses:

- reducing emissions from its operations;
- reducing emissions from the use of its products, its essential mission.

### AMBITIOUS DECARBONIZATION OBJECTIVES

2018 greenhouse gas emissions (reference year), in kt CO <sub>2</sub> eq. <sup>(1)</sup>		Objectives
Scopes 1 & 2*	approx. 550	<b>30% reduction by 2025 and 50% reduction by 2030 vs. 2018</b> , in line with a 1.5°C scenario
Scope 3** Use of products sold	approx. 120,000	<b>42.5% reduction in Scope 3 emissions from product use per passenger kilometer by 2035 vs. 2018***</b> , i.e., an average of 2.5% per year  75% of R&T focused on the environmental performance of products
Scope 3** Purchases of goods and services	approx. 5,000	Mobilize our <b>400</b> main suppliers on meeting the commitments under the Paris Agreement (emissions trajectory compatible with keeping global warming below 2°C, or even 1.5°C)
Scope 3** Business travel and employee commuting	approx. 200	<b>50% reduction by 2030 vs. 2018</b> , in line with a 1.5°C scenario

\* Direct (Scope 1) and indirect (Scope 2) emissions related to energy consumption from Safran's operations.

\*\* Indirect emissions.

\*\*\* Scope 3 emissions (product use): 7.8 g CO<sub>2</sub>/passenger kilometer in 2018.

### OBJECTIVES ALIGNED WITH THE PARIS AGREEMENT

Safran set its objectives based on methodologies issued by SBTi<sup>(2)</sup>. In 2022, the Group will strive to have its objectives certified as being aligned with the Paris Agreement goals.

### REDUCTION IN CO<sub>2</sub> EMISSIONS FROM OPERATIONS

To reduce emissions from its facilities and its energy consumption (Scopes 1 and 2), Safran is leveraging a number of drivers, including:

- reduction in sites' energy consumption, with a Group-wide energy management system, investments in energy efficiency, and definition of energy performance standards for new buildings;
- heat production from renewable sources such as biomass, urban heating networks and geothermal energy;
- on-site electricity production and self-consumption: solar photovoltaic production facilities were installed in 2021 (Sydney and Massy sites),

with projects underway at various other sites;

- supply from low-carbon energy sources (solar energy contract for power supplies to all Group sites in Mexico and wind power supply contract in the United Kingdom).

By the end of 2021, 30% of the program of actions needed for reaching the 2025 objective had been achieved (measured as quantity of greenhouse gas emissions to be reduced).

**As well as tackling emissions from its own sites, in 2021 Safran prepared a roadmap to reduce indirect emissions from its operations (Scope 3).**

In particular, Safran will bring suppliers on board with a decarbonization process similar to the one adopted at its own sites, and aims to mobilize its 400 main suppliers on meeting the commitments under the Paris

Agreement by 2025. Safran is working to improve the determination of emissions from its purchases and to set supplier CO<sub>2</sub> maturity requirements accordingly.

The internal carbon price, already used for investment evaluation purposes, is also a criterion in supplier selection.

### SUSTAINABLE FUELS FOR ENGINE TESTING

In 2021, Safran reached its goal of ensuring that 10% of fuels used in aircraft and helicopter engine approval tests are sustainable. The advanced biofuels used bring an 80% reduction in emissions compared to fossil fuels. The incorporation rate will reach 35% by 2025.

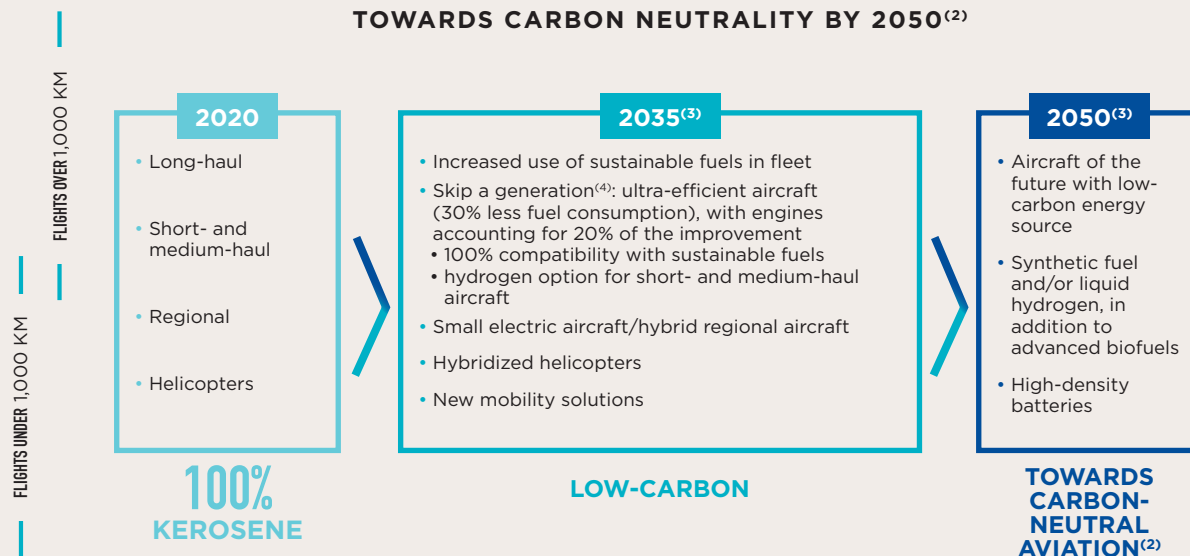
(1) Audited data. See sections 5.3.3.2, 5.3.3.3 and 5.3.3.4 of the Universal Registration Document.

(2) Science-Based Targets initiative.

## SAFRAN'S CLIMATE STRATEGY

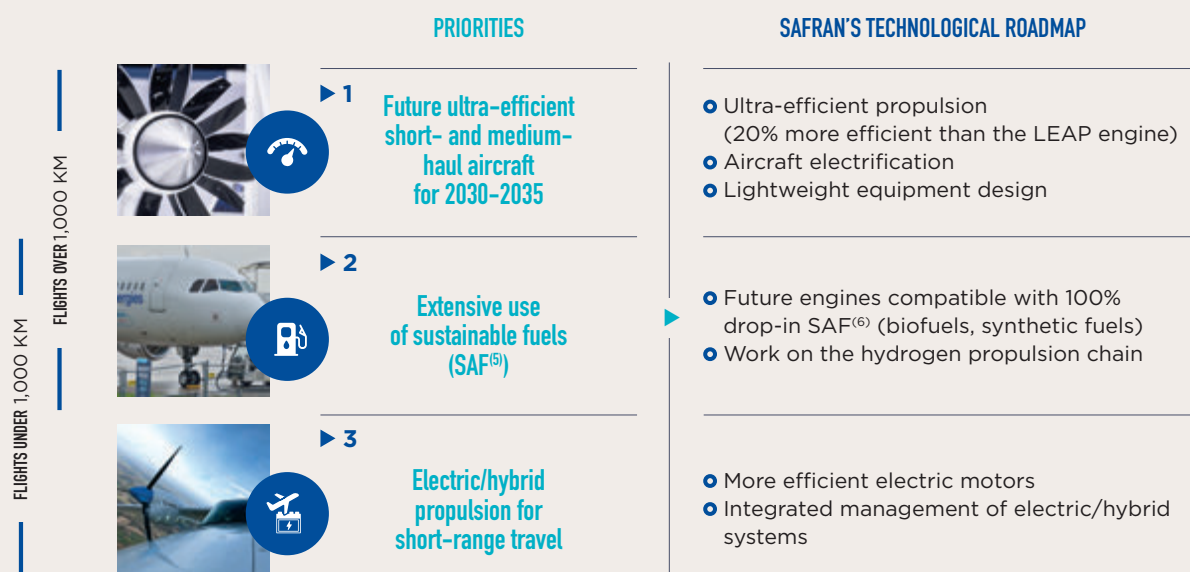
REDUCTION IN CO<sub>2</sub> EMISSIONS FROM PRODUCTS

Safran considers that its primary challenge is to reduce CO<sub>2</sub> emissions arising from the use of its products (referred to as Scope 3 indirect emissions in the GHG Protocol<sup>(1)</sup>). For that reason, the Group dedicates 75% of its R&T efforts to improving the environmental performance of its products.

TOWARDS CARBON NEUTRALITY BY 2050<sup>(2)</sup>

Because flights longer than 1,000 km account for 50% of journeys and close to 80% of emissions, the priority is to reduce emissions in the medium- and long-haul segments.

## SAFRAN PRIORITIES FOR GREEN AVIATION



(1) Greenhouse Gas Protocol.

(2) In-flight greenhouse gas emissions and emissions/capture related to fuel production and residual emissions offset by carbon sinks close to zero by 2050.

(3) Target date for aircraft in service.

(4) "Skip a generation": new aircraft release bringing twice the usual next-generation gain (15%).

(5) Sustainable aviation fuel.

(6) Drop-in fuels are fuels that can replace all or some of conventional kerosene without any operational impact, i.e., without requiring modification to infrastructures (at airports, for example) or to aircraft or engines, whether existing or under development.





### ► 1 Contributing to the development of a new generation of ultra-efficient engines compatible with carbon neutrality

Accelerating the transition to carbon neutrality means “skipping a generation” in efficiency terms and going much further than the 10% to 15% improvement in fuel consumption usually achieved with each new generation of aircraft compared to the previous one. In June 2021, **Safran and its partner GE Aviation unveiled the Revolutionary Innovation for Sustainable Engines (RISE)** technology development program, paving the way for the next generation of engines for short- to medium-haul aircraft. **Working towards carbon neutrality by 2050, Safran is aiming for a 20% reduction in fuel consumption compared with the LEAP engine** (which is 15% more efficient than the CFM56) through a range of advanced technologies (materials, hybridization and open rotor architecture), **as well as an engine that is 100% compatible with sustainable fuel or hydrogen**. Safran is also helping to improve the efficiency of future aircraft through its equipment, cabin interiors and seats businesses. Lighter cabins made using new materials and optimized electrical systems are key to making progress in these areas.



#### A PUBLIC COMMITMENT ON THE DEVELOPMENT OF SUSTAINABLE AVIATION FUELS

In 2021, Safran supported initiatives to promote the development of sustainable fuels with public authorities, in France and at European level in particular, by advocating a 10% incorporation requirement by 2030 under the “Fit for 55” legislative package.



### ► 2 Sustainable fuels: an important solution in the short term

As a supplier of engines and fuel system equipment, **Safran is working on lifting the technical obstacles to enable 100% incorporation of drop-in sustainable fuel** with forthcoming engine generations, and to cross the 50% threshold on present-day engines. This primarily involves evaluating the behavior of certain fuel-circuit equipment and ensuring optimum combustion performance. In 2021, Safran participated in several burn tests using 100% sustainable aviation fuels (H225 helicopter with the Makila 2 engine, A319neo with the LEAP-1A engine as part of the VOLCAN project, commercial flight of a Boeing 737 MAX equipped with LEAP-1B engines), and entered into a partnership with TotalEnergies to optimize the energy and environmental efficiency of future

sustainable fuels. Besides the aircraft themselves, sustainable fuel development (currently three times more expensive than kerosene) requires public policies to boost investment in the production processes. **Safran supports technological innovation upstream in the fuel industry**, and early 2022 invested in the German start-up Ineratec, which develops reactors to produce synthetic fuels. Safran is also working on hydrogen technologies for 2035 for short- and medium-haul and smaller aircraft, in particular by harnessing the expertise available within the ArianeGroup. The hydrogen option is more ambitious in relation to CO<sub>2</sub> emissions reduction, and requires disruptive innovations in storage (in the form of liquid hydrogen) and the fuel circuit.



### ► 3 Electric and hybrid propulsion: a solution for short distances

The short- and medium-term outlook for developments in battery energy density means electric and highly hybrid propulsion will be limited to short-distance flights in low-capacity aircraft: training aircraft, small shuttles, regional aircraft (in the medium term), and new VTOL<sup>(1)</sup> or STOL<sup>(2)</sup> aircraft for urban or suburban transport. Hybrid propulsion for future aircraft and helicopters will contribute to meeting the highly ambitious objectives on reducing fuel consumption. **Safran holds a leading position in all-electric and hybrid architectures, developing a range of electric-system products** (engines, turbogenerators and energy management systems) and working with innovative companies on batteries. The Group also conducts research on fuel cell technologies. In particular, Safran is part of the EcoPulse project with Daher and Airbus, which aims to develop a distributed hybrid-propulsion demonstrator, with a maiden flight slated for 2022.

(1) Vertical Take-Off and Landing aircraft.  
(2) Short Take-Off and Landing aircraft.

## #STRATEGIC FOCUS NO. 2

# Strengthen our role in sovereignty businesses

**Sovereignty: a fundamental in our mission and business model.**

### SPEARHEAD INNOVATION ON PROTECTION FOR CITIZENS

Through the long-term and independent provision of solutions at the cutting edge of technology, manufacturers like Safran play an instrumental role in preserving sovereignty, defined as “the capacity to guarantee the security and autonomy of a state’s decisions and actions”.

Beyond this political vision, sovereignty is also the ability to guarantee security of supply, freedom of use and freedom to export to strategic allies.

It is therefore underpinned by top-level industrial capacity that is mature and well managed, together with a strong base of innovative technologies. As well as spanning our defense and space activities, the notion of sovereignty also extends to security and continuity across all our businesses, from engineering and production to the supply chain and support. Our sovereignty businesses are therefore an important factor in our societal commitment to protect citizens.

Amid persistent tensions in the international landscape, several countries increased their defense budgets, and in 2021 the defense sector helped many countries to sustain business and skills.

### SOVEREIGNTY, AN INTEGRAL ELEMENT OF SAFRAN'S BUSINESS MODEL

Safran's sovereignty businesses showed good resilience in 2020 and 2021, making a significant contribution to the Group's economic performance. They have also helped us to ensure the long-term viability of the Group's technical and industrial skills, so that we can continue to prepare for the future in both the military and civil markets. Safran's sovereignty businesses are therefore developed with a view to enriching our dual technology pools. Beyond technological considerations, this duality also extends to skills, industrial resources and the supply chain. This model of duality between civil and military, which is characteristic of our sector, is shared with most of our competitors, and is a key factor in competitiveness.

**approx.  
€4 billion**  
in adjusted  
revenue  
in 2021



**SAFRAN  
IS A RESPONSIBLE  
PLAYER IN A HIGHLY  
REGULATED DEFENSE  
INDUSTRY**

REGULATIONS/  
EXPORT CONTROL

STRICT  
COMPLIANCE

**Safran complies with the international regulations signed by France:** the Missile Technology Control Regime, the Non-Proliferation of Nuclear Weapons Treaty, the Convention on Cluster Munitions, the Convention on Anti-Personnel Mines, the Wassenaar Arrangement, the EU Common Position on Arms Exports and the Arms Trade Treaty. **Safran implements procedures in compliance with export control laws and regulations** (related to the Group's businesses, including French, EU, UN and US regulations) across all Group companies.

CONTROVERSIAL  
WEAPONS

NO

**Safran is not involved in any activities related to “controversial weapons”** such as anti-personnel landmines, cluster munitions, chemical and biological weapons, blinding lasers, autonomous lethal weapons systems, depleted uranium ammunition or white phosphorus weapons.

## SAFRAN'S SOVEREIGNTY AREAS

### By geographic area

- First and foremost, Safran ensures **France's** military and space sovereignty, for example in inertial navigation, engines, launchers and space surveillance.
- Safran is also a major industrial player in **Europe**, guaranteeing European independence in several key areas as a leading figure in major European programs, such as the A400M, Ariane and, since the 2021 agreement, the engine for the FCAS.
- Safran also supplies sovereignty building blocks to **non-European nations**, meticulously selected in accordance with its compliance and ethical commitments. For example, Safran contributes to several US platforms on major systems such as landing gear and electrical systems.

### By major program

Safran **supplies many of the Rafale's essential components**, including engines, landing gear and brakes and electrical, fuel, hydraulic and navigation systems.

It also supplies the **landing gear for the US F18 and V22, and wiring for the F15**. In addition, Safran is involved in several military transport platforms. On the European A400M, for example, it supplies the TP400 engine (as part of the EPI consortium), the complete landing gear system, wiring, GPS and inertial navigation, and the fuel system. Additionally, the Group supplies the **wheels and brakes for the US C17 and the engine** (through the CFM joint venture) for the **US P8 Poseidon**.

In helicopters, which are highly dual-purpose applications, Safran is the leading supplier of engines for many French and European Airbus and Leonardo platforms, and provides flight control, navigation, detection and optronic surveillance systems, wiring and hydraulics.

**Safran also provides wiring for electrical generators on several US platforms such as the Boeing Chinook.**

The Group is also a leader in high-performance space optics through its subsidiary Safran Reosc. Safran supplies the disruptive new plasma thruster technology for several European satellites, as well as the new generation of electric satellites for Boeing.

**Safran leads the way in satellite detection and tracking systems through its subsidiary Safran Data Systems**, the first manufacturer to enter into a contract with the newly created French Space Command, in 2021.

## FUTURE COMBAT AIR SYSTEM (FCAS)

**As the leader in the design and integration of the engine for the next-generation European fighter aircraft, Safran is responsible for the development of the hot parts and engine integration**, and cooperates with MTU Aero Engines, which is responsible for the cold parts and MRO services. The new-generation fighter will be capable of both long supercruise flights (i.e., supersonic flight without afterburner) and low-speed long-distance cruising. It will also be more compact and capable of carrying more weaponry than the Rafale because of its much greater thrust. The FCAS engine will have to be versatile, which calls for a number of innovations. For example, new technologies and materials will be needed, since the turbine will reach higher temperatures. The engine will also have to be "variable cycle", i.e., capable of adapting to different flight phases, and equipped with a steerable nozzle for aircraft maneuverability.

### FRENCH NUCLEAR DETERRENCE

Safran makes an indirect contribution, through ArianeGroup (a 50-50 joint venture with Airbus), to France's nuclear deterrence (M51 program). The program helps maintain the peace, security and independence of France and Europe. Safran and ArianeGroup do not manufacture nuclear warheads for M51 missiles.

## CSR PILLAR

# Be an exemplary employer

In a context of major digital transformation and a commitment to decarbonize aeronautics, skills and professions are undergoing a profound shift.

Safran is proactively managing this change, while sustaining its fundamental values as a responsible employer with regard to protecting employee health, promoting a culture of inclusion, and maintaining employability.

## PREPARING EMPLOYEES FOR TOMORROW'S PROFESSIONS

Safran stands as a global solutions architect committed to decarbonizing the aviation industry. Its stance generates new strategic resource requirements. In 2021, an in-house job observatory was set up and initiatives were run across all Group companies to develop critical skills (digital, electrical, power electronics, systems, airworthiness, sustainable fuels, etc.). These developments run hand in hand with organizational and managerial changes (such as collaborative management, autonomous cross-functional teams, and development of multi-machining and multi-skills), along with a commitment to maintain the long-standing competencies that make Safran stand out from its competitors.

The training roadmap supporting the Group's strategy is drawn up by Safran University. In 2021, it refocused its offer on needs for strategic skills and developed innovative user-experience teaching solutions to step up knowledge transfer.

In 2021, Safran University won the Grand Prix at the Digital Learning Excellence Awards, which recognize effective and innovative learning systems.

It also won the gold medal in the "Best Corporate University Strategy" category at the Brandon Hall Awards, an international program recognizing achievement in training.

**approx.  
1.5 million**

hours of training  
(on-site and distance)  
worldwide in 2021

**82%**

attendance at one or  
more training sessions  
in 2021 among all  
employees worldwide

## DIVERSITY AND INCLUSION AS PERFORMANCE DRIVERS

Aware that diversity and inclusion are powerful drivers of creativity, innovation and collective performance, Safran is committed to its policy to promote equal opportunity and combat all forms of discrimination, as set out in the Group's Ethical Guidelines. Diversity is at the core of Safran's identity, with employees coming from more than 25 countries and representing more than 110 nationalities. In 2021, Safran renewed its diversity commitment by signing the Diversity Charter, which will now be applied in all our countries.

Safran strives to advance equal treatment for men and women in the workplace, seeing gender equality as a major strength in addressing future challenges.

For over ten years, Safran has been running a proactive policy on the inclusion of people

with disabilities, covering four objectives: keeping employees with disabilities on the payroll, hiring people with disabilities, working with sheltered workshops and disabled-staffed companies, and developing disability-friendly workplaces (to the Afnor standard).

**27.9%**  
women

**31.3%**  
women among  
new hires

**15.1%**  
women among  
senior managers,  
with an objective  
of 22% for 2025

## A RECOGNIZED EMPLOYER BRAND

Safran has a recognized employer brand: second place in the "Aerospace, Rail and Marine" category in Capital magazine's annual ranking, third best global employer in the aerospace and defense sector in Forbes' 2021 ranking, fourth in Universum's "students" ranking, and recipient of the "Best in Class 2021" label from Engagement Jeunes for the second year running, thanks to very positive ratings by young recruits in Group companies.

To attract the best talent, Safran promotes its employer brand on social media and recruitment websites, and through virtual and face-to-face events, for students in particular. The Group forges long-term partnerships to strengthen ties with schools and universities running courses in aerospace-related subjects. In 2021, more than 52% of graduate positions were filled by young people trained within the Group, in line with the objective set.

**76,765**

employees, including  
8,039 new hires in 2021

## PROMOTING MOBILITY IN THE CONTEXT OF THE COVID-19 CRISIS

In 2020 and 2021, through the Activity Transformation Agreement (ATA), Safran stepped up mobility measures to take into account disparities between the Group businesses heavily impacted by the crisis and those able to continue to grow and hire.

**approx. 2,000**

mobilities and transfers  
within the Group



## HEALTH AND SAFETY, A CORPORATE CULTURE

Safran nurtures a culture of workplace health and safety for its employees, suppliers, customers, and all other stakeholders involved in its operations. The HSE policy, updated and signed by the Chief Executive Officer in 2021, contributes to making Safran a sustainable leader in its sector. It involves everyone in the Group: company CEOs, operational directors, managers and employees. Operational directors' appraisals take into account an HSE-related objective, especially in business sectors sensitive to safety-at-work issues. To extend the reach of safety culture, in 2021 Safran created the position of safety culture

coordinator, tasked with strengthening HSE culture in all countries, in line with Group policies. Given the ongoing risks relating to the pandemic in 2021, efforts continued to protect the health of all employees as well as possible.

**2.1**

frequency rate  
of lost-time work  
accidents  
(number of accidents  
per million hours worked)

**2.84%**

absenteeism rate

## EMPLOYEE INVOLVEMENT IN THE COMPANY'S SUCCESS

In 2021, 7% of Safran's share capital was held by employees and former employees. This stems from a long-standing policy of encouraging employee share ownership, through permanent measures such as the Group employee savings plan and one-off operations such as the "Safran Sharing 2020" plan. Safran was awarded the "Grand Prix de l'Indice Euronext-FAS IAS" in 2021 by the French Federation of Associations of Employee Shareholders and Former Employees (FAS).



## CSR PILLAR

# Embody responsible industry

Embodying responsible industry means committing to exemplary ethics and responsible practices with suppliers and subcontractors, while respecting the environment.



INTEGRATED REPORT

## AVIATION SAFETY, AN ABSOLUTE PRIORITY GROUP-WIDE

Aviation safety is the responsibility of all Group employees. This is an imperative that influences everything that we do. **In 2021, the Safran Group introduced an aviation safety policy**, which is rolled out through all Group companies through the Safety Management System (SMS).

In 2022, European regulations will extend coverage of the SMS to design and production functions, just as coverage was extended to maintenance operations in late 2021. Safran Aircraft Engines, Safran Helicopter Engines, Safran Landing Systems, Safran Aerosystems and Safran Cabin have already extended the policy to all their design and production operations. Safran is preparing for the amendments to Part 21 European regulations on design, production and maintenance practices in the civil aerospace industry. The culture of aviation safety is widely disseminated throughout all levels of all Group companies, consolidating Safran's excellence in this field.

## SUPPLY CHAIN PERFORMANCE: A RESPONSIBLE RELATIONSHIP WITH SUPPLIERS AND SUBCONTRACTORS

Through its responsible purchasing policy, Safran seeks to work with suppliers that guarantee high performance, reliability and strict compliance with all applicable national and international regulations. Suppliers are required to comply with international trade regulations and with all applicable requirements on environmental protection, personal health and safety, ethics and labor relations.

**Excellence in supply chain control is a prerequisite for performance quality.**

Safran has successfully built a supplier panel that meets its present and future needs in terms of performance and CSR

requirements (cost, quality and lead time) and enables the Group to provide its customers with innovative, value-creating solutions. Safran has also designed a policy to diversify suppliers, by **systematically qualifying several sources for critical materials and parts**.

Since 2020, Safran has been a signatory to the charter of commitments on customer-supplier relationships within the French aerospace industry. In contributing to the financing of SMEs, the Group actively participates in the restructuring and consolidation of the industrial fabric of the French aerospace sector.

Safran is attentive to supply chain capacities for managing the production ramp-up, and has set up a risk management system accordingly.

The supply chain, already weakened by the Covid-19 crisis, is impacted by rising raw material costs and recruitment difficulties, especially in the United States.

These tensions are exacerbated by the Russo-Ukrainian conflict (potential impact on titanium supplies).

# €8 billion

in purchases, from approx. 15,500 suppliers

**Holder of the Responsible Purchasing and Supplier Relations Label since 2014**

## BUSINESS ETHICS AND ANTI-CORRUPTION

Safran ensures that its activities are conducted in accordance with high standards of honesty, integrity and professional standards that are consistent with the highest international standards of business ethics, promoted by the International Forum on Business Ethical Conduct (IFBEC). The Group believes that responsible business management helps to preserve its reputation and contributes to its competitiveness and attractiveness. **Safran's policy for the prevention and detection of corruption risks is based on the principle of "zero tolerance"**

**for any corrupt practice.** The Board of Directors, the Chairman, the Chief Executive Officer and all members of the Executive Committee have emphasized the need for their behavior and that of their employees to be exemplary.

In 2012, Safran became the first CAC 40 company to obtain "anti-corruption" certification from the French Agency for the Diffusion of Technological Information (ADIT). This certification, renewed in 2017, attests to the robustness of Safran's anti-corruption program, the

requirements of which align with those of the most rigorous international standards: US Foreign Corrupt Practices Act, UK Bribery Act, OECD Convention, the French Sapin II Act, the tenth principle of the United Nations Global Compact, and ISO 37001. Based on the recommendations of the audit conducted by the French Anti-Corruption Agency (AFA) in 2020, Safran has optimized and strengthened its program for preventing and detecting corruption risks.



## A GROUP-WIDE PROJECT TO ADVANCE IN ECO-DESIGN

Safran promotes the eco-design of its products to reduce their environmental impact, from design to end-of-life.

This means anticipating regulatory and customer requirements, staying ahead of standards set by the International Civil Aviation Organization (ICAO), the European Union and the French government, stimulating technological innovation, and standing out from the competition.



## MAJOR ASSET

# Step up sustainable innovation

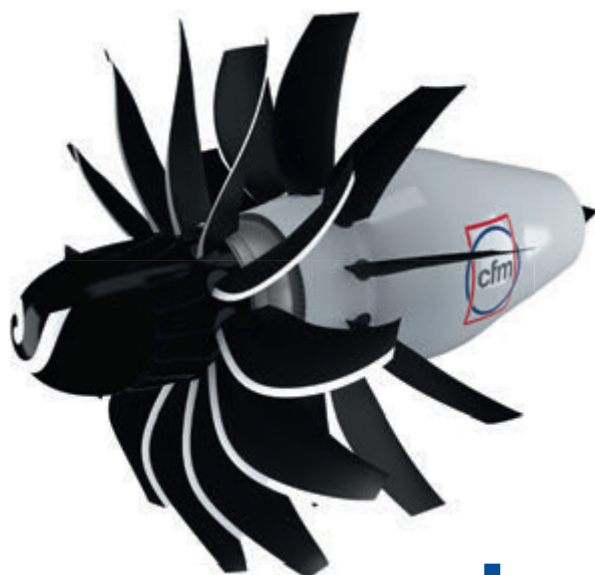
In a rapidly shifting landscape, defining the new state of the art in aerospace is a strategic challenge. Safran places a premium on mastering disruptive innovation and technological excellence to give our customers a decisive edge.

The competitive performance of Safran's products depends largely on the Group's innovation capabilities, especially in the technological field. Its capabilities for breakthrough technological innovation are demonstrated across a breadth of products such as composite 3D-woven fan blades, hemispheric resonator gyros and optical fuel gages. The Group is also implementing an innovation strategy firmly focused on efficient engineering and research serving all its businesses.

This strategy draws on a dedicated and shared R&T management system, plus an internal organization that fosters involvement of Group companies in shared and proprietary developments. In addition, cooperation with Safran's scientific, technological and innovation ecosystem is organized around strategic partnerships, scientific networks, academic chairs, collaborative innovation with suppliers, and investment in the share capital of innovative startups.

More than ever, development and protection of intellectual property is an essential factor in the Safran's strategy, as it pushes ahead with efforts on differentiating the Group through innovation.

The 1,176 inventions protected by filing of a "primus" patent application in 2021, and the 13,000 inventions covered by 48,000 industrial property titles in force around the world, attest to the Group's creative vigor, and to the special attention paid to protecting its intellectual property.



## THE NEXT GENERATION OF ULTRA-LOW ENERGY ENGINES

Through sustained self-financing efforts and backing via the French national plan to revitalize the aerospace industry under the CORAC (French Civil Aviation Research Council) program, and the *France 2030* investment plan, Safran has maintained its R&T endeavors with the objective of accelerating towards "green, digital and connected aircraft". Safran is a leading driver of change in the industry – due to its position in many aircraft-system segments, including propulsion and on-board energy systems – and has demonstrated its commitment by focusing around 75% of its R&T budget on improving

the environmental impact of air transport. Its work chiefly concerns propulsion, electrification, lightweight equipment and sustainable fuels.

On June 14, 2021, Safran and its partner GE unveiled CFM RISE (Revolutionary Innovation for Sustainable Engines), an ambitious technology program that lays the foundations for developing a future engine that is 20% more fuel-efficient than the latest-generation LEAP engine, and 100% compatible with sustainable fuels or hydrogen. By combining these two advances, the aircraft will be able to cut CO<sub>2</sub> emissions by more than 80%.

### CFM RISE PROGRAM

A breakthrough innovation for sustainable engines, targeting a 20% reduction in CO<sub>2</sub> emissions

- Development of unducted architecture
- Advanced materials
- 100% compatibility with sustainable fuels and hydrogen
- A new standard in propulsion efficiency
- Electric hybridization
- Reliable technologies

TECHNOLOGICAL MATURITY

GROUND AND FLIGHT TESTS

ENTRY INTO SERVICE BY THE MIDDLE OF THE NEXT DECADE

## HIGH-PERFORMANCE MATERIALS AND PROCESSES

Reducing aircraft and equipment weight requires increased use of composite materials. Safran engines and equipment (nacelles, landing gear and brakes) are also characterized by increasingly heavy mechanical loads.

Organic matrix composites, including 3D woven composites, a proprietary Safran process, combine strength and lightweight properties. They are necessary for breakthrough propulsion architectures capable of reducing fuel consumption, especially through the use of wide-diameter blades, and will lead to weight reductions on a wide range of equipment, including seats and cabin interiors. Higher turbine running temperature is another key factor in improving engine performance. Ceramic matrix composites can withstand extremely high temperatures, while being three times lighter than the metallic materials used today.

They are developed by **the Safran Ceramics center of excellence, which has unique resources and expertise in space technologies.**

The quest for very high temperatures and fast speeds, along with lighter components, calls for new metallic materials: new nickel-based and single-crystal alloys for turbine and compressor disks and blades withstanding extreme conditions, and very high performance steels for compact, long-life gearboxes.

Additive manufacturing processes bring improvements in compactness, weight, raw material consumption and manufacturing cycles for many components of our engines and equipment. **In 2021, Safran set up the Safran Additive Manufacturing Campus, a center of excellence in additive manufacturing pooling all research, industrialization and production activities to support all Group entities.**

### Additive manufacturing

UP TO  
50 COMPONENTS  
REPLACED  
BY A SINGLE  
PART

LEAD TIME  
DIVIDED  
BY 6

15%

reduction in  
manufacturing costs

25%

mass reduction



INTEGRATED REPORT



### SAFRAN CORPORATE VENTURES: VENTURE CAPITAL FOR INNOVATION

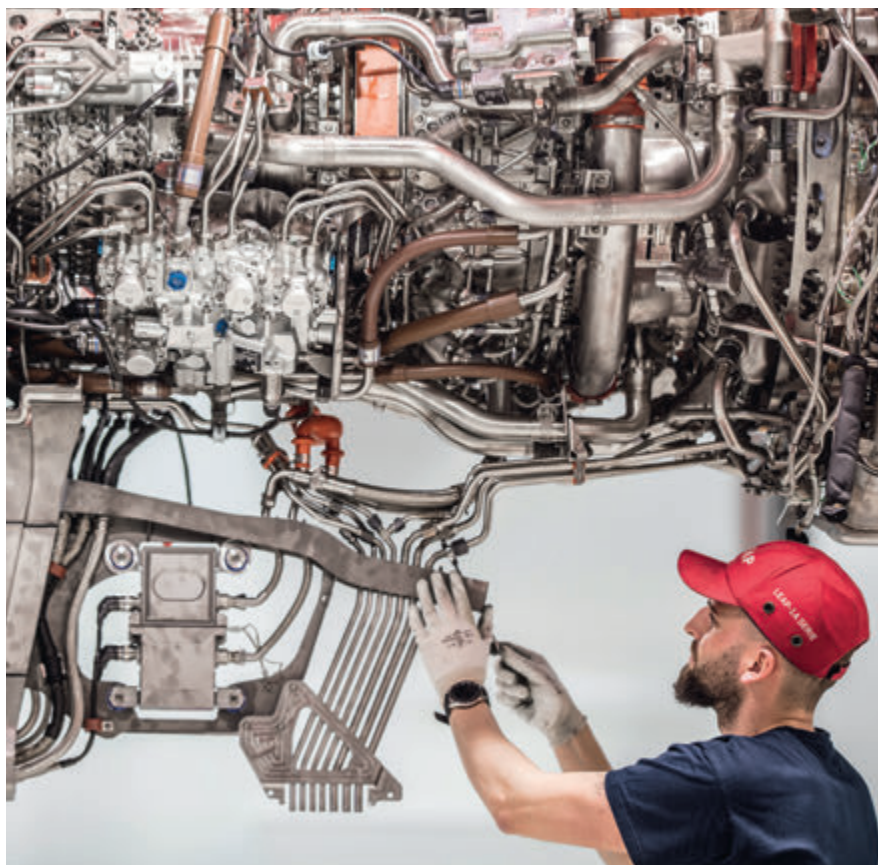
Safran Corporate Ventures, the Safran investment subsidiary formed in March 2015, contributes to the Group's innovation strategy by financing companies at average first-round amounts of €1 million to €5 million, within an overall portfolio target of €80 million. Its fields of interest include decarbonization, industry 4.0 and new materials. Since its creation in 2015, Safran Corporate Ventures has invested in 14 tech companies, 11 of which are still in its portfolio. Safran Corporate Ventures invested in Ineratec in early 2022 and SkyFive in 2021 and has also contributed to establishing a dozen partnerships and demonstrators between Group companies and innovative startups.



## MAJOR ASSET

## Strengthen operational excellence by leveraging digital technology

Safran aims to become its customers' preferred supplier by offering world-class products and services.



### VOICE OF THE CUSTOMER, A SAFRAN PRIORITY

Customer confidence and satisfaction is dependant on the Group meeting its commitments to quality-cost-delivery and the safety of its products and services.

Performance quality for services is founded on constantly listening to and anticipating customer needs. Maintenance centers have been located to ensure maximum proximity to customers, and the Group has also developed remote maintenance solutions for immediate and appropriate troubleshooting and action. To ensure its competitiveness in the aviation maintenance market, Safran must develop commercial offerings that are tailored to customer expectations. Safran Landing Systems, for example, has launched Landing Life™, which brings together support and services for landing gear and wheels and brakes, and Safran Electrical & Power is expanding its range of electrical equipment services with ePower Life™, a brand covering all services in wiring, generators, distribution equipment and electric engines.

### A STREAMLINED INDUSTRIAL FOOTPRINT

To lower its breakeven point, Safran has streamlined its industrial footprint by transferring activities to cost-competitive countries:

- in 2020, closure of sites in Seats (Camberley in the United Kingdom and Santa Maria in the United States), Cabin (Sterling in the United States) and Electrical & Power (Eatontown in the United States);
- in 2021, closure of sites in Cabin (Bellingham and Ontario in the United States) and Electrical & Power (Santa Rosa in the United States).

This has enabled Safran to pool resources, skills and know-how in each product family and thereby improve performance.



## DIGITAL TRANSFORMATION AS A PERFORMANCE DRIVER

Continuous improvement and ongoing innovation, both deeply embedded in Safran's history, have been driven for many years now by digital technology, such as aerosimulation, production automation and flight data analysis. In early 2021, Safran launched an intensified, large-scale digital transformation initiative, using all the drivers provided by the latest digital technologies. A Digital Department has been created at the level of the Group Executive Committee, supported by teams in each company comprising nearly 250 key skills that are tasked with onboarding energies across the Group. An extensive digital action plan is being rolled out in four major areas: **Engineering 4.0**, **Manufacturing 4.0**, **Services 4.0** and **Employee Experience 4.0**, plus a cross-functional **Data 4.0** initiative.

**Engineering 4.0** helps us significantly shorten our development time-to-market, and connect the complete design, industrialization, production and support chain throughout the product life cycle. It relies on the use of digital continuity tools, advanced simulation management and new collaborative and agile model-based engineering methods. It also addresses demand from customers, partners and suppliers for the co-design and supply chain optimization approaches needed to develop increasingly complex and integrated systems.

**Manufacturing 4.0** deploys 3D digital continuity, in engineering and the supply chain in particular, implementing technology levers such as augmented reality to

facilitate assembly, cobotics, image processing based on artificial intelligence for non-destructive testing and the processing of data from production line sensors. New applications at the workshop level will bring significant improvements in management and operational performance – in terms of cycles, costs and product quality – in a continuation of the Factory of the Future program.

**Services 4.0** covers techniques for diagnosing and forecasting the condition of aircraft equipment and systems, bringing high value for Safran product customers, as regards both operational considerations (by increasing aircraft availability and optimizing maintenance) and fleet management support. Latest-generation portals are deployed to offer premium digital services including health monitoring and remote assistance: Engine Life® portal, Landing Life® portal, etc.

**Data 4.0** helps us manage and process a growing mass of data collected throughout the life of our products, such as simulation and test data, manufacturing data and data from products in service. Safran's expertise is compelling, thanks largely to Safran Analytics, which brings together state-of-the-art resources and a team of leading data scientists, but also to the new data governance organization. The objective is a heightened capacity to factor in the actual behavior of our products in operation into new developments and to optimize the availability, maintenance and life of our products for our customers.



## ONE SAFRAN: A MANAGEMENT SYSTEM FOR OPTIMIZING ALL PROCESSES

Safran is pushing ahead with its One Safran initiative, launched more than six years ago to develop Group-wide take-up of a common corporate management system, company processes and performance indicators, and to deploy operational excellence standards in order to ensure product quality and reliability. One Safran is developing existing best practices throughout the Group, with a view to widespread take-up under a continuous improvement process involving several cross-functional initiatives:

- participative innovation initiatives enabling employees in all sectors to put forward ideas for improving their companies' performance. More than 141,000 employee ideas were taken up across all the Group's business sectors in 2021;
- Lean Sigma, with Green Belts, Black Belts and Master Black Belts driving the Group's transformation through a structured and standardized approach to managing transformation projects;
- QRQC<sup>(1)</sup>, initially developed across industrial and technical operations in all Group companies, and now also being phased in across support functions.

(1) Quick Response Quality Control is a management method based on everyday performance monitoring and rapid, robust problem-solving at appropriate management levels.

## Focus on one of the key assets of Safran's business model: CFM56/LEAP engines

CFM International (a 50-50 joint venture between Safran and GE) has a market share of around 70% in the short- and medium-haul segment, thanks to 40 years of commercial success.



### LONG-TERM PROSPECTS

The propulsion business generates significant service activities, mainly comprising the sale of spare parts and maintenance, repair and overhaul (MRO) services.

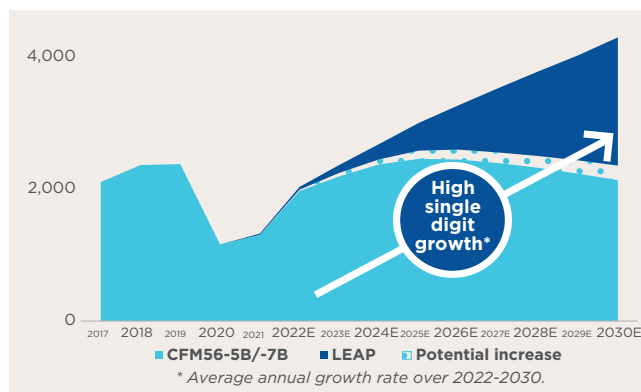
- Given the size of the engine fleet in service, Safran has substantial growth potential.
- The Group has been developing long-term service contracts for a number of years, in response to customer demand, which now apply to the LEAP engine. As a result, the business model for civil engine services will gradually shift from a model based on the sale of spare parts for the CFM56 fleet in service to a model based on service contracts per flight hour for the LEAP.

**Long-term service contracts are expected to account for 60% to 70% by 2030 for LEAP,** before slowly decreasing over time.

**approx.  
15%<sup>(1)</sup>**

growth in civil  
aftermarket revenue  
between 2021 and 2025

Number of shop visits worldwide



**SECOND-GENERATION CFM56 (-5B/-7B): PEAK OF APPROX. 2,500 SHOP VISITS IN 2025-2026**

**Aftermarket services for the LEAP engine will gradually take over from those for the CFM56 engine from 2025.**

(1) Average annual growth rate. Civil aftermarket (expressed in USD) is a non-audited performance indicator comprising spare parts and maintenance, repair and overhaul (MRO) revenue for all civil aircraft engines from Safran Aircraft Engines and its subsidiaries only.

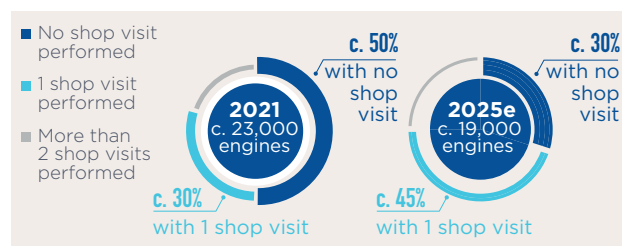
## A LARGE CFM56 FLEET IN SERVICE

With an in-operation base<sup>(1)</sup> of more than 31,800 engines at the end of 2021 (including approximately 23,000 CFM56-5B/-7B), the CFM56 engine is the biggest commercial success in the history of civil aviation. It will continue to generate service activities for Safran over the next 20 years. The fleet of second-generation CFM56 engines (-5B/-7B) is young and boasts proven in-service reliability, which means retirement and part-out risks remain relatively low.

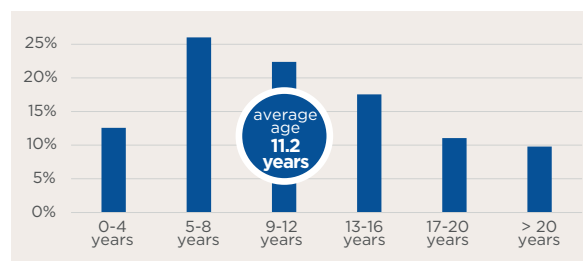
A net positive change in revenue per CFM56-5B/-7B shop visit is expected over the next few years, because of:

- a higher proportion of shop visits 1 and 2 than anticipated before the Covid-19 crisis;
- an average workscope maintained over the next five years;
- an annual increase in the list price of spare parts;
- a very slight increase in the availability of used parts.

### CFM56 (-5B/-7B) fleet by number of shop visits performed



### CFM56-5B/-7B fleet by age



## LEAP, FOLLOWING THROUGH ON THE CFM56 SUCCESS STORY

The successor to the CFM56 is the hugely innovative LEAP engine, which consumes 15% less fuel than its predecessor, the CFM56. The LEAP is a commercial success, with an order backlog<sup>(2)</sup> exceeding 9,700 units at the end of 2021. It has been selected for three aircraft:

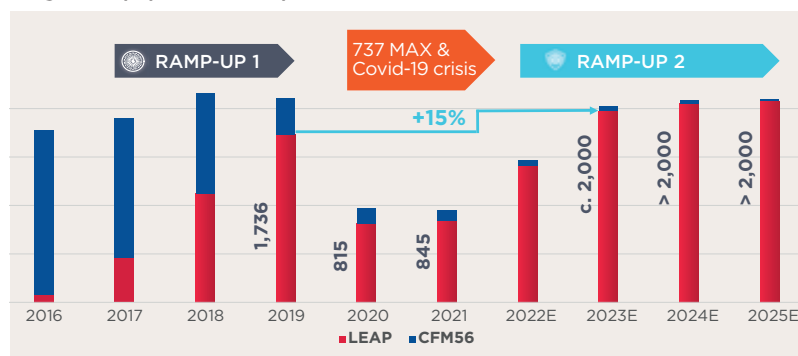
- LEAP-1A for the Airbus A320neo, which came into service in August 2016 (59% market share<sup>(3)</sup>);
- LEAP-1B for the Boeing 737 MAX, which came into service in May 2017<sup>(4)</sup> (100% market share);
- LEAP-1C for the Comac C919 (exclusive Western source).

Safran is ready for the second LEAP production ramp-up and expects production to double between 2021 and 2023, with around 2,000 LEAP engines estimated for 2023.

- A supply chain risk management system has been deployed, with a particular focus on raw materials procurement and forging and casting activities.
- The cost of sales for LEAP will continue to decrease, reaching gross margin breakeven by 2025 at the latest.



### Original equipment (OE) production



(1) In-operation base is equal to engines delivered (including engines in storage) less engines dismantled or scrapped.

(2) On the basis of pending orders and cancellations.

(3) Firm orders at December 31, 2021.

(4) Boeing 737 MAX grounded from March 2019, with return to service authorized by the US certification agency in November 2020 and by its Canadian and European counterparts in January 2021.

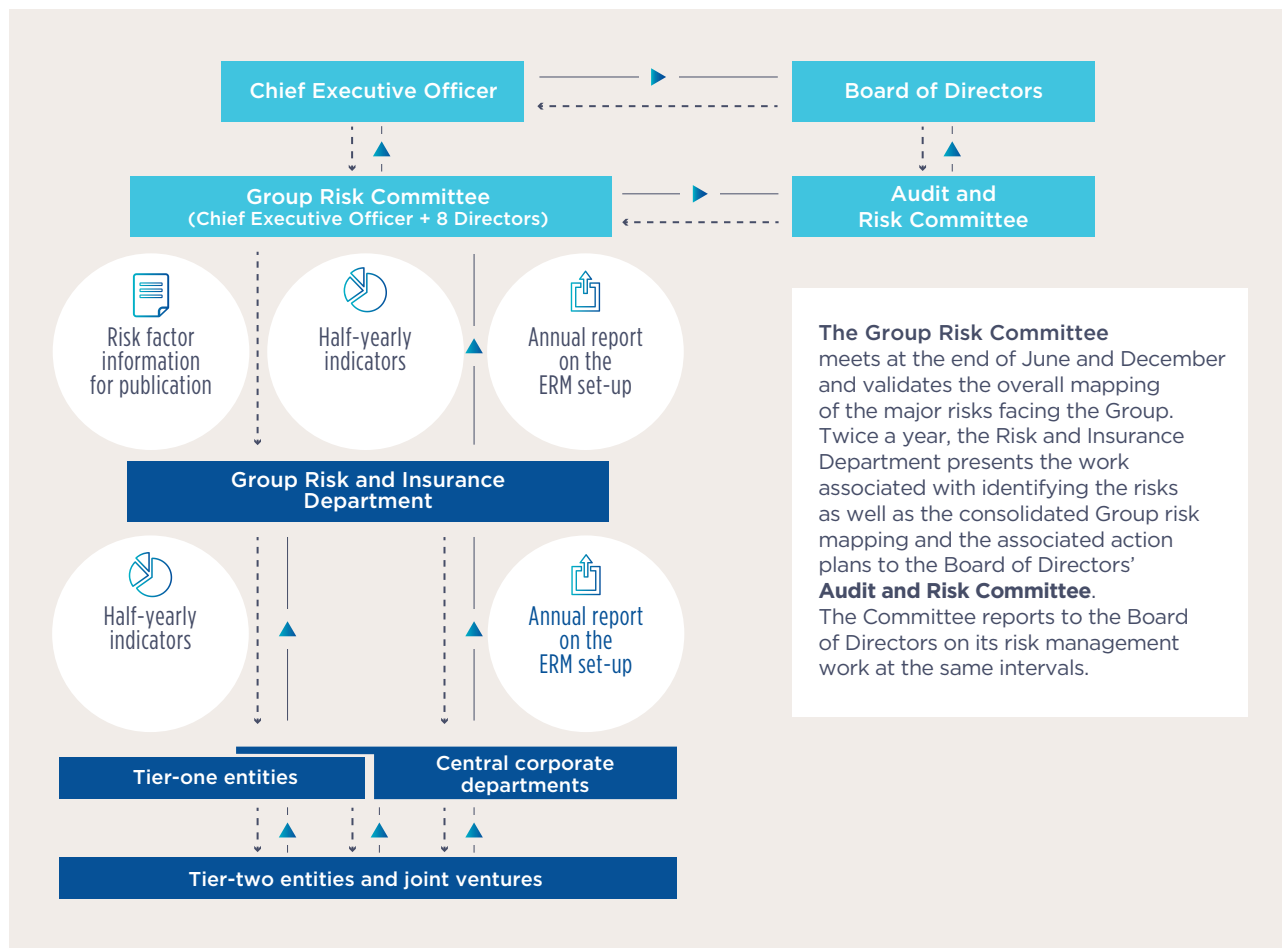
# Safran's Enterprise Risk Management and its monitoring

Safran operates a robust Enterprise Risk Management (ERM) set-up.

Safran's ERM is rooted in a risk management culture that applies across all company processes. This culture is firmly embedded throughout the Group and widely shared by all teams, in all entities and at all levels of the organization. The ERM thus provides valuable insights for strategy development. ERM has become one of the Group's key performance drivers. Full details on the system can be found in chapter 4 of the Universal Registration Document. Identification, appraisal, processing and control of major risks is regularly updated by the risk committees of tier-one entities, the central corporate departments, and ultimately the Group Risk Committee.

**The Risk and Insurance Department** reports to the Chief Financial Officer. It comprises the Risk and Insurance Department director and Corporate Risk Managers, and it is responsible for implementing the Group's ERM set-up. It develops methodological techniques and processes to ensure consistent handling of risks by tier-one entities and central corporate departments. Each **tier-one company** has a **Risk Manager** who consolidates the risk map and liaises constantly with the Risk and Insurance Department. Risk Managers are tasked with implementing the risk management process for their entire operational scope, i.e., in their respective tier-one entities including their subsidiaries and investments.

Each of Safran's **central corporate departments** also prepares a map of the main risks in its scope. All these risk maps are then consolidated by the Group's Risk and Insurance Department into a **global map of major risks together with their associated mitigation plans**, thereby ensuring the overall consistency of risk assessments and the associated action plans together with the level of control exercised over the risks.





# Main risks

The risks identified by Safran as material are grouped into a limited number of categories and ranked by their degree of criticality (in terms of probability of occurrence and potential impact).

## RISKS RELATING TO THE ENVIRONMENT IN WHICH THE GROUP OPERATES

- Geopolitical risks
- Health risks related to the Covid-19 pandemic
- Competitive risks and cycle effects
- Financial market risks
- Raw materials, energy and component risks
- Environmental (excluding products), social and governance risks
- Legal and regulatory risks
- Risks of negative media coverage

## RISKS RELATING TO GROUP OPERATIONS

- Aviation safety risks
- Risks relating to Group products and services
- Program profitability risks
- Risk of dependence on government procurement contracts
- Partner risks
- Supplier and subcontracting risks
- Personal safety, property and occupational health and safety risks

## RISKS RELATING TO THE GROUP'S STRATEGIC DEVELOPMENT

- Risks relating to technological developments and the decarbonization of aeronautics
- Risks relating to digitalization
- Human resources risks
- Acquisition and restructuring risks



## FOCUS ON RISKS RELATING TO TECHNOLOGICAL DEVELOPMENTS AND THE DECARBONIZATION OF AERONAUTICS

Safran designs, develops and manufactures products and services renowned for their advanced technological innovations.

The Group is thereby exposed to the risk of competitors developing products that offer a better technical performance, are more competitive or are marketed earlier than those it develops.

In particular, Safran has to contend with the risk inherent in its choice of certain emerging cutting-edge technologies to develop a low-carbon aviation sector. If these choices subsequently prove to be unsuitable, this could affect Safran's activities or financial position.



# A Board of Directors incorporating best governance standards into its activities

Safran refers to the Corporate Governance Code of Listed Corporations drawn up jointly by the French business associations, AFEP and MEDEF. Safran's Board of Directors determines its strategy and oversees its implementation.

## Segregation of duties between the Chairman of the Board and the Chief Executive Officer

Since 2015, the Board has chosen to separate the roles of Chairman of the Board and Chief Executive Officer.

The complementary profiles, expertise and careers of the Chairman of the Board of Directors, Ross McInnes, and the Chief Executive Officer, Olivier Andriès, constitute a major factor in ensuring smooth governance, based on transparency between Executive Management and the Board, and a balanced, measured split between the roles of Chairman and Chief Executive Officer.

## Lead Independent Director

In 2018, the Board decided to appoint Monique Cohen as Lead Independent Director and define her duties. Although the position of Lead Independent Director is not indispensable because the Company has separated the roles of Chairman of the Board and Chief Executive Officer, the Board felt that having such a Director would be good practice.

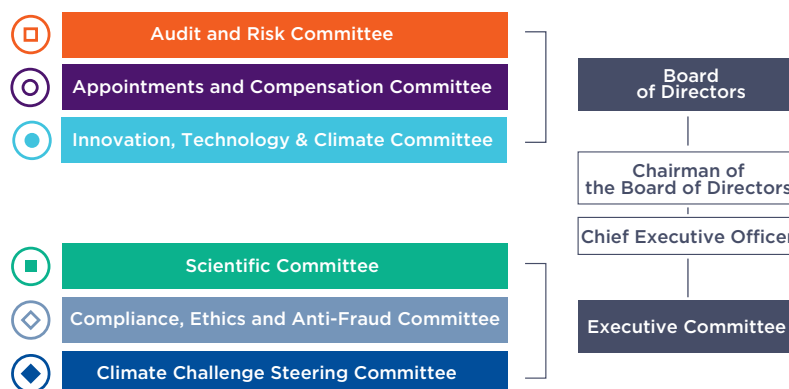
## Director responsible for monitoring climate issues

Fully aware of the strategic importance of climate issues for the aerospace industry, in early 2021 the Board of Directors appointed Patrick Pélat as Director responsible for monitoring climate issues, and defined his roles and responsibilities. Patrick Pélat also chairs the Innovation, Technology & Climate Committee whose roles and responsibilities in relation to climate issues have been formally defined.

## Independent Directors

The aim of having independent Directors on the Board is to provide all shareholders with the assurance that the collegiate body of the Board comprises members who have total independence to analyze, judge, take decisions and act, always in the

Company's interests. Highly engaged and involved in the Board's work, their freedom of judgment and expression contributes to the quality of the Board's discussions and decisions. Their professional and personal experience provides an external view that is beneficial for the Group.



## FORMAL ASSESSMENT OF THE BOARD'S OPERATING PROCEDURES

In late 2021, with the assistance of a specialist international firm, the Board carried out a new formal assessment of its operating procedures.

**Feedback from institutional shareholders** - The major institutional shareholders contacted expressed a positive view of Safran and its governance. They said they are happy with the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer. They consider Safran to be well run and its risks to be properly managed, with the Group having deployed an effective response to the Covid-19 crisis. Some respondents see Safran as a leader in CSR/climate issues, both in terms of how these issues are taken into account and addressed. The membership structure of the Board meets their expectations, although a higher proportion of independent Directors is an area for improvement.

### Feedback from Directors

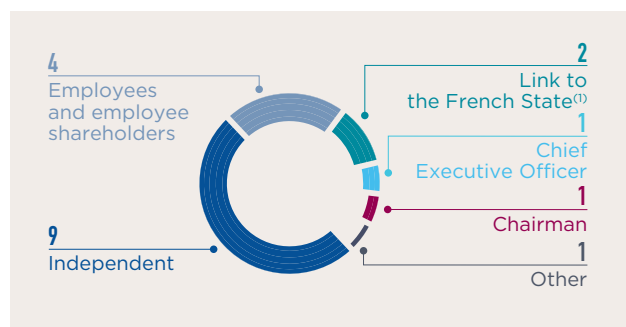
Interviews were conducted with each Director, on four main subjects: "Core purpose, business strategy and risk management", "Directors and membership structure", "Leadership of the Board of Directors" and "Structure and process". Suggested areas for improvement include greater attention to managing the skills available within the Board (succession plans, renewal or succession of corporate officers, size of the Board, proportion of independent Directors, etc.) and continued monitoring of certain specific strategic areas (CSR, digital transformation, HR systems).

An appraisal of each Director's actual contribution to the Board's work was also carried out, and the individual results were given by the Chairman or the Lead Independent Director.

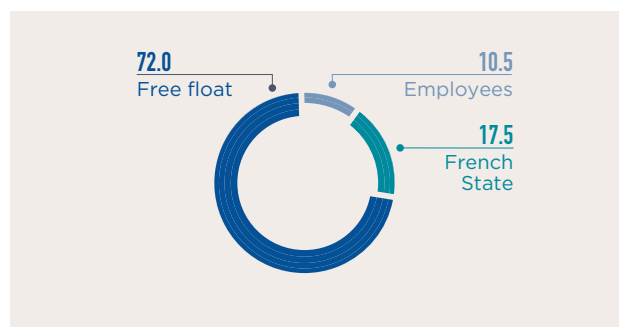
# An experienced Board of Directors taking up the Group's strategic challenges

A Board membership structure that is consistent with Safran share ownership.

The Board of Directors at December 31, 2021  
(number of Directors)



Shareholder voting rights at December 31, 2021  
(as a %)



## A DIVERSE RANGE OF PROFILES, EXPERTISE AND SKILLS WITHIN THE BOARD

The Board of Directors has a wide range of experience, making it well equipped to deal with strategy and performance challenges. It regularly considers the desired balance and diversity of its membership structure and that of its Committees. Its diversity policy is structured around principles and objectives related to the size of the Board, the representation of the Company's various stakeholders, the proportion of independent Directors, the depth and fit of the Directors' skills and expertise, international experience, and gender balance. Together with the Appointments and Compensation Committee, the Board regularly reviews the list of criteria (behavioral skills, experience, expertise and other criteria) considered useful and necessary for determining the profiles sought in the selection of Directors and enabling the implementation of its diversity policy.

Experience and specific positions exercised by Directors in different sectors and activities	Number of Directors
Aerospace industry	12
Other industries	14
Innovation, R&T, development and engineering	13
International career and experience	12
Strategy, competition and M&A	14
Finance and management control	10
Digital – New technologies	7
Governance and compensation	11
Human Resources – CSR	13

## COMMITTEES ADDRESSING THE GROUP'S STRATEGIC CHALLENGES (2021 KEY FIGURES)

### Audit and Risk Committee

5 meetings  
6 members  
**97%** attendance  
**80%** (4 out of 5) independent<sup>(2)</sup>

### Appointments and Compensation Committee

4 meetings  
8 members  
**100%** attendance  
**71.43%** (5 out of 7) independent<sup>(2)</sup>

### Innovation, Technology & Climate Committee

2 meetings  
6 members  
**100%** attendance  
**80%** (4 out of 5) independent<sup>(2)</sup>

(1) One representative of the French State appointed by way of a ministerial decree and one Director put forward by the French State and appointed by the Annual General Meeting.  
(2) Excluding Directors representing employee shareholders and Directors representing employees, in accordance with the AFEP-MEDEF Code.

# Membership structure of the Board of Directors and the Board Committees

(AT MARCH 25, 2022)



**ROSS  
McINNES**

Chairman of the Board of Directors



**MONIQUE  
COHEN**

Lead Independent Director  
Chair of the Appointments and Compensation Committee

I ACC



**OLIVIER  
ANDRIÈS**

Chief Executive Officer



**ANNE  
AUBERT**

Director representing employee shareholders



**MARC  
AUBRY**

Director representing employee shareholders

ARC



**HÉLÈNE  
AURIOL POTIER**

Independent Director

I ACC ITCC



**PATRICIA  
BELLINGER**

Independent Director

I ACC



**STEPHANIE  
BESNIER**

Director representing the French State

ACC ARC



**HERVÉ  
CHAILLOU**

Director representing employees

ITCC



**JEAN-LOU  
CHAMEAU**

Independent Director

I ACC ITCC



**DIDIER  
DOMANGE**

Director

ACC



**LAURENT  
GUILLOT**

Chairman of the Audit and Risk Committee  
Independent Director

I ARC ITCC



**VINCENT  
IMBERT**

Director appointed at the recommendation of the French State

ITCC



**FABIENNE  
LECORVAISIER**

Independent Director

I ARC



**DANIEL  
MAZALTARIM**

Director representing employees

ACC



**PATRICK  
PÉLATA**

Chairman of the Innovation, Technology & Climate Committee

Director responsible for monitoring climate issues

I ACC ITCC



**ROBERT  
PEUGEOT**

Representing F&P  
Independent Director

I ARC



**SOPHIE  
ZURQUIYAH**

Independent Director

I ARC

I

Independent

ARC

Audit and Risk Committee

ACC

Appointments and Compensation Committee

ITCC

Innovation, Technology & Climate Committee

**Perspectives**  
**Annual General Meeting**  
**of May 25, 2022**

**Proposal to re-appoint  
two independent Directors**

Based on some of the findings of the assessment of the Board of Directors concerning its size and the proportion of independent members, at the 2022 Annual General Meeting the Board will propose the re-appointment of the independent Directors

**Monique Cohen and F&P,  
represented by Robert Peugeot:**

• **Monique Cohen** is also Lead Independent Director and Chair of the Appointments and Compensation Committee. She brings to the Board her experience as an executive and Director of international groups, as well as in-depth knowledge of the financial and banking markets, expertise in private equity and a financial view of shareholding structures. Thanks to her experience as a Director of Safran since 2013, she knows the Group well and has an in-depth understanding of its businesses and its goals and challenges. Monique Cohen has already stated that, in the event of her re-appointment on May 28, 2025 (the date on which she would no longer meet one of the independence criteria – 12 years in office), she will resign as Lead Director and Chair of the Appointments and Compensation Committee to the Board.

• **Robert Peugeot** is the permanent representative on Safran's Board of Directors of **F&P** (a joint venture between Peugeot Invest Assets and Fonds Stratégique de Participations). Robert Peugeot brings to the Board his experience as an executive and Director of international groups, as well as his experience in private equity and finance. He makes a significant contribution to the

work of the Board and the Audit and Risk Committee, of which he is a member, and he is one of the Board's independent Directors. The number of directorships that Robert Peugeot holds in listed companies complies with the requirements of the AFEP-MEDEF Corporate Governance Code. In addition, these directorships are related to the holdings of Peugeot Invest, of which he is non-executive Chairman. As a professional investor, his line of work and expertise consist of carefully monitoring companies by participating in their governance.

The Board of Directors has decided not to put forward Didier Domange for re-appointment, nor to replace him. The Board would like to thank him for his contribution to its work since 2018, particularly the key role he played in the successful integration of Zodiac Aerospace into the Group.

If the shareholders at the Annual General Meeting follow the Board's recommendations, the number of Directors will be reduced from 18 to 17, resulting in:

- an increase in the proportion of independent Directors, from 64.28% to 69.23%;
- an increase in the proportion of women on the Board, from 42.86% to 46.15%.

**BOARD OF DIRECTORS**  
**(2021 key figures)**

**9**  
meetings

**98%**  
attendance

**18**  
directors

**64.3%**  
(9 out of 14)  
independent  
Directors<sup>(1)</sup>

**CLIMATE ISSUES  
TAKEN INTO ACCOUNT  
UNDER APPROPRIATE  
GOVERNANCE**

In view of the challenges that climate change raises for Safran, the Group tightens its governance on the issue in 2021, with the Innovation, Technology & Climate Committee now responsible for overseeing the climate change strategy and action plan. The Chairman of the Committee has been appointed as Director responsible for monitoring climate issues. Safran's climate strategy and action plan are presented at the Annual General Meeting.

Operationally, a dedicated Climate Department was formed in early 2021 to steer the Group's climate strategy. Roadmaps are defined by a Climate Challenge Steering Committee, chaired by the Chief Executive Officer. Progress on the action plan is reviewed quarterly by the Group Executive Committee.

(1) In accordance with the AFEP-MEDEF Code, Directors representing employee shareholders and Directors representing employees are not taken into account when calculating the percentage of independent Directors.

# An Executive Committee implementing the Group's strategy and managing its operations

The Executive Committee is in charge of conducting Safran's business in line with the strategy defined by the Board of Directors.

- The Executive Committee ensures that Safran's strategy is implemented consistently across all Group entities.

It also monitors its operational performance and facilitates interaction with the various Group companies.

- The Executive Committee comprises the Chief Executive Officer, the heads of cross-business functions, and the heads of the Group's main operating companies. This membership structure provides for balanced representation of the Group's businesses and cross-business support functions.

- Under the authority of the Chief Executive Officer, the Executive Committee meets as often as is necessary and at least once a month. It has 18 members.

- To maximize the Group's strengths, which are integral to its success, the Executive Committee is supported by a number of committees, including the Compliance, Ethics and Anti-Fraud Committee, the Scientific Committee and the Climate Challenge Steering Committee.



## Compliance, Ethics and Anti-Fraud Committee

The Compliance, Ethics and Anti-Fraud Committee is tasked with supervising employee respect for the general framework governing compliance with the rules laid out in the Ethical Guidelines and any changes in the system. It is chaired by the Group's Corporate Secretary, but all of the Group's departments are responsible for ensuring that their teams respect the compliance criteria. Its other permanent members are the Chief Financial Officer, the EVP International and Public Affairs, the EVP Corporate Human and Social Responsibility, the Chief Legal Advisor, the Group Ethics and Compliance Officer, the Group Chief Security Officer, the Head of Audit and Internal Control and the Head of Group Internal Control.

## Scientific Committee

Led by the Group Director of R&T and Innovation, the Scientific Committee is tasked with helping Safran to deploy a world-class scientific research policy. It assesses, in particular, the excellence of scientific partnerships and the

relevance of the long-term R&T plan. The Committee also contributes to Safran's technological differentiation by identifying new areas of research.

The Committee comprises eight top-level academics and holds three plenary meetings a year. Recent work includes approximately 15 theme-based reviews in three major areas (software and systems engineering, materials and structures, and sensors and signal processing). These reviews ensure the Group is advancing in the right direction.

## Climate Challenge Steering Committee

This Committee, chaired by the Chief Executive Officer, brings together several members of the Executive Committee as well as all the Group departments involved in climate action (Research & Technology, Strategy, Public Affairs, Finance, Operations, Corporate Social Responsibility and Communications) to define Safran's focuses and, in particular, to endorse objectives and roadmaps for each type of CO<sub>2</sub> emissions.





**PASCAL BANTEGNIE**  
Chief Financial  
Officer

**ÉRIC DALBIÈS**  
Executive VP  
R&T and Innovation



**STÉPHANE DUBOIS**  
Executive VP  
Corporate Human and  
Social Responsibility

**MARJOLAINE  
GRANGE\***  
Executive VP  
Production, Purchasing  
and Performance



**OLIVIER  
ANDRIÈS**  
Chief Executive  
Officer of Safran  
and Director



**KATE PHILIPPS**  
Executive VP  
Communications



## EXECUTIVE COMMITTEE MEMBERS

18

MEMBERS

- △ Cross-business functions
- △ Company CEOs

**FRÉDÉRIC VERGER**  
Executive VP  
Chief Digital and Chief  
Information Officer



**KARINE STAMENS**  
Corporate Secretary  
and Chair  
of the Ethics  
and Compliance  
Committee



**ALEXANDRE ZIEGLER**  
Executive VP  
International  
and Public Affairs



**JEAN-PAUL ALARY**  
CEO Safran Aircraft  
Engines



**STÉPHANE CUEILLE**  
CEO Safran Electrical  
& Power

**CÉDRIC GOUBET**  
CEO Safran Landing  
Systems



**VINCENT CARO**  
CEO Safran Nacelles



**VINCENT MASCRÉ**  
CEO Safran Seats



**FRANCK SAUDO**  
CEO Safran  
Helicopter Engines



**MARTIN SION**  
CEO Safran Electronics  
& Defense

**JORGE ORTEGA**  
CEO Safran Cabin



**SÉBASTIEN WEBER**  
CEO Safran  
Aerosystems

\* As from May 1, 2022.

# A compensation policy supporting short- and long-term value creation

## CORPORATE OFFICER COMPENSATION POLICY

In the interests of Safran and its stakeholders, the compensation policy must be competitive in order to attract, motivate and retain the best profiles and talent (which may come from within or outside the Group) for key positions.

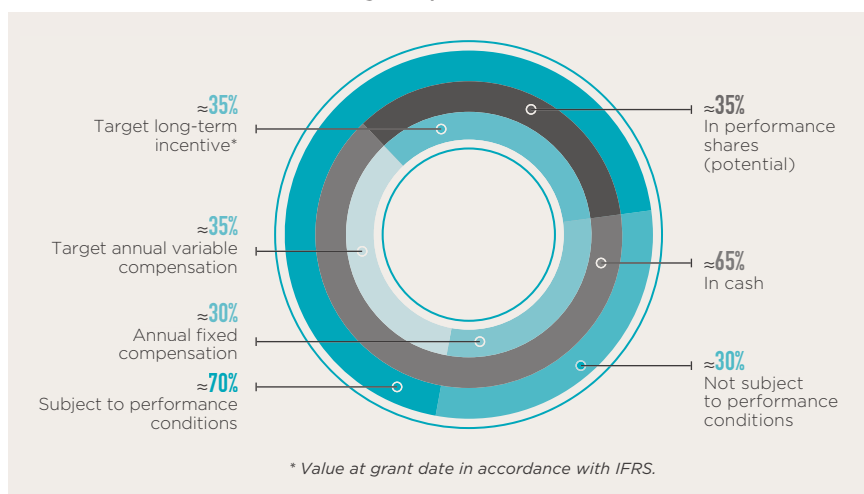
### Chairman of the Board of Directors' compensation policy and structure

In line with his position as a non-executive Director and the specific duties conferred on him, the Chairman receives fixed compensation. He does not receive any variable compensation or compensation under a long-term incentive plan. He does not receive any compensation in his capacity as a Director (formerly "attendance fees"). The Chairman is covered by the supplementary pension schemes and personal risk insurance plan implemented by the Group.

### Chief Executive Officer's compensation policy and structure

The structure of the Chief Executive Officer's compensation package comprises fixed compensation, annual variable compensation, and performance shares awarded under a long-term incentive (LTI) plan. The Chief Executive Officer is covered by the supplementary pension schemes and personal risk insurance plan implemented by the Group. The underlying aim is to closely align the Chief Executive Officer's interests with those of the Group and its shareholders, by achieving a balance between short- and long-term performance, as assessed by the Board. Compensation subject to performance conditions accounts for the largest percentage of the overall compensation package.

### Chief Executive Officer's recurring compensation structure



### PAY RATIO

In France, pay ratios between the level of compensation of Safran's corporate officers (Chairman and Chief Executive Officer) and the average compensation of Safran's employees in 2021 were 8.2 and 37.8 respectively.

## CHIEF EXECUTIVE OFFICER'S 2022 COMPENSATION POLICY - CHANGE IN TARGET ANNUAL VARIABLE COMPENSATION

The compensation policy proposed by the Board of Directors provides that, as from 2022, the Chief Executive Officer's "target" variable compensation - i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives - will correspond to 120% of his annual fixed compensation (the "Target"), as opposed to 100% previously. Unchanged from the previous compensation, if the Chief Executive Officer outperforms his objectives, his "maximum" variable compensation - i.e., the amount payable if the achievement rate is 130% for all of the financial and individual performance objectives - will represent a maximum of 150% of his annual fixed compensation (the "Cap"). The change more closely aligns the variable portion of the Chief Executive Officer's compensation with the policies and practices observed in studies of panels of comparable French manufacturing companies, without changing the maximum amount of variable compensation provided for in the compensation policy. In addition, the compensation policy was not changed when the current Chief Executive Officer was appointed.

## AN EQUIVALENT VARIABLE COMPENSATION POLICY IS ADAPTED FOR CERTAIN GROUP EXECUTIVES AND SENIOR MANAGERS

### Annual variable compensation

The Chief Executive Officer's annual variable compensation is contingent on achieving economic (ROI, FCF and WC)<sup>(1)</sup> and individual, financial and non-financial, quantitative and qualitative performance objectives, consistent with the Group's overall business.

Specific targets on CSR/climate issues for 2022 are as follows:

- **safety:** frequency rate of occupational accidents and of lost-time accidents maintained at the same level, amid the ramp-up in business;
- **diversity & gender equality:** objectives linked to increasing the number of women among senior managers and within the Group Executive Committee and companies' management committees and launch of an inclusion/diversity barometer and related action plan;
- **HR:** initiatives to develop Safran talent and executives over the long term;
- **climate-low carbon plan:**
  - extending the "Scopes 1 & 2" action plan to include the newly-announced long-term objective of reducing emissions by 50% by 2030 (compared to 2018);
  - rolling out the energy management system;
  - launching a Scope 3 plan for "Purchases", targeting Safran's main suppliers;
  - setting an objective for reducing Scope 3 emissions from "Product Use";
  - making progress towards SBTi certification.

### Long-term incentive plan - Performance shares

This mechanism is particularly well adapted to the Chief Executive Officer position given the level of direct contribution expected from him to the Group's long-term performance.

This system helps promote the alignment of management's interests with those of the Company and shareholders.

As from 2022, performance share grants are:

- made across the Group's senior managers, high potential employees and key contributors;
- conditional on the achievement of demanding internal (financial and economic performance, plus now non-financial performance) and external (TSR) performance conditions, measured over three years.

By way of illustration, the non-financial performance conditions for 2022 will cover objectives on:

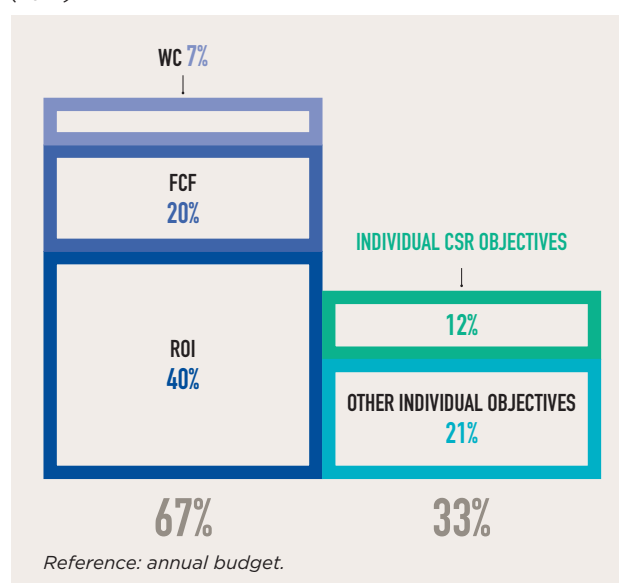
- environmental and climate issues: reduction of CO<sub>2</sub> emissions;
- gender equality: percentage of women senior managers within the Group;
- safety: reduction in lost-time accident frequency.

### CLIMATE ISSUES INCLUDED IN COMPENSATION POLICIES

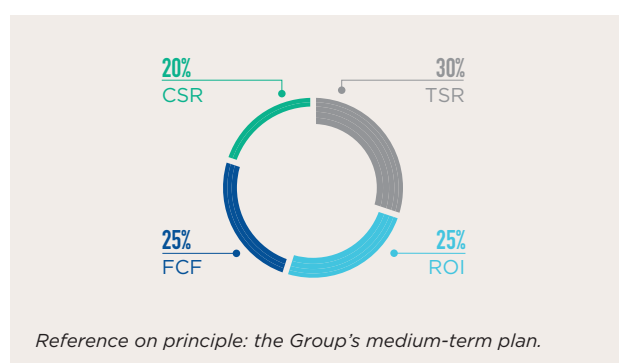
Take-up of climate matters at executive level is also fostered by including climate objectives in compensation policies.

- Annual variable compensation for the Chief Executive Officer and members of the Executive Committee includes and is partly conditional upon the achievement of objectives on the implementation of the climate strategy. From 2022, LTI performance share plans for all beneficiaries will also include a non-financial performance condition on the implementation of the climate strategy.

Objectives in the Chief Executive Officer's variable compensation<sup>(1)</sup> (2022)



Chief Executive Officer's LTI performance criteria<sup>(1)</sup>



(1) TSR: Total Shareholder Return corresponds to dividends plus the change in the share price. ROI: recurring operating income. FCF: free cash flow. WC: working capital. CSR: non-financial criteria - corporate social responsibility.

# Key performance indicators

## KEY NON-FINANCIAL PERFORMANCE INDICATORS PRESENTED BASED ON THE FOUR PILLARS OF THE CSR STRATEGY

Decarbonize aeronautics	2020	2021	Objective
Scope 3 (product use): R&T investment focused on environmental efficiency Choose technologies (engines and equipment) contributing to ultra-efficient aircraft for 2035, targeting carbon neutrality for 2050, with 100% sustainable fuels	75%	75%	75% in 2025
Scope 3 emissions (product use) (in g CO <sub>2</sub> /passenger kilometer)	9.1	7.1	-42.5% by 2035 (vs. 2018*), i.e., an average of 2.5% per year
Scope 1 and 2 emissions, market-based method (t CO <sub>2</sub> eq.) <i>Change in Scope 1 and 2 emissions compared with 2018</i>	398,694 -29.1%	397,568 -29.3%	-30% by 2025 (vs. 2018) -50% by 2030 (vs. 2018)
Facilities achieving the five zero targets roadmap**	-	100%***	100% in 2025

\* Scope 3 emissions (product use): 7.8 g CO<sub>2</sub>/passenger kilometer in 2018.

\*\* Zero non-recycled paper in 2021, zero machines or equipment running unnecessarily in 2022, zero single-use plastic cups or dishes in 2023, zero foodservice offers without local and seasonal products in 2024, and zero non-eco-friendly green spaces in 2025.

\*\*\* At December 31, 2021, supply contracts for white and/or colored paper in France and Belgium include recycled paper only.

Be an exemplary employer	2020	2021	2025 objective
Number of training hours per employee per year (excluding employees on long-term absence)	13	21	26
Frequency of lost-time work-related accidents (number of accidents per million hours worked)	2.0	2.1	2
Proportion of employees worldwide benefiting from a minimum level of health cover (medical, optical and dental)	-	79%	100%
% of women among senior managers*	13%	15.1%	22%

\* Members of the Executive Committee and employees are classified into four categories ("bands") based on their level of responsibility. Responsibilities increase from category 4 to category 1. This classification is linked to the Willis Towers Watson Global Grading System (GGS) method.

Embody responsible industry	2020	2021	2025 objective
Proportion of senior managers and exposed and affected people trained in anti-corruption*	66%	89%	100%
Proportion of senior managers and exposed or affected people trained in export control	-	**	100%
Proportion of purchases made from suppliers that have signed Safran's responsible purchasing guidelines or that have equivalent guidelines of their own	40%	32.4%***	80%
Proportion of facilities classified as "Gold" based on Safran's HSE standards	60%	33%****	100%
Waste recovery ratio	70.2%	71.1%	> 2019 ratio (68.3%)

\* Purchasing, HR, Sales, Legal, Finance, Audit & Internal Control, Compliance & Business Ethics, Risks and Communications Departments.

\*\* Indicator cannot be calculated as the scope has not been defined.

\*\*\* Decline attributable first to the fact that signatures to the guidelines have only been taken into account since March 2020 (date of the update incorporating new laws and regulations) and second to the extension of the scope to include maintenance, repair and overhaul (MRO) suppliers.

\*\*\*\* Reduction attributable to the expansion of the scope to include the former Zodiac Aerospace sites.

Affirm our commitment to citizenship	2020	2021	2025 objective
Number of new PhD students	36	47	> 63
Percentage of facilities with more than 100 employees running at least one social or professional integration initiative	-	45.3%	100%

## KEY FINANCIAL PERFORMANCE INDICATORS

	2020*	2021	Ambition
Organic growth in adjusted revenue	-32.5%	-5.4%	Average annual growth rate of more than 10% over 2021-2025 (based on a EUR/USD spot rate of 1.20)
Adjusted recurring operating margin	10.2%	11.8%	16% to 18% by 2025 (based on a EUR/USD hedge rate of 1.16)
Adjusted ROI to FCF conversion	63.6%	93.1%	70% on average over 2021-2025
Dividends <i>Payout ratio</i>	€0.43 /share 22%	€0.50 /share 28%	Resume the historical practice of a 40% dividend payout ratio for FY 2022

\* In the context of the Covid-19 pandemic, an unprecedented crisis for the aerospace industry.





## KEY GOVERNANCE INDICATORS

	2020	2021
Average attendance rate at Board meetings	98%	98%
% of Chief Executive Officer compensation subject to performance conditions	approx. 69%	approx. 70%
% of independent Directors on the Board of Directors after the Y+1 AGM	64.3%	69.2%*
% of women on the Board of Directors after the Y+1 AGM	42.86%	46.15%*

\* Assuming adoption of the resolutions at the Annual General Meeting of May 25, 2022.

**LONG-TERM CREDIT RATING:**  
**A SOLID BALANCE SHEET**  
**BBB+** (with stable outlook) (Standard & Poor's)

## NON-FINANCIAL RATINGS: A RECOGNIZED CSR PERFORMANCE

	Safran	Peer comparison
 Rating from "CCC" to "AAA" ("AAA" being the highest).	<b>BBB</b>	<b>Above the average</b> of 31 companies in the A&D sector <i>August 2021</i>
 Rating evaluating ESG risk level, with the lowest rating corresponding to the best non-financial performance.	<b>22.9</b> Medium risk	<b>2<sup>nd</sup></b> out of 91 companies in the A&D sector <i>November 2021</i>
 Rating reviewed every two years.	<b>62/100</b> Advanced level	<b>1<sup>st</sup></b> out of 47 companies in the A&D sector <i>April 2021</i>
 Understanding of environmental challenges for the company. Rating from "D" to "A" ("A" being the highest).	<b>B</b>	<b>Among the average</b> across the 63 companies in the transport OEM sector <i>December 2021</i>



A black and white photograph showing a gloved hand connecting several wires to a complex mechanical assembly. The hand is wearing a white, textured glove. The wires are bundled together and are being inserted into a circular opening on a metallic component. The component is part of a larger assembly that includes two vertical threaded rods with nuts. The background is a plain, light gray.

# 1

## PRESENTATION OF THE GROUP

# 1

## PRESENTATION OF THE GROUP

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<b>1.1</b>	<b>SAFRAN OVERVIEW</b>	<b>50</b>	<b>1.4</b>	<b>RESEARCH AND DEVELOPMENT</b>	<b>76</b>
1.1.1	History	50	1.4.1	Major technological focuses	77
1.1.2	Organization and position of the issuer in the Group	51	1.4.2	Technical and scientific partnerships	80
1.1.3	Simplified operational organization chart	52	1.4.3	Innovation and intellectual property	80
1.1.4	Main Group companies by business sector	53	1.4.4	Safran Corporate Ventures and relations with innovative companies	81
			1.4.5	Research and development expenditure	82
<b>1.2</b>	<b>GROUP BUSINESSES</b>	<b>54</b>	<b>1.5</b>	<b>INDUSTRIAL INVESTMENTS</b>	<b>83</b>
1.2.1	Aerospace Propulsion	54	1.5.1	Industrial policy and digital transformation	83
1.2.2	Aircraft Equipment, Defense and Aerosystems	63	1.5.2	Main industrial investments	85
1.2.3	Aircraft Interiors	72	<b>1.6</b>	<b>SITES AND PRODUCTION PLANTS</b>	<b>86</b>
<b>1.3</b>	<b>COMPETITIVE POSITION</b>	<b>76</b>	<b>1.7</b>	<b>SAFRAN PERFORMANCE AND QUALITY POLICY</b>	<b>87</b>

## 1.1 SAFRAN OVERVIEW

### 1.1.1 History

#### Key dates in the Group's history

Safran was created on May 11, 2005 from the merger of Snecma and Sagem, and is the world's oldest aircraft engine manufacturer.

- 1905** Louis and Laurent Seguin found the Société des Moteurs Gnome in the Paris suburb of Gennevilliers. In just a few short years, their Gnome rotary engines become the standard for planes around the world.
- 1912** Louis Verdet founds the engines company Le Rhône. Within two years, Le Rhône becomes Gnome's main competitor and is taken over by its rival to form Société des Moteurs Gnome & Rhône. After the First World War, Gnome & Rhône becomes one of the world's leading manufacturers of aircraft engines.
- 1924** Marcel Môme creates Société d'Applications Générales d'Électricité et de Mécanique (Sagem), whose main business is to supply power to telephone exchanges. A few years later, Sagem diversifies its business to include the manufacture of cameras, projectors and artillery equipment. It also sets up the first ever analog telephone network. Sagem creates Société d'Application Téléphonique, which in 1960 becomes Société Anonyme de Télécommunications (SAT). This company goes on to design the world's first infrared guidance system for air-to-air missiles.
- 1945** After the Second World War, the company Gnome & Rhône is nationalized and renamed Snecma (for Société Nationale d'Étude et de Construction de Moteurs d'Aviation). It groups together the majority of French aircraft engine manufacturers launched since the beginning of the century (Renault, Lorraine, Régnier, etc.).
- 1968** Hispano-Suiza, specializing in power transmission for the engines of civil and military aircraft and helicopters, joins Snecma. A few years later, it teams up with Messier to create Messier-Hispano-Bugatti (MHB) and consolidate all products relating to landing systems.
- 1974** Snecma becomes a civil aircraft engine manufacturer through a cooperation agreement with General Electric Aircraft Engines for manufacture of the CFM56® ("CF" for General Electric's commercial engine line and "M56" for Snecma's fifty-sixth project). This engine currently represents the world's largest civil aircraft engine fleet<sup>(1)</sup>.
- 1993** Sagem purchases Morpho, a specialist in fingerprint-based biometric recognition systems.
- 1997** Snecma takes full control of Société Européenne de Propulsion (SEP) and enters the space propulsion market (Ariane launcher).
- 2000** Aircraft wiring specialist Labinal joins Snecma and becomes a leading world player in this market. Labinal helicopter engine manufacturer subsidiary Turbomeca also joins Snecma, to continue a technology success story that started in 1938 with company founder Joseph Szydlowski. Today, the company is the world's premier manufacturer of turbine engines for helicopters<sup>(2)</sup>, under the name Safran Helicopter Engines.
- 2002** Hurel-Dubois merges its businesses with the aircraft engine nacelle business of Hispano-Suiza to become Hurel-Hispano. Three years later the company is renamed Aircelle. It is currently one of the key participants in the aircraft engine nacelle market, under the name Safran Nacelles.
- 2005** Safran is formed from the merger of Snecma and Sagem. Safran strengthens its positions in the Security business with the acquisition of smartcard specialist Orga Kartensysteme GmbH.
- 2008** Safran extends its partnership with General Electric (GE) in the fields of aerospace propulsion and nacelles through to 2040. Safran's Security business acquires Sdu-I in the Netherlands, renamed Morpho BV.
- 2009** Safran acquires 81% of GE's Homeland Protection business, and Motorola's biometrics business (under the Printak brand, now MorphoTrak). Then in 2012, Safran acquires the remaining 19% of GE Homeland Protection, renamed Morpho Detection Inc.
- 2010** Labinal completes its acquisition of Harvard Custom Manufacturing, an American company based in Salisbury (Maryland).
- 2011** Safran acquires L-1 Identity Solutions, now MorphoTrust USA, a leading identity management provider in the US market, to become a front-line world player in identity solutions and electronic documents. It also acquires SME (formerly SNPE Matériaux Énergétiques), to be merged with Snecma Propulsion Solide in 2012 to form Herakles.
- 2012** In optronics, Safran and Thales form the 50-50 joint venture Optrolead. The two companies also buy out the Areva stake to obtain 50% each of Sofradir and transfer their infrared businesses to this company.

(1) Source: Cirium Fleets Analyzer.

(2) Source: Safran.

- 2013** Safran acquires the electrical systems business of Goodrich (Goodrich Electrical Power Systems – GEPS). The Group also acquires the 50% interest of Rolls-Royce (United Kingdom) in their joint RTM322 helicopter engine program, to strengthen its position on the strategic heavy-lift helicopters segment.
- 2014** Safran brings all the Group's electrical systems operations together into a single unit to form a leading world player in aircraft electrical systems: Labinal Power Systems. Safran also acquires the aerospace power distribution management solutions and integrated cockpit solutions businesses of Eaton Aerospace.
- 2015** Hispano-Suiza and Rolls-Royce found Aero Gearbox International, a joint venture specializing in design, development, production and aftersales for accessory drive trains (ADTs).
- 2016** Safran brings all its companies together under the same banner and includes "Safran" in the corporate name of its subsidiaries. Safran and Airbus Group SE finalize the merger of their launch vehicle businesses in a 50-50 joint venture, Airbus Safran Launchers (later renamed ArianeGroup), to support the onset of the Ariane 6 project and provide Europe with a new family of competitive, versatile and high-performance launch vehicles. Safran becomes the sole shareholder in Technofan, later renamed Safran Ventilation Systems.
- 2017** Safran completes the disposal of its detection businesses to Smiths Group and of its identity and security businesses to Advent International, owner of Oberthur Technologies.
- 2018** Safran takes control of Zodiac Aerospace. The acquisition of the flight control actuators, cockpit equipment and special products businesses of Rockwell Collins strengthens the Group's positions in electric actuators and flight controls.
- 2019** Safran reorganizes the operational management of its equipment businesses to step up synergies in connection with integration of the Zodiac Aerospace Aerosystems and Aircraft Interiors businesses.
- 2020** With the aviation sector hard hit by the prolonged Covid-19 crisis, Safran implements an adaptation plan enabling the Group to meet its cost reduction objectives without compromising its technological roadmap.
- 2021** GE and Safran extend their 50-50 partnership in CFM International through to 2050 and launch an innovative technology development program for sustainable engines. Safran Aircraft Engines and Albany International extend their strategic cooperation on advanced composite materials through to 2046. Safran Aircraft Engines and MTU Aero Engines create the EUMET joint venture to develop the engine for the next-generation European fighter aircraft (NGF).

## 1.1.2 Organization and position of the issuer in the Group

### Organization

Safran is an industrial group within which each subsidiary directly manages the operational side of its business activity and takes responsibility for the internal control system to be implemented in accordance with Group procedures and internal rules.

The organizational structure is based on:

- Safran, the parent company and issuer, responsible for the Group's strategic management, organization and development;
- companies handling specific business lines, under strategies determined by the parent company's Board of Directors. Executive Management of the parent company ensures that the strategic orientations defined for each business line are implemented and complied with at the operational level.

Tier-one entities (shown in section 1.1.3) are responsible for overseeing the subsidiaries with which they have operational ties.

### Role of the issuer within the Group

Safran is listed in compartment A of the Euronext Paris Eurolist and is eligible for deferred settlement (see Euronext notice 2005-1865 of May 11, 2005).

As the Group's parent company, Safran performs the following functions for the Group companies:

- it holds and manages shares in the Group subsidiaries;

- it steers and develops the Group, determining: Group strategy, including climate strategy; research and technology (R&T) policy; sales policy; legal and financial policy; human resources policy; personnel training, retraining and skills matching by Safran University; communications; and oversight of operations;
- it provides:
  - support services on legal, taxation and financial matters, and in particular:
    - centralized cash pooling to govern the terms and conditions of advances and investments between Safran and each Group company,
    - foreign currency management policy to reduce uncertainty factors and protect the economic performance of operating subsidiaries from random foreign currency fluctuations (mainly US dollars),
    - tax consolidation, in jurisdictions such as France where Safran is liable for the entire income tax charge, additional income tax contributions and the minimal tax charge due by the tax group comprising itself and its tax-consolidated subsidiaries;
  - services through Shared Services Centers (SSCs) in the following areas: payroll administration and management, recruitment, non-production purchases, materials purchases, IT, and some transaction accounting (customers, suppliers and fixed assets).

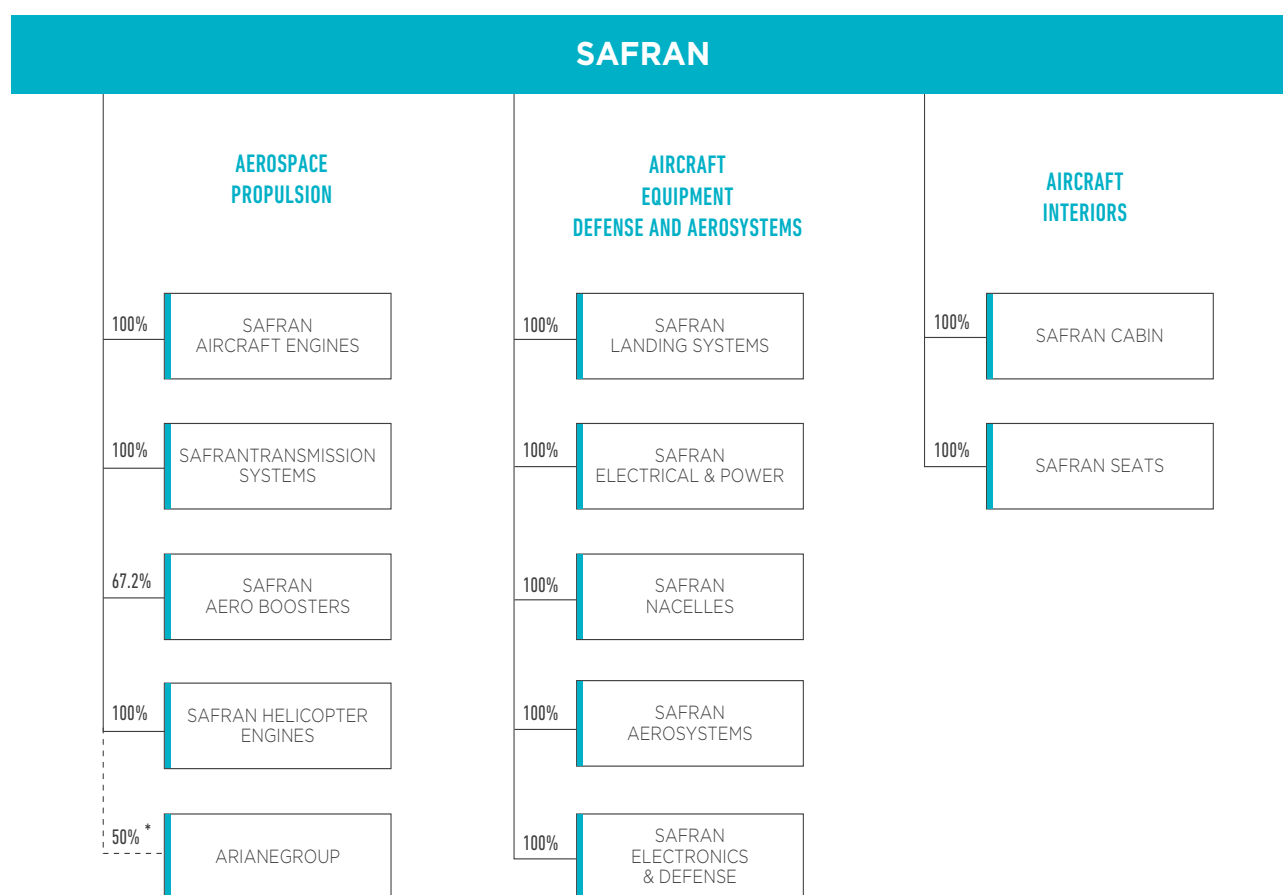
## Financial flows between the issuer and Group companies

Safran receives dividends paid by its subsidiaries in compliance with applicable regulations (see section 3.3, Note 4.3).

It receives payment for services provided to Group companies, and invoices them for services provided through the SSCs (see section 3.3, Note 4.1).

### 1.1.3 Simplified operational organization chart

Safran, the issuer, is the parent company of the Group. The simplified organization chart<sup>(1)</sup> at December 31, 2021 is as follows:



\* 50-50 joint venture with Airbus.

The list of consolidated companies is presented in section 3.1, Note 40.

(1) Operational tier-one entities.



## 1.1.4 Main Group companies by business sector

Safran today covers three main markets: Aerospace Propulsion, Aircraft Equipment and Aircraft Interiors.

### Aerospace Propulsion

#### Safran Aircraft Engines

Engines for civil and military aircraft, maintenance, repair and overhaul (MRO), and support and related services. Electric propulsion and propulsion systems for satellites and orbital vehicles.

#### Safran Transmission Systems

Mechanical power transmission systems for civil and military airplane and helicopter engines. Capabilities covering the entire product cycle, from design and production to maintenance, repair and overhaul (MRO). Mechanical components for airplane and helicopter propulsion systems.

#### Safran Aero Boosters

Low-pressure compressors and lubrication equipment for aircraft engines. Test cells and equipment for engine testing. Regulation valves for space engines.

#### Safran Helicopter Engines

Engines for aircraft (chiefly civil, semi-public and military helicopters), auxiliary power units (APUs), starting systems for civil and military aircraft, and propulsion systems for missiles, target drones and unmanned aerial vehicles (UAVs). Maintenance, repair and overhaul (MRO), and support and related services.

#### ArianeGroup

Joint venture with Airbus: design, development and production of space launchers and civil and military space applications for institutional, commercial and industrial customers.

### Aircraft Equipment, Defense and Aerosystems

#### Safran Landing Systems

Aircraft landing, braking and taxiing systems. Related control and monitoring systems. Capabilities covering the entire product cycle, from design and production to maintenance, repair and overhaul (MRO).

#### Safran Electrical & Power

Electrical power systems for the aerospace market, covering all onboard electrical functions (power generation, distribution and conversion, wiring, components, load management). Engineering solutions.

#### Safran Nacelles

Aircraft nacelles for all civil aviation market segments, from regional and business jets through to the largest airliners. Capabilities covering the entire product cycle, from design and production to maintenance, repair and overhaul (MRO).

#### Safran Aerosystems

Systems for aircraft and helicopters: safety, evacuation and flotation systems, oxygen systems, emergency arresting systems for military aircraft, fuel management systems, and fluid management systems. Capabilities covering the entire product cycle, from design and production to maintenance, repair and overhaul (MRO).

#### Safran Electronics & Defense

Equipment and systems for observation, decision-making and guidance for civil, defense and space markets: optronics, high-performance optics, RF systems, avionics, navigation, electronics, electromechanics, critical software and drones. Customer support for all land, sea, air and space applications.

### Aircraft Interiors

#### Safran Cabin

Cabin interiors for regional, medium-haul, long-haul, business and military aircraft. Integrated cabins, overhead bins, galleys, onboard service equipment, lavatories, crew rest areas and freight containers. Environment control and ventilation systems, water and waste management systems, lighting and cabin electronics management systems, and engineering services for cabin interior refits for commercial and private aircraft. In-flight entertainment systems. Capabilities covering the entire product cycle, from design and production to maintenance, repair and overhaul (MRO).

#### Safran Seats

Passenger seats for economy, premium economy, business and first class, technical seats for flight-deck and cabin crew, helicopter seats. Capabilities covering the entire product cycle, from design and production to maintenance, repair and overhaul (MRO).

## 1.2 GROUP BUSINESSES

### Russo-Ukrainian conflict

On February 24, 2022, at the start of the conflict in Ukraine, Safran activated a crisis cell to monitor the conflict, assess the consequences on its operations, customers, partners and suppliers and, above all, ensure the safety of its employees.

The sanctions decided against Russia by the US and European authorities apply to all aerospace activities and products. In compliance with these decisions, and at the date of this document, Safran has suspended all exports and services and halted its manufacturing joint ventures' operations in Russia until further notice (see section 4.3.1.1).

### 1.2.1 Aerospace Propulsion

Safran designs, develops, produces and markets, independently or collaboratively, propulsion and mechanical power transmission systems for commercial aircraft, military transport, training and combat aircraft, civil and military helicopters, satellites and drones. This segment also includes maintenance, repair and overhaul (MRO) activities and the sale of spare parts.

At the end of 2021, a total of 23,865 Safran employees were contributing to the development of this business, which comprises four main sectors:

#### ● AIRCRAFT ENGINES AND SATELLITE PROPULSION SYSTEMS

- Civil aircraft engines
  - Business jets
  - Regional jets
  - Short- to medium-haul aircraft
  - Long-haul aircraft
- Military aircraft engines
  - Fighters
  - Training and support aircraft
  - Patrol, tanker and transport aircraft
- Space vehicle propulsion systems
  - Satellites

#### ● HELICOPTER TURBINES AND AUXILIARY POWER UNITS

- Turbine engines for helicopters
  - Light helicopters
  - Medium-weight helicopters
  - Heavy-lift helicopters
- Auxiliary power units

#### ● MECHANICAL POWER TRANSMISSION SYSTEMS

- Civil aircraft
- Military aircraft
- Helicopters

#### ● LAUNCH VEHICLES – ARIANEGROUP

- Civil space industry
- Military industry

### 1.2.1.1 Aircraft engines and satellite propulsion systems

#### Civil aircraft engines

##### Key characteristics of the business sector

The civil aviation sector comprises four main segments:

- business jets powered by engines each delivering between 1,700 and 20,000 pounds of thrust;
- regional jets (36 to 100 seats) powered by engines each delivering between 8,000 and 18,000 pounds of thrust;
- short- and medium-haul aircraft (100 to more than 200 seats) powered by engines each delivering between 18,500 and 50,000 pounds of thrust;
- long-haul aircraft (more than 200 seats) powered by engines each delivering over 50,000 pounds of thrust.

There were around 30,300 commercial aircraft (turboprops, regional jets, and short-, medium- and long-haul aircraft) in

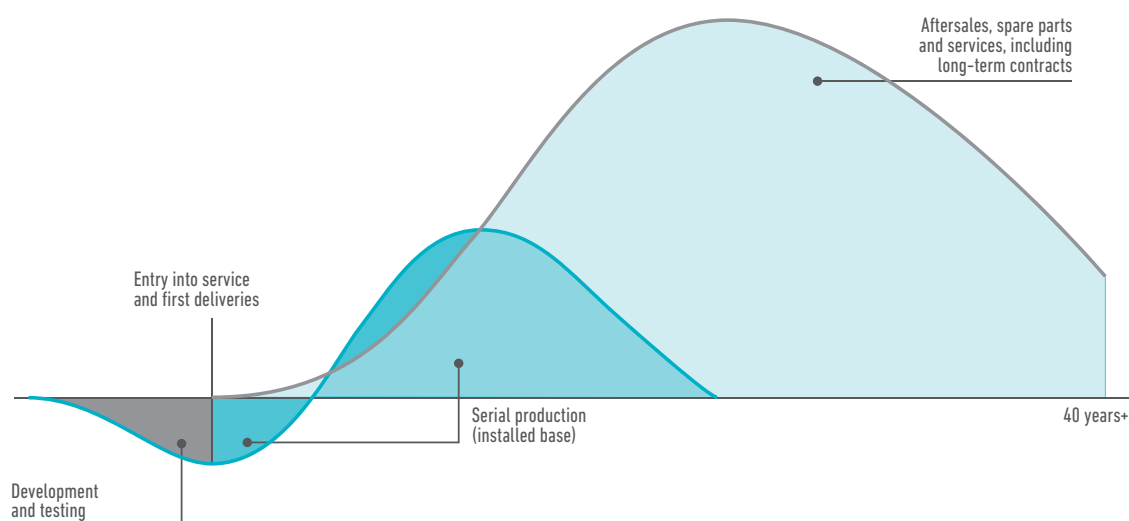
service or in storage<sup>(1)</sup> at the end of 2021. Some 38,000 commercial aircraft will be manufactured over the next 20 years<sup>(2)</sup> in response to the expected increase in this market over this period, and the need to replace aircraft that will be scrapped or dismantled.

At the end of 2021, there were around 22,000 business jets in service worldwide<sup>(2)</sup>. To meet expected demand in this market, some 7,500 aircraft of this type will be delivered over the next 10 years<sup>(2)</sup>.

In response to airframers' requirements for specific engines for each of these business sectors, engine manufacturers invest in civil engine programs comprising two types of activity:

- original equipment, involving the sale of engines installed on new aircraft;
- aftermarket, comprising the sale of spare parts and service contracts entered into on a case-by-case or long-term basis with operators and approved maintenance centers.

#### ECONOMIC LIFE CYCLE OF AN AIRCRAFT ENGINE PROGRAM<sup>(3)</sup>



These programs may span more than 40 years and have several phases. A significant portion of revenue generated by these programs comes from aftersales services.

Addressing operators' expectations in this market, there is a growing tendency to offer long-term rate-per-flight-hour service contracts. This improves visibility for customers and offers engine manufacturers a better guarantee of revenues and a smoother cash profile throughout the engine life cycle.

There are four major engine manufacturers in the sector that can act as prime contractors: General Electric (GE) (United States), Rolls-Royce (United Kingdom), Pratt & Whitney (United States) and Safran.

In the industry, the US dollar is used almost exclusively as the transaction currency.

#### Alliances and partnerships

Because of the very substantial investment involved in new engine programs, Safran often works in partnership with other engine manufacturers.

Partnerships may take the form of joint ventures, such as on engines for short- to medium-haul aircraft.

They can also be based on contractual risk-and-revenue-sharing agreements, under which Safran receives a share of revenue for the final delivered product, corresponding to its share in the program. For example, this kind of arrangement applies on high-thrust engine programs such as CF6, GE90, GENx, GP7200 and GE9X.

(1) At end-2021, around 7,200 commercial aircraft were in storage. Source: Safran.

(2) Source: Safran.

(3) For illustrative purposes only.

## Group products and programs

The Group's operations in the civil aircraft engines segment mainly involve Safran Aircraft Engines and Safran Aero Boosters.

### Low-thrust engines for civil aircraft

This engine family powers regional jets and business jets.

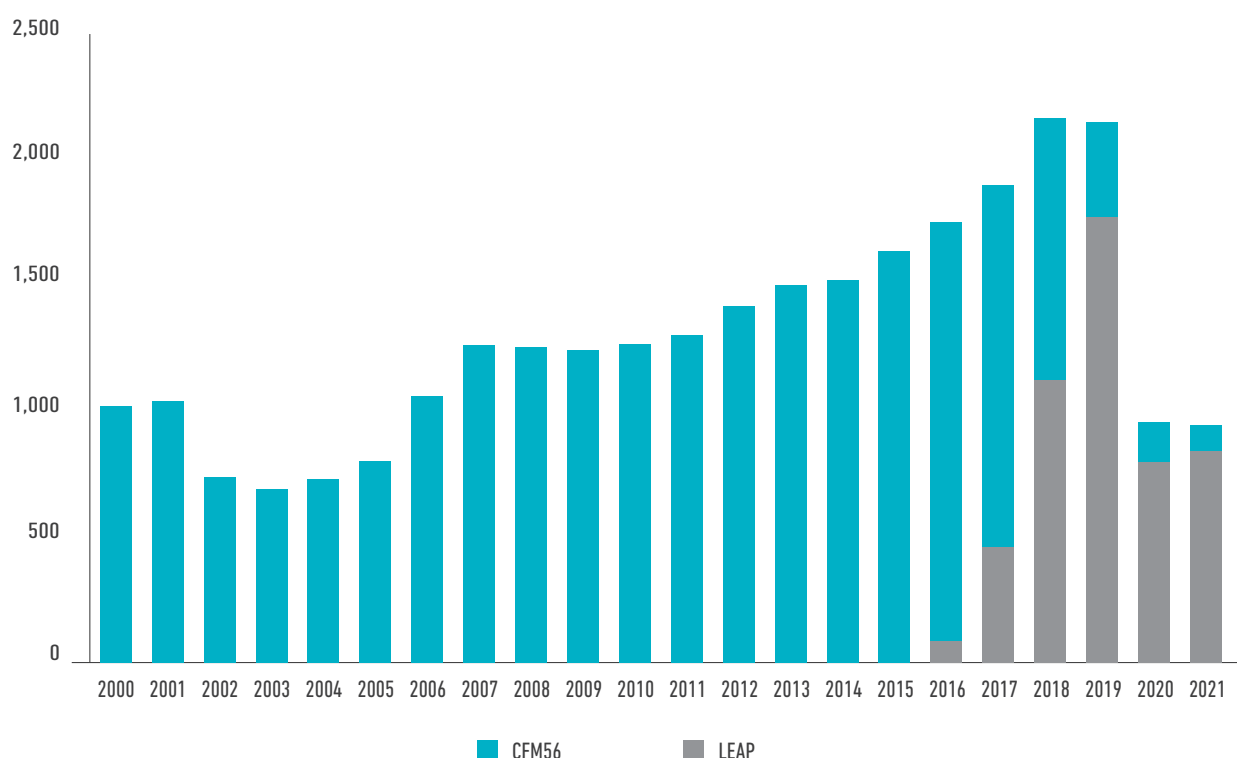
In particular, Safran is the prime contractor for the SaM146 program, in partnership with the Russian engine manufacturer, UEC Saturn. The SaM146 is the sole engine for the Sukhoi Superjet 100, the 70- to 95-seater aircraft made by the Russian manufacturer Irkut Corporation, of the Russian consortium United Aircraft Corporation.

The Group also operates in this engine range through the participation of Safran Aero Boosters in the following GE programs:

- CF34-10 (Embraer 190 and COMAC ARJ21 regional jets);
- Passport (Bombardier Global 7500 business jet).

### Mid-thrust engines for civil aircraft

#### NUMBER OF PRODUCTION-STANDARD CFM56 AND LEAP ENGINES MANUFACTURED<sup>(1)</sup>



In 2021, the CFM56 and LEAP engine programs (including spare parts, maintenance and repair sales) generated 50% of Safran's Aerospace Propulsion revenue. These engines are developed under equitable joint cooperation agreements by CFM International, a 50-50 joint venture between Safran and GE. In 2021, the CFM International partnership was extended through to 2050.

The success of this program with airline companies has led to a steady rise in the fleet of CFM56 engines delivered over the past 40 years. This engine currently represents the world's largest engine fleet, with more than 33,800 CFM56 units delivered and an in-operation base<sup>(2)</sup> of more than 31,800 engines (including approximately 23,000 CFM56-5B/7B)<sup>(1)</sup>.

Competition to power the Airbus range comes from the V2500 engine made by the IAE consortium (Pratt & Whitney, MTU Aero Engines in Germany and Japanese Aero Engines Corp in Japan).

The current generation of the Boeing 737 NG, like the previous version (Classic), is powered solely by CFM56 engines.

The CFM56/LEAP transition is under way. The LEAP engine achieves a 15% reduction in fuel consumption and CO<sub>2</sub> emissions compared with the latest generation of CFM56 engines. The new engine will also significantly reduce nitrogen oxide emissions and noise levels, with no compromise on the reliability or competitive cost of ownership of CFM56.

<sup>(1)</sup> Source: Safran.

<sup>(2)</sup> Engines in operation equals engines delivered (including engines in storage) less engines dismantled or scrapped.

The LEAP engine has so far been selected for use on three aircraft:

- the LEAP-1A version is one of the two engine options for the Airbus A320neo (new engine option) with a 59% market share<sup>(1)</sup>, the other being the PurePower PW1000G developed by Pratt & Whitney;
- the LEAP-1B version is the sole source for the Boeing 737MAX;
- the LEAP-1C version is the sole Western source for the propulsion system (engine plus nacelle) on China-based COMAC's C919 aircraft.

At the end of 2021, orders for the hugely innovative LEAP engine topped 9,700 units (net cumulative orders and commitments), confirming CFM International as leader in the market for 100+ seater aircraft and building on the successful performance of the LEAP-1A engine in 2016 and the LEAP-1B in 2017. A total of 845 LEAP engines were delivered in 2021. Six COMAC C919 aircraft powered by LEAP-1C engines continued their flight tests during the year, and propulsion systems for the first production aircraft were delivered and fitted under-wing in late 2021.

### High-thrust engines for civil aircraft

The Group operates in this engine range as a risk-and-revenue-sharing partner of GE. Participation rates vary between 7% and 24% across several engine programs in serial production, including the CF6 powering the A330 (19.4%) and the Boeing 767 (10%), and the GE90 powering the Boeing 777 (23.7% for the -115 version currently in production). Safran is a partner on the GENx engine program: 7.7% for the 1B version powering the Boeing 787 Dreamliner long-haul aircraft and 7.3% for the 2B version powering the Boeing 747-8. Safran also partners with GE, at 11.2%, on the program for the forthcoming GE9X engine, the sole source for Boeing's new 777X long-haul aircraft, which will come into service in 2023. Lastly, as part of its cooperative arrangements with the Engine Alliance consortium partners (GE and Pratt & Whitney), Safran has a 17.5% stake in the GP7200 engine that powers the A380.

### Spare parts and services for civil aircraft engines

Aftersales operations primarily involve the sale of spare parts and the provision of maintenance, repair and overhaul (MRO) services.

In general, CFM56 engines are removed for inspection and servicing in a maintenance workshop three to five times during their service life. For several years, the Group has also been developing long-term service contracts with airline companies and the main maintenance workshops to assert its position on this highly competitive market. Demand for spare parts for the fleet of CFM56 engines in service will thus continue to increase even though serial production of the engine has been discontinued.

New-generation LEAP engines may be sold with contracts covering the provision of spare parts and/or services, which contribute to generating long-term revenue. Safran also draws revenue from sales of spare parts.

On other civil aircraft engine programs, including those for high-thrust engines in which Safran holds a minority stake alongside GE or Engine Alliance, the Group also benefits from revenue from spare parts and service contracts sales.

## Military aircraft engines

### Key characteristics of the business sector

The military aviation sector comprises three main segments:

- fighters and combat drones;
- training and support aircraft;
- patrol, tanker and transport aircraft.

The military aircraft engine and related services market is dependent on the budgets of customer air forces. The military market is also influenced by national sovereignty and diplomatic considerations.

The nature and performance of engines vary considerably depending on the segment: jet engines with a high thrust-to-weight ratio for fighters, and jet engines or turboprops closer to those found in civil aircraft for training and patrol aircraft.

As in the civil aviation sector, military aircraft engine programs break down into three stages. The first phase is the engine development and qualification phase. It is followed by the production phase, which involves equipping the newly manufactured aircraft. The third phase is the longest and involves the aftermarket, which comprises the sale of spare parts, maintenance and repair activities, plus other customer services through to the end of the engine service life.

Alliances and partnerships between engine manufacturers can be formed to bring together the best technological and commercial assets, share the risks involved in development, and meet the needs of international programs.

Most engine manufacturers address both civil and military aircraft markets, which makes for technical and industrial synergies across the two activities.

The main Western players on the fighter engines market are Pratt & Whitney, GE, Rolls-Royce and Safran. The main European players are Safran (with the Atar engine powering the Mirage III, 5 and F1 family, the M53 powering the Mirage 2000 and the M88 powering the Rafale), Rolls-Royce (whose Pegasus engine powers the Harrier), and the European Turbo-Union consortium<sup>(2)</sup> (for the RB199 engine powering the Tornado fighter). The European Eurojet consortium<sup>(3)</sup> develops the EJ200 engine that powers the Eurofighter Typhoon.

The choice of engines in the training and support aircraft sector in the West extends mainly to those made by Safran (the Adour, in cooperation with Rolls-Royce and the Larzac in partnership with MTU and Rolls-Royce Deutschland), Pratt & Whitney (PW500 and PW300) and Honeywell (United States) (TFE731 and F124 engine families).

In the engine segment for military tanker, transport and patrol aircraft, the fleet is primarily made up of the T56 and AE2100 turboprops developed by Rolls-Royce North America. Safran is involved in the program for the TP400 engine powering the A400M European military transport aircraft, with a 32.2% stake in the Europrop International GmbH (EPI) consortium, which also includes Rolls-Royce, Industria de Turbo Propulsores (ITP) and MTU Aero Engines. The Tyne engine, developed by Rolls-Royce, is made under license by Tyne Consortium (Safran 52%, MTU Aero Engines 28% and Rolls-Royce 20%).

(1) Firm orders at December 31, 2021. Source: Safran.

(2) The Turbo-Union consortium comprises Rolls-Royce, MTU Aero Engines (Germany) and Avio (Italy).

(3) The Eurojet consortium comprises Rolls-Royce, MTU Aero Engines, Avio and Industria de Turbo Propulsores (ITP) (Spain).



### Group products and programs

Safran's operations in the military aircraft engines segment mainly involve Safran Aircraft Engines and Safran Helicopter Engines. Other Group companies, such as Safran Aero Boosters, Safran Electronics & Defense, Safran Transmission Systems, Safran Nacelles and Safran Aerosystems, are also involved in the military aircraft engine sector, through the production of components.

#### Fighter engines

Historically tied to Dassault Aviation, Safran's operations in this segment mainly involve the following programs:

- the M88 engine (7.5 metric tons of thrust), which powers the Rafale. At the end of 2021, there were close to 570 of these engines in service with five customers;
- the M53-P2 engine (9.5 metric tons of thrust), which powers all versions of the Mirage 2000. There are 550 of these engines in service with eight customers;
- the Atar engine (5 to 7.1 metric tons of thrust), which powers the Super-Etendard jets and the Mirage III, 5 and F1 family, still in service with several air forces across the world. Since 2017, Mirage F1 aircraft powered by this engine have been selected as adversary planes<sup>(1)</sup> provided by private companies for training US Air Force pilots.

Safran Aircraft Engines and its partners MTU Aero Engines and ITP Aero are working on propulsion for the Next Generation Fighter for the Future Combat Air System (FCAS) launched in 2017 and led by the French, German and Spanish governments. This new-generation twin-engine aircraft, developed by Dassault Aviation and Airbus, will be coming into service with the air forces of these three countries around 2040, phasing out the Rafale and the Eurofighter.

#### Training and support aircraft engines

Activity in this segment is based on the following programs:

- the Adour engine, which delivers thrust of 3.7 metric tons (with afterburner) or 2.9 metric tons (without afterburner). Made in cooperation with Rolls-Royce, it powers support and attack aircraft such as the Jaguar aircraft produced by Dassault Aviation and BAE Systems, as well as training aircraft such as the Hawk produced by BAE Systems and the Goshawk T-45A produced by Boeing. There are currently some 1,000 Adour engines in service;
- the Larzac engine (1.4 metric tons of thrust), which powers Dassault Aviation's twin-engined Alpha Jet training aircraft. More than 1,000 of these engines have been sold in the last 50 years, with over 400 still in service in eight countries. This engine program also benefits from use of the Alpha Jet as adversary plane with several air forces.

#### Patrol, tanker and transport aircraft engines

Activity in this segment is based on the following programs:

- the CFM56 engine powering military versions of the Boeing 707 (CFM56-2), the KC135 tanker aircraft (CFM56-2) and military versions of the Boeing 737 NG (CFM56-7), the C-40 transport aircraft, the P-8 Poseidon MMA (Multimission Maritime Aircraft), and the AEW&C (Airborne Early Warning & Control) aircraft;
- the 4,550 kW Tyne engine that powers C-160 Transall transport aircraft and Atlantique 2 maritime patrol aircraft (program generating revenue solely through spare parts and repairs today);

- the TP400 turboprop engine, the world's most powerful unit currently in production (8,203 kW, i.e., 11,000 hp), powering the Airbus A400M European military transport aircraft, with 487 engines in service.

#### Spare parts and services for military aircraft engines

Aftermarket operations for military aircraft involve sales in three categories: new spare parts, maintenance and repair for engines and parts, and user support services. Safran thus offers customers contracts ranging from the simple sale of spare parts through to comprehensive services on operational fleet upkeep. These activities are directly linked to the aircraft availability needs of governments using military aircraft. Because of the extreme operating conditions involved, military aircraft engines are usually serviced before they reach 1,000 hours in flight. One of Safran's constant development objectives is to lengthen the interval between servicing visits. Two programs account for the bulk of these military aircraft service operations today: Mirage 2000 (M53 engine) and Rafale (M88 engine). The Group also continues to provide services for older aircraft fleets, to meet the needs expressed by customers.

#### Space vehicle propulsion systems

##### Key characteristics of the business sector

This business sector covers satellite engines.

Plasma propulsion is the preferred solution for satellite orbit raising and attitude and orbit control. This technology, also referred to as Hall-effect or stationary plasma propulsion, has a considerable advantage over traditional chemical propulsion systems as regards take-off mass.

Besides Safran, the main players on the commercial low-power (200 W-1,000 W) plasma propulsion market are EDB Fakel (Russia), Apollo Fusion (United States), Rafael (Israel), SETS (Ukraine) and Busek (United States). Besides Safran, the main players on the commercial high-power (> 1,000 W) plasma propulsion market are EDB Fakel (Russia), Busek (United States) and Aerojet Rocketdyne (United States).

##### Group products and programs

Safran's operations in plasma propulsion systems for satellites and space exploration probes involve Safran Aircraft Engines.

In an increasingly competitive market, Safran adapts its offering to new strategies for placing satellites in orbit, and to customer demands on costs and availability. The Group has been developing, integrating, testing and marketing plasma thrusters and plasma propulsion systems with power ratings from 200 W to 20 kW for more than 30 years. They can be found on the telecommunication platforms Eurostar 3000 EOR (Airbus Defence and Space), Alphabus (Thales Alenia Space and Airbus Defence and Space) and Electra (OHB - Orbitale Hochtechnologie Bremen, Germany). Safran plasma thrusters have also been selected for the Maxar Technologies telecommunication platforms (United States), the Astranis commercial platform (United States), the Boeing commercial platforms, and, under the European Space Agency (ESA) Neosat program, the Airbus Defence and Space Eurostar Neo and the Thales Alenia Space Spacebus Neo platforms.

(1) Planes acting as an opposing force in military wargames.

### 1.2.1.2 Helicopter turbines and auxiliary power units

#### Key characteristics of the business sector

The helicopter turbine engine market is characterized by significant diversity in applications and end-users. With the exception of armed forces and certain specific civil applications, current helicopter fleets are small in size.

Some 52,000 helicopters were in service worldwide at the end of 2021<sup>(1)</sup>. To meet growing demand and replace helicopters scheduled for dismantling or retirement, around 30,000 helicopters are expected to be delivered<sup>(2)</sup> over the next 20 years.

Helicopter engine size is determined mainly by airframe weight and mission type. Helicopters may have one, two or sometimes three engines.

The Group serves:

- government and semi-public applications: medical and emergency services, police and border control;
- civil applications: airborne work (spraying, construction, etc.), private transport and tourism, offshore oil;
- military applications: transportation, attack and ground support, maritime patrol.

This diversity, coupled with the fact that engines are tightly integrated into the helicopter airframe, gives rise to a wide variety of engines and related versions.

The helicopter turbine engine market, like the civil aviation market, has two components:

- sale of turbine engines to helicopter manufacturers for installation in new airframes (original equipment);
- aftersales activities based on spare part, maintenance and repair contracts with operators, requiring a major global customer support network with local reach, given the large number of users and the helicopter's limited radius of action.

The profile of a helicopter turbine engine program is extremely similar to that of a civil aircraft engine program as presented earlier in this section.

The airframe/engine pairing is often unique and at the origin of a new model. However, some helicopter manufacturers make multiple engine sizes (offering a choice between two engines). This can also be seen where a helicopter is adapted for a specific purpose, thereby reintroducing competition to a given program.

There are fewer partnerships between engine manufacturers than in the civil aviation engine sector. The main partnership is MTRI (MTU Aero Engines, Safran Helicopter Engines, Rolls-Royce and Industria de Turbo Propulsores [ITP]), on the 1,450-shp<sup>(2)</sup> MTR390-E engine powering the Tiger. The growth of the helicopter market in emerging economies has also led Safran to develop other types of partnerships with consortiums of helicopter manufacturers claiming a role in the propulsion sector. This is the case with Hindustan Aeronautics Ltd. (HAL) in India and AVIC in China, which are becoming both customers and partners.

The majority of major Western aircraft manufacturing groups are also present in the helicopter turbine engine market: Safran, GE, Pratt & Whitney Canada, Rolls-Royce and Honeywell. Safran ranks number-one in the sector, with a market share of 36%<sup>(3)</sup>.

Safran has also developed a range of auxiliary power units (APUs), based on turbine technology and featuring innovations developed through substantial technological investment and strategic partnerships.

#### Group products and programs

Most of Safran's helicopter engines are modular turbine units adaptable to civil and military helicopters. Modularity makes for more efficient maintenance programs. Safran helicopter engines are designed with a large additional power potential (up to 15%), which means they address a broad application spectrum. Through Safran Helicopter Engines, Safran covers all of the helicopter engine categories described below.

Auxiliary power units are non-propulsive systems that generate energy on an aircraft for powering onboard systems, on the ground in particular. Safran fields a range of auxiliary power units through Safran Power Units.

#### Turbine engines for light helicopters

For single-engine helicopters from 2 to 3 metric tons and twin-engine helicopters from 4 to 6 metric tons, Safran offers three engine families: Arrius (450 to 750 shp), Arriel (650 to more than 1,000 shp) and Arrano (1,100 to 1,300 shp).

Arrius engines and their derivatives power many civil helicopters, from Airbus Helicopters (H120, H135), Kamov – Russian Helicopters (Ka-226T) and Bell in the United States (Bell 505 Jet Ranger X), along with military versions of Leonardo's A109 LUH (Light Utility Helicopter).

Arriel engines and their derivatives power Airbus Helicopters (H125, H130, H145, H155, AS365 N3+) and their military versions (UH-72A, UH-72B, H145M, AS565MBe, etc.), and AVIC (AC311A, AC312E) and Sikorsky (S-76 C++) helicopters. These engines have also been selected by Korea Aerospace Industries (KAI) to power its forthcoming LCH (Light Civil Helicopter) and LAH (Light Armed Helicopter).

#### Turbine engines for medium-weight helicopters

The Arrano (1,100 to 1,300 shp) will consume 10% to 15% less fuel than the previous generation of engines in service today, meaning enhanced performance (range, payload) and a smaller environmental footprint. Arrano is the sole engine for the Airbus Helicopters twin-engine H160 helicopter (5.5 to 6 metric tons), and its military version, the H160M Guépard.

For helicopters from 5 to 7 metric tons, Safran is present in the military market for combat helicopters, with the MTR390 (1,250 to 1,450 shp), developed jointly with Rolls-Royce and MTU Aero Engines, that powers the Airbus Helicopters Tiger, and the TM333 (900 to 1,100 shp) that powers Hindustan Aeronautics Ltd's Dhruv. (India). A special development contract has been signed with Spain for a more powerful version of the MTR390 for the Tiger.

(1) Source: Safran.

(2) Shaft horsepower.

(3) Percentage of new helicopters delivered in 2021 powered by Safran engines. Source: Safran.

For helicopters from 5 to 8 metric tons, Safran's Ardiden range of engines covers power ratings from 1,400 to 2,000 shp. The Ardiden 1H1/Shakti powers the Dhruv and twin-engine light combat helicopters (LCHs) from Indian helicopter manufacturer Hindustan Aeronautics Ltd (HAL). The Ardiden 1U variant powers HAL's light utility helicopters (LUHs).

The Ardiden 3G is designed to power helicopters up to 8 metric tons and powers the Ka-62 from Kamov – Russian Helicopters. The Ardiden 3C/WZ16 engine, developed by Safran with Aero Engine Corporation of China (AECC), will be powering the new AC352 helicopter, itself a product of a joint project between Airbus Helicopters and Chinese airframer HAIG, an AVIC subsidiary.

### Turbine engines for heavy-lift helicopters

In the heavy-lift helicopters market, Makila turbine engines from 1,800 to 2,100 shp are used on helicopters including the H225/225M in the Airbus Helicopters Super Puma family.

The RTM322 turbine engine, which develops 2,100 to 2,600 shp, powers the NHIndustries NH90 helicopter and the Leonardo AW101 Merlin helicopter and Apache UK fighter helicopter.

The new range of high-power Aneto engines features advanced technologies developed under the Group's research work. This engine range, to include models with power ratings from 2,500 to more than 3,000 shp, has the advantage of offering 25% more power than existing units. The first 2,500-shp model, Aneto-1K, was selected by Leonardo to power its twin-engine AW189K, and its military version AW149.

### Spare parts and services for helicopter turbine engines

Following the example of its civil aviation activities, Safran has developed an international structure able to provide customers with local access to technical and sales support for their turbine engines, along with spare parts and services. Local coverage is provided through a worldwide network of repair centers (performing thorough maintenance) and service centers.

### Auxiliary power units

The auxiliary power units developed by Safran meet the demanding requirements of the world's leading aircraft and helicopter manufacturers. Safran supplies a large fleet of civil and military aircraft and helicopters, including Leonardo's M-346, Dassault Aviation's Rafale, BAE Systems' Hawk, NHIndustries' NH90, Airbus Helicopters' H225M and Leonardo's AW189. The Bombardier Global 7500 and Dassault Aviation Falcon 6X business jets (scheduled to enter service in 2022) are also fitted with Safran auxiliary power units.

Through its R&T work on fuel cells, Safran Power Units contributes to the development of electric power generation solutions emitting zero CO<sub>2</sub>.

## 1.2.1.3 Mechanical power transmission systems

### Key characteristics of the business sector

The main applications covered by the power transmission systems market are:

- accessory drive trains (ADTs), which supply the mechanical energy needed for engine and aircraft equipment;
- propeller gearboxes (PGBs) and reduction gearboxes (RGBs), which transfer power to the turboprop propellers or the high-bypass-ratio turbofan;
- main transmission gearboxes (MGBs), which transfer power to the helicopter blades.

The main participants in this market are the engine and helicopter manufacturers themselves, along with aerospace equipment suppliers such as Collins Aerospace (Raytheon Technologies Group – United States), Honeywell Aerospace, Avio Aero (Italy) and Triumph (United States).

### Group products and programs

Safran's operations in the mechanical power transmission sector involve Safran Transmission Systems and the Aero Gearbox International (AGI) joint venture.

Safran designs, manufactures, markets and provides maintenance services for a wide range of mechanical power transmission systems for civil and military aircraft engines and helicopters. Recognized technical expertise in this field is harnessed to develop applications for the world's leading airframers.

AGI, a 50-50 joint venture formed by Safran and Rolls-Royce in 2015, specializes in the design, development, production and in-service support of power transmission systems for Rolls-Royce aircraft engines. It has exclusive coverage of the civil aircraft applications of the UK-based engine manufacturer (business jets and commercial aircraft). The accessory drive trains developed and manufactured by AGI are for the Trent 7000, Pearl 15, Pearl 700 and Pearl 10X engines, powering the Airbus A330neo, Bombardier Global Express 5500 & 6500, Gulfstream G700 & G800 and Dassault Aviation Falcon 10X aircraft respectively.

## 1.2.1.4 Launch vehicles

### Key characteristics of the business sector

This business sector comprises three main segments:

- the civil space industry, with launch vehicles for placing satellites in orbit;
- military applications, with tactical, ballistic and hypersonic missiles;
- products, equipment and services: a largely commercial segment covering institutional customers, satellite manufacturers and the launch vehicle industry.

In the first two segments, development and engineering programs tend to follow long cycles under finance by institutional budgets, such as the European Space Agency (ESA) for civil space activities in Europe or French defense budgets for strategic operations.

In the civil space industry, competition is quite intense. The main competitors of ArianeSpace (a subsidiary of ArianeGroup, itself a 50-50 joint venture with Airbus) in the market for commercial launch services are the US company SpaceX, with its Falcon 9 launch vehicle and new Falcon Heavy version, and, to a lesser extent, the American Atlas V launch vehicle marketed by United Launch Alliance. Competition will be intensifying in the medium-term, with a number of new launch vehicles currently under development. This highlights the relevance of the forthcoming Ariane 6 launch vehicle, set to be introduced in late 2022. These projects are run by other players, in the United States (e.g., New Glenn from Blue Origin, Vulcan Centaur from United Launch Alliance, Neutron from Rocket Lab and Terran R from Relativity Space), Russia (Angara A5), India (GSLV Mk III), China (Long March 5) and Japan (H3).

New players, specialized in light payload launches, could increase the competitive pressure on this market still further in the near future, most markedly in the United States (with Launcher One from Virgin Orbit), Germany (with RFA One from Rocket Factory Augsburg) and the United Kingdom (with Prime from Orbital Express Launch).

The military launch vehicle segment covers tactical, ballistic and hypersonic missiles:

- tactical missiles appear in all battlefield situations. They use various types of propulsion systems (solid propellant, turbojet and ramjet). Safran primarily covers the solid-propellant propulsion sector, through its stake in Roxel (50-50 joint venture with MBDA), and the turbojet propulsion sector, through Safran Power Units. Other main players in the sector of solid-propellant engines for tactical missiles are Nammo (Norway), Bayern Chemie (Germany), Avio (Italy), Aerojet Rocketdyne (United States), Northrop Grumman (United States), Rocketsan (Turkey) and Denel (South Africa);
- ballistic missiles are an essential component of national nuclear deterrent forces for countries possessing this capability. In Western Europe, France is the only country to develop its own ballistic missiles powered by solid-propellant engines. The main players in the ballistic missile segment are ArianeGroup in Europe and Lockheed Martin and Boeing in the United States;
- hypersonic missiles, currently in development, extend military capabilities. The main players are Russia, China and the US. In France, the V-MAX (*Véhicule Manœuvrant eXpérimental*, or experimental maneuvering vehicle) demonstration program is the result of cooperation between ArianeGroup and ONERA<sup>(1)</sup> on behalf of the French Directorate General of Weapons Procurement (DGA).

The third segment comprises products, equipment and services for civil and military launch vehicles, satellites, space surveillance, production of critical infrastructures (remediation units, destruction of First World War munitions, etc.), and production of parts for the aerospace industry.

## Group products and programs

Safran covers the civil and military launch vehicle sector through ArianeGroup, its joint venture with Airbus. ArianeGroup is the product of the joint ambition of Safran and Airbus to drive the European space industry to unrivaled heights, in a context of mounting international competition. It merges both partners' businesses and expertise in civil and military launch vehicles into a single, coherent entity.

Safran covers the sector of propulsion systems for tactical missiles and targets through Roxel and Safran Power Units.

## Civil space industry

ArianeGroup is prime contractor for the Ariane 5 launch vehicles developed by ESA, which involves coordinating an industrial network of more than 600 companies in 12 European countries. It manages the whole of the industrial chain, which covers plant and equipment, engine manufacture, and integration of the launch vehicle in French Guiana. ArianeGroup is also prime contractor on the program for the forthcoming Ariane 6 launch vehicles, the first flight of which is expected in late 2022. ArianeGroup also contributes to solid propulsion for the Vega program and in part for the deployment of the Russian Soyuz launcher, through its world-leading subsidiary ArianeSpace, which handles commercial and operational tasks, both from the Guiana Space Center and occasionally from the Baikonur (Kazakhstan) and Vostochny (Russia) cosmodromes for deployment of the OneWeb satellite constellation<sup>(2)</sup>.

## Tactical missile propulsion

Safran covers the sector of solid-propellant engines for tactical missiles through Roxel, which develops and manufactures a large range of solid-propellant engines for tactical missiles of international renown (Milan, Mistral MdCN<sup>(3)</sup>, MICA<sup>(4)</sup>, AASM Hammer<sup>TM(5)</sup>, Exocet, Aster, Meteor, etc.). Neither ArianeGroup nor Safran is responsible for the provision of explosive charges for these tactical missiles.

Through Safran Power Units, the Group is a leading global player<sup>(6)</sup> in jet engines for military applications (missiles and targets). Safran makes engines for missiles including the SCALP and RBS-15, and for the US targets MQM-107 for the US Air Force. In 2021, Safran also became involved in the British and French joint FC/ASW program<sup>(7)</sup>, working in 50-50 partnership with Rolls-Royce to develop the engine for the next generation of tactical missiles.

(1) Office national d'études et de recherches aérospatiales (French National Aerospace Research Office).

(2) The forthcoming constellation of some 650 satellites by OneWeb (United Kingdom) aims to provide global access to broadband Internet.

(3) Missile de croisière naval (naval cruise missile).

(4) Missile d'interception, de combat et d'autodéfense (interception, combat and self-defense missile).

(5) Armement air-sol modulaire (modular air-to-ground weapon).

(6) Source: Safran.

(7) Future Cruise and Anti-Ship Weapon.

### Ballistic missiles

In the military market, ArianeGroup is industrial prime contractor on the missiles program for France's fourth-generation ocean-going strategic nuclear force (M51), and its incremental development. Neither ArianeGroup nor Safran is responsible for the provision of nuclear heads for these ballistic missiles.

Following the M51.1 version, which came into operation in 2010, and M51.2 in 2016, development of the new M51.3 version successfully passed its critical development review in 2021. The program is running to schedule and will allow for the M51 missile to be adapted to the geopolitical context of the coming years.

ArianeGroup also develops technologies for forthcoming high-performance propulsion systems (modular propulsion, DACS<sup>(1)</sup>, etc.) under national and international production and R&T contracts.

### Hypersonic missiles

ArianeGroup is also a key player in hypersonic weapons (at speeds above Mach 5), developing the V-MAX (for *Véhicule Manœuvrant eXpérimental*) hypersonic glider demonstrator for the French Armed Forces.

### Products, equipment and services

ArianeGroup currently sells products, equipment and services in more than 50 countries, and is the supplier to the main satellite manufacturers, for products including propulsion systems, antenna reflectors and central tubes.

Through its worldwide GEOTracker network, ArianeGroup also meets the needs expressed by civil and military customers for services involving the detection and surveillance of space objects.

Through its Pyroalliance subsidiary, ArianeGroup provides pyrotechnic equipment on a broad range of missiles and launch vehicles (Ariane and Vega).

Through its Compagnie Industrielle des Lasers (CILAS) subsidiary, ArianeGroup develops, engineers and manufactures systems coupling laser and precision optics technologies in high-tech military and civil applications. In 2021, ArianeGroup entered into exclusive negotiations with MBDA and Safran for the sale of its 63% majority stake in CILAS.

ArianeGroup's Sodern subsidiary fields cutting-edge expertise in space instrumentation, optics and neutronics for civil and military applications.

ArianeGroup's Nuclétudes subsidiary provides prime expertise in tests and engineering on ruggedization, for the protection of electronic systems and mechanical structures in harsh radiative and electromagnetic environments.

Harnessing its experience in liquid hydrogen for launch vehicle propulsion, ArianeGroup works with Safran to develop technological solutions addressing the particular challenges of liquid hydrogen storage, for use both by its aviation transportation customers and in heavy and long-distance rail and maritime transportation.

(1) Divert and Attitude Control System.



## 1.2.2 Aircraft Equipment, Defense and Aerosystems

Safran's Aircraft Equipment, Defense and Aerosystems business operates in five main sectors:

### ● LANDING AND BRAKING SYSTEMS

- Landing gear
- Wheels and brakes
- Landing and braking control systems
- Services for landing gear, wheels and brakes and related systems

### ● ENGINE SYSTEMS AND EQUIPMENT

- Nacelles and thrust reversers
- Services for nacelles and thrust reversers

### ● ELECTRICAL SYSTEMS AND ENGINEERING

- Electric propulsion, generation and distribution systems
- Electrical interconnection systems (wiring)
- Electrical components
- Engineering

### ● AEROSYSTEMS

- Safety and protection systems
- Integrated fluid management and control systems

### ● ELECTRONICS AND DEFENSE

- Avionic equipment
- Defense equipment
- Data systems
- High-performance optics

Safran holds front-line positions in all these fields. At the end of 2021, a total of 36,847 Safran employees were contributing to the development of this business.

### 1.2.2.1 Landing and braking systems

Safran is a preferred partner of airframers, holding technological expertise across a large number of sectors and capable of offering a comprehensive range of products and services. Safran is notably the sole comprehensive "ATA 32" supplier (landing gear + brakes + systems).

This business comprises three main product lines: landing gear, wheels and brakes, and landing and braking systems. Safran has combined these operations within Safran Landing Systems.

#### Landing gear

##### Key characteristics of the business sector

The market for commercial aircraft landing gear is shared by Safran, Collins Aerospace, Liebherr (Germany), Héroux-Devtek (Canada) and a handful of niche players positioned in specific market segments (business jets, helicopters, drones, etc.). Technology requirements are high, as landing gear must bear extreme loads during maneuvers on the ground: it must

be light, compact and robust, while being fully adapted to and optimized for the aircraft's profile. The business model includes a long development period - which starts with the initial aircraft development phase - limited production volumes and regular service flows. Technological challenges include the use of new materials to improve the resistance and mass of parts, new, more eco-friendly production processes (including the elimination of chrome) and enhanced acoustics.

##### Group products and programs

Safran addresses the landing gear segment through Safran Landing Systems, which holds more than half the market<sup>(1)</sup> for landing gear for commercial aircraft carrying more than 100 passengers.

Safran designs, manufactures and provides aftersales services for landing gear for civil and military planes and helicopters of all sizes. It also handles integrated systems if requested by the customer, and provides the technical assistance, spare parts and repair services needed for its equipment.

(1) Source: Safran.

Safran is worldwide leader<sup>(1)</sup> for landing gear structural units, having equipped a fleet of some 28,500 aircraft. The Group supplies the world's major airframers (including Airbus, Boeing, Bombardier and Dassault Aviation) and military and civil operators. Among the main commercial aircraft programs are the main Airbus platforms (A300, A310, A320, A321XLR, A330, A340, A350 and A380) and the Boeing 787 Dreamliner.

Safran also has a strong presence in military applications, where it equips the A400M, Rafale, Eurofighter Typhoon, F18 and V22 planes and helicopters from Airbus Helicopters, as well as in the business and regional jets (ATR, Bombardier, Dassault Aviation and Irkut Corporation) markets.

## Wheels and brakes

### Key characteristics of the business sector

The present-day wheels and brakes market for commercial aircraft with 100 or more seats splits into two segments: aircraft with steel brakes (first-generation brakes), which in 2021 accounted for some 20%<sup>(1)</sup> of commercial aircraft of 100 or more seats, and aircraft with carbon brakes, invented by Safran, which accounted for around 80%<sup>(1)</sup>. The market for carbon brakes has developed rapidly since the 1980s, with the gradual shift from steel to carbon brakes. The wheels and brakes market is currently shared among four major global participants: Safran, Collins Aerospace, Honeywell and Meggitt (United Kingdom).

### Group products and programs

Safran designs and manufactures wheels and carbon brakes for aircraft, and provides related aftersales services. It also provides electronic and electrohydraulic systems for aircraft braking, tire/brake/landing gear monitoring and landing gear steering systems.

Safran is a leading player in wheels and brakes, particularly for civil applications (on the A320ceo, A320neo, A330, A330neo, A340, A350, Boeing 737 NG, Boeing 737 MAX, Boeing 767, Boeing 777 and Boeing 787) and the military sector (on the A400M, Rafale, KC-135 refueler and C-17 and KC-390 transport aircraft).

With more than 11,000 aircraft fitted with Safran wheels and carbon brakes, the Group holds more than half of the market for civil aircraft with over 100 seats and fitted with carbon brakes<sup>(1)</sup>. Prospective revenue is substantial here, since it correlates directly with the size and lifespan of the fleet in service (specifically, the number of landings made by aircraft fitted with these systems).

## Landing and braking control systems

### Key characteristics of the business sector

This market includes braking systems, orientation systems, landing gear and door extension/retraction systems, and monitoring systems. The main participants are Safran, Collins Aerospace, Crane Aerospace & Electronics (United States), Meggitt and Liebherr.

### Group products and programs

Safran addresses the landing and braking control systems segment primarily through Safran Landing Systems, with customers including: Airbus, for all its civil aircraft programs and the A400M military program; Airbus Helicopters for Dauphin and Super Puma aircraft; Boeing for its 777, 747 and 787; Embraer for its KC-390 military program; Gulfstream for its G650 and G700 programs; and Dassault Aviation for its Falcon civil (900, 2000, 7X and 10X) and Mirage and Rafale military programs.

In landing and braking electronic control systems, Safran's position is buoyed by its technological advance and expertise in complex hydraulic and electrical systems, and by its ability to offer customers a comprehensive offering encompassing landing gear, wheels and brakes, and their electronic control systems.

## Services for landing gear, wheels and brakes and related systems

Safran provides maintenance services for its own products and for competitor products on commercial aircraft with more than 100 seats, and, alone or in partnership, for regional jets and business jets.

To provide maintenance services for landing gear and landing and braking systems, Safran has developed international repair centers in Mexico, the United Kingdom, France, Singapore, the United States and China. Some of these repair centers are managed as joint ventures with partners such as Singapore Airlines Engineering Company, China Eastern Airlines and Dassault Falcon Jet.

## 1.2.2.2 Engine systems and equipment

### Nacelles and thrust reversers

#### Key characteristics of the business sector

The nacelle serves as the interface between the engine and the aircraft. This complex structure is critical to the aircraft's performance, fulfilling multiple functions under harsh conditions (extreme temperatures, dimensional constraints), and must be kept as light as possible. The nacelle protects the engine and channels its airflow. It contributes to aircraft braking during the landing phase (thrust reversers) and helps reduce the aircraft's noise. It must also ensure ready access to the engine for maintenance. It usually comprises an air inlet, a fairing, a thrust reverser and a nozzle. The thrust reverser, which reverses the engine's thrust to help brake the aircraft, represents more than half the value of the nacelle.

(1) Source: Safran.

Today's market for aircraft engine nacelles splits into two main segments, addressed by:

- nacelle component manufacturers;
- nacelle integrators such as Safran, capable of supplying engine manufacturers and airframers with complete nacelles, and providing aftermarket services throughout the nacelle's life cycle. Nacelle research requires specific technical expertise in areas such as achieving acoustic, aerodynamic, thermal and mechanical performance through the intensive use of composite material and titanium technologies. Aftermarket operations require additional industrial and technical resources to provide the best possible service to airlines.

Safran's main competitor on the integrated nacelles market is Collins Aerospace.

### Group products and programs

As a nacelle integrator, Safran designs, manufactures and provides aftersales support for aircraft engine nacelles through Safran Nacelles. On this market, the Group ranks second worldwide, with a market share approaching 25%<sup>(1)</sup>.

In the segment of nacelles for commercial aircraft with more than 100 seats, Safran enjoys a long-standing position as a manufacturer of complete nacelle systems and large thrust reversers for the Airbus A320ceo, A320neo<sup>(2)</sup>, A330, A350neo and A380 platforms. Safran also developed the COMAC C919 nacelle, through the Nexcelle joint venture. Boeing selected Safran to supply titanium exhaust systems for the 777X. Safran also supplies nacelles for regional jets (Irkut Corporation Sukhoi Superjet 100, Embraer 170) and is a leading supplier of nacelles for top-end business jets (Gulfstream in the United States, Bombardier, Dassault Aviation, Cessna in the United States and Embraer), with a market share of more than 30%<sup>(1)</sup>.

### Services for nacelles and thrust reversers

Safran offers its customers closely tailored solutions through its NacelleLife™ range of nacelle maintenance services. NacelleLife provides operators with maintenance services closely matched to their specific requirements, from preparation for entry into service and major maintenance visits, through to removal from or return to service. This range of services is designed to help airlines maximize aircraft availability while minimizing maintenance costs. Each customer determines the technical assistance services and replacement solutions required on the basis of their actual needs, be this in response to unexpected events or for scheduling servicing operations. NacelleLife solutions generate revenues from sale of parts, maintenance programs, spares and related services. NacelleLife also draws on innovative solutions such as predictive maintenance.

### 1.2.2.3 Electrical systems and engineering

The shift toward more electric aircraft systems is a major and irreversible structural change undertaken by airframers to increase safety, reduce greenhouse gas emissions, optimize weight and volume, lower costs and simplify aircraft manufacture, assembly and maintenance<sup>(3)</sup>.

Three recent market trends afford Safran scope for development:

- **the "more electric" aircraft**, as most of the hydraulic and pneumatic systems found in present-day aircraft are phased out by electrical systems. This change calls for a significant increase in the power ratings of onboard electricity generation and distribution systems, along with extremely high-quality requirements for electrical signals;
- **electric hybridization**, with combustion engines or gas turbines backed by electric motors to reduce the aircraft's carbon footprint;
- **new aircraft projects**, for short-distance passenger or freight transportation, to ease urban mobility, or for general aviation electrification. These platforms will use hybrid or all-electric propulsion, opening a fresh market for the engines and electric power management systems in which Safran has developed expert capabilities.

Safran has bolstered its legitimacy in electrical systems through substantial internal efforts in research and technology plus external growth operations. Safran Electrical & Power brings together all of Safran's electrical systems operations under a single dedicated unit made up of:

- electrical interconnection systems;
- electrical components;
- onboard electrical energy (generation and distribution);
- power electronics;
- battery power management systems;
- maintenance and repair of electrical equipment;
- electric motors;
- engineering, design and production services, especially for electrical systems.

### Electric propulsion, generation and distribution systems

#### Key characteristics of the business sector

**The electrical systems market** mostly covers power generation and distribution functions. This market is currently commanded by major participants including Safran, Collins Aerospace, GE and Transdigm-Esterline (United States). Only Collins Aerospace and Safran field a comprehensive offering spanning main and backup power generation, conversion, and primary and secondary distribution.

**The power electronics market** is more recent, arising directly from developments in electrically powered aircraft functions (electric thrust reversers, electric brakes, electric load control, etc.). Power electronics also covers conversion (DC-AC) or starting functions. Aside from Safran, Collins Aerospace, GE, Transdigm and Honeywell also hold competencies in this field.

With recent developments, onboard electrical systems are also extending to propulsion functions. With electric hybridization, a conventional engine can work together with an electric motor, the two relaying each other or running in tandem depending on flight phase or mission requirements. As well as bringing down aircraft fuel consumption, electric hybridization also improves the operability of a conventional engine, relieved of duty at low speeds, for example. In general aviation, all-electric propulsion could be an option for some types of VTOL<sup>(4)</sup> light aircraft. The main players on these new electric propulsion and hybridization markets are Safran, GE, Rolls-Royce, Collins Aerospace and Honeywell, along with a number of startups focused chiefly on engines and batteries, such as MagniX (United States) and Evolito (United Kingdom).

(1) Source: Safran.

(2) The A320neo nacelle for the LEAP-1A engine was developed jointly with Middle River Aircraft System (MRAS) as majority partner. GE sold MRAS to the Singapore-based group ST Engineering in 2019.

(3) See section 1.4.1.2, "Electric technologies and new power configurations".

(4) Vertical Take-Off and Landing aircraft.

### Group products and programs

Safran covers the electric propulsion, generation and distribution systems sector through Safran Electrical & Power.

Safran stands as world number-one<sup>(1)</sup> in primary electrical power distribution, equipping the majority of recent civil aviation programs, including Airbus A220, A320ceo, A320neo and A350, Boeing 787, Bombardier Global 7500, Embraer E-Jet E2, Dassault Aviation Falcon 6X, and Irkut MC-21.

Safran offers a wide range of variable frequency generators addressing customers' needs on civil aircraft (Airbus A380, Bombardier Global Express), military aircraft (Airbus A400M, Lockheed C-130J Super Hercules, Boeing F15), and helicopters (Bell 525, Sikorsky CH-53, Boeing CH-47 Chinook). Many aircraft are fitted with Safran DC engine starter generators, APUs<sup>(2)</sup> and backup power systems (Ram Air Turbine [RAT]).

Safran has also developed a range of electric motors and generators. Known respectively as ENGINEUS and GENeUS, these products offer superior performance and high output, thanks to the integration of power electronics, which increases power density. They are especially well placed to meet customers' needs in hybrid and electric propulsion solutions on new markets such as VTOL.

Examples of Safran's capacity for innovation in power electronics include Electrical Thrust Reverser Actuation System (ETRAS), the world's first electric control system for nacelles, developed on the A380, and Electrical Braking Actuation Controller (EBAC), on the Boeing 787. These major technological advances, along with Safran's engine and electrical wiring expertise, enable the Group to offer airframers innovative electrical aircraft systems for their forthcoming programs.

### Electrical interconnection systems

#### Key characteristics of the business sector

The Group is a leading worldwide supplier<sup>(2)</sup> in this market. Electrical interconnection systems mainly comprise electrical harnesses, for power and data transmission, and primary and secondary electrical distribution cabinets.

Much of the aircraft wiring market is still in the hands of airframers' internal departments. Safran's main rivals on the aircraft wiring market are GKN (United Kingdom) and LATEC.

### Group products and programs

Safran's operations in the wiring and electrical interconnection system segment involve Safran Electrical & Power.

Safran's customers in this field include the main airframers and helicopter manufacturers. For customers including Airbus, Boeing and COMAC, Safran provides electrical and layout design work, as well as harness production and installation support services. If requested, as on upgrade programs, Safran can take on the planning and onboard installation stages. This can – as with major programs such as the A350 – extend to an end-to-end service covering engineering, manufacture and installation support. Safran also takes charge of fitting electric bays, enclosures and cabinets for commercial aircraft (Airbus A320) and helicopters (including Airbus Helicopters H160, Boeing CH47 and NHIndustries NH90).

Safran supplies the wiring harnesses mounted on the CFM56 and LEAP engines, on the landing gear of commercial aircraft (A320ceo, A320neo, A330, Boeing 737, Boeing 787) and business jets (Gulfstream G500, G600 and G7500, Embraer E-Jet), and on missiles (AASM Hammer).

### Electrical components

#### Key characteristics of the business sector

Customers on the electrical connections market judge suppliers largely by their ability to produce complete systems and subassemblies, which are often required to withstand harsh environments such as high temperatures. A determining factor is the capacity for offering customers expertise across all the components integrated in these systems and subassemblies.

Competencies in this field are chiefly found with Safran, Glenair (United States), 3P – Produits Plastiques Performants, Transdigm, Amphenol (United States), Federal Mogul (United States), TE Connectivity (United States) and Hellermann Tyton (United Kingdom).

### Group products and programs

Through its Safran Electrical Components subsidiary, Safran has expertise in design, production and aftersales support for electrical interconnection components, power contacts and fluid transfer components and subassemblies. Safran's components and subassemblies address the defense, automotive and industry sectors, as well as aviation.

(1) Classification criteria: revenue – Source: Safran.

(2) Auxiliary power unit.

## Engineering

### Key characteristics of the business sector

The engineering market is dependent on major development programs, some of which have reached completion (Airbus A350 and Boeing 787). This means that major airframers and aircraft equipment manufacturers experience less need for prime engineering expertise.

Engineering services providers must be able to accompany their customers on an international market, to offer offshore capabilities (with a pool of engineers located in lower-cost countries such as India), to take responsibility for completing engineering work, to support process improvement and to develop and retain skills.

The Group's main competitors are leading French full-service engineering groups such as Alten, Altran and AKKA, and French niche aviation engineering suppliers including Assystem and Aeroconseil.

### Group products and programs

Safran is present in the engineering market through Safran Engineering Services. In Europe, North America, Asia and North Africa, Safran provides engineering services primarily on the aviation market (for airframers and equipment manufacturers), but also on the automotive and rail markets, where the Group offers expertise in electrical systems.

Safran Engineering Services' expertise in six broad areas (electrical systems architecture, aerostructures, mechanical systems, systems engineering, embedded systems and certification support) is used by various Group companies, chief among which rank Safran Electrical & Power, Safran Aircraft Engines and Safran Electronics & Defense. Services are also provided to major aviation customers (Airbus, Boeing, Dassault Aviation, ArianeGroup) and land transport companies (Alstom, Renault).

Safran Engineering Services also works toward fulfilling Group ambitions by providing expertise in digitalization, project management, additive manufacturing, industrialization and supply chain management.

## 1.2.2.4 Aerosystems

### Key characteristics of the business sector

Safran Aerosystems designs, certifies and manufactures high-technology equipment and systems for in-flight and on-ground safety, fuel management, and onboard fluid management and control, in aircraft and helicopters.

Most equipment and systems are specified and selected by the airframer<sup>(1)</sup> at the onset of each new aircraft program. They are covered by airworthiness type certification granted by authorities such as the European Union Aviation Safety Agency (EASA) in Europe or the Federal Aviation Administration (FAA) in the United States. This entails substantial investments at the onset of a program, offset by regular original equipment and spare parts revenues throughout the program lifespan. Some systems, however, such as life vests, are selected by operators<sup>(2)</sup>.

Safran's main competitors in these businesses in France and abroad include: Collins Aerospace, EAM Worldwide (United States), DART Aerospace (United States), Honeywell, Parker Hannifin Corporation (United States), Eaton Corporation (United States), Woodward (United States) and Senior Aerospace SSP (United States).

### Group products and programs

Safran designs and manufactures high-technology solutions to enhance aircraft performance and improve aircraft and passenger safety in-flight and on the ground. These systems equip most commercial aircraft (from Airbus, Boeing, Embraer, Irkut and COMAC) and business jet programs (from Dassault, Gulfstream, Bombardier, Cessna and Daher), as well as most helicopter platforms (from Airbus Helicopters, Leonardo, Bell, Sikorsky, Mil and Kazan Helicopters). They are also featured on several French and European military programs (Dassault, Airbus, Leonardo, Saab, etc.).

### Safety and protection systems

Safran's expertise in safety and protection systems extends to emergency evacuation systems for civil and military aircraft (slides, life vests and life rafts), inflatable safety products for helicopters (safety floats, life vests and life rafts), oxygen systems and masks for the cockpit and passenger deck, protection equipment for military and space missions (survival suits, vests, anti-G pants, oxygen masks, etc.) and emergency ground arresting systems for military aircraft. In early 2022, Safran announced the sale of its military aircraft arresting systems business.

Safran holds world-leading<sup>(3)</sup> positions in most of these fields. Aware of the crucial importance of ensuring safety for aircraft passengers, crew and pilots, Safran offers its customers engineering, production, technical support and aftersales capabilities tailored to their requirements and constraints, worldwide.

### Integrated management and control systems for fluids and fuel

Safran offers customers prime expertise in the management of the various fluids needed for aircraft operation (pneumatic and hydraulic fuel circuits, etc.).

Safran is one of the world's leading designers and manufacturers of hydraulic components and equipment (servo-valves, pressure switches, etc.), articulated high-pressure, high-temperature pipe systems, and engine equipment (air valves, servo-actuators, etc.).

Fuel control, in flight and on the ground, is an important factor in the safety and efficiency of aviation operations. Safran fields expert know-how in the design, certification and manufacture of aircraft fuel systems, a specialty in which it has forged a very strong position by developing lightweight, flexible fuel tanks using its own specific mixes and doped fabrics. These tanks, which have both anti-crash and auto-obstructing capabilities when used for military missions, enhance aircraft on-board safety. Safran thus stands as a major player in this field, offering fuel management, circulation, gaging and tank inerting systems.

(1) *Supplier Furnished Equipment (SFE): equipment specified and purchased by the airframer, which offers operators one or more configurations from catalog.*

(2) *Buyer Furnished Equipment (BFE): equipment specified and purchased by the operator. For new equipment, fitting is usually delegated to the airframer.*

(3) *Classification criteria: revenue – Source: Safran.*



### Spare parts and services activities

Safran operates an international network specializing in aftersales for customers' aerospace systems. This spares and services business primarily involves the sale of spare parts and the provision of maintenance, repair and overhaul (MRO) services.

### 1.2.2.5 Electronics and defense

Safran is one of the world's leading providers of observation, decision-making and guidance solutions on major civil aviation, defense and space programs. These sectors are covered primarily through Safran Electrical & Power. Safran fields prime expertise in optronics, navigation, avionics, electronics, electromagnetic actuators and critical software to offer armed forces and civil customers optimally cost-effective solutions for land, sea, air and space applications.

### Avionics

#### Key characteristics of the business sector

Two key characteristics of this sector are the rapid pace of change in the electronics technologies used, and the lengthy and costly processes involved in equipment airworthiness certification, which entail a need for long-term customer relations. To succeed in this field, Safran addresses new civil and military markets with breakthrough products and services building on tried and tested dual-use solutions.

Safran equips all types of aerospace platforms: commercial, regional, business and military aviation, helicopters, drones, launch vehicles and satellites. Its systems and equipment chiefly address applications in flight control, from the cockpit through to the cylinders that actuate the aircraft's aerodynamic surfaces.

Safran's customers here include airline companies and the leading aircraft and helicopter manufacturers, including Airbus, Airbus Helicopters, Boeing, Dassault Aviation, Gulfstream, Hindustan Aeronautics Ltd., Embraer, Bell, Leonardo and COMAC.

Its main competitors in France and abroad include: Collins Aerospace, Honeywell, Thales, BAE Systems, Teledyne Technologies, Liebherr and Korry Electronics.

#### Group products and programs

The innovative systems developed by Safran in avionics, electronics and critical software contribute to pilot comfort and efficiency, trajectory control, flight safety, navigation precision and aircraft performance. Safran is involved in the largest aircraft programs, including NH90 (NHIndustries), Caracal and H160 (Airbus Helicopters), A400M, A320ceo, A320neo, A380 and A350 (Airbus), Rafale and Falcon (Dassault Aviation) and Boeing 737, Boeing 777X and Boeing 787 Dreamliner. Safran also supplies integrated products for space launch vehicles such as Ariane 5 and Ariane 6.

### Electromechanical actuation systems

The acquisition of the Collins Aerospace Electro Mechanical Systems and Cockpit Controls businesses broadened the Group's portfolio in flight controls and piloting controls. It makes Safran the world's leading provider<sup>(1)</sup> of HSTA (horizontal stabilizer trim system) electromechanical actuation systems, equipping more than 20 civil and military programs.

Safran develops electromechanical flight control solutions for all types of aviation applications (planes, helicopters, drones, etc.), meeting the strictest criteria on reliability and safety. From sensors through to actuators, the Safran solutions stand out for their efficacy and accommodate new, more electric, architectures.

Safran also provides electromagnetic actuator systems for other applications, such as secondary flight controls, thrust reversers, pilot seats, business-class and first-class seats, door opening and closing mechanisms, etc.

### Data management

Safran data management solutions, including flight-data recording systems and automatic end-of-flight data transfer systems, appear on many civil aircraft from ATR, Embraer, Boeing and Airbus, and on many helicopters, through an upgrade authorized by a Supplemental Type Certificate<sup>(2)</sup>.

Cassiopee™ is an all-in-one flight data decoding and analysis solution developed by Safran. Safran systems monitor over a third of the worldwide commercial aviation fleet. Safran supports more than 300 airline companies and helicopter operators in customized data decoding and analysis. Its Cassiopee™ offering provides precious decision-making support to increase flight safety and optimize operating and maintenance costs.

Under Airbus prime contractorship, Safran also provides the secure gateway between the cockpit and the cabin information system for the A380 and A350.

### Electronics and critical software

Given the strategic importance of onboard electronics and critical software today, Safran vertically integrates these technologies through Safran Electronics & Defense.

Safran Electronics & Defense provides all Group companies with world-leading electronic equipment and critical software. It develops, produces, and maintains certified embedded computers for numerous systems, particularly in aviation (FADEC<sup>(3)</sup>, thrust reversers, landing gear, braking systems and flight control systems). With its partners, it has woven strong, balanced links through FADEC International (joint venture with BAE Systems) and FADEC Alliance (joint venture between GE and FADEC International) on engine regulation for CFM and GE engines (GENx, GE9X, Catalyst).

(1) Classification criteria: revenue – Source: Safran.

(2) Document issued by the air safety authorities allowing modification to an aircraft such as the addition of new aircraft equipment.

(3) Full Authority Digital Engine Control.

### Electronic equipment

Safran Electronics & Defense specializes in increasingly integrated electronic systems for critical and harsh environments (extreme temperatures, vibration, etc.). It designs and produces onboard computers used in engine, flight, braking and landing gear control systems. Safran designs and installs electronic control systems for electromechanical actuators and for Safran Electrical & Power power converters<sup>(1)</sup>. Safran holds prime expertise in the production of electronic circuit boards and complex computers.

### Onboard critical software

Safran Electronics & Defense develops the complex critical software used in Group onboard systems. Critical software is software that plays a crucial role in flight safety and must therefore comply with extremely demanding certification standards, as regards dependability in harsh environments.

Safran teams use modern software platforms to handle software specification, architecture, coding, verification, quality assurance, configuration management and certification.

### Aerospace navigation and sensors

Inertial navigation is a good example of dual-use technology. Inertial navigation in civil aviation and space applications is performed by navigation systems or by APIRS (Aircraft Piloting Inertial Reference System) heading and attitude systems, all using Safran inertial sensors. The latest navigation system for civil aviation applications is SkyNaute, a highly compact and highly efficient integrated inertial navigation system operational in all circumstances and hybridized with provision of position, navigation and timing (PNT) data from navigation satellites. With its three HRG Crystal<sup>TM(2)</sup> hemispherical resonator gyroscopes and three micro-electromechanical MEMS<sup>(3)</sup> accelerometers, SkyNaute uses proven, mature technologies and offers low operating costs.

In order to offer a comprehensive range covering all inertial functions, in 2021 Safran Electronics & Defense acquired Sensoror AS, a Norwegian company recognized worldwide for the quality and accuracy of its gyros and MEMS inertial units. With the acquisition, Safran has expanded its portfolio of inertial solutions (vibration sensors, optical sensors, MEMS sensors) for the aerospace and defense markets, and for new space and new mobility markets.

### Cockpit solutions

Safran offers a range of cockpit solutions for ensuring flight safety and efficient, comfortable piloting on helicopters and commercial, military and business aircraft:

- piloting controls: active sidesticks, yokes, throttle controls, pedals, etc.;
- secondary control levers: shutter controls, air brakes, landing gears, etc.;
- control panels: from components and retro-lit buttons to integrated panels such as the upper panel.

Safran cockpit solutions provide efficient service day-in, day-out on many civil aircraft and helicopters.

Safran is also actively involved in work on cockpit digitalization projects.

### Visual perception systems

During all flight and ground phases, exterior aircraft lighting is an important safety factor, both in-flight and for ground crews. Safran develops a full range of LED-based exterior lighting solutions for all types of aircraft.

Safran is world number-one in complete wiper and washer systems<sup>(4)</sup>, developing equipment adapted to the specifics of each aircraft or helicopter to ensure pilots have an optimum field of vision under all weather conditions.

Optronic and avionic solutions are combined to give excellent capabilities for observing the immediate surroundings and for use in the most demanding missions: intelligence, surveillance, targeting, protection, intervention, and search & rescue.

### Support and services for aerospace customers

Safran's customer support in avionics extends to high value-added services, including repairs, equipment delivery and technical support. Customer satisfaction is sustained through constant improvements in turnaround time (TAT), up to industry benchmark level, to ensure the best competitive performance in equipment availability. Given its highly varied worldwide avionics customer base, Safran may localize support services for closer contact with the customer. Customer support performance is a key issue, providing a long-term revenue source throughout the life cycle of an avionics product and developing customer loyalty, thereby influencing customer choices on new programs.

At its repair centers in France, the United States and Singapore, Safran Electronics & Defense performs maintenance of its own onboard computers along with systems from other Group and third-party manufacturers. It also maintains and repairs computers and electronic boards for many airline companies and air forces worldwide.

### Defense

#### Key characteristics of the business sector

France's strategic autonomy in defense calls for a world-class technological and industrial base. Safran plays an instrumental role in enabling self-reliance for its customers, meeting a broad spectrum of military tactical and strategic needs on land, sea and air.

Its main customers and partners in this sector are governments (ministries or armed or paramilitary forces) and industrial groups such as Thales, Airbus, KNDS<sup>(5)</sup>, BAE Systems, MBDA, ArianeGroup, Leonardo, Saab AB (Sweden), Dassault Aviation, Naval Group, General Dynamics Land Systems (United States) and John Cockerill (Belgium).

Safran's main competitors in these businesses in France and abroad include: Thales, Hensoldt (Germany), IxBlue, BAE Systems, Leonardo, Elbit (Israel), L-3 Wescam (Canada), FLIR Systems (United States) and Northrop Grumman.

(1) See section 1.2.2.3, "Electrical systems and engineering".

(2) The HRG Crystal gyroscope, a major innovation patented by Safran, is the highest-performance system of its kind on the market. Using this sensor, with its straightforward mechanism and proven technology, Safran develops new ultra-reliable and extremely compact inertial systems capable of addressing a very wide performance range for civil and military applications in space, air, land and sea environments.

(3) Micro Electro Mechanical Systems.

(4) Ranking criterion: Revenue and market share – Source: Safran.

(5) KMW+Nexter Defense Systems.

### Group products and programs

Safran covers the real-time sensor-to-shooter operational chain with embedded intelligence solutions for all land, sea and aerospace settings, enhancing the operational performance of units in the field with support in surveillance, tactical support, information, navigation, orientation, observation, detection, fire direction and protection.

### Optronics and sights

#### Portable optronic equipment

Safran is one of the world's leading manufacturers of portable optronic equipment. It offers a full range of hardware and systems for observation, surveillance, detection, pointing, identification and target designation, for use under day or night conditions. Its multi-purpose night-vision imagers, such as the JIM LR long-range multifunction imager and the JIM Compact™, along with the products of its subsidiaries Vectronix in Switzerland and Optics 1 in the United States, are widely used in overseas operations by French and allied forces and are considered a global market benchmark.

#### Onboard systems

Safran equipment provides protection for land combat vehicles (tanks, infantry combat vehicles and light vehicles). Stabilized sighting is a key factor in ambulant firing capability under day or night conditions, from target identification to engagement. Safran equips close to 10,000 land vehicles in France and other countries (Leclerc, Challenger 2, PT91M, Jaguar, VBCI, LAV, etc.) with its range of land vehicle sights, which includes PASEO.

In airborne optronics, Safran participates in major combat helicopter programs, such as Tiger, NH90, Cougar, Panther and Caracal. The STRIX and OSIRIS sighting systems meet requirements on exceptionally demanding operational conditions and guarantee the performance of the weapons systems. Euroflir™ gyro-stabilized electro-optical systems provide valuable service in long-range observation and target location. They feature on new airborne intelligence systems including the Patroller drone, the Diamond-42 twin-engine aircraft (in cooperation with DCI) and the T-C350 aerostat from A-NSE.

In the naval field, Safran offers a full range of optronic surveillance, fire direction and self-protection systems for surface vessels, and has recognized expertise in optronic masts and periscopes for conventional (SSK<sup>(1)</sup>) and nuclear (SSN<sup>(2)</sup> and SSBN<sup>(3)</sup>) submarines. Safran contributes to many platforms, including the Charles-de-Gaulle aircraft carrier, the ANZAC, FREMM and Horizon frigates, the Scorpène, Agosta,

Barracuda and SNLE submarines manufactured by Naval Group, the Gotland class (type A19) and Blekinge class (type A26) submarines from the Swedish Saab Kockums and the KSS-III submarines from the Korean Daewoo Shipbuilding and Marine Engineering (DSME).

### Soldier modernization

Safran harnesses experience from the FELIN<sup>(4)</sup> program on soldier modernization in the French armed forces to offer innovative and modular solutions, such as the NeoFelis system, addressing the needs of various armed and security forces in France and further afield. It builds on this know-how to offer capacity kits focused on the key infantry combat functions of command, observation, protection and engagement.

Safran is also pushing ahead with innovation and R&T in areas such as mobility aids, with development of the exoskeleton, a wearable biomechanical and electronic structure that provides powered assistance to body movements. These technologies hold considerable potential in the military, civil security and industry sectors.

### Parachutes and protection

Safran is a European leader<sup>(5)</sup> in parachute and protection equipment in military (troop and cargo) and space missions.

### Navigation and sensors

Inertial navigation analyses motion using acceleration sensors (accelerometers) and rotation sensors (gyroscopes) to provide an estimation of vehicle position, speed and attitude (for aircraft, launch vehicles, ships, submarines and land vehicles), without the need for external reference points other than the point of departure. This avoids dependence, for example, on a satellite navigation system such as GPS.

Safran is number-three worldwide and European number-one<sup>(6)</sup> in military inertial navigation, with more than 70 years' expertise in the key underlying technologies (mechanical, thermal, laser, fiber optics, resonant structures, MEMS, etc.).

It offers a wide range of inertial and stabilization systems covering all performance classes. This equipment offers reliability, precision and robustness, for dependable operation in the toughest environments. Safran's HRG Crystal gyroscope is the highest-performance system<sup>(7)</sup> of its kind on the market. Using this sensor, with its straightforward mechanism and proven technology, Safran develops new extremely compact inertial systems for civil and military applications in space, air, land and sea environments. The Group equips the submarines and missiles of the French deterrent force.

(1) Sub-surface kerosene.

(2) Sub-surface nuclear.

(3) Sub-surface ballistic nuclear.

(4) Fantassin à équipements et liaisons intégrés (infantrymen with integrated equipment and links).

(5) Source: Safran.

(6) Classification criteria: revenue – Source: Yole – 2020 report "High End Inertial Sensors for Defense, Aerospace and Industrial Applications".

(7) Source: Safran.

## Seekers and guidance systems

Safran couples know-how in optronics and inertial systems to offer infrared seekers for the main missiles used by the French army, including Mistral, MICA IR and MMP<sup>(1)</sup>, as well as the French-British light anti-ship missile Sea Venom/ANL<sup>(2)</sup>.

The AASM Hammer is a high-precision air-to-ground guidance kit that can be used in all conditions, day or night. It is currently in service on Rafale fighters belonging to the French air force and navy as well as in other international air forces. It comes in several versions and harnesses Safran expertise in many areas, including infrared and image processing technology, inertial components with hemispherical resonator gyro (HRG) and laser guidance. It has proved highly effective in many overseas operations.

## Drones

Safran is active in drone systems through its expertise in critical function chains, namely navigation and flight control, image chain and data transmission. Safran tactical drone systems have been used in day- and night-time operations for 25 years now.

The French Directorate General of Weapons Procurement (DGA) selected Safran's Patroller as the French army's tactical drone system.

Working with innovative SMEs and civil-sector institutions, Safran has also developed an autonomous off-road demonstration vehicle, the eTracer, designed for logistics, convoy, perimeter protection, intelligence and reconnaissance missions.

## Customer support

Safran's customer support includes high value-added services, including repairs, equipment delivery, technical support and training. They all strive toward the same goal: ensuring that equipment is in full working order at all times, a strategy primarily reflected in Global Support Package contracts.

## Data systems

### Key characteristics of the business sector

Safran is a leading world player in civil and military niche markets for equipment, solutions and services in telemetrics for applications including flight-test instrumentation, satellite remote-control modems, and earth observation satellite reception modems. These highly specific markets are experiencing high growth, especially in North America and Asia.

Telemetry applications are primarily intended for use during the test, certification, calibration and maintenance campaigns run by test centers, missile manufacturers and manufacturers of aircraft, helicopters, and civil or military drones. For the on-board component, the challenge is to collect, process, record and transmit data, and for the ground component it involves receiving and processing the data in real time, under conditions of absolute security.

For satellite operators, space agencies, launch vehicle manufacturers, satellite suppliers and scientific missions, Safran offers a range of equipment for satellite station keeping and data reception from on-board sensors (cameras and radars) on earth observation satellites.

Safran's main competitors in this sector are the US companies Curtiss-Wright in onboard telemetrics and Viasat in space communication.

### Group products and programs

Safran Data Systems provides a full suite of equipment and solutions for flight tests, from data acquisition through to processing: instrumentation products and solutions (embedded data acquisition units, routers, modular data recorders and transmitters); ground telemetry products and solutions (tracking antennas, wide-band RF recorders, analog and digital signal recorders, decommutators); and full software suites (configuration, operation, processing).

It also offers a wide range of video and data recorders, servers, secure computers and routers for pilot training, mission debriefing and C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, Reconnaissance).

It provides equipment and solutions for satellite ground stations: broadband antennas, modems and receivers; command and control (C2); distance measurement; payload date reception; quality control for satellite communication services; and space situational awareness (SSA).

More recently, Safran Data Systems has developed new antenna solutions specifically optimized for satellite constellations. The WeTrack™ service developed and marketed by Safran is a worldwide network of RF sensors for monitoring geostationary satellites and detecting their maneuvers.

## High-performance optics

### Key characteristics of the business sector

Through its Safran Reosc subsidiary, Safran is a leading world player in the design, manufacture and integration of high-performance optical systems in astronomy, space, large-scale high-power laser and semiconductor industry applications. Given that these systems address highly demanding applications (in scientific research in particular), customers demand the best available technologies with specifications at maximum reachable levels worldwide. Contracts here are usually for a few units, prototypes, or small production runs.

Main customers in this segment are the European Southern Observatory (ESO) in astronomy, major prime contractors and space agencies, institutes and major international scientific programs.

Depending on the application, Safran's main competitors are Thales, Hensoldt, AMOS (Belgium), Coherent (United States) and L3Harris (United States).

### Group products and programs

From initial design through to production and integration, Safran has world-class expertise in all the competencies required for providing customers with the highest-performance precision optical and opto-mechanical equipment.

Capabilities and services cover: opto-mechanical and thin-film engineering; machining and weight-optimization for glass and vitroceraic substrates; precision polishing for materials including glass, ceramics and silicon carbide; optic metrology for surface shape and structure at nanometric precision and extremely low asperity; thin-film optical deposition; and clean-room equipment assembly.

(1) Missile moyenne portée (medium-range missile).

(2) Anti-navire léger (light anti-ship missile).

Recent projects include mirrors on high-resolution earth and space observation telescopes (Gaia, Euclid, Pleiades Neo, Kompsat 7, etc.), lenses and components for scientific, weather and observation satellites (Meteosat, CSO, IASI NG, Merlin, MicroCarb, etc.), giant mirrors for astronomy (Very Large Telescope [VLT], Gemini, Gran Telescopio Canarias [GTC]), mirrors and lenses for short-pulse lasers (Apollon, Laser Megajoule, Orion, ELI European Lasers, etc.), photolithography systems for semiconductor etching,

far-ultraviolet microlithography, thin-film optic coatings from ultraviolet to infrared, and multispectral coatings for infrared detectors.

Safran has also been selected by ESO for polishing and integrating the five mirrors in the world's most powerful telescope, the Extremely Large Telescope (ELT) under construction in Chile.

### 1.2.3 Aircraft Interiors

The Aircraft Interiors business breaks down into two key sectors:

#### ● CABINS

- Cabin interiors (commercial, regional, business and VIP aircraft)
- Water and waste management systems
- Ventilation and environment control systems
- In-flight entertainment and connectivity solutions

#### ● SEATS

- Passenger seats
- Technical seats
- Helicopter seats

Aircraft Interiors covers cabin furnishings equipment, in-flight entertainment systems and flight-deck liners, as well as seats. At the end of 2021, a total of 13,703 Safran employees were contributing to the development of this business.

Operators see aircraft interior design as a factor in market differentiation and a marker of service level. They therefore demand high standards in both the appearance and the quality of aircraft cabin equipment.

Whereas most aircraft systems are usually specified by the airframer<sup>(1)</sup>, interior furnishings for commercial aircraft are also specified by operators<sup>(2)</sup>. In addressing these needs, equipment suppliers also ensure that their products comply with the requirements set by civil aviation authorities such as the European Aviation Safety Agency (EASA) in Europe or the Federal Aviation Administration (FAA) in the United States.

#### 1.2.3.1 Cabins

##### Cabin interiors for commercial, regional and business aircraft

##### Key characteristics of the business sector

The aircraft interiors market covers a large proportion of what passengers see and use in the aircraft: partitions, overhead bins, cabin class dividers, closets, lavatories, galley and catering equipment (galleys, galley inserts, trolleys), rest areas, containers and cabin liner panels. This market is driven by the cabin interior policies of operators (airline and leasing companies) and maintenance centers.

This market is dominated by a few world players, including airframers themselves, as with Boeing Interiors Responsibility Center (United States) and aircraft equipment manufacturers such as Safran, AVIC Cabin Systems (China), Diehl (Germany), Collins Aerospace, JAMCO (Japan) and Bucher (Switzerland). Safran and Collins Aerospace are the two main players covering the full spectrum of products and services expected by airframers and operators.

(1) *Supplier Furnished Equipment (SFE): equipment specified and purchased by the airframer, which offers operators one or more configurations from catalog.*

(2) *Buyer Furnished Equipment (BFE): equipment specified and purchased by the operator. For new equipment, fitting is usually delegated to the airframer.*



## Group products and programs

Safran is the world leader<sup>(1)</sup> in cabin interiors for commercial and business aircraft, through Safran Cabin. It also supplies complete cabin liners to major aircraft manufacturers, including Airbus, Bombardier, COMAC and Embraer.

Safran designs, certifies and manufactures everything needed for fitting and retrofitting cabin equipment and furnishings. Its expertise extends to high-technology molding, advanced composite material structures (such as pre-impregnated composite fibers, honeycomb composites, preformed composites and carbon composites), and cabin liner panels. Safran also offers customers a range of catering and cargo equipment (galleys, galley inserts, lightweight cargo containers, trolleys, etc.).

In the business jets sector, Safran supplies complete interiors for the Honda HA-420 HondaJet (Japan), the Bombardier Challenger 650 and the Bombardier Global 5000, 6000 and 7500. Safran's cabin interiors for these aircraft combine complex wood inserts and veneers, high-gloss paint finishes and luxury leather linings. Safran also offers galley inserts for these aircraft.

In the regional jets sector, Safran also produces complete cabin interiors meeting the needs of operators flying Embraer (E-Jet and E-Jet E2), MHI (CRJ) and Airbus (A220) planes. Safran will also be offering complete cabin interiors for the forthcoming MC-21 from Irkut (Russia).

Safran provides cabin interior equipment for short- and medium-haul aircraft: Boeing 737 NG and Boeing 737 MAX (high-security cockpit doors, galleys and galley inserts). Safran's cabin interior teams also support the Airbus short- and medium-haul program, A320neo, providing galleys, galley inserts, trolleys, cabin class dividers (partitions), closets and SpaceFlex equipment that combines galleys and lavatory units, enabling airline companies to increase the number of passenger seats. On COMAC's forthcoming single-aisle C919, Safran will be supplying equipment including galleys, lavatory units and secure cockpit doors.

In long-haul aircraft, Safran provides lavatory units, galleys and overhead bins on the Airbus A330neo, as well as the A350-900. For the A350-900 aircraft, Safran supplies equipment such as galley inserts, bars, electric galley waste disposal units (GWDUs), lavatory units, cabin class partitions and secure cockpit doors. Safran provided cabin furnishings on the A380 program. On the Boeing 787 and 777, Safran supplies galleys, galley inserts and cabin liners.

Safran Cabin also offers airline companies and freight operators robust and innovative cargo equipment, such as pallets and unit load devices (ULDs) for the lower and main deck.

## Cabins for VIP aircraft

The market for short- and long-haul VIP and HOS (Head of State) aircraft is a highly specialized market with low volumes (5 to 20 aircraft per year worldwide) and custom-designed cabins.

Safran, through Greenpoint Technologies, is one of the world's leading players in this market, the main competitors in which are AMAC Aerospace (Switzerland), Lufthansa Technik (Germany), Jet Aviation (Switzerland) and Comlux (Switzerland).

## Spare parts and services for cabin interiors

Safran provides maintenance and retrofit support for aircraft cabin interiors through a number of sites certified by civil aviation authorities such as FAA and EASA. Customers also have access to several authorized Group locations offering rapid fitting and repair, giving Safran the capability to upgrade and reconfigure any aircraft interior in accordance with operator requirements and applicable regulations.

## Group products and programs

Through Greenpoint Technologies, Safran provides custom cabin interiors for single-aisle and long-haul aircraft for use by corporations, governments and individuals. Services range from minor interior modifications to turnkey solutions spanning design, manufacture, certification and fitting.

## Water and waste management systems

### Key characteristics of the business sector

Water and waste management systems are an integral part of aircraft development programs. Safran's main competitors in this sector are Collins Aerospace and Diehl, which, like Safran, offer complete systems. A few niche players, such as Franke Aquarotter (Germany) and Adams Rite Aerospace of the Transdigm group (United States), specialize in specific components such as valves and water heaters.

### Group products and programs

Through Safran Cabin, the Group is one of the world's leading players in integrated water and waste management systems on aircraft, fielding expertise in development, certification, and production and aftersales support. Its solutions enjoy wide market recognition for innovation and extreme reliability.

Safran has developed cutting-edge technologies such as tanks in composite material, ultraviolet sterilization of drinking water, low-pressure pipes in composite material and a range of ultrasound level sensors. It offers drinking water management and distribution systems for different types of aircraft (commercial, business and military). The Group developed the first chemical lavatories and was one of the pioneers in vacuum-flush lavatories on planes. Its capabilities in this sector today extend to integrated waste and water management and drinking water distribution systems. In 2021, the Group sold its rail-transport water and waste management systems (see section 3.1, Note 6).

(1) Source: Counterpoint Market Intelligence Ltd, Aircraft Interiors Review, 2021.

## Ventilation and environment control systems

### Key characteristics of the business sector

Air conditioning systems vary with market segment:

- in commercial and some business aircraft, they are powered by the auxiliary power unit (APU), meaning cabin air is constantly refreshed with air from outside;
- in aircraft without an APU, such as small private aircraft and helicopters, air conditioning systems use closed-loop circulation.

The main players in the commercial aircraft air conditioning market are Collins Aerospace, Honeywell and Liebherr, which offer integrated systems covering air conditioning, bleed air and de-icing systems. There are several key players in other market segments, including Enviro Systems (United States – formerly Safran Ventilation Systems Oklahoma, sold by Safran in late 2021 – see section 3.1, Note 6), Secan (France), Fimac (Italy) and Air Comm (United States).

### Group products and programs

For airframer and system builder customers, Safran Ventilation Systems designs, qualifies, produces and markets ventilation equipment (low-pressure valves, flaps, fans, electrical and mechanical, filters, etc.) for cooling the cabin and avionics systems on commercial, business and military aircraft and helicopters. Safran also provides a specific brake cooling system for all Airbus airframes.

A world leader in ventilation equipment for civil aviation, Safran Ventilation Systems has a presence with all major aircraft manufacturers. Safran also provides maintenance services directly to operators through a network of repair centers in Europe, the United States and Asia.

## In-flight entertainment and connectivity solutions

### Key characteristics of the business sector

With air passenger volumes on the rise, and intensifying market competition, in-flight entertainment (IFE) on commercial aircraft is becoming an increasingly important customer appeal factor for airline companies. Through Safran Passenger Innovations, Safran has developed entertainment systems that enhance aircraft passengers' well-being on board. The programs on this kind of fit-out usually have short development cycles, and Safran stands out from the competition in this segment due to its ability to offer complete systems.

Safran's main competitors in this market are Panasonic (Japan) and Thales.

### Group products and programs

Safran's innovative RAVE™ (Reliable, Affordable and Very Easy) solution for commercial aircraft is an independent IFE system with media content integrated in the seat screen, which simplifies the onboard network and provides passengers access to on-demand high-availability audio and video. As well as offering passengers a content and activities

catalog, Safran's RAVE system also includes a connectivity solution, marketed by the Group, with a WiFi connection for broadband internet access by satellite and a data transmission network. RAVE also offers lightweight screens with low electricity consumption, benefiting from a partnership with a major player in consumer electronics as well as from the latest technological advances in this field. With its uncomplicated design, RAVE also offers simplified maintenance and low cost of ownership.

At year-end, Safran had more than 80 customer programs in its portfolio for RAVE systems, either in service or pending. These include Lufthansa (Germany), Air France, All Nippon Airways (Japan), Virgin Atlantic (UK), China Southern Airlines (China) and Qatar Airways (Qatar).

## 1.2.3.2 Seats

### Aircraft seats

#### Key characteristics of the business sector

Aircraft seats have to meet demanding requirements in terms of appearance and quality, because airline companies consider them an important brand image factor enabling them to stand out from the competition in terms of service quality. The equipment supplier adapts seats to the specific needs expressed by each individual airline company, which means production runs tend to be smaller and diversity wider. To reduce aircraft fuel consumption, seat weight is a determining factor.

This market is determined by growth in the air transportation market and by airline companies' cabin interior policies.

In addition to Safran, the other major players in aircraft seats are Collins Aerospace and Recaro (Germany).

### Group products and programs

Through Safran Seats, Safran is one of the world leaders in aircraft seats, with over one million seats installed on commercial aircraft flown by more than 150 airlines<sup>(1)</sup>. Safran has a 32% market share<sup>(1)</sup> in aircraft seats.

Safran expertise covers the whole seat manufacturing chain, from design and certification through to assembly. This expertise is applied to offer customers a full range of innovative and customized seats combining ergonomics, comfort, aesthetics and cabin space optimization, in terms of passenger and storage capacity, etc.

### Passenger seats (Economy, Premium Economy, Business and First Class)

Safran offers its customers a full range of passenger seats for fitting on a wide range of aircraft. The seats address specific airline company needs on passenger comfort and satisfaction, and what can be tight operating constraints on efficiency optimization.

With its wide range of seats and ability to offer made-to-measure solutions, Safran meets the needs of individual airline companies of all business models and aircraft user profiles (low-cost through to five-star, regional operators, etc.).

(1) Source: Safran.

## Economy Class

Consistent with each airline company's sales strategy and flight duration requirements, Economy Class seats are designed to offer a good trade-off across comfort, density and operating costs, which are the most relevant criteria in this segment.

Safran's seats offering here ranges from straightforward, lightweight, efficient non-reclining solutions through to more sophisticated and more spacious solutions with additional comfort features (such as articulated headrests, and more comfortable cushions), reclining mechanisms, integrated screens and features for electronic devices (such as power sockets and tablet or smartphone supports).

For Economy Class seats, the pitch between seat rows is usually from 28 to 32 inches (around 71 to 81 cm). Safran's most recent seats in this segment are the Z110 and Z200 for short- and medium-haul flights and the Z400 for long-haul flights.

## Premium Economy Class

Premium Economy Class seats offer comfort and spacing mid-way between Economy and Business Class. They are larger, and the pitch between rows is greater than in Economy Class, offering passengers close to 40% more personal space. They can recline by about 10 degrees more than in Economy Class, and can accommodate a larger screen. Seats in this class can take the form of either reclining armchairs or fixed shells, possibly with electric controls.

The pitch between seat rows in Premium Economy Class is usually from 38 to 40 inches (around 96 cm to just over one meter). The Z535 is Safran's flagship product in this segment.

## Business Class

Seats in Business Class offer passengers upmarket comfort, space and equipment. Passengers enjoy individual suites with direct aisle access and flat beds, offering in-flight comfort (e.g., doors) and equipment (wide-screen television, sophisticated lighting systems, soundproofing, temperature control, etc.). Business Class seats require many different components (shells, consoles, etc.), and most include electrical controls.

This market segment holds a strategic challenge for airline companies, which compete to attract and keep passengers holding the highest profitability prospects. The strong emphasis on market differentiation between airline companies drives high demand for customization.

For business class seats, airline companies select from among the variety of possible configurations the solutions that are the most consistent with their market objectives. Therefore, Safran's Optima Business Class seat focuses on onboard density whereas seats such as Versa and especially Fusio focus on living space. With its innovative feature set, the new Vue seat, specifically designed for single-aisle aircraft operating on long-haul routes, offers passengers travel experience and comfort comparable to that on a wide-body aircraft.

## First Class

First Class seats offer unique, top-of-the-line services combining very high quality with advanced technological solutions.

Volumes are very low in this segment, since only twenty or so airline companies operate in this segment, offering just a few seats on each plane. Since this is a high-visibility segment as regards an airline company's corporate identity, customers usually require a unique presentation enabling them to stand out from their competitors.

## Technical seats

Safran expertise in technical seats for flight-deck and cockpit personnel covers all the features, technologies and materials needed for developing products that combine safety, quality and innovation.

## Helicopter seats

Safran products meet the specific needs of the highly demanding market for seats for vertical take-off aircraft, integrating functions such as an energy absorption system for enhanced pilot and passenger safety along with innovative seat actuator systems and comfort functions.

## Spare parts and services for seats

Safran provides worldwide sales and technical support throughout the service life of its seat products, meeting customer demand even in the most critical situations.

Safran services also extend to cabin retrofits. Given the service life of aircraft seats (five to fifteen years), cabins will need retrofitting two or three times during the aircraft's career. As well as supplying the new seats, Safran also provides the expertise needed for certification of the new cabin configurations.

Safran also offers solutions meeting specific operator needs in personnel training, flight-per-hour support, reliability and maintenance analysis, annual orders and advance stocks.

## 1.3 COMPETITIVE POSITION

Safran covers international high-technology markets in aerospace and defense.

In all these fields, Safran faces competition from both global rivals and niche players in some markets.

The Group operates in the strictest observance of all applicable rules on competitive business practice in all of its host countries, complying with all specific measures applicable to each market (see section 4.3.1.3).

To mobilize sufficient resources and share the industrial risks involved in innovative and costly programs, participants in the aviation industry can form partnerships capable of developing new technologies, products and services. Accordingly, it is not unusual to find otherwise rival companies joining forces on certain aviation programs.

## 1.4 RESEARCH AND DEVELOPMENT

Safran is a high-technology group that offers high-value-added products and services. Technology and reliability requirements are high, consistent with the highly critical nature of the applications concerned. To meet these requirements, Safran harnesses highly specialized advanced expertise in many fields: mechanics, metals, composite materials, fuel and propulsion systems, aerodynamics, combustion, thermodynamics, electrics, electronics, sensors, signal processing, digital technologies, modeling and simulation. Research and technology (R&T) comprises all studies, research and technological demonstrations needed to develop expertise for a given product at the lowest possible risk and cost and within the shortest possible timeframe.

Further downstream, research and development (R&D) corresponds to product design, prototype manufacture, development tests and certification tests showing that the product meets customer specifications and applicable regulations.

The Innovation Department spans R&T and R&D to nurture the emergence of new developments using innovative concepts and help Group companies identify, produce and validate proof-of-concept demonstrators, thereby shortening development lead times to meet time-to-market targets.

Around 16% of Group employees are involved in R&D activities. Safran's R&T and innovation projects are guided by forward-looking considerations, and the substantial budgets they draw are in line with the Group's current or targeted positions in its markets. Research, technology, innovation and development are fundamental to the implementation of the Group's strategy, reflecting the importance attached to preparing for the future and developing new products and programs.

Under Safran's R&T policy, each company in the Group determines its own research program and concentrates on its own objectives. In tandem, the Group is constantly working to develop technology synergies.

Amid the health crisis and its impacts on the air transportation sector, the national recovery plan for the industry and the France 2030 investment plan should enable the Group to sustain its R&T effort in its priority areas, with the aim of stepping up preparations for "green, digital and connected aircraft". Under the French plans, the aim is to bring a carbon-free aircraft into service by 2035 - and ultimately to achieve net zero emissions in air transportation by 2050. Technological options must therefore be clarified by 2025.

R&T operations are guided by roadmaps charting the strategic challenges faced by Group companies (competitive positioning sought at different timeframes, along with the corresponding technological demonstrations and fulfillment levers in terms of external partnerships and internal synergies). The roadmaps are analyzed on an annual basis by Group experts, who issue recommendations accordingly.

Safran Tech is the Group's R&T center, located at the Saclay high-tech cluster, France's largest science and technology campus, near Paris. The center's 600 or so employees are split into six units, covering energy & propulsion, materials & processes, sensor technologies & applications, electrical & electronic systems, signal & information processing and modeling & simulation. Safran Tech also runs platforms specially equipped for developing next-generation materials and processes: Safran Composites, Safran Ceramics, Safran Advanced Turbine Airfoils and Safran Additive Manufacturing Campus on a new site opened in 2021 in Le Haillan, near Bordeaux (France).

The Safran Tech center highlights the Group's resolve to intensify and pool R&T endeavors on major technological breakthroughs. Safran Tech opens a new dimension, with an emphasis on open innovation. Universities, public organizations, industrial partners and innovative startups work with Safran Tech teams in joint laboratories or on shared platforms, forming a creative, connected, top-level scientific campus open to the outside world.

## 1.4.1 Major technological focuses

### 1.4.1.1 Aircraft engine technologies and new propulsion configurations

Reducing the carbon footprint of flying is a major priority for the aviation industry. In 2021, through the Air Transport Action Group (ATAG)<sup>(1)</sup>, air transport industry players set the highly ambitious objective of net zero CO<sub>2</sub> emissions by 2050. Instead of aiming to halve the sector's net CO<sub>2</sub> emissions by 2050 with respect to 2005, aerospace companies are now targeting zero net CO<sub>2</sub> emissions, in line with the European goal set out in the European Green Deal. If this objective is to be reached, action on several fronts is needed: fleet renewal with new-generation aircraft and incremental enhancements; improvements in air traffic management and operations; breakthrough technologies; and alternatives to kerosene, along with reductions in other nuisances (noise, NOx, particles). Safran is addressing these challenges and developing the means needed for fulfilling its ambitions (see section 5.3.2).

Safran is a leading driver of change in the industry – due to its position in many aircraft-system segments, including energy systems – and demonstrated its commitment by dedicating around 75% of its R&T budget in 2021 to improving the environmental impact of air transportation. Its work chiefly concerns propulsion, electrification, lightweight equipment and sustainable fuels. Safran's roadmap specifies contribution to a technological breakthrough in the form of an aircraft that consumes 30% less fuel by 2035, to achieve carbon neutrality by 2050.

Specifically, Safran and GE launched the ambitious CFM RISE (Revolutionary Innovation for Sustainable Engines) technology development program in 2021. The technologies developed in the RISE program lay the foundations for the next-generation CFM engines that could be on the market by the mid-2030s. The program goals include reducing fuel consumption and CO<sub>2</sub> emissions by more than 20% compared to today's most efficient engines, as well as ensuring 100% compatibility with alternative energy sources such as sustainable aviation fuels and hydrogen, which are more environmentally friendly.

#### Architecture and performance

The Group's roadmap for the aircraft propulsion systems of the future incorporates three technology stages:

- the first stage is the LEAP turbofan engine, with a very high bypass ratio. For those modules under the responsibility of Safran Aircraft Engines in CFM International, this stage covers advanced technologies such as a highly innovative lightweight fan made from composite materials and a high-efficiency low-pressure turbine. The LEAP engine, which came into commercial operation in 2016, brings major improvements in line with the ACARE 2020<sup>(2)</sup> objective, particularly in terms of fuel consumption. It has been selected by Airbus for its A320neo, by Boeing for its 737MAX and by COMAC for its C919. R&T work is in progress on long-term continuous improvement in engine performance;

- the second stage is more ambitiously innovative, calling for breakthroughs in engine architecture, through the exploration of developments such as the open rotor concept and faired architectures with very high bypass ratios. These concepts are addressed by advanced research under national and European programs such as the Clean Sky Joint Technology Initiative. The open rotor program culminated in a demonstrator, prizewinner in the propulsion category of the 62<sup>nd</sup> Aviation Week Laureates in 2019;
- the third stage seeks to introduce low-carbon energy sources. Demonstrations have already been performed with biofuels in a mix with current fuel. Other scenarios under examination concern synthetic fuels derived from decarbonated hydrogen and propulsion concepts using liquid hydrogen directly. In 2021, Safran and TotalEnergies formed a partnership targeting 100% use of sustainable aviation fuels (SAF) in aircraft engines.

In connection with the national recovery plan for the aerospace industry, work has been going ahead since 2020 on the technological developments required by these engine concepts and new energy initiatives. Demonstration phases will be going ahead under the European Partnership on Clean Aviation under the Horizon Europe program<sup>(3)</sup>.

Safran also cooperates with scientific and academic institutions on groundwork in future aircraft propulsion configurations. Partners here include ISAE-SupAero, through the AEGIS<sup>(4)</sup> chair, ONERA, Cranfield University in the United Kingdom, and the Georgia Institute of Technology (Georgia Tech) in the United States.

Helicopter turbine engines are subject to similar imperatives requiring reductions in fuel consumption and environmental impacts. Through its subsidiary Safran Helicopter Engines, Safran has undertaken ambitious technology programs to address future market needs. A number of technologies developed under the TECH800 program have been adopted on the Arrano engine, selected by Airbus Helicopters as the sole source for its new H160. The Group's technological progress strategy is backed by work in close liaison with all its customers to come up with innovative new engine integration developments such as hybrid power architecture concepts in drive systems.

Scenarios considering the emergence of hybrid or even fully electric propulsion are studied for smaller aircraft, "commuters" or vertical take-off and landing aircraft (VTOL) associated with new uses over short distances and in urban areas. Evaluations and simulations are also being carried out to examine how propulsion hybridization might contribute to developments in groundbreaking propulsion configurations for short- and medium-haul aircraft.

(1) A non-profit organization representing all players in the aviation industry.

(2) Advisory Council for Aeronautics Research in Europe.

(3) Horizon Europe is the European Union's framework program on research and innovation (R&I) for the period 2021-2027.

(4) Aero EnGine Innovative Studies.



### Materials and processes

The need to lighten planes, helicopters and their equipment has led to increased use of composite materials. Safran engines and equipment (whether nacelles, landing gear or brakes) are characterized by heavy mechanical loads and a more difficult environment than for other aircraft sections such as airframes. Safran develops its composite materials solutions through the resources and expertise in organic matrix composites fielded at the Safran Composites Center (part of Safran Tech). Safran Ceramics, the Group's center of competence for these technologies, provides core expertise in thermostructural composites for aircraft engines, a major technological challenge addressed by substantial research efforts. This research, along with work on new metal alloys, and on high-performance coatings compliant with European REACH<sup>(1)</sup> regulations, is coordinated by the Materials and Processes Department. The platform for developing new monocrystalline casting techniques with engine applications opened in 2019.

Safran gives priority importance to stepping up materials research using data analysis and digital physics. The application of statistical learning in mechanics opens up new possibilities in the understanding of mechanisms and for ultra-fast simulations of the properties of materials usage. With this in mind, Safran founded the BIGMECA chair in 2019 with the Mines ParisTech engineering school, which is reaping the fullest possible benefit from combined academic and industrial approaches. In 2021, Safran also signed a framework partnership agreement on research and training with the École Centrale de Lyon. This new agreement aims to enhance student training and organize research in the fields of aeroacoustics, aerodynamics, structural dynamics and tribology.

Safran Seats develops its technological lead in materials (plastics, composites, metals, fabrics, etc.) and implementation processes. One important innovation focus in recent years is on additive manufacturing. This brings new openings for the design of products that are safer, more comfortable, easier to use, easier to make, easier to operate, more reliable and lighter in weight, which also means more efficient in terms of energy consumption.

#### 1.4.1.2 Electric technologies and new power configurations

The move continues toward increased use of electrical energy for aircraft systems and actuators. The movement, which started with the A380 and Boeing 787 programs, will be a defining characteristic of the next generation of short- and medium-haul aircraft. The ultimate aim is overall aircraft energy optimization, covering energy production and energy consumption, for both propulsive and non-propulsive functions. The breadth of its aircraft engine and equipment expertise allows Safran to explore a huge spectrum of solutions for making tomorrow's aircraft more competitive, in terms of performance, functionality and cost of ownership.

Expertise in aircraft electrical systems is rolled out through Safran Electrical & Power and Safran Aerosystems, giving the Group some of the best technologies in electricity generation, conversion, distribution and transmission, thereby enabling it to adopt a whole-system approach to aircraft electricals.

Optimization involves investigation into all forms of electricity generation, from mechanical engine motion to auxiliary power units (APUs) in hybrid solutions combining turbines, fuel cells and batteries. This work involves several companies: Safran Electrical & Power, Safran Power Units, Safran Aircraft Engines and Safran Helicopter Engines. One of the units of the Safran Tech innovation center focuses on developing simulation systems for evaluating advanced global energy and propulsive architectures.

Safran is involved in several technology programs alongside airframers in a European or French context. Cooperation on these programs takes various forms:

- academic cooperation, with fifteen or so CNRS<sup>(2)</sup> laboratories and major research organizations such as ONERA and the Saint-Exupéry Research Institute;
- industrial partnerships, such as with Alstom (France) and Électricité de France (France), both of which are recognized as technology leaders in their sectors.

#### 1.4.1.3 Digital technologies and digital transformation

##### Industry 4.0

Design, production, maintenance and service tools and resources benefit from Safran's investments in digital solutions such as augmented reality, robotics, imaging, artificial intelligence and data use. These new applications significantly improve operational performance in terms of the cycle, cost and quality of high-tech products developed, manufactured and rolled out by the Group. Digital solutions also meet the demands of the Group's customers, partners and suppliers wishing to develop collaborative co-design strategies and optimize their supply chain and maintenance operations.

Automatic imaging solutions (based on machine learning) developed by Safran Tech to inspect complex parts are already used in the Group's plants.

##### Additive manufacturing

Additive manufacturing provides an opportunity to improve costs, cycles and performance for numerous engine and aircraft equipment components, by reducing the number of parts and components and introducing new methods of optimizing design. Certification has already been obtained for parts including fuel injector nozzles and combustor swirlers for helicopter engines produced via selective laser melting, whereby an assembly of 15 components can be replaced by a single part. The Safran Additive Manufacturing unit has the resources to define different additive manufacturing processes for metallic materials. These resources, along with the specific program organization set up at Safran, help accelerate the development of these processes for future use in serial production and repairs.

Safran has decided to centralize all its additive manufacturing capabilities at a new Safran Additive Manufacturing Campus. The new site in Haillan, near Bordeaux in France, houses all the Group's operations in research, industrialization and production of additive manufacturing components, for optimally efficient rollout across all relevant products. This new site became operational in 2021.

(1) Registration, Evaluation and Authorisation of Chemicals.

(2) Centre national de la recherche scientifique (French National Center for Scientific Research).

## Data processing

Innovation efforts are called for to address the growing role played by services in the Group's operations. Techniques used to diagnose and forecast the condition of aircraft and helicopter equipment and systems bring value for Safran product users, as regards both operational considerations (optimization of maintenance) and fleet management support (evaluation of residual value). To address this need, Safran is developing its Monitoring Services system for managing fleet equipment operating data.

Big data extraction techniques offer promising development opportunities. Here, the Safran Analytics teams at the Safran Tech site will be stepping up rollout of more agile services, better oriented to value creation for aircraft operators. Safran Analytics has designed and rolled out its own big data platforms to facilitate the Group-wide implementation of data analytics solutions. One of the first services implemented on analytics environments consists in rendering aircraft trajectory data. This allows Group companies to gain a better understanding of how Safran products are used by customers, and thereby improve their performance.

## Electronics, digital platforms and critical software

Given that onboard electronics technologies for harsh environments are a central feature of many Group products, Safran Electronics & Defense runs ambitious projects on controller architectures featuring more efficient processors, and on component packaging capable of withstanding the higher temperature environments of future aircraft systems (see section 1.2.2.5). In systems engineering, Safran is working on process harmonization: a modern software development workshop has been set up for Group-wide rollout.

### 1.4.1.4 Navigation and autonomy technologies

Air, land, sea, satellite and weapons navigation markets are constantly evolving and expanding. Operational and economic gains are sought by integrating mobile units into cooperative groups, by increasing autonomy, and by ensuring land-onboard continuum via secure links. Quests such as these prove to be powerful drivers of renewed demand and technological development. Safran is actively preparing the shift to autonomous systems for civil and defense applications based on technologies developed in optronic sensors, inertial navigation, critical onboard electronic systems and image processing and analysis. Specific research focuses on robust and reliable artificial intelligence for autonomous functions, working closely with the scientific community.

Safran's approach relies strongly on breakthrough HRG<sup>(1)</sup> technology, whose characteristics make it possible to design and produce world-leading navigation equipment and weapons at competitive costs. Through its subsidiary Safran Electronics & Defense and the Safran Tech sensors unit, the Group continues with the development of MEMS<sup>(2)</sup> technology accelerometers and gyrometers for portable geolocation applications. With its prime expertise in high-integrity navigation systems, Safran Electronics & Defense leads the field in drone navigation.

Safran harnesses advanced optronics and ICT<sup>(3)</sup> to develop innovations that will help the Group offer enhanced operational efficacy to armies, navies and air forces. Optronics needs range from imagers operating in one or more wavelength bands through to full image processing systems handling monitoring, detection, identification, fire control and self-protection. Integrated battlefield perception and soldier support solutions are developed using systems that couple infrared sensor and light intensification technologies with other functions such as geolocation and data analysis.

For infrared sensors, the Safran Group uses technologies from Lynred, its joint venture with Thales, resulting from the merger of Sofradir, French specialists in infrared cameras, and its subsidiary Ulis, specialists in microbolometers. Interchange of infrared sensor technologies between the two partners enables Lynred to offer one of the world's largest product ranges in this field. To extend its technological sources to other types of sensor and their integration in intelligent systems, Safran is working in partnership with Valeo on autonomous vehicle technologies. In 2021, the two companies renewed their partnership and joint laboratory program at Safran Tech.

The use of sensors and artificial intelligence in an integrated system resulted in eTracer, an autonomous vehicle demonstrator for military applications which can transport infantry equipment on the ground and navigate autonomously. The demonstrator helped Safran win the Furious contract put out for tender by the French Directorate General of Weapons Procurement (DGA). This covers autonomous vehicles, small land robots and a drone, laying the groundwork for autonomous and collaborative combat systems under the Scorpion modernization program. Proficiency in technologies merging navigation and environment perception data also enables the development of piloting assistance applications for all types of aircraft.

(1) Hemispherical resonator gyro.

(2) Micro Electro Mechanical Systems.

(3) Information and Communication Technologies.

### 1.4.1.5 Designing the cabin of tomorrow

Through system integration and optimization, the aircraft cabin of the future will offer passengers enhanced comfort and traveling experience. Safran innovations in aircraft cabins, developed at its Safran Cabin Innovation (SCI) design studio in Huntington Beach (California, United States), go beyond the classic measures on reducing the cost and weight of aircraft equipment. Through Safran Cabin Innovation, the Group offers its customers opportunities for improving sales

(by adding seats capable of generating revenue or providing new services), offering an improved passenger experience (with a more spacious and comfortable cabin, new features, etc.), and creating or enhancing brand image (through distinctive service, design and products).

Safran also develops innovative solutions for automating ground operations (bunkering and cabin preparation) prior to take-off and in flight prior to landing. Other capabilities offered by connected equipment include monitoring and cost reduction.

### 1.4.2 Technical and scientific partnerships

In implementing its R&T strategy, Safran draws on partnerships providing it with scientific and technological expertise. Safran thereby meets the two prerequisites for success: it identifies known and latent market needs through customer contact, and it adopts an open approach to what is an increasingly complex and multidisciplinary scientific and technological environment.

In 2009, Safran created a scientific council, currently chaired by Professor Mathias Fink, which brings together eight leading international scientists with expertise in all the key scientific disciplines underlying Group businesses. This council meets every three months and issues recommendations on the structure and quality of the scientific partnerships.

For the first R&T levels, Safran has developed a network of scientific partners in France in the university and applied research sectors. Safran implements framework agreements with ONERA, CEA<sup>(1)</sup> and CNRS, which offer access to the best in French scientific research. The Group has long-term partnerships with many research and higher education organizations, some of whose laboratories form valuable external research hubs. These partnerships also help Safran recruit leading talents: Safran finances work on around 200 training-through-research (CIFRE) courses, runs several international thematic networks on key issues in aerodynamics, combustion, noise reduction, mechanics, digital technology, etc., and backs a dozen ANR<sup>(2)</sup> industrial research chairs plus three scientific sponsorship chairs. In 2020, Safran helped to found the TOPAZE industrial chair in nickel-based superalloys for aircraft engines, and the OPALÉ

joint laboratory research chair with CEMEF-Mines ParisTech and Institut P', working on the optimization of mechanical properties by microstructure controlling. With the IRCER Institute of Ceramics Research in Limoges, Safran also contributed to setting up the PROTHEIS joint laboratory working on dry coating deposition processes. In 2020, a new research framework agreement was signed with the Centrale Supélec school, a Safran partner in research areas including combustion, systems engineering and automation. Safran was actively involved in the foundation of three IRT centers<sup>(3)</sup>. It is also a major participant in several competitiveness hubs, including Aerospace Valley and ASTech.

Safran plays an active role in European Union bodies and programs. Since 2008, Safran has been closely involved in establishing the Clean Sky Joint Technology Initiative, bringing together the leading players in aviation R&D along with the European Commission in a demonstration program on airframes, engines and systems. In 2020 and 2021, Safran worked on setting up the European Partnership on Clean Aviation, and successfully coordinated its hydrogen pillar. The Clean Aviation program officially launched in December 2021, taking over from Clean Sky 2.

The intellectual property related to this cooperative work is defined contractually at the beginning of projects between partners. The general principle is that the intellectual property belongs to the partners who performed or co-financed the work, and, at the very least, Safran receives rights of use in its own field.

### 1.4.3 Innovation and intellectual property

Innovation is at the heart of Safran's strategy. The competitiveness of its products is largely based on the successful integration of technological innovation or adjustments, providing the customer with industry-leading performances. Safran's ability to produce breakthrough technological innovations is amply demonstrated across a huge breadth of sectors, such as electric taxiing, composite fan blades and hemispheric resonator gyros (HRGs). A proof-of-concept approach involving close liaison across Group companies affords an efficient and high-performance organizational structure for managing innovation, typified by the high-potential projects run by the Innovation Department.

Safran also develops cooperative innovation with its suppliers and with startups working with the Group. The capacity to identify then implement efficient cooperative operations with outside partners helps Safran integrate best practices in order to offer innovative and mature solutions within short lead times.

The development of technical expertise is also key to preparing for the technological challenges of tomorrow. A process has been set up to determine companies' expertise needs Group-wide and thereby plan ahead for renewals and training of new experts.

(1) Commissariat à l'énergie atomique et aux énergies alternatives (French Atomic Energy Commission).

(2) Agence nationale de la recherche (French National Research Agency).

(3) Instituts de recherche technologique (technology research institutes formed under France's PIA Investments for the Future Program).

Intellectual property is a fundamental component of Safran's asset portfolio. The development and protection of intellectual property is increasingly important given the growing trends toward market globalization and intensifying competition. Intellectual property responds to operational imperatives by strengthening and securing Safran's positions. The creative and innovative ability of teams, and the special attention given to protecting intellectual property, are demonstrated by the number of patents filed in 2021: 1,176 first patent applications worldwide. This places Safran among the front-runners for patents filed with INPI, the French patents office<sup>(1)</sup>. Through constant effort, with the support of all stakeholders, Safran continues to develop its patents portfolio, which protects close to 13,000 inventions covered by more than 48,000 intellectual property rights around the world, bolstering Safran's position in its areas of business.

In addition to patent protection, because of Safran's international reach and extensive partnership involvement, the Group gives great importance to ensuring close control over technology transfers and defining precise policy on the matter.

Some transfers are essential for market access reasons. Technologies for transfer, which do not belong to Safran's core technology portfolio, must be clearly identified, accurately valued, and covered by carefully structured long-term partnership arrangements. Under no circumstances may such partnerships restrict the Group's capacity for technological differentiation in the future.

## Dependence

Safran has not identified any dependence on patents, licenses, industrial, commercial or financial contracts or new manufacturing processes likely to have a material impact on the Group.

There are risks of production delays and cost penalties for Safran in the event of supplier or partner shortcomings, as set out in sections 4.3.2.5 and 4.3.2.6 of this Universal Registration Document (supplier and partner risks).

### 1.4.4 Safran Corporate Ventures and relations with innovative companies

Safran Corporate Ventures is a Safran subsidiary responsible for financing innovative companies that have developed breakthrough technologies or business models that may be applicable to the aerospace and defense industries. In line with the Group's strategy on innovation and transformation, Safran Corporate Ventures seeks primarily to support, alongside other investors, innovative startups in the following fields:

- decarbonization of the aviation industry (electrification and hybridization, alternative fuels [SAF] and hydrogen);
- Industry 4.0 (non-destructive testing, augmented reality, Internet of Things for industry, robotics/cobotics, additive manufacturing and cybersecurity in industry);
- onboard components (critical onboard electronics, onboard software, connectivity, onboard energy, thermal management, electric hybridization and cybersecurity);
- new and advanced materials (nanotechnologies, surface treatment processes, composites, ceramics and advanced manufacturing processes);

- new services and business models (data analytics, on-demand aviation, new maintenance modes, co-design and collaborative engineering);
- passenger experience and connected cabins;
- new markets and platforms (civil drones, non-conventional vertical take-off and landing aircraft [VTOL] and new transportation modes).

Safran Corporate Ventures goes beyond financing to offer valuable development support to innovative and agile startups, working in close liaison with teams Group-wide:

- access to an international network of leading experts in Safran's areas of business;
- commercial and industrial exposure to Safran companies worldwide;
- implementation of commercial and development agreements with Safran entities.

Safran Corporate Ventures has invested in 14 tech companies since its formation in 2015, 11 of which are still in its portfolio.

(1) Second in INPI ranking, June 2021 (for patents filed in France in 2020).

In 2021, Safran Corporate Ventures invested in SkyFive, a German company that provides broadband connectivity services to airlines and other aircraft operators around the world. SkyFive uses patented Air-to-Ground (A2G) technology based on standard cellphone network components. This investment was made in collaboration with STAR Capital, a European private equity fund manager specialized in the development of emerging infrastructure businesses.

In 2022, Safran also announced that, through Safran Corporate Ventures, it had invested in Ineratec, a German startup offering technologies for the development and production of carbon-neutral synthetic fuels that could replace fossil fuels. This investment was made in collaboration with ENGIE New Ventures (France), HTGF (Germany), MPC Capital (Germany), Extantia (Germany), Planet A (Germany) and FO Holding (Germany).

During the year, Safran Corporate Ventures stepped up its support for companies in its portfolio, participating in the refinancing of KronoSafe<sup>(1)</sup>, Diota<sup>(2)</sup>, and Electric Power Systems (EPS)<sup>(3)</sup>, and helped set up a dozen partnerships and demonstrators between Group companies and innovative startups. Safran Corporate Ventures is also an investor in the dedicated aerospace fund "ACE Aéro Partenaires", which completed several transactions in 2021.

Meanwhile, Safety Line, a French startup specializing in Big Data for air transport, in which Safran Corporate Ventures invested in 2017, was acquired by SITA<sup>(4)</sup> in July 2021.

### 1.4.5 Research and development expenditure

Total R&D, including R&D sold to customers, reached €1,430 million, compared with €1,213 million in 2020.

R&D expenditure before research tax credit was up 6.9% to €924 million in 2021, breaking down as:

- development expenditure of €532 million (€526 million in 2020), driven by LEAP and helicopter engines;

- self-funded Research & Technology (R&T) expenditure of €392 million (€338 million in 2020), up 16% and focused on decarbonization (RISE program). The increase in R&T spending in 2021 was supported by public funding.

(in € millions)	2020	2021	Year-on-year change
<b>Total R&amp;D</b>	<b>(1,213)</b>	<b>(1,430)</b>	<b>-217</b>
R&D sold to customers	349	506	+157
<b>R&amp;D expenditure</b>	<b>(864)</b>	<b>(924)</b>	<b>-60</b>
as a % of revenue	5.2%	6.1%	-0.9 pts
Research tax credit	149	160	+11
<b>R&amp;D expenditure after research tax credit</b>	<b>(715)</b>	<b>(764)</b>	<b>-49</b>
Gross capitalized R&D	279	311	+32
Amortization and impairment of R&D expenditure	(320)	(225)	+95
<b>Impact on recurring operating income</b>	<b>(756)</b>	<b>(678)</b>	<b>+78</b>
as a % of revenue	4.6%	4.4%	-0.2 pts

The impact on recurring operating income of expensed R&D was €678 million, down 0.2 margin points compared to 2020, due to lower amortization and impairment of R&D programs.

It was 4.4% of sales, consistent with the mid-term target of 4.5% on average for 2021-2025.

(1) Krono-Safe develops real-time operating-system software for safety-critical equipment.

(2) Diota is France's leading publisher of augmented reality software solutions for industry.

(3) Electric Power Systems (EPS) is a leading supplier of advanced energy storage solutions, based in the US.

(4) Société internationale de télécommunication aéronautique (international society for air transport communications).



## 1.5 INDUSTRIAL INVESTMENTS

### 1.5.1 Industrial policy and digital transformation

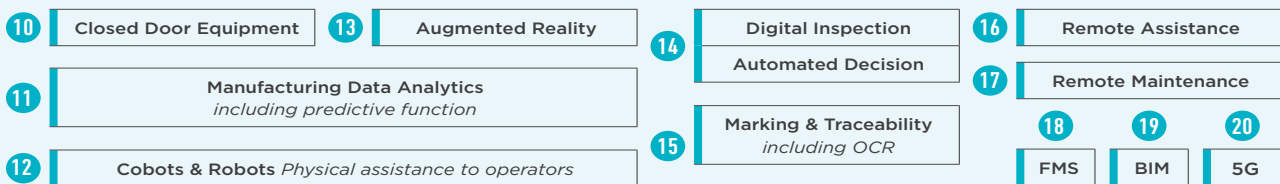
Safran is an established industry reference and a major participant in its core businesses of aerospace and defense.

This demand for performance and innovation, which is central to the success of Safran's products and services worldwide, is also present at the level of the Group's plants. Working with Safran's Industrial Management Department, Group companies focus their investments and organization on adapting production sites, preparing for tomorrow's industrial challenges, and developing competitive advantages: expertise in new production technologies, supply chain upgrades, and upskilling.

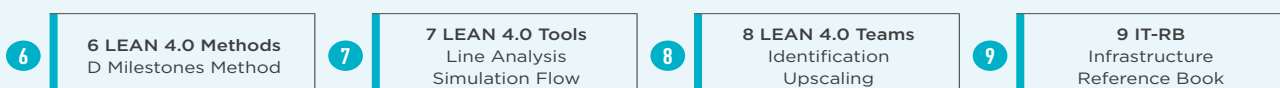
Through its constant drive for innovation and excellence, Safran stands as one of Europe's leading groups in the concrete implementation of technologies and processes driving the digital transformation of industry. In early 2021, Executive Management launched an ambitious digital transformation plan that is being implemented through a 4.0 strategy with four streams: Development 4.0, Manufacturing 4.0, Customer Support, Sales & Services 4.0 and Employee Workplace 4.0, all drawing on a cross-functional Data 4.0 approach. The 4.0 strategy is spearheaded by a central team that provides a shared vision, assistance, methodology and standards, with support from corresponding teams in each of the Group's companies. Following on from the Factory of the Future plan, the Manufacturing 4.0 digital transformation framework is built around three broad areas, spanning 20 specific domains:

- foundations – operational systems behind digital continuity (PLM, ERP, MES, etc.)<sup>(1)</sup>;
- Lean 4.0 – which defines how to identify systems and levers for improving performance on each production line;
- digital levers – warehouse and shop floor digital solutions (cobots, augmented reality, data analysis for production, digital inspection and decision support, 5G, etc.)<sup>(2)</sup>.

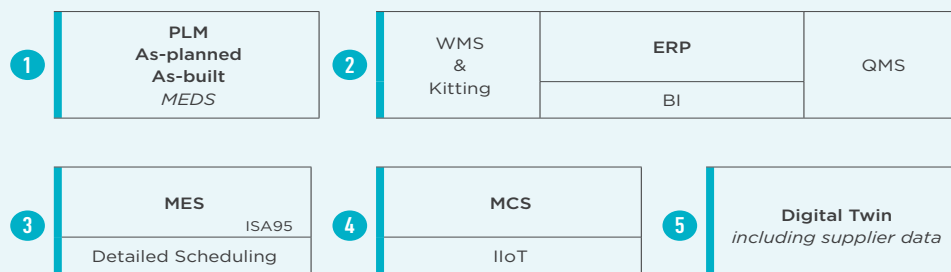
#### Lean 4.0 Levers



#### Lean 4.0 Methods



#### Systems & Data Foundations



(1) Product Lifecycle Management – Manufacturing Engineering Data System; Enterprise Resource Planning; Manufacturing Execution System; Manufacturing Control System.

(2) Computerized Maintenance Management System; Fifth-generation wireless communication solution.

A perimeter study identified 93 priority sites with 616 “new” production lines (component manufacturing and assembly) and 109 maintenance, repair and overhaul (MRO) production lines. Some of these lines, covered by the Factory of the Future plan, already benefit from advanced digital solutions, setting Safran standards for implementation in these areas. In 2021, Group companies used these standards, along with their experience and new digital opportunities, to put together a medium-term plan which includes several Digital 4.0 transformation projects.

Within foundations, all Group companies have launched or are planning to launch projects to update or change their ERP systems, to bring them in line with a Safran core model. Semi-real-time recovery of production data, for instance, is designed to significantly improve processes and product quality. In 2021, Group software solutions were selected for the MES (Manufacturing Execution System) and MCS (Manufacturing Control System). These will be rolled out with support from a central team of experts set up by Safran. A privileged partnership has been identified to deploy the MCS and industrial resource connectivity.

Cybersecurity, a crucial aspect of protection for production resources and data, is covered from three angles: systematic segregation of industrial systems and office information systems, deployment of intrusion detection probes surrounding all industrial systems, and deployment of integrity-sealing modules for industrial servers, capable of locking out (by means of a white list) any illegitimate process, including ransomware-type viruses.

Within Lean 4.0, 17 production lines are currently undergoing diagnostic reviews, and 150 more are set to follow in 2022.

Within digital levers, some areas (augmented reality, cobot, closed-door production, remote assistance) are mature enough for rapid deployment, while others need further network-mediated technological maturation, such as through digital NDT inspections. Twenty-two industrial sites plan to implement closed-door production methods, 33 production data processing, 35 cobots, 28 augmented reality, and 39 digital inspection with decision support. New technologies, including in cameras, algorithms and artificial intelligence, should considerably reduce the human factor in the detection of potential defects, in both metallurgical and composite materials.

With regard to change management, an analysis of training needs has been carried out in the Employee Workplace 4.0 flow, in collaboration with Safran University and CampusFab.

Safran Additive Manufacturing Campus, the new Group entity dedicated to additive manufacturing, benefits from the full spectrum of Safran’s advances in technology and industrial expertise:

- facility hand-over took place in mid-July 2021, on completion of an optimized construction program of under 18 months, despite Covid-19 disruptions;
- the building was eco-designed for minimum CO<sub>2</sub> emissions and the smallest possible ecological footprint for its activities. It features a highly efficient waste filtration system, and a heat recovery system to reduce direct energy consumption; In particular, there are no fossil-fuel boilers on the site;
- all industrial systems, such as 3D laser printers, are connected to an MCS that collects all key parameters for all activities in a common database. To start with, statistical control analysis is carried out. Under current R&T programs, it will be followed by steering and in-process control algorithms. Eventually, acceptance for the parts produced will be on the basis of process parameter compliance, as validated by these algorithms, rather than costly non-destructive testing at the end of the production line.

Safran’s steadfast commitment to innovation and excellence is also apparent in its supply chain transformation endeavor. Control over physical flows of parts and subassemblies is a key factor in working towards Safran’s commitments on increased customer satisfaction and reduced inventory levels and work-in-progress. In 2021, more than 60 supply chain improvement projects were launched across all Group companies. In addition, a ramp-up approach has been initiated to mobilize all internal and external players on the increased production rates requested by our main airframer customers. Safran is also continuing the rollout of AirSupply (BoostAeroSpace’s AirSupply, a supplier collaboration application), with over 550 suppliers.

To heighten competitive performance, Safran ran a number of projects on structural optimization and industrial footprint rationalization in 2021, particularly in the electrical and aircraft interior businesses.

## 1.5.2 Main industrial investments

Safran's industrial investments totaled €387 million in 2021.

These investments are intended to prepare the Group for expected growth in business, and for the industrial upgrades needed for new programs.

Geographic area (in € millions)	2020	2021
France	304	267
Europe (excluding France)	45	31
Americas	76	46
Asia and Oceania	14	27
Africa and Middle East	10	16
<b>TOTAL</b>	<b>449</b>	<b>387</b>

The main industrial investment projects launched or continued in 2021 concerned:

- transformation of the Brussels maintenance workshop to support LEAP contracts, for Safran Aircraft Engines;
- adjustment of the A320neo nacelle production schedule (Le Havre, Casablanca and Burnley sites), for Safran Nacelles;
- creation of a nacelle maintenance facility in Suzhou, China, for Safran Nacelles;
- extension of the Safran Electronics & Defense site in Montluçon, for the AASM Hammer;
- extension of the RGB Industrial Innovation and Skills Center in Colombes, for Safran Transmission Systems;
- the NOVA24 project to modernize (robotization, non-contact control, virtual reality, etc.) the production of rotating parts at Corbeil, for Safran Aircraft Engines; and,
- ongoing construction projects for a new Safran Aircraft Engines facility making turbine parts in Hyderabad (India), and relocalization of the turbine blades facility in Guiyang (China) for Safran Aircraft Engines.

## 1.6 SITES AND PRODUCTION PLANTS

Safran's headquarters are located in Paris, France.

The table below lists the Group's sites by main type of site activity, at December 31, 2021.

Figures and locations shown correspond to consolidated companies, as defined in section 3.1, Note 40 of this Universal Registration Document.

Safran Group sites at December 31, 2021	Main activities at Safran sites				Occupancy	
	R&D/production	Service/ maintenance	Commercial/ administrative	Total sites <sup>(1)</sup>	Owner <sup>(2)</sup>	Tenant
Safran Aircraft Engines	15	12	4	31	12	19
Safran Helicopter Engines	7	9	-	16	7	9
Safran Ceramics	5	-	1	6	1	5
Safran Aero Boosters	2	-	-	2	1	1
Safran Landing Systems	10	11	1	22	13	9
Safran Electrical & Power	32	8	3	43	9	34
Safran Passenger Solutions	1	-	1	2	-	2
Safran Transmission Systems	2	-	-	2	2	-
Safran Nacelles	6	2	-	8	6	2
Safran Electronics & Defense	36	2	7	45	16	29
Safran Aerosystems	17	10	1	28	11	17
Safran Cabin	30	4	5	39	3	36
Safran Seats	7	2	1	10	2	8
Safran Additive Manufacturing Campus	1	-	-	1	1	-
Safran	2	-	7	9	4	5
Other	1	-	4	5	-	5
<b>TOTAL</b>	<b>174</b>	<b>60</b>	<b>35</b>	<b>269</b>	<b>87</b>	<b>182</b>

(1) Each site corresponds to a legal entity, covering one or more sites that may be used for tertiary, production, services or maintenance purposes.

(2) Including three sites under finance leases.

The Group historically owns its major and strategic production sites, and tends toward rental of its other sites.

The bulk of Group R&D work is carried out at its main production sites. For this reason, the table shows "R&D" and "production" in the same column.

Because of the diversity of Safran's operations, the notion of "production capacity" does not apply.

There were three major real estate operations in 2021:

- opening of a Safran Electronics & Defense R&D center near Valence;

- opening of a new extension to the Safran Data Systems engineering center at La Teste-de-Buch;
- delivery of Safran's Additive Manufacturing Campus in Haillan near Bordeaux.

Environmental factors liable to influence the Group's use of its property, plant and equipment are presented in section 5.3. Safran has drafted Health, Safety and Environment (HSE) guidelines that enable it to assess the compliance of its property, plant and equipment, and its operations, with HSE regulations. It also regularly conducts self-assessments and audits.

## 1.7 SAFRAN PERFORMANCE AND QUALITY POLICY

Safran has an ambitious quality policy targeting three main goals:

- safety and reliability of our products and services;
- customer satisfaction;
- continuous progress in performance.

This policy involves a permanent drive on innovation, continuous improvement and risk control. It is based on Group-wide methods and tools derived from shared experience and best practices across all Group companies.

Safran is pushing ahead with its One Safran initiative, launched more than six years ago with the purposes of developing Group-wide take-up of a common corporate management system and performance indicators and deploying operational excellence, in order to ensure product quality and reliability. The initiative involves building on best practices and extending them throughout the Group.

A major step forward was taken in 2018 with the adoption of the Develop process, to run alongside the program-steering system in operation for several years now.

The Develop process brought improvements in areas such as development preparatory stages, system architecture, product industrialization, and regular reviews run by recognized independent experts in specific projects. A development program is punctuated by nine Master Engineering Reviews covering all aspects of the process (design, production release, and preparation for support and services). This system includes the requirements of the aerospace industry's authoritative AS/EN9145 Advanced Product Quality Planning standard.

Global program management also extends to suppliers, whether working on a build-to-specification basis (meaning they design their products themselves) or a build-to-print basis (meaning they manufacture to Safran specifications or external standards).

Safran's suppliers undergo a rigorous selection and approval process. Decisions to award new supply or development contracts are taken collectively by a Supplier Selection Committee spanning industrial, quality and purchasing functions. Suppliers are regularly audited and monitored by some 500 supplier quality assurance managers, responsible for ensuring day-to-day quality of all products purchased. The supplier quality assurance managers are backed by a team of nearly 250 supplier performance managers, who measure suppliers' quality and delivery-time performance and ensure progress plans are properly implemented.

The rules that Safran applies to its suppliers are laid down in its general purchasing conditions, in the general quality requirements set out in the SAFe ("SAfran exigences", French for requirements) document, and in product-specific documents. SAFe includes international quality standards, to further standardization throughout the aerospace supply chain. The 2020 edition of SAFe was issued to suppliers in early 2021. It extends the APQP (Advanced Product Quality Planning) requirements, strengthens rules on prevention and remediation of quality deviations, clarifies design requirements for build-to-spec suppliers and ensures suppliers' personnel are familiar with Safran's ethics whistle-blowing system ([safran@alertethic.com](mailto:safran@alertethic.com)). SAFe also includes Safran's responsible purchasing guidelines.

Safran companies are certified to AS/EN 9100. Certifications are managed on the IAQG<sup>(1)</sup> public database (OASIS)<sup>(2)</sup>, so that certification status is accessible to all order givers. All scheduled AS/EN 9100 audits went ahead in 2021, despite travel difficulties, and results were satisfactory. A total of 89 companies (including Safran-controlled subsidiaries) are certified to AS/EN 9100. Some companies also hold additional approvals for their repair station (AS/EN 9110) and distribution center (AS/EN 9120) businesses.

Certification involves phase-in of Group-wide One Safran processes. Safran also sits on the working groups or management teams of international aerospace industry quality bodies (IAQG, Nadcap<sup>(3)</sup>), making active contributions to forthcoming updates of existing quality standards and release of new standards on emerging aerospace industry matters (through ASD<sup>(4)</sup>), in liaison with civil aviation authorities. All these activities help to harmonize the aerospace industry supply chain, to strengthen safety culture and to improve product quality.

Safran also operates a Safety Management System to preemptively identify risks liable to jeopardize the safety of its products, and to take remedial action, before they can have a negative impact on its customers or business. It is accordingly committed to developing proactive response capability across all fields. To this end, each of the Group's companies undertakes to hold and maintain product certificates and approvals issued by the relevant authorities for its design, production and maintenance operations. All these actions contribute to upholding a solid climate of trust between Safran, its customers and authorities.

Each of the Group's companies also runs its own action plans, tailored to its own particular business context, on improving product quality and safety. This priority measure applies at all levels, from Group executive management to in-the-field teams.

Since mid-2016, Safran has been running operational excellence workshops, drawing upon standards defined for the whole Group, with the aim of engaging teams in rapid-action progress plans over a period of up to 16 weeks. The workshop objectives are consistent with the operational needs in each particular sector, on improvements in quality, productivity, customer service rates, repair cycles for MRO<sup>(5)</sup> operations, or significant optimizations in program management, development, supply chain, etc. More than 1,950 workshops have been launched and 1,700 completed. More than 90% of these workshops brought double-digit performance improvements on key indicators corresponding to the operational needs of each sector. More than 25,000 employees, across all company sectors, have taken part in at least one of the workshops. In industrial production, more than 970 workshops have been conducted, and some teams have already run up to five or six in their specific sectors. To anchor One Safran more firmly in Group practices, One Safran standards feature in the job training courses given at Safran Corporate University, further contributing to customer trust. Some One Safran workshops are run jointly by Safran with its customers. An example of this is the One Team workshops in which Safran teams at the customer's assembly facilities work together with the operational managers of these lines at the customer's site.

(1) International Aerospace Quality Group.

(2) Online Aerospace Supplier Information System: portal for information on aerospace quality management certifications, auditors and audit results.

(3) National Aerospace and Defense Contractors Accreditation Program.

(4) Aerospace and Defence Industries Association of Europe.

(5) Maintenance, repair and overhaul.



Performance improvement endeavors continued through 2021, with ongoing expressions of confidence in and appreciation of Safran teams' customer relations, attention and response times. Regular contact between Safran quality teams and major airframers has been set up to afford a more global vision of performance and joint action plans, in addition to the operational vision existing between individual Group companies and their customers.

Work on the key focuses of Safran's progress initiative, known as Safran+ since 2009 and enhanced with the arrival of One Safran, continued to bring performance improvements throughout the Group. To embed this improvement, Safran+ defines key areas for progress, sets targets and suggests possible methods. Safran+ is based on a solid network with centralized organization, and deployed within all of the Group's entities. This network facilitates the implementation of improvement initiatives, either created by the Group and applicable to all of its companies, or created by the companies themselves for their own internal use. These initiatives may involve either continuous improvement or disruptive projects put forward and coordinated by the Group.

Quality performance and policy draw on a deep-rooted Lean Sigma<sup>(1)</sup> culture and on networks of quality, progress and business-line teams working together to fulfill the Group-wide quality vision: "to be the customer's preferred supplier".

Safran+ encompasses a number of permanent and cross-functional initiatives, which continued through 2021:

- participative innovation initiatives enabling employees in all sectors to put forward ideas for improving their companies' performance. More than 141,000 employee ideas were applied across all the Group's business sectors in 2021;
- Lean Sigma, with Green Belts, Black Belts and Master Black Belts driving the Group's transformation through a structured and standardized project management approach;

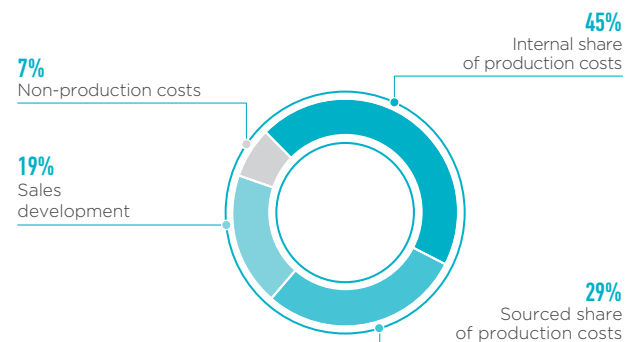
- QRQC<sup>(2)</sup>, initially developed across technical and industrial fields in all Group companies, and now being phased in across support functions as well.

Most projects target at least one of the following objectives:

- increase in customer satisfaction;
- operational and economic improvement;
- efficacy of the company's operational processes;
- development of employees' skills and understanding;
- support from the continuous improvement teams for the Safran Group's major transformation challenges in digital technology, sustainable development and corporate social responsibility.

The managers of the companies concerned report regularly on Safran+ progress to Group Executive Management at annual field reviews.

The savings achieved by the Safran+ initiative in 2021 break down as follows:



(1) Lean Sigma combines Lean (with tight matching to needs expressed by the customer) and Six-Sigma (methodology for controlling process variability).

(2) Quick Response Quality Control is a management method based on everyday performance monitoring and rapid, robust problem-solving at appropriate management levels.





# 2

## REVIEW OF OPERATIONS IN 2021 AND OUTLOOK FOR 2022

# 2

## REVIEW OF OPERATIONS IN 2021 AND OUTLOOK FOR 2022

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### **2.1 COMMENTS ON THE GROUP'S PERFORMANCE IN 2021 BASED ON ADJUSTED DATA AND OUTLOOK FOR 2022**

**92**

<b>2.1.1</b>	Reconciliation of consolidated data with adjusted data	92
<b>2.1.2</b>	Overview of the Group's performance in 2021	95
<b>2.1.3</b>	Adjusted key figures by business	97
<b>2.1.4</b>	Subsequent events	113

### **2.2 COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**115**

<b>2.2.1</b>	Consolidated income statement	115
<b>2.2.2</b>	Simplified consolidated balance sheet	116
<b>2.2.3</b>	Change in consolidated net debt	116

### **2.3 COMMENTS ON THE PARENT COMPANY FINANCIAL STATEMENTS**

**117**

<b>2.3.1</b>	Simplified income statement	117
<b>2.3.2</b>	Simplified balance sheet	117
<b>2.3.3</b>	Other information	118

## 2.1 COMMENTS ON THE GROUP'S PERFORMANCE IN 2021 BASED ON ADJUSTED DATA AND OUTLOOK FOR 2022

### 2.1.1 Reconciliation of consolidated data with adjusted data

#### Foreword

To reflect the Group's actual economic performance and enable it to be monitored and benchmarked against competitors, Safran prepares an adjusted income statement in addition to its consolidated financial statements.

Readers are reminded that Safran:

- is the result of the May 11, 2005 merger of Sagem and Snecma, accounted for in accordance with IFRS 3, "Business Combinations" in its consolidated financial statements;
- recognizes, as of July 1, 2005, all changes in the fair value of its foreign currency derivatives in "Financial income (loss)", in accordance with the provisions of IFRS 9 applicable to transactions not qualifying for hedge accounting (see section 3.1, Note 3.f, "Accounting policies").

Accordingly, Safran's consolidated income statement has been adjusted for the impact of:

- purchase price allocations with respect to business combinations. Since 2005, this restatement concerns the amortization charged against intangible assets relating to aircraft programs remeasured at the time of the Sagem-Snecma merger. With effect from the first-half 2010 interim financial statements, the Group decided to restate:
  - the impact of purchase price allocations for business combinations, particularly amortization and depreciation charged against intangible assets and property, plant and equipment recognized or remeasured at the time of the transaction and amortized or depreciated over extended periods due to the length of the Group's business cycles, and the impact of remeasuring inventories, as well as
  - gains on remeasuring any previously held equity interests in the event of step acquisitions or asset contributions to joint ventures;
- the mark-to-market of foreign currency derivatives, in order to better reflect the economic substance of the Group's overall foreign currency risk hedging strategy:
  - revenue net of purchases denominated in foreign currencies is measured using the effective hedged rate, i.e., including the costs of the hedging strategy,
  - all mark-to-market changes on instruments hedging future cash flows are neutralized.

The resulting changes in deferred tax have also been adjusted.



## Reconciliation of the consolidated income statement with the adjusted income statement

The impact of these adjustments on 2021 income statement items is as follows:

(in € millions)	2021 consolidated data	Currency hedges		Business combinations		2021 adjusted data
		Remeasurement of revenue <sup>(1)</sup>	Deferred hedging gain/loss <sup>(2)</sup>	Amortization of intangible assets from Sagem-Snecma merger <sup>(3)</sup>	PPA impacts – other business combinations <sup>(4)</sup>	
<b>Revenue</b>	<b>15,133</b>	<b>124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,257</b>
Other recurring operating income and expenses	(13,904)	12	5	39	327	(13,521)
Share in profit from joint ventures	40	-	-	-	29	69
<b>Recurring operating income</b>	<b>1,269</b>	<b>136</b>	<b>5</b>	<b>39</b>	<b>356</b>	<b>1,805</b>
Other non-recurring operating income and expenses	(405)	-	-	-	-	(405)
<b>Profit from operations</b>	<b>864</b>	<b>136</b>	<b>5</b>	<b>39</b>	<b>356</b>	<b>1,400</b>
Cost of net debt	(85)	-	-	-	-	(85)
Foreign exchange gain/loss	(497)	(136)	528	-	-	(105)
Other financial income and expense	(14)	-	-	-	-	(14)
<b>Financial income (loss)</b>	<b>(596)</b>	<b>(136)</b>	<b>528</b>	<b>-</b>	<b>-</b>	<b>(204)</b>
Income tax expense	(200)	-	(138)	(11)	(63)	(412)
<b>Profit for the period</b>	<b>68</b>	<b>-</b>	<b>395</b>	<b>28</b>	<b>293</b>	<b>784</b>
<b>Profit for the period attributable to non-controlling interests</b>	<b>(25)</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(24)</b>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>43</b>	<b>-</b>	<b>396</b>	<b>28</b>	<b>293</b>	<b>760</b>

Readers are reminded that only the consolidated financial statements set out in section 3.1 of this Universal Registration Document are audited by the Group's Statutory Auditors. The consolidated financial statements include the revenue and operating profit indicators set out in the adjusted data in section 3.1, Note 7, "Segment information".

Adjusted financial data other than the data provided in section 3.1, Note 7, "Segment information" are subject to the verification procedures applicable to all of the information provided in this Universal Registration Document.

## Reconciliation of profit from operations with EBITDA

The reconciliation of profit from operations with EBITDA is as follows:

(in € millions)	2021 consolidated data	Currency hedges		Business combinations		2021 adjusted data
		Remeasurement of revenue <sup>(1)</sup>	Deferred hedging gain/loss <sup>(2)</sup>	Amortization of intangible assets from Sagem- Snecma merger <sup>(3)</sup>	PPA impacts – other business combinations <sup>(4)</sup>	
<b>Profit from operations</b>	<b>864</b>	<b>136</b>	<b>5</b>	<b>39</b>	<b>356</b>	<b>1,400</b>
Net recurring charge to depreciation, amortization, impairment and provisions	1,431	-	(5)	(39)	(327)	1,060
Net non-recurring charge to depreciation, amortization, impairment and provisions	276	-	-	-	-	276
<b>EBITDA</b>	<b>2,571</b>	<b>136</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>2,736</b>

(1) Remeasurement of foreign-currency denominated revenue net of purchases (by currency) at the hedged rate (including premiums on unwound options) through the reclassification of changes in the fair value of instruments hedging cash flows recognized in profit or loss for the period.

(2) Changes in the fair value of instruments hedging future cash flows that will be recognized in profit or loss in future periods (a positive €528 million excluding tax), and the impact of taking into account hedges when measuring provisions for losses on completion (a positive €5 million at December 31, 2021).

(3) Cancellation of amortization/impairment of intangible assets relating to the remeasurement of aircraft programs resulting from the application of IFRS 3 to the Sagem-Snecma merger.

(4) Cancellation of the impact of remeasuring assets at the time of the Zodiac Aerospace acquisition for €291 million excluding deferred tax and cancellation of amortization/impairment of assets identified during other business combinations.

## REVIEW OF OPERATIONS IN 2021 AND OUTLOOK FOR 2022

Comments on the Group's performance in 2021 based on adjusted data and outlook for 2022

The impact of these adjustments in 2020 was as follows:

(in € millions)	2020 consolidated data	Currency hedges		Business combinations		2020 adjusted data
		Remeasurement of revenue <sup>(1)</sup>	Deferred hedging gain/loss <sup>(2)</sup>	Amortization of intangible assets from Sagem- Snecma merger <sup>(3)</sup>	PPA impacts – other business combinations <sup>(4)</sup>	
<b>Revenue</b>	<b>16,631</b>	<b>(133)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,498</b>
Other recurring operating income and expenses	(15,286)	(1)	5	46	340	(14,896)
Share in profit from joint ventures	48	-	-	-	36	84
<b>Recurring operating income</b>	<b>1,393</b>	<b>(134)</b>	<b>5</b>	<b>46</b>	<b>376</b>	<b>1,686</b>
Other non-recurring operating income and expenses	(466)	-	-	-	-	(466)
<b>Profit from operations</b>	<b>927</b>	<b>(134)</b>	<b>5</b>	<b>46</b>	<b>376</b>	<b>1,220</b>
Cost of net debt	(58)	-	-	-	-	(58)
Foreign exchange gain/loss	(257)	134	216	-	-	93
Other financial income and expense	(42)	-	-	-	-	(42)
<b>Financial income (loss)</b>	<b>(357)</b>	<b>134</b>	<b>216</b>	<b>-</b>	<b>-</b>	<b>(7)</b>
Income tax expense	(184)	-	(58)	(14)	(78)	(334)
<b>Profit for the period</b>	<b>386</b>	<b>-</b>	<b>163</b>	<b>32</b>	<b>298</b>	<b>879</b>
<b>Profit for the period attributable to non-controlling interests</b>	<b>(34)</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>(35)</b>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>352</b>	<b>-</b>	<b>163</b>	<b>31</b>	<b>298</b>	<b>844</b>

### Reconciliation of profit from operations with EBITDA

The reconciliation of profit from operations with EBITDA is as follows:

(in € millions)	2020 consolidated data	Currency hedges		Business combinations		2020 adjusted data
		Remeasurement of revenue <sup>(1)</sup>	Deferred hedging gain/loss <sup>(2)</sup>	Amortization of intangible assets from Sagem- Snecma merger <sup>(3)</sup>	PPA impacts – other business combinations <sup>(4)</sup>	
<b>Profit from operations</b>	<b>927</b>	<b>(134)</b>	<b>5</b>	<b>46</b>	<b>376</b>	<b>1,220</b>
Net recurring charge to depreciation, amortization, impairment and provisions	1,361	-	(5)	(46)	(340)	970
Net non-recurring charge to depreciation, amortization, impairment and provisions	286	-	-	-	-	286
<b>EBITDA</b>	<b>2,574</b>	<b>(134)</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>2,476</b>

(1) Remeasurement of foreign-currency denominated revenue net of purchases (by currency) at the hedged rate (including premiums on unwound options) through the reclassification of changes in the fair value of instruments hedging cash flows recognized in profit or loss for the period.

(2) Changes in the fair value of instruments hedging future cash flows that will be recognized in profit or loss in future periods (a positive €216 million excluding tax), and the impact of taking into account hedges when measuring provisions for losses on completion (a positive €5 million at December 31, 2020).

(3) Cancellation of amortization/impairment of intangible assets relating to the remeasurement of aircraft programs resulting from the application of IFRS 3 to the Sagem-Snecma merger.

(4) Cancellation of the impact of remeasuring assets at the time of the Zodiac Aerospace acquisition for €304 million excluding deferred tax and cancellation of amortization/impairment of assets identified during other business combinations.

## 2.1.2 Overview of the Group's performance in 2021

### Adjusted income statement

(in € millions)	2020 adjusted data	2021 adjusted data
<b>REVENUE</b>	<b>16,498</b>	<b>15,257</b>
Other income	267	373
<b>INCOME FROM OPERATIONS</b>	<b>16,765</b>	<b>15,630</b>
Change in inventories of finished goods and work-in-progress	(865)	(199)
Capitalized production	329	372
Raw materials and consumables used	(8,455)	(7,990)
Personnel costs	(5,024)	(4,916)
Taxes	(326)	(257)
Depreciation, amortization and increase in provisions, net of use	(823)	(1,137)
Asset impairment	(147)	77
Other recurring operating income and expenses	148	156
Share in profit from joint ventures	84	69
<b>RECURRING OPERATING INCOME</b>	<b>1,686</b>	<b>1,805</b>
Other non-recurring operating income and expenses	(466)	(405)
<b>PROFIT FROM OPERATIONS</b>	<b>1,220</b>	<b>1,400</b>
Cost of net debt	(58)	(85)
Foreign exchange gain (loss)	93	(105)
Other financial income and expense	(42)	(14)
<b>FINANCIAL INCOME (LOSS)</b>	<b>(7)</b>	<b>(204)</b>
<b>PROFIT BEFORE TAX</b>	<b>1,213</b>	<b>1,196</b>
Income tax expense	(334)	(412)
<b>PROFIT FOR THE PERIOD</b>	<b>879</b>	<b>784</b>
<b>Attributable to:</b>		
■ owners of the parent	844	760
■ non-controlling interests	35	24
<b>Earnings per share attributable to owners of the parent (in €)</b>		
Basic earnings per share	1.98 <sup>(1)</sup>	1.78 <sup>(2)</sup>
Diluted earnings per share	1.92 <sup>(3)</sup>	1.73 <sup>(4)</sup>

(1) Based on the weighted average number of shares of 426,035,732 at December 31, 2020

(2) Based on the weighted average number of shares of 426,650,425 at December 31, 2021.

(3) Based on the weighted average number of shares after dilution of 440,460,495 at December 31, 2020.

(4) Based on the weighted average number of shares after dilution of 440,087,029 at December 31, 20

### Review of operations

#### Adjusted revenue

The global narrowbody capacity in 2021 has been uneven across geographies but increased throughout the year. In 2021, narrowbody ASK were at 63% (on average) of 2019, with Q4 2021 at 75% of Q4 2019.

2021 revenue amounted to €15,257 million, (7.5)% compared to 2020, (5.4)% organic. Change in scope was €(27) million<sup>(1)</sup> impact. Currency variations had a negative €316 million. Currency impact was €(316) million reflecting a negative translation impact of USD revenues, with an average €/€ spot rate of 1.18 in 2021 (1.14 in 2020). €/€ hedge rate was stable at 1.16. Q4-21 sales increased by 6.9% at €4,647 million (5.3% in organic) compared to Q4 2020.

(in Euro million)	FY 2020	FY 2021	% change	% change in scope	% change currency	% change organic
Propulsion	7,663	7,439	(2.9)%	-	(1.8)%	(1.1)%
Equipment & Defense	6,893	6,325	(8.2)%	-	(1.9)%	(6.3)%
Aircraft Interiors	1,922	1,475	(23.3)%	(1.4)%	(2.0)%	(19.9)%
Holding company & Others	20	18	n/s	n/s	n/s	n/s
<b>TOTAL GROUP</b>	<b>16,498</b>	<b>15,257</b>	<b>(7.5)%</b>	<b>(0.2)%</b>	<b>(1.9)%</b>	<b>(5.4)%</b>

(1) Divestment of EVAC in June 2021 and Safran Ventilation Systems Oklahoma (Enviro Systems) in November 2021.

On an organic basis, revenue decreased by (5.4)%:

- Propulsion: slight decrease in sales by (1.1)% mainly due to civil OE volumes (high thrust and CFM56 engines). In 2021, combined shipments of CFM engines reached 952 units (845 LEAP and 107 CFM56), compared with 972 in the prior year. Military engine deliveries were up driven by Rafale. Civil aftermarket increased by 7.1% (in USD) thanks to a higher contribution from services contracts and to a lesser extent from spare parts sales for CFM56. Helicopter turbine activities registered a low single digit growth thanks to services, despite lower OE (Arrius and Makila families).

Q4-21 sales increased by 13.7% due to civil aftermarket revenue, up 54% compared to Q4 2020 and up 32% compared to Q3 2021 (as a reminder civil aftermarket: (53)% in Q1-21, +55% in Q2-21, +44% in Q3-21);

- Equipment & Defense continued to suffer from a low level of activity in the widebody market, and notably on the 787 program. Revenue decreased by (6.3)% due to lower OE volumes for wiring, power distribution and landing gear activities. Sales for nacelles were flat thanks to LEAP-1A powered A320neo and despite A380 and A320ceo programs ending. Services slightly increased notably driven by landing gears and wheels and brakes.

Q4-21 sales slightly decreased by (0.3)% compared to Q4 2020 mainly due to wiring activities and despite an increase in Defense (inertial navigation systems);

- Aircraft Interiors revenue dropped by (19.9)% impacted by Seats and Cabin activities both from OE and services. Positive contribution from IFE activities (mainly OE, including retrofit) in H2 2021 with a resumption of deliveries which were halted in preceding periods.

Q4-21 sales decreased by (9.3)% compared to Q4 2020 due to Cabin activities whereas Seats held up better.

### Adaptation plan

During 2021, Safran continued to improve its cost structure and to invest for the upcoming rise in production rate.

- Human resources adaptation:
  - Headcount (excluding temps) decreased by c.2,000 compared to 2020. Hiring restarted end of Q3 to prepare growth plans;
  - Decreasing rate of short time working: 7% in France and c.5% worldwide on average;
  - New agreement signed with French unions in October 2021: preservation of skills and jobs, headcount growth, wage increase in 2022 reflecting inflation. In 2022, the employee contribution will take the form of a reduction of the profit-sharing and the freeze of top-up contribution to invested employee savings. This agreement takes also into account a "Clawback clause" taking effect that some or all of the specified measures may be adjusted in 2022, depending on how the Group's recurring operating margin develops between 2021 and 2022.
- Industrial footprint rationalization:
  - Site closures at Aircraft Interiors (Bellingham and Ontario (US)) and Electrical & Power (Santa Rosa (US));
  - Industrial plan optimization (Electrical & Power and Nacelles).
- Cost savings level in line with FY 2020 achievements:
  - OPEX<sup>(1)</sup> down (27)% in 2021 versus 2019 & down (2)% versus 2020;
- CAPEX outflow slightly down due to the swift decrease of CAPEX commitments in 2020.
- R&D (as a % of sales) kept under control.

### Adjusted recurring operating income

2021 recurring operating income<sup>(2)</sup> reached €1,805 million, +7.1% compared to 2020 (+8.4% organic) driven by continued operational improvements and contained R&D expenses. It includes scope changes of €(7) million and a currency impact of €(16) million.

(in Euro million)	FY 2020	FY 2021
<b>Adjusted recurring operating income</b>	<b>1,686</b>	<b>1,805</b>
% of revenue	10.2%	11.8%
<b>Total one-off items</b>	<b>(466)</b>	<b>(405)</b>
Capital gain (loss) on asset disposal	-	71
Impairment reversal (charge)	(286)	(309)
Other infrequent & material non-operational items	(180)	(167)
<b>ADJUSTED PROFIT FROM OPERATIONS</b>	<b>1,220</b>	<b>1,400</b>
% of revenue	7.4%	9.2%

Recurring operating margin improved by 160bps at 11.8% of sales (10.2% in 2020):

- Propulsion recurring operating margin increased by 2.4pts driven by civil aftermarket and military OE positive contributions. Profitability was impacted by lower CFM56 deliveries. Helicopter turbine activities had a stable contribution compared to 2020;
- Equipment & Defense recurring operating margin increased by 0.3pt due to operational improvements and growth in services and despite exposure to widebody programs, especially in landing gears, wiring and power businesses;

- Aircraft Interiors: a significant drop in revenue due to exposure to widebody programs led to a decrease of (2.2)pts in recurring operating margin despite continued operational improvements. Seats and IFE activities improved. Recurring operating loss in H2 halved compared to H1 confirming that the upswing is on track to target breakeven in 2022.

(1) HR costs and external services expenses.

(2) Operating income before capital gains or losses on disposals/impact of changes of control, impairment charges, transaction and integration costs and other items.

### Adjusted financial income (loss)

The Group reported an adjusted financial loss of €204 million in 2021, compared to a loss of €7 million in 2020. The adjusted financial loss for the year reflects:

- The €528 million loss on foreign currency hedging instruments in 2021 (€216 million loss in 2020), arising on changes in the fair value of these instruments attributable to cash flows that will be recognized in profit or loss in future periods.
- The €106 million foreign exchange gain (€125 million foreign exchange loss in 2020), which includes:
  - a €136 million foreign exchange gain, reflecting the gain on unwinding currency derivatives hedging operating cash flows recognized in profit or loss in the year. This foreign exchange gain reflects the difference between the EUR/USD exchange rate guaranteed by the currency derivatives unwound in the period (USD 1.16 for €1) and the actual EUR/USD exchange rate observed during the period;
  - a net foreign exchange loss of €30 million primarily attributable to the remeasurement of monetary items at the closing exchange rate.

The financial loss in 2021 also includes a non-cash expense of €75 million on provisions carried in US dollars resulting from the impact of fluctuations in the EUR/USD exchange rate between the start of the year (USD 1.23 to €1 at December 31, 2020) and the end of the year (USD 1.13 to €1 at December 31, 2021) on the opening amount of the provision (non-cash income of €84 million in 2020).

### Adjusted net income – Group share

In 2021, one-off items were at €(405) million including €(79) million of restructuring costs and €(309) million of impairment for several programs.

Adjusted net income – Group share was €760 million in 2021 (basic EPS of €1.78 and diluted EPS of €1.73) compared with €844 million in 2020 (Basic EPS of €1.98 and diluted EPS of €1.92).

It includes:

- Net adjusted financial expense of €(204) million, including USD exchange revaluation of positions in the balance sheet of €(105) million and cost of debt of €(85) million;
- An adjusted tax expense of €(412) million (34.4% apparent tax rate, notably due to the impact of equity accounted joint ventures and tax on capital gains).

## 2.1.3 Adjusted key figures by business

### Summary of adjusted key figures by business

(in € millions)	Aerospace Propulsion		Aircraft Equipment, Defense and Aerosystems		Aircraft Interiors		Holding company and other		Total	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Revenue	7,663	7,439	6,893	6,325	1,922	1,475	20	18	16,498	15,257
Recurring operating income	1,192	1,342	687	650	(174)	(167)	(19)	(20)	1,686	1,805
Profit (loss) from operations	1,035	1,032	454	564	(246)	(184)	(23)	(12)	1,220	1,400
Free cash flow <sup>(1)</sup>	796	1,331	811	692	(377)	(181)	(157)	(162)	1,073	1,680
Acquisitions of property, plant and equipment <sup>(2)</sup>	219	175	167	163	31	5	31	43	449	387
Self-funded R&D	334	397	357	379	173	148	N/A	N/A	864	924
Headcount <sup>(3)</sup>	24,204	23,865	38,471	36,847	13,928	13,703	2,289	2,350	78,892	76,765

(1) Free cash flow is equal to cash flow from operating activities less changes in working capital and acquisitions of property, plant and equipment and intangible assets.

(2) Net of proceeds from disposals.

(3) Headcount at December 31.



### 2.1.3.1 Aerospace Propulsion

#### Adjusted key figures

(in € millions)	2020	2021	Year-on-year change
Revenue	7,663	7,439	-3%
Recurring operating income	1,192	1,342	+13%
Profit from operations	1,035	1,032	-
Free cash flow	796	1,331	+67%
Acquisitions of property, plant and equipment	219	175	-20%
Research and development			
Self-funded R&D	(334)	(397)	+19%
% of revenue	4.4%	5.3%	+0.9 pts
Research tax credit	57	61	+7%
Self-funded R&D after research tax credit	(277)	(336)	+21%
Capitalized expenditure	62	105	+69%
Amortization and impairment of R&D expenditure	(117)	(119)	+2%
Impact on profit from operations	(332)	(350)	+5%
% of revenue	4.3%	4.7%	+0.4 pts
Headcount	24,204	23,865	-1%

Aerospace Propulsion activities operate in three main sectors:

Business line	% of business line revenue	
	2020	2021
Civil aviation	66%	64%
Military aviation	18%	20%
Helicopter turbines (civil and military)	16%	16%

#### Commercial and industrial developments

##### Civil aviation

##### Low-thrust engines for civil aircraft (regional and business jets)

##### Silvercrest (9,000-12,000 pounds of thrust)

During the year, Safran continued to develop the engine, incorporating its redesigned axial-centrifugal high-pressure compressor. After ground tests followed by altitude tests in a simulation chamber, the flight test campaign was launched at the end of the year in Istres on the flying testbed (a modified Gulfstream GII aircraft). This flying testbed made its first flights in France during the summer to validate improvements made to the measuring systems since its transfer from the United States in 2020.

This engine had been selected by Cessna (Textron group) in 2016 for its future large-cabin Citation Hemisphere business jet. In 2019, as Textron decided to suspend its Hemisphere program, Safran resolved to continue developing the Silvercrest engine.

This new-generation engine will incorporate leading-edge technology to offer unrivaled performance, in terms of fuel consumption, reliability and respect for the environment.

##### SaM146 (13,500-17,800 pounds of thrust)

The SaM146 engine, developed in partnership with Russian engine manufacturer UEC Saturn, powers the Sukhoi Superjet 100 produced by Irkut Corporation (United Aircraft Corporation). PowerJet is a joint venture set up by Safran Aircraft Engines and UEC Saturn to manage the engine program in terms of development, production, marketing and sales, and to provide customer support and maintenance, repair and overhaul (MRO) services.

The engine continued to fly actively during the year, buoyed by the plan announced in 2020 by the Russian government to support its entire aerospace industry (airframers, airlines, airports and aircraft lessors), and has notched up over 2 million flight hours since it entered into service.

An important step in extending service life was taken, with EASA<sup>(1)</sup> validation of the certification documents extending the service life of the high-pressure turbine parts concerned from 5,150 to 7,500 cycles.

In 2021, 30 SaM146 propulsion systems were delivered versus 25 in 2020.

In 2022, due to the Russo-Ukrainian conflict, see the introduction to section 1.2 of this Universal Registration Document.

(1) European Aviation Safety Agency.

### Passport (13,000-18,000 pounds of thrust)

Through Safran Aero Boosters, Safran has a 7.4% share in Passport, the GE engine program designed for the long-range (7,400 nautical miles, or 13,700 km) Bombardier Global 7500 business jet, which entered into service in 2018.

During the year, 74 subassemblies were delivered for Passport engines (58 in 2020).

### Mid-thrust engines for civil aircraft (short- to medium-haul aircraft)

During the year, Safran and GE announced the extension of their CFM International partnership to 2050 and the launch of the CFM RISE (Revolutionary Innovation for Sustainable Engines) technology development program. The technologies developed in the RISE program will lay the foundations for the next-generation CFM engines that could be on the market by the mid-2030s. The program goals include reducing fuel consumption and CO<sub>2</sub> emissions by more than 20% compared to today's most efficient engines, as well as ensuring 100% compatibility with alternative energy sources such as sustainable aviation fuels and hydrogen, which are more environmentally friendly. The program will include open fan architecture and hybrid electric capability.

### CFM56 – LEAP

LEAP-1A is competing with Pratt & Whitney's PurePower PW1100G for the A320neo program. The LEAP-1B model was chosen as the sole engine for the Boeing 737MAX. The LEAP-1C model is the sole Western source for the propulsion system (engine plus nacelle) on COMAC's C919 aircraft.

Safran adapted its production capacities in 2021 in response to the Covid-19 pandemic and the gradual reintroduction of Boeing 737 MAX flights. A total of 952 CFM56 and LEAP engines were delivered during the year (compared to 972 CFM56 and LEAP engines delivered in 2020).

In particular:

- a total of 107 CFM56 engines were delivered in 2021 (compared to 157 engines delivered in 2020). CFM International has delivered more than 33,800 CFM56 engines since the program began. There is still a pipeline of CFM56 engines to be delivered over the next few years, both to power the military version of the Boeing 737 (P8-Poseidon) and to provide the spare engines needed to support the in-service fleet;
- 845 LEAP engines were delivered during the year in line with adjustments to production, in coordination with airframers and airlines (815 LEAP engines delivered in 2020). An Airbus A319neo test aircraft powered by LEAP-1A engines also operated on 100% sustainable aviation fuel (SAF) during the year. The first results of the ground and flight tests are expected in 2022;
- in preparation for the entry into commercial service of the LEAP-1C engines, the certification program for the C919 single-aisle aircraft continued in China throughout the year, with six aircraft carrying out all of the flight tests.

At December 31, 2021, there was a backlog of over 9,700 orders (net cumulative orders and commitments) for the three A320neo, Boeing 737MAX and C919 programs.

LEAP engines	2020	2021	Year-on-year change
Engines delivered	(815)	(845)	+4%
Orders received	351	1,457	N/A
Orders canceled	(1,511)	(512)	-66%
<b>BACKLOG</b>	<b>9,614</b>	<b>9,714</b>	<b>+1%</b>

### Spare part activities and service agreements

Spare part activities and service agreements for civil engines increased by 7.1% in USD terms in 2021, and by 54% in the fourth quarter (compared to the fourth quarter of 2020). This increase mainly reflects the recovery in air traffic in 2021, as the global health situation improved and borders reopened thanks to vaccination campaigns.

New service agreements for LEAP engines were also signed, including with airline companies Scandinavian Airlines System (SAS) in Scandinavia and IndiGo in India. These agreements offer LEAP engine customers a wide range of bespoke aftersales services adapted to their particular business model and to fleet size and/or condition.

### Industrial operations

In 2021, Safran signed a partnership agreement with Brussels Airport for the construction of a new building that will enable

the Group to develop its LEAP engine maintenance activities from 2023. Safran already services CFM56-7B and LEAP-1A engines at its current site at Brussels Airport. The new facilities will enable the Group to develop operations on all LEAP engines in service (-1A and -1B) and to offer operators a wide range of MRO<sup>(1)</sup> "line & site" services, from under-wing engine inspection to more complex operations such as partial engine disassembly.

CFM International<sup>(2)</sup> and Air China signed a letter of intent (LOI) to strengthen the LEAP engine MRO capability of Sichuan Services Aero-engine Maintenance Co., Ltd. (SSAMC)<sup>(3)</sup>, a joint venture between the two parties. Based in Chengdu, China, SSAMC is the main maintenance hub for CFM International engines in Asia. The new facilities at this site will be certified by the Civil Aviation Administration of China (CAAC), the US Federal Aviation Administration (FAA) and the European Aviation Safety Agency (EASA).

(1) Maintenance, repair and overhaul.

(2) 50-50 joint venture between Safran and General Electric.

(3) Joint venture 40%-owned by CFM International and 60%-owned by Air China.

### High-thrust engines for civil aircraft (long-haul aircraft)

In line with expected delivery rates, 235 engines were delivered in 2021, versus 369 one year earlier.

#### GE90

Safran has an interest of 23.7% in this GE program that currently enjoys a sole-source position on the Boeing 777 (fitted with the latest-generation GE90-115 engines with 115,000 pounds of thrust), for which it delivered 37 compressor modules in the year (69 in 2020). Owing to the Boeing 777's expected replacement by the Boeing 777X in 2023, the downtrend in these deliveries observed over the past few years is set to continue.

#### GE9X

GE's high-thrust GE9X engine was chosen by Boeing as the sole source for its new long-haul Boeing 777X aircraft, slated to enter into service in 2023. During the year, Safran continued to work on improving the currently certified configurations of the two engine casings.

Safran has a stake of 11.2% in this program through Safran Aircraft Engines and Safran Aero Boosters. Safran Aircraft Engines is responsible for the design and production of several critical parts of the engine (composite fan blades, fan casing and exhaust casing). The low-pressure compressor and the fan disk are made by Safran Aero Boosters.

#### GP7200

Safran has a 17.5% stake in the GP7200 program (one of the two power sources available for the A380), providing engine support and services (maintenance and repair), including aftermarket services. The last engine was delivered in 2018.

#### GENx

Safran is a partner on the two GENx engine programs, with a 7.7% interest in the GENx-1B version powering the long-haul Boeing 747-8 and a 7.3% interest in the GENx-2B version powering the Boeing 787 Dreamliner. Owing to the slowdown in production of the Boeing 747-8 and Boeing 787, Safran delivered 121 modules in 2021, 82 fewer than in 2020.

#### CF6 family

During the year, Safran assembled its last CF6 engine powering the Airbus A330 at its Villaroche plant in the Seine-et-Marne region (France), marking the end of this original equipment program for the Group. Assembly of this engine will continue at GE in the United States for the version powering the Boeing 767. In all, 60 engines for the CF6 family were delivered in 2021, compared to 67 in 2020.

Safran, whose interest in this program ranges from 10% to 19.4% depending on the CF6 engine version, continues to participate in production and aftersales activities for this engine.

#### LM6000 turbines (related to CF6 engines) and LM9000 turbines (related to GE90 engines)

A total of 17 LM6000 and LM9000 gas turbines were delivered in 2021, compared to 30 in 2020.

During the year, Safran and GE signed a long-term agreement (2024-2034) for the production, supply of spare parts and in-service support for the new LM9000 turbines based on the GE90 engine. This new agreement will take over from the current agreement, set to end in 2023, and provides for annual deliveries of up to 12 LM9000 turbines.

### Service agreements

New agreements for the GE90 and GP7200 engines were signed, extended, restructured or renewed in 2021, including by British Airways (United Kingdom), Cathay Pacific (China), Thai Airways International (Thailand), Singapore Airlines (Singapore), All Nippon Airways (Japan), Biman Bangladesh Airlines (Bangladesh), China Southern (China), EVA Air (China) and Fedex Express (United States).

In its role as partner, Safran contributes to the service agreements negotiated and signed by GE and Engine Alliance with the relevant operators for the high-thrust GE90 and GP7200 engines powering the Boeing 777 and the A380, respectively. Safran provides maintenance and repair services for the GE90's high- and low-pressure compressors, as well as for the GP7200's high-pressure compressor. The Group leverages its expertise, industrial capabilities and global network to offer operators continuous support and a comprehensive range of services.

### Military aviation

#### M88

A total of 64 engines were delivered for the Rafale fighter jet in 2021 (33 engines in 2020). The worldwide in-service fleet topped the 950,000 flight hours mark during the year.

Safran is continuing the preliminary work authorized by the French Ministry of Armed Forces in 2017 for the future F4 standard. Technological advances proposed by Safran and selected by the French government notably include a new M88 control unit with enhanced processing capacity and improved maintenance features (surveillance, recording, trouble-shooting and predictive maintenance) for the maintenance system and computerized maintenance management system.

In 2021, the United Arab Emirates ordered 80 new aircraft, Egypt ordered an additional 30 new aircraft, Greece ordered 12 used and 6 new aircraft, France ordered 12 new aircraft and Croatia ordered 12 used aircraft.

In early 2022, Indonesia ordered 42 Rafale fighter jets.

#### M53

In 2021, Safran signed a multi-year agreement with India to service the Indian Air Force's M53 engines, in order to support the gradual return to service of its Mirage 2000 fighter jets.

An identical agreement also came into effect with Greece during the year for the refurbishment of some of the M53 engines powering the Hellenic Air Force's fleet of Mirage 2000 fighter jets.

#### TP400

A total of 30 engines were delivered in 2021 (compared to 37 in 2020). At the end of the year, orders and purchase commitments covered 238 engines for the A400M aircraft from Airbus Defence & Space. The in-service fleet logged more than 110,000 flying hours in 2021.

During the year, Airbus announced that the Republic of Kazakhstan and Indonesia had each placed orders for two A400M aircraft. These contracts bring the number of countries operating the aircraft to ten, after Germany, France, the United Kingdom, Spain, Turkey, Belgium, Malaysia and Luxembourg.

### Adour

To upgrade the 33 BAE Systems Hawk aircraft currently used for training by the Royal Australian Air Force, BAE ordered 33 new Adour engines of the latest standard (Mk951) during the year to replace the Mk871 engines used to date.

### Atar and Larzac

These engine programs were boosted by the selection of the Mirage F1 fighter jet as an adversary plane<sup>(1)</sup> for US Air Force pilots in 2017, and by the selection of the Alpha Jet as an adversary plane for Canadian Air Force pilots in 2018. This fast-growing market should help consolidate support services and sales of spare parts for these engines.

In 2021, the Group granted Spain-based ITP Aero, Safran's long-time partner on this engine, an operating license for the maintenance of the ATAR engines returned to service in the United States. This license with ITP Aero marks the relaunch of maintenance activities that had been discontinued eight years ago on this engine, which entered into service 50 years ago and now represents an additional source of revenue thanks to spare part sales.

### Engine option for the Next Generation Fighter (NGF) jet

The Future Combat Air System (FCAS) is a joint European program to develop a new-generation combat air system, combining a New Generation Fighter (NGF) aircraft by 2040 with a wide array of interconnected and interoperable elements such as drones, and based on artificial intelligence.

During the year, Safran, MTU Aero Engines and ITP Aero signed a cooperation agreement to develop, manufacture and service the engine for this future fighter aircraft. A new 50-50 joint venture between Safran and MTU Aero Engines, EUMET (European Military Engine Team) GmbH will be the prime contractor for the program, and ITP Aero will be EUMET's main contracting partner. Safran will have overall responsibility for the design and integration of the engine, combustion chamber, high-pressure turbine and afterburner. MTU Aero Engines will take the lead in engine services and will be responsible for the low- and high-pressure compressors. ITP Aero will be involved mainly in the development of the low-pressure turbine and the nozzle.

### Spare parts and services for military aircraft engines

In 2021, there was a drop in Safran's spare parts and services activities for military engines compared to 2020.

For the M88 engine, the DMA<sup>(2)</sup> awarded Safran the BOLERO contract to provide operational maintenance services over the next ten years for the engines powering the French Armed Forces' Rafale aircraft. This new contract is designed to optimize maintenance of the M88 engines as part of efforts to simplify the French government's contract management.

### Helicopter turbines and auxiliary power units

Due to order cancellations in 2020 amid the Covid-19 crisis, Safran Helicopter Engines delivered 574 helicopter engines in 2021 compared to 629 in 2020.

### Light helicopters

Development continued apace during the year on this engine option segment.

In 2021, the Safran Arriel 2L2 engine received its type certification from EASA. Selected by Korean Aerospace Industries (KAI) to power its Light Armed Helicopter (LAH), a first series-production order for the engines was also placed. The engine was developed in partnership with Hanwha Aerospace, which will manufacture the engine under license in its Changwon plant in South Korea and will be responsible for all MRO.

The use of SAF<sup>(3)</sup> offers a promising means of achieving a significant reduction in CO<sub>2</sub> emissions throughout the life cycle of helicopter engines. As part of this effort, an Airbus H145 medical transport helicopter powered by two Safran Arriel 2E engines and operated by the German non-profit company ADAC Luftrettung flew for the first time on fuel containing 40% SAF. The Group also signed a long-term agreement to gradually increase the proportion of SAF used in the operator's Safran helicopter engines to 100%.

Safran also announced a cooperation agreement with ÖAMTC Air Rescue, enabling the Austrian operator to deploy SAF in its fleet of H135 helicopters powered by Arrius 2B2 engines. Starting in summer 2022, the fuel for one of its medical transport helicopters will contain 30%-50% SAF. Ultimately, ÖAMTC Air Rescue will work with Safran to look at increasing the proportion of SAF in its fleet of Arrius 2B2-powered helicopters to 100%.

### Medium-weight helicopters

The Safran Arrano 1A engine has been certified by the EASA<sup>(4)</sup> in Europe since 2019 and also obtained FAA<sup>(5)</sup> certification in 2021. This engine is the sole power source on Airbus Helicopters' H160 and its military version H160M Guépard. At the end of the year, the first H160 entered into service with the Japanese operator All Nippon Helicopter (ANH). This civil helicopter, powered by Safran Arrano 1A1 engines, also scored several commercial successes during the year, with four engines ordered by US operator Petroleum Helicopters International (PHI) and six ordered by The Helicopter Company in Saudi Arabia (which also ordered 20 H145 helicopters powered by Safran Arriel 2E engines).

The French Ministry of the Armed Forces awarded Airbus Helicopters a contract for the development and procurement of 169 H160M Guépard twin-engine helicopters. With its innovative architecture and digital control system, the Safran Arrano 1A engine will provide military pilots with greater in-flight responsiveness, enhancing the safe operation of future helicopters, which will be deployed by the French Army (80), Navy (49) and Air and Space Force (40). In addition, an order for ten H160 helicopters was placed for the French Gendarmerie as part of the French aerospace industry support plan.

(1) Planes acting as an opposing force in military wargames.

(2) Direction de la Maintenance Aéronautique (Aircraft Maintenance Commission): a French military organization responsible for ensuring optimum availability of aircraft for the Ministry of the Armed Forces, managing costs and guaranteeing the consistency of operational maintenance activities (MCO).

(3) Sustainable aviation fuel.

(4) European Aviation Safety Agency.

(5) Federal Aviation Administration.

In 2021, the Ardiden 1U engine, selected by the Indian helicopter manufacturer Hindustan Aeronautics Ltd (HAL) to power the Light Utility Helicopter (LUH), received its certification from India's Directorate General of Civil Aviation (DGCA). This certification paves the way for the engine to be used for civil applications in India. The Indian Ministry of Defence placed a first order (letter of acceptance - LoA) for 12 LUH helicopters (six for the Indian Army and six for the Air Force), with the first delivery expected in 2022.

To coincide with celebrations marking the 75<sup>th</sup> anniversary of India's independence, the Indian Prime Minister presented the first Light Combat Helicopter (LCH) developed by helicopter manufacturer Hindustan Aeronautics Ltd (HAL) to the Indian Air Force. This helicopter is powered by two Ardiden 1H1/Shakti engines. A first order for this military aircraft was placed by the Indian Ministry of Defense at the end of 2021.

The Russian Federal Air Transport Agency (Rosaviatsia) granted certification to the Ka-62 helicopter powered by two Safran Ardiden 3G engines. In 2022, due to the Russo-Ukrainian conflict, see the introduction to section 1.2 of this Universal Registration Document.

### Heavy-lift helicopters

In 2021, a contract was formalized for the procurement by the United Arab Emirates of 12 H225M Caracal helicopters powered by Safran Makila engines, in addition to the order received during the year from the French government for eight H225M Caracal helicopters powered by Safran Makila engines for the French Air and Space Force. The latter order was announced in 2020 as part of the aerospace stimulus package.

The use of SAF<sup>(1)</sup> offers a promising means of achieving a significant reduction in CO<sub>2</sub> emissions throughout the life cycle of Safran's helicopter engines, which are already certified to operate with a 50-50 mixture of kerosene and SAF.

In order to assess the operational impact of SAF on its high-thrust helicopter engines, the Group carried out several test campaigns during the year, including:

- the ground test of a Makila 2 engine running on 100% SAF;
- the first flight of an Airbus Helicopters H225 aircraft with one of its two Makila 2 engines running on 100% SAF;
- the first flight from Bristol to Yeovil (United Kingdom) of a Leonardo AW149 helicopter powered by two Safran Aneto-1K engines running on SAF.

### New mobility concepts, hybrid propulsion system

Unveiled at the Paris Air Show in 2019, EcoPulse™ is a distributed hybrid-propulsion demonstrator designed by Safran, Daher and Airbus. Kickstarted by the French Civil Aviation Research Council (CORAC) with support from the French Directorate General for Civil Aviation (DGAC), the project aims to develop technologies that will improve the environmental efficiency of aircraft and meet the future needs of the air travel industry. The project reached a

milestone in 2021, with a successful critical design review. The demonstrator, which will be based on Daher's TBM single-engine light aircraft, will feature Safran's distributed hybrid propulsion system, providing thrust for the six counter-rotating thrusters mounted along the wings of the aircraft. Each thruster will feature a 45 kW Safran ENGINEUS 45 electric engine and propeller. The first flight on the demonstrator is slated for 2022.

### Drone engines

The future MALE RPAS (Medium Altitude Long Endurance Remotely Piloted Aircraft System) drone that will be used by the French, Italian, Spanish and German armed forces, is currently being developed by Airbus Defence and Space, Dassault Aviation and Leonardo. Two engines are competing to power this future drone, including the Ardiden 3TP<sup>(2)</sup> made by Safran Helicopter Engines. The engine is expected to be selected after the launch of the program by the partner countries.

In this regard, Safran and Piaggio Aerospace (Italy) announced during the year that they would be cooperating on the manufacture of critical parts for all Ardiden 3 models, both for turboprop aircraft (Ardiden 3TP) and for helicopters. This agreement strengthens the Ardiden 3TP engine team, which already includes Safran, ZF Aviation Technology (ZF Luftfahrttechnik - Germany) and ITP Aero.

### Helicopter turbine engine services

Based on a secure web portal and a global network of technical and sales representatives, EngineLife® provides operators of Safran's helicopter engines with assistance throughout the life of their engines via a range of digital services. In 2021, this service offer continued to expand, with the new Health Monitoring service reporting a string of commercial wins during the year. Health Monitoring enables helicopter operators to track their engines' health indicators and carry out predictive maintenance to avoid unexpected events.

In 2021, Safran renewed or signed new support-by-the-hour (SBH\*) agreements for the maintenance of helicopter engines powering the fleets of the German Federal Police (Bundespolizei), the Swedish Armed Forces in partnership with aircraft manufacturer SAAB (Sweden), and operators Global Helicopter Service (Germany), Air Greenland (Greenland), Devon Air Ambulance (United Kingdom) and Starspeed VIP (United Kingdom).

Safran and Global Turbine Asia (GTA) also renewed their partnership agreement to provide maintenance for 30 Makila 2A engines in service with the Royal Malaysian Air Force. These Safran Makila engines will be covered by a Safran Global Support Package (GSP), which guarantees continued availability of the fleet.

Altogether, around 6,200 helicopter engines operated by 550 civil and military customers were covered by Safran support-by-the-hour agreements at year-end.

(1) Sustainable aviation fuel.

(2) Ardiden 3TP is a 100% European solution based on the Ardiden 3 core engine and featuring technologies honed through the Tech TP demonstrator, developed within the scope of the joint technology initiative, Clean Sky 2.



### Auxiliary power units

Safran supplies the auxiliary power unit (APU) on Dassault Aviation's Rafale fighter jet. The success of this program in the export market has firmed up forecast deliveries for the period 2022 to 2025.

Safran's SPU300 and SPU150 APUs, for Bombardier and Dassault Aviation respectively, are state-of-the-art electric and pneumatic power sources designed for business aircraft. The SPU300 is fitted on Bombardier's Global 7500 business jet. In 2021, the program bore out its upbeat production forecasts. The SPU150 powers Dassault Aviation's Falcon 6X business jet, which made its first flight in 2021.

### Services for auxiliary power units

During the year, Safran continued to roll out PowerCare®, a maintenance service for business jet auxiliary power units.

### Mechanical power transmission systems

The Group maintained low-scale operations in France and Poland, regarding both mechanical power transmission systems for civil aircraft and spare part supplies and repairs. Preparations for future ramp-ups in the LEAP, M88, Rafale and Pearl programs began in the second half of the year.

2021 saw confirmation of the development of the reduction gearbox (RGB) for CFM International's upcoming open fan RISE engine demonstrator program in partnership with Avio Aero, and ongoing work on hybrid electric propulsion in support of both the Safran Group and new customers.

Aero Gearbox International (AGI)<sup>(1)</sup> delivered the first accessory gear box (AGB) to Rolls-Royce for the Ultra Fan demonstrator program, as well as the first development box for the Pearl 10X engine designed to power Dassault Aviation's Falcon 10X business jet.

### Space vehicle propulsion systems

During the year, Safran completed deliveries of both the PPS\*5000 plasma thrusters<sup>(2)</sup> and the power processing units (PPUs) for Boeing's all-electric satellite platforms. These new-generation satellites should be transferred into orbit in 2022.

In 2021, the French military satellite Syracuse 4A was launched to geostationary transfer orbit by the Ariane 5 launcher. Safran's PPS\*5000 Hall-effect thrusters will ensure its transfer to its final orbit until mid-2022.

Finally, the PPS\*5000 plasma thruster was also selected by Thales Alenia Space and Airbus Defence & Space to equip the second-generation satellites of the European Galileo constellation. The first orbit of these satellites is slated to begin in 2024.

### Launch vehicles

Owned equally by Safran and Airbus, ArianeGroup brings together each company's activities and expertise in commercial and military launchers under a single entity. Through its subsidiary Arianespace, ArianeGroup offers a comprehensive range of launch services with its Ariane, Vega and Soyouz launchers.

### Ariane, Vega and Soyouz launchers

ArianeGroup is prime contractor for Ariane European space launchers and also contributes to the Vega launcher<sup>(3)</sup>.

Its Arianespace subsidiary takes charge of the marketing and operation of the three launchers (Ariane, Vega and Soyuz<sup>(4)</sup>) from the Guiana Space Center (French Guiana), and from Baikonur (Kazakhstan) and Vostochny (Russia) in the case of Soyouz.

In 2021, Arianespace took institutional orders for its Ariane 5 and Ariane 6 launchers from Eumetsat, the European Commission and ESA<sup>(5)</sup> for Galileo (Europe), and from NSIL (India), Optus (Australia) and Skyloom (United States) for geostationary satellites. ESA and ASI<sup>(6)</sup> also placed orders for the Vega launcher for institutional satellites.

The Covid-19 pandemic affected the launch program to a lesser extent than in 2020. In 2021, Arianespace completed 15 successful launches and orbited 305 satellites and payloads (of which 284 for the OneWeb constellation), with seven launches from the Guiana Space Center in Kourou (French Guiana), three from the Baikonur Cosmodrome, and five from the Vostochny Cosmodrome:

- three launches were successfully completed by the heavy-lift European launcher Ariane 5, including the orbit of the James Webb Space Telescope – the heaviest and most expensive telescope ever built – on behalf of NASA<sup>(7)</sup>, ESA and CSA<sup>(8)</sup>, demonstrating the launcher's excellent level of reliability. The other two dual launches were to the geostationary transfer orbit on behalf of major satellite operators: Embratel (Brazil), Eutelsat (France), SES (Luxembourg) and the DGA<sup>(9)</sup>;

(1) 50-50 joint venture between Safran and Rolls-Royce specializing in design, development, production and after-sales for power transmission systems.

(2) The underlying electric thruster system ordered by Boeing is the first time three PPS\*5000 plasma thrusters functioning simultaneously at 5 kW have been used for orbital transfer of a satellite.

(3) Vettore Europeo di Generazione Avanzata, or the Advanced Generation European Vector, is a lightweight launcher designed to carry small payloads (1.5 metric tons) into low orbit.

(4) Since 1996, Arianespace has marketed the Russian Soyuz launcher through its subsidiary Starsem on the international market. Following the agreement between the ESA and the Russian space agency Roscosmos, Arianespace has also been responsible for the launch of Soyouz rockets from the Guiana Space Center in Kourou (French Guiana) since 2011. In 2022, due to the Russo-Ukrainian conflict, see the introduction to section 1.2 of this Universal Registration Document.

(5) European Space Agency.

(6) Agenzia Spaziale Italiana (Italian Space Agency).

(7) National Aeronautics and Space Administration.

(8) Canadian Space Agency.

(9) French Directorate General of Weapons Procurement.

- three Vega launchers successfully orbited 14 satellites, notably on behalf of the CNES<sup>(1)</sup> and the DGA as part of the deployment of the CERES<sup>(2)</sup> system, and on behalf of Airbus DS Geo with the launch of the first two commercial Pleiades NEO Earth observation satellites;
- nine Soyouz rockets were launched during the year: eight from Russia and Kazakhstan for the OneWeb constellation, and one from the Guiana Space Center on behalf of the European Commission and ESA for the European Galileo navigation constellation.

The development program for the future Ariane 6 launcher continued throughout the year, with teams at ArianeGroup carrying out further tests on an Ariane 6 upper stage equipped with a Vinci engine at Lampoldshausen (Baden-Württemberg, Germany). During the test campaign, the stage will be fired up to four times, in order to collect data describing the behavior of the entire launch vehicle upper stage during the engine's operation<sup>(3)</sup>. Hot fire tests are expected in 2022.

Finally, at the Guiana Space Center, the ELA-4 launch complex (Ariane launch complex) was officially inaugurated in September 2021. The launch pad is now ready for the first Ariane 6 rocket for combined ground and onboard testing in preparation for the first launch scheduled for late 2022.

As part of its preparations for the future, ArianeGroup signed a contract with ESA to continue developing Prometheus, a series of reusable, very low-cost engine demonstrators, using the latest additive manufacturing technologies. Slated for 2022, the hot-fire tests for the first Prometheus demonstrator will lay the groundwork for the tests of the Themis reusable rocket stage demonstrator, whose first flight is scheduled for 2023;

Under the leadership of ArianeGroup, Prometheus and Themis will contribute to the production of a new reusable mini-launch vehicle developed by MaiaSpace<sup>(4)</sup>, announced by the French government as part of its "France 2030" investment plan. The first launches of MaiaSpace's new reusable mini-launch vehicle are expected in 2026.

In 2021, ArianeGroup also entered into exclusive negotiations with MBDA and Safran for the sale of its 63% majority stake in CILAS<sup>(5)</sup>.

In 2022, due to the Russo-Ukrainian conflict, see the introduction to section 1.2 of this Universal Registration Document.

### Military industry

Regarding the naval component of France's nuclear deterrent, the development of the new M51.3 strategic missile continues in line with the development schedule, and in 2021 completed its critical development review milestone. Several bench tests of the M51.3 thrusters were successfully completed. An M51.2 missile was also successfully test-fired from the Biscarrosse site, demonstrating the system's reliability and availability.

ArianeGroup's work continued apace during 2021 after its selection by the DGA in 2019 for the development of the V-Max (*Véhicule Manœuvrant expérimental*) hypersonic glider demonstrator.

Through GEOTracker, its worldwide network of optical stations, ArianeGroup continued to be a key player in space surveillance, notably for the French Joint Space Command. In response to the growing number of space objects (satellites and debris) and efforts by several countries to militarize space, ArianeGroup's GEOTracker can provide permanent coverage of the entire geostationary arc and other strategic orbits. This network was put to use in 2021 during the AsterX exercise, organized by the French Space Command.

Lastly, ArianeGroup was also selected by the European Commission to participate in several projects associated with the European Defense Industrial Development Program (EDIDP). In this regard, ArianeGroup will coordinate a consortium of 24 partners from nine countries in carrying out the Sauron project, which aims to develop innovative sensors for characterizing and identifying satellites in orbit.

(1) Centre national d'études spatiales (French national agency for space research).

(2) Space-based Signal Intelligence Capability.

(3) These tests will also provide data on non-propulsive ballistic phases, tank pressurization to increase performance, Vinci reignitions, gas ejection nozzle maneuvers, ending with passivation where all remaining internal energy is removed.

(4) ArianeGroup subsidiary.

(5) Through its Compagnie Industrielle des Lasers (CILAS) subsidiary, ArianeGroup develops, engineers and manufactures systems coupling laser and precision optics technologies in high-tech military and civil applications.

## 2.1.3.2 Aircraft Equipment, Defense and Aerosystems

### Adjusted key figures

(in € millions)	2020	2021	Year-on-year change
Revenue	6,893	6,325	-8%
Recurring operating income	687	650	-5%
Profit from operations	454	564	+24%
Free cash flow	811	692	-15%
Acquisitions of property, plant and equipment	167	163	-2%
Research and development			
Self-funded R&D	(357)	(379)	+6%
% of revenue	5.2%	6.0%	+0.8 pts
Research tax credit	85	93	+9%
Self-funded R&D after research tax credit	(272)	(286)	+5%
Capitalized expenditure	124	127	+2%
Amortization and impairment of R&D expenditure	(133)	(89)	-33%
Impact on profit from operations	(281)	(248)	-12%
% of revenue	4.1%	3.9%	-0.2 pts
Headcount	38,471	36,847	-4%

### Commercial and industrial developments

#### Landing and aircraft systems

##### Landing gear

Safran adapted its production capacities in 2021 in response to the Covid-19 pandemic and a fall in production rates at airframers. In all, 870 landing gear units were delivered by Safran in 2021 (compared to 978 units in 2020).

In 2021, Safran signed an agreement with Bell Textron Inc. (Textron group) to provide the landing gear system for the US helicopter manufacturer's Valor V-280 next-generation tiltrotor aircraft program. Safran will develop and manufacture a fully integrated landing gear system, consisting of the main landing gear, tail landing gear, wheels and brakes, extension/retraction system, steering system, brake control system and indication sensors. Development, testing and manufacturing activities will be conducted in four Safran sites in North America and Europe.

During the year, Safran delivered the nose and main landing gear for the first Airbus A321XLR (Xtra Long Range), a new long-range version of the A321neo aircraft. The landing gear for the A321XLR is very similar to the landing system for the A321neo, but adapted to the higher maximum weight of the aircraft, which will be increased to 101 metric tons.

Finally, Safran teamed up with SLM Solutions<sup>(1)</sup> on an additive manufacturing project for a nose landing gear leg. The large component, compatible with business jet landing gear, was manufactured in titanium alloy by an SLM\*800 machine developed by the German specialist in 3D printing for metal parts. The component was redesigned for additive manufacturing, allowing time-saving in the overall manufacturing process and significant weight reduction of around 15% of the component. This was a world-first for a part of this size.

In 2021, Safran enjoyed a good level of business across the globe, with maintenance and repair contracts for landing systems signed with China Eastern (China), Garuda Indonesia (Indonesia), Aurora (Russia), Gulf Air (Bahrain), Volotea (Spain), SAS (Scandinavia), Egyptair (Egypt) and American Airlines (United States).

##### Wheels and brakes

New contracts were signed in 2021 to fit over 250 aircraft with Safran carbon brakes.

At the end of the year, with more than 11,000 aircraft equipped with Safran carbon brakes, the Group has a share of over 50% of the market<sup>(2)</sup> for 100+ seater civil aircraft. The Group is the market leader<sup>(3)</sup> in this segment, particularly for the Airbus A320 (ceo and neo) as well as the Boeing 787 and Boeing 737 (NG and MAX) fitted with carbon brakes.

##### Landing and braking control systems

Safran is a preferred partner of airframers for the development and supply of full systems for ATA 32<sup>(4)</sup> landing and braking functions.

During the year, Safran resumed work for Airbus on the new braking and steering system for the A320 family, and delivered new software for the A350's landing systems to enhance the aircraft's operational capabilities. Safran is also involved in Airbus' A321XLR program incorporating adaptations to its braking system.

Safran also made progress in developing its latest-generation computers, to be used for the braking and landing gear actuation systems on Dassault Aviation's new Falcon 10X business jet.

Finally, the Group continues to innovate in new landing system monitoring solutions (particularly tire pressure) and in preventive maintenance services for landing systems based on in-flight data.

(1) SLM Solutions Group AG is a German company specializing in the production of 3D printers for metal parts.

(2) Source: Safran.

(3) Classification criteria: market share - Source: Safran.

(4) The Air Transport Association of America (ATA) categorizes aircraft systems into chapters.

### Services for landing gear, wheels and brakes and related systems

In 2021, Safran announced the launch of LandingLife™, a new single brand designed to promote and clarify its full range of customer support services for landing gears, wheels, brakes and related systems. LandingLife™ was designed around three main objectives: (i) to keep planes flying, (ii) to reduce the total cost of ownership and foster the sharing of expertise, and (iii) to develop advanced data analysis services.

### Industrial operations

During the year, Safran inaugurated its new wheels and brakes repair facility in Grand Prairie, Texas (United States). Certified by the FAA<sup>(1)</sup>, this new facility will strengthen Safran's wheels and brakes repair network in the United States. It will provide wheels and carbon brakes maintenance and logistics services to airline customers, as well as to the US Air Force and the US Navy in support of their military platforms which are fitted out by the Group. Safran now has five wheels and brakes repair stations in the United States<sup>(2)</sup>, all working closely with the Group's manufacturing plant in Walton, Kentucky, where wheels, brakes and carbon heat sinks are produced.

### Engine systems and equipment

#### Nacelles and thrust reversers

The ongoing Covid-19 pandemic and decline in air traffic took a toll on all of the Group's nacelle programs in 2021, in both commercial and regional aviation segments and business jets. However, Safran delivered 576 A320neo nacelles during the year, close to the number of deliveries in 2019 (602 A320neo nacelles).

The results of the Group's efforts in terms of nacelles and thrust reversers were recognized by Airbus during the year. At the Airbus Supplier Conference, Safran Nacelles received its first award from the airframer for its operational performance.

A number of other decisive advances were made in 2021:

- the 2,000<sup>th</sup> nacelle was delivered for an Airbus A320neo aircraft powered by the LEAP-1A turbojet engine;
- the first series-produced nacelles were delivered for the new COMAC C919 aircraft (LEAP-1C engines);
- a research and technology project was set up with Airbus. The "EcoProp" project aims to develop a nacelle demonstrator to support the increased bypass ratio of future engines;
- the "REBECCA"<sup>(3)</sup> research project set up in 2009 was completed. This project looked at various innovative technological solutions for reducing aircraft engine noise that can be integrated into nacelles;
- development work continued on the complete nacelle systems for the new Gulfstream G700 and G800 business jets powered by the Rolls-Royce Pearl 700 turbofan engine.

Lastly, several service agreements for nacelle maintenance were signed with Azul Brazilian Airlines (Brazil), Cathay Pacific (China), Corsair International, Red Wings Airlines (Russia) and Hawaiian Airlines (United States).

### Electrical systems and engineering

#### Electric propulsion, generation and distribution systems

In 2021, Safran ENGINEUS™ electric motors and Safran GENeUSGRID™ electric distribution and network protection systems were selected by airframer Bye Aerospace (United States) to equip its future eight-seater, all-electric eFlyer 800™ twin turboprop class aircraft. These aircraft are designed to meet growing demand for all-electric general aviation and training aircraft. During the year, the Group was also involved in the FAA certification process for Bye Aerospace's future eFlyer 2 and eFlyer 4 aircraft, which are powered by Safran ENGINEUS™ 100 engines.

Safran and French company Flying Whales, which is developing an ambitious program for an airship with a large cargo capacity, signed an agreement during the year for the fleet of 150 future airships to be produced during the first ten years of the program. Safran will provide all of the electrical systems for powering the equipment and managing the non-propulsive electrical networks of the airship, including the electrical generation system, the complete electrical distribution system, the power converters and the batteries. Safran will also provide aftersales support for this equipment.

Safran's electrical distribution system for the Dassault Aviation Falcon 6X passed the "Safety of Flight"<sup>(4)</sup> certification standard for the aircraft, while the single-aisle Irkut MC-21 aircraft fitted with Safran's electrical distribution system was certified by the Russian Federal Air Transport Agency (Rosaviatsia). As the respective airframers expect these aircraft to enter into service in 2022, Safran delivered the first complete series-produced equipment during the year.

In 2022, due to the Russo-Ukrainian conflict, see the introduction to section 1.2 of this Universal Registration Document.

Safran and US-based Electric Power Systems (EPS), a leader in high-performance battery solutions, have signed a Memorandum of Understanding (MoU) for industrial, technical and commercial cooperation on electric propulsion for aircraft. The two partners will complement each other in their respective fields of excellence and expertise by offering customers the most competitive components within an optimized electric propulsion system: Safran has unrivaled expertise in electric motors and power distribution, while EPS is contributing its leading-edge technologies in energy storage systems. The objective is to establish the basis for commercial, technological, industrial and service cooperation, in order to offer the market a range of higher value-added products.

Safran signed a partnership agreement with Pyroalliance (France), an expert in pyrotechnic equipment, to develop and industrialize emergency pyrotechnic electrical shutdown solutions for high-power electric networks on future-generation aircraft. These future pyrotechnic systems will offer ultra-rapid action (on the order of a millisecond) to "outpace" the threat of an electric arc.

(1) Federal Aviation Administration.

(2) In addition to its new facility in Grand Prairie, Texas, Safran has four other repair stations in Milwaukee, Wisconsin; Miami, Florida; Bethlehem, Pennsylvania; and Las Vegas, Nevada.

(3) Reducing aircraft engine noise through advanced technological concepts (REduction du Bruit motEur avion par des ConCepts technologiques Avancés).

(4) Tests performed for the SOF milestone are designed to ensure that the system is safe to be used in flight. The tests showed that the system represented no danger for the pilot, aircraft or any other equipment under normal or emergency operating conditions.

### Electrical wiring interconnection systems (EWIS)

The Group clocked up a number of commercial wins during the year:

- the contract to supply electrical harnesses for the Boeing 737, 767 and 777 programs was extended;
- Safran's electrical wiring was selected for the space market for the first time. A contract was signed with Airbus Defence and Space to supply the electrical wiring that will be fitted to their OneSat satellite platforms.

### Industrial operations

During the year, the Group continued to combine and streamline activities associated with electrical systems.

In the United States, Safran announced the closure of its Santa Rosa site in California. The engineering, manufacturing and aftersales service activities focused on electrical harnesses for landing gear and electrical components for interconnection systems will be transferred to Safran's Denton facility in Texas. The commercial aircraft and helicopter wiring business of Denton's Interconnection Systems Americas division will be transferred to Mexico.

In France, Safran has completed the transfer of electronics activities (electronic control units for electrical generation and power electronics systems) from its Pitstone (UK) and Réau (France) sites to its Niort (France) plant.

### Aerosystems

#### Safety and protection systems

##### Emergency evacuation systems

During the year, a contract for the supply of evacuation slides for Boeing's legacy programs<sup>(1)</sup> was renewed for a further five-year period, i.e., until 2026.

Slides for the COMAC C919 were also certified, and a full-scale evacuation test was successfully completed at the Chinese airframer's facilities.

Finally, in 2021, the European Aviation Safety Agency (EASA) certified a new reversible life raft capable of accommodating 18 to 27 passengers. This raft is intended for helicopters operating over the sea in sometimes hostile conditions.

### Oxygen systems

Safran Aerosystems Services received an order from Airbus Helicopters to fit the Ecuadorian Air Force's H145 helicopters with oxygen systems. These systems, designed for pilots, co-pilots and passengers during high-altitude flights, are the result of a joint project between Safran's European and US oxygen services and systems teams. This new order enables Safran to expand and diversify its product offer to support its helicopter operator customers more effectively.

A further contract was also signed for the supply of oxygen mask demisting kits to the US Armed Forces. Over 15,000 kits were delivered in 2021.

### Emergency arresting systems

In 2021, Safran signed a contract with India to upgrade the current emergency arresting systems to accompany their order for Rafale military aircraft. Deliveries of the new arresting systems are expected to start in 2022 and will take place over a period of two years.

In early 2022, Safran announced the sale of its military aircraft arresting systems business. The sale of the business is expected to be completed in the third quarter of 2022.

### Integrated management and control systems for fluids and fuel

In 2021, the French Navy's General Staff announced that the next-generation refueling pod (NARANG) had achieved Initial Operational Capability (IOC). Compared to its previous model, this pod has been modified to increase the fuel transfer rate (to between 750L/min and 1,000L/min), improve its behavior during in-flight refueling and lighten technical support thanks to an integrated maintenance system. These nacelles were also selected by Dassault Aviation's export customers.

Safran Aerosystems was involved in the first flight of an H225 helicopter with 100% sustainable aviation fuel (SAF) powering one of its engines. As a specialist in fuel management systems, Safran actively contributed to the preparation of the flight tests by presenting its recommendations for the use of SAF on the current systems, including for the tanks, fuel distribution equipment and fuel gage on board the demonstrator helicopter.

### Spare parts and services activities

During the year, the SIAé<sup>(2)</sup>, a military support service, awarded Safran the "parts and labor" 3S-MSV contract<sup>(3)</sup> in collaboration with the *Atelier Industriel de l'Aéronautique* (AIA) in Ambérieu-en-Bugey (France). This ten-year contract covers safety, rescue and survival equipment.

(1) The aircraft concerned are the Boeing 737, Boeing 747, Boeing 767 (Boeing KC-46) and Boeing 777 aircraft (excluding Boeing 777X and Boeing 787).

(2) The Service Industriel de l'Aéronautique (SIAé) is a support service managed by the French Air and Space Force serving all branches of the military and pooling the aerospace maintenance resources of the Ministry of the Armed Forces.

(3) 3S-MSV: Safety, Rescue, Survival (3S) and Flight Safety Equipment (MSV).



## Avionics

### Electromechanical actuation systems

During the year, the Group's electromechanical actuation systems and seat harnesses were selected by Safran Seats for its new Vue Business Class seat.

EASA authorized Airbus to deliver the first THSA<sup>(1)</sup>-equipped A350, now manufactured at Safran's Mexicali facility in Mexico, where this activity was transferred following its acquisition from Collins Aerospace in 2020.

### Data management and services

In 2021, US business aircraft manufacturer Textron Aviation selected Safran's Cassiopée™ Flight Data Monitoring (FDM) service. This service, available at Safran's Mexicali facility in Mexico, where this activity was transferred following its acquisition from Collins Aerospace in 2020.

Cassiopée™ Alpha, the Group's new flight data decoding and analysis system, was selected by the Chinese Academy of Civil Aviation Science and Technology (CAST) during the year. This powerful tool will enable CAST to provide daily monitoring of all of the aircraft operated by Chinese airlines in order to improve air safety. Cassiopée™ Alpha offers simultaneous ultra-fast, high-capacity decoding of data and bespoke configuration of numerous algorithms and alerts. The platform can be adapted to the needs of different users, and is able to understand the different aircraft types, irrespective of the size of the fleet.

Safran signed a five-year contract with helicopter operator Babcock International Group for the supply of Helicom V2+ units. This contract will foster loyalty among the European entities of the British-based company, which provides defense, security and rescue services. Helicom V2+ is a flight data collection box compatible with all helicopters. Plug and play, it provides optimal, real-time monitoring, essential for operational safety and maintenance.

Two new contracts were won with airlines in the field of FDIMU (Flight Data Interface Management Unit):

- China Eastern Airlines to equip 25 Airbus A320 aircraft;
- FLYNAS, the leading low-cost airline operating in Saudi Arabia, to equip 60 A320/321neo aircraft.

FDIMU systems record and monitor a huge amount of flight data, which is critical to flight safety and preventive maintenance, as well as to the reduction of fuel consumption and greenhouse gas emissions.

### Electronics and critical software

In 2021, FADEC International delivered its 10,000<sup>th</sup> FADEC 4 (Full Authority Digital Engine Control) system, which powers LEAP (-1A, -1B, -1C) and Passport 20 engines. The FADEC 4 system is the result of close collaboration between BAE Systems and Safran Electronics & Defense and powers the A320neo, Boeing 737 MAX, COMAC C919 and Bombardier Global 7500 aircraft. This milestone confirms the success of FADEC 4, as well as Safran Electronics & Defense's ability to meet the industrial challenge of ramping up production for the LEAP engine.

Pratt & Whitney Canada selected Safran to design and manufacture an Electronic Vibration Monitoring Unit (EVMU) for use on the Boeing 787 auxiliary power unit (APU). This aircraft is expected to enter into service in early 2023, initially as a replacement for the existing fleet and, eventually, as a standard option.

At the UAV<sup>(2)</sup> Show 2021 held in Bordeaux (France), Safran unveiled its avionics suite for certified UAVs, which includes:

- an FMAP (flight management and autopilot) computer;
- a communication and cybersecurity module;
- an autonomy module and "detect and avoid" capabilities with cameras;
- sensors: air data and magnetometer.

### Aerospace navigation and sensors

Norwegian company Sensoror AS is world-renowned for the quality and accuracy of its gyros and MEMS<sup>(3)</sup> inertial units. In acquiring this company during the year, Safran has expanded its portfolio of existing and developing MEMS inertial solutions. This acquisition enables the Group to cover the entire performance area accessible to MEMS and in particular to address emerging market segments with new attitude measurement, stabilization and orientation functions for civil, military and space applications.

### Cockpit solutions

Chinese aircraft manufacturer COMAC named Safran "Supplier of the Year 2020" for Just-in-Time Excellence in supplying the control panel systems for its ARJ 21. The COMAC ARJ21 is a twin-engine regional jet with over 40 aircraft currently in operation.

### Visual perception systems

During the year, Safran received an order for 22 search lights to be fitted onto the Indian Air Force's Mil Mi-17 helicopters. The search lights are expected to be delivered in 2022.

### Innovation

Within the scope of the French government's 2020 aerospace stimulus package, Safran positioned itself in several innovative areas of the avionics and cockpit segments:

- hemispherical resonant gyroscope-based navigation for commercial aviation through the "PEARL" (preparation of modular development platforms) and "PASTEL" (architecture and equipment investment plan for flight management and control systems) joint projects;
- critical onboard computers to support the sovereignty of the French electronics industry through the major "SEEDERAL" project (sovereign onboard electronic solutions for sustainable aviation);
- helicopter flight control actuators with the compact digital trim system (compensator) projects, within the scope of the CHENE project (advanced helicopter flight controls for piloting assistance);
- MEMS control units for helicopters, drones and new mobility solutions with the "MENELAS" project (MEMS for innovative hybrid navigation solutions).

Safran is also pursuing an ambitious innovation plan on avionics platforms for certified light civil UAVs, through the "AVOCETTES" (safe and secure avionics platform for new mobility and autonomy solutions - large-range surveillance) series of projects, which implements innovative technologies for flight autonomy (such as vision-aided navigation).

(1) Trimmable Horizontal Stabilizer Actuator.

(2) Unmanned Aerial Vehicle.

(3) Micro Electro Mechanical Systems.

### Defense

#### Optronics and sights

##### Land: sights

In 2021, Safran Electronics & Defense signed a cooperation agreement with Arquus (France) for the supply of optronics for the Hornet series of turrets, and took an initial order for 170 MINEO sights for the French Army's Serval vehicles.

##### Air: optronic pods

During the year, Airbus Helicopters signed a contract with Safran for the supply of eight Euroflir 410M gyrostabilized pods (with an additional four under option) to equip the French Air and Space Force's H225M Caracal heavy-lift helicopters. Deliveries should take place between the end of 2021 and 2023.

GVH Aerospace and Nova Systems in the United Kingdom organized demonstration flights in Brighton of a complete law enforcement solution (police, customs, public safety authorities, etc.) on board their EC135 helicopter fitted with a Euroflir 410 optronic pod. Customers from many countries were able to observe the operational capabilities of the system as well as its ease of integration and use.

##### Maritime

In April, Safran Electronics & Defense was awarded a contract to supply eight Paseo XLR electro-optical surveillance and fire control systems for the Brazilian Navy's Tamandaré-class frigates. These first-rate frigates will be equipped with Safran's Sigma 40 inertial navigation systems and will be built in Brazil.

In 2021, Naval Group awarded Safran the first phase of a three-year contract to support the optronic masts for France's first two Barracuda-class nuclear combat submarines.

Following the Australian government's decision to terminate the Future Submarine Program (FSP) contract with Naval Group for the supply of 12 diesel-electric Barracuda submarines to the Australian Navy, Lockheed Martin Australia (LMA) notified Safran in September that it would be terminating its contract. This contract was for the preliminary and detailed designs for the optronic masts, navigation radar and navigation data distribution components for the future Attack-class submarines, as well as for the delivery of simulators to facilitate the integration of this equipment within the combat system.

At the end of December, Naval Group awarded Safran Electronics & Defense the first phase of the contract to upgrade the periscopes and optronic radar masts on two French nuclear-powered ballistic missile submarines. These submarines will be fitted with optronic masts from the Barracuda product line, adapted to the new requirements of the French Navy.

##### Portable optronics

Safran Optics 1 notched up its 4,000<sup>th</sup> delivery of Laser Target Locator Module II (LTLM II) imagers to the US Army. These imagers are recognized for their performance, ease of use in the field and superior reliability. The result of cooperation between Safran Optics 1, Safran Vectronix and Safran Electronics & Defense, the LTLM II is a multi-function imager that gives operators 24-hour tactical situational awareness.

In September 2021, Lynred<sup>(1)</sup> announced the launch of Galatea MW, one of the most compact and energy-efficient infrared detectors on the market. Its SWaP (size, weight and power) design improves the battery life and performance of portable devices. Galatea MW is particularly suitable for applications where payload or mobility play a crucial role, such as UAVs, driverless vehicles and infantry equipment (thermal scopes or portable thermal imagers).

Also in September, Safran Vectronix, which celebrated its 100<sup>th</sup> anniversary in the year, partnered with Rafael (Israel) to connect its Moskito TI target locator to the networked Fire Weaver system. The pairing of these two components allows all tactical commanders and soldiers to see the same, integrated battlefield image. Moreover, any target can be detected, acquired, and neutralized with pinpoint precision and optimal efficiency, including from standoff distances. Together, these capabilities drastically increase the effectiveness and survivability of forces on the modern battlefield.

In October 2021, Safran Electronics & Defense received a major order from Vietnam for the supply of 145 JIM LR imagers and 218 Vector 23 rangefinders.

##### Navigation and sensors

Safran Electronics & Defense received its first order for BlackOnyx high-performance inertial navigation systems for the US Coast Guard. Sold as part of Raytheon Anschütz's integrated bridge system, these inertial navigation units will be the first using HRG Crystal<sup>TM</sup> technology to be fitted to US ships.

At the SOFINS<sup>(2)</sup> 2021 Exhibition, Safran unveiled its new Geonyx M inertial navigation and pointing system. A compact unit which does not have to be coupled to external sensors and is also highly shock-resistant without requiring an external suspension system, the Geonyx M is designed for both naval platforms such as fast rescue boats and landing craft, as well as amphibious vehicles. The system complements the Geonyx land range as well as the Argonix and Black-Onyx ranges intended, respectively, for first-rank surface vessels and submarines.

At the end of October, a first contract was signed with Dassault Aviation for the supply of SkyNaute Next as a location system for the MALE RPAS Eurodrone. SkyNaute relies on mature and proven technologies such as the HRG Crystal<sup>TM</sup> gyro and MEMS (Micro Electro Mechanical System) accelerometers. The MALE RPAS (Medium Altitude Long Endurance Remotely Piloted Aircraft System) project is designed for the French, German, Spanish and Italian Armed Forces. Its main missions are intelligence, surveillance, target acquisition and reconnaissance.

In late 2021, Safran also announced that it had entered into exclusive negotiations to acquire Orolia, a world leader in Resilient Positioning, Navigation and Timing (PNT) solutions.

(1) 50-50 joint venture with Thales.

(2) Special Operations Forces Innovation Network Seminar: the 2021 event took place from June 29 to July 1, at the Souge military camp in Gironde (France).

## Seekers and guidance systems

### AASM Hammer

The Egyptian Ministry of Defense ordered new AASM Hammer (Modular Air-to-Ground Weapon) guidance and propulsion systems following the order of 30 additional Rafale aircraft at the end of April. With a range of more than 60km, autonomous and highly resistant to GPS jamming, the AASM Hammer gives the Rafale a significant operational advantage thanks to its ability to carry out highly accurate ground strikes in all weather conditions, day and night, against fixed or mobile targets, while limiting the risk of collateral damage.

### Drones

#### Patroller UAV systems

During the summer, an industrial test program for the Safran Patroller tactical drone system (TDS) was successfully completed in Finland. The program logged a total of 76 flight hours in 21 flights over a period of six weeks, some of which were witnessed by representatives of the DGA and the French Army.

Between August 25 and August 27, the Safran Patroller drone also successfully participated in demonstrations for the European Commission's OCEAN 2020 program. As part of these demonstrations, the Safran Patroller drone logged a total of 30 flight hours in 19 flights over the Baltic Sea from southern Sweden. These flights were streamed live in Brussels and watched by representatives of the European Commission, the European Defense Agency and various European navies. These exercises showed how Safran's systems interoperate to provide a Recognised Maritime Picture (RMP).

### Innovation

In 2021, Safran was selected by the European Commission to participate in two European Defense Industrial Development Program (EDIDP) consortiums:

- Carmenta, which aims to design a self-protection system (SPS) for both fixed wing (transport, mission) and rotary wing (transport, combat) airborne platforms;
- Sauron, which aims to develop innovative sensors for identifying and characterizing satellites in orbit.

## Data systems

### Onboard data acquisition units

At the end of April, Safran announced that it had been selected by CNES to supply the instrumentation for the new reusable launch vehicle demonstrator for its Callisto project<sup>(1)</sup>. The program aims to develop the technologies needed for the construction and operation of a reusable launch vehicle, as well as to assess its operating costs.

In May, Safran Data Systems signed a contract with CNES to review technological options for the definition and production of the final version of the KASSAV<sup>(2)</sup> autonomous tracking kit. The solution chosen will leverage the expertise of Safran Electronics & Defense for hybrid (inertial and GPS) navigation and GTD<sup>(3)</sup> for the onboard software.

As part of the ramp-up of ESA's Ariane 6 launcher, an order for instrumentation and telemetry systems (MCAU) was placed in October 2021 by ArianeGroup for six future launchers. These embedded telemetry systems capitalize on the proven accuracy and reliability of XMA products. With its small design, the XMA is the best fit for remote data acquisition in harsh environments and small space areas. It is the perfect solution for network telemetry applications, reducing wire intrusiveness and thereby acquiring data closer to the sensors.

### Telemetry solutions

In February 2021, Safran Data Systems won a contract to provide instrumentation products onboard and on the ground, and services for flight tests at Edwards Air Force Base in California (US). This contract is testimony to the recognition given to Safran's products, which have been in service for more than 20 years with major aerospace and defense companies, as well as in major US test centers.

Airbus Defence & Space ordered three new-generation optical receptor modems for ground stations from Safran Data Systems as part of the TELEO<sup>(4)</sup> project on board the future BADR-8 satellite<sup>(5)</sup>. This strategic project marks the launch of the design and manufacture of tomorrow's ground stations that could be used in the fields of telecommunications and image telemetry.

During 2021, Lockheed Martin's Skunk Works department (a team that works autonomously and successfully on high-profile aircraft programs) placed an order with Safran Data Systems for 13 XMA onboard test data acquisition units to be used for test instrumentation on new experimental aircraft applying advanced technologies.

In December, the DGA awarded Safran Data Systems the Phoenix 2 multi-year contract to upgrade missile test facilities. Subsequently, Safran received several large orders for receivers, recorders and data processing equipment.

(1) Callisto is a single-stage reusable vehicle developed jointly by CNES, DLR (German Space Agency) and JAXA (Japan Aerospace Exploration Agency).

(2) The KASSAV autonomous tracking kit is a location system for the Ariane 5 and 6 launchers developed by Safran under the aegis of CNES and in partnership with ArianeGroup.

(3) GTD is a high-tech company based in Spain and engaged in the design, integration and operation of complex, mission-critical applications and systems. The company carries out projects of great technical difficulty and develops state-of-the-art systems in the space, aerospace and energy industries, as well as scientific facilities, critical infrastructures, and maritime and port facilities.

(4) The TELEO earth-satellite laser optical communication demonstrator will be able to establish very high-capacity analog optical link communications that are highly resistant to interference.

(5) BADR-8 is a communications satellite to be built by Airbus Defence and Space on its new electrically-powered Eurostar-Neo platform. The launch of BADR-8 is slated for 2023.

Safran announced that it had signed a contract with South Korean company Contec during the year to supply LEGION 400 antennas for the development of its international network of satellite-tracking ground stations (North America, Europe, Africa and Asia) with state-of-the-art infrastructure. The antennas will be accompanied by Safran's highly miniaturized Satcore DirecT modems.

Safran offers an extensive range of satellite-tracking equipment and ground stations for satellite manufacturers, integrators, space agencies and commercial operators (communication and Earth observation satellites). In September, the Group announced that the Safran ORION 1100<sup>(1)</sup> antennas supplied to Kongsberg Satellites Services (KSAT) in Norway and installed in Svalbard (Norway) and Punta Arenas (Chile), would come into operation in the autumn. This equipment will be used to expand NASA's network of satellite-tracking ground stations.

### WeTrack – satellite surveillance

In March 2021, Safran Data Systems participated in France's first military space exercise, "AsterX", with its WeTrack<sup>(2)</sup> solution. Following the success of the AsterX exercise, which highlighted the relevance and accuracy of the WeTrack service, the French Space Command<sup>(3)</sup> renewed its confidence with a large multi-year order for the service encompassing the Asia-Pacific region. WeTrack has been used by the French Space Command since 2020.

Safran Data Systems' WeTrack solution was also involved in the Sprint Advanced Concept Training (SACT) exercise organized by the US Air Force in early April in the United States.

### High-performance optics

#### Astronomy

In 2021, Safran Reosc was selected to produce the world's first off-axis segment thin shell for the Giant Magellan Telescope's Adaptive Secondary Mirrors (ASM)<sup>(4)</sup>. The shell should be delivered in 2023. This is a major technological challenge for Safran, since the aspherical deformation of these shells is ten times greater than any shell manufactured so far.

### Spatial optics

In early 2021, Safran Reosc was awarded a contract by Airbus Defence & Space to develop and produce the mirrors for the infrared radiometer for the Copernicus Land Surface Temperature Monitoring (LSTM) mission. This ESA-led mission is part of the second generation of Sentinel satellites for the Copernicus program and aims to provide observations of land-surface temperature.

In September 2021, as part of the space component of the French recovery plan, Safran Reosc was selected for the project to improve production and metrology technologies for large space mirrors under the MAGMA contract signed with CNES in June 2021. In November 2021, the DGA awarded Safran Reosc the TRREMA contract for the preparation of mirror production technologies for the upcoming IRIS national observation program.

Lastly, Safran Reosc signed a contract with IAB GmbH in late 2021 to supply Optical Ground Support Equipment (OGSE) for the new Optical Competence Center under construction at Ottobrun near Munich (Germany) for the testing of large optical space payloads up to 1.5 meters in diameter. Under the three-year contract, Safran Reosc will supply two large high-precision reference-plane mirrors and two large motorized off-axis collimators.

### Industrial operations

Safran Electronics & Defense underlined its ambitions in several areas with two inaugurations in early October:

- the extension of the Safran Data Systems site in La Teste-de-Buch (France) is a good illustration of our potential, both for satellite antennas and stations and for flight tests;
- the Mistral R&D center in Valence (France) has significant resources to prepare for the future in microelectronics and in major families of highly integrated electronic components, including intelligent sensors, advanced chips, and SiP (System-in-Package) macro-modules for more electric aircraft, space and defense.

(1) Each ORION 1100 antenna comprises a reflector measuring 11.50 meters in diameter, a concentric S/X/Ka tri-band feed patented by Safran and Cortex baseband. These components form a robust and reliable very-high-speed data transmission system, for use by space agencies on any generation of satellite or scientific mission.

(2) The WeTrack network infrastructure was developed by Safran for monitoring geostationary satellites and detecting their maneuvers.

(3) The French Space Command (CDE) is a joint unit of the French Army.

(4) The Giant Magellan Telescope is a 25-meter optical/infrared extremely large telescope and is under construction at the Las Campanas Observatory in Chile. Its design includes a sophisticated adaptive system made of seven deformable secondary mirrors. It is expected to come into service – "first light" – in 2029.

### 2.1.3.3 Aircraft Interiors

#### Adjusted key figures

(in € millions)	2020	2021	Year-on-year change
Revenue	1,922	1,475	-23%
Recurring operating income (loss)	(174)	(167)	-4%
Profit (loss) from operations	(246)	(184)	-25%
Free cash flow	(377)	(181)	-52%
Acquisitions of property, plant and equipment	31	5	-84%
Research and development			
Self-funded R&D	(173)	(148)	-14%
% of revenue	9.0%	10.0%	+1.0 pt
Research tax credit	7	6	-14%
Self-funded R&D after research tax credit	(166)	(142)	-14%
Capitalized expenditure	93	79	-15%
Amortization and impairment of R&D expenditure	(70)	(17)	-76%
Impact on profit from operations	(143)	(80)	-44%
% of revenue	7.4%	5.4%	-2.0 pts
Headcount	13,928	13,703	-2%

#### Commercial and industrial developments

##### Cabins

##### Cabin interiors

The Group reported a number of commercial wins in 2021:

- Boeing renewed its contract for the supply of cabin trim panels (ceilings and doors) for Boeing 787 aircraft until 2030;
- Airbus selected Safran class dividers for the Airspace cabin on its new A320neo aircraft family in a linefit order;
- Cathay Pacific chose Safran galleys and integration services to fit out 30 of its Boeing 777-300 aircraft;
- Condor chose Safran's lower deck mobile crew rest (LDMCR) for its 16 future A330neo aircraft;
- Air Canada and LATAM selected SpaceFlex V2 equipment, which combines galleys and lavatory units, for their refurbished A320 aircraft;
- DHL ordered 2,000 unit load devices (ULDs) to support its expansion;
- Qatar Airways announced its intention to replace all of its ULDs with new Safran fireproof containers to improve the safety of its air cargo operations;
- ITA Airways selected Safran galleys, galley inserts and LDMCR modules in connection with an order for ten A330neo aircraft.

##### Cabins for VIP aircraft

Safran benefited from the upturn in demand for VIP interior design, which led to an increase in programs supported. Significant milestones in 2021 include the delivery of the world's first Boeing 787-9 V-VIP interior, and the award of the contract for additional interior fittings for two Boeing 787-9 V-VIPs.

##### Water and waste management systems

Safran's onboard water and waste management systems saw a slowdown in activity owing largely to the decline in air traffic.

However, the contract with Airbus to supply the water and waste management system for the new Airbus A320neo family in a linefit order was extended for a further five years during the year.

Lastly, the Group sold the Safran EVAC (whose head office is located in Germany and which has a notable presence in the United States) vacuum toilet systems business for trains in 2021 (see section 3.1, Note 6).

##### Ventilation and environment control systems

During the year, Safran Ventilation Systems was selected by Dassault Aviation to supply all fans for its future Falcon 10X very long-range business jet. The aircraft's ventilation system will be designed based on the new generation of Safran digital fans.

In 2021, Safran also sold its subsidiary Safran Ventilation Systems Oklahoma (United States), specializing in the manufacture of environmental control systems for the general aviation segment. The company has reverted to its original name, "Enviro Systems LLC" (see section 3.1, Note 6).

##### In-flight entertainment and connectivity solutions

In 2021, Safran saw an upturn in its in-flight entertainment solutions business, resulting from a solid order book with few cancellations in 2020. The Group also signed new orders to equip more than 100 aircraft with its in-flight entertainment solutions. Four new airlines (in Europe, Asia and the Middle East) chose RAVE in-flight entertainment systems, thereby joining Safran's portfolio of programs.

The Group also won a Crystal Cabin Award<sup>(1)</sup> in the "IFE & Connectivity" category for the Bluetooth feature integrated within the RAVE in-flight entertainment system. This Bluetooth feature resolves issues relating to cabin density and frequency interference by allowing audio connection for all passengers using their own headset, with no impact on Wi-Fi coverage in the aircraft.

(1) Held annually in Hamburg, Germany, the Crystal Cabin Award is the international award for excellence in aircraft interior innovation.



### Seats

Few OE orders were canceled in the year, but many were postponed. Similarly, many airlines postponed their 2021 retrofit programs to 2022 and beyond.

In 2021, Safran won two Crystal Cabin Awards for its seats, underscoring the creativity and agility of the Group's teams in enhancing passenger comfort and safety:

- the first Crystal Cabin Award in the "Passenger Comfort Hardware" category was given to Safran for its Modulair® concept, which includes several seat components (adjustable headrest, armrest, double tray table and flexible support for portable electronic devices);
- Safran picked up its second Crystal Cabin Award in the "Judges' Choice" category for its new Interspace seating equipment. This equipment, developed in conjunction with Universal Movement, a design and innovation studio focused on transportation, consists of two easily-deployable padded wings that fold out from the seat backrest. These padded wings provide greater lateral support for the passenger and more individual privacy. Interspace can be retrofitted to existing seats, allowing airlines to offer this new feature in both Premium Economy and Economy classes without replacing existing seat units.

During the year, the new Economy Class seat for single-aisle Z200 aircraft and the new Vue Business Class seat for long-haul single-aisle aircraft were selected by airlines for the first time.

### Economy and Premium Economy Class passenger seats

In 2021, Safran received new orders from various airline companies. These commercial successes were mainly attributable to the selection of the following Economy and Premium Economy Class seats:

- Z110i by an Asian airline for some of its Boeing 787 aircraft;

- Z110i for the A220 aircraft operated by the US airline Breeze Airways;
- Z110i for the Boeing 737 aircraft operated by an Asian airline;
- Z110i for the A220, Z400 for the A321, and Z400 and Z535i for the A330 aircraft operated by a European airline;
- Z200 for A320neo aircraft operated by an Asian airline and by a European airline;
- Z400 and Z535i for the Boeing 777 aircraft operated by an Asian airline.

### Business and First Class passenger seats

Commercial activity for Business Class seats picked up pace, as tenders resumed. In all, 2,097 Business Class seats were delivered in 2021 (2,735 in 2020).

The Group scored a number of commercial wins in Business Class seats in 2021:

- Z600 and 6850 to fit out 200 medium-haul aircraft for a US airline;
- Z600 for the Airbus A220 aircraft operated by the US airline Breeze Airways;
- Z600 to equip some of the Boeing 737 aircraft operated by an Asian airline;
- Vue, a new Safran seat, was selected by two airlines: one in the United States for all of its new A321XLR aircraft and one in the Middle East for some of its future Boeing 737 MAX aircraft;
- Skylounge Core for the new Airbus A330neo aircraft operated by a European airline;
- Safran's bespoke seats were selected by a Middle Eastern airline for the retrofit of its Boeing 777 Business Class.

## 2.1.4 Subsequent events

### Full-year 2022 outlook (at February 24, 2022)

Safran expects to achieve for full-year 2022 (at current perimeter, adjusted data), excluding the impact of the Russo-Ukrainian conflict:

- Revenue of €18-18.2 billion;
- Recurring operating margin of c.13.0%;
- Free Cash Flow generation of c.€2.0bn.

This outlook is based notably, but not exclusively, on the following assumptions:

- No further disruption to the world economy;

- Narrowbody ASK to increase in the range +35-40% versus 2021 with likely short term volatility;
- Number of LEAP deliveries to increase in line with the target of around 2,000 engines in 2023;
- Civil aftermarket revenue: +25% to 30% (in USD) versus 2021;
- CAPEX (tangible and intangible) outflow: c.+40% versus 2021;
- R&D impact on P&L: c.+20% versus 2021;
- €/ \$ spot rate of 1.18 and hedge rate of 1.15.

## Portfolio management

As announced during the Capital Markets Day 2021, Safran is actively managing its asset portfolio.

The Group divested several businesses deemed non-core:

- Safran EVAC (vacuum toilet systems for railways), closed in June 2021;
- Safran Ventilation Systems Oklahoma (Enviro Systems), closed in November 2021;
- Safran Aerosystems Arresting Systems (closing expected in Q3 2022).

Safran announced several bolt-on acquisitions:

- Orolia, a world leader in Resilient Positioning, Navigation and Timing (PNT), strengthening Safran's capabilities in all aspects of PNT, inertial navigation, time and GNSS receivers and simulators, covering aerospace, governmental and high integrity applications (closing expected in Q2-Q3 2022);
- Safran and MBDA to own 63% of Cilas, a laser specialist (closing expected in Q2 2022).

## Acquisition of Aubert & Duval

On February 22, 2022, Airbus, Safran and Tikehau Ace Capital announced that they had signed a Memorandum of Understanding (MoU) with the mining and metallurgical group Eramet for the acquisition of its subsidiary Aubert & Duval. The three partners intend to acquire 100% of Aubert & Duval through a new joint holding company that would be specifically set up for this transaction and in which they would have equal ownership rights.

Aubert & Duval is a strategic supplier of critical parts and materials for a number of demanding industry sectors, notably aerospace, defense and nuclear, with 2021 revenue of approximately €500 million and a workforce of around 3,600 employees based mostly in France. The company has end-to-end capabilities in special materials and superalloys, as well as nascent expertise in titanium, all of which are critical to aerospace, transportation, energy and defense applications.

This acquisition would allow Airbus and Safran to secure the strategic supply chain, for themselves and other customers, and to develop new material for current and future civil and military aircraft and engine programs.

The proposed transaction is subject to consultation with relevant employee representative bodies and regulatory approvals. The closing is expected in the fourth quarter of 2022.

In the context of this operation, a "specific share" was set up by the French State within Eramet to protect certain strategic assets held by Aubert & Duval. This specific share will be replaced by a similar one within Aubert & Duval upon completion of the transaction.

## Russo-Ukrainian conflict

On February 24, 2022, at the start of the conflict in Ukraine, Safran activated a Group crisis cell to monitor the conflict, anticipate and address the consequences on its operations, customers, partners and suppliers, and ensure the safety of its employees.

The recent sanctions decided against Russia by the US and European authorities apply to all aerospace activities and products. In compliance with these decisions, Safran has suspended all exports and services to its customers in Russia until further notice.

Safran has been operating in Russia for 30 years on civil applications, primarily through several joint ventures with Russian partners, and directly or indirectly employs 500 people in the country. Exports to Russia represented 2% of its revenue in 2021, i.e., around €300 million.

- In civil aviation, Safran has a presence in Russia through several activities, mainly the Russian regional Sukhoi Superjet 100 for which the Group supplies the SaM146 engine (on a 50-50 basis with its Russian partner UEC Saturn), as well as nacelles, landing gear and onboard equipment.
- Russian airline companies also operate several hundred short- and medium-haul Airbus and Boeing aircraft for which Safran, in partnership with GE Aviation through the joint venture CFM International, supplies CFM56 and LEAP engines, as well as related services and spare parts.
- In helicopters, Safran was chosen by Russian Helicopters to supply the Arden engine for the Kamov 62 and the Arrius engine for the Kamov 226.
- In the space industry, Safran is indirectly exposed through its ArianeGroup partnership with Airbus following the suspension of Soyuz launches carried out by Arianespace and Starsem.
- Through its joint venture Shannon Engines Services' engine leasing activities, Safran may face difficulties in recovering certain engines fitted on aircraft that are currently located in Russia.
- Safran is also exposed to risks in terms of its supplies from Russia, such as forged parts, and its titanium requirements, of which just under half are currently supplied by the Russian company VSMPO-AVISMA.

Safran will monitor the exposure of its assets and liabilities as the conflict progresses.

Safran is not present in Ukraine and does not have any direct exposure to the country.

## 2.2 COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.2.1 Consolidated income statement

The simplified consolidated income statement for the year ended December 31, 2021 presented below was taken directly from the consolidated financial statements included in section 3.1.

(in € millions)	2020	2021	Year-on-year change
<b>Revenue</b>	<b>16,631</b>	<b>15,133</b>	<b>-9.0%</b>
Other operating income and expenses	(15,286)	(13,904)	
Share in profit from joint ventures	48	40	
<b>Recurring operating income</b>	<b>1,393</b>	<b>1,269</b>	<b>-8.9%</b>
Other non-recurring operating income and expenses	(466)	(405)	
<b>Profit from operations</b>	<b>927</b>	<b>864</b>	<b>-6.8%</b>
Financial income (loss)	(357)	(596)	
Income tax expense	(184)	(200)	
<b>Profit from continuing operations</b>	<b>386</b>	<b>68</b>	
Profit for the period attributable to non-controlling interests	(34)	(25)	
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>352</b>	<b>43</b>	

#### Consolidated revenue

Consolidated revenue fell 9.0% year-on-year to €15,133 million in 2021 from €16,631 million in 2020.

The difference between adjusted consolidated revenue and consolidated revenue is due to the exclusion of foreign currency derivatives from the adjusted figures (see section 2.1.1).

Year-on-year changes in revenue excluding the impact of adjusting items are analyzed above (see section 2.1.2).

#### Recurring operating income

Recurring operating income was €1,269 million in 2021 versus €1,393 million in 2020. The difference between recurring operating income and adjusted recurring operating income (see section 2.1.2), which came in at €1,805 million, reflects:

- amortization charged against intangible assets measured when allocating the purchase price for business combinations, representing €395 million;
- a negative €136 million impact resulting from foreign currency hedging transactions.

Changes in adjusted recurring operating income are analyzed above (see section 2.1.2).

#### Profit from operations

Profit from operations was down 6.8% year-on-year to €864 million in 2021 from €927 million in 2020. Profit from operations includes recurring operating income of €1,269 million (€1,393 million in 2020) and other non-recurring items, representing an expense of €405 million (expense of €466 million in 2020).

Changes in adjusted profit from operations are analyzed above (see section 2.1.2).

#### Financial income (loss)

The Group reported a financial loss of €596 million in 2021 versus a financial loss of €357 million in 2020.

Two items account for the difference between consolidated and adjusted financial loss for 2021 (see section 2.1.2):

- changes in the fair value of currency instruments hedging future cash flows, which had a positive impact of €528 million in 2021. These changes relate to volatility in the EUR/USD exchange rate, since the currency hedging portfolio was priced based on a year-end exchange rate of 1.13 at December 31, 2021 and 1.23 at December 31, 2020;
- the impact of foreign currency hedging on the portion of foreign currency denominated flows hedged by the Group, representing a negative €136 million impact in 2021. This impact is recognized in financial income (loss) in the consolidated financial statements and within profit from operations (mostly in revenue) in the adjusted income statement.

#### Income tax expense

The Group reported an income tax expense of €200 million in 2021, compared with an income tax expense of €184 million in 2020.

#### Consolidated profit attributable to owners of the parent

This caption represented profit of €43 million for 2021, compared with profit of €352 million for 2020.

Changes in adjusted profit are analyzed above (see section 2.1.2).

## 2.2.2 Simplified consolidated balance sheet

The simplified consolidated balance sheet at December 31, 2021 presented below was taken directly from the consolidated financial statements included in section 3.1.

(in € millions)	December 31, 2020 <sup>(1)</sup>	December 31, 2021
<b>ASSETS</b>		
Goodwill	5,060	5,068
Property, plant and equipment and intangible assets	13,354	12,925
Investments in equity-accounted companies	2,128	1,969
Other non-current assets	751	1,148
Derivatives (positive fair value)	746	728
Inventories and work-in-progress	5,190	5,063
Contract costs	486	552
Trade and other receivables	5,769	6,504
Contract assets	1,695	1,853
Other current assets	607	659
Cash and cash equivalents	3,747	5,247
<b>TOTAL ASSETS</b>	<b>39,533</b>	<b>41,716</b>
<b>LIABILITIES</b>		
Equity	12,790	13,270
Provisions	2,795	2,856
Borrowings subject to specific conditions	426	327
Interest-bearing financial liabilities	6,591	6,814
Derivatives (negative fair value)	1,262	1,796
Other non-current liabilities	1,301	1,391
Trade and other payables	4,353	4,950
Contract liabilities	9,838	10,141
Other current liabilities	177	171
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>39,533</b>	<b>41,716</b>

(1) The data published for December 31, 2020 have been restated for the impact of the change in accounting policy resulting from the IFRIC decision on the attribution of service costs arising on defined benefit plans (see section 3.1, Note 5, "Change in accounting policy").

## 2.2.3 Change in consolidated net debt

The year-on-year change in the Group's net debt for 2020 and 2021 can be summarized as follows:

(in € millions)	2020	2021
<b>Cash flow from operations</b>	<b>1,874</b>	<b>2,186</b>
Change in working capital	(8)	250
Acquisitions of property, plant and equipment	(449)	(387)
Acquisitions of intangible assets	(57)	(53)
Capitalization of R&D expenditure	(287)	(316)
<b>Free cash flow</b>	<b>1,073</b>	<b>1,680</b>
Dividends paid	(4)	(188)
Divestments/acquisitions of securities and other	253	(244)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,322</b>	<b>1,248</b>
Net debt at January 1	(4,114)	(2,792)
<b>NET DEBT AT DECEMBER 31</b>	<b>(2,792)</b>	<b>(1,544)</b>

Cash flow from operations is calculated by taking profit or loss before tax and adjusting for income and expenses with no cash impact, for example net charges to depreciation, amortization and provisions, and changes in the fair value of financial instruments hedging future cash flows<sup>(1)</sup>. Cash flow from operations before changes in working capital increased by €312 million year-on-year, from €1,874 million in 2020 to €2,186 million in 2021.

Operations generated €1,680 million of free cash flow (93% of adjusted recurring operating income in 2021 compared to 64% in 2020).

Dividends paid in the year totaling €188 million include €5 million in dividends paid by foreign subsidiaries to their non-controlling shareholders.

The net debt position was €1,544 million at December 31, 2021, compared to €2,792 million at December 31, 2020.

At December 31, 2021, Safran had €5,247 million of cash and cash equivalents and €2,520 million of undrawn, confirmed facilities.

(1) See section 3.1, "Consolidated statement of cash flows".

## 2.3 COMMENTS ON THE PARENT COMPANY FINANCIAL STATEMENTS

### 2.3.1 Simplified income statement

Safran's simplified income statement for the year ended December 31, 2021 presented below was taken directly from the parent company financial statements included in section 3.3.

(in € millions)	2020	2021
Revenue	541	575
Other operating income and expenses	(620)	(648)
Loss from operations	(79)	(73)
Financial income	1,671	692
Non-recurring items	(14)	(3)
Income tax benefit	69	75
<b>PROFIT FOR THE PERIOD</b>	<b>1,647</b>	<b>691</b>

Revenue came in at €575 million in 2021 versus €541 million in 2020, and chiefly includes billings of general assistance services provided by the parent company to its subsidiaries, as well as specific amounts billed to certain subsidiaries (rent, employees, IT services) and miscellaneous services related to projects (research projects, for example) managed by the parent company on behalf of all of its subsidiaries.

Other operating income and expenses represented a net expense of €648 million in 2021 and a net expense of €620 million in 2020.

Safran reported a loss from operations of €73 million in 2021 and €79 million in 2020.

It reported financial income of €692 million in 2021 and €1,671 million in 2020.

Financial income includes dividends received from subsidiaries totaling €1,090 million, compared to €1,695 million in 2020.

It also includes:

- impairment of financial assets (net expense of €319 million in 2021 compared with €4 million in 2020);

- 2023 OCÉANE bond redemption costs amounting to €71 million;
- interest and similar expenses (net expense of €6 million compared with €2 million in 2020);
- a negative foreign exchange difference of €1 million compared to €18 million in 2020.

Safran reported a non-recurring expense of €3 million in 2021 and €14 million in 2020.

Income tax represented a benefit of €47 million under the Group's tax consolidation regime in 2021 (€59 million in the previous year). A net reversal of the provision for the transfer of the tax saving relating to the French tax group from Safran to its loss-making subsidiaries was recognized in Safran's financial statements in an amount of €27 million in 2021 (net reversal amounting to €10 million in 2020).

On account of the above, profit for the period came in at €691 million, compared to €1,647 million in 2020.

### 2.3.2 Simplified balance sheet

Safran's simplified balance sheet at December 31, 2021 presented below was taken directly from the parent company financial statements included in section 3.3.

(in € millions)	December 31, 2020	December 31, 2021
<b>ASSETS</b>		
Non-current assets	18,299	18,144
Cash equivalents and marketable securities	3,488	4,869
Other current assets	4,403	4,764
<b>TOTAL ASSETS</b>	<b>26,190</b>	<b>27,777</b>
<b>LIABILITIES</b>		
Equity	11,710	12,222
Provisions	544	495
Borrowings	5,738	5,871
Other payables	8,198	9,189
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,190</b>	<b>27,777</b>

Changes in equity in 2021 reflect profit for the period totaling €691 million and dividends paid in 2021 for a total of €183 million.

Changes in borrowings include the issue of the 2028 OCÉANE convertible bonds and other fixed-rate bonds, and the redemption of the 2023 OCÉANE convertible bonds, other fixed-rate bonds and commercial paper (see section 3.3, Note 3.9 and section 7.2.3.2).



### 2.3.3 Other information

#### Supplier and customer payment periods

Pursuant to Article D.441-4 of the French Commercial Code (*Code de commerce*), the table below shows outstanding invoices due and past due at the end of the reporting period:

Article D.441-I.-1: Invoices received but not settled at December 31, 2021							Article D.441-I.-2: Invoices issued but not settled at December 31, 2021						
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)	
(A) BREAKDOWN OF PAST DUE PAYMENTS													
Number of invoices concerned	-					194	-					134	
Total amount of invoices concerned including VAT (€)	-	588,262	659,679	278,180	186,712	1,712,833	-	1,012,131	550,357	824,288	581,108	2,967,884	
% total purchases in 2021 including VAT	-	0.10%	0.11%	0.05%	0.03%	0.29%							
% revenue in 2021 including VAT							-	0.14%	0.08%	0.11%	0.08%	0.41%	
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED PAYABLES AND RECEIVABLES													
Number of invoices excluded						140							
Total amount of invoices excluded (€)						2,279,134							
(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR STATUTORY TERMS PURSUANT TO ARTICLE L.441-6 OR L.443-1 OF THE FRENCH COMMERCIAL CODE)													
Reference payment terms used to calculate past due payments	<input checked="" type="checkbox"/> Contractual terms: <i>CONTRACTUAL TERMS</i> <input type="checkbox"/> Statutory terms: (specify)						<input checked="" type="checkbox"/> Contractual terms: <i>CONTRACTUAL TERMS</i> <input type="checkbox"/> Statutory terms: (specify)						

#### Non-deductible expenses

Non-deductible expenses (Article 223 *quater* and Article 39-4 of the French Tax Code [*Code général des impôts*]) amounted to €0.3 million in 2021 (€0.3 million in 2020) and relate to the non-deductible portion of vehicle lease payments and depreciation.

#### Dividends

Dividends that have not been claimed within five years are time-barred and paid over to the French State in accordance with the applicable legislation.

Future dividends will depend on Safran's ability to generate profits, its financial position and any other factors deemed relevant by the Company's corporate governance bodies.

Details of previous dividend payments are included in the proposed appropriation of profit for 2021 and the five-year financial summary of the Company below.

## Proposed appropriation of 2021 profit

The Board of Directors recommends appropriating profit for 2021 as follows:

Profit for 2021	€690,857,268.16
Retained earnings <sup>(1)</sup>	€4,124,920,716.23
Profit available for distribution	€4,815,777,984.39
Appropriation:	
Dividend	€213,621,220.00
Retained earnings	€4,602,156,764.39

(1) Including €393,263.38 corresponding to the 2020 dividend due on shares held in treasury at the dividend payment date.

The dividends paid for the past three years were as follows:

Year	Number of shares carrying dividend rights <sup>(1)</sup>	Net dividend per share	Total payout
2020	427,235,939	€0.43	€183,711,453.77
2019	-	-	-
2018	431,474,040	€1.82	€785,282,752.80

(1) Total number of shares carrying dividend rights less the number of Safran shares held in treasury at the dividend payment date.

## Five-year financial summary of the Company

(in €)	2017	2018	2019	2020	2021
<b>Capital at December 31</b>					
Share capital	83,405,917	87,153,590.20	85,446,831	85,446,831	85,448,488
Number of ordinary shares outstanding	417,029,585	435,767,951	427,234,155	427,235,939	427,242,440
<b>Financial results</b>					
Profit before tax, statutory employee profit-sharing, depreciation, amortization and provisions	1,251,397,582	1,621,981,388	1,382,153,454	1,539,743,815	947,109,173
Income tax expense	(33,064,752)	(211,350,763)	(551,456)	(58,580,049)	(47,345,934)
Statutory employee profit-sharing for the fiscal year	-	-	-	-	-
Profit after tax, statutory employee profit-sharing, depreciation, amortization and provisions	1,359,762,344	1,705,042,464	1,296,554,954	1,647,405,156	690,857,268
Dividend payment	667,247,336	793,097,671	-	183,711,454	213,621,220
<b>Per share data</b>					
Profit after tax, statutory employee profit-sharing, but before depreciation, amortization and provisions					
■ per ordinary share outstanding	3.08	4.21	3.24	3.74	2.33
Profit after tax, statutory employee profit-sharing, depreciation, amortization and provisions					
■ per ordinary share outstanding	3.26	3.91	3.03	3.86	1.62
Net dividend					
■ per ordinary share outstanding	1.60	1.82	-	0.43	0.50 <sup>(1)</sup>
<b>Employees</b>					
Average number of employees during the fiscal year	1,624	1,774	1,813	1,785	1,689
Total payroll	145,288,974	173,747,142	160,175,869	139,299,866	146,032,966
Social security and other social welfare contributions	95,952,479 <sup>(2)</sup>	114,279,525 <sup>(3)</sup>	137,669,709 <sup>(4)</sup>	75,980,598 <sup>(5)</sup>	77,113,451 <sup>(6)</sup>

(1) Subject to shareholder approval at the Annual General Meeting of May 25, 2022.

(2) Including €6.6 million in contributions paid to the insurer that manages the defined benefit pension plan.

(3) Including €2.3 million in contributions paid to the insurer that manages the defined benefit pension plan.

(4) Including €4.5 million in contributions paid to the insurer that manages the defined benefit pension plan.

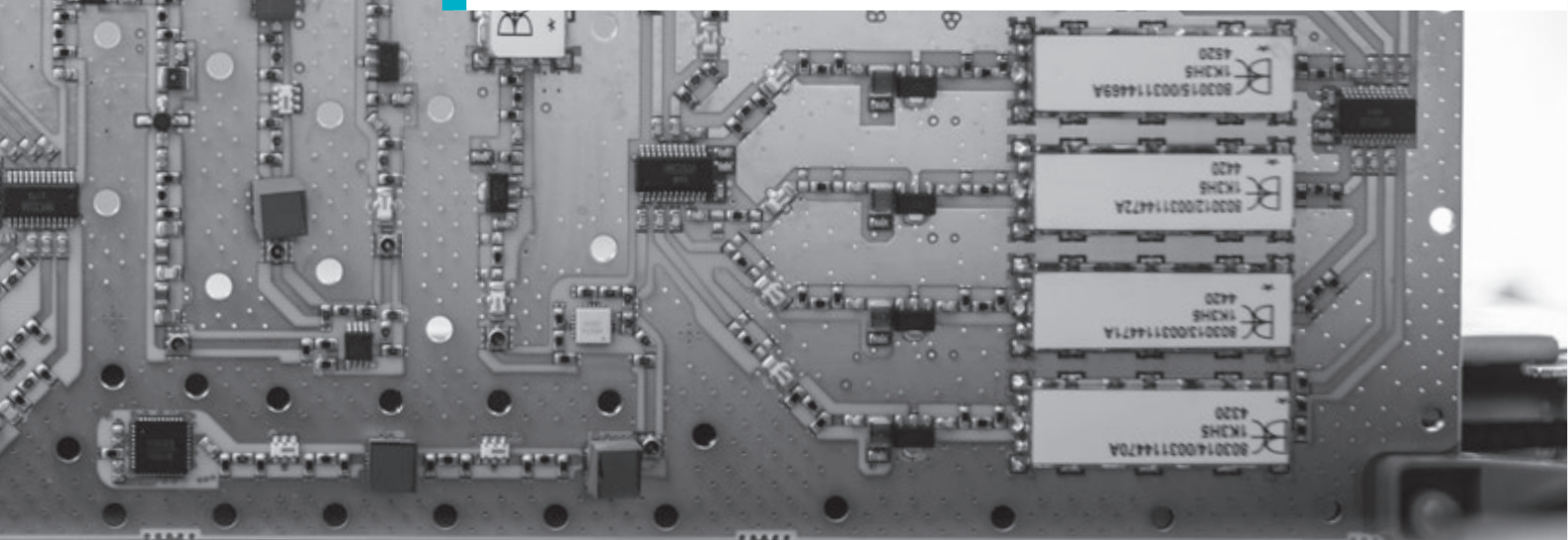
(5) Including €5.3 million in contributions paid to the insurer that manages the defined benefit pension plan.

(6) Including €1.1 million in contributions paid to the insurer that manages the defined benefit pension plan.



# 3

## FINANCIAL STATEMENTS



# 3 FINANCIAL STATEMENTS

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<b>3.1</b>	<b>GROUP CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2021</b>	<b>122</b>	<b>3.3</b>	<b>PARENT COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2021</b>	<b>201</b>
	Consolidated income statement	122		Parent company income statement at December 31, 2021	201
	Consolidated statement of comprehensive income	123		Parent company balance sheet at December 31, 2021	202
	Consolidated balance sheet	124		Parent company statement of cash flows	203
	Consolidated statement of changes in shareholders' equity	125		Notes to the parent company financial statements	204
	Consolidated statement of cash flows	126	<b>3.4</b>	<b>STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS</b>	<b>226</b>
	Notes to the Group consolidated financial statements	127			
<b>3.2</b>	<b>STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>196</b>			

**IN ACCORDANCE WITH ARTICLE 19 OF REGULATION (EC) NO. 2017/1129 OF THE EUROPEAN COMMISSION, THE FOLLOWING INFORMATION IS INCORPORATED BY REFERENCE IN THIS UNIVERSAL REGISTRATION DOCUMENT:**

- The consolidated and parent company financial statements for the year ended December 31, 2019 and the corresponding audit reports as presented in sections 3.2 and 3.4 of the 2019 Universal Registration Document filed with the AMF on March 31, 2020 under number D.20-0224; the consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union.
- The consolidated and parent company financial statements for the year ended December 31, 2020 and the corresponding audit reports as presented in sections 3.2 and 3.4 of the 2020 Universal Registration Document filed with the AMF on March 31, 2021 under number D.21-0238; the consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union.

Those sections of the 2019 Registration Document and the 2020 Universal Registration Document that are not incorporated by reference in this document are either considered no longer pertinent for investors or are dealt with in another section of the 2021 Universal Registration Document.

## 3.1 GROUP CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2021

### Consolidated income statement

(in € millions)	Note	2020	2021
<b>Revenue</b>	<b>8</b>	<b>16,631</b>	<b>15,133</b>
Other income	9	267	373
<b>Income from operations</b>		<b>16,898</b>	<b>15,506</b>
Change in inventories of finished goods and work-in-progress		(865)	(199)
Capitalized production		329	372
Raw materials and consumables used	9	(8,450)	(7,999)
Personnel costs	9	(5,028)	(4,919)
Taxes		(326)	(257)
Depreciation, amortization and increase in provisions, net of use	9	(1,212)	(1,509)
Asset impairment	9	(149)	78
Other recurring operating income and expenses	9	148	156
Share in profit from joint ventures	18	48	40
<b>Recurring operating income</b>		<b>1,393</b>	<b>1,269</b>
Other non-recurring operating income and expenses	9	(466)	(405)
<b>Profit from operations</b>		<b>927</b>	<b>864</b>
Cost of net debt		(58)	(85)
Foreign exchange gain (loss)		(257)	(497)
Other financial income and expense		(42)	(14)
<b>Financial income (loss)</b>	<b>10</b>	<b>(357)</b>	<b>(596)</b>
<b>Profit before tax</b>		<b>570</b>	<b>268</b>
Income tax expense	11	(184)	(200)
Profit for the period		386	68
Attributable to:			
■ owners of the parent		352	43
■ non-controlling interests		34	25
<b>Earnings per share attributable to owners of the parent (in €)</b>	<b>12</b>		
Basic earnings per share		0.83	0.10
Diluted earnings per share		0.80	0.10



## Consolidated statement of comprehensive income

(in € millions)	Note	2020	2021
<b>Profit for the period</b>		<b>386</b>	<b>68</b>
<b>Other comprehensive income</b>			
<b>Items to be reclassified to profit</b>		<b>(570)</b>	<b>505</b>
Translation adjustments		(518)	470
Remeasurement of hedging instruments		(13)	11
Income tax related to components of other comprehensive income to be reclassified to profit		7	(5)
Share in other comprehensive income (expense) of equity-accounted companies to be reclassified to profit (net of tax)	18	(46)	29
<b>Items not to be reclassified to profit</b>		<b>(14)</b>	<b>131</b>
Actuarial gains and losses on post-employment benefits		(3)	154
Income tax related to components of other comprehensive income not to be reclassified to profit		1	(38)
Share in other comprehensive income (expense) of equity-accounted companies not to be reclassified to profit (net of tax)		(12)	15
<b>Other comprehensive income (expense) for the period</b>		<b>(584)</b>	<b>636</b>
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD</b>		<b>(198)</b>	<b>704</b>
Attributable to:			
■ owners of the parent		(227)	670
■ non-controlling interests		29	34

In 2021, other comprehensive income relating to translation adjustments includes:

- €467 million in translation gains (€511 million in translation losses in 2020) arising in the period on foreign operations;
- €3 million in translation gains (€7 million in translation losses in 2020) arising in the period on long-term financing granted to foreign subsidiaries. This financing meets the criteria for classification as a net investment in a foreign operation, and is treated in accordance with the applicable provisions of IAS 21.

In 2021, other comprehensive income resulting from the remeasurement of hedging instruments includes positive fair value adjustments totaling €11 million (negative fair value adjustments of €13 million in 2020) relating to cash flow hedges of interest payments on senior unsecured notes (i) as of the end of first-quarter 2019 and (ii) as of July 2020. The outstanding balance of the ongoing cash flow hedging reserve is a negative €2 million (see the consolidated statement of changes in shareholders' equity).

In accordance with the amended IAS 19, changes in actuarial gains and losses are shown in "Other comprehensive income" and are not subsequently reclassified to profit. In 2021, actuarial gains and losses on post-employment benefits represented gains of €154 million (losses of €3 million in 2020). The year-on-year change is due to changes in financial assumptions (see Note 27, "Post-employment benefits").

Other comprehensive income relating to equity-accounted companies (net of tax) includes (see Note 18, "Investments in equity-accounted companies"):

- €35 million in foreign exchange gains arising in the period on foreign joint ventures (€50 million in foreign exchange losses in 2020);
- a negative amount of €6 million relating to cash flow hedges of joint ventures (a positive amount of €4 million in 2020); and
- €15 million in actuarial gains on pension and similar obligations of joint ventures (€12 million in actuarial losses in 2020).

## Consolidated balance sheet

## Assets

(in € millions)	Note	Dec. 31, 2020*	Dec. 31, 2021
Goodwill	13	5,060	5,068
Intangible assets	14	8,676	8,382
Property, plant and equipment	15	4,055	3,937
Right-of-use assets	16	623	606
Non-current financial assets	17	431	688
Investments in equity-accounted companies	18	2,128	1,969
Non-current derivatives (positive fair value)	33	52	23
Deferred tax assets	11	316	449
Other non-current financial assets		4	11
<b>Non-current assets</b>		<b>21,345</b>	<b>21,133</b>
Current financial assets	17	126	104
Current derivatives (positive fair value)	33	694	705
Inventories and work-in-progress	19	5,190	5,063
Contract costs	20	486	552
Trade and other receivables	21	5,769	6,504
Contract assets	22	1,695	1,853
Tax assets	11	481	555
Cash and cash equivalents	23	3,747	5,247
<b>Current assets</b>		<b>18,188</b>	<b>20,583</b>
<b>TOTAL ASSETS</b>		<b>39,533</b>	<b>41,716</b>

## Equity and liabilities

(in € millions)	Note	Dec. 31, 2020*	Dec. 31, 2021
Share capital	25	85	85
Consolidated reserves and retained earnings	25	11,952	12,713
Profit for the period		352	43
<b>Equity attributable to owners of the parent</b>		<b>12,389</b>	<b>12,841</b>
<b>Non-controlling interests</b>		<b>401</b>	<b>429</b>
<b>Total equity</b>		<b>12,790</b>	<b>13,270</b>
Provisions	26	1,890	1,798
Borrowings subject to specific conditions	28	426	327
Non-current interest-bearing financial liabilities	29	4,082	5,094
Non-current derivatives (negative fair value)	33	18	8
Deferred tax liabilities	11	1,299	1,275
Other non-current financial liabilities	31	2	116
<b>Non-current liabilities</b>		<b>7,717</b>	<b>8,618</b>
Provisions	26	905	1,058
Current interest-bearing financial liabilities	29	2,509	1,720
Trade and other payables	30	4,353	4,950
Contract liabilities	22	9,838	10,141
Tax liabilities	11	118	109
Current derivatives (negative fair value)	33	1,244	1,788
Other current financial liabilities	31	59	62
<b>Current liabilities</b>		<b>19,026</b>	<b>19,828</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>39,533</b>	<b>41,716</b>

\* The data published for 2020 have been restated for the impact of the change in accounting policy resulting from the IFRIC decision on the attribution of service costs arising on defined benefit plans (see Note 5, "Change in accounting policy").

## Consolidated statement of changes in shareholders' equity

(in € millions)	Share capital	Additional paid-in capital	Treasury shares	Remeasurement of hedging instruments	Translation adjustments	Consolidated reserves and retained earnings	Actuarial gains and losses on post-employment benefits	Profit (loss) for the period	Other	Equity attributable to owners of the parent	Non-controlling interests	Total
<b>At December 31, 2019</b>	<b>85</b>	<b>4,688</b>	<b>(303)</b>	<b>-</b>	<b>405</b>	<b>5,371</b>	<b>(552)</b>	<b>2,447</b>	<b>230</b>	<b>12,371</b>	<b>377</b>	<b>12,748</b>
Change in accounting policy (IFRIC IAS 19)	-	-	-	-	-	40	-	-	-	40	-	40
<b>At January 1, 2020</b>	<b>85</b>	<b>4,688</b>	<b>(303)</b>	<b>-</b>	<b>405</b>	<b>5,411</b>	<b>(552)</b>	<b>2,447</b>	<b>230</b>	<b>12,411</b>	<b>377</b>	<b>12,788</b>
Comprehensive income (expense) for the period	-	-	-	(13)	(563)	4	(19)	352	12 <sup>(a)</sup>	(227)	29	(198)
Acquisitions/disposals of treasury shares <sup>(b)</sup>	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	(4)	(4)
2020-2027 Océanes	-	-	-	-	-	39	-	-	-	39	-	39
Delivery of shares under employee shareholding plans: Safran Sharing 2020 and other	-	-	261	-	-	(166)	-	-	53	148	-	148
Other movements, including appropriation of profit	-	-	6	-	-	2,447	-	(2,447)	12	18	(1)	17
<b>At December 31, 2020</b>	<b>85</b>	<b>4,688</b>	<b>(36)</b>	<b>(13)</b>	<b>(158)</b>	<b>7,735</b>	<b>(571)</b>	<b>352</b>	<b>307</b>	<b>12,389</b>	<b>401</b>	<b>12,790</b>
Comprehensive income (expense) for the period	-	-	-	11	499	(6)	170	43	(47) <sup>(a)</sup>	670	34	704
Acquisitions/disposals of treasury shares	-	-	(14)	-	-	(42)	-	-	-	(56)	-	(56)
Dividends	-	-	-	-	-	(183)	-	-	-	(183)	(5)	(188)
2021-2028 Océanes	-	-	-	-	-	29	-	-	-	29	-	29
Repurchase of 2023 Océanes <sup>(b)</sup>	-	-	-	-	-	(50)	-	-	-	(50)	-	(50)
Other movements, including appropriation of profit	-	-	-	-	-	352	-	(352)	42	42	(1)	41
<b>At December 31, 2021</b>	<b>85</b>	<b>4,688</b>	<b>(50)</b>	<b>(2)</b>	<b>341</b>	<b>7,835</b>	<b>(401)</b>	<b>43</b>	<b>302</b>	<b>12,841</b>	<b>429</b>	<b>13,270</b>

(a) See table below:

(in € millions)	Tax impact on actuarial gains and losses	Tax impact on foreign exchange differences	Total
Comprehensive income (expense) for 2020 (attributable to owners of the parent)	5	7	12
Comprehensive income (expense) for 2021 (attributable to owners of the parent)	(42)	(5)	(47)

(b) Repurchase of 2023 Océanes representing an outflow of €71 million (comprising €42 million relating to the reversal in full of the equity component and a €29 million loss on the equity component) and a €21 million tax effect.

## Consolidated statement of cash flows

(in € millions)	Note	2020	2021
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit attributable to owners of the parent		352	43
Depreciation, amortization, impairment and provisions <sup>(1)</sup>		1,565	1,642
Share in profit/loss from equity-accounted companies (net of dividends received)	18	22	702
Change in fair value of currency and interest rate derivatives <sup>(2)</sup>	33	209	538
Capital gains and losses on asset disposals		20	(57)
Profit attributable to non-controlling interests		34	25
Other <sup>(3)</sup>		(328)	(707)
<b>Cash flow from operations, before change in working capital</b>		<b>1,874</b>	<b>2,186</b>
Change in inventories and work-in-progress		1,016	296
Change in operating receivables and payables		41	(53)
Change in contract costs		(17)	(43)
Change in contract assets and liabilities		(982)	131
Change in other receivables and payables		(66)	(81)
Change in working capital		(8)	250
<b>TOTAL I</b>		<b>1,866</b>	<b>2,436</b>
<b>II. CASH FLOW USED IN INVESTING ACTIVITIES</b>			
Capitalization of R&D expenditure <sup>(4)</sup>	14	(287)	(316)
Payments for the purchase of intangible assets, net <sup>(5)</sup>		(57)	(53)
Payments for the purchase of property, plant and equipment, net <sup>(6)</sup>		(449)	(387)
Payments for the acquisition of investments or businesses, net		(21)	(33)
Proceeds arising from the sale of investments or businesses, net		1	263
Proceeds (payments) arising from the sale (acquisition) of investments and loans, net <sup>(7)</sup>		14	(212)
Other movements		-	-
<b>TOTAL II</b>		<b>(799)</b>	<b>(738)</b>
<b>III. CASH FLOW FROM (USED IN) FINANCING ACTIVITIES</b>			
Change in share capital – owners of the parent		-	1
Change in share capital – non-controlling interests		-	-
Acquisitions and disposals of treasury shares	25.b	96	(73)
Repayment of borrowings and long-term debt <sup>(8)</sup>	29	(778)	(1,367)
Increase in borrowings <sup>(9)</sup>	29	1,595	2,146
Change in repayable advances	28	(10)	(12)
Change in short-term borrowings	29	(831)	(775)
Dividends and interim dividends paid to owners of the parent	25.e	-	(183)
Dividends paid to non-controlling interests		(4)	(5)
<b>TOTAL III</b>		<b>68</b>	<b>(268)</b>
<b>EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES</b>	<b>TOTAL IV</b>	<b>(20)</b>	<b>70</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>I+II+III+IV</b>	<b>1,115</b>	<b>1,500</b>
Cash and cash equivalents at beginning of period		2,632	3,747
Cash and cash equivalents at end of period	23	3,747	5,247
Net increase (decrease) in cash and cash equivalents		1,115	1,500

(1) Including in 2021: depreciation and amortization for €1,380 million (€1,447 million in 2020), impairment charges for €91 million (€377 million in 2020) and provision charges for €171 million (provision reversals for €259 million in 2020).

(2) Including in 2021: a positive €533 million arising on currency derivatives (a positive €191 million in 2020) (see Note 33, "Management of market risks and derivatives").

(3) Including in 2021: cancellation of deferred tax income arising on changes in the fair value of currency derivatives for a negative €138 million (a negative €58 million in 2020), cancellation of tax expense for €338 million (€242 million in 2020), €302 million in taxes paid (€143 million in 2020), €79 million in interest paid (€72 million in 2020), €14 million in interest received (€22 million in 2020), and the purchase of Shannon Engine Support Ltd. shares by Safran Aircraft Engines financed by an amount equivalent to the dividends received from Engine Support Holdings (see Note 18, "Investments in equity-accounted companies").

(4) Including in 2021: capitalized interest of €5 million (€8 million in 2020).

(5) Including in 2021: €173 million in disbursements for acquisitions of intangible assets (€61 million in 2020), €14 million in proceeds from disposals (€5 million in 2020), changes in amounts payable on acquisitions of non-current assets representing a positive €112 million (a negative €1 million in 2020), and changes in amounts receivable on disposals of non-current assets representing a negative €6 million (zero in 2020).

(6) Including in 2021: €443 million in disbursements for acquisitions of property, plant and equipment (€421 million in 2020), changes in amounts payable on acquisitions of non-current assets representing a positive €1 million (a negative €47 million in 2020), €55 million in proceeds from disposals (€19 million in 2020), and zero changes in amounts receivable on disposals of non-current assets (zero in 2020).

(7) Including €200 million in investments that do not qualify as cash and cash equivalents.

(8) Including in 2021: an outflow of €772 million relating to the repurchase of 2023 OCÉANES and of €500 million relating to the redemption of the June 28, 2017 bond issue.

(9) Including in 2021: an inflow of €756 million relating to the issue of 2028 OCÉANES and of €1,390 million relating to the March 16, 2021 bond issue (after taking account of the redemption premium).

## Notes to the Group consolidated financial statements

## CONTENTS

<b>Note 1</b>	Comments regarding the health crisis	128	<b>Note 21</b>	Trade and other receivables	162
<b>Note 2</b>	Financial impacts of climate change	130	<b>Note 22</b>	Contract assets and liabilities	162
<b>Note 3</b>	Accounting policies	131	<b>Note 23</b>	Cash and cash equivalents	163
<b>Note 4</b>	Main sources of estimates	142	<b>Note 24</b>	Summary of financial assets	164
<b>Note 5</b>	Change in accounting policy	144	<b>Note 25</b>	Consolidated shareholders' equity	166
<b>Note 6</b>	Scope of consolidation	145	<b>Note 26</b>	Provisions	169
<b>Note 7</b>	Segment information	145	<b>Note 27</b>	Post-employment benefits	169
<b>Note 8</b>	Revenue	149	<b>Note 28</b>	Borrowings subject to specific conditions	174
<b>Note 9</b>	Breakdown of the other main components of profit from operations	150	<b>Note 29</b>	Interest-bearing financial liabilities	174
<b>Note 10</b>	Financial income (loss)	152	<b>Note 30</b>	Trade and other payables	178
<b>Note 11</b>	Income tax	152	<b>Note 31</b>	Other current and non-current financial liabilities	178
<b>Note 12</b>	Earnings per share	154	<b>Note 32</b>	Summary of financial liabilities	179
<b>Note 13</b>	Goodwill	155	<b>Note 33</b>	Management of market risks and derivatives	180
<b>Note 14</b>	Intangible assets	156	<b>Note 34</b>	Interests in joint operations	186
<b>Note 15</b>	Property, plant and equipment	157	<b>Note 35</b>	Related parties	186
<b>Note 16</b>	Leases	157	<b>Note 36</b>	Off-balance sheet commitments and contingent liabilities	187
<b>Note 17</b>	Current and non-current financial assets	158	<b>Note 37</b>	Disputes and litigation	189
<b>Note 18</b>	Investments in equity-accounted companies	159	<b>Note 38</b>	Audit fees	190
<b>Note 19</b>	Inventories and work-in-progress	161	<b>Note 39</b>	Subsequent events	191
<b>Note 20</b>	Contract costs	161	<b>Note 40</b>	List of consolidated companies	192



Safran (2, boulevard du Général Martial-Valin – 75724 Paris Cedex 15, France) is a *société anonyme* (joint-stock corporation) incorporated in France and permanently listed on Compartment A of the Euronext Paris Eurolist market.

The consolidated financial statements reflect the accounting position of Safran SA and the subsidiaries it controls, directly or indirectly and jointly or exclusively, as well as entities over which it exercises significant influence (the “Group”).

The consolidated financial statements are drawn up in euros and all amounts are rounded to the nearest million unless otherwise stated.

The Board of Directors’ meeting of February 23, 2022 adopted and authorized for issue the 2021 consolidated financial statements. The consolidated financial statements will be final once they have been approved by the Annual General Meeting.

## NOTE 1 COMMENTS REGARDING THE HEALTH CRISIS

During the year, the Covid-19 pandemic continued to affect global air traffic and the aerospace industry.

However, after a relatively low level of activity in first-half 2021, the recovery strengthened as the year progressed.

The Group managed the business recovery efficiently in terms of costs, supply chain and inventories, which will enable Safran to emerge stronger from the crisis.

In light of the uncertainty as to the pace of the recovery in air traffic, cost-cutting plans were implemented during the year, to continue the cost-reduction efforts begun in 2020. These plans include:

- continued workforce downsizing, albeit to a lesser extent;
- gradual decrease in furlough and short-time working arrangements in view of the residual idle capacity in certain Group companies;
- site closures;
- optimization of production plans;
- strict control of operating costs and capital expenditure;
- tight rein on investment commitments.

### a) Liquidity and financing

At December 31, 2021, consolidated cash and cash equivalents amounted to €5,247 million.

Leveraging its liquidity position and business resilience, the Group engaged in a financial rating process in order to benefit from enhanced access to debt capital markets when needed. On February 25, 2021, Safran received its first credit rating from Standard & Poor’s, which assigned the Company a rating of BBB+ with a stable outlook.

Further efforts were undertaken in 2021 to preserve the Group’s liquidity, through three new operations:

- On March 4, 2021, the European Investment Bank (EIB) granted Safran a €500 million loan, which remained undrawn at December 31, 2021.
- On March 16, 2021, Safran issued bonds for €1.4 billion, comprising €700 million in five-year bonds and €700 million in ten-year bonds.

- On June 14, 2021, Safran issued bonds convertible into new shares and/or exchangeable for existing shares, maturing on April 1, 2028 (“2028 OCÉANES”), for an issue price of €756 million. The proceeds from this issue were used to repurchase the 2023 OCÉANE bond issue maturing on June 21, 2023.

For more information on the above operations, see Note 29, “Interest-bearing financial liabilities”.

Following these refinancing operations, the bridge facility set up in April 2020 and undrawn at December 31, 2020 – representing a residual amount of €1.4 billion – was canceled in full on March 16, 2021.

Based on the above, the Group has sufficient liquidity to fund its operations going forward.

### b) Adaptation plan

Throughout 2021, the Group strove to maintain strict cost control amid the gradual business recovery.

Following the signature of the Activity Transformation Agreement in July 2020, the Group further adjusted its workforce while protecting jobs and skills.

In a persistently uncertain context, the Group continued to use furlough and short-time working arrangements, but to a lesser extent in order to support the recovery. Short-time working represented 7% in France and approximately 5% worldwide during the year.

Government grants for the various furlough and short-time working schemes in France and other countries were

recognized as a deduction from personnel costs in an amount of €109 million (€246 million in 2020).

As per usual practices, the costs relating to the voluntary early retirement and external mobility measures were recognized in non-recurring expenses in an amount of €14 million in 2021 (€51 million in 2020).

(See Note 9, “Breakdown of the other main components of profit from operations”).

The Group also took further steps to streamline its industrial footprint within its Aircraft Interiors and Equipment businesses, by closing sites and optimizing its industrial facilities.

In 2021, restructuring costs relating to production shutdowns and site closures, along with costs incurred in respect of workforce adjustment measures (severance payments), were recognized or provisioned as soon as the adaptation plans were announced or had begun to be implemented. Accordingly, restructuring costs were included within non-recurring expenses in an amount of €79 million in 2021 (€131 million in 2020) and primarily concern sites in Germany, the United Kingdom and Mexico.

(See Note 9, "Breakdown of the other main components of profit from operations").

On October 21, 2021, Executive Management and the trade unions at Group level in France signed an agreement on the post-Covid-19 working environment.

The agreement provides for a number of different measures, including:

- additional profit-sharing in 2022 for 2021, for which a provision has been recognized in the 2021 financial statements;
- mandatory annual pay negotiations in 2022;
- an increase in the Group's workforce in France;
- a steady decrease in long-term furlough arrangements;
- a reduction in optional employee profit-sharing for 2022;
- a freeze on the Company top-up contribution paid in 2022 and 2023.

Under the business resumption clause included in the agreement, some or all of the specified measures may be adjusted in 2022, depending on how the Group's recurring operating margin develops between 2021 and 2022.

## c) Description of the impacts of Covid-19

The impacts of the pandemic on the Group's businesses affect the whole income statement and balance sheet and not just individual line items.

As mentioned in Note 9, "Breakdown of the other main components of profit from operations", non-recurring items,

essentially impairment losses (including on equity-accounted companies), capital gains and losses on disposals of businesses, and transaction and restructuring costs, are unchanged from previous periods.

## d) Goodwill

Given the continuing repercussions of the health crisis on the aerospace industry and the Group's operations, in first-half 2021 the Group reviewed the cash-generating units (CGUs) for which there could be an indication of impairment because their activities continued to be particularly affected by the changes in air traffic and by airlines' financial situation.

In the second half of the year, the Group carried out its annual impairment tests on all of the CGUs, based on the data in the medium-term business plan as updated and validated by management then by the Board of Directors. The tests were carried out by comparing its CGUs' value in use with their net carrying amount at December 31, 2021.

In accordance with the approach within the Group, the value in use of the CGUs was determined based on expected future cash flows projected over a period similar to the useful life of the assets in each CGU. The projections and assumptions used were based on the Group's medium-term business plan for the next four years, as updated in the second half of 2021, while the projections and assumptions beyond this period for certain CGUs were based on management's best estimate of the long-term scenario.

They take into account orders and delivery schedules, airframers' production rates, IATA forecasts, the impacts of decarbonization and any other available information.

The projections assume a return to pre-crisis cash flow levels by 2025 at the latest and factor in the adaptation measures put in place.

At December 31, 2021, no impairment was recognized against goodwill allocated to the CGUs.

Sensitivity to changes in the main assumptions was analyzed for the main goodwill balances recorded in Group assets.

In light of the significant prevailing uncertainties as to the recovery in air traffic, sensitivity analyses using higher rates were performed on the CGUs with the greatest exposure, where the carrying amount of their assets is close to the recoverable amount, namely Safran Seats and Safran Cabin.

The approach used and the results obtained are described in more detail in Note 13, "Goodwill".

## e) Other assets

### Intangible assets

The Group carried out a detailed analysis of its other intangible assets.

It tested assets allocated to programs for which there could be an indication of impairment.

These impairment tests were carried out based on projections updated to reflect the best information available at the reporting date.

The results of the tests are set out in Note 14, "Intangible assets".

### Right-of-use assets

In 2021, rent concessions granted to lessees in the context of the Covid-19 pandemic had no impact on the Group.

### Measurement of inventories and work-in-progress:

The carrying amount of inventories and work-in-progress excludes idle capacity (under-absorption of overhead expenses), which was deemed to represent an expense for the period.

## Trade receivables

During the year, the Group continued to closely monitor bad debt risk to ensure the collection of its current and future receivables.

The impairment rate for expected credit losses was 0.52% at end-2021 (versus 0.36% at end-2020), based on the approach described in section 3.n of Note 3, "Accounting policies".

Moreover, the Group paid particular attention to the situation of its airline customers, especially those placed in insolvency proceedings (*procédure collective*) or that had announced restructuring plans.

A provision was accrued for any receivables or assets considered at risk (i.e., payment default at maturity, insolvency proceedings, etc.), based on a case-by-case analysis.

At December 31, 2021, the net amount of impairment losses recognized against trade and other receivables in operating income was €15 million (€83 million in 2020).

## NOTE 2 FINANCIAL IMPACTS OF CLIMATE CHANGE

In line with its core purpose (*raison d'être*), Safran has embarked upon a proactive program to reduce its carbon footprint and has set ambitious goals for the various categories of emissions linked to its business:

- reducing emissions from its operations (Scopes 1 and 2) by 30% between 2018 and 2025, and by 50% between 2018 and 2030. These objectives are aligned with an emissions reduction trajectory that is compatible with a global warming scenario of 1.5°C by the end of the century;
- mobilizing its 400 main suppliers on meeting the commitments under the Paris Agreement to keep global warming to well below 2°C and preferably to 1.5°C;

### Measurement of assets

The air traffic growth assumptions used by management in the Group's medium-term business plan and strategy and in the impairment tests for intangible assets relating to programs (2.9% growth in average annual revenue passenger kilometers [RPK] over the next 20 years) take into account the decarbonization trends observed in recent years (rising environmental concerns, especially in Europe, leading to regulatory initiatives that could slow down air traffic growth).

The 2% perpetual growth rate used to determine the terminal value of CGUs (see Note 13, "Goodwill") is prudent with regard to these assumptions.

### Liabilities and commitments received

On March 4, 2021, Safran signed a €500 million loan agreement with the European Investment Bank (EIB) to finance research into propulsion systems for future aircraft. The project, mainly carried out in France, will primarily focus on the next generation of medium-haul aircraft.

### Research and Technology

The R&T priorities set by Safran are fully in line with the priorities defined in the French recovery plan, which has set a goal of developing a low-carbon aircraft by 2035.

In June 2021, Safran and GE launched RISE, a technology development program that will demonstrate and mature a range of new, disruptive technologies for future engines (target of 2035 for EIS). The program goals include improving engine efficiency, as well as enabling the use of 100% sustainable aviation fuels and developing breakthrough technologies for a hydrogen-powered aircraft.

- contributing to the aviation sector's commitment of reaching net zero by 2050.

Climate change-related challenges are reflected in the Group's financial statements.

At the reporting date, the Group does not consider that its commitments in relation to the transition to a low-carbon economy have a material impact on its financial statements, with the exception of its R&T expenditure.

In addition, Safran has introduced an internal carbon price for its investment projects, in order to swing decisions in favor of solutions including decarbonization initiatives.

Based on analysis, no changes to the useful lives of the main assets are required, as they are in line with the assumptions used in the medium-term business plan drawn up in the second half of 2021.

The loan marks a major step forward in Safran's roadmap towards achieving carbon-free air transport by 2050.

It remained undrawn at December 31, 2021. Its characteristics are described in Note 33, "Management of market risks and derivatives".

Safran is also pursuing other R&T initiatives to reduce the environmental impact of other Group products, mainly by reducing their mass, electrifying onboard systems and adopting more carbon- or energy-efficient manufacturing processes.

R&T costs are expensed on various lines of the income statement as and when they are incurred; subsidies are recognized within "Other income".

## NOTE 3 ACCOUNTING POLICIES

The consolidated financial statements of Safran and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and adopted by the European Union at the date the consolidated financial statements were approved by the Board of

Directors. They include standards approved by the IASB, namely IFRS, International Accounting Standards (IAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or its predecessor, the Standing Interpretations Committee (SIC).

### Changes in accounting policies

#### New IFRS standards, amendments and interpretations effective as of January 1, 2021

- Amendments to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" – Interest Rate Benchmark Reform Phase 2.
- Amendments to IFRS 4, "Insurance Contracts" – Extension of the Temporary Exemption from Applying IFRS 9.

The amendments to IFRS 9, under which hedging relationships can be maintained after the rates change, are mandatorily effective as of January 1, 2021.

The Group completed its analysis of the impacts of the interest rate benchmark reform, and discussions with its bank counterparties on the transition to the new rates are now underway.

Beyond the contract-related impacts of the reform, the Group also took steps to adapt its information systems.

The adoption of the Phase 2 amendments had no impact on the consolidated financial statements, since there was no change in the benchmark rates used in the Group's contracts at December 31, 2021.

At December 31, 2021, the Group held the following financial instruments indexed to a rate concerned by the interest rate benchmark reform (see Note 33, "Management of market risks and derivatives"):

- USD borrower interest rate swaps paying 6-month LIBOR, for a nominal amount of USD 1,045 million;
- USD lender interest rate swaps paying 3-month LIBOR, for a nominal amount of USD 1,150 million;
- USD lender cross-currency swaps paying 6-month LIBOR, for a nominal amount of USD 1,045 million.

The Group has taken into account the IFRIC decision of April 2021 regarding IAS 19, specifically concerning the attribution of benefits to periods of service. The impacts of the application of the IFRIC decision at December 31, 2021 are detailed in Note 5, "Change in accounting policy".

The Group also noted the IFRIC decision of April 2021 regarding configuration and customization costs in a cloud computing arrangement. At December 31, 2021, the application of the decision had no impact for the Group.

The other standards, amendments and interpretations effective for reporting periods beginning on or after January 1, 2021 do not have a material impact on the Group's consolidated financial statements.

#### New published IFRS standards, amendments and interpretations early adopted by the Group as of January 1, 2021

None.

#### New published IFRS standards, amendments and interpretations not yet effective or not early adopted by the Group

- Amendments to IAS 1, "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-Current.
- Amendments to IAS 1, "Presentation of Financial Statements" and IFRS Practice Statement 2 – Disclosure of Accounting Policies.
- Amendments to IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of Accounting Estimates.
- Amendments to IAS 12, "Income Taxes" – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- Amendments to IAS 16, "Property, Plant and Equipment" – Proceeds before Intended Use.
- Amendments to IAS 28, "Investments in Associates and Joint Ventures" and IFRS 10, "Consolidated Financial Statements" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Amendments to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts – Cost of Fulfilling a Contract.
- Annual Improvements to IFRSs published in May 2020 (2018-2020 cycle).
- Amendments to IFRS 3, "Business Combinations" – Reference to the Conceptual Framework.
- Amendments to IFRS 16, "Leases" – Covid-19-Related Rent Concessions beyond June 30, 2021.
- IFRS 17, "Insurance Contracts".

## Accounting policies

### a) Basis of measurement used to prepare the consolidated financial statements

The consolidated financial statements are prepared on a historical cost basis except for certain assets and liabilities, as allowed by IFRS. The categories of assets and liabilities not measured at historical cost are disclosed in the sections below.

### b) Consolidation

#### Basis of consolidation

Entities over which Safran directly or indirectly exercises permanent de facto or de jure control are fully consolidated when their contribution to certain consolidated indicators is material or when their business is strategic for the Group. These are entities over which the Group has the power to direct the relevant activities in order to earn returns and can affect those returns through its power over the investee. Power generally results from holding a majority of voting rights (including potential voting rights when these are substantive) or contractual rights.

Entities controlled jointly by Safran and another group, known as joint arrangements, are entities for which decisions about the relevant activities (approval of the budget, management appointments, etc.) require the unanimous consent of the parties sharing control. There are two types of joint arrangement:

- joint operations are entities where, based on the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement, or other facts and circumstances, the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Each partner accounts for the assets, liabilities, revenues and expenses relating to its involvement in a joint operation, unless the arrangement specifies otherwise;
- joint ventures are entities where the parties that have joint control of the arrangement have rights to the net assets of the arrangement only. Each partner recognizes its share in the net assets of the venture using the equity method.

Entities over which Safran exercises significant influence (associates) are accounted for under the equity method. Significant influence is presumed to exist when the Group holds at least 20% of the voting rights. However, significant influence must be demonstrated when the Group holds less than 20% of the voting rights. The fact that the Group is represented on its investee's management body (Board of Directors, etc.) indicates that it exercises significant influence over that investee.

#### Intragroup transactions

All material transactions between fully consolidated companies are eliminated, as are internally generated Group profits.

When a fully consolidated company carries out a transaction (e.g., sale or transfer of an asset to a joint operation, joint venture or associate), any resulting gains or losses are recognized in the consolidated financial statements solely to the extent of the percentage interest held in the joint operation, joint venture or associate outside the Group.

A company effectively enters the scope of consolidation at the date on which sole or joint control is acquired or significant influence is exercised.

The removal of a company from the scope of consolidation is effective as of the date sole or joint control or significant influence is relinquished. If the loss of control occurs without any transfer of interest, for example due to dilution, the company's removal from the scope of consolidation is simultaneous with the event that triggers such loss of control or significant influence.

Non-controlling interests represent the portion of profit and net assets not held by owners of the parent, and are presented separately in the income statement, statement of comprehensive income and shareholders' equity.

IFRS 10 states that any changes in the percent interest in a fully consolidated company that do not result in the loss or acquisition of control are to be recognized in equity attributable to owners of the parent. This applies to acquisitions of additional shares in a subsidiary after control has been obtained in a previous acquisition or to sales of shares that do not result in a loss of control.

Sales of shares that result in a loss of control are to be recognized in profit or loss and the gain or loss on disposal is to be calculated on the entire ownership interest at the date of the transaction. Certain other items of comprehensive income attributable to majority shareholders will be reclassified to income. Any residual interest retained is to be remeasured at fair value through profit or loss when control is relinquished.

Acquisitions of shares that give the Group sole control over an entity will be recognized in accordance with the policies governing business combinations described in Note 3.c.

However, when a fully consolidated company carries out a transaction (e.g., purchase of an asset) with one of its joint operations, joint ventures or associates, the Group's share of the gain or loss is only recognized in the consolidated financial statements when the fully consolidated entity resells that asset to a third party.

Such transactions are not eliminated when the joint operation acts solely as an intermediary (agent) or renders balanced services for the benefit of, or as a direct extension of, the businesses of its various shareholders.



## c) Business combinations

The Group applies the revised IFRS 3.

### Acquisition method

Business combinations are accounted for using the acquisition method at the date on which control is obtained:

- identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair value;
- where applicable, non-controlling interests in the acquiree are measured either at fair value or at the Group's share in the acquiree's net identifiable assets (including fair value adjustments). This option is available for all business combinations based on a case-by-case analysis of each transaction;
- acquisition-related costs (transaction fees) must be recognized separately from the combination as expenses in the period in which they are incurred;
- any contingent consideration relating to business combinations (earn-out clauses) is measured at fair value

at the acquisition date. After the acquisition date, any adjustments to the consideration are measured at fair value at the end of each reporting period. The cost of the combination, including where appropriate the estimated fair value of any contingent consideration, is finalized within the 12 months following the acquisition (measurement period). Any changes in the fair value of such consideration more than 12 months after the measurement period are recognized in profit or loss. Only items that should have been taken into account at the date of the combination but for which the acquirer did not hold all of the relevant information at that date can give rise to an adjustment in the purchase price consideration.

Any previously held interests in the acquiree are remeasured to fair value, with the resulting gain or loss recognized in profit or loss.

### Goodwill

At the acquisition date, goodwill is measured as the difference between:

- the acquisition-date fair value of the consideration transferred, plus the amount of any non-controlling interest in the acquiree, measured based on the share in the net assets acquired (including fair value adjustments), or on the overall value of the acquiree; and
- the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

When goodwill arises on the acquisition of fully consolidated companies or interests in joint operations, it is carried under assets in the balance sheet under the heading "Goodwill". Negative goodwill is recorded immediately in profit or loss. However, goodwill arising on the acquisition of interests in joint ventures and associates is recorded on the line "Investments in equity-accounted companies", in accordance with IAS 28.

Goodwill may be adjusted within 12 months of the acquisition to take into account the definitive estimate of the fair value of the assets acquired and liabilities assumed. Only new information about facts and circumstances existing at the date of the combination can give rise to an adjustment against goodwill. Beyond this period, adjustments are recorded in profit or loss.

Goodwill arising as part of a business combination is allocated to cash-generating units (CGUs), as described in Note 3.m. Goodwill is not amortized but is tested for impairment at least annually and whenever there are events or circumstances indicating that it may be impaired, as described in Note 3.m. Impairment is taken to profit or loss and may not be reversed.

## d) Discontinued operations and assets (or disposal groups) held for sale

A non-current asset or group of non-current assets and directly associated liabilities are classified as held for sale if their carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale and its sale must be highly probable within a maximum period of one year. Non-current assets or disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and are presented on separate lines of the consolidated balance sheet.

In accordance with IFRS 5, a discontinued operation represents a separate major line of business or geographic area of operations for the Group that either has been disposed of, or is classified as held for sale. The income, expenses and cash flows attributable to the operations disposed of or held for sale are presented on separate lines of

the consolidated financial statements for all periods presented. The assets and liabilities attributable to the operations disposed of or held for sale are presented on separate lines of the consolidated balance sheet for the last period presented only.

In accordance with IFRS 5, further to classification as discontinued operations or assets held for sale:

- the activities are measured at the lower of their carrying amount and their fair value less estimated costs to sell;
- depreciation/amortization of the non-current assets relating to the activities ceases;
- the non-current assets included in the discontinued operations are no longer tested for impairment;
- symmetrical positions on the balance sheet between continuing operations and discontinued operations continue to be eliminated.

## e) Translation methods

The financial statements of subsidiaries with a different functional currency than that used by the Group are translated into euros as follows:

- assets and liabilities are translated at the year-end closing exchange rate, while income statement and cash flow items are translated at the average exchange rate for the year;
- translation gains and losses resulting from the difference between the closing exchange rate at the previous year-end and the closing exchange rate at the end of the

current reporting period, and from the difference between the average and closing exchange rates for the period, are recorded in equity as translation adjustments.

On disposal of a foreign operation, cumulative foreign exchange differences are recognized in profit or loss as a component of the gain or loss on disposal. For any disposal, the foreign exchange differences recognized in profit or loss are determined based on direct consolidation of the foreign operation in the Group's financial statements.

## f) Translation of foreign currency transactions and foreign currency derivatives

Transactions denominated in currencies other than the presentation currencies of Group entities are translated into euros at the exchange rate prevailing at the transaction date.

At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the closing rate. Any resulting foreign exchange gains and losses are recognized in "Financial income (loss)" for the period, except for translation differences relating to a financial instrument designated as a net investment hedge, which are reported in other comprehensive income (see Note 3.w). Advances and downpayments paid or received, prepaid expenses and deferred income continue to be recorded on the balance sheet at the initial amount for which they were recognized.

Long-term monetary assets held by a Group entity on a foreign subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future, represent an investment in a foreign operation. In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates", foreign exchange differences arising on these items are recorded in

other comprehensive income (OCI) up to the date on which the investment is sold, when they are recognized as part of the gain or loss on disposal. If the transaction does not qualify as a net investment in a foreign operation, the corresponding exchange differences are recognized in the income statement.

The Group uses currency derivatives to manage and hedge its exposure to fluctuations in exchange rates which can impact revenue net of foreign-currency denominated purchases. The Group's forex hedging strategy along with the forward currency contracts and options it uses are described in Note 33, "Management of market risks and derivatives".

Pursuant to IFRS 9, these foreign currency derivatives are recognized in the balance sheet at their fair value at the end of the reporting period. In view of the constraints resulting from applying IFRS 3 to the Sagem-Snecma business combination and the fact that most derivative instruments used by Safran do not qualify for hedge accounting under IFRS 9, the Group decided not to apply hedge accounting to any of its foreign currency derivatives. Accordingly, any changes in the fair value of these derivatives are recognized in "Financial income (loss)".

## g) Income from operations

The main customer contract types identified within the Group are:

- sales of original equipment engines and spare engines, serial production equipment and spare parts;
- sales of installed base maintenance and support contracts;
- sales of time and materials service contracts;
- sales of contracts with multiple elements ("combined contracts");

- sales of studies.

The IFRS 15 revenue recognition rules applicable to each of these contract types are outlined below.

On rare occasions, the impact of a financing component will also be taken into account in recognizing revenue, when the component is significant relative to the contract transaction price.

## Sales of original equipment engines and spare engines, serial production equipment and spare parts

For sales of engines, production equipment and spare parts, the performance obligation is generally defined for each individual product or service and not for a series of products and services.

Development work may be carried out prior to production and be wholly or partly financed by the customer.

Sales of development work primarily concern the Aircraft Equipment, Defense and Aerosystems and Aircraft Interiors sectors.

Development work financed by customers is generally inseparable from serial production and does not therefore represent a separate performance obligation. Accordingly, customer-financed development work will be recognized within contract liabilities in the balance sheet when the funding is received, and subsequently taken to "serial" revenue in full as and when the related products are delivered.

However, financed development work that represents a separate performance obligation is recognized in revenue upon

completion of the performance obligation when control is transferred at a point in time, or on a percentage-of-completion basis (cost-to-cost method) if control is transferred over time.

Extended warranties granted in connection with sales of engines or production equipment represent a separate performance obligation when the warranty is an additional service that is not granted to all customers (unlike a standard warranty). In this case, a portion of the transaction price of the engines or production equipment is allocated to this warranty and recognized within contract liabilities.

The contract liability will be reversed against revenue as and when the warranty costs are incurred.

Revenue recognized for each engine, item of production equipment or spare part is net of any discounts granted in any form whatsoever, including guarantees resembling trade discounts (performance bonds, fuel consumption, etc.) and any products or services granted free of charge which do not represent separate performance obligations.

When products or services granted free of charge are transferred to customers before the revenue recognition date, they are recognized in the balance sheet within contract assets until the date revenue is recognized.

Revenue is recognized when control of each product is transferred, which is usually upon delivery (i.e., at a point in time).

Where there is a risk of the transaction being canceled or the receivable not being recovered at the inception of the

contract, no revenue is recognized. When the risk no longer exists, revenue is recorded.

When a contract is onerous, the Group recognizes a loss on delivery commitments (see Note 3.s).

Downpayments from customers are included in contract liabilities when they are received and taken to revenue when the products to which they relate are delivered.

## Sales of installed base maintenance and support contracts

Certain maintenance and support contracts require a fleet of engines or various equipment to be kept in flying condition. These contracts are billed based on the number of flight hours or landings for the engines/equipment concerned.

The different services provided under each such contract represent a single performance obligation since the services are related when the contracts are fulfilled.

Revenue is recognized if:

- the stage of contract completion can be measured reliably; and
- the costs incurred in respect of the contract and the costs to complete the contract can be measured reliably.

If control is transferred over time, revenue is recognized on a percentage-of-completion basis (cost-to-cost method).

If contract income cannot be measured reliably, revenue is only recognized to the extent of the contract costs incurred.

Forecast contract margins are reviewed on a regular basis. A provision is set aside for any losses on completion as soon as such losses are foreseeable (see Note 3.s).

Contract modifications do not generally result in the addition of separate goods or services to the original contract. Accordingly, the associated revenue adjustment at that date results in an immediate adjustment to profit or loss ("catch-up method").

Amounts billed to customers for which payment has generally been received but which have not yet been recognized in revenue, are included within contract liabilities (deferred income) at the end of the reporting period. In contrast, revenue which has been recognized but which has not yet been billed is recorded within contract assets in the balance sheet at the reporting date.

## Sales of time and materials service contracts

These contracts may cover engines or production equipment and are generally entered into on a short-term basis.

They represent a single performance obligation.

Revenue generated on these contracts is recognized once the repair service has been provided (i.e., at a point in time).

## Sales of contracts with multiple elements

Contracts with multiple elements are contracts that include the sale of specific development work as well as the sale of both goods and services.

The Group identifies separate performance obligations for each contract and determines the date on which control is transferred.

In general, for these contracts:

- the specific development work or customization assignments for a given contract and customer do not represent a separate performance obligation since the development and customization are inseparable from serial production. Costs associated with the development and

installation are initially recognized in assets within contract costs if they are recoverable, and subsequently expensed over the contract term;

- financing received from the customer for the development work or customization assignment is recognized as revenue as and when the various performance obligations under the contract are satisfied;
- revenue generated on the serial production and service portion of the contract is recognized either on delivery of the goods, or on a percentage-of-completion basis (cost-to-cost method), depending on the nature of the performance obligation.

## Sales of studies

These types of contract are found in all of the Group's business sectors. Generally speaking, each study represents a separate performance obligation since control of the development work is transferred to the customer, often through the transfer of intellectual property.

Revenue is recognized on a percentage-of-completion basis (cost-to-cost method) when control is transferred over time, or once the performance obligation has been satisfied if control is transferred at a point in time.

IFRS 15 may result in the recognition in the balance sheet of contract assets and liabilities and of contract costs:

- a contract asset denotes the Group's right to consideration in exchange for goods or services that it has transferred, when that right is conditioned on something other than the passage of time. Contract assets mainly include amounts relating to revenue recognized on a percentage-of-completion basis where Safran does not have the right to immediately bill the customer. A contract asset is written down, where appropriate, using the simplified impairment model set out in IFRS 9 (see Note 3.n);

- a contract liability denotes the Group's obligation to transfer goods or services to a customer for which it has received consideration in cash or in kind.

## h) Current and deferred tax

Tax expense (tax income) is the aggregate of current tax and deferred tax recorded in the income statement.

Current tax expense is the amount of income tax payable for a period, calculated in accordance with the rules established by the relevant tax authorities on the basis of taxable profit for the period. Current tax expense also includes any penalties recognized in respect of tax adjustments recorded in the period. The tax expense is recognized in profit or loss unless it relates to items recognized directly in equity, in which case the tax expense is recognized directly in equity.

Deferred tax assets and liabilities are calculated for each entity on temporary differences arising between the carrying amount of assets and liabilities and their corresponding tax base. The tax base depends on the tax regulations prevailing in the countries where the Group manages its activities. Tax losses and tax credits that can be carried forward are also taken into account.

Deferred tax assets are recognized in the balance sheet if it is likely that they will be recovered in subsequent years. The value of deferred tax assets is reviewed at the end of each annual reporting period.

## i) Earnings per share

Basic earnings per share is calculated by dividing attributable profit by the weighted average number of ordinary shares issued and outstanding during the period, less the average number of ordinary shares purchased and held as treasury shares.

Diluted earnings per share is calculated by dividing attributable profit by the weighted average number of shares issued or to be issued at the end of the reporting period,

## j) Intangible assets

Intangible assets are recognized on the balance sheet at fair value, historical cost or production cost, depending on the method of acquisition. Borrowing costs directly attributable to the acquisition, construction or production of an intangible asset are included in the cost of that asset when a significant

Contract liabilities include advances and downpayments received, deferred income and concession liabilities;

- contract costs include costs to fulfill contracts that do not fall within the scope of other standards (IAS 16, IAS 38 and IAS 2 in particular) and costs to obtain contracts paid to third parties (commission, etc.).

Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset when tax is levied by the same tax authority and offsetting is permitted by the local tax authorities.

The liability method is applied and the impact of changes in tax rates is recognized in profit or loss for the period in which the corresponding tax law was enacted and the change in tax rate decided, unless the transactions concerned are recognized directly in equity.

Research tax credits in France, or any similar tax arrangements in other jurisdictions, are considered as operating subsidies related to research and development expenditures incurred during the period. Accordingly, they are classified under the heading "Other income" in the income statement, and not as a decrease in income tax expense. The recognition of all or part of research tax credits received in the year as revenue can be deferred over several periods provided the tax credits relate to development expenditures capitalized in the Group's consolidated financial statements.

excluding treasury shares and including the impact of all potentially dilutive ordinary shares, particularly those resulting from convertible bonds or an outstanding share buyback program. The dilutive impact of convertible bonds results from the shares that may be created if all bonds issued were to be converted. The dilutive impact of share buyback programs is calculated using the reverse treasury stock method which compares the closing share price with the average share price for the period concerned.

period of time is needed to prepare the asset for its intended use or sale (generally more than 12 months). The initial amount recorded on the balance sheet is reduced by accumulated amortization and impairment losses, where appropriate.

## Intangible assets acquired in a business combination

These assets are recognized at fair value at the date control was acquired and are amortized on a straight-line basis, as described below:

- intangible assets recognized at the time of the 2005 Sagem-Snecma merger and on the acquisition of Rolls Royce's stake in the RTM322 program and classified under "Aircraft programs" are accounted for by program (the fair value of each recognized aircraft program, covering several types of intangible asset such as technologies,

backlogs and customer relations) and are amortized over the residual useful life of the programs, not to exceed 20 years;

- intangible assets acquired as part of a business combination carried out since the Group was established (also including technologies, customer relations and other intangible assets acquired) are amortized over the estimated useful life of each identified intangible asset (1 to 23 years).

## Separately acquired intangible assets

Software is recognized at acquisition cost and amortized on a straight-line basis over its useful life (between one and five years).

Patents are capitalized at acquisition cost and amortized over their useful life, i.e., the shorter of the period of legal protection and their economic life.

## Research and development costs

Research and development costs are recognized as expenses in the period in which they are incurred. However, internally financed development expenditures are capitalized if the entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset and the intention and ability (availability of technical, financial and other resources) to complete the intangible asset and use or sell it;
- the probability that future economic benefits will flow from the asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

In the Group's businesses, all criteria for capitalizing development expenditures are met when the decision to launch the development concerned is taken by management and program/project profitability as validated by relevant internal

Contributions paid to third parties in connection with aircraft programs (participation in certification costs, etc.) are considered as acquired intangible assets and are therefore capitalized unless the program proves unprofitable.

or external sources can be demonstrated. Development expenditures cannot be capitalized before this time.

Capitalization of development expenditures ceases as soon as the product to which the expenditures relate is brought into service or the criteria for capitalization are no longer met.

Capitalized development expenditures are stated at production cost and amortized primarily using the straight-line method as from the initial delivery of the product, over a useful life not exceeding 20 years. In some restricted cases within the Group, certain capitalized development expenditures are amortized based on production units.

Intangible assets are tested for impairment in accordance with the methods set out in Note 3.m.

## k) Property, plant and equipment

Property, plant and equipment are recorded in the balance sheet at historical purchase cost or production cost less accumulated depreciation and impairment losses.

The main useful lives applied to calculate the depreciation schedule are as follows:

Buildings	15-40 years
Technical facilities	5-40 years
Equipment, tooling and other	5-15 years

Borrowing costs directly attributable to the acquisition, construction or production of an item of property, plant and equipment are included in the cost of that item when a significant period of time is needed to prepare the asset for its intended use or sale (generally more than 12 months).

Replacement and major overhaul costs are identified as components of property, plant and equipment. Other repair and maintenance costs are expensed as incurred.

Property, plant and equipment are tested for impairment in accordance with the methods set out in Note 3.m.

## l) Leases

All property leases together with the Group's main leases of groups of assets (vehicles, handling equipment, etc.) are accounted for in accordance with IFRS 16.

At the commencement of the lease:

- a lease liability is recognized for the present value of the lease payments to be made over the estimated term of the lease (fixed payments, plus variable lease payments that depend on an index or rate plus amounts expected to be payable by the lessee under residual value guarantees plus the exercise price of a purchase or extension option if the lessee is reasonably certain to exercise that option plus payments of penalties for terminating the lease, unless these are unlikely);
- a right-of-use asset is recognized for the amount of the lease liability, plus the amount of any lease payments made at or before the commencement date, any initial direct costs incurred by the lessee (fees and commission) and an estimate of costs to be incurred in dismantling and removing the asset and/or restoring the site on which it is located or restoring the asset to the condition required by the lease.

A deferred tax asset is recognized based on the amount of the lease liability, while a deferred tax liability is recognized based on the carrying amount of the right-of-use asset.

The term of the lease is determined taking into account contractual provisions and provisions resulting from applicable laws and regulations.

A nine-year term was initially adopted for "3/6/9"-type commercial leases in France following the introduction of IFRS 16. In December 2019, the IFRIC issued an agenda decision stating that the term to be used to measure lease assets and liabilities had to reflect the period during which the lessee is reasonably certain to continue the lease. The Group analyzes its "3/6/9"-type commercial leases every year and, where necessary, adjusts the lease terms in line with the IFRIC decision. The impact was not material for the Group.

After initial recognition of the lease:

- the lease liability is measured at amortized cost using the effective interest rate, which is equal to the discount rate initially applied;
- the right-of-use asset is depreciated on a straight-line basis over the term of the lease or over the useful life of the underlying asset if the purchase option is reasonably certain to be exercised. Where appropriate, an impairment loss may be recognized against the right-of-use asset.



In the event of a change in future lease payments resulting from a change in an index or rate used to determine those payments, the lease liability is remeasured using the initial discount rate.

If the lease term is extended following the exercise of an extension option that was not initially taken into account, the lease liability is remeasured using a revised discount rate as determined at the date the option is exercised.

### m) Impairment of non-current assets

Non-current assets, and particularly goodwill acquired in a business combination, are allocated to cash-generating units (CGUs)<sup>(1)</sup>. Two types of CGUs are defined within the Group:

- CGUs corresponding to programs, projects, or product families associated with specific assets: development expenditures, property, plant and equipment used in production;
- CGUs to which goodwill is allocated, corresponding to the business segments monitored by Group management and relating chiefly to the Group's main subsidiaries.

In the event of a sale or restructuring of the Group's internal operations which affects the composition of one or more of the CGUs to which goodwill has been allocated, the allocations are revised using a method based on relative value. This method takes the proportion represented by the business sold or transferred in the cash flows and terminal value of the original CGU at the date of sale or transfer.

Impairment tests are performed at least once a year (in the second half of the year) on assets with indefinite useful lives or on non-amortizable assets such as goodwill. Impairment tests are also carried out on amortizable/depreciable assets, where the amortization/depreciation period has not yet begun. Impairment testing is carried out whenever there is an indication of impairment irrespective of whether the assets are amortizable/depreciable.

At the end of each reporting period, the Group's entities assess whether there are events or circumstances indicating that an asset may be impaired. Such events or circumstances notably include material adverse changes which in the long term impact the economic environment (commercial prospects, procurement sources, index or cost movements, etc.) or the Group's assumptions or objectives (medium-term business plan, profitability analyses, market share, backlog, regulations, disputes and litigation, etc.).

If such events or circumstances exist, the recoverable amount of the asset is estimated. If the carrying amount of the asset exceeds its recoverable amount, the asset is considered as impaired and its carrying amount is reduced to its recoverable amount by recognizing an impairment loss under "Profit from operations".

Recoverable amount is defined as the higher of an asset's or group of assets' fair value less costs to sell and value in use. Value in use is the present value of expected future cash

In such cases, the change in the amount of the lease liability is recognized against a matching change in the amount of the right-of-use asset.

In accordance with the practical expedients offered by the standard, the Group has chosen not to apply IFRS 16 to short-term leases or leases of low-value assets. Payments made under such leases are expensed over the term of the lease.

flows, determined using a benchmark discount rate that reflects the Group's weighted average cost of capital (WACC), plus any risk premium where appropriate. This discount rate is a post-tax rate applied to post-tax cash flows, which gives the same result as that which would have been obtained by applying a pre-tax rate to pre-tax cash flows, as required by IAS 36.

Future cash flows are calculated differently depending on the assets tested:

- (i) assets allocated to programs, projects or product families: expected future cash flows are projected over the life of the development programs or projects, capped at 40 years, and are discounted at the benchmark rate. Certain programs or projects are also subject to a specific risk premium. This long timeframe better reflects the characteristics of the Group's operating cycles (aircraft and defense), where assets tend to have a long useful life and slow product development;
- (ii) goodwill: expected future cash flows are calculated based on the medium-term business plans established for the next four years and estimated cash flows for years five to ten (or beyond year ten for certain activities with a longer development and production cycle), and are discounted at the benchmark rate. The value in use of the assets is the sum of the present value of these cash flows and the terminal value, calculated based on standardized flows representing long-term activities for years five to ten (or beyond year ten for certain activities), taking into account a perpetual growth rate.

Should a test on a CGU's assets indicate an impairment loss, the Group first establishes the recoverable amount of the assets considered separately. Any impairment loss is initially allocated to goodwill and then to the assets of the CGU pro rata to their carrying amount.

In the event of an identified loss in value, any impairment loss recognized against goodwill cannot be reversed. For other assets, indications of impairment are analyzed at the end of each subsequent reporting period, and if there are favorable changes in the estimates which led to the recognition of the impairment, the impairment loss is reversed through profit or loss.

(1) A CGU is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

## n) Equity investments, loans and receivables

Equity investments in non-consolidated companies are classified at fair value through profit or loss, since:

- these assets by nature do not generate cash flows that are solely payments of principal and interest on the principal amount outstanding at the dates indicated; and
- the Group did not opt to classify these assets at fair value through equity (OCI) not to be reclassified to profit.

The fair value of listed investments corresponds to their market value. The fair value of unlisted investments corresponds to their cost, provided that this approximates their fair value. If this is not the case, an appropriate valuation technique is used.

Loans to non-consolidated companies are classified at amortized cost. They are written down using the general impairment approach set out in IFRS 9, under which any credit losses expected within the following 12 months are taken into account when initially measuring the loans. In the event of a significant subsequent increase in the loan's credit risk, impairment is calculated based on expected losses through to loan maturity (lifetime expected credit losses).

Trade receivables and contract assets are written down using the IFRS 9 simplified impairment approach, as they generally fall due in the short term. This approach involves calculating impairment at an amount equal to lifetime expected credit losses.

Changes in the credit risk associated with these assets are assessed on both an individual and collective basis.

On a collective assessment basis, the allowance for expected credit losses is calculated for amounts owed by all customers, except major customers deemed low risk or the government, for which no allowance is recognized on a collective basis.

This collective assessment is made for each region using an indicator based on the credit ratings of airline companies (i.e., official agency ratings or analyses available), since airlines represent the Group's main credit risk exposure.

On an individual assessment basis, an additional loss allowance is recognized if there has been a significant increase in the credit risk associated with a given customer in any sense whatsoever (payment default at maturity, insolvency proceedings, etc.), such that the amount owed by the customer is likely to be written off.

## o) Inventories and work-in-progress

Inventories and work-in-progress are measured at the lower of cost determined using the weighted average cost formula, and net realizable value.

Cost is calculated based on normal production capacity and therefore excludes any idle capacity costs.

Net realizable value represents the estimated selling price less the costs required to complete the asset or make the sale.

Borrowing costs incurred during the production phase are included in the value of inventories when the eligibility conditions are met.

## p) Cash and cash equivalents

Cash and cash equivalents include available funds, highly liquid short-term investments (three months or less) and term deposits with exit options exercisable at no penalty within less than three months that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

These assets are recognized at market value (fair value) or amortized cost, as appropriate. Assets carried at amortized cost are written down using the general impairment approach set out in IFRS 9.

Cash equivalents subject to usage restriction (e.g., pledges) are recorded under other financial assets for the duration of the restriction.

## q) Treasury shares

All treasury shares held by the Group are deducted from consolidated equity based on their acquisition price, regardless of whether they were repurchased in connection with a liquidity agreement or under a share buyback program initiated by the Group. Gains and losses on the disposal of treasury shares are recorded directly in equity and do not impact profit or loss for the period.

For share buyback programs outstanding at the end of the reporting period, the firm obligation to repurchase shares is recognized in the form of a liability for the acquisition of shares, against a reduction in consolidated reserves. This liability, which is not included in calculations of the Group's net financial position, is cleared as and when the disbursements relating to the share buybacks are made.

## r) Share-based payment

The Group grants various share-based payments to its employees, including free shares, long-term variable compensation in the form of performance shares and leveraged or unleveraged savings plans.

In accordance with IFRS 2, "Share-based Payment", these arrangements are measured at fair value, taking into account any lock-up period for shares granted and less the present value of dividends not received by employees during the vesting period. The fair value of equity-settled instruments is determined at the grant date. The fair value of cash-settled

instruments is revised up to the date of payment. For plans that are subject to performance conditions, the external conditions are included in the per-share fair value at the grant date and the internal conditions are reflected in the number of instruments.

These employee benefits represent personnel costs and are recognized on a straight-line basis over the vesting period, with an offsetting entry to consolidated reserves for equity-settled plans and to liabilities for cash-settled plans.

## s) Provisions

The Group records provisions when it recognizes a present probable or potential (in the event of a business combination) legal or constructive obligation as a result of a past event for which an outflow of resources will be required to settle the

obligation, and a reliable estimate can be made of the amount of that obligation.

For taxes levied by public authorities, the liability is recognized at the date of the obligating event for each levy, such as that defined by applicable local regulations.

### Provisions for losses on completion and losses arising on delivery commitments

A provision for losses on completion is recognized for contracts managed on a percentage-of-completion basis, and a provision for losses arising on delivery commitments is recognized for sales contracts, when:

- a contract (or combination of contracts), signed before the end of the reporting period, gives rise to obligations for the Group in the form of the delivery of goods, the provision of services or the payment of termination indemnities;
- the Group's obligation and the expected economic benefits can be measured reliably;
- it is highly probable that the contract (or combination of contracts) will be onerous (the unavoidable costs of meeting the obligations under the contract [or combination of contracts] exceed the expected economic benefits).

Unavoidable costs for which a provision is recognized represent the lower of the net cost of executing the contract (i.e., the forecast loss on the contract) and the cost of failing to execute the contract (e.g., withdrawal costs in the event of early termination).

In the case of original equipment sales contracts, the expected economic benefits correspond to the contract cash flows associated with the highly probable cash flows from the spare part activities provided under the contracts.

The cash flows used in this analysis are discounted to take into account their spread over time.

Under onerous contracts, losses arising on delivery commitments are recognized primarily as a deduction from inventories and work-in-progress (for the completed portion of the contract and directly related to the contract or combination of contracts), and shown in provisions for work to be completed.

### Provisions for financial guarantees on sales

As part of its civil engine sales campaigns, the Group grants two types of guarantees to its customers:

- financial guarantees, under which the Group provides a guarantee to the lending institutions that finance its customer;
- guarantees covering the value of assets, under which the Group grants the customer an option to return the aircraft at a given date for an agreed price.

These commitments are undertaken by the Group together with its partner General Electric, and form part of financing packages proposed by aircraft manufacturers to airline companies. They generally correspond to the share represented by Group engines in the financing of the aircraft.

Financial commitments are generally granted on signature of the sales agreement, but do not actually take effect until the customer so requests.

These guarantees generate risks. However, the total gross amount of the guarantees does not reflect the net risk to which the Group is exposed, as the commitments are counter-guaranteed by the value of the underlying assets, i.e., the aircraft pledged.

A provision is recognized in respect of these guarantees, reflecting events likely to generate a future outflow of resources for the Group.

### Provisions for standard and operating warranties

These provisions are recorded to cover the Group's share of probable future disbursements under standard and operating warranties. They are calculated as appropriate based on technical files or statistics, particularly with respect to the return of parts under warranty and the estimated cost of repairs.

### Provisions for restructuring costs

These provisions are recognized when the plan has raised a valid expectation in third parties and has been announced before the end of the reporting period.

## t) Post-employment benefits

In compliance with the laws and practices of each country in which it operates, the Group grants its employees post-employment benefits (pensions, termination payments, early retirement plans, etc.) as well as other long-term benefits including long-service awards, jubilee benefits and loyalty premiums.

For its basic plans and other defined contribution plans, the contribution paid in the period is recognized in expenses when due. No provision is recorded.

Provisions recognized for obligations under defined benefit plans are measured using the projected unit credit method. This determines, for each employee, the present value of the

benefits to which the employee's current and past services will grant entitlement on retirement. The actuarial calculations include demographic (retirement date, employee turnover rate, etc.) and financial (discount rate, salary increase rate, etc.) assumptions, and are performed at the end of each reporting period for which accounts are published.

When plans are funded, the plan assets are placed with entities that are responsible for paying the benefits in the countries concerned. These assets are measured at fair value. Provisions are recorded to cover shortfalls in the fair value of plan assets compared with the present value of the Group's obligations.

An asset surplus is only recognized in the balance sheet when it represents future economic benefits effectively available to the Group.

In accordance with the revised IAS 19, changes in actuarial gains and losses arising on defined benefit plans are recognized in "Other comprehensive income" within equity and not subsequently reclassified to profit.

The Group distinguishes between operating components and financial components when presenting defined benefit expense:

- service cost for the period is shown in profit from operations, along with past service costs arising on the introduction of a new plan or curtailments or settlements of an existing plan, which are recognized immediately in this caption;
- the cost relating to unwinding the discount on the net pension liability (asset) is shown in financial income (loss).

## u) Borrowings subject to specific conditions

The Group receives public financing in the form of repayable advances to develop aircraft and defense projects. Repayment of these advances is based on revenues from future sales of engines or equipment, and potentially from sales of spare parts.

Repayable advances are treated as sources of financing and are recognized in liabilities in the consolidated balance sheet under the heading "Borrowings subject to specific conditions".

At inception, they are measured at the amount of cash received or, when acquired, at the value of probable future cash flows discounted at market terms at the acquisition date. They are subsequently measured at amortized cost at the end of each reporting period, taking into account the most recent repayment estimations.

The present value of estimated repayments, based on management's best estimates, is regularly compared with the net carrying amount of repayable advances, defined as the sum of amounts received, plus any interest capitalized at the end of the reporting period, less repayments made. If as a result of this analysis the present value of estimated repayments is durably more or less than the carrying amount of the repayable advances over three consecutive years, that unrecognized portion of the present value of the advance which is higher or lower than the carrying amount is taken to profit or loss.

For certain contracts, the Group has to pay a fee based on replacement sales realized under the program once the advance has been fully repaid. This fee is not considered as repayment of an advance but as an operating expense.

## v) Interest-bearing financial liabilities

On initial recognition, interest-bearing financial liabilities are measured at the fair value of the amount received, less any directly attributable transaction costs. Besides the specific

conditions applicable to hedge accounting (see Note 3.w), interest-bearing financial liabilities are subsequently carried at amortized cost using the effective interest rate method.

## w) Derivatives and hedge accounting

The Group uses derivative instruments to hedge potential risks arising from its operating and financial activities. These instruments are primarily used to hedge its exposure to the risk of fluctuations in exchange rates, and more marginally, to risks of changes in interest rates. The derivatives used can include forward currency contracts and currency options or interest rate swaps. The Group's market risk management policy is described in Note 33, "Management of market risks and derivatives".

Most derivatives are traded over-the-counter and no quoted prices are available. Consequently, they are measured using models commonly used by market participants to price such instruments (discounted cash flow method or option pricing models). Counterparty risk and proprietary credit risk are taken into account when measuring derivatives.

For a derivative or non-derivative hedging instrument to be eligible for hedge accounting, the hedging relationship must

be formally designated and documented at inception and its effectiveness must be demonstrated throughout the life of the instrument using documented effectiveness tests.

The accounting principles applicable to foreign currency derivatives used to hedge foreign exchange risk are set out in Note 3.f.

Certain derivatives used to hedge interest rate risk on fixed-rate financial assets and liabilities may be designated as hedging instruments in a fair value hedging relationship. In this case, the borrowings hedged by the interest rate derivatives (mainly interest rate swaps) are adjusted to reflect the change in fair value attributable to the hedged risk. Changes in the fair value of hedged items are taken to profit or loss for the period and offset by symmetrical changes in the fair value of the interest rate swaps (effective portion).

## x) Sale of receivables

The Group sells some of its trade receivables to financial institutions, generally within the scope of confirmed factoring facilities. The related assets may only be removed from the balance sheet if the rights to the future cash flows from the

receivables are transferred, along with substantially all of the associated risks and rewards (payment default, late-payment risk, etc.).

## y) Structure of the consolidated balance sheet

The Group is engaged in a variety of activities, most of which have long operating cycles. Consequently, assets and liabilities generally realized or unwound within the scope of the operating cycle (inventories and work-in-progress, receivables, advances and downpayments received from customers, trade and other payables, and foreign currency

derivatives, etc.) are presented with no separation between current and non-current portions. However, other financial assets and liabilities as well as provisions are considered as current if they mature within 12 months of the end of the reporting period. All other financial assets, liabilities and provisions are considered non-current.

## z) Recurring operating income

To make the Group's operating performance more transparent, it includes an intermediate operating indicator known as "Recurring operating income" in its reporting.

This sub-total includes the share of profit from joint ventures accounted for under the equity method, since all joint ventures are involved in businesses directly related to the Group's core activities.

This sub-total excludes income and expenses which are largely unpredictable because of their unusual, infrequent and/or material nature, such as:

- impairment losses recognized against goodwill, impairment losses or reversals of impairment losses recognized against intangible assets relating to programs,

projects or product families as a result of an event that substantially alters the economic profitability of such programs, projects or product families (e.g., significant decrease in forecast volumes, difficulties encountered during the development phase, renegotiated sales agreements, changes in the production process, etc.), including for equity-accounted companies;

- capital gains and losses on disposals of operations;
- gains on remeasuring any previously held equity interests in the event of step acquisitions or transfers made to joint ventures;
- other unusual and/or material items not directly related to the Group's ordinary operations, in particular restructuring costs.

## NOTE 4 MAIN SOURCES OF ESTIMATES

The preparation of consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) described above requires management to make certain estimates and assumptions that affect the reported amounts of consolidated assets, liabilities, income and expenses.

The assumptions used vary from one business to the next, but are considered reasonable and realistic in all cases. The resulting estimates are based on the Group's past experience and factor in the economic conditions prevailing at the end of the reporting period and any information available as of the date of preparation of the financial statements, in particular of a contractual or commercial nature.

Estimates and underlying assumptions are reviewed on an ongoing basis, and take into account the impacts of the health crisis identified to date.

When unforeseen developments in events and circumstances occur, particularly as regards global economic trends and the Group's own business environment, actual results may differ from these estimates. In such cases, the assumptions and, where appropriate, the reported amounts of assets and liabilities concerned are adjusted accordingly.

The Group also tests its sensitivity to changes in the assumptions underlying its main estimates in order to analyze the impact of volatility and lack of visibility in the global economic environment and particularly in certain Group segments. These analyses are regularly reviewed by management.

The main accounting policies which require the use of estimates are described below.

### a) Estimates relating to programs and contracts

The main material estimates used by the Group to prepare its financial statements relate to forecasts of future cash flows under programs and contracts (business plans). Forecast future total cash flows under programs and contracts represent management's best estimate of the rights and obligations expected to derive from the program or contract.

The assumptions applied and resulting estimates used for programs and contracts cover periods that are sometimes very long (up to several decades), and take into account the technological, commercial and contractual constraints as well as the impacts of the climate strategy of each such program and contract.

These estimates primarily draw on assumptions about the volumes, output and selling prices of products sold, associated production costs, exchange rates for foreign-currency denominated sales and purchases as well as normal risks and uncertainties in respect of forecast cost overruns and, for discounted future cash flows, the discount rate adopted for each program and contract.

The Group's volume assumptions are prepared internally for each market in which Group companies are present (e.g., commercial, business and military aviation; helicopters, etc.). For short-term estimates, these assumptions are based on available inputs (programs, orders, etc.), while external inputs (publications, airframer press releases, IATA announcements, market surveys, etc.) are used for estimates covering the medium to long term. The assumptions are regularly revised, particularly those used for short-term estimates, in order to reflect the latest developments in the Group's programs, and all assumptions used for medium- to long-term forecasts are validated by management at least once a year.



Cash flow forecasts, which may or may not be discounted, are used to determine the following:

- **impairment of non-current assets:** goodwill and assets allocated to programs (aircraft programs, development expenditures and property, plant and equipment used in production) are tested for impairment as described in Note 3.m. The recoverable amount of these assets is generally determined using cash flow forecasts;
- **capitalization of development expenditures:** the conditions for capitalizing development expenditures are set out in Note 3.j. Determining whether future economic benefits are expected to flow to the Group is instrumental in deciding whether project costs can be capitalized. This analysis is carried out based on future cash flow forecasts. The Group also uses estimates when determining the useful life of its projects;
- **profit (loss) on completion of contracts accounted for on a percentage-of-completion basis:** the Group accounts for contracts on a percentage-of-completion basis (cost-to-cost method). Under this method, revenue is recognized based on the percentage of work completed, calculated by reference to the costs incurred. This method requires an estimate of results on completion using future cash flow forecasts that take into account contractual indexes and commitments as well as other factors inherent to the contract based on historical and/or forecast data. This method also requires an estimate of the contract's stage of completion.

When the total costs that are necessary to cover the Group's risks and obligations under the contract are likely to exceed total contract revenue, the expected loss (i) is recognized within provisions for losses on completion or (ii) leads to the write-down of contract fulfillment costs (if any) and to the subsequent recognition of a provision for losses on completion for the remaining amount of the loss;

## b) Provisions

Provisions reflect management's best estimates using available information, past experience and, in some cases, estimates by independent experts.

When estimating provisions relating to the Group's contractual commitments on timeframes and technical specifications in connection with the development phase, the general stage of development of each of the Group's programs is taken into account, particularly as regards changes made to specifications during the development phase. Contractually defined liability limits are also taken into account.

Provisions for restructuring costs represent the best estimate of the costs at the end of the reporting period.

Contractual provisions relating to performance warranties given by the Group take into account factors such as the

- **timing of revenue recognition:** the recognition of revenue under certain contracts is based on delivery volume assumptions. These assumptions therefore influence the timing of revenue recognition;
- **variable consideration:** the transaction price may be comprised of both a fixed amount and a variable amount. This variable amount may, in particular, depend on volume assumptions which therefore require the use of estimates;
- **losses arising on delivery commitments:** sales contracts (or combinations of contracts) may be onerous. For all sales contracts or combinations of contracts, the Group estimates the volume of goods to be delivered as well as spare parts and services directly related to the delivery commitment, which may be contractual or highly probable. Accordingly, the Group recognizes a provision for losses arising on delivery commitments when the combination of contracts is onerous and a loss is likely to be incurred. It uses estimates, notably as regards the volume of goods to be produced and delivered under the sales contracts or combinations of contracts, as well as the volume of directly-related spare parts and services, projected production costs and the expected economic benefits;
- **repayable advances:** the forecast repayment of advances received from public bodies is based on revenue from future sales of engines, equipment and spare parts, as appropriate. As a result, the forecasts are closely related to the business plans prepared by the operating divisions.

Any changes in estimates and assumptions underlying cash flow forecasts for programs and contracts could have a material impact on the Group's future earnings and/or the amounts reported in its balance sheet. Consequently, the sensitivity of key estimates and assumptions to such changes is systematically tested and the results of these tests reviewed by management on a regular basis.

frequency and estimated cost of repairs. The value of these commitments may be based on a statistical assessment.

Provisions relating to financial guarantees given by the Group are based on the estimated value of the underlying assets, the probability that the customers concerned will default, and, where appropriate, the discount rate applied to cash flows.

The costs and penalties actually incurred or paid may differ significantly from these initial estimates when the obligations unwind, and this may have a material impact on the Group's future earnings.

At the date of this report, the Group has no information suggesting that these inputs are not appropriate taken as a whole.

### c) Post-employment benefits

The Group uses statistical data and other forward-looking inputs to determine assets and liabilities relating to post-employment benefits. These inputs include actuarial assumptions such as the discount rate, salary increase rate, retirement age, and employee turnover and mortality. Actuarial calculations are performed by independent actuaries. At the date of preparation of the consolidated financial statements, the Group considers that the

assumptions used to measure its commitments are appropriate and justified.

However, if circumstances or actuarial assumptions – especially the discount rate – prove significantly different from actual experience, the amount of post-employment liabilities shown in the balance sheet could change significantly, along with equity.

### d) Trade receivables, contract assets and other receivables

The Group estimates any collection risks based on commercial information, prevailing economic trends, and information concerning the solvency of each customer, in order to determine any necessary write-downs on a case-by-case basis. These write-downs are in addition to any allowances recognized for expected losses, which are calculated on a

collective basis for all customers except major customers deemed low risk and the government.

The specific nature of any receivables from government-backed entities is taken into account when determining bad debt risk for each receivable and therefore when estimating the amount of any impairment loss.

### e) Allocation of the cost of business combinations

Business combinations are recorded using the acquisition (purchase) method. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at fair value at the date control is acquired.

One of the most important areas in which estimates are used in accounting for a business combination concerns the calculation of fair value and the underlying assumptions applied. The fair value of certain items acquired in a business

combination can be measured reliably, for example property, plant and equipment using market prices. However, the fair value of other items such as intangible assets or contingent liabilities may prove more difficult to establish. These complex measurements are usually performed by independent experts based on a series of assumptions. These experts are generally required to estimate the impact of future events that are uncertain at the date of the combination.

### f) Disputes and litigation

Certain Group subsidiaries may be party to regulatory, legal or arbitration proceedings which, because of their inherent uncertainty, could have a material impact on the Group's financial position (see Note 37, "Disputes and litigation").

The Group's management takes stock of any outstanding proceedings and monitors their progress on a regular basis. It also decides whether to book a provision or adjust the amount of any existing provision if events arise during the proceedings that require a reassessment of the risk involved.

The Group consults legal experts both within and outside the Group in estimating the risk and determining the costs that may be incurred.

The decision to book a provision in respect of a given risk and the amount of any such provisions are based on an assessment of the risk associated with each individual case, management's estimate of the likelihood that an unfavorable decision will be issued in the proceedings in question, and the Group's ability to estimate the amount of the provision reliably.

## NOTE 5 CHANGE IN ACCOUNTING POLICY

### IFRS IC decision of April 2021 – Attributing Benefit to Periods of Service (IAS 19)

#### Implementation:

The Group noted the IFRIC decision regarding IAS 19 and reviewed its scope with respect to the attribution of service costs arising on defined benefit plans.

In its decision, IFRIC questioned the method used to recognize the post-employment benefit obligation in the specific case of a defined benefit plan with the following characteristics:

- the final benefit is subject to the beneficiary being employed by the entity when he/she reaches retirement age;
- the final benefit depends on the length of service;
- the number of years is capped.

Based on its analysis, the Group concluded that the IFRIC decision regarding IAS 19 mainly concerns retirement termination benefits for which provisions are accrued in France.

Previously, the obligation was recognized on a straight-line basis over the period from the date on which the beneficiary joined the Group to the date of his/her retirement.

The obligation will now be recognized on a straight-line basis only over the final years of his/her service and will correspond to the lower limit of the earnings band reached by the beneficiary at his/her retirement date or as from the date on which he/she joined the Group if his/her service before retirement is shorter.

In view of the characteristics of other plans that may potentially be concerned, the Group has not identified any impacts in the other countries where it operates, with the exception of Tunisia and Thailand.

**First-time application:**

Safran implemented the changes required by the decision retrospectively (change in accounting policy). The post-tax impact of the application has been recorded in reserves for 2020.

The 2020 income statement has not been restated as the impact is not material.

The balance sheet at December 31, 2020 has been restated, with the following impacts:

- a decrease in provisions for post-employment benefits, for €52 million;

- an adjustment to related deferred taxes, for a positive €14 million;
- an increase in equity, for €38 million.

In addition to the above restatements, the application of the IFRIC decision on equity-accounted investments gave rise to:

- an additional increase in equity, for €2 million;
- an increase in the value of equity-accounted investments, for €2 million.

**NOTE 6 SCOPE OF CONSOLIDATION****Main changes in the scope of consolidation in 2021**

On June 1, 2021, Safran sold the operating businesses of EVAC GmbH, its German subsidiary, and of Monogram Train LLC, its subsidiary based in the United States. The subsidiaries manufacture lavatories and integrated lavatory compartments for trains.

In addition, Safran sold its subsidiary Safran Ventilation Systems Oklahoma on November 30, 2021. The subsidiary, which has now reverted to its original name "Enviro systems LLC", is a leading manufacturer of environmental control systems (ECS) for the general aviation segment.

These disposals had an impact of €71 million on the Group's financial statements.

**Main changes in the scope of consolidation in 2020**

There were no significant changes in the scope of consolidation in 2020.

**NOTE 7 SEGMENT INFORMATION****Segments presented**

In accordance with IFRS 8, "Operating Segments", segment information reflects Safran's different businesses.

The Group's operating segments reflect the organization of subsidiaries around tier-one entities ("consolidation sub-groups").

For monitoring purposes, Safran has three operating segments which are organized based on the type of products and services they sell and the markets they serve.

**Aerospace Propulsion**

The Group designs, develops, produces and markets propulsion and mechanical power transmission systems for commercial aircraft, military transport, training and combat

aircraft, civil and military helicopters, and drones. This segment also includes maintenance, repair and overhaul (MRO) activities and the sale of spare parts.

**Aircraft Equipment, Defense and Aerosystems**

Safran covers the full life cycle of systems and equipment for civil and military aircraft and helicopters.

The Group is involved in landing gear and brakes, nacelles and reversers, avionics (flight controls and onboard information systems), security systems (evacuation slides, emergency arresting systems and oxygen masks), onboard computers and fuel systems.

It also operates at the different phases of the electrical cycle and provides electrical power management systems and associated engineering services.

This segment includes all activities serving the naval and land defense markets, including optronic equipment and sights, navigation equipment and sensors, modernized infantry and drones.

This segment also includes maintenance, repair and overhaul (MRO) activities and the sale of spare parts.

## Aircraft Interiors

The Aircraft Interiors business includes all operations related to the buyer-furnished equipment (BFE) market, whose direct customers are mostly airline companies. The Group designs, develops, manufactures and markets, for example, aircraft seats for passengers (First, Business and Economy Class) and crew, as well as cabin equipment, overhead bins, class dividers, passenger service units, cabin interior solutions, chilling

systems, galleys, electrical inserts and trolleys and cargo equipment.

This segment also includes complex cabin equipment and passenger comfort-focused solutions such as water distribution, lavatories, air systems and in-flight entertainment and connectivity (IFEC).

## Holding company and other

In "Holding company and other", the Group includes Safran SA's activities and holding companies in various countries.

## Business segment performance indicators

Segment information presented in the tables below is included within the information presented to the Chief Executive Officer who – in accordance with the Group's governance structure – has been designated as the "Chief Operating Decision Maker" for the assessment of the performance of business segments and the allocation of resources between the different businesses.

The assessment of each business segment's performance by the Chief Executive Officer is based on adjusted contribution figures as explained in the Foreword (see section 2.1).

Data for each business segment are prepared in accordance with the same accounting principles as those used for the consolidated financial statements (see Note 3, "Accounting policies"), except for the restatements made in respect of adjusted data (see section 2.1).

Inter-segment sales are performed on an arm's length basis.

Free cash flow represents cash flow from operating activities less any net disbursements relating to acquisitions of property, plant and equipment and intangible assets.

Gross operating working capital represents the gross balance of trade receivables, inventories and trade payables.

Segment assets represent the sum of goodwill, intangible assets, property, plant and equipment, right-of-use assets, investments in equity-accounted joint ventures and all current assets except cash and cash equivalents and tax assets.

Non-current assets comprise goodwill, property, plant and equipment, intangible assets, right-of-use assets and investments in equity-accounted associates and joint ventures.

Quantified segment information for 2020 and 2021 is presented below.

## At December 31, 2021

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	Total operating segments	Holding company and other	Total adjusted data	Currency hedges	Impacts of business combinations	Total consolidated data
<b>Revenue</b>	<b>7,439</b>	<b>6,325</b>	<b>1,475</b>	<b>15,239</b>	<b>18</b>	<b>15,257</b>	<b>(124)</b>	<b>-</b>	<b>15,133</b>
<b>Recurring operating income (loss)<sup>(1)</sup></b>	<b>1,342</b>	<b>650</b>	<b>(167)</b>	<b>1,825</b>	<b>(20)</b>	<b>1,805</b>	<b>(141)</b>	<b>(395)</b>	<b>1,269</b>
Other non-recurring operating income and expenses	(310)	(86)	(17)	(413)	8	(405)	-	-	(405)
<b>Profit (loss) from operations</b>	<b>1,032</b>	<b>564</b>	<b>(184)</b>	<b>1,412</b>	<b>(12)</b>	<b>1,400</b>	<b>(141)</b>	<b>(395)</b>	<b>864</b>
<b>Free cash flow</b>	<b>1,331</b>	<b>692</b>	<b>(181)</b>	<b>1,842</b>	<b>(162)</b>	<b>1,680</b>	<b>-</b>	<b>-</b>	<b>1,680</b>
<b>Gross operating working capital</b>	<b>(1,934)</b>	<b>1,351</b>	<b>811</b>	<b>228</b>	<b>(135)</b>	<b>93</b>	<b>-</b>	<b>-</b>	<b>93</b>
<b>Segment assets</b>	<b>15,790</b>	<b>12,007</b>	<b>4,885</b>	<b>32,682</b>	<b>2,060</b>	<b>34,742</b>	<b>-</b>	<b>-</b>	<b>34,742</b>
(1) o/w depreciation, amortization and increase in provisions, net of use	(548)	(400)	(132)	(1,080)	(57)	(1,137)	(6)	(366)	(1,509)
o/w asset impairment	89	(4)	(16)	69	8	77	1	-	78

## At December 31, 2020\*

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	Total operating segments	Holding company and other	Total adjusted data	Currency hedges	Impacts of business combinations	Total consolidated data
<b>Revenue</b>	<b>7,663</b>	<b>6,893</b>	<b>1,922</b>	<b>16,478</b>	<b>20</b>	<b>16,498</b>	<b>133</b>	<b>-</b>	<b>16,631</b>
<b>Recurring operating income (loss)<sup>(1)</sup></b>	<b>1,192</b>	<b>687</b>	<b>(174)</b>	<b>1,705</b>	<b>(19)</b>	<b>1,686</b>	<b>129</b>	<b>(422)</b>	<b>1,393</b>
Other non-recurring operating income and expenses	(157)	(233)	(72)	(462)	(4)	(466)	-	-	(466)
<b>Profit (loss) from operations</b>	<b>1,035</b>	<b>454</b>	<b>(246)</b>	<b>1,243</b>	<b>(23)</b>	<b>1,220</b>	<b>129</b>	<b>(422)</b>	<b>927</b>
<b>Free cash flow</b>	<b>796</b>	<b>811</b>	<b>(377)</b>	<b>1,230</b>	<b>(157)</b>	<b>1,073</b>	<b>-</b>	<b>-</b>	<b>1,073</b>
<b>Gross operating working capital</b>	<b>(1,617)</b>	<b>1,322</b>	<b>806</b>	<b>511</b>	<b>(157)</b>	<b>354</b>	<b>-</b>	<b>-</b>	<b>354</b>
<b>Segment assets</b>	<b>15,681</b>	<b>11,858</b>	<b>4,906</b>	<b>32,445</b>	<b>2,056</b>	<b>34,501</b>	<b>-</b>	<b>-</b>	<b>34,501</b>
(1) o/w depreciation, amortization and increase in provisions, net of use	(390)	(332)	(52)	(774)	(49)	(823)	(3)	(386)	(1,212)
o/w asset impairment	(58)	(28)	(61)	(147)	-	(147)	(2)	-	(149)

\* The data published for 2020 have been restated for the impact of the change in accounting policy resulting from the IFRIC decision on the attribution of service costs arising on defined benefit plans (see Note 5, "Change in accounting policy").

## Revenue (adjusted data)

(in € millions)	2020	2021
<b>AEROSPACE PROPULSION</b>		
Original equipment and related products and services	2,859	2,678
Services	4,668	4,638
Sales of studies	85	97
Other	51	26
<b>Sub-total</b>	<b>7,663</b>	<b>7,439</b>
<b>AIRCRAFT EQUIPMENT, DEFENSE AND AEROSYSTEMS</b>		
Original equipment and related products and services	4,456	3,851
Services	2,114	2,138
Sales of studies	237	285
Other	86	51
<b>Sub-total</b>	<b>6,893</b>	<b>6,325</b>
<b>AIRCRAFT INTERIORS</b>		
Original equipment and related products and services	1,409	1,039
Services	478	408
Sales of studies	22	28
Other	13	-
<b>Sub-total</b>	<b>1,922</b>	<b>1,475</b>
<b>HOLDING COMPANY AND OTHER</b>		
Sales of studies and other	20	18
<b>Sub-total</b>	<b>20</b>	<b>18</b>
<b>TOTAL</b>	<b>16,498</b>	<b>15,257</b>



## Information by geographic area

## At December 31, 2021

(in € millions)	France	Europe (excl. France)	Americas	Asia and Oceania	Africa & Middle East	Total adjusted data	Currency hedges	Total consolidated data
Revenue by location of customers	3,311	3,141	5,092	2,714	999	15,257	(124)	15,133
%	22%	21%	33%	18%	6%			
Non-current assets by location <sup>(1)(2)</sup>	13,973	1,815	3,747	320	107			19,962
%	70%	9%	19%	1%	1%			

(1) Excluding financial assets, derivatives and deferred tax assets.

(2) Intangible assets recognized when allocating the purchase price of a business combination are typically allocated to tier-one subsidiaries acting as the heads of consolidation sub-groups and not to each of their subsidiaries.

## At December 31, 2020\*

(in € millions)	France	Europe (excl. France)	Americas	Asia and Oceania	Africa & Middle East	Total adjusted data	Currency hedges	Total consolidated data
Revenue by location of customers	3,823	3,450	5,434	2,669	1,122	16,498	133	16,631
%	23%	21%	33%	16%	7%			
Non-current assets by location <sup>(1)(2)</sup>	14,552	1,855	3,732	293	110			20,542
%	71%	9%	18%	1%	1%			

(1) Excluding financial assets, derivatives and deferred tax assets.

(2) Intangible assets recognized when allocating the purchase price of a business combination are typically allocated to tier-one subsidiaries acting as the heads of consolidation sub-groups and not to each of their subsidiaries.

\* The data published for 2020 have been restated for the impact of the change in accounting policy resulting from the IFRIC decision on the attribution of service costs arising on defined benefit plans (see Note 5, "Change in accounting policy").

As in the previous year, Safran carried out sales with three major customers during 2021:

1. Airbus group: sales of original equipment engines for aircraft and helicopters for Aerospace Propulsion; landing and braking systems, wiring and electrical connection systems, nacelles, navigation systems, flight control systems, flight-data recording systems and other equipment for Aircraft Equipment, Defense and Aerosystems; and cabin interiors and seats for Aircraft Interiors;

2. Boeing group: sales of original equipment engines for aircraft for Aerospace Propulsion; landing and braking systems and wiring and electrical connection systems for Aircraft Equipment and Aerosystems; and cabin interiors and seats for Aircraft Interiors;

3. General Electric group: sales of fleet maintenance spare parts for Aerospace Propulsion.

## NOTE 8 REVENUE

The Group's operations continued to be impacted by the Covid-19 crisis in 2021, despite an upturn in business compared to 2020.

## Breakdown of revenue by business

## 2021

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	Holding company and other	Total
<b>DESCRIPTION OF PRODUCTS/SERVICES</b>					
Sales of original equipment and other equipment	2,662	3,809	1,036	-	7,507
Services	4,609	2,115	405	-	7,129
Sales of studies	96	282	28	10	416
Other	27	50	(4)	8	81
<b>TOTAL REVENUE</b>	<b>7,394</b>	<b>6,256</b>	<b>1,465</b>	<b>18</b>	<b>15,133</b>
<b>TIMING OF REVENUE RECOGNITION</b>					
At a point in time	5,657	5,478	1,453	14	12,602
Over time	1,737	778	12	4	2,531
<b>TOTAL REVENUE</b>	<b>7,394</b>	<b>6,256</b>	<b>1,465</b>	<b>18</b>	<b>15,133</b>

## 2020

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	Holding company and other	Total
<b>DESCRIPTION OF PRODUCTS/SERVICES</b>					
Sales of original equipment and other equipment	2,893	4,482	1,411	-	8,786
Services	4,723	2,126	478	-	7,327
Sales of studies	86	238	22	13	359
Other	52	87	13	7	159
<b>TOTAL REVENUE</b>	<b>7,754</b>	<b>6,933</b>	<b>1,924</b>	<b>20</b>	<b>16,631</b>
<b>TIMING OF REVENUE RECOGNITION</b>					
At a point in time	6,162	6,127	1,905	16	14,210
Over time	1,592	806	19	4	2,421
<b>TOTAL REVENUE</b>	<b>7,754</b>	<b>6,933</b>	<b>1,924</b>	<b>20</b>	<b>16,631</b>

Revenue is broken down into four categories which best reflect the Group's main businesses:

- Sales of original equipment and other equipment  
These sales reflect quantities delivered under contracts or aircraft, helicopter and defense programs as well as contractual financing received from customers to develop these products.
- Services, which include deliveries of spare parts and maintenance contracts  
These sales are contingent on repairs and maintenance requested by airline or helicopter companies and correspond to services and volumes that are less predictable since they depend on the condition of fleets.
- Sales of studies, research and development

Contracts are drawn up for all such development work, which represents separate performance obligations. This category relates to specific work carried out for a given project or program.

- Miscellaneous activities, which are included in "Other"

In terms of revenue recognition, it should be noted for each of the business segments that:

- Most revenue within the Group is recognized "at a point in time".
- Revenue recognized on a percentage-of-completion basis ("over time") mainly concerns service and after-sales support contracts in the Propulsion segment and aerospace activities in the Aircraft Equipment, Defense and Aerosystems segment.

Revenue from contract-related activities accounted for as an overall performance obligation is also recognized on a percentage-of-completion basis.

## Remaining performance obligations

(in € millions)	One year or less	More than one year	Total
Remaining performance obligations at December 31, 2020	9,180	37,859	47,039
Remaining performance obligations at December 31, 2021	9,625	43,722	53,347

Remaining performance obligations relate to firm quantities/ products/services still to be delivered and/or performed under contracts in force at the end of the reporting period.

They increased by €6,466 million over the year, mainly due to new service contracts signed or restructured in the Propulsion segment.

## NOTE 9 BREAKDOWN OF THE OTHER MAIN COMPONENTS OF PROFIT FROM OPERATIONS

### Other income

(in € millions)	2020	2021
Research tax credit	149	160
Other operating subsidies <sup>(1)</sup>	81	186
Other operating income	37	27
<b>TOTAL</b>	<b>267</b>	<b>373</b>

(1) Including €169 million in research and technology subsidies in 2021 (€82 million in 2020).

### Raw materials and consumables used

This caption breaks down as follows for the period:

(in € millions)	2020	2021
Raw materials, supplies and other	(3,483)	(3,236)
Bought-in goods	(18)	(19)
Changes in inventories	(149)	(97)
Contract costs	17	46
Sub-contracting	(2,693)	(2,635)
Purchases not held in inventory	(399)	(391)
External service expenses	(1,725)	(1,667)
<b>TOTAL</b>	<b>(8,450)</b>	<b>(7,999)</b>

### Personnel costs

(in € millions)	2020	2021
Wages and salaries	(3,375)	(3,303)
Social security contributions	(1,320)	(1,273)
Statutory employee profit-sharing	(103)	(132)
Optional employee profit-sharing	(15)	(22)
Additional contributions	(33)	(2)
Corporate social contribution	(28)	(35)
Other employee costs	(154)	(152)
<b>TOTAL</b>	<b>(5,028)</b>	<b>(4,919)</b>

Personnel costs include the measures put in place by the Group in response to the health crisis:

- furlough and short-time working schemes;
- government grants relating to the various government support schemes, recognized as a deduction from personnel costs in an amount of €109 million (€246 million in 2020);

- workforce adjustment plans;
- the impact of Group agreements on employee distributions in France.

The average number of permanent employees, excluding jointly controlled entities, was 77,008 in 2021 versus 86,785 in 2020.

## Depreciation, amortization and increase in provisions, net of use

(in € millions)	2020	2021
<b>NET DEPRECIATION AND AMORTIZATION EXPENSE</b>		
■ intangible assets	(732)	(679)
■ property, plant and equipment	(604)	(600)
■ right-of-use assets	(111)	(101)
<b>Total net depreciation and amortization expense<sup>(1)</sup></b>	<b>(1,447)</b>	<b>(1,380)</b>
<b>Net increase in provisions</b>	<b>235</b>	<b>(129)</b>
<b>DEPRECIATION, AMORTIZATION AND INCREASE IN PROVISIONS, NET OF USE</b>	<b>(1,212)</b>	<b>(1,509)</b>

(1) Of which depreciation and amortization of assets measured at fair value at the time of the Sagem SA-Snecma merger: €39 million in 2021 and €46 million in 2020; during the acquisition of the former Zodiac Aerospace: €291 million in 2021 and €304 million in 2020; and during other acquisitions: €36 million in 2021 and €36 million in 2020.

## Asset impairment

(in € millions)	Impairment expense		Reversals	
	2020	2021	2020	2021
Intangible assets, property, plant and equipment, and right-of-use assets	(73)	(19)	4	17
Financial assets	(5)	(12)	1	9
Contract costs	(2)	-	5	8
Inventories and work-in-progress	(492)	(376)	497	468
Receivables	(107)	(70)	24	55
Contract assets	(10)	(2)	9	-
<b>TOTAL</b>	<b>(689)</b>	<b>(479)</b>	<b>540</b>	<b>557</b>

Allowances recognized against receivables essentially relate to expected and identified credit losses on amounts owed by airline companies.

## Other recurring operating income and expenses

(in € millions)	2020	2021
Capital gains and losses on asset disposals	(7)	(17)
Royalties, patents and licenses	(30)	(29)
Losses on irrecoverable receivables	(8)	(11)
Other operating income and expenses <sup>(1)</sup>	193	213
<b>TOTAL</b>	<b>148</b>	<b>156</b>

(1) Of which income of €87 million in 2020 and €107 million in 2021 relating to the revised repayment probability for borrowings subject to specific conditions (see Note 28, "Borrowings subject to specific conditions").

## Other non-recurring operating income and expenses

(in € millions)	2020	2021
Capital gains on asset disposals	-	71
Asset impairment net of reversals	(286)	(309)
Other non-recurring items	(180)	(167)
<b>TOTAL</b>	<b>(466)</b>	<b>(405)</b>

In 2021, capital gains on asset disposals result from the disposals outlined in Note 6, "Scope of consolidation".

In 2021, write-downs of €309 million taken against intangible assets mainly reflect:

- €76 million relating to aircraft programs in the Aerospace Propulsion segment;
- €76 million relating to an aircraft program in the Aircraft Equipment, Defense and Aerosystems segment;
- €146 million (net of tax) relating to the intangible assets of an equity-accounted company.

Other non-recurring items, representing an expense of €167 million, mainly correspond to:

- restructuring costs including adaptation plans and costs relating to site closures and the Activity Transformation Agreement;
- costs relating to a memorandum of understanding signed between the Safran Group and one of its business partners following the conclusion of commercial discussions regarding the execution of an ongoing agreement in prior years;
- capital gains on disposals of real estate.

In 2020, the impairment expense recognized by the Group in non-recurring income and expenses mainly corresponded to a write-down in the value of an intangible asset relating to aircraft programs for €286 million.

Other non-recurring items, representing an expense of €180 million, mainly related to restructuring costs totaling

€182 million, including €131 million relating to adaptation plans and €51 million in costs relating to the Activity Transformation Agreement (primarily resulting from increases in retirement termination benefits and external mobility grants).

## NOTE 10 FINANCIAL INCOME (LOSS)

(in € millions)	2020	2021
Financial expense on interest-bearing financial liabilities	(80)	(100)
Financial income on cash and cash equivalents	22	15
<b>Cost of net debt</b>	<b>(58)</b>	<b>(85)</b>
Gain (loss) on foreign currency hedging instruments	(216)	(528)
Foreign exchange gain (loss)	(125)	106
Net foreign exchange gain (loss) on provisions	84	(75)
<b>Foreign exchange gain (loss)</b>	<b>(257)</b>	<b>(497)</b>
Gain (loss) on interest rate hedging instruments	-	(2)
Capital gain (loss) on financial asset disposals	(1)	1
Change in the fair value of assets at fair value through profit or loss	(12)	-
Dividends received	2	4
Other financial provisions	-	1
Interest component of IAS 19 expense	(7)	(5)
Impact of unwinding the discount	(28)	(9)
Other	4	(4)
<b>Other financial income and expense</b>	<b>(42)</b>	<b>(14)</b>
<b>FINANCIAL INCOME (LOSS)</b>	<b>(357)</b>	<b>(596)</b>
■ Of which financial expense	(469)	(723)
■ Of which financial income	112	127

In 2021, the €528 million loss on foreign currency hedging instruments reflects changes in the fair value of these instruments attributable to cash flows that will be recognized in profit or loss in future periods.

The €106 million foreign exchange gain includes:

- a €136 million foreign exchange gain, reflecting the gain on unwinding currency derivatives hedging operating cash flows recognized in profit or loss in the year. This foreign exchange gain reflects the difference between the EUR/USD exchange rate guaranteed by the currency derivatives unwound in the period (USD 1.16 for €1) and the actual EUR/USD exchange rate observed during the period;

- a net foreign exchange loss of €30 million primarily attributable to the remeasurement of monetary items at the closing exchange rate.

Net foreign exchange losses amounting to €75 million on provisions carried in USD were recorded in the Propulsion segment and result from the impact of fluctuations in the EUR/USD exchange rate between the start of the period (USD 1.23 to €1 at December 31, 2020) and the end of the period (USD 1.13 to €1 at December 31, 2021) on the opening amount of the provision.

## NOTE 11 INCOME TAX

### Income tax expense

Income tax expense breaks down as follows:

(in € millions)	2020	2021
Current income tax benefit (expense)	(278)	(379)
Deferred tax benefit (expense)	94	179
<b>TOTAL TAX BENEFIT (EXPENSE)</b>	<b>(184)</b>	<b>(200)</b>



## Effective tax rate

The effective tax rate breaks down as follows:

(in € millions)	2020	2021
<b>Profit before tax (A)</b>	<b>570</b>	<b>268</b>
Standard tax rate applicable to the parent company	32.02%	28.41%
<b>Tax expense at standard rate</b>	<b>(183)</b>	<b>(76)</b>
Impact of permanent differences	17	(6)
Impact of research tax credits	54	46
Impact of different tax rates (France/international)	3	10
Impact of unrecognized tax	(4)	(26)
Impact of changes in tax rates on deferred taxes	(62)	(31)
Impact of joint ventures	(1)	(30)
Impact of other items	(8)	(87)
<b>Current income tax expense recognized in profit or loss (B)</b>	<b>(184)</b>	<b>(200)</b>
<b>EFFECTIVE TAX RATE (B)/(A) in %</b>	<b>32.28%</b>	<b>74.63%</b>

The 2021 Finance Act provides for a corporate income tax rate of 28.41% for 2021 and 25.83% for 2022 (including the additional contribution). Deferred tax assets and liabilities have therefore been calculated on this basis.

In 2021, the rise in the effective tax rate to 74.63% reflects:

- changes in deferred tax rates in 2022 (negative €31 million impact), relating primarily to revised income tax rate assumptions for France;
- unrecognized deferred taxes (negative €26 million impact) relating to tax losses;

- net losses from joint ventures accounted for under the equity method (negative €106 million impact), which affected income but not the amount of tax;
- withholding tax (negative €21 million impact) and a supplementary tax (BEAT) in the United States (negative €10 million impact);
- tax adjustments (negative €14 million impact).

Tax credits represent €49 million (of which €46 million in research tax credits) and reduce the effective tax rate.

## Deferred tax assets and liabilities

### Deferred tax assets (liabilities) in the balance sheet

(in € millions)	Assets	Liabilities	Net
<b>Net deferred tax assets (liabilities) at December 31, 2020*</b>	<b>316</b>	<b>1,299</b>	<b>(983)</b>
Deferred taxes recognized in profit or loss	141	(38)	179
Deferred taxes recognized directly in equity	(47)	(28)	(19)
Reclassifications	31	48	(17)
Foreign exchange differences	10	5	5
Changes in scope of consolidation	(2)	(11)	9
<b>NET DEFERRED TAX ASSETS (LIABILITIES) AT DECEMBER 31, 2021</b>	<b>449</b>	<b>1,275</b>	<b>(826)</b>

\* The data published for 2020 have been restated for the impact of the change in accounting policy resulting from the IFRIC decision on the attribution of service costs arising on defined benefit plans (see Note 5, "Change in accounting policy").

## Deferred tax asset bases

(in € millions)	Dec. 31, 2020*	Dec. 31, 2021
<b>Deferred tax asset bases</b>		
Property, plant and equipment and intangible assets	(8,520)	(8,408)
Inventories	434	469
Current assets/liabilities	2,056	2,464
Financial assets/liabilities	347	917
Provisions	1,452	1,072
Tax adjustments	(739)	(756)
Losses carried forward and tax credits	1,269	1,338
<b>TOTAL DEFERRED TAX ASSET BASES</b>	<b>(3,701)</b>	<b>(2,904)</b>
<b>Total gross deferred tax balance (A)</b>	<b>(955)</b>	<b>(775)</b>
<b>Total unrecognized deferred tax assets (B)</b>	<b>28</b>	<b>51</b>
<b>TOTAL NET DEFERRED TAXES RECOGNIZED (A) - (B)</b>	<b>(983)</b>	<b>(826)</b>

\* The data published for 2020 have been restated for the impact of the change in accounting policy resulting from the IFRIC decision on the attribution of service costs arising on defined benefit plans (see Note 5, "Change in accounting policy").

## Current tax assets and liabilities

Current tax assets and liabilities break down as follows:

(in € millions)	Assets	Liabilities	Net
<b>Net tax assets (liabilities) at December 31, 2020</b>	<b>481</b>	<b>118</b>	<b>363</b>
Movements during the period	69	(14)	83
Current taxes recognized directly in equity	-	2	(2)
Changes in scope of consolidation	(1)	-	(1)
Foreign exchange differences	5	4	1
Other movements	1	(1)	2
<b>NET TAX ASSETS (LIABILITIES) AT DECEMBER 31, 2021</b>	<b>555</b>	<b>109</b>	<b>446</b>

## NOTE 12 EARNINGS PER SHARE

	Index	2020	2021
<b>Numerator</b> (in € millions)			
Profit for the period attributable to owners of the parent	(a)	352	43
<b>Denominator</b> (in shares)			
Total number of shares	(b)	427,235,939	427,242,440
Number of treasury shares held	(c)	319,284	456,165
Number of shares excluding treasury shares	(d)=(b-c)	426,916,655	426,786,275
Weighted average number of shares (excluding treasury shares)	(d')	426,035,732	426,650,425
Potentially dilutive ordinary shares	(e)	14,424,763	13,436,604
Weighted average number of shares after dilution	(f)=(d'+e)	440,460,495	440,087,029
<b>Ratio: earnings per share</b> (in €)			
Basic earnings per share	(g)=(a*1 million)/(d')	0.83	0.10
Diluted earnings per share	(h)=(a*1 million)/(f)	0.80	0.10

At December 31, 2021, potentially dilutive ordinary shares essentially comprise shares that may be issued if all of the bonds convertible into new shares and/or exchangeable for existing shares issued by the Group (2020-2027 Océanes and 2021-2028 Océanes: see Note 25.d, "Convertible bond issues") are converted.

## NOTE 13 GOODWILL

Goodwill breaks down as follows:

(in € millions)	Dec. 31, 2020 Net	Changes in scope of consolidation	Reallocation	Impairment	Effect of changes in foreign exchange rates and other	Dec. 31, 2021 Net
Safran Aircraft Engines	392	-	-	-	-	392
Safran Helicopter Engines	308	-	-	-	-	308
Safran Aero Boosters	47	-	-	-	-	47
Other Propulsion	1	-	-	-	-	1
Safran Electronics & Defense	344	-	-	-	5	349
Safran Nacelles	213	-	-	-	-	213
Safran Engineering Services	76	(2)	-	-	-	74
Safran Electrical & Power	681	-	-	-	21	702
Safran Landing Systems	190	-	-	-	-	190
Safran Aerosystems	798	-	-	-	-	798
Safran Seats	764	-	-	-	1	765
Safran Cabin	736	(119)	510	-	102	1,229
Safran Passenger Solutions	510	-	(510)	-	-	-
<b>TOTAL</b>	<b>5,060</b>	<b>(121)</b>	<b>-</b>	<b>-</b>	<b>129</b>	<b>5,068</b>

As from January 1, 2021, the Safran Passenger Solutions and Safran Cabin CGUs were combined following changes to the Group's operational management structure. This change within the Aircraft Interiors operating segment has no impact

on the operating segments as defined in Note 7, "Segment information".

Changes in the scope of consolidation representing a negative €119 million impact reflect the disposals carried out in 2021 and outlined in Note 6, "Scope of consolidation".

### Impairment tests:

As the health crisis and its repercussions for the aerospace industry are an indication of impairment risk, in first-half 2021 the Group reviewed the cash-generating units (CGUs) whose activities continued to be particularly affected by the changes in air traffic and by airlines' financial situation.

In the second half of the year, the Group carried out its annual impairment tests on all of its CGUs, based on the data in the medium-term business plan as updated and validated by management and the Board of Directors. The tests were carried out by comparing the CGUs' value in use with their net carrying amount at December 31, 2021.

The measurement method used to determine the value in use of the CGUs was the same as that used at December 31, 2020.

The value in use of the CGUs was determined based on the following assumptions:

- Expected future cash flows are determined over a period consistent with the useful life of the assets in each CGU. This is generally estimated at 10 years but may be adapted for businesses with longer or shorter development and production cycles.
- Operating projections used to determine expected future cash flows take into account general economic data, specific inflation rates for each geographic area, a USD exchange rate based on available market information and mid- to long-term macroeconomic assumptions.
- The projections and assumptions used by the Group are drawn from the medium-term business plan for the next four years, as prepared in the second half of 2021, while the projections and assumptions beyond this period are based on the best estimate (prepared by management and validated by the Board of Directors) of the long-term scenario.

They take into account orders and delivery schedules, airframers' production rates, IATA forecasts, the impacts of decarbonization and any other available information.

- The value in use of the CGUs is equal to the sum of these discounted expected future cash flows plus a terminal value, calculated by applying the growth rate expected for the relevant businesses to standardized cash flows representing long-term business activity, which usually corresponds to the last year of available forecasts.
- The growth rate used to calculate terminal value was set at 2% for all CGUs.
- The average hedged USD exchange rate adopted for years 2022 to 2025 is 1.16. These exchange rate assumptions take into account the available foreign currency hedging portfolio (see Note 33, "Management of market risks and derivatives"). A rate of 1.30 is adopted thereafter.
- The benchmark post-tax discount rate used is 7.5% (unchanged from 2020 but for which the components were updated twice in 2021) and is applied to post-tax cash flows.

Based on these tests, the recoverable amount of each CGU wholly justifies its net asset value, including the goodwill balances recorded in Group assets.

No impairment of goodwill was recognized as a result of the annual impairment tests in 2020, or the tests performed in the first half of 2021.

The Group tested the sensitivity of its main goodwill balances to the following changes in the main assumptions used for its forecasts as from 2024:

- a 5% increase or decrease in the USD/EUR exchange rate;
- a 0.5% increase in the benchmark discount rate;
- a 0.5% decrease in the perpetual growth rate.

The above changes in the main assumptions taken individually do not result in values in use lower than the carrying amounts of goodwill balances.

In light of the gradual recovery in air traffic, sensitivity analyses using higher rates were performed on the CGUs with the greatest exposure, where the carrying amount of their assets is close to the recoverable amount, namely Safran Seats and Safran Cabin, for which Safran expects an upturn in business.

Additional assumptions were tested on these CGUs, as described below:

- An across-the-board decrease of 10% in future cash flows as from 2022 and in the terminal value. Based on these tests, the recoverable amount of each CGU wholly justifies the goodwill balances recorded in Group assets.
- An across-the-board decrease of 20% in future cash flows as from 2022 and in the terminal value. The change in this assumption would lead to the recognition of impairment before tax of €260 million against the value of the Safran Seats and Safran Cabin CGUs.

## NOTE 14 INTANGIBLE ASSETS

Intangible assets break down as follows:

(in € millions)	Dec. 31, 2020			Dec. 31, 2021		
	Gross	Amortization/ impairment	Net	Gross	Amortization/ impairment	Net
Aircraft programs	2,334	(1,777)	557	2,335	(1,848)	487
Development expenditures	6,510	(2,631)	3,879	6,848	(2,966)	3,882
Commercial agreements	791	(179)	612	905	(225)	680
Software	720	(644)	76	746	(679)	67
Trademarks <sup>(1)</sup>	703	-	703	703	-	703
Commercial relationships	1,889	(479)	1,410	1,911	(623)	1,288
Technology	1,341	(461)	880	1,383	(630)	753
Other	833	(274)	559	862	(340)	522
<b>TOTAL</b>	<b>15,121</b>	<b>(6,445)</b>	<b>8,676</b>	<b>15,693</b>	<b>(7,311)</b>	<b>8,382</b>

(1) As trademarks are not amortized, they are tested for impairment based on their respective CGUs.

Movements in intangible assets break down as follows:

(in € millions)	Gross	Amortization/ impairment	Net
<b>At December 31, 2020</b>	<b>15,121</b>	<b>(6,445)</b>	<b>8,676</b>
Capitalization of R&D expenditure <sup>(1)</sup>	316	-	316
Capitalization of other intangible assets	28	-	28
Acquisitions of other intangible assets	145	-	145
Disposals and retirements	(35)	23	(12)
Amortization	-	(679)	(679)
Impairment losses recognized in profit or loss	-	(159)	(159)
Reclassifications	(4)	9	5
Changes in scope of consolidation	(60)	13	(47)
Foreign exchange differences	182	(73)	109
<b>AT DECEMBER 31, 2021</b>	<b>15,693</b>	<b>(7,311)</b>	<b>8,382</b>

(1) Including €5 million in capitalized interest on R&D expenditure at December 31, 2021 (€8 million at December 31, 2020).

Research and development expenditure recognized in recurring operating income for the period totaled €838 million including amortization (€905 million in 2020). This amount does not include the research tax credit recognized in the income statement within "Other income" (see Note 9, "Breakdown of the other main components of profit from operations").

Amortization recognized in the period includes €265 million relating to the remeasurement of intangible assets within the scope of the acquisition of the former Zodiac Aerospace,

€39 million relating to the remeasurement of aircraft programs in connection with the Sagem-Snecma merger, and €36 million relating to assets identified as part of other business combinations.

The impairment tests carried out at December 31, 2021 on assets allocated to programs, projects or product families were based on the approach described in Note 3.m, "Impairment of non-current assets", which uses assumptions taken from the medium-term business plan as updated and validated by management.

A 7.5% discount rate was used, plus a risk premium depending on the programs tested.

As a result of the impairment tests carried out at December 31, 2021, intangible assets relating to various aircraft programs were written down by a net amount

of €159 million, the total amount of which was charged against non-recurring operating income.

As a result of the impairment tests carried out at December 31, 2020, intangible assets relating to a program were written down by €302 million (see Note 9, "Breakdown of the other main components of profit from operations").

## NOTE 15 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows:

(in € millions)	Dec. 31, 2020			Dec. 31, 2021		
	Gross	Depreciation/ impairment	Net	Gross	Depreciation/ impairment	Net
Land	226	-	226	225	-	225
Buildings	2,048	(1,015)	1,033	2,212	(1,162)	1,050
Technical facilities, equipment and tooling	6,347	(4,268)	2,079	6,661	(4,684)	1,977
Assets in progress, advances	551	(62)	489	510	(63)	447
Site development and preparation costs	69	(36)	33	78	(44)	34
Buildings on land owned by third parties	80	(42)	38	91	(48)	43
Computer hardware and other equipment	685	(528)	157	713	(552)	161
<b>TOTAL</b>	<b>10,006</b>	<b>(5,951)</b>	<b>4,055</b>	<b>10,490</b>	<b>(6,553)</b>	<b>3,937</b>

Movements in property, plant and equipment break down as follows:

(in € millions)	Gross	Depreciation/impairment	Net
<b>At December 31, 2020</b>	<b>10,006</b>	<b>(5,951)</b>	<b>4,055</b>
Internally produced assets	34	-	34
Additions	409	-	409
Disposals and retirements	(209)	149	(60)
Depreciation <sup>(1)</sup>	-	(600)	(600)
Impairment losses recognized in profit or loss	-	(1)	(1)
Reclassifications	73	(54)	19
Changes in scope of consolidation	(18)	13	(5)
Foreign exchange differences	195	(109)	86
<b>AT DECEMBER 31, 2021</b>	<b>10,490</b>	<b>(6,553)</b>	<b>3,937</b>

(1) Including €26 million relating to the remeasurement of property, plant and equipment as part of the acquisition of the former Zodiac Aerospace.

## NOTE 16 LEASES

### a) Right-of-use assets

Right-of-use assets break down as follows:

(in € millions)	Dec. 31, 2020			Dec. 31, 2021		
	Gross	Depreciation/ impairment	Net	Gross	Depreciation/ impairment	Net
Right-of-use assets relating to property	781	(175)	606	815	(225)	590
Right-of-use assets relating to transport equipment	7	(4)	3	7	(3)	4
Right-of-use assets relating to other assets	20	(6)	14	20	(8)	12
<b>TOTAL</b>	<b>808</b>	<b>(185)</b>	<b>623</b>	<b>842</b>	<b>(236)</b>	<b>606</b>



Movements in right-of-use assets break down as follows:

(in € millions)	Gross	Depreciation/impairment	Net
<b>At December 31, 2020</b>	<b>808</b>	<b>(185)</b>	<b>623</b>
Increases	126	-	126
Disposals and retirements	(72)	39	(33)
Depreciation	-	(101)	(101)
Reclassifications	(47)	18	(29)
Changes in scope of consolidation	(3)	2	(1)
Foreign exchange differences	30	(8)	22
<b>AT DECEMBER 31, 2021</b>	<b>842</b>	<b>(236)</b>	<b>606</b>

## b) Lease liabilities

The maturity of lease liabilities can be analyzed as follows at December 31, 2021:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Maturing in:		
1 year or less	114	97
More than 1 year and less than 5 years	329	310
Beyond 5 years	165	202
<b>TOTAL</b>	<b>608</b>	<b>609</b>

## c) Lease items presented in the income statement

In 2021, rental expenses recognized in "Profit from operations" (see Note 9, "Breakdown of the other main components of profit from operations") under "External services" totaled €79 million. These expenses have not been restated due to the application of the practical expedients allowed under IFRS 16 (exemption for short-term leases, leases of low-value assets and licensing agreements, such as

for IT equipment), or because they relate to a "service" component identified in the lease.

Interest expense on lease liabilities recognized in "Financial income (loss)" under "Cost of net debt" amounted to €8 million in 2021 (see Note 10, "Financial income (loss)").

## d) Lease items presented in the cash flow statement

In 2021, disbursements under leases recognized in the cash flow statement and relating to the repayment of lease liabilities represented €115 million and are shown within "Cash

flow from (used in) financing activities". These are increased by payments of interest on lease liabilities, which are included within "Cash flow from operating activities".

# NOTE 17 CURRENT AND NON-CURRENT FINANCIAL ASSETS

Financial assets include:

(in € millions)	Dec. 31, 2020			Dec. 31, 2021		
	Gross	Impairment	Net	Gross	Impairment	Net
Non-consolidated investments			268			267
Other financial assets <sup>(1)</sup>	407	(118)	289	642	(117)	525
<b>TOTAL</b>			<b>557</b>			<b>792</b>

(1) Including a €200 million increase in investments that do not qualify as cash and cash equivalents.

Equity investments in non-consolidated companies are classified at fair value through profit or loss.

Other financial assets are measured at amortized cost.

The Group reviewed the value of its other financial assets in order to determine whether any items needed to be written down based on available information. No write-downs were recognized in 2021.

## Other financial assets

Other financial assets break down as follows:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Loans to non-consolidated companies	141	126
Loans to employees	37	36
Deposits and guarantees	14	16
Other <sup>(1)</sup>	97	347
<b>TOTAL</b>	<b>289</b>	<b>525</b>
<b>Non-current</b>	<b>163</b>	<b>421</b>
<b>Current</b>	<b>126</b>	<b>104</b>

(1) Including €200 million in investments that do not qualify as cash and cash equivalents.

Loans to non-consolidated companies correspond to revolving credit agreements.

The table below shows movements in other financial assets:

(in € millions)	
<b>At December 31, 2020</b>	<b>289</b>
Increase <sup>(1)</sup>	224
Decrease	(17)
Impairment (reversals/additions)	3
Effect of changes in foreign exchange rates	4
Reclassifications	18
Changes in scope of consolidation	4
<b>AT DECEMBER 31, 2021</b>	<b>525</b>

(1) Including €200 million in investments that do not qualify as cash and cash equivalents.

## NOTE 18 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

The Group's share in the net equity of equity-accounted companies breaks down as follows:

(in € millions)	Dec. 31, 2020*	Dec. 31, 2021
Associates	-	-
ArianeGroup	1,483	1,300
Other joint ventures	645	669
<b>TOTAL</b>	<b>2,128</b>	<b>1,969</b>

\* The data published for 2020 have been restated for the impact of the change in accounting policy resulting from the IFRIC decision on the attribution of service costs arising on defined benefit plans (see Note 5, "Change in accounting policy").

Movements in this caption during the period break down as follows:

(in € millions)	
<b>At December 31, 2020*</b>	<b>2,128</b>
Share in profit (loss) from ArianeGroup	(47)
Share in profit from other joint ventures	87
Joint venture impairment losses	(146)
Dividends received from joint ventures <sup>(1)</sup>	(596)
Foreign exchange differences	63
Other movements	480
<b>AT DECEMBER 31, 2021</b>	<b>1,969</b>

\* The data published for 2020 have been restated for the impact of the change in accounting policy resulting from the IFRIC decision on the attribution of service costs arising on defined benefit plans (see Note 5, "Change in accounting policy").

(1) In 2021, Safran Aircraft Engines acquired a direct 50% stake in Shannon Engine Support Ltd (SES) for €447 million. SES was previously indirectly held through Safran Aircraft Engines' 50% stake in CFM International Inc., which owns 100% of Engine Support Holdings.

The change in SES' capital had no overall impact on Safran's cash position, following the simultaneous decision for Engine Support Holdings to pay dividends to Safran Aircraft Engines.

The Group's off-balance sheet commitments with joint ventures are described in Note 35, "Related parties".

The Group has interests in the following joint ventures which are accounted for using the equity method:

- ArianeGroup: space launchers and military activities;
- Shannon Engine Support Ltd: leasing of CFM56 and LEAP engines, modules, equipment and tooling to airline companies;
- Lynred: manufacture of infrared detectors;
- Safran Martin-Baker France: manufacture of ejectable seating;
- A-Pro: repair of landing gear for regional and business jets;
- CFM Materials LP: sale of used CFM56 parts;

- Roxel SAS: holding company;
- Roxel France SA: motors for tactical missiles;
- Roxel Ltd: motors for tactical missiles;
- SAIFEI: electrical wiring;
- Fadec International LLC: digital engine control systems;
- Xi'an Cea Safran Landing Systems Co., Ltd: landing gear maintenance;
- EZ Air Interior Ltd: cabin interiors;
- Initium Aerospace: design and manufacture of auxiliary power units;
- Engine Support Holdings: holding company.

ArianeGroup is the Group's sole material joint venture.

Financial information for ArianeGroup can be summarized as follows:

(in € millions)	Dec. 31, 2020*	Dec. 31, 2021
Non-current assets	1,667	1,686
Current assets	6,260	6,407
■ of which: cash and cash equivalents	642	1,223
Non-current liabilities	(1,150)	(1,008)
■ of which: non-current financial liabilities	(483)	(423)
Current liabilities	(7,075)	(7,423)
■ of which: current financial liabilities	(53)	(129)
Non-controlling interests	-	(10)
Net assets held for sale	-	32
<b>Net assets of ArianeGroup (excl. goodwill and PPA) - Attributable to owners of the parent (based on a 100% interest)</b>	<b>(298)</b>	<b>(316)</b>
Equity share in net assets of ArianeGroup (excl. goodwill and PPA) (based on a 50% interest)	(148)	(158)
Purchase price allocation, net of deferred taxes	455	282
<b>Safran equity share - Net assets of ArianeGroup</b>	<b>307</b>	<b>124</b>
<b>Goodwill</b>	<b>1,176</b>	<b>1,176</b>
<b>CARRYING AMOUNT OF INVESTMENT IN ARIANEGROUP</b>	<b>1,483</b>	<b>1,300</b>

\* The data published for 2020 have been restated for the impact of the change in accounting policy resulting from the IFRIC decision on the attribution of service costs arising on defined benefit plans (see Note 5, "Change in accounting policy").

(in € millions)	2020	2021
<b>Profit (loss) for the period attributable to owners of the parent</b>	<b>4</b>	<b>(39)</b>
Other comprehensive income (expense)	(16)	15
Total comprehensive income (expense) attributable to owners of the parent	(12)	(24)
<b>Safran equity share - Profit (loss) for the period</b>	<b>2</b>	<b>(19)</b>
Amortization of purchase price allocation, net of deferred taxes	(35)	(28)
<b>Safran equity share - Profit (loss) of ArianeGroup</b>	<b>(33)</b>	<b>(47)</b>
Impairment losses	(42)	(146)
Safran equity share - Other comprehensive income (expense)	(8)	8
<b>Safran equity share - Comprehensive income (expense) of ArianeGroup</b>	<b>(83)</b>	<b>(185)</b>

ArianeGroup did not pay any dividends in 2021.

No impairment was recognized in 2021 against the value of the equity-accounted investments following the impairment test performed by the Group. Projected cash flows were discounted at a rate of 7.5%.

The Group analyzed the sensitivity of the investments to a 0.5% increase in the benchmark discount rate used (i.e., a rate of 8%). Based on this test, the recoverable amount of the equity-accounted investments remains above the carrying amount shown in the Group's consolidated financial statements.

The carrying amount of ArianeGroup includes assets allocated to programs.

An impairment test was carried out on the assets allocated to the Ariane 6 program. In light of the situation concerning the program, projected cash flows were discounted at a higher rate of 8.5%. A net write-down of €146 million was recognized and charged against non-recurring operating income.

In addition, ArianeGroup has entered into exclusive negotiations with MBDA and Safran for the sale of its 63% majority stake in Compagnie Industrielle des Lasers (CILAS).

In accordance with IFRS 5, ArianeGroup has classified the corresponding net assets as net assets held for sale.

The contribution of other joint ventures to the Group's comprehensive income was as follows:

(in € millions)	2020	2021
Profit for the period	81	87
Impairment losses	(10)	-
Other comprehensive income (expense)	(50)	35
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>21</b>	<b>122</b>

## NOTE 19 INVENTORIES AND WORK-IN-PROGRESS

Inventories and work-in-progress break down as follows:

(in € millions)	Dec. 31, 2020 Net	Dec. 31, 2021 Net
Raw materials and supplies	1,276	1,208
Finished goods	2,556	2,391
Work-in-progress	1,344	1,444
Bought-in goods	14	20
<b>TOTAL</b>	<b>5,190</b>	<b>5,063</b>

Movements in inventories and work-in-progress can be analyzed as follows:

(in € millions)	Gross	Impairment	Net
<b>At December 31, 2020</b>	<b>6,104</b>	<b>(914)</b>	<b>5,190</b>
Movements during the period	(296)	-	(296)
Net impairment expense	-	90	90
Reclassifications	2	(2)	-
Changes in scope of consolidation	(24)	3	(21)
Foreign exchange differences	114	(14)	100
<b>AT DECEMBER 31, 2021</b>	<b>5,900</b>	<b>(837)</b>	<b>5,063</b>

## NOTE 20 CONTRACT COSTS

Changes in assets recognized in respect of costs incurred to obtain or fulfill contracts entered into with customers can be analyzed as follows:

(in € millions)	Dec. 31, 2020			Dec. 31, 2021		
	Gross	Impairment	Net	Gross	Impairment	Net
Costs to obtain contracts	-	-	-	-	-	-
Costs to fulfill contracts	537	(51)	486	596	(44)	552
<b>CONTRACT COSTS</b>	<b>537</b>	<b>(51)</b>	<b>486</b>	<b>596</b>	<b>(44)</b>	<b>552</b>

## NOTE 21 TRADE AND OTHER RECEIVABLES

(in € millions)	Dec. 31, 2020 Net	Movements during the period	Impairment/ reversal	Changes in scope of consolidation	Reclassifications	Effect of changes in foreign exchange rates	Dec. 31, 2021 Net
<b>Operating receivables</b>	<b>5,038</b>	<b>581</b>	<b>(25)</b>	<b>(16)</b>	<b>6</b>	<b>52</b>	<b>5,636</b>
Debit balances on trade payables/ advance payments to suppliers	644	146	-	-	(1)	1	790
Trade receivables	4,375	440	(25)	(16)	7	51	4,832
Operating current accounts	2	-	-	-	-	-	2
Employee-related receivables	17	(5)	-	-	-	-	12
<b>Other receivables</b>	<b>731</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>868</b>
Prepayments	90	16	-	(3)	-	2	105
VAT receivables	473	46	-	2	-	5	526
Other State receivables	91	(64)	-	-	-	-	27
Other receivables	77	124	-	1	-	8	210
<b>TOTAL</b>	<b>5,769</b>	<b>703</b>	<b>(25)</b>	<b>(16)</b>	<b>6</b>	<b>67</b>	<b>6,504</b>

The table below shows changes in trade and other receivables:

(in € millions)	Gross	Impairment	Net
<b>At December 31, 2020</b>	<b>4,696</b>	<b>(321)</b>	<b>4,375</b>
Short-term changes	440	-	440
Net impairment expense	-	(25)	(25)
Reclassifications	2	5	7
Changes in scope of consolidation	(16)	-	(16)
Foreign exchange differences	55	(4)	51
<b>AT DECEMBER 31, 2021</b>	<b>5,177</b>	<b>(345)</b>	<b>4,832</b>

Trade and other receivables fall due as shown below:

(in € millions)	Carrying amount at Dec. 31		Past due at year-end (in days)					Total past due
	at Dec. 31	Not past due	< 30	31-90	90-180	181-360	> 360	
<b>At December 31, 2020</b>								
Trade receivables	4,375	3,786	146	126	104	146	67	589
<b>At December 31, 2021</b>								
Trade receivables	4,832	4,232	193	153	81	69	104	600

In both 2021 and 2020, the Group sold trade receivables as part of an agreement described in further detail in Note 29, "Interest-bearing financial liabilities". Under IFRS, these receivables must be removed from the balance sheet.

## NOTE 22 CONTRACT ASSETS AND LIABILITIES

Contract assets can be analyzed as follows:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Contract assets, gross	1,707	1,868
Impairment	(12)	(15)
<b>CONTRACT ASSETS, NET</b>	<b>1,695</b>	<b>1,853</b>



Changes in contract assets can be analyzed as follows:

<i>(in € millions)</i>	
<b>At December 31, 2020</b>	<b>1,695</b>
Reclassification of contract assets in trade and other receivables	(408)
Changes relating to revenue recognized over time	528
Other changes	37
Impairment	(2)
Foreign exchange differences	3
<b>AT DECEMBER 31, 2021</b>	<b>1,853</b>

Contract liabilities can be analyzed as follows:

<i>(in € millions)</i>	Dec. 31, 2020	Dec. 31, 2021
Advances and downpayments received	4,109	4,065
Deferred income	4,142	4,450
Other contract liabilities	1,587	1,626
<b>TOTAL</b>	<b>9,838</b>	<b>10,141</b>

Changes in contract liabilities can be analyzed as follows:

<i>(in € millions)</i>	
<b>At December 31, 2020</b>	<b>9,838</b>
Increase in amounts received net of revenue recognized in the period	2,496
Revenue recognized in the period and included in the opening balance	(2,144)
Other changes	(97)
Foreign exchange differences	48
<b>AT DECEMBER 31, 2021</b>	<b>10,141</b>

Deferred income mainly includes funding received for development work and under service contracts based on flight hours or landings that has not yet been recognized in revenue. In 2021, funding received for development work and under service contracts based on flight hours or landings was €248 million more than the revenue recognized.

## NOTE 23 CASH AND CASH EQUIVALENTS

The main types of investments used by Safran are summarized in the table below:

<i>(in € millions)</i>	Dec. 31, 2020	Dec. 31, 2021
Money-market funds	41	92
Term deposits	1,692	3,266
Sight deposits	2,014	1,889
<b>TOTAL</b>	<b>3,747</b>	<b>5,247</b>

Money-market funds are classified within Level 1 of the IFRS 13 fair value hierarchy.

The table below presents changes in cash and cash equivalents:

<i>(in € millions)</i>	
<b>At December 31, 2020</b>	<b>3,747</b>
Movements during the period	1,426
Changes in scope of consolidation	4
Foreign exchange differences	70
<b>AT DECEMBER 31, 2021</b>	<b>5,247</b>

## NOTE 24 SUMMARY OF FINANCIAL ASSETS

The following table presents the carrying amount of the Group's financial assets at December 31, 2020 and December 31, 2021:

	Carrying amount				Total
	At amortized cost		At fair value		
	Amortized cost (A)	Fair value through profit or loss (B)	Fair value through equity (OCI) to be reclassified (C)	Fair value through equity (OCI) not to be reclassified (D)	
At December 31, 2020 (in € millions)					= A+B+C+D
<b>Non-current financial assets</b>					
Non-consolidated investments		268			268
Non-current derivatives (positive fair value)		52			52
Other non-current financial assets	163				163
<b>Sub-total non-current financial assets</b>	<b>163</b>	<b>320</b>	<b>-</b>	<b>-</b>	<b>483</b>
Other current financial assets	126				126
Current derivatives (positive fair value)		694			694
Trade receivables	4,375				4,375
Operating current accounts and other receivables	79				79
Cash and cash equivalents	3,706	41			3,747
<b>Sub-total current financial assets</b>	<b>8,286</b>	<b>735</b>	<b>-</b>	<b>-</b>	<b>9,021</b>
<b>TOTAL FINANCIAL ASSETS</b>	<b>8,449</b>	<b>1,055</b>	<b>-</b>	<b>-</b>	<b>9,504</b>

	Carrying amount				Total  = A+B+C+D
	At amortized cost		At fair value		
	Amortized cost (A)	Fair value through profit or loss (B)	Fair value through equity (OCI) to be reclassified (C)	Fair value through equity (OCI) not to be reclassified (D)	
At December 31, 2021 (in € millions)					
Non-current financial assets					
Non-consolidated investments		267			267
Non-current derivatives (positive fair value)		23			23
Other non-current financial assets	421				421
Sub-total non-current financial assets	421	290	-	-	711
Other current financial assets	104				104
Current derivatives (positive fair value)		705			705
Trade receivables	4,832				4,832
Operating current accounts and other receivables	212				212
Cash and cash equivalents	5,155	92			5,247
Sub-total current financial assets	10,303	797	-	-	11,100
TOTAL FINANCIAL ASSETS	10,724	1,087	-	-	11,811

## Impairment of financial assets/Credit risk exposure

Within financial assets carried at amortized cost, only trade receivables are written down using the simplified impairment approach set out in IFRS 9.

The fair value of financial assets carried at fair value represents their maximum exposure to credit risk.

## Reclassification of financial assets

The Group did not reclassify any financial assets between the "amortized cost" and "fair value" categories in either 2021 or 2020.

## Fair value of financial assets

The fair value of financial assets recorded at amortized cost is close to their carrying amount.

Safran uses the fair value hierarchy set out in IFRS 13 to determine the classification of financial assets at fair value:

- Level 1: inputs that reflect quoted prices for identical assets or liabilities in active markets;

- Level 2: directly or indirectly observable inputs other than quoted prices for identical assets or liabilities in active markets;

- Level 3: unobservable inputs.

At December 31, 2020, the Group carried the following financial assets at fair value:

(in € millions)	Level 1	Level 2	Level 3	Total
Non-consolidated investments	-	-	268	268
Derivatives (positive fair value)	-	746	-	746
Cash and cash equivalents	41	-	-	41
<b>TOTAL</b>	<b>41</b>	<b>746</b>	<b>268</b>	<b>1,055</b>

At December 31, 2021, the Group carried the following financial assets at fair value:

(in € millions)	Level 1	Level 2	Level 3	Total
Non-consolidated investments	-	-	267	267
Derivatives (positive fair value)	-	728	-	728
Cash and cash equivalents	92	-	-	92
<b>TOTAL</b>	<b>92</b>	<b>728</b>	<b>267</b>	<b>1,087</b>

No items were transferred between Level 1 and Level 2 or to/from Level 3 in either 2021 or 2020.

## Offsetting of financial assets and financial liabilities

At December 31, 2020 (in € millions)	Gross carrying amount (A)	Amount offset (B)	Net amount on the balance sheet <sup>(1)</sup> (C)	Amount subject to offset agreement but not offset (D)	Net (C) - (D)
Derivatives (positive fair value)	746	-	746	502	244

(1) See Note 33, "Management of market risks and derivatives".

At December 31, 2021 (in € millions)	Gross carrying amount (A)	Amount offset (B)	Net amount on the balance sheet <sup>(1)</sup> (C)	Amount subject to offset agreement but not offset (D)	Net (C) - (D)
Derivatives (positive fair value)	728	-	728	721	7

(1) See Note 33, "Management of market risks and derivatives".

The tables above show the financial assets for which an offsetting agreement exists with respect to financial liabilities.

The Group does not offset financial assets against financial liabilities in its balance sheet at December 31, 2021 or December 31, 2020, since the requisite conditions set out in IAS 32 are not met. Master offsetting (netting) agreements governing the subscription of OTC derivatives with bank

counterparties provide for a right of set-off only in the event of default, insolvency or bankruptcy of one of the parties to the agreement.

The amounts subject to an offsetting agreement but not offset comprise a portion of the Group's derivatives with a negative fair value, since amounts can only be offset if they relate to the same counterparty.

## NOTE 25 CONSOLIDATED SHAREHOLDERS' EQUITY

### a) Share capital

At December 31, 2021, Safran's share capital amounted to €85,448,488, comprising 427,242,440 fully paid-up shares with a par value of €0.20 each, all in the same class.

Safran's equity does not include any equity instruments issued other than its shares.

### b) Breakdown of share capital and voting rights

Changes in the breakdown of share capital and voting rights are as follows:

#### December 31, 2020

Shareholders	Number of shares	% share capital	Number of voting rights <sup>(1)</sup>	% voting rights <sup>(1)</sup>
Free float	347,973,999	81.45%	406,760,265	72.47%
French State	47,983,131	11.23%	95,966,262	17.10%
Employees <sup>(2)</sup>	30,959,525	7.25%	58,567,145	10.43%
Treasury shares	319,284	0.07%	-	-
<b>TOTAL</b>	<b>427,235,939</b>	<b>100.00%</b>	<b>561,293,672</b>	<b>100.00%</b>

(1) Exercisable voting rights.

(2) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code (Code de commerce).

#### December 31, 2021

Shareholders	Number of shares	% share capital	Number of voting rights <sup>(1)</sup>	% voting rights <sup>(1)</sup>
Free float	348,856,484	81.65%	395,539,917	72.05%
French State	47,983,131	11.23%	95,966,262	17.48%
Employees <sup>(2)</sup>	29,946,660	7.01%	57,504,169	10.47%
Treasury shares	456,165	0.11%	-	-
<b>TOTAL</b>	<b>427,242,440</b>	<b>100.00%</b>	<b>549,010,348</b>	<b>100.00%</b>

(1) Exercisable voting rights.

(2) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.

Each share carries entitlement to one vote. Shares held in registered form for over two years have double voting rights.

The 456,165 treasury shares have no voting rights.

At December 31, 2021, the total number of shares includes 6,501 shares issued throughout the year further to the

exercise of stock subscription options resulting from employee commitments undertaken by Zodiac Aerospace, transferred to Safran following the Zodiac Aerospace merger on December 1, 2018 based on the exchange ratio used for the merger.

### Treasury shares

The number of treasury shares has increased since December 31, 2020 following:

- the purchase of 650,000 shares in connection with the implementation of a share buyback program for allocation or sale to employees or corporate officers of Group companies;
- the delivery of a total of 490,998 shares under a multi-year variable compensation plan and employee shareholding plans;
- the sale of 22,121 shares under the Group's liquidity agreement, net of shares purchased.

The Annual General Meeting has authorized the Board of Directors to buy and sell shares in the Company in accordance with the applicable laws and regulations.

An authorization granted by the Annual General Meeting of May 26, 2021 set the maximum purchase price at €165 per share, thereby superseding the authorization granted by the Annual General Meeting of May 28, 2020.

Pursuant to these authorizations and to the liquidity agreement signed in 2012 with Oddo BHF, during the year the Company purchased 3,007,755 shares for €342 million and sold 3,029,876 shares for €347 million.

At December 31, 2021, 243,879 shares were held in connection with the liquidity agreement.

## c) Share-based payment

### Performance shares

The Board of Directors periodically grants performance shares to Group employees and corporate officers.

The vesting of these performance shares is subject to the achievement of internal and external performance conditions, which are assessed over three full consecutive fiscal years, including the year in which the performance shares are granted. In addition, the shares will only vest if the beneficiaries still form part of the Group at the vesting date (see section 6.6.4.2 of the 2020 Universal Registration Document).

The Group set up a performance share plan on March 24, 2021 covering 730,940 shares. Shares under this plan will only vest if certain internal and external performance conditions are met, as assessed over three fiscal years, and provided the beneficiaries still form part of the Group at the vesting date.

Key details of outstanding performance share plans at December 31, 2021 are shown below:

	2019 performance shares	2020 performance shares	2021 performance shares
Shareholder authorization	May 25, 2018	May 23, 2019	May 23, 2019
Grant date by the Board of Directors	March 27, 2019	March 26, 2020	March 24, 2021
Vesting date	March 29, 2022	March 27, 2023	March 26, 2024
Share price at the grant date	€116.90	€91.92	€116.65
Number of beneficiaries at the grant date	589	797	760
Number of performance shares granted	732,130	760,500	730,940
Number of shares canceled or forfeited	(112,888)	(52,821)	(7,800)
<b>NUMBER OF PERFORMANCE SHARES OUTSTANDING AT DECEMBER 31, 2021</b>	<b>619,242</b>	<b>707,679</b>	<b>723,140</b>

The share-based payment expense for these performance share plans, recognized within personnel costs under "Other employee costs" (see Note 9, "Breakdown of the other main components of profit from operations"), totaled €25 million in 2021 (€10 million in 2020).

## d) Convertible bond issues

### 2018-2023 OCÉANES

On June 21, 2018, Safran issued 4,996,431 bonds convertible into new shares and/or exchangeable for existing shares ("OCÉANES"), each with a par value of €140.10, i.e., representing a total nominal amount of €700 million.

The bonds do not carry any coupon.

OCÉANES are deemed a hybrid instrument comprising equity and debt.

The effective annual interest rate on the liability component is 1.40% including issuance fees.

Following an offer made by Safran on June 8, 2021, 96.2% of the OCÉANES were repurchased on June 15, 2021. The impact of the repurchase, net of tax, was a reduction of €50 million in equity and of €19 million in financial income (loss). Following the repurchase, 3.8% of the OCÉANES remained outstanding and were redeemed early at par on the Group's initiative on July 19, 2021, reducing financial income (loss) by a further €1 million. No holders chose to exercise their conversion rights.

No 2018-2023 OCÉANE was outstanding at December 31, 2021.

### 2020-2027 OCÉANES

On May 15, 2020, Safran issued 7,391,665 bonds convertible into new shares and/or exchangeable for existing shares ("OCÉANES") (the "initial bonds"), each with a par value of €108.23, i.e., representing a total nominal amount of €800 million. The initial bonds were issued at 100% of par.

On October 12, 2020, Safran carried out a tap issue of 1,847,916 bonds convertible into new shares and/or exchangeable for existing shares ("OCÉANES") (the "additional bonds"), each with a par value of €108.23, i.e., representing a total nominal amount of €200 million. The additional bonds were issued at a price of €118 per bond, representing a total issue price of €218 million.

The additional bonds carry the same terms and conditions (with the exception of the issue price) as the initial bonds, with which they are fully fungible and with which they form a single series.

The bonds bear interest at an annual rate of 0.875%, payable annually in arrears.

Bondholders have the option of converting their bonds into shares. This option can be exercised at any point from the issue date and up to the seventh trading day preceding the standard or early redemption date.

Following the June 2, 2021 dividend payment and in accordance with the terms and conditions of the bonds, the bond conversion ratio has been 1.004 shares for 1 bond since June 1, 2021. This adjusted conversion ratio was calculated by the bond calculation agent in accordance with the calculation formula stipulated in the terms and conditions of the bonds based on the following inputs:

- previous bond conversion ratio: 1 share for 1 bond;
- share price: €122.26563;
- dividend per share paid in 2021 in respect of 2020: €0.43.



The bonds come with an early redemption option that the bearer may trigger in the event of a change of control and that the issuer may trigger if (i) as from June 5, 2024, the share price multiplied by the bond conversion ratio exceeds 130% of the par value of the bonds or (ii) at any time, the number of bonds outstanding represents less than 20% of the number of bonds originally issued.

Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on May 15, 2027.

OCÉANES are deemed a hybrid instrument comprising equity and debt.

After deducting issuance fees, a total of €760 million was recognized under interest-bearing financial liabilities for the initial bonds on the issue date, corresponding to the present value of cash flows from a similar bond with no conversion rights (see Note 29, "Interest-bearing financial liabilities").

The effective annual interest rate on the liability component is 1.63% including issuance fees.

## 2021-2028 OCÉANES

On June 14, 2021, Safran issued 4,035,601 bonds convertible and/or exchangeable for existing shares ("OCÉANES"), each with a par value of €180.89, i.e., representing a total nominal amount of €730 million.

The bonds do not carry any coupon.

The bonds were issued at a price of €187.22 per bond, representing a total issue price of €756 million.

Bondholders have the option of converting their bonds into shares. This option can be exercised at any point from the issue date and up to the seventh trading day preceding the standard or early redemption date.

Since the bond issuance date, the bond conversion ratio represents 1 share for 1 bond.

The bonds come with an early redemption option that the bearer may trigger in the event of a change of control and that the issuer may trigger if (i) as from April 1, 2025, the share price multiplied by the bond conversion ratio exceeds 130% of the par value of the bonds or (ii) at any time, the number of bonds outstanding represents less than 20% of the number of bonds originally issued.

## e) Dividend distribution

At the Annual General Meeting of May 26, 2021, the shareholders approved a dividend payment of €0.43 per share in respect of 2020, representing a total payout of €183 million. The dividend was paid in full on June 2, 2021.

After deducting issuance fees, a total of €197 million was recognized under interest-bearing financial liabilities for the additional bonds on the issue date, corresponding to the present value of cash flows from a similar bond with no conversion rights (see Note 29, "Interest-bearing financial liabilities").

The effective annual interest rate on the liability component is 1.154% including issuance fees.

The option component recognized in equity for the initial bonds was valued at €33 million on the issue date, or €24 million after the deferred tax impact (see the consolidated statement of changes in shareholders' equity for first-half 2020).

The option component recognized in equity for the additional bonds was valued at €20 million on the issue date, or €15 million after the deferred tax impact (see the consolidated statement of changes in shareholders' equity for second-half 2020).

Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on April 1, 2028.

OCÉANES are deemed a hybrid instrument comprising equity and debt.

After deducting issuance fees, a total of €712 million was recognized under interest-bearing financial liabilities, corresponding to the present value of cash flows from a similar bond with no conversion rights (see Note 29, "Interest-bearing financial liabilities").

The effective annual interest rate on the liability component is 0.376% including issuance fees.

The option component recognized in equity was valued at €39 million on the issue date, or €29 million after the deferred tax impact (see the consolidated statement of changes in shareholders' equity).

At the Annual General Meeting to be held on May 25, 2022 to approve the financial statements for the year ended December 31, 2021, the Board of Directors will recommend a dividend payment of €0.50 per share in respect of 2021, representing a total payout of €214 million.

## NOTE 26 PROVISIONS

Provisions break down as follows:

(in € millions)	Dec. 31, 2020*	Reversals			Changes in scope of consolidation	Other	Dec. 31, 2021
		Additions	Utilizations <sup>(1)</sup>	Reclassifications <sup>(1)</sup>			
Performance warranties	1,110	277	(212)	-	(29)	(2)	1,155
Financial guarantees	2	-	-	-	-	-	2
Post-employment benefits	942	68	(92)	-	(6)	-	778
Sales agreements	189	49	(47)	-	(23)	-	169
Provisions for losses on completion and losses arising on delivery commitments	180	155	(19)	-	(1)	-	323
Disputes and litigation	25	17	(7)	-	(4)	-	31
Other	347	190	(132)	(1)	(12)	-	398
<b>TOTAL</b>	<b>2,795</b>	<b>756</b>	<b>(509)</b>	<b>(1)</b>	<b>(75)</b>	<b>(2)</b>	<b>2,856</b>
<b>Non-current</b>	<b>1,890</b>						<b>1,798</b>
<b>Current</b>	<b>905</b>						<b>1,058</b>

\* The data published for 2020 have been restated for the impact of the change in accounting policy resulting from the IFRIC decision on the attribution of service costs arising on defined benefit plans (see Note 5, "Change in accounting policy").

(1) These reversals in respect of expenses for the period or reclassifications had no impact on profit for the period.

(2) Including the foreign exchange difference resulting from fluctuations in the EUR/USD exchange rate in 2021.

The impacts on the income statement of overall movements in provisions can be analyzed as follows:

(in € millions)	2021
Additions (-)/Reversals (+) recognized in recurring operating income with income statement impact	(603)
Utilization of provisions against operating expenses and therefore with no income statement impact	474
Additions (-)/Reversals (+) recognized in non-recurring operating income	28
Additions (-)/Reversals (+) recognized in financial income (loss)	(70)
<b>TOTAL</b>	<b>(171)</b>

Movements in provisions had a €603 million negative impact on recurring operating income.

## NOTE 27 POST-EMPLOYMENT BENEFITS

The Company has various obligations under defined benefit plans, retirement termination benefits and other commitments, mainly in France, the United States and the United Kingdom. The accounting treatment applied to these commitments is detailed in Note 3.t.

### a) Presentation of post-employment benefits

#### France

##### Defined benefit pension plans

This heading includes a defined benefit supplementary pension plan that was closed to new entrants on December 31, 2017 and under which all conditional entitlements were frozen as of December 31, 2016.

The beneficiaries of this closed plan are Group executive managers with five years' service at December 31, 2017.

##### Retirement termination benefits

This heading includes obligations in respect of statutory termination benefits due on retirement and supplementary payments required by the collective bargaining agreement for the metallurgy industry.

##### Other long-term benefits

In France, other long-term benefits mainly comprise obligations in respect of long-service awards and bonuses.

## United Kingdom

### Defined benefit pension plans

There are three pension funds in place at Safran Landing Systems UK Ltd/Safran Landing Systems Services UK Ltd, Safran Nacelles Ltd and Safran UK. These pension funds have been contracted out, which means they replace the mandatory

supplementary pension plan. The funds are managed by trustees. Beneficiaries no longer accrue any rights under these plans.

### Rest of the world

The Group offers its other employees post-employment benefits and long-service bonuses in accordance with local laws and practices. The main regions concerned in relation to continuing operations are:

- Americas: pension funds in the United States (now frozen) and in Canada, retirement termination benefits in Mexico;

- Europe: pension funds in Switzerland, pension funds and retirement termination benefits in Belgium, pension funds and long-service bonuses in Germany, retirement termination benefits and long-service bonuses in Poland.

## b) Financial position

(in € millions)	Dec. 31, 2020*	Dec. 31, 2021	France	United Kingdom	Rest of the world
Gross obligation	1,753	1,654	658	654	342
Plan assets	859	944	7	708	229
<b>Provision recognized in the accounts</b>	<b>942</b>	<b>778</b>	<b>652</b>	<b>13</b>	<b>113</b>
■ Defined benefit pension plans	192	129	21	13	95
■ Retirement termination benefits	689	591	576	-	15
■ Long-service bonuses and other employee benefits	61	58	55	-	3
<b>RECOGNIZED NET PLAN ASSETS</b>	<b>(48)</b>	<b>(68)</b>	<b>(1)</b>	<b>(67)</b>	<b>-</b>

\* The data published for 2020 have been restated for the impact of the change in accounting policy resulting from the IFRIC decision on the attribution of service costs arising on defined benefit plans (see Note 5, "Change in accounting policy").

(in € millions)	Dec. 31, 2020*	Dec. 31, 2021	Defined benefit pension plans	Retirement termination benefits	Long-service bonuses and other long-term benefits
Gross obligation	1,753	1,654	1,005	591	58
Plan assets	859	944	944	-	-
<b>Provision recognized in the accounts</b>	<b>942</b>	<b>778</b>	<b>129</b>	<b>591</b>	<b>58</b>
<b>RECOGNIZED NET PLAN ASSETS</b>	<b>(48)</b>	<b>(68)</b>	<b>(68)</b>	<b>-</b>	<b>-</b>

\* The data published for 2020 have been restated for the impact of the change in accounting policy resulting from the IFRIC decision on the attribution of service costs arising on defined benefit plans (see Note 5, "Change in accounting policy").

The decrease in the gross obligation results from the following conflicting impacts:

- a decrease in the obligation resulting from the revised financial assumptions (discount and inflation rates) used to determine the benefit obligation in the United Kingdom and the eurozone;

- an increase in the obligation resulting from the appreciation of the pound sterling, generating exchange differences.

The value of plan assets also increased during the year due to the outperformance of returns on pension fund assets in the United Kingdom relative to the discount rates and the appreciation of the pound sterling.

The cost of the Group's pension obligations in 2020 and 2021 can be analyzed as follows:

(in € millions)	2020	2021
Current service cost	(67)	(65)
Actuarial gains and losses recognized (on other long-term benefits)	-	5
Plan implementation, amendment and settlement	4	7
Plan administration costs	(1)	(1)
<b>Total operating component of the pension expense</b>	<b>(64)</b>	<b>(54)</b>
Interest cost on the net benefit obligation	(7)	(5)
<b>Total financing component of the pension expense</b>	<b>(7)</b>	<b>(5)</b>
<b>TOTAL</b>	<b>(71)</b>	<b>(59)</b>

The Group expects to pay a total of €31 million into its defined benefit pension plans in 2022.

Main assumptions used to calculate the gross benefit obligation:

		Eurozone	United Kingdom
<b>Discount rate</b>	2020	0.50%	1.45%
	<b>2021</b>	<b>1.00%</b>	<b>1.90%</b>
<b>Inflation rate</b>	2020	1.75%	2.80%
	<b>2021</b>	<b>1.75%</b>	<b>3.35%</b>
<b>Rate of annuity increases</b>	2020	1.00%	2.80%
	<b>2021</b>	<b>1.00%</b>	<b>3.35%</b>
<b>Rate of future salary increases</b>	2020	1.12%-5.00%	N/A
	<b>2021</b>	<b>0.81%-3.62%</b>	<b>N/A</b>
<b>Retirement age</b>	2020	Managerial: 64/65 years Non-managerial: 62/65 years	65 years
	<b>2021</b>	<b>Managerial: 64/65 years</b>	<b>65 years</b>
		<b>Non-managerial: 62/65 years</b>	

The discount rates are determined by reference to the yield on private investment-grade bonds (AA). The Group refers to the iBoxx index to calculate the benefit obligations in its two main regions (eurozone and United Kingdom).

## Sensitivity analysis

An increase or decrease of 0.5% in the main assumptions would have the following impacts on the amount of the gross benefit obligation at December 31, 2021:

<i>(in € millions)</i>		
<b>Sensitivity (basis points)</b>	<b>-0.50%</b>	<b>0.50%</b>
Discount rate	127	(117)
Inflation rate	(57)	55
Rate of future salary increases	(42)	43

*For the purpose of the analysis, it was assumed that all other variables remained the same.*

The change in the value of the gross projected benefit obligation would have mainly affected actuarial gains and losses recognized in other comprehensive income.

## c) Change in the gross benefit obligation and plan assets

## Change in the gross benefit obligation:

(in € millions)	2020*	2021	Defined benefit pension plans	Retirement termination benefits	Long-service bonuses and other employee benefits
<b>GROSS BENEFIT OBLIGATION AT BEGINNING OF PERIOD</b>	<b>1,782</b>	<b>1,753</b>	<b>1,003</b>	<b>689</b>	<b>61</b>
<b>A. PENSION EXPENSE</b>					
Current service cost	67	65	14	46	5
Actuarial gains and losses recognized (on other long-term benefits)	-	(5)	-	-	(5)
Plan implementation, amendment and settlement	(4)	(7)	(7)	-	-
Interest cost	21	18	13	5	-
<b>Total expense recognized in the income statement</b>	<b>84</b>	<b>71</b>	<b>20</b>	<b>51</b>	<b>-</b>
<b>B. ACTUARIAL GAINS AND LOSSES ARISING IN THE PERIOD ON POST-EMPLOYMENT PLANS</b>					
Actuarial gains and losses resulting from changes in demographic assumptions	-	(1)	1	(2)	-
Actuarial gains and losses resulting from changes in financial assumptions	63	(102)	(30)	(72)	-
Experience adjustments	10	(15)	(1)	(14)	-
<b>Total revaluation recognized in other comprehensive income for the period</b>	<b>73</b>	<b>(118)</b>	<b>(30)</b>	<b>(88)</b>	<b>-</b>
<b>C. OTHER ITEMS</b>					
Employee contributions	3	3	3	-	-
Benefits paid	(96)	(109)	(45)	(61)	(3)
Changes in scope of consolidation	-	-	-	-	-
Application of IFRIC decision	(52)	-	-	-	-
Foreign exchange differences	(41)	54	54	-	-
<b>Total other items</b>	<b>(186)</b>	<b>(52)</b>	<b>12</b>	<b>(61)</b>	<b>(3)</b>
<b>GROSS BENEFIT OBLIGATION AT END OF PERIOD</b>	<b>1,753</b>	<b>1,654</b>	<b>1,005</b>	<b>591</b>	<b>58</b>
Average weighted term of pension plans	15	15	18	11	9

\* The data published for 2020 have been restated for the impact of the change in accounting policy resulting from the IFRIC decision on the attribution of service costs arising on defined benefit plans (see Note 5, "Change in accounting policy").

## Change in the fair value of plan assets:

(in € millions)	2020*	2021	Defined benefit pension plans	Retirement termination benefits	Long-service bonuses and other employee benefits
<b>FAIR VALUE OF PLAN ASSETS AT BEGINNING OF PERIOD</b>	<b>809</b>	<b>859</b>	<b>859</b>	<b>-</b>	<b>-</b>
<b>A. INCOME</b>					
Interest income on plan assets	14	13	13	-	-
Plan administration costs	(1)	(1)	(1)	-	-
<b>Total income recognized in the income statement</b>	<b>13</b>	<b>12</b>	<b>12</b>	<b>-</b>	<b>-</b>
<b>B. ACTUARIAL GAINS AND LOSSES ARISING IN THE PERIOD ON POST-EMPLOYMENT PLANS</b>					
Return on plan assets (excluding interest income component)	70	36	36	-	-
<b>Total revaluation recognized in other comprehensive income for the period</b>	<b>70</b>	<b>36</b>	<b>36</b>	<b>-</b>	<b>-</b>
<b>C. OTHER ITEMS</b>					
Employee contributions	3	3	3	-	-
Employer contributions	44	25	25	-	-
Benefits paid	(42)	(45)	(45)	-	-
Changes in scope of consolidation	-	-	-	-	-
Other movements	(1)	-	-	-	-
Foreign exchange differences	(37)	54	54	-	-
<b>Total other items</b>	<b>(33)</b>	<b>37</b>	<b>37</b>	<b>-</b>	<b>-</b>
<b>FAIR VALUE OF PLAN ASSETS AT END OF PERIOD</b>	<b>859</b>	<b>944</b>	<b>944</b>	<b>-</b>	<b>-</b>

\* The data published for 2020 have been restated for the impact of the change in accounting policy resulting from the IFRIC decision on the attribution of service costs arising on defined benefit plans (see Note 5, "Change in accounting policy").

## d) Asset allocation

	United Kingdom % allocation at		Other European countries % allocation at	
	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021
Shares	6.29%	2.61%	27.69%	29.22%
Bonds and debt instruments	70.71%	78.33%	53.08%	51.35%
Property	2.30%	2.40%	12.14%	12.63%
Mutual funds and other diversified funds	15.66%	15.11%	0.47%	0.57%
Cash and cash equivalents	5.04%	1.55%	5.81%	5.29%
Other	0.00%	0.00%	0.81%	0.94%

An active market price exists for all plan assets except property.

In the United Kingdom, the Group's long-term aim is to limit its exposure to defined benefit plans and ultimately endeavor to contract out these obligations to insurance firms under favorable market conditions. In the meantime, the Group is committed to ensuring that its pension obligations are adequately funded.

The Group's investment policy for pension funds in the United Kingdom combines safe harbor investments (in monetary funds, government bonds, bond funds), to secure the medium-term funding of obligations, with riskier investments such as in equity funds and real estate funds, whose expected profitability over the long term guarantees the financial stability of the plans.

## e) Contributions to defined contribution plans

Defined contribution plans include statutory, supplementary and additional pension plans (in France: the "Article 83" plan for engineers and managerial-grade employees (*cadres*) and the additional "Article 83" plan and the "Article 82" plan for executive managers).

The expense for 2021 recognized in respect of defined contribution plans for continuing operations represented €267 million (€292 million in 2020).



## NOTE 28 BORROWINGS SUBJECT TO SPECIFIC CONDITIONS

This caption includes repayable advances granted by public bodies.

Movements in this caption break down as follows:

<i>(in € millions)</i>	
<b>At December 31, 2020</b>	<b>426</b>
New advances received	13
Advances repaid	(25)
<b>Sub-total: changes with a cash impact</b>	<b>(12)</b>
Cost of borrowings and discounting	18
Foreign exchange differences	2
Adjustments to the probability of repayment of advances	(107)
<b>Sub-total: changes with no cash impact</b>	<b>(87)</b>
<b>AT DECEMBER 31, 2021</b>	<b>327</b>

Estimates as to the repayable amounts and the timing of repayments are made regarding borrowings subject to specific conditions.

The Group revised the probability of repayment for its repayable advances, mainly with regard to civil aircraft programs.

## NOTE 29 INTEREST-BEARING FINANCIAL LIABILITIES

Breakdown of interest-bearing financial liabilities:

<i>(in € millions)</i>	Dec. 31, 2020	Dec. 31, 2021
Bond issue	212	1,599
Convertible bonds (OCÉANES)	1,641	1,684
Senior unsecured notes (USPP)	1,430	1,014
Lease liabilities	494	512
Long-term borrowings	305	285
<b>Total non-current interest-bearing financial liabilities (portion maturing in more than 1 year at inception)</b>	<b>4,082</b>	<b>5,094</b>
Bond issue	500	-
Senior unsecured notes (USPP)	-	485
Lease liabilities	114	97
Long-term borrowings	347	359
Accrued interest not yet due	10	9
<b>Current interest-bearing financial liabilities, long-term at inception</b>	<b>971</b>	<b>950</b>
Negotiable European Commercial Paper (NEU CP)	1,322	100
Short-term bank facilities and equivalent	216	670
<b>Current interest-bearing financial liabilities, short-term at inception</b>	<b>1,538</b>	<b>770</b>
<b>Total current interest-bearing financial liabilities (less than 1 year)</b>	<b>2,509</b>	<b>1,720</b>
<b>TOTAL INTEREST-BEARING FINANCIAL LIABILITIES<sup>(1)</sup></b>	<b>6,591</b>	<b>6,814</b>

(1) The fair value of interest-bearing financial liabilities amounts to €6,942 million (€6,762 million at December 31, 2020).

Movements in this caption break down as follows:

<i>(in € millions)</i>	
<b>At December 31, 2020</b>	<b>6,591</b>
Increase in long-term borrowings at inception (excluding lease liabilities)	2,146
Decrease in long-term borrowings at inception	(1,367)
Change in short-term borrowings	(775)
<b>Sub-total: changes with a cash impact</b>	<b>4</b>
Net increase in lease liabilities	93
Accrued interest	-
Changes in scope of consolidation	(19)
Foreign exchange differences	127
2023 OCÉANES repurchase <sup>(1)</sup>	71
Option component of the 2028 OCÉANES <sup>(2)</sup>	(39)
Change in the fair value of borrowings hedged with interest rate instruments <sup>(3)</sup>	(27)
Reclassifications and other	13
<b>Sub-total: changes with no cash impact</b>	<b>219</b>
<b>AT DECEMBER 31, 2021</b>	<b>6,814</b>

(1) Corresponding to the loss recognized in respect of the equity component of the 2023 OCÉANES following the repurchase on June 15, 2021.

(2) See Note 25.d, "Convertible bond issues".

(3) See Note 33, "Management of market risks and derivatives".

Analysis by maturity:

<i>(in € millions)</i>	Dec. 31, 2020	Dec. 31, 2021
Maturing in:		
■ 1 year or less	2,509	1,720
■ More than 1 year and less than 5 years	2,410	1,949
■ Beyond 5 years <sup>(1)</sup>	1,672	3,145
<b>TOTAL</b>	<b>6,591</b>	<b>6,814</b>

(1) Mainly OCÉANES, other bonds and the USPP 2030 and 2032.

Analysis by currency before hedging:

	Dec. 31, 2020		Dec. 31, 2021	
<i>(in millions of currency units)</i>	Currency	EUR	Currency	EUR
EUR	5,072	5,072	4,841	4,841
USD	1,704	1,389	2,038	1,801
CAD	8	5	8	6
GBP	22	24	26	31
Other	N/A	101	N/A	135
<b>TOTAL</b>		<b>6,591</b>		<b>6,814</b>

Analysis by currency after hedging:

	Dec. 31, 2020		Dec. 31, 2021	
<i>(in millions of currency units)</i>	Currency	EUR	Currency	EUR
EUR	6,216	6,216	6,056	6,056
USD	298	245	662	586
CAD	8	5	8	6
GBP	22	24	26	31
Other	N/A	101	N/A	135
<b>TOTAL</b>		<b>6,591</b>		<b>6,814</b>

Analysis by type of interest rate:

- Analysis by type of interest rate (fixed/floating), before hedging:

(in € millions)	Total		Non-current				Current			
	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020		Dec. 31, 2021		Dec. 31, 2020		Dec. 31, 2021	
	Base	Base	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate
Fixed rate	5,594	6,323	3,941	2.45%	4,963	1.61%	1,653	0.27%	1,360	1.65%
Floating rate	997	491	142	1.29%	131	1.36%	855	0.40%	360	1.00%
<b>TOTAL</b>	<b>6,591</b>	<b>6,814</b>	<b>4,083</b>	<b>2.41%</b>	<b>5,094</b>	<b>1.60%</b>	<b>2,508</b>	<b>0.31%</b>	<b>1,720</b>	<b>1.51%</b>

- Analysis by type of interest rate (fixed/floating), after hedging:

(in € millions)	Total		Non-current				Current			
	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020		Dec. 31, 2021		Dec. 31, 2020		Dec. 31, 2021	
	Base	Base	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate
Fixed rate	5,382	6,116	3,729	1.71%	4,756	1.24%	1,653	0.27%	1,360	0.67%
Floating rate	1,209	698	354	1.13%	338	1.13%	855	0.40%	360	1.00%
<b>TOTAL</b>	<b>6,591</b>	<b>6,814</b>	<b>4,083</b>	<b>1.66%</b>	<b>5,094</b>	<b>1.23%</b>	<b>2,508</b>	<b>0.31%</b>	<b>1,720</b>	<b>0.74%</b>

The Group's net debt position is as follows:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Cash and cash equivalents (A)	3,747	5,247
Interest-bearing financial liabilities (B)	6,591	6,814
Fair value of interest rate derivatives used as fair value hedges of borrowings (C)	52	23
<b>TOTAL (A) - (B) + (C)</b>	<b>(2,792)</b>	<b>(1,544)</b>

The Group's gearing ratio is shown below:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Net debt	(2,792)	(1,544)
Total equity	12,790	13,270
<b>GEARING RATIO</b>	<b>21.83%</b>	<b>11.64%</b>

## Main long-term borrowings at inception

- US private placement (USPP) of senior unsecured notes issued by the Group on February 9, 2012, under which USD 1.045 billion was outstanding at December 31, 2021, comprising:

- USD 540 million of 10-year notes due February 2022 at a 4.28% fixed-rate coupon; and
- USD 505 million of 12-year notes due February 2024 at a 4.43% fixed-rate coupon.

An interest rate hedge in the form of a cross currency swap (USD floating-rate borrower at inception, followed by EUR fixed-rate borrower from March 2019) was set up on these two tranches, allowing the USD fixed-rate debt to be fully swapped for EUR fixed-rate debt.

At December 31, 2021, the average interest rate of the issue came out at 1.64% after taking into account the impact of interest rate derivatives.

- US private placement (USPP) of senior unsecured notes issued by the Group on June 29, 2020 for a nominal amount equivalent to €564 million, comprising:

- USD 181 million of 10-year notes due June 2030 at a 3.10% fixed-rate coupon (tranche A);
- USD 133 million of 12-year notes due June 2032 at a 3.30% fixed-rate coupon (tranche B);
- €122 million of 10-year notes due June 2030 at a 2.00% fixed-rate coupon (tranche C);

- €164 million of 12-year notes due June 2032 at a 2.05% fixed-rate coupon (tranche D).

A EUR/USD cross currency swap (EUR fixed-rate borrower and USD fixed-rate lender) was set up on tranches A and B on July 21, 2020, swapping USD fixed-rate debt for EUR fixed-rate debt.

After taking this hedge into account, tranche A bears fixed-rate interest at 2.04% and has a notional amount of €158 million, while tranche B bears fixed-rate interest at 2.22% and has a notional amount of €116 million.

After taking this hedge into account, the 10-year notes (tranches A and C) of the USPP carry an effective coupon of 2.02% and have a notional amount of €280 million, while the 12-year notes (tranches B and D) carry an effective coupon of 2.12% and have a notional amount of €280 million.

- Issuance on April 11, 2014 of 10-year, 2.875% fixed-rate bonds for €200 million (maturing in April 2024). The bonds were issued at 99.529% of par. A floating-rate swap was set up on the issue. The effective coupon in 2021 was 0.979% after taking into account the impact of interest rate derivatives.

- Issuance on March 16, 2021 of:

- 5-year, 0.125% fixed-rate bonds for €700 million (maturing on March 16, 2026). The bonds were issued at

99.231% of par. Upon issuance, the bonds were rated BBB+ by Standard & Poor's;

- 10-year, 0.750% fixed-rate bonds for €700 million (maturing on March 17, 2031). The bonds were issued at 99.349% of par. Upon issuance, the bonds were rated BBB+ by Standard & Poor's.
- Euro private placement ("Euro PP") in the form of a syndicated loan with an original maturity of seven years, contracted by the former Zodiac Aerospace on March 10, 2016 and falling due on March 10, 2023, on which €180 million was outstanding at December 31, 2021 at an adjustable rate of 2.902%.
- Bonds convertible into new shares and/or exchangeable for existing shares ("OCÉANES") on May 15, 2020 for a nominal amount of €800 million. The bonds bear interest at 0.875% and were offered at an issue price representing 100% of par, or a gross yield to maturity at the issue date of 0.875%. Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on May 15, 2027. The effective annual interest rate on the liability component of the OCÉANES is 1.63% including issuance fees (see Note 25.d, "Convertible bond issues").
- Tap issue of bonds convertible into new shares and/or exchangeable for existing shares ("OCÉANES") on October 12, 2020 for a nominal amount of €200 million. The bonds bear interest at 0.875% and were offered at an issue price representing 109.03% of par, or a gross negative yield to maturity at the issue date of 0.419%. The bonds carry the same terms and conditions as those issued on May 15, 2020, with which they are fully fungible and with which they form a single series. The effective annual interest rate on the liability component of the OCÉANES issued on October 12, 2020 is 1.154% including issuance fees (see Note 25.d, "Convertible bond issues").
- Bonds convertible into new shares and/or exchangeable for existing shares ("OCÉANES") on June 14, 2021 for a nominal amount of €730 million. The bonds do not carry a coupon and were offered at an issue price representing

103.5% of par, or a gross negative yield to maturity at the issue date of 0.50%. Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on April 1, 2028. The effective annual interest rate on the liability component of the OCÉANES is 0.38% including issuance fees (see Note 25.d, "Convertible bond issues").

- Negotiable European Commercial Paper (NEU CP) subscribed by a corporate mutual fund of the Group employee savings plan and amounting to €419.5 million at December 31, 2021. The average interest rate payable by Safran on this commercial paper was 0.99% at December 31, 2021. The sums managed by the corporate mutual fund and reinvested in Safran NEU CP are frozen for an initial period of five years. In view of the fund's commitments, the NEU CP is classified within long-term borrowings. At December 31, 2021, 82% of the sums managed by the corporate mutual fund will be available within one year. Accordingly, 82% of the €419.5 million in NEU CP is classified within the current portion of long-term borrowings.
- Lease liabilities recognized in accordance with IFRS 16 (including former finance lease liabilities) totaling €609 million at December 31, 2021.

The Group's other long- and medium-term borrowings are not material taken individually.

In 2021, the following borrowings were redeemed at maturity or repurchased:

- Four-year floating-rate bonds issued on June 28, 2017 at 3-month Euribor +57 basis points (coupon floored at 0%) for €500 million, redeemed on June 28, 2021.
- Bonds convertible into new shares and/or exchangeable for existing shares ("OCÉANES") issued on June 21, 2018 for a nominal amount of €700 million: 96.2% of the OCÉANES were repurchased on June 15, 2021 for €745 million and the 3.8% of the OCÉANES that remained outstanding were redeemed early at par on the Group's initiative on July 19, 2021 for €27 million.

## Main short-term borrowings

- Negotiable European Commercial Paper (NEU CP): €100 million (€1,322 million at December 31, 2020), reflecting the priority given to longer-term debt instruments.

- Financial current accounts with non-consolidated subsidiaries and joint ventures: €328 million (€180 million at December 31, 2020). Interest is indexed to Euribor.

Other short-term borrowings consist mainly of bank overdrafts.

## Sale of receivables without recourse

Net debt at both December 31, 2021 and December 31, 2020 does not include trade receivables sold without recourse, including the two lines below relating to CFM International Inc. (joint operation):

- The confirmed facility renewed in December 2020 and maturing in December 2022 for USD 1,430 million, contracted with a syndicate of seven banks led by Crédit Agricole CIB, increased to USD 1,780 million at end-January 2021 with a syndicate of eight banks, and reduced to USD 675 million in December 2021, had been drawn in an amount of USD 29 million at December 31, 2021 (USD 14.5 million based on a 50% interest), versus USD 546 million at December 31, 2020 (USD 273 million based on a 50% interest).

- The confirmed facility renewed at end-December 2020 and initially maturing in June 2021 for USD 180 million, contracted with a syndicate of three banks led by Crédit Agricole CIB, and further renewed until December 2021 for the same amount with Crédit Agricole CIB, on which no amounts were drawn at December 31, 2021, versus USD 167 million at December 31, 2020 (USD 83.5 million based on a 50% interest). This facility was not renewed at its maturity date of December 31, 2021.

The facilities may be terminated by the bank counterparties if there is a significant deterioration in the credit rating of the customers whose trade receivables have been sold.

## NOTE 30 TRADE AND OTHER PAYABLES

(in € millions)	Dec. 31, 2020	Movements during the period	Changes in scope of consolidation	Foreign exchange differences	Reclassifications	Dec. 31, 2021
<b>Operating payables</b>	<b>3,861</b>	<b>561</b>	<b>(10)</b>	<b>40</b>	<b>(2)</b>	<b>4,450</b>
Credit balances on trade receivables	586	348	-	2	(2)	934
Trade payables	2,121	210	(10)	27	2	2,350
Operating current account	2	-	-	-	(1)	1
Employee-related liabilities	1,152	3	-	11	(1)	1,165
<b>Other liabilities</b>	<b>492</b>	<b>11</b>	<b>-</b>	<b>6</b>	<b>(9)</b>	<b>500</b>
State aid, accrued payables	26	-	-	-	-	26
State, other taxes and duties	206	24	1	1	-	232
Deferred income	108	(4)	-	-	-	104
Other	152	(9)	(1)	5	(9)	138
<b>TOTAL</b>	<b>4,353</b>	<b>572</b>	<b>(10)</b>	<b>46</b>	<b>(11)</b>	<b>4,950</b>

Trade and other payables fall due as shown below:

(in € millions)	Total	Less than 12 months	More than 12 months
Operating payables	4,450	4,415	35
Other liabilities	500	442	58
<b>TOTAL</b>	<b>4,950</b>	<b>4,857</b>	<b>93</b>

## NOTE 31 OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

(in € millions)	Dec. 31, 2020	Movements during the period	Changes in scope of consolidation	Foreign exchange differences	Reclassifications	Dec. 31, 2021
Payables on purchases of property, plant and equipment and intangible assets	61	113	-	1	1	176
Payables on purchases of investments	-	2	-	-	-	2
<b>TOTAL</b>	<b>61</b>	<b>115</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>178</b>
<b>Non-current</b>	<b>2</b>					<b>116</b>
<b>Current</b>	<b>59</b>					<b>62</b>

These liabilities are not included in the Group's net financial position at December 31, 2021.

## NOTE 32 SUMMARY OF FINANCIAL LIABILITIES

The following table presents the carrying amount of the Group's financial liabilities at December 31, 2020 and December 31, 2021:

At December 31, 2020 (in € millions)	Carrying amount		
	Financial liabilities at amortized cost <sup>(1)</sup>	Financial liabilities at fair value	Total
Borrowings subject to specific conditions	426		426
Non-current interest-bearing financial liabilities	4,082		4,082
Current interest-bearing financial liabilities	2,509		2,509
Trade payables	2,121		2,121
Payables on purchases of property, plant and equipment and intangible assets	61		61
Operating current accounts	2		2
Non-current derivatives (negative fair value)		18	18
Current derivatives (negative fair value)		1,244	1,244
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>9,201</b>	<b>1,262</b>	<b>10,463</b>

(1) Including financial liabilities hedged by fair value hedging instruments. The adjustment to the fair value of interest-bearing financial liabilities hedged by fair value hedging instruments represented €52 million at December 31, 2020.

At December 31, 2021 (in € millions)	Carrying amount		
	Financial liabilities at amortized cost <sup>(1)</sup>	Financial liabilities at fair value	Total
Borrowings subject to specific conditions	327		327
Non-current interest-bearing financial liabilities	5,094		5,094
Current interest-bearing financial liabilities	1,720		1,720
Trade payables	2,350		2,350
Payables on purchases of investments	2	-	2
Payables on purchases of property, plant and equipment and intangible assets	176		176
Operating current accounts	1		1
Non-current derivatives (negative fair value)		8	8
Current derivatives (negative fair value)		1,788	1,788
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>9,670</b>	<b>1,796</b>	<b>11,466</b>

(1) Including financial liabilities hedged by fair value hedging instruments. The adjustment to the fair value of interest-bearing financial liabilities hedged by fair value hedging instruments represented €0 million at December 31, 2021.

The fair value of financial liabilities is determined by reference to the future cash flows associated with each liability, discounted at market interest rates at the end of the reporting period, with the exception of borrowings subject to specific conditions, whose fair value cannot be estimated reliably given the uncertainties regarding the amounts to be repaid and the timing of repayment.

In both 2021 and 2020, the fair value of financial liabilities approximates their carrying amount, except in the case of the following items:

(in € millions)	Dec. 31, 2020		Dec. 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Borrowings subject to specific conditions	426	N/A	327	N/A
Interest-bearing financial liabilities <sup>(1)</sup>	6,591	6,762	6,814	6,942

(1) This fair value measurement relates to Level 2 in the fair value hierarchy (see Note 24, "Summary of financial assets").

Safran uses the fair value hierarchy described in Note 24, "Summary of financial assets" to determine the classification of financial liabilities at fair value.

The Group carried the following financial liabilities at fair value at December 31, 2020:

(in € millions)	Level 1	Level 2	Level 3	Total
Derivatives (negative fair value)	-	1,262	-	1,262
<b>TOTAL</b>	<b>-</b>	<b>1,262</b>	<b>-</b>	<b>1,262</b>



The Group carried the following financial liabilities at fair value at December 31, 2021:

(in € millions)	Level 1	Level 2	Level 3	Total
Derivatives (negative fair value)	-	1,796	-	1,796
<b>TOTAL</b>	<b>-</b>	<b>1,796</b>	<b>-</b>	<b>1,796</b>

No items were transferred between Level 1 and Level 2 or to/from Level 3 in either 2021 or 2020.

## Offsetting of financial liabilities and financial assets

### At December 31, 2020

(in € millions)	Gross carrying amount	Amount offset	Net amount on the balance sheet <sup>(1)</sup>	Amount subject to offset agreement but not offset	Net
	(a)	(b)	(c)	(d)	(c) - (d)
Derivatives (negative fair value)	1,262	-	1,262	502	760

(1) See Note 33, "Management of market risks and derivatives".

### At December 31, 2021

(in € millions)	Gross carrying amount	Amount offset	Net amount on the balance sheet <sup>(1)</sup>	Amount subject to offset agreement but not offset	Net
	(a)	(b)	(c)	(d)	(c) - (d)
Derivatives (negative fair value)	1,796	-	1,796	721	1,075

(1) See Note 33, "Management of market risks and derivatives".

The tables above show the financial liabilities for which an offsetting agreement exists with respect to financial assets.

The Group does not offset financial assets against financial liabilities in its balance sheet at December 31, 2021 or December 31, 2020, since the requisite conditions set out in IAS 32 are not met. Master offsetting (netting) agreements governing the subscription of OTC derivatives with bank

counterparties provide for a right of set-off only in the event of default, insolvency or bankruptcy of one of the parties to the agreement.

The amounts subject to an offsetting agreement but not offset comprise a portion of the Group's derivatives with a positive fair value, since amounts can only be offset if they relate to the same counterparty.

## NOTE 33 MANAGEMENT OF MARKET RISKS AND DERIVATIVES

The main market risks to which the Group is exposed are foreign currency risk, interest rate risk, counterparty risk and liquidity risk.

The carrying amount of derivatives used to manage market risks is shown below:

(in € millions)	Dec. 31, 2020		Dec. 31, 2021	
	Assets	Liabilities	Assets	Liabilities
<b>Interest rate risk management</b>	<b>52</b>	<b>(18)</b>	<b>23</b>	<b>(8)</b>
Floating-for-fixed interest rate swaps	-	(18)	-	(8)
Fixed-for-floating interest rate swaps	52	-	23	-
<b>Foreign currency risk management</b>	<b>694</b>	<b>(1,244)</b>	<b>705</b>	<b>(1,788)</b>
Currency swaps	-	(95)	-	(3)
Purchase and sale of forward currency contracts	98	(33)	101	(68)
Currency option contracts	596	(1,116)	604	(1,717)
<b>TOTAL</b>	<b>746</b>	<b>(1,262)</b>	<b>728</b>	<b>(1,796)</b>

## Foreign currency risk management

Most revenue earned in the civil aviation sector is denominated in US dollars, which is the benchmark currency used in the industry. The net excess of revenues over operating expenses for these activities totaled approximately USD 6.5 billion for 2021.

### Hedging policy

Three basic principles underscore the foreign currency risk management policy defined by Safran for most of its subsidiaries:

- to protect the Group's economic performance from random fluctuations in the US dollar;
- to optimize the quality of hedging whenever possible, without jeopardizing the Group's economic performance (first principle);

### Management policy

The hedging policy is based on managing the financial instrument portfolio in order to guarantee a predefined minimum parity.

In building up its hedging portfolio, the Group primarily uses forward sales, accumulators and a combination of options. Certain instruments include knock-in or knock-out barrier options, representing a risk to the size of the hedge book and

To protect its earnings, the Group implements a hedging policy (see below) with the aim of reducing uncertainty factors affecting operating profitability and allowing it to adapt its cost structure to a volatile monetary environment.

- to provide visibility as regards the exchange rate applied in the Group's consolidated financial statements.

Protecting economic performance means setting a minimum USD exchange rate parity over an applicable term. Minimum parity corresponds to a USD exchange rate that allows Safran to meet its operating profit targets. Hedging arrangements have been made accordingly over a timeframe of three to four years.

to targeted hedge rates in certain cases of exchange rate fluctuations.

Optimization measures are also used with a view to improving the minimum exchange rate parity, and seek to protect the Group's economic performance at all times. They are based on products that allow the Group to take advantage of any improvement in the underlying exchange rate parities.

## Foreign currency derivatives

The portfolio of foreign currency derivatives breaks down as follows:

(in millions of currency units)	Dec. 31, 2020				Dec. 31, 2021			
	Fair value <sup>(1)</sup>	Notional amount <sup>(1)</sup>	Less than 1 year	1 to 5 years	Fair value <sup>(1)</sup>	Notional amount <sup>(1)</sup>	Less than 1 year	1 to 5 years
<b>Forward exchange contracts</b>	<b>65</b>				<b>33</b>			
Short USD position	34	2,413	2,413	-	(34)	629	629	-
Of which against EUR	34	2,413	2,413	-	(34)	629	629	-
Long USD position	(19)	(163)	-	(163)	(7)	(163)	(163)	-
Of which against EUR	(19)	(163)	-	(163)	(7)	(163)	(163)	-
Long GBP position against EUR	4	107	-	107	37	(249)	(202)	(47)
Long CAD position against EUR	-	-	-	-	12	(89)	(89)	-
Long MXN position against EUR	46	(12,245)	(3,604)	(8,641)	25	(16,304)	(10,066)	(6,238)
<b>Currency swaps</b>	<b>(95)</b>				<b>(3)</b>			
Cross currency swaps	(95)	1,359	-	1,359	(3)	(1,359)	(540)	(819)
<b>Currency option contracts</b>	<b>(520)</b>				<b>(1,113)</b>			
USD put purchased against EUR	481	30,975	25,675	5,300	404	37,143	34,483	2,660
USD call purchased against EUR	16	(1,900)	(1,900)	-	29	(1,200)	(1,200)	-
USD put sold against EUR	(105)	(3,800)	(3,800)	-	(1)	(400)	(400)	-
USD call sold against EUR	(210)	71,210	61,110	10,100	(1,430)	79,886	74,566	5,320
CAD call purchased against EUR	26	(794)	(794)	-	44	(645)	(645)	-
CAD put sold against EUR	(6)	(1,248)	(1,248)	-	-	(1,202)	(1,202)	-
GBP call purchased against EUR	42	(930)	(930)	-	55	(552)	(552)	-
GBP put sold against EUR	(21)	(1,859)	(1,859)	-	(1)	(826)	(826)	-
MXN call purchased against EUR	-	-	-	-	1	(3,306)	(1,380)	(1,926)
MXN put sold against EUR	-	-	-	-	(20)	(6,613)	(2,760)	(3,853)
Accumulators – sell USD for EUR <sup>(2)</sup>	6	1,963	537	1,426	10	2,323	863	1,461
Accumulators – buy USD for EUR <sup>(2)</sup>	(661)	(7,808)	(5,002)	(2,805)	(204)	(4,190)	(2,805)	(1,385)
Accumulators – buy CAD for EUR <sup>(2)</sup>	(34)	(355)	(355)	-	-	-	-	-
Accumulators – buy MXN for EUR <sup>(2)</sup>	(44)	(7,427)	(7,427)	-	-	-	-	-
Accumulators – buy GBP for EUR <sup>(2)</sup>	(10)	(95)	(95)	-	-	-	-	-
<b>TOTAL</b>	<b>(550)</b>				<b>(1,083)</b>			

(1) Fair values are expressed in millions of euros; notional amounts are expressed in millions of currency units.

(2) Notional amounts for accumulators represent the maximum cumulative amount until the instrument is unwound.

In the balance sheet, changes in the fair value of outstanding currency hedging instruments between December 31, 2020 and December 31, 2021 represent a negative €533 million.

In the income statement, the Group has chosen not to apply hedge accounting to these derivatives. As a result, any changes in the fair value of these instruments are recognized in full in “Financial income (loss)”.

## Exposure and sensitivity to foreign currency risk

The exposure of the Group's financial instruments to EUR/USD foreign currency risk can be summarized as follows:

(in USD millions)	Dec. 31, 2020	Dec. 31, 2021
Total assets excluding derivatives	2,621	1,666
Total liabilities excluding derivatives	(2,787)	(3,175)
Derivatives hedging balance sheet positions <sup>(1)</sup>	86	1,090
<b>NET EXPOSURE AFTER THE IMPACT OF DERIVATIVES HEDGING BALANCE SHEET POSITIONS</b>	<b>(80)</b>	<b>(419)</b>

(1) Notional amount.

Assets and liabilities excluding derivatives primarily consist of operating receivables and payables denominated in USD in the balance sheets of Group subsidiaries whose functional currency is the euro, and unsecured notes issued by Safran on the US private placement market for USD 1.4 billion. After setting up the cross currency swap to hedge the foreign currency risk on USD unsecured notes (see “Exposure to USD interest rate risk”), virtually all of these assets and liabilities are hedged by foreign currency hedging derivatives.

In addition to this net exposure, the Group has EUR/USD currency derivatives hedging revenue net of future purchases. These instruments had a negative fair value of USD 1,394 million, compared to a total negative fair value of USD 1,397 million for EUR/USD currency derivatives at December 31, 2021 (negative fair value of USD 525 million and USD 562 million, respectively, at December 31, 2020).

The sensitivity of financial instruments to a 5% increase or decrease in the EUR/USD exchange rate is as follows:

	Dec. 31, 2020		Dec. 31, 2021	
Impact on balance sheet positions (in € millions)	USD		USD	
Closing rate	1.23		1.13	
EUR/USD exchange rate change assumptions	-5%	+5%	-5%	+5%
EUR/USD exchange rate used for sensitivity analysis	1.17	1.29	1.01	1.19
Impact recognized through profit or loss (before tax)	(404)	(636)	(2,447)	1,816
Impact recognized through equity (before tax)	-	-	-	-

## Interest rate risk management

The Group's exposure to fluctuations in interest rates covers two types of risk:

- fair value risk in respect of fixed-rate financial assets and liabilities. Interest rate fluctuations impact the market value of these assets and liabilities as well as the Group's balance sheet;

- cash flow risks in respect of floating-rate financial assets and liabilities. Interest rate fluctuations have a direct impact on the Group's profit or loss.

Within the framework of its interest rate risk management policy, the Group arbitrates between these two types of risks using financial instruments specific to fixed-income markets (interest rate swaps and options, etc.).

## Exposure to EUR interest rate risk

Interest rate swaps were taken out to convert the fixed rate payable on the €200 million bond issue carried out in first-half 2014 and maturing in April 2024 to a floating rate.

These swaps are eligible for fair value hedge accounting.

	Dec. 31, 2020					Dec. 31, 2021				
(in € millions)	Fair value	Notional amount (€)	Less than 1 year	1 to 5 years	More than 5 years	Fair value	Notional amount (€)	Less than 1 year	1 to 5 years	More than 5 years
<b>Interest rate swaps</b>										
Fixed-for-floating	13	200	-	200	-	8	200	-	200	-
<b>TOTAL</b>	<b>13</b>					<b>8</b>				

For the €200 million bond issue, changes in the fair value of the hedging instrument and the hedged item within the scope of the fair value hedge are recognized in "Financial income (loss)" as follows:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Change in fair value of hedging instrument	(1)	(5)
Change in fair value of hedged item	1	4
<b>IMPACT OF FAIR VALUE EUR INTEREST RATE HEDGES ON FINANCIAL INCOME (LOSS)</b>	<b>-</b>	<b>(1)</b>

Exposure to EUR interest rate risk before and after hedging:

	Current		Non-current		Total	
Dec. 31, 2020 (in € millions)	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Interest-bearing financial liabilities	1,548	846	2,574	104	4,122	950
Other financial assets	31	95	49	45	80	140
Cash and cash equivalents	2,666	3	-	-	2,666	3
<b>Net exposure before hedging</b>	<b>(1,149)</b>	<b>748</b>	<b>2,525</b>	<b>59</b>	<b>1,376</b>	<b>807</b>
Derivatives <sup>(1)</sup>	-	-	907	200	907	200
<b>Net exposure after hedging</b>	<b>(1,149)</b>	<b>748</b>	<b>3,432</b>	<b>259</b>	<b>2,283</b>	<b>1,007</b>

(1) Notional amount.

Dec. 31, 2021 (in € millions)	Current		Non-current		Total	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Interest-bearing financial liabilities	439	345	3,969	88	4,408	433
Other financial assets	33	68	322	32	355	100
Cash and cash equivalents	4,629	2	-	-	4,629	2
<b>Net exposure before hedging</b>	<b>(4,223)</b>	<b>275</b>	<b>3,647</b>	<b>56</b>	<b>(576)</b>	<b>331</b>
Derivatives <sup>(1)</sup>	-	-	1,000	200	1,000	200
<b>Net exposure after hedging</b>	<b>(4,223)</b>	<b>275</b>	<b>4,647</b>	<b>256</b>	<b>424</b>	<b>531</b>

(1) Notional amount.

## Exposure to USD interest rate risk

The interest rate on the two outstanding tranches of the US private placement (USPP) issued on February 9, 2012 was converted to a floating rate at inception. Floating-rate borrower/fixed-rate lender USD swaps were set up on these 10-year and 12-year tranches for USD 540 million and USD 505 million, respectively. These swaps are eligible for fair value hedge accounting.

In March 2019, these 10-year and 12-year tranches for USD 540 million and USD 505 million, respectively, were reset to euros by means of a cross currency swap (USD floating-rate lender/EUR fixed-rate borrower).

The interest rate portion of the cross currency swap was eligible for hedge accounting.

On July 21, 2020, a cross currency swap (USD fixed-rate lender/EUR fixed-rate borrower) was set up on two USD tranches of the June 29, 2020 senior unsecured notes issue on the US private placement market (USPP), amounting to USD 181 million bearing fixed-rate interest over a period of 10 years (tranche A) and USD 133 million bearing fixed-rate interest over a period of 12 years (tranche B). The interest rate portion of the cross currency swap was eligible for hedge accounting.

(in € millions)	Dec. 31, 2020					Dec. 31, 2021				
	Fair value	Notional amount (USD)	Less than 1 year	1 to 5 years	More than 5 years	Fair value	Notional amount (USD)	Less than 1 year	1 to 5 years	More than 5 years
<b>USD interest rate swaps</b>										
Fixed-for-floating	39	1,620	575	1,045	-	15	1,045	540	505	-
Floating-for-fixed	(18)	2,509	1,150	1,045	314	(8)	1,359	540	505	314
<b>TOTAL</b>	<b>21</b>					<b>7</b>				

For the senior unsecured notes issued on the US market, changes in the fair value of the hedging instrument and the hedged item within the scope of the fair value hedge are recognized in "Financial income (loss)" as follows:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Change in fair value of hedging instrument	20	(24)
Change in fair value of hedged item	(20)	23
<b>IMPACT OF FAIR VALUE USD INTEREST RATE HEDGES ON FINANCIAL INCOME (LOSS)</b>	<b>-</b>	<b>(1)</b>

Exposure to USD interest rate risk before and after hedging:

Dec. 31, 2020 (in USD millions)	Current		Non-current		Total	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Interest-bearing financial liabilities	111	3	1,579	11	1,690	14
Other financial assets	-	5	57	-	57	5
Cash and cash equivalents	953	79	-	-	953	79
<b>Net exposure before hedging</b>	<b>(842)</b>	<b>(81)</b>	<b>1,522</b>	<b>11</b>	<b>680</b>	<b>(70)</b>
Derivatives <sup>(1)</sup>	575	(575)	(1,359)	-	(784)	(575)
<b>Net exposure after hedging</b>	<b>(267)</b>	<b>(656)</b>	<b>163</b>	<b>11</b>	<b>(104)</b>	<b>(645)</b>

(1) Notional amount.

Dec. 31, 2021 (in USD millions)	Current		Non-current		Total	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Interest-bearing financial liabilities	1,016	7	1,006	9	2,022	16
Other financial assets	-	6	32	-	32	6
Cash and cash equivalents	324	186	-	-	324	186
<b>Net exposure before hedging</b>	<b>692</b>	<b>(185)</b>	<b>974</b>	<b>9</b>	<b>1,666</b>	<b>(176)</b>
Derivatives <sup>(1)</sup>	-	-	(1,359)	-	(1,359)	-
<b>Net exposure after hedging</b>	<b>692</b>	<b>(185)</b>	<b>(385)</b>	<b>9</b>	<b>307</b>	<b>(176)</b>

(1) Notional amount.

## Sensitivity to interest rate risk

The aggregate sensitivity of net exposures to EUR and USD interest rate risk after the impact of hedging is shown below:

Impact of changes in interest rates (in € millions)	Dec. 31, 2020	Dec. 31, 2021
Interest rate change assumptions	+1%	+1%
Impact on profit or loss (before tax)	(4)	(4)
Impact on equity (before tax)	-	-

## Counterparty risk management

The Group is exposed to counterparty risk on the following:

- short-term financial investments;
- derivatives;
- trade receivables;
- financial guarantees granted to customers;
- undrawn lines of credit.

Financial investments are diversified and consist of blue-chip securities that are generally traded with top-tier banks.

The sole purpose of the Group's derivative transactions is to reduce the overall exposure to foreign currency and interest rate risks resulting from its ordinary business activities.

## Liquidity risk management

Treasury management is centralized within the Group. Where permitted by local legislation, all surplus cash is invested with, and financing requirements of subsidiaries met by, the parent company on an arm's length basis. The central cash team manages the Group's current and forecast financing requirements, and ensures that it has the ability to meet its financial commitments while maintaining a level of available cash funds and confirmed credit facilities commensurate with its scale and debt repayment profile.

The Group has a confirmed €2,520 million liquidity line. This line was set up in December 2015 and had an original maturity of December 2020, with two successive one-year extension options. Both these options have been exercised, meaning that the line is currently set to expire in December 2022. This line is not subject to any financial covenants. It was undrawn at December 31, 2021.

On April 22, 2020, the Group set up an additional confirmed liquidity line for an initial amount of €3,000 million. This line was canceled in full on March 16, 2021 further to the various refinancing operations carried out by the Group between April 22, 2020 and March 16, 2021 (see Note 29, "Interest-bearing financial liabilities").

Transactions are either carried out on organized markets or over-the-counter with top-tier intermediaries.

The Group's credit facilities are taken out with top-tier banks.

In the context of the Covid-19 pandemic, the Group has stepped up the monitoring of its bad debt risks to ensure the collection of its current and future receivables. It has paid close attention to struggling airline companies and has set aside a provision on a case-by-case basis for any receivables or assets presenting a bad debt risk.

Note 21, "Trade and other receivables" provides a breakdown of trade receivables by maturity.

On March 4, 2021, Safran signed a new loan agreement with the European Investment Bank (EIB) for €500 million. The loan will be used to finance some of the Group's research into innovative propulsion systems for the next generation of single-aisle commercial aircraft, marking a major step forward in Safran's roadmap towards achieving carbon free air transportation. This loan is not subject to any financial covenants. It was undrawn at December 31, 2021.

Issues of senior unsecured notes on the US private placement market (USPP) on February 9, 2012 and June 29, 2020 are subject to a financial covenant which states that the net debt to EBITDA ratio must be 2.5 or less at all times (see Note 29, "Interest-bearing financial liabilities"). The covenant is tested every six months and the Group complied with the applicable ratio at December 31, 2021.

The following annual covenant applies to the euro private placement ("Euro PP") in the form of a syndicated loan, set up by the former Zodiac Aerospace on March 10, 2016 and with an original maturity of seven years (see Note 29, "Interest-bearing financial liabilities"): net debt to EBITDA ratio of 3.5 or less. The Group complied with the covenant at December 31, 2021.



The terms “net debt” and “EBITDA” used in the aforementioned covenants are defined as follows:

- net debt: interest-bearing borrowings (excluding borrowings subject to specific conditions) less marketable securities and cash and cash equivalents;

- EBITDA: the sum of profit (loss) from operations and the net charge to depreciation, amortization and provisions for impairment of assets (calculated based on adjusted data).

## NOTE 34 INTERESTS IN JOINT OPERATIONS

The Group has interests in a number of joint operations whose contribution is recognized line-by-line in the financial statements. The joint operations are:

- CFM International Inc. and CFM International SA: coordination of the CFM56 and LEAP engine programs with General Electric and program marketing;

- Famat: manufacture of large casings subcontracted by Safran Aircraft Engines and General Electric;
- Matis: manufacture of aircraft wiring;
- CFAN: production of composite fan blades for turbo engines;
- Propulsion Technologies International: engine repair and maintenance.

The table below shows the Group's share in the various financial indicators of these joint operations, which is included in the consolidated financial statements:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Current assets	105	345
Non-current assets	170	177
Current liabilities	143	213
Non-current liabilities	20	24
Operating income	65	48
Operating expenses	(55)	(32)
Financial income	1	2
Income tax expense	(6)	(8)
Profit for the period	4	10
Other comprehensive income (expense)	(9)	16
Comprehensive income (expense)	(5)	26
Cash flow used in operating activities <sup>(1)</sup>	(3)	(40)
Cash flow used in investing activities	(10)	(5)
Cash flow from financing activities <sup>(1)</sup>	13	145

(1) See Note 29, “Interest-bearing financial liabilities” – trade receivables factoring programs at CFM Inc.

## NOTE 35 RELATED PARTIES

In accordance with IAS 24, the Group's related parties are considered to be its owners (including the French State), companies in which these owners hold equity interests, associates, joint ventures and management executives.

The French State also holds a golden share in Safran Ceramics allowing it to veto any change in control of the company or sale of company assets.

The following transactions were carried out with related parties other than joint ventures:

(in € millions)	2020	2021
Sales to related parties other than joint ventures	4,196	4,253
Purchases from related parties other than joint ventures	(91)	(85)

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Amounts receivable from related parties other than joint ventures	1,815	2,380
Amounts payable to related parties other than joint ventures	2,377	2,755

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Commitments given to related parties other than joint ventures <sup>(1)</sup>	2,005	2,256

(1) See Note 36.a, “Off-balance sheet commitments and contingent liabilities relating to the Group's operating activities”.

Transactions with related parties other than joint ventures primarily concern the delivery of aviation products to Airbus and the French Directorate General of Weapons Procurement (DGA).

The following transactions were carried out with joint ventures:

(in € millions)	2020	2021
Sales to joint ventures <sup>(1)</sup>	144	47
Purchases from joint ventures	(62)	(63)

(1) Mainly with Shannon Engine Support Limited.

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Amounts receivable from joint ventures	106	230
Amounts payable to joint ventures	56	51

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Commitments given to joint ventures	252	389

## Management compensation

Management executives comprise the members of the Board of Directors (17 members in 2020 and until May 26, 2021 and 18 members since May 26, 2021), the Chief Executive Officer, and any persons discharging managerial responsibilities considered as having the power to take management decisions with regard to Safran's strategy and future development, and/or with regular access to inside information concerning Safran (i.e., four directors between January 1, 2020 and

September 9, 2020, five directors between September 10, 2020 and December 31, 2020 and four directors between January 1, 2021 and December 31, 2021).

All compensation and benefits awarded to management executives are shown on a gross basis, including the fixed portion of compensation and the provision for the variable portion to be paid in the subsequent year.

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Short-term benefits <sup>(1)</sup>	10.0	7.6
Post-employment benefits	0.5	0.5
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	0.8	1.1

(1) Compensation, social security contributions, attendance fees and benefit payments, where applicable.

The Company's total post-employment benefit commitments and other long-term benefit commitments in respect of management executives as recorded in the balance sheet amounted to €5.8 million at December 31, 2021 and €9.6 million at December 31, 2020.

## NOTE 36 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

### a) Off-balance sheet commitments and contingent liabilities relating to the Group's operating activities

#### Commitments given and contingent liabilities

The Group granted the following commitments in connection with its operating activities:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Purchase commitments on intangible assets	10	10
Purchase commitments on property, plant and equipment	141	120
Guarantees given in connection with the performance of operating agreements	5,493	6,290
Lease commitments	112	75
Financial guarantees granted on the sale of Group products	9	10
Other commitments given	494	706
<b>TOTAL</b>	<b>6,259</b>	<b>7,211</b>

### Guarantees given in connection with the performance of operating agreements

These guarantees relate mainly to guarantees granted by Safran to customers and principals (essentially aircraft manufacturers) in which Safran or the subsidiary provide a joint and several guarantee that its subsidiaries will perform their duties under their contractual obligations. These guarantees are given in respect of research, design, development, manufacturing, marketing and product support

programs in place at Group subsidiaries. They are generally granted for the term of the program concerned, and are capped at a certain amount.

Guarantees granted to Airbus are shown within "Guarantees granted to related parties" in Note 35, "Related parties".

### Offset obligations

In some countries, as a condition to the Group securing major contracts, it may be required to fulfill direct, semi-direct or indirect local offset obligations, as required by law or regulations. This is particularly the case in the defense industry.

Failure to meet these obligations within the required timeframe may lead to penalties for the Group, which may, in some case, not discharge the obligation. When there are doubts as to the Group's ability to meet its obligations, a provision is recognized as a deduction from revenue in the amount of the penalty stipulated in the contract.

### Lease commitments

As of January 1, 2019, lease commitments given concern leases qualifying for the IFRS 16 exemption criteria (short-term leases or leases of low-value assets), as well as leases signed but not yet started.

### Financial guarantees granted on the sale of Group products

The financial guarantees shown in this table concern aerospace financing arrangements in place at the end of the reporting period, granted to support sales of civil engines. These arrangements take the form of aircraft financing or guarantees covering the value of assets.

The Group's gross exposure in respect of these financing commitments in their transaction currency represents USD 11 million at December 31, 2021 (USD 11 million at December 31, 2020), or €10 million (€9 million at December 31, 2020). However, these amounts do not reflect the actual risk to which Safran is exposed. In view of the value of the underlying assets pledged as security, the net exposure represents USD 2 million at December 31, 2021 (USD 2 million at December 31, 2020), for which a provision,

based on an assessment of the risk, is booked in the financial statements (see Note 26, "Provisions").

Financing commitments granted to clients alongside aircraft manufacturers in connection with certain civil engine sales campaigns form part of financing packages proposed by aircraft manufacturers to airline companies and generally correspond to the share represented by Group engines in the financing of the aircraft concerned. These commitments are not included in the gross exposure since (i) the probability that they will be called by the airline companies is too uncertain because the deliveries are too far in the future, and (ii) in the past, few commitments have been called due to their dissuasive conditions and to the fact that they represent a "last recourse" after the active rental, banking, credit insurance and investor markets.

### Other commitments given

In connection with the French government's aerospace support plan, Safran undertook to subscribe to the Ace Aéro Partenaires investment fund in an amount of €58 million.

Following the various funding rounds completed, the amount of Safran's commitment was reduced to €52 million at December 31, 2021.

### Contingent liabilities arising on ordinary activities

As part of their ordinary activities, the Group, some of its subsidiaries, or certain joint arrangements or consortia in which they are shareholders or members, may be subject to various claims from customers. These claims usually consist of compensation claims for failing to meet technical specifications, a delay in the development phase, late completion and/or for additional work in connection with product performance and reliability falling outside the scope of the warranties and commitments provisioned or included within contract costs (see Note 4.b, "Provisions", and

Note 26, "Provisions"). While the initial amount of any such claim may be material in certain cases, it does not necessarily have any bearing on the costs that may be ultimately incurred to satisfy the customer. As these claims represent contingent liabilities, no provision has been recognized beyond contractual liability limits, if any.

In the absence of an agreement between the parties, some of these claims may give rise to litigation, the most significant of which are indicated in Note 37, "Disputes and litigation".

## Commitments received

The Group was granted the following commitments in connection with its operating activities:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Commitments received from banks on behalf of suppliers	8	9
Completion warranties	8	7
Endorsements and guarantees received	2	1
Other commitments received	44	54
<b>TOTAL</b>	<b>62</b>	<b>71</b>

## b) Off-balance sheet commitments and contingent liabilities relating to the Group's scope of consolidation

Vendor warranties are given or received on the acquisition or sale of companies.

### Vendor warranties given

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Vendor warranties given <sup>(1)</sup>	277	216

(1) Vendor warranties, the amount of which may be fixed or determinable.

### Vendor warranties received

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Vendor warranties received	-	-

### Vendor warranties granted in connection with the disposal of the Security businesses

In connection with the sale of the Identity and Security businesses on May 31, 2017, Safran granted Advent International a vendor warranty valued at €180 million at December 31, 2021, as well as a specific indemnity capped at BRL 200 million (€32 million) at December 31, 2021 to cover any financial consequences arising from the dispute between Morpho do Brasil and the Brazilian tax authorities concerning the calculation method for value added tax on certain products.

In connection with the sale of the Detection businesses on April 7, 2017, Safran granted Smiths Group PLC a vendor warranty valued at USD 73 million, which expired in October 2021.

In connection with the sale of Structil on October 2, 2017, Safran Ceramics granted the Hexcel group a vendor warranty initially valued at €37 million and reduced to €1 million at December 31, 2020, which expired in December 2021.

### Guarantees given in connection with acquisitions

On December 5, 2021, Safran entered into exclusive discussions to acquire Orolia from Eurazeo alongside the founders and management. Safran granted the current

shareholders of Orolia an option to sell their shares at a fixed price. The option may be exercised by the shareholders within four months of its implementation.

## c) Off-balance sheet commitments and contingent liabilities relating to the Group's financing

Commitments received in respect of financing relate to:

- any unused portion of two trade receivables factoring facilities relating to CFM International Inc., under which the related receivables are deconsolidated (see Note 29, "Interest-bearing financial liabilities");

- the confirmed, undrawn syndicated credit line for €2,520 million set up in December 2015 (see Note 33, "Management of market risks and derivatives"); and
- the €500 million loan signed with the European Investment Bank (EIB) on March 4, 2021 and undrawn at December 31, 2021 (see Note 33, "Management of market risks and derivatives").

## NOTE 37 DISPUTES AND LITIGATION

Safran and certain Group subsidiaries are party to regulatory, legal or arbitration proceedings arising in the ordinary course of their operations. Safran and certain Group subsidiaries are also party to claims, investigations, legal action and regulatory proceedings outside the scope of their ordinary operations.

The amount of the provisions booked is based on the level of risk for each case, as assessed by Safran and its subsidiaries, and largely depends on their assessment of the merits of the claims and defensive arguments, bearing in mind that the occurrence of events during the proceedings can lead to a reassessment of the risk at any time.

A provision is only booked to cover the expenses that may result from such proceedings when the expenses are probable and their amount can be either quantified or reasonably estimated.

Safran considers that the provisions booked are adequate to cover the risks it incurs.

The most important proceedings are described below.

- A number of civil and/or criminal lawsuits have been filed against certain Safran subsidiaries in connection with aviation accidents. The Group's insurance policy would cover any civil damages payable by Safran or its subsidiaries under these proceedings.
- In the course of the implementation of its compliance program, Safran detected a situation with regards to an activity within a company belonging to the former Zodiac Aerospace business scope acquired in 2018. The activity was sold on June 1, 2021.

After having conducted its internal investigation, Safran concluded that suspicion of non-compliance during a period between 2004 and 2015 could not be ruled out. Safran decided to self-disclose the matter to the competent authorities in Germany and the United States in accordance with applicable regulations and in France. The authorities in each of the countries concerned have opened an investigation. Safran is still waiting to find out what position the authorities will adopt. To date, it is not therefore possible to determine what decision the authorities will take nor the impacts for the Company.

To the best of Safran's knowledge and that of its subsidiaries, there are no other ongoing regulatory, legal or arbitration proceedings that could have a material impact on the financial position of the Company and/or Group.

## NOTE 38 AUDIT FEES

Pursuant to Standard No. 2016-09 issued on December 2, 2016 by the French accounting standards-setter (*Autorité des normes comptables* - ANC), the following table shows the amount of fees paid to the Group's Statutory Auditors as included on the consolidated income statement

for the year, a distinction being made between fees charged for the statutory audit of the consolidated financial statements and those charged for other services, where applicable. The fees shown for subsidiaries are those consolidated according to the full consolidation method.

	Ernst & Young				Mazars				Total			
	Amount (excl. VAT)		%		Amount (excl. VAT)		%		Amount (excl. VAT)		%	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
<i>(in € millions)</i>												
<b>A) Statutory audit services</b>												
A.1) Safran (issuer)	0.75	0.69	17%	16%	0.66	0.66	14%	15%	1.41	1.35	15%	15%
A.2) Subsidiaries	3.57	3.39	77%	76%	3.66	3.43	80%	79%	7.23	6.82	78%	77%
<b>Sub-total</b>	<b>4.32</b>	<b>4.08</b>	<b>94%</b>	<b>92%</b>	<b>4.32</b>	<b>4.09</b>	<b>94%</b>	<b>94%</b>	<b>8.64</b>	<b>8.17</b>	<b>93%</b>	<b>92%</b>
<b>B) Other services</b>												
B.1) Safran (issuer)	0.12	0.12	2%	2%	0.16	0.08	4%	2%	0.28	0.20	3%	3%
B.2) Subsidiaries	0.22	0.28	4%	6%	0.12	0.19	2%	4%	0.34	0.47	4%	5%
<b>Sub-total</b>	<b>0.34</b>	<b>0.40</b>	<b>6%</b>	<b>8%</b>	<b>0.28</b>	<b>0.27</b>	<b>6%</b>	<b>6%</b>	<b>0.62</b>	<b>0.67</b>	<b>7%</b>	<b>8%</b>
<b>TOTAL</b>	<b>4.66</b>	<b>4.48</b>	<b>100%</b>	<b>100%</b>	<b>4.60</b>	<b>4.36</b>	<b>100%</b>	<b>100%</b>	<b>9.26</b>	<b>8.84</b>	<b>100%</b>	<b>100%</b>

### Statutory audit fees

These are payable for all work that is an integral part of the statutory audit, i.e., all work necessary to produce audit reports or any other reports or representations to be made available to the Ordinary Shareholders' Meeting called to approve the financial statements.

Services are provided by the Statutory Auditors and other persons responsible for audits, members of their networks, certifying the parent company and consolidated financial statements of the parent company and fully consolidated subsidiaries in France and other countries.

### Fees for other services

These services concern work falling within the scope of services usually rendered in conjunction with the statutory audit engagement (drafting of specific reports and

statements, due diligence procedures) or any other specific engagement, generally representing one-off or agreed-on services.

## NOTE 39 SUBSEQUENT EVENTS

### Acquisition of Orolia

On December 5, 2021, Safran entered into exclusive discussions to acquire Orolia from Eurazeo alongside the founders and management, and granted them an option to sell their shares at a fixed price.

The option was exercised on January 7, 2022 and the agreement for the sale of the Orolia shares was signed on January 11, 2022. The transaction is subject to the usual regulatory approvals.

Orolia is one of the world leaders in Resilient Positioning, Navigation and Timing (PNT) solutions which improve the reliability, performance and safety of critical civilian, military and space operations, including in harsh or altered Global Navigation Satellite System (GNSS) environments.

Upon completion of the transaction, the company will be consolidated within the Aircraft Equipment, Defense and Aerosystems segment.

### Disposal of the “emergency ground arresting systems for military aircraft” business

On January 21, 2022, Safran signed an agreement with Curtiss-Wright to sell the assets of its “emergency ground arresting systems for military aircraft” business in France and the United States. The transaction is subject to the usual regulatory approvals.

### Acquisition of a stake in Ineratec

On January 20, 2022, Safran, through its Safran Corporate Ventures fund, invested in Ineratec, a German company offering technologies for the development and production of carbon-neutral synthetic fuels that could replace fossil fuels.

Safran's investment is fully in line with its strategic roadmap towards low-carbon aviation.

### EIB loan

On February 21, 2022, Safran drew down the entire €500 million loan signed on March 4, 2021 with the European Investment Bank (EIB). The loan is repayable as from 2026, with the final installment due in 2032 (see Note 33, “Management of market risks and derivatives”).

### Acquisition of Aubert & Duval

On February 22, 2022, Safran, Airbus and Tikehau Ace Capital announced that they had signed a Memorandum of Understanding with the mining and metallurgical group Eramet for the acquisition of its subsidiary Aubert & Duval, one of the world's leading producers of high-performance steels, superalloys, titanium and aluminum.

The three partners intend to acquire 100% of Aubert & Duval through a new joint holding company that would be specifically set up for this transaction and in which they would have equal ownership rights.

The transaction is subject to consultation with employee representative bodies and all necessary regulatory approvals.

The closing is expected in the fourth quarter of 2022.



## NOTE 40 LIST OF CONSOLIDATED COMPANIES

	2020			2021	
	Country	Consolidation method	% interest	Consolidation method	% interest
Safran SA	France			Parent company	
Aerospace Propulsion					
Safran Aircraft Engines	France	FC	100.00	FC	100.00
CFAN	United States	JO	50.00	JO	50.00
CFM International SA	France	JO	50.00	JO	50.00
CFM International, Inc.	United States	JO	50.00	JO	50.00
CFM Materials, LP	United States	EQ	50.00	EQ	50.00
Fabrications Mecaniques de l'Atlantique	France	JO	50.00	JO	50.00
Fan Blade Associates, Inc.	United States	FC	100.00	FC	100.00
Safran Aero Composite	France	FC	100.00	FC	100.00
Safran Aerospace Composites, LLC	United States	FC	100.00	FC	100.00
Shannon Engine Support Limited	Ireland	EQ	50.00	EQ	50.00
Engine Support Holdings	Ireland	EQ	50.00	EQ	50.00
Safran Aircraft Engines Hyderabad Private Limited <sup>(1)</sup>	India	-	-	FC	100.00
Safran Aircraft Engines Mexico	Mexico	FC	100.00	FC	100.00
Safran Aircraft Engines Poland	Poland	FC	100.00	FC	100.00
Safran Aircraft Engine Services Americas	Mexico	FC	100.00	FC	100.00
Safran Aircraft Engine Services Morocco	Morocco	FC	51.00	FC	51.00
Safran MDS, S.A. de C.V.	Mexico	FC	100.00	FC	100.00
Snecma Participations	France	FC	100.00	FC	100.00
Snecma Participations, Inc.	United States	FC	100.00	FC	100.00
Safran Aircraft Engine Services Brussels	Belgium	FC	100.00	FC	100.00
Safran Aircraft Engines Suzhou Co, Ltd	China	FC	100.00	FC	100.00
Safran Aircraft Engines Guiyang	China	FC	100.00	FC	100.00
Propulsion Technologies International, LLC	United States	JO	50.00	JO	50.00
Safran Aero Boosters	Belgium	FC	67.19	FC	67.19
Safran Test Cells, Inc.	United States	FC	67.19	FC	67.19
Safran Aero Boosters Programs, LLC	United States	FC	67.19	FC	67.19
Safran Aero Boosters, Inc.	United States	FC	67.19	FC	67.19
Safran Helicopter Engines	France	FC	100.00	FC	100.00
Safran Power Units	France	FC	100.00	FC	100.00
Safran Power Units San Diego, LLC	United States	FC	100.00	FC	100.00
Safran Power Units USA	United States	FC	100.00	FC	100.00
Initium Aerospace, LLC	United States	EQ	50.00	EQ	50.00
Safran Helicopter Engines Asia Pte. Ltd.	Singapore	FC	100.00	FC	100.00
Safran Helicopter Engines Australia Pty Ltd	Australia	FC	100.00	FC	100.00
Safran Moteurs d'Hélicoptères Canada Inc.	Canada	FC	100.00	FC	100.00
Safran Helicopter Engines Brasil Industria e Comercio do Brasil Ltda	Brazil	FC	100.00	FC	100.00
Safran Helicopter Engines Germany GmbH	Germany	FC	100.00	FC	100.00
Safran Helicopter Engines Tianjin Co. Ltd	China	FC	100.00	FC	100.00
Safran Helicopter Engines UK Limited	United Kingdom	FC	100.00	FC	100.00
Safran Helicopter Engines USA, Inc.	United States	FC	100.00	FC	100.00
Safran Helicopter Engines Mexico	Mexico	FC	100.00	FC	100.00
Safran Helicopter Engines South Africa <sup>(2)</sup>	South Africa	FC	100.00	FC	100.00
Roxel France	France	EQ	50.00	EQ	50.00
Roxel Limited	United Kingdom	EQ	50.00	EQ	50.00
Roxel	France	EQ	50.00	EQ	50.00
Safran Transmission Systems	France	FC	100.00	FC	100.00
Safran Transmission Systems Poland sp. z o o.	Poland	FC	100.00	FC	100.00
ArianeGroup Holding	France	EQ	50.00	EQ	50.00

FC: Full consolidation. JO: Joint operation. EQ: Equity method.

(1) Consolidated in 2021.

(2) In the process of being wound up at December 31, 2021.

	Country	2020		2021	
		Consolidation method	% interest	Consolidation method	% interest
Aircraft Equipment, Defense and Aerosystems					
Safran Nacelles	France	FC	100.00	FC	100.00
Safran Nacelles Limited	United Kingdom	FC	100.00	FC	100.00
Safran Nacelles Morocco	Morocco	FC	100.00	FC	100.00
Safran Landing Systems	France	FC	100.00	FC	100.00
Aero Precision Repair & Overhaul Company, Inc.	United States	EQ	50.00	EQ	50.00
Safran Landing Systems Services Dinard	France	FC	100.00	FC	100.00
Safran Landing Systems Kentucky, LLC	United States	FC	100.00	FC	100.00
Safran Landing Systems Wheel & Brake Services, LLC	United States	FC	100.00	FC	100.00
Safran Landing Systems Malaysia Sdn. Bhd.	Malaysia	FC	100.00	FC	100.00
Safran Landing Systems Canada Inc.	Canada	FC	100.00	FC	100.00
Safran Landing Systems UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Landing Systems México S.A. de C.V.	Mexico	FC	100.00	FC	100.00
Safran Landing Systems Services Américas S.A. de C.V.	Mexico	FC	100.00	FC	100.00
Safran Landing Systems Services Singapore Pte. Ltd.	Singapore	FC	60.00	FC	60.00
Safran Landing Systems Services Miami, Inc.	United States	FC	100.00	FC	100.00
Safran Landing Systems Services UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Landing Systems Services Querétaro S.A. de C.V.	Mexico	FC	100.00	FC	100.00
Safran Landing Systems Holdings Singapore Pte. Ltd.	Singapore	FC	100.00	FC	100.00
Xi'an Cea Safran Landing Systems Co., Ltd	China	EQ	50.00	EQ	50.00
Safran Filtration Systems	France	FC	100.00	FC	100.00
Safran Landing Systems Suzhou Co., Ltd.	China	FC	100.00	FC	100.00
Safran Electrical & Power	France	FC	100.00	FC	100.00
Safran Electrical Components	France	FC	100.00	FC	100.00
Safran Electrical & Power Chihuahua SA de CV	Mexico	FC	100.00	FC	100.00
Safran Engineering Services GmbH	Germany	FC	100.00	FC	100.00
Labinal Investments, LLC	United States	FC	100.00	FC	100.00
Safran Electrical & Power USA, LLC	United States	FC	100.00	FC	100.00
Safran Electrical & Power Morocco	Morocco	FC	100.00	FC	100.00
Safran Electrical & Power Mexico SA de CV	Mexico	FC	100.00	FC	100.00
Safran Electrical & Power India Private Limited	India	FC	100.00	FC	100.00
Matis Aerospace	Morocco	JO	50.00	JO	50.00
Safran Engineering Services	France	FC	100.00	FC	100.00
Safran Engineering Services India Pvt Ltd	India	FC	100.00	FC	100.00
Safran Engineering Services Maroc	Morocco	FC	100.00	FC	100.00
Safran Engineering Services UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Electrical & Power UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Power USA, LLC	United States	FC	100.00	FC	100.00
Shanghai SAIFEI Aviation EWIS Manufacturing Co., Ltd	China	EQ	49.00	EQ	49.00
Safran Electrical Components Canada Inc.	Canada	FC	100.00	FC	100.00
Safran Electrical Components UK Limited	United Kingdom	FC	100.00	FC	100.00
Safran Electrical Components USA, Inc.	United States	FC	100.00	FC	100.00
Safran Electrical and Power Tunisia	Tunisia	FC	100.00	FC	100.00
Safran Martin-Baker France	France	EQ	50.00	EQ	50.00

FC: Full consolidation. JO: Joint operation. EQ: Equity method.

	Country	2020		2021	
		Consolidation method	% interest	Consolidation method	% interest
Safran Electronics & Defense	France	FC	100.00	FC	100.00
Optics 1, Inc.	United States	FC	100.00	FC	100.00
Safran Electronics & Defense Services Asia Pte Ltd	Singapore	FC	60.00	FC	60.00
Safran Electronics & Defense Canada Inc.	Canada	FC	100.00	FC	100.00
Safran Electronics & Defense Avionics USA, LLC	United States	FC	100.00	FC	100.00
Safran Electronics & Defense Germany GmbH	Germany	FC	100.00	FC	100.00
Lynred	France	EQ	50.00	EQ	50.00
Safran Electronics & Defense Morocco	Morocco	FC	100.00	FC	100.00
Safran Electronics & Defense Services Mexico, S.A. de C.V.	Mexico	FC	100.00	FC	100.00
Safran Electronics & Defense Cockpit Solutions	France	FC	100.00	FC	100.00
Safran Vectronix AG	Switzerland	FC	100.00	FC	100.00
Sagem USA, Inc.	United States	FC	100.00	FC	100.00
Fadec International, LLC	United States	EQ	50.00	EQ	50.00
Safran Reosc	France	FC	100.00	FC	100.00
Safran Colibrys SA	Switzerland	FC	100.00	FC	100.00
Safran Electronics & Defense Actuation	France	FC	100.00	FC	100.00
Pioneer Aerospace Corporation	United States	FC	100.00	FC	100.00
Safran Data Systems Investment	France	FC	100.00	FC	100.00
Safran Data Systems Inc.	United States	FC	100.00	FC	100.00
Safran Data Systems GmbH	Germany	FC	100.00	FC	100.00
Safran Data Systems	France	FC	100.00	FC	100.00
IDD Aerospace Corp.	United States	FC	100.00	FC	100.00
Safran Aerotechnics	France	FC	100.00	FC	100.00
Safran Aerosystems Hydraulics	France	FC	100.00	FC	100.00
Safran Aerosystems Fluid	France	FC	100.00	FC	100.00
Safran Aerosystems Morocco	Morocco	FC	100.00	FC	100.00
Avox Systems Inc.	United States	FC	100.00	FC	100.00
Air Cruisers Company, LLC	United States	FC	100.00	FC	100.00
Safran Aerosystems	France	FC	100.00	FC	100.00
Engineered Arresting Systems Corporation	United States	FC	100.00	FC	100.00
Safran Aerosystems Mexico S. de R.L. de C.V.	Mexico	FC	100.00	FC	100.00
Safran Aerosystems Ducts	France	FC	100.00	FC	100.00
Safran Aerosystems Services Americas, LLC	United States	FC	100.00	FC	100.00
Safran Aerosystems Services Asia Pte. Ltd.	Singapore	FC	100.00	FC	100.00
Safran Aerosystems Services UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Aerosystems Services Europe	France	FC	100.00	FC	100.00
Safran Aerosystems Services Middle East DWC - LLC	United Arab Emirates	FC	100.00	FC	100.00
IN-Services Asia Limited	Hong Kong	FC	100.00	FC	100.00

FC: Full consolidation. JO: Joint operation. EQ: Equity method.

	2020			2021	
	Country	Consolidation method	% interest	Consolidation method	% interest
Aircraft Interiors					
Safran Cabin France	France	FC	100.00	FC	100.00
Safran Cabin Investment GmbH	Germany	FC	100.00	FC	100.00
Safran Cabin Sterling, Inc.	United States	FC	100.00	FC	100.00
Safran Cabin Germany GmbH	Germany	FC	100.00	FC	100.00
Safran Cabin Netherlands N.V.	Netherlands	FC	100.00	FC	100.00
Safran Cabin Galleys US, Inc.	United States	FC	100.00	FC	100.00
Safran Cabin CZ s.r.o.	Czech Republic	FC	100.00	FC	100.00
EZ Air Interior Limited	Ireland	EQ	50.00	EQ	50.00
Safran Cabin Materials, LLC	United States	FC	100.00	FC	100.00
Safran Cabin Tunisia	Tunisia	FC	100.00	FC	100.00
Safran Cabin, Inc.	United States	FC	100.00	FC	100.00
Safran Cabin Tijuana S.A de C.V.	Mexico	FC	100.00	FC	100.00
Safran Cabin Canada Co.	Canada	FC	100.00	FC	100.00
Safran Cabin Brazil Ltda.	Brazil	FC	100.00	FC	100.00
Safran Cabin Catering, Inc.	United States	FC	100.00	FC	100.00
Safran Cabin Lamphun Ltd.	Thailand	FC	100.00	FC	100.00
Safran Cabin Catering B.V.	Netherlands	FC	100.00	FC	100.00
Safran Cabin Bangkok Ltd.	Thailand	FC	100.00	FC	100.00
Safran Cabin Cargo B.V.	Netherlands	FC	100.00	FC	100.00
Safran Cabin Bellingham, Inc.	United States	FC	100.00	FC	100.00
Safran Seats	France	FC	100.00	FC	100.00
Zodiac Seats California LLC <sup>(1)</sup>	United States	FC	100.00	-	-
Safran Seats USA LLC	United States	FC	100.00	FC	100.00
Safran Seats Tunisia	Tunisia	FC	100.00	FC	100.00
Safran Seats Santa Maria LLC <sup>(2)</sup>	United States	FC	100.00	-	-
Safran Seats GB Limited	United Kingdom	FC	100.00	FC	100.00
Safran Ventilation Systems	France	FC	100.00	FC	100.00
Safran Ventilation Systems USA, LLC	United States	FC	100.00	FC	100.00
Northwest Aerospace Technologies, Inc.	United States	FC	100.00	FC	100.00
Greenpoint Technologies, Inc.	United States	FC	100.00	FC	100.00
EV Participations GmbH	Germany	FC	100.00	FC	100.00
Safran Ventilation Systems Oklahoma, Inc. <sup>(3)</sup>	United States	FC	100.00	-	-
Safran Passenger Innovations Germany GmbH	Germany	FC	100.00	FC	100.00
Safran Passenger Innovations, LLC	United States	FC	100.00	FC	100.00
Mag Aerospace Industries, LLC	United States	FC	100.00	FC	100.00
Holding company and other					
Établissements Vallaroche	France	FC	100.00	FC	100.00
Safran Ceramics	France	FC	100.00	FC	100.00
Safran UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran USA, Inc.	United States	FC	100.00	FC	100.00
Société de réassurance Vallaroche SA	Luxembourg	FC	100.00	FC	100.00
Safran Corporate Ventures <sup>(4)</sup>	France	-	-	FC	100.00
Zodiac US Corporation	United States	FC	100.00	FC	100.00
Safran Seats GB Investment Limited	United Kingdom	FC	100.00	FC	100.00
Galli Participations	France	FC	100.00	FC	100.00
Safran Additive Manufacturing Campus <sup>(4)</sup>	France	-	-	FC	100.00

FC: Full consolidation. JO: Joint operation. EQ: Equity method.

(1) Merged into Safran Seats USA LLC on April 20, 2021.

(2) Merged into Safran Cabin, Inc. on November 30, 2021.

(3) Sold on November 30, 2021.

(4) Consolidated in 2021.

## 3.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

### Year ended December 31, 2021

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders of Safran,

#### Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Safran for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

#### Basis for opinion

##### Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

##### Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2021 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

#### Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their

future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

#### Recognition of revenue and margins under support-by-the-hour contracts

*Notes 3.g, 4.a and 8 to the consolidated financial statements*

##### Risk identified

The Group has entered into support-by-the-hour engine base maintenance contracts with certain customers spanning several years.

As described in Notes 3.g and 4.a to the consolidated financial statements, revenue on these contracts is recognized over time, based on the costs incurred to date as a percentage of the total estimated costs. A provision is set aside for any losses as soon as such losses are foreseeable.

Forecast contract margins are regularly revised by management. This method requires an estimate of results on completion using future cash flow forecasts that take into account contractual inputs and commitments as well as other factors inherent to the contract based on historical and/or forecast data. This method also requires the use of estimates used to determine the contract's stage of completion.

We deemed the recognition of revenue and margins on support-by-the-hour contracts to be a key audit matter given the sensitivity of margins on completion to the estimates and assumptions used by management.

##### How our audit addressed this risk

In Group subsidiary Safran Aircraft Engines (Aerospace Propulsion segment), which accounts for the most significant support-per-flight-hour contracts, we:

- familiarized ourselves with the procedures for forecasting contract revenue and contract costs on completion;
- tested the key controls relating to costs incurred on contracts used as the basis to calculate the percentage of completion and the recognition of revenue;
- obtained confirmation from the Company as regards the application of the latest technical and economic models for assessing the in-flight behavior of the engine and determining the engine servicing schedule;

- for a sample of major contracts, met with the management controllers responsible for monitoring the contract business plans, and assessed estimates of contract revenue and costs on completion, including the degree of uncertainty applied, in particular by comparing the costs incurred to date with previous estimates;
- for a sample of significant contracts, analyzed any changes in contracts and the reflection of those changes in the business plans;
- assessed the consistency of the accounting treatment used to record revenue with the applicable accounting standards.

### Contract liabilities: performance warranties and provisions for sales contracts

Notes 3.s, 4.a, 4.b and 26 to the consolidated financial statements

#### Risk identified

As part of its contractual relations, the Group may recognize liabilities for contractual guarantee commitments given in respect of warranties or claims received from customers, in particular in the Safran Aircraft Engines subsidiary (Aerospace Propulsion segment):

- provisions for performance warranties recognized under liabilities cover probable future payments under the various performance warranties granted by the Group to its customers in respect of equipment sold. They are calculated based on technical files or on a statistical basis taking into account the estimated frequency and probable cost of repairs;
- provisions for sales contracts correspond to provisions booked further to customer claims or when the Group is exposed to contractual penalties. Provisions are calculated by management using available information, past experience and, in some cases, estimates by independent experts.

We deemed this issue to be a key audit matter given the significance of the amounts in question, the complexity of the assumptions underlying the estimates, and the degree of judgment required of management in calculating these provisions.

#### How our audit addressed this risk

We obtained an understanding of the procedures implemented by management to identify and list all risks relating to contractual commitments in the Safran Aircraft Engines subsidiary.

For the most material risks identified, we reviewed the analysis of the risk by management, along with the corresponding documentation and any written consultations from external advisors, where appropriate. Our work involved:

- meeting with the managers of the main programs to assess the exhaustiveness of the provisions recognized in light of the known quality risks;
- for material risks, examining with management the main causes and planned corrections for the technical issues identified;

- familiarizing ourselves with the approach used by management to estimate the amount of provisions to be recognized in respect of these risks;
- reconciling the assumptions used to determine warranty commitments with the technical files and historical data;
- reconciling the estimated cost of repairs used to estimate warranty commitments with observed historical data;
- analyzing the arithmetic accuracy of the calculations made and reconciling the input data with contractual data, where appropriate;
- assessing the consistency with IFRS 15 of the accounting treatment used to record identified contractual liabilities;
- reconciling the amounts recognized with respect to customer claims with the requests made by those customers, and the estimates made by management.

We also assessed the appropriateness of the disclosures concerning contract liabilities provided in the notes to the consolidated financial statements.

### Measurement and completeness of foreign currency derivatives

Notes 3.f, 3.w and 33 to the consolidated financial statements

#### Risk identified

Most of the revenue generated in the aerospace segment is denominated in US dollars. The net excess of revenues over expenses for these activities totaled USD 6.5 billion for 2021. To protect its operating profitability against fluctuations in the EUR/USD exchange rate, the Group's policy is to hedge its USD exposure using foreign currency derivatives and to maintain the exchange rate above a target hedged rate over a period of three to four years.

The main derivatives used in this respect are forward sales and foreign currency options (accumulators and a combination of optional instruments, each with or without knock-out barriers). Options are used to improve the hedged rate with a view to protecting the Group's economic performance.

In the balance sheet, the derivatives portfolio is carried at fair value in accordance with IFRS 9, and represented an amount of €705 million in assets and €1,788 million in liabilities at December 31, 2021. Most derivatives are traded over-the-counter and no quoted prices are available. Consequently, they are measured using models commonly used by pricing services.

In the income statement, the Group does not apply hedge accounting as defined by IFRS 9 given the nature of the instruments used. Consequently, all changes in the fair value of foreign currency derivatives during the year are included in financial income (loss). In 2021, the amount recorded in financial income (loss) represented a negative €533 million.

We deemed the measurement and completeness of foreign currency derivatives to be a key audit matter given the material impacts on the Group's consolidated financial statements, the complexity of the valuation models used and the volume of instruments negotiated.



**How our audit addressed this risk**

We reviewed the Group's forex strategy and assessed whether the information given in this regard in Note 3.3 to the consolidated financial statements was appropriate.

As part of our familiarization with the Group's internal control procedures, we analyzed the procedures put in place by management for approving, contracting and booking market transactions. We also tested the effectiveness of IT key controls for the applications used by the Cash Management Department, including the interface with the accounting teams.

In respect of foreign currency derivatives, our procedures consisted in:

- verifying the reconciliation performed by the Group between the derivatives portfolio and information received from bank counterparties, in order to ensure that all transactions were documented;
- verifying that there was no material discrepancy between the value of the derivatives estimated by the Group and the values sent by the bank counterparties;
- carrying out a counter-valuation of a representative sample of the derivatives portfolio;
- verifying the disclosures provided in the notes to the consolidated financial statements and reviewing the Group's financial communications regarding foreign currency transactions.

### Impairment testing of intangible assets (goodwill and programs) and material investments in equity-accounted companies

*Notes 3.c, 3.j, 3.m, 4.a, 13, 14 and 18 to the consolidated financial statements*

**Risk identified**

In the context of its creation and development, the Group has carried out acquisitions, including of interests in companies then accounted for by the equity method, resulting in the recognition of goodwill and intangible assets relating to aerospace programs. The Group also capitalizes development costs when it can be demonstrated that they meet the requisite criteria, as described in Note 3.m to the consolidated financial statements.

Goodwill is tested for impairment at the level of each cash-generating unit (CGU) at least annually and whenever there is an indication that it may be impaired. Material investments in equity-accounted companies are also tested for impairment if an indication of impairment is identified. At the end of each annual reporting period, management also performs impairment tests on assets allocated to programs (aerospace programs and capitalized development costs) before they begin to be depreciated/amortized, or if events or circumstances indicate a risk of impairment.

The recoverable amounts of these assets are chiefly determined by discounting the future cash flows expected to arise from the CGUs, projects or programs to which the assets tested relate.

At December 31, 2021, the carrying amount of goodwill was €5,068 million, while total other intangible assets represented €8,382 million, including €487 million relating to aerospace programs and €3,882 million relating to capitalized development costs. At December 31, 2021, investments in equity-accounted companies totaled €1,969 million.

We deemed impairment testing of intangible assets and material investments in equity-accounted companies to be a key audit matter given their material balances in the consolidated financial statements and because the calculation of their recoverable amount requires management to use major estimates and assumptions.

**How our audit addressed this risk**

We assessed the basis for implementing these impairment tests. In particular, our work consisted in:

- reconciling the elements included in the carrying amount of each cash-generating unit (CGU), each program and each material investment in an equity-accounted company with the net assets recognized in the balance sheet;
- analyzing, in the specific context of the Covid-19 crisis, the appropriateness of the assumptions underlying the estimates used by management to forecast its future cash flows, in particular by reconciling:
  - the volumes and production rates associated with the products sold with information and forecasts provided by the main contractors and significant stakeholders and management's long-term market analyses,
  - the growth rate assumptions used to forecast future cash flows with available independent analyses,
  - the various inputs used to calculate the weighted average cost of capital of each CGU with the rate of return demanded by market participants for similar activities, with the support of a valuation expert who assisted our audit team;
- comparing the consistency of future cash flows with management's most recent estimates, as presented to the Board of Directors during the medium-term business plan process;
- comparing the analyses performed by management to ascertain the sensitivity of value in use to reasonably possible changes, in the specific context of the Covid-19 crisis, in the main assumptions used.

We also ensured that the disclosures provided in the consolidated financial statements were appropriate.

**Specific verifications**

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the information pertaining to the Group provided in the management report includes the consolidated non-financial information statement required under Article L.225-102-1 of the French Commercial Code. However, in accordance with Article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

## Other verifications and information pursuant to legal and regulatory requirements

### Presentation of the consolidated financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018.

As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

### Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Safran by the Annual General Meetings held on May 28, 2008 for Mazars and on May 27, 2010 for ERNST & YOUNG et Autres.

At December 31, 2021, Mazars and ERNST & YOUNG et Autres were in the fourteenth and twelfth consecutive year of their engagement, respectively.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

### Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

### Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risk Committee.

Paris-La Défense and Courbevoie, March 24, 2022

The Statutory Auditors

ERNST & YOUNG et Autres

Jean-Roch Varon

Philippe Berteaux

MAZARS

Gaël Lamant

Jérôme de Pastors

### 3.3 PARENT COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2021

#### Parent company income statement at December 31, 2021

(in € millions)	Note	2020	2021
<b>OPERATING INCOME</b>			
Revenue	4.1	541	575
Operating expense transfers	4.2	(7)	(3)
Reversal of depreciation, amortization and provisions		105	74
Other income		88	50
<b>Operating income (1)</b>		<b>727</b>	<b>696</b>
<b>OPERATING EXPENSES</b>			
Cost of goods sold in the year:		(364)	(419)
■ Raw materials		-	-
■ Sub-contracting purchases		(6)	(7)
■ Purchases not held in inventory and supplies		(28)	(16)
■ External service expenses		(330)	(396)
Taxes and duties other than income tax		(15)	(15)
Payroll costs:		(215)	(223)
■ Wages and salaries		(139)	(146)
■ Social security contributions		(76)	(77)
Charges to depreciation, amortization, provisions and impairment:		(62)	(76)
■ Charges to depreciation, amortization and impairment of non-current assets		(36)	(31)
■ Charges to provisions for contingencies and losses		(26)	(45)
Other expenses		(150)	(36)
<b>Operating expenses (2)</b>		<b>(806)</b>	<b>(769)</b>
<b>Loss from operations (1)-(2)</b>		<b>(79)</b>	<b>(73)</b>
Financial income		1,760	1,164
Financial expenses		(89)	(472)
<b>Financial income</b>	<b>4.3</b>	<b>1,671</b>	<b>692</b>
<b>Profit from ordinary activities before tax</b>		<b>1,592</b>	<b>619</b>
Non-recurring income		172	83
Non-recurring expenses		(186)	(86)
<b>Non-recurring expense</b>	<b>4.4</b>	<b>(14)</b>	<b>(3)</b>
Statutory employee profit-sharing	4.5	-	-
Income tax benefit	4.6	59	47
Movements in provisions set aside to cover income taxes of loss-making subsidiaries	4.6	10	28
<b>PROFIT FOR THE PERIOD</b>		<b>1,647</b>	<b>691</b>

## Parent company balance sheet at December 31, 2021

## Assets

(in € millions)	Note	Dec. 31, 2020	Dec. 31, 2021		
			Gross carrying amount	Depreciation, amortization and impairment	Net
<b>Intangible assets</b>	<b>3.1</b>	<b>21</b>	<b>177</b>	<b>163</b>	<b>14</b>
■ Other intangible assets		21	177	163	14
<b>Property, plant and equipment</b>	<b>3.1</b>	<b>103</b>	<b>245</b>	<b>146</b>	<b>99</b>
<b>Financial assets</b>	<b>3.1</b>	<b>18,175</b>	<b>18,475</b>	<b>444</b>	<b>18,031</b>
■ Equity investments		17,941	17,987	367	17,620
■ Other financial assets		234	488	77	411
<b>Total non-current assets</b>		<b>18,299</b>	<b>18,897</b>	<b>753</b>	<b>18,144</b>
Payments on account	3.2	1	6	-	6
Trade receivables	3.2	74	84	-	84
Other receivables	3.2	401	480	1	479
Group current accounts	3.2	3,552	3,894	5	3,889
Marketable securities	3.3	1,693	3,289	3	3,286
Cash at bank and in hand	3.3	1,795	1,584	-	1,584
Prepayments	3.5	17	25	-	25
<b>Total current assets</b>		<b>7,533</b>	<b>9,362</b>	<b>9</b>	<b>9,353</b>
Redemption premiums	3.6	-	9	-	9
Unrealized foreign exchange losses	3.6	358	271	-	271
<b>TOTAL ASSETS</b>		<b>26,190</b>	<b>28,539</b>	<b>762</b>	<b>27,777</b>

## Equity and liabilities

(in € millions)	Note	Dec. 31, 2020	Dec. 31, 2021
Share capital	3.7	85	85
Other equity	3.7	9,957	11,424
Tax-driven provisions	3.7	21	22
<b>Profit for the period</b>	<b>3.7</b>	<b>1,647</b>	<b>691</b>
<b>Total equity</b>		<b>11,710</b>	<b>12,222</b>
<b>Provisions for contingencies and losses</b>	<b>3.8</b>	<b>544</b>	<b>495</b>
Bond issue	3.9	2,400	3,330
USD senior unsecured notes issue	3.9	1,393	1,486
Other loans and borrowings	3.9	1,945	1,055
Group current accounts	3.9	7,211	8,421
Advances and downpayments received	3.9	14	15
Trade payables	3.9	146	155
Other liabilities	3.9	514	380
Deferred income	3.11	18	39
<b>Financial liabilities, operating payables and miscellaneous liabilities</b>		<b>13,641</b>	<b>14,881</b>
Unrealized foreign exchange gains	3.12	295	179
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,190</b>	<b>27,777</b>

## Parent company statement of cash flows

(in € millions)	2020	2021
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period	1,647	691
<b>Non-cash income and expenses</b>		
Depreciation, amortization, impairment and provisions	(49)	303
Capital gains and losses on asset disposals	1	(12)
<b>Cash flow from operations, before change in working capital</b>	<b>1,599</b>	<b>982</b>
Net change in current accounts <sup>(1)</sup>	(828)	879
Net change in other receivables and payables	65	(241)
<b>Change in working capital</b>	<b>(763)</b>	<b>638</b>
<b>TOTAL I</b>	<b>836</b>	<b>1,620</b>
<b>II. CASH FLOW FROM (USED IN) INVESTING ACTIVITIES</b>		
Payments for purchases of intangible assets and property, plant and equipment, net of proceeds	(15)	(8)
Payments for purchases of equity investments and other financial assets, net of proceeds <sup>(2)</sup>	65	(178)
<b>TOTAL II</b>	<b>50</b>	<b>(186)</b>
<b>III. CASH FLOW FROM (USED IN) FINANCING ACTIVITIES</b>		
Dividends paid to shareholders	-	(183)
Increase in borrowings	542	92
Repayment of borrowings and long-term debt	(136)	-
New bond issue	1,000	2,130
Bond redemption	(500)	(1,200)
Change in long-term borrowings <sup>(3)</sup>	(79)	-
Change in short-term borrowings	(761)	(889)
Change in share capital	0	-
<b>TOTAL III</b>	<b>67</b>	<b>(50)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>I + II + III</b>	<b>952</b>
Cash and cash equivalents at beginning of period	2,568	3,488
Reclassification of Oddo liquidity agreement to financial assets	(33)	-
Cash and cash equivalents at end of period	3,488	4,872
<b>Net increase in cash and cash equivalents</b>	<b>952</b>	<b>1,384</b>

(1) Classified in operating items in view of the nature of the Company's operations.

(2) Including mainly €200 million in investments that do not qualify as cash and cash equivalents, along with €14 million in repayments of loans granted to subsidiaries.

(3) Impact resulting from the translation into euros of USD senior unsecured notes at the closing exchange rate.



## Notes to the parent company financial statements

## CONTENTS

<b>Foreword</b>		205	<b>Note 4</b>	Notes to the income statement	220
<b>Note 1</b>	Activity of the Company and 2021 highlights	205	<b>Note 5</b>	Other information	221
<b>Note 2</b>	Accounting policies	206			
<b>Note 3</b>	Notes to the balance sheet	211			

## FOREWORD

The data set out below are an integral part of the parent company financial statements. They are expressed in millions of euros unless otherwise indicated.

The 2021 financial year spans 12 months.

Safran may also be referred to as “the Company” in these notes.

The total balance sheet at December 31, 2021 prior to the appropriation of profit represents €27,776,641,428.49.

Accounting profit for 2021 represents €690,857,268.16.

## NOTE 1 ACTIVITY OF THE COMPANY AND 2021 HIGHLIGHTS

### 1.1 Activity of the Company

As the Group's parent company, Safran performs the following functions for the Group companies:

- it holds and manages shares in the main Group subsidiaries;
- it steers and develops the Group, determining: Group strategy; Research and Technology (R&T) policy; sales policy; legal and financial policy; human resources policy; personnel training, retraining and skills matching by Safran University; communications; and oversight of operations;
- it provides:
  - support on legal, taxation and financial matters, essentially in the following areas: cash pooling as part of the management of advances and investments between

Safran and each Group company; currency risk management policy as part of efforts to protect companies and reduce uncertainty regarding the economic performance of operating subsidiaries resulting from fluctuations in exchange rates (mainly USD); and tax consolidation in jurisdictions where Safran is liable for the entire income tax charge, additional income tax contributions and the annual minimum tax charge due by the tax group comprising itself and its tax-consolidated subsidiaries, and

- services within the scope of Shared Services Centers in the following areas: payroll administration and management, recruitment, non-production purchases, IT, and some accounting services.

### 1.2 2021 highlights

During the year, the Covid-19 pandemic continued to affect global air traffic and the aerospace industry. However, the recovery gained traction with each month in the second half of the year.

#### Going concern and liquidity

At December 31, 2021, the Company's cash and cash equivalents amounted to €4,872 million.

Leveraging its liquidity position and business resilience, the Company engaged in a financial rating process in order to benefit from enhanced access to debt capital markets when needed. On February 25, 2021, Safran received its first credit rating from Standard & Poor's, which assigned the Company a rating of BBB+ with a stable outlook.

Further efforts were undertaken in 2021 to preserve the Group's liquidity, through three new operations:

- On March 4, 2021, the European Investment Bank (EIB) granted Safran a €500 million loan, which remained undrawn at December 31, 2021.

- On March 16, 2021, Safran issued bonds for €1.4 billion, comprising €700 million in five-year bonds and €700 million in ten-year bonds.
- On June 14, 2021, Safran issued bonds convertible into new shares and/or exchangeable for existing shares, maturing on April 1, 2028 (“2028 OCÉANES”), for an issue price of €756 million. The proceeds from this issue were used to repurchase 96.2% of the 2023 OCÉANE bond issue maturing on June 21, 2023.

Following these refinancing operations, the bridge facility set up in April 2020 and undrawn at December 31, 2020 – representing a residual amount of €1.4 billion – was canceled in full on March 16, 2021.

Based on the above, the Company has sufficient liquidity to fund its operations going forward.

#### Adaptation plan

Throughout 2021, the Company strove to maintain strict cost control amid the gradual business recovery.

Following the signature of the Activity Transformation Agreement in July 2020, the Company further adjusted its workforce while protecting jobs and skills.

In a persistently uncertain context, the Company continued to use furlough and short-time working arrangements, but to a lesser extent in order to support the recovery.

Government grants for the various furlough and short-time working schemes in France were recognized as a deduction from personnel costs in an amount of €4 million.

On October 21, 2021, Executive Management and the trade unions at Group level signed an agreement on the post-Covid-19 working environment.

The agreement provides for a number of different measures, including:

- additional profit-sharing in 2022 for 2021;
- mandatory annual pay negotiations in 2022;
- a steady decrease in long-term furlough arrangements;
- a reduction in optional employee profit-sharing for 2022;

- a freeze on the Company top-up contribution paid in 2022 and 2023.

Under the business resumption clause included in the agreement, some or all of the specified measures may be adjusted in 2022, depending on how the Group's recurring operating margin develops between 2021 and 2022.

## Description of the impacts of Covid-19

The impacts of the pandemic on the Company's businesses affect the whole income statement and balance sheet and not just individual line items. The definition of non-recurring items remains unchanged from previous reporting periods.

## Long-term incentive plans

The Board of Directors periodically grants performance shares to Group employees and corporate officers.

The vesting of these performance shares is subject to the achievement of internal and external performance conditions,

which are assessed over three full consecutive fiscal years, including the year in which the performance shares are granted. In addition, the shares will only vest if the beneficiaries still form part of the Company at the vesting date.

# NOTE 2 ACCOUNTING POLICIES

## 2.1 Accounting rules and methods

### Standards applied

The parent company financial statements for the year ended December 31, 2021 have been prepared in accordance with the rules and regulations applicable in France as set out in the French General Chart of Accounts (*Plan comptable général*) and defined in Regulation 2014-03 issued by the French accounting standards-setter (*Autorité des normes comptables* – ANC) (consolidated version of January 1, 2021).

The Company has applied the ANC recommendations (including the 2021 updates) on the manner in which issuers should account for the impacts of Covid-19 in the financial statements.

The financial statements have been prepared on a going concern basis using the accruals basis of accounting and consistent methods, in accordance with the basic principle of prudence and with the general rules for preparing and presenting parent company financial statements, in order to provide a true and fair value of the Company.

Unless otherwise stated, accounting items are carried at historical cost.

## 2.2 Change in accounting policy

### Amendment dated November 5, 2021 to ANC Recommendation 2013-02 of November 7, 2013 on recognition and measurement of post-employment benefits

#### Implementation

The Company noted the amendment to ANC Recommendation 2013-02 and reviewed its scope with respect to the attribution of service costs arising on defined benefit plans.

It identified the end-of-career bonuses for which it accrues provisions as the main long-term benefits concerned.

As permitted by the new ANC recommendation, the Company chose to adopt the method that is consistent with that introduced by the IFRS IC.

Previously, the post-employment benefit obligation was recognized on a straight-line basis over the period from the date on which the beneficiary joined the Company to the date of his/her retirement.

The obligation will now be recognized on a straight-line basis only over the final years of his/her service and will correspond to the lower limit of the earnings band reached by the beneficiary at his/her retirement date or as from the date on which he/she joined the Company if his/her service before retirement is shorter.

#### First-time application

As the change of method is applied for the reporting period in progress at the date on which the recommendation was published, it is treated as a change in regulations.

The impact of the change is recognized in 2021 opening equity under retained earnings.

As the provision for post-employment benefits is not deductible for tax purposes, the impact of the change has no tax effect in the parent company financial statements.

The impact of applying the ANC recommendation is:

- an increase in equity, for €3 million;

## 2.3 Intangible assets

All intangible assets are valued at purchase cost.

The gross cost of intangible asset items is amortized over the expected useful life of these assets using the straight-line method:

- patents and licenses are amortized over the shorter of the period of legal protection and period of effective use;

## 2.4 Property, plant and equipment

As required by the applicable accounting regulations (CRC Regulation 2004-06 issued by the Accounting Standards Committee), since January 1, 2005 property, plant and equipment have been depreciated over their useful lives.

Property, plant and equipment are recorded in the balance sheet at historical purchase cost less accumulated depreciation and impairment losses.

Purchase cost comprises the purchase price, ancillary fees and all costs directly attributable to bringing the asset to the location and condition ready for its intended use.

### Depreciation

The main useful lives applied to property, plant and equipment are as follows:

■ Buildings	15 to 40 years
■ Building improvements, fixtures and fittings	10 years
■ Office furniture	6 years and 8 months
■ Office equipment	6 years and 8 months
■ Vehicles	4 years
■ Technical installations, equipment, industrial tools and other	3 to 10 years

Property, plant and equipment are depreciated on a straight-line or declining-balance basis.

### Impairment

If there is evidence that an asset may be impaired at year-end, the Company performs an impairment test. The Company considers external indications of impairment such as events or changes in the market environment with an adverse impact on the entity that occurred during the reporting period or will occur in the near future, along with internal indications of impairment such as obsolescence or significant changes in the way in which an asset is used.

Impairment is recognized in the income statement when the recoverable amount of the asset falls below its carrying

- a corresponding decrease in provisions for post-employment benefits, for €3 million.

- application software is carried at purchase cost plus any development costs incurred in order to bring it into operation, and is amortized on a straight-line basis over a period of one to five years.

Research and development costs are recorded as expenses in the period in which they are incurred.

Assets purchased in a foreign currency are translated into euros at the exchange rate prevailing on the transaction date.

Assets produced by the Company are recorded at production cost.

In compliance with CRC Regulation 2004-06, significant components of certain assets such as buildings whose useful lives differ from that of the asset as a whole are recognized and depreciated separately. Interest accrued on borrowings during the development and construction phases is not included as part of the cost of the assets concerned.

amount. Recoverable amount is the higher of fair value and value in use.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction, less costs to sell. Value in use is based on the present value of expected future cash flows, calculated using a benchmark discount rate which reflects the Group's weighted average cost of capital.

## 2.5 Financial assets

Financial assets are recorded at purchase price.

### Treasury shares

Within the scope of the share buyback program set up for purposes other than for remittance to employees, the treasury shares purchased are included in other financial assets.

Treasury shares are recorded at purchase cost. Fair value is equal to the lower of purchase cost and the average stock market price for the month preceding the year-end.

Impairment is recognized when the carrying amount (average share price for the month preceding the period-end) is lower than the purchase price.

However, the following specific accounting rules apply for stock option and free share plans or any other type of employee share ownership plan:

- when shares are earmarked for a specific stock option plan whose exercise is considered probable, an additional calculation is performed for each plan. A contingency provision is recorded when the option exercise price is less than the fair value;

- when shares are allocated to a specific free share plan, their carrying amount corresponds to either (i) the purchase price of the shares if they were allocated to the plan as from its inception, or (ii) the carrying amount of the shares at the date they are reclassified if they are allocated to the plan subsequent to their acquisition. These shares are not measured at fair value due to the underlying commitment to grant them to employees, which is covered by a provision recorded under liabilities in the balance sheet;
- shares acquired with a view to their subsequent cancellation are not impaired.

## Equity investments

The 2007 French Finance Act introduced a tax treatment for equity investment acquisition expenses requiring their capitalization (inclusion in the cost price of securities) and amortization over a period of five years by way of accelerated tax depreciation/amortization.

Therefore, in accordance with the opinion issued by the CNC Urgent Issues Taskforce (*Comité d'urgence*) on June 15, 2007, the Company elected for a change in tax option from January 1, 2007, whereby the gross carrying amount of equity investments purchased after this date corresponds to the purchase price of the securities plus acquisition expenses. These acquisition expenses are then subject to accelerated tax depreciation/amortization over a period of five years.

Where the recoverable amount of equity investments is less than their carrying amount, impairment is recognized for the amount of the difference.

The fair value of equity investments is calculated:

- based on their average stock market price for the month preceding the year-end for listed investments;
- based on their share in net equity, adjusted where appropriate for significant unrealized capital gains net of taxes; or
- based on the intrinsic value of equity, reflecting the present value of the expected future cash flows (enterprise value), adjusted for the net financial position, for other equity investments.

Provisions are recorded in respect of loans and other financial assets when their recovery is uncertain.

The merger deficit is tested annually for impairment. In the event that any of the underlying equity investments are sold, the portion of the deficit allocated to the investment concerned is released to the income statement.

## 2.6 Receivables and payables

Receivables and payables are recorded at nominal value.

Impairment in value is recognized on receivables where their recoverable amount is less than their carrying amount.

## Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing at the transaction date.

Receivables and payables in foreign currencies are translated into euros at the exchange rate prevailing at year-end, while

any resulting translation gains or losses are recorded under unrealized foreign exchange gains or losses. A provision is set aside for any unrealized foreign exchange losses at December 31, unless the losses are offset by potential gains in the same currency and over the same period.

## 2.7 Marketable securities

Marketable securities are measured as described below:

- the gross value of marketable securities reflects their purchase price excluding ancillary fees;
- when the fair value of marketable securities, determined based on their value in use or their probable trading value,

is less than their gross carrying value, impairment is recognized for the amount of the difference. The fair value of listed securities is determined based on their average stock market price for the month preceding the year-end.

## 2.8 Cash at bank and in hand

This caption consists mainly of bank accounts held by the Company.

Foreign-currency denominated liquid assets held at year-end are translated into euros at the exchange rate prevailing at December 31.

Any resulting translation gains or losses are recorded in financial income and expenses.

## 2.9 Tax-driven provisions

Increases in standard depreciation and amortization rates for intangible assets and/or property, plant and equipment, as permitted by the tax authorities to encourage investment, are considered as "accelerated tax depreciation/amortization" and are recorded in tax-driven provisions in equity.

Provisions for accelerated tax depreciation/amortization are also recorded in respect of equity investment acquisition expenses.

## 2.10 Provisions for contingencies and losses

A provision is recognized when the Company has a present obligation and it is likely or certain that this obligation will give rise to an outflow of economic resources with no equivalent consideration in return.

Provisions for contingencies and losses are recognized as described below:

- provisions for contingencies are set aside based on the risk known at the end of the current reporting period. The

amount of the provision reflects the amount of any damages claimed or estimated based on the progress of proceedings and on the opinion of the Company's legal counsel;

- provisions for losses mainly concern the expense relating to the refund of tax savings made on loss-making subsidiaries, and employee benefit obligations.

### Employee benefit obligations

The Company has various obligations under defined benefit plans. The most important of these obligations are described below:

- the Company's obligations for end-of-career bonuses payable pursuant to the metallurgy industry collective bargaining agreement or company agreements are covered by provisions;
- a defined benefit supplementary pension plan that was closed to new entrants on December 31, 2017 and under which all conditional entitlements were frozen as of December 31, 2016. The beneficiaries of this closed plan are Group executive managers with five years' service at December 31, 2017.

These obligations are recognized and measured in accordance with ANC Recommendation 2013-02 (as amended on November 5, 2021) on the recognition and measurement of employee benefit obligations. The Company adopted the method introduced by the IFRS IC. All obligations under defined benefit plans are measured by an independent actuary.

Where appropriate, the impact of changes in actuarial assumptions underlying the calculation of post-employment benefits (end-of-career bonuses and top-hat retirement plans) is spread over the expected average remaining working lives of employees in accordance with the corridor method. Any liabilities not covered by a provision (actuarial differences and unrecognized past service costs) are presented in off-balance sheet commitments.

All components of the net periodic pension cost (service cost, amortization of actuarial gains and losses, impacts of plan amendments, interest cost and return on plan assets) are recorded in the income statement.

In addition, employees are eligible for defined contribution pension plans, including:

- statutory pension plans;
- complementary pension plans;
- supplementary pension plans (the "Article 83" plan for engineers and managers and the additional "Article 83" plan and the "Article 82" plan for executive managers).

The expense for the year corresponding to the Company's contributions is presented in the income statement.

## 2.11 Financial instruments

### Foreign currency hedges

To protect its earnings, Safran implements a hedging policy with the aim of reducing uncertainty factors affecting the Group's operating profitability and allowing it to adapt its cost structure to a volatile monetary environment.

#### Hedging policy

Three basic principles underscore the foreign currency risk management policy defined by Safran for most of its subsidiaries:

- to protect the Group's economic performance from random fluctuations in the US dollar;
- to optimize the quality of hedging whenever possible, without jeopardizing the Group's economic performance (first principle);

#### Management policy

The hedging policy is based on managing the financial instrument portfolio in order to guarantee a predefined minimum parity.

In building up its hedging portfolio, the Group primarily uses forward sales, accumulators and a combination of options. Certain instruments include knock-in or knock-out barrier options, representing a risk to the size of the hedge book and to targeted hedge rates in certain cases of exchange rate fluctuations.

Optimization measures are also used with a view to improving the minimum exchange rate parity, and seek to protect the Group's economic performance at all times. They

- to provide visibility as regards the exchange rate applied in the Group's consolidated financial statements.

Protecting economic performance means setting a minimum USD exchange rate parity over an applicable term. Minimum parity corresponds to a USD exchange rate that allows all Safran subsidiaries to meet their operating profit targets. Hedging arrangements have been made accordingly over a timeframe of three to four years.

are based on products that allow the Group to take advantage of any improvement in the underlying exchange rate parities.

The fair value of financial instruments set up by Safran to hedge the net position of foreign-currency denominated operating receivables and payables of subsidiaries covered by a Safran foreign exchange guarantee is recorded in the balance sheet.

The fair value of financial instruments used to hedge future transactions denominated in foreign currencies is not recorded in the balance sheet.



Premiums paid and received on options are initially recorded in the balance sheet and then released to the income statement on maturity or expiration of the options.

Foreign currency gains and losses arising on these transactions along with hedging gains and losses transferred to subsidiaries are recorded as foreign exchange gains and losses.

## Interest rate hedges

The Company may use interest rate swaps to hedge its exposure to changes in interest rates.

## 2.12 Revenue

Revenue recognized by the Company mainly arises from the provision of services and general assistance provided to the Group's subsidiaries.

Recurring services are billed on a monthly basis.

## 2.13 Non-recurring items

In particular, non-recurring items include capital gains and losses arising on the sale of non-current assets.

## 2.14 Income tax and tax consolidation in France

The Company elected for the Group tax consolidation regime set out in Articles 223-A to 223-Q of the French Tax Code (*Code général des impôts*), and a tax consolidation group was set up by Safran SA, registered in Paris under number RCS 562 082 909 on January 1, 2005.

In fiscal 2021, the tax consolidation group included the following companies:

- Safran (head of the tax group);
- Établissements Vallaroche;
- Galli Participations;
- Lexvall 22;
- Lexvall 24;
- Lexvall 25;
- Safran Additive Manufacturing Campus;
- Safran Aero Composite;
- Safran Aerosystems;
- Safran Aerosystems Ducts;
- Safran Aerosystems Fluid;
- Safran Aerosystems Hydraulics;
- Safran Aerosystems Services Europe;
- Safran Aerotechnics;
- Safran Aircraft Engines;
- Safran Cabin France;
- Safran Ceramics;
- Safran Corporate Ventures;
- Safran Data Systems;
- Safran Data Systems Investment;
- Safran Electrical & Power;
- Safran Electrical Components;
- Safran Electronics & Defense;

- Safran Electronics & Defense Actuation;
- Safran Electronics & Defense Cockpit Solutions;
- Safran Engineering Services;
- Safran Filtration Systems;
- Safran Helicopter Engines;
- Safran Landing Systems;
- Safran Landing Systems Services Dinard;
- Safran Nacelles;
- Safran Power Units;
- Safran Reosc;
- Safran Seats;
- Safran Transmission Systems;
- Safran Ventilation Systems;
- Snecma Participations;
- SSI;
- Vallaroche Conseil.

As from 2021, Safran International Ressources is no longer consolidated for tax purposes following its winding-up.

In accordance with the tax consolidation agreements entered into between Safran and its subsidiaries, each subsidiary in the tax group records in its accounts the amount of tax that it would have paid on a stand-alone basis. Any tax savings or additional liabilities arising as a result of tax consolidation are recorded by Safran in its capacity as head of the tax group.

Any tax savings arising on the use of tax losses of subsidiaries in the tax consolidation group are recorded in Safran's income statement and neutralized by way of a provision. This provision is released to profit or loss when prior-year losses are used by the consolidated subsidiary or when they become time-barred and may no longer be used by the subsidiary concerned.

## NOTE 3 NOTES TO THE BALANCE SHEET

### 3.1 Intangible assets, property, plant and equipment and financial assets

#### Gross carrying amount

Movements in non-current assets break down as follows:

(in € millions)	Dec. 31, 2020	Acquisitions, contributions, creations, increases	Reclassifications	Sales, spin-offs, decreases	Dec. 31, 2021
Concessions, patents, licenses, software and similar rights	171	2	1	-	174
Intangible assets in progress	2	1	(2)	-	1
Payments on account	-	2	-	-	2
<b>Intangible assets</b>	<b>173</b>	<b>5</b>	<b>(1)</b>	<b>-</b>	<b>177</b>
Land and improvements	5	-	-	(1)	4
Buildings	112	1	1	(6)	108
Installations, equipment and tools	51	-	1	(1)	51
Other property, plant and equipment	76	4	2	(17)	65
Property, plant and equipment in progress	8	12	(3)	(3)	14
Payments on account	-	3	-	-	3
<b>Property, plant and equipment</b>	<b>252</b>	<b>20</b>	<b>1</b>	<b>(28)</b>	<b>245</b>
Financial investments <sup>(1)</sup>	17,987	-	-	-	17,987
Loans to equity investments <sup>(2)(3)</sup>	167	200	-	(14)	353
Other long-term investments <sup>(4)</sup>	78	1	-	(5)	74
Loans	11	-	-	(2)	9
Other financial assets <sup>(5)</sup>	55	341	-	(344)	52
<b>Financial assets</b>	<b>18,298</b>	<b>542</b>	<b>-</b>	<b>(365)</b>	<b>18,475</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>18,723</b>	<b>567</b>	<b>-</b>	<b>(393)</b>	<b>18,897</b>

(1) In accordance with ANC Regulation 2015-06, the merger deficit has been classified within financial investments as a result of its allocation to unrealized capital gains on equity investments for an amount of €9,064 million. The merger deficit breaks down as follows:

- the Snecma/Sagem merger for €3,069 million;
- the Safran/Zodiac Aerospace merger for €5,995 million.

(2) Increases in "Loans to equity investments" correspond to the investment of €200 million that does not meet the criteria to qualify as cash and cash equivalents.

(3) Decreases in "Loans to equity investments" solely reflect repayments of intragroup loans.

(4) Decreases in "Other long-term investments" are mainly due to the sale of Raise Investissement shares for €5 million.

(5) Acquisitions and disposals chiefly correspond to treasury share transactions carried out under the liquidity agreement entered into in 2012 with Oddo BHF. At December 31, 2021, 243,879 shares were held in connection with the liquidity agreement.

#### Depreciation and amortization

(in € millions)	Dec. 31, 2020	Additions	Reversals	Dec. 31, 2021
Concessions, patents, licenses, software and similar rights	152	11	-	163
<b>TOTAL INTANGIBLE ASSETS</b>	<b>152</b>	<b>11</b>	<b>-</b>	<b>163</b>
Land and improvements	1	1	-	2
Buildings	67	7	(6)	68
Installations, equipment and tools	21	6	(1)	26
Other property, plant and equipment	60	6	(16)	50
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>149</b>	<b>20</b>	<b>(23)</b>	<b>146</b>

#### Asset impairment

(in € millions)	Dec. 31, 2020	Additions	Reversals	Dec. 31, 2021
Impairment of financial assets <sup>(1)</sup>	123	323	(2)	444
Impairment of current assets	13	-	(7)	6
<b>TOTAL</b>	<b>136</b>	<b>323</b>	<b>(9)</b>	<b>450</b>

(1) Additions to "Impairment of financial assets" mainly relate to €314 million set aside to the provision in respect of the investment in Galli Participations and €7 million set aside in respect of the investment in Établissement Vallaroché.

## List of subsidiaries and investments

Disclosures provided in accordance with Article R.123-197.2 of the French Commercial Code (in € millions)<sup>(1)</sup>

Company	Business line	Share capital	Equity other than share capital and profit	% voting rights	% share capital held
<b>A. DETAILED INFORMATION ON SUBSIDIARIES AND ASSOCIATES WHOSE GROSS CARRYING AMOUNT EXCEEDS 1% OF SAFRAN'S SHARE CAPITAL (I.E., €0.8 MILLION)</b>					
<b>1. Subsidiaries (more than 50%-owned)</b>					
<b>a) French companies</b>					
■ ArianeGroup Holding (SIREN: 519032171, Paris, France)	Holding company	374.1	3,264.6	50.0	50.0
■ Établissements Vallaroché (SIREN: 542028154, Paris, France)	Holding company	15.6	(3.5)	100.0	100.0
■ Galli Participations (SIREN: 402112403, Paris, France) <sup>(4)</sup>	Holding company	334.0	1,479.6	100.0	100.0
■ Safran Additive Manufacturing Campus (SIREN: 815255773, Le Haillan, France)	Holding company	10.0	0.0	100.0	100.0
■ Safran Aircraft Engines (SIREN: 414815217, Paris, France)	Propulsion	154.1	410.3	97.4	97.4
■ Safran Ceramics (SIREN: 440513059, Le Haillan, France)	Propulsion	0.1	24.1	100.0	100.0
■ Safran Electrical & Power (SIREN: 301501391, Blagnac, France)	Aircraft Equipment	19.4	198.7	78.4	78.4
■ Safran Electronics & Defense (SIREN: 480107911, Paris, France)	Defense	45.6	440.6	65.3	65.3
■ Safran Helicopter Engines (SIREN: 338481955, Bordes, France)	Propulsion	38.8	194.0	100.0	100.0
■ Safran Landing Systems (SIREN: 712019538, Vélizy-Villacoublay, France)	Aircraft Equipment	83.7	412.0	100.0	100.0
■ Safran Nacelles (SIREN: 352050512, Gonfreville l'Orcher, France)	Aircraft Equipment	56.7	44.3	88.5	88.5
■ Safran Transmission Systems (SIREN: 692015217, Colombes, France)	Aircraft Equipment	36.8	16.6	100.0	100.0
■ Safran Ventilation Systems (SIREN: 710802547, Blagnac, France)		1.3	11.2	100.0	100.0
<b>b) Foreign companies</b>					
■ Safran Aero Boosters	Propulsion				
■ Safran China <sup>(3)</sup>	Holding company	54.9	6.8	67.2	67.2
■ Safran Electrical Power UK Ltd	Aircraft Equipment	2.9	4.4	100.0	100.0
■ Safran Maroc <sup>(3)</sup>	Holding company	273.3	(71.6)	100.0	100.0
■ Safran Serviços de Suporte de Programas Aeronauticos <sup>(3)</sup>	Aircraft Equipment	1.9	(0.5)	100.0	100.0
■ Safran UK Ltd	Holding company	0.2	0.0	100.0	100.0
■ Safran USA Inc.	Holding company	19.3	9.1	100.0	100.0
	Holding company	0.0	1,841	100.0	100.0
<b>2. Investments (10%- to 50%-owned)</b>					
<b>a) French companies</b>					
■ Corse Composites Aéronautiques <sup>(3)</sup>	Aircraft Equipment	1.7	38.1	24.8	24.8
■ FCPR Aerofund II	Investment fund	75.0		16.6	16.6
■ FCPR Aerofund III	Investment fund	167.0		16.3	16.3
■ Mobiwire <sup>(3)</sup>	Communications	2.0	(0.1)	10.6	10.6

**B. SUMMARY INFORMATION CONCERNING OTHER SUBSIDIARIES AND INVESTMENTS****1. Subsidiaries (more than 50%-owned)**

(a) French companies

(b) Foreign companies

**2. Investments (10%- to 50%-owned)**

(a) French companies

(b) Foreign companies

(1) For foreign companies, share capital, equity, revenue and profit amounts were translated into euros at the exchange rate prevailing at December 31, 2021.

(2) Additional paid-in capital of US-based entities is shown under "Equity other than share capital and profit".

(3) Situation at December 31, 2020.

(4) Impairment of the investment in Galli Participations was charged against the merger loss arising from the Safran/Zodiac Aerospace merger (see Note 3.1).

Carrying amount of investments		Outstanding loans and advances granted	Guarantees and endorsements given by the Company	2021 revenue	2021 profit	Dividends received by Safran in 2021	Receivables	Payables
Gross	Net							
1,510.9	1,510.9			10.0	140.9			266.0
62.8	25.9				2.0		35.8	
1,793.1	1,793.1		2.7	4.1	123.9	186.4		46.9
10.0	8.8			5.4	(1.7)		40.2	12.0
195.4	195.4		9.9	6,616.1	697.0	540.9	5.8	2,935.6
40.3	40.3		1.7	31.5	5.6	4.5	81.9	32.5
247.8	247.8		429.8	569.9	38.8	8.4	14.7	9.5
595.7	595.7		115.6	1,287.8	161.6	119.0	122.4	130.0
539.0	539.0		0.3	1,305.4	226.4	8.6	2.3	396.0
560.5	560.5		0.2	1,435.7	136.6	127.0	221.9	17.0
924.2	924.2		838.8	1,188.8	112.1	12.9	201.4	3.4
163.8	163.8		103.0	322.2	53.8	64.7	3.8	1.5
41.2	41.2			72.9	10.4	8.7	0.3	22.9
115.6	115.6			484.1	813.7		0.1	1,009.6
2.5	2.5			18.3	0.5			0.4
275.1	275.1		35.3	121.3	(0.1)		0.1	83.6
1.8	1.3			1.6				0.1
1.5	0.8			0.1				
40.0	29.5			6.3	2.5			5.7
1,774.3	1,774.3		96.5	17.4	157.9			1,394.4
1.0	1.0			44.9	(6.4)			
4.8	4.8							
17.2	17.2							
1.0	0.0			51.1	(0.6)			
2.6	1.6					0.2	24.7	1.3
0.5	0.5					8.4		

### 3.2 Receivables

Receivables break down as follows at December 31, 2021:

(in € millions)	Gross carrying amount at Dec. 31, 2021	Less than 1 year	Between 1 and 5 years	More than 5 years
Payments on account made on outstanding orders	6	6	-	-
Trade receivables	84	51	33	-
<b>Operating receivables</b>	<b>90</b>	<b>57</b>	<b>33</b>	<b>-</b>
Miscellaneous receivables	480	480	-	-
Group current accounts	3,894	3,894	-	-
Prepayments	25	25	-	-
Unrealized foreign exchange losses	271	110	-	161
<b>Other receivables</b>	<b>4,670</b>	<b>4,509</b>	<b>-</b>	<b>161</b>
Impairment	(6)	(6)	-	-
<b>TOTAL</b>	<b>4,754</b>	<b>4,560</b>	<b>33</b>	<b>161</b>

### 3.3 Marketable securities, cash at bank and in hand

Marketable securities and cash at bank and in hand break down as follows:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Marketable securities	1,693	3,288
Cash at bank and in hand	1,795	1,584
<b>MARKETABLE SECURITIES, CASH AT BANK AND IN HAND</b>	<b>3,488</b>	<b>4,872</b>

The gross value of marketable securities can be analyzed as follows:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Treasury shares	3	24
Other securities	1,690	3,264
<b>TOTAL</b>	<b>1,693</b>	<b>3,288</b>

#### Treasury shares

	Dec. 31, 2020	Purchase	Sale	Dec. 31, 2021
Number of shares	40,084	650,000	(490,998)	199,086
Gross value (in € millions)	3	77	(57)	24
Impairment (in € millions)	-	-	-	(3)
Net value (in € millions)	3	-	-	21

Acquisitions correspond to the purchase of 650,000 shares in connection with the implementation of a share buyback program in connection with employee shareholding plans.

Sales correspond to a total of 490,998 shares delivered under a multi-year variable compensation plan and employee shareholding plans.

#### Other securities

Other securities include term deposits with liquid exit options exercisable at no cost within three months, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

### 3.4 Accrued income

In accordance with the accrual principle, accrued income is recorded in the following asset headings:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Loans to equity investments	-	-
Trade receivables	65	72
Other receivables	3	2
<b>TOTAL</b>	<b>68</b>	<b>74</b>

### 3.5 Prepayments

Prepayments amounted to €25 million at December 31, 2021.

They concerned expenses on IT maintenance agreements (€13 million), insurance costs (€10 million) and rental expenses (€2 million).

### 3.6 Unrealized foreign exchange losses and redemption premiums

Unrealized foreign exchange losses represented €271 million at December 31, 2021, and primarily result from the translation into euros of foreign currency borrowings, loans and current accounts at the 2021 year-end exchange rate.

Redemption premiums on bonds amounted to €9 million at December 31, 2021.

These premiums are amortized on a straight-line basis over the term of the bonds.

### 3.7 Equity

#### Share capital

At December 31, 2021, Safran's share capital was fully paid up and comprised 427,242,440 ordinary shares, with a par value of €0.20 each.

The Safran share (ISIN code: FR0000073272/Ticker symbol: SAF) is listed continuously on Compartment A of the Eurolist market of Euronext Paris and is eligible for the deferred settlement service.

Changes in the breakdown of share capital and voting rights are as follows:

#### December 31, 2020

Shareholders	Number of shares	% share capital	Number of voting rights <sup>(1)</sup>	% voting rights <sup>(1)</sup>
Free float	347,973,999	81.45%	406,760,265	72.47%
French State	47,983,131	11.23%	95,966,262	17.10%
Employees <sup>(2)</sup>	30,959,525	7.25%	58,567,145	10.43%
Treasury shares	319,284	0.07%	-	-
<b>TOTAL</b>	<b>427,235,939</b>	<b>100.00%</b>	<b>561,293,672</b>	<b>100.00%</b>

(1) Exercisable voting rights.

(2) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code (Code de commerce).

#### December 31, 2021

Shareholders	Number of shares	% share capital	Number of voting rights <sup>(1)</sup>	% voting rights <sup>(1)</sup>
Free float	348,856,484	81.65%	395,539,917	72.05%
French State	47,983,131	11.23%	95,966,262	17.48%
Employees <sup>(2)</sup>	29,946,660	7.01%	57,504,169	10.47%
Treasury shares	456,165	0.11%	-	-
<b>TOTAL</b>	<b>427,242,440</b>	<b>100.00%</b>	<b>549,010,348</b>	<b>100.00%</b>

(1) Exercisable voting rights.

(2) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.

Each share carries entitlement to one vote.

Shares held in registered form for over two years have double voting rights.

The 456,165 treasury shares have no voting rights.

At December 31, 2021, the total number of shares includes 6,501 shares issued throughout the year further to the exercise of stock subscription options resulting from employee commitments undertaken by Zodiac Aerospace, transferred to Safran following the Zodiac Aerospace merger on December 1, 2018 based on the exchange ratio used for the merger.



## Changes in shareholders' equity

(in € millions)	Dec. 31, 2020	Change in accounting policy <sup>(1)</sup>	Appropriation of 2020 profit	Increase	Decrease	Dec. 31, 2021
Share capital	85	-	-	-	-	85
Additional paid-in capital	5,566	-	-	1	-	5,567
Legal reserve	9	-	-	-	-	9
Tax-driven reserves	302	-	-	-	-	302
Other reserves <sup>(2)</sup>	1,421	-	-	-	-	1,421
Retained earnings <sup>(3)</sup>	2,659	3	1,647	-	(184)	4,125
Tax-driven provisions	21	-	-	3	(2)	22
2020 profit	1,647	-	(1,647)	-	-	-
2021 profit	-	-	-	691	-	691
<b>TOTAL</b>	<b>11,710</b>	<b>3</b>	<b>-</b>	<b>695</b>	<b>(186)</b>	<b>12,222</b>

(1) Impact of the change in accounting policy resulting from the update to ANC Recommendation 2013-02 on the attribution of service costs arising on defined benefit plans (see Note 2.2, "Change in accounting policy").

(2) Including €24 million in reserves hedging treasury shares held at December 31, 2021.

(3) The decrease in retained earnings corresponds to the amount of the dividends for 2020 paid by Safran SA in 2021.

## 3.8 Tax-driven provisions and provisions for contingencies and losses

Movements in tax-driven provisions can be analyzed as follows:

		Change in accounting policy <sup>(1)</sup>	Reversals			Dec. 31, 2021
(in € millions)	Dec. 31, 2020		Additions	Surplus	Utilized	
Accelerated tax depreciation/amortization	9		3	-	(2)	10
Accelerated tax depreciation/amortization (share acquisition fees)	12		-	-	-	12
<b>TOTAL TAX-DRIVEN PROVISIONS</b>	<b>21</b>		<b>3</b>	<b>-</b>	<b>(2)</b>	<b>22</b>

Provisions for contingencies and losses can be analyzed as follows:

		Change in accounting policy <sup>(1)</sup>	Reversals			Dec. 31, 2021
(in € millions)	Dec. 31, 2020		Additions	Surplus	Utilized	
Foreign exchange losses	16	-	17	-	(16)	17
Disputes and litigation	9	-	2	(1)	(5)	5
<b>Contingency provisions</b>	<b>25</b>	<b>-</b>	<b>19</b>	<b>(1)</b>	<b>(21)</b>	<b>22</b>
Retirement benefits, long-service awards and similar obligations	26	(3)	8	-	(6)	25
Income tax – loss-making subsidiaries, under-capitalization	414	-	32	-	(59)	387
Other	79	-	43	(6)	(55)	61
<b>Loss provisions</b>	<b>519</b>	<b>(3)</b>	<b>83</b>	<b>(6)</b>	<b>(120)</b>	<b>473</b>
<b>TOTAL</b>	<b>544</b>	<b>(3)</b>	<b>102</b>	<b>(7)</b>	<b>(141)</b>	<b>495</b>
Loss from operations			46	(7)	(67)	
Financial income			17	-	(16)	
Non-recurring expense			39	-	(58)	
<b>TOTAL</b>			<b>102</b>	<b>(7)</b>	<b>(141)</b>	

(1) Impact of the change in accounting policy resulting from the update to ANC Recommendation 2013-02 on the attribution of service costs arising on defined benefit plans (see Note 2.2, "Change in accounting policy").

In accordance with the tax consolidation agreements entered into between Safran and its subsidiaries, each subsidiary in the tax group records in its accounts the amount of tax that it would have paid on a stand-alone basis. Any tax savings or additional liabilities arising as a result of tax consolidation are recorded by Safran in its capacity as head of the tax group.

Any tax savings arising on the use of tax losses of subsidiaries in the tax consolidation group are recorded in Safran's income statement and neutralized by way of a provision. This provision is released to profit or loss when prior-year losses are used by the consolidated subsidiary or when they become time-barred and may no longer be used by the subsidiary concerned.

## Employee benefit obligations

The main assumptions used to calculate the Company's employee benefit obligations were as follows:

	Dec. 31, 2020	Dec. 31, 2021
Discount rate	0.50%	1.00%
Inflation rate	1.75%	1.75%
Expected return on plan assets	0.50%	1.00%
Rate of future salary increases	Age table	Age table
Probable retirement age of managerial-grade staff	64 years	64 years
Probable retirement age of non-managerial-grade staff	62 years	62 years
Mortality tables used	INSEE 2013-2015/TGHF05	INSEE 2013-2015/TGHF05

The table below shows movements in employee benefit obligations:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021	Defined benefit pension plans	Retirement termination benefits
Present value of obligation	62	51	21	30
Fair value of plan assets	(5)	(4)	(4)	-
<b>Funding shortfall</b>	<b>57</b>	<b>47</b>	<b>17</b>	<b>30</b>
■ o/w provision	62	51	21	30
■ o/w plan assets	(5)	(4)	(4)	-
Unrecognized actuarial gains and losses and past service costs	(32)	(23)	(12)	(11)
<b>Benefit obligations covered by a provision in the balance sheet</b>	<b>25</b>	<b>24</b>	<b>5</b>	<b>19</b>
Current service cost	3	4	1	3
Interest cost	-	-	-	-
Amortization of actuarial gains and losses	4	3	3	-
Special events	-	(3)	(3)	-
<b>Expense</b>	<b>7</b>	<b>4</b>	<b>1</b>	<b>3</b>
Benefits paid	(2)	(5)	-	(5)
<b>Provision charge/(reversal)</b>	<b>5</b>	<b>(1)</b>	<b>1</b>	<b>(2)</b>

## Defined benefit pension plans

The Group closed a defined benefit supplementary pension plan on December 31, 2017 and froze all conditional entitlements as of December 31, 2016.

The beneficiaries of this closed plan are Group executive managers with five years' service at December 31, 2017.

The closure of the plan was part of a change in supplementary pension arrangements for Group executive managers, with the introduction of an additional "Article 83" defined contribution plan (mandatory collective plan) and an "Article 82" defined contribution plan (voluntary collective plan) as from January 1, 2017.

## Retirement termination benefits

This caption includes obligations in respect of statutory termination benefits due on retirement and supplementary payments required by the collective bargaining agreement for the metallurgy industry.

### 3.9 Financial liabilities, operating payables and other liabilities

Movements in these items can be analyzed as follows:

(in € millions)	Total at Dec. 31, 2021	Less than 1 year	Between 1 and 5 years	More than 5 years
Bond issue	3,330	-	200	3,130
USD senior unsecured notes issue	1,486	477	446	563
Miscellaneous loans and borrowings	1,055	873		
■ Deposits and guarantees received	2	-	1	1
■ Other loans and borrowings	1,034	854	180	-
■ Accrued interest	19	19	-	-
<b>Financial liabilities</b>	<b>5,871</b>	<b>1,350</b>	<b>827</b>	<b>3,694</b>
Group current accounts	8,421	8,421	-	-
Payments on account received	15	14	-	-
Trade payables	146	146	-	-
Amounts payable on non-current assets	9	7	2	-
Other liabilities	380	375	5	-
Deferred income	39	8	25	6
Unrealized foreign exchange gains	179	179	-	-
<b>Operating payables and miscellaneous liabilities</b>	<b>9,189</b>	<b>9,150</b>	<b>32</b>	<b>6</b>

#### Borrowings

##### USD senior unsecured notes issue (2012-2024)

On February 9, 2012, Safran issued senior unsecured notes on the US private placement market, of which USD 1.045 billion was outstanding at December 31, 2021. The issue included:

- USD 540 million of 10-year notes due February 2022 at a 4.28% fixed-rate coupon; and
- USD 505 million of 12-year notes due February 2024 at a 4.43% fixed-rate coupon.

An interest rate hedge in the form of a cross currency swap (USD floating-rate borrower at inception, followed by EUR fixed-rate borrower from March 2019) was set up on these two tranches, allowing the USD fixed-rate debt to be fully swapped for EUR fixed-rate debt.

At December 31, 2021, the average interest rate of the issue came out at 1.64% after taking into account the impact of interest rate derivatives.

##### USD senior unsecured notes issue (2020-2032)

On June 29, 2020, Safran issued senior unsecured notes on the US private placement market (USPP) for a total amount equivalent to €563 million, comprising:

- USD 181 million due June 2030 at a 3.10% fixed-rate coupon (tranche A);
- USD 133 million due June 2032 at a 3.30% fixed-rate coupon (tranche B);
- €122 million due June 2030 at a 2.00% fixed-rate coupon (tranche C);
- €164 million due June 2032 at a 2.05% fixed-rate coupon (tranche D).

A EUR/USD cross currency swap (EUR fixed-rate borrower and USD fixed-rate lender) was set up on tranches A and B on July 21, 2020, swapping USD fixed-rate debt for EUR fixed-rate debt.

After taking this hedge into account, tranche A bears fixed-rate interest at 2.04% and has a notional amount of €158 million, while tranche B bears fixed-rate interest at 2.22% and has a notional amount of €116 million.

After taking this hedge into account, the 10-year notes (tranches A and C) of the USPP carry an effective coupon of 2.02% and have a notional amount of €280 million, while the 12-year notes (tranches B and D) carry an effective coupon of 2.12% and have a notional amount of €280 million.

#### Bond issue

- On April 11, 2014, Safran issued €200 million worth of 10-year bonds paying a fixed 2.875% coupon to French investors, maturing on April 11, 2024. The bonds were issued at 99.529% of par. The interest rate on the bonds was hedged by a floating-rate swap on 3-month Euribor.
- On March 16, 2021, Safran issued:

- 5-year, 0.125% fixed-rate bonds for €700 million (maturing on March 16, 2026). The bonds were issued at 99.231% of par. Upon issuance, the bonds were rated BBB+ by Standard & Poor's;
- 10-year, 0.750% fixed-rate bonds for €700 million (maturing on March 17, 2031). The bonds were issued at 99.349% of par. Upon issuance, the bonds were rated BBB+ by Standard & Poor's.

## Euro placement

On March 10, 2016, Zodiac Aerospace set up a placement in the form of a syndicated loan with an original maturity of seven years, falling due on March 10, 2023, on which €180 million was outstanding at December 31, 2021 at an adjustable rate of 2.902%.

## 2020-2027 OCÉANES

Issue of bonds convertible into new shares and/or exchangeable for existing shares ("OCÉANES") on May 15, 2020 for a nominal amount of €800 million. The bonds bear interest at 0.875% and were offered at an issue

price representing 100% of par, or a gross yield to maturity at the issue date of 0.875%. Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on May 15, 2027.

## 2020-2027 OCÉANES – Tap issue

Tap issue of bonds convertible into new shares and/or exchangeable for existing shares ("OCÉANES") on October 12, 2020 for a nominal amount of €200 million. The bonds bear interest at 0.875% and were offered at an issue price representing 109.03% of par, or a gross negative yield to maturity at the issue date of 0.419%.

The difference between the nominal amount (€200 million) and the amount of the issue (€218 million) was recognized in deferred income, to be amortized on a straight-line basis to the bonds' maturity date of May 15, 2027.

The bonds carry the same terms and conditions as those issued on May 15, 2020, with which they are fully fungible and with which they form a single series.

## 2020-2028 OCÉANES

Issue of bonds convertible into new shares and/or exchangeable for existing shares ("OCÉANES") on June 14, 2021 for a nominal amount of €730 million. The bonds do not carry a coupon and were offered at an issue price representing 103.5% of par, or a gross negative yield to maturity at the issue date of 0.50%.

The difference between the nominal amount (€730 million) and the amount of the issue (€756 million) was recognized in deferred income, to be amortized on a straight-line basis to the bonds' maturity date of April 1, 2028.

Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on April 1, 2028.

## Negotiable European Commercial Paper (NEU CP)

Negotiable European Commercial Paper (NEU CP) subscribed by a corporate mutual fund of the Group employee savings plan and amounting to €420 million at December 31, 2021. The average interest rate payable by Safran on this commercial paper was 0.99% at December 31, 2021. The sums managed by the corporate mutual fund and reinvested in Safran NEU CP are frozen for an initial period of five years. In view of the fund's commitments, this NEU CP is classified within long-term borrowings. At December 31, 2021, 82% of the sums managed by the corporate mutual fund will be available within one year.

Negotiable European Commercial Paper (NEU CP) representing €100 million at December 31, 2021 and

€1,322 million at December 31, 2020, reflecting the priority given to longer-term debt instruments.

In 2021, the following borrowings were redeemed at maturity or repurchased:

- Four-year floating-rate bonds issued on June 28, 2017 at 3-month Euribor +57 basis points (coupon floored at 0%) for €500 million, redeemed on June 28, 2021.
- Bonds convertible into new shares and/or exchangeable for existing shares ("OCÉANES") issued on June 21, 2018 for a nominal amount of €700 million: 96.2% of the OCÉANES were repurchased on June 15, 2021 for €745 million and the 3.8% of the OCÉANES that remained outstanding were redeemed early at par on the Group's initiative on July 19, 2021 for €27 million.

## 3.10 Accrued expenses

Accrued expenses are included in the following liability headings:

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Other bond issues	14	18
Bank borrowings	-	-
Miscellaneous loans and borrowings	-	-
Trade payables	113	125
Taxes and payroll costs	65	62
Amounts payable on non-current assets	4	6
Other liabilities	3	7
<b>TOTAL</b>	<b>199</b>	<b>218</b>

### 3.11 Deferred income

Deferred income amounted to €39 million at December 31, 2021, breaking down as:

- the issue premium received in respect of the issue of the 2020-2027 OCÉANES for €15 million, which is being amortized in income on a straight-line basis over the term of the bonds (seven years);
- the issue premium received in respect of the issue of the 2021-2028 OCÉANES for €23 million, which is being amortized in income on a straight-line basis over the term of the bonds (seven years);
- an outstanding rent-free period for €1 million, which is being amortized over two years.

### 3.12 Unrealized foreign exchange gains

Unrealized foreign exchange gains amounted to €179 million at December 31, 2021.

They primarily resulted from the translation into euros of foreign currency loans and current accounts at the 2021 year-end exchange rate.

## NOTE 4 NOTES TO THE INCOME STATEMENT

### 4.1 Revenue

(in € millions)	2020	2021
General assistance	96	110
Administrative and financial services	61	60
R&T services	156	152
Group projects	1	1
IT services	175	205
Seconded employees	14	10
Real estate income	18	16
Other	20	21
<b>TOTAL</b>	<b>541</b>	<b>575</b>

### 4.2 Expense transfers

Expense transfers during the year amounted to €3 million and mainly concerned expenses rebilled to Group subsidiaries and the reallocation of costs by nature.

### 4.3 Financial income and expenses

Financial income and expenses break down as follows:

(in € millions)	2020	2021
Dividends received and other investment income	1,695	1,089
Interest and similar income	50	50
Reversals of impairment of equity investments	-	2
Other reversals of provisions for financial items	15	23
Foreign exchange gains	-	-
<b>Financial income</b>	<b>1,760</b>	<b>1,164</b>
Impairment of equity investments	(3)	(323)
Other charges to provisions for financial items	(16)	(21)
Interest and similar expenses	(52)	(127)
Foreign exchange losses	(18)	(1)
<b>Financial expenses</b>	<b>(89)</b>	<b>(472)</b>
<b>FINANCIAL INCOME</b>	<b>1,671</b>	<b>692</b>

A breakdown of dividends is provided in the table of subsidiaries and investments.

"Impairment of equity investments" mainly concerns Galli Participations (€314 million) and Établissement Vallaroche (€7 million).

Other movements in provisions for financial items mainly relate to the provision for foreign exchange losses.

Interest and similar expenses in 2021 include the cost of repurchasing the 2018 OCÉANES for €71 million.

For the purpose of providing a meaningful comparison, foreign exchange gains and losses are presented on a single line of the income statement for the same fiscal year.

## 4.4 Non-recurring items

Non-recurring items can be analyzed as follows:

(in € millions)	2020	2021
Change in tax-driven provisions	(1)	(1)
Income from non-capital transactions	-	-
Income from capital transactions	16	23
Expenses on non-capital transactions	-	(5)
Expenses on capital transactions	(185)	(70)
Net charges to provisions and expense transfers	156	50
<b>NON-RECURRING EXPENSE</b>	<b>(14)</b>	<b>(3)</b>

Non-recurring expense mainly consists of losses on sales of treasury shares.

## 4.5 Statutory employee profit-sharing

No employee profit-sharing expenses were recognized in either 2021 or 2020.

## 4.6 Income tax benefit

### 2021 Group relief

The application of tax consolidation in France led to the recognition of a net tax benefit totaling €47 million in the 2021 parent company financial statements (2020: net tax benefit of €59 million).

It breaks down primarily as:

- tax income of €155 million arising on the payment of tax by consolidated subsidiaries as though they had been taxed on a stand-alone basis; and

- a tax expense of €113 million resulting from the consolidated tax expense of €249 million, partially offset by €136 million in tax credits.

### Provisions set aside to cover income taxes of loss-making subsidiaries

Safran refunds the tax savings arising due to the use of tax losses of subsidiaries when the subsidiaries return to profit. A provision is set aside in the Company's financial statements in this respect.

A net amount of €28 million was written back from the provision in 2021, versus a net amount of €11 million written back in 2020.

### Other

Non-deductible expenses (Article 223 *quater* and Article 39.4 of the French Tax Code) amounted to €0.3 million in 2021 (€0.3 million in 2020) and relate to the non-deductible portion of vehicle lease payments and depreciation.

# NOTE 5 OTHER INFORMATION

## 5.1 Off-balance sheet commitments and contingent liabilities

### Commitments given

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Commitments given by Safran to third parties on behalf of its subsidiaries	2,997	3,243
Commitments given by Safran to customs authorities on behalf of its subsidiaries	8	8
Vendor warranties given	211	211
Actuarial gains and losses	33	23
Other commitments given	146	143
<b>TOTAL<sup>(1)</sup></b>	<b>3,395</b>	<b>3,628</b>

(1) Of which related parties.

3,209

3,450



Commitments given to third parties relate mainly to guarantees granted by Safran to customers and principals (essentially aircraft manufacturers), in which Safran provides a joint and several guarantee that its subsidiaries will perform their duties under their contractual obligations. These guarantees are given in respect of research, design, development, manufacturing, marketing and product support programs in place at Group subsidiaries. They are generally granted for the term of the program concerned, and are capped at a certain amount.

In connection with the sale of the Identity and Security businesses on May 31, 2017, Safran granted Advent International a vendor warranty valued at €180 million at December 31, 2021, as well as a specific indemnity capped at BRL 200 million (€32 million) at December 31, 2021 to cover any financial consequences arising from the dispute between Morpho do Brasil and the Brazilian tax authorities concerning the calculation method for value added tax on certain products.

## Commitments received

(in € millions)	Dec. 31, 2020	Dec. 31, 2021
Other commitments received	65	65
<b>TOTAL</b>	<b>65</b>	<b>65</b>

Commitments received primarily relate to commitments for the financing of civil programs.

## Finance lease liabilities

The Company entered into two real estate finance leases for the Safran University campus and for the Safran Tech site in 2014.

(in € millions)	Value at inception	Carrying amount at Dec. 31, 2016	Theoretical charges to depreciation		Net
			Current period	Cumulative	
Land	9	9	-	-	9
Buildings	97	94	3	27	67
<b>TOTAL</b>	<b>106</b>	<b>103</b>	<b>3</b>	<b>27</b>	<b>76</b>

(in € millions)	Lease payments made		Lease payments outstanding			Residual purchase price (as per the lease)
	Current period	Cumulative	Less than 1 year	Between 1 and 5 years	More than 5 years	
Land	-	-	-	9	-	n/s
Buildings	10	67	10	25	-	-
<b>TOTAL</b>	<b>10</b>	<b>67</b>	<b>10</b>	<b>34</b>	<b>-</b>	<b>-</b>

## Financial and hedging instruments

Safran holds derivative financial instruments including forward contracts, swaps and options which are used for the purposes of all Group companies to hedge (i) highly probable future transactions, determined on the basis of the order backlog and budget forecasts, and (ii) the net balance sheet position of foreign-currency denominated trade receivables and payables of subsidiaries.

As part of the cash pooling agreement entered into between Safran and its subsidiaries, Safran grants its subsidiaries a foreign exchange guarantee under which it commits to buying or selling net foreign currency surpluses or requirements at a guaranteed annual exchange rate. The guaranteed rates are based on worst-case scenarios and Safran undertakes to repay its subsidiaries any gain resulting from the difference between the actual traded rates and the communicated guaranteed rates, based on the currency and net volumes. These exchange rate gains are repaid at least annually.

The portfolio of foreign currency derivatives breaks down as follows:

	Dec. 31, 2020				Dec. 31, 2021			
	Fair value <sup>(1)</sup>	Notional amount <sup>(1)</sup>	Less than 1 year	Between 1 and 5 years	Fair value <sup>(1)</sup>	Notional amount <sup>(1)</sup>	Less than 1 year	Between 1 and 5 years
<i>(in millions of currency units)</i>								
<b>Forward exchange contracts</b>	<b>65</b>				<b>33</b>			
Short USD position	34	2,413	2,413	-	(34)	629	629	-
Of which against EUR	34	2,413	2,413	-	(34)	629	629	-
Long USD position	(19)	(163)	-	(163)	(7)	(163)	(163)	-
Of which against EUR	(19)	(163)	-	(163)	(7)	(163)	(163)	-
Long GBP position against EUR	4	107	-	107	37	(249)	(202)	(47)
Long CAD position against EUR	-	-	-	-	12	(89)	(89)	-
Long MXN position against EUR	46	(12,245)	(3,604)	(8,641)	25	(16,304)	(10,066)	(6,238)
<b>Currency swaps</b>	<b>(95)</b>				<b>(3)</b>			
Cross currency swaps	(95)	1,359	-	1,359	(3)	(1,359)	(540)	(819)
<b>Currency option contracts</b>	<b>(520)</b>				<b>(1,113)</b>			
USD put purchased against EUR	481	30,975	25,675	5,300	404	37,143	34,483	2,660
USD call purchased against EUR	16	(1,900)	(1,900)	-	29	(1,200)	(1,200)	-
USD put sold against EUR	(105)	(3,800)	(3,800)	-	(1)	(400)	(400)	-
USD call sold against EUR	(210)	71,210	61,110	10,100	(1,430)	79,886	74,566	5,320
CAD call purchased against EUR	26	(794)	(794)	-	44	(645)	(645)	-
CAD put sold against EUR	(6)	(1,248)	(1,248)	-	-	(1,202)	(1,202)	-
GBP call purchased against EUR	42	(930)	(930)	-	55	(552)	(552)	-
GBP put sold against EUR	(21)	(1,859)	(1,859)	-	(1)	(826)	(826)	-
MXN call purchased against EUR	-	-	-	-	1	(3,306)	(1,380)	(1,926)
MXN put sold against EUR	-	-	-	-	(20)	(6,613)	(2,760)	(3,853)
Accumulators – sell USD for EUR <sup>(2)</sup>	6	1,963	537	1,426	10	2,323	863	1,461
Accumulators – buy USD for EUR <sup>(2)</sup>	(661)	(7,808)	(5,002)	(2,805)	(204)	(4,190)	(2,805)	(1,385)
Accumulators – buy CAD for EUR <sup>(2)</sup>	(34)	(355)	(355)	-	-	-	-	-
Accumulators – buy MXN for EUR <sup>(2)</sup>	(44)	(7,427)	(7,427)	-	-	-	-	-
Accumulators – buy GBP for EUR <sup>(2)</sup>	(10)	(95)	(95)	-	-	-	-	-
<b>TOTAL</b>	<b>(550)</b>				<b>(1,083)</b>			

(1) Fair values are expressed in millions of euros; notional amounts are expressed in millions of currency units.

(2) Notional amounts for accumulators represent the maximum cumulative amount until the instrument is unwound.

The Company does not recognize the fair value of derivative instruments in its balance sheet, except for those set up to hedge the net position of foreign-currency denominated operating receivables and payables of subsidiaries covered by a Safran SA foreign exchange guarantee.

## EUR interest rate risk management

Interest rate swaps were taken out to convert the fixed rate payable on the €200 million bond issue carried out in first-half 2014 and maturing in April 2024 to a floating rate.

These swaps had a fair value of €8 million at December 31, 2021.

## USD interest rate risk management

The interest rate on the two outstanding tranches of the US private placement (USPP) set up on February 9, 2012 was converted to a floating rate at inception. Floating-rate borrower/fixed-rate lender USD swaps were set up on these 10-year and 12-year tranches for USD 540 million and USD 505 million, respectively. These swaps are eligible for fair value hedge accounting.

These swaps had a fair value of €15 million at December 31, 2021.

In March 2019, these 10-year and 12-year tranches for USD 540 million and USD 505 million, respectively, were reset to euros by means of a cross currency swap (USD floating-rate lender/EUR fixed-rate borrower).

The interest rate portion of the cross currency swap was eligible for hedge accounting.

This cross currency swap had a negative fair value of €8 million at December 31, 2021.

On July 21, 2020, a cross currency swap (USD fixed-rate lender/EUR fixed-rate borrower) was set up on two USD tranches of the June 29, 2020 senior unsecured notes issue on the US private placement market (USPP), amounting to USD 181 million bearing fixed-rate interest over a period of 10 years (tranche A) and USD 133 million bearing fixed-rate interest over a period of 12 years (tranche B). The interest rate portion of the cross currency swap was eligible for hedge accounting.

These cross currency swaps had a negative fair value of €3 million at December 31, 2021.

Fixed-rate borrower/floating-rate lender swaps were set up in connection with the sale of trade receivables without recourse. The swaps are for a nominal amount of USD 1,150 million and a term of up to 12 months, and were taken out on behalf of a joint arrangement 50%-owned by the

Group. This transaction gives rise to a floating-rate borrower/fixed-rate lender swap for a nominal amount of USD 575 million after elimination of intragroup items. These swaps are not eligible for hedge accounting. The aim of these transactions is to fix the borrowing cost applicable to the customer. Accordingly, Safran has no exposure to interest rate risk on these swaps, as their fair values cancel each other out.

## Liquidity risk management

At December 31, 2020, the Company had a confirmed €2,520 million liquidity line. This line was set up in December 2015 and had an original maturity of December 2020, with two successive one-year extension options. Both these options have been exercised, meaning that the line is currently set to expire in December 2022. This line is not subject to any financial covenants.

On April 22, 2020, the Group set up an additional confirmed liquidity line for an initial amount of €3,000 million. This line was canceled in full on March 16, 2021 further to the various refinancing operations carried out by the Group between April 22, 2020 and March 16, 2021.

On March 4, 2021, Safran signed a new loan agreement with the European Investment Bank (EIB) for €500 million. The loan will be used to finance some of the Group's research into innovative propulsion systems for the next generation of single-aisle commercial aircraft, marking a major step forward in Safran's roadmap towards achieving carbon free air transportation. This loan is not subject to any financial covenants. It was undrawn at December 31, 2021.

Issues of senior unsecured notes on the US private placement market (USPP) on February 9, 2012 and June 29, 2020 are subject to a financial covenant which states that the net debt to EBITDA ratio must be 2.5 or less at all times. The covenant is tested every six months and the Group complied with the applicable ratio at December 31, 2021.

The following annual covenant applies to the euro private placement ("Euro PP") in the form of a syndicated loan, set up by the former Zodiac Aerospace on March 10, 2016 and with an original maturity of seven years: net debt to EBITDA ratio of 3.5 or less. The Group complied with the covenant at December 31, 2021.

The terms "net debt" and "EBITDA" used in the aforementioned covenants are defined as follows:

- net debt: interest-bearing borrowings (excluding borrowings subject to specific conditions) less marketable securities and cash and cash equivalents;
- EBITDA: the sum of profit (loss) from operations and the net charge to depreciation, amortization and provisions for impairment of assets (calculated based on adjusted Group data).

## 5.2 Disputes and litigation

Safran is party to regulatory, legal or arbitration proceedings arising in the ordinary course of its operations. Safran is also party to claims, legal action and regulatory proceedings outside the scope of its ordinary operations.

The amount of the provisions booked is based on the level of risk for each case as assessed by Safran, and largely depends on the assessment of the merits of the claims and opposing arguments. However, it should be noted that the occurrence

of events during the proceedings can lead to a reassessment of the risk at any time.

A provision is only booked to cover the expenses that may result from such proceedings when the expenses are probable and their amount can be either quantified or reasonably estimated.

Safran considers that the provisions booked are adequate to cover the risks it incurs.

## 5.3 Average number of employees

Safran's headcount can be analyzed as follows:

	2020	2021
Engineers and managerial-grade staff	1,532	1,455
Technicians, administrative personnel and supervisors	253	234
<b>TOTAL HEADCOUNT</b>	<b>1,785</b>	<b>1,689</b>

## 5.4 Management compensation

Management executives comprise the members of the Board of Directors (17 members in 2020 and until May 26, 2021 and 18 members since May 26, 2021), the Chief Executive Officer, and any persons discharging managerial responsibilities considered as having the power to take management decisions with regard to Safran's strategy and future development, and/or with regular access to inside information concerning Safran (i.e., four directors between January 1, 2020 and

September 9, 2020, five directors between September 10, 2020 and December 31, 2020 and four directors between January 1, 2021 and December 31, 2021).

All compensation and benefits awarded to management executives are shown on a gross basis, including the fixed portion of compensation and the provision for the variable portion to be paid in the subsequent year.

(in € millions)	2020	2021
Short-term benefits	10.1	7.6
Post-employment benefits <sup>(1)</sup>	1.5	1.3
Termination benefits	-	-
Other long-term benefits	0.2	0.8
<b>TOTAL</b>	<b>11.8</b>	<b>9.7</b>

(1) Data measured in accordance with CNC Recommendation 2003-R-01 authorizing the application of the corridor method (see Note 2.9.1) which differs from the measurement method used in the IFRS consolidated financial statements subsequent to the mandatory application of the revised IAS 19 from January 1, 2013 (the corridor method is no longer permitted under IFRS).

The Company's total post-employment commitments in respect of management executives amounted to €5.8 million at December 31, 2021 and €9.6 million at December 31, 2020.

## 5.5 Statutory Auditors' fees

In accordance with the disclosure requirement set out in Decree no. 208-1487 of December 30, 2008, fees billed by the Company's Statutory Auditors for their audit of the 2021 financial statements totaled €1,350,000, while fees billed for other work came to €205,000.

## 5.6 Subsequent events

On February 21, 2022, Safran drew down the entire €500 million loan signed on March 4, 2021 with the European Investment Bank (EIB). The loan is repayable as from 2026, with the final installment due in 2032.

## 3.4 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

### Year ended December 31, 2021

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders of Safran,

### Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Safran for the year ended December 31, 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

### Basis for opinion

#### Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

#### Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2021 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

### Emphasis of matter

Without qualifying our opinion, we draw your attention to Note 2.2, "Change in accounting policy" to the financial statements, which sets out the impacts of the change in the basis for measuring the end-of-career bonuses recognized in the financial statements.

### Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

#### Measurement of equity investments

*Note 2.5 to the financial statements*

At December 31, 2021, equity investments carried in the balance sheet represented a net amount of €17,620 million, the largest balance sheet item.

Equity investments are carried at cost on initial recognition and may be impaired based on their fair value.

The fair value of equity investments is calculated:

- based on their average stock market price for the month preceding the year-end for listed investments;
- based on their share in net equity, adjusted where appropriate for significant unrealized capital gains net of taxes; or
- based on the intrinsic value of equity, reflecting the present value of the expected future cash flows (enterprise value), less debt where appropriate, for unlisted investments.

We deemed the measurement of equity investments to be a key audit matter due to the significance of management's estimates, especially as regards the likelihood of achieving the forecasts, which is factored in to the fair value measurement.

#### How our audit addressed this risk

Our work involved familiarizing ourselves with the measurement approach adopted by management along with any quantitative inputs, as well as the assumptions on which management's estimates were based.

In particular:

- for approaches based on the share in net equity, adjusted where appropriate for significant unrealized capital gains net of taxes, we reconciled the net equity used in the calculation with the net equity recorded in the financial statements of the entities concerned, and analyzed any adjustments made to equity;

- for approaches based on the intrinsic value of equity, we obtained the cash flow forecasts for the investments concerned and assessed their consistency with the business plans drawn up by management and approved by the Board of Directors, reviewed the growth rate used to calculate forecast cash flows, and analyzed the discount rate applied to the estimated future cash flows.

We also reviewed the arithmetic accuracy of any calculations made to determine the fair value of the equity investments.

## Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

### Information given in the management report and in the other documents provided to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to shareholders with respect to the financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in Article D. 441-6 of the French Commercial Code.

### Information on corporate governance

We attest that the corporate governance section of the Board of Directors' management report sets out the information required by Articles L.225-37-4, L.22-10-10, and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to compensation and benefits paid or awarded to corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L.22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

### Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

## Other verifications and information pursuant to legal and regulatory requirements

### Presentation of the financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the financial statements to be included in the annual financial report referred to in paragraph 1 of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

### Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Safran by the Annual General Meeting held on May 28, 2008 for Mazars and on May 27, 2010 for ERNST & YOUNG et Autres.

At December 31, 2021, Mazars and ERNST & YOUNG et Autres were in the fourteenth and twelfth consecutive year of their engagement, respectively.

## Responsibilities of management and those charged with governance relating to the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.



## Responsibilities of the Statutory Auditors relating to the audit of the financial statements

### Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risk Committee.

Paris-La Défense and Courbevoie, March 24, 2022

The Statutory Auditors

ERNST & YOUNG et Autres

Jean-Roch Varon

Philippe Berteaux

MAZARS

Gaël Lamant

Jérôme de Pastors





# 4

## RISK FACTORS

# 4 RISK FACTORS

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<b>4.1</b>	<b>RISK MANAGEMENT</b>	<b>233</b>	<b>4.3</b>	<b>RISK FACTORS</b>	<b>237</b>
4.1.1	Methodology	233	4.3.2	Risks relating to Group operations	244
4.1.2	Organization	233	4.3.3	Risks relating to the Group's strategic development	247
4.1.3	Risk management bodies	234			
<b>4.2</b>	<b>INTERNAL CONTROL SYSTEM</b>	<b>235</b>	<b>4.4</b>	<b>INSURANCE</b>	<b>249</b>
4.2.1	Methodology	235			
4.2.2	Organization	236			
4.2.3	Internal control bodies	237			

## FOREWORD

### ● RISK MANAGEMENT

The diversity of the Group's businesses and its many sites across the globe expose Safran to risks that can have a material impact on its strategic objectives, with knock-on effects on its earnings, image and share price. These risks are managed via the Group Enterprise Risk Management (ERM) set-up.

Safran's internal control system rounds out this approach. It is designed to provide reasonable assurance that the Group's business sectors comply with the applicable requirements and that risks are adequately managed.

### ● RISK FACTORS

This section presents the main risks that could impact the Group's businesses and financial position at the date this Universal Registration Document was filed. The risks identified by Safran as material are grouped into a limited number of categories and ranked by their degree of criticality, as assessed in terms of likelihood of occurrence and potential impact. The features of the main action plans deployed that underpin the management of these risks are also disclosed.

### ● RISKS RELATING TO THE ENVIRONMENT IN WHICH THE GROUP OPERATES

- Geopolitical risks
- Health risks related to the Covid-19 pandemic
- Competitive risks and cycle effects
- Financial market risks
- Raw materials, energy and component risks
- Environmental (excluding products), social and governance risks
  - Environmental footprint (excluding products)
  - Social footprint
  - Business ethics
- Legal and regulatory risks
- Risks of negative media coverage

### ● RISKS RELATING TO GROUP OPERATIONS

- Aviation safety risks
- Risks relating to Group products and services
- Program profitability risks
- Risk of dependence on government procurement contracts
- Partner risks
- Supplier and subcontractor risks
- Personal safety, property and occupational health and safety risks

### ● RISKS RELATING TO THE GROUP'S STRATEGIC DEVELOPMENT

- Risks relating to technological developments and the decarbonization of aeronautics
- Risks relating to digitalization
  - Data confidentiality
  - Cyber threats
- Human resources risks
- Acquisition and restructuring risks

Other risks not yet identified or risks whose occurrence the Group believes will not have a material adverse impact could also exist at the date this Universal Registration Document was filed.

The information set out below is based on assumptions and forecasts that may, by nature, prove inaccurate.

### ● INSURANCE

The key accident risks are covered by worldwide multi-risk policies spanning several years where applicable, negotiated with leading insurance companies.

Local insurance programs are subscribed across the globe either to cover specific risks or in response to local regulatory insurance requirements.

## 4.1 RISK MANAGEMENT

### 4.1.1 Methodology

The safety of aerospace operations that involve Safran's products and services is the key overriding imperative for the Group, as it is for any player operating in the industry. From a historical perspective, it is this imperative that has driven the development of Safran's highly-demanding and robust Enterprise Risk Management (ERM) set-up. This risk management culture is now firmly embedded throughout the Company's processes and is widely shared by all teams, at all levels of the Group. It contributes to decision-making processes and, above all, management of the programs in which the Group is involved, which are generally based on long cycles involving major research efforts, costly development and related capital expenditure, with useful lives of up to 40 years and profitability measured in the medium or long term. The Group's ERM set-up makes it possible to systematically handle all of the operational and strategic challenges the Group faces in all of its businesses and at all of its sites across the globe. ERM has become one of the Group's performance drivers and helps to clarify strategic choices.

The system is now sufficiently mature to identify the Group's major risk exposures, quantify their impact on the achievement of the Company's objectives and ensure that adequate measures are implemented to bring the Group's exposure to an acceptable level.

Moreover, the principles of the Group's ERM policy are consistent with the recommendations of the French financial markets authority (*Autorité des marchés financiers* - AMF), the provisions of the AFEP-MEDEF Corporate Governance Code and professional standards (COSO ERM), which have been transposed into exhaustive guidelines adapted to Safran's risk profile that cover all of its activities.

The ERM set-up is deployed across the Group, at all levels of the organization and in accordance with the related governance rules. It covers all tier-one entities (see the definition in section 1.1.3) and corporate departments, and is then consolidated at Group level. The risk management policy is embedded in all of Safran's organizational processes and is the responsibility of all stakeholders.

### 4.1.2 Organization

The Risk and Insurance Department reports to the Group Chief Financial Officer. It comprises a Risk and Insurance Department director, Corporate Risk Managers and insurance experts, and is responsible for implementing the Group's ERM set-up. It develops and provides Group risk management with the methodological techniques and processes to identify risks and, using appropriate scales, estimate their impact and probability of occurrence together with the level of control exercised over them.

The Risk and Insurance Department ensures that processes are effectively deployed and sets maturity objectives for risk managers in tier-one entities.

The Risk and Insurance Department also coordinates the tier-one entity risk manager network. Each tier-one entity (see sections 1.1.3 and 1.1.4) has a risk manager who consolidates a risk map and organizes for it to be reviewed by their risk committee at least twice a year. The Risk and Insurance Department is involved in this work. Monthly

Each risk factor identified is analyzed and forms the basis for various risk scenarios that are ranked and managed within the scope of customized action plans along three axes: impact, probability of occurrence and level of control.

The impact and probability of each risk are assessed in terms of their direct and indirect potential impact on the Group's businesses based on the most realistic, worst-case scenario allocated to the risk. The level of control, essential in characterizing the risk and how it should be managed, is then determined. Risks are managed through action plans that may include steps to be taken, additional controls to be implemented or investigations into financial transfers of risk or liability, particularly involving regularly updated insurance policies.

An owner is designated for each risk identified and is responsible for drafting action plans and ensuring their implementation. The objective is to provide continuous risk oversight to ensure optimum treatment - in other words, moving the risk towards its assigned target.

The entire risk management approach is periodically reviewed and events that occurred within the Group over a given period are systematically compared with analyses and risk maps for the same period. This back-testing enables Safran to ensure that risks have been identified, assessed and managed as part of a continuous improvement process.

Lastly, the ERM set-up also has a prevention and crisis management component that enables the Group to anticipate and handle any "abnormal" situation affecting one or a number of its business oversight parameters. Regardless of the component affected, it seeks to provide the Group with the means for reacting in a pragmatic way by delivering the solutions needed to deal with the crisis. Such crises may range from serious accidents to people of technical, human or natural origin, to a pandemic like Covid-19 that disrupts air transport for a considerable period, or a breakdown in industrial facilities that jeopardizes Safran's capacity to honor certain commitments to customers and partners. As such, business contingency planning is an integral part of crisis management.

meetings between the Risk and Insurance Department and the risk manager network are used to exchange information and best practices and identify and manage all of the Group's risks, including new and emerging risks. Task forces are set up on the basis of needs and priorities approved by the Group Risk Committee.

Risk managers of tier-one entities liaise constantly with the Risk and Insurance Department to which they submit a series of half-yearly indicators (major risk mapping with the corresponding level of control, and maturity of the risk management process). Once a year, the risk managers also submit a report on the organization and maturity of the risk management process within their respective operational scope. The Risk and Insurance Department meets regularly with the risk manager of each tier-one entity. It also organizes monthly meetings that allow everyone to share information and other best practices and to discuss their work and indicators.



Tier-one entity risk managers are tasked with deploying the ERM set-up throughout their operational scope, i.e., throughout tier-one entities, as well as in their subsidiaries and investments. They appoint a network of risk representatives as appropriate to ensure coverage of the entire scope of their operations.

Each of Safran's central corporate departments also prepares a map of the main risks in their scope. They all have a risk representative who ensures that the appropriate risk management approach is respected and who verifies the consistency of the department's risk mapping and the associated action plans with those submitted by the corresponding corporate departments within the tier-one entities falling under their responsibility. The Risk and Insurance Department is also directly involved in this work by performing half-yearly reviews.

Lastly, the Risk and Insurance Department consolidates a comprehensive map of the Group's major risks and the associated action plans based on the detailed analyses and mapping of the major risks facing tier-one entities and the associated action plans, together with the analyses, risk maps and associated action plans submitted by the risk representatives of the central corporate departments.

The Group's risk mapping therefore guarantees the overall consistency of risk assessments and the associated action plans together with the level of control exercised over them.

All the work associated with identifying, analyzing and mapping risks and preparing and deploying the associated action plans is updated and validated by the Group Risk Committee, which meets at the end of June and December. The Risk and Insurance Department then presents the identified risks, consolidated risk mapping and associated action plans to the Board of Directors' Audit and Risk Committee.

### 4.1.3 Risk management bodies

The following bodies coordinate the integrated risk management system:

- the risk committees of tier-one entities;
- the Group Risk Committee;
- the Board of Directors' Audit and Risk Committee.

Internal procedures require regular meetings of tier-one entity and Group risk committees.

#### Risk committees of tier-one entities

Each tier-one entity has a risk committee comprising the entity's legal representative, who acts as the chair, and the directors of the central corporate departments, and is led by its risk manager.

Tier-one entity risk committees are responsible for:

- rolling out the Group's risk management policy within their operational scope;
- validating risk identification and mapping for this reporting scope as well as the corresponding control measures;
- providing reasonable assurance of the maturity and effectiveness of the ERM set-up for its reporting scope;
- validating the crisis prevention, crisis alert and crisis management system for its reporting scope.

#### Group Risk Committee

The Group Risk Committee is composed of the Chief Executive Officer, who acts as the chair, and the Group directors, and is led by the Group Risk and Insurance Department director. It does not include the Chairs or Chief Executive Officers of tier-one entities.

Twice a year, the Committee reviews risk identification, assessment and treatment, and therefore the control of major risks to which the Group is exposed.

More specifically, its duties include:

- approving Group risk management policy;
- validating risk identification and consolidated Group risk mapping and the corresponding control measures;
- providing reasonable assurance of the risk management process' maturity and effectiveness;
- validating the Group crisis prevention, crisis alert and crisis management system.

#### Board of Directors' Audit and Risk Committee

The membership structure and duties of this Committee are set out in section 6.3 of this Universal Registration Document.

In terms of risk management, the Board of Directors' Audit and Risk Committee reviews the risk mapping and the work related to the main risks faced by the Group, together with any developments and risk mitigation measures, as presented to it twice a year by the Risk and Insurance Department.

The Committee reports to the Board of Directors on its risk management work at the same intervals.

## 4.2 INTERNAL CONTROL SYSTEM

### 4.2.1 Methodology

#### Definition and objectives

Safran implements its internal control system on the basis of the general principles advocated by the AMF. Internal control is defined as a process implemented by the Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- compliance with laws and regulations;
- application of instructions and strategies set by Executive Management;
- proper functioning of Safran's internal processes, particularly those contributing to the protection of its assets;
- reliability of financial information.

Internal control thus contributes to the safeguarding of the Company's assets, the management of its activities, the effectiveness of its operations, the efficient use of its resources and the prevention of any organizational dysfunctions. Nevertheless, as with all control systems, it can only provide reasonable assurance that the objectives described above will be achieved.

#### Internal control framework

The Audit and Internal Control Department has defined an internal control framework structured around 13 areas called internal control cycles:

- one cycle relating to the control environment;
- ten operating cycles;
- two IT cycles (general IT and IT system security controls);

plus cycles adapted to Shared Services Centers' risks.

For each cycle, the Audit and Internal Control Department and Group specialists in each of these areas have drawn up a list of control points and tests aimed at measuring for each entity:

- the conformity of its internal control procedures and control activities with the framework's requirements; and
- the operational effectiveness of these procedures and activities.

Around 200 control points have been listed, which serve to ensure the integrity of financial and accounting information. Every year, internal control tests are performed, based on objectives related to scope, content and the timeframes for carrying out action plans.

The internal control framework is reviewed every year to reflect risk and any organizational changes identified. This review also factors in recommendations made in the course of internal audits or by the Statutory Auditors together with proposals submitted by the heads of internal control networks and central corporate departments.

#### Appraisal principle

The Group has upheld the principle whereby each entity appraises its own internal control arrangements in relation to the framework (conformity and effectiveness). A test program (effectiveness) is devised annually; it investigates all of the cycles over two years in tier-one entities and over three years for their subsidiaries. A set of rules and guidelines with around 50 control points – formally tested annually – applies for small entities.

This annual assessment process is rounded out with ongoing controls, which are currently being deployed throughout the Group. Throughout the year, these controls process a full range of data concerning specific points, thereby significantly enhancing internal control.

Each year, the Group's audit plan includes internal audits aimed at verifying that the assessments carried out by the subsidiaries comply with the rules and principles that it has put in place.

Any disparity relative to the requirements of the internal control framework in the assessment of the conformity and effectiveness of procedures generates an action plan, with a project leader designated and a deadline established. The progress of such action plans is monitored on a monthly basis.

#### Scope

In 2021, the internal control system had been rolled out in 175 companies, representing 99.7% of the Group's consolidated revenue.

#### Impact of the Covid-19 pandemic on the work program

In 2021, the internal control campaign had to be adapted to the circumstances of the Covid-19 pandemic, while continuing to maintain the required level of control over the most serious risks. Accordingly, a mandatory core list of key control points and non-compliance issues from 2020 had to be tested and requirements relating to areas deemed to be at risk also had to be assessed. Based on these various constraints, the Group approved a work program covering 75% of the nominal testing program.

All of the objectives were achieved for the 2021 campaign, which was a testimony to the massive efforts deployed by both internal control and operational teams in this challenging environment.

#### Internal control quality assurance

Every year, executives of tier-one entities send a representation letter to Safran's Chief Executive Officer on the internal control system put in place in their entity and their subsidiaries, in which they set out the work carried out during the year in the internal control domain and commit to a progress plan for the upcoming year.

Also every year, the Statutory Auditors examine the adequacy of the internal control procedures related to a selection of cycles that contribute to the preparation of financial and accounting information.

As part of the audits they perform, the internal auditors (i) assess the adequacy and appropriateness of the internal control procedures within the audit scope, (ii) verify that the relevant processes have been properly applied, and (iii) check the accuracy and reliability of the related test results.

## 4.2.2 Organization

### Duties of the Audit and Internal Control Department

The Audit and Internal Control Department, which reports to the Corporate Secretary, contributes to the management of the Group's activities, the effectiveness of its operations, the efficient use of its resources and the appropriate consideration of material risks. Its main responsibilities are to:

- define and implement the annual audit plan;
- define, organize and coordinate the internal control system.

Taken together, these responsibilities aim at ensuring compliance with applicable laws and regulations, the application of instructions and strategies set by Executive Management, and the proper functioning of internal processes, particularly those contributing to the safeguarding of the Group's assets and the reliability of financial information.

### Internal Audit

The internal audit plan takes into account the Group's risk map. It is drawn up on an annual basis and revised whenever necessary. The internal auditors from the Audit and Internal Control Department conduct compliance work and other work aimed at identifying ways to improve the efficiency of the Group and of its entities, programs, projects and processes, by addressing four types of major risks: strategic, financial, non-compliance and operational.

The Internal Audit function therefore contributes to:

- identifying, assessing and dealing with risks, via analyses and observations made in relation to the audited entities, as well as the ensuing recommendations issued and the follow-up of action plans;
- continuously improving the internal control system, thanks to internal control compliance audits aimed at ensuring that the organizational structures and procedures in place are adequate and efficient;
- continuously assessing that compliance rules are respected by carrying out audits on the management, compliance and performance of subsidiaries and other entities included in the yearly audit plan.

In 2021, the Audit and Internal Control Department was bolstered by the creation of an IT unit tasked with ensuring that IT Basics are correctly applied. These Basics are set out in specific IT audit guidelines that include Minimum Security Rules drafted by the Group Digital and Information Systems Department.

The Group's Internal Audit function has been certified compliant with the international standards of the Institute of Internal Auditors.

### Awareness-raising and training

A training course on internal control has been set up within Safran University (classroom and e-learning) with a view to raising awareness of internal control issues among both finance and operations staff.

### Internal Control

The central team that manages the internal control system is assisted by a network of internal control managers in each tier-one entity, with those managers supported by representatives within their operational scope.

At least once a year, the central team brings together internal control managers to conduct a review of obstacles encountered, suggest enhancements to the framework and define areas in which progress can still be made. These meetings also serve as a forum for sharing best practices about monitoring internal control.

For 2022, the main areas for progress identified by Safran concern continuously improving the internal control system, which includes ensuring that processes are adequate and part of operational managers' best practices. Controls focusing on stamping out corruption, duty of care and personal data protection have been created or stepped up as part of the guidelines applicable in 2022. The continuous improvement process includes the continued deployment of a project designed to round out the annual assessment process with ongoing controls that use operational indicators to process a full range of selected data throughout the year.

Group companies use the same reporting system for the results and conclusions of their internal control appraisals. Some 400 stakeholders contribute to this system, which allows:

- direct access to the Group framework, methodology and practical operating procedures;
- monitoring of rectifications of disparities identified in relation to the framework.

### Other key players in the internal control system

#### Group Finance Department

The Group Finance Department centralizes and coordinates financing, treasury, taxation, the budget process, reporting, accounts consolidation and risk management. It ensures compliance with the internal control procedures falling within the scope of its responsibilities.

#### Operational departments

Each operational department is responsible for ensuring that its activities are carried out in compliance with the applicable laws, regulations and procedures. The purpose of the internal control framework is to check compliance with a number of control points using a risk-based approach.

### Statutory Auditors

As part of the audit and certification of the parent company and consolidated financial statements, the Statutory Auditors examine the procedures of a certain number of Safran's processes that contribute to the preparation of financial and accounting information. In particular, they base the work they conduct at selected entities on the Group's internal control framework.

They present their findings to the Audit and Risk Committee.

## 4.2.3 Internal control bodies

The internal control system is overseen by the following bodies:

### Board of Directors

The Board of Directors defines the primary features of the internal control system, based on the opinions and recommendations of the Audit and Risk Committee.

The executives of the tier-one entities assume full responsibility for the internal control systems implemented within their operational scope; the system implemented must comply with the internal control principles determined by the Group.

### Board of Directors' Audit and Risk Committee

The membership structure and duties of this Committee are set out in section 6.3.4 of this Universal Registration Document.

The Statutory Auditors carry out the following as part of their work in this domain:

- review of documentation on controls carried out by companies;
- tests to verify the operational effectiveness of the procedures implemented;
- review of completed action plans;
- review of results of tests performed by the entities.

In terms of internal control, the Committee reviews the following:

- the findings of audits and other work related to internal control procedures presented by the Audit and Internal Control Department;
- the results of the work carried out by the Statutory Auditors, whose independence it also verifies.

The Group's Internal Control Guidelines are approved by the Chairman of the Audit and Risk Committee.

### Internal control committees

Each tier-one entity has an internal control committee for all of the companies within its operational scope, as does each French and international Shared Services Center. These committees track the progress and conclusions of internal control appraisals. The Audit and Internal Control Department systematically participates in all meetings of these committees.

## 4.3 RISK FACTORS

The main risks identified that could impact the Group's businesses and financial positions at the date this Universal Registration Document was filed are outlined below. The risks identified by Safran as material are grouped into a limited number of categories and ranked by their degree of criticality. Safran carries out its business in a fast-changing environment that exposes it to risks and uncertainties in addition to those associated with its activities and strategic focuses.

If the risks described in this chapter were to materialize, this could have a negative impact on Safran's businesses, financial positions, earnings, outlook or share price.

Other risks not yet identified or risks whose occurrence the Group believes will not have a material adverse impact could also exist at the date of this Universal Registration Document.

The information set out below is based on assumptions and forecasts that may prove inaccurate owing to their very nature.

In view of the environment in which it operates, the Group is exposed to the following risks:

- geopolitical risks;
- health risks related to the Covid-19 pandemic;
- competitive risks and cycle effects;
- financial market risks;
- raw materials, energy and component risks;
- environmental (excluding products), social and governance risks;
- legal and regulatory risks;
- risks of negative media coverage.

Safran's operating activities generate risks that are specific to the Group:

- aviation safety risks;
- risks relating to Group products and services;
- program profitability risks;
- risk of dependence on government procurement contracts;
- partner risks;
- supplier and subcontractor risks;
- personal safety, property and occupational health and safety risks.

Lastly, Safran's strategic development involves risks that are specific to the Group:

- risks relating to technological developments and the decarbonization of aeronautics;
- risks relating to digitalization;
- human resources risks;
- acquisition and restructuring risks.

#### 4.3.1.1 Geopolitical risks

In the aerospace industry, certain contracts are closed to foreign competition or are awarded based on strategic national security and independence considerations. Moreover, the transfer and/or export of defense equipment is prohibited or restricted by law in several countries, including France, and may only take place further to special governmental authorizations that require strict compliance with export regulations.

The development of Safran's activities and sites worldwide exposes the Group to political and economic risks specific to certain countries that could impact its activities and earnings. Safran also has to contend with a shifting geopolitical balance, in particular certain ongoing tensions between the United States, China and Russia, a strengthening of sovereignty or interventionism, as well as the effects of the recent bilateral dimensions of certain relationships that add to or replace pre-existing multilateral relations.

Safran's Group International and Public Affairs Department coordinates actions to deal with these political and geopolitical risks, including country risk analysis, and provides input and assistance for other Group departments, particularly in the areas of business ethics (see sections 4.3.1.6 and 5.5) and safety of people and property (see section 4.3.2.7).

#### Russo-Ukrainian conflict

A Group crisis cell was activated at the highest level of criticality on February 24, 2022 under the guidance of the Group's International and Public Affairs Department. The purpose of the crisis cell is to anticipate and address the consequences of the conflict that could have a significant impact on Safran. Its primary objectives are to protect the Group's employees and its property, plant and equipment and intangible assets and maintain business continuity. The crisis cell also coordinates the work of the shadow crisis cells that have been set up in the tier-one entities. Safran's revenue exposure to the conflict is limited, as Russia represented only 2% of its sales in 2021 (i.e., around €300 million), mainly through the Sukhoi Superjet 100 regional jet program by Russian manufacturer Irkut (see sections 2.1.4 and 4.3.2.5) for which the Group supplies the SaM146 engine alongside its Russian partner UEC Saturn, as well as nacelles, landing gear and onboard equipment. Russian airline companies operate several hundred Airbus and Boeing aircraft for which Safran, in partnership with GE Aviation through their joint venture CFM International (see section 4.3.2.5, "Partner risks"),

supplies CFM56 and LEAP engines and related services and spare parts, as well as various systems and equipment. Lastly, Safran is exposed to risks in terms of its supplies from Russia, such as forged parts (see section 4.3.2.6, "Supplier and subcontractor risks"), its titanium requirements (see section 4.3.1.5, "Raw materials, energy and component risks"), of which just under half are currently supplied by the Russian company VSMPO, and indirectly to risks relating to its ArianeGroup partnership with Airbus (see section 4.3.2.3, "Program profitability risks").

#### 4.3.1.2 Health risks related to the Covid-19 pandemic

The Group's businesses have been and continue to be impacted by the Covid-19 pandemic, which has triggered a sharp decline in global air traffic according to data published by the International Aviation Transportation Association (IATA)<sup>(1)</sup>. Also according to the IATA, traffic was still down by more than 20% on average (all segments combined) for 2021 as a whole. This event affected Safran gradually and successively by geographic area in line with the spread of the pandemic and the travel restrictions imposed. The financial situation of airline customers was once again severely affected during the year, although some companies did begin to recover. Disruptions resulting in reduced availability of Group employees and malfunctions in the supply chain persisted, generating numerous problems and restricting the Group's operational capacity.

A Group crisis management cell was set up on January 30, 2020 and tasked with anticipating, containing and limiting the impact of the crisis. It focused primarily on providing the best possible protection for all employees, especially for their health, and securing and adapting supply chain flows, while preserving industrial facilities and maintaining business continuity. Safran used all schemes set up by governments, particularly long-term furlough arrangements (see section 5.4.2.2). In addition, all of the Group's tier-one entities adjusted their business forecasts to customer demand, and adapted their costs accordingly. This monitoring was also used to update the Group's aircraft program assumptions (see section 3.1, Note 1 and section 4.3.2.3). All of these actions are continuing and are now overseen by the corporate and/or process department in charge, including the tier-one entities in the field. The Group crisis cell has been stood down but can be reactivated at any time, if needed.

Accordingly, the Group regularly and proactively coordinates the efforts of all subsidiaries and sites in all countries in order to ensure priorities in reaction to this unprecedented situation:

- protection of employees through specific organization of working practices under appropriate health and safety conditions, which are set out in a Group protocol, and rotation of teams for tasks requiring the presence of employees on site or increased use of teleworking. This protocol can be adapted to reflect changes in local health restrictions and to any restrictions on employee mobility;

(1) According to the IATA, in 2021 RPK (or Revenue per Kilometer) for passenger traffic was 41.6% down on 2019 for short- and medium-haul aircraft, an improvement on 2020 when it represented only 34.2% of 2019 levels. On domestic routes, average traffic volumes in 2021 were 71.8% of the 2019 level. For international flights, RPK for 2021 was 24.5% of what it was in 2019. A total of 2.3 billion passengers flew in 2021 compared with 4.5 billion in the record year of 2019 (after only 1.8 billion people flew in 2020). However, freight volumes were up by 6.9% in 2021 compared with 2019. Although the recovery appears to be underway, and despite the positive effects of vaccination, many uncertainties remain, mainly concerning when health restrictions will be lifted.



- performance protection measures, in particular by adapting the workforce through the use of government grants for short-time working (long-term furlough arrangements), wage restraint measures and methods aimed at retaining the expertise needed to tackle the recovery and deploy the R&T roadmap based on the Group Activity Transformation Agreement signed on July 8, 2020 and an agreement on the post-Covid-19 working environment signed on October 21, 2021 in France;
- response to customer needs, particularly for delivery schedules, in a recovery context that exposes the Group to a dual ramp-up of both its military and commercial aviation businesses;
- resilience and flexibility of the supply chain. Safran has stepped up its monitoring of suppliers and subcontractors, deployed a multiple-source supply approach, created a "Watch Tower" for between five and ten key suppliers and subcontractors, and contributed to the new "ACE Aéro Partenaires" support fund for the French aerospace industry set up in the spring of 2020 (see sections 1.4.4 and 4.3.2.6);
- centrally managing the cash and liquidity of the Group, with low debt already an asset (see section 3.1).

### 4.3.1.3 Competitive risks and cycle effects

The macroeconomic and aircraft program assumptions determined by the Group take into consideration the economic conditions observed at the date of this Universal Registration Document and are taken into account when preparing the budget and the medium-term business development plan.

Action plans are developed on the basis of these assumptions and approved by the Group Risk Committee according to the approach set out in section 4.1 above.

Changes in the global economy have a direct impact on demand for air transportation and freight, and in turn directly affect market demand for commercial aircraft. To meet the fluctuations in aircraft demand from airline companies, aircraft manufacturers may have to adjust their output rates, which can have a direct impact on the original equipment business of suppliers of engines and aircraft parts like Safran. Therefore, a decrease in air traffic as a result of a deteriorating economic, geopolitical, climatic or health environment may impact the volume of Group sales and services, including maintenance, repair and overhaul (MRO) and spare part sales.

Should the economic climate deteriorate, Safran's assumptions and action plans would be immediately adjusted accordingly, as was the case following the Boeing 737 MAX flight ban and then the collapse in air traffic due to the Covid-19 pandemic. In order to deal with these risks, periodic specific steering committees have been set up within the Group (see section 4.3.2.3). Significant measures can be deployed, such as reducing direct and indirect costs, pausing certain investments or even redesigning R&D objectives and accelerating other investments, as happened with the Revolutionary Innovation for Sustainable Engines (RISE) project.

Beyond exceptional events such as terrorism, pandemics, aviation disasters and adverse environmental or geophysical conditions, which can cause a temporary drop in air traffic and consequently impact the civil aircraft engine, aircraft equipment, maintenance and services markets, commercial aircraft orders tend to be cyclical in nature, owing mainly to:

- changes in air traffic;
- the rate at which aircraft fleets age and are replaced;
- airline companies' investment decisions and financial capacity.

In 2021, civil aviation activities accounted for approximately 70% of the Group's adjusted consolidated revenue. While having to contend with a drastic drop in demand due to the Covid-19 pandemic, Safran took steps to prepare for the recovery, which is now gaining momentum. Demand is intensifying as many airline companies are looking to renew their aircraft fleets and equipment, notably in order to optimize capacity and improve their environmental footprint. Moreover, Safran has a large fleet of engines in service, including over 30,000 CFM56 engines that have equipped most 100+ seater single-aisle aircraft for over 30 years, as well as over 5,000 LEAP engines. The increase in the age of the installed base of engines and associated equipment enables the Group to generate service revenue, representing around 47% of Safran's adjusted revenue in 2021.

Safran has demonstrated its ability to respond quickly and adapt to the current economic constraints impacting the aerospace sector in particular. After successfully ramping up production in the past (particularly for the LEAP engine), Safran has adapted to the recent drastic drop in demand from its customers and reviewed its internal and external supply chain accordingly (see section 4.3.2.6), while also securing new ramp-ups in its production pipeline. Safran also seeks to ensure that its production resources are adapted to long-term trends in demand and rigorously manages its investments accordingly.

Safran also faces fierce competition in all of its businesses, from both global and international players and from players in certain niche markets. To face down its competitors, the Group strives to satisfy its customers with innovative, reliable, safe and competitive products. Operational excellence and continuous competitive performance enhancement are vital levers for the Group. Safran also seeks to maintain and sharpen its technological edge at all times, thanks to sustained R&D spending with a particular focus on segments where the product development cycle is unusually long.

To limit competition risk, Safran deploys its strategy with a view to being present across all segments and all aircraft components (see section 1.2), with a focus on its different types of customers (i.e., aircraft manufacturers, airlines or governments), and the different stages of its products' life cycle, from the original equipment to the aftermarket service. The Group continues to make targeted investments in R&D (see section 1.4.5) and in selected external growth transactions (see section 4.3.3.5). It also develops partnerships on a number of programs (see sections 4.3.2.4 and 4.3.2.5). These partnerships, equity investments and targeted acquisitions may take the form of joint ventures set up in full compliance with the anti-trust laws applicable in all markets and countries in which they operate.



#### 4.3.1.4 Financial market risks

The main market risks to which the Group is exposed are foreign currency risk, interest rate risk, counterparty risk and liquidity risk.

##### Foreign currency risk

The Group is exposed to foreign currency risk, defined as the impact on its balance sheet and income statement of fluctuations in exchange rates in the course of its operating and financial activities.

Most revenue earned in the civil aviation sector is denominated in US dollars, which is the benchmark currency used in the industry. The net excess of revenues over expenses for these activities totaled USD 6.5 billion for 2021, down from USD 7.2 billion for 2020.

To protect its operating profit, the Group implements a hedging policy with the aim of reducing uncertainty factors affecting operating profitability and allowing it to adapt its cost structure to a volatile monetary environment.

The Group's earnings are exposed to the risk of fluctuations in the EUR/USD exchange rate as a result of its US dollar-denominated financial assets and liabilities, which are set out in section 3.1, Note 33, "Management of market risks and derivatives" of this Universal Registration Document.

Shareholders' equity is also exposed to the risk of fluctuations in the EUR/USD exchange rate on the Group's investments in US businesses, which are disclosed in section 3.1, Note 40, "List of consolidated companies" of this Universal Registration Document.

##### Hedging policy

Three basic principles underscore the foreign currency risk management policy defined by Safran for most of its subsidiaries:

- protect the Group's economic performance (i.e., its operating profit) from random fluctuations in the US dollar by contracting hedges;
- optimize the quality of hedging whenever possible;
- provide Group entities with visibility regarding the applicable exchange rate.

Protecting economic performance means setting a minimum USD exchange rate parity over an applicable term. Minimum parity corresponds to a USD exchange rate that allows Safran to meet its operating profit targets. Hedging arrangements have been made accordingly over a timeframe of three to four years.

##### Management policy

The hedging policy is based on managing the financial instrument portfolio in order to guarantee a pre-defined minimum parity.

In building up its hedging portfolio, the Group primarily uses forward sales, accumulators and a combination of options, which may include knock-in or knock-out barriers.

The knock-out barrier option "kicks out" if the spot exchange rate climbs above the knock-out rate during the window in which the option is active, and the value of the hedging portfolio is then reduced by the notional value of the disabled option, exposing the Group to under-hedging risk.

Conversely, the knock-in barrier option "kicks in" if the spot exchange rate falls below the knock-in rate during the window in which the option is active, and the value of the hedging portfolio is then increased by the notional value of the disabled option, exposing the Group to over-hedging risk.

Optimization measures are also used with a view to improving the minimum exchange rate parity, and seek to protect the Group's economic performance at all times. They are based on products that allow the Group to take advantage of any improvement in the underlying exchange rate parities, without calling into question the original minimum threshold.

##### Hedging portfolio

The Group's hedging portfolio is described in section 3.1, Note 33, "Management of market risks and derivatives" of this Universal Registration Document.

Air transportation is one of the sectors most affected by the Covid-19 pandemic, with a record decline in passenger numbers due to the closure of borders worldwide. This lasting decline in business has an immediate impact on the Group's future foreign currency hedging requirements.

In 2021, the Group continued to deploy its exposure hedging strategy, using a timeframe of three to four years. Net estimated annual exposure, which depends on sales figures, has been revised for the period between 2021 and 2024. It is currently estimated at USD 9 billion for 2022, gradually recovering to USD 11 billion by 2024, and is regularly reviewed for each year covered by the foreign currency risk hedging policy.

As of February 1, 2022, the Group has hedged its entire USD exposure for 2022, estimated at USD 9 billion, at a rate of USD 1.15 to the euro. The Group has also hedged its entire USD exposure for 2023, estimated at USD 10 billion, at a target hedge rate of between USD 1.14 and USD 1.16 to the euro, and its entire USD exposure for 2024, estimated at USD 11 billion, at a target hedge rate of between USD 1.14 and USD 1.16 to the euro. Most options include knock-out barriers set at various levels between USD 1.2350 and USD 1.31 to the euro. In the event of a sustained rise in the EUR/USD spot rate, certain options would disappear from the portfolio, jeopardizing targeted hedge rates for 2022 to 2024.

A one-cent change in the EUR/USD exchange rate parity on the hedged rate has an impact of around €50 million on adjusted recurring operating income.

##### Sensitivity

The following tables present the sensitivity of the main income statement aggregates to a 5% increase or decrease in the EUR/USD exchange rate (average and closing exchange rates). The first table shows adjusted data, the second consolidated data. The sensitivity analysis takes account of:

- the translation effect, i.e., the impact of changes in the EUR/USD exchange rate on the translation into euros of the results of entities whose functional currency is the US dollar;
- the transaction effect, i.e., the impact of changes in the EUR/USD exchange rate on USD transactions carried out by entities whose functional currency is the euro, and on the value of the EUR/USD hedging portfolio.

The sensitivity of equity to a 5% increase or decrease in the EUR/USD closing exchange rate affecting the net investment hedge of some of its US entities is presented in section 3.1, Note 33, "Management of market risks and derivatives" of this Universal Registration Document.

Adjusted data (in € millions)	2020		2021	
EUR/USD exchange rate change assumptions	-5%	+5%	-5%	+5%
Average exchange rate	1.14		1.18	
Average exchange rate used for sensitivity analysis	1.08	1.20	1.12	1.24
Closing exchange rate	1.23		1.13	
Closing exchange rate used for sensitivity analysis	1.17	1.29	1.08	1.19
Revenue	429	(388)	398	(360)
Profit from operations	9	(8)	6	(6)
Financial income (loss)	(30)	28	(106)	96
Profit before tax	(22)	20	(100)	90

Non-adjusted consolidated data (in € millions)	2020		2021	
EUR/USD exchange rate change assumptions	-5%	+5%	-5%	+5%
Average exchange rate	1.14		1.18	
Average exchange rate used for sensitivity analysis	1.08	1.20	1.12	1.24
Closing exchange rate	1.23		1.13	
Closing exchange rate used for sensitivity analysis	1.17	1.29	1.08	1.19
Revenue	705	(637)	637	(577)
Profit from operations	277	(251)	239	(216)
Financial income (loss)	(680)	(387)	(2,685)	2,032
Profit before tax	(403)	(638)	(2,447)	1,816

### Interest rate risk

The Group's exposure to fluctuations in interest rates covers two types of risk:

- fair value risk in respect of fixed-rate financial assets and liabilities. Interest rate fluctuations impact the market value of these assets and liabilities;
- cash flow risk in respect of floating-rate financial assets and liabilities. Interest rate fluctuations have a direct impact on the Group's earnings.

Within the framework of its interest rate risk management policy, the Group arbitrates between these two types of risk using financial instruments specific to fixed-income markets (interest rate swaps and options, etc.).

#### EUR interest rate risk

Interest rate swaps were taken out at inception to convert the fixed rate payable on the €200 million bond issue carried out in first-half 2014 and maturing in April 2024 to a floating rate.

Exposure to EUR interest rate risk is described in section 3.1, Note 33, "Management of market risks and derivatives" of this Universal Registration Document.

#### USD interest rate risk

The interest rate on the two outstanding tranches of the Group's February 9, 2012 issue of senior unsecured notes on the US private placement market (USPP) was converted to a floating rate at inception. Floating-rate borrower/fixed-rate lender USD swaps were set up on the 10-year and 12-year tranches, for USD 540 million and USD 505 million, respectively. These swaps are eligible for fair value hedge accounting.

In March 2019, these two 10-year and 12-year tranches for USD 540 million and USD 505 million, respectively, were switched to euros by means of a cross currency swap (USD floating-rate lender/EUR fixed-rate borrower). The interest rate portion of the cross currency swap was eligible for hedge accounting.

Exposure to USD interest rate risk is described in section 3.1, Note 33, "Management of market risks and derivatives" of this Universal Registration Document.

#### Sensitivity

A 1% (100 basis point) increase in euro or US dollar interest rates would increase the Group's cost of net debt by €4 million.

### Counterparty risk

The Group is exposed to counterparty risk on the following:

- short-term financial investments;
- bilateral or syndicated financing commitments, received but not drawn down;
- derivatives;
- trade receivables;
- financial guarantees granted to customers.

Financial investments are diversified and consist of blue-chip securities that are traded with top-tier banks.

Similarly, financing commitments received but not drawn down are contracted solely with leading counterparties.

The sole purpose of the Group's derivative transactions is to reduce the overall exposure to foreign currency and interest rate risks resulting from its ordinary business activities. Transactions are either carried out on organized markets or over-the-counter with top-tier intermediaries.

The counterparty risk taken into account in pricing derivatives is not material (section 3.1, Note 33, "Derivatives and hedge accounting" of this Universal Registration Document).

Counterparty risk related to trade receivables is limited due to the large number of customers in the portfolio and their geographical diversity.

Within the scope of its civil and military aviation businesses, the Group may be exposed to late payments from its customers, particularly sovereign customers, and this could affect its ability to meet its free cash flow targets.

The maturity schedule for trade and other receivables is set out in section 3.1, Note 21, "Trade and other receivables" of this Universal Registration Document.

### Liquidity risk

Having now been rated by Standard & Poor's, the Group strives to maintain broad access to liquidity in order to meet its obligations as they fall due. To do this, it borrows from banks and capital markets, thereby exposing it to liquidity risk if all or part of these markets were to dry up.

Safran's business requires it to have access to external sources of financing, and the availability of such financing depends on a variety of factors such as market conditions and the macroeconomic environment. A deterioration in the financial markets (capital or bank debt markets) could lead to an increase in borrowing costs or even restricted access to financing for both Safran and for its competitors.

Furthermore, lenders and/or investors could develop a negative view of the Group's short- to medium-term financial prospects, particularly if it were to incur losses or suffer a ratings downgrade, which could affect its future financing capacity. Lenders and/or investors could also develop a negative perception of the Group's CSR credentials, either because of the markets in which it operates or its non-financial performance (particularly in environmental, social or governance matters), or the way in which these lenders and/or investors assess its performance, which could also affect its future financing capacity.

Treasury management is centralized within the Group. Where permitted by local legislation, all surplus cash is invested with, and the financing requirements of subsidiaries met by, the parent company on an arm's length basis. The central cash team manages the Group's current and forecast financing requirements, and ensures that it has the ability to meet its financial commitments while maintaining a level of available cash funds and confirmed credit facilities commensurate with its scale and debt repayment profile.

Surplus cash is managed with two principles in mind:

- safeguarding the amounts invested at all times;
- optimizing investment yields whenever possible, without jeopardizing the investments themselves.

The Group had an undrawn, confirmed liquidity line at December 31, 2021. This €2,520 million line was set up in December 2015 and had an original maturity of December 2020, with two successive one-year extension options. Both these options have been exercised, meaning that the line is currently set to expire in December 2022. This line is not subject to any financial covenants.

Issues of senior unsecured notes on the US private placement market (USPP) on February 9, 2012 and June 29, 2020 are subject to a financial covenant which states that the net debt to EBITDA ratio must be 2.5 or less.

The euro private placement ("Euro PP") in the form of a syndicated loan, set up by the former Zodiac Aerospace on March 10, 2016 and with an original maturity of seven years, is also subject to a financial covenant which states that the net debt to EBITDA ratio must be 3.5 or less.

The terms "net debt", "EBITDA" and "total equity" used in the aforementioned covenants are defined as follows:

- net debt: interest-bearing borrowings (excluding borrowings subject to specific conditions) less marketable securities and cash and cash equivalents;

- EBITDA: the sum of profit (loss) from operations and the net charge to depreciation, amortization and provisions for impairment of assets (calculated based on adjusted data).

The maturity schedule for financial liabilities (excluding derivatives with a negative fair value) is set out in section 3.1, Note 29, "Interest-bearing financial liabilities" of this Universal Registration Document.

### 4.3.1.5 Raw materials, energy and component risks

This combination of risks arising from inflation in the prices – and fears over shortages (see section 4.3.1.1, "Geopolitical risks") – of certain raw materials and energy, and pressure on the supply of electronic components, could expose the Group to risks of delays or non-delivery of some of its products. These issues are exacerbated by the Russo-Ukrainian conflict. Such events could then impact both the Group's and its customers' business. In addition to securing and diversifying procurement sources for materials and energy, targeted additional measures are deployed and coordinated by the Group's Industrial Management and Purchasing Department (see section 4.3.2.6). The EcoTitanium solution supplied by Aubert & Duval, a subsidiary of the French mining and metallurgical group Eramet that is the subject of a purchase offer from a holding company owned equally by Airbus, Safran and Tikehau ACE Capital (see section 4.3.2.6, "Supplier and subcontractor risks"), could also help Safran reduce its exposure to titanium imports from its Russian supplier VSMPO.

### 4.3.1.6 Environmental (excluding products), social and governance risks

#### Environmental footprint (excluding products)

To contend with the physical risks inherent in climate change to which the Group is exposed, especially natural hazards, Safran has devised an HSE strategy and governance framework (see section 5.6) to guarantee a high level of protection for all its employees and assets. Rigorous standards have been introduced at all sites and a range of training, prevention, transition and streamlining initiatives have also been deployed to contain and control the Group's overall risk exposure and improve its environmental and social footprint.

Moreover, as documented in section 5.5.10, Safran is deploying a proactive strategy underpinned by quantified objectives for meeting key climate change challenges and the increasing scarcity of fossil fuels, by carefully controlling and reducing its energy consumption and the greenhouse gas emissions produced by its operations and services (Scopes 1 and 2) in phase with the Paris Climate Agreement. Safran raised its ambitions in 2021 and is now targeting a 30% reduction in emissions by 2025 – including both Scopes 1 and 2 –, the first step towards carbon neutrality by 2050. To manage this transition risk, Safran has deployed a number of actions for improving the performance of its new buildings, reducing energy consumption at its existing sites, and switching energy sources by using innovative solutions for heat generation, selecting low-carbon energy sources, or introducing biofuels into its engine tests with a minimum of 10% of sustainable fuels by end-2021, rising to at least 35% by 2025.

Since 2020, Safran has used an internal carbon price for its investment projects and procurement decisions to encourage the use of low-emission solutions.

## Social footprint

In a competitive environment exacerbated by the crisis triggered by the Covid-19 pandemic and the deterioration in the image of the aerospace sector, Safran could experience difficulties in recruiting and retaining the talent needed for its businesses, particularly in critical positions requiring a high level of expertise. Numerous initiatives have been launched to enhance its attractiveness in terms of equal treatment, diversity and inclusion, combating discrimination and protecting health and safety in the workplace (see section 4.3.2.7). The Group aims to be an exemplary employer for all its employees, everywhere in the world, as set out in its CSR policy in section 5.6. Safran has signed up to the United Nations Global Compact and renewed its commitment to diversity in 2021 by once again signing the Diversity Charter.

Similarly, and to enable the Group's employees to make a meaningful commitment to optimizing its environmental and social footprint, Safran encourages everyone to take part in the Safran Innovation Awards program. Since 2021, this program has been rewarding innovation that helps serve the Group's energy transition and reduce its carbon footprint.

## Business ethics

Due to the nature of its businesses and its international footprint, Safran's risks in terms of business ethics include direct and indirect active or passive corruption, with potentially material financial, reputational and criminal consequences, both for the Group and its employees. Safran conducts its affairs according to the highest standards of transparency, integrity and professional rigor, with zero tolerance for non-compliance, based on values and ethics shared by all employees. In 2020, Safran was audited by the French Anti-Corruption Agency (*Agence française anticorruption* – AFA). In the report communicated to Safran on October 4, 2021, no violations of the Sapin II Act were identified, however, as part of the Group's continuous improvement strategy, action plans focused on business ethics have been supplemented and strengthened, as described in section 5.5.2. Lastly, a secure and multilingual e-mail address (safran@alertethic.com) is available to permanent employees as well as to external or occasional employees and suppliers, as indicated in section 5.5.1.

### 4.3.1.7 Legal and regulatory risks

From a legal standpoint, Safran is exposed to the risk of claims resulting from alleged non-compliance with certain contractual obligations in its relations with third parties. If any such claims are made, they are examined by the Legal Department so that it can best defend the Group's interests.

Aside from the main legal risks identified and disclosed in "Contingent liabilities arising on ordinary activities" of section 3.1, Note 7, "Off-balance sheet commitments and contingent liabilities" and in section 3.1, Note 36, "Disputes and litigation" of this Universal Registration Document, based on an analysis of the legal risks to which the Group is exposed, no other probable or material risks were identified.

The Group is also exposed to the risk that it fails to comply with numerous regulations, particularly in the areas of anti-trust law, anti-corruption regulations (see section 4.3.1.6), customs and export controls – particularly in the current context of sanctions and embargoes against Russia owing to the Russo-Ukrainian conflict –, personal data protection (see section 4.3.3.2) and other possible sanctions on countries in which it operates. The Group is bound by legislation and regulations issued by French and international authorities, particularly the European Union and the United States, and has taken all adequate and necessary measures to comply with all such rules affecting its operations.

To ensure that it complies with French and international regulations, Safran has put in place action plans such as those outlined in section 5.5 of this Universal Registration Document. These action plans are designed to ensure that Group companies report all claims or any potential cases of non-compliance with applicable regulations, inform the authorities concerned of any such cases identified, and take all the necessary precautions to prevent similar cases arising in the future. To date, the very few instances of non-compliance with export rules voluntarily brought to the attention of the authorities have either been closed after investigation without damages or are currently being addressed, with the past exception of non-material customs penalties.

### 4.3.1.8 Risks of negative media coverage

The Group is exposed to the risk of negative media coverage arising from its products or services, or its people – either its own officers or employees, or third parties – acting intentionally or unintentionally. To mitigate this risk, which could have a long-term reputational impact, Safran has drawn up a number of in-house rules and guidelines for sharing best practices. These rules and guidelines are backed up by regular awareness campaigns and tailored training initiatives, and feed into the Group's communication strategy targeting the financial and institutional investor community and the general public. Separate guidelines apply for risks arising from social media. As mentioned in section 4.1.1, Group crisis management processes have been devised to deal with these risks and include the use of "reflex tip sheets".

## 4.3.2 Risks relating to Group operations

### 4.3.2.1 Aviation safety risks

Safran products are integrated in high-tech equipment with a high unit price, especially civil and military aircraft and helicopters. Safran may be held liable, for example, for the malfunction, loss or accident of an aircraft, the death of passengers, or the loss of operating capability by an airline or helicopter operator. As part of its risk management policy, Safran adopts a variety of measures to limit risks relating to aircraft accidents.

The regulations governing Safran's activities stipulate the quality, reliability and safety standards that apply for civil aviation flights and the related products and services. These rules apply throughout the life of the aircraft for its design, manufacture, operation, airworthiness and maintenance. All aircraft components must be designed, manufactured and maintained or repaired in a suitable and controlled environment, using approved data, carefully calibrated tools and trained operators. The entire process must be certified by accredited personnel and traceability must be clearly documented and recorded. The requirements that Safran strictly complies with are issued by the International Civil Aviation Organization (ICAO) and transposed into European regulations by the European Aviation Safety Agency (EASA), which delivers Design (*Part 21J*), Production (*Part 21F or G*) and Maintenance (*Part 145*) Organization Approvals. The EASA oversees the work of national organizations like the French Directorate General for Civil Aviation (DGAC). Similar rules and approvals are applied by other authorities such as the Federal Aviation Administration (FAA) in the United States, the Civil Aviation Administration in the People's Republic of China (CAAC) and the Civil Aviation Authority (CAA) for the United Kingdom. Bilateral agreements exist between the different authorities to coordinate their efforts.

To comply with these requirements, Safran deploys a Safety Management System that meets the international standard published on October 3, 2018 by the ASD, based on four key principles:

- safety policy and objectives: commitment by Executive Management of the tier-one entity concerned;
- management of flight safety risks at different levels: engineering, program, quality and flight safety;
- incident reporting/monitoring: detection (including alerts), analysis and processing of all airworthiness events (tracking suppliers, reporting abnormal employee behavior, reporting shopfloor incidents, analyzing the related feedback) and creation of a Group airworthiness committee in 2018, structured around the airworthiness teams in the entities concerned; and
- deployment/promotion of the Safety Management System: promotion of the system, sharing of information (mandatory training for all employees, training in "Human Factors" for all personnel who may be exposed, personnel clearance by the aviation authorities, regular distribution of information and feedback).

This Group policy is now enshrined in a charter detailing Safran's commitments in this area that may be consulted on Safran's website at <https://www.safran-group.com/media/4452/download>.

### 4.3.2.2 Risks relating to Group products and services

The Group applies strict environmental, quality and safety standards in the design and manufacture of its high-tech products and associated services.

Quality failures or shortcomings in Safran's equipment, systems or technology could result in liability and costly claims for damages from customers, partners or third parties (product recalls, upgrade campaigns or retrofits), lost revenue and/or a loss of its commercial standing. Safran's image may also be affected.

In order to manage the impact of this risk as effectively as possible, Safran has deployed a range of quality-focused initiatives such as systematic targeted audits, kept and adapted in digital format if this proves necessary in the context of the current health crisis, and a Group quality audit tool, as indicated in section 1.7 and above in section 4.3.2.1.

### 4.3.2.3 Program profitability risks

Aircraft manufacturers may encounter program scheduling difficulties. Therefore, delays in production schedules for new aircraft may lead to the postponement of deliveries, including Safran equipment deliveries, and impact the Group's revenue. In certain cases, delays specific to developments under Safran's responsibility can occur and lead to the payment of damages for the stakeholders concerned if the Group is held to be liable. Delays can ultimately lead to Safran collecting cash later than forecast, thereby impacting the Group's cash and potentially its profitability. This may force Safran to write off assets.

For example, Safran was exposed to the consequences of the Boeing 737 MAX accidents and the ensuing flight ban in effect since March 2019, which has gradually been lifted following the decisions taken by the FAA, Transport Canada Civil Aviation (TCCA), EASA and CAAC on December 9, 2020, January 18, 2021, January 27, 2021, and November 18, 2021, respectively. Safran has taken specific action to deal with the ensuing difficulties.

Nevertheless, uncertainty arising from the health and economic crisis triggered by the Covid-19 pandemic which continues to persist in the short-term could also affect Safran's programs and their profitability more generally. Safran's action plans have been stepped up accordingly, however these plans are not designed to deal with short-term economic uncertainties such as specific health restrictions that may continue to limit air traffic.

Safran's activities – notably in R&D – require investments that only produce returns in the medium to long term (see section 1.2.1.1). Consequently, since 2021 the Group systematically conducts technical audits targeting risks arising on the development and technological maturity of its products.



The market and profitability assumptions determined and regularly reviewed by the Group may not prove accurate, and the products resulting from these investments may not enjoy sufficient commercial success to ensure a return on the initial investment (drop in demand, shut-down of a program). Significant additional investments may appear to be justified to finance a temporary increase in demand, however profitability may ultimately prove to be insufficient.

Within the Group, robust processes and high-level oversight of certain key aspects (such as production rates) enables the Group to ensure strict and effective program oversight and a smooth transition between different programs. Similarly, investment decisions are coordinated at Group level, based on tried and tested guidelines and numerous, specific evaluation criteria.

Safran also deploys specific initiatives that provide enhanced project management maturity and reduce the consequences of aggravating – human – factors. The “One Safran” quality management system (see section 1.7) provides project teams with a framework known as “PROMPT” as well as methods and applications for enhancing program management processes. PROMPT is based on five “golden rules”:

- keeping the Program Management Plan (PMP) up to date;
- meeting the expectations of all stakeholders;
- planning and meeting technical objectives;
- steering performance; and
- managing risks.

It has been rounded out by a Program Management guide of best practices and rules to be respected, together with a maturity grid that enables program managers to conduct an annual self-assessment of their risks and the measures in place, and to implement the requisite action plans.

Safran is also deploying a range of quality-focused initiatives such as systematic targeted audits and a single Quality Audit Tool for the entire Group. In addition, dedicated progress plans, which include rollout of the Quick Response Quality Control (QRQC) method, allow any quality issues to be dealt with swiftly, close to source, and the appropriate remedies to be applied. Program oversight and development has been stepped up as part of the “One Safran” quality management system, resulting in more detailed risk analysis (product and process risk analyses).

The effectiveness of this state-of-the-art system and the related action plans have made it possible for Safran to obtain airworthiness agreements (or renew such agreements) and EN 9100-certification for the tier-one entities concerned (see section 1.7), while constantly reducing the number of possible incidents in a context of continued growth in air traffic.

In the space industry, the ArianeGroup joint venture (see section 4.3.2.5) exposes Safran to possible delays in the design and production of the Ariane 6 program or to a potential failure to provide adequate solutions to current challenges in the civil space launcher market. This market is having to contend with fierce competition, especially from operators receiving government aid, falling prices and the changing needs of satellite operators. In the transition phase between the future Ariane 6 and the current Ariane 5 launcher, ArianeGroup is taking the necessary steps to transform its industrial design, ramp up developments and, most importantly, deploy proactive solutions in the quest for competitiveness. In the current context of the Russo-Ukrainian conflict discussed in section 4.3.1.1, “Geopolitical risks”, the ArianeGroup partnership is particularly exposed to the risks of postponements or cancellations of future flights of the Soyouz launcher.

#### 4.3.2.4 Risk of dependence on government procurement contracts

Safran conducts part of its business with governments, especially in military markets in Europe, North America, Asia and the Middle East. Government spending in these markets is subject to trade-offs that are contingent on the geopolitical environment and budgetary constraints. Budget cuts affecting some of the Group’s public customers may not only lead to delays in orders placed or curtailments, postponements or cancellations in the fulfillment of such orders and the related financing, but also to a deterioration in advance payment plans. This could affect Safran’s businesses or financial position.

Safran’s strategy is based on maintaining a balanced portfolio of civil aviation and military businesses. In 2021, military businesses accounted for approximately 28% of the Group’s adjusted consolidated revenue. The broad geographic diversity of the Group’s businesses, particularly through its international sites, reflects its customer diversification strategy which helps create a robust business portfolio, reinforced by a strong position as a supplier to the French Ministry of Defense. This global strategy is also a means of reducing the risk of dependency on government business.

#### 4.3.2.5 Partner risks

Safran is involved in several major strategic partnerships. If any of these partnerships were not renewed, or if there were governance or financing issues with a partner, for example, Safran’s businesses could be affected.

A substantial proportion of Safran’s revenue is derived from certain civil aircraft engine programs developed and manufactured in cooperation with the joint venture CFM International. This civil aerospace propulsion partnership between Safran and GE Aviation has been renewed through 2050 and includes operational maintenance services.

A joint venture was set up in 2006 with Albany International Corp. to develop high-tech composite parts for aircraft engines, landing gear and nacelles. On November 30, 2021, this partnership was extended through 2046 and aims to produce the next generation of engines and help the aviation industry achieve its goal of zero net CO<sub>2</sub> emissions by 2050.

Safran is also involved in several other major strategic partnerships, taking care to ensure that its stakes and decision-making capabilities are closely aligned with its strategy. In particular, these partnerships include (see section 1.4.2): Airbus (ArianeGroup) for space launchers, Air France Industries KLM Engineering & Maintenance (Airfoils Advanced Solutions) for repairs to high-pressure compressor blades and variable stator vanes, AVIC Aircraft Corp., Boeing (MATIS Aerospace “Morocco Aero-Technical Interconnect Systems”) for the manufacture of electrical harnesses and interconnection of electrical networks, China Eastern (Xi’an CEA Safran Landing Systems Services Co Ltd) for landing gear repair and maintenance, Middle River Aerostructure System (Nexelle) for nacelle design, production and maintenance, MTU (Aerospace Embedded Solutions) for critical software and infrastructure for military and civil applications, Rolls-Royce (Aero Gearbox International) for power transmission systems for all future Rolls-Royce civil aircraft engines, Thales (Lynred and Optrolead) for infrared detection and marketing optronics systems and UEC Saturn (PowerJet) for developing and manufacturing the SaM146 engine for regional aircraft.

These partnerships are set up in full compliance with the anti-trust laws applicable in all markets and countries in which they operate.



#### 4.3.2.6 Supplier and subcontractor risks

Events likely to affect its suppliers and subcontractors may also have an impact on Safran's business activities. The Group's suppliers and subcontractors are facing numerous difficulties and even business failure. After a sharp drop in activity during the crisis triggered by the Covid-19 pandemic, and in a context of heightened tensions due to the Russo-Ukrainian conflict, suppliers and subcontractors are having to contend with strong demand driven by the ongoing recovery. These risks could affect Safran's supply chain and result in additional costs or production delays that would affect the Group and its customers. In 2021, Safran purchased goods and services worth €8 billion, i.e., around 52.7% of its revenue, and managing these risks is one of the Group's key challenges.

Safran must factor in various imperatives and actions when managing these risks. For example, the robustness and capacity of suppliers and subcontractors to continue doing business in crisis situations are key criteria in Safran's selection process. Moreover, the Group's Industrial Management and Purchasing Department conducts a monthly review of potentially problematic suppliers and subcontractors with a designated manager and associated action plans. It also assists them with their own risk analyses. For non-production purchases, Safran has put in place a central purchasing strategy (see section 1.5) in the form of pooled facilities at a Shared Services Center in line with the Group's objectives of excellence, competitiveness and sustainable development. Safran has also deployed a responsible purchasing and duty of care plan (see section 5.5). Since the economic crisis triggered by the Covid-19 pandemic, Safran has stepped up its efforts using the programs described previously (see section 4.3.1.2) and has created an additional "Watch Tower" process for identifying and supporting the Group's five to ten key suppliers and subcontractors. Safran also contributes to the "ACE Aéro Partenaires" support fund for the French aerospace industry set up in the spring of 2020, and on February 22, 2022 signed a Memorandum of Understanding with the mining and metallurgy group Eramet to acquire its subsidiary Aubert & Duval through a holding company equally owned by Airbus, Safran and Tikehau Ace Capital.

The Group is exposed to risks of shortages and price volatility for energy, commodities and certain metals such as titanium and other alloys, cobalt, vanadium, certain composite fibers and resins and certain electrical components (see section 4.3.1.5). These difficulties could cause delays and impact the activities of Safran's customers. To limit the impact of these risks, the Group negotiates medium- and long-term procurement contracts with its suppliers, sets up multiple-source supply streams and builds up appropriate inventories wherever possible. These tensions are

exacerbated by the Russo-Ukrainian crisis (see section 4.3.1.1, "Geopolitical risks").

The volume of commitments undertaken by the Group corresponds to the planned increase in production over the coming years. To protect its LEAP program and its supply chain in particular, Safran has built up buffer stocks of specific components (although the current situation raises question marks over the continued availability of certain materials and electronic components), and set up a multiple-source supply approach organized around the related criticality, by sourcing new suppliers and deploying other target initiatives.

#### 4.3.2.7 Personal safety, property and occupational health and safety risks

The Group's international scope may generate certain safety risks for the Group's employees and property. The Safety Department has set up a specific oversight organization for each country to address these risks and deployed targeted measures that include a country watch and access controls. The Group is constantly assessing the risks of terrorism, armed conflict and confrontation with criminal organizations as well as the consequences of geopolitical change. It also benefits from information provided by the Group International and Public Affairs Department. The regions in which the Group operates are classified according to risk, each of which is associated with a series of specific prevention, detection and protection measures. The Group is assisted in this initiative by the governments of France and other countries as well as by specialist service providers. A dedicated structure, such as an emergency operations center, may be set up in response to a specific situation and provided with the requisite resources in order to repatriate operating staff, for example.

All industrial activities generate risks, particularly health, safety and environmental (HSE) risks. More specifically, at the production sites, these risks concern fire, explosions, waste discharges, liquids and gases as well as risks related to the management and use of chemical substances. The potential impacts include water and soil pollution and damage to human health more generally. As indicated in section 5.6, Safran's HSE policy is implemented within the framework of a continuous improvement drive which aims to bolster its strategy of anticipating and preventing potential risks in all of its activities. It is also underpinned by HSE guidelines that cover all sites, reflecting the investments needed to safeguard the health, safety and environment of all its stakeholders. Both these challenges and the main initiatives deployed to meet them are described in chapter 5 below.

### 4.3.3 Risks relating to the Group's strategic development

#### 4.3.3.1 Risks relating to technological developments and the decarbonization of aeronautics

Safran designs, develops and manufactures products and services renowned for their advanced technological innovations. The Group is thereby exposed to the risk of competitors developing products that offer a better technical performance, are more competitive or are marketed earlier than those it develops. In particular, Safran has to contend with the risk inherent in its choice of certain emerging cutting-edge technologies to develop a low-carbon aviation sector. If these choices subsequently prove to be unsuitable, this could affect Safran's activities or financial position.

The actions taken by the Group to limit the impact of such risks are outlined in section 1.4, "Research and development expenditure". The Group draws on the complementary scientific and technical expertise provided by its partners, suppliers and subcontractors (see sections 1.4.2, 4.3.2.5 and 4.3.2.6). The Group has also created Safran Corporate Ventures (see section 1.4.4), an investment vehicle for start-ups aimed at supporting the upstream development of innovative, high-potential technologies and capturing benefits for the applications used by the Group.

Safran has set up a pooled research unit focusing on upstream, cross-functional technologies within Safran Tech, the Group's research and technology center. Safran Tech is home to nearly 500 scientists and technologists working in research sites and hubs, including the facilities at Safran Composites, Safran Ceramics and Safran Campus Additive Manufacturing. Almost a hundred specialists in organic and ceramic matrix composites, organic chemistry and additive manufacturing work in these two facilities. Moreover, the Gennevilliers plant experiments in forging and casting to give Safran a cutting edge in the technologies involved in machining aircraft engine parts.

For Safran, intellectual/industrial property (IP) is an intangible asset of increasing importance in a context of globalized markets and ever-fiercer competition. The Group has clarified its IP governance and set up the Center for Intellectual Property Excellence (CEPI), a more effective, centrally coordinated structure involving specialists that work for all Group entities. CEPI now provides all of Safran's IP-related assistance and consulting services and oversees the related risks, notably those concerning the protection of know-how and inventions, developing and pro-actively managing patent portfolios, dealing with litigation and maintaining up-to-date strategic and technological intelligence, and promoting the Group's innovation to secure its competitive advantage and help it to meet customer needs as effectively as possible. The IP team's mission is underpinned by a Group charter setting out the importance of maintaining strategic and technological intelligence, respecting the rights of third parties, protecting the Group's IP portfolio and defending its rights and capacity to gain a competitive advantage through innovation. Streamlined and stable governance, skills pooling and deployment of processes for operational excellence are being used by the Group to both assess and control its exposure to IP risks.

More generally speaking, and to affirm its commitment to the decarbonization of the aviation industry over and above the transition challenges set out in section 4.3.1.6, and as described in section 5.3, Safran is involved in drafting environmental standards and contributing to the work of institutions like the International Civil Aviation Organization (ICAO) via the Air Transport Action Group (ATAG), the International Aerospace Environmental Group (IAEG), the European Civil Aviation Conference (ECAC), the Aerospace & Defense Industries Association of Europe (ASD) and the French Aeronautical and Space Industries Group (GIFAS). Safran is proactively helping to achieve carbon neutrality in the sector by 2050 and has deployed a technological roadmap designed to cut the emissions generated by its products (Scope 3).

Some issues may seem to contradict each other, such as the forecasts for sustained global growth in air traffic in the medium and long term, and media pressure on the aviation sector caused by climate change and advocating degrowth. In response, the aviation industry has committed to targeting carbon neutrality by 2050, and Safran is a keen stakeholder in this global effort. This transition will require a common strategy supported by the entire sector, along with coherent public policies on a global scale and action on many different levels.

Safran believes that carbon neutrality can be achieved by 2050 by combining several levers:

- technological innovation and aircraft renewal (between 35% and 40% of the overall effort, of which 20% from an ultra-efficient engine);
- introduction of new fuels (about 50%); and
- the rest by optimizing aviation operations and infrastructures and offsetting residual emissions.

Consequently, the Group is working hard to reduce the environmental footprint of all its facilities in order to provide its customers with innovative and competitive solutions for low-carbon aviation by:

- developing ultra-optimized thermal propulsion systems for the next generation of short- and medium-haul aircraft;
- working on new forms of electric and hybrid propulsion systems for small aircraft;
- optimizing non-propulsive energy (electric control systems, e-taxiing, etc.);
- developing new engine architectures and lightweight design technologies for aircraft systems and cabin interiors, and optimizing the integrated aircraft energy chain, especially through electrification, new designs and lighter materials; and
- exploring all avenues with a view to introducing sustainable fuels, i.e., biofuels, synthetic hydrocarbons or liquid hydrogen.

All of these initiatives are perfectly in line with the approach set out in the aerospace sector support package announced by the French government in June 2020 in response to the health and economic crisis triggered by the Covid-19 pandemic.

#### 4.3.3.2 Risks relating to digitalization

Safran's digital transformation provides a catalyst for improving performance and the quality of products designed, manufactured and maintained thanks to digital continuity, better control of risks related to human factors, and identification of new avenues for improvement with access to new data. Risks associated with insufficient or poorly managed digitalization could expose the Group to a possible loss of competitiveness right across its engineering, production and service activities. A team of nearly 150 digitalization experts and facilitators has been put together at both central and tier-one entity level. This makes it possible to organize the transformation roadmap, deploy it throughout the organization and identify all of the projects that need to be carried out in the field.

##### Data confidentiality

Data owned by the Group are critical in terms of technological innovation, as well as strategy and key assets. Safran therefore needs to have reasonable assurance that its intangible assets (data, knowledge and expertise in particular) are adequately protected. Faced with risks of negligence, malicious intent, unlawful attempts to gain access to confidential data and threats to the security of its systems, prevention and protection measures are deployed on an ongoing basis to guarantee system and data integrity and ensure the Group's business continuity.

Safran is also exposed to the risk of inadequately protected personal data. As a B to B (Business to Business) player, this risk essentially concerns the personal data of the Group's employees. A comprehensive system has been deployed to ensure compliance with Regulation (EU) 2016/679 of April 27, 2016 (known as the General Data Protection Regulation) and any other applicable legislation or regulations in this area. The Group continually reviews and updates its internal guidelines and deploys regular awareness-raising and training initiatives for those employees in charge of activities that involve the processing of personal data.

##### Cyber threats

Safran is exposed to the risk of breaches of security in relation to its industrial premises or data processing systems. These cyber threats are becoming more numerous and more sophisticated, especially in the context of the Russo-Ukrainian conflict. They could lead to disruptions in services, causing, for example, the loss of connection on internal and external network exchange platforms and the unavailability of the Group's information systems, or breaches in the confidentiality or integrity of data hosted by or transiting through its information systems (loss, destruction, theft and corruption). Such events could result in recovery and reconstruction costs, additional costs, including legal defense costs, operating losses and penalties and even medium-term loss of confidence of major customers and possible loss of business.

In order to limit the impact of this risk, Safran has defined an information system security policy which sets down a series of organizational, technical and governance guiding principles. The policy is available for consultation on the Group's website (<https://www.safran-group.com/news/safran-strengthens-product-cybersecurity-policy-2020-12-04>). It notably meets requirements set out in French regulations on the protection of

intangible assets contained in information systems. Under the policy, awareness-raising and training initiatives for all Group employees are organized on a regular basis. At least one cyber attack simulation exercise is carried out at Group level each year, involving all tier-one entities and Safran SA. In response to this growing and evolving threat, Safran continues to improve its cyber governance and expertise and is stepping up its investment in information system protection, incident detection and event and security warning response, and in regular reviews of their effectiveness, notably by performing targeted audits.

Since February 15, 2022, around 50 Safran employees have joined Cyber Campus, a cybersecurity center of excellence located in Puteaux near Paris, to work on determining a defense plan against cyber threats alongside major national and international experts in the field.

#### 4.3.3.3 Human resources risks

The Group's different activities harness a wide range of employee expertise and skills across many different sectors. As a result, Safran is exposed to the risk of failing to find the appropriate skills at the right time and in the right place that it needs to deploy its strategy and complete its development projects or its programs effectively due to increasing recruitment difficulties in certain critical areas or high turnover of personnel. This risk is exacerbated by the aftermath of, and recovery from, the Covid-19 pandemic, which has had a very severe impact on the aerospace industry and tarnished its attractiveness.

To limit this risk, the Group continually strives to rescale, acquire, retain, redeploy, bolster and renew the skills that it needs or will need in the future. In addition to the workforce readjustment measures required to deal with the economic crisis, Safran also has to contend with a high attrition rate caused by the very high portion of employees expected to retire over the coming years, and with the rapid changes occurring in the Group's businesses. Consequently, it is developing partnership strategies with top graduate schools and scientific universities to recruit employees for its current core and future businesses. The Group also actively promotes the Safran employer brand together with the attractiveness of its career opportunities. A proactive approach to taking on young employees is being deployed despite the crisis, underpinned by a policy to promote professional equality, diversity and inclusion sponsored by the Executive Committee. Managerial practices and work organization (especially teleworking) have been adapted to meet the expectations of younger generations. In addition, professional and geographic mobility programs, talent identification systems and the creation of talent pools, succession planning for key posts and skills, training, monitoring and career development, together with the transmission of the Group's know-how and values to new hires, are all being used to manage these risks. The Group has strengthened and concentrated oversight of these actions comprising a global competitiveness plan into a single "Skills and Training" division. Safran also continues to offer employee bonus, profit-sharing and equity and savings incentive schemes that foster employee buy-in and loyalty, although some of these programs have had to be temporarily adapted to contend with the current economic situation. These measures, which are described above in section 4.3.1.6, are detailed in sections 5.4 and 5.6 below.

#### 4.3.3.4 Acquisition and restructuring risks

As part of its growth strategy and disciplined approach, Safran may conduct targeted acquisitions of businesses or companies, merge and/or set up companies, enter into strategic arrangements, or divest select non-core businesses. The Group has devised procedures and controls to limit the risks inherent in such transactions. Processes exist to ensure that these transactions meet the Group's strict financial criteria

(debt, return on capital employed, etc.). These operations may have a negative impact on the Group's business, expected earnings or image should Safran fail to achieve the target objectives, notably to integrate the businesses acquired, achieve the business plans and unlock the expected synergies, or maintain good trade or labor relations within the acquired entities following changes in management or control. Strict oversight processes for these transactions, especially new acquisitions, have been developed.

## 4.4 INSURANCE

The Risk and Insurance Department identifies the accident risks to which the Group's businesses are exposed and puts in place the appropriate insurance policies. This does not include personal risk insurance or credit insurance.

The key accident risks are covered by worldwide multi-risk policies spanning several years where applicable, negotiated with leading insurance companies that reflect the Group's current exposure. They include:

- a "property damage and business interruption" policy providing coverage for damage to industrial installations (buildings, machines, inventories, etc.). The maximum payout under the policy is €400 million, or up to €1.2 billion for certain individual sites, excluding market-imposed sub-limits for certain risks such as flooding, earthquakes and natural disasters;

- "product third-party liability" policies covering the Group in the event that it is held liable for damages to third parties as a result of an accident attributable to a delivered product no longer owned or controlled by a Group entity:

- aviation products:
  - the policies provide coverage totaling USD 2.5 billion per annum that can be used during the year for aviation products. Coverage for helicopter products is capped at USD 1 billion, while coverage for terrorism totals USD 1 billion,
- "land" products (excluding aviation businesses):
  - the policies provide coverage of €200 million per annum that can be used during the year.

Other specific types of insurance have also been taken out to round out the Group's insurance arsenal.

The Group's captive reinsurance company participates in the operational risk coverage scheme within the framework of "civil aviation liability" and "property damage and business interruption" insurance policies.

Local insurance programs are subscribed across the globe either to cover specific risks or in response to local legal or regulatory insurance requirements.





# 5

## NON-FINANCIAL PERFORMANCE

# 5 NON-FINANCIAL PERFORMANCE

<b>5.1</b>	<b>ORGANIZATION AND MANAGEMENT OF NON-FINANCIAL PERFORMANCE</b>	<b>252</b>	<b>5.5</b>	<b>ETHICS, RESPONSIBLE PURCHASING AND THE ENVIRONMENT: EMBODY RESPONSIBLE INDUSTRY</b>	<b>286</b>
5.1.1	“Engage for the Future”, a CSR approach at the heart of Safran’s strategy	252	5.5.1	Uphold the highest standards of ethics	287
5.1.2	A stronger CSR governance	256	5.5.2	Strengthen responsible practices throughout the supply chain, and support our suppliers	292
5.1.3	An approach backed by internal and external reference frameworks	256	5.5.3	Respect the environment and natural resources	295
5.1.4	A CSR performance assessed by non-financial rating agencies	258			
<b>5.2</b>	<b>MAIN NON-FINANCIAL RISKS AND SUMMARY OF NON-FINANCIAL PERFORMANCE</b>	<b>259</b>	<b>5.6</b>	<b>CORPORATE SOCIAL RESPONSIBILITY: AFFIRM OUR COMMITMENT TO CITIZENSHIP</b>	<b>298</b>
<b>5.3</b>	<b>CLIMATE: DECARBONIZE AERONAUTICS</b>	<b>263</b>	5.6.1	Be at the forefront of innovation to protect citizens	299
5.3.1	Background and challenges	263	5.6.2	Develop partnerships on training and research	300
5.3.2	Climate commitment and governance	263	5.6.3	Enhance professional and social integration	301
5.3.3	Policy and strategies	264	<b>5.7</b>	<b>METHODOLOGICAL NOTE AND REPORT OF THE INDEPENDENT THIRD PARTY (ITP)</b>	<b>303</b>
5.3.4	Employee mobilization, eco-citizenship and “zero” targets	273	5.7.1	Methodology note on labor, HSE and climate indicators	303
<b>5.4</b>	<b>HUMAN RESPONSIBILITY: BE AN EXEMPLARY EMPLOYER</b>	<b>274</b>	5.7.2	Reporting scope	303
5.4.1	Accelerate training in the skills and professions of tomorrow	275	5.7.3	Data collection	303
5.4.2	Ensure health and safety of employees, improve the quality of life at work and maintain a thriving social dialogue	279	5.7.4	Details on certain indicators	304
5.4.3	Encourage equal opportunities and promote diversity	283	5.7.5	Report by the independent third party on the verification of the consolidated non-financial information statement	307
			<b>5.8</b>	<b>CROSS-REFERENCE TABLE FOR THE NON-FINANCIAL INFORMATION STATEMENT (NFIS)</b>	<b>311</b>



In this chapter, Safran presents its non-financial information statement (NFIS), outlining the policies, commitments, achievements and results of its corporate social responsibility (CSR) approach. Safran takes into account the labor, social and environmental consequences of its activity, as well as the effects of that activity as regards respect for human rights and the fight against corruption. The Integrated Report, which can be found in the introduction to this Universal Registration Document, includes a presentation of Safran's stakeholder relations and business model.

Chapter 5 takes into account the following French legislative requirements:

- government *ordonnance* (order) 2017-1180 of July 19, 2017 and decree no. 2017-1265 of August 9, 2017 transposing into national law the European directive of October 22, 2014 on the disclosure of non-financial information by companies;
- law no. 2017-399 on the duty of care of parent companies and contracting companies;
- law no. 2016-1691 of December 9, 2016 on transparency, anti-corruption measures and modernization of the economy ("Sapin II").

This chapter is an integral part of the management report. It is verified by an independent third-party, whose report is presented in section 5.7.5.

## 5.1 ORGANIZATION AND MANAGEMENT OF NON-FINANCIAL PERFORMANCE

### 5.1.1 "Engage for the Future", a CSR approach at the heart of Safran's strategy

#### 5.1.1.1 A CSR strategy co-constructed with all stakeholders

Safran has developed its CSR strategy in consultation with all of its stakeholders (suppliers, customers, shareholders, employees, employee representative bodies, etc.). Expectations and challenges in terms of corporate social responsibility were compiled during two consultative processes: the production of the materiality matrix and the facilitation of employee working groups.

#### Definition of the non-financial challenges through the materiality matrix

Safran responded to mounting expectations among its internal and external stakeholders as regards its corporate social responsibility by updating the materiality matrix of its non-financial challenges in early 2020. This matrix presents the Group's main non-financial challenges, by order of importance.

The materiality matrix update was based on the Group's risk map, recent studies on the challenges facing the aerospace industry and an in-depth analysis of reference frameworks: the UN Sustainable Development Goals (SDGs), non-financial reporting obligations and recommendations, and international standards such as the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). Further to this analysis, 37 challenges were identified.

These challenges were subsequently submitted to more than 600 senior managers from all Group companies at sites worldwide, to members of the Group's Executive Committee, and to a panel of 70 external stakeholders from each major category (business community, financial community, public partners and civil society). The consultation comprised 25 interviews and an online survey.

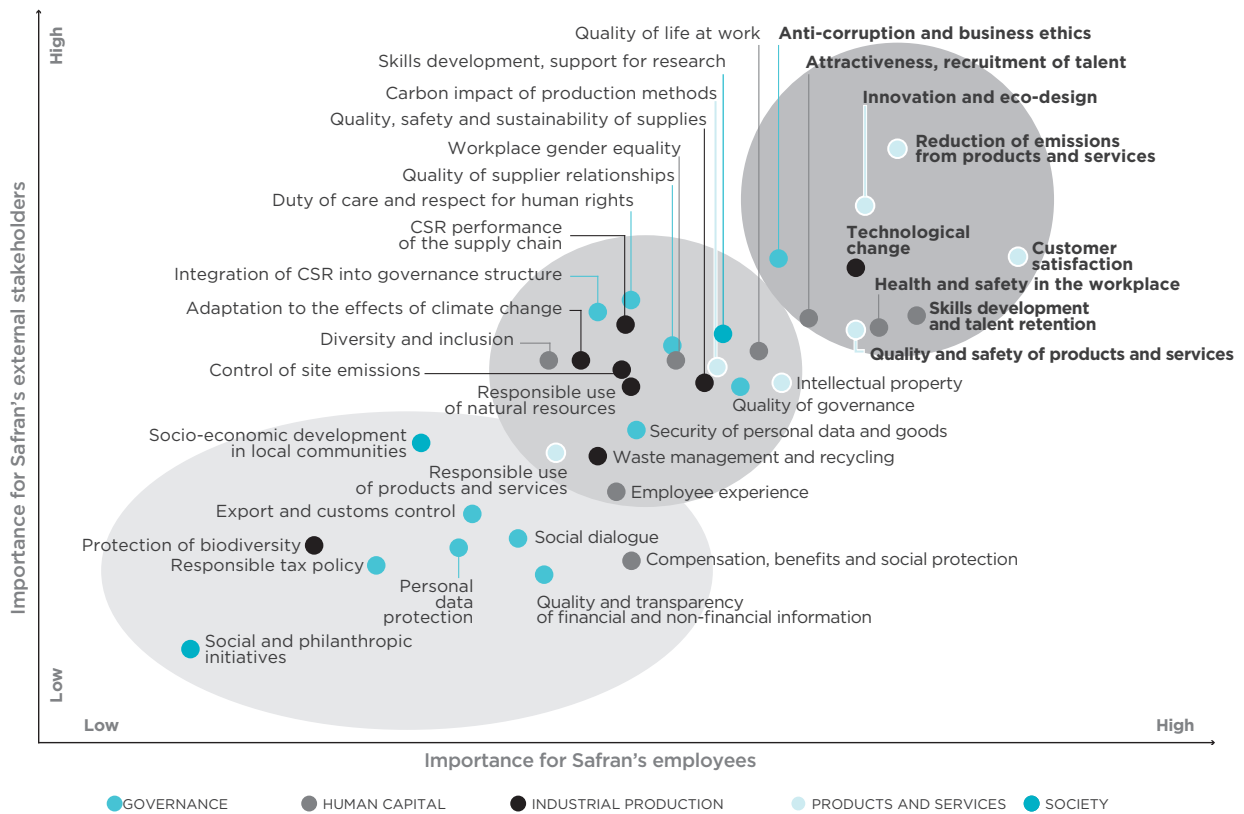
The matrix shows:

- on the X-axis, challenges classified according to their importance for internal participants (importance for Safran employees);
- on the Y-axis, challenges classified according to their importance for external participants (importance for external stakeholders).

It represents a snapshot of respondents' opinions and perceptions at a given time. The updated matrix represents an internal and external consensus on Safran's nine priority challenges and the change in respondents' expectations. The results have enriched the CSR strategy. The nine challenges appear in the circle in the upper right-hand corner of the matrix. They are:

- **quality and safety of products and services** (see section 5.5.1.1);
- **customer satisfaction and trust;**
- **business ethics and the fight against corruption** (see section 5.5.1.3);
- **reduction of atmospheric emissions and the carbon impact linked to the use of products and services** (see section 5.3);
- **innovation and eco-design of products and services** (see section 5.5.3.1);
- **technological developments** (see section 5.3);
- **attractiveness of Safran and talent recruitment** (see section 5.4.1.3);
- **skills development and talent retention** (see section 5.4.1.3);
- **health and safety in the workplace** (see section 5.4.2.1).

# MATERIALITY MATRIX OF NON-FINANCIAL CHALLENGES



### 5.1.1.2 “Engage for the Future”, Safran’s CSR strategy

Early in 2021, Safran launched “Engage for the Future”, the CSR strategy born as a result of this collective effort. In addition to incorporating the CSR challenges outlined during the construction phases described above, “Engage for the Future” embodies the Safran core purpose (*raison d’être*) defined in 2020.

“Engage for the Future” supports the Group’s global strategy and aims to ensure sustainable growth. By associating profitability with responsibility, the strategy drives short-, medium- and long-term value creation, and consequently the Group’s performance.

## “Engage for the future”, a strategy built on 4 pillars, with 12 key commitments

### CORE PURPOSE

“Thanks to the commitment of our employees, proven innovation and operational excellence, Safran designs, builds and supports high-tech solutions to contribute to a safer, more sustainable world, where air transport is more environmentally friendly, comfortable and accessible.

We also apply our skills to develop solutions that meet strategic needs, such as defense and access to space.”



#### DECARBONIZE AERONAUTICS

Be recognized as a leader  
in the decarbonization  
of the aviation sector



Make carbon  
neutral aircraft the  
R&T priority



Reduce CO<sub>2</sub>  
emissions  
throughout our  
value chain



Involve employees  
in the reduction of  
their carbon  
footprint



#### BE AN EXEMPLARY EMPLOYER

Be considered as an  
employer of choice by our  
employees and the talents  
of the sector



Accelerate training  
in the skills and  
professions of  
tomorrow



Ensure health and  
safety of  
employees,  
improve the quality  
of life at work and  
maintain a thriving  
social dialogue



Encourage equal  
opportunities and  
promote diversity



#### EMBODY RESPONSIBLE INDUSTRY

Be the benchmark in our  
production methods and  
throughout the value chain



Uphold the highest  
standards of ethics



Strengthen  
responsible supply  
chain management  
and support  
suppliers



Respect the  
environment and  
natural resources



#### AFFIRM OUR COMMITMENT TO CITIZENSHIP

Get involved with our local  
communities and  
contribute to their  
development



Be at the forefront  
of innovation to  
protect citizens



Develop  
partnerships for  
training and  
research



Enhance  
professional and  
social integration



### 5.1.1.3 Key objectives

To fulfill its ambitions and create value, Safran has set objectives that will enable the Group to track progress annually for each pillar in the “Engage for the Future” CSR roadmap. All the objectives are set for 2025, except for the objective of reducing Scope 1 and 2 greenhouse gas emissions by 50%, which is set for 2030, and the objective related to Scope 3 product use emissions, which is set for 2035.

Pillar	Objectives	2020	2021
Decarbonize aeronautics	<b>2025 OBJECTIVES</b>		
	<b>#1</b> Keep 75% of R&T investment focused on environmental efficiency ( <i>Scope 3 – product use</i> )	<b>75%</b>	<b>75%</b>
	<b>2035 OBJECTIVES</b>		
	<b>#2</b> Reduce greenhouse gas emissions from product use ( <i>Scope 3</i> ), based on passenger kilometers, by 42.5% by 2035 compared with 2018 ( <i>in g CO<sub>2</sub>eq./passenger kilometer</i> )	<b>9.1</b>	<b>7.1</b>
	<b>2025-2030 OBJECTIVES</b>		
Be an exemplary employer	<b>#3</b> Reduce greenhouse gas emissions ( <i>Scopes 1 and 2</i> ) by 30% by 2025 and 50% by 2030 <sup>(1)</sup> compared with 2018 ( <i>in t CO<sub>2</sub>eq.</i> )	<b>-29.1%</b> (398,694 t CO <sub>2</sub> eq.)	<b>-29.3%</b> (397,568 t CO <sub>2</sub> eq.)
	<b>2025 OBJECTIVES</b>		
	<b>#4</b> 100% of facilities to have achieved the five zero targets roadmap ( <i>zero non-recycled paper in 2021, zero machines or equipment running unnecessarily in 2022, zero single-use plastic cups or dishes in 2023, zero foodservice offers without local and seasonal products in 2024, and zero non-eco-friendly green spaces in 2025</i> )	(*)	<b>100%</b> <sup>(2)</sup>
	<b>#5</b> Maintain the average number of training hours per employee compared with 2019 (26 hours) <sup>(3)</sup>	<b>13</b>	<b>21</b>
	<b>#6</b> Frequency rate of lost-time work accidents equal to 2 <sup>(4)</sup>	<b>2</b>	<b>2.1</b>
Embody responsible industry	<b>#7</b> 100% of employees worldwide to benefit from a minimum level of health coverage ( <i>medical, optical and dental</i> )	<sup>(5)</sup>	<b>79%</b>
	<b>#8</b> 22% of women among senior managers	<b>13%</b>	<b>15.1%</b>
	<b>#9</b> 100% of senior managers and exposed and affected people trained in anti-corruption <sup>(5)</sup>	<b>66%</b>	<b>89%</b>
	<b>#10</b> 100% of senior managers and exposed and affected people trained in export control <sup>(6)</sup>	(*)	(*)(7)
	<b>#11</b> 80% of purchases made from suppliers that have signed Safran's responsible purchasing guidelines <sup>(8)</sup>	<b>40.0%</b>	<b>32.4%</b> <sup>(9)</sup>
Affirm our commitment to citizenship	<b>#12</b> 100% of industrial facilities classified as “Gold” based on Safran's HSE standards	<b>60%</b>	<b>33%</b> <sup>(10)</sup>
	<b>#13</b> Increase the waste recovery ratio compared with 2019 (68.3%)	<b>70.2%</b> <sup>(11)</sup>	<b>71.1%</b>
	<b>#14</b> Increase the number of new PhD students compared with 2019 (63)	<b>36</b>	<b>47</b>
	<b>#15</b> 100% of facilities with more than 100 employees to run at least one social or professional integration initiative	(*)	<b>45.3.%</b>

\* Data not available.

(1) Change in Scope 1 and 2 emissions compared with 2018, market-based method (see section 5.3.3.2).

(2) At December 31, 2021, supply contracts for white and/or colored paper in France and Belgium include recycled paper only.

(3) Excluding employees on long-term absence.

(4) Number of accidents per million hours worked.

(5) Purchasing, HR, Sales, Legal, Finance, Audit & Internal Control, Compliance & Business Ethics, Risks and Communications Departments.

(6) People exposed and affected in all Group departments.

(7) Indicator cannot be calculated as the scope has not been defined.

(8) Or using equivalent responsible purchasing guidelines.

(9) Decline attributable first to the fact that signatures to the charter have only been taken into account since March 2020 (date of the update incorporating new laws and regulations), and second to the extension of the scope to include maintenance, repair and overhaul (MRO) suppliers.

(10) The percentage of sites classified as “Gold” (level of maturity required by Safran's HSE standards) has decreased with the inclusion of the former Zodiac Aerospace sites in the objective.

(11) 2020 emissions figures, which included estimated data for fourth-quarter 2020, were revised in 2021 to reflect the actual data.

### 5.1.2 A stronger CSR governance

In 2021, the Group Human Resources Department (HRD) became the Group Human and Social Responsibility Department (HSRD). This change illustrates Safran's determination to strengthen its commitments and rally all employees around CSR issues.

The CSR strategy is led by the Group's Executive Committee and steered by the Executive Vice President, Corporate Human and Social Responsibility, who draws on the work of the CSR Department in defining the CSR strategy, its roadmap and its rollout. The CSR Department, in close collaboration with the Group's Executive Committee, cross-functional departments and companies, is responsible for federating, coordinating and implementing the CSR strategy by ensuring its consistent and that everyone is involved.

The CSR roadmap is presented annually to the Group's Executive Committee and to the Board of Directors. CSR issues are addressed, where appropriate, in committees reporting to the Group's Executive Committee (Compliance, Ethics and Anti-Fraud Committee) or the Board of Directors (Audit and Risk Committee, Appointments and Compensation Committee, and Innovation, Technology & Climate Committee) (see section 6.3.6.3).

In 2021, a new network of CSR coordinators from Safran SA and each of its tier-one entities<sup>(1)</sup> helped to deploy the CSR strategy. Alongside representatives from Group departments, the coordinators participated in regular meetings of committees working on each pillar of the CSR strategy.

### 5.1.3 An approach backed by internal and external reference frameworks

#### 5.1.3.1 United Nations Global Compact and Sustainable Development Goals

Safran became a signatory to the United Nations Global Compact in 2014. The Global Compact comprises ten principles relating to respect for human rights, international labor standards, the environment and the fight against corruption. Safran has willingly undertaken to adhere to and promote these universal principles in its practices. The Group's Chief Executive Officer assumes direct responsibility for this commitment.

Safran certifies the effective implementation of these principles by posting a Communication on Progress (CoP) on the United Nations Global Compact website each year. Safran is classified as Advanced in the CoP reporting framework, the highest standard in terms of CSR performance.

Safran's CSR policy, commitments, objectives and actions are aligned with the global effort to achieve the 17 Sustainable Development Goals (SDGs) for 2030 established by the United Nations (see the plan on page 12 of the Integrated Report at the beginning of this Universal Registration Document).

#### 5.1.3.2 Key Safran CSR documents

The key internal documents concerning Safran's corporate social responsibility are as follows:

- the global CSR framework agreement (see below);
- the CSR strategy (see section 5.1.1.2);
- the Ethical Guidelines (see section 5.5.1.2);
- the climate strategy (see section 5.3.3);
- the code of conduct for the detection and prevention of acts of corruption and the responsible lobbying charter (see section 5.5.1.3);
- the health, safety and environmental policy (see section 5.4.2.1);
- the Group's responsible purchasing policy (see section 5.5.2.1).

They are applicable at all Safran sites, in all of the countries where Safran operates.

#### 5.1.3.3 Safran's global CSR framework agreement

Among internal commitments concerning its labor, social and environmental responsibilities, Safran signed a global five-year CSR framework agreement on "working conditions, CSR and sustainable development" with the IndustriALL Global Union and representatives of the metallurgy federations of the French CFE-CGC, CFDT, CGT and CGT-FO unions on October 18, 2017. It covers the entire scope of Safran's activities and applies to all of its employees.

The agreement is designed to:

- provide a formal framework for the Group's corporate social responsibility policy, notably in compliance with the International Labour Organization (ILO) Conventions;
- continue to deploy the Group's human resources policies, which nurture talent and skills, support quality of worklife and well-being, promote diversity and ensure equal opportunity;
- enhance recognition of Safran by both customers and suppliers for its outstanding compliance with business ethics. Safran is committed to fighting against all forms of corruption and regularly sharpens employee awareness through appropriate communication resources and/or training. To this end, it applies a risk prevention policy with respect to tax evasion;
- guarantee fundamental union rights, including freedom of association, collective bargaining and social dialogue;
- ensure that fundamental rights are upheld by Group subsidiaries, as well as in the selection and assessment of suppliers, subcontractors and service providers;
- protect the environment through preserving natural resources, fighting global warming, reducing and reusing waste, and preventing the risk of pollution in order to minimize the impact of the Group's activities on the environment;
- take into account the impact on the local community, so that available positions are filled locally in every host country, to the extent possible.

<sup>(1)</sup> See the operational organization chart in sections 1.1.2 and 1.1.3.

### 5.1.3.4 Duty of care plan

The duty of care plan described below was prepared by Safran in response to French law no. 2017-399 of March 27, 2017 on the duty of care of parent companies and contracting companies. It concerns Group companies and their subsidiaries, addressed in the following paragraph, and Group suppliers, addressed in section 5.5.2.

Safran's duty of care plan was designed as a means of consolidating and intensifying its risk prevention and management processes (see chapter 4 on the risk management system). Internally, the Group complies with the law through the following provisions:

- **respect for human rights and fundamental freedoms**, enshrined in internal documents, the global CSR framework agreement (see section 5.1.3.3), the Ethical Guidelines and the code of conduct for the detection and prevention of acts of corruption (see section 5.5.1.3). These documents stipulate that the internal rules relating to human rights and fundamental freedoms must comply, at the very least, with the standards of the countries in which Safran operates. When these expectations are less demanding than Safran's own standards, the Group applies its own requirements in terms of human rights, fundamental freedoms and health, safety and the environment. Among the human rights guaranteed are the prohibition of child labor and forced labor, respect for the principle of freedom of association and collective bargaining, prevention of the risk of discrimination, and promotion of decent employment and material working conditions;
- **personal data protection**, through a dedicated governance and organization (see section 5.5.1.6);
- **employee safety** (see section 4.3.2.7), through a dedicated organization in all of Safran's host countries. The workplace safety policy is notably reflected in the implementation of a country watch, training and monitoring of employees and partners in sensitive geographies;

- **the management of health, safety and environmental risks**, through the rollout of HSE policy standards, which serves to develop a culture of anticipation and prevention so as to control risks as part of a continuous improvement process (see sections 4.3.1.6, 5.2, 5.4.2 and 5.5.3);
- other specific measures, taken to round out the duty of care plan in order to **control risks in Safran's purchasing process**. Several measures have been implemented, including training for buyers, the application of CSR strategy principles in purchasing procedures since 2014, and skills development for all purchasing function stakeholders. All buyers must therefore complete the "Responsible Purchasing" training. The responsible purchasing training indicator tracks the involvement of buyers in duty of care issues (see section 5.5.2.6). The implementation of these measures makes the purchasing process (see "One Safran", section 1.7) more robust by more thoroughly embedding CSR criteria into each phase:
  - **development of purchasing strategies by group**, supplier selection, supplier approval (including the mandatory signing of Safran's responsible purchasing guidelines), contracting and contract management, supplier monitoring and supplier performance measurement,
  - **creation of a specific communication kit on the duty of care** and its distribution among purchasers in order to improve their knowledge of the law and the existing system, together with another communication kit on the duty of care, which is geared towards suppliers and is designed to allow buyers to raise awareness among their suppliers,
  - **the Buyer's Memo** distributed among the purchasing community, indicating the mandatory training courses to be completed by all buyers during their career, including the "Responsible Purchasing" course.

### Whistleblowing system





An internally and externally accessible whistleblowing system has been set up (see section 5.5.1.2). The email address for the system is [safran@alertethic.com](mailto:safran@alertethic.com).



### 5.1.4 A CSR performance assessed by non-financial rating agencies

Assessments by non-financial rating agencies of respect for the environment, social values, community engagement and corporate governance attest to the Group's CSR performance. These assessments guide fund managers and investors looking for companies delivering an effective CSR performance.

#### CHANGE IN NON-FINANCIAL RATINGS

	2019	2020	2021
	<b>55/100 – Robust level</b> Aerospace and defense industry ranking: 1 <sup>st</sup> company out of 20 in Europe 1 <sup>st</sup> company out of 44 worldwide Inclusion in the Euronext Vigeo Eurozone 120 index		<b>62/100 – Advanced level<sup>(1)</sup></b> Aerospace and defense industry ranking: 1 <sup>st</sup> company out of 19 in Europe 1 <sup>st</sup> company out of 47 worldwide Inclusion in the Euronext Vigeo Europe 120 and Euronext Vigeo Eurozone 120 indices
Climate change	<b>C – Awareness level</b>	<b>A – Leadership level</b>	<b>B – Management level<sup>(2)</sup></b>
	Understanding of environmental challenges for the company	Best practices in environmental management	
	<b>28.0 – Medium risk</b> 6 <sup>th</sup> company out of 82 in the aerospace and defense industry	<b>24.9 – Medium risk</b> 4 <sup>th</sup> company out of 88 in the aerospace and defense industry	<b>22.9 – Medium risk<sup>(3)</sup></b> 2 <sup>nd</sup> company out of 91 in the aerospace and defense industry
	<b>A rating</b>	<b>A rating</b>	<b>BBB rating<sup>(4)</sup></b>

Rating scales and explanatory notes:

(1) Rating out of 100 updated every two years.

(2) Rating from "D" to "A" ("A" being the highest). The downgrade is partly due to ongoing deployment at Safran.

(3) ESG risk assessment, with the highest score being 0, i.e., the lowest risk.

(4) The downgrade is mainly related to:

- the adoption, at the 2021 Annual General Meeting, of the resolutions relating to the re-appointment of Sophie Zurquiyah as a Director and the appointment of Fabienne Lecorvaisier as a new independent Director with less than 90% of the votes cast (87% and 89% respectively);

- the inclusion of an emphasis of matter in the Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2020. The purpose of the emphasis of matter was simply to draw the readers' attention to the "Impacts of the Covid-19 pandemic" note to the consolidated financial statements and did not change the Statutory Auditors' opinion.

As part of its regular dialogue with MSCI, Safran has indicated that it does not agree with the two positions taken by the latter, which in no way reflect a lesser performance by the two directors or a lesser performance by Safran in managing the Covid-19 pandemic.

Rating from "CCC" to "AAA" ("AAA" being the highest).

Safran also responds to other surveys from major players in socially responsible investment, such as the magazine *La Financière Responsable*. The Group is part of its *LFR Euro Développement Durable* and *LFR Inclusion Responsable* funds. For the latter, Safran progressed from "Committed Company" to "Leader" in 2020.

In addition, some Safran sites have CSR certification, such as the Safran Electrical & Power site in Morocco, which has renewed the CGEM (*Confédération générale des entreprises du Maroc*) CSR label obtained in 2017 for 2020-2022. In Mexico, the Safran Aircraft Engines and Safran Landing Systems sites were recognized as socially responsible companies for the third consecutive year by CEMEFI (Mexican Center for Philanthropy). These two CSR labels are aligned with ISO 26000 and attest to the commitment to CSR actions and their effective rollout in labeled companies.

## 5.2 MAIN NON-FINANCIAL RISKS AND SUMMARY OF NON-FINANCIAL PERFORMANCE

Chapter 4, “Risk factors” and chapter 5, “Non-financial performance” of this Universal Registration Document are linked, and cross-references are provided. Chapter 4 presents an analysis of the main risk factors and describes how they are addressed by Safran, while chapter 5 is dedicated to the main non-financial risks (listed in the table below) and the associated performance (see sections 5.3 to 5.6). They have been assessed based on the key risks identified in Safran’s Enterprise Risk Management (ERM) set-up, which is

described in chapter 4. The indicators presented show the effectiveness of the policies implemented to manage the risks.

All of the indicators mentioned below relate to a Group scope unless otherwise stated. The impacts of the Covid-19 crisis are reflected in all of the 2020 and 2021 indicators and the related change.

### ● RISKS RELATING TO CLIMATE CHANGE

Climate change presents a twofold challenge for Safran in terms of:

1. the impact on the Group’s activities, in most regions of the world;
2. the impact of the Group’s activities on climate change. Safran contributes to greenhouse gas emissions directly, through its industrial activities and purchases, and indirectly, through customers’ use of Group products, particularly in the aerospace industry.

Safran has identified two types of risk:

- physical risks resulting from damage directly caused by weather and climate events such as hurricanes, cyclones, high winds and floods, which could cause damage to the Group’s facilities and endanger the safety of its employees. The exposure of Safran’s sites and their value chains to these risks depends on their location. The frequency and intensity of climate events, aggravated by the rise in global temperatures, are taken into account when deciding where to locate Safran’s activities;
- transition risks stemming from changes in the economic and social approach to combating climate change. They could include new taxes, regulatory measures to reduce the use of air transport, loss of market share or loss of attractiveness of the industry for investors or of Safran if more competitive products for decarbonization are developed by competitors.

See section 4.3.1.6.

The challenges associated with climate change may also present opportunities for the Group, in particular through the development of new innovative products to improve aircraft energy efficiency, and the improvement of Safran’s industrial processes to reduce energy consumption and costs.

Policies and procedures	Indicators	2018	2019	2020	2021	Year-on-year change
Policy and action plan to combat climate change (see section 5.3)	Emissions in metric tons of CO <sub>2</sub> equivalent:					
	■ Scope 1 <sup>(1)</sup>	219,790	221,259	149,077 <sup>(2)</sup>	175,814	+17.9%
	■ Scope 2 (location based) <sup>(3)</sup>	383,186	402,360	277,640 <sup>(2)</sup>	238,854	-14%
	■ Scope 2 (market based) <sup>(3)</sup>	342,216 <sup>(4)</sup>	376,694 <sup>(4)</sup>	249,617 <sup>(4)</sup>	221,754 <sup>(4)</sup>	-11.2%
	■ Scope 3 <sup>(5)</sup> :					
	● product use	123,400,000	122,600,000	68,500,000	59,200,000	-15.9%
	● purchases of goods and services	4,961,000	5,380,000	3,146,000	2,735,000	-13.1%
	● freight	264,700	309,100	172,100	183,200	+6.4%
	● business travel	68,450	73,750	21,150	16,100	-23.9%
	● employee commuting	130,900	134,200	112,600	108,000	-4.1%

(1) Scope 1: direct greenhouse gas emissions linked to the combustion of energy sources such as gas, liquefied petroleum gas and aviation fuel, as well as refrigerant emissions during recharging at Safran sites.

(2) 2020 emissions figures, which included estimated data for fourth-quarter 2020, were revised in 2021 to reflect the actual data.

(3) Scope 2: indirect emissions linked to the consumption of energy, electrical power or heating/cooling at Safran sites. The location-based method corresponds to CO<sub>2</sub> emissions calculated based on the average emission factors for the electricity networks in Safran's host countries. The market-based method corresponds to CO<sub>2</sub> emissions calculated based on the emissions factors for the contracts with Safran's energy suppliers.

(4) In 2022, Safran will report its Scope 2 greenhouse gas emissions using the market-based method for the first time, taking into account the market-based emissions factors for 2018 and 2021. The emissions factors for 2019 and 2020 have been estimated based on 2018 levels.

(5) Scope 3: other indirect emissions from Safran's operations, upstream (purchases of goods and services, business travel and employee commuting) or downstream (freight and use of products sold). Only the categories that are material for the Group are disclosed.

## ● RISKS RELATING TO SKILLS AND KNOW-HOW

The risk of loss of skills and know-how may be related to:

- accelerated change in business, stemming from digital transformation or the emergence of disruptive technologies, such as more electric products with a smaller carbon footprint;
- challenges of adapting load/capacity and matching skills to needs, which was especially the case in 2020 and 2021 when there were many departures, including of some employees with significant experience and expertise;
- tension in the labor market in certain areas of expertise, intense competition between business sectors or turnover in certain geographic areas.

Risks relating to human resources are described in section 4.3.3.3.

Policies and procedures	Indicators	2019	2020	2021	Year-on-year change
Skills policy (see section 5.4.1.1)	% of Group employees who have taken one or more training courses	83%	67%	82%	+23%
Safran University transformation plan (see section 5.4.1.5)	Average number of hours of training per employee	26	13	21	+60%

## ● RISKS RELATING TO LOSS OR LACK OF ATTRACTIVENESS

The risk of loss or lack of attractiveness for the Group covers:

- recruitment times for certain specific profiles (materials, special processes, electrical, power electronics, etc.) and new professions for Safran;
- the high concentration of industrial companies in certain international basins, generating intense competition to attract skills and talents, if Safran is not distinguished enough;
- insufficient representation of women in the Company, especially in senior positions, generating a risk in terms of image, attractiveness and performance.

See section 4.3.3.3.

Policies and procedures	Indicators	2019	2020	2021	Year-on-year change
Recruitment policy (see section 5.4.1.3)	Permanent departure replacement index	1.2	0.2	0.82	+310%
Approach and action plan for professional equality between men and women (see section 5.4.3.2)	% of women:				
	■ in external recruitment	37.4%	34.6%	31.3%	-9.7%
	■ in the workforce	29.1%	27.7%	27.9%	-4.8%
	■ among senior managers	12%	13%	15.1%	+16.2%

## ● RISKS RELATING TO HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

Risks relating to industrial activities:

- risks inherent to activities such as major industrial and environmental accidents;
- health and safety risks relating to activities;
- public health risks.

Risks relating to new regulations:

- diverse, shifting and increasingly stringent local and international HSE regulations and standards that are applicable to Safran's activities. Non-compliance with regulations is a risk for the Group.

HSE risks, including the health risk associated with pandemics, are described in section 4.3.2.7.

Policies and procedures	Indicators/key documents	2019	2020	2021	Year-on-year change
HSE policy (see section 5.4.2.1)	Frequency rate of lost-time work accidents	3.2	2.0 <sup>(1)</sup>	2.1 <sup>(1)</sup>	+5%
HSE standards (see section 5.4.2.1)	Severity rate	0.07	0.08	0.08	+0%
	Reported accident frequency rate	18.8	11.3 <sup>(1)</sup>	9.6 <sup>(1)</sup>	-15%
Pandemic plan (see section 5.4.2.1.4)	Health protocol adapted to the local impact of the epidemic				

(1) The decline in the frequency rate of lost-time work accidents and in the reported accident frequency rate in 2020 was attributable to a combination of factors. It was observed from the first two months of 2020 (before the Covid-19 crisis), with a 20% decline in accidents compared with 2019. It is the result of major ongoing efforts to prevent HSE risks across all Group companies.

The pandemic has had two notable effects:

- the first, which is qualitative and based on observations in the field, leads to the conclusion that employees have been more vigilant about health and safety since the crisis. Routines were disrupted and employees were prompted to pay greater attention to themselves and to others;
- the second, which is quantitative, is the result of the impact of teleworking, as the home work environment is less conducive to accidents.

The downward trend was confirmed in 2021.

## ● PSYCHOSOCIAL RISKS

Psychosocial risks, heightened by the consequences of the Covid-19 crisis, include stress and unhappiness at work related to:

- the uncertain socio-economic environment;
- changes in the organization of work (telework, furlough, etc.);
- anxiety about the pandemic;
- the impact on social relations and management methods.

Policies and procedures	Indicators	2019	2020	2021	Year-on-year change
HSRD pillars (see section 5.4)	Absenteeism rate	2.8%	2.7%	2.84%	+5.2%

## ● CORRUPTION RISKS

As a global company, Safran must scrupulously comply with all anti-corruption laws and regulations, including any extraterritorial effects.

Corruption risks cover a wide spectrum of exposure, from direct and indirect active corruption to passive corruption.

Policies and procedures	Indicators	2019	2020	2021	Year-on-year change
Trade compliance program (see section 5.5.1)	People trained in trade compliance (anti-corruption) programs (on-site and distance)	4,900	5,616	4,716	-16%
Ethical Guidelines (see section 5.5.1.2)					

## ● RISKS RELATING TO SUPPLIER RELATIONSHIPS

Safran purchased goods and services worth €8 billion in 2021 (representing 52.7% of adjusted Group revenue) from more than 15,500 suppliers. Controlling the full range of risks linked to supplier activities is a priority challenge. Suppliers must comply with Safran's responsible purchasing guidelines, which impose respect for human rights and compliance with HSE regulations. The risk of failure among Safran's strategic suppliers was heightened in 2021 due to the Covid-19 crisis.

See section 4.3.2.6.

Policies and procedures	Indicators	2019	2020	2021	Year-on-year change
Safran's responsible purchasing guidelines (see section 5.5.2)	% of buyers trained in responsible purchasing methods during their career	40.1%	43.5%	49.8%	+14.5%
Duty of care plan (see section 5.5.2.6)					
Group responsible purchasing policy (see section 5.5.2.1)	% of purchases made from suppliers that have signed the responsible purchasing guidelines	N/A	N/A	32.4%	N/A

## ● RISKS RELATING TO PRODUCT SAFETY

To control the risk of aircraft accidents involving Safran's goods and services (see section 4.3.2.2), aviation safety and quality policies (see sections 1.7 and 5.5.1.1) and a robust and proven quality management system (see section 1.7) are in place.

## 5.3 CLIMATE: DECARBONIZE AERONAUTICS

### ENGAGE FOR THE FUTURE



#### DECARBONIZE AERONAUTICS

Be recognized as a leader in the decarbonization of the aviation sector



Make carbon neutral aircraft the R&T priority

Reduce CO<sub>2</sub> emissions throughout our value chain

Involve employees in the reduction of their carbon footprint

Safran aims to lead the way in the decarbonization of the aviation industry. It has made low-carbon aircraft the priority of its research and technology (R&T) and is committed to reducing its CO<sub>2</sub> emissions across its entire value chain. All employees are committed to reducing the Group's carbon footprint.

### 5.3.1 Background and challenges

To combat climate change and the associated risks, the 2015 Paris Climate Agreement set the goal of capping the increase in the Earth's average temperature at 2°C, or even 1.5°C, by the end of the century compared with pre-industrial levels. Safran is fully committed to that objective, and accordingly assesses its strategy, risks and opportunities under a range of climate scenarios<sup>(1)</sup>.

In 2019, civil aircraft in operation worldwide emitted 2.5%<sup>(2)</sup> of global CO<sub>2</sub> emissions. Growth prospects for air traffic over the coming decades, which remain considerable despite the health crisis stemming from the Covid-19 pandemic, highlight the need to reduce CO<sub>2</sub> emissions from aviation. In addition to CO<sub>2</sub>, aircraft engines produce other emissions (contrails, nitrogen oxides) that could have a further impact on global warming. The assessment of that impact is subject to significant uncertainties due to the complexity of the physical phenomena involved. For these reasons, in accordance with the GHG Protocol and SBTi requirements, Safran does not calculate or issue any figures on this subject.

The decarbonization of air transport is Safran's main climate challenge: emissions from the use of our products fitted on aircraft account for more than 95% of the Group's total carbon footprint.

In addition to the risks presented in sections 5.2 and 4.3.3.1, the challenges associated with climate change also present opportunities for Safran's business model:

- primarily, a business development opportunity for latest-generation products contributing in the short term to the reduction of emissions in the aviation sector and an opportunity to develop new innovative products capable of significantly reducing the energy consumption and emissions of future aircraft;
- on a secondary basis, an opportunity to strengthen the operational performance of the Group's industrial activities by investing to reduce energy consumption and greenhouse gas emissions.

### 5.3.2 Climate commitment and governance

As an engine and equipment manufacturer operating in the aerospace sector, Safran has made the decarbonization of aviation central to its purpose. It is one of the two key pillars of the Group's strategy. To affirm its commitment, Safran has a corporate purpose, in which it cites climate change as one of its priority challenges. The Group's commitment is supported at the highest level of the company:

- an **Innovation, Technology & Climate Committee** within the Board of Directors reviews, appraises and issues opinions on both the strategy proposed by the Executive Management and the action plan and indicators associated with climate issues (see section 6.3.6.3). The committee is chaired by an independent director tasked specifically with monitoring climate issues, who spoke at the 2021 Annual General Meeting to present Safran's strategic focuses in this area;

(1) The International Energy Agency's Sustainable Development Scenario (warming well below 2°C) and Net Zero Scenario (warming of 1.5°C).

(2) Based on 2020 International Council on Clean Transportation data, and taking into account global CO<sub>2</sub> emissions generated by change in land use.



- a **Climate Challenge Steering Committee**, chaired by the Chief Executive Officer, brings together several members of the Group's Executive Committee, as well as all of the company's departments involved in climate action (Research and Technology, Strategy, Public Affairs, Finance, Financial Communications, Operations, Corporate Social Responsibility and Communications) to define the Group's focuses and, in particular, to endorse objectives and roadmaps for each type of CO<sub>2</sub> emissions. This Committee met four times in 2021;

- the Group's overall climate strategy is led by the Climate Department, which was created in early 2021;
- progress on the action plan is reviewed quarterly by the Group Executive Committee;
- the operational management of these actions involves various bodies, calling on low-carbon project managers at Safran SA and its tier-one entities, as well as representatives in the business departments (purchasing, supply chain, energy management officers in the general resources departments, etc.).

### 5.3.3 Policy and strategies

#### 5.3.3.1 Policy and objectives in the fight against climate change

Through its HSE policy, which includes its commitments in the fight against climate change, Safran is committed to the following objectives:

- reducing greenhouse gas emissions from its production activities, notably by reducing its energy consumption and promoting the use of renewable energy, and from its supply chain by involving its suppliers in a process of progress;
- reducing its environmental impact by designing products and services that are more efficient throughout their life cycle, supporting the aviation sector's transition in line with the objectives of the Paris Climate Agreement;
- encouraging its employees to implement this policy.

As part of this policy, Safran has set the following objectives for reducing its climate impact:

- emissions from its operations (Scopes 1 and 2): reductions of 30% by 2025 and 50% by 2030 compared with 2018, in line with a global warming trajectory of 1.5°C;
- emissions related to employee travel (Scope 3 business travel and commuting): reduction of 50% by 2030 compared with 2018, in line with a global warming trajectory of 1.5°C;

- emissions from the purchase of goods and services: mobilizing its 400 main suppliers on meeting the commitments under the Paris Agreement to keep global warming to below 2°C and preferably to 1.5°C;
- emissions related to product use: reduction in emissions per passenger kilometer of 42.5% by 2035 compared with 2018, or an average of 2.5% per year, thereby contributing to achieving net zero emissions for the aviation sector by 2050.

Safran used several scenarios compatible with the Paris Agreement when setting its objectives: specific sector scenarios, both global (ATAG Waypoint 2050, aiming for carbon neutrality by 2050) and European (Destination 2050, aiming for a 55% reduction in CO<sub>2</sub> emissions by 2030), and the aviation component of the International Energy Agency (IEA) scenarios (Sustainable Development Scenario, compatible with warming of less than 2°C, and Net Zero Scenario, compatible with warming capped at 1.5°C).

At the global level, Safran made a commitment in early 2022 to set science-based climate targets compatible with the Paris Agreement. The targets described above were developed based on the SBTi (Science-Based Targets initiative) guidelines and will be submitted to that body for certification in 2022. Note that the SBTi has not established any specific benchmark for Scope 3 emissions from the use of products made by companies in the aerospace industry.

These objectives are all consistent with the climate objectives set by the European Union, namely to reduce emissions by 55% by 2030 compared with 1990 and to achieve net zero emissions by 2050.

### 5.3.3.2 Strategy to reduce Scope 1 and 2 emissions<sup>(1)</sup>

Safran is committed to a 1.5°C trajectory, aiming for reductions of 30% by 2025 and 50% by 2030 compared with 2018.

To determine its Scope 1 and 2 greenhouse gas emission reduction targets, Safran drew on SBTi's public tools and guides to build emission reduction trajectories compatible with global warming scenarios. Using the absolute contraction approach (ACA), Safran has set short- (2025) and medium-term (2030) targets, in line with its budget projections and action plans. 2018 was chosen as the reference year to take into account the emissions of the former Zodiac Aerospace acquired by Safran that year.

In 2021, Safran revised its objectives with a view to reducing greenhouse gas emissions by 30% by 2025 compared with 2018. At the beginning of 2022, Safran made a fresh commitment to continue its efforts over the 2025-2030 period, setting an objective of a 50% reduction by 2030 compared with 2018. These objectives are aligned with an emissions reduction trajectory that is compatible with a global warming scenario of 1.5°C by the end of the century. They apply to Safran SA and its tier-one entities, covering 100% of Scope 1 and 2 emissions in the reporting scope.

**Safran is taking action on the energy transition at every level.**

The Group has structured its action plan for reducing its Scope 1 and 2 emissions around the following strategic priorities:

- energy performance of new buildings;
- reduction of energy consumption at existing sites;
- shift from fossil fuels to other energies for heat production;
- purchase of low-carbon energy (electricity, gas, aviation fuel, heat);
- on-site production and self-consumption<sup>(2)</sup> of renewable energy.

#### Key 2021 initiatives

To achieve these objectives, Safran SA and its tier-one entities have embarked on action plans identified as part of Safran's energy transition. Major achievements in 2021 include:

- **energy performance of new buildings:** a construction standard for new buildings has been prepared which applies to both the tertiary and industrial sectors. Derived from regulatory standards and norms, it is based on three key parameters:
  - the building's consumption during the operational phase,
  - the supply or production and self-consumption of low-carbon energy,
  - the use of building materials with lower carbon content;

- **reduction of energy consumption at existing sites:** an energy management system, based on ISO 50001, is being rolled out at all Safran sites to intensify and accelerate the reduction of energy consumption. A network of energy management officers has been created across the various entities, with local representatives at each site. An energy committee combining a range of skills is led by the Climate Department to share tools, methods, best practices and feedback;
  - **shift in energy source for heat production:** various studies are underway looking at ways to produce heat other than by burning fossil fuels. Solutions using biomass, geothermal energy or urban heating networks powered by renewable sources are being examined at several Safran sites. A waste heat<sup>(3)</sup> recovery facility has also been commissioned at the Gennevilliers site (France) in 2021;
  - **purchase of low-carbon energy:** in 2019, a power purchase agreement (PPA) for the supply of electricity from renewable sources was signed in Mexico. It is in place at the Chihuahua sites and will soon be extended to the Querétaro sites. It will ultimately cover 70% of the electricity consumed by these sites. Other prospective PPAs are currently being explored in the United States and Poland. In addition, 14.5% of the electricity consumed in the United Kingdom is covered by guarantees of origin from wind, as is 21.8% of the electricity consumed in France. Safran has also signed a contract for the use of biogas at its site in Belgium.
- Lastly, Safran is committed to sourcing **sustainable fuels** to be blended into the aviation fuel used for aircraft and helicopter engine approval tests on its sites. In 2021, Safran reached its goal of using 10% sustainable fuels for these tests, and plans to increase that proportion to 35% by 2025. They are essentially advanced biofuels, the only existing source to date, and bring an 80% reduction in emissions compared with fossil fuels;
- **on-site production and self-consumption<sup>(4)</sup>:** in 2021, Safran equipped its sites in Sydney (Australia) and Massy (France) with solar panels. Contracts have also been signed to equip sites in Singapore, China, Thailand and Morocco with solar panels, and to extend those already installed on a site in Malaysia.

#### Outcomes

Safran estimates that 30% of the action program required to achieve the 2025 target in terms of greenhouse gas emissions reductions (production and self-consumption at industrial sites, streamlining of the industrial footprint, energy savings at plants, etc.) had been completed by the end of 2021. A further 30% is now also underway and the remaining 40% has been budgeted.

(1) Scope 1: direct greenhouse gas emissions linked to the combustion of energy sources such as gas, liquefied petroleum gas and aviation fuel, as well as refrigerant emissions during the production phases at Safran sites.  
Scope 2: indirect emissions linked to the consumption of energy, electrical power or heating/cooling at Safran sites.

(2) Consumption of electricity produced at Safran sites for its own needs.

(3) Waste heat, or recovered heat, is heat generated by an industrial process as a by-product, and which is therefore not necessarily recovered for use or transformation.

(4) Consumption of electricity produced at Safran sites for its own needs.

In 2022, Safran will report its Scope 2 greenhouse gas emissions using the market-based method for the first time. The market-based method corresponds to CO<sub>2</sub> emissions calculated based on the emissions factors for the energy

suppliers under contract with Safran. Details of this method are presented in the methodology note in section 5.7.4.

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

Gross Scope 1 and 2 greenhouse gas (GHG) emissions <sup>(1)</sup>	2018	2019	2020 <sup>(2)</sup>	2021 <sup>(2)</sup>
Scope 1 direct emissions (t CO <sub>2</sub> eq.)	219,790	221,259	149,077 <sup>(3)</sup>	175,814
Scope 2 energy-related indirect emissions, market-based method (t CO <sub>2</sub> eq.)	342,216	376,694	249,617	221,754
Change in Scope 1 and 2 emissions compared with 2018, market-based method	0%	+6.4%	-29.1%	-29.3%
<b>Total Scope 1 and 2 emissions, market-based method (t CO<sub>2</sub>eq.)</b>	<b>562,006</b>	<b>597,953</b>	<b>398,694</b>	<b>397,568</b>
Scope 1 biogenic direct emissions <sup>(4)</sup> (t CO <sub>2</sub> eq.)	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>
Scope 2 energy-related indirect emissions, location-based method (t CO <sub>2</sub> eq.)	383,186	402,360	277,640	238,854

(1) All greenhouse gas emissions reported in this document are presented on a "gross" basis, in accordance with the GHG Protocol, without taking into account the deduction of CO<sub>2</sub> allowances under the European Union Emissions Trading Scheme or any other carbon offsetting measures.

(2) Scope 1 and 2 GHG emissions were significantly reduced due to the Covid-19 health crisis.

(3) 2020 emissions figures, which included estimated data for fourth-quarter 2020, were revised in 2021 to reflect the actual data.

(4) Biogenic carbon is the carbon contained in biomass and organic matter in soil, as opposed to carbon of fossil origin (coal, natural gas, oil).

(5) Data not available.

Energy	2018	2019	2020 <sup>(1)</sup>	2021
Conventional and renewable electricity (in MWh)	1,304,597	1,352,946	1,016,255 <sup>(2)</sup>	1,053,302
Electricity from renewable sources <sup>(3)</sup> (in MWh)	N/A <sup>(4)</sup>	N/A <sup>(4)</sup>	232,738	195,593 <sup>(5)</sup>
Natural gas and liquefied petroleum gas - LPG (in MWh PCS)	868,910	920,851	620,446 <sup>(2)</sup>	715,930
Aviation fuel (in liters)	17,305,991	18,345,252	11,642,273 <sup>(2)</sup>	13,652,382
Aviation fuel (in MWh)	178,094	188,789	119,810	140,495
Sustainable aviation fuel (SAF) (in liters)	N/A <sup>(4)</sup>	N/A <sup>(4)</sup>	N/A <sup>(4)</sup>	870,024
Heating/steam and cooling networks (in MWh)	53,491	51,055	35,242 <sup>(2)</sup>	26,396
Fuel oil (in liters)	865,466	621,596	510,023 <sup>(2)</sup>	487,032
Fuel oil (in MWh)	9,475	6,800	5,583	5,332
Total energy consumption (in MWh)	2,414,567	2,520,441	1,797,335	1,950,408 <sup>(6)</sup>
Share of total energy consumption from renewable energy	N/A	N/A	12.9%	10.5% <sup>(5)</sup>

(1) 2020 emissions figures were revised in 2021 using the same emissions factors database as in 2021.

(2) 2020 emissions figures, which included estimated data for the fourth quarter, were revised in 2021 to reflect the actual data.

(3) Voluntary renewable origin, not taking into account the renewable energy sources in the energy mix of the energy suppliers.

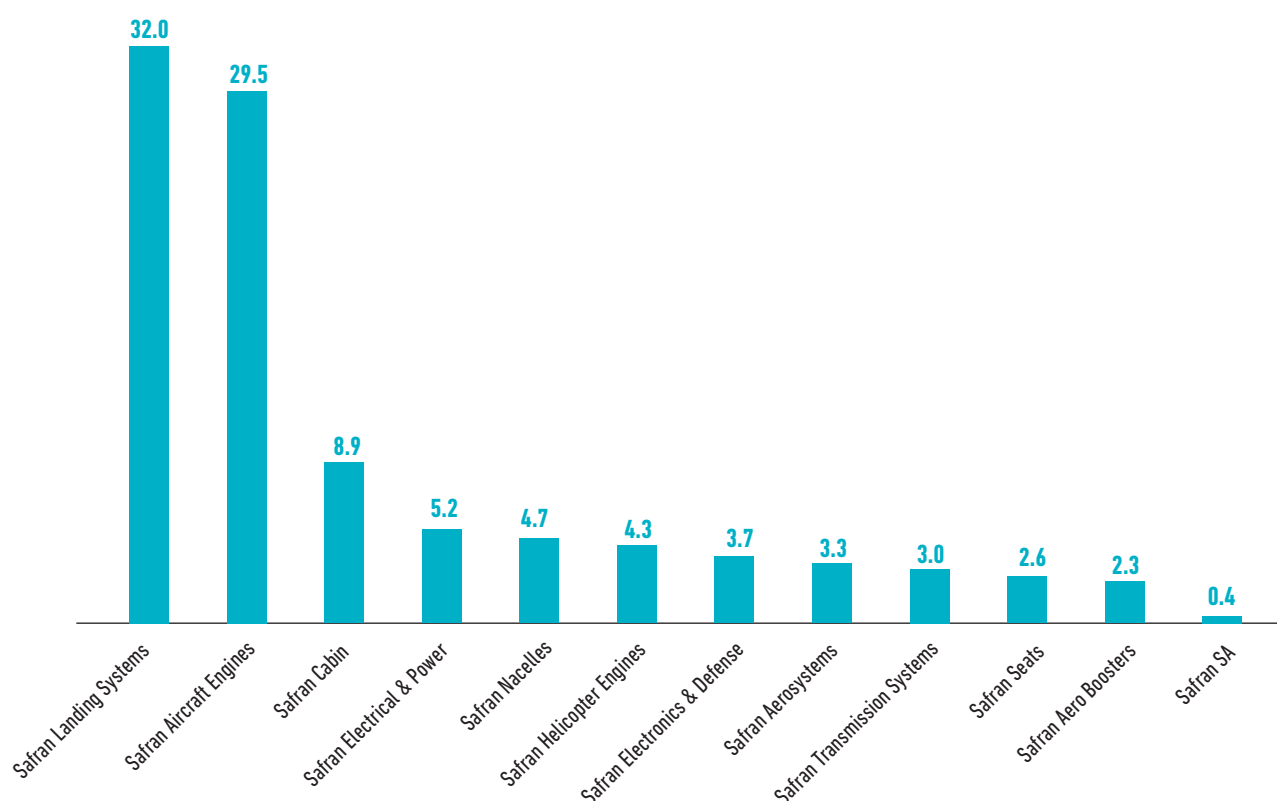
(4) Data not available.

(5) The 2021 figure does not take into account renewable energy guarantees of origin for which contracts were signed in 2021 but which have not yet certified.

(6) The total includes SAF in MWh (=8,953).

## GEOGRAPHIC BREAKDOWN OF GROSS SCOPE 1 AND 2 GREENHOUSE GAS (GHG) EMISSIONS (MARKET-BASED) IN 2021



**BREAKDOWN OF GROSS GHG EMISSIONS (SAFRAN SA AND ITS TIER-ONE ENTITIES) (as a %) IN 2021**

### 5.3.3.3 Strategy to reduce Scope 3 emissions excluding those related to product use

Analysis of the Scope 3 emission items listed by the GHG Protocol resulted in seven of the 15 items being classified as material for the Group. The first five are discussed in below, while the last two are discussed in sections 5.5.3.6 and 5.3.3.4:

- purchased goods and services;
- upstream transportation and distribution, when managed by Safran;
- downstream transportation and distribution, when managed by Safran;
- business travel;
- employee commuting;
- waste generated in operations, see section 5.5.3.6;
- use of sold products, see section 5.3.3.4.

In 2021, Safran set targets and adopted roadmaps to reduce emissions from purchased goods and services, and from employee commuting and business travel. A roadmap for transportation and distribution (when managed by Safran SA) is being finalized, and waste management targets have also been set.

#### Purchased goods and services

At the end of 2021, Safran confirmed its objective and strategy with regard to its suppliers: to mobilize its more than 400 main suppliers (accounting for most of the CO<sub>2</sub> emissions from Safran's purchases) on meeting the commitments under the Paris Agreement, with an emissions reduction trajectory compatible with keeping global warming to below 2°C and preferably to 1.5°C.

This best-efforts commitment was made with the understanding that Safran does not have direct control over the decarbonization of its supply chains. The Group will engage its suppliers in a similar approach to the one used for its own operations and will encourage them to promote ethical practices.

Safran's roadmap on this objective is based on three components:

- assessing, on an annual basis, the CO<sub>2</sub> emissions from purchases from suppliers accounting for most of the CO<sub>2</sub> emissions from Safran's purchases: each year, exchanges with these suppliers will result in a more precise assessment of the carbon footprint of the Group's purchases, currently assessed in a conventional manner. This approach will also increase suppliers' appreciation of their own emissions, bearing in mind that suppliers are not all subject to the same carbon accounting requirements as Safran;
- committing suppliers to a decarbonization trajectory through the gradual implementation of minimum requirements in customer-supplier relationships;
- integrating the carbon component into the entire purchasing process, from the responsible purchasing policy to the supplier selection process. The internal carbon price, already used for investment evaluation purposes, is therefore now used in the purchasing process.

#### Business travel

Safran sees business travel as its direct responsibility. As such, the Group has set an objective of a 50% reduction by 2030 compared with 2018, in line with its medium-term objective for Scopes 1 and 2 and a global warming trajectory of 1.5°C.

To achieve its objective, Safran plans to:

- establish partnerships or contracts with travel service providers to reduce the environmental impact of travel;
- use a proportion of sustainable fuels in employee air travel, in line with Safran's strategy for the decarbonization of the aviation sector.

#### Employee commuting

Similarly, Safran has set an objective of reducing business travel by 50% by 2030 compared with 2018, in line with its medium-term Scope 1 and 2 objectives and a global warming trajectory of 1.5°C.

The roadmap is based on two main priorities:

- encourage the electrification of the vehicle fleet;
- promote collective and active mobility solutions.

Scope 3 GHG emissions (excluding product use)	2018	2019	2020 <sup>(1)</sup>	2021
Emissions related to purchases of goods and services (t CO <sub>2</sub> eq.)	4,961,000	5,380,000	3,146,000	2,735,000
Emissions related to freight (t CO <sub>2</sub> eq.)	264,700	309,100	172,100	183,200
Emissions related to business travel (t CO <sub>2</sub> eq.)	68,450	73,750	21,150	16,100
Emissions related to commuting (t CO <sub>2</sub> eq.)	130,900	134,200	112,600	108,000
Emissions related to waste treatment (t CO <sub>2</sub> eq.)	21,000	25,000	14,000	14,200

(1) The significant reduction in emissions between 2019 and 2020 is attributable largely to the impact of the Covid-19 health crisis on Safran's business.

#### 5.3.3.4 Strategy to reduce emissions related to product use (Scope 3)

Safran has been working to improve aircraft fuel efficiency for several years, and contributes to reducing aviation sector emissions with its latest generation of products, namely the LEAP engine, which is 15% more efficient than the earlier CFM56 engine. Through its products, the Group helps to save 120,000 metric tons of CO<sub>2</sub> per aircraft, over the lifetime of the latest generation of short- to medium-haul aircraft. Safran is therefore making a major R&T effort (see section 1.4.5). 75% of its expenditure is devoted to improving the environmental impact of air transport. As such, the Group benefits from European and French subsidies, which enabled it not to diminish its level of activity in decarbonization projects in 2020.

Taking a step further, in October 2021 Safran joined the other aviation sector players of the Air Transport Action Group (ATAG) in making a commitment to achieve carbon neutrality for civil aviation worldwide by 2050.

Lastly, for emissions associated with the use of its products, Safran has set an objective of reducing greenhouse gas emissions from product use (Scope 3), based on passenger kilometers, by 42.5% by 2035 compared with 2018 (in g CO<sub>2</sub>eq./passenger kilometer).

Safran's technology roadmap to decarbonize the aviation sector is based on the following pillars:

#### 1) Prepare technologies for the development of new ultra-low energy aircraft, compatible with carbon neutrality by 2035

Accelerating the transition to carbon neutrality means "skipping a generation" and going much further than the 15% improvement in fuel consumption usually achieved with each new generation of aircraft. In June 2021, Safran and its partner GE Aviation<sup>(1)</sup> unveiled the Revolutionary Innovation for Sustainable Engines (RISE) technology development program, paving the way for the next generation of engines for short- to medium-haul aircraft. Safran is aiming for a breakthrough in terms of fuel consumption, with an engine that delivers an improvement of over 20% in fuel consumption compared with the LEAP engine (which is 15% more efficient than the CFM56, the previous generation engine).

Safran is also helping to improve the efficiency of future aircraft through its equipment, cabin interiors and seats businesses. Lighter cabins made using new materials and optimized electrical systems are key to making progress in these areas. The Group estimates that a future disruptive aircraft could reduce fuel consumption by 30% in total.

(1) Within CFM International, their 50-50 joint venture.

## 2) Enable extensive use of sustainable fuels

Sustainable fuels cover several categories of fuels with significantly reduced or virtually zero CO<sub>2</sub> emissions over their life cycle: drop-in fuels – advanced biofuels and synthetic fuels produced from low-carbon electricity<sup>(1)</sup>, which can be blended with kerosene and used in today's aircraft – and liquid hydrogen used directly in aircraft<sup>(2)</sup>. The massive rollout of these sustainable fuels is critical in all air transport decarbonization scenarios.

Technologically, Safran is committed to lifting all technical barriers on engine and fuel systems to enable the incorporation of up to 100% sustainable drop-in fuels on the next generation of engines, and to broadening the spectrum of use on existing engines. Several projects were carried out in this area in 2021, including test flights of an A319neo equipped with a LEAP-1A engine (the VOLCAN project with Airbus and ONERA) and an H225 helicopter with a Makila 2 engine (a project with Airbus Helicopter), both running on fully sustainable fuels. Safran has also forged a strategic partnership with Total Energies to work on sustainable aviation fuels, and in particular the formulation of future sustainable fuels to optimize the aircraft energy and environmental efficiency. Lastly, Safran actively supports the development of a sustainable fuel production chain. In 2021, the Group invested in German jet engine start-up Inerotec to produce synthetic fuels, and from 2022 will chair the Aviation Section of the European Renewable and Low-Carbon Fuels Value Chain Industrial Alliance. This section mobilizes the entire value chain to encourage investment in new production facilities in Europe.

In addition to drop-in fuels, Safran is working to define the propulsion system for a future short- to medium-haul or smaller liquid hydrogen aircraft. Because it does not emit CO<sub>2</sub> in flight, the option of direct hydrogen combustion offers potential for considerable environmental gains. It nevertheless presents significant technical challenges and will require an in-depth study of the consequences for aircraft and propulsion system architecture, safety management, and ground infrastructure and operations. The impact of emissions from hydrogen combustion, especially water vapor, must also be taken into account in the environmental assessment, and is the subject of research work to which Safran is contributing. All of the work carried out by Safran and its partners, notably in the Hyperion project backed by France as part of the aerospace support plan, should serve to define the architecture of the propulsion system for such aircraft, thereby holding out the prospect of a decision on the commercial development of a future hydrogen-powered aircraft by 2025.

## 3) Develop electric propulsion systems for use over short distances, and, more generally, aircraft hybridization

For reasons of mass energy density and management of high voltage systems at altitude, all-electric propulsion will initially be confined to short distance flights in low-capacity aircraft (small shuttles to start with, such as ATR regional jets with a maximum of 50 seats after 2030, for distances of around 300 km). Subsequently, the hybridization of propulsion systems will contribute to meeting the fuel efficiency goals of the next generations of commercial aircraft. It also represents significant potential for the development of future helicopter platforms.

Safran is a leader in hybrid and all-electric architectures, thanks to its expertise across the entire energy chain. The Group works with various aircraft manufacturers in the training aircraft, shuttle and VTOL<sup>(3)</sup> segments for logistics and passenger transport. In particular, Safran is part of the EcoPulse project with Daher and Airbus, which aims to develop a distributed hybrid-propulsion demonstrator, with a maiden flight slated for 2022. Bye Aerospace has selected Safran's ENGINEUS™ electric engines to power its various eFlyer electric aircraft, over 700 of which have already been ordered.

### Safran, a driving force in the aerospace ecosystem

Safran is deeply committed to sharing its technological vision of decarbonization within the aerospace ecosystem, and contributing to the emergence of a consistent and shared roadmap within the sector. This collaborative work takes place:

- in France with the French Aeronautical and Space Industries Group (*Groupement des Industries Françaises Aéronautiques et Spatiales* – GIFAS) and, more specifically, the French Civil Aviation Research Council (*Comité pour la Recherche Aéronautique Civile* – CORAC). The French industry has drawn up a coordinated roadmap for decarbonizing aviation, which incorporates Safran's strategic priorities and benefits from exceptional support from the French government as part of its aerospace industry support plan;
- in Europe with the Aerospace and Defence Industries Association of Europe (ASD) and the Advisory Council for Aviation Research and Innovation in Europe (ACARE);
- globally with the International Aerospace Environmental Group (IAEG), the International Civil Aviation Organization (ICAO) and the Air Transport Action Group (ATAG).

### Assessment of Scope 3 emissions from product use and associated objectives

Due to the intensity of use of commercial aircraft, emissions related to the product use phase constitute virtually all of the emissions related to products sold (the "processing" and "end-of-life treatment" categories of products sold under the GHG Protocol being completely negligible in terms of emission volumes).

In 2021, Safran initiated the process of assessing all Scope 3 emissions resulting from the use phase of its products, based on the GHG Protocol methodology.

(1) So-called power-to-liquid fuels, synthesized from CO<sub>2</sub> and hydrogen by electrolysis using low-carbon electricity.

(2) Provided that the hydrogen is produced without the use of carbon, the main solution being electrolysis using low-carbon electricity.

(3) Vertical and Take-Off Landing aircraft.



## ● A CLOSER LOOK AT THE ASSESSMENT OF SCOPE 3 EMISSIONS RELATED TO THE USE OF SAFRAN PRODUCTS OVER THE LIFE OF THE EQUIPMENT<sup>(1)</sup>

In accordance with the GHG Protocol, Safran presents emissions resulting from the use of its products in two sub-categories, for which the methodology used is similar:

- emissions directly linked to product use: for Safran, this corresponds to emissions linked to the use of products in the area of propulsion (engines or engine subsystems, and nacelles);
- emissions indirectly linked to product use: these are emissions allocated to equipment and cabin interiors that do not consume energy, such as seats or landing gear. The use of this equipment is associated with emissions from the aircraft on which it is fitted, but the equipment itself is not the source of these emissions.

The assessment of the Group's product portfolio showed that the relevant scope could be confined to civil aviation (commercial aircraft, helicopters, large business jets). Emissions related to Safran's products in the general aviation (private aircraft) and military aviation sectors, as well as in other sectors (defense ships, armored vehicles, etc.) appear to be negligible (less than 1%) due to their very low emission intensity or very limited business volume.

In accordance with the recommendations of the GHG Protocol, emissions linked to the use of Safran's products, which are intermediate goods, reflect the allocation of a portion of the emissions from the aircraft (final products) on which the Group's products are fitted. Safran has elected to use a physical allocation ratio equal to the weight of its products over the weight of the aircraft<sup>(2)</sup>. This ratio is ultimately used to assess the value of Safran's two direct technological levers, i.e., engine fuel efficiency and the reduction in mass of all products.

Assessing emissions from the use of Safran products therefore involves developing a scenario for the use of the aircraft on which these products are fitted, facilitating the estimation of the corresponding aircraft emissions. In 2021, Safran changed its assumptions in favor of a shorter life span for commercial aircraft than that used in the 2020 URD, in line with those used by its two main customers, namely Airbus and Boeing, in their disclosures.

For 2021 emissions reporting, Safran assumed that the share of sustainable fuels used in aircraft delivered had remained at the current negligible level (< 0.1% on average worldwide). The development of these fuels was the subject of announcements in 2021, with the United States, the European Union, European governments and airlines announcing incorporation targets (generally 5% to 10% by 2030). However, no new regulatory or incentive framework has been definitively approved<sup>(3)</sup>, which limits the possibility of taking these developments for granted and as such effectively excludes them from scenarios.

Safran is nevertheless firmly committed to supporting sustainable aviation fuels (SAF), and will take them into account in future assessments of emissions from the use of its products, as soon as more robust regulatory frameworks or public policies make a future incorporation trajectory more credible. For example, use of the sustainable fuels trajectory set out in the International Energy Agency's Sustainable Development Scenario would result in a 12% reduction in reported emissions for 2021.

In addition to absolute Scope 3 emissions from product use, Safran also reports its emissions in the form of intensity per passenger kilometer, which is absolute emissions divided by the volume of passenger traffic generated over the life of aircraft delivered each year and fitted with Group equipment<sup>(4)</sup>.

Based on this methodology, change in Scope 3 emissions related to the use of Safran products will depend mainly on the following factors:

- growth in aircraft deliveries (effect on absolute emissions only, no impact on emissions intensity per passenger kilometer);
- changes in Safran's market share: a gain in market share for the supply of equipment on existing programs would automatically increase Safran's emissions (but reduce those of another supplier losing market share);
- technological developments of products sold. Progress can be measured in terms of both platforms equipped (latest generation aircraft entering service, end of production of older aircraft) and products (e.g., lighter seats between two generations of the same aircraft);
- the development of sustainable fuels, allowing increasing incorporation rates to be taken into account in evaluating emissions in the coming years.

(1) The full methodology and calculation assumptions are set out in section 5.7.4.

(2) Safran has changed one calculation assumption compared with the reporting of engine emissions in the 2020 URD: the average weight of aircraft has been used as the reference weight for calculating the allocation ratio, rather than the operational empty weight used in 2021. This provides a closer reflection of the operational reality and better aligns future improvements on Safran's Scope 3 emissions with airlines' Scope 1 emissions, which could be achieved by making equipment lighter. This is the assumption used in the methodology recommended by GIFAS.

(3) Neither the EU's "Fit for 55" regulatory package, unveiled in July 2021 and providing for the mandatory incorporation of sustainable fuels, nor the budgetary measures to support sustainable fuels envisaged by the US administration has yet been approved. Only a few regulatory frameworks currently exist, with a very limited scope, such as France's new tax incentive encouraging the incorporation of 1% sustainable fuels by 2022, which is immaterial from a global perspective.

(4) In practice, all commercial aircraft delivered each year are fitted with at least one system or item of equipment made by Safran.

In 2021, emissions from product use continued to be heavily disrupted by the impact of the Covid-19 crisis on aircraft delivery volumes. Between 2019 and 2021, the intensity indicator was impacted by the crisis, as well as by the difficulties encountered by Boeing on the 737 MAX and 787 programs, which have resulted in a significant time lag between equipment and engine deliveries by Safran and aircraft deliveries by Boeing.

Safran has set the following objectives for the assessment of its Scope 3 emissions from product use:

- reduce its emissions per passenger kilometer by 42.5% by 2035 compared with 2018, or an average of 2.5% per year.

This objective assumes the incorporation of sustainable fuels corresponding to the trajectory integrated in the International Energy Agency's Sustainable Development Scenario, implying the use of sustainable aviation fuel (SAF) in the proportions of 48% in 2050 and 63% in 2060. Safran's objective is consistent with the minimum SBTi requirement for a global warming scenario well below 2°C (straight-line annual reduction of at least 2.5%).

Scope 3 GHG emissions – product use	2018	2019	2020	2021
Emissions directly related to the product use phase ( <i>t CO<sub>2</sub>eq.</i> ) – engines	34,100,000	32,600,000	17,700,000	16,600,000
Emissions indirectly related to the product use phase ( <i>t CO<sub>2</sub>eq.</i> ) – other equipment sold	89,300,000	89,700,000	50,700,000	42,600,000
<b>Total emissions related to the product use phase</b>	<b>123,400,000</b>	<b>122,300,000</b>	<b>68,400,000</b>	<b>59,200,000</b>
Total emissions related to the product use phase, based on passenger traffic on aircraft equipped with Safran products ( <i>g CO<sub>2</sub>/passenger kilometer</i> )	7.8	8.9	9.1	7.1

### ● ENGAGE FOR THE FUTURE – CSR OBJECTIVES

- **#1** Keep 75% of R&T investment focused on environmental efficiency in the years to 2025.
- **#2** Reduce greenhouse gas emissions (Scopes 1 and 2) by 30% by 2025 and 50% by 2030 compared with 2018 (*in t CO<sub>2</sub>eq.*).
- **#3** Reduce greenhouse gas emissions from product use (Scope 3), based on passenger kilometers, by 42.5% by 2035, compared with 2018 (*in g CO<sub>2</sub>eq./passenger kilometer*).
- **#4** 100% of facilities to have achieved the five zero targets roadmap by 2025.

#### 5.3.3.5 Sites concerned by the European CO<sub>2</sub> quota trading system (EU ETS)

Of more than 150 sites in Europe, only three are affected by the EU ETS (European Union Emissions Trading System). They are the Gennevilliers, Villaroche and Villeurbanne sites. To date, Safran has never had to buy CO<sub>2</sub> quotas on the

market; its free allowances have always been sufficient. Moreover, the Group is working on an opt-out option from the EU ETS for its Gennevilliers and Villaroche sites by looking into the use of alternative energies.

The other environmental indicators are provided in section 5.5.3.11.

### 5.3.3.6 Safran follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in its climate reporting.

#### CROSS-REFERENCE TABLE WITH THE TCFD PRINCIPLES

TCFD principles		Section of the 2021 Universal Registration Document
<b>1. Governance</b>		
1.1	Describe the Board's oversight of climate-related risks and opportunities	5.2, 5.3.1, 6.3.4
1.2	Describe management's role in assessing and managing climate-related risks and opportunities	5.3.2
<b>2. Strategy</b>		
2.1	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	5.2, 4.3.3.1
2.2	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	4.3.3.1
2.3	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	5.3.3
<b>3. Risk management</b>		
3.1	Describe the organization's processes for identifying and assessing climate-related risks	4.3.3.1
3.2	Describe the company's processes for managing climate-related risks	4.3.3.1
3.3	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	4.3.3.1
<b>4. Metrics and targets</b>		
4.1	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	5.3.3
4.2	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	5.3.3
4.3	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	5.3.3

### 5.3.3.7 Application of the EU taxonomy to Safran's activities

Safran is subject to European Regulation 2020/852 of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, known as the Taxonomy Regulation. This section sets out the application of this regulation to Safran in 2021, the first year of application of the new system, for which disclosure requirements are confined to "eligibility". Based on the legal texts in force<sup>(1)</sup>, the Group's main activities are not included in the taxonomy (not "eligible").

#### Eligibility of Safran's activities in 2021 and key indicators

Safran's main activities fall into three main areas of economic activity, namely aerospace, defense and space. These activities do not appear in the legal texts in force at the end of 2021, which reflect the European Commission's prioritization of the economic sectors to be addressed within the framework of the first two objectives, namely climate change mitigation and climate change adaptation. This does not imply that these activities would have a negative impact on the environment, but rather that the European Union has not at this stage laid down objective criteria for determining whether an economic activity in these areas would substantially contribute to the environmental objectives of the taxonomy.

#### Revenue

Safran's eligible revenue for 2021 was nil.

#### CAPEX

As Safran's main activities are not eligible, the only eligible capital expenditure (CAPEX) is that relating to the Group's property:

- (i) Acquisitions/leases (included in activity 7.7 Acquisition and ownership of buildings).
- (ii) Other individual measures aimed at improving energy efficiency and reducing greenhouse gas emissions from buildings, including:
  - installation, maintenance and repair of energy efficiency equipment (activity 7.3);
  - installation, maintenance and repair of charging stations for electric vehicles (activity 7.4);
  - installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (activity 7.5);
  - installation, maintenance and repair of renewable energy technologies (activity 7.6).

In 2021, Safran made progress on the deployment of its low-carbon plan, although the unit amounts of the measures involved are relatively small. The corresponding expenditure amounts to a few million euros.

Consequently, the amount of CAPEX eligible for the taxonomy in 2021 is approximately €180 million, or 17% of Group CAPEX.

(1) Annexes 1 and 2 of the "Climate" Delegated Act supplementing Regulation (EU) 2020/852 by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation.

**OPEX**

In view of the eligibility criteria, the only eligible operating expenses (OPEX) are those concerning the upkeep and maintenance of fixed assets corresponding to the other types of eligible activities mentioned in the previous point. This OPEX is immaterial (less than 1%) in relation to the Group's total operating expenses (see section 3.1, Note 9, "Breakdown of the other main components of profit from operations"). Consequently, Safran considers OPEX eligible in 2021 to be immaterial in relation to its business model<sup>(1)</sup>.

**Eligibility and alignment outlook for Safran's activities from 2022**

In addition to the "Climate" Delegated Act, the European Commission has signaled its intention of adopting in 2022 a new delegated act listing the eligible economic activities and alignment criteria for four complementary environmental objectives, and addressing certain complementary economic activities. The Platform on Sustainable Finance submitted a draft report for that purpose in 2021, proposing the inclusion of the aviation sector in the taxonomy. Based on the draft report, Safran conducted an analysis of its main activities that could be eligible and aligned with the taxonomy from 2022 (disclosure in the 2022 URD), subject to verifying the associated "Do No Significant Harm" criteria. These items are provided for information purposes and are subject to change depending on the final content of the regulation.

The main parameters of the Platform on Sustainable Finance's draft report for the eligibility and alignment of aerospace manufacturing activities with the taxonomy are as follows:

- The eligible scope of activity would, at a minimum, include the manufacture of commercial aircraft.
- For commercial aircraft manufacturing, alignment with the taxonomy would depend on compliance with the emissions

criteria set by the International Civil Aviation Organization (ICAO) for the certification of new aircraft, with a measure of leeway. Pending the release of a precise list of aligned aircraft programs, it appears that the vast majority of latest-generation aircraft would meet these criteria (in particular A320neo, A330neo and A350 for Airbus, and 737 MAX, 787 and 777-X for Boeing).

- The draft report also proposes that alignment be confined to fleet renewal (in view of the emission reductions provided by new aircraft compared with those they replace), thereby excluding aircraft contributing to the expansion of the fleet in service. For the aerospace industry, this would be taken into account by applying a cross-sectional ratio representing the proportion of aircraft delivered that contributed solely to fleet renewal over the last ten years to the aggregates measured. The precise definition of this ratio is still uncertain, but it is expected to be around 40%.
- Lastly, equipment manufacturing and after-sales service activities would be subject to the same criteria as the aircraft manufacturing activity. The alignment of Safran's activities will therefore be analyzed in respect of the aircraft programs to which they relate.

If the Platform on Sustainable Finance's proposals are confirmed, Safran's manufacturing and service activities related to the latest generation civil aircraft programs could be aligned from 2022 (in addition to the eligible activities listed in section 1 of this document and subject to verification of the associated technical screening criteria), and thus the associated revenue and CAPEX allocated on the basis of the aforementioned ratio, representing the share of deliveries contributing solely to fleet renewal. For OPEX, R&T expenditure on low-carbon aviation and future aircraft programs could constitute the bulk of aligned expenses.

**5.3.4 Employee mobilization, eco-citizenship and "zero" targets**

Safran's commitment to decarbonizing the aviation industry is also reflected in day-to-day initiatives and actions taken by our employees.

The Group's HSE department has created an environment/eco-citizenship coordinator position to oversee eco-citizenship initiatives. In 2022, its incumbent will work with all stakeholders to establish Safran's roadmap in this area, incorporating the Zero targets approach established in 2021 and described below.

**The "zero" targets approach**

At the end of 2020, Safran set itself the goal of achieving five "zero" targets for 100% of its sites with more than 100 employees.

The "zero" targets approach enables all of the Group's employees to play a role in decarbonizing the aviation industry and fighting global warming.

The "zero" targets relate to everyday actions:

- zero non-recycled paper used at Safran: 100%<sup>(2)</sup> in 2021;
- zero machines or equipment running unnecessarily in 2022;
- zero single-use plastic cups or dishes on Safran sites in 2023;
- zero foodservice offers without local and seasonal products in 2024;
- zero non-eco-friendly green spaces at Safran sites.

Other Group initiatives, such as the Green IT plan rolled out by the Digital and Information Systems Department to promote responsible digital technology, aim to reduce emissions related to our digital tools, equipment and services.

(1) Pursuant to Delegated Regulation 2021/2178 of July 6, 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

(2) At December 31, 2021, supply contracts for white and/or colored paper in France and Belgium include recycled paper only.

In 2021, the Group carried out several awareness-raising and communication programs with employees. Noteworthy initiatives included the “print less, save trees” campaign at the Lamphun site in Thailand, employees planting 100 trees near the Bangalore site in India, and numerous incentives to sort waste more effectively in order to facilitate recycling. Safran SA and its tier-one companies also offer employees the opportunity to take part in collective challenges to reduce the carbon footprint of their sites and products. Each

challenge results in hundreds of employee-driven ideas for practical improvements and innovation.

The Group organizes the Safran Innovation Awards, an annual practical innovation competition open to all its employees. In 2021 the prize for the Low Carbon category was won by the E-ENERGY project. Thanks to the innovative solution, the electricity consumption and CO<sub>2</sub> emissions of Safran Seats sites can be measured and managed in real time. In the space of six months, 1,000 metric tons of CO<sub>2</sub> were saved.

## 5.4 HUMAN RESPONSIBILITY: BE AN EXEMPLARY EMPLOYER

### ENGAGE FOR THE FUTURE



#### BE AN EXEMPLARY EMPLOYER

Be considered as an employer of choice by our employees and the talents of the sector



Accelerate training in the skills and professions of tomorrow



Ensure health and safety of employees, improve the quality of life at work and maintain a thriving social dialogue



Encourage equal opportunities promote diversity



Safran aims to be an exemplary employer. The Group gives itself the means to achieve that aim by fostering the development of the skills of its employees throughout the world. Its determination is further embodied in extensive work done to guarantee the health and safety of all, improve the quality of life at work, maintain lively and effective social dialogue, and promote diversity and equal opportunity.

The ambitions and work of the Group's Human and Social Responsibilities Department (HSRD) are aligned with this commitment to being an exemplary employer. The HSRD has four key focuses:

- developing skills and creating opportunities for mobility;
- ensuring a quality work environment;
- encouraging equal opportunity and promoting diversity and inclusion;
- promoting collaboration and mutual support.

The HSRD is tasked with implementing these essential commitments for employees, which are also drivers of collective performance by virtue of the creativity, dynamism and innovation they foster.

The analysis of risks relating to human responsibility is summarized in section 4.3.3.3 and section 5.2.

### INDICATORS – WORKFORCE

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2019	2020	2021	
<b>TOTAL</b>	<b>95,443</b>	<b>78,892</b>	<b>76,765<sup>(1)</sup></b>	<b>100%</b>
Europe	55,866	52,115	49,520	64.5%
■ of which France	45,198	43,315	41,346 <sup>(2)</sup>	54%
Africa and Middle East	6,855	4,903	5,084	6.6%
Americas	27,585	18,469	18,186	23.7%
Asia and Oceania	5,137	3,405	3,975	5.2%
% of men employees	70.9%	72.3%	72.1%	
% of women employees	29.1%	27.7%	27.9%	
% of managerial-grade employees (Managers & Professionals)	36.8%	40.4%	40.7%	

(1) Due to the health and economic crisis stemming from the Covid-19 pandemic, Safran's workforce continued to decline in the first half, before increasing in the wake of a significant upturn in hiring in the second.

(2) France was the main cause of the decline in the workforce due to low hiring volumes and the non-replacement of retirees.

## 5.4.1 Accelerate training in the skills and professions of tomorrow

In terms of innovation in the aerospace value chain, Safran is positioned as an architect of comprehensive solutions, products and services. This positioning generates numerous needs in terms of strategic resources, both expert and managerial. In a context of major digital transformation and a commitment to decarbonize aeronautics, skills and careers are in the throes of a profound shift. Preparing and supporting these changes is a major challenge for the Human Resources function. Safran must ensure that the necessary skills are available in sufficient quality and quantity to respond to changes in the sector. These skills are the foundation of the Group's longevity.

### 5.4.1.1 Policy

In doing business, Safran is committed to developing the skills of its employees through a dynamic policy that:

- anticipates future requirements in terms of skills;
- strengthens expertise;
- prepares the senior executives and leaders of tomorrow;
- takes into account the aspirations of employees.

Skills requirements are identified through a process of forward-looking management of jobs aligned with a medium-term plan (MTP) built on industrial and financial forecasts. The MTP offers a five-year vision of the quantitative and qualitative skills that each department, unit and company will have to acquire in each business line worldwide.

These forecasts are consolidated at Group level in order to build a comprehensive vision of changes in professions and skills that can be blended into support plans. This vision is built around a job description repository divided into four sections, 35 business lines and a little more than 160 benchmark jobs, which serves as an interpretive and analytical framework.

### 5.4.1.2 Roadmap

The establishment of an internal job observatory in 2021 was combined with the launch of initiatives across all Group companies to prepare for and provide long-term support for these changes. The action plan is as follows:

- develop an extensive range of critical digital skills identified in all business lines:
  - new approaches to model-based engineering,
  - product lifecycle management (PLM) covering engineering, industrial-scale processes, production and services subject to a new need for digital continuity,
  - innovative Lean 4.0 methods for the transition to Manufacturing 4.0, such as augmented reality for quality control and assembly assistance, cobots and closed-door machining,
  - use of data science in all business lines, from health monitoring and predictive maintenance algorithms to artificial intelligence for image recognition, not to mention vast areas including cybersecurity, software development, and systems and technical architecture;
- fine-tune its organizational and managerial approaches:
  - collaborative management and autonomous multi-business team,

- development of new ways of working attuned with the digital transformation, offer of a digital, collaborative and secure working environment,
- development of multi-machining and multi-skilling,
- emergence of a digital culture promoting new attitudes and new managerial practices. The health crisis stemming from the Covid-19 pandemic has accelerated the widespread adoption of work-from-home arrangements, making the new professional environment a hybrid one;
- maintain Safran's legacy skills (mechanics, avionics, materials), which continue to represent a considerable source of differentiation, and which are gradually integrating skills in data mining. Other existing skills will also need to be reinforced as the ecological transition takes hold: electrical, power electronics, energy management, systems, airworthiness, new fuels.

### 5.4.1.3 Recruitment and employer brand

The main challenge in recruitment is to develop a global Safran employer brand consistent with the Group's host locations as a means of attracting the best talent despite the fact that the needs of labor markets differ and recruitment needs are specific.

Safran's recruitment policy is aimed at achieving the following objectives:

- recruit 50% of young people trained within the Group (interns, work-study students, international corporate volunteers, PhD students) for positions intended for graduates;
- diversify the profiles recruited;
- maintain the recruitment of engineers with doctorates.

Another priority is the recruitment of people with specialized experience (materials, special processes, electrical and power electronics, as well as information and data technologies).

In 2021, Safran continued its efforts to preserve its attractiveness and vigorously resumed its recruitment, bringing on board 8,039 new employees. In 2021, more than 52% of graduate positions in Europe were filled by young people trained within the Group<sup>(1)</sup>.

Numerous communication initiatives are run on social networks and recruitment sites to promote awareness of the Group's jobs of the future. For example, Safran had nearly 700,000 LinkedIn followers at the end of 2021, up from 390,000 at the start of 2018. Safran also has an Employee Advocacy program to encourage employees to voice their opinions on social media.

Through its European framework agreement to support young people transitioning from school to work, Safran has reaffirmed its commitment to ensuring that PhD students and young people on work-study programs, internships or international corporate volunteer programs account for 5% of its workforce in Europe.

In 2021, the Group employed more than 5,000 young people, representing 11.7% of its workforce in Europe. Every year, this commitment enables a large number of employees to mentor a young trainee in their company. Tutoring was maintained in distance formats in 2021. Safran's partnership with the Global Apprenticeship Network is helping boost its appeal among young people.

(1) Corresponding to former interns, work-study trainees, PhD students and young people who have completed an international corporate volunteer program at Safran.



Virtual and face-to-face events for students, including forums, roundtables, conferences, mock interviews and CV coaching by experienced recruiters and site visits, are organized on a regular basis. The many partnerships signed with target engineering schools and universities (including 18 partnerships in France) are managed dynamically; in 2021, they received support from an active network of 260 Safran employee ambassadors. The ambassadors participate in the design of the educational content of their schools, and organize or participate in numerous events between Safran and their partner school. The Group is strengthening its attractiveness in new digital skills thanks to partnerships with specialized schools, and data and cybersecurity masters programs, as well as via a communication campaign with recruitment targets and new digital ambassadors.

The Group has chosen to focus its employee skills sponsorship and charitable work on the social and professional integration of young people, see section 5.6.3.

Safran features in the following rankings:

- Forbes: third best global employer in the aerospace and defense sector in 2021;
- Capital: #2 ranking in the "Aerospace, Rail and Marine" category maintained in 2021;
- Universum: #4 ranking among the preferred companies of engineering school students in France maintained in 2021;
- Le Figaro-Epoka: #4 benchmark employer for students and graduates from engineering schools France in 2021;
- "Best in Class 2021" label awarded by *Engagement Jeunes* for the second year running thanks to very positive ratings by young recruits in Group companies.

#### 5.4.1.4 Mobility and career management

The mobility of employees and their ability to improve their skills are both a key to maintaining their employability and a prerequisite for the Group's transformation and agility.

To offer varied and specific pathways to each person, the HSRD relies on:

- a performance and professional development interview (PPDI) process, completed by 72% of employees in 2021;
- career committees in the operating companies;
- 16 business line committees, which meet several times a year to discuss the medium-term plan (MTP) and HR issues related to changes in the business lines.

In 2020 and 2021, notably through the Activity Transformation Agreement (ATA) in France, which enabled the Group to maintain its skills during the Covid-19 crisis (see section 5.4.2.2), Safran stepped up mobility measures to take into account disparities between Group segments heavily impacted by the crisis and those able to continue to grow and hire. Safran promotes and supports mobility resulting from the need to adapt to workloads, notably by allowing secondments or special leave.

A central mobility coordination team regularly brings together mobility officers from all Safran subsidiaries. It identifies needs, shares information between companies and coordinates the correct application of mobility rules. Another body deals specifically with the difficulties associated with the movement of senior executives in companies. In addition to mobility between related business lines, the Group is strengthening its HR policy aimed at allowing people to sidestep from declining professions into growing ones. Reassignments have enabled the Group to keep these employees within Safran and to develop their skills.

2021 key figures:

- 2,013 reassignments (mobility, transfers and secondments) between Group companies.

#### Focus on high potential employees, experts and key skills

Safran is committed to offering its high-potential employees career paths and mobility opportunities and to including them in succession plans. The Group also ensures that key knowledge is passed on between generations. Mentoring and tutoring programs are in place for more streamlined successions.

To boost the development of employee skills, Safran rolled out the Express your Talent continuous improvement project in 2021. The aim is to better identify and support high-potential employees and give them practical and effective development tools, such as:

- a feedback culture;
- a mentoring program for people with potential, also covering business and behavioral skills;
- an integration process for senior managers;
- a transparent and joint policy for the management of high-potential employees.

2021 key figures:

- 2,854 high-potential people and 1,581 experts benefit from specific monitoring.

### 5.4.1.5 Training

Training enables employees to acquire the skills they need to cope with rapid change. This contributes to maintaining employees' employability. Safran has accordingly founded a university – Safran University – and a campus. Safran University draws up the training roadmap and provides part of the training hours (more than 23% of all training hours in 2021).

Safran University's three main goals are to:

- **guarantee a training offer based on the needs of the business lines in terms of strategic skills in the fields of operational excellence, digital transformation, energy transition, business performance and support, as well as in leadership and managerial skills.** In collaboration with the Group's Digital and Information Systems Department, created in 2021 and whose director is a member of the Group Executive Committee, an Employee Experience initiative has been launched to support digital transformation. The aim is to develop individual and collective digital skills in all Safran business lines in the many 4.0 areas, including cybersecurity, services and marketing, project management, the Factory of the Future and data professions. It supports career changes and reorientations to facilitate the development of skills in new professions (data scientists, metallurgy qualification certificate autonomous production unit technicians, Industry of the Future learning expeditions, etc.). Comprehensive retraining programs are offered for jobs in demand, such as those related to software, operational safety, control systems and electronic card programming. For example, employees who were previously system architecture engineers with some knowledge of electronics have been retrained in software development and FPGA (field-programmable gate array) design. In 2021, a training course in the form of a "digital challenge" was also offered to all employees in order to develop digital culture within the Group;

- **develop innovative, high-performance educational solutions focused on the user experience through best-in-class training tools and in-house content production to accelerate the transmission of knowledge.**

Safran University accordingly provides employees with a predominantly digital training offer. To support its digitization, the university has trained nearly 400 instructors in the art of designing and delivering virtual classroom training. The online 360Learning platform offers 300 courses open to all employees and available seven days a week. They include e-learning, multimodal courses (with a virtual classroom for instance) and MOOCs.

Teaching focuses closely on the employee, with learning methods resulting from technological and neuroeducational advances. In many courses, internal expertise is transferred through the intermediary of an internal expert or trainer. Digital-based training, using videos, virtual communities and online course materials, is also being developed to expand access to Group skills and bring courses to a wider audience. For instance, an English language learning platform came online in early 2018, to enable any employee to practice his or her English anywhere, from a workstation, tablet or phone. It is available 24/7;

- **roll out a more efficient and international organization to support the growth of training.**

## ● ENGAGE FOR THE FUTURE

- 2025 objective: **#5** Maintain the average number of training hours per employee compared with 2019 (26 hours).

2021 key training figures:

- Digital Learning Excellence Awards Grand Prix and Brandon Hall Awards Gold Medal awarded to Safran University for the innovative and effective training programs implemented for employees.
- Internationally:
  - 21 hours dedicated to training per employee on average;

- at least one training course completed by 82% of employees;
- 1,492,784 hours of training, 12% of which distance learning (e-learning, MOOCs and virtual classes);
- France:
  - 746,833 hours of training;
  - 3.6% of the payroll.

### 5.4.1.6 Indicators – Training, hirings and separations

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2019	2020	2021
<b>TRAINING</b>			
Average number of hours of training per employee <sup>(1)</sup>	26	13	21
% of employees having completed at least one training course <sup>(1)</sup>	83%	67%	82%
<b>WORKFORCE BY AGE GROUP</b>			
% of people aged under 30 in the workforce	19% <sup>(2)</sup>	14%	14%
% of people aged 30 to 39 in the workforce	30% <sup>(2)</sup>	31%	30%
% of people aged 40 to 49 in the workforce	24% <sup>(2)</sup>	26%	27%
% of people aged over 50 in the workforce	28% <sup>(2)</sup>	29%	29%
Average age	41 years	42 years	42 years
<b>HIRINGS AND SEPARATIONS</b>			
Total new hires – world	14,880	3,332	8,039
% of men new hires	62.6%	65.4%	68.7%
% of women new hires	37.4%	34.6%	31.3% <sup>(3)</sup>
Number of definitive departures	12,461	19,845	9,760
Of which retirements	1,280	1,481	1,760
Of which resignations and other voluntary departures	6,947	4,946	4,985
Of which dismissals and other involuntary departures <sup>(4)</sup>	4,234	13,418	3,015
Turnover	7.33%	5.57%	6.47%
Permanent departure replacement index	1.2	0.17	0.82
Number of mobilities (between companies) and transfers (within companies, between their sites)	2,025	1,418	2,013
Absenteeism rate	2.84%	2.73%	2.84%

(1) Excluding employees on long-term absence.

(2) Excluding Safran Cabin.

(3) Decline in recruitment of women Managers & Professionals and non-Managers & Professionals in all regions, with the exception of North and South America, where recruitment increased slightly.

(4) Other involuntary departures: end of fixed-term contracts, large-scale workforce reduction measures due to the Covid-19 pandemic, end of trial periods, negotiated terminations and deaths.

### 5.4.1.7 Compensation and giving employees a stake in company performance

Safran is committed to providing fair and equitable compensation for all employees, and to offering them attractive additional benefits such as statutory and optional profit-sharing, employee savings plans, health insurance and supplementary pensions.

#### Compensation

Safran is committed to compensating its employees in such a way as to:

- maintain purchasing power by ensuring that wages remain within the local standards of the various employment areas and by supporting mobility and promotions to encourage risk-taking and initiative;
- build compensation partly on the basis of employees' individual performance, but also on the collective performance of their company and the Group;
- offer differentiating and attractive benefits to encourage recruitment and retention, particularly in professions subject to shortages.

Pay ratios are presented in section 6.6.2.4, as is the Chief Executive Officer's variable compensation, which is subject in part to social responsibility criteria linked to initiatives to limit climate change, develop digitization, improve the gender balance of the major management bodies and roll out the Low Carbon project.

Sums are allocated to reducing wage inequalities, particularly between women and men.

Increases in compensation outside France were in line with local market trends in the context of the health crisis: overall increases in the Group's main host countries averaged 1.9% in the United States, 3.7% in Mexico, 1.5% in the United Kingdom, 2.4% in Morocco and 3.9% in China.

In France, the average change in compensation represented 1% of the total payroll in 2021.

The Activity Transformation Agreement (see section 5.4.2.2.2), which ran from July 8, 2020 to December 31, 2021, included the following measures concerning compensation:

- encouraging voluntary early retirement;
- capping profit-sharing;
- suspending the Company top-up contribution to invested employee savings; and
- suspending supplementary retirement contributions for engineers and managerial-grade employees (*cadres*).

Since January 1, 2022, an agreement on the post-Covid-19 working environment has brought in the following provisions in respect of compensation:

- a framework for pay negotiations, with specific amounts set aside for certain categories of employees;
- the payment of additional profit-sharing in 2022 in respect of 2021;
- a freeze on the Company top-up contribution to invested employee savings in 2022 and 2023;
- a cap on optional employee profit-sharing in respect of 2022.

The establishment of a Group solidarity fund has guaranteed fairness and increased solidarity among employees against the backdrop of the health crisis stemming from the Covid-19 pandemic. In practical terms, the fund guarantees additional

compensation for any furloughed employees experiencing a loss of pay in 2020 and 2021. It is funded through the deduction of one day's leave from other furloughed employees receiving their full net wage, as well as through voluntary donations of days of leave.

#### Employee profit-sharing

Profit-sharing systems (profit-sharing and bonuses) give employees a share in their companies' results. Additionally, statutory and optional profit-sharing in France give all employees a share in the Group's economic and financial results.

#### Optional employee profit-sharing

In France, companies have optional employee profit-sharing agreements based on economic performance criteria and operating performance indicators. Under the Activity Transformation Agreement (ATA) and the agreement on the post-Covid-19 working environment, optional employee profit-sharing has been capped for 2020, 2021 and 2022.

#### Savings and employee shareholding plans

Since 2006, Group agreements have made it possible to develop employee shareholdings through:

- permanent schemes such as the Group employee savings plan (PEG) in France and international plans (PEGI) outside France (Germany, Belgium, Canada, Mexico, United Kingdom, United States and Morocco, excluding former Zodiac entities). These schemes allow employees to build up savings thanks to employer contributions (suspended in 2021, 2022 and 2023). The international plan covers sums invested in Safran shares. The employer contribution is capped at €2,000 per year and per employee;
- one-off initiatives, such as the leveraged employee shareholding offer in 2012, the classic employee shareholding offer with employer contributions in 2014 and the leveraged "Safran Sharing 2020" plan;
- 7% of Safran's share capital was held by current and former employees at December 31, 2021, representing one of the highest employee shareholding rates of CAC 40 companies.

In 2021, Safran received the "Grand Prix de l'Index Euronext-FAS IAS" from the French Federation of Associations of Employee and Former Employee Shareholders (FAS), in recognition of its policy of actively promoting employee share ownership, as well as the success of the Safran Sharing 2020 plan.

In addition, employees in France can build up savings through the collective retirement savings plan (PERCOL). The matching employer contribution to the scheme represents up to €900 per employee per year, which increases to €1,700 for employees in their last two years of service ahead of retirement. Under the Activity Transformation Agreement (ATA) (see section 5.4.2.2.2), the Company top-up contribution to invested employee savings has been suspended for 2021.

#### Employee benefits and social protection

Safran pays special attention to the well-being of its employees, and is committed to providing all of its employees worldwide with a minimum level of health coverage, including medical, optical and dental services. In 2021, 79% of employees had access to medical, optical and dental services.

Special attention is paid to healthcare and personal risk insurance plans through the implementation of single, harmonized plans for all Safran companies in a given country, notably in the United States, Canada, India and Morocco.

## ● ENGAGE FOR THE FUTURE

- 2025 objective: #7 100% of employees worldwide to benefit from a minimum level of health coverage (medical, optical and dental).

In France, since 2009, employees have been enrolled in a single mandatory life and healthcare benefits plan covering short- and long-term disability, death and supplementary healthcare costs. The plan offers generous benefits for employees themselves and for their dependents. Including dependents, more than 107,111 people were covered by the healthcare plan in 2021, as well as nearly 23,901 retirees. Since

2018, the Group has also offered carer assistance, plus entirely free medical teleconsultations since 2020.

In France, Safran has established a mandatory retirement savings plan (formerly known as an "Article 83" supplementary pension plan) for engineers and managers. It rounds out the mandatory and supplementary pension schemes.

## INDICATORS – COMPENSATION

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

(in € millions)	2019	2020	2021
Statutory employee profit-sharing <sup>(1)(3)</sup>	218	103	132
Optional employee profit-sharing <sup>(2)(3)</sup>	178	15	22
Matching contributions (World scope) <sup>(3)</sup> (Amount paid as PERCO, PEG and PEGI matching contributions for all employees)	87	33	2
Employee savings (Total amount paid in respect of statutory and optional profit-sharing [France scope] and related contributions [World scope] [including the corporate social contribution])	458	538	122

(1) For French companies, the minimum salary used to calculate the individual amount of statutory employee profit-sharing is 1.2 times the annual social security ceiling (PASS) (i.e., €49,363.2 for a full-time employee in 2021). Employees who received lower salaries during the year under consideration will receive the minimum amount (pro-rated to the period of their employment).

(2) For French companies, the amount of optional employee profit-sharing may total up to 7% of payroll, depending on the agreement and the company's performance. However, in accordance with the provisions of the Activity Transformation Agreement, the amount of optional profit-sharing for French companies for 2020 and 2021 has been capped so that the sum of statutory and optional profit-sharing does not exceed 4% of the company's reconstituted gross payroll.

(3) Amount from the consolidated financial statements (see section 3.1, Note 9) of companies included in the scope of consolidation, as defined in section 3.1, Note 40.

## 5.4.2 Ensure health and safety of employees, improve the quality of life at work and maintain a thriving social dialogue

### 5.4.2.1 HSE challenges, policy and standards

#### Challenges

Preserving employee health and safety and the quality of life at work is a priority for Safran. On sites, employees are exposed to the risks inherent in industrial activities through the use of production equipment, load handling, shift work and working at heights. Health, both mental and physical, must also be taken into account so that employees can feel good at work and perform their duties effectively. The Covid-19 pandemic further compounded the attention paid by all teams to preserving the health and safety of employees and on-site partners, whatever their role, in all of the Group's host countries.

Section 5.4.2.1 describes the policy and reference framework related not only to health and safety but also to the environment, the three themes being combined within the same documents. In addition, initiatives related to respect for the environment and natural resources are set out in section 5.5.3.

#### Policy

The Group is committed to nurturing a risk management approach and a culture of prevention to defend the health and safety of its employees, supplier partners, customers and all other stakeholders concerned by its operations, in a spirit of transparency and sincerity. Updated and signed by the Chief Executive Officer in 2021, the HSE (Health, Safety and Environment) policy is a key component of the Group's

operating performance. It reflects our commitment to health, safety, environmental protection and the fight against climate change, and contributes to making Safran a sustainable leader in the global aerospace industry.

It is rolled out as part of a continuous improvement process by the corporate HSE and Climate Control department teams, the HSE coordinators and Low-Carbon correspondents of Safran SA and its tier-one entities, and the prevention specialists, ergonomists and occupational health departments of the various sites.

The policy applies to all Group players, from company CEOs and operational directors to managers and employees. Operational managers receive specific training in day-to-day health and safety management. Their appraisals take into account an HSE-related objective, especially in business sectors sensitive to work safety issues.

The 2025 HSE roadmap is aligned with this policy and has been adapted for the management of Covid-19 and the gradual resumption of work. It is based on four HSE fundamentals:

- ensure that all Safran employees and on-site partners benefit from the same health, safety and work adaptation programs;
- develop a highly qualified HSE network and involve all employees in HSE issues wherever the Group operates;
- ensure the physical and mental health of all employees;
- encourage the involvement of HSE networks in the rollout of HSE policy and adherence to the CSR strategy to build sustainable performance.

To further enhance prevention initiatives with the involvement of all players, the Group's HSE department created the position of "safety culture" coordinator at the end of 2021. Its purpose is to strengthen the HSE culture necessary for the continuous improvement of occupational health and safety in all the countries where the Group operates, in line with its policies, particularly in terms of CSR.

### Reference system, site certification and HSE network

The HSE policy is rolled out on the basis of comprehensive internal Health, Safety and Environment (HSE) Guidelines.

They include the requirements of environmental management (ISO 14001) and occupational health and safety management (ISO 45001) standards, as well as Safran's specific operational requirements. They have been validated by an external body, which certified their compliance with ISO 14001 and ISO 45001.

The HSE Guidelines lay down various standards and their applicable requirements, including:

- standards for analyzing risks, impact and compliance with regulatory, documentary, environmental-permit obligations;
- standards for stakeholder involvement (employees and on-site providers), commitment and managerial leadership;
- best practice in respect of physical and chemical risks, health and working conditions, ergonomics, road risk, etc.

The guidelines apply to all Group entities, and are part of the "One Safran" management system, see section 1.7. A maturity matrix is used to assess the maturity level on each standard and to set specific improvement targets. All sites conduct an annual self-assessment in respect of these standards and their HSE operational performance.

For industrial sites, the application of the guidelines' requirements is also subject to annual audits carried out by internal auditors or an external certification body. These audits measure maturity with respect to the guidelines. They validate the level of maturity achieved, from bronze (basic level) to gold (mandatory target level). Audit reports are reviewed by the Group Certification Committee, in the presence of a representative of the external certification body. The Committee certifies the maturity achieved by each site on all standards, at the Bronze, Silver or Gold level. The objective is for 100% of industrial sites to have achieved Gold-level classification by 2025. This objective is the subject of the "Gold 2025" roadmap, which is reviewed quarterly by the Group's Executive Committee.

- 33% of sites were classified as "Gold" based on Safran's HSE standards in 2021.

### Well-being at work and prevention of psychosocial risks (PSR)

In 2021, the health and working conditions standard was amended to ensure that medical and occupational monitoring, individual follow-up for carcinogenic, mutagenic and reprotoxic substances (CMR), the prevention of psychosocial risks (RPS) and the promotion of protective factors, as well as overall health, are reinforced worldwide. Safran has updated its health roadmap and defined targeted action plans adapted to the situations to be addressed.

The health roadmap is based on a three-tiered prevention approach:

- primary prevention: assessment of occupational risk factors, especially psychosocial factors;

- secondary prevention: training, awareness-raising and publications on psychosocial factors regularly made available to employees (detection and support for people in difficulty, prevention of harassment and violence in the workplace, prevention of at-risk or addictive behavior);

- tertiary prevention: monitoring of work-related unhappiness by internal health services. In particular, PSR monitoring units have been set up on sites in France.

Safran uses the questionnaire devised by the EVREST occupational health developments and relationships observatory, a tool that allows the Group to gather data on employees' experience and health, and which informs action plans aimed at improving well-being at work. Indicators such as workload, recognition, quality of working relationships, psychological and physical health are regularly shared. In 2021, indicators analyzed at Group level included absenteeism due to occupational illnesses or workplace accidents, or as a result of ordinary illnesses that may have been work-related.

In 2021, in view of the enduring pandemic risk, efforts continued to protect the health of all our employees as much as possible, while complying with the rules laid down by the health authorities of the various countries where Safran operates. Initiatives are carried out by the HSE department in collaboration with occupational health services, safety prevention officers, ergonomists, supervisors, HR and communication departments, general resources and the unions. A crisis cell and a health protocol adapted to the local epidemic impact are central components of the pandemic plan.

- The Group's management of the Covid-19 pandemic was recognized by the International SOS Foundation (ISOS), with an honorable mention in the international "Duty of Care Covid-19 Ambassador" category.

The resumption of work by employees was dependent on the overall level of activity of the company concerned. From June 2021, Safran organized a gradual resumption of on-site work, in accordance with the telework arrangements in force in each of its companies and in strict compliance with health constraints, so as to ensure a regular balance between on-site work and telework from October 2021.

In the midst of the crisis, with furlough arrangements in place in France and telework arrangements adopted more extensively at all sites worldwide, Safran continued to take action to protect the health of its employees.

For example:

- rollout of an action plan in each company in 2021, drawing on the findings of the 2020 survey on experience at work during the health crisis stemming from the Covid-19 pandemic, which drew responses from 48% of employees. The Group Executive Committee monitors progress on the action plan every six months;
- continued efforts to train employees in the prevention of psychosocial risks through the implementation of regular digital and awareness-raising sessions throughout the Group;
- provision of listening and support systems for employees in all countries where the Group operates. A total of 447 employees had remote consultations with a psychologist in 2020 and 2021.

Safran seeks to promote work-life balance. Employees have access to on-site sports facilities. They are also eligible for childcare assistance and can choose to work part-time.



### Workstation ergonomics to put people at the heart of production systems

Within the Group, 80% of reported illnesses are attributable to musculoskeletal disorders (MSDs). Safran is pursuing its continuous improvement program for workstations. The Group standard of the HSE Guidelines relating to the ergonomics of workstations sets out the tools, training, skills and organization of the ergonomics network.

The ergonomics network allows risks present in workstations to be detected, and contributes to their elimination. It comprises more than 200 ergonomics officers, 1,000 ergonomics representatives in design and 15 full-time ergonomists who analyze and improve workstations. It has already produced more than 400 best practices. Each year an "Ergonomics" Award is presented for best practice within the Group. Employees performing ergonomics-related risk assessments and proposing improvements are trained in accordance with the PRAP program (prevention of risks linked to physical activity) developed by the INRS (National Institute for Research and Safety). Awareness-raising campaigns are also carried out for management teams and key players in design teams.

Emphasis is placed on the risks associated with poor posture, load carrying and repetitive work, which are the main sources of workplace accidents and occupational illnesses. This approach applies to existing positions, as well as to any new design project for future workstations.

Related risk assessments also facilitate the integration of ergonomics principles into the design of the Group's Factory of the Future production facilities. New technologies such as collaborative robotics offer opportunities to improve production systems and performance.

### Preventing road risks

When commuting or traveling for business, employees are exposed to the risk of traffic accidents. The HSE Guidelines feature a road risk standard, showing that preventing road risks is an integral part of the Group's overall prevention approach. A road risk prevention charter covers all sites worldwide.

### Health and safety objectives and indicators

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2019	2020	2021
Percentage of sites classified as "Gold" <sup>(1)</sup>	50%	60%	33% <sup>(1)</sup>
Reported accident frequency rate <sup>(2)(3)</sup>	18.8	11.3 <sup>(5)</sup>	9.6 <sup>(5)</sup>
Frequency rate of lost-time work accidents <sup>(3)</sup>	3.2	2.0 <sup>(5)</sup>	2.1 <sup>(5)</sup>
Severity rate of work-related accidents (SR)	0.07	0.08	0.08
Fatal work-related accidents	3	0	0
Number of occupational illnesses (France)	52	47	49
Number of occupational illnesses (United States and Mexico)	36	22	5
Level of fire protection	6.8	6.8	68 <sup>(4)</sup>

(1) Percentage of sites classified as "Gold" (level of maturity required by Safran's HSE standards – see section 5.4.2.1, "Reference system, site certification and HSE network"). In 2021, the percentage of sites classified as "Gold" decreased with the inclusion of the former Zodiac Aerospace sites in the 2025 objective.

(2) Reported accident frequency rate: accidents with and without lost time and first aid.

(3) Number of accidents per million hours worked.

(4) The scoring method changed from a scale out of ten to a scale out of 100 in 2021.

(5) Decline in 2020 attributable to a combination of factors. It was observed from the first two months of 2020 (before the Covid-19 crisis), with a 20% decline in accidents compared with 2019. It is the result of major ongoing efforts to prevent HSE risks across all Group companies.

The pandemic has had two notable effects:

- the first, which is qualitative and based on observations in the field, leads to the conclusion that employees have been more vigilant about health and safety since the crisis. Routines were disrupted and employees were prompted to pay greater attention to themselves and to others;
- the second, which is quantitative, is the result of the impact of teleworking, as the home work environment is less conducive to accidents.

The downward trend was confirmed in 2021.

## ● ENGAGE FOR THE FUTURE

2025 objectives:

- **#6** Frequency rate of lost-time work accidents equal to 2.
- **#12** 100% of facilities classified as "Gold" based on Safran's HSE standards.



### 5.4.2.2 Social dialogue

#### A culture of labor relations

Since its creation, Safran has made social dialogue a major focus of its corporate culture, contributing to the balance and regulation of labor relations within the Group. As a shared foundation for labor policy, collective agreements demonstrate the Group's commitment to its employees and contribute to the success of the entire organization and to economic performance.

The Group undertakes to guarantee the proper representation of all its employees, freedom of association and respect for trade union rights in accordance with international standards (notably the ILO conventions) and local laws, through:

- membership of the United Nations Global Compact since 2014, see section 5.1.3.1;
- application of a global framework agreement on corporate social responsibility, see section 5.1.3.3.

The quality of the social climate is the result of ongoing dialogue between management, employees and their representatives. All dialogue is carried out with unfailing respect for trade union rights as defined by the ILO, the United Nations Global Compact, the OECD guidelines and local laws in each country, and with an unbiased attitude towards the various trade union organizations. Social dialogue takes place at the global, European, country, Group, company and subsidiary levels. At the highest level, Safran's Board of Directors includes two employee representatives. Lastly, nearly 80% of employees have access to employee representation bodies in their company.

#### Support for transformation in the Group

In 2020 and 2021, social dialogue was intensified against the backdrop of the health and economic crisis stemming from the Covid-19 pandemic. It enabled the implementation of adaptation measures through agreements on the introduction of long-term furlough arrangements<sup>(1)</sup>, the reduction of working hours and telework arrangements in France, Germany, Poland, the Czech Republic, Spain, Belgium, Tunisia and Morocco. Local and European unions were also informed and/or consulted on reorganization proposals (United Kingdom, France), on prospective disposals or acquisitions (Germany, Norway) and on new projects (HR information systems, etc.). As the economic recovery took hold, the collective agreements concluded in various countries provided foundations for rehiring employees the Group had been forced to lay off in 2020.

Social dialogue bodies are adapted to local practice. In Europe, social dialogue mainly revolves around the European Works Council (EWC) and the application of two agreements covering all European Union countries, plus Switzerland and the United Kingdom. The United Kingdom was kept within the scope of the agreements in 2021, even after Brexit.

- IndustriALL Europe<sup>(2)</sup> and Safran signed a European framework agreement in June 2021 to preserve jobs through the development of skills and securing of career paths. Safran is committed to ensuring the employability of all employees by increasing access to training, defining an annual number of hours of training per employee, and facilitating mobility. The agreement makes it possible to support the transformation of jobs and skills, while respecting local cultures and realities. The agreement is a strong signal of the Group's determination to guarantee the development of skills and the securing of career paths in a more uncertain environment.
- In France, the Activity Transformation Agreement (ATA), covering the period from July 2020 to December 2021, has preserved jobs and skills through the following measures:
  - wage restraint, with sums set aside for a 1% increase and the postponement of mandatory annual pay negotiations until 2022;
  - the capping of optional employee profit-sharing for 2020 and 2021, the suspension of the Company top-up contribution to employee savings and invested retirement savings in 2021 and the suspension of supplementary retirement contributions for engineers and managerial-grade employees (*cadres*) in 2021;
  - age-related measures aimed at facilitating voluntary retirement for eligible employees;
  - stronger measures to foster internal and external mobility.
- Around 10,000 jobs have been safeguarded thanks to the Activity Transformation Agreement (ATA) and more than 1,000 other jobs have been maintained through the CORAC (French Civil Aviation Research Council) program, which received funding via the French aerospace support scheme.

As an extension of the agreement, furlough and long-term furlough arrangements continued into 2021 and represented 7% of the theoretical hours of employees in France. In September 2021, the Group's Executive Management and the trade unions signed an agreement on the post-Covid-19 working environment, with two objectives:

- preserve jobs to support Safran's industrial policy (no layoffs on economic grounds) and strengthen the workforce in France by 1,000 jobs per year in 2022 and 2023;
- regulate wage increases in 2022.

The agreement applies to all Group companies in France until December 31, 2023 and includes the following main measures:

- wage increases representing 2.80% of payroll, plus a specific budget of 0.20% for promotions, professional equality between men and women, starting salaries and young people under 32;
- additional profit-sharing paid in 2022;
- moderation of Company top-up contributions to employee savings plans and retirement savings;
- a cap on optional employee profit-sharing and a business resumption clause;
- extension into 2022 of measures targeting seniors and new, more comprehensive negotiations during 2022;
- 2,300 work-study trainees per year for the duration of the agreement;
- neutralization of the impact of long-term furlough arrangements in the calculation of the end-of-year bonus due for 2021 and 2022.

(1) Under the furlough system, employers can access government support to cover part of the wages of employees experiencing an unforeseeable drop in their activity. Used until September 30, 2020. The long-term furlough system is designed to support companies that continue to be affected by a sustained decline in their business during the recovery phase. It was introduced within Safran via the agreement updating the Activity Transformation Agreement (ATA), concluded for a fixed term from September 2020 to September 2022.

(2) IndustriALL European Trade Union is the European branch of the global federation of unions in the metal, chemical, energy, mining, textile and related industries.

In Belgium, a similar agreement has been concluded in one of the Group's two subsidiaries for the period from the end of January 2021 to the end of December 2022. It includes measures limiting wage costs, governing furlough arrangements, and facilitating internal mobility and secondments to research centers with links to the Wallonia region, as well as end-of-career measures and increased training. The company has undertaken not to lay off any employees on economic grounds during the term of the agreement.

Constructive social dialogue is also conducted within each subsidiary, in keeping with its economic and social realities.

Overview of company agreements and their scope:

Agreements and themes	Scope
<p>Framework agreement on working conditions and corporate social responsibility (see section 5.1.3.3); topics covered include:</p> <ul style="list-style-type: none"> <li>■ Respect for trade union rights in accordance with international standards (notably the ILO conventions) and local laws</li> <li>■ Protection of the environment</li> </ul>	Worldwide
<p>Local company agreements:</p> <ul style="list-style-type: none"> <li>■ Comprehensive local multi-year collective bargaining agreements: very broad scope within the company</li> <li>■ Agreements signed with employee representative bodies: specific subjects and variable durations (working hours, optional employee profit-sharing, work-from-home arrangements, working conditions, union rights, professional equality, etc.)</li> </ul>	<p>Nearly 80% of employees</p> <ul style="list-style-type: none"> <li>■ United States, Canada, Mexico, Czech Republic, etc.</li> <li>■ France, Belgium, Germany, Netherlands, United Kingdom, Switzerland, Morocco, Tunisia, Poland, Spain, Singapore, China</li> </ul>
Collective bargaining agreements	<ul style="list-style-type: none"> <li>■ France (UIMM, Syntec, Rubber collective agreement)</li> <li>■ Germany (Hesse state Tariff agreement)</li> <li>■ Belgium (Joint Commissions 209, 111 and 315; 01)</li> <li>■ Netherlands (Metaal Unie)</li> <li>■ Brazil (SEAAC)</li> <li>■ South Africa (National Textile Bargaining Council)</li> </ul>
<p>European collective agreements:</p> <ul style="list-style-type: none"> <li>■ Development of skills and securing of career paths</li> <li>■ Professional integration of young people</li> </ul>	Europe
<p>16 agreements applicable in France, including:</p> <ul style="list-style-type: none"> <li>■ employee savings;</li> <li>■ pensions and personal risk insurance;</li> <li>■ intergenerational relationships;</li> <li>■ disability;</li> <li>■ training and management of jobs and career paths;</li> <li>■ prevention of stress at work;</li> <li>■ development of social dialogue</li> </ul>	The Group in France

## Agreements at each level of employee representation

Social dialogue takes place with representative bodies and trade unions at the country, company and local levels.

It also takes place at the transnational level through the European Works Council, which covers Europe (including the United Kingdom), and at the global level through the monitoring committee for the global CSR agreement, with IndustriALL Global Union representatives.

Social dialogue is reflected in agreements signed at global, European, country (for France) and local levels. The rollout of these agreements is monitored with employee representatives through a number of dedicated committees.

## 5.4.3 Encourage equal opportunities and promote diversity

### 5.4.3.1 An inclusive working environment

Safran, an international group proud of its employees, is committed to fighting all forms of discrimination and to promoting an inclusive corporate culture. Diversity is at the heart of Safran's identity: Safran employees come from more than 25 countries, representing more than 110 nationalities and covering a multitude of professions. Diversity and inclusiveness are great sources of creativity, innovation and collective performance for the Group.

Safran has a committed diversity and inclusion policy, promoting equal opportunity and the fight against all forms of discrimination. The Group is aligned with the principles of the United Nations Global Compact, whose sixth principle is

the elimination of discrimination in respect of employment. Safran's Ethical Guidelines stress that the Group does not tolerate any form of discrimination, notably based on gender, disability, family status, age, sexual orientation, religious beliefs, trade union activity or ethnic, social and cultural background, whether within the Group or in dealings with customers, suppliers, business partners and other external service providers. Employees are regularly made aware of stereotypes and non-discrimination. Safran aims for every employee to be able to find his or her place and feel valued in an inclusive working environment. For instance, a Diversity and Inclusion Committee bringing together senior management and human resources has been created for companies located in Mexico.

Safran first signed the Diversity Charter in 2010. Since then, the Group has been committed to taking a proactive approach and applying the Charter's principles at all sites worldwide in all management, decision-making and HR processes. Safran renewed its commitment in 2021 when the Chief Executive Officer signed the Charter. To mark the occasion, Olivier Andriès said: "Scientific studies have demonstrated, and experience has taught us, that diversity in all its dimensions including opinions, experience or cultures, is a driver of innovation and success. This applies at all levels from small teams all the way up to the whole company. We all have the responsibility to welcome and respect differences between our Group's employees."

#### 5.4.3.2 Professional equality between men and women

Gender equality in the workplace is essential for the Group, broadening visions to ensure that Safran is able to respond to the challenges in store. Safran is committed at every level of the company, from top management down, by applying a dynamic policy to promote professional equality, fairness and gender balance in all positions. Both internally and externally, Safran raises awareness of gender stereotypes and biases.

Safran builds its commitment and actions on three ambitions:

- bring about lasting change in corporate culture, in favor of greater inclusion and gender balance in the workplace;
- increase attractiveness among women (see section );
- increase the number of women leaders by promoting career development and skills development.

Safran's commitment is reflected at the highest level, with an individual objective for the Chief Executive Officer assessed on the increase in the number of women executives. In addition, the Chief Executive Officer has joined the Gender Balance Observatory established by the Institut du Capitalisme Responsable in France in 2021. Progress on professional equality is presented annually to the Board

of Directors and the Group's Executive Committee. The management committees of Safran SA and its tier-one entities also regularly discuss initiatives and their outcomes. The Group Human and Social Responsibility Department (HSRD) and the human resources departments of each Group company directly and cross-functionally supervise and coordinate the promotion of equality and gender balance at all levels.

Among initiatives to promote career and skills development for women in 2021, nearly 101 mentoring pairs between a senior executive mentor and a more junior female or male mentee were created worldwide, and nearly 50 women took part in specific talent boost training. Initiatives to promote awareness of unconscious biases are being run for managers and human resources staff. Safran has also elected to use female forms for job titles and recruitment offers. This new editorial practice is aimed at changing mentalities, fighting representations conveyed by habit and avoiding unconscious bias.

With the aim of increasing the number of female leaders, constant work is carried out to improve the identification of women with potential (30% of high-potential profiles in 2021) and increase the proportion of women in senior manager succession plans (27% in 2021). The proportion of women across all management training programs is also constantly increasing, and the Group supports women in their careers through the Women@Safran network and mentoring programs. For instance, the Women@Safran network brings in personalities to talk about issues such as the place of women in business and the work-life balance. This network organizes meetings, notably in France, the United Kingdom, Morocco, the United States, China and Singapore.

In 2021, women at Safran represented:

- 27.9% of headcount;
- 15.1% of senior managers;
- 11.1% of Group Executive Committee members;
- 42.86% of Board of Directors members (see section 6.2.4.2).

### ● ENGAGE FOR THE FUTURE

- 2025 objective: **#8** 22% of women among senior managers.

#### Gender Equality European & International Standards (GEEIS)

Safran's certification by the GEEIS label for the 2018-2021 period demonstrates the achievements of the Group's ongoing commitment to gender equality. All policies, processes, managerial practices and actions, as well as the corporate culture, are reviewed during audits carried out every two years. The certification has notably served to strengthen the management of the gender equality policy. The following entities received the label in 2021: Safran SA in respect of the Group policy, Safran Electrical & Power France, Germany and the United Kingdom, Safran Aircraft Engines France, Safran Transmission Systems France and Poland.

#### Gender equality index in France

Safran's objective is to ensure an equitable compensation policy for men and women worldwide. Owing to the Group's efforts, the French legal index relating to the pay gap between men and women places Safran among the top performers. The Group's overall score increased from 89/100 at March 1, 2020 and 2021 to 90/100 at March 1, 2022.

### Promotion of gender diversity within its ecosystem

Thanks to its employees, Safran carries out initiatives outside the Company to combat stereotypes and encourage women to enter the technical scientific professions. With more than 350 *Elles Bougent* sponsors in its ranks, Safran promotes the place of women in the aerospace industry among schoolgirls, high school students and university students (see section 5.6.3.2). This internal network takes part in school forums and workshops, and organizes Safran site visits. The Safran ambassador network also takes part in school and university forums. Safran speaks at conferences, including those of the International Aviation Womens Association, the Council of European Aerospace Societies (the Women in Aerospace Conference), and the Selective and Functional Movement Assessment. Safran also participates in the Women in Aviation & Aerospace Charter in the United Kingdom, and sponsors chairs including Women and Science at Paris-Dauphine University. A range of initiatives to combat all types of discrimination are developed and offered to women in all Group companies. They include "Illuminate" in the United States, "Girl's Day" in Mexico and "Future en Tous Genres" (Future in all Genders) in Switzerland. Since 2019, Safran Helicopter Engines Brasil, through its declaration of support for a United Nations entity in Brazil - UN Mulheres - has been promoting gender equality increasing the place of girls and young women in the technical and scientific sectors.

### 5.4.3.3 Disability: inclusion and job retention

For more than ten years now, Safran has been running a proactive policy on the inclusion of employees with disabilities. The policy has four main focuses:

- job retention (job adaptation, training, etc.);
- recruitment;
- collaboration with the adapted sector, see responsible purchasing;
- improving inclusion on sites with the rollout of the "disabled-friendly organization" approach.

These four areas underpin the Disability Agreement, which applies to all of Safran's legal entities in France, including companies from the former Zodiac scope since 2021. Mission Handicap, which is part of the CSR department, is tasked with implementing this agreement and coordinating the network of 120 disability correspondents and liaison officers on the various sites. The correspondents play a pivotal role in supporting employees on a day-to-day basis and raising awareness among managers and within teams.

Their actions are varied, and include regular awareness-raising, participation in "disability" forums and the adaptation of workstations to allow any employee with a health issue to continue their professional activity. In addition, certain initiatives with a broader social focus, carried out directly by the sites or by the Safran foundations, promote the professional and social integration of people with disabilities, see section 5.6.3.1.

In France, the emphasis was on raising awareness of invisible disability and recognizing disability in 2021. Initiatives were aimed at creating conditions allowing any employee concerned to declare his or her disability, so that Safran can adapt their workstations and help keep them at work.

In France, nearly 200 employees volunteered to participate in Duodays, during which people with a disability work in tandem with another professional. We welcomed 99 people with disabilities during the Duoday event.

To promote recruitment, partnerships have been established with online recruitment platforms and job boards specializing in disability.

Safran pays special attention to sheltered workshops and disabled-staffed companies. The Group has mapped possible areas of collaboration with sheltered workshops for non-product related purchases, and is accordingly developing partnerships with disabled-staffed companies and organizations and services providing assistance through work. Purchasers must use these structures whenever possible. In accordance with the disability agreement, a Safran Purchasing correspondent participates in the commissions monitoring the agreement to discuss achievements and prospects in this area. In France, the useful revenue (total cost of labor) spent with sheltered workshops and disabled-staffed companies exceeded €8.47 million in 2021.

Safran is continuing to roll out the AFNOR "disabled-friendly organization" compliance program in order to reinforce the inclusion of disability in all of the company's processes. Twenty sites committed to the process in 2021, including five new sites newly declared "disabled-friendly" and six compliance renewals.

- The Group employed 2,028 disabled people in France in 2021.
- The employment rate of people with disabilities was 5.23% in 2020<sup>(1)</sup>.

This indicator covers all disabled employees in France, regardless of the type of their employment contract. However, it only takes into account those employees wishing to declare their disability and have it recognized, as not all employees concerned wish to do so systematically. In view of the differences in legal frameworks between countries, Safran's data have not been consolidated worldwide.

### 5.4.3.4 Balance between generations

#### Social and professional integration of young people

Safran is committed to the social and professional integration of young people, offering them orientation, training or employment opportunities (see section 5.4.1.4). Safran also participates in numerous guidance and training initiatives by taking action to promote technical professions, in schools or universities alike, or by inviting young people to its sites, in partnership with non-profits (see section 5.6.3).

#### Seniors

To maintain a balance between generations, the Group is committed to promoting the recruitment of seniors and helping them stay in work.

Safran is implementing special end-of-career measures, such as telework arrangements, flexible working hours and part-time work. It is also putting in place support measures adapted to certain professional or personal situations. In 2020 and 2021, age-based measures aimed at facilitating voluntary early retirement for eligible employees were adopted under the Activity Transformation Agreement (ATA) (see section 5.4.2.2.2).

(1) Due to the new calendar introduced by URSSAF for the declaration relating to the obligation to employ people with disabilities, the 2021 rate will be disclosed in the 2022 Universal Registration Document.

### 5.4.3.5 Indicators – Diversity

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2019	2020	2021
<b>INTEGRATION OF YOUNG PEOPLE ON TRAINING</b>			
Number of interns – Europe	2,728	1,652	2,037
Number of work-study trainees – Europe	3,493	3,224	3,512
Number of student researchers – Europe	260	254	232
Number of young people on international corporate volunteer programs in Europe	138	80	21
<b>DIVERSITY AND EQUAL OPPORTUNITIES</b>			
% of women employees	29.1%	27.7%	27.9%
% of women hires	37.4%	34.6%	31.3%
% of women managerial-grade employees (Managers & Professionals) <sup>(1)</sup> among total managerial-grade employees (Managers & Professionals)	25.2%	24.8%	25.1%
% of women among senior managers <sup>(2)</sup>	12%	13%	15%
% of women on the Group Executive Committee	6%	11%	11%
% of women on the Company's Board of Directors (see section 6.2.4.2)	38.5%	42.86% <sup>(3)</sup>	42.86% <sup>(3)</sup>
Number of disabled people (France agreement scope)	1,929	2,155	2,028
Internal and external employment rate of people with disabilities (France agreement scope, including all Safran entities)	N/A	5.23% <sup>(4)</sup>	(*)
Overall employment rate (direct and indirect) of employees with disabilities (France agreement scope excluding Safran Aerosystems, Safran Passenger Solutions, Safran Cabin and Safran Seats)	5.1% <sup>(5)</sup>	N/A	N/A

(1) Managerial-grade employees (Managers & Professionals) are employees who coordinate an assigned set of physical, human or financial resources with the degree of independence and responsibility required to meet targets (see section 5.7.4).

(2) Senior executives: members of the Group's Executive Committee and employees are classified into four categories ("bands") based on their level of responsibility. Responsibilities increase from category 4 to category 1. This classification is linked to the Willis Towers Watson Global Grading System (GGS) method.

(3) Excluding Directors representing employees and Directors representing employee shareholders as provided for under French law (see section 6.2.4.2).

(4) Update of this rate following the July 2021 declaration relative to the obligation to employ disabled workers.

(5) Overall employment rate calculated in accordance with the methodology applicable before the enactment of Law No. 2018-771.

\* Data cannot be calculated at the publication date of the 2021 Universal Registration Document due to the new calendar introduced by URSSAF for the declaration relating to the obligation to employ people with disabilities. As a result, the 2021 rate will be disclosed in the 2022 Universal Registration Document.

## 5.5 ETHICS, RESPONSIBLE PURCHASING AND THE ENVIRONMENT: EMBODY RESPONSIBLE INDUSTRY

### ENGAGE FOR THE FUTURE



#### EMBODY RESPONSIBLE INDUSTRY

Be the benchmark in our production methods  
and throughout our value chain



Uphold the highest standards of ethics



Strengthen responsible supply chain management  
and support suppliers



Respect the environment and natural resources



To "Embody responsible industry", Safran is committed to embracing exemplary ethics, providing safe equipment, engines and services, strengthening responsible supply chain practices, supporting its suppliers, and respecting the environment and natural resources.



## 5.5.1 Uphold the highest standards of ethics

### 5.5.1.1 Safety of products (equipment and engines) and services

Aviation safety has always been an absolute Group-wide priority for Safran. Aviation safety is the responsibility of all Group employees. As a leading global aerospace industry player, Safran places great importance on safety as the lives of passengers, crew and those on the ground under flight paths depend on it. Safran is as committed as ever to assuring its customers (airframers and airlines), passengers, crew and populations under flight paths that the products and services that it supplies are safe. This is an imperative that influences everything Safran does.

One of the main challenges for companies in the aviation, defense and space sectors is ensuring the safety of their end customers, specifically the people using the equipment, engines and services. For Safran, industrial responsibility also means making a commitment to supplying safe equipment, engines and services through its quality management system (see details of the Safety Management System in section 1.7 and the Enterprise Risk Management system in section 4.3.2.1). This commitment to prioritizing the safety of equipment, engines and services is expressed in the Group's aviation safety and quality policies, and underlies all of Safran's actions and decisions, thereby contributing to the satisfaction of direct customers. It is applied across the entire company. It falls within the scope of the Group Quality Department, which is overseen by the Executive VP, Production, Purchasing and Performance, who is a member of the Group's Executive Committee.

In a preventive and continuous improvement approach, aviation safety considerations are factored into the design phase of equipment, engines and services, and are adapted to all phases of the product life. The safety management system meets international regulatory and industry requirements, enabling the Group to continuously improve aviation safety through specific procedures and tools designed to collect security-related information, integrate feedback into internal processes and manage risks proactively and reactively.

The network of Safety Management System (SMS) liaison officers contributes to the adoption of an "aviation safety culture" through the use of shared tools among all Group companies. All Group companies organize awareness-raising and training sessions devoted to these issues. Aviation safety performance is measured and continuously improved.

Safran is an active participant in work carried out within the industry, notably through its roles in the AeroSpace and Defence Industries Association (ASD) and the International Aerospace Quality Group (IAQG). It also chairs the GIFAS Quality Commission.

### 5.5.1.2 Ethics whistleblowing policy, program and system

Safran's Chief Executive Officer has made an unequivocal and continuous commitment to ethics in the conduct of Safran's policies and operations: "To ensure that all our commitments are upheld, each and every one of us must play our part. Irrespective of our role in the Company, the entity to which we belong or the country where we work, we must all be irreproachable in the performance of our duties. No breach of ethics can be tolerated at Safran, or among any of our partners."

### A policy built on the Ethical Guidelines

Safran's ethics policy comprises Ethical Guidelines<sup>(1)</sup>, a code of conduct for the detection and prevention of acts of corruption, a charter for the prevention and management of conflicts of interest, an anti-fraud policy, responsible purchasing guidelines, a personal data protection policy and a policy on health, safety, and the environment.

Employees are all expected to read, understand and comply with the Ethical Guidelines and to ensure that others comply with them. Safran's Ethical Guidelines impose the following rules on everyone:

- adherence to the fundamental principles (Safran's core purpose, respect for laws and regulations, duty of care, respect for individual freedoms and human rights);
- adoption of appropriate business practices (fairness and integrity, zero tolerance for corruption, compliance with import and export regulations, fair competition);
- promotion of honest and stringent management of information (control of information);
- environmental protection (taking environmental challenges into account to ensure sustainability, combat global warming and protect the environment);
- provision of an attentive ear for stakeholders (shareholders, suppliers, customers, partners and civil society).

### The Compliance, Ethics and Anti-Fraud Committee

The Compliance, Ethics and Anti-Fraud Committee is tasked with supervising employee respect for the general framework governing compliance with the rules laid out in the Ethical Guidelines and any changes in the system. It is chaired by the Group's Corporate Secretary and Group Ethics, but all of the Group's departments are responsible for ensuring that their teams respect the compliance criteria. Its other permanent members are the Chief Financial Officer, the Senior EVP International and Public Affairs, the EVP Corporate Human and Social Responsibility, the Chief Legal Advisor, the Group Ethics and Compliance Officer, the Group Chief Security Officer, the Head of Audit and Internal Control and the Head of Group Internal Control. The Committee met three times in 2021.

### Whistleblowing system

Employees who suspect that a practice or incident may be illegal or in violation of the Group's rules of business conduct, the anti-fraud policy or the Code of Conduct have the right to notify or request guidance from their managers, the Head of Internal Control, the Head of IT Security, the Security Officer, the Human Resources Manager, the Legal Department, the Finance Department, the Quality Department, the Audit and Internal Control Department or the Compliance, Ethics and Anti-Fraud Committee.

The various channels for reporting fraud or unethical behavior include the secure and multilingual e-mail address, [safran@alertethic.com](mailto:safran@alertethic.com), which can be used to file, anonymously or openly, any good faith report of a breach of the principles enshrined in the Group's Ethical Guidelines. It is available to employees, as well as to external or occasional employees, customers or suppliers. The system is managed by a specialist external and independent third party. It protects whistleblowers and preserves the confidentiality of data. It meets the legal requirements on the duty of care and the Sapin II law.

(1) Safran's Ethical Guidelines can be consulted on the [safran-group.com](http://safran-group.com) website.



The issues that may be reported via the email address [safran@alertethic.com](mailto:safran@alertethic.com) are:

- any fraud or attempted fraud;
- any conduct or situation contrary to Safran's Code of Conduct as regards the prevention and detection of acts of corruption;
- more broadly, any serious and manifest violation of applicable laws and regulations, notably those bearing on human rights and fundamental freedoms, including discrimination of any kind, issues relating to health, personal safety and the environment, as well as any violations relating to the duty of care in respect of suppliers or a threat or serious prejudice to general interest.

In 2021, Safran received 28 reports through this system (15 from external and 13 from internal whistleblowers):

- after their initial characterization, nine reports were qualified as beyond scope and closed;
- 12 reports concerned HR matters (allegations of inappropriate behavior or non-compliance with Safran's rules and values): six of them resulted in action and the other six were closed without further action after analysis and investigation;
- five reports concerned alleged fraudulent behavior: three resulted in action and two were closed without further action;
- two reports concerned allegations of corruption: one was found to be unsubstantiated and the other was still under investigation at the end of December 2021. The in-depth investigations conducted on that case resulted in the finding that the process followed did not present any major irregularity and that there was no proof of any individual criminal behavior.

### 5.5.1.3 Business ethics and prevention of corruption risk

Safran ensures that its activities are conducted in accordance with high standards of honesty, integrity and professional standards that are consistent with the highest international standards of business ethics, promoted by the International Forum of Business Ethical Conduct (IFBEC), combining the major international aerospace and defense companies. The Group believes that responsible business management helps preserve its reputation and contributes to the competitiveness and attractiveness of the organization. Safran sees corruption as a major risk, and addresses it by backing up its business ethics policy with appropriate governance and processes.

#### Policy of zero tolerance of corruption

Safran's corruption risk prevention and detection policy is based on a principle of "zero tolerance" towards any corrupt practice including influence peddling, facilitating payments<sup>(1)</sup>, embezzlement, undue advantage, misappropriation of public funds, or favoritism. The generic term "corruption" is hereafter

used to refer to these dishonest and immoral violations of the Group's standards, which are prohibited by Safran.

#### Commitment of the Executive Management and company CEOs

The Board of Directors, its Chairman, the Chief Executive Officer and all members of the Group Executive Committee have pledged, for themselves and on behalf of their employees, to be exemplary in their behavior. Maintaining business integrity and refusing all forms of corruption are non-negotiable, even if it means losing contracts and revenue. This is the only way for the Group to secure its sound, sustainable growth and retain the trust of its stakeholders. This commitment involves:

- the monitoring of corruption risk and the anti-corruption program by the Board of Directors' Audit and Risk Committee;
- a representation letter on integrity and the fight against corruption, signed each year by all of the chief executives of Safran SA and its tier-one entities, who make a commitment on behalf of their respective companies (12 representation letters signed). These executives ensure that the letter is also signed by their subsidiaries;
- a half-yearly presentation of anti-corruption issues to the Group Executive Committee;
- regular updates of the situation in the various entities with the Chief Executive Officers of each tier-one entity.

#### A robust corruption risk prevention and detection program

The program's aim is to instill a Group-wide culture of honesty, as laid out in Safran's Ethics Guidelines, and to see that every employee embraces exemplary conduct in this regard.

It integrates all the requirements of international conventions and national regulations applying to its activities, including the requirements of the law of December 9, 2016 on transparency, anti-corruption measures and modernization of economic life ("Sapin II"). It comprises a series of standard operating procedures applied by each subsidiary in accordance with local legislation applicable to its organization, products and markets. It is also proposed to the Group's minority-owned affiliates.

The program thus addresses two main concerns: (i) promoting responsible behavior among management and employees, and (ii) protecting Group assets through risk management. It is based on the following pillars:

- **Leading by example, as reflected in the "Tone at the Top"**, with the commitment of Safran's senior management and various entities.
- **A dedicated organization** overseen by the Group Ethics & Compliance Department. Its director reports to the Corporate Secretary and Group Ethics, who in turn reports to the Chief Executive Officer. The Ethics & Compliance Department relies on a network of 25 Trade Compliance Officers (TCOs) within the entities, as well as 225 Trade Compliance Managers or Correspondents (TCMs or TCCs), who ensure that the measures taken by the TCOs are applied in each of their company's subsidiaries or divisions.

(1) *Facilitating payments: unofficial payments of moderate sums made to expedite or ensure the smooth progress of straightforward procedures or necessary services to which the payer is entitled, whether in accordance with the law or another founding principle.*

- **Corruption risk maps** produced and factored into the Group's consolidated risk map (see section 4.1.1 and section 4.3.3.2). They cover the specific corruption risks to which the Group and each of its components are exposed, especially the tier-one entities. They also reflect the level of maturity of contributors to the analysis, processing and in turn control of such risks.

As stated in section 4.1.1, all of the Group's central corporate departments and its various tier-one entities review their exposure to corruption risks at least once every six months. Corruption risk maps are updated accordingly and form the basis of risk consolidation work for the Group's consolidated risk map. The work of identifying, mapping and addressing corruption risks serves to determine areas for improvement, to identify specific resource requirements, to prepare training and prevention plans and to implement the controls needed to fight corruption.

Lastly, the back-testing imposed by the ERM (see section 4.1.1), the results of internal control campaigns and the internal and external audits conducted each year also contribute to these systems' continuous improvement.

- **A code of conduct for corruption prevention and detection** defines and illustrates the various types of behavior that are prohibited because they could be construed as corruption, based on the risks identified in the risk mapping. It is integrated into these entities' internal rules, applicable to all employees.
- **Appropriate procedures**, which precisely describe the roles of employees and the rules that they are expected to follow while performing their duties. They are regularly updated and improved, and are widely distributed among managers and employees. The Group's external partners are also informed about these procedures:
  - **the international trade compliance procedure** lays down strict rules for Group companies for the central and independent control and management of contractual relationships with commercial partners, whether parties to offset agreements or involved in acquisitions or disposals of businesses or the creation of joint ventures. It describes the tight controls governing the selection and approval of business partners, the assessment of their ethical performance, their monitoring and their compensation. All business partners of Group companies are systematically subject to internal and external due diligence and validation by the Ethics & Compliance Department. The procedure includes approving, managing and monitoring lobbyists, who must comply with Safran's responsible lobbying guidelines. In 2021, work was undertaken to digitalize the third-party assessment process;

- **the procedures for gifts and hospitality** and other sponsorship expenses given to or received from customers, suppliers and other stakeholders, as well as the corporate patronage charter, are designed to avoid any violation of current legislation or any potential conflict of interest.

#### As concerns purchasing:

- an ethics clause is included in Safran's general purchasing conditions;
- the written opinion of the Company's Trade Compliance Officer is required for the use of advice or intellectual services outside France in order to assess the need to validate the partner in accordance with the international trade compliance procedure described above;
- Safran's responsible purchasing guidelines<sup>(1)</sup> incorporate the terms of the IFBEC Supplier Model Code of Conduct for the aerospace and defense sector (see section 5.5.2.6).

- **An information and training program:** regular and appropriate information is distributed to all members of the Executive Committee, the executive management teams of the companies and all employees directly or indirectly involved in preventing corruption risk. A variety of tools are used to promote a culture of corruption prevention within the Group, including a fortnightly anti-corruption "observatory", a weekly business ethics newsletter, specific country regulation reviews and a dedicated intranet.

A communication campaign on integrity in business transactions with the slogan "Adopt the Compliance Attitude" continued apace in 2021, helping to raise employee awareness of how to respond appropriately in different situations at risk.

Training dedicated to the prevention of corruption risk is mandatory for all senior executives, all people in the Group exposed directly or indirectly to the risk of corruption, as well as for new hires among managerial-grade staff or those belonging to the target populations. Senior executives and exposed people must repeat the training each year. The training is provided either on a face-to-face basis by the Ethics & Compliance Department team or TCOs accredited internally as trainers, or in distance formats. Preventing and detecting corruption was a topic incorporated into several Safran University training programs aimed at staff involved in sales, marketing, purchasing, human resources, financial resources and programs. The management committees of Safran subsidiaries are also briefed each year. These courses are designed to give every employee concerned adequate knowledge of regulations applicable to his or her activities and a full understanding of Group procedures and how to apply them in performing his or her duties.

2021 key figures:

- 105 information memos distributed within the Group;
- 89% of senior executives and exposed and affected people trained in anti-corruption;
- 32 trade compliance reviews conducted on the Group's tier-one entities, their subsidiaries and investments;
- 4,716 people trained in anti-corruption programs.

## ● ENGAGE FOR THE FUTURE

- 2025 objectives: #9 100% of senior executives and exposed and affected people<sup>(2)</sup> trained in anti-corruption.

(1) Available on [www.safran-group.com](http://www.safran-group.com).

(2) Exposed and affected employees in the Purchasing, Human Resources and Labor Relations, Legal, Finance, Audit and Internal Control, Ethics & Compliance, Risks and Insurance and Communications departments.

- **Control and monitoring of procedures:** in 2021, 32 trade compliance reviews were conducted by the Group Ethics & Compliance Department in the tier-one entities and their relevant subsidiaries and investments. In addition, as part of its due diligence, the Audit and Internal Control Department conducts annual management audits of entities; they systematically include work on ethics verification, trade compliance and export control. The internal control system also includes control points relating to ethics, trade compliance and export control in its reference framework.

In addition, the recommendations resulting from Safran's 2020 French Anti-Corruption Agency (AFA) audit resulted in the strengthening of the Group's corruption risk prevention and detection program. In response to the audit recommendations, Safran updated its risk identification guide to include certain key points of the Sapin II law in its reference framework. The half-yearly update of the identification, treatment and mapping of corruption risks has been improved accordingly. The benefits of this progress initiative have also flowed through to the other components of the Group's corruption prevention and detection program, such as the Code of Conduct, training, controls (level 1, 2 or 3) and accounting controls. Similarly, the third-party assessment system has been adapted with the introduction of a corruption risk assessment matrix applicable to all third parties from 2022. A digitized register of gifts, hospitality and sponsorship expenses has been made available to all employees, allowing them to self-declare any benefit offered or received, regardless of its value. These actions, which have the constant objective of ensuring proper business ethics within the Group, contribute to the continuous improvement of its social footprint.

- **An internal alert system** (see section 5.5.1.2).

#### "Anti-corruption" certification

Safran was the first CAC 40 company to be "anti-corruption" certified by the French Agency for the Diffusion of Technological Information (ADIT), in 2012. Certification is scheduled to be renewed in 2022. This certification attests to the robustness of Safran's anti-corruption program, the requirements of which align with those of the most rigorous international standards: US Foreign Corrupt Practices Act, UK Bribery Act, OECD Convention, the French Sapin II law, the tenth principle of the United Nations Global Compact, and ISO 37001.

#### Promotion of best practices

Safran is at the forefront of the fight against corruption, participating in and contributing to initiatives led by national and international professional bodies such as the French aerospace industry association (GIFAS), the French employers' federation (Medef), the International Chamber of Commerce (ICC), the International Forum on Business Ethical Conduct (IFBEC) and the European Business Ethics Network.

#### 5.5.1.4 Complying with export control laws, and sanctions and embargoes

As stated in its core purpose, Safran "designs, builds and supports high-tech solutions to contribute to a safer world". Safran buys and sells "dual-use" components, equipment and technologies (i.e., those that can be used for both civil and military purposes) in more than 30 countries to protect the interests of France, its allies and the European Union. Safran accordingly complies with all applicable export control regulations aimed at combating the proliferation of conventional weapons, weapons of mass destruction and their means of delivery, and thereby preserving domestic and international security. The Group takes into account changes in the global geopolitical environment, which may result in export restrictions to countries, legal entities or individuals. Safran analyzes all changes to determine their impact on the operations of its companies so as to ensure its compliance with new obligations, and scrupulously adheres to all restrictive measures applicable to its operations and financial transactions, particularly those imposed by the United States. Safran requires the same compliance from its suppliers through its responsible purchasing guidelines (see section 5.5.2.6).

As regards the Russo-Ukrainian conflict, Safran is complying with the sanctions decided against Russia by the US and European authorities in early 2022. The sanctions notably apply to aerospace activities and products. In compliance with these decisions, Safran has suspended all exports and services to Russia and halted its manufacturing joint ventures' operations in the country until further notice.

Safran also ensures compliance with applicable customs laws, and takes the most appropriate measures to guarantee the smooth running of its international operations.

Safran undertakes to:

- comply with all laws and international agreements signed in each of the countries where it operates, including but not limited to the Treaty on the Non-Proliferation of Nuclear Weapons, the Convention on Cluster Munitions, the Anti-Personnel Mine Ban Convention, the Wassenaar Arrangement, the EU Common Position on Arms Exports and the Arms Trade Treaty;
- apply for any governmental authorization that may be required to transfer and export defense-related products, and to comply with all conditions and caveats associated with such licenses.

Safran is not involved in any business related to "controversial weapons" such as anti-personnel mines, cluster munitions, chemical and biological weapons, blinding lasers, autonomous lethal weapons systems, depleted uranium munitions or white phosphorus weapons.

To take into account the risks associated with export control activities (see section 4.3.1.1), Safran has established a system aimed at ensuring strict compliance with all export control regulations and laws in all Group companies worldwide. This system has been specifically adapted for Safran subsidiaries in the United States to comply with U.S. regulatory requirements, such as the International Traffic in Arms Regulations (ITAR), the Export Administration Regulations (EAR) and all restrictive measures imposed by the Office of Foreign Assets Control (OFAC).

The export control system is based on:

- **the identification of product export restrictions**, including transactions with countries and companies subject to sanctions or embargoes. Safran provides all of its employees with a tool to assess the compliance of operations and financial transactions involving countries, legal entities and individuals subject to sanctions or embargoes, and to obtain a better understanding of regulations. Prospective transactions are systematically subject to an analysis of export controls and the compliance of financial flows by the relevant Group company, and are then approved or rejected by the Group Export Control Department and the Group Finance Department;
- **management of export authorization and license applications**;
- **compliance with the terms and conditions of the licenses granted**;
- **identification and protection of controlled technologies**;
- **training, exchanges of good practices and awareness-raising** for the employees concerned: training and awareness-raising by the companies, the Group departments concerned and by Safran University (via a dedicated MOOC), distribution of information notes, dedicated intranet site with a directory of export control network correspondents;
- **three-yearly reviews** of the maturity of the control program of the companies and Group departments concerned by an external service provider, internal control points by the Audit and Internal Control Department, and one-off audits;
- **twice-yearly updating of the risk map**;
- **treatment of non-compliance with applicable regulations**: Safran ensures that its companies detect, assess and report any cases of non-compliance. The companies inform the relevant authorities of each identified case and take every precaution to prevent similar cases from recurring in the future;
- **application of the compliance standard by each company**: Safran SA and all tier-one entities are responsible for ensuring the implementation and effectiveness of the control program in their own subsidiaries.

The Group Export Control Department, which is overseen by the Senior Executive Vice President, International and Public Affairs, a member of the Group Executive Committee, relies on a global network of more than 400 experts and correspondents to guarantee the system's implementation. A Group Export Control Committee also meets at least twice a year. It includes the Head of the Group Export Control Department and the Export Control managers of the main Group companies and departments. It allows for an exchange of information on the progress made, difficulties encountered and risks identified, the implementation of joint improvement actions and the sharing of information on the latest regulatory developments.

2021 key export control figures:

- 0 penalties on disclosures closed by authorities in 2021;
- 3,989 senior managers and exposed or affected people trained in export control;
- 56 information memos issued to the employees concerned within the Group.

Safran participates in a variety of working groups with public authorities and trade associations, such as the French Aeronautical and Space Industries Group (GIFAS),

the AeroSpace and Defence Industries Association of Europe (ASD), French employers' federation MEDEF and Business Europe. Safran chairs the GIFAS working group on French export control regulations, and co-chairs the GIFAS working group on foreign export control regulations. Lastly, Safran co-chairs the working group on international regulations with the French Directorate General of Weapons Procurement.

### 5.5.1.5 Supporting the Group's business over time with a responsible tax policy

In accordance with its Ethical Guidelines, Safran believes that its industrial and commercial business must be supported over the long term by a fair and sustainable corporate tax policy. In its tax policy, which is available on its website, Safran undertakes to:

- comply with all applicable laws, rules and regulations with regard to tax compliance and the fight against tax evasion in all of the countries where the Group operates;
- cooperate fully and openly with tax authorities and disclose all the information they need to perform their reviews.

The tax function, headed by the Group Chief Tax officer, works directly under the Chief Financial Officer, who is a member of the Group Executive Committee. A dedicated tax team deals with the Group's operations. Tax processes are reviewed annually through the global risk management process (see section 4.1).

The Group works proactively with tax authorities. Safran complies with the arm's length principle defined by the Organisation for Economic Co-operation and Development (OECD) with regard to transfer pricing, declares its reporting on a country-by-country basis in accordance with Action 13 of the Action Plan on Base Erosion and Profit Shifting, and since 2021 has disclosed the breakdown of its taxes and duties by major geographic area.

### 5.5.1.6 Protecting personal data and privacy

The Group ensures that its business is conducted with respect for privacy and the protection of the personal data of its employees and contacts (customers, prospects, suppliers, partners, applicants, etc.). The compliance of Safran's personal data protection system is built on three pillars:

1. **A Group policy**, which provides a framework for the governance and organization of personal data protection.

Safran's personal data protection organization comprises a Group Data Protection Officer (DPO), DPOs in the tier-one entities, country correspondents and local correspondents for the Group's major sites. This network circulates procedures (rights of individuals, management and notification of personal data breaches, register of processing activities transferred outside the European Union), raises awareness among internal players and coordinates the compliance of activities and processes involving the processing of personal data.

In the event of change in the Group's personal data protection policy, the new version will be made available to the people concerned, on the website.



**2. An internal standard** comprising procedures aimed at implementing European and international regulations and their developments in personal data protection, including the binding corporate rules (BCR) governing the transfer of personal data between the Group's international subsidiaries.

**3. Harmonized tools** to ensure accountability<sup>(1)</sup> and the principles of privacy by design and by default.

The Group is thus continuing to develop its compliance system with a view to continuous improvement:

- continued efforts to develop the knowledge of Group employees through e-learning and as-needed awareness-raising (IT, HR, etc.);

- reinforcement of the application of the principles of privacy by design and by default through the performance of compliance reviews and annual compliance audits by the DPO;

- access to the personal data protection policy and Safran's BCR controllers on the Group's website;

- signature of an annual representation letter by the Chief Executive Officers of the tier-one entities.

Safran also requires the same compliance from suppliers with which personal data are shared through its responsible purchasing guidelines (see section 5.5.2.6).

## 5.5.2 Strengthen responsible practices throughout the supply chain, and support our suppliers

### 5.5.2.1 The Group responsible purchasing policy

#### Group purchases

Safran purchased goods and services worth €8 billion in 2021 (representing 52.7% of adjusted Group revenue) from over 15,500 suppliers, breaking down into two groups:

- production purchases including raw material purchases;
- non-product related purchases.

#### Responsible purchasing policy

In 2021, Safran decided to strengthen the responsible dimension of its purchasing policy. The Group's new responsible purchasing policy serves its objective of operational excellence and competitiveness. It is consistent with its industrial policy, its respect for the principles of corporate social responsibility and its environmental approach, and contributes to reducing the carbon footprint of the aerospace sector.

The aim of the responsible purchasing policy is to award business to suppliers that meet the standards, safety and competitiveness challenges and rules of the aerospace and defense markets, and which are prepared to work with Safran on a long-term basis in a fair and mutually beneficial relationship.

### 5.5.2.2 Purchasing governance and rollout

Safran's purchasing organization comprises three entities:

- **the Group Purchasing Performance Department (GPPD)**, which lays down the purchasing strategy, consolidates and manages the coordination and rollout of the purchasing policy and procedures, manages performance for the Group and participates in the governance of commitment #8 of the CSR strategy, namely strengthen responsible practices throughout the supply chain, and support our suppliers. It is also in charge of raw material purchases;

- **the Non-Production Purchasing Department**, which is Safran's operational department responsible for managing all non-product-related purchases for all Group subsidiaries;

- **the purchasing departments in each subsidiary**, which are in charge of bill of materials (BOM) procurement.

These departments ensure compliance in respect of the balance of the customer-supplier relationship, intellectual property, regulations and commitments made by the Group or their subsidiary to subcontractors and suppliers.

The responsible purchasing policy is implemented:

- in strict compliance with the principles of the Group's Ethical Guidelines and the best practices set out in its Responsible Purchasing and Supplier Relations Charter;
- in line with Safran's commitments to public authorities, professional organizations and other partners;
- through constant collaboration with and between Group companies, with the adoption by all Group buyers (and others) of "One Safran" practices in the "Purchasing" process, together with internal progress plans, a training program and a Procure to Pay (P2P) approach to ensure that suppliers and subcontractors are paid on time.

A new scoring scale featuring CSR criteria – signature of the responsible purchasing guidelines, employability rate of people with disabilities, maturity level of the supplier's CSR approach and percentage of the supplier's carbon footprint – will be rolled out in 2022 through a communication and training plan for buyers and service providers.

Conscious of the power of this alternative means of preventing and resolving disputes amicably, Safran has appointed an internal mediator to listen to suppliers and Safran subsidiaries.

(1) Accountability is the obligation for companies to implement internal mechanisms and procedures to demonstrate compliance with data protection rules.

### 5.5.2.3 Responsible purchasing

Safran has been a signatory of the **Responsible Purchasing and Supplier Relations Charter**<sup>(1)</sup> since 2010. Led by the business mediator and France's National Purchasing Council, the charter aims to develop a balanced relationship of trust between suppliers and customers in the knowledge and respect of their respective rights and duties.

Safran is a signatory to a bilateral agreement under the SME Action Plan, which aims to improve **access for SMEs to defense procurement contracts**, thereby consolidating the Defense Industrial and Technological Base (DITB) and preserving France's sovereignty. An annual review is conducted by the Ministry of the Armed Forces (and the French Directorate General of Weapons Procurement) with the various aerospace and defense manufacturers.

Safran has held the "Responsible Supplier Relationships Label" awarded by the French Business Mediation Service and the French National Procurement Council since 2014. Since 2020, it has also been certified under the new **"Responsible Supplier Relationships and Procurement Label"**, which recognizes companies that have demonstrated sustainable and balanced relationships with their suppliers. It is the first label awarded by the public authorities in this area, and is valid for three years. It is compatible with the ISO 20400:2017 Sustainable Procurement guidelines.

- Safran's responsible purchasing maturity level, with respect to ISO 20400: 2017 Sustainable Procurement, is assessed as "mature" (level 3 out of 4, the fourth level being the "leading" level).

Particular attention is given to the sheltered sector in order to develop partnerships with disabled-staffed companies and organizations and services providing assistance through work (see section 5.4.3.3).

### 5.5.2.4 Support for suppliers and the aerospace industry

Since 2020, Safran has been a signatory to the charter of commitment on relations between customers and suppliers within the French aerospace industry. The Group is accordingly reinforcing its responsible purchasing approach in the French supply chain and reaffirming its use of mediation.

#### Industry-specific relief fund

In 2020, Safran invested €58 million in the "Ace Aéro Partenaires" fund set up under the French aerospace industry support plan. In 2021, the Group continued Aerofund I, Aerofund II and Aerofund III investment initiatives underway since 2004. In contributing to the financing of SMEs, the Group actively participates in the restructuring and consolidation of the industrial fabric of the French aerospace sector. Strengthening its suppliers' financial structures is a means for the Group to secure its supply chain while promoting the emergence of more robust and competitive intermediate-sized companies that can expand in the global marketplace when the crisis ends.

#### Support to help suppliers deal with the crisis

To deal with the health crisis linked to the Covid-19 pandemic and its repercussions in the aerospace industry, Safran has set up a unit to monitor and support unit for its strategic suppliers. Its purpose is to:

- identify the suppliers most at risk, with a potential impact on the Group's businesses;
- establish a dialogue with those suppliers in order to understand the impact of the crisis on them and their ability to sustain their business;
- study with them the measures to be implemented within Safran, as well as central and local government aid and support schemes;
- direct them towards longer-term and structural solutions such as backing from other industry players and investment funds in cases where standard measures are insufficient.

This approach is carried out in coordination with the public bodies that can offer aid, as well as with other contractors (Airbus, Dassault, Thales) within the framework of GIFAS when the supplier is shared, and can result in proposals for consolidation with the "Ace Aéro Partenaires" fund.

#### Strengthening of ties with the sector

##### 2021 key figures:

- 49.7% of Safran's purchasing volume was sourced from French-based suppliers;
- French SMEs and intermediate-sized enterprises represented 82% of this volume.

Safran is involved in a number of bodies and initiatives aimed at supporting the aerospace industry, which is made up of numerous small- and medium-sized businesses. The Group wishes to help their progress on identified challenges, such as innovation, digitalization and cybersecurity.

Since 2010, Safran has been a member of the *Pacte PME* association and sits on its Board, in a commitment to strengthening ties between SMEs and large accounts, to supporting the development of French SMEs, and particularly to helping innovative companies get off the ground and grow. Safran participates in *Destination ETI* and the *Pacte PME* 2021 barometer on the quality of supplier relationships. The enduring aim is not only to establish lasting and comprehensive partnerships between the SMEs supported and major ordering accounts, but also to bolster the growth and competitiveness of member SMEs through advice, workshops and feedback.

Safran is also developing a collaborative innovation approach with its suppliers.

Safran sits on the steering committee for two GIFAS programs aimed at improving the performance and competitiveness of the aerospace industry, including its own suppliers: "Industrial Performance 1 and 2" and "Industry of the Future". The aim of Industry of the Future is to usher in new 4.0 technologies and to support the sector's transformation. As such, it sponsors French suppliers.

Lastly, the Group is a founding member of Space, a body dedicated to improving the performance of French SMEs. Safran plays an active role by contributing its proven methodologies each year and assisting in the implementation of new tools for SMEs by hosting roundtables and theme-based webinars.

(1) New name for the Responsible Supplier Relations Charter in 2021.



### 5.5.2.5 Conflict minerals

Safran complies with applicable laws and regulations regarding the supply of ores (such as tin, tungsten, tantalum and gold) from conflict zones, in particular the American regulations resulting from the Dodd-Frank Act, and already applies the European regulations that came into force in 2021.

Safran's responsible purchasing guidelines state that suppliers and subcontractors must comply with prevailing laws and regulations concerning the supply of such minerals. It requires them to establish a policy allowing them to be reasonably sure that minerals purchases do not serve to fund, directly or indirectly, armed groups whose activities are contrary to human rights. They must also, as may be required by law, exercise due diligence in choosing the source and ensuring the traceability of minerals, and in turn impose the same requirements on their suppliers. In particular, Safran identifies any relevant suppliers that may use such minerals, and vets their commitments and internal policies during a campaign conducted every three years. In 2021, a new campaign got underway with the circulation of the Conflict Mineral Reporting Template (CMRT) among the suppliers concerned by this issue.

### 5.5.2.6 Rollout of the duty of care and anti-corruption plan for suppliers and subcontractors

Safran's duty of care plan is designed to comply with France's Sapin II and duty of care laws<sup>(1)</sup>. It includes measures designed to identify and prioritize risks and opportunities, and to prevent serious violations of human rights and fundamental freedoms, human health and safety, and the environment. It covers the Company's activities, as well as those of its subsidiaries, subcontractors and suppliers. The Group Executive Committee monitors its rollout and outcomes annually.

In 2021, Safran upgraded its internal supplier relationship management procedure with the publication of a guide for all supplier relationship stakeholders on the duty of care. The guide incorporates and tightens duty of care and anti-corruption rules.

The guide sets out the three risk categories: health, safety and environment (HSE), human rights and corruption. For each risk category, the purchasing families and by extension the suppliers concerned by the duty of care plan are identified.

### Health, safety and environmental (HSE) risks

Safran has identified nine types of HSE risks (toxicology, aqueous discharges, gaseous discharges, fires, explosions, radiation, waste, accidents, regulations) and the activities concerned by those risks. It has also rated the criticality of the risk for each "activity/type of risk" pair, and each supplier in line with the activity with the highest risk coefficient.

### Human rights risks

Safran cross-references the geographic location of its suppliers with a map drawn up by an independent external human rights risk analysis body.

### Corruption risk

Suppliers at risk are identified based on their geographic location and the Transparency International map.

The responsible purchasing training indicator tracks the involvement of buyers in duty of care issues. In 2021, 49.8% of the Group's buyers were trained in responsible purchasing.

### Safran's responsible purchasing guidelines

The purpose of Safran's responsible purchasing guidelines is to obtain suppliers' commitment and contribution in respect of the Group's requirements in terms of health, safety and the environment (HSE), human rights and corruption. They incorporate the terms of the IFBEC Supplier Model Code of Conduct. The nine key principles of the guidelines are:

- promotion and respect for human rights;
- development of human potential;
- maintenance of a culture of integrity within the Group;
- compliance with international import and export controls;
- accurate and reliable data archiving;
- protection of information;
- continuous efforts to achieve excellence in the security and protection of people and property;
- development of innovative products and processes with a lower environmental impact (CO<sub>2</sub>, energy, chemicals, waste);
- involvement of suppliers and partners in the implementation of the CSR strategy.

In 2021, 32.4% of purchases were made from suppliers that have signed Safran's responsible purchasing guidelines or have an equivalent charter of their own. Suppliers may only be referenced if they sign Safran's responsible purchasing guidelines.

## ● ENGAGE FOR THE FUTURE

- 2025 CSR objective: **#11** 80% of purchases made from suppliers that have signed Safran's responsible purchasing guidelines<sup>(2)</sup>.

(1) French law no. 2016-1691 of December 9, 2016 on transparency, anti-corruption measures and modernization of the economy ("Sapin II"). French law no. 2017-399 of March 27, 2017 on the duty of care of parent companies and contracting companies is an extension of companies' corporate social responsibility (CSR) obligations.

(2) Or using equivalent responsible purchasing guidelines.

### Regular self-assessment procedures and action plans

Subcontractor assessments are evaluated by the Group Purchasing Performance Department, with the help of the subsidiaries' purchasing departments. Safran asks suppliers targeted on a subject-by-subject basis to complete self-assessment questionnaires on either human rights and corruption, or health, safety and the environment. Action plans are then prepared based on the supplier's compliance and the level of risk control. For 2022, Safran has entered into a partnership with an external service provider to intensify the implementation and analysis of self-assessments.

### System for tracking the measures taken and assessing their effectiveness

The duty of care plan covers the following steps:

- additional information from other stakeholders where necessary, and requests for explanations from the supplier;
- specific analysis with the supplier;
- corrective action plans to reduce risks, under the supervision of Safran's lead buyer;
- quarterly reviews with the Purchasing Departments to oversee the deployment plan, track action plans and make adjustments where necessary, potentially resulting in action to no longer use a given supplier or even in the termination of the business relationship;
- a decision by the Group Purchasing Committee, which may decide to terminate the relationship.

### Ethics whistleblowing system

The ethics whistleblowing system consists of:

- regular reviews of the supplier base with regard to fraud or corruption;
- a reporting system open to Safran employees and Group suppliers via a secure and anonymous email address: [safran@alertethic.com](mailto:safran@alertethic.com). The whistleblowing system is given to all suppliers in Safran's responsible purchasing guidelines and published on the website.

Alerts are classified and processed by the Group (see section 5.5.1.2).

### Performance monitoring

Each Group Purchasing Committee is the focus of:

- a presentation devoted to indicators and the progress of the various actions: sending out of questionnaires, collection of and follow-up on responses, analysis of the responses and launch of action plans where necessary;
- submission of this report to the purchasing managers;
- review of the duty of care plan.

## 5.5.3 Respect the environment and natural resources

The transition to sustainable aviation is a priority for Safran. In its environmental dimension, that means developing business without undermining the capacity to renew natural resources or the proper functioning of ecosystems. With a determination to lead by example in its development and production methods and throughout its value chain, Safran pays particular attention to reducing the environmental impact of its operations and products.

### Regular evaluation procedures for subcontractors

#### Suppliers affected by HSE challenges

An initial list of suppliers from the Safran global panel has been drawn up, based on eight critical activities: waste removal, chemical product development, surface treatments with baths, paint application, additive manufacturing, thermal spraying, buildings and public works, and radiation control.

Safran has chosen not to classify suppliers belonging to a group applying an HSE policy as "at risk". It has selected suppliers with a critical impact (rated 5) as defined in the purchasing risk map. Among them:

- 272 suppliers whose activities are subject in whole or in part to the REACH regulation (particularly for chromium 6) are considered "at risk" and therefore prioritized (priority 1 for suppliers in Europe and priority 2 for those outside Europe). Among these 272 most critical suppliers:
  - 121 are in compliance with HSE expectations through self-declaration,
  - 54 are being monitored with action plans,
  - responses from other suppliers are being reviewed or pending receipt;
- 831 suppliers have a lower priority; of these, 138 are in compliance with HSE expectations and 44 have action plans. Responses from others are pending or being reviewed.

#### Suppliers affected by the protection of human rights

Eighty-eight suppliers out of the total panel of suppliers of all Safran subsidiaries (excluding intra-group companies belonging to an international group with a publicly disclosed CSR policy), located in countries in the areas most exposed to human rights risks were identified.

These 88 suppliers received a self-assessment request (based on the human rights questionnaire validated by the IndustriALL Global Union, a stakeholder with which Safran has signed a global framework agreement on "working conditions, social responsibility and sustainable development") bearing on ten issues spanning human rights and corruption. The approach is shared with the Group International and Public Affairs Department. The supplier base is regularly reviewed using the Visual Compliance solution to verify suppliers' compliance with international sanctions and embargoes, and with respect to fraud and corruption. Fifty-five suppliers are monitored by Safran and are subject to specific action plans following analysis of HSE and human rights questionnaires deemed unsatisfactory.

To do so, Safran has chosen to focus on four areas of meaningful improvement for its businesses:

- chemical risk (limiting the use of dangerous substances);
- noise (limitation of noise pollution);
- non-renewable natural resources (reduction in the use of natural resources, product recycling, reduction and treatment of waste);
- energy consumption (see section 5.3).

### 5.5.3.1 The adoption of eco-design principles

Safran also promotes eco-design so that environmental impacts are reduced from the product design phase and throughout the life cycle, while limiting the risk of pollution transfer.

For Safran, eco-design is also a means of achieving the following objectives:

- proactively address changing regulatory requirements and customer/stakeholder expectations by anticipating the obsolescence of chemicals or processes;
- keep ahead of the applicable International Civil Aviation Organization (ICAO), European Union and French standards;
- stimulate technological innovation;
- foster synergies within the Group;
- stand out from the competition and strengthen the Group's brand image.

In 2021, Safran strengthened the performance of its organization by launching a Group-wide project aimed at defining governance and a trajectory for eco-design across all of its businesses and companies. The project is helping to improve the integration of eco-design into the Group's development processes.

The Group Eco-design project reinforces the eco-design standard. This environmental management standard is audited at the company level and is part of the HSE guidelines. It guides companies in their efforts to reduce the environmental footprint of their products and to build an eco-design organization. The first goal of the Group Eco-design project is to improve the synergy between the standard and the Group's development processes, in compliance with the requirements of ISO 14000.

Since 2020, the Materials and Processes Department, part of the Strategy, Technology and Innovation Department, has required eco-design requirements to be phased in for all new materials and processes as they mature. The teams are then guided through environmental assessments of the material or process developed, and assisted in using the findings to propose areas for improvement and associated solutions. This approach takes into account the degree of knowledge available at each stage of development; eco-design requirements are intended to be adapted and phased in.

### 5.5.3.2 Responsible management of chemical substances

Safran aims to limit the use of substances of concern on health and environmental grounds in all of its operational activities. The challenge is twofold: reduce the risks associated with the use of chemical products throughout the life cycle of equipment, and anticipate the risks of regulatory obsolescence, notably those associated with the REACH regulation, so as to guarantee the sustainability of the business. Employees, residents living near sites and consumers all have high expectations in this area, as do customers.

In response, Safran has rolled out a responsible management approach to chemical substances, based on three principles: anticipate, substitute and control. The Group accordingly conducts strategic monitoring of substances so as to identify those that pose the greatest risk as early as possible and to draw up an appropriate strategy. Any technical work needed to identify alternative solutions is coordinated at Group level, before being brought up to industrial scale within each company, in partnership with suppliers, subcontractors and customers. Residual risks that could not be eliminated through anticipation and substitution work are managed in accordance with the provisions of the Group's Health, Safety and Environment guidelines.

The responsible management of chemical substances involves a cross-functional approach calling on several Safran departments and various businesses. It brings together a network of focal points identified within each company, coordinated at the Group level. Substances Committee meetings are organized quarterly to ensure overall progress and set strategic guidelines. The committee brings together the Industrial, Purchasing and Performance, the Programs, Technical, Materials and Processes, the Product Environment and the Health, Safety and Environment departments.

Operationally, the substitution of processes using chromium VI compounds is a key challenge for the Group. The Substances Committee is monitoring the subject. Substitution work began several years ago, and technical solutions have been offered for most of the relevant processes. Significant resources are being mobilized to enable these alternatives to be rolled out on an industrial scale.

At the same time, Safran is actively involved in the work underway at the European level as part of the Chemicals Strategy for Sustainability, through French and European bodies representing the aerospace sector. The strategy is aimed at improving the protection of human health and the environment while encouraging innovation. Its rollout in the coming years will make further steps towards sustainable chemical solutions possible.

### 5.5.3.3 Reducing noise pollution

The increase in air traffic is making aircraft noise a growing concern for local residents, ground staff and passengers, as noise can undermine human health when exposure reaches a certain level. Airport resident associations are lobbying against noise, regularly prompting the ICAO to tighten noise standards worldwide. Furthermore, the European Union has set an ambitious goal of reducing perceived noise by 65% by 2050 compared with 2000. With Safran's participation, the Advisory Council for Aviation Research and Innovation in Europe (ACARE) is drawing up a European research and technology roadmap to achieve this goal. Safran is cooperating in research with aircraft manufacturers, helicopter manufacturers and the largest French and European laboratories, notably ONERA and the German Aerospace Center (DLR)<sup>(1)</sup>. Moreover, some airports impose additional constraints depending on specific local characteristics (traffic, local population, etc.).

To meet and anticipate such standards, Safran is working with aircraft manufacturers to lessen the noise emissions of its engines and equipment. Between the most optimized versions of CFM56 engines certified in the early 2000s and the LEAP engine, an average improvement of 12 decibels over the ICAO standard has been achieved. Aircraft noise has been reduced by 80% on average over the last 50 years.

(1) Deutsches Zentrum für Luft- und Raumfahrt.

### 5.5.3.4 Reducing the use of natural resources

In a long-cycle industry like aerospace, marked by extreme technical complexity and uncompromising safety standards, technological progress can mobilize many players and take decades to come to fruition. Safran pays particular attention to the issue of non-renewable natural resources. The Group therefore places great importance on the reparability of its products, offering MRO (maintenance, repair and overhaul) solutions worldwide. Each year, Safran experts develop and perform several hundred new repairs on an industrial scale and offer a comprehensive range of services including performance restoration, replacement of parts with a limited life, and inspection and maintenance of all equipment.

Advocating a structured and consummate sustainability model, Safran even offers the reuse of used parts through a circular economy approach. CFM Materials, a joint venture between GE and Safran specializing in second-hand parts for CFM56 engines, offers its customers access to large stocks of spare parts with guaranteed quality and traceability, in a real-time response to the needs of maintenance workshops around the world.

### 5.5.3.5 Product recovery and recycling

Safran has partnered with two other leading players (Airbus and Suez) to create Tarmac Aerosave. Safran is to chair it from 2022. Tarmac Aerosave is the European leader in storage and the global leader in the dismantling and recycling of military and civil aircraft manufactured by Airbus, Boeing,

ATR, Bombardier and Embraer. Since 2007, it has dismantled and recycled 325 aircraft and 170 engines, with a recovery rate of over 92% of the aircraft's total weight. For example, 75% of Airbus A340s recycled worldwide have been recycled by Tarmac Aerosave.

In addition, aluminum shavings, which account for 90% of material loss during the machining of the LEAP OGV (Outlet Guide Vanes) at Safran Aircraft Engines in Querétaro, are currently being resold. Investments are planned with a view to reusing them for Safran's production. Safran Electronics & Defense has also developed a methodology to provide customers with the information they need on waste treatment channels for the proper handling of end-of-life products.

### 5.5.3.6 Waste treatment

Safran is also committed to reducing and treating waste from its production sites in order to reduce its impact on resources and the environment. Waste is broken down into seven categories (plastics, paper/cardboard, wood, composite, metallic, hazardous and other non-hazardous waste). The sites do not discharge radioactive waste.

Several treatments are possible for each type: material recycling, incineration with energy recovery, incineration without energy recovery and landfilling for final and hazardous waste. Depending on the type of waste, the maturity of existing channels and the countries in which Safran operates, recovery rates (material and energy) can vary from 99% for metallic waste to 35% for composite waste, for which treatment channels are only now taking shape. In 2021, 71.1% of waste was recovered.

## ● ENGAGE FOR THE FUTURE

- 2025 CSR objective: #13 Increase the waste recovery ratio compared with 2019.

### 5.5.3.7 Water management

Water is used mainly for sanitary purposes. In addition, water from industrial processes that could represent a risk is discharged into continuously monitored treatment facilities or treated off-site by a service provider. The Group has commissioned independent experts to perform studies and analyses to assess any potential risk of soil and groundwater contamination at its industrial facilities. Preventive or remediation measures have been implemented wherever necessary.

### 5.5.3.8 Biodiversity

The Group is committed to ensuring that all of its projects comply with prevailing environmental legislation. In applying for operating permits, studies are performed as needed to determine the impact of its activities on local biodiversity.

For example, Safran Aero Boosters has been implementing a biodiversity plan at its Milmort and Liers sites in Belgium since 2020. The aim is to create ecological networks, or connections between ecosystems in an urbanized environment, so as to allow genetic exchanges between populations and in that way to foster biodiversity.

### 5.5.3.9 Control of industrial risks

Safran is committed to controlling the industrial risks associated with its activities and mitigating their impact on the environment, wherever they are carried out (see ERM methodology in section 4.1.1). Each site undertakes preventive measures to ensure the compliance of its facilities and to prevent and reduce pollution that could be generated by its activities.

The rollout of the HSE standard makes it possible to cover all industrial risks and to ensure compliance with requirements through audits.

Monthly meetings of the network of Health, Safety and Environment prevention officers are organized by region (America, Europe and Asia). They allow for the exchange of best practices and feedback on industrial risks, plus the identification of events with high biodiversity loss potential.

No industrial accidents with a significant impact on the environment were brought to the Group's attention in 2021.

The Group HSE Department participates in the due diligence process for asset disposals and acquisitions.

To strengthen the prevention of industrial risk, the Department created an Industrial Risk Coordinator position in early 2022.

### Facilities subject to operating permits

Since 2016, the Group has operated two Safran Landing Systems facilities, in Molsheim and Bidos, that are classified as upper-tier Seveso sites. Both facilities comply with prevailing legislation, with safety management systems, an internal operations plan and technological risk prevention plans in place.

Some units operate facilities that are subject to permits, reporting or registration depending on national legislation. All of the facilities requiring an operating permit have been reported by the Group to the proper authorities. In line with French legislation, in late 2015 and late 2018 financial warranties were offered to local authorities to ensure that the facilities classified as Seveso or ICPE (installation classified for protection of the environment) sites are secured and decontaminated in the event of decommissioning. The facilities concerned are subject to additional local regulations relating to the financial warranties.

### Fire prevention

Fire risk prevention improvement action plans are systematically implemented to protect sites and the people working on them. Expansion or renovation projects are subject to a fire review to integrate prevention and protection actions.

In addition, the HSE Department performs a regular six-monthly review with a fire prevention and protection firm, insurers and the Group Risk and Insurance Department. Meetings provide a forum for discussion on past and future developments.

An annual fire audit plan, drawn up in conjunction with the Risk and Insurance Department, ensures that recommendations are properly implemented. These audits make it possible to assess the level of protection against fire risk through a rating. The rating is based on several criteria such as the installation of sprinklers, documentary and operational management, and building condition and construction materials. The criteria are then weighted to give an overall score from 0 to 100, 100 being the best.

### 5.5.3.10 Environmental litigation and alerts

Safran was not the subject of any convictions, and did not have to pay any fines or sign any legal settlements in connection with a violation of environmental law in 2021.

### 5.5.3.11 Indicators – Water and waste

Waste – Water	2019	2020	2021
Total waste generated (in metric tons)	95,243	57,558	58,256
Total waste recovered and reused (in metric tons)	65,006	40,396	41,403
Waste recovery (%)	68.3	70.2 <sup>(1)</sup>	71.1
Water (cu.m.)	4,582,612	2,521,900	2,599,461

(1) 2020 emissions figures, which included estimated data for fourth-quarter 2020, were revised in 2021 to reflect the actual data.

## 5.6 CORPORATE SOCIAL RESPONSIBILITY: AFFIRM OUR COMMITMENT TO CITIZENSHIP

### ENGAGE FOR THE FUTURE



#### AFFIRM OUR COMMITMENT TO CITIZENSHIP

Get involved with our local communities and contribute to their development



Be at the forefront of innovation to protect citizens



Develop partnerships for training and research



Enhance professional and social integration



This section corresponds to the fourth pillar of the CSR strategy, “Affirm our commitment to citizenship”, and deals with the impacts Safran's decisions and businesses, and its development and commitments have on society. It describes Safran's aim of engaging with local communities and contributing to local development. Safran is committed to being at the forefront of innovation to protect people, develop training and research partnerships, and enhance professional and social integration, notably of young people.



## 5.6.1 Be at the forefront of innovation to protect citizens

### 5.6.1.1 Building a “safer world” through our defense business

Safran contributes to national sovereignty by providing state-of-the-art defense equipment. As defined in its core purpose, Safran “designs, builds and supports high-tech solutions to contribute sustainably to a safer world”. Protecting the sovereignty of the French State, its allies, the European Union and their citizens requires heightened vigilance and high-performance technological resources to deal with risks of attack or other threats in numerous forms, from asymmetric warfare to cybercrime. Against a backdrop of growing geopolitical instability worldwide, Safran offers high-tech products, services and solutions to equip armies and thereby to protect national and individual interests. It supplies the armed forces with equipment offering an excellent level of precision and efficiency in all environments: land, air, sea, space and cyber. In 2021, defense activities accounted for approximately 28% of revenue.

Safran contributes particularly to French independence and sovereignty since its defense equipment businesses are located in France and are part of the French Defense Industrial and Technological Base (DITB). Therefore, France does not rely on other nations to equip its soldiers in strategic segments. Safran’s industrial footprint in defense is a guarantee of the long-term viability and security of resources and skills in France. The Group’s defense activities are spread over some 20 French *départements* and represent several thousand high value-added jobs that cannot be offshored.

Safran invests heavily in research and technology to provide the armed forces with state-of-the-art equipment enabling them to deal with increasingly complex situations. Safran’s responsibility is to supply the armed forces with reliable equipment that helps ensure a high level of protection and performance for military personnel and civilians. Safran’s avionics, navigation, optronics and guidance systems provide soldiers with situational intelligence that reduces uncertainty during missions and contributes directly to the success of military operations and territorial defense (see section 1.2.2.5). Safran’s ability to innovate provides a precise and accurate response to the needs of soldiers in the field. The industry’s development also owes much to the dual use of its innovations: military innovations are regularly adapted for the civilian world, accelerating progress in fields such as energy, space launchers and inertial measurement units fitted on airliners.

### 5.6.1.2 Responsible behavior central to the Group’s defense business

As a defense contractor, Safran scrupulously complies with international conventions (including the International Traffic in Arms Regulation, the Oslo Convention, the Ottawa Convention, the Wassenaar Arrangement, the EU Common Military List, the Treaty on the Non-Proliferation of Nuclear Weapons, the United Nations Arms Trade Treaty, the Convention on Cluster Munitions, the Anti-Personnel Mine

Ban Convention and the EU Common Position on Arms Exports), as well as with French arms legislation.

Safran complies strictly with export control laws and embargoes imposed by the governments in whose territories the Group is located, as well as the rules of international bodies. The Group applies for any governmental authorization that may be required to transfer and export defense-related products, and complies with all conditions and caveats associated with such licenses.

Safran’s system for ensuring strict compliance with all arms export regulations, and its trade compliance program featuring procedures relating to business ethics and the prevention of corruption risk are described in sections 5.5.1.2, 5.5.1.3 and 5.5.1.4. Safran acts responsibly, and regularly trains its employees on these regulatory and business ethics issues. All prospective new transactions with entities, individuals and countries subject to sanctions are systematically analyzed and either approved or rejected by the Group’s Export Control and Finance departments.

The existence of a high-performance, sovereign defense industrial and technological base is a fundamental aspect of defense policy in France, a nuclear power whose sovereign choice has been to make a nuclear deterrent a central pillar of its national defense. Safran participated in the establishment of France’s nuclear deterrent and has resolutely and responsibly contributed to meeting the needs of the French deterrence policy, strictly defined within the general and sovereign framework of national consultations.

All of Safran’s military launcher activities (including missiles for France’s nuclear Strategic Ocean Force [M51]) were transferred to ArianeGroup, a 50-50 joint venture with Airbus, on June 30, 2016. Safran consolidates 50% of the net profit of ArianeGroup (which also includes civil launcher vehicle activities) in its recurring operating income, and receives dividends in proportion to its interest. Safran and ArianeGroup do not manufacture nuclear warheads for M51 missiles.

France’s strictly defensive strategy is therefore aimed at deterring any potential enemy from seeking to harm the country’s vital interests. It is consistent with the Non-Proliferation Treaty, to which France is a signatory, and adheres to a principle of “strict sufficiency”. It is based on a principle of permanence and has a delivery system structured around two components, air and submarine. Lastly, it ensures strict independence in this area, a principle of sovereignty.

French defense policy will always be reliant on the country’s industrial base. France has decided to modernize its two air and submarine components, as the principle of permanence and credibility of deterrence requires the most modern technologies.

As such, to meet the priority needs of our customer governments, which act responsibly and comply with international treaties, Safran will continue to provide the best of its technology as a means of protecting sovereign choice in defense policy.



## 5.6.2 Develop partnerships on training and research

Safran contributes to the dynamics of a broader ecosystem around scientific knowledge and innovation. It participates in skills development through scientific and academic partnerships. By enabling students to work on thesis topics or internships in fields related to the Group's technological activities, Safran contributes to developing their knowledge and employability.

### 5.6.2.1 Partnerships for scientific research

Safran contributes to the development of scientific knowledge and innovation through its scientific partnerships. As a major contracting company, Safran provides its ecosystem (manufacturers, SMEs, startups, laboratories, etc.) with the necessary visibility on the sector's challenges and outlook. This knowledge sharing in turn supports the roadmaps of other players in the aerospace, defense and space industry, and vice versa.

Safran maintains over 300 scientific, technological and industrial research partnerships with external public and private stakeholders (see section 1.4.2). Thirty of these partnerships are seen as strategic because they carry high research and technology stakes for the Group. They are governed by framework agreements with ONERA, CNRS, École des Mines, CEA Tech and École Polytechnique de Montréal (Canada). Safran is closely involved in 15 industrial and scientific sponsorship chairs, in competitiveness clusters (ASTech, Aerospace Valley, etc.) and in the creation of three technological research institutes as part of France's PIA Investments for the Future Program. Long-term partnerships such as these, together with the coordination of thematic networks bringing together several laboratories, such as the INCA (Advanced Combustion Initiative) network, serve to advance knowledge and innovation, and above all to promote a more efficient aerospace industry while at the same time reducing its environmental impact (see section 1.4.2).

#### ● ENGAGE FOR THE FUTURE

- 2025 CSR objectives: **#14** Increase the number of new PhD students in the Group compared with 2019 (63).

Safran also supports research through training by welcoming some 200 PhD students, by working in partnership with schools and university research centers, and through industrial chairs supported by France's national research agency. Safran was the leading employer of PhD students through industrial training-through-research agreements (CIFRE) in France between 2018 and 2021. A large number of Safran employees are involved in higher education institutions each year, teaching classes or participating in educational program guidance bodies, including 260 "ambassador" employees (see section 5.4.1.3). This engagement in broader society helps to bring young people into the workforce in high-tech professions, and teaching work serves to federate the academic community around concerted scientific objectives, complementing bilateral mechanisms and chairs.

#### 2021 key figures:

- around 200 PhD students hosted by Safran teams, including 47 new PhD students<sup>(1)</sup>;
- 300 scientific research partnerships, 30 of which are strategic;
- 260 employee "ambassadors" working with schools and universities (see section 5.4.1.3).

### 5.6.2.2 Training partnerships

Safran plays a role in society by developing the knowledge and skills of the many young people who complete part of their training (through internships, work-study programs or PhDs) with the Group each year.

Safran welcomes students through partnerships with a number of schools. National partnerships with leading higher education institutions (*grandes écoles*) and universities are described in the section on recruitment and the employer brand (see section 5.4.1.3). More than 5,800 young people completed internships, work-study programs or international corporate volunteer programs on sites in Europe in 2021. Other partnerships include:

- In Mexico, Safran Aircraft Engines and Safran Landing Systems are involved in the Mexprotec bilateral university cooperation program, which enables Mexican senior technicians to earn a professional degree in a French institute of technology. The Group is partnered with several universities, including the National Autonomous University of Mexico (UNAM), the Aeronautical University in Querétaro (UNAQ) and the Technological University of Querétaro (UTEQ). It has collaborated with the Lycée Franco-Mexicain in Mexico City to set up a work-study program delivering a professional degree from the University of Créteil in France. Safran is also a founding member of the *AeroClúster de Querétaro* association.
- In Brazil, Safran Helicopter Engines promotes excellence and mobility among young students, especially in the field of science and technology. Since 2018, Safran has had a partnership agreement with the University of Brasília (UnB) to foster collaboration in research and knowledge transfer.

### 5.6.2.3 Professional training centers created by Safran worldwide

The global CSR framework agreement signed in 2017 stipulates that "in each country where it operates, Safran favors local human resources to fill available jobs and whenever possible, develops local integration".

This commitment is demonstrated in the provision of vocational training for aerospace jobs to facilitate skills transmission, as well as in Safran's support for research to encourage innovation at the Group's various locations.

(1) Students preparing a thesis and embarking on their first year of research at Safran.

For example:

- Safran operates in India through six companies located in New Delhi, Bangalore and Hyderabad, with more than 600 employees, a joint venture and a CFM Training Center, which allows employees and those of local airlines to upgrade their skills. The joint venture between Safran Helicopter Engines and Indian company, HAL, provides support to national and international operators using helicopter engines, primarily the Indian air force, navy and army.
- In China, the CFM International training center has trained more than 10,000 trainees. It is CFM's third-largest training center worldwide.
- In Morocco, Safran helped forge the partnership between the Moroccan government, the Moroccan Aeronautical and Space Industries Group (GIMAS) and France's Mining and Metals Industry Confederation (UIMM). It also supported the creation of the IMA aerospace vocational training institute and is partnering with Moroccan authorities to develop the country's research capabilities by creating doctoral programs in aerospace disciplines. Partnerships are also in place with *École Centrale Casablanca* and Mohammed VI Polytechnic University;
- In France, Safran has been working since 2016 with the MetaFensch research and development platform and several metallurgy groups, including Eramet and Vallourec, with the aim of developing the French titanium sector of the future.

### CampusFab training – preparing for the Factory of the Future

Since 2019, Safran partner CampusFab has been providing training for aerospace and space technicians and engineers in the jobs that will be part of the industry of the future. The campus, located in France, is run by a consortium of industrial and employment stakeholders and training organizations. It is also supported by public institutions and by the French government as part of its Investments for the Future (PIA) program. CampusFab provides Safran employees with continuous training to prepare them for the challenges of tomorrow's digital factory, and to give them the knowledge needed to pilot industrial systems and manage data. Training modules are also offered to people on combined work-study programs. From their initial training, they will be ready for Industry 4.0 developments. Safran is also promoting the platform among engineering schools, with the aim of providing future graduates with a tool geared toward the Factory of the Future.

CampusFab is equipped with the technologies, industrial equipment and software solutions underpinning Industry 4.0. Digital technology is omnipresent in this modular 2,000 sq.m. space, with collaborative robots, connected objects, virtual or augmented reality, and additive manufacturing. Everything is designed and organized to monitor data continuity, from product design to completion.

CampusFab is an essential component of support for the digital transformation of the Group's operations. Working alongside industry experts, Safran University develops training programs geared towards the Factory of the Future. These programs meet the skills development needs of the Group's employees by offering certificates such as the CQPM joint qualification in metallurgy certificate and the autonomous production unit technician certificate, as well as programming modules and other training courses such as product design on the digital platform.

## 5.6.3 Enhance professional and social integration

Safran is committed to the host communities in which it operates, and supports a wide range of initiatives, especially those involving non-profits, to help people who are out of work or who have difficulty integrating into society. Safran strives to take local communities into account and help create a fairer and more sustainable world. These community-focused actions are carried out through the two Safran Foundations, one for corporate initiatives and the other for skills sponsorship, as well as by means of local initiatives by sites and employees.

### 5.6.3.1 Safran foundations

#### The Safran Corporate Foundation for Integration

The Safran Corporate Foundation for Integration provides support for young people with disabilities and disadvantaged or marginalized young people. It supports professional integration projects, particularly in a mainstream environment, as well as social integration projects. Housing, culture and sport are its key areas of action. The Foundation firmly believes that integration is sustainable when young people are helped to overcome their social and professional obstacles.

The health crisis triggered by the Covid-19 pandemic has had a direct impact on non-profits. As a result, the Foundation has had to adapt its activities, extending its assistance to its partners' recurring operating budgets. Forty-four non-profits were assisted out of 158 applications received, bringing the number of partners supported since 2005 to 217. A total of nearly €695,000 was distributed in 2021. 31% of the projects supported were proposed by Group employees

throughout France. A partnership with non-profit Life Project 4 Youth in Chennai (India) was also extended to support sustainable professional and social integration for marginalized young adults.

The Foundation also continued its long-term projects in 2021:

- the first patent was issued for an electric urban mobility kit that can adapt any type of wheelchair to any type of commercially available electric scooter, which the Foundation co-owns with OMNI;
- the commitment to the AlphaOmega foundation, initiated in 2017 with a total endowment of €1 million, continues. Leveraging the innovative notion of venture philanthropy, the AlphaOmega Foundation supports the scaling up of eight non-profits selected for their ability to achieve high-impact results in the field of education, from elementary to university level.

#### The Safran Corporate Foundation for Music

Safran also supports young people in the world of the arts. The Safran Corporate Foundation for Music supports talented young musicians as they start their professional journeys to become leading lights in the classical music world of tomorrow. Its methods of direct support for these talented young musicians include: scholarships to study or prepare for international competitions, support for first recordings to be used as an audio showreel, and an annual competition for post-graduate students dedicated to a different instrument each year. Many generations of virtuosos have also benefited from partnerships (often long-term) forged with venues that have a genuine commitment to promoting young talent.

In 2021, the Foundation received 131 applications and provided support to 17 young people, bringing the number of artists supported since 2004 to 166. Seven venues were also supported in 2021. Lastly, Seong Young Yun, a young oboist

and CNSMDP post-graduate student, won the 2021 Safran Foundation Prize. A total of €113,000 was devoted to these various artistic projects in 2021.

### 5.6.3.2 Strong employee and site involvement through numerous aid and sponsorship initiatives

#### ● ENGAGE FOR THE FUTURE

- 2025 objective: #15 100% of facilities to run at least one social or professional integration initiative per year.

This indicator, created in 2021, has tracked around 250 community initiatives set up by sites and employees. In total, 45.3% of sites with more than 100 employees (a total of 150 sites) completed one or more initiatives in favor of social or professional integration in 2021 (139 initiatives of this type identified). Initiatives in favor of professional or social integration include material, human and financial assistance initiated directly by Safran or through non-profits, with the aim of supporting people who are out of work or having difficulty integrating into society through the Group's eco-system.

For example, employees of Safran Helicopter Engines in Bordes (France) participated in CAP Parrainage to support job seekers in 2021. At Safran Nacelles, the non-profit Force Femmes provided support for unemployed women over 45. Fifty employees of Safran Cabin in Seattle (USA) renovated a home through Rebuilding Together Seattle, another non-profit. Several sites in the United Kingdom took part in and sponsored the 2021 Royal Aeronautical Careers Fair. In several countries, meal baskets were distributed to communities in need. Financial and material donations as well as volunteer efforts helped many non-profits, especially those working with people with disabilities and chronic illnesses. In addition, more than ten employees have volunteered to carry out assignments during their working hours for projects spearheaded by non-profits (Association des Paralysés de France, UNICEF, Veloce Club, etc.) since the skills sponsorship scheme began in France in 2020.

And since the onset of the health crisis triggered by the Covid-19 pandemic in 2020, employees have undertaken countless initiatives in all of Safran's host countries. Various items of medical equipment were designed and manufactured to assist in the fight against the pandemic, including masks specifically intended for intensive care patients or carers, aerosol boxes, mechanical ventilators and respirators in Mexico, and oxygen concentrators purchased for a hospital in Hyderabad (India). This assistance helped to meet an urgent need for equipment in hospitals, laboratories and other medical institutions. Various donations of equipment and funds were also made. Employee involvement was considerable.

The list of non-profits receiving long-term support from Safran and in which employees are involved include:

#### *Article 1, equal opportunity through mentoring*

In France, Safran is a partner of *Article 1*, a non-profit working to build a society where academic choices and success and professional integration are not dependent on social, economic and cultural origins, and where success grows from social bonds and civic engagement. Safran works for the social inclusion and professional integration of young people

in difficulty or from disadvantaged neighborhoods. The Group has been contributing to *Article 1* as a sponsor since 2008. Group employees have also been working as mentors, supporting young people during their studies and as they enter the workforce. In 2021, as part of the French government's *1Jeune1Solution* program to support young people entering the workforce, *Article 1* launched a shorter-term mentoring program. Over 70 Safran employees are taking part in one of these two mentoring programs.

#### *CGénial, linking education and industry*

Since 2017, Safran has been a partner of the CGénial Foundation, whose aim is to develop young people's appetite for science and technology, and introduce them to related professions. By visiting schools to talk about their jobs through the "Technicians and engineers in the classroom" program, more than 200 Safran employees help to bring the worlds of business and education closer together, raising awareness among middle and high school students.

In addition, as part of the "Professors in business" program, Safran companies welcome a number of teachers and managers from the French national education system to their sites in France every year. Being immersed in the heart of the business, learning more about certain professions and discussing future developments with Safran employees better equips these people to advise and guide their students.

#### *Elles Bougent, encouraging women to take up careers in engineering*

Safran is continuing the partnership initiated in 2005 with women's mentoring association *Elles Bougent* (Women on the Move), in a national and international network. The Group has approximately 350 *Elles Bougent* sponsors promoting the place of women in the aerospace industry among girls in middle or high school, or at university. Through a wide range of initiatives, including forums, workshops and Safran site visits, this network of mentors and sponsors shows young women that technical professions are not just for men.

#### *Give and Grow, supporting education (a non-profit created by Safran)*

Founded by Safran Cabin in the United States in 2007, Give and Grow is a non-profit organization that supports education by renovating schools, mentoring children and providing scholarships to support the education of disadvantaged young people. Over 300 employees are members of Give and Grow, and volunteer their time to support its work. The 2021 budget of USD 90,000 was funded by Safran Cabin's contribution, employee donations and fundraising events.

### Safran, supporting development in its host regions

Safran contributes to the development of its host regions. In France, for instance, it is part of the COMMUTE (Collaborative Mobility Management for Urban Traffic and Emission reduction) project in Greater Toulouse. Born of a partnership between Toulouse Métropole, Toulouse-Blagnac airport, Afnor and other locally-based companies, the COMMUTE project aims to reduce traffic and greenhouse gas

emissions in the metropolitan area's airport and aerospace zones. With a budget of €5.2 million (80% of which in the form of European Union subsidies), the project aims to bring public and private stakeholders together, building a shared vision of urban mobility in the targeted zone to encourage a modal shift from cars for commuting. It revolves around four goals: facilitate carpooling solutions, increase the use of public transportation, promote the use of bicycles and micro-mobility, and limit journeys.

## 5.7 METHODOLOGICAL NOTE AND REPORT OF THE INDEPENDENT THIRD PARTY (ITP)

### 5.7.1 Methodology note on labor, HSE and climate indicators

The labor, HSE and climate indicators in this chapter have been defined by experts from the Group's support functions and businesses. These indicators take into account legal obligations and are adapted to changes in the Group and its operations.

The reporting period is the calendar year from January 1 to December 31, 2021.

Safran has elected to have one of its Statutory Auditors, EY & Associés, review the entire non-financial information statement (NFIS), in accordance with prevailing legislation. The nature and scope of the work of the Statutory Auditor, and their conclusions, are presented in the report of the independent third party in section 5.7.5.

### 5.7.2 Reporting scope

The scope of the NFIS indicator reporting covers the following entities:

- the parent company Safran SA;
- its 11 tier-one entities (see sections 1.1.2 and 1.1.3);
- the subsidiaries of its companies that are more than 50% controlled directly or indirectly.

The geographic scope of all the indicators is worldwide, except for the indicators relating to disability (France) and work-study programs and internships (Europe).

Data from any acquired or newly consolidated entities (more than 50% interest only) are included in the scope of reporting at the date on which control is acquired. Data from any sold, liquidated or deconsolidated entities (50% interest or less) are excluded from the scope of reporting at the date of disposal, liquidation or loss of control. Introducing reporting systems in start-ups and acquisitions takes time, as the necessary tools must be installed.

In addition, the scope of the reporting process for each indicator varies slightly:

- HSE and climate reporting also includes joint ventures under Safran's operational management: SAVI, Matis Aerospace, HAL, SAE Services Morocco, Ceramic Coating Center, SAC, Famat, Saifei, Xiesa, Smartec, Airfoils Advanced Solutions, SSAMC and Aero Gearbox International;
- environment and climate reporting covers all facilities with more than 50 employees;
- health and safety reporting covers all facilities with more than 100 employees.

Facilities with fewer than 100 employees and high-risk manufacturing operations are encouraged to report health and safety information. Facilities with fewer than 100 employees and no significant risks can contribute to health and safety reporting if they wish.

### 5.7.3 Data collection

Labor, HSE and climate indicators are based on several internal data collection systems, each of which is managed by a specific department.

#### Labor indicators

Global labor indicators are reported on a quarterly basis, while reporting for France is monthly.

Labor data for the scope excluding France are collected in each of the subsidiaries directly controlled by Safran (tier-one entities), which in turn are responsible for collecting labor data

from their respective subsidiaries. Labor data are collected from Group data. On the France scope, an additional BIHR reporting tool receives input at the end of each month from the ZEPHIR information system (replaced in the fourth quarter by a new tool called SELIA) and the payroll systems.

After checking for consistency, the Group Human and Social Responsibility Department consolidates labor data.

## HSE and climate indicators

Safety indicators are reported on a monthly basis, while health and environmental indicators are reported on a quarterly or annual basis.

At every facility, data are entered by appointed representatives into a dedicated Group collection tool. They are consolidated by the Group Health, Safety and Environment and Climate Departments.

### 5.7.4 Details on certain indicators

The definitions of the labor indicators are presented in a reference document that may be consulted by contributors. The definitions of the key indicators are presented below.

The definitions and calculation methods of the HSE and climate indicators are provided in the reporting system used by representatives. The main assumptions are presented below by category of indicator.

#### Reference headcount

Headcount is stated as of December 31, 2021. It includes all employees of companies included in the labor reporting scope that work under permanent or fixed-term employment contracts, and excludes other types of contracts such as work-study programs, research students, international corporate volunteer programs and interns. Headcount is calculated in terms of physical persons.

The data on the employee age pyramid cover nearly all the headcount (99.8%), as some subsidiaries qualify the information as confidential and/or discriminatory.

#### Managers & Professionals (managerial-grade employees)/Non Managers & Non Professionals (non-managerial-grade employees)

Managerial-grade employees (Managers & Professionals) are employees who coordinate an assigned set of physical, human or financial resources with the degree of independence and responsibility required to meet targets. The management and responsibility entrusted to them can relate to a team, projects, a process, a technique (R&D or production) or a customer or supplier portfolio.

All other employees who are not identified as Managers & Professionals are classified as Non Managers & Non Professionals.

#### New hires

New hires concern the recruitment of employees on fixed-term or permanent contracts, including employees from outside the Company hired following specific contracts. Employees who join the Group further to acquisitions are not included in the indicator.

#### Permanent departures

Permanent departures concern the departure from the Group of members of the reference headcount for the following reasons:

- retirements;
- resignations;
- dismissal;
- end of contract;
- other voluntary departures (e.g., end of trial period at the employee's initiative, abandonment of position);

- other involuntary departures (e.g., negotiated termination, death, end of trial period at the employer's initiative, redundancy).

#### Permanent departure replacement index

The replacement index for permanent departures is the ratio of external new hires to permanent departures.

#### Turnover

Turnover is calculated as total voluntary departures (resignations plus other voluntary departures) divided by the average headcount (four quarters) over the period (2021).

#### Job mobility

This indicator takes into account mobility and transfers:

- mobility is a movement corresponding to a change of legal entity within the Group;
- transfer is a movement corresponding to a change of site within the same Safran legal entity.

#### Absenteeism

Absenteeism corresponds to the total number of paid or unpaid hours lost (illness, occupational accidents or work-related travel accidents, strikes and unjustified absences) divided by the theoretical number of hours worked. The rate is based on the reference headcount, excluding employees on long-term absence and expatriates/seconded workers.

Long-term absence is defined as:

- contract suspensions, downtime, etc.;
- employees on sick leave for more than six consecutive months.

#### Employment rate of people with disabilities

In France, since 2020 Safran has applied the methodology for calculating the employment rate of people with disabilities as required under French law no. 2018-771 on the freedom to choose one's professional future.

#### Work-study contracts, internships, CIFRE and DRT research internships

This indicator includes persons working under work-study contracts (apprenticeship and professional training contracts), internship agreements with a minimum duration of four weeks and CIFRE and DRT research internships in 2021 on the European scope.



## Training

The indicator on training hours covers all types of training worldwide. Training courses of fewer than four hours and on-the-job training have been included since 2014. Other supporting documents may also be used outside France, such as invoices, evaluation sheets, quality certificates, etc.

The indicator showing the percentage of employees that have completed a training course during the year corresponds to the number of active employees to have completed training during the year as a proportion of the number of registered employees excluding long-term absence. The number of employees on long-term leave worldwide is determined by extrapolating the number of employees on long-term leave in France.

## Accidents

The frequency rate of occupational accidents equals the number of incidents resulting in more than one day's lost time, divided by the number of hours worked, multiplied by one million.

Hours worked correspond to theoretical hours, calculated based on a three-year average of actual hours worked. This average is calculated by country.

The occupational accident severity rate corresponds to the total number of working days lost to occupational accidents, divided by the number of hours worked, multiplied by 1,000.

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

Emissions are classified as Scopes 1, 2 and 3 using the regulatory methodology for greenhouse gas emissions accounting.

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

Safran measures the carbon footprint of its activities and energy consumption on Scopes 1 and 2, in line with the general framework proposed by the GHG Protocol. The figures take into account the increase in business, which has a significant impact on electricity and gas consumption. Carbon accounting, common to all Group companies, is based on international standards, namely the GHG Protocol, the International Energy Agency (IEA), ISO 14064-1-2016 and Ademe. More than 150 indicators are used to establish the Group's carbon footprint. Data from more than 200 sites with at least 50 employees are consolidated for the purpose of the reporting.

**Scope 1:** inclusion of emissions from butane, propane, natural gas, home heating oil, diesel fuel, heavy fuel oil, kerosene for portable and stationary engines, and refrigerant leaks.

**Scope 2:** inclusion of emissions from purchased electricity, steam, heat and cold.

The emission factor for electricity only takes combustion into account.

Scope 2 location-based emissions (corresponding to CO<sub>2</sub> emissions calculated based on "country" emission factors issued by Ademe for 2018 to 2020 and the IEA for 2021) do not take into account the purchase of renewable electricity with guarantees of origin. Scope 2 market-based emissions (calculated based on the emission factors for the energy suppliers under contract with Safran) include guarantees of origin.

**Scope 3 (use of products sold):** the GHG Protocol breaks these emissions down into two sub-categories:

- emissions directly linked to product use: for Safran, these are emissions resulting from the use of the engines produced by the Group. Non-propulsive energy consumed by the other equipment produced by Safran is negligible;
- emissions indirectly linked to product use: these are emissions allocated to equipment and cabin interiors that do not consume energy, such as seats or landing gear. The use of this equipment is associated with emissions from the aircraft on which it is fitted, but the equipment itself is not the direct source of these emissions.

Given the size of the portfolio of non-engine products sold, Safran has chosen to report all its emissions, both direct and indirect, linked to the use of its products, although the reporting of emissions indirectly linked to the use of products is not mandatory.

For this calculation, Safran used the following methodology, in accordance with the recommendations of the GHG Protocol and the principles discussed within the French Aeronautical and Space Industries Group (GIFAS):

- The assessment was confined to the civil aviation sector (commercial aircraft, helicopters, large business jets). Emissions related to Safran's products in the general aviation and military aviation sectors, as well as in other sectors (defense ships, armored vehicles, etc.) appear to be negligible due to their very low emission intensity or very limited business volume. The precise scope of reporting includes Safran's main joint ventures in the civil aviation sector, in particular CFM International (with Safran's 50% share of the corresponding engine emissions). Joint programs, in which Safran participates in the investments and shares in the profits, have also been taken into account to the extent of Safran's proportionate share. These contracts are called risk-and-revenue-sharing partnerships.



- The engines, systems and other equipment produced by Safran are intermediate goods, not finished products. They are not used independently of an aircraft. The emissions reported by Safran are therefore derived from the emissions of the aircraft on which the Safran products are fitted, using an allocation ratio. In view of its diversified product portfolio, and insofar as the Scope 3 emissions assessment concerns all such products, Safran has opted to adopt a physical allocation ratio, equal to the weight of its products over the weight of the aircraft. This cross-functional ratio makes the most sense for products, services and retrofits, since it highlights Safran's two direct technological levers, i.e., engine fuel efficiency and the reduction in mass of all products. This choice also avoids double counting within the same company. Lastly, it corresponds precisely to the recommendations given by the GHG Protocol, which cites it as an example<sup>(1)</sup>. Safran has changed one calculation assumption compared with the reporting of engine emissions in the 2020 URD: the average weight of aircraft has been used as the reference weight for calculating the allocation ratio, rather than the operational empty weight used in 2021. This provides a closer reflection of the operational reality and better aligns future improvements on Safran's Scope 3 emissions with airlines' Scope 1 emissions, which could be achieved by making equipment lighter. This assumption is also the one currently recommended by GEFAS following exchanges within the aerospace sector to identify common methodologies.
- Depending on the diversity of products, engine families have been defined to simplify the calculation, corresponding to the most popular types sold by Safran and therefore the most representative.
- The calculation also requires numerous assumptions to be made, particularly with regard to aircraft use scenarios (annual distance flown, load factor, etc.). Wherever possible, Safran has used external data (2019 average load factor provided by the International Air Travel Association (IATA), open-source fleet flight data). In 2021, Safran changed its assumptions in favor of an aircraft life of 22 years (as opposed to 25 years, as mentioned in the 2020 URD), in line with those used by its two main customers, namely Airbus and Boeing, in their disclosures. These assumptions may be updated in the coming years depending on developments in the aerospace industry, or if a sector-specific methodology is defined.
- At this stage, in the absence of regulations on a significant geographical scope such as the European Union or the United States, Safran has not assumed any growth in the use of sustainable aviation fuels, which currently account for a negligible share (less 0.1%). This point will be re-evaluated each year to take into account regulatory developments.

The intensity indicator reported by Safran is calculated as follows:

- in the numerator, Scope 3 emissions linked to the use of the Group's products, calculated according to the principles indicated above, and limited to the scope of commercial aviation (excluding helicopters and business jets, which represent less than 1%);
- in the denominator, the volume of passenger traffic generated over the lifetime of all commercial aircraft delivered in the year in question, on which Safran products are fitted. In practice, all aircraft delivered in recent years are fitted with at least one Safran product.

This indicator is therefore consistent with the one that an aircraft manufacturer would calculate for its aircraft delivered each year, but it is calculated for all aircraft delivered worldwide, taking into account the rule for allocating emissions attributed to Safran, based on the weight of the products fitted on each aircraft.

Given the many uncertainties affecting the assumptions required for the calculation, the estimate of Scope 3 emissions related to product use may be improved in subsequent years.

**Scope 3 (business travel):** emissions related to business travel within the Group's scope of consolidation are taken into account using the business travel and business expense management tools. The scope covers 94% of Safran employees in 2021. All modes of transportation (plane, train, private car, taxi) are taken into account, as well as accommodation. Emissions are then calculated for each kilometer traveled depending on the mode of transportation selected. Accommodation is also estimated for each night spent depending on the hotel chosen.

**Scope 3 (employee commuting):** emissions related to commuting to and from work were calculated taking into account the distance traveled to and from work for 93% of Group employees in 2021, with an estimate for the remainder. The distance is calculated town-to-town for a number of days corresponding to the number of statutory work days during the year. The calculation is performed by estimating the modes of transportation used, which are assigned a CO<sub>2</sub> emission factor per kilometer for each mode: private vehicle (100% thermal); public transport (bus, train, tram, metro), moped/motorbike. The emissions related to commuting represent an estimate and not an exact calculation due to the availability of data and the use of numerous assumptions. The level of uncertainty remains significant and will be gradually reduced over time.

**Scope 3 (freight):** the scope selected mainly covers internal and downstream freight. The calculation method used is that of monetary emission factors, which allow CO<sub>2</sub> emissions to be associated with the amounts committed according to the mode of transportation (road, air, rail).

**Scope 3 (purchased goods and services):** the emissions induced by Safran's purchases of goods and services have been estimated using monetary emission factors that associate CO<sub>2</sub> emissions with the value of purchases made for the different types of goods or services purchased. The scope is limited to Safran SA and tier-one entities and excludes energy purchases (gas, electricity, aviation fuel) and freight purchases. In addition, the estimate was made on the 80% of the purchasing cost elements provided by the Group's financial consolidation team.

## Waste

Waste corresponds to the total of all hazardous and non-hazardous waste.

Categories of waste are defined according to local legislation and classed as:

- recovered waste (material or energy);
- non-recovered waste (incineration without energy recovery or landfill).

## Water

Reported water consumption corresponds to total water withdrawn and used for all sources, including the public water supply, surface water and groundwater.

Cooling water is not reported because it is not directly used in the industrial processes and is not physically or chemically treated before being released into the natural environment.

(1) *Technical Guidance Calculating Scope 3 Emissions – Supplement to the Corporate Value Chain (Scope 3) Accounting & Reporting Standard, GHG Protocol, p. 124.*

## Energy

In 2018: data relating to natural gas and liquefied petroleum gas are indicated in kWh LHV (lower heating value) or kWh HHV (higher heating value), depending on the business activity and location.

In 2019: data relating to natural gas and liquefied petroleum gas are all indicated in kWh HHV (higher heating value).

## Exclusions from the non-financial information statement (NFIS)

In view of its businesses, the fight against food waste and food insecurity, respect for animal welfare and social commitments in favor of a responsible, fair and sustainable food system are not major challenges for Safran.

### 5.7.5 Report by the independent third party on the verification of the consolidated non-financial information statement

Year ended December 31, 2021

*This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In our capacity as independent third party ("third party"), certified by COFRAC (COFRAC Inspection Accreditation n°3-1681, whose scope is available at [www.cofrac.fr](http://www.cofrac.fr)) and member of the network of one of the Statutory Auditors of Safran (hereinafter "Entity"), we conducted work in order to issue a reasoned opinion expressing a limited assurance conclusion on the compliance of the consolidated non-financial information statement for the year ended December 31, 2021 (hereinafter the "Statement") with the provisions of Article R.225-105 of the French Commercial Code (*Code de commerce*) and on the fairness of the historical information (observed or extrapolated) provided in accordance with Article R.225-105 I, 3 and II of the French Commercial Code (hereinafter the "Information"), prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), presented in the management report pursuant to the provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

It is also our responsibility to provide, at the request of the Entity and outside the scope of our certification, a reasonable assurance conclusion as to whether the information selected by the Entity and identified by an asterisk \* in Appendix 1 (hereinafter the "Selected Information" was prepared fairly in accordance with the Guidelines.

### Reasoned opinion on the compliance and fair presentation of the Statement

Based on the procedures performed, as described in the section "Nature and scope of our work" and the evidence that we have obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not compliant with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

### Reasonable assurance conclusion on the Selected Information

In our opinion, the Selected Information was prepared, in all material respects, in accordance with the Guidelines.

## Preparation of the non-financial information statement

The absence of a generally accepted and commonly used framework or established practices on which to evaluate and measure the Information permits the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Consequently, the Information must be read and understood with reference to the Guidelines, significant elements of which are presented in the Statement or available upon request from the Entity's head office.

## Inherent limitations in the preparation of the Information

As indicated in the Statement, the Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates used to prepare the Information presented in the Statement.

## Responsibility of the Entity

The Board of Directors is responsible for:

- selecting or establishing suitable criteria for the preparation of the Information;
- preparing the Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in light of those risks and the outcome of those policies, including key performance indicators, and, if applicable, the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- implementing such internal control as it deems necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the Entity's Guidelines as mentioned above.

## Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R.225-105 of the French Commercial Code;
- the fairness of the historical information (observed or extrapolated) provided in accordance with Article R.225-105 I, 3 and II of the French Commercial Code, i.e., the outcomes of the policies, including key performance indicators, and the measures implemented in light of the principal risks.

As we are responsible for forming an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as doing so may compromise our independence.

It is not our responsibility to comment on:

- the Entity's compliance with other applicable legal and regulatory provisions, in particular the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the French duty of care law and anti-corruption and tax evasion legislation;
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with the applicable regulations.

## Applicable regulatory provisions and professional standards

The work described below was performed in accordance with the provisions of Articles A.225-1 *et seq.* of the French Commercial Code and with the professional standards applicable in France to such engagements serving as verification, as well as with ISAE 3000 (as revised)<sup>(1)</sup>.

## Independence and quality control

Our independence is defined by the provisions of Article L.822-11 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the applicable legal, regulatory and ethical requirements and professional standards applicable in France to such engagements.

## Means and resources

Our work was carried out by a team of eight people between September 2021 and March 2022 and took a total of 30 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around 10 interviews with people responsible for preparing the Statement, representing Executive Management and the Risk Management, Compliance, Human Resources, Health, Safety and Environment, and Purchasing departments.

## Nature and scope of our work

We planned and performed our work taking into account the risk of material misstatement of the Information.

We believe that the procedures that we performed, based on our professional judgment, are sufficient to provide a basis for our limited assurance conclusion:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of labor and environmental information set out in Article L.225-102-1 III of the French Commercial Code, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified, where relevant with respect to the principal risks, that the Statement provides the information required under Article R.225-105 II of the French Commercial Code and includes, where appropriate, an explanation for the absence of the information required under Article L.225-102-1 III, 2 of said Code;
- we verified that the Statement presents the business model and a description of the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators related to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process for identifying and confirming the principal risks, as well as the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1. For certain risks (relating to employment, training, gender equality, responsible purchasing, anti-corruption), our work was carried out at the level of the consolidating entity; for other risks, our work was carried out at the level of the consolidating entity and in a selection of entities, namely: Safran Aircraft Engines, Safran Aerosystems, Safran Cabin, Safran Electronics & Defense, Safran Electrical & Power, Safran Helicopter Engines, Safran Landing Systems, Safran Nacelles, Safran Seats and Safran Transmission Systems;
- we verified that the Statement covers the scope of consolidation, i.e., all the entities included in the scope of consolidation in accordance with Article L.233-16 of the French Commercial Code within the limitations set out in the Statement;
- we asked what internal control and risk management procedures the Entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;

<sup>(1)</sup> ISAE 3000 (as revised) – Assurance engagements other than audits or reviews of historical financial information.

- for the key performance indicators and the other quantitative outcomes that we considered the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data, and
  - tests of details, using sampling techniques or other selection methods, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. The work was carried out on a selection of contributing entities as listed above and covers between 19% and 27% of the consolidated data selected for these tests (19% of employees and 27% of GHG emissions);
- we assessed the overall consistency of the Statement based on our knowledge of all the entities included in the scope of consolidation.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our

limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

At the request of the Entity, we performed additional work in order to provide a reasonable assurance conclusion on the Selected Information.

The work carried out was similar in nature to that described above for the key performance indicators and other quantitative outcomes that we considered to be the most important, but it was more in-depth, in particular with regard to the scope of the tests.

For the Selected Information, the selected sample represents 28% of new PhD students, 54% for facilities with a "Gold" HSE rating and 100% of other information.

We believe that this work allows us to express reasonable assurance on the Selected Information.

Paris-La Défense, March 25, 2022

EY & Associés

Christophe Schmeitzky

Partner, Sustainable Development

## Appendix 1: information considered to be the most important

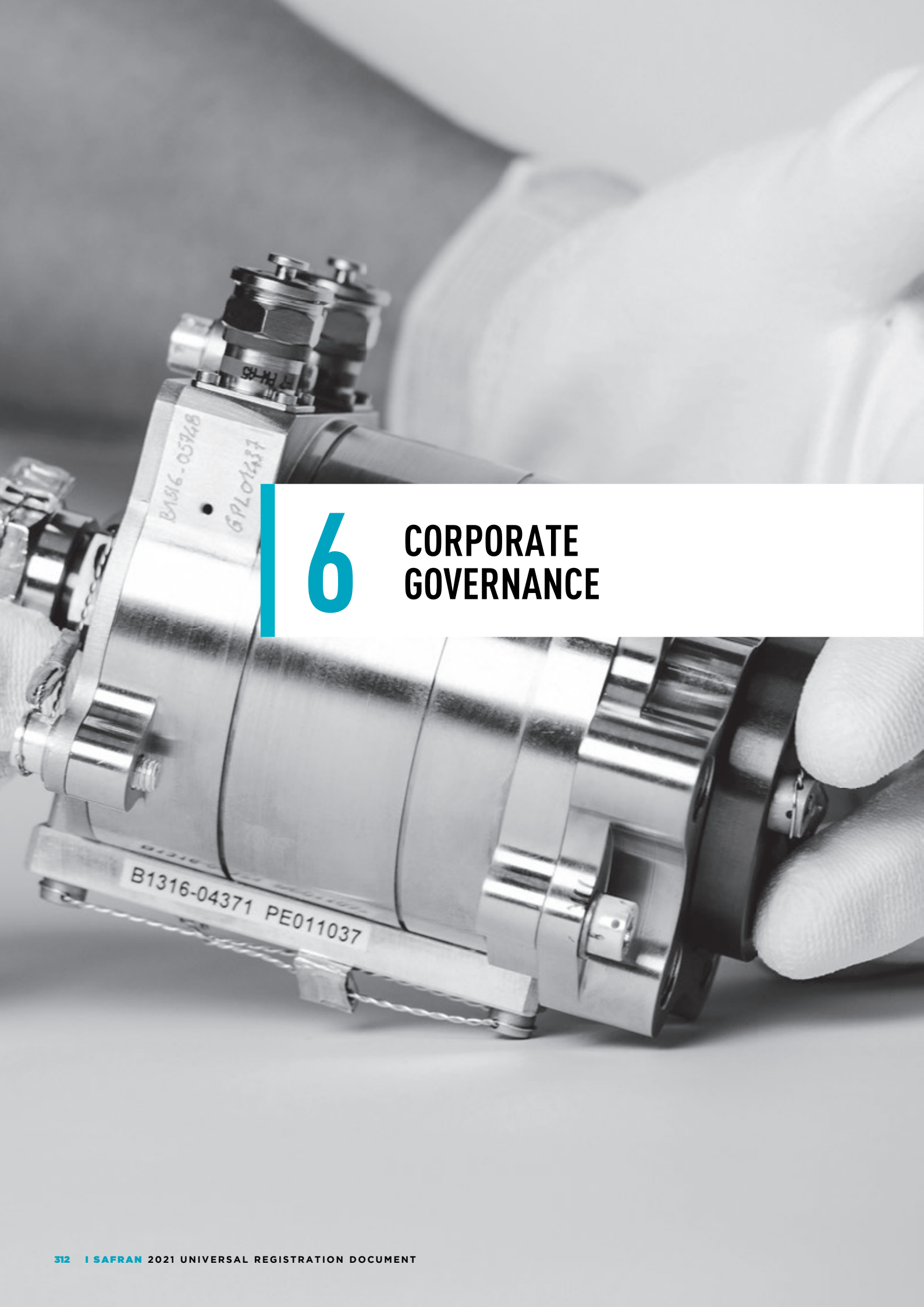
Labor information	
Quantitative information (including key performance indicators)	Qualitative information (measures and outcomes)
<p>Total headcount and breakdown of employees by gender, region, age and professional category.</p> <p>Number of new hires.</p> <p>Number of internal mobilities and internal.</p> <p>Number of permanent departures.</p> <p>Permanent departure replacement index.</p> <p>Absenteeism rate.</p> <p>Average number of training hours per employee.</p> <p>Percentage of Group employees having completed at least one training course.</p> <p>Number of new PhD students in the Group per year*.</p> <p>Percentage of woman new hires.</p> <p>Percentage of woman engineers and managers among total engineers and managers.</p> <p>Percentage of women among senior managers*.</p> <p>Percentage of women on all Executive/Management Committees.</p> <p>Percentage of companies with at least four women on their Executive/Management Committee*.</p> <p>Employment rate of people with disabilities.</p> <p>Percentage of employees benefiting from a minimum level of health coverage.</p> <p>Frequency and severity rate of lost-time work accidents.</p> <p>Number of occupational illnesses.</p> <p>Percentage of industrial facilities with more than 100 employees with a "Gold" HSE rating*.</p>	<p>Attractiveness and talent retention.</p> <p>Health and safety and its application in the workplace</p> <p>Equal opportunities (men/women, anti-discrimination, employment of people with disabilities).</p>
Environmental information	
Quantitative information (including key performance indicators)	Qualitative information (measures and outcomes)
<p>GHG emissions linked to refrigerant leaks: t CO<sub>2</sub>eq.</p> <p>GHG emissions, Scopes 1 and 2: t CO<sub>2</sub>eq.</p> <p>GHG emissions, Scope 3: t CO<sub>2</sub>eq.</p> <ul style="list-style-type: none"> <li>■ use of products sold with mass weighting;</li> <li>■ purchases of goods and services;</li> <li>■ freight;</li> <li>■ employee commuting;</li> <li>■ business travel;</li> <li>■ waste.</li> </ul> <p>Electricity consumption: MWh.</p> <p>Natural gas and liquefied petroleum gas consumption: MWh HHV.</p> <p>Fuel oil consumption: liters/MWh.</p> <p>Aviation fuel consumption: liters/MWh.</p> <p>Heating/steam network consumption: MWh.</p> <p>Cooling network consumption: MWh.</p> <p>Total waste: metric tons.</p> <p>Total waste recovered and reused: metric tons.</p> <p>Waste recovery/reuse ratio: %.</p> <p>R&amp;T investment focused on environmental efficiency: %.</p> <p>Zero target for 2021: no non-recycled paper (% of supply contracts).</p>	<p>Means and outcomes relating to the environmental and energy policy.</p> <p>Circular economy (raw materials, energy, waste management).</p> <p>Climate change (significant sources of emissions owing to operations; target reductions; adaptation measures).</p>
Social information	
Quantitative information (including key performance indicators)	Qualitative information (measures and outcomes)
<p>Percentage of CSR-trained buyers (cumulative basis).</p> <p>Percentage of purchases made from suppliers that have signed the responsible purchasing guidelines*.</p> <p>Number of employees trained under trade compliance and export control programs and having undergone awareness-raising sessions.</p> <p>Number of trade compliance reviews.</p> <p>Number of export control declarations issued.</p> <p>Number of representation letters of tier-one entities regarding ethics and anti-corruption.</p> <p>Proportion of facilities with more than 100 employees that run at least one external social or professional integration initiative per year.</p>	<p>The Group's responsible purchasing policy.</p> <p>Subcontracting and supplier relations (labor and environmental challenges).</p> <p>Measures taken to fight against corruption and tax evasion.</p>

## 5.8 CROSS-REFERENCE TABLE FOR THE NON-FINANCIAL INFORMATION STATEMENT (NFIS)

Themes	Chapter	Pages
<b>ITEMS COMPRISING THE NFIS</b>		
Business model	Integrated Report	18 and 19
Main non-financial risks	5.2	259
Reasonable diligence policies and procedures	5.3 - 5.6	263 - 303
Publication of key performance indicators	Integrated Report	46 and 47
<b>MANDATORY TOPICS CITED IN ARTICLE L.225-102-1</b>		
Labor-related consequences of the business	5.4	274
Environmental consequences of the business	5.3 and 5.5.3	263 and 295
Respect for human rights	5.1.3	256
Fight against corruption	5.5.1	287
Fight against tax evasion	5.5.1.5	291
Consequences of the Company's business and the use of the goods and services it produces on climate change	5.3	263
Social commitments in favor of the circular economy	5.5.3	295
Collective bargaining agreements in place within the Group and their impacts on economic performance and working conditions of employees	5.4.2.2	282
Measures to combat discrimination and promote diversity	5.4.3	283
Social commitments in favor of the fight against food waste <sup>(1)</sup>	N/A	N/A
Measures taken in favor of people with disabilities	5.4.3.3	285
Social commitments in favor of the fight against food insecurity <sup>(1)</sup>	N/A	N/A
Social commitments in favor of respect for animal welfare <sup>(1)</sup>	N/A	N/A
Social commitments in favor of a responsible, fair and sustainable food system <sup>(1)</sup>	N/A	N/A
Social commitments in favor of sustainable development	5.6	298 - 303

(1) These topics were excluded from the scope of the analysis because they were considered to be too far removed from Safran's business.





# 6

## CORPORATE GOVERNANCE

# 6 CORPORATE GOVERNANCE

<b>6.1</b>	<b>SAFRAN'S CORPORATE GOVERNANCE STRUCTURE</b>	<b>314</b>		
6.1.1	Board of Directors – Separation of the roles of Chairman of the Board of Directors and Chief Executive Officer	314		
6.1.2	Powers and responsibilities of the Chairman of the Board of Directors	315		
6.1.3	Powers and responsibilities of the Chief Executive Officer	315		
6.1.4	Powers and responsibilities of the Board of Directors	316		
<b>6.2</b>	<b>MEMBERSHIP STRUCTURE OF THE BOARD OF DIRECTORS</b>	<b>318</b>		
6.2.1	Summary table of information about Directors (at the filing date of this Universal Registration Document)	318		
6.2.2	Directors' profiles (at the filing date of this Universal Registration Document)	322		
6.2.3	Other information about the Board of Directors' membership structure	344		
6.2.4	Independence and diversity of the Board of Directors	346		
6.2.5	Additional disclosures about Directors	349		
6.2.6	Changes in the membership structure of the Board of Directors	350		
<b>6.3</b>	<b>OPERATING PROCEDURES AND WORK OF THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES</b>	<b>354</b>		
6.3.1	Internal Rules of the Board of Directors and its Committees	354		
6.3.2	Summary table of attendance at meetings of the Board of Directors and the Board Committees in 2021	354		
6.3.3	Operating procedures and work of the Board of Directors	355		
6.3.4	Succession plans for the Chairman and the Chief Executive Officer	358		
6.3.5	"Executive sessions"	358		
6.3.6	Committees of the Board of Directors	359		
6.3.7	Assessment of the Board's operating procedures	365		
<b>6.4</b>	<b>APPLICATION OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE</b>	<b>366</b>		
<b>6.5</b>	<b>DIRECTORS' INTERESTS IN THE COMPANY'S SHARE CAPITAL</b>	<b>367</b>		
6.5.1	Compulsory shareholdings	367		
6.5.2	Code of Ethics	367		
6.5.3	Transactions in the Company's shares carried out by corporate officers and senior managers	368		
<b>6.6</b>	<b>COMPENSATION POLICIES AND COMPENSATION PACKAGES FOR CORPORATE OFFICERS</b>	<b>369</b>		
6.6.1	Compensation policies for corporate officers – 2022	369		
6.6.2	Compensation and benefits of the Chairman and the Chief Executive Officer for 2021 (and components of compensation and benefits for 2022 that have already been set)	381		
6.6.3	Directors' compensation (formerly "attendance fees")	393		
6.6.4	Long-term incentive plan	395		
<b>6.7</b>	<b>CROSS-REFERENCE TABLE FOR THE CORPORATE GOVERNANCE REPORT PREPARED IN ACCORDANCE WITH ARTICLE L.225-37 OF THE FRENCH COMMERCIAL CODE</b>	<b>399</b>		

This chapter constitutes the main body of the Board of Directors' report on corporate governance<sup>(1)</sup>. It provides information on the membership structure of the Board of Directors, the Company's application of the AFEP-MEDEF Corporate Governance Code, which it uses as its corporate governance framework, the conditions for preparing and organizing the work of the Board of Directors and the Board Committees, the powers of the Chairman of the Board of Directors and the Chief Executive Officer, and the compensation policy applicable to the corporate officers, as well as the components of their compensation and benefits.

The information contained in this chapter was approved by the Board of Directors following a preparation and review process that notably involved the Appointments and Compensation Committee, the Chairman of the Board of Directors, and various corporate departments within the Company.

## 6.1 SAFRAN'S CORPORATE GOVERNANCE STRUCTURE

### Corporate governance reference framework

Safran uses as its corporate governance framework the "Corporate Governance Code of Listed Corporations" (revised version dated January 30, 2020), drawn up jointly by the French employers' associations, AFEP<sup>(2)</sup> and MEDEF<sup>(3)</sup>, as well as the related application guidelines (revised version of March 2022). These documents are available on the AFEP and MEDEF websites at [www.afep.com](http://www.afep.com) and [www.medef.com](http://www.medef.com).

Where certain recommendations included in this Code or in its application guidelines are not implemented, the reasons are explained in section 6.4, "Application of the AFEP-MEDEF Corporate Governance Code" of this Universal Registration Document.

#### 6.1.1 Board of Directors – Separation of the roles of Chairman of the Board of Directors and Chief Executive Officer

Shareholders at the Annual General Meeting of April 21, 2011 approved the adoption of a corporate governance structure with a Board of Directors.

At its meeting on April 23, 2015, the Board of Directors opted to separate the roles of Chairman of the Board of Directors and Chief Executive Officer. Following the appointment of Olivier Andriès as the new Chief Executive Officer, the Company will maintain the same governance structure.

- On April 23, 2015, **Ross McInnes** was appointed Chairman of the Board of Directors for an initial period of four years. At its meeting on May 23, 2019, as the Board wished to continue to benefit from Ross McInnes' commitment, expertise and professionalism, it re-appointed him as its Chairman for the duration of his term as a Director (which was also renewed by the Annual General Meeting of May 23, 2019, for a further four-year term), i.e., until the Annual General Meeting to be held in 2023. The Board took this decision in view of its satisfaction with (i) the governance structure based on segregated roles of Chairman of the Board and Chief Executive Officer, and (ii) Ross McInnes' performance of his duties as the Board's Chairman.

- On December 16, 2020, following the announcement after its November 4, 2019 meeting, the Board of Directors officially appointed **Olivier Andriès** as the Group's Chief Executive Officer with effect from January 1, 2021. In accordance with the Company's bylaws, the Chief Executive Officer's initial term corresponds to his term as a Director and therefore runs until the close of the 2023 Annual General Meeting.

The Board also appointed Olivier Andriès as a Director, for a term commencing on January 1, 2021 and expiring at the close of the 2023 Annual General Meeting. This appointment reflects the Board's continuing belief that it is useful and necessary for the Chief Executive Officer to also be a Director of the Company, as it enables the Chief Executive Officer to be among his peers around the Board table, and also allows the Board to benefit from his contribution to its discussions.

The complementary profiles, expertise and careers of the Chairman of the Board of Directors and the Chief Executive Officer are a major factor for ensuring the Group's smooth governance, based on transparency between Executive Management and the Board, and a balanced, measured split between the roles of the Chairman and the Chief Executive Officer which ensures their duties are effectively segregated, as sought by the Board.

See section 6.2.2 for the profiles of the Chairman of the Board of Directors and the Chief Executive Officer.

(1) Report drawn up in accordance with Article L.225-37, paragraph 6, of the French Commercial Code.

(2) Association française des entreprises privées.

(3) Mouvement des entreprises de France.

## 6.1.2 Powers and responsibilities of the Chairman of the Board of Directors

The Board of Directors assigned the following specific responsibilities to Ross McInnes in his role as Chairman of the Board of Directors:

- representing the Group (with the support of and in concertation with Executive Management) in France and abroad in dealings with government authorities, major customers, partners and institutional shareholders;
- organizing the Board's strategic work;
- working with the Board on the preparation and implementation of succession plans for the Group's key operations managers and support function managers.

These specific responsibilities – which mainly cover issues relating to institutionally representing the Group, governance and strategy, as well as decisions that fall within the remit of General Shareholders' Meetings, which he chairs – are carried out without prejudice to the powers of representation vested in the Chief Executive Officer by law (see section 6.1.3).

In addition, Ross McInnes represents the Board of Directors and is responsible for organizing and managing the work of the Board, on which he reports to shareholders at the Annual General Meeting. He coordinates the work of the Board and the Board Committees, as well as ensures that the Company's corporate governance structures function effectively and, particularly, that Directors are in a position to properly perform their duties. To that end, in accordance with the applicable legislation and Article 15.2 of the Company's bylaws, he is responsible for:

- calling Board meetings based on an annual schedule and on other occasions where necessary, drawing up the agenda and ensuring that the Directors are given the appropriate information;
- ensuring that the Board Committees discuss certain matters in preparation for Board meetings and that the Directors respect the Board of Directors' Internal Rules and the Board Committees;
- monitoring the implementation of the Board's decisions.

### Work carried out by the Chairman of the Board of Directors in 2021

In addition to the duties assigned to him by law, the Chairman represented the Group in France and on the international stage within the scope of specific assignments entrusted to him, notably dealing with public authorities and shareholders. He took part in various meetings to hear their points of view and explain the Group's situation and positions relating to both corporate governance issues and strategic development.

Throughout the year the Chairman also continued his active role of organizing the Board's work, which notably included:

- continuing to monitor the measures already put in place and those still to be taken by Executive Management in response to the impact of the Covid-19 pandemic on the aerospace industry;
- in conjunction with the Chief Executive Officer, deciding on and preparing the particular issues and strategy points to be discussed at the Board's Annual Strategy Seminar;
- after discussions with shareholders, adapting the Company's governance to factor in climate issues, which led to (i) the appointment of an independent Director responsible for monitoring climate issues, (ii) formal documentation of the climate-related responsibilities of the Innovation, Technology & Climate Committee, and (iii) the incorporation of CSR/climate objectives into the Company's compensation systems;
- further developing shareholder dialogue, particularly through governance roadshows organized for the Group's main shareholders and investors in order to present the Board's membership structure, its operating procedures and the proposed governance changes;
- in view of the pandemic, carrying out written consultations with the Directors for certain Board decisions that did not require a plenary meeting.

In addition, working with the Lead Independent Director and the Appointments and Compensation Committee, the Chairman:

- organized the formal assessment of the operating procedures of the Board and its Committees and the Directors' individual contributions to the Board's work, which was carried out in late 2021 with the assistance of an external corporate governance consulting firm;
- carried out any necessary preparatory work with the Directors on significant agenda items prior to Board meetings, in order to ensure the meetings were fully effective and that the Board discussions were of the highest quality;
- in liaison with the members of the Appointments and Compensation Committee, participated in meetings and discussions on changes to the Board's membership structure, particularly in preparation for the 2022 Annual General Meeting;
- reviewed management succession plans (Executive Management and Executive Committee) and gender equality issues.

## 6.1.3 Powers and responsibilities of the Chief Executive Officer

The Chief Executive Officer represents the Company in its dealings with third parties and has the broadest powers to act in all circumstances in the Company's name.

He exercises these powers within the scope of the Company's corporate purpose and subject to the powers expressly vested by the applicable laws and regulations in Shareholders' Meetings and the Board of Directors.

The Company is bound by the actions of the Chief Executive Officer with respect to third parties even when they fall outside the scope of the corporate purpose, unless it can be proven that the third party knew, or under the circumstances

could not have failed to know, that such actions exceeded the remit of the corporate purpose. Publication of the Company's bylaws does not in itself constitute such proof.

Any restrictions placed on the powers of the Chief Executive Officer by the bylaws or a decision of the Board of Directors are not binding on third parties. The restrictions placed by the Board on the powers of the Chief Executive Officer are set out in the Board of Directors' Internal Rules (see sections 6.1.4.2 and 6.3.1), and particularly relate to investments and divestments and certain strategic operations.

## 6.1.4 Powers and responsibilities of the Board of Directors

### 6.1.4.1 Roles and responsibilities of the Board of Directors

The Board of Directors sets Safran's overall business strategy and oversees its implementation, in accordance with the Company's best interests and taking into account the social and environmental aspects of its activities. Subject to the powers directly vested in Shareholders' Meetings, the Board is responsible for dealing with all matters concerning the efficient running of the Company and for making all related decisions, within the scope of the Company's corporate purpose.

In accordance with the applicable laws and regulations and the terms and conditions set out in the Board of Directors' Internal Rules, the roles and responsibilities of the Board of Directors include, but are not limited to:

- calling the Annual General Meeting and setting its agenda;
- approving the Group's annual budget presented by the Chief Executive Officer, as well as any amendments thereto;
- approving the Group's medium-term business plan;
- approving the financial statements of the Company and the Group and drawing up the annual corporate governance report;
- authorizing related-party agreements governed by Article L.225-38 of the French Commercial Code (*Code de commerce*);
- selecting the Company's management structure in accordance with Articles 21.1 and 21.4 of the bylaws;
- appointing or removing from office the Chairman of the Board of Directors, the Chief Executive Officer, and, on the recommendation of the Chief Executive Officer, the Deputy Chief Executive Officer(s) (if any);
- determining the powers of the Chief Executive Officer and, in agreement with the Chief Executive Officer, of the Deputy Chief Executive Officer(s) (if any);
- appointing Directors prior to ratification by shareholders;
- setting the compensation payable to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer(s) (if any);
- appointing the members of the Board Committees set up in accordance with the applicable laws, the Company's bylaws and the Board of Directors' Internal Rules;
- dividing among the Directors the aggregate annual compensation allocated to them by the shareholders at the Annual General Meeting (formerly "attendance fees");
- deciding on issues of debt securities not carrying rights to shares;
- deciding whether to allocate compensation to any Board Advisors (*censeurs*);
- giving the Chief Executive Officer authorization (which may be delegated) to grant guarantees, endorsements and sureties, in accordance with conditions set by the Board.

In addition, the Board of Directors performs any checks and controls that it deems appropriate (notably carried out by its Chairman).

### 6.1.4.2 Internal rules relating to transactions requiring prior approval of the Board of Directors

In accordance with Article 19.3 of the Company's bylaws and Article 4 of the Board of Directors' Internal Rules:

- the following operations have to be approved by the Board before they can be carried out by the Chief Executive Officer or a subsidiary (see section 7.1.2.1 of this Universal Registration Document):
  - decisions related to starting up significant business activities in France or abroad,
  - decisions to withdraw from such business activities in France or abroad,
  - material operations likely to affect the Group's strategy or modify its financial structure or the scope of its activity;
- the Board's prior approval is systematically required for the following:
  - any capital expenditure or self-financed development expenditure related to any project, program or industrial or commercial development that represents an amount equal to or more than €100 million for the Company or any Group entity,
  - any investment, divestment, expenditure, commitment or warranty related to the following operations or decisions and which represents an amount equal to or more than €50 million for the Company or any Group entity:
    - any acquisition or disposal of real estate,
    - any acquisition or disposal of interests in any existing or future company, involvement in the creation of any company, group or organization, subscription to any issues of shares or bonds, excluding ordinary treasury management transactions,
    - any exchange, with or without balancing cash adjustments, relating to assets or securities, excluding ordinary treasury management transactions,
    - in the event of a dispute or litigation, the signature of any agreement or the acceptance of any settlement,
    - collateral pledged over the Company's assets.

The prior approval referred to above is not required for operations and decisions that result in the signature of agreements exclusively involving Group entities (between these entities or with the Company);

- the Board of Directors' prior approval is systematically required for each of the following operations or decisions if they represent an amount equal to or more than €400 million for the Company or any Group entity:
  - granting or contracting any loan, credit or advance,
  - setting up or changing any program involving issues by the Company of negotiable debt securities (formerly the commercial paper program), apart from renewals or changes that do not result in an increase in the maximum size of the program or the maturity of the debt securities concerned (once such programs are approved, the Company's Finance Department is responsible for their implementation),
  - acquiring or disposing of any receivables due beyond one year.

The prior approval referred to above is not required for operations and decisions that result in the signature of agreements exclusively involving Group entities (between these entities or with the Company);



- the Board of Directors' prior approval is also systematically required for any offer or industrial or commercial project entered into by the Company or any Group entity that:
  - results in a guarantee commitment representing €300 million or more, or
  - is deemed material, with the notion of "material" decided by the Chief Executive Officer or any other person duly authorized to implement said offer or project;
- furthermore, the following operations and decisions require prior authorization from the Board of Directors, with at least one Director representing the French State voting in favor if the French State owns more than 10% of Safran's capital:
  - any disposal by the Group of strategic military assets that concern prime contractor, design, manufacture, integration and operational maintenance capacities with regard to the propulsion and guidance of French cruise and tactical ballistic missiles,
  - any sale by Safran of shares in Safran Ceramics, Safran Power Units, Safran Electronics & Defense and ArianeGroup Holding,
  - any decision to grant to a third party specific management rights or rights to information related to the Group's strategic military assets that concern prime contractor, design, manufacture, integration and operational maintenance capacities with regard to the propulsion and guidance of French cruise and tactical ballistic missiles,
  - any decision to grant to a third party rights to be represented on the administrative or management bodies of Safran Ceramics, Safran Power Units, Safran Electronics & Defense and ArianeGroup Holding.



## 6.2 MEMBERSHIP STRUCTURE OF THE BOARD OF DIRECTORS

### 6.2.1 Summary table of information about Directors (at the filing date of this Universal Registration Document)

Directors	Age <sup>(1)</sup>	Gender	Nationality	Number of shares held at Dec. 31, 2021	Number of directorships in listed companies <sup>(1)(4)</sup>	Independent Director <sup>(2)</sup>	Date first appointed	Date last re-appointed
Ross McInnes Chairman of the Board of Directors	68	M	French and Australian	16,029 <sup>(7)</sup>	3	No	April 23, 2015	May 23, 2019
Olivier Andriès Chief Executive Officer	60	M	French	26,469 <sup>(7)</sup>	1	No	January 1, 2021 (effective date)	-
Anne Aubert	51	F	French	127 <sup>(7)</sup>	1	No	May 28, 2020	-
Marc Aubry	59	M	French	751 <sup>(7)</sup>	1	No	May 28, 2020	-
Hélène Auriol Potier	59	F	French	500	3	Yes	June 15, 2017	May 26, 2021
Patricia Bellinger	61	F	American and British	515	2	Yes	May 28, 2020	-
Stéphanie Besnier <sup>(8)</sup>	45	F	French	N/A	3	No	May 12, 2021	-
Hervé Chaillou	56	M	French	86 <sup>(7)</sup>	1	No	November 20, 2019	-
Jean-Lou Chameau	68	M	French and American	1,000	1	Yes	April 21, 2011	May 23, 2019

(1) At the filing date of this Universal Registration Document or the departure date of Directors whose terms of office expired in 2021.

(2) See section 6.2.4.1, "Independence of the members of the Board of Directors".

(3) At December 31, 2021.

(4) Including directorship with Safran, in compliance with the recommendations of the AFEP-MEDEF Code.

(5) From March 28, 2014 to April 23, 2015 as a Director representing the French State.

(6) Director put forward by the French State and appointed by shareholders at the Annual General Meeting.

(7) Including shares held via corporate mutual fund units.

(8) Stéphanie Besnier was named as representative of the French State by way of a ministerial decree dated May 21, 2021 for the remainder of her predecessor's term of office, i.e., until the close of the Annual General Meeting to be held in 2023.

(9) Suzanne Kucharekova Milko was named as representative of the French State by way of a ministerial decree dated October 27, 2020 for the remainder of her predecessor's term of office, i.e., until the close of the Annual General Meeting to be held in 2023.

End of term (expiration or other)	Number of years on the Board <sup>(1)</sup>	Director representing employees or employee shareholders	Attendance rate (Board meetings) <sup>(3)</sup>	Membership of Board Committees <sup>(1)</sup>	Main experience and expertise brought to the Company
2023 (AGM held to approve the 2022 financial statements)	6 years and 11 months	No	100%	-	Chairman of the Board of Directors
2023 (AGM held to approve the 2022 financial statements)	1 year and 3 months	No	100%	-	Chief Executive Officer
2024 (AGM held to approve the 2023 financial statements)	1 year and 10 months	Yes	100%	-	Perspective of an employee/ Knowledge of the Group and its markets
2024 (AGM held to approve the 2023 financial statements)	1 year and 10 months	Yes	100%	Audit and Risk Committee	Perspective of an employee/ Knowledge of the Group and its markets
2025 (AGM held to approve the 2024 financial statements)	4 years and 9 months	No	100%	Appointments and Compensation Committee Innovation, Technology & Climate Committee	Organization and management of corporations/ International business/Digital transformation
2024 (AGM held to approve the 2023 financial statements)	1 year and 10 months	No	100%	Appointments and Compensation Committee	HR-Diversity-Talent management/ International business/Industry/ Energy/Strategy/Competitive environment
2023 (AGM held to approve the 2022 financial statements)	10 months	No	83%	Appointments and Compensation Committee Audit and Risk Committee	Finance/Financial and banking markets/Strategy/ESG/ Industry/Private equity/ International business
November 19, 2023	2 years and 4 months	Yes	100%	Innovation, Technology & Climate Committee	Perspective of an employee/ Knowledge of the Group and its markets
2023 (AGM held to approve the 2022 financial statements)	10 years and 11 months	No	100%	Appointments and Compensation Committee Innovation, Technology & Climate Committee	RTDI/International business

Directors	Age <sup>(1)</sup>	Gender	Nationality	Number of shares held at Dec. 31, 2021	Number of directorships in listed companies <sup>(1)(4)</sup>	Independent Director <sup>(2)</sup>	Date first appointed	Date last re-appointed
Monique Cohen	66	F	French	500	3	Yes	May 28, 2013	May 25, 2018
Didier Domange	78	M	French	195,109	1	No	May 25, 2018	-
Laurent Guillot	52	M	French	500	1	Yes	May 23, 2019	-
Vincent Imbert	66	M	French	N/A	1	No	March 28, 2014	May 23, 2019 <sup>(6)</sup>
Fabienne Lecorvaisier	59	F	French	500	2	Yes	May 26, 2021	-
Daniel Mazaltarim	62	M	French	2,009 <sup>(7)</sup>	1	No	November 19, 2014	November 20, 2019
Patrick Pélata	66	M	French	500	1	Yes	June 15, 2017	May 26, 2021
Robert Peugeot Permanent representative of F&P	71	M	French	500	5	Yes	May 25, 2018	-
Sophie Zurquiyah	55	F	French and American	500	3	Yes	June 15, 2017	May 26, 2021
<b>Directors whose directorship ended (on expiration of their term of office or through resignation) during 2021 and since January 1, 2022</b>								
Odile Desforges	71	F	French	500	3	Yes	April 21, 2011	June 15, 2017
Suzanne Kucharekova Milko <sup>(9)</sup>	43	F	French and Slovakian	N/A	1	No	October 27, 2020	-

(1) At the filing date of this Universal Registration Document or the departure date of Directors whose terms of office expired in 2021.

(2) See section 6.2.4.1, "Independence of the members of the Board of Directors".

(3) At December 31, 2021.

(4) Including directorship with Safran, in compliance with the recommendations of the AFEP-MEDEF Code.

(5) From March 28, 2014 to April 23, 2015 as a Director representing the French State.

(6) Director put forward by the French State and appointed by shareholders at the Annual General Meeting.

(7) Including shares held via corporate mutual fund units.

(8) Stéphanie Besnier was named as representative of the French State by way of a ministerial decree dated May 21, 2021 for the remainder of her predecessor's term of office, i.e., until the close of the Annual General Meeting to be held in 2023.

(9) Suzanne Kucharekova Milko was named as representative of the French State by way of a ministerial decree dated October 27, 2020 for the remainder of her predecessor's term of office, i.e., until the close of the Annual General Meeting to be held in 2023.

End of term (expiration or other)	Number of years on the Board <sup>(1)</sup>	Director representing employees or employee shareholders	Attendance rate (Board meetings) <sup>(3)</sup>	Membership of Board Committees <sup>(1)</sup>	Main experience and expertise brought to the Company
2022 (AGM held to approve the 2021 financial statements)	8 years and 10 months	No	100%	Chair of the Appointments and Compensation Committee	Financial and banking markets/ Private equity/ Shareholding strategy
2022 (AGM held to approve the 2021 financial statements)	3 years and 10 months	No	100%	Appointments and Compensation Committee	Organization and management of corporations/International business/Knowledge of the Group and its markets
2023 (AGM held to approve the 2022 financial statements)	2 years and 10 months	No	100%	Chairman of the Audit and Risk Committee Innovation, Technology & Climate Committee	Organization and management of corporations/International business/Industry
2023 (AGM held to approve the 2022 financial statements)	8 years <sup>(5)</sup>	No	100%	Innovation, Technology & Climate Committee	Industry/Strategy/ Defense industry/ Competitive environment
2025 (AGM held to approve the 2024 financial statements)	10 months	No	83%	Audit and Risk Committee	Energy/Finance/Organization and management of corporations/ Strategy/NITC-Digital/ESG/ International business
November 19, 2023	7 years and 4 months	Yes	100%	Appointments and Compensation Committee	Perspective of an employee/ Knowledge of the Group and its markets
2025 (AGM held to approve the 2024 financial statements)	4 years and 9 months	No	89%	Chairman of the Innovation, Technology & Climate Committee Appointments and Compensation Committee	Organization and management of corporations/International business/ Strategy/ Industry/New technologies
2022 (AGM held to approve the 2021 financial statements)	3 years and 10 months	No	100%	Audit and Risk Committee	Organization and management of corporations/International business/ Finance/Private equity
2025 (AGM held to approve the 2024 financial statements)	4 years and 9 months	No	100%	Audit and Risk Committee	Organization and management of corporations/ International business/Industry
2021 (AGM held to approve the 2020 financial statements)	10 years and 1 months	No	100%	Chair of the Audit and Risk Committee	Organization and management of corporations/Industry/RTDI/ Performance and management control
May 12, 2021	6 months	No	100%	-	Finance/Strategy/ESG/ Industry/Private equity

## 6.2.2 Directors' profiles (at the filing date of this Universal Registration Document)



### Ross McINNES

#### Chairman of the Board of Directors

Safran – 2, bd du Général Martial-Valin – 75015 Paris, France

Number of Safran shares held: 16,029<sup>(1)</sup>

### PROFILE – EXPERTISE AND EXPERIENCE

Born in 1954, Ross McInnes has dual French and Australian nationality and is a graduate of Oxford University. He started his career in 1977 with Kleinwort Benson, first in London and then in Rio de Janeiro. In 1980, he joined Continental Bank (now Bank of America) in which he held several positions in the corporate finance arm, in Chicago and then in Paris.

In 1989, he joined Eridania Beghin-Say, where he was appointed Chief Financial Officer in 1991 and then became a member of the Board of Directors in 1999. The following year, he joined Thomson-CSF (now Thales) as Executive Vice President and Chief Financial Officer and assisted in the group's transformation, until 2005. He then moved to PPR (now Kering) as Senior Vice-President for Finance and Strategy, before joining the Supervisory Board of Générale de Santé in 2006. He served as acting Chairman of the Management Board of Générale de Santé from March to June 2007. He also held the position of Vice-Chairman of Macquarie Capital Europe where he primarily specialized in infrastructure investments.

In March 2009, Ross McInnes joined Safran and became Executive Vice President, Economic and Financial Affairs in June of that year. He was a member of the Executive Board of Safran between July 2009 and April 2011 and then served as Deputy Chief Executive Officer until April 2015.

He became Chairman of Safran's Board of Directors on April 23, 2015.

Since February 2015, Ross McInnes has also acted as Special Representative for economic relations with Australia, having been appointed to this diplomatic role by the French Minister of Foreign Affairs and International Development.

From November 2016 to November 2019, he was a member of the French High Committee for Corporate Governance.

In February 2017, he joined SICOM, the general partner of Vivescia Industries, as a "qualified person".

In October 2017, Ross McInnes was appointed by the French Prime Minister as Co-Chairman of the "Action Publique 2022" Committee, which was tasked with making recommendations on reforming French public policies, a mission it has since completed.

Since January 2018, he has been a Trustee and a Director of the IFRS Foundation.

In October 2018, the French Prime Minister tasked him with lobbying for France with both British and non-British companies operating in the non-financial sector and based in the United Kingdom.

He will be put forward as a Director of Lectra (listed company) (France) at Lectra's next Annual General Meeting (April 29, 2022). He has also indicated that he will not seek to be re-appointed as a Director of Eutelsat when his term of office expires at the close of Eutelsat's next Annual General Meeting (second-half 2022).

### MAIN POSITION(S) HELD

- Chairman of the Board of Directors of Safran

### CURRENT OFFICES AND POSITIONS

#### SAFRAN GROUP:

- Chairman of the Board of Directors of Safran (listed company) (France)

#### NON-GROUP:

- Director, Chairman of the Governance and Nominations Committee, and a member of the Audit, Risk and Compliance Committee of Eutelsat Communications (listed company) (France)
- Director, Chairman of the Ethics, Environment and Sustainable Development Committee, member of the Audit Committee, and member of the Strategy, Investment and Technology Committee of Engie (listed company) (France)
- Trustee and Director of the IFRS Foundation (United States and United Kingdom)

### OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

#### SAFRAN GROUP:

None

#### NON-GROUP:

- Director of Lectra (listed company) (France) and a member of its Board committees until April 2020
- Non-executive Director and Chairman of the Audit Committee of IMI PLC (listed company) (United Kingdom) until October 2017
- Director and Chairman of the Audit Committee of Faurecia (listed company) (France) until May 2017

(1) Including 7,519 shares via corporate mutual fund units (conversion, where applicable, based on the Safran share price at December 31, 2021), and 8,500 shares purchased under a life insurance policy (whereby the insurer retains ownership of the shares and the insured party is owed the related amount by the insurer).



## **Olivier ANDRIÈS**

### **Chief Executive Officer and Director**

Safran – 2, bd du Général Martial-Valin – 75015 Paris, France

Number of Safran shares held: 26,469<sup>(1)</sup>

## **PROFILE – EXPERTISE AND EXPERIENCE**

Born in 1962, Olivier Andriès, a French national, is a graduate of École Polytechnique (1981) and École des Mines de Paris (1984).

After holding various positions in the French Ministry of Industry and the Treasury department at the French Ministry of Finance, in 1993 he joined the cabinet of the Minister of the Economy and Finance as advisor on industrial affairs.

In 1995, he moved to the Lagardère group as Deputy Director of Strategy, where he managed various merger and acquisition projects, and in 1998 was named personal advisor to Jean-Luc Lagardère.

Olivier Andriès joined Airbus in 2000, as Product Policy Director, before being appointed Vice President, Widebody Aircraft Programs in 2004 and then Executive Vice President, Strategy and Cooperation in 2005.

In July 2007, he became Executive Vice President, Strategy at EADS.

He joined Safran in March 2008 as Executive Vice President, Strategy and Development, and in September 2009 was subsequently named Executive Vice President, in charge of the Defense and Security branch.

In 2011, he was appointed Chairman and Chief Executive Officer of Safran Helicopter Engines, and in June 2015 was named Chief Executive Officer of Safran Aircraft Engines.

In September 2020, he became an Executive Vice President of the Safran Group, working alongside the Chief Executive Officer.

Safran's Board of Directors appointed Olivier Andriès as the Group's Chief Executive Officer, with effect from January 1, 2021, and also as a Director from the same date.

## **MAIN POSITION(S) HELD**

- Chief Executive Officer of Safran

## **CURRENT OFFICES AND POSITIONS**

### **SAFRAN GROUP:**

- Chief Executive Officer of Safran (listed company) (France)
- Director of Safran (listed company) (France)

### **NON-GROUP:**

None

## **OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS**

### **SAFRAN GROUP:**

- Director of Safran Aero Boosters (Belgium), until November 2020
- Chief Executive Officer of Safran Aircraft Engines (France), until September 2020
- Chairman of Rafale International (France), until September 2020
- Director of EPI Europrop International GmbH (Germany), until September 2020
- Permanent representative of Safran Aircraft Engines (France) on the Board of Directors of PowerJet (France), until September 2020
- Director of Safran Aircraft Engines Mexico (Mexico), until September 2020
- Director of CFM International Inc. (United States), until September 2020
- Director of Société de Motorisations Aéronautiques – SMA (France), until November 2017

### **NON-GROUP:**

None

<sup>(1)</sup> Including 9,074 shares via corporate mutual fund units (conversion, where applicable, based on the Safran share price at December 31, 2021).





## Anne AUBERT

### Director representing employee shareholders

Safran Seats – Z.I. La Limoise – Rue Robert-Maréchal-Senior – 36100 Issoudun, France

Number of Safran shares held: 127<sup>(1)</sup>

## PROFILE – EXPERTISE AND EXPERIENCE

Born in 1971, Anne Aubert, a French national, has a degree in mechanical engineering from Compiègne University of Technology.

Anne Aubert has held a variety of front-line positions at Safran Seats' Issoudun plant since January 2012 and is currently head of Project Management Office Operations. She began her career with the Group managing Business Class seat programs, spending just over six years working with American, Chinese, French and Dutch airlines on Airbus and Boeing programs. She was then put in charge of the Airbus customer account, before becoming head of Project Management Office Operations in October 2019.

Anne Aubert brings to the Board her view of Safran from an employee shareholder's perspective, as well as an in-depth knowledge of the Group and its markets.

### MAIN POSITION(S) HELD

- Head of Project Management Office Operations at Safran Seats Issoudun

### CURRENT OFFICES AND POSITIONS

#### SAFRAN GROUP:

- Director of Safran (listed company) (France) representing employee shareholders since May 2020

#### NON-GROUP:

None

### OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

#### SAFRAN GROUP:

- Member representing employees on the Supervisory Board (until June 2018) and member of the Compensation Committee (until November 2018) of Zodiac Aerospace SA (listed company) (France)

#### NON-GROUP:

None

<sup>(1)</sup> Including 121 shares via corporate mutual fund units (conversion, where applicable, based on the Safran share price at December 31, 2021).



## Marc AUBRY

Director representing employee shareholders

### Member of the Audit and Risk Committee

Safran Aircraft Engines – Établissement de Vernon – Plateau de l'Espace – 1, avenue Hubert-Curien – 27200 Vernon, France

Number of Safran shares held: 751<sup>(1)</sup>

## PROFILE – EXPERTISE AND EXPERIENCE

Born in 1963, Marc Aubry, a French national, is an engineer from École Nationale Supérieure d'Hydraulique et de Mécanique de Grenoble (ENSHMG) (major in water resources and planning) and has a post-graduate degree (DEA) in environment and engineering geophysics (major in hydrology).

Marc Aubry has been with the Group for 34 years. From 1989, he held the post of Design Engineer in the space engine turbopumps department, and in 2015 joined the plasma propulsion business.

He has been the CFDT trade union representative since 1999 at the Vernon plant, before serving at the level of Safran Aircraft Engines and finally as Group trade union coordinator. His areas of expertise include social dialogue, compensation and benefits including employee savings plans, pension savings plans, employee share ownership, supplementary benefit plans and gender equality in the workplace.

From 2011 to 2016, he represented employee shareholders on the Board of Directors of Safran and served as a member of the Audit and Risk Committee.

Since July 1, 2019, he has been seconded for 80% of his time to the FGMM CFDT union, serving as National Secretary.

Marc Aubry brings to the Board his view of Safran from an employee shareholder's perspective, as well as an in-depth knowledge of the Group and its products and markets.

## MAIN POSITION(S) HELD

- National Secretary of the FGMM CFDT union, in charge of industrial policy and CSR: secretary for the Bourgogne Franche Comté and Île-de-France regions and the IT/Electronics and R&D sectors

## CURRENT OFFICES AND POSITIONS

### SAFRAN GROUP:

- Director of Safran (listed company) (France) representing employee shareholders since May 2020 and member of the Audit and Risk Committee
- Trade union representative and member of the Social and Economic Committee for the Vernon plant of Safran Aircraft Engines (France)
- Substitute member of the Central Social and Economic Committee of Safran Aircraft Engines (France)
- Chairman of the Supervisory Board of the Safran Investissement corporate mutual fund (France)
- Member of the Supervisory Board of Safran Ouverture (France)

### NON-GROUP:

- National secretary of the Fédération Générale des Mines et de la Métallurgie CFDT (trade union) (France)
- Chairman of the Société Philharmonique de Vernon (non-profit organization) (France)

## OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

### SAFRAN GROUP:

- Safran Group CFDT trade union coordinator until August 2019
- CFDT central trade union representative, Safran Aircraft Engines, until July 2019
- Chairman of the Economic Commission of Safran Aircraft Engines' Central Works Council until January 2019

### NON-GROUP:

None

<sup>(1)</sup> Including 711 shares via corporate mutual fund units (conversion, where applicable, based on the Safran share price at December 31, 2021).



## Hélène AURIOL POTIER

Independent Director

Member of the Appointments and Compensation Committee

Member of the Innovation, Technology & Climate Committee

Safran – 2, bd du Général Martial-Valin – 75015 Paris, France

Number of Safran shares held: 500

### PROFILE – EXPERTISE AND EXPERIENCE

Born in 1962, Hélène Auriol Potier, a French national, graduated as an engineer from the École Nationale Supérieure des Télécommunications de Paris and completed an Executive Program MBA at INSEAD.

Hélène Auriol Potier built her career in the digital technologies and telecommunications industry in the United States, Europe, Africa and Asia.

She started her career in New York at France Télécom in 1986.

In 1990, she joined the Canadian mobile technology company Nortel, where she spent 16 years and successively held several management positions including Vice President Mobile Sales Division and Vice President EMEA, Services & Operations.

In 2006, she joined Dell as Managing Director, in charge of the Africa and Mediterranean region and as a member of the Executive Committee of Dell Emerging Markets.

Hélène Auriol Potier joined Microsoft in 2009 as General Manager – Enterprises, Public Sector and Partners – and a member of the Executive Committee of Microsoft France. She was then appointed General Manager of Microsoft Singapore and a member of the Executive Committee of Microsoft Asia-Pacific. In 2013, she was appointed General Manager of Microsoft Dynamics, Western Europe and then General Manager of Microsoft Europe Public Sector before going on to serve as Managing Director Artificial Intelligence Europe.

From November 2018 to September 2020, she served as Executive Vice President International for Orange and was a member of the Executive Committee of Orange Business Services.

She is a member of the Board of Directors of the French Institute of Directors.

She will be put forward as a Director of Accor (listed company) (France) at Accor's next Annual General Meeting.

Hélène Auriol Potier brings to the Board her executive experience in international corporations, as well as her international outlook and technological expertise and vision.

### MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

Company Director

### CURRENT OFFICES AND POSITIONS

#### SAFRAN GROUP:

- Director of Safran (listed company) (France)

#### NON-GROUP:

- Director and a member of the Compensation Committee of Mimecast (listed company) (United Kingdom)
- Member of the Supervisory Board of Oddo BHF SCA (France), Chair of the Compensation Committee and member of the Nominations Committee
- Member of the Supervisory Board of Randstad (listed company) (Netherlands) and member of the Governance & Nomination Committee
- Member of the Board of Directors and Co-Chair of ESG Activities of the French Institute of Directors (France)
- Managing Partner of Alinerom (France)

### OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

#### SAFRAN GROUP:

None

#### NON-GROUP:

- Director, Chair of the Ethics Committee and member of the Compensation Committee of Ipsen (listed company) (France), until May 2018



## Patricia BELLINGER

Independent Director

Member of the Appointments and Compensation Committee

Harvard University – Cambridge, Massachusetts Hall, Cambridge, MA 02138 – United States

Number of Safran shares held: 515

## PROFILE – EXPERTISE AND EXPERIENCE

Born in 1961, Patricia Bellinger, a dual US and British national, is trilingual (English, French and Spanish) and tricultural. A graduate of Harvard University, she began her career in Madrid in 1986 by founding a casting agency, and continued to work in media and communications in Spain until 1995.

She then returned to the United States to join Bristol Myers Squibb (BMS), a pharmaceutical company, where she was successively Associate Director for Communications, Associate Director for Public Affairs and in 1998, Corporate Director of Culture and Diversity.

In 2000, she joined BP in London as Vice President for Diversity and Inclusion, and served as Group Vice President and Director of the BP Leadership Academy until 2007.

In March 2011, she was appointed Executive Director of Executive Education at Harvard Business School. In August 2013, she was also appointed Executive Director and an adjunct lecturer at the Center for Public Leadership at Harvard Kennedy School (CPL).

From September 2017 to June 2018, she was an adjunct lecturer and Senior Fellow at the Center for Public Leadership at Harvard Kennedy School (CPL).

Since July 2018, she has been the Chief of Staff and Strategic Advisor to the President of Harvard University.

Patricia Bellinger contributes to the Board the depth and breadth of her career and her diverse experience, as well as her time in industry, her HR/Diversity/Talent Management expertise (in terms of both strategic and people-centric issues), her multilingualism, and her knowledge of French corporate governance.

## MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Chief of Staff and Strategic Adviser to the President of Harvard University.

## CURRENT OFFICES AND POSITIONS

### SAFRAN GROUP:

- Director of Safran (listed company) (France)

### NON-GROUP:

- Member of the Corporate Board and Chair of the Nomination and Compensation Committee of Sonepar (France)
- Director, Chair of the Nominating and Governance Committee and member of the Human Capital and Compensation Committee of Bath & Body Works, Inc. (formerly L Brands) (listed company) (United States)
- Vice-Chair of the Advisory Board of the non-profit organization My Life My Choice (United States)
- Member of the Board of Trustees of the Academy of Motion Pictures (United States)
- Member of the National Board of the Smithsonian Institute (United States)
- Senior Advisor to the Advisory Board of Sandbrook Capital (United States)

## OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

### SAFRAN GROUP:

None

### NON-GROUP:

- Member of the Board of Trustees of uAspire (United States) until June 2020
- Director and member of the Compensation Committee of Sodexo (France) until July 2018
- Member of the Diversity and Inclusion Advisory Board of Barilla SpA (Italy) until August 2018
- Director and Chair of the Nominating Governance and Compensation Committee of Pattern Energy Inc. (United States) until December 2018



## Stéphanie BESNIER

Director – Representative of the French State

Member of the Audit and Risk Committee

Member of the Appointments and Compensation Committee

Agence des Participations de l'État

139, rue de Bercy – 75572 – Paris 12, France

Number of Safran shares held: N/A

## PROFILE – EXPERTISE AND EXPERIENCE

Born in 1977, Stéphanie Besnier, a French national, is a graduate of École Polytechnique (1997) and the École Nationale des Ponts et Chaussées engineering school.

She began her career in 2001 as an analyst at BNP Paribas in London. In 2003, she joined the Treasury Department within the French Economy and Finance Ministry as a Deputy to the Head of the Multilateral Affairs office, in charge of Latin American countries. In 2004, she was appointed Deputy to the Head of the office in charge of SNCF and SNCM at the *Agence Française des Participations de l'Etat* (the French State Investments Agency).

In 2007, she joined the private equity firm Wendel as an investment manager, before becoming Investment Director (2010), Director (2014) and Senior Director (2016). In 2018, she was appointed Associate Director, co-head of investment for French-speaking Europe at Wendel and in charge of development for the Wendel Lab.

On May 1, 2021, she became Deputy CEO of the *Agence Française des Participations de l'Etat*.

Stéphanie Besnier is certified as a company Director by the IFA (French Institute of Directors).

## MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Deputy Chief Executive Officer of l'*Agence des participations de l'État*

## CURRENT OFFICES AND POSITIONS

### SAFRAN GROUP:

- Representative of the French State on the Board of Directors of Safran (listed company) (France) since May 2021

### NON-GROUP:

- Representative of the French State on the Board of Directors of Orange (listed company) (France) since May 2021
- Representative of the French State on the Board of Directors of Engie (listed company) (France) since May 2021

## OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

### SAFRAN GROUP:

None

### NON-GROUP:

- Director of Bureau Veritas (listed company) (France) until February 2021
- Director of IHS Towers (United Kingdom) until May 2021



## Hervé CHAILLOU

Director representing employees

Member of the Innovation, Technology & Climate Committee

Safran Aircraft Engines – Direction Industrielle et Supply Chain

Rue Henri-Auguste-Desbruères – B.P. 81 – 91003 Évry Cedex, France

Number of Safran shares held: 86<sup>(1)</sup>

## PROFILE – EXPERTISE AND EXPERIENCE

Born in 1966, Hervé Chaillou, a French national, holds a higher technical diploma in production theory.

He began his career with the Safran Group in 1983 at Safran Aircraft Engines (formerly Snecma) as a lathe operator, where he received professional certification from the Snecma academy.

A method technician at Safran Aircraft Engines, Hervé Chaillou is currently a machine programmer in the structure chamber and compressors Industrial Center of Excellence (Industrial Management and Supply Chain Department) at the Évry-Corbeil facility.

A former CGT union representative for the Corbeil site, Hervé Chaillou was notably the correspondent for the external advisor on industrial investment and organizational matters within the Social and Economic Committee.

Hervé Chaillou brings to the Board his insight into health, safety and working conditions, as well as his view of Safran from an employee's perspective and an in-depth knowledge of the Group and its markets.

## MAIN POSITION(S) HELD

- Machine programmer at Safran Aircraft Engines' structure chamber and compressors Industrial Center of Excellence

## CURRENT OFFICES AND POSITIONS

### SAFRAN GROUP:

- Director of Safran (listed company) (France) representing employees since November 2019 and member of the Innovation, Technology & Climate Committee since February 14, 2020
- Employee representative for Safran's health insurance plan

### NON-GROUP:

None

## OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

### SAFRAN GROUP:

- Elected member of the Social and Economic Committee at Safran Aircraft Engines' Corbeil site until October 2019
- Officer of the Social and Economic Committee at Safran Aircraft Engines' Corbeil site until October 2019
- Member of the market commission of the Social and Economic Committee at Safran Aircraft Engines' Corbeil site until October 2019
- Elected member of Safran Aircraft Engines' Central Social and Economic Committee until October 2019
- Officer of Safran Aircraft Engines' Central Social and Economic Committee until October 2019
- Substitute member of Safran Aircraft Engines' Works Council until January 2019
- Trade union representative on Safran Aircraft Engines' Central Works Council and acting in this capacity as a member of the central economic commission until January 2019

### NON-GROUP:

None

(1) Via corporate mutual fund units (conversion, where applicable, based on the Safran share price at December 31, 2021).





## Jean-Lou CHAMEAU

Independent Director

Member of the Appointments and Compensation Committee

Member of the Innovation, Technology & Climate Committee

Safran – 2, bd du Général Martial-Valin – 75015 Paris, France

Number of Safran shares held: 1,000

### PROFILE – EXPERTISE AND EXPERIENCE

Born in 1953, Jean-Lou Chameau has dual French and American nationality. He obtained an engineering degree at École Nationale Supérieure d'Arts et Métiers in 1976, and then continued his studies at Stanford University, where he graduated with a Master's in civil engineering in 1977, followed by a PhD in seismic engineering in 1980.

Jean-Lou Chameau started his academic career at Purdue University (United States), where he taught from 1980 to 1991, before joining Georgia Tech as professor and head of the School of Civil and Environmental Engineering. He left this position in 1994 to become Chairman of the international geotechnical engineering company, Golder Associates Inc. He returned to teach at Georgia Tech two years later, where he became dean of its College of Engineering in the United States. In 2001, he was promoted to the position of provost, which he occupied up to 2006.

From 2006 to June 2013, Jean-Lou Chameau was the President of the California Institute of Technology (Caltech).

In June 2009, he was awarded the honorary "Doctor honoris causa" degree from École Polytechnique Montreal in Canada.

Jean-Lou Chameau is a member of the National Academy of Engineering in the United States and of the Académie des Technologies in France.

He was President of King Abdullah University of Science and Technology (KAUST) (Saudi Arabia) between July 2013 and August 2017.

Since May 2016, he has been a member of the international jury for the Queen Elizabeth Prize for Engineering.

In 2018, he was tasked by the French Ministry of the Armed Forces, Economy and Finance, and the Ministry of Higher Education, Research and Innovation, with coordinating the group of educational facilities at the Saclay research and innovation cluster, with the ultimate aim of establishing a best-in-class science and technology institute.

Jean-Lou Chameau brings to the Board his experience as a Director of an international corporation, as well as his expertise in research, technological development and innovation and his in-depth knowledge of North America, the Middle East and Asia.

### MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Science, technology and innovation consultant
- Company Director

### CURRENT OFFICES AND POSITIONS

#### SAFRAN GROUP:

- Director of Safran (listed company) (France)

#### NON-GROUP:

- President Emeritus of the California Institute of Technology (Caltech) (United States)
- Chairman of the Advisory Board of Georgia Tech Lorraine (France)
- Member of the International Advisory Board of HEC (France)
- Member of the Global Advisory Council of the Jio Institute (India)
- Chairman of the International Steering Council for Education, Research and Innovation of NEOM (Saudi Arabia)
- Member of the International Advisory Council of SUSTech, Shenzhen (China)

### OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

#### SAFRAN GROUP:

None

#### NON-GROUP:

- Member of the Scientific Advisory Board of the National Research Foundation of Singapore (Republic of Singapore) until December 2021
- Member of the Academic Research Council of Singapore (Republic of Singapore) until May 2020
- Member of the Advisory Board of King Fahd University of Petroleum and Minerals (Saudi Arabia) until December 2018
- President of King Abdullah University of Science and Technology (KAUST) (Saudi Arabia) until August 2017
- Director of Ma'aden (listed company) (Saudi Arabia) until October 2017



## Monique COHEN

Lead Independent Director

Member and Chair of the Appointments and Compensation Committee

Apax Partners – 1, rue Paul-Cézanne – 75008 Paris, France

Number of Safran shares held: 500

### PROFILE – EXPERTISE AND EXPERIENCE

Born in 1956, Monique Cohen, a French national, is a graduate of École Polytechnique (1976) and has a Master's degree in mathematics. She started her career at Paribas, where she worked as Assistant Finance Manager from 1980 to 1987.

At Paribas, which later became BNP Paribas, Monique Cohen successively held the positions of Administrative Officer of Courcoux-Bouvet – a brokerage firm and subsidiary of Paribas – between 1987 and 1990, Head of Equity Syndication and Brokerage Activities from 1990 to 1999, and Global Head of Equity Business from 1999 to 2000.

Since 2000, Monique Cohen has been an Executive Partner at Apax Partners in Paris, which specializes in investments in the business and financial services sector.

Between June 2011 and September 2014, she was a member of the Board of Directors of the French financial markets authority (*Autorité des marchés financiers* – AMF).

Monique Cohen brings to the Board her experience as an executive and Director of international groups, as well as in-depth knowledge of the financial and banking markets, expertise in private equity and a financial view of shareholding structures.

### MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Executive Partner of Apax Partners

### CURRENT OFFICES AND POSITIONS

#### SAFRAN GROUP:

- Director of Safran (listed company) (France)

#### NON-GROUP:

- Vice-Chair and member of the Supervisory Board and Chair of the Audit Committee of Hermès International (listed company) (France)
- BNP Paribas (listed company) (France): Director; Chair of the Corporate Governance, Ethics, Nominations and CSR Committee; member of the Internal Control, Risk Management and Compliance Committee
- Chair of the Board of Directors of Proxima Investissement SA (Luxembourg)
- Chair of the Board of Directors of Fides Holdings SAS (France)
- Director of Fides Acquisitions SAS (France)
- Managing Partner of Société Civile Fabadari (France)

### OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

#### SAFRAN GROUP:

None

#### NON-GROUP:

- Director of Apax Partners SAS (France) until June 2020
- Chair and member of the Supervisory Board of Texavenir II SAS (France) until June 2017
- Member of the Supervisory Board and the Audit Committee of JC Decaux (listed company) (France) until May 2017
- Member of the Supervisory Board of Global Project SAS (France) until June 2017



## Didier DOMANGE

Director

Member of the Appointments and Compensation Committee

Safran – 2, bd du Général Martial-Valin – 75015 Paris, France

Number of Safran shares held: 195,109

### PROFILE – EXPERTISE AND EXPERIENCE

Born in 1943, Didier Domange, a French national, is a graduate of the École Supérieure de Commerce in Le Havre, France.

He joined the Domange family business in 1966 as supply chain manager and was a member of the Management Committee of Établissements Domange from 1970 to 1980.

In 1966, he was appointed a Director of Zodiac Aerospace, becoming Chairman and Chief Executive Officer in 1973.

When Zodiac Aerospace was floated on the *second marché* of the Paris stock exchange in 1983 he was appointed Chairman of the Supervisory Board, a position he held until January 2018.

Didier Domange brings to the Board his experience as a corporate officer of an international group, as well as his knowledge of the aeronautical sector and the Group's businesses and markets.

### MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Company Director

### CURRENT OFFICES AND POSITIONS

#### SAFRAN GROUP:

- Director of Safran (listed company) (France)

#### NON-GROUP:

- Chairman of Fidogest (France)
- Chairman of the Supervisory Board of Fidoma (France)
- Representative of CICOR on the Supervisory Board of Banque Transatlantique (France)

### OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

#### SAFRAN GROUP:

None

#### NON-GROUP:

- Chairman of the Supervisory Board of Zodiac Aerospace (listed company) (France) until January 2018
- Director of Safran Seats (formerly Zodiac Seats France) (France) until January 2018



## F&P<sup>(1)</sup> represented by Robert PEUGEOT

Independent Director

Member of the Audit and Risk Committee

FFP – 66, avenue Charles-de-Gaulle – 92200 Neuilly-sur-Seine, France

Number of Safran shares held: 500

## PROFILE – EXPERTISE AND EXPERIENCE

Born in 1950, Robert Peugeot, a French national, is a graduate of École Centrale de Paris and INSEAD. He has held a number of high-level positions in the PSA Group and was a member of the Group Executive Committee from 1998 to 2007, responsible for Innovation and Quality.

He was in charge of business development at Peugeot Invest (formerly FFP) as Chairman and Chief Executive Officer as from end-2002, and has been Chairman of its Board of Directors since May 2020.

Until January 2021, he was the permanent representative of Peugeot Invest on the Supervisory Board of Peugeot SA, and was also Chairman of the Strategy Committee and a member of the Finance and Audit Committee of Peugeot SA.

Since January 2021, he has been Vice-Chairman and a Director of Stellantis N.V. (created from the merger of Peugeot SA and Fiat Chrysler Automobiles N.V.), and a member of its Compensation Committee.

Since November 2018, he has been a member of the French High Committee for Corporate Governance.

Robert Peugeot brings to the Board his experience as an executive and director of international industrial groups, as well as his experience in private equity and finance.

## MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Vice-Chairman of the Board of Directors of Stellantis N.V. (listed company) (Netherlands)
- Chairman of the Board of Directors of Peugeot Invest (formerly FFP) (listed company) (France)
- Company Director

## CURRENT OFFICES AND POSITIONS

### SAFRAN GROUP:

- Permanent representative of F&P as a Director of Safran (listed company) (France)

### NON-GROUP:

- Director, Vice-Chairman and a member of the Compensation Committee of Stellantis N.V. (listed company) (Netherlands)
- Chairman of the Board of Directors and Chairman of the Investments and Shareholdings Committee of Peugeot Invest (listed company) (France)
- Chairman of F&P (France)
- Permanent representative of Maillot II on the Board of Directors of Sicav Armène 2 (France)
- Permanent representative of Peugeot Invest on the Board of Directors of Peugeot 1810 (formerly Maillot I) (France)
- Permanent representative of Peugeot 1810 on the Board of Directors and the Audit Committee of Faurecia (listed company) (France) since May 2021
- Director and Chairman of the Nominations Committee of Sofina (listed company) (Belgium)
- Director and member of the Audit Committee of Etablissements Peugeot Frères (France)
- Director and member of the Governance Committee of Tikehau Capital Advisors (France)
- Member of the Supervisory Board and Investment Committee of Signa Prime (Austria)
- Member of the Supervisory Board and Investment Committee of Signa Development (Austria) since July 2021
- Member of the Supervisory Board of Soparexo (France)
- Member of the Supervisory Board of Financière Guiraud SAS since October 2021
- Director of Peugeot Invest UK Ltd (United Kingdom)
- Director of Asia Emergency Assistance Holdings Pte Ltd (Republic of Singapore)
- Legal manager of Société Civile Rodom (France)

## OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

### SAFRAN GROUP:

None

### NON-GROUP:

- Legal manager of CHP Gestion (France) until November 2021
- Director and member of the Compensation Committee of Faurecia (listed company) (France) until May 2021
- Permanent representative of Peugeot Invest as a member of the Supervisory Board, Chairman of the Strategy Committee and a member of the Finance and Audit Committee of Peugeot S.A. (listed company) (France) until January 2021
- Chairman and Chief Executive Officer of Peugeot Invest (listed company) (France) until May 2020

(1) F&P is a joint venture between Peugeot Invest Assets (formerly FFP Invest) and Fonds Stratégique de Participations (FSP), specifically set up for the purpose of exercising the role of a Director of Safran.

- Permanent representative of Peugeot Invest as Chairman of Peugeot Invest assets (formerly FFP Invest) (France) until May 2020
- Permanent representative of Peugeot Invest Assets as Chairman and a member of the Supervisory Board of Financière Guiraud SAS (France) until May 2020
- Permanent representative of Maillot I (France) as a member of the Board of Directors of Sicav Armene 2 until 2020
- Member of the Supervisory Board of ACE Management SA (France) until May 2020
- Member of the Supervisory Board, member of the Audit Committee and member of the Compensation, Appointments and Governance Committee of Hermès International (listed company) (France) until June 2019
- Permanent representative of Maillot I (France) as a member of the Board of Directors of Sicav Armene until May 2019
- Director and member of the Nomination and Compensation Committee of DKSH Holding AG (listed company) (Switzerland) until March 2019
- Permanent representative of FFP Invest (France) as a member of the Board of Directors and Chairman of the Compensation and Nominations Committee of Sanef (France) until April 2017



## Laurent GUILLOT

Independent Director

Member and Chair of the Audit and Risk Committee

Member of the Innovation, Technology & Climate Committee

Safran – 2, bd du Général Martial-Valin – 75015 Paris, France

Number of Safran shares held: 500

## PROFILE – EXPERTISE AND EXPERIENCE

Born in 1969, Laurent Guillot, a French national, is a graduate of École Polytechnique and of École des Ponts ParisTech engineering school, and holds a postgraduate degree in macroeconomics from Université Paris I.

He began his career with the French Ministry of Finance in 1996, initially as head of the Energy unit in the Forecasting Department and then as head of the Central Africa unit within the Treasury Department's International Division. In 1999, he was appointed technical advisor to the Minister of Infrastructure, Transport and Housing, first on maritime issues and then on budgetary, financial and industrial issues.

He joined Compagnie de Saint-Gobain in 2002 as Vice-President of Corporate Planning. He was appointed Vice-President of Construction Abrasives in 2004, becoming Vice-President of High-Performance Refractories and Diesel Particulate Filters the following year. In 2007, he was appointed General Delegate for Brazil, Argentina and Chile.

From 2009 to the end of 2015, Laurent Guillot served as Saint-Gobain's Chief Financial Officer and was also in charge of Group procurement and information systems.

In 2016, he was appointed Vice-President of the High-Performance Materials business. The following year, he became Senior Vice President of Compagnie de Saint-Gobain in charge of the High-Performance Materials business, with direct oversight over the Performance Plastics business.

Between 2019 and 2021 he was Senior Vice President of Compagnie de Saint-Gobain in charge of High-Performance Solutions and was also responsible for information systems.

Laurent Guillot brings to the Board his financial expertise, his skills and experience as an operational and functional manager of a global industrial group, and his expertise in high-performance materials, industrialization and information systems.

## MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Business Manager and company Director

## CURRENT OFFICES AND POSITIONS

### SAFRAN GROUP:

- Director of Safran (listed company) (France)

### NON-GROUP:

None

## OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

### SAFRAN GROUP:

None

### NON-GROUP:

- Non-executive Director, Chairman of the Risk Management Committee, member of the Remuneration and Nomination Committee, and member of the Corporate Social Responsibility Committee of Grindwell Norton Ltd (listed company) (India) until June 2021
- Deputy Director of Saint-Gobain Archives (France) until June 2021
- Director of EuroKera (China) until June 2021
- Chairman and Director of Saint-Gobain Ceramics & Plastics, Inc. (United States) until June 2021
- Chairman of the Board of Directors of Saint-Gobain Tm K.K. (Japan) until June 2021
- Chairman of Saint-Gobain Technology Services France (France) until March 2021; Saint-Gobain International Digital IT Services (France) until March 2021; Saint-Gobain Cristaux & Détecteurs (France) until June 2021; Saint-Gobain Performance Plastics Europe (France) until June 2021; Saint-Gobain Centre De Recherche et d'Études Européen (France) until June 2021; Saint-Gobain Quartz S.A.S (France) until June 2021; Saint-Gobain Coating Solutions (France) until June 2021; Savoie Réfractaires (France) until June 2021; Saint-Gobain Matériaux Céramiques (France) until June 2021; Saint-Gobain Consulting Information And Organization (France) until June 2021; Saint-Gobain Performance Plastics France (France) until June 2021; Valoref (France) until June 2021; Société européenne des produits réfractaires – S.E.P.R. (France) until June 2021
- Director of Saint-Gobain DSI Groupe (France) until March 2021; Saint-Gobain Corporation (United States) until June 2021; Saint-Gobain Performance Plastics Corporation (United States) until June 2021; Saint-Gobain Abrasives, Inc. (United States) until June 2021; Saint-Gobain Solar Gard Australia Pty, Ltd (Australia) until June 2021; Saint-Gobain High Performance Solutions UK Limited (formerly Saint-Gobain High Performance Materials UK Limited) (United Kingdom) until June 2021; Saint-Gobain K.K. (Japan) until June 2021; Saint-Gobain Advanced Ceramics (Shanghai) Co Ltd (China) until June 2021; Carborundum Ventures Inc. (United States) until April 2019; Phoenix Coating Resources, Inc (United States) until April 2019; Saint-Gobain Hycomp Llc (United States) until April 2019; Fluocabron Components, Inc. (United States) until April 2019; Farecla Products Ltd (United Kingdom) until January 2019; Saint-Gobain Performance Plastics Rencol Limited (United Kingdom) until January 2019
- President, Chief Executive Officer and Director of Zenpure Corporation (United States) until April 2019; Zenpure Americas, Inc. (United States) until April 2019
- Chief Executive Officer and Director of Saint-Gobain Solar Gard, LLC (United States) until April 2019
- Chairman of the Board of Directors of Sepr Italia SpA (Italy) until March 2019
- President & Chief Executive Officer of Phoenix Coating Resources, Inc. (United States) until January 2017; Z-tech, LLC (United States) until January 2017





## Vincent IMBERT

Director

Member of the Innovation, Technology & Climate Committee

Inspection générale des armées - Armement - 60, bd du Général-Martial-Valin - 75015 Paris, France

Number of Safran shares held: N/A

### PROFILE – EXPERTISE AND EXPERIENCE

Born in 1956, Vincent Imbert, a French national and senior defense engineer, is a graduate of École Polytechnique and École Nationale Supérieure de l'Aéronautique et de l'Espace. He is a former auditor of the Center for Advanced Defense Studies (*Centre des Hautes Études de l'Armement*).

He started his career at the French Directorate General of Weapons Procurement (DGA) in 1981 managing programs. He was Director of the PR4G (radios for the army) program and the RITA and RITA enhancement programs and then Director of the Leclerc tank program for France and the United Arab Emirates.

In 1998, he became Director of the French military test center at Bourges, responsible for the assessment and testing of pyrotechnic, artillery and ground missile systems.

In 2000, he was appointed Force System Architect, responsible for directing and managing prospective studies to prepare the French army's future defense and weapons systems.

In 2003, he was appointed technical Advisor to the Deputy Head of the DGA, and became Director of its Ground Weaponry Programs Department (SPART) in 2004.

In 2006, he also became Director of the DGA's Observation, Telecommunication and Information Programs Department (SPOTI).

In 2009, he was responsible for setting up the technical department at the DGA, which he subsequently managed.

In June 2013, he was appointed Executive Vice President of the DGA and on September 1, 2017 became Inspector General of the Weaponry Division of the French Armed Forces.

He was appointed government commissioner on the Board of Directors of the École Polytechnique Foundation, with effect from March 10, 2021.

Vincent Imbert brings to the Board an in-depth knowledge of the Group's products and markets, and particularly his expertise in the areas of defense and strategy.

### MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Inspector General of the Weaponry Division of the French Armed Forces

### CURRENT OFFICES AND POSITIONS

#### SAFRAN GROUP:

- Director of Safran (listed company) (France)

#### NON-GROUP:

- Managing Partner of EDVI (France)
- Government commissioner on the Board of Directors of the École Polytechnique Foundation (France)

### OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

#### SAFRAN GROUP:

None

#### NON-GROUP:

None



## Fabienne LECORVAISIER

Independent Director

Member of the Audit and Risk Committee

Air Liquide SA – 75, quai d'Orsay – 75007 Paris, France

Number of Safran shares held: 500

### PROFILE – EXPERTISE AND EXPERIENCE

Born in 1962, Fabienne Lecorvaisier, a French national, is a civil engineer and a graduate of the École Nationale des Ponts et Chaussées engineering school.

She began her career at Société Générale in 1985, first in the Corporate Finance Department, and then in the Mergers and Acquisitions Department. She joined Barclays Bank in 1989 as a Senior Banking Executive in charge of the LBO Department (Paris)/Corporate Finance Department (Paris and London). In 1990, she joined Banque du Louvre (Taittinger group) as Assistant General Manager.

She joined the Essilor group in September 1993 as Development Director, before being appointed Finance and Information Systems Director for Essilor America in January 1996, then Chief Financial Officer for the Essilor group in January 2001 and Chief Strategy and Acquisitions Officer for the Essilor group in January 2007.

In 2008, Fabienne Lecorvaisier joined Air Liquide, where she served as Group Chief Financial Officer until 2021. She is currently Executive Vice President, responsible for Sustainable Development, Public and International Affairs and CSR programs at Air Liquide, and is also in charge of the General Secretariat. She has been a member of Air Liquide's Executive Committee since 2008.

She has been a Director of Sanofi since May 2013 and Chair of its Audit Committee since May 2018.

Fabienne Lecorvaisier brings to the Board the experience that she has gained in various functions within international industrial groups in France and overseas, as well as her expertise as a Chief Financial Officer and her experience as a Director. She also has the skills, profile and ability to take on other tasks and responsibilities required of a Board member, notably in the areas of strategy, energy transition, risk and financial transaction management, large-scale projects, and sustainability and CSR.

### MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Executive Vice President, responsible for Sustainable Development, Public and International Affairs and CSR Programs and in charge of the General Secretariat at Air Liquide

### CURRENT OFFICES AND POSITIONS

#### SAFRAN GROUP:

- Director of Safran (listed company) (France)

#### NON-GROUP:

- Director and Chair of the Audit Committee of Sanofi (listed company) (France)
- Executive Vice President of Air Liquide International Corporation (United States)
- Director of Air Liquide International (France), The Hydrogen Company (France), American Air Liquide Holdings, Inc. (United States) and Air Liquide Finance

### OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

#### SAFRAN GROUP:

None

#### NON-GROUP:

- Chair of Air Liquide US LLC (United States) until November 2021
- Director of Air Liquide Eastern Europe (France) until June 2021
- Director of ANSA (the French National Association of Joint-Stock Companies) (France) until June 2021
- Chair and Chief Executive Officer of Air Liquide Finance (France) until September 2021
- Director of Aqualung International (France) until October 2017, Air Liquide Welding SA until October 2017 and SOAEO (Société d'Oxygène et Acétylène d'Extrême Orient) (France) until December 2017



## Daniel MAZALTARIM

Director representing employees

### Member of the Appointments and Compensation Committee

Safran Aircraft Engines – Division de la Qualité, du Progrès et de la Transformation Digitale  
Établissement d'Évry-Corbeil – Rue Henri-Auguste Desbruères – B.P. 81 – 91003 Évry Cedex, France

Number of Safran shares held: 2,009<sup>(1)</sup>

## PROFILE – EXPERTISE AND EXPERIENCE

Born in 1960, Daniel Mazaltarim, a French national, holds a PhD in geology from Strasbourg University, post-graduate diplomas (DESS) in management and human resources management from Institut d'Administration des Entreprises de Paris and a Business Certificate from the American University of Paris.

Daniel Mazaltarim has been with the Group for 21 years.

He started his career as a quality assurance manager at Safran Transmission Systems (formerly Hispano-Suiza), before joining Safran Consulting in 2004, first as a consultant and subsequently a manager.

In June 2014, he became a member of the Progress Initiative Department of Safran Aircraft Engines' Military Engines Division as a Black Belt, then as a Master Black Belt.

Daniel Mazaltarim brings to the Board his view of Safran from an employee's perspective, as well as an in-depth knowledge of the Group and its markets.

## MAIN POSITION(S) HELD

- Master Black Belt in the Safran Aircraft Engines' Quality, Progress and Digital Transformation Department.

## CURRENT OFFICES AND POSITIONS

### SAFRAN GROUP:

- Director of Safran (listed company) (France) representing employees and a member of the Appointments and Compensation Committee (only for compensation issues)

### NON-GROUP:

## OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

### SAFRAN GROUP:

None

### NON-GROUP:

Chairman of COSAF 13 until August 2019

(1) Via corporate mutual fund units (conversion, where applicable, based on the Safran share price at December 31, 2021).



## Patrick PÉLATA

Director responsible for monitoring climate issues – Independent

Member and Chairman of the Innovation, Technology & Climate Committee

Member of the Appointments and Compensation Committee

Safran – 2, bd du Général Martial-Valin – 75015 Paris, France

Number of Safran shares held: 500

## PROFILE – EXPERTISE AND EXPERIENCE

Born in 1955, Patrick Pélata, a French national, is a graduate of the École Polytechnique (class of 1974) and of the École Nationale des Ponts et Chaussées engineering school, and holds a PhD in socioeconomics from the École des Hautes Études en Sciences Sociales.

He joined Renault in 1984 as a shop foreman at the Flins plant and from 1988 he contributed to the creation of the Renault Twingo and served in several engineering positions at Vehicle Engineering, where he became Senior Vice President in 1998 and joined the Renault Management Committee. Following the signature of the Alliance between Renault and Nissan in 1999, he joined Nissan in Tokyo as Executive Vice President in charge of Corporate and Product Planning, Design and Programs, sitting on the Executive Committee of Nissan and the Executive Board of the Alliance. In 2005, he returned to Renault as Executive Vice President in charge of Corporate and Product Planning, Design and Programs, and joined the Executive Committee. Patrick Pélata served as Chief Operating Officer of the Renault group from October 2008 to April 2011, before his departure in August 2012.

From September 2012 to July 2015, he was Chief Automotive Officer and Executive Vice President of Salesforce.com, with responsibility for strategy execution and promoting social media, mobility and cloud computing technologies to the automotive industry.

In July 2015, he created Meta Consulting LLC, of which he is the President. He returned to Paris in July 2017.

Since December 2018, he has been a member of the Académie des Technologies, a French think-tank that issues recommendations on the best use of technologies for society.

Patrick Pélata brings to the Board his experience of leading innovative, high-tech industrial groups on an international scale, as well as his expertise in strategy, consulting and industrialization, which is particularly valuable given today's focus on drastically reducing greenhouse gas emissions and increasing electrification and digitalization.

## MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Consultant (Meta Strategy Consulting)
- Company Director

## CURRENT OFFICES AND POSITIONS

### SAFRAN GROUP:

- Director of Safran (listed company) (France)

### NON-GROUP:

- Director of:
  - Orano (France)
  - Vu Log (France)
  - Mobivia (France)

## OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

### SAFRAN GROUP:

None

### NON-GROUP:

President of Meta Consulting LLC (United States) until July 2017



## Sophie ZURQUIYAH

Independent Director

Member of the Audit and Risk Committee

CGG – 27, avenue Carnot – 91300 Massy, France

Number of Safran shares held: 500

### PROFILE – EXPERTISE AND EXPERIENCE

Born in 1966, Sophie Zurquiyah has dual French and American nationality. She is a graduate of the École Centrale de Paris and holds a Master of Science in numerical analysis from the Pierre and Marie Curie University (Paris VI), as well as a Master of Science in aerospace engineering from the University of Colorado.

Having started her career with Schlumberger in 1991 as a geophysics engineer, she held a variety of positions in research, development and manufacturing in France and the United States, before becoming General Manager for Schlumberger's South Latin America Region, based in Rio de Janeiro in 2003. Between 2005 and 2007, she served as Human Resources Director for Oilfield Services at Schlumberger, and then as Chief Information Officer for the Schlumberger group at its headquarters in Paris until 2009. In the same year, she was appointed President of Schlumberger Data & Consulting Services in Houston, where she remained until 2012.

Sophie Zurquiyah joined CGG on February 4, 2013 as Senior Executive Vice President of the Geology, Geophysics & Reservoir (GGR) business. On September 1, 2015, she was appointed Chief Operating Officer in charge of Technology and Global Operational Excellence, in addition to her operating responsibilities for product lines in the GGR segment. She is currently a member of the Executive Committee of the CGG group.

On November 18, 2017, Sophie Zurquiyah was appointed as a member of the French Industry Council by way of a ministerial decree.

Since April 26, 2018 she has been Chief Executive Officer and a Director of CGG SA.

Sophie Zurquiyah brings to the Board her experience of heading up innovative global corporations specialized in high-tech industrial equipment and services, as well as an international outlook, expertise in various operational and corporate positions, and her extensive knowledge of North America and Latin America.

### MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Chief Executive Officer of CGG SA

### CURRENT OFFICES AND POSITIONS

#### SAFRAN GROUP:

- Director of Safran (listed company) (France)

#### NON-GROUP:

- Chief Executive Officer and a Director of CGG SA (listed company) (France)
- Director of Bazean Corp (United States)
- Director and member of the Audit Committee of TechnipFMC (listed company) (France)

### OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

#### SAFRAN GROUP:

None

#### NON-GROUP:

- Director of Petroleum Edge Ltd (United Kingdom) until June 2018
- Senior Executive Vice President of CGG Services (U.S.), Inc. (United States) until March 2018
- Chief Operating Officer of CGG SA (listed company) (France) until January 2017

## Skills and expertise of the members of the Board of Directors

The tables below summarize the expertise and diverse skills of each of the Directors. They show that the Directors have a wide range of experience in different business sectors and expertise in varied fields, meaning that the Board is well equipped to deal with the challenges Safran faces in terms of both strategy and performance. In addition, 66.67% of the Board members (i.e., 12 out of 18) and 89% of the independent

Directors (8 out of 9) have spent part of their careers working internationally (irrespective of their nationality).

This skills matrix is monitored and reviewed by the Appointments and Compensation Committee, particularly in order to identify Director candidate profiles in the event of any changes in the Board's membership structure.

## Diverse skills and expertise of each Director

Experience and specific positions exercised by Directors in different sectors and activities	Number of Directors
Aerospace industry	12 ■■■■■■■■■■
Other industries	14 ■■■■■■■■■■
Innovation, R&T, development and engineering	13 ■■■■■■■■■■
International career and experience	12 ■■■■■■■■■■
Strategy, competition and M&A	14 ■■■■■■■■■■
Finance and management control	10 ■■■■■■■■
Digital - New technologies	7 ■■■■■■
Governance and compensation	11 ■■■■■■■■
Human resources - CSR	13 ■■■■■■■■■■



## Diverse skills and expertise of each Director

	Ross McInnes	Olivier Andriès	Anne Aubert	Marc Aubry	Hélène Auriol Potier	Patricia Bellinger	Stéphanie Besnier	Hervé Chaillou	Jean-Lou Chameau	Monique Cohen
<b>Experience in the aerospace industry</b>										
■ Aerospace	X	X	X	X				X	X	
■ Experience in other industries										
■ Automotive	X		X							
■ Defense	X	X						X		
■ Energy	X					X	X		X	
■ Naval							X			
■ Other		X (Media/ Communications)					X (Rail)			
<b>Experience in other business sectors</b>										
■ Finance, banking, insurance and asset management	X				X		X			X
■ Strategy and consulting									X	X
■ IT and telecoms					X		X		X	
■ New technologies					X				X	
■ Government services	X	X					X			
■ Other									X (Science and education)	
<b>International experience</b>										
■ International experience (irrespective of nationality)	X		X		X	X	X		X	
<b>Experience as a company director/officer and in governance and management</b>										
■ Office(s) held in listed companies (Chairman, CEO, COO, etc.)	X	X								
■ Director of listed companies	X	X	X	X	X	X	X	X	X	X
■ Executive of unlisted companies	X	X			X	X			X	X
■ Director of unlisted companies	X	X			X	X	X	X	X	X
■ Governance and compensation	X			X	X	X	X		X	X
■ Organization and management of corporations	X	X			X	X		X		X
<b>Experience in strategy and M&amp;A</b>										
■ Strategy and competitive environment	X	X			X	X	X		X	X
■ M&A	X	X					X			X
<b>Shareholding vision</b>										
■ Shareholding strategy and vision	X						X			X
■ Perspective of an employee or employee shareholder			X	X				X		
<b>Experience in finance and consulting</b>										
■ Finance, performance, consulting and management control	X	X	X				X		X	X
<b>Experience in innovation, R&amp;T, development and engineering</b>										
■ Innovation and R&T		X							X	
■ Performance and industrial developments – Operations, engineering		X	X	X				X		
<b>Digital – New technologies</b>										
■ IT and digital					X		X		X	
<b>Sales &amp; marketing experience</b>										
■ Sales & marketing, procurement, commerce and distribution		X	X		X					
<b>HR-ESG-CSR experience</b>										
■ Human resources		X		X		X		X	X	
■ ESG-CSR	X			X	X	X	X	X	X	X

	Didier Domange	Laurent Guillot	Vincent Imbert	Fabienne Lecorvaisier	Daniel Mazaltarim	Patrick Pélatà	Robert Peugeot	Sophie Zurquiyah
<b>Experience in the aerospace industry</b>								
■ Aerospace	X	X	X		X		X	X
<b>Experience in other industries</b>								
■ Automotive		X				X	X	
■ Defense			X		X			
■ Energy		X		X		X		X
■ Naval								
■ Other		X		X (Health care)				
<b>Experience in other business sectors</b>								
■ Finance, banking, insurance and asset management	X	X		X			X	
■ Strategy and consulting						X		
■ IT and telecoms		X						X
■ New technologies						X		
■ Government services			X					
■ Other								
<b>International experience</b>								
■ International experience (irrespective of nationality)	X	X		X		X	X	X
■ Experience as a company director/officer								
<b>Experience as a company director/officer and in governance and management</b>								
■ Office(s) held in listed companies (Chairman, CEO, COO, etc.)	X					X	X	X
■ Director of listed companies	X	X	X	X	X	X	X	X
■ Executive of unlisted companies	X	X		X		X	X	
■ Director of unlisted companies	X	X	X	X		X	X	X
■ Governance and compensation	X	X				X	X	
■ Organization and management of corporations	X	X		X		X	X	X
<b>Experience in strategy and M&amp;A</b>								
■ Strategy and competitive environment	X	X	X	X		X	X	
■ M&A	X	X		X			X	X
<b>Shareholding vision</b>								
■ Shareholding strategy and vision	X	X		X			X	X
■ Perspective of an employee or employee shareholder					X			
<b>Experience in finance and consulting</b>								
■ Finance, performance, consulting and management control	X	X		X			X	
<b>Experience in innovation, R&amp;T, development and engineering</b>								
■ Innovation and R&T		X				X	X	X
■ Performance and industrial developments - Operations, engineering	X	X	X	X	X	X	X	X
<b>Digital - New technologies</b>								
■ IT and digital		X		X		X		X
<b>Sales &amp; marketing experience</b>								
■ Sales & marketing, procurement, commerce and distribution		X						
<b>HR-ESG-CSR experience</b>								
■ Human resources		X						X
■ ESG-CSR		X		X		X		

### 6.2.3 Other information about the Board of Directors' membership structure

#### Lead Independent Director – Monique Cohen

Monique Cohen has served as the Company's Lead Independent Director since March 2018 and will continue to serve in this capacity for the duration of her term as a Director. Although the position of Lead Independent Director is not indispensable because the Company has separated the roles of Chairman of the Board and Chief Executive Officer, the Board felt that it would be good practice to have such a Director.

The Lead Independent Director has the following powers and responsibilities:

- the Chairman of the Board of Directors consults with her about the agenda and schedule of Board meetings;
- in her capacity as both Lead Independent Director and a member of the Appointments and Compensation Committee, she takes part in (i) preparing the succession plan for the Company's officers, including the Chairman of the Board of Directors, (ii) the process of selecting candidates for members of the Board and its Committees (iii) organizing assessments of the Board, and (iv) discussions regarding governance matters.

She leads the Board's discussions about the succession plan for the Chairman of the Board and any appraisals of his performance or reviews of his compensation;

- where necessary, or useful, either at her own initiative or at the request of the Chairman of the Board, she is informed of any opinions or specific questions expressed by the shareholders in relation to corporate governance matters and participates, in conjunction with the Chairman of the Board, in any resulting discussions;
- she brings to the Chairman's attention any potential conflicts of interest that she may identify and examines such situations with him;
- if the Chairman is temporarily unable to perform his duties or in the event of the Chairman's death, and if there is no Vice-Chairman, then the Lead Independent Director replaces the Chairman, as follows:
  - in the event of temporary absence, the Lead Independent Director stands in for the Chairman until he is once again able to perform his duties, and
  - in the event of the Chairman's death, the Lead Independent Director acts as Chairman until a new Chairman is elected.

In either of the above cases, the Lead Independent Director chairs meetings of the Board of Directors.

The Lead Independent Director does not receive any specific additional compensation for her duties in this capacity.

#### Work carried out by the Lead Independent Director during the year

In 2021, Monique Cohen – Lead Independent Director and also Chair of the Appointments and Compensation Committee – chaired the parts of the Board meetings related to reviewing the Chairman's specific situation. The Chairman did not take part in any discussions or votes concerning these matters.

In addition, working alongside the Chairman, she:

- interacted with the Chairman on matters – particularly governance – about which a Chairman of the Board who is not the Chief Executive Officer needs to be able to have discussions with an independent and trusted person;

- helped organize the formal assessment of the operating procedures of the Board of Directors and its Committees and the Directors' individual contributions to the Board's work, which was carried out in late 2021 with the assistance of an external corporate governance consulting firm;
- participated in discussions, in liaison with the members of the Appointments and Compensation Committee, about changes to the Board's membership structure, particularly in preparation for the 2022 Annual General Meeting;
- chaired the discussions on the agenda items of the Board meetings related to the appraisal, performance and compensation of the Chairman, as well as the "executive sessions" during which the independent Directors also regularly looked at the Board's operating procedures (see section 6.3.5).

In addition, and particularly when requested by the people concerned, she regularly held discussions with:

- the Chief Executive Officer about the expectations and interactions between the Company's governance bodies (the Board of Directors and its Committees) and Executive Management;
- the Directors on topics they said they wished to address in addition to and in parallel with her discussions with the Chairman.

#### Director responsible for monitoring climate issues – Patrick Pélatà

The Board of Directors, like the Company's shareholders, is fully aware of the strategic importance of climate issues for the aerospace industry. Consequently, it places particular importance on regularly informing shareholders about Safran's climate strategy and related action plan.

To that end, on February 24, 2021 the Board decided to appoint Patrick Pélatà – an independent Director and Chairman of the Innovation, Technology & Climate Committee – as "Director responsible for monitoring climate issues".

The Director responsible for monitoring climate issues:

- takes the lead in ensuring follow-up of the climate action plan by the Innovation, Technology & Climate Committee. Within this scope, he and this Committee are involved in monitoring and overseeing Executive Management's climate action plan and in preparing the related information intended for publication by the Company and for presentation to the Annual General Meeting;
- is informed of questions from the shareholders on matters falling within the scope of his role and, where necessary, makes himself available to discuss those matters with them, in conjunction with the Chairman of the Board of Directors;
- may be assigned other specific duties related to his role by the Chairman of the Board of Directors;
- may put forward to the Chairman of the Board of Directors additional items related to his role for inclusion in the agenda for Board of Directors' meetings;

- in conjunction with Executive Management, presents information prepared by Executive Management on the climate action plan to the Annual General Meeting, after having submitted said information to the Innovation, Technology & Climate Committee for its opinion and then to the Board of Directors for its approval;
- does not receive any specific additional compensation and performs his duties under the responsibility of the Board of Directors, which takes the final decisions on the climate issues concerned.

In 2021, Patrick Pélat's work in this capacity notably included:

- participating, alongside the Chairman and Executive Management, in reviewing Safran's climate strategy and action plan, as part of a continuous improvement approach aimed at:
  - ensuring a high degree of transparency regarding the Group's climate actions,
  - decarbonizing operations,
  - being a leader in aviation decarbonization;
- presenting this strategy and its underlying objectives at Safran's Annual General Meeting on May 26, 2021, alongside the Chief Executive Officer;
- leading the work of the Innovation, Technology & Climate Committee on climate issues.

## Independent Directors

The Board has nine independent Directors (see section 6.2.4.1), who are all highly engaged and involved in the Board's work. The fact that these Directors have full freedom of judgment and expression contributes to the quality of the Board's discussions, and their professional and personal experience provides an outside view that is beneficial for the Company.

The independent Directors are not executives or employees of the Group and do not have any significant financial, family or other relations with the Group that could affect their freedom of judgment or lead to any actual or potential conflicts of interest.

The aim of having independent Directors on the Board is to provide the Company's shareholders with assurance that the collegiate body of the Board, and its Committees which put forward recommendations to the Board, comprise members who have total independence to analyze, judge, take decisions and act in the Company's best interests.

## Representative of the French State and Directors put forward by the French State

The membership structure of Safran's Board of Directors is subject to the provisions of French law applicable to *sociétés anonymes* (joint-stock corporations). However, as the French State owns at least 10% of the Company's capital, as provided for in Article 14.1 of the Company's bylaws, a certain number of seats on the Board must be assigned to representatives of the French State in accordance with Articles 4 and 6 of *ordonnance* 2014-948 dated August 20, 2014, which sets out the terms and conditions for State representation on the Boards of Directors of companies in which it holds an ownership interest.

Following the Annual General Meeting of May 23, 2019, the number of Directors with a link to the French State was reduced from three to two, i.e.:

- one representative of the French State appointed by way of a ministerial decree; and
- one Director put forward by the French State and appointed by shareholders at the Annual General Meeting (compared with two previously).

The reduction resulted from applying, as agreed with the French State, the provisions of the August 20, 2014 *ordonnance* in view of the change in the French State's ownership interest in Safran.

In connection with Safran's implementation of the August 20, 2014 *ordonnance*:

- by way of a ministerial decree dated May 12, 2021, the French State appointed Stéphanie Besnier as its representative on Safran's Board of Directors for the remainder of the term of office of her predecessor, Suzanne Kucharekova Milko, i.e., expiring at the Annual General Meeting to be held in 2023.
- Vincent Imbert was re-appointed as a Director at the Annual General Meeting of May 23, 2019, having been put forward again by the French State. His new term of office is for four years, expiring at the close of the Annual General Meeting to be held in 2023.

## Directors representing employee shareholders

Safran's Board of Directors includes two Directors representing employee shareholders, who are appointed by the shareholders in a General Meeting:

- Marc Aubry; and
- Anne Aubert.

They were both appointed by the Annual General Meeting of May 28, 2020, for a four-year term expiring at the close of the Annual General Meeting to be held in 2024.

In accordance with the applicable law and Article 14.8 of Safran's bylaws, if the shares held by employees of the Company – or of companies related to it within the meaning of Article L.225-180 of the French Commercial Code – represent more than 3% of the share capital, then one or more Directors representing employee shareholders must be appointed at an Ordinary General Meeting.

Directors representing employee shareholders have the same voting rights at Board meetings as the other Directors and must act in the corporate interest of the Company at all times. Subject to the legal provisions applying to them, they have the same rights and responsibilities and are bound by the same duties – in particular with regard to confidentiality – as the other members of the Board.

## Directors representing employees

In accordance with Article 14.9 of the Company's bylaws<sup>(1)</sup>, the Board of Directors must include one or two Directors representing employees, depending on the total number of Board members, as follows: (i) one such Director if the Board has eight or less members, or (ii) two such Directors if the Board has more than eight members. The total number of Board members is assessed on the date that the Director(s) representing employees are appointed, and does not take into account any existing Directors representing employees or employee shareholders.

(1) Adopted pursuant to the French Employment Security Act of June 14, 2013.

On October 24, 2019, Daniel Mazaltarim was re-elected and Hervé Chaillou elected as Directors representing employees for four-year terms commencing November 20, 2019, based on the lists of candidates put forward by the four trade unions represented within the Group (CFDT, CFE-CGC, CGT and CGT-FO). Eligible voters in this election corresponded to all of the employees of Safran and its direct and indirect subsidiaries whose registered offices are located in France.

Directors representing employee shareholders have the same voting rights at Board meetings as the other Directors and must act in the corporate interest of the Company at all times. Subject to the legal provisions applying to them, they have the same rights and responsibilities and are bound by the same duties – in particular with regard to confidentiality – as the other members of the Board.

### Other persons attending Board of Directors' meetings

The following people attend Board of Directors' meetings in an advisory capacity: a Government Commissioner appointed by decision of the Ministry of Defense in accordance with the regulations applicable to Safran's activities, and a representative of the Group's Social and Economic Committee in accordance with the French Labor Code (*Code du travail*).

### Government Commissioner

Éric Méresse, Controller-General of the French Armed Forces, was appointed as Government Commissioner to Safran and its subsidiaries by way of a decision of the Ministry of Defense on September 15, 2014, in accordance with the laws and regulations applicable to companies supplying military equipment under public contracts or more generally engaged in the manufacturing or trading of such equipment.

### Representative of the Social and Economic Committee

Ould Bouamama was appointed on December 9, 2019 by the Group's Social and Economic Committee as its representative on the Board of Directors, pursuant to the provisions of Article L.2312-72 of the French Labor Code.

### The Statutory Auditors

The Statutory Auditors are invited to attend the Board meetings during which the annual and interim financial statements are reviewed. They may also be invited to any other Board meeting and also take part in all meetings of the Audit and Risk Committee.

### Other persons

In accordance with the Board of Directors' Internal Rules, depending on the matters discussed, the Chairman of the Board of Directors may invite any person to attend Board of Directors' meetings whom he considers may be able to provide Board members with information on an agenda item.

## 6.2.4 Independence and diversity of the Board of Directors

Based on the independence criteria set out below, nine of Safran's Directors qualify as independent (i.e., 64.3%). In accordance with the AFEP-MEDEF Code, Directors representing employee shareholders and Directors representing employees are not taken into account when calculating the percentage of independent Directors.

### 6.2.4.1 Independence of the members of the Board of Directors

#### Independence criteria

Independent Directors are those who do not have any relationship whatsoever with Safran, the Group or its Management that may compromise their freedom of judgment.

A Director is deemed independent when he or she meets all of the following criteria (Article 2.4 of the Board of Directors' Internal Rules and Article 9.5 of the AFEP-MEDEF Code):

- criterion 1: an independent Director must not be, or must not have been, during the past five years:
  - an employee or executive corporate officer of Safran,
  - an employee, executive corporate officer or Director of a company that is consolidated by Safran,
  - an employee, executive corporate officer or Director of Safran's parent company or a company consolidated by Safran's parent company;
- criterion 2: an independent Director must not be an executive corporate officer of a company in which Safran holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive corporate officer of Safran (currently in office or having held office within the past five years) is a Director;

- criterion 3: an independent Director must not be a customer, supplier, commercial banker, investment banker, or advisor:
  - that is significant for Safran or the Group, or
  - for which Safran or the Group represents a significant portion of its business;
- criterion 4: for any Director who has duties in one or more banks, in order to be qualified as independent, he or she must not participate in (i) preparing or soliciting offers for services from one or more of said banks with Safran or any other Group company, (ii) the work of any of said banks in the event of the performance of a mandate entrusted to the bank by Safran or any other Group company, or (iii) the vote on any resolution concerning a project in which the bank concerned is or could be involved in an advisory capacity;
- criterion 5: an independent Director must not have any close family ties with a corporate officer of Safran or any other Group company;
- criterion 6: an independent Director must not have been a Statutory Auditor of Safran in the past five years;
- criterion 7: an independent Director must not have been a member of Safran's Board of Directors (or previously its Supervisory Board) for over 12 years, it being specified that members lose their status as independent Directors once the 12-year threshold is reached;
- criterion 8: an independent Director must not be a major shareholder of Safran.

At each appointment of a Director (or temporary appointment of a Director prior to ratification by the Annual General Meeting), the Board of Directors examines the issue of independence with regard to the criteria set out in the Internal Rules and checks whether the applicant has significant business relations with the Group. An independence review is then carried out on an annual basis.

Independence criteria	1	2	3	4	5	6	7	8	Independent
Ross McInnes	√	√	√	√	√	√	√	√	(1)
Olivier Andriès		√	√	√	√	√	√	√	
Marc Aubry		√	√	√	√	√	√	√	
Anne Aubert		√	√	√	√	√	√	√	
Hélène Auriol Potier	√	√	√	√	√	√	√	√	√
Patricia Bellinger	√	√	√	√	√	√	√	√	√
Hervé Chaillou		√	√	√	√	√	√	√	
Jean-Lou Chameau	√	√	√	√	√	√	√	√	√
Monique Cohen	√	√	√	√	√	√	√	√	√
Odile Desforges	√	√	√	√	√	√	√	√	√
Didier Domange	√	√	√	√	√	√	√	√	(2)
F&P represented by Robert Peugeot	√	√	√	√	√	√	√	√	√
Vincent Imbert	√	√	√	√	√	√	√		
Stéphanie Besnier	√	√	√	√	√	√	√		
Laurent Guillot	√	√	√	√	√	√	√	√	√
Daniel Mazaltarim		√	√	√	√	√	√	√	
Patrick Pélata	√	√	√	√	√	√	√	√	√
Sophie Zurquiyah	√	√	√	√	√	√	√	√	√

√ Independence criterion met.

(1) Concerning the Chairman of the Board of Directors, Ross McInnes, although he could be considered as meeting the independence criteria set in the AFEP-MEDEF Code because (i) he had not been an employee or executive corporate officer of Safran in the five years preceding the independence review (criterion 1), and (ii) he does not have any relationship whatsoever with Safran, the Group or its Management that may compromise his freedom of judgment, the Board decided not to reclassify him as an independent Director. Due to the fact that there was no interruption between the end of Ross McInnes' executive functions at Safran and his appointment as Chairman of the Board, and the policies and views that the shareholders or their representatives could have with regard to that situation, he informed the Board that he did not wish to be reclassified as an independent Director.

(2) Concerning Didier Domange, although he could be considered as meeting all of the independence criteria in the AFEP-MEDEF Corporate Governance Code applied by Safran, the Board has decided not to classify him as an independent Director based on the analysis carried out when he was first appointed concerning his position in and relations with Zodiac Aerospace. The reasons for this decision are that Didier Domange was (i) a corporate officer of Zodiac Aerospace, (ii) the representative of a long-standing family shareholder of Zodiac Aerospace, and (iii) involved in the project for the business combination between Safran and Zodiac Aerospace which provided for cross put and call options between the two companies.

## Independence review

At its meeting on March 24, 2022, on the recommendation of the Appointments and Compensation Committee, the Board undertook a review of the independence status of its members.

During this review, both the Board and the Appointments and Compensation Committee examined any business relations that may exist between Safran, its Directors, and the companies (advisory/consultancy/management firms) and institutions in which Safran's Directors are corporate officers. The findings of the review were that none of the Directors considered as independent have any business relations with Safran that could jeopardize their independence. Following the review, the Board of Directors was able to confirm that its independent Directors still qualify as independent.

The Board of Directors relies on the following key procedures, reviewed by the Appointments and Compensation Committee, to determine independence:

- a separate annual questionnaire and a permanent obligation to inform the Board of any conflict of interest:
  - every year, a questionnaire is sent to each independent Director in particular, pursuant to which, any conflict of interest between their duties as a Director, their private interests and any other of their roles or responsibilities, must be declared, as well as any existing service contracts or compensation they benefit from with the Group,
  - strict provisions on permanent disclosure obligations and managing conflicts of interest are included in the Board of Directors' Internal Rules, as set out in section 6.2.5;
- identification and a materiality test in respect of Safran's relationships with other companies and institutions for which Directors of Safran are corporate officers – a specific materiality test in respect of Safran's relationships with bank partners.



These tests mainly consist of:

- a qualitative analysis, intended to ensure that any existing business relationships are free of conflicts of interest and do not bring into question the independence of the Director, mainly through a review of the history, scale and organization of the relationship (the position of the Director concerned in the contracting company) for Directors who have duties in one or more banks, not to have been involved in (i) preparing or soliciting service offerings of one of these banks with respect to Safran or any other Group company, (ii) the work of any of these banks in the event of the performance of a mandate entrusted to said bank by Safran or any other Group company or (iii) the vote on any resolution concerning a project in which the bank concerned is or could be involved in an advisory capacity,
- a quantitative analysis, intended to evaluate the significance of any existing business relationships to ensure that they do not result in any form of financial dependence and that they are neither exclusive nor predominant among the relationships taken as a whole (in respect to relationships with bank partners, the main flows, commitments, transactions and existing terms of office are expressed in amounts and percentages and analyzed to determine their relative weighting).

The results of these reviews were as follows:

- each independent Director stated that they had no conflicts of interest;
- no information was identified showing that any conflicts of interest exist, as defined in the Board's Internal Rules;
- for the materiality test in respect of Safran SA's business relations with other companies (advisory/consultancy/management firms) and institutions in which Safran's independent Directors are corporate officers or executives:

no relations were either disclosed or identified that generate payments by Safran to companies in which Safran's independent Directors are corporate officers and which could jeopardize their independence, and no decisions taken by the independent Directors in relation to such payments were identified;

- based on specific materiality tests concerning the business relations between Safran and (i) BNP Paribas, of which Monique Cohen is a Director, and (ii) Oddo BHF SCA, of which Hélène Auriol Potier is a member of the Supervisory Board:

the business relations between Safran and BNP Paribas and Oddo BHF SCA do not generate any financial dependency, and Safran's relations with these banks are neither exclusive nor represent a predominant portion of its overall banking relations. The Board once again concluded that Monique Cohen and Hélène Auriol Potier have total independence of judgment in their roles as Directors of Safran. In addition, their directorship at BNP Paribas and membership of Oddo BHF SCA's Supervisory Board are non-executive positions. Any business relations that may exist between Safran and BNP Paribas or Oddo BHF SCA do not in any way jeopardize the independent Director status of Monique Cohen or Hélène Auriol Potier.

#### 6.2.4.2 Diversity policy concerning the membership structures of the Board and its Committees

The Board of Directors regularly carries out reviews, based on the recommendations of the Appointments and Compensation Committee, to ensure that its membership structure and that of its Committees are sufficiently balanced.

Its diversity policy is notably structured around principles and objectives related to (i) the size of the Board and the representation of the Company's various stakeholders, (ii) the proportion of independent Directors, (iii) the depth and fit of the Directors' skills and expertise, (iv) international experience, and (v) gender balance.

These principles and objectives set the framework for future changes in the Board's membership structure and enable it to draw up candidate profiles to meet those objectives as the need arises. For the purpose of preparing such profiles it uses the skills matrix set out in section 6.2.2, which it regularly reviews and monitors.

The resolutions relating to the Board's membership structure that will be put to shareholders at the Annual General Meeting of May 25, 2022 (see sections 6.2.6.3 and 8.2.1.3 of this Universal Registration Document) contribute to the implementation of the Board's diversity policy.

##### Diverse profiles

When implementing the above diversity policy, the Appointments and Compensation Committee submits recommendations to the Board, in some cases with the assistance of an external firm, concerning the selection of candidates for appointment or re-appointment as Directors. These recommendations are based on criteria such as:

##### Behavioral skills:

- independence;
- the ability to work as part of a collegiate body such as the Board of Directors, and to constructively challenge the Company's executive management team;
- integrity, open-mindedness and a determination to take into account the interests of all shareholders, in line with the Group's values.

##### Experience and expertise – other criteria:

- gender balance;
- skills that match the Company's overall strategy and that round out or strengthen the skills of the Board's existing members;
- specific expertise (e.g., financial and accounting, R&T, digital, HR, climate and technology), which strengthens the membership structure of the Board Committees;
- additional skills on top of the candidates' main expertise, and a willingness to become involved in the Board's other missions and responsibilities;
- significant international experience during their careers (irrespective of nationality);
- executive experience acquired in major corporations (international, French or non-French), and an understanding of the Group's business sector;
- availability;
- age: the Board of Directors endeavors to have a diverse age profile (the average age of its members is currently 61).

This list of generic criteria is reviewed on a regular basis. If necessary, it is adapted on a case-by-case basis to seek out particular profiles or factor in specific expectations.

### Gender balance on the Board

The Board of Directors comprises seven women and eleven men including the Directors representing employees and the Directors representing employee shareholders. The proportion of women Directors on the Board is therefore 42.86% (6/14), excluding the Directors representing employees and the Directors representing employee shareholders, as provided for under French law for the purposes of calculating the gender balance on corporate boards.

The gender diversity policy applicable more widely to Safran's management bodies, as presented by the Chief Executive Officer to the Board of Directors, is described in section 5.4.3.2 of this Universal Registration Document.

### Training

Directors' training takes the following different forms:

- each new Director is given a welcome pack containing the initial information they need for performing their directorship duties. This pack includes the schedule of Board meetings, the Code of Ethics, the Company's bylaws, the Board's Internal Rules, the Ethical Guidelines, and other documents describing the Group and its businesses, such as the most recent Universal Registration Document. It also includes the main documents presented to the Board of Directors before the arrival of the new Director, when these documents are of particular importance or relate to long-term issues (such as files for the Board of Directors' strategy seminar, the Group's medium-term business plan, financial presentations and outlooks, "Capital Markets Day" presentations, etc.). Directors are also provided with press reviews and regular reports about the Group's financial communications;
- they are offered specific training sessions and in-house presentations about the Group, its businesses and industry, as well as about accounting, financial and operational issues that are specific to Safran;
- the Directors are also regularly given presentations during Board meetings about the Group's operations (historical information, positioning, results, competitive environment, challenges and risks);
- the Directors representing employees and the Directors representing employee shareholders are offered additional training, notably in the field of finance and accounting. These training sessions can also cover broader issues such as (i) the roles and responsibilities, operating procedures and rights and obligations of Boards of Directors, Board Committees and Directors in general, (ii) the Group's businesses and organizational structure, and (iii) any other topic that may enhance the skills and effectiveness of the Directors concerned in performing their Board duties;
- visits to the Group's sites both in and outside France are regularly organized so that Board members can learn about or hone their knowledge of Safran's various sites and businesses. For example, in 2019, the Directors visited the Group's sites at Villaroche (Safran Aircraft Engines) and Issoudin (Safran Seats). No site visits could be organized in 2020 due to the Covid-19 health crisis. In 2021, the Directors visited the Saclay site (Safran-Tech), as well as sites and operations in Morocco (Safran Electronics & Defense Morocco, Safran Aircraft Engines Services Maroc, Safran Nacelles Morocco, Matis Aerospace, and the Institut des Métiers de l'Aéronautique);
- regular updates are given at each Board meeting about the Group's operations and strategy;
- specific meetings of the Board or the Board Committees may also be called to discuss particular issues.

## 6.2.5 Additional disclosures about Directors

### Duration of the terms of office of the members of the Board of Directors

Following the resolution adopted at the Annual General Meeting of April 23, 2015 to reduce Directors' terms of office from five to four years, Directors are now appointed for four-year terms as recommended in the AFEP-MEDEF Code.

Consequently, all of the Directors who have been appointed or re-appointed since that date have four-year terms.

### Information on service contracts between the members of the Board of Directors or Executive Management and the Company or any of its subsidiaries

There are no service contracts between the members of the Board of Directors or Executive Management and Safran or any of its subsidiaries providing for the award of benefits.

### Disclosure of family ties and the absence of convictions involving members of the Board of Directors or Executive Management

To the best of Safran's knowledge:

- there are no family ties between members of the Board of Directors or Executive Management;
- no member of the Board of Directors or Executive Management:
  - has been convicted of fraud,
  - has been a manager of a company that has filed for bankruptcy or been placed in receivership or liquidation,
  - has been subject to an official public incrimination and/or sanctions by any statutory or regulatory authorities, or
  - has been disqualified by a court of law from acting as a member of an administrative, management or supervisory body, or from participating in the conduct of a company's business.

## Managing conflicts of interest of members of the Board of Directors and Executive Management

Safran has not been notified of any:

- potential conflicts of interest between the duties, with respect to Safran, of any of the members of the Board of Directors or Executive Management and their private interests and/or other duties;
- arrangements or agreements with major shareholders, customers, suppliers or other parties pursuant to which any members of the Board of Directors or Executive Management were selected.

The management of conflicts of interest within the Board of Directors is organized as follows (Articles 7.2 to 7.5 of the Board of Directors' Internal Rules):

- every member of the Board of Directors must inform the Board of Directors of any actual or potential conflicts of interest between themselves (or any other individual or corporation with which they have a business relationship) and Safran, or any of the companies in which Safran holds an interest, or any of the companies with which Safran is planning to enter into an agreement of any sort;
- in the event that a member of the Board of Directors suspects the existence of a conflict of interest, or a potential conflict of interests, he or she must immediately inform the Chairman of the Board of Directors (or if the Chairman is unavailable, the Vice-Chairman, or failing that, the Lead Independent Director), whose responsibility it is to decide whether or not a conflict of interests exists and if so, to inform the Board of Directors and thus instigate the conflicts of interest management process;
- in the event that the member of the Board of Directors concerned is the Chairman of the Board of Directors him or herself, then he or she must inform the Vice-Chairman of the Board of Directors or, failing that, the Lead Independent Director;

- the member of the Board of Directors concerned must abstain from voting on the decisions relating to the agreement and from taking part in any discussions preceding the vote;
- in addition, the Chairman of the Board of Directors, the members of the Board of Directors, the Chief Executive Officer and, where appropriate, the Deputy Chief Executive Officer(s) will not be obliged to transmit, to any member(s) of the Board of Directors whom they have serious reason to suspect may be subject to conflicts of interest, any information or documents relating to the agreement or operation causing the conflict of interest in question, and they will inform the Board of Directors of the non-transmission.

## Internal charter on regulated and unregulated related-party agreements

On February 26, 2020 the Board of Directors adopted an internal charter on "regulated" (i.e., subject to approval) and "unregulated" (i.e., entered into in the ordinary course of business on arm's length terms and therefore not subject to approval) related-party agreements. The purpose of this charter is to reiterate the regulatory framework applicable in France to regulated and unregulated related-party agreements and to set out the procedure applied by the Company to (i) qualify a related-party agreement as regulated or unregulated, and (ii) regularly assess whether agreements qualified as unregulated fulfill the conditions required for such qualification. The charter is available on Safran's website (under Group/Corporate Governance). It describes the processes for identifying any related-party agreements that could qualify as regulated, as well as the qualification criteria to be used and the procedures for the Board's regular reviews of these agreements. At the same time as the Board adopted this charter, an internal procedure was sent to the various departments within the Company and to its subsidiaries, which sets out the underlying principles of the charter and how it will be implemented.

## 6.2.6 Changes in the membership structure of the Board of Directors

### 6.2.6.1 Process for selecting and re-appointing Directors

The process for re-appointing Directors or selecting candidates to be put forward for appointment as Directors is carried out by the Appointments and Compensation Committee on the Board's behalf. This Committee conducts the process under the supervision of the Company's non-executive Chairman and the Chair of the Appointments and Compensation Committee, who is also the Lead Independent Director.

This process mainly concerns the re-appointment and selection of independent Directors because, by definition, it does not cover Directors whose appointment is subject to specific provisions of the law or the Company's bylaws (see section 6.2.3 - "Representative of the French State and Directors put forward by the French State", "Directors representing employee shareholders" and "Directors representing employees").

#### Process for selecting Directors

The main stages of this process are usually as follows:

- determining the profiles sought and the related essential and additional skills and attributes (specifications), taking into account (i) the principles and objectives of the Board of Directors' diversity policy (see section 6.2.4.2), (ii) the

aim of achieving a balanced membership structure for the Board, and (iii) any specific requirements expressed, for example during the assessment of the Board's operating procedures;

- selecting a specialized firm or consultant to help with the process if necessary;
- drawing up and reviewing lists of potential candidates and performing the necessary checks (compliance with specifications, independence, analysis of business relations);
- short-listing potential candidates based on their files;
- contacting the best profiles and organizing interviews with them by the Appointments and Compensation Committee;
- issuance by the Appointments and Compensation Committee of its recommendation to the Board of Directors (initial selection);

- decision by the Board of Directors (final selection of the candidate), and candidate put forward for appointment (or for ratification of the Board's appointment) by the shareholders at the Annual General Meeting, with the reasons for the Board's choice of candidate included in its report to the Annual General Meeting.

This process is underpinned by regular reviews of the list of criteria (the skills and attributes expected of Directors or of a given candidate) that form part of the Board of Directors' diversity policy (see section 6.2.4.2).

### Process for re-appointing Directors

The main stages of this process are usually as follows:

- The Chairman ascertains whether or not the Director whose term of office is due to expire wishes to be re-appointed.
  - The Appointments and Compensation Committee draws up its recommendation as to whether or not the Director should be re-appointed.
- The Committee's decision in these cases is based on a number of different factors, including:
- the Director's motivation, as reported on by the Chairman or the Lead Independent Director following an interview with the Director, or as assessed at an interview with the Committee;

- whether the Director's profile is still in line with:
  - the list of criteria (main and additional skills and attributes and specific factors) expected of Directors and which form part of the Board of Directors' diversity policy (see section 6.2.4.2),
  - the overall balance sought for the Board's membership structure;
- any specific needs and expectations mentioned in the assessments of the Board and its Committees;
- the Director's contribution to the work of the Board and any Committees of which they are a member;
- any business relationships the Director may have with the Company.

- Decision by the Board of Directors, based on the recommendation of the Appointments and Compensation Committee, and the Director is put forward for re-appointment at the Annual General Meeting, with the reasons for the Board's decision included in its report to the Annual General Meeting.

See sections 6.2.6.3 and 8.2.1.3 of this Universal Registration Document for information about the change in the Board's membership structure that will be put forward for the shareholders' approval at the next Annual General Meeting.

## 6.2.6.2 Changes in the membership structure of the Board of Directors in 2021 and, where applicable, since January 1, 2022

Name	Departure				Appointment				Re-appointment			
	Board of Directors	Audit and Risk Committee	Appointments and Compensation Committee	Innovation, Technology & Climate Committee	Board of Directors	Audit and Risk Committee	Appointments and Compensation Committee	Innovation, Technology & Climate Committee	Board of Directors	Audit and Risk Committee	Appointments and Compensation Committee	Innovation, Technology & Climate Committee
Olivier Andriès					Jan. 1, 2021							
Odile Deforges	May 26, 2021	May 26, 2021										
Fabienne Lecorvaisier					May 26, 2021	May 26, 2021						
Laurent Guillot								May 26, 2021				
Hélène Auriol Potier									May 26, 2021		May 26, 2021	May 26, 2021
Sophie Zurquiyah									May 26, 2021	May 26, 2021		
Patrick Pélata									May 26, 2021		May 26, 2021	May 26, 2021
Stéphanie Besnier					May 12, 2021	May 26, 2021	May 26, 2021					
Suzanne Kucharekova Milko	May 12, 2021											
Vincent Imbert		May 26, 2021	May 26, 2021									

Olivier Andriès was appointed by the Board as Chief Executive Officer and a Director with effect from January 1, 2021.

By way of a ministerial decree dated May 12, 2021, Stéphanie Besnier was appointed as a Director representing the French State, to replace Suzanne Kucharekova Milko. Stéphanie Besnier's term of office as a Director runs for the remainder of her predecessor's term, i.e., until the Annual General Meeting to be held in 2023.

At the Annual General Meeting of May 26, 2021:

- Hélène Auriol Potier was re-appointed as a Director for a four-year term;
- Sophie Zurquiyah was re-appointed as a Director for a four-year term;

- Patrick Pélata was re-appointed as a Director for a four-year term;
- Fabienne Lecorvaisier was appointed as an independent Director for a four-year term, replacing Odile Desforges.

Following the Annual General Meeting of May 26, 2021:

- Laurent Guillot was appointed as Chairman of the Audit and Risk Committee, replacing Odile Desforges;
- Laurent Guillot became a member of the Innovation, Technology & Climate Committee;
- Stéphanie Besnier became a member of the Audit and Risk Committee and the Appointments and Compensation Committee, replacing Vincent Imbert.

The profiles of the above-mentioned Directors are set out in sections 6.2.1 and 6.2.2.

See sections 6.2.1 and 6.2.2 of the 2020 Universal Registration Document for the profiles of the Directors whose terms of office ended in 2021.

### 6.2.6.3 Changes in the membership structure of the Board of Directors to be put forward at the Annual General Meeting of May 25, 2022

The terms of office of Monique Cohen, Didier Domange and F&P (represented by Robert Peugeot) are due to expire at the close of the Annual General Meeting to be held on May 25, 2022.

At that Meeting, the shareholders will be invited to vote on the proposals to fill these vacancies (see section 8.2.1.3 of this Universal Registration Document).

As it wishes to continue to benefit from the expertise of Monique Cohen and F&P (represented by Robert Peugeot), the Board has decided to put forward these two Directors for re-appointment for four-year terms expiring at the close of the Annual General Meeting to be held in 2026.

In making this decision, based on the recommendation of the Appointments and Compensation Committee, the Board took into account a number of observations about the Board's membership structure and size that were made in the formal assessment of the Board's operating procedures carried out at the end of 2021 (see section 6.3.7).

#### Monique Cohen

Monique Cohen brings to the Board her experience as an executive and Director of international groups, as well as in-depth knowledge of the financial and banking markets, expertise in private equity and a financial view of shareholding structures.

She particularly contributes to market- and investor-related issues, both from an industrial and financial point of view. Thanks to her experience as a Director of Safran since 2013, she knows the Group well and has an in-depth understanding of its businesses and its goals and challenges, having notably participated in all of the major acquisitions and divestments carried out by the Company in recent years.

Monique Cohen is Lead Independent Director, Chair of the Appointments and Compensation Committee and was previously a member of the Audit and Risk Committee.

As Monique Cohen first joined the Board of Directors in 2013, if her term of office is renewed at the May 25, 2022 Annual General Meeting, on May 28, 2025 – i.e., one year before the expiry of her new term of office at the close of the 2026 Annual General Meeting – she will no longer meet the independence criterion in the Corporate Governance Code relating to the duration of Directors' terms of office (maximum of 12 years)<sup>(1)</sup>.

In response to this situation, Monique Cohen has already stated that, by May 28, 2025, she will resign as Lead Independent Director and as Chair of the Appointments and Compensation Committee and, if so requested by the Board, as a Director.

#### F&P, represented by Robert Peugeot

Robert Peugeot is the permanent representative on Safran's Board of Directors of F&P (a joint venture between Peugeot Invest Assets (formerly FFP Invest) and Fonds Stratégique de Participations). F&P is a simplified joint stock company with share capital of €60,000 whose registered office is located at 66 avenue Charles de Gaulle – 92200 Neuilly-sur-Seine, France and which is registered in the Nanterre Trade and Companies Register under number 837 701 499. Its corporate purpose is to be a member of Safran's Board of Directors and it was appointed as a Director at the Annual General Meeting of May 25, 2018.

F&P has stated in advance that Robert Peugeot would continue to be its permanent representative on Safran's Board of Directors if it is re-appointed.

Robert Peugeot brings to the Board his experience as an executive and director of international groups, as well as his experience in private equity and finance. He makes a significant contribution to the work of the Board and the Audit and Risk Committee, of which he is a member, and he is one of the Board's independent Directors.

The number of directorships that Robert Peugeot holds in listed companies complies with the requirements of the AFEP-MEDEF Corporate Governance Code. In addition, these directorships are related to the holdings of Peugeot Invest, of which Robert Peugeot is non-executive Chairman. As a professional investor, his line of work and expertise consist of carefully monitoring companies by participating in their governance.

The profiles of each of the above two Directors are presented in section 6.2.2.

#### Didier Domange

On the recommendation of the Appointments and Compensation Committee, the Board of Directors has decided not to put forward Didier Domange for re-appointment, nor seek to replace him.

The Board would like to thank Didier Domange for his contribution to the Board's work since 2018, particularly the key role he played in the successful integration of Zodiac Aerospace into the Group.

If the shareholders at the Annual General Meeting follow the Board's recommendations, the number of Directors will be reduced from 18 to 17, resulting in:

- an increase in the proportion of independent Directors, from 64.28% to 69.23%;
- an increase in the proportion of women on the Board, from 42.86% to 46.15%, in compliance with the applicable law.

(1) Criterion 7: "Must not have been a member of Safran's Board of Directors (or previously its Supervisory Board) for over 12 years, it being specified that members lose their status as independent Directors once the 12-year threshold is reached".



### 6.2.6.4 Expiration dates of Directors' terms of office

The table below sets out the expiration dates of the terms of office of Safran's Directors.

Director	2022	2023	2024	2025
Ross McInnes		√ <sup>(2)</sup>		
Olivier Andriès		√ <sup>(2)</sup>		
Anne Aubert			√ <sup>(3)</sup>	
Marc Aubry			√ <sup>(3)</sup>	
Hélène Auriol Potier				√ <sup>(4)</sup>
Patricia Bellinger			√ <sup>(3)</sup>	
Hervé Chaillou		√ <sup>(5)</sup>		
Jean-Lou Chameau		√ <sup>(2)</sup>		
Monique Cohen	√ <sup>(1)</sup>			
Fabienne Lecorvaisier				√ <sup>(4)</sup>
Didier Domange	√ <sup>(1)</sup>			
F&P represented by Robert Peugeot	√ <sup>(1)</sup>			
Laurent Guillot		√ <sup>(2)</sup>		
Vincent Imbert		√ <sup>(2)</sup>		
Stéphanie Besnier		√ <sup>(2)</sup>		
Daniel Mazaltarim		√ <sup>(5)</sup>		
Patrick Pélata				√ <sup>(4)</sup>
Sophie Zurquiyah				√ <sup>(4)</sup>

(1) At the close of the Annual General Meeting to be held on May 25, 2022 to approve the 2021 financial statements.

(2) At the close of the Annual General Meeting to be held in 2023 to approve the 2022 financial statements.

(3) At the close of the Annual General Meeting to be held in 2024 to approve the 2023 financial statements.

(4) At the close of the Annual General Meeting to be held in 2025 to approve the 2024 financial statements.

(5) November 19, 2023.



## 6.3 OPERATING PROCEDURES AND WORK OF THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES

### 6.3.1 Internal Rules of the Board of Directors and its Committees

In addition to the provisions of the law and the Company's bylaws that govern its operating procedures, on April 21, 2011 the Board of Directors approved a set of Internal Rules that provide a number of specific terms and conditions relating to Board meetings, list the operations that require the Board's prior approval, define the duties and operating procedures of the Board Committees, and set out the rules for allocating compensation between Board members based on the maximum amount set by shareholders at the Annual General Meeting. These Internal Rules are available on the Company's website ([www.safran-group.com](http://www.safran-group.com), in the Group/Governance/Board of Directors section).

The Internal Rules have been regularly updated since they were first adopted in order to take into account changes in regulations, the AFEP-MEDEF Corporate Governance Code and Safran's internal organizational structure and operating procedures.

The Internal Rules were most recently updated in February 24, 2021 in order to (i) insert a new article enabling the Board to appoint a Director responsible for monitoring climate issues and to define his or her roles and responsibilities (see section 6.2.3), and (ii) extend the role of the Innovation and Technology Committee, which was renamed the "Innovation, Technology & Climate Committee" (see section 6.3.6.3).

### 6.3.2 Summary table of attendance at meetings of the Board of Directors and the Board Committees in 2021

The following table shows the number of meetings of the Board and its Committees that took place in 2021 and the attendance rates of each Director.

Director	Number of Board of Directors' meetings attended	Attendance rate [%]	Number of Audit and Risk Committee meetings attended	Attendance rate [%]	Number of Appointments and Compensation Committee meetings attended	Attendance rate [%]	Number of Innovation, Technology & Climate Committee meetings attended	Attendance rate [%]
<b>Total number of meetings in 2021</b>	<b>9</b>	<b>98</b>	<b>5</b>	<b>97</b>	<b>4</b>	<b>100</b>	<b>2</b>	<b>100</b>
Ross McInnes	9	100						
Olivier Andriès	9	100						
Anne Aubert <sup>(1)</sup>	9	100						
Marc Aubry <sup>(1)</sup>	9	100	5	100				
Hélène Auriol Potier	9	100			4	100	2	100
Patricia Bellinger	9	100			4	100		
Hervé Chaillou <sup>(2)</sup>	9	100					2	100
Jean-Lou Chameau	9	100			4	100	2	100
Monique Cohen	9	100			4	100		
Odile Desforges <sup>(3)</sup>	4/4	100	2/2	100				
Didier Domange	9	100			4	100		
F&P represented by Robert Peugeot	9	100	4/5	80				
Laurent Guillot	9	100	5	100			1/1	100
Vincent Imbert	9	100	2/2	100	2/2	100	2	100
Suzanne Kucharekova Milko <sup>(4)</sup>	3/3	100						
Daniel Mazaltarim <sup>(2)(5)</sup>	9	100			4	100		
Patrick Pékata	8	89			4	100	2	100
Sophie Zurquiyah	9	100	5	100				
Fabienne Lecorvaisier <sup>(6)</sup>	5/6	83	3/3	100				
Stéphanie Besnier <sup>(7)</sup>	5/6	83	3/3	100	2/2	100		

(1) Director representing employee shareholders.

(2) Director representing employees.

(3) Independent Director until May 26, 2021.

(4) Representative of the French State until May 12, 2021.

(5) Member of the Appointments and Compensation Committee. Attends only the "compensation" portion of Appointments and Compensation Committee meetings.

(6) Independent Director since May 26, 2021.

(7) Representative of the French State since May 12, 2021.

### 6.3.3 Operating procedures and work of the Board of Directors

#### Indicators

	2020	2021
Number of meetings	10	9
Average attendance rate	98%	98%
Number of Directors	18	18
Percentage of independent Directors <sup>(1)</sup>	64.3% (9 out of 14)	64.3% (9 out of 14)

(1) Excluding Directors representing employee shareholders and Directors representing employees.

#### Duty of confidentiality

Members of the Board of Directors and all individuals who attend meetings of the Board and its Committees are subject to strict duties of confidentiality and discretion with respect to the information provided to them in this context. The Directors must take all necessary measures to ensure that the files and documents communicated to them remain confidential.

In addition to this duty of confidentiality, Board members undertake not to make any public disclosures of information, in their capacity as Board members, relating to any issues concerning the Company and/or the Group (irrespective of whether or not such information concerns matters discussed in Board meetings), without obtaining the Chairman's prior approval. The Chairman of the Board is the only Board member who has the powers to communicate information on behalf of the Board of Directors.

#### Board of Directors' meetings

The Board of Directors meets at least once every quarter and meetings may be called by any means.

The agenda for Board meetings is put forward by the Board Secretary to the Chairman and reflects the work of the Board Committees and proposals made by members of the Board of Directors.

Before each meeting, the Board members receive the agenda as well as documents providing them with the information they need on the matters to be discussed during the meeting.

They may request any additional documents they consider useful.

Meetings can be called by any means whatsoever. The Board of Directors' Internal Rules state that Directors may participate in meetings by videoconference or any other means of telecommunications. In addition, in the cases permitted by law, the Board of Directors may take decisions by means of written consultation.

At least half of the Board's members must be present for a meeting to be validly constituted. Decisions are made by way of a majority vote of the members present or represented and the Chairman has a casting vote in the event of a split decision.

If a Director is unable to attend a meeting, he or she may give proxy to another Board member, it being specified that each Director may only hold one proxy.

Minutes are drawn up for each Board meeting and forwarded to all members of the Board in order that they may be approved at the following meeting.

In addition, the Chairman keeps the Board of Directors informed, by any means, of all significant events concerning the Group and its financial position. The Directors receive a copy of Safran's press releases, a press review and stock market reports on Safran's share performance.

#### Work of the Board of Directors in 2021

The Board of Directors met nine times in 2021, with an average attendance rate of 98%.

In accordance with the provisions of the Internal Rules, certain deliberations of the Board of Directors were prepared based on recommendations and proposals put forward by the Board Committees in their area of specialization. These Committees reported on their findings and submitted their opinions and proposals to the Board.

The main work conducted by the Board of Directors in 2021 was as follows:

#### Strategy

Determining the Group's overall strategy is one of the essential roles of the Board of Directors.

The Board's work on strategy is primarily conducted via residential strategy seminars which are organized on an annual basis. The Chairman and the Chief Executive Officer prepare these seminars and determine the particular topics and issues to be addressed, taking into account the issues identified by Executive Management and the priorities expressed by the Directors. Four or five topics are examined each year. The 2021 seminar took place at the Safran University site.

The beneficial in-depth discussions that these seminars promote and the strategic goals decided on are used as a basis for dealing with and continuously monitoring the strategic issues addressed at each Board meeting (via Board agenda items).

At Board meetings, the Chairman and the Chief Executive Officer regularly provide a status report on strategic projects (strategic agreements and partnerships, major development projects or programs, external growth projects, negotiations in progress and any difficulties encountered). The Board is given presentations on these projects at the various stages of their development.

The Chief Executive Officer regularly gives an update on launches of new projects and structural programs.

In 2021, these updates included reports on the Covid-19 situation and Safran's related adaptation plan.

Lastly, on an annual basis, the Board examines the results of the consultation with the Group's Social and Economic Committee on the strategic goals set for the Company and the Group.

Certain Board meetings may be dedicated to a particular strategic or M&A project and the Board is given regular updates and progress reports on M&A activity.

In some cases, the Board's work on strategic issues is carried out with the assistance on, an ad hoc basis, of special committees specifically set up to analyze strategic operations or monitor preliminary studies on strategic matters (such as strategic partnerships and agreements or transactions affecting the Group's scope of consolidation).

The way the work on the Group's overall strategy is structured means that all of the Directors are directly involved in one of the Board's fundamental missions rather than giving this responsibility to a smaller-scale strategy committee.

### Corporate governance and compensation

As is the case every year, the Board of Directors' corporate governance work mainly included reviewing the membership structure of the Board and its Committees, examining the independence status of Directors, preparing the Annual General Meeting, and setting the compensation policies and packages for Safran's corporate officers (both executive and non-executive).

The Board's work during the year also concerned:

- changes to its membership, with Fabienne Lecorvaisier appointed at the 2021 Annual General Meeting to replace Odile Desforges as an independent Director;
- the formal assessment of the Board of Directors and its Committees and the Directors' individual contributions (see section 6.3.7), as well as regular reviews of the operating procedures of the Board and its Committees;
- the review of Directors' independence (see section 6.2.4.1);
- calling the May 26, 2021 Annual General Meeting;
- the compensation policies of the Chairman, the Chief Executive Officer and the Directors;
- reviewing the results of the consultation process with the Social and Economic Committee concerning the Group's annual report on gender equality in the workplace and equal pay;
- allocating performance shares to Group senior managers (see section 6.6.4.2.1), under the 2021 Long-Term Incentive Plan;
- reviewing the related-party agreements that remained in force in 2021 (with the Board concluding that they continue to meet the criteria that led the Board to originally authorize them, and therefore should remain in force).
- Agenda items referred to as "executive sessions" (see section 6.3.5 below), have been set at each Board meeting since 2021, and exceptional meetings were also held during the year when required.

### Industrial and commercial matters

Updates are provided at Board meetings on the Group's industrial and commercial situation, and a progress report is given on programs under development.

Throughout the year, the Board was briefed by the Chief Executive Officer on the Group's significant events, as well as on the general operating context (notably for the aerospace industry), business trends and developments, acquisitions and divestments, the progress of major programs in light of the Covid-19 crisis, negotiations or signatures of key agreements, overall market trends, and the competitive environment.

The Board was also given targeted presentations on certain business activities and programs and their prospects (Safran Seats (see section 1.2.3.2 of this Universal Registration Document), the Aerosystems business (see section 1.2.2.4) and the FCAS and RISE programs (see sections 1.2.1.1 and 1.4.1.1 respectively).

### Economic and financial matters

As is the case every year, as well as approving the annual and interim financial statements, preparing the Annual General Meeting (profit appropriation and dividend payment) and the Universal Registration Document (including the Annual Financial Report) and the Integrated Report, in 2021 the Board's work on financial matters primarily covered reviewing and approving the Group's four-year medium-term plan (MTP), approving and tracking annual budgets and reviewing financial communications (including the financial forecasts contained in such communications and their underlying assumptions).

This work also concerned:

- giving updated guidance to the markets;
- Monitoring and reviewing the presentations for the Capital Markets Day held on December 2, 2021, including the communication of the Group's medium-term outlook;
- reviewing acquisition and divestment projects and the related decisions;
- monitoring the Group's cash and liquidity position (financing, refinancing and ensuring liquidity);
- the Group's policy for hedging EUR/USD currency risk;
- implementing the share buyback program (in accordance with the authorization given by shareholders at the Annual General Meeting);
- examining the reports of the Audit and Risk Committee (also covering the Group's strategies concerning risk management, insurance, audit and internal control, ethics and compliance).

In accordance with the applicable laws, the Board's prior authorization is required for guarantees, endorsements and sureties granted in Safran's name. Each year, the Board sets a blanket ceiling up to which guarantees, endorsements and sureties may be granted by the Chief Executive Officer, and any commitments exceeding this ceiling must be specifically authorized by the Board. The Board once again set this blanket ceiling at €500 million for 2022 (with no ceiling on guarantees, endorsements and sureties given to tax and customs authorities).

The Board was briefed during the year by the Chief Executive Officer and Chief Financial Officer, notably at the quarterly business report presentations, about the Group's financial position, any financial guarantees granted and any disputes and litigation in process.

The Statutory Auditors attended the Board of Directors' meeting of February 24, 2021, when they reported on their audit work on the parent company and consolidated financial statements for 2020 and presented their audit findings. They certified the 2020 parent company and consolidated financial statements without qualification. They also attended the Board of Directors' meeting of July 28, 2021 to present their work on the consolidated financial statements for the first half of 2021.

## Corporate Social Responsibility (CSR)

The Board of Directors sets the Company's overall business strategy and oversees its implementation, in accordance with the Company's best interests and taking into account the social and environmental aspects of its activities.

The Group's CSR strategy is validated by the Board, and the standard agendas of the meetings of the Board and its Committees regularly include items that address the four pillars of this strategy, namely:

- decarbonize aeronautics;
- be an exemplary employer;
- embody responsible industry;
- affirm our commitment to citizenship.

In practice, the Board takes these pillars into account in its work in the following ways:

- A general presentation on the Group's CSR strategy and its four pillars is included once a year on the agenda of a Board meeting, during which the Board reviews the Group's CSR approach, main goals (HR, social and environmental), commitments and objectives as well as the related results and a summary of the CSR work plan.
- Certain topics discussed at the Board's strategy seminars dedicated to setting the Group's strategic objectives cover or factor in environmental issues that are key to the Group's operations and business development, and to the aerospace industry in general.
- The Board of Directors approves the climate strategy after it has been reviewed by the Innovation, Technology & Climate Committee. The related climate action plan is also monitored on a regular basis by the Board, the Executive Committee and the Innovation, Technology & Climate Committee.
- The Group's medium-term business plan – which is presented and approved annually by the Board – includes an HR/social section, on which additional presentations may be given.
- When certain investments or programs are presented to the Board for its approval, information on the related social and environmental considerations are also presented where relevant. This principle is set out in the Board of Directors' Internal Rules (see section 6.3.1).
- The Board also reviews and validates the Universal Registration Document, which sets out in its "Non-financial Performance" chapter the Group's CSR strategy and information on its four pillars, as well as the non-financial performance statement. The Group's integrated report – which includes summarized CSR information – is also presented to the Board of Directors.
- In addition, presentations are given or focus discussions held about specific issues such as gender parity, equal

opportunities in the workplace, and the Group's "skills and recruitment" plan.

Acting within their specific remits, the Board's Committees likewise address CSR issues as part of their work:

- The Innovation, Technology & Climate Committee monitors objectives, trends, developments, progress and the overall direction of roadmaps concerning topics that include major environmental issues (CO<sub>2</sub>, hybridization, etc.). These responsibilities evolved in 2021 and now formally include an analysis of Executive Management's climate action plan and the related information intended for publication by the Company and for presentation to the Annual General Meeting (see section 6.3.6.3).  
On February 24, 2021 the Board of Directors decided to appoint this Committee's Chairman as the Director responsible for monitoring climate issues, and defined his roles and responsibilities in that capacity (see section 6.2.3).
- The Audit and Risk Committee's risk review work includes analyzing CSR-HR risks, such as workplace health and safety risks and risks concerning personal safety, talent management and business ethics, and it regularly has focus discussions on the main risks contained in the Group's risk map.  
This Committee also monitors "Compliance & Ethics" issues (see section 5.5.1.2 of this Universal Registration Document) as well as the Group's taxonomy (see section 5.3.3.7).
- As part of its work on compensation and in the related recommendations it makes to the Board, the Appointments and Compensation Committee ensures that CSR-Climate performance objectives are properly taken into account in compensation policies and packages. In line with this, a portion of the Chief Executive Officer's annual variable compensation is contingent on such objectives and the same is now true for performance shares granted under LTI plans.  
In its work on appointments, the Committee's selection criteria for Directors take into account the candidates' sensitivity to and experience or expertise in CSR matters.  
Lastly, it ensures that the Board's formal assessment process includes CSR issues in the questionnaires and interviews with the Directors.

Thirteen Directors have been identified as having ESG-CSR-HR skills and expertise.

## Decisions specifically related to the Covid-19 crisis and the aviation industry

In 2021, the Board of Directors continued to monitor the measures put in place by Executive Management to enable Safran to adapt to the Covid-19 crisis, which is impacting the entire aviation industry.

### 6.3.4 Succession plans for the Chairman and the Chief Executive Officer

Anticipating and ensuring a smooth succession process for the Chairman and the Chief Executive Officer is one of the Board's main responsibilities.

In February 2022, on the recommendation of the Appointments and Compensation Committee, the Board reviewed and validated the content of the succession plans for the Chairman and the Chief Executive Officer and the associated decision-making processes, which are based on assumptions and expected timelines. The situations of the current Chairman and Chief Executive Officer were also reviewed during the meetings of the Appointments and Compensation Committee and the Board of Directors when the succession plans were examined.

- provides that the Board Committee in charge of this issue is the Appointments and Compensation Committee, which reverts to the Board for all final succession decisions;
- provides that the selection process will include both internal and external candidates;
- specifies that, where possible or appropriate, the Chairman or the Chief Executive Officer will be asked to give their views on the shortlisted candidates for their succession, and notably to express their opinion on whether the profiles are suitable in light of their knowledge of the issues and priorities involved.

This process (method, principle and stages) can remain valid without the need for an annual review or update.

#### Emergency succession plan for unforeseen or sooner-than-expected vacancies (due to death, resignation or incapacity)

This plan – which has been reviewed and validated – sets out the principles for the envisaged solutions that would be put in place if the position of Chairman or Chief Executive Officer were to become vacant sooner than expected or due to unforeseen circumstances. Different scenarios are provided for depending on whether the situation is definitive and lasting or temporary and short-term. However, the Board of Directors would need to carry out another analysis at the time any such unforeseen or sooner-than-expected vacancy occurred, before deciding on the course of action to take.

This emergency succession plan can remain valid without the need for an annual review or update.

#### Further information on the long-term succession plan for the Chairman and the Chief Executive Officer

At its meeting on February 17, 2022, the Appointments and Compensation Committee reviewed the succession plan for the Group Executive Committee. This review gave the Committee an overview of the existing pool of internal talent over different time horizons (short, medium and long term), therefore helping with the preparation of the succession plan for the Chairman and the Chief Executive Officer. The succession plan for the Chief Executive Officer was also reviewed at this meeting.

This review by the Appointments and Compensation Committee is carried out in principle on an annual basis and is conducted in the presence of the Chief Executive Officer.

#### Non-emergency succession plan and process, based on the assumptions that the Chairman or Chief Executive Officer's term of office will be renewed and continued (or not) and a foreseeable or anticipated departure

The reviewed and validated process for this type of succession sets out the timing and various stages for implementing the succession plan based on the assumptions of (i) a decision taken to renew and continue (or not) the term of office of the Chairman or Chief Executive Officer when their term expires, and, (ii) a foreseeable or anticipated departure (normal or accelerated succession). Concerning this second assumption, the process:

- sets out the principle that the plan must be rapidly implemented and managed in the strictest confidentiality in order to avoid any risk of destabilization;
- defines the persons involved in the process, depending on whether it concerns the Chairman or the Chief Executive Officer;

#### General framework – Provisions on succession planning contained in the Board of Directors' Internal Rules

All of the elements presented above guide and enable coordinated implementation of the principles related to succession planning set out in the Board's Internal Rules, which provide that:

- The Chairman of the Board of Directors is responsible for organizing and managing the work of the Board of Directors and is notably responsible for working with the Board on the preparation and implementation of succession plans for the Group's key operations managers and support function managers, in concertation with Executive Management (Articles 14.1 and 14.9).
- The Lead Independent Director takes part in preparing the succession plan for the Company's officers, including the Chairman of the Board of Directors, and leads the Board of Directors' discussions about the succession plan for the Chairman and any appraisals of his or her performance (Article 38.3).

### 6.3.5 “Executive sessions”

Since 2021, “executive sessions” have been systematically included as an agenda item at the end of each Board meeting.

No precise topics are necessarily allocated to these sessions beforehand and they are intended to leave room for regular discussions, without any executive Directors being present, about:

- the operating procedures of the Company's governing bodies (Board of Directors, Board Committees, Executive Committee) and any amendments thereto; and
- specific topics or subjects that the Directors would like to see presented or dealt with in Board or Committee meetings.

Executive sessions may also be held separately to Board meetings.



They are generally chaired by the Lead Independent Director and take place without the following Directors attending:

- the Chief Executive Officer;
- the Directors representing employees and employee shareholders;

- the Chairman of the Board of Directors (when an agenda item concerns him personally).

However, the above Directors may attend executive sessions in certain specific circumstances.

### 6.3.6 Committees of the Board of Directors

The Board of Directors' Internal Rules provide for the Board's decisions regarding certain issues to be prepared by specialized committees that review matters within their remit and submit their opinions, proposals and recommendations to the Board.

The Board is assisted in its work by three standing committees, whose roles, organizational structure and operating procedures are set out in the Board of Directors' Internal Rules:

- the Audit and Risk Committee;
- the Appointments and Compensation Committee; and
- the Innovation, Technology & Climate Committee.

In its area of expertise, each Committee carries out in-depth work and analysis prior to the Board of Directors' discussions and contributes to the preparation of the Board's decisions. It makes proposals and recommendations to the Board, and gives its opinion on the matters under review.

As such, each Committee may offer its services to the Board for the purpose of conducting internal or external studies that may provide the Board with helpful information for its decisions.

At each Board meeting, the Chair of each Committee – or any other Committee member designated if the Chair is unable to do so – reports to the Board on the Committee's work, proposals and recommendations.

The Board of Directors may set up further standing committees at any time, at its sole discretion, and may amend the Board's Internal Rules for the purpose of specifying the roles and responsibilities, resources, membership structure and operating procedures of such new committees. It may also set up temporary special committees, on an ad hoc basis, to analyze, deal with or monitor specific issues or projects.

#### 6.3.6.1 Audit and Risk Committee

##### Indicators

	2020	2021
Number of meetings	6	5
Average attendance rate	94%	97%
Number of members	6	6
Percentage of independent members(1)	80% (4 out of 5)	80% (4 out of 5)

(1) Excluding Directors representing employee shareholders and Directors representing employees.

<b>Membership structure</b>	<p>In accordance with the Internal Rules of the Board and the Board Committees, the Audit and Risk Committee must have at least three members, including its Chair. These members are selected from among the Directors, other than the Chairman of the Board of Directors, who do not have management duties within Safran. Two-thirds of the members on this Committee, including its Chair, must be independent Directors. In addition, in accordance with the law, at least one of the Committee's independent members must have specific skills in finance, accounting or certified public accounting.</p> <p>The Audit and Risk Committee meets at least four times a year, and the Statutory Auditors are always invited to its meetings, except where a joint meeting is held with another Committee.</p> <p>Fabienne Lecorvaisier joined the Audit and Risk Committee on May 26, 2021, replacing Odile Desforges whose term of office had expired.</p> <p>Stéphanie Besnier joined the Audit and Risk Committee on May 26, 2021, replacing Vincent Imbert.</p> <p>Laurent Guillot was appointed as Chairman of the Audit and Risk Committee on May 26, 2021, replacing Odile Desforges.</p> <p>The Audit and Risk Committee therefore still has six members, 80% of whom are independent Directors (notcounting the Director representing employee shareholders in accordance with the recommendations of the AFEP-MEDEF Code and Article 28.2 of the Board's Internal Rules).</p>
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Membership structure					Seniority as a Committee member
	At the filing date of this Universal Registration Document	Independent	Date of appointment	Expiration of term of office	
	Laurent Guillot, Chairman	X	May 23, 2019 (member) May 26, 2021 (Chairman)	2023	3 years
	Stéphanie Besnier (representative of the French State)		May 26, 2021	2023	1 year
	Fabienne Lecorvaisier	X	May 26, 2021	2025	1 year
	Marc Aubry (Director representing employee shareholders)		May 28, 2020	2024	2 years
	Robert Peugeot (permanent representative of F&P)	X	May 25, 2018	2022	4 years
	Sophie Zurquiyah	X	June 15, 2017	2025	5 years
Roles and responsibilities	<p>The main roles and responsibilities of the Audit and Risk Committee – which acts under the responsibility of the Board of Directors – are to examine the financial statements and address issues related to the preparation and auditing of accounting and financial information. It monitors the financial reporting process and issues any recommendations required to guarantee the integrity of the information concerned.</p> <p>In this regard, it is responsible for:</p> <ul style="list-style-type: none"> <li>■ reviewing the draft interim and annual parent company and consolidated financial statements before they are submitted to the Board of Directors, and in particular: <ul style="list-style-type: none"> <li>● ensuring that the accounting policies adopted to prepare the parent company and consolidated financial statements are relevant and applied consistently, and</li> <li>● examining any problems encountered related to applying accounting policies.</li> </ul> </li> <li>In this respect, it also monitors the plans and measures put in place for applying the main planned changes in accounting policies, including the application of new international financial reporting standards;</li> <li>■ reviewing the financial documents issued by Safran in connection with the end of the annual and interim reporting periods;</li> <li>■ reviewing draft financial statements prepared for the requirements of specific transactions, such as asset contributions, mergers, spin-offs or payments of interim dividends;</li> <li>■ reviewing the financial aspects of certain operations proposed by Executive Management and submitted to the Board of Directors (some of which for prior authorization), such as: <ul style="list-style-type: none"> <li>● capital increases,</li> <li>● equity investments, and</li> <li>● acquisitions or divestments;</li> </ul> </li> <li>■ assessing the reliability of the systems and procedures used to prepare the financial statements and the validity of the accounting treatment applied for major transactions;</li> <li>■ ensuring that the parent company and consolidated financial statements are audited by the Statutory Auditors;</li> <li>■ reviewing the methods and procedures used for reporting purposes and for adjusting accounting information from the Group's foreign companies.</li> </ul>				
	<p>The Audit and Risk Committee is also tasked with verifying the effectiveness of Safran's internal control and risk management systems.</p> <p>In this regard, it is responsible for:</p> <ul style="list-style-type: none"> <li>■ assessing, with the people responsible for such activities, the Group's internal control systems;</li> <li>■ reviewing, with the people responsible for such activities at Group level and with the assistance of Internal Audit: <ul style="list-style-type: none"> <li>● internal control objectives and contingency and action plans,</li> <li>● the findings of audits and actions carried out by the relevant managers within the Group, and</li> <li>● the recommendations made and follow-up of such audits and actions, by the relevant managers;</li> </ul> </li> <li>■ reviewing Internal Audit methods and results;</li> <li>■ checking that the procedures used by Internal Audit lead to the preparation of financial statements that: <ul style="list-style-type: none"> <li>● present a fair view of the Company, and</li> <li>● comply with accounting rules;</li> </ul> </li> <li>■ reviewing the relevance of risk analysis and monitoring procedures, ensuring the implementation of a procedure for identifying, quantifying and preventing the main risks arising in the Group's businesses; and</li> <li>■ reviewing and managing the rules and procedures applicable to conflicts of interest.</li> </ul> <p>Lastly, the Audit and Risk Committee is tasked with ensuring the effectiveness of Safran's external audits and monitoring the work of the Statutory Auditors.</p> <p>In this regard, it is responsible for:</p> <ul style="list-style-type: none"> <li>■ overseeing the Statutory Auditor selection procedure and issuing a recommendation on the Statutory Auditors to be put forward for appointment or re-appointment by shareholders at the Annual General Meeting;</li> </ul>				

	<ul style="list-style-type: none"> <li>■ ensuring that the independence criteria for the Statutory Auditors are respected, drawing on information exchanges and substantiations provided by the Auditors for this purpose;</li> <li>■ reviewing the fees paid to the Statutory Auditors, which should not call into question their independence or objectivity;</li> <li>■ regularly reviewing with the Statutory Auditors:             <ul style="list-style-type: none"> <li>● the audit plans and their findings, and</li> <li>● their recommendations and the follow-up thereof;</li> </ul> </li> <li>■ factoring in the observations and findings issued following any audits performed by the French Accounting Oversight Board (<i>Haut Conseil du Commissariat aux Comptes</i> – H3C);</li> <li>■ without prejudice to the powers of the Board of Directors, approving the provision of non-audit services as authorized under the applicable regulations, including examining and validating the related methods and procedures and ensuring they are respected;</li> <li>■ hearing the presentation of the Statutory Auditors on their audit engagement and reporting to the Board of Directors on (i) the findings of their audit of the financial statements, (ii) how their audit contributed to the integrity of the Company's financial information, and (iii) the role that the Committee played in overseeing this process, notably based on the additional report that is prepared by the Statutory Auditors on an annual basis.</li> </ul>
<b>Main work carried out in 2021</b>	<p>The Audit and Risk Committee met five times in 2021 in order to address the above topics, with an average attendance rate of 97%.</p> <p>The Statutory Auditors and the Government Commissioner attended all of these meetings.</p> <p>The main work carried out by the Committee during these meetings related to:</p> <ul style="list-style-type: none"> <li>■ reviewing the interim and annual parent company and consolidated financial statements, with a presentation by the Chief Financial Officer on the Group's off-balance sheet commitments, which was also attended by the Group Management Control and Accounts Director and the Group Chief Accounting Officer. The review enabled the Committee to have discussions with the Statutory Auditors without any members of Executive Management being present;</li> <li>■ reviewing the Group's financial communication, particularly in relation to the annual and interim financial statements and market guidance;</li> <li>■ carrying out a preliminary review of the Group's 2021 results;</li> <li>■ reviewing the 2021 budget and the draft 2022 budget;</li> <li>■ preparing the Annual General Meeting of May 26, 2021 (appropriation of profit, draft resolutions, the Board of Directors' report on the draft resolutions, review of related-party agreements that remained in force in 2021, the management report and the draft Universal Registration Document including the Annual Financial Report);</li> <li>■ reviewing the Group's financial communication, particularly in relation to the annual and interim financial statements and market guidance;</li> <li>■ monitoring the Group's cash and liquidity position (financing, refinancing and safeguarding liquidity);</li> <li>■ examining the Group's risks (meeting also attended by the Risk Management and Insurance Director), changes in the risk map (with focus discussions on certain specific risks), and the Group's insurance coverage in light of the Covid-19 crisis;</li> <li>■ hearing a specific presentation about a cybersecurity audit;</li> <li>■ assessing the Group's internal control and internal audit situation (meeting attended by the Head of Audit and Internal Control), monitoring the compliance and anti-fraud system, amending the 2021 audit plan and the 2021 internal audit campaign, drawing up the 2022 audit plan, and conducting a preliminary review of the findings of the 2021 internal control audits;</li> <li>■ hearing presentations about the ethics and compliance system (anti-corruption system: situation, organization, and action plan following an audit);</li> <li>■ monitoring the Statutory Auditors' independence and reviewing their audit fees, audit methods and non-audit services;</li> <li>■ putting forward a recommendation to the Board concerning the re-appointment of the Statutory Auditors;</li> <li>■ tracking and verifying the EUR/USD exchange rate and the currency hedges in place (meeting attended by the Group Treasurer);</li> <li>■ examining management forecasts;</li> <li>■ reviewing the cap on guarantees, endorsements and sureties;</li> <li>■ checking, authorizing and monitoring non-audit services provided by the Statutory Auditors.</li> </ul> <p>The Statutory Auditors (who attend all of the Committee's meetings) gave the Committee presentations on their work concerning the annual and interim financial statements and internal control. In addition, the Committee regularly meets with the Statutory Auditors without any members of Executive Management being present.</p> <p>In principle, a period of 48 hours is provided for between the Committee's examination of the annual and interim financial statements and the Board of Directors' meetings at which they are approved.</p>

## 6.3.6.2 Appointments and Compensation Committee

## Indicators

	2020	2021
Number of meetings	9	4
Average attendance rate	90%	100%
Number of members	8	8
Percentage of independent members <sup>(1)</sup>	71.43% (5 out of 7)	71.43% (5 out of 7)

(1) Excluding Directors representing employee shareholders and Directors representing employees.

<b>Membership structure</b>	<p>In accordance with the Internal Rules of the Board and the Board Committees, the Appointments and Compensation Committee must have at least three members, including its Chair. The majority of the members must be independent Directors.</p> <p>Stéphanie Besnier joined the Appointments and Compensation Committee on May 26, 2021, replacing Vincent Imbert.</p> <p>The Committee has eight members, five of whom are independent Directors, i.e., 71.43% (5/7) (not counting the Director representing employees).</p> <p>The Chairman of the Board of Directors is not a member of this Committee but is involved in the work it carries out in relation to nominating candidates and determining compensation. The Chief Executive Officer may also be involved in the Committee's work in relation to nominating candidates.</p>				
	At the filing date of this Universal Registration Document	Independent	Date of appointment	Expiration of term of office	Seniority as a Committee member
	Monique Cohen, Chair	X	June 15, 2017	2022	5 years
	Hélène Auriol Potier	X	June 15, 2017	2025	5 years
	Patricia Bellinger	X	May 28, 2020	2024	2 years
	Jean-Lou Chameau	X	May 26, 2015	2023	7 years
	Didier Domange		May 25, 2018	2022	4 years
	Stéphanie Besnier (representative of the French State)		May 26, 2021	2023	1 year
	Daniel Mazaltarim (Director representing employees) <sup>(1)</sup>		Feb. 26, 2018	2023	4 years
	Patrick Pélata	X	June 15, 2017	2025	5 years
(1) Daniel Mazaltarim only attends the "compensation" part of Appointments and Compensation Committee meetings.					
<b>Roles and responsibilities</b>	<p><b>Appointments</b></p> <p>The Appointments and Compensation Committee has the following roles and responsibilities with respect to appointments:</p> <ul style="list-style-type: none"> <li>■ assisting the Board of Directors in its choice of: <ul style="list-style-type: none"> <li>● members of the Board of Directors,</li> <li>● members of the Committees of the Board of Directors, and</li> <li>● the Chief Executive Officer and, where applicable, the Deputy Chief Executive Officer(s);</li> </ul> </li> <li>■ selecting potential members of the Board of Directors who meet the applicable independence criteria and submitting the list of nominees to the Board of Directors;</li> <li>■ preparing succession plans for the positions of Chairman, Chief Executive Officer, and, where applicable, any Deputy Chief Executive Officer(s);</li> <li>■ helping the Board prepare succession plans for the Group's key operations managers and support function managers.</li> </ul>				
	<p><b>Compensation</b></p> <p>The Appointments and Compensation Committee is also responsible for making recommendations and proposals to the Board of Directors about compensation for which Directors may be eligible, such as:</p> <ul style="list-style-type: none"> <li>■ the allocation of the Directors' compensation;</li> <li>■ any other components of compensation, including the terms and conditions of any benefits payable at the end of their term of office, particularly conditions based on appropriate benchmarks;</li> <li>■ any compensation payable to any Board Advisors (<i>censeurs</i>);</li> <li>■ any amendments to pension and personal risk insurance plans;</li> <li>■ benefits-in-kind and various financial benefits; and</li> <li>■ where appropriate: <ul style="list-style-type: none"> <li>● stock option grants, and</li> <li>● free share grants.</li> </ul> </li> </ul>				

	<p>More generally, the Appointments and Compensation Committee is also responsible for making recommendations to the Board of Directors relating to:</p> <ul style="list-style-type: none"> <li>■ the compensation policies for the Chairman and the Chief Executive Officer;</li> <li>■ the compensation policy for senior managers; and</li> <li>■ profit-sharing systems set up for the employees of Safran and other Group entities, including: <ul style="list-style-type: none"> <li>● employee savings plans,</li> <li>● supplementary pension plans,</li> <li>● employee rights issues, and</li> <li>● stock option and/or free share grants and any other employee share ownership arrangements.</li> </ul> </li> </ul> <p>The Appointments and Compensation Committee also makes recommendations to the Board of Directors on any performance criteria to be applied for stock option and/or free share plans, particularly based on appropriate benchmarks.</p> <p>In general, the Appointments and Compensation Committee is involved in preparing any resolutions submitted for shareholder approval at the Annual General Meeting that relate to the above topics.</p>
<b>Main work carried out in 2021</b>	<p>In 2021, the Appointments and Compensation Committee met four times, with an average attendance rate of 100%.</p> <p>Its main work carried out in 2021 concerned the following:</p> <ul style="list-style-type: none"> <li>■ reviewing the membership structure of the Board of Directors and its Committees and the process for identifying and selecting Director candidates (in view of Directors' terms of office expiring at the close of the 2021 and 2022 Annual General Meetings);</li> <li>■ appointing an independent Director responsible for monitoring climate issues and related adaptations to the Company's governance and the Board of Directors' Internal Rules;</li> <li>■ reviewing the Directors' independence status;</li> <li>■ organizing the formal assessment of the Board and its Committees and their operating procedures, and the individual assessment of their members, with the assistance of an external corporate governance consulting firm;</li> <li>■ reviewing and supporting changes in the membership of the Group's Executive Committee;</li> <li>■ determining the compensation policies for the Chairman, the Chief Executive Officer and the Directors;</li> <li>■ determining the compensation packages of the Chairman and the Chief Executive Officer;</li> <li>■ defining the Group's policy for long-term incentive plans and launching a performance share plan for certain Group senior managers and executives (2021 LTI Plan);</li> <li>■ setting the amount of Directors' compensation for 2021;</li> <li>■ reviewing the total amount of compensation to be allocated to the Directors;</li> <li>■ preparing the Annual General Meeting and the annual Universal Registration Document (including the corporate governance report).</li> </ul>

## 6.3.6.3 Innovation, Technology &amp; Climate Committee

## Indicators

	2020	2021
Number of meetings	2	2
Average attendance rate	100%	100%
Number of members	5	6
Percentage of independent members <sup>(1)</sup>	75% (3 out of 4)	80% (4 out of 5)

(1) Excluding Directors representing employee shareholders and Directors representing employees.

<b>Membership structure</b>	<p>In accordance with the Internal Rules of the Board and its Committees, the Innovation, Technology &amp; Climate Committee must have at least three members, including its Chair.</p> <p>Laurent Guillot joined the Innovation, Technology &amp; Climate Committee on May 26, 2021.</p> <p>The Committee has six members, four of whom are independent Directors, i.e., 80% (not including the Director representing employees).</p> <p>Fully aware of the strategic importance of climate issues for the aerospace industry, at its meeting on February 24, 2021, the Board of Directors decided to:</p> <ul style="list-style-type: none"> <li>■ rename the Innovation and Technology Committee as the “Innovation, Technology &amp; Climate Committee” and formally define its roles and responsibilities in relation to climate issues;</li> <li>■ appoint the Committee’s Chairman, Patrick Pélata, as the Director responsible for monitoring climate issues and define his roles and responsibilities in that capacity (see section 6.2.3).</li> </ul>				
	At the filing date of this Universal Registration Document	Independent	Date of appointment	Expiration of term of office	Seniority as a Committee member
	Patrick Pélata, Chairman – Director responsible for monitoring climate issues	X	Oct. 26, 2017	2025	5 years
	Hélène Auriol Potier	X	Oct. 26, 2017	2025	5 years
	Jean-Lou Chameau	X	Oct. 26, 2017	2023	5 years
	Vincent Imbert (Director put forward by the French State)		May 25, 2018	2023	4 years
	Hervé Chaillou (Director representing employees)		Feb. 14, 2020	2023	2 years
	Laurent Guillot	X	May 26, 2021	2023	1 year
<b>Roles and responsibilities</b>	<p>The Innovation, Technology &amp; Climate Committee is responsible for analyzing, examining and giving its opinion on the following matters:</p> <ul style="list-style-type: none"> <li>■ the Group’s medium- and long-term strategic goals and choices concerning: <ul style="list-style-type: none"> <li>● innovation, research and technology, and</li> <li>● developments of new products and services;</li> </ul> </li> <li>■ technological trends and developments that could affect the Group’s strategic and industrial goals and choices, as well as other players’ technological positioning and the associated risks and opportunities;</li> <li>■ progress made by the Group in its main innovation and technology roadmaps;</li> <li>■ the appropriateness of the organizational structures and resources in place to meet the roadmaps’ objectives over time;</li> <li>■ Executive Management’s climate action plan and the related information intended for publication by the Company and for presentation to the Annual General Meeting (responsibilities added following decisions taken by the Board on February 24, 2021).</li> </ul>				
<b>Main work carried out in 2021</b>	<p>In 2021, the Innovation, Technology &amp; Climate Committee met twice, with an average attendance rate of 100%.</p> <p>Its main work carried out in 2021 concerned the following:</p> <ul style="list-style-type: none"> <li>■ the Group’s climate strategy: Safran’s challenges and action plan, low-carbon project, decarbonizing the aviation sector;</li> <li>■ R&amp;T roadmaps and significant events;</li> <li>■ “materials” presentation;</li> <li>■ “electrical technology” presentation;</li> <li>■ follow-up of action plans for digital technology, additive manufacturing and hybrid propulsion;</li> <li>■ appointment of the Chairman of the Innovation, Technology &amp; Climate Committee as the independent Director responsible for monitoring climate issues;</li> <li>■ competitor analysis.</li> </ul>				

### 6.3.7 Assessment of the Board's operating procedures

As recommended in the AFEF-MEDEF Corporate Governance Code applied by Safran, the Board of Directors must carry out a formal assessment at least every three years in order to review its operating procedures, verify that key issues are properly prepared and discussed and measure the actual contribution of each Director to the Board's work. The assessment can be carried out with the help of an external consultant, overseen by the Appointments and Compensation Committee or an independent Director.

In 2021, the Board of Directors decided to use the services of an external consultancy firm to help it perform this assessment and give it an outside view of the practices and operating procedures of other boards.

A specialized firm was selected for this assignment, which was essentially based on the following criteria:

- the firm's robust methodology, guaranteeing participants' full freedom of expression;
- the firm's experience in peer-to-peer assessments of individual Directors' performance;
- the size of the firm and its international reputation;
- client testimonials about similar engagements carried out with other companies.
- the findings of the formal assessment conducted three years previously (in late 2018).

The assessment was launched and conducted in the fourth quarter of 2021.

#### Feedback from institutional shareholders

A number of the Company's major institutional shareholders were contacted as part of the assessment, in order to obtain and analyze their views on Safran's governance.

The feedback obtained shows that the institutional shareholders have a positive view of Safran and its governance. In particular, it was noted that:

- The Chairman provides a good overall view of the Company's governance and represents continuity. The investors are also pleased to be starting to get to know the new Chief Executive Officer better. They consider the Company to be well run and its risks to be properly managed, with the Group having deployed an effective response to the Covid crisis.
- Some of the institutional investors said that Safran is a leader in CSR/climate issues, both in terms of how these issues are taken into account and addressed, notably through the appointment of a "Director responsible for monitoring climate issues", which they feel is a good idea. Climate imperatives are effectively factored into the Group's business.
- The Board has a good membership structure.

**The surveyed institutional shareholders suggested a number of ideas for improvement, including:**

- having contact with the Lead Independent Director, e.g., by her taking part in the Governance Road Show;
- increasing the proportion of independent Directors, even though the current proportion complies with the applicable regulatory requirements.

#### Principal findings and ideas for improvement resulting from the Directors' assessment of the Board of Directors' operating procedures

For the purposes of this assessment, each Director completed a preparatory questionnaire – adapted to Safran's specific situation

and taking into account previous assessments – and then had a one-on-one interview with a consultant. The consultancy firm reported its findings on the overall assessment of the Board's operating procedures to the Appointments and Compensation Committee and to the Board itself.

The main findings resulting from the questionnaires and the interviews with the Directors were as follows, broken down by topic:

- **"Core purpose, business strategy and risk management":**
  - good and positive alignment with the Group's overall strategy;
  - the Board needs to remain vigilant about CSR matters and continue to deepen its work in that area, but there is no need to set up an additional specific committee.
- **"Directors and membership structure":**
  - good representation and distribution of skills and expertise (financial, industrial, HR, investment/market/ value creation, sovereignty, technology and digital), although some possible future changes in membership structure were identified.
- **"Leadership of the Board of Directors":**
  - positive assessment of the roles and personalities of the Chairman and the Chief Executive Officer, and of their working relationship;
  - the preparatory work carried out by the Chairman with the Directors on significant decisions and issues prior to Board meetings is a good practice that should be maintained and is essential for ensuring effective meetings and high quality discussions.
- **"Structure and processes":**
  - very satisfactory assessment of the quality of the meetings, the documents provided and their organization. In terms of time management, the Directors need to keep focused on key issues;
  - also a very satisfactory assessment of the separation of the roles of Chairman and Chief Executive Officer and the additional role of Lead Independent Director (bearing in mind that a Lead Independent Director is not essential when the roles of Chairman and Chief Executive Officer are separated);
  - the structure of the Board Committees is satisfactory and there is no need to set up any other committees.

**Recommendations in the report based on all of the findings and discussions:**

- greater attention needs to be paid to managing the skills available within the Board: succession plans, renewal or succession of corporate officers (Directors, Chairman, Chief Executive Officer), size of the Board, proportion of independent Directors;
- some specific strategic areas need to be particularly carefully monitored, notably CSR, digital transformation and HR systems.

#### Assessment of each Director's contribution to the work of the Board

As well as covering the operating procedures of the Board and its Committees, the 2021 assessment included an appraisal, carried out by the selected consultancy firm, of each Director's actual contribution to the Board's work. The individual results of this appraisal – on an anonymized basis – were given to each of the Directors by the Chairman of the Board or the Lead Independent Director.



## 6.4 APPLICATION OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE

Safran uses the AFEP-MEDEF Corporate Governance Code as its corporate governance framework (see section 6.1 of this Universal Registration Document).

Certain recommendations of the Code, or guidelines adopted subsequently for its application, have not been implemented, the reasons for which are given in the following table.

AFEP-MEDEF Code recommendations	Safran practices – Reasons
<p><b>Article 21. Termination of employment contract in the event of appointment as a corporate officer</b></p> <p>When an employee is appointed as Chairman and/or Chief Executive Officer, it is recommended that his or her employment contract with the Company or any other Group company should be terminated.</p> <p>This recommendation applies to the Chairman of the Board of Directors and the Chief Executive Officer of companies that have a Board of Directors.</p>	<p>Olivier Andriès' employment contract was suspended when he became Chief Executive Officer on January 1, 2021.</p> <p>The Group has chosen to suspend, rather than terminate, employment contracts due to the fact that terminating an employment contract could deter Group employees from moving into top executive positions on account of the rights they could lose upon such termination (depending on their age and length of service with the Group).</p> <p>This is in line with the Group's policy of favoring internal promotion of talent wherever possible, which enables it to propose corporate officers' positions to its senior managers who have the highest level of <i>savoir-faire</i>, share and relay the Group's culture and values, and have an in-depth knowledge of its markets.</p>
<p><b>Article 22. Requirement to hold shares</b></p> <p>The Board of Directors should set a minimum number of shares that the Chairman and/or the Chief Executive Officer are required to hold as registered shares until the end of their term of office.</p>	<p>In accordance with Article 11.1 of the Board's Internal Rules, this minimum shareholding requirement is considered satisfied when the corporate officer concerned holds units in corporate mutual funds that are invested in Safran shares, provided the number of units held in such funds represents at least 500 shares. Article 11.2 of the Internal Rules states that if stock options or performance shares are granted to the Chairman and/or the Chief Executive Officer, they must keep a significant proportion of the vested shares in registered form until their duties as a corporate officer cease. The applicable proportion is set by the Board of Directors.</p> <p>The Chairman of the Board of Directors and the Chief Executive Officer were previously employees of the Group. Consequently, in their capacity as employees, they acquired units – and/or invested their profit-sharing bonuses – in corporate mutual funds invested in Safran shares. The Chairman supplemented these investments by participating in the Safran Sharing 2014 offer (see sections 5.3.4, 6.3 and 7.3.7.2 of the 2014 Registration Document). He has also purchased shares under a life insurance policy (whereby the insurer retains ownership of the shares and the insured party is owed the related amount by the insurer) (see section 6.5.3 of the 2020 Universal Registration Document).</p>

## 6.5 DIRECTORS' INTERESTS IN THE COMPANY'S SHARE CAPITAL

### 6.5.1 Compulsory shareholdings

In accordance with Article 14.5 of the Company's bylaws, each Director – other than the representative of the French State and the Directors put forward by the French State in accordance with Articles 4 and 6 of the *ordonnance* dated August 20, 2014, Directors representing employee shareholders and Directors representing employees – is required to own a certain number of Safran shares, in accordance with the terms and conditions set down in the Board of Directors' Internal Rules. Article 11.1 of the Board's Internal Rules states that this minimum number of shares corresponds to 500 and that the minimum shareholding

obligation can be met through units held in Group corporate mutual funds (FCPE) invested in Safran shares, provided that the number of units held is equivalent to at least 500 shares.

Article 14.8 of the bylaws and Article 11.1 of the Board's Internal Rules specify that each Director representing employee shareholders is required to hold – either individually or through a corporate mutual fund set up as part of the Group's employee share ownership plan and invested in Safran shares – at least one share or a number of units in the fund equivalent to at least one share.

### 6.5.2 Code of Ethics

Safran has a Code of Ethics relating to share transactions and the prevention of insider trading, which was drawn up in compliance with the recommendations published by the French financial markets authority (*Autorité des marchés financiers* – AMF) and was initially adopted by the Board of Directors on July 27, 2011. The Code – which is in question-and-answer form – sets out the obligations of Group employees and corporate officers and Directors, the specific measures taken by Safran to prevent insider trading, and the penalties for any failure to fulfill the stated obligations.

The Code also specifies the “closed period” (preceding the publication of annual and interim results and quarterly revenue figures) during which corporate officers and other insiders must refrain from carrying out transactions in Safran shares.

As well as respecting the obligations in the Code of Ethics, corporate officers and other senior managers are also required to comply with the additional rules set out in an addendum to the Code, which among other things prohibit speculative trading in Safran shares and state the applicable

disclosure requirements in the event that such officers or managers carry out any transactions in Safran shares.

Both the Code and its addendum are regularly updated in line with legislative and regulatory changes and the AMF's guidelines. They were last updated in July 2019, in order to take into account new legislation<sup>(1)</sup> that amends the restrictions on sales of free shares.

All of Safran's corporate officers and other Group insiders individually receive a copy of the Code of Ethics and its addendum and are informed of the closed periods that are determined in line with the annual financial calendar.

In order to provide information on the Code of Ethics and its addendum to all employees, an internal procedure based on these documents has been drawn up and posted on the Group's intranet, which is accessible to all employees in France and in most of the other countries where Safran operates. The closed periods are appended to this procedure as they are set.

(1) French Act no. 2019-744 of July 19, 2019 on simplifying, clarifying and updating corporate law.

### 6.5.3 Transactions in the Company's shares carried out by corporate officers and senior managers

In accordance with the applicable regulations, when the aggregate amount of transactions carried out by any corporate officer or senior manager exceeded €20,000 in 2021, the person concerned disclosed the corresponding transaction(s).

The transactions carried out in 2021 in Safran shares and related financial instruments by the Company's corporate officers and senior managers and persons having close personal links with them, as defined in paragraphs a) to c) of Article L.621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*), and of which the Company is aware, are as follows:

Name	Purchase of shares (number of shares)	Sale of shares (number of shares)	Delivery of shares under free share plans <sup>(1)</sup> (number of shares)	Purchase of units in Group corporate mutual funds invested in Safran shares <sup>(2)</sup> (number of shares corresponding to mutual fund units purchased)	Buybacks of units in Group corporate mutual funds invested in Safran shares (number of shares corresponding to mutual fund units sold)
Jean-Paul Alary			5,215		1,156
Olivier Andriès			5,498		
Patricia Bellinger	390				
Bernard Delpit			5,908	108	553 <sup>(3)</sup>
Peugeot Invest Assets, entity related to F&P SAS (Director)		1,100,000 <sup>(4)</sup>			
Peugeot Invest Assets, entity related to F&P SAS (Director)		1,700,000 <sup>(5)</sup>			
Céleste Thomasson	1,669		1,669		
Didier Domange		5,925			
Elisabeth Domange, person related to Didier Domange (Director)		17,509			

(1) Delivery of performance shares under the 2018 Long-Term Incentive Plan.

(2) Investment of discretionary and statutory profit-share in the Group employee savings plan - Automatic reinvestment in the plan of dividends attached to shares invested in the plan.

(3) Transfer of assets from a corporate mutual fund (FCPE) invested in Safran shares to another Group FCPE.

(4) Settlement of the forward sale of Safran shares by Peugeot Invest Assets in November 2020 (see sections 6.5.3 and 7.3.4.2 of the 2020 Universal Registration Document and section 7.3.4.1 of this Universal Registration Document).

(5) Sales carried out in March and April 2021.

## 6.6 COMPENSATION POLICIES AND COMPENSATION PACKAGES FOR CORPORATE OFFICERS

### 6.6.1 Compensation policies for corporate officers – 2022

This section constitutes the report on the compensation policies for corporate officers that is required by French law to be included in the corporate governance report. It was prepared by the Board of Directors with the assistance of the Appointments and Compensation Committee.

In compliance with Article L.22-10-8 of the French Commercial Code, the Board of Directors determines the compensation policies for the corporate officers, which notably describe the principles and criteria used to set, allocate and award the fixed, variable and exceptional components of their total compensation and benefits. By nature and by construction, the components of the policies are specific and different, depending on whether they concern the Chairman, the Chief Executive Officer or the Directors, all of whom are corporate officers. These policies are submitted for shareholders' approval each year at the Annual General Meeting.

In compliance with the applicable regulations concerning the compensation of corporate officers of listed companies<sup>(1)</sup>, the compensation policies describe:

- the principles and rules for determining the compensation and benefits for all corporate officers;
- any major changes compared with the compensation policies approved at the May 26, 2021 Annual General Meeting (see section 6.6.1.2);
- the specific compensation policy for the Chairman of the Board of Directors. No changes have been made that alter the substance of this policy compared with the compensation policy approved at the last Annual General Meeting;
- the specific compensation policy for the Chief Executive Officer, which may be adapted to apply to any Deputy Chief Executive Officer(s). A change has been made to this policy (see sections 6.6.1.2 and 6.6.1.4.c);
- the specific compensation policy for Directors, the principles and terms and conditions of which are unchanged compared with those approved at the May 26, 2021 Annual General Meeting.

The 2022 policies have been approved by the Board of Directors and will be submitted to a shareholder vote at the Annual General Meeting on May 25, 2022.

#### 6.6.1.1 Principles and rules for defining the compensation policies

In the best interests of the Company as well as its shareholders, employees and other stakeholders, the compensation policies for corporate officers must be competitive in order to attract, motivate and retain the best profiles and talent (which may come from within or outside the Group) for key positions.

These policies are defined by the Board of Directors and are reviewed annually based on recommendations issued by the Appointments and Compensation Committee.

The main principles applied are detailed below.

#### a) Compliance

The policies are defined based on the guidelines in the AFEF-MEDEF Code, which recommends applying the principles of comprehensiveness, balance, comparability, consistency, transparency and proportionality.

#### b) Comprehensiveness – Balance

All components of compensation and benefits should be exhaustively analyzed on a component-by-component basis and an overall consistency analysis should then be performed to achieve the best balance between these components.

#### c) Alignment of interests – Transparency

Compensation and benefits packages need to take into account the necessity for companies to attract, motivate and retain talent but also the interests of shareholders and other stakeholders, particularly in relation to transparency and performance criteria.

#### d) Proportionality, comparability and competitiveness

Compensation levels should be set in line with the duties and responsibilities assigned to the officer concerned as well as the work performed and the results achieved.

Market practices should also be taken into account.

Safran regularly carries out benchmark surveys, assisted by consulting firms, in order to measure the levels and structures of its compensation packages compared with panels of peer companies selected for their size and international scope. The surveys are performed both for the French market, in which case the peer companies comprise large industrial groups, and for the international market (the Aerospace, Technology and Defense sectors). The composition of these panels is regularly reviewed by the Committee responsible for compensation and may change to factor in changes in the structure or operations of the Group or of the peer companies concerned.

Where relevant, depending on the corporate officer concerned (Chairman or Chief Executive Officer), the Committee may also examine or take into consideration the application – after appropriate adjustments – of the compensation policy's structure and components to certain Company employees or employee categories, the existence of specific systems in favor of certain employee categories (such as discretionary or statutory profit-sharing, or pension arrangements), and information about compensation multiples (ratio between the compensation of the Chairman and the Chief Executive Officer and that of employees).

The above-mentioned benchmark surveys are used as the basis for analyzing, and making any changes to, the components of the compensation and benefits of the Chairman and the Chief Executive Officer.

(1) Articles R.22-10-14 and D.22-10-16 of the French Commercial Code.

#### e) Governance

The compensation policies for corporate officers are defined by the Board of Directors, based on recommendations issued by the Appointments and Compensation Committee, and are then put to the shareholders' vote at the Annual General Meeting.

The Appointments and Compensation Committee verifies that all of the principles described above are properly applied, both for the purpose of the Committee's work in general and for the recommendations it makes to the Board in relation to defining the policies and implementing them for setting the amounts or values of compensation and benefits packages.

Implementing the principles and rules above when defining the compensation policies for corporate officers helps to provide assurance that the policies (i) are aligned with the Company's best interests, (ii) are consistent with its strategy (notably its business strategy by applying exacting performance criteria to corporate officers that are closely linked to the Group's performance and objectives), and (iii) contribute to supporting the Company's long-term development.

The Chairman and the Chief Executive Officer do not take part in any discussions or votes on the policies concerning themselves, which therefore avoids any conflicts of interest.

#### 6.6.1.2 Changes to the 2022 compensation policies compared with those approved at the May 26, 2021 Annual General Meeting

##### Change to the Chief Executive Officer's compensation policy concerning a metric of his annual variable compensation

At its meeting on February 24, 2022, the Board of Directors made a notable change to the compensation policy for the Chief Executive Officer compared to the compensation policy approved by the shareholders at the Annual General Meeting of May 26, 2021.

The change concerns his annual variable compensation. The amended compensation policy provides that, as from 2022, his "target" variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives – will correspond to 120% of his annual fixed compensation (the "Target"), as opposed to 100% previously.

Unchanged from the compensation policy approved by the shareholders at the Annual General Meeting of May 26, 2021, if the Chief Executive Officer outperforms his objectives, his "maximum" variable compensation – i.e., the amount payable if the achievement rate is 130% for all of the financial and individual performance objectives – will represent a maximum of 150% of his annual fixed compensation (the "Cap").

Based on the annual fixed compensation of €800,000 set for 2022, the theoretical Target and Cap amounts of the Chief Executive Officer's annual variable compensation for 2022 would be as follows:

- Target – target amount: €960,000, i.e., 120% of his fixed compensation if the achievement rate for all of the objectives is 100%;
- Cap – maximum amount: €1,200,000, i.e., 150% of his fixed compensation if the achievement rate for all of the objectives is 130%.

The change more closely aligns the variable portion of the Chief Executive Officer's compensation with the policies and practices observed in studies of panels of comparable French manufacturing companies, without changing the maximum amount of variable compensation provided for in the compensation policy. In addition, the compensation policy was not changed when the current Chief Executive Officer was appointed.

#### Other disclosures

The disclosures below concern developments related to, and not changes in the substance of, the compensation policies approved at the May 26, 2021 Annual General Meeting:

- Concerning the Chief Executive Officer's compensation policy and his long-term incentive (LTI) plan (performance share grants): as already specified in the policy approved by the shareholders at the 2021 Annual General Meeting, as well as in the presentation of the 30<sup>th</sup> resolution (relating to free share grants) adopted at that Meeting, non-financial performance conditions will be included in the internal performance conditions underlying the performance shares he receives. Details on the terms and conditions and weightings of these non-financial performance conditions have been included in the Chief Executive Officer's compensation policy (see section 6.6.1.4.d).
- Concerning the aggregate annual amount of Directors' compensation, the Board of Directors has decided that, at the next Annual General Meeting, it will recommend that the shareholders raise the aggregate annual amount of compensation that may be allocated to the Directors as consideration for their duties (the "Aggregate Compensation"). In accordance with the law, any increase in the annual Directors' compensation has to be voted on by the shareholders in a specific resolution at the Annual General Meeting, which must be separate from and not connected with the vote on the compensation policy for Directors. This vote will be put to the shareholders in the 11<sup>th</sup> resolution of the Annual General Meeting to be held on May 25, 2022 (see section 8.2.1.6 of this Universal Registration Document).

#### 6.6.1.3 Compensation policy for the Chairman of the Board of Directors

At the date of this Universal Registration Document, this policy solely concerns Ross McInnes in his role as Chairman of the Board of Directors.

##### a) Compensation package structure

The structure of the compensation package of the Chairman of the Board of Directors (who is a non-executive Director) comprises, on a recurring basis, annual fixed compensation which is paid in cash. He is not allocated any compensation in his capacity as a Director.

The Chairman of the Board of Directors does not receive any annual or multi-annual variable compensation and he is not a beneficiary of any long-term compensation plans (performance share plans). The Chairman is covered by the supplementary pension schemes and personal risk insurance plan implemented by the Group.

The compensation and benefits awarded to the Chairman of the Board of Directors or for which he is eligible are described below.

##### b) Annual fixed compensation

The Chairman of the Board's annual fixed compensation takes into account the responsibilities required for this type of corporate office as well as the individual qualities of the holder of the position and the benchmark surveys carried out by the Company.

Consequently, it is set based on the following:

- the Chairman of the Board's roles and responsibilities, which are provided for by law, Safran's bylaws and the Board of Directors' Internal Rules, and are aimed at ensuring that the Company is governed effectively and that its various governing bodies (Board of Directors and the Board Committees and Shareholders' Meetings) operate properly;

- any specific assignments allocated by the Board of Directors and which the Chairman carries out in cooperation with Executive Management;
- the Chairman's individual skills, experience, expertise and background;
- benchmark surveys related to compensation payable for comparable duties and companies.

The Board of Directors has decided that, as a general rule, the Chairman's annual fixed compensation may only be revised on the expiration of his term of office.

However, as an exception to this rule, his compensation may be revised during his term and before his re-appointment if the scope of his duties as Chairman of the Board changes significantly – which could be related to changes within the Company itself – or if a major difference is identified compared with market practices (which can happen if the compensation has not been revised for some time). Any adjustments made to his annual fixed compensation as a result of any specific circumstances would be publicly disclosed.

The Chairman's annual fixed compensation for 2022 has not been increased and has been kept at €450,000, unchanged from 2021. This amount has stayed the same since 2018 for the office of Chairman of the Board of Directors (see section 6.6.2.1.a).

### c) Directors' compensation (formerly "attendance fees")

Irrespective of whether or not the role of Chairman is separate from that of Chief Executive Officer, the Chairman is not entitled to receive any compensation in his capacity as a Director (formerly "attendance fees"). He is therefore not included in the allocation of Directors' compensation carried out in accordance with the rules provided for in the compensation policy for Directors (see section 6.6.1.5).

### d) No annual variable compensation, multi-year variable compensation or long-term incentive plan

In line with his position as a non-executive Director, the Chairman of the Board of Directors does not receive any annual short-term variable compensation (cash-settled) or any multi-year variable compensation, and neither is he a beneficiary of any long-term compensation plans (performance share plans).

### e) Exceptional compensation

The Board of Directors has decided against including an exceptional component in the compensation policy for the Chairman.

### f) Benefits-in-kind

The Chairman of the Board of Directors has the use of a company car.

He is also entitled to be reimbursed for expenses incurred in connection with his role as Chairman and he is provided with the material resources required for performing his duties.

### g) Supplementary pension system

Safran's policy is to align the post-employment benefits of the Chairman and the Chief Executive Officer with those of the Group's managerial-grade staff. This is in line with Safran's internal promotion policy built on helping in-house

executives with considerable experience and expertise, often acquired during their many years' service with the Group, to move seamlessly into corporate officer positions and to grant corporate officers similar entitlements to those of the plans' other beneficiaries.

No specific supplementary pension system has been put in place for the Chairman of the Board of Directors.

However, the Chairman may be a beneficiary of the supplementary pension plans set up in France for all Group managerial-grade staff, subject to the same terms and conditions as the other plan members, if the Board of Directors:

- authorizes the Chairman to join the plans; or
- authorizes him to continue to be a beneficiary if he was already a beneficiary prior to his appointment as Chairman.

At its meeting on May 23, 2019 following the re-appointment of the Chairman, the Board of Directors confirmed its decision taken upon his initial appointment to authorize the Chairman to continue to be a beneficiary of the plans and benefits described below. Before being approved by the shareholders in the say-on-pay vote related to the Chairman's compensation policy, some of the benefits described below for which the Chairman is currently eligible had already been submitted for shareholder approval by way of the special vote required by law for related-party commitments, in accordance with the procedure applicable at the date on which the Board decided to extend those benefits to the Chairman. He was already eligible for some of the benefits prior to his appointment as Chairman.

The supplementary pension plans applicable in France to the Group's managerial-grade staff, including the Chairman, are as follows:

### Defined contribution plans – Mandatory retirement savings plans (PERO) (former Article 83)

Two "Article 83" defined contribution supplementary pension plans (Core Plan and Additional Plan) were in force for the Group's engineers and managerial-grade staff (see section 6.6.1.3 of 2020 Universal Registration Document).

In order to comply with the Pacte Act<sup>(1)</sup> and following the signature of a Group agreement in November 2021, these plans were replaced as of January 1, 2022 by mandatory retirement savings plans (*plan d'épargne retraite obligatoire* – PERO), with no change to the contributions paid by Safran, which remain unchanged from those paid under the Article 83 plans:

- the "PERO – Core Plan", which is financed through employer contributions equal to 1.5% of salary Tranche 1, 4% of Tranche 2 and no contributions on Tranche 3<sup>(2)</sup>;
- the "PERO – Additional Plan", which provides for contribution rates of 6.5% on Tranche 1 and 4% on Tranche 2.

The Chairman is eligible for these plans under the same terms and conditions as the other plan members.

The "PERO – Core Plan" contributions are based on the compensation subject to social security contributions that the Chairman receives for his role as Chairman of the Board of Directors.

The "PERO – Additional Plan" contributions are based on the compensation subject to social security contributions that the Chairman receives for his role as Chairman of the Board of Directors, capped at eight times the annual social security ceiling (PASS).

(1) French law no. 2019-486 of May 22, 2019 that notably introduced changes to defined contribution supplementary pension plans.

(2) To calculate the amount of pension contributions, the pension funds divide gross annual salary into two tranches: Tranche 1 and Tranche 2. The portion of salary attributed to each tranche determines the amount of the contributions. Tranche 1 corresponds to the portion of salary below the social security ceiling. Tranche 2 corresponds to the portion of salary between one and eight times the social security ceiling.



As provided for in the Group's Activity Transformation Agreement (see section 5.4.2.2 of this Universal Registration Document), employer contributions to the Article 83 (now replaced by PERO) and Article 82 defined contribution supplementary pension plans were frozen for 2021. Consequently, no contributions were paid to either of those plans for the Chairman for 2021. These payments have been reactivated for 2022 for all beneficiaries, including the Chairman.

Information on the expenses recognized for 2021 by the Company in relation to the Article 83 plans (now replaced by PERO) of which the Chairman is a member (which corresponded to a nil amount as provided for in the Activity Transformation Agreement), as well as the estimated theoretical amount<sup>(1)</sup> at December 31, 2021 of the annuity that could be paid to him under those plans are disclosed in section 6.6.2.1.d.

#### **"Article 82" defined contribution plan**

The Chairman is a beneficiary of Safran's defined contribution supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the "Article 82 Plan"), subject to the same terms and conditions as the other plan members.

The contributions to the plan are based on the fixed compensation that Ross McInnes receives for his role as Chairman of the Board of Directors.

The Article 82 Plan was put in place to compensate for the closure of Safran's Article 39 defined benefit plan as from January 1, 2017 (see below). Unlike the Article 39 defined benefit plan, the Article 82 Plan does not provide a guaranteed level of retirement benefits. It is a voluntary plan which eligible beneficiaries can decide whether or not to sign up to.

Eligible beneficiaries correspond to top executives (*hors statut*) whose reference compensation (fixed compensation and annual bonus) for the calendar year preceding the assessment date (Y-1) is equal to or higher than seven times the social security ceiling (PASS) for Y-1. The reference compensation for Y-1 is used to calculate the contributions to the plan. This reference compensation corresponds to the beneficiary's full-time basic fixed compensation plus the short-term bonus for the year concerned and excludes any other components of compensation.

In order for entitlements to accrue under the plan, the Company is required to:

- pay monthly contributions to an insurer, the rate of which is set based on the beneficiary's reference compensation for year Y-1 (Insurer Contribution) and which may represent up to 12.735% of that reference compensation; and
- pay a cash amount to the beneficiary corresponding to the Insurer Contribution (Additional Payment) so that the beneficiary can pay the applicable tax (the plan provides for up-front taxation so that the capital accrued and received on the beneficiaries' retirement is net of tax and social security contributions).

The above payments are borne in full by the Company and are subject to social security contributions in the same way as salaries.

As provided for in the Group's Activity Transformation Agreement (see section 5.4.2.2 of this Universal Registration Document), employer contributions to the Article 83 (now

replaced by PERO) and Article 82 defined contribution supplementary pension plans were frozen for 2021. Consequently, no contributions were paid to either of those plans for the Chairman for 2021. These payments have been reactivated for 2022 for all beneficiaries, including the Chairman.

Information on the expenses recognized for 2021 by the Company in relation to the Article 82 Plan of which the Chairman is a member (which corresponded to a nil amount as provided for in the Activity Transformation Agreement), as well as the estimated theoretical amount<sup>(2)</sup> at December 31, 2021 of the annuity that could be paid to him under that plan are disclosed in section 6.6.2.1.d.

#### **"Article 39" defined benefit plan (closed to new entrants and entitlements frozen)**

The Chairman was previously a beneficiary of Safran's defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39<sup>(3)</sup> of the French Tax Code (the "Article 39 Plan"), subject to the same terms and conditions as the other plan members. Mr. McInnes was originally a beneficiary of this plan in his former capacity as Deputy Chief Executive Officer. The commitment given by the Company to enable Mr. McInnes to continue to be a beneficiary of this plan was approved at the Annual General Meeting of May 19, 2016.

This plan was closed to new entrants and existing entitlements frozen as from December 31, 2016. The Article 82 defined contribution plan described above was set up to compensate for this closure.

However, as decided by the Board at its meeting on March 23, 2017, the Chairman could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met, it being specified that:

- the reference compensation used to calculate the conditional entitlements will be calculated based on the average of beneficiaries' gross fixed and variable compensation for the years 2014 to 2016 (revalued annually using the actuarial assumptions applied to calculate retirement benefit provisions);
- the seniority taken into account for the plan - which represents an additional 1.8% of the reference compensation per year of service, capped at 18% - will have a cut-off date of December 31, 2016 and no additional conditional entitlements will be accrued under the plan for any service after that date. Consequently the seniority taken into account for the Chairman will correspond to 14%;
- the overall replacement rate may not exceed 35% of the reference compensation;
- the supplementary pension annuity is capped at three times the annual social security ceiling (PASS) in force at the date that the general social security retirement pension is paid (the value of the PASS in 2022 is €41,136, unchanged from 2021);
- the payment of the supplementary pension annuity is subject to beneficiaries completing their careers with the Group and being entitled to retire under French social security rules having completed the required number of working years.

For information purposes, the estimated theoretical amount<sup>(4)</sup> at December 31, 2021 of the annuity that could be paid to the Chairman under the frozen Article 39 plan is provided in section 6.6.2.1.d.

(1) Calculated based on the assumption that the annuity would be received as from January 1, 2022, irrespective of the eligibility conditions.

(2) Calculated based on the assumption that the annuity would be received as from January 1, 2022, irrespective of the eligibility conditions.

(3) Defined benefit plan meeting the conditions set out in Article L.137-11 of the French Social Security Code (Code de la sécurité sociale).

(4) Calculated based on the assumption that the annuity would be received as from January 1, 2022, irrespective of the eligibility conditions.

## h) Personal risk insurance plan

The Chairman of the Board of Directors is a beneficiary of the personal risk insurance plan set up in France for all Group managerial-grade staff, subject to the same terms and conditions as the other plan members.

The contributions to this plan are based on the compensation subject to social security contributions that Ross McInnes receives for his role as Chairman of the Board of Directors.

Information on the expenses recognized for 2021 by the Company in relation to the personal risk insurance plan of which the Chairman is a member is disclosed in section 6.6.2.1.c.

## i) Indemnities or benefits payable for termination of office, change in duties or non-compete agreements

The Chairman of the Board of Directors is not eligible for any indemnities or benefits if his office is terminated or if there is a change in his duties. Similarly, he is not entitled to any non-compete indemnity.

## 6.6.1.4 Compensation policy for the Chief Executive Officer

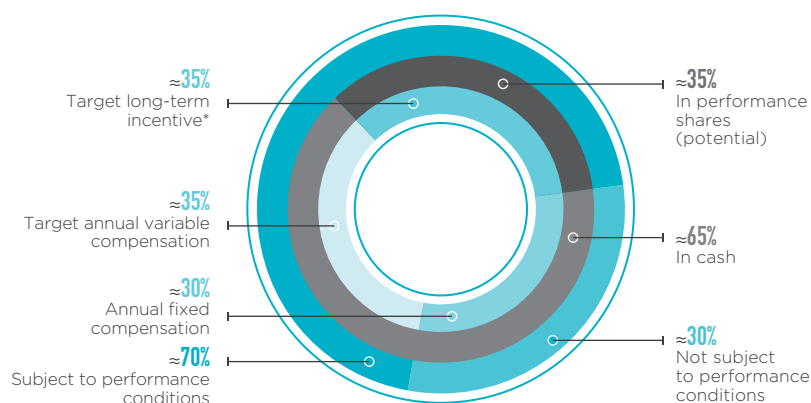
At the date of this Universal Registration Document, this policy solely concerns Olivier Andriès, who has been the Group's Chief Executive Officer since January 1, 2021.

### a) Compensation package structure

The structure of the Chief Executive Officer's compensation package comprises, on a recurring basis, annual fixed compensation (cash-settled), as well as annual variable compensation and performance shares awarded under a long-term incentive plan. This structure is applied to all of the Company's senior managers, adapted to each individual.

The underlying aim is to closely align the Company's interests with those of its shareholders by achieving a balance between short-term and long-term performance, as assessed by the Board of Directors. Compensation subject to performance conditions accounts for the largest proportion of the Chief Executive Officer's overall compensation package.

### PRESENTATION OF THE CHIEF EXECUTIVE OFFICER'S RECURRING COMPENSATION STRUCTURE



\* Value at grant date in accordance with IFRS.

The Chief Executive Officer is covered by the supplementary pension and personal risk insurance plans implemented by the Group.

The compensation and benefits awarded to the Chief Executive Officer or for which he is eligible are detailed below.

### b) Annual fixed compensation

The Chief Executive Officer's annual fixed compensation takes into account the responsibilities required for this type of corporate office as well as the individual qualities of the holder of the position and the benchmark surveys carried out by the Company.

Consequently, it is set based on the following:

- the level and complexity of the assignments and responsibilities related to the position, in view of the fact that the Chief Executive Officer has the broadest powers to act in all circumstances in the Company's name and to represent the Company in its dealings with third parties;
- the Chief Executive Officer's individual skills, experience, expertise and background;
- benchmark surveys related to compensation payable for comparable duties and companies.

The Board of Directors has decided that, as a general rule, the Chief Executive Officer's annual fixed compensation may only be revised on the expiration of his term of office.

However, as an exception to this rule, his compensation may be revised during his term and before his re-appointment if the scope of his duties as Chief Executive Officer changes significantly – which could be related to changes within the Company itself – or if a major difference is identified compared with market practices (which can happen if the compensation has not been revised for some time). Any adjustments made to his annual fixed compensation as a result of any specific circumstances would be publicly disclosed.

The Chief Executive Officer's annual fixed compensation is used as a reference for determining the target and maximum percentages of his annual variable compensation and the valuation of his compensation under the long-term incentive plan.

The Chief Executive Officer's annual fixed compensation for 2022 has not been increased and has been kept at €800,000, unchanged from 2021. This amount has stayed the same since 2018 for the office of Chief Executive Officer (see section 6.6.2.2.a).

## c) Annual variable compensation

### 1. Objectives of and principles used to determine the Chief Executive Officer's annual variable compensation

The principle of annual variable compensation is used to incentivize the Chief Executive Officer to achieve the annual performance targets that are set for him by the Board of Directors in line with Safran's overall business strategy.

The potential amount of this variable compensation is determined taking into account market practices and corresponds to a percentage of his fixed compensation, as recommended in the AFEF-MEDEF Code.

It is contingent on achieving pre-defined performance levels based on a number of objectives which are collective and individual, financial and non-financial and quantitative and qualitative. The objectives relate to key indicators that reflect the Group's overall performance as well as the contribution expected from the Chief Executive Officer, in line with Safran's overall business strategy.

During the first quarter of each year, acting on the recommendations of the Committee responsible for compensation, the Board of Directors either confirms or sets these objectives as well as their weighting and the applicable performance levels, i.e.:

- the lowest performance level, under which no variable compensation is paid;
- the target level, corresponding to when an objective is reached; and
- the maximum level applicable if an objective is exceeded.

The quantitative financial performance objectives – which are based on financial indicators – are set precisely, by reference to the budget approved in advance by the Board of Directors (as adjusted, if necessary, to take into account exceptional circumstances or events), and are subject to the performance thresholds set out below.

The achievement rates of the performance objectives are assessed by the Board of Directors, based on the review and recommendations of the Appointments and Compensation Committee. The review is carried out on an objective-by-objective basis, for all of the financial and individual and qualitative and quantitative objectives, as well as on an aggregate basis. The results of this assessment are published in a press release.

An overall percentage achievement rate is calculated both for (i) the financial objectives and (ii) the individual objectives, based on the applicable metrics and weightings and the achievement rates for each objective. These overall percentages are then used to calculate the actual amount due.

### 2. Detailed description of the Chief Executive Officer's annual variable compensation

The Board of Directors has decided that the Chief Executive Officer's variable compensation will be based on the following:

#### Target annual variable compensation and maximum amount ("Cap")

The Chief Executive Officer's "target" variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives set out below – corresponds to 120% of his annual fixed compensation (the "Target"), versus 100% previously.

If the Chief Executive Officer outperforms his objectives, his "maximum" variable compensation – i.e., the amount payable if the achievement rate is 130% for all of the financial and individual performance objectives set out below – will represent a maximum of 150% of his annual fixed compensation (the "Cap").

#### Structure – Criteria

The Chief Executive Officer's annual variable compensation is determined as follows:

- two-thirds is contingent on quantitative financial performance objectives based on recurring operating income (ROI)<sup>(1)</sup>, free cash flow (FCF)<sup>(2)</sup> and working capital (WC), calculated by reference to operating assets (Inventories)<sup>(3)</sup> and Unpaid Receivables<sup>(4)</sup>;
- one-third is contingent on quantitative and qualitative individual objectives.

This annual variable compensation structure is also used for the Group's senior managers, adapted to each individual.

#### Quantitative financial performance objectives – parameters

The following parameters apply:

- Weightings:
  - ROI: 60%;
  - FCF: 30%; and
  - working capital: 10%, with 5% based on Inventories and 5% based on Unpaid Receivables.
- Triggering thresholds (Thresholds) based on the objectives in the annual budget, which serves as the reference (Objective(s)):
  - 80% of the ROI Objective;
  - 65% of the FCF Objective;
  - 135% of each of the working capital Objectives, i.e., Inventories and Unpaid Receivables (if the level is higher than 135% for either of these Objectives, no variable compensation will be due as anything over 135% for these two metrics corresponds to underperformance).
- Calculation methods for the Thresholds, Target and Caps:
  - the Threshold for each performance metric triggers the entitlement to variable compensation (starting at 0 from the Threshold and reaching up to the Target if the budget Objective is achieved); if the achievement level of an Objective is 100%, the Target for the performance metric concerned will be payable;
  - if an Objective is exceeded, the variable compensation allocated in respect of that Objective will be increased beyond the Target in proportion to the extent to which the Objective is exceeded (but capped at a maximum of 130% irrespective of the extent to which the Objective is exceeded). Consequently:
    - if 130% (or more) of the ROI Objective is achieved, the Cap for this metric will be payable,
    - if 130% (or more) of the FCF Objective is achieved, the Cap for this metric will be payable,
    - if 70% (or less) of each of the working capital Objectives is achieved (Inventories and Unpaid Receivables), the Cap for each of these metrics will be payable.

(1) Adjusted recurring operating income (see section 2.1.2 of this Universal Registration Document).

(2) Free cash flow (see section 2.2.3 of this Universal Registration Document) corresponds to cash flow from operating activities less changes in working capital and acquisitions of property, plant and equipment and intangible assets.

(3) Inventories and work-in-progress, as described in section 3.1, Note 3.0 of this Universal Registration Document and broken down in section 3.1, Note 19.

(4) Receivables unpaid at their due date, as measured at the end of the reference period.

Based on these indicators, an overall percentage achievement level of the financial objectives is obtained, which is then applied for determining the amount due.

For achievement levels between the Threshold and the Target and the Target and the Cap, the amounts payable will be calculated on a straight-line basis.

The applicable indicators are usually set by the Board of Directors in the first quarter of the year concerned and they may be changed from one year to the next.

#### Individual objectives (qualitative and quantitative)

These objectives are set by the Board of Directors and relate to strategic, business and managerial areas specific to the coming year. For example, they can be based on the implementation of strategic decisions validated by the Board of Directors, major industrial and commercial developments and programs, organizational and management measures or initiatives that factor in the Group's CSR and sustainable development policy.

These objectives are not related to routine tasks but to specific actions for which the Board of Directors expects a particular level of performance.

When setting these individual objectives, the Board is careful to factor in the Group's CSR and sustainable development targets and to ensure that some of the objectives are quantifiable, bearing in mind that two-thirds of the Chief Executive Officer's annual variable compensation is based on the achievement of quantitative objectives relating to financial performance.

An overall percentage achievement rate is calculated for the individual objectives based on the applicable weightings and the achievement rates for each objective. This overall percentage is then used to calculate the actual amount due.

Information on the current Chief Executive Officer's individual objectives for 2022 is provided in section 6.6.2.2.c.

#### Payment condition

In accordance with the law, the payment of the Chief Executive Officer's annual variable compensation for 2022 (payable in 2023) will be subject to approval by the shareholders at the Annual General Meeting to be held in 2023.

### d) Long-term incentive plan (performance share grants)

#### 1. Objective

The Board of Directors considers that the long-term incentive system – which also applies to other key positions within the Company – is particularly suited to the position of Chief Executive Officer in view of the direct contribution expected from him to the Group's long-term performance. In addition, the system is based on performance share grants which strengthen the motivation and teamwork of beneficiaries and foster their loyalty, while at the same time aligning their interests with those of the Company and its shareholders. These share grants are also in line with the Board's strategy of linking the incentives of senior managers to Safran's share performance – with the inherent risks and rewards that this involves – in order to encourage long-term reasoning in their actions.

The Board of Directors may only grant performance shares if it has been given the necessary authorizations by way of a two-thirds majority vote of shareholders in an Extraordinary General Meeting. Consequently, related resolutions will be submitted to the Annual General Meeting and the shareholders will be asked to approve the components of the long-term incentive system. If approved, these resolutions could be used to add to and adjust the policy applicable to the Chief Executive Officer in relation to long-term compensation.

#### 2. Detailed description of the Chief Executive Officer's annual variable compensation

Performance share grants made to the Chief Executive Officer are subject to the following principles and criteria:

##### Cap

The number of performance shares granted to the Chief Executive Officer may not:

- represent more than the equivalent of 120% of his annual fixed compensation, based on the accounting value, in accordance with IFRS 2<sup>(1)</sup>, estimated prior to the grant;
- exceed 5% of the total performance shares making up each grant. In addition, the resolutions submitted to shareholders in an Extraordinary Shareholders' Meeting for the purpose of authorizing such grants will set a maximum percentage of the Company's capital that the performance shares may represent.

##### Performance conditions

All performance shares granted to the Chief Executive Officer will only vest if the applicable internal and external performance conditions are met. The achievement of these conditions will be assessed over three full consecutive fiscal years, including the year in which the performance shares are granted. These performance criteria are also applied to the Group's other beneficiaries of performance shares, with appropriately adapted weightings where applicable.

#### a) Standard internal conditions

The standard internal performance conditions account in principle for 70% of the Chief Executive Officer's total vested shares and are based on the Group's financial and economic performance as well as its non-financial performance if decided by the Board of Directors.

##### ■ Financial and economic performance

The two standard internal performance conditions relating to financial and economic performance account in principle for 50% of the total vested shares and are based on:

- recurring operating income (ROI), for 50%;
- free cash flow (FCF), for 50%.

The achievement of these conditions are measured by reference to the average of the ROI and FCF targets for the fiscal year in which the grant takes place and for the following two fiscal years, as set in the Group's most recent medium-term plan (MTP) or in the budget based on the MTP for the fiscal year in progress, as adjusted to factor in any exceptional circumstances or events and approved by the Board of Directors before the grant date (the "Reference Target"). The following achievement levels have been set for these conditions:

- lowest achievement level: if 80% of the Reference Target is achieved, 40% of the shares contingent on that target will vest;
- target achievement level: if 100% of the Reference Target is achieved, 80% of the shares contingent on that target will vest;

(1) See section 3.1, Note 3.r of this Universal Registration Document.



- highest achievement level (cap): if 125% of the Reference Target is achieved, 100% of the shares contingent on that target will vest;
- between the lowest achievement level and the target level, and between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion. Below the lowest achievement level, none of the shares contingent on the internal performance condition concerned will vest.

### ■ Non-financial performance

The internal conditions relating to non-financial performance count, in principle, for 20% of the total vested shares.

The non-financial conditions relate to CSR and sustainable development objectives. The conditions, defined by the Board of Directors prior to the grant date, could take into account the Group's medium-term priorities or strategic challenges on these issues.

They will be quantifiable or measurable, making it possible to objectively monitor them and identify the actual achievement rate at the end of the performance period. When the Board of Directors grants performance shares, these conditions are communicated along with their respective weightings and other essential parameters.

For example, they can be based on targets related to:

- environmental and climate issues (such as the reduction of CO<sub>2</sub> emissions);
- gender equality (such as the proportion of women senior managers within the Group); and
- safety (such as reducing the lost-time accident frequency rate).

The non-financial conditions applicable to the performance shares granted by the Board of Directors on March 24, 2022 were based on the above targets (see sections 6.6.2.2.d and 6.6.4.2.2).

### b) External performance condition

The external performance condition counts, in principle, for 30% of the total vested shares and is based on Safran's total shareholder return (TSR) performance as measured relative to a panel of companies or reference indices. The composition of this panel may change in order to factor in changes in the structure or operations of the Group or of the companies and indices concerned.

### d) Overall presentation – Illustration and weightings

The following achievement levels have been set for this condition:

- lowest achievement level: if Safran's TSR is equal to that of the peer companies, 40% of the shares contingent on the external performance condition will vest;
- target achievement level: if Safran's TSR is 8 points higher than that of the peer companies, 80% of the shares contingent on the external performance condition will vest;
- highest achievement level: if Safran's TSR is 12 points higher than that of the peer companies, 100% of the shares contingent on the external performance condition will vest;
- between the lowest achievement level and the target level, and between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion. Below the lowest achievement level, none of the shares contingent on the external performance condition will vest.

If allowed by the relevant shareholder authorization covering performance share grants, the Board of Directors may, at its discretion, revise the weighting of this external condition, but to no less than 20%, in order to increase the weighting of the standard internal conditions to 80% where required, particularly if the Board believes that it would be useful or necessary to do so in light of the Group's strategic priorities and/or medium-term imperatives. If the Board does decide to revise this weighting, it will disclose this fact via a press release.

### c) Additional conditions

As well as the portion attributed to the standard performance conditions, the Board of Directors may, at its discretion, apply additional demanding and quantifiable performance conditions for which it would define the parameters, in order to take into account the Group's medium-term priorities and challenges. In such a case, the additional performance conditions and their parameters, as defined by the Board of Directors prior to the grant, would be disclosed and their weighting would reduce the weighting of the standard internal performance conditions.

Such additional performance conditions would not therefore affect the cap on the value of grants to be made as defined above.

Performance conditions*			Overall weighting (in principle)
Standard internal performance conditions	Financial and economic performance	ROI (adjusted recurring operating income).	25%
		FCF (free cash flow).	25%
	Non-financial performance	CSR and sustainable development objectives. The Group's medium-term priorities or strategic challenges on these issues.	20%
External performance condition	TSR	Safran's total shareholder return (TSR) compared with a panel of companies or benchmark indices.	30%
<b>TOTAL</b>			<b>100%</b>

\* Excluding any additional performance conditions that may be included (see c) above).

The achievement rate of each performance condition is assessed by the Board of Directors, based on the review and recommendations of the Appointments and Compensation Committee. The results of this assessment are published in a press release.

## Vesting and lock-up periods

The shares granted to the Chief Executive Officer are subject to a vesting period set by the Board of Directors, which may not be less than three years.

In addition, any shares granted to the Chief Executive Officer will be subject to a lock-up period of at least one year following their vesting date.

## Other conditions

### Holding requirement and undertaking not to use hedges

The Chief Executive Officer:

- is required to hold in registered form a proportion of his vested shares, as set by the Board of Directors, until his term of office as Chief Executive Officer ends.

The Board has decided that following the lock-up period and for the duration of his term of office, the Chief Executive Officer will be required to hold in registered form 40% of the vested performance shares delivered to him under performance share plans, until the number of shares he holds represents the equivalent of one year of his most recent annual fixed compensation.

In addition, the Chief Executive Officer will be required to hold in registered form, until his term of office as Chief Executive Officer ends, a minimum of 500 of the vested performance shares delivered to him under each of the performance share plans under which he is granted performance shares during his term of office as Chief Executive Officer;

- must give a formal undertaking to refrain from using instruments to hedge the risks related to these shares until after the end of the lock-up period.

### Continuing service condition – principles and exceptions

Under the rules of the performance share plan, the shares will only vest if the beneficiary still forms part of the Group on the vesting date (“continuing service condition”), apart from in a limited number of usual cases (death, disability, retirement of the beneficiary and a specific decision by the Board of Directors).

In particular:

- In the event of his death before the end of the vesting period, the Chief Executive Officer’s heirs or beneficiaries may ask for the performance shares to be attributed (and delivered) to them. If the achievement rate of the performance conditions is not yet known at that date, the performance conditions will be deemed to have been met.
- If the Chief Executive Officer retires before the end of the vesting period, and provided that he has been with the Group for at least one year before retirement, he will retain his rights proportionately to the time he was with the Group during the vesting period.
- The Board of Directors may grant exemptions from the continuing service condition and the requirements set out above, and may decide to maintain all or part of the beneficiary’s entitlements, in accordance with terms and conditions set by the Board.

Information on performance share grants made to the Chief Executive Officer in 2021 and 2022 is provided in sections 6.6.2.2.d and 6.6.4.2.

## e) Multi-year variable compensation

The Board of Directors has decided not to put in place a multi-year variable compensation plan as it considers that share-based payments such as performance share grants are more in line with shareholders’ interests (see the long-term incentive plan above).

## f) Exceptional compensation

The Board of Directors has decided against including an exceptional component in the compensation policy for the Chief Executive Officer.

## g) Directors’ compensation (formerly “attendance fees”)

The Chief Executive Officer does not receive any compensation in his capacity as a Director of the Company (formerly “attendance fees”). He is therefore not included in the allocation of Directors’ compensation carried out in accordance with the rules provided for in the compensation policy for Directors (see section 6.6.1.5).

## h) Benefits-in-kind

The Chief Executive Officer has the use of a company car.

He is also entitled to be reimbursed for expenses incurred in connection with his role as Chief Executive Officer, as well as any specifically agreed personal travel expenses, and he is provided with the material resources required for performing his duties.

## i) Supplementary pension system

Safran’s policy is to align the post-employment benefits of the Chairman and the Chief Executive Officer with those of the Group’s managerial-grade staff. This is in line with Safran’s internal promotion policy built on helping in-house executives with considerable experience and expertise, often acquired during their many years’ service with the Group, to move seamlessly into corporate officer positions and to grant corporate officers similar entitlements to those of the plans’ other beneficiaries.

No specific supplementary pension plan has been put in place for the Chief Executive Officer.

However, the Chief Executive Officer may be a beneficiary of the supplementary pension plans set up in France for all Group managerial-grade staff, subject to the same terms and conditions as the other plan members, if the Board of Directors:

- authorizes the Chief Executive Officer to join the plans; or
- authorizes him to continue to be a beneficiary if he was already a beneficiary prior to his appointment as Chief Executive Officer.

At its meeting on December 16, 2020, the Board of Directors decided that the Chief Executive Officer would continue to be a beneficiary of the plans and benefits described below, for which he was already eligible when he was an employee, i.e., before he was appointed as Chief Executive Officer.

The Chief Executive Officer is a beneficiary of the same plans as described in section 6.6.1.3.g concerning the compensation policy for the Chairman. These plans are as follows:

### Defined contribution plans (PERO (former Article 83) – Core Plan, PERO (former Article 83) – Additional Plan and Article 82)

The Chief Executive Officer is a beneficiary of these plans under the same terms and conditions as the other plan members.

The “PERO – Core Plan” contributions are based on the compensation subject to social security contributions that the Chief Executive Officer receives for his role as Chief Executive Officer.

The “PERO – Additional Plan” contributions are based on the compensation subject to social security contributions that the Chief Executive Officer receives for his role as Chief Executive Officer, capped at eight times the annual social security ceiling (PASS).



The contributions to the Article 82 defined contribution plan are based on the annual fixed compensation and the annual variable compensation (subject to performance conditions) that the Chief Executive Officer receives for his role as Chief Executive Officer.

As provided for in the Group's Activity Transformation Agreement (see section 5.4.2.2 of this Universal Registration Document), employer contributions to the Article 83 (now replaced by PERO) and Article 82 defined contribution supplementary pension plans were frozen for 2021. Consequently, no contributions were paid to either of those plans for the Chief Executive Officer for 2021. These payments have been reactivated for 2022 for all beneficiaries, including the Chief Executive Officer.

Information on the expenses recognized for 2021 by the Company in relation to the Article 83 plans (now replaced by PERO) of which the Chief Executive Officer is a member (which corresponded to a nil amount as provided for in the Activity Transformation Agreement), as well as the estimated theoretical amount<sup>(1)</sup> at December 31, 2021 of the annuity that could be paid to him under those plans are disclosed in section 6.6.2.2.g.

Information on the expenses recognized for 2021 by the Company in relation to the Article 82 Plan of which the Chief Executive Officer is a member (which corresponded to a nil amount as provided for in the Activity Transformation Agreement), as well as the estimated theoretical amount<sup>(1)</sup> at December 31, 2021 of the annuity that could be paid to him under that plan are disclosed in section 6.6.2.2.g.

#### "Article 39" defined benefit plan (closed to new entrants and entitlements frozen)

The Chief Executive Officer was previously a beneficiary of Safran's defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39 of the French Tax Code (the "Article 39 Plan" - see section 6.6.1.3.g), subject to the same terms and conditions as the other plan members. Mr. Andriès was originally a beneficiary of this plan in his former capacity as a Company employee. This plan is now closed to new entrants and the benefit entitlements have been frozen, including for the Chief Executive Officer.

However, he could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met (see section 6.6.1.3.g). These terms and conditions notably include seniority, which accounts for an additional 15.9% of the reference compensation.

For information purposes, the estimated theoretical amount<sup>(1)</sup> at December 31, 2021 of the annuity that could be paid to the Chief Executive Officer under the frozen Article 39 plan is provided in section 6.6.2.2.g.

#### j) Personal risk insurance plan

The Chief Executive Officer is a beneficiary of the personal risk insurance plan set up in France for all Group managerial-grade staff, subject to the same terms and conditions as the other plan members.

The contributions to this plan are based on the compensation subject to social security contributions that the Chief Executive Officer receives for his role as Chief Executive Officer.

#### k) Indemnities or benefits payable to the Chief Executive Officer for termination of office, change in duties or non-compete agreements

The Chief Executive Officer is not eligible for any indemnities or benefits if his office is terminated or if there is a change in his duties. Similarly, he is not entitled to any non-compete indemnity.

This approach is consistent with Safran's policy, described below, of suspending, rather than terminating, the employment contracts of any Group senior managers who are appointed as corporate officers of the Company, and is aimed at avoiding any potential cumulation of corporate officers' benefits and benefits attributable under employment contracts.

#### l) Suspension of the Chief Executive Officer's employment contract and related entitlements

Safran's policy is to suspend, rather than terminate, employment contracts when senior managers are appointed as corporate officers because, depending on their age and length of service with the Group, terminating their employment contract could deter them from moving into top executive positions on account of the rights they could lose upon such termination. This policy is aimed at favoring internal promotion of talent wherever possible, which enables Safran to propose corporate officer positions to its senior managers who have the highest level of *savoir-faire*, share and relay the Group's culture and values, and have in-depth knowledge of its markets. The objective of suspending, rather than terminating, employment contracts is not to avoid the AFEF-MEDEF Code's recommendations and guidelines relating to Chief Executive Officers (notably concerning corporate officers' departures), since reactivating an employment contract at the end of a corporate officer's term of office does not release him or her from the regulatory framework applicable to such officers.

The Chief Executive Officer has a permanent employment contract with Safran SA, which has been suspended but not terminated (see sections 6.4 and 6.6.2.3). In accordance with the collective bargaining agreement applicable to Safran (engineers and managerial-grade employees in the metallurgy industry), the rights attached to a suspended employment contract may include benefits or indemnities provided for under French labor law. Consequently, when the Chief Executive Officer ceases to hold his corporate office and his employment contract resumes:

- On his retirement date, he may be eligible for a retirement bonus. This retirement bonus would be calculated based on (i) his seniority within the Company (taking into account the years during which his employment contract was suspended when he was a corporate officer), and (ii) his annual compensation (based on a reference salary corresponding to the salary he was earning when his employment contract was suspended), adjusted based on a percentage corresponding to the average of the individual salary increases applied at Safran SA during the contract suspension period.
- If the employment contract is terminated by Safran SA, the Chief Executive Officer may be entitled to a termination benefit and a six-month notice period. This termination benefit would be calculated based on (i) his seniority within the Company (taking into account the years during which his employment contract was suspended when he was a corporate officer), and (ii) his compensation (based on a reference salary corresponding to the salary he was earning when his employment contract was suspended), adjusted based on a percentage corresponding to the average of the individual salary increases applied at Safran SA during the contract suspension period.

(1) Calculated based on the assumption that the annuity would be received as from January 1, 2022, irrespective of the eligibility conditions.

### m) Exceptional circumstances or events

If any significant exceptional circumstances or events occur, i.e., circumstances or events that are out of the ordinary or beyond the Company's control, whose effects are not taken into account or reflected in the original metrics, criteria or benchmarks or those on which the current compensation policy concerning annual variable compensation and long-term incentive bonuses is based, the Board of Directors may decide, on the recommendation of the Appointments and Compensation Committee, to adapt and adjust these metrics, criteria or benchmarks, notably by raising or lowering the performance targets, to take the impact of these circumstances or events into account. However, any caps on this type of compensation expressed in terms of a percentage of the Chief Executive Officer's fixed compensation may not be altered.

If any adjustments are made as a result of exceptional events or circumstances:

- the Board of Directors will ensure that these adjustments (i) are designed to restore, to a reasonable extent, the original balance or objective, as adjusted for the expected impact of the event over the period concerned and (ii) maintain alignment with the Company's interests, strategy and outlook;
- the adjustments and the reasons therefor will be disclosed in a press release.

### n) Adaptation of the compensation policy for the Chief Executive Officer in the event of a new Chief Executive being appointed or the duties of an existing Chief Executive Officer ceasing during the year

If a new Chief Executive Officer is appointed or the duties of an existing Chief Executive Officer cease during the course of a year, the above principles will apply on a proportionate basis for the period during which he performs his duties.

In the case of a new appointment, these principles will be applied by taking as the reference point the annual fixed compensation decided by the Board of Directors when the new Chief Executive Officer is appointed.

However, if an appointment takes place during the second half of the year, the assessment of the Chief Executive Officer's performance for the purpose of calculating his annual variable compensation will be carried out by the Board of Directors on a discretionary basis, on the recommendation of the Appointments and Compensation Committee. The rationale underpinning the determination of the performance criteria achievement rate would be disclosed in a press release.

Concerning long-term incentive plans (which take the form of performance share grants), the plan rules provide for a limited number of exceptions to the continuing service condition, as stated above, notably the possibility for the Board of Directors to grant exemptions from the continuing service condition. Accordingly, the Board may decide that on the expiration of the Chief Executive Officer's term of office, he may retain all or some of his entitlement to the long-term incentive plan benefits he has accrued, based on terms and conditions set by the Board. The rationale underpinning this decision, as well as the decision about what happens to the vested rights under the plan, would be disclosed in a press release.

### o) Adaptation of the policy for Deputy Chief Executive Officers

If the Company appoints any Deputy Chief Executive Officers, the compensation structure, principles and criteria provided for in the compensation policy for the Chief Executive Officer would apply to them. The Board of Directors would then adapt this policy in line with the specific situation of the Deputy Chief Executive Officer concerned in order to set the objectives, performance levels, indicators, and structure of their compensation packages and the maximum that their variable

compensation may represent as a proportion of their annual fixed compensation (it being specified that this proportion and the amount of their annual fixed compensation may not be higher than those set for the Chief Executive Officer).

## 6.6.1.5 Compensation policy for Directors

The content of the compensation policy for Directors for 2022 is unchanged from that approved at the May 26, 2021 Annual General Meeting. However, the Board of Directors has decided that, at the next Annual General Meeting, it will recommend that the shareholders raise the Aggregate Compensation to be allocated among the Directors. This Aggregate Compensation is set as provided for in French company law and the principles thereof are described in this section on the Directors' compensation policy. In accordance with the law, any increase in Directors' compensation has to be voted on by the shareholders in a specific resolution at the Annual General Meeting, which must be separate from and not connected with the vote on the compensation policy for Directors. This vote will be put to the shareholders in the 11<sup>th</sup> resolution of the Annual General Meeting to be held on May 25, 2022 (see section 8.2.1.6 of this Universal Registration Document).

### a) Principles

Article 17 of the Company's bylaws provides for compensation to be paid to the Directors.

In accordance with the law, the shareholders in a General Meeting set the aggregate annual amount of compensation that may be allocated to the Directors as consideration for their duties (the "Aggregate Compensation"). The Aggregate Compensation is set by way of a resolution put to the shareholders' vote. The Aggregate Compensation approved by the shareholders remains unchanged and applies for each successive fiscal year until decided otherwise by way of a new resolution adopted by the shareholders at a General Meeting.

The rules for allocating the Aggregate Compensation (the "Allocation Rules") are set by the Board of Directors and are also submitted to shareholders via the vote to approve the Directors' compensation policy.

The Allocation Rules take into account Directors' actual attendance at meetings of the Board and its Committees, and therefore include a significant variable portion. The amount of compensation paid to each Director must be adapted to their specific level of responsibility and the time they devote to their duties.

The Aggregate Compensation is allocated between the Directors by the Board, by applying the Allocation Rules, resulting in the individual amounts provided for in accordance with said rules.

The individual amounts paid to each Director are set out in the corporate governance report (see section 6.6.3.1).

The Chairman of the Board of Directors and the Chief Executive Officer do not receive any compensation amounts out of the Aggregate Compensation, as stipulated in their compensation policies since 2019 (see sections 6.6.1.2 and 6.6.1.3 of the 2018 Registration Document, sections 6.6.1.3 and 6.6.1.4 of the 2019 and 2020 Universal Registration Documents and sections 6.6.1.3.c and 6.6.1.4.g of this Universal Registration Document).

In accordance with the applicable regulations, the Directors' compensation allocated to the representative of the French State and the Director put forward by the French State are paid to the French Treasury when those Directors act in the capacity of public agents.

The cases in which the payment of compensation to Directors must be suspended are also set out in the applicable regulations.

#### b) Allocation Rules

In accordance with the Allocation Rules set by the Board of Directors<sup>(1)</sup>, the Aggregate Compensation is allocated as follows (which may not necessarily represent the full amount of the Aggregate Compensation):

- The representative of the French State appointed pursuant to Article 4 of *ordonnance* 2014-948 dated August 20, 2014 and the Director(s) appointed pursuant to Article 6 of said *ordonnance* do not directly receive Directors' compensation when they act in the capacity of public agents. Instead, their portion of the Aggregate Compensation is paid directly by the Company to the French Treasury. For compensation allocated to Directors appointed pursuant to Article 6 of said *ordonnance* who are not public agents, the same applies to any amount that exceeds the cap set in the ministerial decree of December 18, 2014 implementing section V of Article 6 of said *ordonnance*.
- Irrespective of whether or not the role of Chairman of the Board of Directors is separate from that of Chief Executive Officer, the Chairman and the Chief Executive Officer (if he is a Director) are not entitled to Directors' compensation and are not included in the allocation of compensation carried out by the Board in accordance with the Allocation Rules.
- For membership of the Board of Directors:
 

**Annual fixed compensation:**

  - Each Director (excluding the Chairman and the Chief Executive Officer if he is a Director) and any Board Advisors (*censeurs*) is entitled to annual fixed compensation whose amount is set by the Board of Directors.
  - If a new Director is appointed (or elected) during a given year, or if a directorship ceases during a given year, this annual fixed compensation is calculated proportionately based on the number of Board meetings held during the year.

**Variable compensation per Board meeting:**

  - Each Director (excluding the Chairman and the Chief Executive Officer if he is a Director) and any Board Advisors (*censeurs*) is entitled to variable compensation for each Board meeting he or she attends, the amount of which is set by the Board of Directors.
- For membership of the Board Committees - Variable compensation per Committee meeting:
  - Each Director (including the Chair(s) of temporary committees, but excluding the Chairman and the Chief Executive Officer if he is a Director) is entitled to variable compensation for each meeting he or she attends of any Committee(s) of which he or she is a member (or each meeting of any temporary committee that he or she chairs). The amount of this variable compensation is set by the Board of Directors.
  - Each Chair of a standing Board committee (excluding, where applicable, the Chairman and the Chief Executive Officer if he is a Director) is entitled to a higher amount of variable compensation for each standing Committee meeting that he or she chairs. The amount of this variable compensation is set by the Board of Directors.
- Additional compensation for geographical distance:
  - Directors residing outside Metropolitan France are entitled to an additional amount of variable compensation per Board and Committee meeting that he or she physically attends. The amount of this additional variable compensation is set by the Board of Directors.
- Cap and potential adjustment:
  - A maximum annual gross amount of Directors' compensation is set per Director by the Board of

Directors. If the application of the Allocation Rules leads to an individual annual gross amount of Directors' compensation exceeding this cap, the individual allocation of the Director(s) concerned will be reduced to this cap, before any adjustment is made.

- If the application of the Allocation Rules leads to a total amount of compensation to be allocated that is higher than the Aggregate Compensation set by the shareholders, said total amount will be decreased by reducing, on an equal proportionate basis, each individual allocation (rounded down to the nearest euro where necessary), such that the total amount allocated is equal to the Aggregate Compensation.
- Each year, the Board of Directors places on record the overall and individual allocation of the Directors' compensation resulting from the application of the Allocation Rules. Where appropriate, the Board may decide to allocate any residual unallocated amount corresponding to the difference between the Aggregate Compensation set by the shareholders and the total allocated amount resulting from the application of the Allocation Rules.

#### c) Reimbursement of expenses

Each member of the Board of Directors is entitled to be reimbursed for travel expenses incurred in connection with their directorship, subject to providing the appropriate receipts.

#### d) Specific or one-off assignments

Directors may be allocated additional compensation if they carry out specific assignments, such as, by way of illustration, those performed by the Vice-Chairman or the Lead Independent Director. In such a case, the Board may decide to set specific amounts for this purpose that will be taken into account when applying the Allocation Rules for the Aggregate Compensation.

Directors may also be paid additional compensation for any one-off assignments they may carry out, in which case the payment of this additional compensation will be subject to the procedure applicable to related-party agreements.

#### e) Additional information

For information purposes, it is hereby disclosed that:

- The amount of the Aggregate Compensation to be allocated among the Directors, as approved by the shareholders at the 2020 Annual General Meeting, is €1,100,000. At its February 24, 2022 meeting, the Board of Directors decided that, at the next Annual General Meeting, it would recommend that the shareholders raise the Aggregate Compensation to €1,300,000. This proposed increase has to be voted on by the shareholders in a specific resolution at the Annual General Meeting, which must be separate from and not connected with the vote on the compensation policy for Directors. This vote will be put to the shareholders in the 11<sup>th</sup> resolution of the Annual General Meeting to be held on May 25, 2022 (see section 8.2.1.6 of this Universal Registration Document). The increase is intended to enable Safran to offer its Directors average compensation that is more in line with the practices of comparable French companies and therefore to continue to attract Board members of the highest quality. It would also take into greater account the Directors' commitment and involvement in the Board's work, which justify a fair level of compensation.
- The total amount of the allocations made to each Director may not exceed the maximum authorized amount of the Aggregate Compensation in effect, as set by the shareholders at the Annual General Meeting.

(1) Rules set on February 26, 2018 and applicable as from 2018.

- The following table shows the amounts of fixed and variable compensation allocated to Directors based on attendance at Board and/or Committee meetings in accordance with the Allocation Rules set by the Board of

Directors. These Allocation Rules have been used since 2020 and are unchanged compared with the rules referred to in the compensation policy for Directors approved at the 2020 and 2021 Annual General Meetings.

Amounts set for the purpose of applying the Allocation Rules:	Applicable since 2020 and remaining applicable for subsequent years (in €)
Annual fixed compensation per Director (full-year basis) (excluding the Chairman and the Chief Executive Officer)	11,000
For attendance at Board meetings:	
■ Variable compensation per Board meeting for the Directors (no Directors' compensation for the Chairman and the Chief Executive Officer)	5,000
For attendance at meetings of the standing Board Committees and special temporary committees:	
■ Variable compensation per meeting for the Chairs of the standing Committees	9,000
■ Variable compensation per meeting for Committee members (including for the Chairs of special temporary committees)	5,000
Additional compensation for geographical distance, based on physical attendance per Board and/or committee meeting	
■ Cross-Atlantic travel or equivalent	+3,500
■ Travel from a European country	+1,250
Annual cap on individual Directors' compensation paid out of the Aggregate Compensation	130,000
Annual cap on the Aggregate Compensation* approved at the AGM for all the Directors	1,300,000*

\* Provided that the shareholders vote to raise the Aggregate Compensation to €1,300,000 (11<sup>th</sup> resolution of the May 25, 2022 Annual General Meeting).

- If there are any major changes in the membership structure and work of the Board or the Board Committees or if their Chair changes during a given year, or if any significant exceptional circumstances or events occur, the Board may adjust these amounts accordingly, provided the weighting of the variable portion of Directors' compensation still represents the majority of the individual amounts

allocated. In all circumstances, any such adjustments may not result in the total final allocation exceeding the amount of the Aggregate Compensation in effect at the time the adjustment(s) are made.

The table summarizing the Directors' compensation paid or payable to members of the Board of Directors for 2020 and 2021 is provided in section 6.6.3.1.

## 6.6.2 Compensation and benefits of the Chairman and the Chief Executive Officer for 2021 (and components of compensation and benefits for 2022 that have already been set)

The following section sets out the compensation and benefits of:

- the Chairman of the Board of Directors, Ross McInnes, for 2021 as well as the components of his compensation for 2022 that have already been set by the Board of Directors;
- the Chief Executive Officer, Olivier Andriès, for 2021 as well as the components of his compensation for 2022 that have already been set by the Board of Directors.

### 6.6.2.1 Compensation and benefits of the Chairman of the Board of Directors for 2021 (and components of his compensation and benefits for 2022 that have already been set)

In his role as Chairman of the Board of Directors, in 2021 Ross McInnes received a fixed amount of annual compensation. He does not receive any variable compensation or Directors' compensation (formerly "attendance fees"). Ross McInnes continued to be a beneficiary of the Group's personal risk insurance plan and supplementary pension plan, subject to the same terms and conditions as the other plan members. In addition, he had the use of a company car as a benefit-in-kind.

The structure of Ross McInnes' compensation package for 2021 is in line with the compensation policy described in section 6.6.1.3 of the 2020 Universal Registration Document, which was approved by the shareholders at the Annual General Meeting of May 26, 2021.

The compensation and benefits of the Chairman of the Board of Directors are summarized in the tables in section 6.6.2.3.

#### a) Fixed compensation for 2021 and 2022

At its meeting on February 24, 2021, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to keep the Chairman's annual fixed compensation at €450,000 for 2021, i.e., unchanged from 2020.

At its February 23, 2022 meeting, acting on the recommendation of the Appointments and Compensation Committee, the Board decided to keep the Chairman's annual fixed compensation at €450,000 for 2022, i.e., unchanged from 2021. This amount has stayed the same since 2018 for the office of Chairman of the Board of Directors.

#### b) Directors' compensation (formerly "attendance fees") for 2021

The Chairman did not receive any compensation in his capacity as a Director in 2021, in accordance with the compensation policy approved at the Annual General Meeting of May 26, 2021 (see section 6.6.1.3 of the 2020 Universal Registration Document and section 6.6.1.3 of this Universal Registration Document).

#### c) Personal risk insurance plan

At its meeting on April 23, 2015, the Board of Directors decided to authorize the Chairman to continue to be a beneficiary of Safran's personal risk insurance plan set up in



France for all Group managerial-grade staff (see section 6.6.1.3.g), subject to the same terms and conditions as the other plan members. The Chairman was previously a beneficiary of this plan in his former capacity as a Company employee, then as Deputy Chief Executive Officer. The commitment given by the Company to enable Mr. McInnes to continue to be a beneficiary of this plan was approved at the Annual General Meeting of May 19, 2016, pursuant to the legal provisions applicable at that date.

The corresponding expense recognized in the 2021 financial statements amounted to €5,974.08.

#### d) Supplementary pension system in 2021

No specific supplementary pension system was in place for the Chairman of the Board of Directors.

#### “Article 83” defined contribution plans (replaced by PERO as of January 1, 2022)

In accordance with a decision taken by the Board of Directors on February 26, 2018, the Chairman was a beneficiary of Safran’s two defined contribution supplementary pension plans set up in France for all Group managerial-grade staff pursuant to Article 83 of the French Tax Code (the “Article 83 plans”) and in force at January 1, 2018 (see section 6.6.1.3.g), subject to the same terms and conditions as the other plan members. The commitment given by the Company to enable Mr. McInnes to continue to be a beneficiary of these plans was approved at the Annual General Meeting of May 25, 2018, pursuant to the legal provisions applicable at that date. This was confirmed by the Board at its meeting on May 23, 2019 when Mr. McInnes was re-appointed as Chairman of the Board of Directors (see section 6.1.1).

No expenses were recognized in the 2021 financial statements relating to the contributions paid for Ross McInnes under the Article 83 Core Plan and the Article 83 Additional Plan. This was because the Activity Transformation Agreement (see section 5.4.2.2 of this Universal Registration Document) provided for a freeze on employer contributions to these plans in 2021 and therefore no such contributions were paid for the Chairman in that year. These payments have been reactivated for 2022 for all beneficiaries, including the Chairman.

At December 31, 2021, the estimated theoretical amount<sup>(1)</sup> of the annuities that could be paid to Ross McInnes under the PERO (former Article 83) – Core Plan and the PERO (former Article 83) – Additional Plan amounted to €8,996.95 and €2,881.40 respectively.

#### “Article 82” defined contribution plan

In accordance with a decision taken by the Board of Directors on March 23, 2017, the Chairman is a beneficiary of Safran’s defined contribution supplementary pension set up in France for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the “Article 82 Plan”), subject to the same terms and conditions as the other plan members (see section 6.6.1.3.g). This was confirmed by the Board at its meeting on May 23, 2019 when Mr. McInnes was re-appointed as Chairman of the Board of Directors (see section 6.1.1).

Neither the Insurer Contribution nor the Additional Payment for the Chairman were paid under the Article 82 Plan for 2021. This was because the Activity Transformation Agreement (see section 5.4.2.2 of this Universal Registration Document) provided for a freeze on those payments for that year. These

payments have been reactivated for 2022 for all beneficiaries, including the Chairman.

At December 31, 2021, the estimated theoretical amount<sup>(2)</sup> of the annuity that could be paid to the Chairman under the Article 82 Plan was €8,115.

#### “Article 39” defined benefit plan (closed to new entrants and entitlements frozen)

The Chairman was previously a beneficiary of Safran’s defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39<sup>(3)</sup> of the French Tax Code (the “Article 39 Plan” – see section 6.6.1.3.g), subject to the same terms and conditions as the other plan members. Mr. McInnes was originally a beneficiary of this plan in his former capacity as Deputy Chief Executive Officer. The commitment given by the Company to enable Mr. McInnes to continue to be a beneficiary of this plan was approved at the Annual General Meeting of May 19, 2016.

This plan was closed to new entrants and existing entitlements frozen as from December 31, 2016. The Article 82 defined contribution plan described in section 6.6.1.3.g was set up to compensate for this closure.

However, as decided by the Board at its meeting on March 23, 2017 (and confirmed at its May 23, 2019 meeting when the Chairman was re-appointed), the Chairman could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met.

At December 31, 2021, the estimated theoretical amount<sup>(4)</sup> of the annuity that could be paid to Ross McInnes corresponded to the cap set in the plan, i.e., €123,408 (corresponding to three times the annual social security ceiling [PASS], based on the 2022 value of the PASS, which is unchanged from 2021).

#### e) Indemnities or benefits payable for the termination of office or a change in duties – Non-compete indemnities

The Chairman of the Board of Directors is not eligible for any indemnities or benefits if his office is terminated or if there is a change in his duties. Similarly, he is not entitled to any non-compete indemnity.

As previously announced (see sections 6.1.1 and 8.2.1 of the 2018 Registration Document), the Chairman terminated his employment contract when his term of office was renewed on May 23, 2019. He did not receive any severance pay or other specific benefits on the termination of his employment contract. At that date, he lost the entitlements to severance pay and retirement bonuses associated with his employment contract (see section 6.6.2.1 of the 2018 Registration Document).

### 6.6.2.2 Compensation and benefits of the Chief Executive Officer for 2021 (and components of his compensation and benefits for 2022 that have already been set)

In his role as Chief Executive Officer, Olivier Andriès’ compensation package for 2021 included annual fixed compensation, annual variable compensation and performance shares awarded under a long-term incentive plan. He continues to be a beneficiary of the Group’s personal

(1) Calculated based on the assumption that the annuity would be received as from January 1, 2022, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).

(2) Calculated based on the assumption that the annuity would be received as from January 1, 2022, irrespective of the eligibility conditions.

(3) Defined benefit plan meeting the conditions set out in Article L.137-11 of the French Social Security Code.

(4) Calculated based on the assumption that the annuity would be received as from January 1, 2022, irrespective of the eligibility conditions.

risk insurance plan and supplementary pension plan, subject to the same terms and conditions as the other plan members. In addition, he has the use of a company car as a benefit-in-kind and can claim travel expenses.

The structure of his 2021 compensation package as Chief Executive Officer is in line with the compensation policy described in section 6.6.1.4 of the 2020 Universal Registration Document, which was approved by the shareholders at the Annual General Meeting of May 26, 2021.

The structure of his 2022 compensation package is unchanged from that approved at the 2021 Annual General Meeting, apart from a change to one of the parameters applicable to his annual variable compensation, as described in section 6.6.1.2.

### a) Fixed compensation for 2021 and 2022

At its meeting on December 16, 2020, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors set the Chief Executive Officer's annual fixed compensation at €800,000 for 2021, unchanged from the amount set for 2020 for the office of Chief Executive Officer.

At its meeting on February 23, 2022, acting on the recommendation of the Appointments and Compensation Committee, the Board decided to keep the Chief Executive Officer's annual fixed compensation at €800,000 for 2022, i.e., unchanged from 2021. This amount has stayed the same since 2018 for the office of Chief Executive Officer.

### b) Annual variable compensation for 2021

The Chief Executive Officer's annual variable compensation for 2021 was determined based on the terms and conditions

The table below summarizes the main rules applicable to the Chief Executive Officer's variable compensation for 2021 as well as the underlying performance objectives and their respective weightings:

set out in the compensation policy approved by the shareholders at the Annual General Meeting of May 26, 2021, as described in section 6.6.1.4 of the 2020 Universal Registration Document.

Acting on the recommendation of the Appointments and Compensation Committee, on February 23, 2022 the Board of Directors set the amount of the annual variable compensation for 2021 of the Chief Executive Officer, Olivier Andriès.

Based on the achievement levels of the applicable financial and individual objectives, the amount of Olivier Andriès' annual variable compensation for 2021 totals €1,002,222, representing 125.3% of his annual fixed compensation.

This amount reflects:

- An overall achievement rate of 109% for the portion related to the Group's financial performance (accounting for two-thirds of the variable compensation), for which the objectives related to:
  - recurring operating income (ROI) (60% weighting): 100% achievement;
  - free cash flow (FCF) (30% weighting): 130% achievement;
  - working capital, comprising the following components:
    - operating assets (Inventories) (5% weighting): 92% achievement, and
    - unpaid receivables (5% weighting): 116% achievement.
- An overall achievement rate of 127.5% for the portion related to individual quantitative and qualitative performance objectives (accounting for one-third of the variable compensation).

#### 2021 annual variable compensation for the Chief Executive Officer – Olivier Andriès – Results

(payment subject to shareholders' approval at the 2022 Annual General Meeting):

The compensation policy applicable to the Chief Executive Officer provides that his "target" variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives – corresponds to 100% of his annual fixed compensation (the "Target").

If the Chief Executive Officer outperforms his objectives, his "maximum" variable compensation – i.e., the amount payable if the achievement rate is 130% for all of the financial and individual performance objectives – will represent a maximum of 150% of his annual fixed compensation (the "Cap").

- Target amount: €800,000, i.e., 100% of his fixed compensation if the achievement rate for all of the objectives is 100%
- Maximum amount: €1,200,000, i.e., 150% of his fixed compensation if the achievement rate for all of the objectives is 130%

Objectives	Weighting	Achievement rate*	Comments**
<b>2021 financial performance objectives</b> (quantitative financial objectives) (adjusted data)			
<b>Accounting for 2/3 of the CEO's annual variable compensation (67%)</b>			
1 Recurring operating income (ROI)	60%	60%	■ Objectives met or exceeded (outperformance) ■ ROI was €1,805 million, in line with the 2021 budget. ■ FCF was €1,680 million, ahead of the 2021 budget. ■ The favorable change in working capital during the year (€250 million) was driven by lower inventories, higher deferred income and significant customer advance payments.
2 Free cash flow (FCF)	30%	39%	
3 Working capital, comprising the following components:	10%		
■ Operating assets (Inventories) ■ Unpaid receivables (late customer payments)	5% 5%	4.60% 5.80%	
<b>Sub-total (base: 100%)</b>	<b>100%</b>	<b>109% (Potential range: 0% to 130%)</b>	
<b>AMOUNT (in €)</b>		<b>€613,333</b>	<b>Representing 115% of 2/3 of the CEO's reference fixed compensation of €800,000</b>



Individual objectives (qualitative and quantitative individual performance objectives)**		Accounting for 1/3 of the CEO's annual variable compensation (33%)		
1	Management of the Covid crisis & relations with aircraft manufacturers (qualitative and quantitative)	15%	19.5%	Objective exceeded (outperformance) - 2021 was an important year for Safran, marked by significant operational and financial progress. The outperformance also reflects the performance achieved on the objective concerning relations with aircraft manufacturers. Safran delivered a solid margin and cash performance, exceeding its outlook. Commercial orders were robust across all its businesses. During 2021, Safran continued to improve its cost structure and to invest for the upcoming rise in production rates: human resources adaptation, industrial footprint rationalization, cost savings in line with 2020, slight decrease in CAPEX outflow, and R&D kept under control.
2	R&T - Climate (qualitative and quantitative): ■ Actions to ensure alignment with partners on decarbonization strategy ■ Actions to promote Sustainable Aviation Fuels (SAF) ■ Collaborative progress in aerospace R&T programs and related milestones	30%	39%	Objective exceeded (outperformance) - In June 2021, Safran and GE Aviation launched the Revolutionary Innovation for Sustainable Engines (RISE) technology demonstration program which will target more than 20% lower emissions at engine level in 2035 compared to today's most efficient engines as well as 100% SAF and Hydrogen compatibility. The program will include disruptive open fan architecture, hybrid electric capability, and demonstrator ground and flight tests around the middle of the decade. In line with Safran's roadmap to enable the transition of the aviation sector to SAF, the Group invested in Ineratec, a start-up providing technologies for carbon-neutral synthetic fuels, and signed a strategic partnership with TotalEnergies (focusing on R&T and the supply of SAF). Safran and its partners also achieved several flights with 100% SAF during the year.
3	Digital/Cybersecurity (qualitative): ■ Group digital roadmap and key projects ■ Cyber action plan ■ Rollout of a data organization program	30%	39%	Objective exceeded (outperformance) - During the year, the Roadmap 4.0 for Safran's digital transformation was drawn up and the Cyber plan was launched. A data organization program was set up (methodology, training, resources and upskilling, particularly in IS Architecture and Cyber).
4	CSR & human capital (qualitative and quantitative): ■ Safety: Frequency rate of occupational accidents maintained at the 2020 level ■ CSR & human capital: Implementation of the new CSR strategy with two main focuses in 2021: ● Improving the gender equality ratio (Group Executive Committee and companies' management committees) ● Low-carbon project: Deploying the "Scopes 1 & 2" plan on a company-by-company basis, increasing the use of biofuels in engine tests, and making progress on the "Scope 3" plan to be published in 2022	25%	30%	Objectives met or exceeded (outperformance) ■ There was a reduction in the frequency rate of occupational accidents at end-2021 compared to 2020, as a result of continued efforts to improve HSE performance. ■ The new CSR strategy was implemented and presented. ■ The gender equality objectives set for 2021 were achieved, including as regards the percentage of women among senior managers (15% versus 13% in 2020) and the number of women on companies' management committees. ■ In 2021, the action plan aimed at reducing Scope 1 & 2 emissions by 30% in 2025 (compared to 2018) was rolled down to Group companies and the use of biofuels in engine tests was increased (10% since October 2021). Safran has recently set new long-term objectives to reduce emissions from its operations. Reporting of Scope 3 emissions from the use of products for all categories of products and a corresponding reduction objective based on SBTi methodology disclosed in the 2021 Universal Registration Document.
<b>Sub-total (base: 100%)</b>		<b>100%</b>	<b>127.50%</b>	<b>(Potential range: 0% to 130%)</b>
<b>AMOUNT (in €)</b>			<b>€388,889</b>	<b>Representing 145.8% of 1/3 of the CEO's reference fixed compensation of €800,000</b>
<b>TOTAL (in €)</b>			<b>€1,002,222</b>	<b>REPRESENTING 125.3% OF THE CEO'S REFERENCE FIXED COMPENSATION OF €800,000</b>

\* Corresponding to the relevant weighting multiplied by the achievement rate of the objective. For example, where an objective with a 30% weighting is 130% achieved (therefore corresponding to outperformance), the overall achievement rate is 39% (i.e. 30 x 130%).

\*\* The precise content of each of the individual objectives and the expected achievement rates for the quantitative objectives had been precisely predetermined and defined, but cannot be disclosed in further detail for confidentiality reasons in view of their strategic and competitive sensitivity.

Payment of the Chief Executive Officer's annual variable compensation for 2021 is subject to shareholders' approval at the Annual General Meeting of May 25, 2022.

### c) Annual variable compensation for 2022

The Chief Executive Officer's variable compensation for 2022 will be set based on the terms and conditions of the applicable compensation policy, as approved by the shareholders at the Annual General Meeting.

It will be determined as follows:

- two-thirds will be contingent on the following quantitative financial performance objectives:

The table below summarizes the main rules applicable to the Chief Executive Officer's annual variable compensation for 2022 as well as the underlying performance objectives and their respective weightings, as set by the Board of Directors on February 23, 2022 based on the recommendation of the Appointments and Compensation Committee.

#### 2022 annual variable compensation for the Chief Executive Officer – Olivier Andriès (payment subject to shareholders' approval at the 2023 Annual General Meeting):

The proposed compensation policy for the Chief Executive Officer (see section 6.6.1.4.c) provides that his "target" variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives – will correspond to 120% of his annual fixed compensation (the "Target").

If the Chief Executive Officer outperforms his objectives, his "maximum" variable compensation – i.e., the amount payable if the achievement rate is 130% for all of the financial and individual performance objectives – will represent a maximum of 150% of his annual fixed compensation (the "Cap").

- Target amount: €960,000, i.e., 120% of his fixed compensation if the achievement rate for all of the objectives is 100%
- Maximum amount: €1,200,000, i.e., 150% of his fixed compensation if the achievement rate for all of the objectives is 130%

2022 financial performance objectives (quantitative financial objectives)* (adjusted data)		Weighting
<b>Accounting for 2/3 of the CEO's annual variable compensation (67%)</b>		
1	Recurring operating income (ROI)	60%
2	Free cash flow (FCF)	30%
3	Working capital, comprising the following components:	10%
	■ Operating assets (Inventories)	5%
	■ Unpaid receivables (late customer payments)	5%
<b>Sub-total (base: 100%)</b>		<b>100%</b>

2022 individual objectives (qualitative and quantitative individual performance objectives)*		Weighting
<b>Accounting for 1/3 of the CEO's annual variable compensation (33%)</b>		
1	Relations with aircraft manufacturers and key partners (qualitative):	20%
	■ Commercial and strategic campaigns	
2	LEAP aftermarket activities (qualitative and quantitative):	20%
	■ Management of LEAP engine service contracts and maintenance costs and related action plans	
3	Portfolio review (qualitative and quantitative):	10%
	■ As announced at Safran's 2021 Capital Markets Day, active management of the Group's asset portfolio	
	■ Related steps, progress and achievements (quantitative)	
4	Digital/Cybersecurity (qualitative and quantitative):	15%
	■ Setting up a "Digital Academy" focused on digital transformation	
	■ Advancing on the development, organization and location of centers of excellence	
	■ Pushing ahead with the Cyber plan	
5	CSR & human capital (qualitative and quantitative):	35%
	■ Safety: Frequency rate of occupational accidents and of lost-time accidents maintained at the same level, amid the ramp-up in business	
	■ Diversity & gender equality: Objectives linked to increasing the number of women among senior managers and within the Group Executive Committee and companies' management committees – Launch of an inclusion/diversity barometer and related action plan	
	■ Human capital: Initiatives to develop Safran talent and executives over the long term	
	■ Climate – Low-carbon:	
	● extending the "Scopes 1 & 2" action plan to include the newly-announced long-term objective of reducing emissions by 50% by 2030 (compared to 2018)	
	● rolling out the energy management system	
	● launching a Scope 3 plan for "Purchases", targeting Safran's main suppliers	
	● setting an objective for reducing Scope 3 emissions from "Product Use"	
	● making progress towards SBTi certification	
<b>Sub-total (base: 100%)</b>		<b>100%</b>

\* The content of the individual qualitative objectives and the expected achievement rates for the quantitative objectives have been precisely pre-determined and defined, but cannot be disclosed in further detail for confidentiality reasons in view of their strategic and competitive sensitivity.

The achievement of the financial and individual objectives set for the Chief Executive Officer's variable compensation for 2022 will be reviewed by the Board of Directors, after consultation with the Appointments and Compensation Committee.

Payment of this annual variable compensation for 2022 will be subject to shareholders' approval at the 2023 Annual General Meeting.

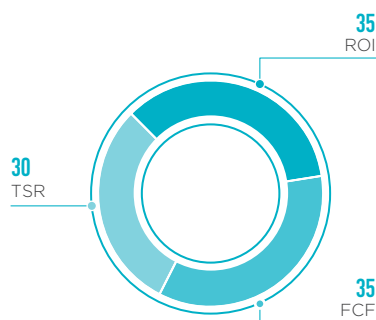
### d) Long-term incentive plan (performance share grants)

#### Performance share grants in 2021

At its meeting on March 24, 2021, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors used the authorization granted by the shareholders in the 30<sup>th</sup> resolution of the May 23, 2019 Annual General Meeting to grant performance shares to certain Group managers and senior executives (see section 6.6.4.2.1).

As part of this overall grant, the Board granted 14,466 performance shares to the Chief Executive Officer, representing less than 2% of the total grant, which complied with the compensation policy approved at the last Annual General Meeting<sup>(1)</sup>.

All of the performance shares granted to the Chief Executive Officer are subject to the condition that he is still with the Group when the shares vest ("continuing service condition") and to the achievement of internal and external performance conditions (see section 6.6.4.2.1 for a summary), based on the following weightings:



The vesting period has been set at three years (2021-2023) and the number of shares that will ultimately vest will depend on the extent to which the applicable conditions are met over that period.

The vesting period will be followed by a one-year lock-up period.

The Board also confirmed that following this lock-up period and until his term of office ends, the Chief Executive Officer will be required to hold in registered form 40% of the vested performance shares delivered under this plan or any other plans until the number of shares he holds represents the equivalent of one year of his most recent annual fixed compensation. In addition, the Chief Executive Officer will be required to hold in registered form, until his term of office as Chief Executive Officer ends, a minimum of 500 of the vested performance shares delivered to him under this plan and any other plan under which he is granted performance shares during his term of office as Chief Executive Officer.

The accounting value of these performance shares, as measured at the grant date in accordance with IFRS 2 (see section 3.1, Note 3.r of this Universal Registration Document – i.e., March 24, 2021), corresponds to €959,963.76.

#### Performance share grants in 2022

At its meeting on March 24, 2022, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors used the authorization granted by the shareholders in the 30<sup>th</sup> resolution of the May 26, 2021 Annual General Meeting to grant performance shares to certain Group managers and senior executives (see section 6.6.4.2.2).

As part of this overall grant, the Board granted 14,334 performance shares to the Chief Executive Officer, representing less than 5% of the total grant, which complied with the compensation policy described in section 6.6.1.4.d.

All of the performance shares granted to the Chief Executive Officer are subject to the condition that he is still with the Group when the shares vest ("continuing service condition") and to the achievement of internal and external performance conditions (see section 6.6.4.2.2 for a summary), based on the following weightings:



The vesting period has been set at three years (2022-2024) and the number of shares that will ultimately vest will depend on the extent to which the applicable conditions are met over that period.

The performance shares delivered to the Chief Executive Officer at the end of the vesting period will be subject to a one-year lock-up period.

The Board also confirmed that following this lock-up period and until his term of office ends, the Chief Executive Officer will be required to hold in registered form 40% of the vested performance shares delivered under this plan or any other plans until the number of shares he holds represents the equivalent of one year of his most recent annual fixed compensation. In addition, the Chief Executive Officer will be required to hold in registered form, until his term of office as Chief Executive Officer ends, a minimum of 500 of the vested performance shares delivered to him under this plan and any other plan under which he is granted performance shares during his term of office as Chief Executive Officer.

The accounting value of these 14,334 performance shares, as measured at the grant date in accordance with IFRS 2 (see section 3.1, Note 3.r of this Universal Registration Document – i.e., March 24, 2022), corresponds to €959,947.98.

(1) The number of performance shares granted to the Chief Executive Officer may not represent more than the equivalent of 120% of his annual fixed compensation, based on the accounting value (in accordance with IFRS 2 – see section 3.1 Note 3.r of this Universal Registration Document), as estimated at the grant date.

### e) Directors' compensation (formerly "attendance fees") for 2021 and 2022

The Chief Executive Officer did not receive any compensation in his capacity as a Director for 2021 and will not receive any such compensation for 2022, in accordance with the compensation policy described in section 6.6.1.5.

### f) Personal risk insurance plan

As decided by the Board of Directors on December 16, 2020, the Chief Executive Officer is a beneficiary of Safran's personal risk insurance plan set up in France for all Group managerial-grade staff (see section 6.6.1.4.i), subject to the same terms and conditions as the other plan members. The Chief Executive Officer was previously a beneficiary of this plan in his former capacity as a Company employee.

### g) Supplementary pension system in 2021

No specific supplementary pension system was in place for the Chief Executive Officer.

#### "Article 83" defined contribution plans (replaced by PERO as of January 1, 2022)

In accordance with a decision taken by the Board of Directors on December 16, 2020, the Chief Executive Officer is a beneficiary of Safran's two defined contribution supplementary pension plans set up in France for all Group managerial-grade staff pursuant to Article 83 of the French Tax Code (the "Article 83 plans") and in force at January 1, 2018 (see section 6.6.1.4.i), subject to the same terms and conditions as the other plan members. The Chief Executive Officer was previously a beneficiary of these plans in his capacity as a Company employee.

No expenses were recognized in the 2021 financial statements relating to the contributions paid for Olivier Andriès under the Article 83 Core Plan and the Article 83 Additional Plan. This was because the Activity Transformation Agreement (see section 5.4.2.2 of this Universal Registration Document) provided for a freeze on employer contributions to these plans in 2021 and therefore no such contributions were paid for the Chief Executive Officer in that year. These payments have been reactivated for 2022 for all beneficiaries, including the Chief Executive Officer.

At December 31, 2021, the estimated theoretical amount<sup>(1)</sup> of the annuities that could be paid to Olivier Andriès under the PERO (former Article 83) – Core Plan and the PERO (former Article 83) – Additional Plan amounted to €13,332.01 and €2,110.94 respectively.

#### "Article 82" defined contribution plan

In accordance with a decision taken by the Board of Directors on December 16, 2020, the new Chief Executive Officer is a beneficiary of Safran's defined contribution supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the "Article 82 Plan"), subject to the same terms and conditions as the other plan members (see section 6.6.1.4.i).

Neither the Insurer Contribution nor the Additional Payment for the Chief Executive Officer were paid under the Article 82 Plan for 2021. This was because the Activity Transformation Agreement (see section 5.4.2.2 of this Universal Registration Document) provided for a freeze on those payments for that

year. These payments have been reactivated for 2022 for all beneficiaries, including the Chief Executive Officer.

At December 31, 2021, the estimated theoretical amount<sup>(2)</sup> of the annuity that could be paid to the Chief Executive Officer under the Article 82 Plan was €21,711.

#### "Article 39" defined benefit plan (closed to new entrants and entitlements frozen)

The Chief Executive Officer was previously a beneficiary of Safran's defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39<sup>(3)</sup> of the French Tax Code (the "Article 39 Plan" – see section 6.6.1.4.i), subject to the same terms and conditions as the other plan members. Mr. Andriès was originally a beneficiary of this plan in his former capacity as a Company employee.

This plan was closed to new entrants and existing entitlements frozen as from December 31, 2016. The Article 82 defined contribution plan described in section 6.6.1.3.g was set up to compensate for this closure.

However, the Chief Executive Officer could still be eligible for the pension entitlement that he had accrued until December 31, 2016, provided the applicable terms and conditions are met.

At December 31, 2021, the estimated theoretical amount<sup>(4)</sup> of the annuity that could be paid to the Chief Executive Officer corresponded to the cap set in the plan, i.e., €123,408 (corresponding to three times the annual social security ceiling [PASS], based on the 2022 value of the PASS, which is unchanged from 2021).

### h) Indemnities or benefits payable for the termination of office or a change in duties – Non-compete indemnities

The Chief Executive Officer is not eligible for any indemnities or benefits if his office is terminated or if there is a change in his duties. Similarly, he is not entitled to any non-compete indemnity.

### i) Suspension of the Chief Executive Officer's employment contract and related entitlements

On December 16, 2020, when Olivier Andriès was appointed Chief Executive Officer, the Board of Directors decided and placed on record that his employment contract with Safran entered into on March 1, 2008 would be suspended as from January 1, 2021 (see sections 6.4 and 6.6.1.4.I).

The Chief Executive Officer's employment contract was therefore automatically suspended on the date he took up office. This Board decision is in line with the Group's strategy (see sections 6.4 and 6.6.1.4.I) of favoring internal promotion of talent wherever possible, which enables Safran to propose corporate officer positions to its senior managers who have the highest level of *savoir-faire*, share and relay the Group's culture and values, and have in-depth knowledge of its markets.

The entitlements attached to Olivier Andriès' employment contract, as at the date of its suspension and based on a seniority of 12 years and 10 months, are as follows:

- When he ceases to serve as Chief Executive Officer and his employment contract resumes, on retirement he may be

(1) Calculated based on the assumption that the annuity would be received as from January 1, 2022, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).

(2) Calculated based on the assumption that the annuity would be received as from January 1, 2022, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).

(3) Defined benefit plan meeting the conditions set out in Article L.137-11 of the French Social Security Code.

(4) Calculated based on the assumption that the annuity would be received as from January 1, 2022, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).

entitled to a retirement bonus pursuant to French labor law. In accordance with the collective bargaining agreement applicable to engineers and managerial-grade employees in the metallurgy industry, this retirement bonus would be calculated based on (i) his seniority within the Company (taking into account the years during which his employment contract was suspended when he was a corporate officer), and (ii) his annual compensation (based on a reference salary corresponding to the salary he was earning when his employment contract was suspended), adjusted based on a percentage representing the average of the individual salary increases applied at Safran during the contract suspension period. For information purposes, at December 31, 2021 this retirement bonus amounted to €175,787.

- After his employment contract resumes when he ceases to serve as Chief Executive Officer and if the contract is then terminated by Safran, he may be entitled to a termination benefit pursuant to French labor law, as well as to a six-month notice period. In accordance with the collective bargaining agreement applicable to engineers and managerial-grade employees in the metallurgy industry, this termination benefit would be calculated based on (i) his seniority within the Company (taking into account

the years during which his employment contract was suspended when he was a corporate officer), and (ii) his compensation (based on a reference salary corresponding to the salary he was earning when his employment contract was suspended), adjusted based on a percentage representing the average of the individual salary increases applied at Safran SA during the contract suspension period. For information purposes, at December 31, 2021 this termination benefit amounted to €628,438.

- The payment of his paid vacation entitlements accrued and not taken prior to the suspension of his employment contract, adjusted based on a percentage corresponding to the average of the individual salary increases applied at Safran during the suspension period.
- An employee's salary corresponding to (i) the fixed compensation he was earning in his capacity as an employee on the date his employment contract was suspended, adjusted based on a percentage corresponding to the average of the individual salary increases applied at Safran during the suspension period, plus (ii) annual variable compensation, whose target amount (i.e., if the applicable objectives are achieved) would represent 70% of his fixed compensation.

### 6.6.2.3 Summary of the corporate officers' compensation for 2021

#### 6.6.2.3.1 Summary tables showing the individual compensation and benefits of the Chairman of the Board of Directors

##### **SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND PERFORMANCE SHARES GRANTED IN 2021 TO THE CHAIRMAN OF THE BOARD OF DIRECTORS**

Summary of compensation, stock options and performance shares granted	2020	2021
Compensation allocated for the year	€499,917.74 <sup>(1)</sup>	€455,713.46
Value of multi-year variable compensation allocated during the year	N/A	N/A
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	N/A
<b>TOTAL</b>	<b>€499,917.74</b>	<b>€455,713.46</b>

(1) Including €43,752.56 corresponding to the Additional Payment under the Article 82 defined contribution plan (see section 6.6.2.1.d).

##### **SUMMARY TABLE OF INDIVIDUAL COMPENSATION AND BENEFITS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS**

Summary of compensation (gross)	2020		2021	
	Amounts allocated for the year	Amounts paid during the year	Amounts allocated for the year	Amounts paid during the year
Fixed compensation	€450,000	€450,000	€450,000	€450,000
Annual variable compensation	N/A	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' compensation	N/A	N/A	N/A	N/A
Benefits-in-kind <sup>(1)</sup>	€6,155.18	€6,155.18	€5,713.46	€5,713.46
Additional Payment provided for under a defined contribution supplementary pension plan <sup>(2)</sup>	€43,752.56	€43,752.56	0	0
Other	N/A	N/A	N/A	N/A
<b>TOTAL</b>	<b>€499,917.74</b>	<b>€499,917.74</b>	<b>€455,713.46</b>	<b>€455,713.46</b>

(1) Company car.

(2) Corresponding to the Additional Payment in 2020 under the Article 82 defined contribution plan, enabling payment of the tax due under this plan, which is taxed upfront (see section 6.6.2.1.d). As provided for in the Activity Transformation Agreement (see section 5.4.2.2 of this Universal Registration Document), employer contributions to the Group's defined contribution supplementary pension plans (including the Article 82 Plan) were frozen for 2021. Consequently, no contributions were paid to those plans for the Chairman for 2021. These payments have been reactivated for 2022 for all beneficiaries, including the Chairman.



## 6.6.2.3.2 Summary tables showing the individual compensation and benefits of the Chief Executive Officer

**SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND PERFORMANCE SHARES GRANTED IN 2021 TO THE CHIEF EXECUTIVE OFFICER**

Summary of compensation, stock options and performance shares granted	2020 <sup>(1)</sup>	2021
Compensation allocated for the year	N/A	€1,824,100.61
Value of multi-year variable compensation allocated during the year	N/A	N/A
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year <sup>(2)</sup>	N/A	€959,963.76
<b>TOTAL</b>	<b>N/A</b>	<b>€2,784,064.37</b>

(1) Olivier Andriès had an employment contract with Safran prior to his appointment as Chief Executive Officer on January 1, 2021.

(2) The value of the performance shares is estimated at the grant date in accordance with IFRS 2 (see section 3.1, Note 3.r of this Universal Registration Document) and does not correspond to compensation received by the beneficiary during the year.

**SUMMARY TABLE OF COMPENSATION OF THE CHIEF EXECUTIVE OFFICER**

Summary of compensation (gross)	2020		2021	
	Amounts allocated for the year	Amounts paid during the year	Amounts allocated for the year	Amounts paid during the year
Fixed compensation	N/A	N/A	€800,000	€800,000
Annual variable compensation	N/A	N/A	€1,002,222	€263,004 <sup>(1)</sup>
Multi-year variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' compensation	N/A	N/A	N/A	N/A
Benefits-in-kind <sup>(2)</sup>	N/A	N/A	€21,878.61	€21,878.61
Additional Payment provided for under a defined contribution supplementary pension plan <sup>(3)</sup>	N/A	N/A	0	0
<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>€1,824,100.61</b>	<b>€1,084,882.61</b>

(1) Under the employment contract he held prior to becoming Chief Executive Officer on January 1, 2021.

(2) Company car and specific travel expenses.

(3) Corresponding to the Additional Payment under the Article 82 defined contribution plan, enabling payment of the tax due under this plan, which is taxed upfront (see section 6.6.2.2.g). As provided for in the Activity Transformation Agreement (see section 5.4.2.2 of this Universal Registration Document), employer contributions to the Group's defined contribution supplementary pension plans (including the Article 82 Plan) were frozen for 2021. Consequently no contributions were paid to those plans for the Chief Executive Officer for 2021. These payments have been reactivated for 2022 for all beneficiaries, including the Chief Executive Officer.

**SUMMARY TABLE OF PERFORMANCE SHARES GRANTED DURING 2021 TO THE CHIEF EXECUTIVE OFFICER**

	Plan date	Number of shares		Vesting date	End of lock-up period	Performance conditions
		granted	Value of shares			
Olivier Andriès	Board meeting of March 24, 2021	14,466	€959,963.76	March 25, 2024	March 27, 2025	All the shares are subject to the performance conditions described in section 6.6.2.2.d.

**PERFORMANCE SHARES DELIVERED TO THE CHIEF EXECUTIVE OFFICER IN 2021**

Performance shares delivered to the Chief Executive Officer in 2021	Plan date	Total number of shares delivered
Olivier Andriès	Board meeting of July 24, 2018	5,498 <sup>(1)</sup>
For the determination of the achievement rate of the 2018 Long-Term Incentive Plan, see section 6.6.4.3 of the 2020 Universal Registration Document.		

(1) Granted to Olivier Andriès, in his capacity as a salaried employee and member of the Executive Committee, prior to his appointment as Chief Executive Officer.



### PERFORMANCE SHARES DELIVERED TO THE CHIEF EXECUTIVE OFFICER SINCE JANUARY 1, 2022

Performance shares delivered to the Chief Executive Officer since January 1, 2022	Plan date	Total number of shares delivered
Olivier Andriès	Board meeting of March 27, 2019	1,007 <sup>(1)</sup>
The conditions (lowest achievement level, target achievement level, highest achievement level) of the 2019 Long-Term Incentive Plan are presented in section 6.6.4.2 of the 2019 Universal Registration Document.		
The overall achievement rate for the Plan's performance conditions for the Chief Executive Officer and the members of the Executive Committee was 17.08% <sup>(2)</sup> .		

(1) Granted to Olivier Andriès, in his capacity as a salaried employee and member of the Executive Committee, prior to his appointment as Chief Executive Officer.

(2) The achievement rates for the performance conditions are provided in section 6.6.4.2.4.

### SUMMARY TABLE OF PERFORMANCE SHARES GRANTED TO THE CHIEF EXECUTIVE OFFICER (IN VESTING PERIOD AT DECEMBER 31, 2021)

Grantee	Plan date	Total number of shares granted (currently in the vesting period)
Olivier Andriès	Board meeting of March 27, 2019	1,007 <sup>(1)(2)</sup>
Olivier Andriès	Board meeting of March 26, 2020	5,900 <sup>(1)</sup>
Olivier Andriès	Board meeting of March 24, 2021	14,466
<b>TOTAL</b>		<b>21,373</b>

(1) Granted to Olivier Andriès before he was appointed as Chief Executive Officer.

(2) Number of shares initially granted: 5,900 (see section 6.6.4.2.4).

### SUMMARY TABLE OF STOCK OPTIONS GRANTED IN 2021 TO THE CHIEF EXECUTIVE OFFICER

None

### SUMMARY TABLE OF STOCK OPTIONS EXERCISED IN 2021 BY THE CHIEF EXECUTIVE OFFICER

None

### SUMMARY TABLE OF EMPLOYMENT CONTRACTS, SUPPLEMENTARY PENSION PLANS AND TERMINATION BENEFITS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

Name	Position	Employment contract	Supplementary pension plan	Indemnities or benefits payable for termination of office, change in duties, or non-compete agreements
Ross McInnes	Chairman of the Board of Directors	No <sup>(1)</sup>	Yes <sup>(3)</sup>	No <sup>(4)</sup>
Olivier Andriès	Chief Executive Officer as from January 1, 2021	Yes, suspended <sup>(2)</sup>	Yes <sup>(3)</sup>	No <sup>(4)</sup>

(1) Employment contract suspended from April 21, 2011 until May 23, 2019 and terminated on May 23, 2019, when the Chairman's term of office was renewed (see section 6.6.2.1.e).

(2) Employment contract suspended since January 1, 2021, the date on which he took up office as Chief Executive Officer (see sections 6.6.2.2.i and 6.4).

(3) No specific pension plans have been set up for the Chairman of the Board of Directors or the Chief Executive Officer. The Chairman and the Chief Executive Officer are beneficiaries under the Article 82 and PERO (former Article 83) defined contribution supplementary pension plans set up for the Group's managerial-grade staff, subject to the same terms and conditions as the other plan members. They remain potential beneficiaries of the defined benefit supplementary pension plan (Article 39 plan) which has now been closed and whose benefit entitlements were frozen at December 31, 2016 (see sections 6.6.2.1.d and 6.6.2.2.g).

(4) See sections 6.6.2.1.e, 6.6.2.2.h and 6.6.2.2.i.

### 6.6.2.4 Pay ratios between the level of compensation of the Chairman and the Chief Executive Officer and the average and median compensation of Safran's employees

Compensation multiples (ratios between the compensation of the Chairman and the Chief Executive Officer and the average and median compensation of Safran's employees) and annual changes in compensation and Safran's performance as shown below.

The Company has followed the AFEF guidelines on pay ratios, as updated in February 2021.

#### 1) Calculation method and scope:

The multiples shown have been calculated based on the following compensation and benefits paid or awarded: fixed compensation, annual variable compensation, the Additional Payment under the Article 82 defined contribution plan (see section 6.6.1.3.g), Directors' compensation, employee share ownership and long-term incentive plans (in the form of free performance share grants).

All of these compensation components refer to amounts paid during the year, apart from the long-term incentive compensation which is valued at the grant date (corresponding to the grant-date fair value), for the years 2017 to 2021. For 2021, the impact of furlough and short-term working arrangements (see section 5.4.5.3 of the 2020 Universal Registration Document and section 5.4.2.2 of this Universal Registration Document) on fixed compensation has been taken into account.

The compensation components included in the calculations are based on gross amounts, i.e., excluding employer contributions.

For any given year Y, only those employees who were continuously present are taken into account for the

calculation, i.e., those who were with the Group for the whole of years Y-1 and Y.

In accordance with the applicable regulations, the scope used for calculating these pay ratios corresponds to Safran SA (France), a listed company and head of the Safran Group (around 1,300 employees, representing 4% of the Group's headcount in France).

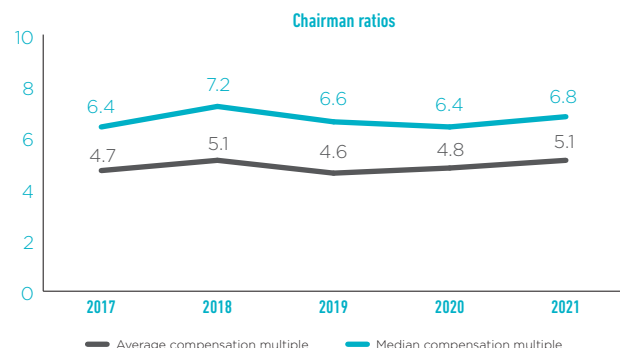
However, on a voluntary basis, the ratios have also been calculated for all Safran Group companies in France (representing an average of about 35,000 employees over the five-year period), as this scope is more representative, relevant and coherent, using comparable data for cost of living, compensation structure and the institutional framework.

#### 2) Ratios for the Chairman of the Board of Directors:

Details of the compensation and benefits of the Chairman of the Board of Directors for 2021 are set out in section 6.6.2.1.

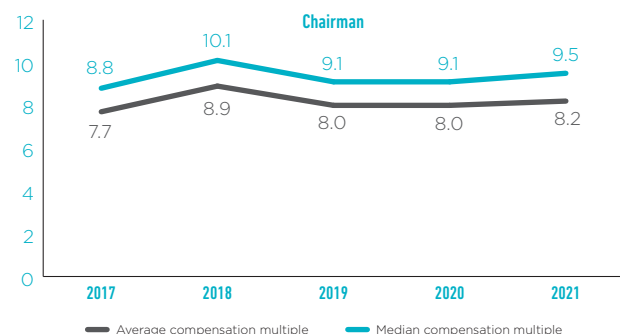
##### "Safran SA" scope:

#### COMPENSATION MULTIPLES FOR THE PAST FIVE YEARS (SAFRAN SA)



##### "Safran France" scope:

#### COMPENSATION MULTIPLES FOR THE PAST FIVE YEARS (FRANCE)



##### Observation:

The amounts used are those received by or awarded to Ross McInnes in his capacity as Chairman.

The increase in the ratio between 2017 and 2018 was mainly due to an increase in the Chairman's annual fixed compensation, from €350,000 to €450,000 (unchanged since).

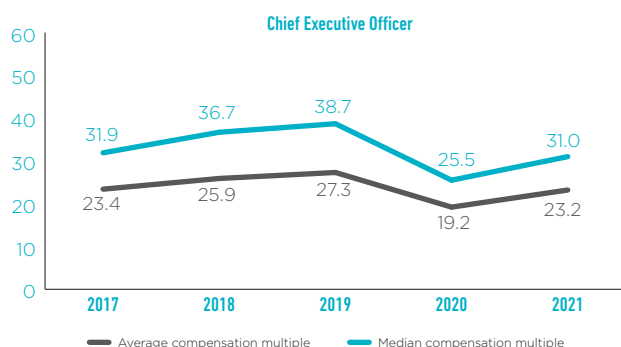
The decrease in the ratio between 2018 and 2019 was due to the fact that he was no longer entitled to Directors' compensation as from 2019, in accordance with the compensation policy for the Chairman of the Board (see section 6.6.1.3.c).

### 3) Ratios for the Chief Executive Officer:

Details of the compensation and benefits of the Chief Executive Officer for 2021 are set out in section 6.6.2.2.

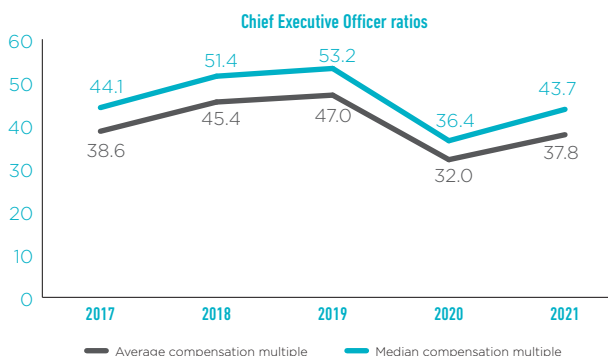
“Safran SA” scope:

#### COMPENSATION MULTIPLES FOR THE PAST FIVE YEARS (SAFRAN SA)



“Safran France” scope:

#### COMPENSATION MULTIPLES FOR THE PAST FIVE YEARS (SAFRAN FRANCE)



Observation:

The amounts used are those received or awarded solely in respect of the position of Chief Executive Officer in a given year, regardless of the person holding the office at the time.

The amounts paid or awarded in 2021 take into account:

- Olivier Andriès' 2021 fixed compensation;
- the 2020 variable compensation paid in 2021 to Philippe Petitcolin, the former Chief Executive Officer until December 31, 2020;

- the shares granted to Olivier Andriès under the 2021 Long-Term Incentive Plan.

For 2020, Philippe Petitcolin was in the last year of his term of office as Chief Executive Officer and was not therefore granted any performance shares, which explains the difference in the multiples between 2019 and 2020 (for both average and median compensation), and between 2020 and 2021.

Employees in the former Zodiac Aerospace scope have been taken into account as from the year of acquisition of Zodiac Aerospace by Safran, in 2018.

### 4) Annual changes in compensation and Safran's performance

The following table presents year-on-year changes in the Group's performance and in paid and awarded compensation and benefits.

	2017	2018	2019	2020	2021
<b>COMPENSATION RATIO TABLE FOR THE CHAIRMAN</b>					
Year-on-year change (in %) in compensation	+19%	+13%	-8%	0%	-9%
<b>Information for the “Safran SA” scope</b>					
Year-on-year change (in %) in employees' average compensation	+4%	+4%	+1%	-3%	-14%
Year-on-year change (in %) in employees' median compensation	+2%	0%	+1%	+3%	-14%
Ratio in relation to employees' average compensation	4.7	5.1	4.6	4.8	5.1
Year-on-year change (in %) in the ratio based on average compensation	+15%	+9%	-9%	+3%	+5%
Ratio in relation to employees' median compensation	6.4	7.2	6.6	6.4	6.8
Year-on-year change (in %) in the ratio based on median compensation	+16%	+13%	-8%	-3%	+6%
<b>Additional information for the “Safran Group France” scope</b>					
Year-on-year change (in %) in employees' average compensation	+3%	-2%	+3%	0%	-11%
Year-on-year change (in %) in employees' median compensation	+2%	-1%	+3%	0%	-13%
Ratio in relation to employees' average compensation	7.7	8.9	8	8	8.2
Year-on-year change (in %) in the ratio based on average compensation	+16%	+15%	-10%	0%	+3%
Ratio in relation to employees' median compensation	8.8	10.1	9.1	9.1	9.5
Year-on-year change (in %) in the ratio based on median compensation	+16%	+15%	-10%	+1%	+4%
<b>Performance of Safran</b>					
Financial criterion: Adjusted profit attributable to owners of the parent					
Year-on-year change (in %) <sup>(1)</sup>	+33%	-17%	+35%	-68%	-10%

	2017	2018	2019	2020	2021
<b>COMPENSATION RATIO TABLE FOR THE CHIEF EXECUTIVE OFFICER</b>					
Year-on-year change (in %) in compensation	+9%	+15%	+7%	-32%	+5%
<b>Information for the “Safran SA” scope</b>					
Year-on-year change (in %) in employees’ average compensation	+4%	+4%	+1%	-3%	-14%
Year-on-year change (in %) in employees’ median compensation	+2%	0%	+1%	+3%	-14%
Ratio in relation to employees’ average compensation	23.4	25.9	27.3	19.2	23.2
Year-on-year change (in %) in the ratio based on average compensation	+5%	+11%	+5%	-30%	+21%
Ratio in relation to employees’ median compensation	31.9	36.7	38.7	25.5	31
Year-on-year change (in %) in the ratio based on median compensation	+7%	+15%	+6%	-34%	+22%
<b>Additional information for the “Safran Group France” scope</b>					
Year-on-year change (in %) in employees’ average compensation	+3%	-2%	+3%	0%	-11%
Year-on-year change (in %) in employees’ median compensation	+2%	-1%	+3%	0%	-13%
Ratio in relation to employees’ average compensation	38.6	45.4	47	32	37.8
Year-on-year change (in %) in the ratio based on average compensation	+7%	+17%	+4%	-32%	+18%
Ratio in relation to employees’ median compensation	44.1	51.4	53.2	36.4	43.7
Year-on-year change (in %) in the ratio based on median compensation	+7%	+17%	+4%	-32%	+20%
<b>Performance of Safran</b>					
Financial criterion: Adjusted profit attributable to owners of the parent					
Year-on-year change (in %) <sup>(1)</sup>	+33%	-17%	+35%	-68%	-10%

(1) Over the past five years, changes in the Group's profit have reflected a series of non-recurring events that make each year-on-year comparison atypical. They include changes in scope of consolidation (divestment of the security activities in 2017 and acquisition of the former Zodiac Aerospace activities in 2018), changes in accounting standards (including the impact of the transition to IFRS 15, “Revenue from Contracts with Customers” in 2018) and the health and economic crisis linked to the Covid-19 pandemic in 2020 and 2021. Recurring operating income rose steadily until 2019 before coming to a halt in 2020 due to the Covid-19 pandemic. The Covid-19 crisis severely disrupted the Group's businesses, with both original equipment and services impacted by the stark decline in air traffic and airline companies' financial difficulties. The Group's profit for 2020 was also affected by non-recurring events that occurred in prior years.

The 68% decrease between 2019 and 2020 reflects both the impact of the Covid-19 pandemic on 2020 performance and the fact that the 2019 basis of comparison was particularly high.

The 17% decrease between 2017 and 2018 was attributable to the high basis of comparison for 2017 caused by the recognition of a significant one-off capital gain.

### 6.6.3 Directors' compensation (formerly “attendance fees”)

Article 17 of Safran's bylaws provides for the payment of compensation to Directors for the duties they perform. The rules for allocating this compensation are set by the Board of Directors. These rules are included in the compensation policy for Directors which is put to an *ex-ante* shareholder vote each year at the Annual General Meeting.

The Board of Directors also sets the amount of fixed and variable compensation payable per meeting under the

allocation rules. These amounts are provided for information purposes in the compensation policy for Directors.

The Directors' compensation policy for 2021 was approved at the May 26, 2021 Annual General Meeting and is set out in section 6.6.1.5 of the 2020 Universal Registration Document.

In accordance with this policy and the per-meeting amounts set by the Board, at its meeting on February 23, 2022 the Board decided the individual allocations for 2021, as shown in the table below.

## 6.6.3.1 Summary table of compensation paid to the members of the Board of Directors

	Amount of compensation			
	2020		2021	
	Gross amount	Net amount paid in 2021 <sup>(1)</sup>	Gross amount	Net amount paid in 2022 <sup>(1)</sup>
<b>NON-EXECUTIVE DIRECTORS (EXCLUDING THE REPRESENTATIVE OF THE FRENCH STATE AND THE DIRECTOR PUT FORWARD BY THE FRENCH STATE)</b>				
Anne Aubert (Director since May 28, 2020) <sup>(2)</sup>	30,405.23	25,175.53	47,449.50	39,288.19
Marc Aubry (Director since May 28, 2020) <sup>(2)</sup>	44,646.56	36,967.35	68,632.32	56,827.56
Hélène Auriol Potier	82,599.69	57,819.78	72,868.88	51,008.22
Patricia Bellinger (Director since May 28, 2020)	41,086.22	35,827.19	70,326.94	61,325.09
Hervé Chaillou <sup>(2)</sup>	50,556.71	41,860.95	55,922.63	46,303.94
Jean-Lou Chameau	82,599.69	57,819.78	72,868.88	51,008.22
Monique Cohen	92,568.62	64,798.03	77,952.76	54,566.93
Odile Desforges (Director until May 25, 2021)	81,887.62	57,321.34	36,340.29	25,438.21
Didier Domange	64,798.03	45,358.62	64,395.75	45,077.03
F&P represented by Robert Peugeot	61,237.70	61,237.70	64,395.75	64,395.75
Laurent Guillot	64,798.03	45,358.62	83,036.63	58,125.64
Fabienne Lecorvasier (Director since May 25, 2021)	N/A	N/A	40,106.13	28,074.29
Daniel Mazaltarim <sup>(2)</sup>	75,479.03	62,496.63	64,395.75	53,319.69
Patrick Pélata	88,296.22	61,807.35	75,410.82	52,787.57
Sophie Zurquiyah	64,798.03	45,358.62	68,632.32	48,042.62
<b>Total compensation paid to non-executive Directors excluding the representative of the French State and the Director put forward by the French State</b>	<b>964,066.55</b>	<b>730,927.50</b>	<b>962,735.36</b>	<b>735,588.94</b>
Amount paid to the French Treasury <sup>(3)</sup>	135,933.45	135,933.45	137,264.63	137,264.63
<b>Total compensation paid to non-executive Directors</b>	<b>1,100,000.00</b>	<b>866,860.95</b>	<b>1,100,000.00</b>	<b>872,853.58</b>
The Chairman and the Chief Executive Officer				
Ross McInnes	-	-	-	-
Olivier Andriès (Chief Executive Officer since January 1, 2021)	-	-	-	-
<b>Total compensation paid to the Chairman and the Chief Executive Officer</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPENSATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS</b>	<b>1,100,000.00</b>	<b>866,860.95</b>	<b>1,100,000</b>	<b>872,853.58</b>

(1) After deducting (i) 17.2% for social security contributions and the 12.8% tax payment on account applicable for individuals domiciled in France for tax purposes, and (ii) the 12.8% tax payment on account for the Director domiciled in the United States for tax purposes.

(2) As the Directors representing employees and the Directors representing employee shareholders requested that their compensation be paid over to their trade union, these amounts were exempt from tax.

(3) Representative of the French State and Director put forward by the French State.

## 6.6.3.2 Compensation in 2021 of Directors representing employee shareholders and Directors representing employees

**Anne Aubert**, who has been a Director representing employees since May 28, 2020, has received €137,772 in gross annual compensation (fixed and variable) since that date under her employment contract with Safran Seats. She has also received statutory and discretionary profit-sharing on the same basis and under the same terms as the other employees of the Group's companies (in accordance with the rules set out in the Activity Transformation Agreement – see section 5.4.2.2 of this Universal Registration Document). She is not a beneficiary of the Group's defined contribution supplementary pension plans (PERO, former Article 83).

**Marc Aubry**, who has been a Director representing employees since May 28, 2020, has received €130,013 in gross annual compensation (fixed and variable) since that date under his employment contract with Safran Aircraft Engines. He has also received statutory and discretionary profit-sharing on the same basis and under the same terms as the other employees of the Group's companies (in accordance with the rules set out in the Activity Transformation Agreement – see section 5.4.2.2 of this Universal Registration Document). At December 31, 2021, the estimated theoretical amount<sup>(1)</sup> of the annuity that could be paid to Marc Aubry under the defined contribution supplementary pension plan of which he is a beneficiary (PERO (former Article 83) – Core Plan) was €1,842.

(1) Calculated based on the assumption that the annuity would be received as from January 1, 2022, irrespective of the eligibility conditions.

**Hervé Chaillou**, who is a Director representing employees, received €49,738 in gross (fixed) compensation in 2021 under his employment contract with Safran Aircraft Engines. He has also received statutory and discretionary profit-sharing on the same basis and under the same terms as the other employees of the Group's companies (in accordance with the rules set out in the Activity Transformation Agreement – see section 5.4.2.2 of this Universal Registration Document). He is not a beneficiary of the Group's defined contribution supplementary pension plans (PERO, former Article 83).

**Daniel Mazaltarim**, a Director representing employees, received €93,645 in gross (fixed) compensation in 2021 under

his employment contract with Safran Aircraft Engines. He has also received statutory and discretionary profit-sharing on the same basis and under the same terms as the other employees of the Group's companies (in accordance with the rules set out in the Activity Transformation Agreement – see section 5.4.2.2 of this Universal Registration Document). At December 31, 2021, the estimated theoretical amount<sup>(1)</sup> of the annuity that could be paid to Daniel Mazaltarim under the defined contribution supplementary pension plan of which he is a beneficiary (PERO (former Article 83) – Core Plan) was €2,733.

## 6.6.4 Long-term incentive plan

### 6.6.4.1 Stock options

No stock options were granted during 2021.

There are currently no stock options outstanding.

When the merger of Zodiac Aerospace into Safran was completed on December 1, 2018, Safran took over from Zodiac Aerospace with respect to all of the obligations resulting from the commitments given by Zodiac Aerospace to holders of Zodiac Aerospace stock options outstanding at the merger completion date. Consequently, the outstanding Zodiac Aerospace stock options are now exercisable for ordinary Safran shares, based on the exchange ratio used for the merger. The characteristics of the plans in effect are described in section 7.3.7.3 of this Universal Registration Document. Neither the Chairman nor the Chief Executive Officer hold any of these stock options.

### 6.6.4.2 Performance shares

Free performance share grants are a common method used by companies in order to strengthen the motivation and teamwork of beneficiaries and foster their loyalty, while at the same time aligning their interests with those of the Company and its shareholders.

#### 6.6.4.2.1 Performance share grants in 2021

In the 30<sup>th</sup> resolution of the May 23, 2019 Annual General Meeting, the Company's shareholders authorized the Board of Directors to grant performance shares to (i) employees or certain categories of employees of the Company and/or of other entities in the Group, and/or (ii) executive corporate officers of the Company and/or of other entities in the Group (excluding the Chairman of the Board and Chief Executive Officer are separated), provided said corporate officers are eligible for such grants under the applicable law.

The shareholders gave full powers to the Board of Directors to determine the beneficiaries of the grants.

The total number of performance shares granted could not exceed 0.4% of the Company's capital at the date on which the Board of Directors decided to make the share grants (main ceiling), or two-thirds of this percentage in any given fiscal year (sub-ceiling).

In addition, it was specified that, for each grant of performance shares, the maximum number of shares granted to each of the Company's corporate officers could not exceed 5% of the total number of shares making up the grant (representing a sub-ceiling of 0.01% of the Company's capital per corporate officer per fiscal year).

Acting on the recommendation of the Appointments and Compensation Committee, at its March 24, 2021 meeting, the Board of Directors decided to grant 733,640 performance shares to certain Group managers and senior executives under the 2021 Long-Term Incentive Plan, which is designed to recognize their contributions to the Group's operating performance and the creation of shareholder value, as measured over a period of several years.

The shares granted could either be new shares or existing shares previously bought back by the Company.

The grants decided by the Board of Directors have the following characteristics and conditions:

#### Conditions

The vesting of all of the free shares is subject to the achievement of internal and external performance conditions, which are similar for all beneficiaries and are assessed over three full consecutive fiscal years, including 2021 – the year when the performance shares were granted. Beneficiaries of the grants are also subject to a continuing service condition within the Group.

#### Standard internal conditions applying to all beneficiaries

These standard internal performance conditions count for at least 70% of the total for all beneficiaries.

The two standard internal performance conditions are based on:

- ROI (adjusted recurring operating income, as defined in section 2.1.2 of this Universal Registration Document);
- FCF (free cash flow, as defined in section 2.2.3 of this Universal Registration Document), each count for half of the weighting assigned to these two conditions.

The achievement levels for these conditions will be measured based on comparisons with each reference target approved by the Board of Directors prior to the grant date (the "Reference Target") as described below. The following levels have been set:

- lowest achievement level: if 80% of the Reference Target is achieved, 40% of the shares contingent on that target will vest;
- target achievement level: if 100% of the Reference Target is achieved, 80% of the shares contingent on that target will vest;
- highest achievement level (cap): if 125% of the Reference Target is achieved, 100% of the shares contingent on that target will vest;
- between the lowest achievement level and the target level, and between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion. Below the lowest achievement level, none of the shares contingent on the internal performance condition concerned will vest.

(1) Calculated based on the assumption that the annuity would be received as from January 1, 2022, irrespective of the eligibility conditions.



Based on the Group's medium-term plan (MTP), the Reference Target set by the Board of Directors for this grant is the average of the ROI and FCF targets set in (i) the budget contained in the MTP for the fiscal year in which the grant took place (2021) and (ii) the MTP for the following two fiscal years (2022 and 2023).

The performance criteria will be measured by comparing results against a same-scope reference base. If an entity is deconsolidated, the reference bases used for past grants will be adjusted to exclude the amounts related to the deconsolidated entity for the years concerned. For the first performance share grant after a new entity has been consolidated, additional performance conditions may be added. Past grants will continue to be measured, to the extent feasible, based on the previous scope of consolidation (i.e., not including the newly-consolidated entity).

### External performance condition

The external performance condition counts for at least 20% of the total conditions. It is based on Safran's total shareholder return (TSR) as measured relative to a composite index allowing simultaneous comparison with the European market, the US market and the benchmark index for the French market. This composite index is made up of:

- the STOXX® Europe TMI Aerospace & Defense index (Stoxx A&D Net Return);
- the S&P Aerospace & Defense Industry Select index (S&P A&D);
- the CAC 40 index (CAC 40 Gross Return).

Each of these three indices counts for one-third of the composite index.

The following performance achievement levels have been set for this condition:

- lowest achievement level: if Safran's TSR is equal to that of the composite index, 40% of the shares contingent on the external performance condition will vest;
- target achievement level: if Safran's TSR is 8 points higher than that of the composite index, 80% of the shares contingent on the external performance condition will vest;
- highest achievement level: if Safran's TSR is 12 points higher than that of the composite index, 100% of the shares contingent on the external performance condition will vest;
- between the lowest achievement level and the target level, and between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion. Below the lowest achievement level, none of the shares contingent on the external performance condition will vest.

### Vesting and lock-up periods

The shares granted are subject to a three-year vesting period as set by the Board of Directors.

In addition, the shares granted to the Chief Executive Officer and members of Safran's Executive Committee are subject to a lock-up period of at least one year following their vesting date.

As stipulated in the Board of Directors' Internal Rules, the Chief Executive Officer is required to hold in registered form a proportion of his vested shares, as set by the Board of Directors, until his term of office as Chief Executive Officer ends.

In addition, each beneficiary has given a formal undertaking not to hedge the risks related to the shares granted to them until those shares become freely transferable (i.e., at the end of either the vesting period or the lock-up period set by the Board of Directors, depending on the beneficiary concerned).

### Performance share grants to Olivier Andriès, Chief Executive Officer at the grant date

Under this plan, 14,466 performance shares were granted to the Chief Executive Officer, Olivier Andriès (see section 6.6.2.2.d).

#### 6.6.4.2.2 Performance share grants in 2022

In the 30<sup>th</sup> resolution of the May 26, 2021 Annual General Meeting, the Company's shareholders authorized the Board of Directors to grant performance shares to (i) employees or certain categories of employees of the Company and/or of other entities in the Group, and/or (ii) executive corporate officers of the Company and/or of other entities in the Group (excluding the Chairman of the Company's Board of Directors when the duties of Chairman of the Board and Chief Executive Officer are separated), provided said corporate officers are eligible for such grants under the applicable law.

The shareholders gave full powers to the Board of Directors to determine the beneficiaries of the grants.

The total number of performance shares granted could not exceed 0.4% of the Company's capital at the date on which the Board of Directors decided to make the share grants (main ceiling), or two-thirds of this percentage in any given fiscal year (sub-ceiling).

In addition, it was specified that, for each grant of performance shares, the maximum number of shares granted to each of the Company's corporate officers could not exceed 5% of the total number of shares making up the grant (representing a sub-ceiling of 0.01% of the Company's capital per corporate officer per fiscal year).

Acting on the recommendation of the Appointments and Compensation Committee, at its March 24, 2022 meeting, the Board of Directors decided to grant 784,171 performance shares to certain Group managers and senior executives under the 2022 Long-Term Incentive Plan, which is designed to recognize their contributions to the Group's operating performance and the creation of shareholder value, as measured over a period of several years.

The shares granted could either be new shares or existing shares previously bought back by the Company.

The grants decided by the Board of Directors have the following characteristics and conditions:

#### Conditions

The vesting of all of the free shares is subject to the achievement of internal and external performance conditions, which are similar for all beneficiaries and are assessed over three full consecutive fiscal years, including 2022 – the year when the performance shares were granted. Beneficiaries of the grants are also subject to a continuing service condition within the Group.

#### Standard internal conditions applying to all beneficiaries

These standard internal performance conditions count for at least 70% of the total for all beneficiaries and are based on the Group's financial and economic performance as well as its non-financial performance.

#### Financial and economic performance

The financial and economic performance conditions count for at least 50% and are based equally on ROI and FCF.

Based on the Group's medium-term plan (MTP), the Reference Target set by the Board of Directors for this grant is the average of the ROI and FCF targets set in (i) the budget contained in the MTP for the fiscal year in which the grant took place (2022) and (ii) the MTP for the following two fiscal years (2023 and 2024).

Performance (lowest achievement level, target achievement level, highest achievement level) will be measured in the same way and according to the same parameters as the 2021 grant (see section 6.6.4.2.1).

#### • Non-financial performance

The overall weighting of the non-financial performance conditions is 20% for the 2022 Long-Term Incentive Plan. There are three conditions, concerning (i) an environment and climate objective (reducing Scopes 1 & 2 CO<sub>2</sub> emissions compared with 2018, for 10%); (ii) a gender equality objective (increasing the proportion of women among Safran's senior managers, for 5%) and (iii) a safety objective (maintaining the frequency rate of lost-time accidents at the same level, for 5%).

The purpose, weightings, terms and conditions, references and parameters of the conditions are as follows:

#### ■ The first condition relating to the "environment and climate" concerns the reduction of the Group's Scopes 1 & 2 CO<sub>2</sub> emissions<sup>(1)</sup>.

The target is to achieve a 25% reduction compared with 2018 emissions (the reference year) at the end of the three-year performance period<sup>(2)</sup>. This condition counts for 10% of the overall conditions.

The achievement rate<sup>(3)</sup> for this condition will be measured based on comparisons with the reference (2018 emissions - Scopes 1 & 2), with the following levels set:

- target achievement level: if emissions are reduced by 25% compared to the reference, 80% of the shares contingent on this condition will vest.

The target achievement level will also constitute the lowest achievement level. Below the target achievement level, none of the shares contingent on this condition will therefore vest;

- highest achievement level (cap): if emissions are reduced by 30% compared to the reference, 100% of the shares contingent on this condition will vest;
- between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion.

#### ■ The second condition relating to "gender equality" concerns the increase in the proportion of women among the Group's senior managers<sup>(4)</sup>.

The target is to increase the proportion to 20% by the end of the three-year performance period, from 15.1% at the end of 2021. This condition counts for 5% of the overall conditions.

The achievement rate<sup>(5)</sup> for this condition will be measured at December 31, 2024, with the following levels set:

- target achievement level: if the proportion is increased to 20%, 80% of the shares contingent on this condition will vest.

The target achievement level will also constitute the lowest achievement level. Below the target achievement level, none of the shares contingent on this condition will therefore vest;

- highest achievement level (cap): if the proportion is increased to 22%, 100% of the shares contingent on this condition will vest;
- between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion.

#### ■ The third condition relating to "safety" concerns the frequency rate of lost-time accidents at Group level<sup>(6)</sup>.

The target is to maintain the rate at 2.1% at the end of the three-year performance period at the end of 2024, amid the ramp-up in business and despite the rate being historically low at the end of 2021 due to the downturn in business as a result of the Covid-19 crisis (3.2% in 2019). This condition counts for 5% of the overall conditions.

The achievement rate<sup>(7)</sup> for this condition will be measured at December 31, 2024, with the following levels set:

- lowest achievement level: if the frequency rate of lost-time accidents is 2.3%, 40% of the shares contingent on this condition will vest;
- target achievement level: if the frequency rate of lost-time accidents is maintained at 2.1%, 80% of the shares contingent on this condition will vest;
- highest achievement level (cap): if the frequency rate of lost-time accidents is reduced to 1.9%, 100% of the shares contingent on this condition will vest;
- between the lowest achievement level and the target level, and between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion.

Below the lowest achievement level, none of the shares contingent on this condition will vest.

#### External performance condition

The external condition counts for at least 10% of the total vested shares and is based on Safran's total shareholder return (TSR) as measured relative to a composite index allowing simultaneous comparison with the European market, the US market and the benchmark index for the French market. The composite index for the 2022 grant is the same as that used for the 2021 grant and the performance achievement levels set for this condition are identical to those for the 2021 grant (see section 6.6.4.2.1).

#### Vesting and lock-up periods

The shares granted are subject to a three-year vesting period as set by the Board of Directors.

In addition, the shares granted to the Chief Executive Officer and members of Safran's Executive Committee are subject to a lock-up period of at least one year following their vesting date.

As stipulated in the Board of Directors' Internal Rules, the Chief Executive Officer is required to hold in registered form a proportion of his vested shares, as set by the Board of Directors, until his term of office as Chief Executive Officer ends.

In addition, each beneficiary has given a formal undertaking not to hedge the risks related to the shares granted to them until those shares become freely transferable (i.e., at the end of either the vesting period or the lock-up period set by the Board of Directors, depending on the beneficiary concerned).

#### Performance share grants to Olivier Andriès, Chief Executive Officer

Under this plan, 14,334 performance shares were granted to the Chief Executive Officer, Olivier Andriès (see section 6.6.2.2.d).

(1) Scope 1: direct greenhouse gas emissions linked to the combustion of energy sources such as gas, liquefied petroleum gas and aviation fuel as well as refrigerant emissions during the production phases at Safran sites. Scope 2: indirect emissions linked to the consumption of energy, electrical power or heating/cooling at Safran sites.

(2) The achievement rate will be measured between September 30, 2023 and September 30, 2024.

(3) The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.

(4) Senior manager: Group employee whose position is classified as such in the corresponding categories ("bands") of Safran's directory of positions (including positions on the Group Executive Committee).

(5) The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.

(6) Number of accidents per million hours worked.

(7) The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.

## 6.6.4.2.3 Summary table of performance share plans at December 31, 2021

	2016 Plan – July 28, 2016	2017 Plan – March 23, 2017	2018 Plan – July 24, 2018	2019 Plan – March 27, 2019	2020 Plan – March 26, 2020	2021 Plan – March 24, 2021
Shareholder authorization	May 19, 2016	May 19, 2016	May 25, 2018	May 25, 2018	May 23, 2019	May 23, 2019
Grant date	July 28, 2016	March 23, 2017	July 24, 2018	March 27, 2019	March 26, 2020	March 24, 2021
Number of performance shares granted	558,840	567,747	574,712	732,130	759,360	733,640
■ Of which to corporate officers (in office at the grant date)	27,390	27,165	13,600	13,350	0	14,466
■ Of which to Olivier Andriès, Chief Executive Officer in office since January 1, 2021	5,730 <sup>(5)</sup>	5,898 <sup>(5)</sup>	5,900 <sup>(5)</sup>	5,900 <sup>(5)</sup>	5,900 <sup>(5)</sup>	14,466
■ Of which to the ten employees (non-corporate officers) who received the most shares	57,300	58,980	61,713	57,200	59,000	58,886
Number of beneficiaries at the grant date	506	430	440	589	797	764
Vesting date	July 30, 2019	March 25, 2020	July 26, 2021	March 29, 2022	March 24, 2023	March 25, 2024
■ Availability date	July 30, 2019	March 25, 2020	July 26, 2021	March 29, 2022	March 27, 2023	March 26, 2024
■ Availability date for the Chief Executive Officer (end of lock-up period)	July 31, 2020	March 26, 2021	July 27, 2022	March 30, 2023	March 26, 2024	March 27, 2025
■ Availability date for other Executive Committee members	July 31, 2020	March 26, 2021	July 27, 2022 <sup>(6)</sup>	March 30, 2023 <sup>(6)</sup>	March 26, 2024 <sup>(6)</sup>	March 27, 2025
Performance conditions	See section 6.6.4.2 of the 2016 Registration Document <sup>(1)</sup>	See section 6.6.4.2 of the 2017 Registration Document <sup>(2)</sup>	See section 6.6.4.2 of the 2018 Registration Document <sup>(3)</sup>	See section 6.6.2.2 of the 2019 Universal Registration Document <sup>(4)</sup>	See sections 6.6.2.2 and 6.6.4.2 of the 2020 Universal Registration Document <sup>(7)</sup>	See sections 6.6.2.2.d and 6.6.4.2.1 of the 2021 Universal Registration Document <sup>(8)</sup>
Total number of shares canceled or forfeited	209,367	58,231	83,755	112,888	51,681	10,500
Number of performance shares vested at December 31, 2021	349,473	509,516	490,957	0	0	0
Number of performance shares outstanding at December 31, 2021	0	0	0	619,942	707,679	723,140

(1) Two internal conditions (ROI and FCF, together counting for 70% of the total vested shares) and one external condition (counting for 30%) based on Safran's TSR performance compared with a panel of peer companies operating in the same business sectors as Safran. These peer companies are: Airbus, BAE Systems, Boeing, Leonardo SPA, MTU Aero Engines, Rolls Royce and Thales. Gemalto and Zodiac Aerospace have not formed part of the panel since January 1, 2017.

(2) Two internal conditions (ROI and FCF, together counting for 70% of the total vested shares) and one external condition (counting for 30%) based on Safran's TSR performance compared with a panel of peer companies operating in the same business sectors as Safran. These peer companies are: Airbus, BAE Systems, MTU AeroEngines, Rolls Royce, Thales, Boeing, Leonardo SPA, Meggitt, Spirit Aerospace and Esterline (until it was delisted).

(3) As well as the standard internal performance conditions (ROI and FCF, counting for 45%, 70% or 80% of the total vested shares depending on the beneficiary), additional performance conditions have been added, applicable to a certain category of beneficiaries involved in integrating Zodiac Aerospace (including the Chief Executive Officer). These additional conditions count for 25%, reducing the weighting of the standard conditions to 45%. The external condition (counting for 30% or 20% of the total vested shares depending on the beneficiary) is based on Safran's TSR compared with that of a composite index comprising three indices (each counting for one-third): STOXX® Europe TMI Aerospace & Defense (Stoxx A&D Net Return), S&P Aerospace & Defense Industry Select (S&P A&D) and CAC 40 (CAC 40 Gross Return).

(4) Two internal conditions (ROI and FCF, together counting for 70% or 80% of the total vested shares depending on the beneficiary) and one external condition (counting for 30% or 20% depending on the beneficiary) based on Safran's TSR compared with a composite index comprising three indices (each counting for one-third): STOXX® Europe TMI Aerospace & Defense (Stoxx A&D Net Return), S&P Aerospace & Defense Industry Select (S&P A&D) and CAC 40 (CAC 40 Gross Return).

(5) Granted to Olivier Andriès before he was appointed as Chief Executive Officer.

(6) Date on which the shares will become available to Olivier Andriès, member of the Executive Committee, Chief Executive Officer since January 1, 2021.

(7) Two internal conditions (ROI and FCF, together counting for 70% or 80% of the total vested shares depending on the beneficiary) and one external condition (counting for 30% or 20% depending on the beneficiary) based on Safran's TSR compared with a composite index comprising three indices (each counting for one-third): STOXX® Europe TMI Aerospace & Defense (Stoxx A&D Net Return), S&P Aerospace & Defense Industry Select (S&P A&D) and CAC 40 (CAC 40 Gross Return).

(8) Two internal conditions (ROI and FCF, together counting for at least 70% of the total vested shares) and one external condition (counting for between 10% and 30% depending on the beneficiary) based on Safran's TSR compared with a composite index comprising three indices (each counting for one-third): STOXX® Europe TMI Aerospace & Defense (Stoxx A&D Net Return), S&P Aerospace & Defense Industry Select (S&P A&D) and CAC 40 (CAC 40 Gross Return).

#### 6.6.4.2.4 2019 Long-Term Incentive Plan – Determination of the achievement rate at the end of the performance measurement period

When setting up the 2019 Long-Term Incentive Plan at its meeting on March 27, 2019, the Board of Directors decided to grant 5,900 performance shares to Olivier Andriès, who was then a beneficiary under the employment contract that he held in his capacity as Chairman of Safran Aircraft Engines and a member of the Group Executive Committee prior to his appointment as Chief Executive Officer.

The number of performance shares to be delivered at the end of the three-year vesting period depended on the extent to which internal (ROI and FCF) and external (TSR) performance conditions were met over the 2019-2021 period.

At its meeting on March 24, 2022, on the recommendation of the Appointments and Compensation Committee, the Board of Directors noted that the overall achievement rate for all of the Plan's performance conditions was 17.08% for the Chief Executive Officer and Executive Committee members and 19.52% for the other beneficiaries, corresponding to:

- recurring operating income (ROI) (35% weighting for the Chief Executive Officer and Executive Committee members and 40% for the other beneficiaries): 71.9% achievement, meaning that none of the shares contingent on this condition will vest;
- free cash flow (FCF) (35% weighting for the Chief Executive Officer and Executive Committee members and 40% for the other beneficiaries): 84.4% achievement, representing a vesting rate of 48.8% for the shares contingent on this condition;
- Safran's total shareholder return (TSR) (30% weighting for the Chief Executive Officer and Executive Committee members and 20% for the other beneficiaries): 36.1 points lower than that of the peer companies, meaning that none of the shares contingent on this condition will vest.

Consequently, 1,007 performance shares will be delivered to Olivier Andriès at the end of the vesting period (number of rights initially granted multiplied by the overall performance condition achievement rate). For Olivier Andriès, the vesting period is followed by a one-year lock-up period.

## 6.7 CROSS-REFERENCE TABLE FOR THE CORPORATE GOVERNANCE REPORT PREPARED IN ACCORDANCE WITH ARTICLE L.225-37 OF THE FRENCH COMMERCIAL CODE

This corporate governance report was reviewed by the Appointments and Compensation Committee (for the parts falling within its remit), before being submitted to the Board of Directors, which approved it at its meeting on March 24, 2022.

### Cross-reference tables

The table below lists the references to the sections of this Universal Registration Document in which information is provided on the topics required in the corporate governance report.

Topics required in the corporate governance report	Section(s) of the 2021 Universal Registration Document
<b>Framework Corporate Governance Code</b>	<b>6.1 and 6.4</b>
<b>Structure of Executive Management</b>	<b>6.1.1</b>
<b>Powers and responsibilities of the Chief Executive Officer and restrictions on these powers and responsibilities</b>	<b>6.1.3 and 6.1.4.2</b>
<b>Membership structure of the Board of Directors</b>	<b>6.2</b>
<b>Offices and positions held by Safran's Directors</b>	<b>6.2.2</b>
<b>Organization and operating procedures of the Board of Directors and the Board Committees</b>	<b>6.3</b>
<b>Self-assessment by the Board of its operating procedures</b>	<b>6.3.7</b>
<b>Diversity policy</b>	<b>6.2.4.2 and 5.4.3.2</b>
<b>Compensation policies for the corporate officers and related resolutions presented at the Annual General Meeting</b>	<b>6.6.1 and 8.2.1.7</b>
<b>Compensation and benefits of corporate officers</b>	<b>6.6.2 to 6.6.4</b>
<b>Related-party agreements</b>	<b>7.1.4 and 8.3</b>
<b>Procedure for assessing related-party agreements concerning routine operations</b>	<b>6.2.5</b>
<b>Commitments given by the Company to its corporate officers</b>	<b>6.6.2</b>
<b>Terms and conditions of shareholders' participation in General Meetings and any restrictions on such participation</b>	<b>7.1.2.2</b>
<b>Ownership structure</b>	<b>7.3</b>
<b>Authorizations currently in force granted to the Board of Directors</b>	<b>8.2.5</b>
<b>Items with a potential impact in the event of a public offering</b>	<b>7.1.2.2, 7.1.4.2 and 7.1.2.6</b>

The table below sets out the references to the sections of this Universal Registration Document corresponding to the components of the compensation of corporate officers referred to in sub-section I of Article L.22-10-9 of the French Commercial Code, as presented in the corporate governance report, and which will be submitted for shareholder approval in the 10<sup>th</sup> resolution of the May 25, 2022 Annual General Meeting (see section 8.2.1.5 of this Universal Registration Document).

Sub-section I of Article L.22-10-9 of the French Commercial Code	Topics required in the corporate governance report	Section(s) of the 2021 Universal Registration Document
1	Annual compensation and benefits	6.6.2 to 6.6.4
2	Relative proportions of fixed compensation and annual variable compensation	6.6.2.2 and 6.6.2.3
3	Use of the possibility of requesting the restitution of variable compensation	N/A
4	Commitments given by the Company corresponding to compensation components, indemnities or benefits payable or potentially payable on account of the commencement, termination or change of duties or subsequent thereto	6.6.2
5	Total compensation paid or allocated by an entity included in the Company's scope of consolidation	N/A
6	For the Chairman and the Chief Executive Officer, the ratios between each of their levels of compensation and the average and median compensation of the Company's employees (on a full-time equivalent basis) other than the corporate officers	6.6.2.4
7	Year-on-year changes in compensation, the Company's performance, the average compensation of the Company's employees (on a full-time equivalent basis) other than its executives, and the ratios referred to in point 6, during at least the past five years, all presented aggregately and in a way that enables meaningful comparisons	6.6.2.4
8	Explanation of how compensation packages comply with the applicable compensation policy, including how they contribute to the Company's long-term performance, and how the performance criteria have been applied	6.6.2
9	Explanation of how the general vote on compensation taken at the last Annual General Meeting has been taken into account	N/A (resolutions approved at the May 26, 2021 Annual General Meeting)
10	Any differences compared with the procedure for implementing the compensation policy or any exemptions (applied in accordance with the second paragraph of sub-section III of Article L. 22-10-8 of the French Commercial Code)	N/A
11	Suspension and restitution of Directors' compensation due to non-compliance with the legislation concerning gender balance on the Board of Directors (in application of Article L.225-45, paragraph 2, and Article L.22-10-14 of the French Commercial Code)	N/A







# 7

## INFORMATION ABOUT THE COMPANY, THE CAPITAL AND SHARE OWNERSHIP

# 7

## INFORMATION ABOUT THE COMPANY, THE CAPITAL AND SHARE OWNERSHIP

### 7.1 GENERAL INFORMATION AND BYLAWS 405

7.1.1	General information	405
7.1.2	Principal provisions of the bylaws	406
7.1.3	Information on investments	409
7.1.4	Relations with related parties	409

### 7.2 INFORMATION ON SHARE CAPITAL 411

7.2.1	Share capital	411
7.2.2	Authorizations granted to the Board of Directors with respect to share capital increases	411
7.2.3	The Company's securities	412
7.2.4	History of the share capital since 2005	413
7.2.5	Pledging of shares	413
7.2.6	Treasury shares	413
7.2.7	Share buyback programs	414

### 7.3 SHARE OWNERSHIP 416

7.3.1	Breakdown of share capital and voting rights	416
7.3.2	Breakdown of share ownership	416
7.3.3	Change in the breakdown of share capital and voting rights over the last three years	417

7.3.4	Disclosure thresholds	418
-------	-----------------------	-----

7.3.5	Control of the Company – shareholders' agreement	419
-------	--	-----

7.3.6	Agreements whose implementation could lead to a change in control of the Company	419
-------	--	-----

7.3.7	Employee shareholders	419
-------	-----------------------	-----

7.3.8	Temporary transfer of Safran shares	420
-------	-------------------------------------	-----

### 7.4 RELATIONS WITH SHAREHOLDERS 420

7.4.1	Accessible financial information	420
-------	----------------------------------	-----

7.4.2	Relations with institutional investors and financial analysts	420
-------	---	-----

7.4.3	Relations with individual shareholders	420
-------	--	-----

7.4.4	Provisional 2022 shareholders' calendar	421
-------	---	-----

7.4.5	Group investor relations contacts	421
-------	-----------------------------------	-----

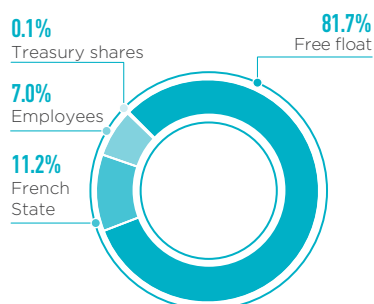
### 7.5 STOCK MARKET INFORMATION 421

### 7.6 CREDIT RATINGS 422

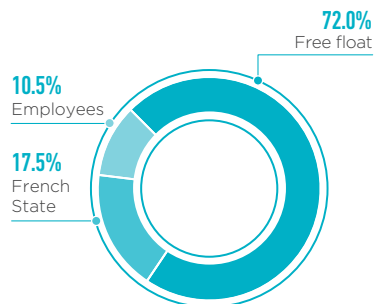
## FOREWORD

At December 31, 2021, Safran's share capital amounted to €85,448,488, comprising 427,242,440 fully paid-up shares, all of the same class, with a par value of €0.20 each.

### BREAKDOWN OF SHARE CAPITAL AT DECEMBER 31, 2021



### BREAKDOWN OF EXERCISABLE VOTING RIGHTS AT DECEMBER 31, 2021



### SAFRAN SHARE PRICE

Main stock market data over three years	2019	2020	2021
<b>NUMBER OF SHARES AT DECEMBER 31</b>	<b>427,234,155</b>	<b>427,235,939</b>	<b>427,242,440</b>
<b>SAFRAN SHARE PRICE (in €)</b>			
High	150.850	152.300	127.7
Low	101.100	51.100	96.2
Closing	137.650	115.950	107.66
<b>MARKET CAPITALIZATION AT DECEMBER 31 (in € millions)</b>	<b>58,809</b>	<b>49,538</b>	<b>45,997</b>

## 7.1 GENERAL INFORMATION AND BYLAWS

### 7.1.1 General information

#### Corporate name

Safran.

#### Registered office

2, boulevard du Général Martial-Valin, 75015 Paris – France.

Tel.: +33 (0)1 40 60 80 80

#### Legal form

Safran is a French *société anonyme* (joint-stock corporation).

#### Registration

The Company is registered with the Paris Trade and Companies Registry under number 562 082 909.

Its legal entity identifier (LEI) is 969500UIC89GT3UL7L24.

#### Incorporation date and term

The Company was incorporated on August 16, 1924.

The Company's term has been set at 99 years from the date of registration with the Trade and Companies Registry, i.e., expiring on August 28, 2023, unless said term is extended or the Company is wound up in advance. A proposal to extend the Company's term by a further 99 years from the date of the said meeting, i.e., until May 24, 2121, will be put to the shareholders at the Annual General Meeting of May 25, 2022.

#### Corporate purpose

Under Article 3 of the bylaws, the Company's purpose, in any and all countries, for its own account, on behalf of third parties, or directly or indirectly in conjunction with third parties, is to carry out research, design, development, testing, manufacturing, sales, maintenance and support operations for high-technology activities, and notably for:

- all aviation and aerospace activities for the civilian and military markets;
- all air, land and naval defense activities;
- and generally, to conduct any and all transactions of a commercial, industrial or financial nature or involving movable assets or real estate that relate directly or indirectly to the above corporate purpose or to anything incidental or conducive to the achievement of said corporate purpose.

#### Fiscal year

The fiscal year begins on January 1 and ends on December 31.

## 7.1.2 Principal provisions of the bylaws

The Annual General Meeting of May 26, 2021 (17<sup>th</sup> resolution) amended Articles 7, 9, 11 and 12 of the bylaws and deleted Article 36, in order to remove any reference to Class A Preferred Shares from the bylaws, converted into ordinary shares on February 13, 2021 (see section 7.2.1).

Article 6 regarding the Company's share capital was also regularly updated during the year to reflect capital increases resulting from the exercise of stock options (see section 7.3.7.3).

### 7.1.2.1 Board of Directors

#### Membership structure

Under the terms of Article 14 of the bylaws, the Company is administered by a Board of Directors with at least three and no more than 14 members, including, where applicable, a representative appointed by the French State and/or Directors put forward by the French State in accordance with Articles 4 and/or 6 of French government *ordonnance* (order) 2014-948 of August 20, 2014 regarding the governance of companies in which the French State has a stake and regarding corporate actions involving these companies.

The maximum number of 14 Board members may be increased to allow for the inclusion of Directors representing employee shareholders, appointed as provided for in Article 14.8 of the bylaws, and Directors representing employees, appointed as provided for in Article 14.9 of the bylaws.

The Board of Directors appoints a Chairman and, if applicable, a Vice-Chairman from among its members, who must be individuals.

#### Representatives of employee shareholders

The Safran Board of Directors includes one or several Directors representing employee shareholders, who are elected by the Annual General Meeting in accordance with Article 14.8 of the bylaws.

#### Representatives of employees

In accordance with the law on securing employment of June 14, 2013, the Safran Board of Directors includes Directors representing employees, who are elected under Article 14.9 of the Company's bylaws.

#### Shareholding

Under Article 14.5 of the bylaws, each member of the Board of Directors shall be required to own a certain number of shares in the Company for his/her entire term of office in accordance with the terms and conditions set down in the Board of Directors' Internal Rules.

As an exception, this shareholding obligation shall not apply to the representative of the French State and/or Directors put forward by the French State in accordance with Articles 4 and/or 6 of aforementioned French government *ordonnance* (order) 2014-948 of August 20, 2014, or Directors representing employees or Directors representing employee shareholders. However, under Article 14.8 of the bylaws, each Director representing employee shareholders shall be required to hold – either individually or through a corporate mutual fund set up as part of the Group's employee share

ownership program – at least one share or a number of units in the fund equivalent to at least one share.

#### Term of office – age limit

Members of the Board of Directors are appointed by the Ordinary Shareholders' Meeting for a term of four years, ending at the close of the Ordinary Shareholders' Meeting held during the year in which their term of office expires in order to approve the financial statements for the previous year. Members of the Board of Directors may be re-appointed, it being specified that:

- the number of Directors (both individuals and permanent representatives of legal entities) over the age of 70 may not exceed one-quarter of the total number of Directors in office, rounded up to the nearest whole number where appropriate;
- no Director over the age of 70 may be appointed if such appointment would raise the number of Directors over the age of 70 to more than one-quarter of the total number of Directors in office, rounded up to the nearest whole number where appropriate;
- if the number of Directors over the age of 70 exceeds one-quarter of the total number of Directors in office, and if no Director over the age of 70 resigns, the oldest Board member shall automatically be deemed to have resigned.

Article 15 of the bylaws stipulates that the duties of the Chairman and Vice-Chairman shall end no later than at the close of the first Ordinary Shareholders' Meeting following the date on which they reach the age of 75.

#### Meetings

Under the terms of Article 18 of the bylaws, the Board of Directors shall meet as often as required in the interests of the Company and at least four times a year. Meetings shall be called by the Chairman, or if he is unable to do so, by the Vice-Chairman.

If the Board has not met for more than two months, a group of at least one-third of the Directors may ask the Chairman to call a meeting to discuss a specific agenda.

The Chief Executive Officer or the Deputy Chief Executive Officer(s) may also request that the Chairman call a Board meeting to consider a specific agenda.

In both of these cases, the Chairman is bound by such requests and must call a Board meeting within seven days of receiving the request (or within a shorter timeframe in urgent matters).

Board meetings shall only be validly constituted if at least half of the Directors are present.

Directors who participate in Board meetings by videoconference or any other telecommunications media that comply with the technical criteria set in the applicable laws and regulations shall be considered as being physically present for the purposes of calculating the quorum and voting majority, in accordance with the terms and conditions set out in the Board of Directors' Internal Rules.

Directors may give written proxy to another Director to represent them at Board meetings, provided that no Director holds more than one proxy at any single meeting.

The Company's bylaws provide that the Board of Directors may make decisions by way of a written consultation where permitted by law (Article 18.12).

### Powers

Under Article 19 of the bylaws, the Board of Directors shall determine the Company's overall business strategy and oversee its implementation. Subject to the powers directly vested in Shareholders' Meetings (appointment of Directors and Statutory Auditors, approval of the financial statements and related-party agreements, decisions that amend the bylaws), the Board is responsible for dealing with all matters concerning the efficient running of the Company, and for making all related decisions, within the scope of the Company's corporate purpose.

Subject to the applicable laws and regulations and the terms and conditions set out in the Board of Directors' Internal Rules, the roles and responsibilities of the Board of Directors shall include, but shall not be limited to:

- calling the Annual General Meeting and setting its agenda;
- approving the Group's annual budget presented by the Chief Executive Officer as well as any amendments thereto;
- approving the Group's medium-term business plan;
- approving the financial statements of the Company and the Group and drawing up the annual management report;
- authorizing related-party agreements governed by Article L.225-38 of the French Commercial Code (*Code de commerce*);
- selecting the Company's management structure;
- appointing and removing from office (i) the Chairman of the Board of Directors, and the Vice-Chairman (if any), and (ii) the Chief Executive Officer and, on the recommendation of the Chief Executive Officer, the Deputy Chief Executive Officer(s) (if any);
- determining the powers of the Chief Executive Officer and, in agreement with the Chief Executive Officer, of the Deputy Chief Executive Officer(s) (if any);
- appointing Directors prior to ratification by shareholders;
- setting the compensation payable to the Chairman of the Board of Directors and the Vice-Chairman (if any), and the Chief Executive Officer and the Deputy Chief Executive Officer(s) (if any);
- appointing the members of the Audit and Risk Committee and the members of any other Board committees set up in accordance with the provisions of the bylaws and the Board of Directors' Internal Rules;
- allocating among its members the aggregate annual amount of compensation allocated to the Directors as consideration for their duties (formerly "attendance fees");
- deciding on issues of debt securities not carrying rights to shares;
- deciding whether to allocate compensation to any Board Advisors (*censeurs*);
- giving the Chief Executive Officer authorization (which may be delegated) to grant guarantees, endorsements and sureties, in accordance with conditions set by the Board.

In addition to the legal and regulatory requirements concerning prior authorizations that must be obtained from the Board of Directors, a number of specific transactions must also be approved by the Board before they can be carried out by the Chief Executive Officer or a Deputy Chief Executive Officer, as required by the internal procedures of the Company and Group. These transactions are listed in the Board of Directors' Internal Rules (see sections 6.1.4.2 and 6.3.1).

The Board of Directors shall perform any checks and controls that it deems appropriate. Each Director shall be provided with all the information required to carry out his/her duties and may request any documents he or she deems useful.

### Aggregate Compensation awarded to the Directors as consideration for their duties

Under Article 17 of the bylaws, at the Annual General Meeting, the Company's shareholders shall set the aggregate annual amount of compensation allocated to the Directors as consideration for their duties, effective for the current year and, if appropriate, subsequent years until the shareholders decide otherwise.

The Board of Directors shall allocate the Aggregate Compensation among its members as it deems fit, in accordance with the compensation policy for Directors (see section 6.6.1.5).

### Board Advisors

Under Article 20 of the bylaws, shareholders in an Ordinary Shareholders' Meeting may appoint up to two Board Advisors (*censeurs*) to attend Board meetings in an advisory capacity. However, if the French State's interest in the Company's capital falls below 10%, the French State would automatically be entitled to appoint a Board Advisor and the maximum number would be increased to three. Board Advisors are appointed for four years and may be re-appointed. Any Board Advisor reaching the age of 70 shall be deemed to have resigned.

### Executive Management

Under Article 21 of the bylaws, the Company's management shall be placed under the responsibility of either:

- the Chairman of the Board of Directors; or
- another individual appointed by the Board, who shall hold the title of Chief Executive Officer and who may or may not be a Director.

Under Article 22 of the bylaws, the Chief Executive Officer shall have the broadest powers to act in all circumstances in the Company's name. The Chief Executive Officer shall exercise these powers within the scope of the Company's corporate purpose, and subject to:

- the powers expressly vested by the applicable laws and regulations in Shareholders' Meetings and the Board of Directors; and
- any restrictions placed on his powers and any matters that require the prior approval of the Board of Directors in accordance with the Board of Directors' Internal Rules.

The Board of Directors shall determine compensation payable to the Chief Executive Officer and the length of his term of office. The age limit for the Chief Executive Officer is set at 68 years.

### Deputy Chief Executive Officer(s)

Under Article 23 of the bylaws, at the proposal of the Chief Executive Officer, the Board of Directors may appoint up to three Deputy Chief Executive Officers (who may or may not be Directors) to assist the Chief Executive Officer in his duties.

In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and duration of the powers vested in the Deputy Chief Executive Officer(s). The Board of Directors shall also set their compensation, in accordance with Article 24 of the bylaws.

The Deputy Chief Executive Officer(s) shall have the same powers as the Chief Executive Officer with respect to third parties.

The age limit for holding office as Deputy Chief Executive Officer is set at 68 years.



### 7.1.2.2 General Shareholders' Meetings

#### Convening and participating

General Shareholders' Meetings shall be called in accordance with the applicable laws and regulations.

The conditions for the participation of shareholders in General Meetings are governed by the legal provisions and regulations in effect and by Articles 30 *et seq.* of Safran's bylaws. Any shareholder, regardless of the number of shares held, is entitled to attend General Meetings, on proof of identity and of his/her capacity as a shareholder, provided that the shareholder's shares are registered in his/her name in Safran's share register managed by BNP Paribas Securities Services, or in the securities accounts managed by the authorized intermediary, no later than zero hours (CET) on the second business day preceding the meeting.

Proxy/postal voting forms for General Shareholders' Meetings may be sent in paper form or, by decision of the Board of Directors published in the notice of meeting, by electronic mail in accordance with the applicable laws and regulations.

Where a shareholder electronically submits a proxy or postal voting form, the shareholder's signature must be a secure electronic signature or be subject to a reliable identification procedure to ensure signature security, for example by registering a unique identification code and password.

Shareholders who have not paid up the amounts due on their shares within 30 days of a notice to pay issued by the Company shall not be entitled to participate in General Shareholders' Meetings and the shares concerned shall be deducted from the total of the Company's outstanding shares for the purposes of calculating the quorum.

#### Exercising voting rights – double voting rights – restriction on voting rights

Under Article 31 of the bylaws, each shareholder shall have a number of votes corresponding to the number of shares held or represented by proxy, unless otherwise provided for in the applicable laws or regulations.

The General Shareholders' Meeting of June 21, 1974 decided to allocate double voting rights in respect of all fully paid-up shares registered in the name of the same holder for at least two years (Article 31.8 of the bylaws).

In the event of a capital increase paid up by capitalizing retained earnings, profits or additional paid-in capital, the registered bonus shares allocated in respect of shares carrying double voting rights shall also carry double voting rights.

Double voting rights shall be forfeited if registered shares are converted into bearer shares or transferred. However, registered shares shall not be stripped of double voting rights and the qualifying period shall continue to run following a transfer of shares included in the estate of a deceased shareholder, or in connection with the settlement of the marital estate, or an *inter vivos* gift to a spouse or a relative in the direct line of succession.

Any merger or demerger of the Company shall have no impact on double voting rights, which may be exercised in the surviving company if its bylaws so provide.

In accordance with the law, double voting rights may not be abolished by the Extraordinary Shareholders' Meeting unless this decision is first approved by a special meeting of holders of shares with double voting rights.

Under Article 31.12 of the bylaws, no shareholder may exercise more than 30% of the total voting rights attached to all of the Company's shares. The voting rights exercised by a shareholder for this purpose shall include the voting rights exercised directly by the shareholder himself/herself and in the capacity as proxy for another shareholder that are attached to shares (i) that he/she holds directly or indirectly and (ii) that are owned by another shareholder for which he/she is acting as proxy.

For the purposes of these provisions:

- the total number of voting rights attached to the Company's shares taken into account shall be calculated as at the date of the General Shareholders' Meeting concerned and the shareholders shall be informed thereof at the start of the meeting;
- the number of voting rights held directly or indirectly shall mean those voting rights attached to shares held by:
  - a private individual, either personally or as part of jointly-owned property, or
  - a company, group of entities, association or foundation, as well as voting rights attached to shares held by a company that is controlled – within the meaning of Article L.233-3 of the French Commercial Code – by a company, private individual, association, group of entities or foundation;
- the restrictions set out above shall not include voting rights exercised by the Chairman of a General Shareholders' Meeting when said voting rights are (i) attached to shares for which a proxy form has been returned to the Company without any named proxy, and (ii) do not individually infringe the specified restrictions.

The restrictions provided for above shall automatically become null and void, without the requirement for a new decision by shareholders in an Extraordinary Shareholders' Meeting, in the event that an individual or entity – acting alone or in concert with one or more other individuals or entities – acquires an interest in the Company representing two-thirds of the Company's capital or voting rights following a public tender offer for all of the Company's shares.

### 7.1.2.3 Rights, preferences and restrictions attached to shares

Under Article 9 of the bylaws, fully paid-up ordinary shares may be held either in registered or bearer form, at the shareholder's discretion, subject to compliance with the provisions of the applicable laws and regulations and the Board of Directors' Internal Rules concerning the form of shares held by certain categories of shareholder.

Under Article 12 of the bylaws, each share shall entitle its holder to a proportion of the Company's profits, net assets and any liquidation surplus equal to the proportion of capital represented by the share.

Where a shareholder must own a specific number of shares to exercise a particular right, notably in the event of an exchange or allocation of shares, a stock-split, reverse stock-split, a capital increase or reduction, a merger, demerger, partial asset transfer, dividend payment or any other corporate action, any shares held that fall below the required number shall not confer any rights on their holders with respect to the Company, and the shareholders concerned shall be personally responsible for obtaining the necessary number of shares or rights, including through purchases or sales of shares or rights where required.

### 7.1.2.4 Conditions governing changes to share capital and shareholders' rights

The Company's bylaws do not require that the conditions to change share capital and shareholders' rights be more restrictive than prevailing legislation. These changes are subject to the approval of the shareholders at the Extraordinary Shareholders' Meeting deliberating in accordance with the rules of quorum and majority set out in the applicable laws and regulations.

### 7.1.2.5 Disclosure obligation in the event of exceeding the threshold for ownership set out in the bylaws

Under Article 13 of the bylaws, in addition to the disclosures required under the applicable laws and regulations when certain ownership thresholds are crossed, any person or legal entity, acting alone or in concert with others, that becomes the owner – directly or indirectly through one or more companies controlled by said person or entity within the meaning of Article L.233-3 of the French Commercial Code – of 1% or more of the Company's capital or voting rights or any multiple thereof, as calculated in accordance with Articles L.233-7 and L.233-9 of the French Commercial Code and the General Regulations of the French financial markets authority (*Autorité des marchés financiers* – AMF), must notify the Company of the total number of shares and voting rights held as well as the total number of securities held that carry deferred rights to the Company's capital and the potential voting rights attached thereto.

Said notification shall be sent to the Company by registered letter with recorded delivery within four trading days of the relevant threshold being crossed.

The same disclosures are required – within the same timeframe and in accordance with the same conditions – in cases where a shareholder's interest falls below any of the thresholds referred to above.

The sanctions provided for by law in the event of a failure to comply with the disclosure requirements applicable when a legal threshold is crossed shall also apply if a shareholder does not comply with the disclosure requirements applicable in the bylaws, where requested by one or more shareholders holding at least 5% of the Company's capital or voting rights (with said request duly recorded in the minutes of the relevant General Shareholders' Meeting).

### 7.1.2.6 Provisions that could delay, postpone or prevent a change in control of the Company

The provisions of the bylaws or other contractual documents related to the Company that could delay, postpone or prevent a change in the Company's control are as follows: (i) the granting of double voting rights to any shareholder owning fully paid-up shares which the shareholder must prove have been registered in the name of the same shareholder for at least two years, (ii) the restriction on voting rights provided for by Article 31.12 of the bylaws (see section 7.1.2.2), (iii) an agreement between Safran and the French State (see section 7.1.4.2).

## 7.1.3 Information on investments

### 7.1.3.1 Direct and indirect investments as of December 31, 2021

The direct and indirect investments which meet the criteria defined by the European Securities and Markets Authority (ESMA) in its March 2013 recommendation are set out in section 3.1, Note 40 and section 3.3, Note 3.1.

### 7.1.3.2 Investments

In accordance with the provisions of Article L.233-6 of the French Commercial Code, in 2021 Safran acquired the following investments:

- Safran Corporate Venture took an 8.76% stake in SkyFive;

- Safran Electronics & Defense acquired all the shares of Sensoror Holding AG;
- Safran Aircraft Engines took a 50% stake in EUMET.

## 7.1.4 Relations with related parties

Related parties (as defined by the Group in accordance with IAS 24) and quantitative information concerning related-party transactions are presented in section 3.1, Note 35.

### 7.1.4.1 Relations with the French State

In 2021, Safran generated adjusted revenue of €886 million with the French State and entities in which it has interests, primarily in military areas.

The Aerospace Propulsion business (see section 1.2.1) develops, manufactures and maintains aircraft engines for the French armed forces. It is the industrial prime contractor for this equipment in major aviation projects.

In the Aircraft Equipment (sections 1.2.2.1, 1.2.2.2 and 1.2.2.3)/Defense (section 1.2.2.5)/Aerosystems (section 1.2.2.4) segment:

- Safran participates in major French military aviation programs, in terms of landing gear and braking systems;
- Safran provides the following equipment and related services to the French Armed Forces:
  - independent positioning, navigation and guidance systems for all types of aircraft, vehicles and engines,
  - observation and surveillance cameras for planes, helicopters, drones and ships,
  - day and night vision observation binoculars,
  - mission preparation systems,
  - tactical drones,
  - missile guidance seekers,
  - onboard systems and ground stations for the acquisition and processing of test flight data,
  - mission recorders for pilot training and intelligence,
  - space surveillance systems and services,
  - cockpit systems, piloting controls and electromechanical actuation for airplanes and helicopters,
  - engine control systems,
  - flight data collection and decoding systems,
  - parachute systems (for troops and cargo),
  - equipment for dismounted soldiers,
  - high-performance mirrors for earth observation satellites;
- Safran also supplies:
  - safety and protection systems: oxygen systems and masks and survival equipment (mainly lifejackets and rafts, waterproof survival suits, anti-G pants, combat vests, etc.),
  - complete fuel systems (for aircraft, helicopters and missiles) including fuel gauging, fuel circulation and fuel inerting systems,
  - fuel management equipment (tanks, pumps, valves, refueling nacelles, etc.) and engine equipment,
  - emergency arresting systems for military aircraft. In early 2022, US company Curtiss-Wright announced that it would acquire Safran's military aircraft arresting systems business.

#### 7.1.4.2 Agreement with the French State relating to strategic assets and subsidiaries

In order to protect national interests and preserve national independence, and in the context of the proposed combination of Sagem and Snecma's businesses through the merger of these two companies, the French State reminded these companies of its right to a "golden share" with regard to Snecma of the kind defined in Article 10 of Law 86-912 of August 6, 1986. In exchange for the waiver of this right to a "golden share", the French State required sufficient contractual rights to ensure national interests are protected.

In view of this, a three-way agreement in lieu of a "golden share" was entered into by Sagem and Snecma (now Safran) and the French State on December 21, 2004 (the "2004 Agreement").

In view of the 2005 merger of Snecma and Sagem that led to the creation of Safran, and the various transactions completed by Safran since that date which have substantially altered the Group's scope, Safran and the French State decided to amend the 2004 Agreement with six successive addendums between 2011 and 2016.

In 2018, Safran and the French State wished to consolidate the 2004 Agreement and its amendments into a single document (the "Agreement") and to update its contents.

The new Agreement was signed on March 26, 2018, canceling and replacing the 2004 Agreement as from that date. It was authorized by the Board of Directors on March 22, 2018 and approved by the Annual General Meeting on May 25, 2018.

The Agreement notably provides as follows:

#### On corporate governance matters:

- Safran's competent bodies shall be invited to appoint the French State as a Director if its interest in the Company's share capital is less than 10% but more than 1%;
- Safran's competent bodies shall in addition be invited to appoint a member proposed by the French State to the Board of Directors if its interest in the Company's share capital is more than 5%, and the shareholders will thus be invited to approve the terms of office of these Directors;
- at the request of the French State, the Board of Directors shall be invited to appoint one of the persons referred to above to any Board committees that may be set up for the purpose of addressing matters directly related to its rights under the Agreement;
- the French State shall be entitled to appoint a non-voting representative to the Boards of Directors or equivalent bodies of Safran's strategic subsidiaries (Safran Ceramics and Safran Power Units) and subsidiaries owning sensitive defense assets.

#### On strategic or sensitive defense assets and the entities that hold such assets:

- the French State shall have a prior right of approval over:
  - sales of assets (other than those that do not affect the defense activities) owned by strategic subsidiaries and accordingly identified as strategic; sales of shares in strategic subsidiaries Safran Ceramics and Safran Power Units; and sales of shares in ArianeGroup Holding,
  - sales of certain assets identified as defense sensitive (such as engines, components and systems, high precision inertial navigation and missile guidance systems, financed directly or indirectly by the French Defense Ministry) owned by Group entities,
  - sales of shares in Safran Electronics & Defense, which owns sensitive defense assets,
  - acquisitions of interests resulting in a holding of more than 33.33% or more than 50% of the share capital or voting rights of the other Group companies that own sensitive defense assets,
  - projects conferring special management or information rights over strategic or sensitive defense assets or rights of representation on the administrative or management bodies of Safran Ceramics, Safran Power Units, ArianeGroup Holding or another entity owning sensitive defense assets controlled by Safran;
- the French State's failure to respond within a period of 30 business days shall be deemed to constitute agreement, except in the case of proposals to sell shares in ArianeGroup Holding, in which case failure to respond shall be deemed to constitute refusal;

- the French State shall be informed beforehand of any proposal by a strategic subsidiary or an entity controlled by Safran that owns sensitive defense assets to sell assets that do not fall into these protected categories but whose sale could have a material impact on the independent management on French territory of the entity's strategic assets or sensitive defense assets;
- in the event a third party acquires more than 10% or a multiple of 10% of the capital or voting rights of Safran, and failing an agreement on other ways of protecting national interests in connection with the strategic assets, the French State shall be entitled to purchase the securities and assets

of the strategic subsidiaries Safran Ceramics and Safran Power Units and the stake in ArianeGroup Holding at a price to be set by a panel of experts.

### 7.1.4.3 Other related-party agreements

No related-party agreements were entered into in 2021.

The related-party agreements authorized in previous years, and which had continuing effect during 2021, are presented in the Statutory Auditors' special report in section 8.3 of this Universal Registration Document.

## 7.2 INFORMATION ON SHARE CAPITAL

### 7.2.1 Share capital

At December 31, 2021, Safran's share capital amounted to €85,448,488, comprising 427,242,440 fully paid-up shares, all of the same class, with a par value of €0.20 each.

New ordinary shares were issued at regular intervals during 2021 upon exercise of stock options (see section 7.3.7.3). The resulting capital increases were automatically considered as having been completed upon receipt by the Company of notification that the options were being exercised, together with the corresponding share subscription form and the subscription price. The total amount by which the capital was increased in 2021 was €764.80, corresponding to the issuances of 3,824 new shares.

#### Conversion of Class A Preferred Shares into ordinary shares

As part of the tender offer on a principal basis, complemented on a subsidiary basis by a public exchange offer (the "Subsidiary Exchange Offer") initiated by Safran and targeting the shares of Zodiac Aerospace ("Zodiac"), 26,651,058 Class A Preferred Shares were issued on February 13, 2018 and allocated to Zodiac's shareholders who tendered their Zodiac shares to the Subsidiary Exchange Offer. The bylaws had been previously amended by the

Extraordinary Shareholders' Meeting of June 15, 2017 (amendment of Articles 7, 9, 11 and 12 of the bylaws and creation of a new Article 36), in order to establish the characteristics of the Class A Preferred Shares to be issued for this transaction (these characteristics are described in section 7.1.2.3 of the 2020 Universal Registration Document).

On February 13, 2021, the Chief Executive Officer placed on record the automatic conversion, without any legal formality, of all the Class A Preferred Shares into Safran ordinary shares (at a ratio of one ordinary share to one Class A preferred share), following the end of the 36-month non-transferability period for the Class A Preferred shares provided for under the bylaws. The 26,651,058 Class A Preferred Shares were converted into freely transferable ordinary shares, ranking *pari passu* with the other ordinary shares making up the Company's share capital. The shares were admitted to trading on Euronext Paris on the first day of trading as of their conversion date, i.e., on February 15, 2021. The conversion had no impact on either the amount of capital or the total number of shares making up Safran's share capital at that date, and no impact on the amount of the Company's equity. Since that date, the share capital is only made up of fully paid-up ordinary shares, all of the same class, with a par value of €0.20 each. The reports of the Board of Directors and the Statutory Auditors on the conversion are provided in section 8.3 of the 2020 Universal Registration Document.

### 7.2.2 Authorizations granted to the Board of Directors with respect to share capital increases

The authorizations with respect to share capital increases currently in force, already granted by shareholders to the Board of Directors, are summarized in section 8.2.5 of this Universal Registration Document.

The authorization to make free share grants of the Company's existing shares or shares to be issued granted to the Board of Directors in the 30<sup>th</sup> resolution of the May 23, 2019 Annual General Meeting (in force until May 26, 2021) was used in March 2021 (see section 7.3.7.1).

The authorization to make free share grants of the Company's existing shares or shares to be issued, granted to the Board of Directors in the 30<sup>th</sup> resolution of the May 26, 2021 Annual General Meeting, was used in March 2022 (see section 7.3.7.1).

The authorizations granted to the Board of Directors in the 21<sup>st</sup> and 22<sup>nd</sup> resolutions of the May 26, 2021 Annual General Meeting, in order to carry out one or several issues through an offering of financial securities to qualified investors, without pre-emptive subscription rights for existing shareholders, of bonds convertible into new shares and/or exchangeable for existing shares ("2028 Océanes"), with an over-allotment option where applicable, were used in June 2021 (see sections 7.2.3.2 and 8.4).

The other authorizations with respect to share capital increases currently in force, granted to the Board of Directors by the May 26, 2021 Annual General Meeting, were not used in 2021 nor as of the filing date of this Universal Registration Document.

## 7.2.3 The Company's securities

### 7.2.3.1 Securities not representing capital

Other securities issued by Safran not representing the Company's capital as of the date of this Universal Registration Document are set out in section 3.1, Note 25 and section 3.3, Note 3.9.

### 7.2.3.2 Securities carrying rights to shares of the Company

#### 2027 OCÉANES

As a reminder, on May 15, 2020 Safran issued 7,391,665 bonds (the "Initial Bonds") convertible into new shares and/or exchangeable for existing shares, due May 15, 2027. On October 12, 2020, Safran carried out a tap issue of 1,847,916 bonds (the "New Bonds") convertible into new shares and/or exchangeable for existing shares. The New Bonds carry the same terms and conditions as the Initial Bonds, with the exception of the issue price. They are fungible with the Initial Bonds, with which they form a single series (the "2027 OCÉANES"). The background, terms and conditions and purpose of the 2027 OCÉANE bond issues are presented in section 7.2.3.2, section 3.1, Note 27 and section 3.3, Note 3.9 of the 2020 Universal Registration Document. The reports of the Board of Directors and the Statutory Auditors on the 2027 OCÉANES are provided in section 8.4 of the 2020 Universal Registration Document.

At the Annual General Meeting of May 26, 2021, the shareholders approved a dividend payment of €0.43 per share. The ex-dividend date was May 31, 2021 and the record date was June 1, 2021. In accordance with the terms and conditions of the 2027 OCÉANES, the 2027 OCÉANE conversion ratio – previously 1 Safran share for 1 OCÉANE bond – was adjusted to 1.004 Safran shares for 1 OCÉANE

bond, effective June 1, 2021. At December 31, 2021, all of the 9,239,581 OCÉANES issued were still outstanding.

In the event that Safran decided to provide only new shares upon the exercise of the conversion rights for all the 2027 OCÉANES, the maximum dilution as estimated based on the Company's capital and the 2027 OCÉANE conversion ratio at December 31, 2021, would be 2.17%.

#### 2028 OCÉANES

On June 14, 2021, Safran issued bonds convertible into new shares and/or exchangeable for existing shares, maturing on April 1, 2028 ("2028 OCÉANES"). The total nominal amount of the issue was €729,999,864.89, made up of 4,035,601 bonds with a par value of €180.89.

The bonds were issued through an offering exclusively for qualified investors within the meaning of Article 2(e) of the Prospectus Regulation in France, the European Economic Area (EEA) and outside the EEA (excluding, in particular, the United States, Canada, South Africa, Australia, Japan and any other jurisdiction where registration or approval would be required by the applicable laws and regulations).

The background, terms and conditions and purpose of the issue of the 2028 OCÉANE issues, as well as its impact on the holders of shares and securities granting access to shares, are presented in section 3.1, Note 25 and section 3.3, Note 3.9. The reports of the Board of Directors and the Statutory Auditors on the issue are provided in section 8.4 of this Universal Registration Document.

In the event that Safran decided to provide only new shares upon the exercise of the conversion rights for all the 2028 OCÉANES, the maximum dilution as estimated based on the Company's capital and the 2028 OCÉANE conversion ratio as of December 31, 2021, would be 0.94%.



## 7.2.4 History of the share capital since 2005

Date	Transaction	Safran share price (in €)	Amount of share capital (in €)	Number of shares	Additional paid-in capital (cumulative, in €)
<b>Situation at December 31, 2021</b>		<b>0.20</b>	<b>85,448,488</b>	<b>427,242,440</b>	5,292,647,993.72
December 31, 2021	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in the period to December 31, 2021, placed on record on January 10, 2021	0.20	85,448,488	427,242,440	5,292,647,993.72
June 30, 2021	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in the period to June 30, 2020, placed on record on July 7, 2021	0.20	85,447,723.20	427,238,616	5,292,300,002.44
February 13, 2021	Conversion of Class A preferred shares (see section 7.2.1) into ordinary shares (at a ratio of 1 Class A preferred share to 1 ordinary share)	0.20	85,447,187.80	427,235,939	5,292,086,789.53
June 30, 2020	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in the period to June 30, 2020, placed on record on July 7, 2020	0.20	85,447,187.80	427,235,939	5,292,086,789.53
December 31, 2019	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in December 2019, placed on record on January 9, 2020	0.20	85,446,831	427,234,155	5,291,895,416.85
December 19, 2019	Capital reduction by canceling treasury shares	0.20	85,446,697.20	427,233,486	5,291,823,656.22
November 30, 2019	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in the period to November 30, 2019, placed on record on December 19, 2019	0.20	87,159,268.40	435,796,342	5,291,823,656.22
December 17, 2018	Capital reduction by canceling treasury shares	0.20	87,153,590.20	435,767,951 <sup>(1)</sup>	5,289,486,113.84
December 1, 2018	Merger of Zodiac Aerospace into Safran	0.20	89,434,167	447,170,835 <sup>(1)</sup>	5,289,486,113.84
February 13, 2018	Settlement of Class A Preferred Shares delivered in exchange as part of the Safran subsidiary exchange offer for Zodiac Aerospace shares	0.20	88,736,128.60	443,680,643 <sup>(1)</sup>	5,289,486,113.84
May 11, 2005	Merger of Snecma into Sagem SA, now Safran	0.20	83,405,917	417,029,585	3,051,330,263
March 17, 2005	Settlement of Sagem shares delivered in exchange as part of the Sagem public exchange offer for Snecma shares	0.20	73,054,834	365,274,170	3,051,330,263

(1) Including 26,651,058 Class A Preferred Shares (see section 7.2.1).

## 7.2.5 Pledging of shares

To the best of the Company's knowledge, 1,033,004 shares representing 0.24% of the share capital were pledged at December 31, 2021, compared with 2,496,550 shares representing 0.58% of the share capital at December 31, 2020.

## 7.2.6 Treasury shares

### SITUATION AT DECEMBER 31, 2021

	Number of shares	% share capital	Carrying amount at Dec. 31, 2021 (in €)	Total nominal value (in €)
Treasury shares, held directly	456,165	0.11	46,900,009	91,233
Treasury shares, held indirectly	-	-	-	-
<b>TOTAL</b>	<b>456,165</b>	<b>0.11</b>	<b>46,900,009</b>	<b>91,233</b>



## 7.2.7 Share buyback programs

The Annual General Meeting of May 26, 2021, in its 16<sup>th</sup> resolution, authorized the Board of Directors, for a period of 18 months, to set up a share buyback program with the following main characteristics:

Purpose of the program:

- to maintain a liquid market in the Company's shares via a liquidity agreement that complies with the Code of Ethics drawn up by the French association of financial and investment firms (*Association française des marchés financiers* - AMAFI) approved by the AMF, and entered into with an investment services firm;
- for allocation or sale to employees and/or corporate officers of the Company or of other Group companies, in accordance with the terms and conditions provided for by law, notably in connection with a profit-sharing plan, free share grant plan, stock option plan, the Group employee savings plan, or any company employee savings plan in place within the Group;
- for delivery on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- to hold shares in treasury for subsequent delivery as payment or exchange for external growth transactions;
- for cancellation, pursuant to the authorization in effect granted by the Annual General Meeting.

Maximum percentage of share capital to be bought back:

- 10% of share capital.

Maximum purchase price per share:

- €165.

Total maximum amount that may be invested in the share buyback program:

- €7 billion.

At May 26, 2021, this program had terminated the previous share buyback program authorized by the Annual General Meeting of May 28, 2020 (15<sup>th</sup> resolution), with the same objectives, the same maximum purchase price of €165 per share, and the same total maximum amount of €7 billion to be invested in the buyback program.

### 7.2.7.1 Treasury share transactions in 2021

#### Liquidity agreement

The liquidity agreement, which has been managed by Oddo since February 1, 2012, was renewed in 2019.

#### Share buybacks

On March 10, 2021, Safran announced that it had mandated an investment services provider to purchase, subject to market conditions and no later than May 19, 2021, up to 650,000 ordinary Safran shares representing 0.15% of the Company's share capital at February 28, 2021, for allocation or sale to employees or corporate officers of Group companies. A total

of 650,000 shares were bought back by the investment services provider on the Company's behalf in 2021.

In 2021, Safran purchased 3,007,755 treasury shares under the liquidity agreement, of which:

- 1,108,112 shares were purchased between January 1 and May 26, 2021, at an average price of €116.9174;
- 1,899,643 shares were sold between May 27 and December 31, 2021, at an average price of €111.8938.

#### Sales of shares

In 2021, Safran sold 3,029,876 treasury shares under the above-mentioned liquidity agreement, of which:

- 1,105,112 shares were purchased between January 1 and May 26, 2021, at an average price of €117.8296;
- 1,924,764 shares were sold between May 27 and December 31, 2021, at an average price of €112.4814.

#### Cancellation of shares

No shares were canceled during 2021.

#### Delivery of free shares

At its meeting on July 24, 2018, the Board of Directors decided to award 574,712 performance shares to certain managers and senior executives of the Group (2018 Long-Term Incentive Plan). Subject to a continuing service condition, the number of performance shares that were ultimately delivered at the end of the three-year vesting period depended on the extent to which internal and external performance conditions were met over the 2018-2020 period (see section 6.6.4.2 of the 2018 Registration Document). At its March 24, 2021 meeting, the Board of Directors placed on record the achievement rates for the performance conditions of the 2018 Long-Term Incentive Plan. Based on the achievement rates, at the end of July 2021 a total of 490,957 ordinary shares were delivered to the plan beneficiaries (including 5,498 shares for Olivier Andriès, a beneficiary of the plan in 2018 under his employment contract and as a member of the Executive Committee, prior to his appointment as Chief Executive Officer - see section 6.6.2.3.2).

#### Situation at December 31, 2021

At December 31, 2021, Safran directly held 456,165 of its own shares, representing 0.11% of the Company's capital.

These treasury shares were held for the following purposes:

- for allocation or sale to employees: 199,086 shares, representing 0.047% of the Company's capital;
- to cover exchangeable debt securities: 13,200 shares, representing 0.003% of the Company's capital;
- to maintain a liquid market in the Company's shares via a liquidity agreement: 243,879 shares, representing 0.057% of the Company's capital;
- for cancellation: 0.

## Situation at February 28, 2022

At February 28, 2022, Safran directly held 444,919 of its own shares, representing 0.104% of its capital.

These treasury shares were held for the following purposes:

- for allocation or sale to employees: 199,086 shares, representing 0.047% of the Company's capital;
- to cover exchangeable debt securities: 13,200 shares, representing 0.003% of the Company's capital;
- to maintain a liquid market in the Company's shares via a liquidity agreement: 232,633 shares, representing 0.054% of the Company's capital;
- for cancellation: 0.

## 7.2.7.2 Description of the share buyback program to be approved by the Annual General Meeting of May 25, 2022

Under the 15<sup>th</sup> resolution, the Annual General Meeting of May 25, 2022 is invited to authorize a new share buyback program (see section 8.2.1.8). Drafted in accordance with the provisions of Article 241-2 of the AMF's General Regulations, the program's description is presented below and will not be published separately pursuant to Article 241-3 of said Regulations.

Information about the number of shares and the percentage of share capital held directly and indirectly by the Company at February 28, 2022 is provided in section 7.2.7.1.

### Objectives of the share buyback program

In accordance with Regulation (EU) no. 596/2014 of the European Parliament, the AMF's General Regulations and market practices permitted by the AMF, the objectives of the share buyback program to be approved by the Annual General Meeting of May 25, 2022 are to purchase shares:

- to maintain a liquid market in the Company's shares via a liquidity agreement that complies with the AMAFI Code of Ethics, approved by the AMF, and entered into with an investment services firm;
- for allocation or sale to employees and/or corporate officers of the Company or of other Group companies, in accordance with the terms and conditions provided for by law, notably in connection with a profit-sharing plan, free share grant plan, stock option plan, the Group employee savings plan, or any company employee savings plan in place within the Group;
- for delivery on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- to hold shares in treasury for subsequent delivery as payment or exchange for external growth transactions;
- for cancellation, pursuant to the share capital reduction authorization in effect, granted by the Annual General Meeting.

The program is also designed to enable any current or future market practices permitted by the AMF to be carried out and, more generally, to enable any other authorized operations or operations that would be authorized in the future by the applicable regulations. The Company will inform its shareholders in a press release prior to carrying out any such operations.

## Maximum percentage of share capital, maximum number and purchase price, and characteristics of the shares the Company wishes to acquire

The number of shares that may be bought back under the program may not exceed 10% of the Company's total shares. This ceiling is reduced to 5% for shares acquired for the purpose of being held in treasury for subsequent delivery as payment or exchange for external growth transactions. When shares are bought back for the purpose of maintaining a liquid market in the Company's shares via a liquidity agreement, the number of shares included for the calculation of the 10% ceiling corresponds to the number of shares purchased less any shares sold during the authorization period.

Under no circumstances may the use of this authorization have the effect of increasing the number of Safran shares held by the Company, either directly or indirectly, to more than 10% of its share capital.

For information purposes, at December 31, 2021, the Company's capital comprised 427,242,440 shares. Given the 456,165 shares already directly held by the Company at this date, the maximum number of shares the Company could still acquire in connection with this buyback program would be 42,268,079 shares.

Generally, Safran sets the maximum purchase price at around 130% of the highest closing price of the Safran share over the 12 months preceding the pricing date. Shares may not be purchased at a price of more than €165 per share and the maximum amount that may be invested in the program is €7 billion. The maximum purchase price does not represent a target price.

The maximum number of shares and the maximum purchase price as indicated above may be adjusted to reflect the impact on the share price of any share capital transactions carried out by the Company.

### Share buyback program procedures

Shares may be purchased, sold, or transferred in one or several transactions and by any method allowed under the laws and regulations applicable at the transaction date, including over-the-counter and through a block trade for all or part of the program, as well as via the use of derivative financial instruments.

The Board of Directors may use this authorization at any time subject to the limitations set down by the applicable regulations, except during, or in the run-up to, a public offer for the Company's shares.

### Term of the share buyback program

This new share buyback program shall be valid for a period of 18 months as from the approval of the Annual General Meeting of May 25, 2022, i.e., until November 24, 2023 at the latest.

## 7.3 SHARE OWNERSHIP

### 7.3.1 Breakdown of share capital and voting rights

To the best of the Company's knowledge, Safran's share capital and voting rights were held as follows as of December 31, 2021:

Shareholders	Shares		Exercisable voting rights		Theoretical voting rights <sup>(1)</sup>	
	Number	% capital	Number	%	Number	%
Free float	348,856,484	81.65	395,539,917	72.05	395,539,917	71.99
■ o/w The Capital Group Companies, Inc.	38,096,384 <sup>(2)</sup>	8.91 <sup>(3)</sup>	38,096,384 <sup>(2)</sup>	6.94 <sup>(3)</sup>	38,096,384 <sup>(2)</sup>	6.94 <sup>(3)</sup>
■ TCI Fund Management Limited	14,360,510 <sup>(4)</sup>	3.36 <sup>(5)</sup>	27,835,180 <sup>(4)</sup>	5.07 <sup>(5)</sup>	27,835,180 <sup>(4)</sup>	5.07 <sup>(5)</sup>
French State	47,983,131	11.23	95,866,262	17.48	95,966,262	17.47
Employees <sup>(6)</sup>	29,946,660	7.01	57,504,169	10.47	57,504,169	10.47
■ o/w FCPE Safran Investissement	18,800,750	4.40	37,605,400	6.85	37,605,400	6.84
Treasury shares, held directly	456,165	0.11	-	-	456,165	0.08
Treasury shares, held indirectly	-	-	-	-	-	-
<b>TOTAL</b>	<b>427,242,440</b>	<b>100.00</b>	<b>549,010,348</b>	<b>100.00</b>	<b>549,466,513</b>	<b>100.00</b>

(1) Calculated based on all shares with voting rights, including treasury shares stripped of voting rights (Article 223-11 of the AMF's General Regulations).

(2) Number of shares and voting rights disclosed by The Capital Group Companies, Inc. at November 2, 2021 on behalf of Capital Research and Management Company and its clients and managed funds.

(3) Calculated based on the number of shares and voting rights disclosed by The Capital Group Companies, Inc. at November 2, 2021 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2021.

(4) Number of shares and voting rights disclosed by TCI Fund Management Limited at December 15, 2021 on behalf of the clients and funds that it manages (AMF notice no. 221C3484).

(5) Calculated based on the number of shares and voting rights disclosed by TCI Fund Management Limited at December 15, 2021 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2021.

(6) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.

To the best of the Company's knowledge, no shareholder apart from those listed in the table above held more than 5% of Safran's share capital or voting rights as of December 31, 2021.

#### Double voting rights

At December 31, 2021, 122,224,073 shares carried double voting rights pursuant to Article 31.8 of the Company's bylaws.

The main Safran shareholders do not have different voting rights from those of other shareholders. Any shareholder may be entitled to double voting rights in accordance with the conditions stipulated in Article 31.8 of the Company's bylaws (see section 7.1.2.2).

### 7.3.2 Breakdown of share ownership

According to a survey on identifiable bearer shares carried out by Euroclear France at December 31, 2021:

■ Safran's free-float shareholders break down as around 82% institutional investors, around 6% other institutional holdings, 7% individual investors and 4% unidentified. The breakdown by geographic area of the free-float shares held

by institutional investors is as follows: 46% are from North America, 15% are from the United Kingdom and Ireland, 13% are from France and 12% are from other countries.

■ Around 6% of Safran's share capital is held by individual shareholders, the majority of them being French.

### 7.3.3 Change in the breakdown of share capital and voting rights over the last three years

Shareholders	December 31, 2019			December 31, 2020			December 31, 2021		
	Number of shares	% capital	% voting rights <sup>(1)</sup>	Number of shares	% capital	% voting rights <sup>(1)</sup>	Number of shares	% capital	% voting rights <sup>(1)</sup>
Free float	347,840,451	81.42	71.07	347,973,999	81.45	72.47	348,856,484	81.65	72.05
■ o/w The Capital Group Companies, Inc.	34,920,730 <sup>(2)</sup>	8.17 <sup>(3)</sup>	6.59 <sup>(3)</sup>	38,545,754 <sup>(2)</sup>	9.02 <sup>(4)</sup>	6.87 <sup>(4)</sup>	38,096,384 <sup>(5)</sup>	8.97 <sup>(6)</sup>	6.94 <sup>(6)</sup>
■ o/w BlackRock, Inc.	25,908,335 <sup>(7)</sup>	6.06 <sup>(8)</sup>	4.89 <sup>(8)</sup>	27,422,108 <sup>(9)</sup>	6.42 <sup>(10)</sup>	4.87 <sup>(10)</sup>	20,872,854 <sup>(11)</sup>	(12)	(12)
■ o/w TCI Fund Management Limited	(13)	(13)	(13)	21,209,497 <sup>(14)</sup>	4.96 <sup>(15)</sup>	6.49 <sup>(15)</sup>	14,360,510 <sup>(16)</sup>	3.36 <sup>(17)</sup>	5.07 <sup>(17)</sup>
French State	47,983,131	11.23	18.11	47,983,131	11.23	17.10	47,983,131	11.23	17.48
Employees <sup>(18)</sup>	28,860,491	6.75	10.82	30,959,525	7.25	10.43	29,946,660	7.01	10.47
■ o/w FCPE Safran Investissement	19,244,100	4.50	7.27	21,351,714	4.99	7.16	18,800,750	4.40	6.85
Treasury shares, held directly	2,550,082	0.60	-	319,284	0.07	-	456,165	0.11	-
Treasury shares, held indirectly	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>427,234,155</b>	<b>100.00</b>	<b>100.00</b>	<b>427,235,929</b>	<b>100.00</b>	<b>100.00</b>	<b>427,242,440</b>	<b>100.00</b>	<b>100.00</b>

(1) Exercisable voting rights.

(2) Number of shares and voting rights disclosed by The Capital Group Companies, Inc. at December 1, 2020 on behalf of Capital Research and Management Company and the clients and funds that it manages.

(3) Calculated based on the number of shares and voting rights disclosed by The Capital Group Companies, Inc. at December 1, 2020 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2019.

(4) Calculated based on the number of shares and voting rights disclosed by The Capital Group Companies, Inc. at December 1, 2020 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2020.

(5) Number of shares and voting rights disclosed by The Capital Group Companies, Inc. at November 2, 2021 on behalf of Capital Research and Management Company and its clients and managed funds.

(6) Calculated based on the number of shares and voting rights disclosed by The Capital Group Companies, Inc. at November 2, 2021 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2021.

(7) Number of shares and voting rights disclosed by BlackRock, Inc. at December 30, 2019 on behalf of the clients and funds that it manages.

(8) Calculated based on the number of shares and voting rights disclosed by BlackRock, Inc. at December 30, 2019 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2019.

(9) Number of shares and voting rights disclosed by BlackRock, Inc. at November 27, 2020 on behalf of the clients and funds that it manages.

(10) Calculated based on the number of shares and voting rights disclosed by BlackRock, Inc. at November 27, 2020 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2020.

(11) Number of shares and voting rights disclosed by BlackRock, Inc. at November 29, 2021 on behalf of the clients and funds that it manages (AMF notice no. 221C3295).

(12) Less than 5%.

(13) Less than 5%.

(14) Number of shares and voting rights disclosed by TCI Fund Management Limited at November 23, 2020 on behalf of the clients and funds that it manages (AMF notice no. 220C5172).

(15) Calculated based on the number of shares and voting rights disclosed by TCI Fund Management Limited at November 23, 2020 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2020.

(16) Number of shares and voting rights disclosed by TCI Fund Management Limited at December 15, 2021 on behalf of the clients and funds that it manages (AMF notice no. 221C3484).

(17) Calculated based on the number of shares and voting rights disclosed by TCI Fund Management Limited at December 15, 2021 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2021.

(18) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.

### 7.3.4 Disclosure thresholds

#### 7.3.4.1 Significant movements during 2021

Safran presents below the threshold crossings (share capital and voting rights held and treated as held in accordance with Articles L.233-7 to L.233-9 of the French Commercial Code) disclosed during the year. Safran has no obligation to verify the completeness of the disclosures.

##### Disclosure of the crossing of legal thresholds

The main legal thresholds that were crossed and disclosed in 2021 were as follows:

1. TCI Fund Management Limited made several disclosures that the voting rights that it holds in the Company on behalf of the clients and funds that it manages had, on different occasions, either exceeded or fallen below the 5% legal disclosure threshold. Most recently, it disclosed that, on December 15, 2021, the interest that it holds on behalf of the clients and funds that it manages had increased to above the threshold of 5% of the Company's voting rights, and, on December 9, 2021, it held 14,360,510 Safran shares and 27,835,180 voting rights on behalf of those clients and

funds, representing 3.36% of the Company's share capital and 5.04% of its voting rights (AMF notice no. 221C3484).

2. BlackRock, Inc. made several disclosures that the shares and/or voting rights that it holds on behalf of the clients and funds that it manages had, on different occasions, either exceeded or fallen below the legal threshold of 5% of the Company's share capital or voting rights. Most recently, it disclosed that, on November 29, 2021, the interest that it holds on behalf of the clients and funds that it manages had fallen below the threshold of 5% of the Company's share capital, and, at November 26, 2021, it held 20,872,854 Safran shares and voting rights on behalf of those clients and funds, representing 4.89% of the Company's share capital and 3.78% of its voting rights (AMF notice no. 221C3295).

##### Disclosure of the crossing of thresholds set out in the bylaws

In addition to the legal threshold disclosures described above, the material crossings of the thresholds set out in the Company's bylaws were as follows in 2021, as disclosed to Safran:

Shareholder	Date of crossing	Bylaws threshold crossed	Upward or downward	Number of shares disclosed post-crossing	% capital disclosed post-crossing	% voting rights disclosed <sup>(1)</sup> post-crossing
Select Equity Group	January 21, 2021	1% of the Company's capital	Upward	4,322,766	1.012	0.768
Natixis Investment Manager International, on behalf of the Safran Investissement corporate mutual fund (FCPE)	January 31, 2021	7% of voting rights	Downward	427,235,939	4.61	6.86
FCPE Safran Investissement	March 2, 2021	7% of voting rights	Downward	19,708,450	4.61	6.86
Peugeot Invest Assets	March 24, 2021	1% of voting rights	Downward <sup>(2)</sup>	1,040,637	0.224	0.374
Concert group comprising FSP, FFP, Peugeot Invest Assets and F&P	March 24, 2021	1% of the Company's capital 2% of voting rights	Downward <sup>(2)</sup>	4,264,605	0.998	1.534
Fidelity	August 24, 2021	1% of the Company's capital	Upward	4,929,452	1.15	0.89
The Capital Group	November 2, 2021	9% of the Company's capital 7% of voting rights	Downward	38,096,384	8.92	6.91
D1 Capital Partners	November 26, 2021	1% of voting rights	Upward	5,542,044	1.297	1.004
Caisse des Dépôts	December 15, 2021	2% of the Company's capital	Upward	8,845,713	2.07	2.20

(1) Theoretical voting rights.

(2) As a result of (i) the unwinding of the forward sale contracted by Peugeot Invest Assets (formerly FFP Invest) in November 2020 and concerning 1,100,000 Safran shares, and (ii) the sale by Peugeot Invest Assets of 1,066,624 Safran shares.

#### 7.3.4.2 Significant movements since January 1, 2022

The main legal or bylaw thresholds that were crossed and declared between January 1, 2022 and February 28, 2022 were as follows:

1. Fidelity International, on behalf of FMR LLC, disclosed that, on January 21, 2022, FMR LLC had increased its interest to above the threshold of 1% of the Company's voting rights and held, at that date, 5,598,133 Safran shares, representing 1.31% of the Company's share capital and 1.02% of its voting rights;
2. Artisan Partners Limited Partnership disclosed that, on January 26, 2022, it had increased its interest to above the threshold of 1% of the Company's voting rights and held, at that date, 5,853,008 Safran shares, representing 1.37% of the Company's share capital and 1.07% of its voting rights;
3. Caisse des Dépôts et Consignations made several disclosures that the interest that it holds on behalf of its subsidiary CNP

Assurances had, on different occasions, either exceeded or fallen below the threshold of 1% of the Company's voting rights or share capital. More recently, it disclosed that, on February 8, 2022, indirectly through CNP Assurances, its individual interest had increased above the 1% threshold of the Company's voting rights and that Caisse des Dépôts held, at that date, directly and indirectly through CNP Assurances, 11,754,789 Safran shares, representing 2.75% of the Company's share capital and 2.74% of its voting rights.

#### 7.3.4.3 Trigger level for mandatory bids - grandfather clause

No shareholder benefits from a "grandfather" clause providing an exception from the legal trigger level for mandatory filing of a public offer.

The French State, a shareholder of the Company, benefited from a grandfather clause from February 2011 to March 2013 (described in section 7.3.4.3 of the 2013 Registration Document).



### 7.3.5 Control of the Company – shareholders' agreement

As of the date of filing of this Universal Registration Document, no shareholder held, directly or indirectly, jointly or in concert with another shareholder, a percentage of voting rights conferring control of the Company.

To the best of the Company's knowledge, there are no current shareholder agreements relating to Safran shares.

### 7.3.6 Agreements whose implementation could lead to a change in control of the Company

To the best of the Company's knowledge, there are no agreements whose implementation at a later date could lead to a change in control of the Company.

### 7.3.7 Employee shareholders

#### 7.3.7.1 Free share grants

At its March 24, 2021 meeting, using the authorization granted in the 30<sup>th</sup> resolution of the Annual General Meeting of May 23, 2019, the Board of Directors authorized grants of performance shares to certain managers and senior executives of the Group (2021 Long-Term Incentive Plan). The number of performance shares to be delivered after the three-year vesting period will depend on the extent to which the different performance conditions, applicable over 2021-2023 and described in section 6.6.4.2.1 of this Universal Registration Document, are achieved. Under the 2021 Long-Term Incentive Plan, 14,466 performance shares were also granted to the Chief Executive Officer, Olivier Andriès (see section 6.6.2.2.d).

At its March 24, 2022 meeting, using the authorization granted in the 30<sup>th</sup> resolution of the Annual General Meeting of May 26, 2021, the Board of Directors authorized grants of performance shares to certain managers and senior executives of the Group (2022 Long-Term Incentive Plan). The number of performance shares to be delivered after the three-year vesting period will depend on the extent to which the different performance conditions, applicable over 2022-2024, are achieved. Under the 2022 Long-Term Incentive Plan, 14,334 performance shares were granted to the Chief Executive Officer, Olivier Andriès (see sections 6.6.2.2.d and 6.6.4.2.2 of this Universal Registration Document).

Safran affiliates did not grant free shares during the year.

#### 7.3.7.2 Other transactions

Following the sale by the French State of 2.64% of the Company's share capital on December 1, 2015 (see section 7.3.4.1 of the 2015 Registration Document), 1.39% of the capital on November 23, 2016 (see section 7.3.4.1 of the

2016 Registration Document) and 2.35% of the capital on October 1, 2018 (see section 7.3.4.1 of the 2018 Registration Document), a total of 3,023,333 additional shares (1,222,222 shares sold by the French State on December 1, 2015, 644,444 shares sold by the French State on November 23, 2016 and 1,156,667 shares sold by the French State on October 1, 2018) will be offered to current and former employees of Safran and its subsidiaries at a later date, in accordance with Article 31.2 of French government *ordonnance* (order) 2014-948 of August 20, 2014 regarding the governance of companies in which the French State has a stake and regarding corporate actions involving these companies, as amended by French Act 2015-990 of August 6, 2015 on growth, business and equal economic opportunities.

#### 7.3.7.3 Stock options

No authorizations for the Board of Directors to give stock options granting entitlement to subscribe for new shares of the Company or to purchase existing shares were in force as of December 31, 2021 or the date of this Universal Registration Document.

No stock option plan granting entitlement to purchase existing shares is currently in progress.

When the merger of Zodiac Aerospace into Safran was completed on December 1, 2018, Safran took over from Zodiac Aerospace with respect to all of the obligations resulting from the commitments given by Zodiac Aerospace to holders of Zodiac Aerospace stock options outstanding at the merger completion date. Consequently, the outstanding Zodiac Aerospace stock options are now exercisable for ordinary Safran shares, based on the exchange ratio used for the merger. The plans still in progress or that expired in 2021 were as follows:

Zodiac Aerospace stock subscription options exercisable for Safran shares	Plan 12 Zodiac Aerospace	Plan 13 Zodiac Aerospace	Plan 14 Zodiac Aerospace
Date of the (Zodiac Aerospace) Shareholders' Meeting	01/10/2011	01/10/2011	01/08/2014
Date of the (Zodiac Aerospace) Supervisory Board or Management Board meeting	05/13/2013	12/04/2013	02/12/2015
Option exercise start date	05/13/2014	12/04/2014	02/12/2016
Option expiration date	05/13/2021	12/04/2021	02/12/2023
Corporate officers concerned	0	0	0
Option subscription price	€68.89	€88.67	€107.47
Number of shares subscribed at December 31, 2021	116,358	68,140	18,864
Total number of options canceled or forfeited	32,140	80,061	53,677
Options outstanding at December 31, 2021	0	0	124,464
Maximum number of Safran shares to which the options outstanding at December 31, 2021 grant entitlement	0	0	124,464

Safran affiliates do not grant stock subscription or purchase options.



### 7.3.8 Temporary transfer of Safran shares

In accordance with French law, any individual or legal entity (with the exception of the investment services firms described in paragraph IV-3 of Article L.233-7 of the French Commercial Code) holding alone or in concert a number of shares representing more than 0.5% of the Company's voting rights pursuant to one or more temporary transfers or similar transactions within the meaning of Article L.22-10-48 of the aforementioned Code, is required to notify the Company and the AMF of the number of shares owned on a temporary basis no later than the second business day preceding the Shareholders' Meeting at zero hours.

If no notification is sent, any shares acquired under a temporary transfer will be stripped of voting rights at the Shareholders' Meeting concerned and at any Shareholders' Meeting that may be held until such shares are resold or returned.

No disclosures of temporary transfers were notified to the Company in 2021.

## 7.4 RELATIONS WITH SHAREHOLDERS

### 7.4.1 Accessible financial information

The following financial information and financial publications are available on Safran's website, at [www.safran-group.com](http://www.safran-group.com):

- the Universal Registration Document (including the annual financial report) and the half-year financial report filed with the AMF;
- the Integrated Report;
- financial press releases and financial publications (results, Capital Markets Day, roadshows, etc.);

- documents relating to the Annual General Meeting;
- the shareholders' newsletter, the shareholders' guide and the site visit program (reserved for members of the Safran Shareholders' Club).

The information can be mailed upon request from the Financial Communications Department.

### 7.4.2 Relations with institutional investors and financial analysts

To ensure good relations with the financial community, the Financial Communications Department regularly organizes events to enable financial analysts and institutional investors to meet with Executive Management.

In 2021, Executive Management participated in conference calls during which it presented the customary financial data (quarterly revenue, first-half and annual results) and answered questions from investors and financial analysts.

During the year, Executive Management and the Financial Communications Department also participated in meetings with the financial community (financial analysts and institutional investors) in the form of conference calls and roadshows (most of them virtually) in France and abroad. These regular contacts contribute to developing a relationship of trust.

On December 2, 2021, Safran organized an investor meeting (Capital Markets Day) at the Safran Campus for financial analysts and investors. The event was introduced by the Chairman of the Board of Directors and hosted by the Chief Executive Officer, with the participation of Safran's Executive Committee and management team.

During the meeting, the Chief Executive Officer and Chief Financial Officer discussed Safran's strategic priorities, financial situation over the period to 2025 and capital allocation policy. From an operational standpoint, management presentations focused on the Research & Technology roadmap to prepare the Group's future, the challenges of the LEAP engine ramp-up, the challenges of the civil aftermarket, the cabin interiors business situation and the challenges of Safran's CSR policy.

### 7.4.3 Relations with individual shareholders

Due to the Covid-19 pandemic, the program of regional meetings with shareholders and the Shareholders' Club program had to be adapted in 2021. An online shareholders' meeting was broadcast live on the video platform of the French newspaper *Les Echos/Investir* and two meetings outside Paris had to be postponed. Only four site visits were able to take place in full compliance with health requirements, instead of the five originally planned.

The Group's regular publications including the "Shareholders' Club Program", the "Shareholders' Guide" and two shareholders' newsletters were published during the year and are available in the Finance section of the Group's website at [www.safran-group.com/finance](http://www.safran-group.com/finance).

In addition, Safran's financial communications teams provide a permanent channel of communication with the Company's shareholders (see section 7.4.5, "Group investor relations contacts").

## 7.4.4 Provisional 2022 shareholders' calendar

First-quarter 2022 revenue: April 29, 2022

Ordinary and Extraordinary Shareholders' Meeting: May 25, 2022 at 2:00 p.m. (CET) at the Palais des Congrès in Issy-les-Moulineaux, 25 avenue Victor Cresson – 92130 Issy-les-Moulineaux, France

First-half 2022 results: July 28, 2022

Third-quarter 2022 revenue: October 28, 2022

## 7.4.5 Group investor relations contacts

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Website: safran-group.com

Investors and analysts	Individual shareholders and Shareholders' Club
■ E-mail: <a href="mailto:investor.relation@safran-group.com">investor.relation@safran-group.com</a>	■ Toll-free number (France only): 0 800 17 17 17
	■ E-mail: <a href="mailto:actionnaire.individuel@safran.fr">actionnaire.individuel@safran.fr</a>

## 7.5 STOCK MARKET INFORMATION

The Safran share (ISIN code: FR0000073272 – Ticker symbol: SAF) is listed on compartment A of the Euronext Paris Eurolist market and is eligible for deferred settlement (see Euronext notice no. 2005-1865 of May 11, 2005).

Since September 19, 2011, the Safran share has been included in the CAC 40, CAC 40 Equal Weight, CAC Large 60, SBF 120, CAC All-Tradable, CAC All-Share, CAC Industrials, CAC Aero. & Def., Euronext 100 and Euronext FAS IAS indices. The Safran share has been included in the LC 100 Europe index since March 21, 2011 and the Euro STOXX 50 index since September 21, 2015.

Main stock market data over three years	2019	2020	2021
<b>Number of shares at December 31</b>	<b>427,234,155</b>	<b>427,235,939</b>	<b>427,242,440</b>
<b>Safran share price (in €)</b>			
High	150.850	152.300	127.7
Low	101.100	51.100	96.2
Closing	137.650	115.950	107.66
Market capitalization at December 31 (in € millions)	58,809	49,538	45,997

Change in share price from January 1, 2020 to February 28, 2021		Average share price* (in €)	High (in €)	Low (in €)	Average daily transactions (in number of shares)	Average market capitalization** (in € millions)
January	<b>2021</b>	112.743	121.000	103.200	793,233	48,168
February		111.648	121.550	102.550	829,150	47,700
March		119.437	127.450	113.050	957,821	51,028
April		120.173	125.140	115.100	705,591	51,342
May		121.909	127.120	115.580	744,991	52,084
June		123.566	127.740	114.320	698,942	52,792
July		115.439	122.260	106.580	805,913	49,320
August		108.011	114.360	103.440	674,754	46,147
September		107.190	115.480	101.640	950,688	45,796
October		112.295	119.080	106.560	842,618	47,977
November		114.597	123.120	96.880	886,730	48,961
December		103.721	108.600	96.170	951,502	44,314
January	<b>2022</b>	110.163	115.140	102.680	883,798	47,066
February		111.917	117.200	103.300	877,119	47,816

Source: Euronext.

\* Average closing price.

\*\* Based on the number of outstanding shares (published monthly on the Company's website, in the section Finance/Publications/Regulated Information).

## 7.6 CREDIT RATINGS

On February 25, 2021, Safran was rated for the first time by Standard & Poor's, which assigned the Company a long-term rating of BBB+ with a stable outlook.





# 8

## ANNUAL GENERAL MEETING

# 8 ANNUAL GENERAL MEETING

<b>8.1</b>	<b>AGENDA</b>	<b>427</b>	<b>8.3</b>	<b>STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS</b>	<b>444</b>
	Ordinary resolutions	427			
	Extraordinary resolution	427			
	Resolution concerning powers to carry out formalities	427			
<b>8.2</b>	<b>REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS PROPOSED TO THE ANNUAL GENERAL MEETING AND TEXT OF THE PROPOSED RESOLUTIONS</b>	<b>428</b>	<b>8.4</b>	<b>BONDS CONVERTIBLE INTO NEW SAFRAN SHARES AND/OR EXCHANGEABLE FOR EXISTING SAFRAN SHARES</b>	<b>447</b>
<b>8.2.1</b>	Ordinary resolutions	428	<b>8.4.1</b>	Board of Directors' report on the use of the authorizations granted to the Board of Directors in the 21 <sup>st</sup> and 22 <sup>nd</sup> resolutions adopted at the May 26, 2021 Annual General Meeting	447
<b>8.2.2</b>	Extraordinary resolution	441	<b>8.4.2</b>	Statutory Auditors' additional report on the issue, without pre-emptive subscription rights, of bonds convertible and/or exchangeable for new and/or existing shares ("OCÉANES")	453
<b>8.2.3</b>	Resolution concerning powers to carry out formalities	442			
<b>8.2.4</b>	Nominees to the Board of Directors	442			
<b>8.2.5</b>	Summary table showing the delegations and authorizations to increase the share capital	443			



**Presentation of the resolutions**

- Approval of the parent company and consolidated financial statements for the year ended December 31, 2021.
- Appropriation of profit for the year and approval of the recommended dividend.
- Re-appointment of Directors.
- Re-appointment of the Statutory Auditors.
- Approval of the components of compensation and benefits paid or awarded to corporate officers.
- Compensation policy for corporate officers.
- Authorization for the Board of Directors to carry out a share buyback program.
- Extension of the Company's term – Corresponding amendment to the bylaws.
- Powers to carry out formalities.

15	Ordinary resolutions
1	Extraordinary resolution
1	Resolution concerning powers to carry out formalities

The Annual General Meeting will be held on May 25, 2022 at 2:00 p.m. (Paris time) at the Palais des Congrès in Issy-les-Moulineaux, 25 avenue Victor Cresson – 92130 Issy-les-Moulineaux, France.

Should the public health situation related to the Covid-19 pandemic deteriorate, the venue and conditions of shareholder attendance may change, if necessary.

Shareholders are invited to regularly check the 2022 Annual General Meeting section of the Company's website. This section will be updated on a regular basis, in the event of changes in the procedures for participating in the Annual General Meeting (<https://www.safran-group.com/finance/annual-general-meeting>).

The Annual General Meeting will be broadcast live and the video replay will be available on the Company's website.

**Dividend**

At the Annual General Meeting on May 25, 2022, the Board of Directors will recommend the payment of a €0.50 per-share dividend for 2021, representing a total payout of approximately €214 million or a 28% payout ratio.

The dividends for the past three years were as follows:

Year	2018	2019	2020
Dividend per share	€1.82	€0	€0.43

## 8.1 AGENDA

### Ordinary resolutions

<b>First resolution:</b>	Approval of the parent company financial statements for the year ended December 31, 2021
<b>Second resolution:</b>	Approval of the consolidated financial statements for the year ended December 31, 2021
<b>Third resolution:</b>	Appropriation of profit for the year and approval of the recommended dividend
<b>Fourth resolution:</b>	Re-appointment of Monique Cohen as a Director
<b>Fifth resolution:</b>	Re-appointment of F&P as a Director
<b>Sixth resolution:</b>	Re-appointment of Mazars as Statutory Auditor
<b>Seventh resolution:</b>	Re-appointment of Ernst & Young et Autres as Statutory Auditor
<b>Eighth resolution:</b>	Approval of the fixed, variable and exceptional components of the total compensation and benefits paid during or awarded for 2021 to the Chairman of the Board of Directors
<b>Ninth resolution:</b>	Approval of the fixed, variable and exceptional components of the total compensation and benefits paid during or awarded for 2021 to the Chief Executive Officer
<b>Tenth resolution:</b>	Approval of the disclosures required under Article L.22-10-9 I of the French Commercial Code concerning the compensation of corporate officers
<b>Eleventh resolution:</b>	Aggregate Compensation allocated to the Directors as consideration for their duties
<b>Twelfth resolution:</b>	Approval of the compensation policy applicable to the Chairman of the Board of Directors
<b>Thirteenth resolution:</b>	Approval of the compensation policy applicable to the Chief Executive Officer
<b>Fourteenth resolution:</b>	Approval of the compensation policy applicable to the Directors
<b>Fifteenth resolution:</b>	Authorization for the Board of Directors to carry out a share buyback program

### Extraordinary resolution

<b>Sixteenth resolution:</b>	Extension of the Company's term – Corresponding amendment to Article 5 of the bylaws
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### Resolution concerning powers to carry out formalities

<b>Seventeenth resolution:</b>	Powers to carry out formalities
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## 8.2 REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS PROPOSED TO THE ANNUAL GENERAL MEETING AND TEXT OF THE PROPOSED RESOLUTIONS

The proposed resolutions that will be submitted for shareholder approval at Safran's Annual General Meeting on May 25, 2022 are presented below.

Each of the resolutions is preceded by an explanatory paragraph providing a description of the resolution and setting out the reasons why it is being proposed.

### 8.2.1 Ordinary resolutions

#### 8.2.1.1 Approval of the parent company and consolidated financial statements for the year ended December 31, 2021

##### Presentation of the first and second resolutions

The shareholders are invited to approve the parent company and consolidated financial statements for the year ended December 31, 2021, as well as the expenses incurred during the year that are not deductible for tax purposes (company vehicles):

- the parent company financial statements show that the Company ended 2021 with profit of €691 million;
- the consolidated financial statements show attributable profit for the year amounting to €43 million.

##### Text of the first resolution

##### Approval of the parent company financial statements for the year ended December 31, 2021

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the management report prepared by the Board of Directors and the Statutory Auditors' report on the parent company financial statements, the shareholders approve the parent company financial statements for the year ended December 31, 2021 as presented – showing profit for the year of €690,857,268.16 – together with the transactions reflected in those financial statements and referred to in those reports.

Pursuant to Article 223 *quater* of the French Tax Code (*Code général des impôts*), the shareholders approve the non-deductible expenses governed by Article 39-4 of said Code, which totaled €347,180 and gave rise to a tax charge of €98,634.

##### Text of the second resolution

##### Approval of the consolidated financial statements for the year ended December 31, 2021

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the management report prepared by the Board of Directors and the Statutory Auditors' report on the consolidated financial statements, the shareholders approve

the consolidated financial statements for the year ended December 31, 2021 as presented, together with the transactions reflected in those financial statements and referred to in those reports.

## 8.2.1.2 Appropriation of profit for the year and approval of the recommended dividend

### Presentation of the third resolution

The Company's distributable profit for 2021 totals €4,816 million, breaking down as €691 million in profit for the year plus €4,125 million in retained earnings brought forward from the previous year.

The Board of Directors recommends paying a dividend of €0.50 per share, corresponding to a total payout of €214 million based on the 427,242,440 shares making up the Company's capital at December 31, 2021 (see section 7.2.1 of this Universal Registration Document), representing a 28% payout ratio.

The remaining €4,602 million of distributable profit would be allocated to retained earnings.

The total payout of €214 million (and, consequently, the amount allocated to retained earnings) will be adjusted to take into account new shares with dividend rights issued before the ex-dividend date (including shares issued upon exercise of stock options) and the number of shares held in treasury at that date for which the dividend is credited to retained earnings.

For individual shareholders domiciled for tax purposes in France, this dividend will be subject to the 12.8% flat-rate tax provided for in Article 200 A of the French Tax Code. This flat-rate tax will automatically apply unless the taxpayer expressly opts to be taxed based on the standard income tax bands for all of his or her investment income. For shareholders who exercise this option, the dividend will be eligible for the 40% tax relief provided for in Article 158, 3-2° of the French Tax Code.

The dividend will be paid based on the following timetable:

- ex-dividend date: May 31, 2022;
- record date: June 1, 2022;
- dividend payment date: June 2, 2022.

### Text of the third resolution

#### Appropriation of profit for the year and approval of the recommended dividend

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, and based on the Board of Directors' recommendation, the shareholders resolve to appropriate the profit for the year ended December 31, 2021 as follows:

Profit for 2021	€690,857,268.16
Retained earnings <sup>(1)</sup>	€4,124,920,716.23
Profit available for distribution	€4,815,777,984.39
Appropriation:	
■ Dividend	€213,621,220.00
■ Retained earnings	€4,602,156,764.39

*(1) Including €393,263.88 corresponding to the 2020 dividend due on shares held in treasury at the dividend payment date.*

Accordingly, the dividend paid will be €0.50 per share.

For individual shareholders domiciled for tax purposes in France, this dividend will be subject to the 12.8% flat-rate tax provided for in Article 200 A of the French Tax Code. This flat-rate tax will automatically apply unless the taxpayer expressly opts to be taxed based on the standard income tax bands for all of his or her investment income. For shareholders who exercise this option, the dividend will be eligible for the 40% tax relief provided for in Article 158, 3-2° of the French Tax Code.

The ex-dividend date will be June 2, 2022 and the record date will be June 1, 2022. The dividend will be paid on May 31, 2022.

The shareholders resolve that in the event of an increase or decrease in the number of shares carrying dividend rights at the ex-dividend date, the dividend payout and also the amount allocated to retained earnings will be adjusted accordingly.

The shareholders note that dividends paid for the past three years were as follows:

	Number of shares carrying dividend rights <sup>(1)</sup>	Net dividend per share	Total payout
2020	426,321,373	€0.43	€183,318,190.39 <sup>(2)</sup>
2019	0	€0	€0
2018	431,474,040	€1.82	€785,282,752.80 <sup>(2)</sup>

*(1) Total number of shares carrying dividend rights less the number of Safran shares held in treasury at the dividend payment date.*

*(2) Subject to the flat-rate tax provided for in Article 200 A of the French Tax Code or, on a discretionary basis, tax levied at the progressive rate after the 40% tax relief provided for in Article 158, 3-2° of the French Tax Code.*

### 8.2.1.3 Membership structure of the Board of Directors – Re-appointment of Directors

#### Presentation of the fourth and fifth resolutions

The terms of office of Monique Cohen, F&P (whose permanent representative is Robert Peugeot) and Didier Domange are due to expire at the close of the Annual General Meeting of May 25, 2022. The shareholders are invited to vote on the proposals to fill these vacancies.

The shareholders are invited to re-appoint two of the three Directors whose terms of office are due to expire.

In making these proposals, based on the recommendation of the Appointments and Compensation Committee, the Board took into account a number of observations about the Board's membership structure and size that were made in the formal assessment of the Board's operating procedures carried out at the end of 2021 (see section 6.3.7 of this Universal Registration Document).

#### Re-appointment of Monique Cohen, Lead Independent Director and Chair of the Appointments and Compensation Committee, as a Director (4<sup>th</sup> resolution)

Based on the recommendations of the Appointments and Compensation Committee, the Board of Directors is putting forward this Director for re-appointment for a four-year term expiring at the close of the Annual General Meeting to be held in 2026.

If the shareholders approve the Board's recommendation, Monique Cohen will be re-appointed as Lead Independent Director and Chair of the Appointments and Compensation Committee.

Monique Cohen brings to the Board her experience as an executive and Director of international groups, as well as in-depth knowledge of the financial and banking markets, expertise in private equity and a financial view of shareholding structures.

She particularly contributes to market- and investor-related issues, both from an industrial and financial point of view. Thanks to her experience as a Director of Safran since 2013, she knows the Group well and has an in-depth understanding of its businesses and its goals and challenges, having notably participated in all of the major acquisitions and divestments carried out by the Company in recent years.

Monique Cohen is Lead Independent Director and Chair of the Appointments and Compensation Committee and was previously a member of the Audit and Risk Committee

As Monique Cohen first joined the Board of Directors in 2013, if her term of office is renewed at the May 25, 2022 Annual General Meeting, on May 28, 2025 – i.e., one year before the expiry of her new term of office at the close of the 2026 Annual General Meeting – she will no longer meet

the independence criterion in the Corporate Governance Code relating to the duration of Directors' terms of office (maximum of 12 years)<sup>(1)</sup>. In response to this situation, Monique Cohen has already stated that, by May 28, 2025, she will resign as Lead Independent Director and as Chair of the Appointments and Compensation Committee and, if so requested by the Board, as a Director.

Her profile is presented in section 6.2.2 of this Universal Registration Document.

#### Re-appointment of F&P, represented by Robert Peugeot, as a Director (5<sup>th</sup> resolution)

Based on the recommendations of the Appointments and Compensation Committee, the Board of Directors is putting forward this independent Director for re-appointment for a four-year term expiring at the close of the Annual General Meeting to be held in 2026.

Robert Peugeot is the permanent representative on Safran's Board of Directors<sup>(2)</sup> of F&P, which was appointed as a Director at the Annual General Meeting of May 25, 2018.

F&P has stated in advance that Robert Peugeot would continue to be its permanent representative on Safran's Board of Directors if it is re-appointed.

Robert Peugeot brings to the Board his experience as an executive and director of international groups, as well as his experience in private equity and finance. He makes a significant contribution to the work of the Board and the Audit and Risk Committee, of which he is a member, and he is one of the Board's independent Directors.

The number of directorships that Robert Peugeot holds in listed companies complies with the requirements of the AFEP-MEDEF Corporate Governance Code. In addition, these directorships are related to the holdings of Peugeot Invest, of which Robert Peugeot is non-executive Chairman. As a professional investor, his line of work and expertise consist of carefully monitoring companies by participating in their governance.

If the shareholders approve the Board's recommendation, Robert Peugeot will be re-appointed as a member of the Audit and Risk Committee.

His profile is presented in section 6.2.2 of this Universal Registration Document.

#### Expiry of Didier Domange's term of office

On the recommendation of the Appointments and Compensation Committee, the Board of Directors has decided not to put forward Didier Domange for re-appointment, nor seek to replace him.

(1) Criterion 7: "Must not have been a member of Safran's Board of Directors (or previously its Supervisory Board) for over 12 years, it being specified that members lose their status as independent Directors once the 12-year threshold is reached", see section 6.2.4.1.

(2) F&P, a joint venture between Peugeot Invest Assets (formerly FFP Invest) and Fonds Stratégique de Participations, is a simplified joint stock company with share capital of €60,000 whose registered office is located at 66 avenue Charles de Gaulle – 92200 Neuilly-sur-Seine, France and which is registered in the Nanterre Trade and Companies Register under number 837 701 499. Its corporate purpose is to be a member of Safran's Board of Directors.

The Board would like to thank Didier Domange for his contribution to the Board's work since 2018, particularly the key role he played in the successful integration of Zodiac Aerospace into the Group.

If the shareholders at the Annual General Meeting follow the Board's recommendations, the number of Directors will be reduced from 18 to 17, resulting in:

- an increase in the proportion of independent Directors, from 64.28% to 69.23%;
- an increase in the proportion of women on the Board, from 42.86% to 46.15%, in compliance with the applicable law.

### Text of the fourth resolution

#### Re-appointment of Monique Cohen as a Director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, the shareholders re-appoint Monique Cohen as a Director, for a

four-year term expiring at the close of the Annual General Meeting to be held in 2026 to approve the financial statements for the year ending December 31, 2025.

### Text of the fifth resolution

#### Re-appointment of F&P as a Director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, the shareholders re-appoint F&P as a Director, for a four-year

term expiring at the close of the Annual General Meeting to be held in 2026 to approve the financial statements for the year ending December 31, 2025.

## 8.2.1.4 Re-appointment of the Statutory Auditors

### Presentation of the sixth and seventh resolutions

On the recommendation of the Audit and Risk Committee, the Board of Directors proposes to re-appoint Mazars and Ernst & Young et Autres as Statutory Auditors for six-year terms. The Chief Executive Officer did not vote on the proposal, in accordance with the law.

As regards the proposal, the Board of Directors noted that Safran has no obligation to rotate the audit firms. For joint audits, rotation is only mandatory after 24 years. As a reminder, Mazars was first appointed in 2008 and Ernst & Young in 2010.

The proposal to re-appoint the current Statutory Auditors is based on a number of factors, in particular: (i) the quality of their work, (ii) their accumulated knowledge of the Group, the aerospace sector and the application of IFRS in the aerospace sector, (iii) Safran's desire to capitalize on their knowledge in the current context, (iv) the strong involvement of the signatory partners, (v) the firms' compliance with their commitments during their term and (vi) a high standard of independence (with the signatories rotated during their term). In connection with their proposed re-appointment, the Statutory Auditors were asked to present an attractive audit approach for the term of the re-appointment, taking into account requests and innovative approaches identified from an internal satisfaction survey. The approaches presented confirmed the relevance of a proposal to re-appoint the Statutory Auditors without issuing a call for tenders.

In the case of the alternate auditors, the shareholders are invited to:

- place on record that since the French Sapin II Act (of December 11, 2016), the appointment of alternate auditors is only required when the appointed Statutory Auditors are individuals or one-person companies (Article L.823-1, paragraph 2 of the French Commercial Code);
- note that the terms of Gilles Rainaut and Auditex as alternate auditors will expire at the close of the Annual General Meeting of May 25, 2022.

### Text of the sixth resolution

#### Re-appointment of Mazars as Statutory Auditor

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, the shareholders resolve to re-appoint Mazars as Statutory Auditor for a six-year term expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending December 31, 2027.

The shareholders:

- place on record that since the Sapin II Act (of December 11, 2016), the appointment of alternate auditors is only required when the appointed Statutory Auditors are individuals or one-person companies (Article L.823-1, paragraph 2 of the French Commercial Code);
- note that the term of Gilles Rainaut as alternate auditor will expire at the close of this Meeting.



## Text of the seventh resolution

**Re-appointment of Ernst & Young et Autres as Statutory Auditor**

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, the shareholders resolve to re-appoint Ernst & Young et Autres as Statutory Auditor for a six-year term expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending December 31, 2027.

The shareholders:

- place on record that since the Sapin II Act (of December 11, 2016), the appointment of alternate auditors is only required when the appointed Statutory Auditors are individuals or one-person companies (Article L.823-1, paragraph 2 of the French Commercial Code);
- note that the term of Auditex as alternate auditor will expire at the close of this Meeting.

**8.2.1.5 Approval of the components of compensation and benefits paid during or awarded for 2021 to the corporate officers****Presentation of the eighth and ninth resolutions – Specific votes on the compensation of the Chairman of the Board of Directors, Ross McInnes and the Chief Executive Officer, Olivier Andriès**

At the Annual General Meeting of May 26, 2021, the shareholders approved the compensation policies for (i) the Chairman of the Board of Directors, in the 13<sup>th</sup> resolution, and (ii) the Chief Executive Officer, in the 14<sup>th</sup> resolution (*ex-ante* vote).

The Board set the respective compensation packages for the Chairman and the Chief Executive Officer for 2021 in accordance with these policies.

For several years now, shareholders have been asked to vote on the individual components of compensation and benefits paid during or awarded for the previous year to the Chairman of the Board of Directors and to the Chief Executive Officer (*ex-post* vote).

In accordance with the applicable regulations<sup>(1)</sup>, the specific vote concerning each corporate officer covers the fixed, variable and exceptional components of the total compensation and benefits paid during the previous year (i.e., cash compensation paid to the officer in 2021, whatever the year to which it relates) or awarded for that year (i.e., share-based and/or cash compensation awarded in respect of the work performed in 2021, the quantity and/or amount of which does not vest on the grant date and is therefore measured at the grant-date accounting value, if applicable) in their capacity as corporate officers.

At the Annual General Meeting, the shareholders will be asked to approve the components of the compensation and benefits paid during or awarded for 2021 to the Chairman and the Chief Executive Officer in their capacity as corporate officers (*ex-post* vote), as fixed by the Board. These components may comprise:

- fixed compensation;

- variable compensation;
- performance shares;
- supplementary pension plans;
- benefits-in-kind.

The following tables summarize the various components of the compensation and benefits of the Chairman and the Chief Executive Officer, which are presented in detail in sections 6.6.2.1 and 6.6.2.2 of this Universal Registration Document.

In accordance with the applicable law, payment of the corporate officers' variable compensation and any exceptional compensation for the previous year (year Y-1) is subject to the approval of the shareholders at the Annual General Meeting held the following year (year Y).

Payment of the annual variable compensation of the Chief Executive Officer, Olivier Andriès, for 2021 is therefore subject to the approval of the shareholders at the Annual General Meeting of May 25, 2022.

Consequently:

- in the 8<sup>th</sup> resolution, the shareholders are asked to approve the fixed, variable and exceptional components making up the total compensation and benefits paid during or awarded for 2021 to Ross McInnes, Chairman of the Board of Directors; and
- in the 9<sup>th</sup> resolution, the shareholders are asked to approve the fixed, variable and exceptional components making up the total compensation and benefits paid during or awarded for 2021 to Olivier Andriès, Chief Executive Officer.

(1) Article R.22-10-14 II, Article L.225-100 III and Article L.22-10-34 II of the French Commercial Code.

## COMPONENTS OF THE COMPENSATION PAID DURING OR AWARDED FOR 2021 TO ROSS MCINNES, CHAIRMAN OF THE BOARD OF DIRECTORS

Compensation components put to the vote	Amounts paid during 2021	Amounts awarded for 2021 or accounting value	Presentation
<b>Fixed compensation (2021)</b>	<b>€450,000</b> Awarded for 2021 and paid in 2021	<b>See opposite</b>	At its meeting on February 24, 2021, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to keep the Chairman's annual fixed compensation at €450,000 for 2021, i.e., unchanged from 2020 (see section 6.6.2.1.a of this Universal Registration Document).
<b>Annual variable compensation (2020)</b>	<b>N/A<sup>(1)</sup></b>	<b>N/A</b>	Ross McInnes does not receive any annual variable compensation.
<b>Multi-year variable compensation</b>	<b>N/A</b>	<b>N/A</b>	Ross McInnes does not receive any multi-year variable compensation.
<b>Exceptional compensation</b>	<b>N/A</b>	<b>N/A</b>	Ross McInnes did not receive any exceptional compensation.
<b>Stock options, performance shares and any other long-term compensation</b>	<b>N/A</b>	<b>N/A</b>	Ross McInnes does not receive any stock options.
	<b>N/A</b>	<b>N/A</b>	Ross McInnes does not receive any performance shares or any other long-term compensation.
<b>Directors' compensation</b>	<b>N/A</b>	<b>N/A</b>	Ross McInnes did not receive any compensation for his duties as member of the Board of Directors for 2021.
<b>Benefits-in-kind</b>	<b>N/A</b>	<b>€5,713.46</b> (accounting value)	Ross McInnes has the use of a company car.
<b>Termination benefits</b>	<b>N/A</b>	<b>N/A</b>	Ross McInnes is not entitled to any termination benefits in his capacity as Chairman of the Board of Directors.
<b>Supplementary pension</b>	<b>€0</b>	<b>N/A</b>	<p>No specific supplementary pension system was in place for the Chairman of the Board of Directors.</p> <p><b>"Article 83" defined contribution plans</b> (replaced by PERO as of January 1, 2022 – see section 6.6.1.3.g)</p> <p>In accordance with a decision taken by the Board of Directors on February 26, 2018, the Chairman is a beneficiary of Safran's two defined contribution supplementary pension plans set up in France for all Group managerial-grade staff pursuant to Article 83 of the French Tax Code (the "Article 83 Core Plan" and the "Article 83 Additional Plan") and in force at January 1, 2018 (see section 6.6.1.3.g of this Universal Registration Document), subject to the same terms and conditions as the other plan members.</p> <p>The commitment given by the Company to enable Mr. McInnes to continue to be a beneficiary of these plans was approved at the Annual General Meeting of May 25, 2018, pursuant to the legal provisions applicable at that date, and most recently through the 13<sup>th</sup> resolution of the May 26, 2021 Annual General Meeting relating to the compensation policy for the Chairman, which included said supplementary pension benefits.</p> <p>No expenses were recognized in the 2021 financial statements relating to the contributions paid for Ross McInnes under the Article 83 Core Plan and the Article 83 Additional Plan. This was because the Activity Transformation Agreement (see section 5.4.2.2 of this Universal Registration Document) provided for a freeze on employer contributions to these plans in 2021 and therefore no such contributions were paid for the Chairman in that year. These payments have been reactivated for 2022 for all beneficiaries, including the Chairman.</p> <p>At December 31, 2021, the estimated theoretical amount<sup>(2)</sup> of the annuities that could be paid to Ross McInnes under the PERO (former Article 83) – Core Plan and the PERO (former Article 83) – Additional Plan amounted to €8,996.95 and €2,881.40 respectively.</p>

Compensation components put to the vote	Amounts paid during 2021	Amounts awarded for 2021 or accounting value	Presentation
	€0	N/A <sup>(1)</sup>	<p><b>“Article 82” defined contribution plan</b></p> <p>In accordance with a decision taken by the Board of Directors on March 23, 2017, the Chairman is a beneficiary of Safran’s defined contribution supplementary pension plan set up in France (see section 6.6.1.3.g of this Universal Registration Document) for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the “Article 82 Plan”), subject to the same terms and conditions as the other plan members.</p> <p>The Article 82 Plan was put in place to compensate for the closure of Safran’s Article 39 defined benefit plan as from January 1, 2017 (see below).</p> <p>In order for entitlements to accrue under the plan, the Company is required to:</p> <ul style="list-style-type: none"> <li>■ pay monthly contributions to an insurer, the rate of which is set based on the beneficiary’s reference compensation for year Y-1 (Insurer Contribution) and which may represent up to 12.735% of that reference compensation; and</li> <li>■ pay a cash amount to the beneficiary corresponding to the Insurer Contribution (Additional Payment) so that the beneficiary can pay the applicable tax (the plan provides for up-front taxation so that the capital accrued and received on the beneficiaries’ retirement is net of tax and social security contributions).</li> </ul> <p>The commitment was approved at the Annual General Meeting of May 26, 2021, through the 13<sup>th</sup> resolution relating to the compensation policy for the Chairman, which included said supplementary pension benefits.</p> <p>Neither the Insurer Contribution nor the Additional Payment for the Chairman were paid under the Article 82 Plan for 2021. This was because the Activity Transformation Agreement (see section 5.4.2.2 of this Universal Registration Document) provided for a freeze on those payments for that year. These payments have been reactivated for 2022 for all beneficiaries, including the Chairman.</p> <p>At December 31, 2021, the estimated theoretical amount<sup>(2)</sup> of the annuity that could be paid to Ross McInnes under the Article 82 Plan was €8,115.</p>
	€0	N/A	<p><b>“Article 39” defined benefit plan (closed to new entrants and entitlements frozen)</b></p> <p>The Article 39 defined benefit supplementary pension plan<sup>(3)</sup> of which the Chairman was previously a beneficiary (further to the decision of the Board of Directors on April 23, 2015 and by the shareholders at the May 19, 2016 Annual General Meeting) is now closed to new entrants and the benefit entitlements have been frozen, including for the Chairman. However, he could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met (see section 6.6.1.3.g of this Universal Registration Document).</p> <p>At December 31, 2021, the estimated theoretical amount<sup>(2)</sup> of the annuity that could be paid to Ross McInnes corresponded to the cap set in the plan, i.e., €123,408 (corresponding to three times the annual social security ceiling [PASS], based on the 2021 value of the PASS).</p>

(1) Not applicable.

(2) Calculated based on the assumption that the annuity would be received as from January 1, 2022, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).

**COMPONENTS OF THE COMPENSATION PAID DURING OR AWARDED FOR 2021 TO OLIVIER ANDRIÈS, CHIEF EXECUTIVE OFFICER**

Compensation components put to the vote	Amounts paid during 2021	Amounts awarded for 2021 or accounting value	Presentation
<b>Fixed compensation (2021)</b>	<b>€800,000</b>  Awarded for 2021 and paid in 2021	<b>See opposite</b>	At its meeting on December 16, 2020, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors set the Chief Executive Officer's annual fixed compensation at €800,000 for 2021, unchanged from the amount set for 2020 for the office of Chief Executive Officer (see section 6.6.2.2.a of this Universal Registration Document).
<b>Annual variable compensation (2021)</b>	For information, not subject to a shareholder vote at the Annual General Meeting of May 25, 2022: €263,004: amount of annual variable compensation awarded for 2020 (paid in 2021) under his employment contract with Safran prior to his appointment as Chief Executive Officer on January 1, 2021	<b>€1,002,222</b>  Awarded for 2021 and payable in 2022  Payment of the Chief Executive Officer's annual variable compensation for 2021 is subject to shareholders' approval at the Annual General Meeting of May 25, 2022	<p>The Chief Executive Officer's annual variable compensation for 2021 was determined by the Board of Directors in accordance with the compensation policy approved by the shareholders at the Annual General Meeting of May 26, 2021 (see section 6.6.1.3 of the 2020 Universal Registration Document) and described in section 6.6.2.2.b of this Universal Registration Document.</p> <p>At its meeting on February 23, 2022, the Board of Directors reviewed the achievement of the objectives set for the variable compensation payable to the Chief Executive Officer for 2021, after consultation with the Appointments and Compensation Committee. Following this review, it set Olivier Andriès' variable compensation for 2021 at €1,002,222, i.e., 125.3% of his annual fixed compensation.</p> <p>This amount reflects:</p> <ul style="list-style-type: none"> <li>■ an overall achievement rate of 109% for the portion related to the Group's financial performance (accounting for two-thirds of the variable compensation), for which the objectives related to: <ul style="list-style-type: none"> <li>● recurring operating income (ROI) (60% weighting): 100% achievement,</li> <li>● free cash flow (FCF) (30% weighting): 130% achievement,</li> <li>● working capital, comprising the following components: <ul style="list-style-type: none"> <li>- operating assets (Inventories) (5% weighting): 92% achievement, and</li> <li>- unpaid receivables (5% weighting): 116% achievement;</li> </ul> </li> </ul> </li> <li>■ an overall achievement rate of 127.5% for the portion related to individual quantitative and qualitative performance objectives (accounting for one-third of the variable compensation), as detailed in section 6.6.2.2.b of this Universal Registration Document.</li> </ul>
<b>Multi-year variable compensation</b>	<b>N/A<sup>(1)</sup></b>	<b>N/A</b>	No multi-year variable compensation was awarded to Olivier Andriès.
<b>Exceptional compensation</b>	<b>N/A</b>	<b>N/A</b>	Olivier Andriès did not receive any exceptional compensation.

Compensation components put to the vote	Amounts paid during 2021	Amounts awarded for 2021 or accounting value	Presentation
<b>Stock options, performance shares and any other long-term compensation</b>	<b>Stock options: N/A</b>	<b>Stock options: N/A</b>	Olivier Andriès did not receive any stock options.
	For information, not subject to a shareholder vote at the Annual General Meeting of May 25, 2022: Performance shares – 2020 Long-Term Incentive Plan: €297,478 ( <i>accounting value on grant date</i> ), corresponding to 5,900 performance shares granted under his employment contract, prior to his appointment as Chief Executive Officer on January 1, 2021 (Board of Directors' meeting of March 26, 2020).	<b>Performance shares: €959,963.76</b> ( <i>accounting value on grant date</i> )	On the recommendation of the Appointments and Compensation Committee, at its March 24, 2021 meeting, the Board of Directors used the authorization granted in the 30 <sup>th</sup> resolution of the May 23, 2019 Annual General Meeting to grant 14,466 performance shares to Olivier Andriès (see section 6.6.2.2.d of this Universal Registration Document).  The general terms and conditions of this performance share plan and the terms and conditions relating specifically to the Chief Executive Officer are described in sections 6.6.2.2.d and 6.6.4.2.1 of this Universal Registration Document.  The estimated accounting value of these performance plans, as measured at the grant date, corresponds to €959,963.76 <sup>(2)</sup> .
	Other long-term compensation: <b>N/A</b>	Other long-term compensation: <b>N/A</b>	Olivier Andriès did not receive any other long-term compensation.
<b>Directors' compensation</b>	<b>N/A</b>	<b>N/A</b>	Olivier Andriès did not receive any compensation for his duties as member of the Board of Directors for 2021.
<b>Value of benefits-in-kind</b>	<b>N/A</b>	<b>€21,878.61</b> ( <i>accounting value</i> )	Olivier Andriès has the use of a company car and is eligible for specific travel expenses.
<b>Termination benefits</b>	<b>N/A</b>	<b>N/A</b>	Olivier Andriès is not entitled to any termination benefits in his capacity as Chairman of the Board of Directors.
<b>Supplementary pension</b>	<b>N/A</b>	<b>€0</b>	No specific supplementary pension system was in place for the Chief Executive Officer.  <b>"Article 83" defined contribution plans</b> (replaced by PERO as of January 1, 2022 – see section 6.6.1.3.g)  In accordance with a decision taken by the Board of Directors on December 16, 2020, the Chief Executive Officer is a beneficiary of Safran's two defined contribution supplementary pension plans set up in France for all Group managerial-grade staff pursuant to Article 83 of the French Tax Code (the "Article 83 Core Plan" and the "Article 83 Additional Plan") and in force at January 1, 2018 (see section 6.6.1.4.i of this Universal Registration Document), subject to the same terms and conditions as the other plan members.  The commitment was approved at the Annual General Meeting of May 26, 2021, through the 14 <sup>th</sup> resolution relating to the compensation policy for the Chief Executive Officer, which included said supplementary pension benefits.  No expenses were recognized in the 2021 financial statements relating to the contributions paid for Olivier Andriès under the Article 83 Core Plan and the Article 83 Additional Plan. This was because the Activity Transformation Agreement (see section 5.4.2.2 of this Universal Registration Document) provided for a freeze on employer contributions to these plans in 2021 and therefore no such payments were made for the Chief Executive Officer in that year. These payments have been reactivated for 2022 for all beneficiaries, including the Chief Executive Officer.  At December 31, 2021, the estimated theoretical amount <sup>(3)</sup> of the annuities that could be paid to Olivier Andriès under the PERO (former Article 83) – Core Plan and the PERO (former Article 83) – Additional Plan amounted to €13,332.01 and €2,110.94 respectively.

Compensation components put to the vote	Amounts paid during 2021	Amounts awarded for 2021 or accounting value	Presentation
	€0	N/A <sup>(1)</sup>	<p><b>“Article 82” defined contribution plan</b></p> <p>In accordance with a decision taken by the Board of Directors on December 16, 2020, the Chief Executive Officer is a beneficiary of Safran’s defined contribution supplementary pension plan set up in France (see section 6.6.1.4.i of this Universal Registration Document) for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the “Article 82 Plan”), subject to the same terms and conditions as the other plan members.</p> <p>In order for entitlements to accrue under the plan, the Company is required to:</p> <ul style="list-style-type: none"> <li>■ pay monthly contributions to an insurer, the rate of which is set based on the beneficiary’s reference compensation for year Y-1 (Insurer Contribution) and which may represent up to 12.735% of that reference compensation; and</li> <li>■ pay a cash amount to the beneficiary corresponding to the Insurer Contribution (Additional Payment) so that the beneficiary can pay the applicable tax (the plan provides for up-front taxation so that the capital accrued and received on the beneficiaries’ retirement is net of tax and social security contributions).</li> </ul> <p>The commitment was approved at the Annual General Meeting of May 26, 2021, through the 14<sup>th</sup> resolution relating to the compensation policy for the Chief Executive Officer, which included said supplementary pension benefits.</p> <p>Neither the Insurer Contribution nor the Additional Payment for the Chief Executive Officer were paid under the Article 82 Plan for 2021. This was because the Activity Transformation Agreement (see section 5.4.2.2 of this Universal Registration Document) provided for a freeze on those payments for that year. These payments have been reactivated for 2022 for all beneficiaries, including the Chief Executive Officer.</p> <p>At December 31, 2021, the estimated theoretical amount<sup>(3)</sup> of the annuity that could be paid to Olivier Andriès under the Article 82 Plan was €21,711.</p>
	€0	N/A	<p><b>“Article 39” defined benefit plan (closed to new entrants and entitlements frozen)</b></p> <p>The Chief Executive Officer was previously a beneficiary of Safran’s defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39<sup>(4)</sup> of the French Tax Code (the “Article 39 Plan” – see section 6.6.1.4.i of this Universal Registration Document), subject to the same terms and conditions as the other plan members. Mr. Andriès was originally a beneficiary of this plan in his former capacity as a Company employee. This plan is now closed to new entrants and the benefit entitlements have been frozen, including for the Chief Executive Officer.</p> <p>In accordance with a decision taken by the Board of Directors on December 16, 2020, however, the Chief Executive Officer could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met (see section 6.6.1.3.g of this Universal Registration Document).</p> <p>At December 31, 2021, the estimated theoretical amount<sup>(3)</sup> of the annuity that could be paid to Olivier Andriès corresponded to the cap set in the plan, i.e., €123,408 (corresponding to three times the annual social security ceiling [PASS], based on the 2021 value of the PASS).</p>

(1) Not applicable.

(2) The value of the performance shares was estimated at the grant date (i.e., March 24, 2021) in accordance with IFRS 2 (see section 3.1, Note 3.r) and does not correspond to compensation received by the beneficiary during the year.

(3) Calculated based on the assumption that the annuity would be received as from January 1, 2022, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).



## Text of the eighth resolution

**Approval of the fixed, variable and exceptional components of the total compensation and benefits paid during or awarded for 2021 to the Chairman of the Board of Directors**

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, in accordance with Article L.22-10-34 II of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components making up the total compensation and benefits paid during or awarded for 2021 to

Ross McInnes, Chairman of the Board of Directors, as presented in the Board of Directors' corporate governance report prepared in application of Article L.225-37 of the French Commercial Code and set out in chapter 6 (section 6.6.2.1) of the 2021 Universal Registration Document.

## Text of the ninth resolution

**Approval of the fixed, variable and exceptional components of the total compensation and benefits paid during or awarded for 2021 to the Chief Executive Officer**

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, in accordance with Article L.22-10-34 II of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components making up the total compensation and benefits paid during or awarded for 2021

to Olivier Andriès, Chief Executive Officer, as presented in the Board of Directors' corporate governance report prepared in application of Article L.225-37 of the French Commercial Code and set out in chapter 6 (section 6.6.2.2) of the 2021 Universal Registration Document.

**Presentation of the tenth resolution – Vote on the total compensation paid to corporate officers in 2021**

As every year, the shareholders are invited to vote on the aggregate compensation and benefits paid during the previous year or awarded for that year to all corporate officers, executive and non-executive.

The disclosures on which the shareholders are required to vote are presented in sections 6.6.2 and 6.6.3 of this Universal Registration Document.

In addition to the disclosures concerning the compensation and benefits of the Chairman of the Board, Ross McInnes,

and the Chief Executive Officer, Olivier Andriès, which will be put to the vote in the 8<sup>th</sup> and 9<sup>th</sup> resolutions presented above, they include disclosures on the compensation allocated to the Directors (see section 6.6.3), pay ratios between the level of compensation of the Chairman and the Chief Executive Officer and the average and median compensation of Safran's employees (see section 6.6.2.4), and a certain number of other disclosures required under the applicable regulations (specifically, Article L.22-10-9 I of the French Commercial Code).

A concordance table for all of these disclosures is provided in section 6.7 of this Universal Registration Document.

## Text of the tenth resolution

**Approval of the disclosures required under Article L.22-10-9 I of the French Commercial Code concerning the compensation of corporate officers**

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, in accordance with Article L.22-10-34 of the French Commercial Code, having considered the Board of Directors' corporate governance report, including the disclosures about the compensation paid during or awarded for 2021 to the

corporate officers as consideration for their duties, the shareholders approve the disclosures required under Article L.22-10-9 I of the French Commercial Code, as presented to the Annual General Meeting in the aforementioned corporate governance report.

**8.2.1.6 Annual aggregate amount of Directors' compensation****Presentation of the eleventh resolution**

The shareholders are invited to increase the annual aggregate amount of compensation to be allocated to the Directors as consideration for their duties (the "Aggregate Compensation") to €1,300,000 for 2022 (versus €1,100,000 for 2021). The increase is intended to enable Safran to offer its Directors average compensation that is more in line with the practices of comparable French companies and therefore to continue to attract Board members of the highest quality. It would also take into greater account the Directors' commitment and involvement in the Board's work, which justify a fair level of compensation. Assuming an allocation between 15 Directors (the Chairman and the Chief Executive Officer no longer receive Directors' compensation, in accordance with their compensation policies), the average theoretical compensation would amount to €86,000 per Director (compared to €73,000 under the current aggregate amount), assuming that the full amount of Aggregate Compensation is allocated.

## Text of the eleventh resolution

### Aggregate Compensation allocated to the Directors as consideration for their duties

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report, the shareholders set at €1,300,000 the Aggregate Compensation to be

allocated by the Board of Directors among its members as consideration for their duties for 2022 and each subsequent year until the shareholders decide otherwise.

## 8.2.1.7 Compensation policies

### Presentation of the twelfth to fourteenth resolutions

In compliance with Article L.22-10-8 of the French Commercial Code, the Board of Directors determines a compensation policy for the corporate officers, which sets out the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of their total compensation and benefits.

By nature and by construction, taking into account compensation-related governance rules, the components of the policies are specific and different, depending on whether they concern the Chairman of the Board, the Chief Executive Officer or the Directors, all of whom are corporate officers. These policies are submitted for shareholders' approval each year at the Annual General Meeting.

These specific policies are disclosed in section 6.6.1 of this Universal Registration Document. This section presents:

- the principles and rules for determining the compensation and any benefits for all corporate officers;
- the specific compensation policy for the Chairman of the Board of Directors. No changes have been made that alter the substance of this policy compared with the compensation policy approved at the last Annual General Meeting;

- the specific compensation policy for the Chief Executive Officer, which may be adapted and applied to any Deputy Chief Executive Officer(s) when appropriate. A change is being proposed concerning a metric of his annual variable compensation and clarifications have been made concerning the performance conditions of the long-term incentive;
- the specific compensation policy for Directors, the principles and terms and conditions of which are unchanged compared with those approved at the May 26, 2021 Annual General Meeting. An increase to the Aggregate Compensation allocated to Directors is being submitted to the Annual General Meeting (under the 11<sup>th</sup> resolution above).

The 2022 policies have been approved by the Board of Directors and will be submitted to a shareholder vote at the Annual General Meeting on May 25, 2022.

At the May 25, 2022 Annual General Meeting, shareholders are invited to approve the compensation policies that will be applicable to the Chairman of the Board of Directors (12<sup>th</sup> resolution) and the Chief Executive Officer (13<sup>th</sup> resolution), as well as the compensation policy that will be applicable to the Directors (14<sup>th</sup> resolution).

## Text of the twelfth resolution

### Approval of the compensation policy applicable to the Chairman of the Board of Directors

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report on the compensation policy applicable to corporate officers prepared in accordance with Article L.22-10-8 of the French Commercial Code, the

shareholders approve the compensation policy applicable to the Chairman of the Board of Directors, as presented in sections 6.6.1.1 and 6.6.1.3 of the 2021 Universal Registration Document.

## Text of the thirteenth resolution

### Approval of the compensation policy applicable to the Chief Executive Officer

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report on the compensation policy applicable to corporate officers prepared in accordance with Article L.22-10-8 of the French

Commercial Code, the shareholders approve the compensation policy applicable to the Chief Executive Officer, as presented in sections 6.6.1.1 and 6.6.1.4 of the 2021 Universal Registration Document.

## Text of the fourteenth resolution

### Approval of the compensation policy applicable to the Directors

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report on the compensation policy applicable to corporate officers prepared in accordance

with Article L.22-10-8 of the French Commercial Code, the shareholders approve the compensation policy applicable to the Directors, as presented in sections 6.6.1.1 and 6.6.1.5 of the 2021 Universal Registration Document.

### 8.2.1.8 Authorization for the Board of Directors to carry out a share buyback program

#### Presentation of the fifteenth resolution

##### Share buyback program

The Company needs to have the necessary flexibility to react to changes in financial markets by buying back Safran shares.

The shareholders are therefore invited to renew the authorization given to the Board of Directors to carry out a share buyback program, with the following main conditions:

- the number of shares that may be bought back may not exceed 10% of the Company's total outstanding shares (for information purposes, 42,724,244 shares based on the issued capital at December 31, 2021) and the Company may at no time, directly or indirectly, hold a number of Safran shares representing more than 10% of the Company's capital;
- the shares may be purchased, sold or transferred by any authorized method, including through block trades for all or some of the program, subject to the regulations in force at the date on which the authorization is implemented.

Subject to the limits authorized by the applicable laws and regulations, the Board of Directors may use this authorization at any time, except during, or in the run-up to, a public offer for the Company's shares.

Generally, Safran sets the maximum purchase price at around 130% of the highest closing price of the Safran share over the 12 months preceding the pricing date. Accordingly, the maximum purchase price would be set at €165 and the maximum amount that could be invested in the program would be €7 billion. The maximum purchase price does not represent a target price.

The buyback program would be used to purchase shares for the following purposes:

- to maintain a liquid market in the Company's shares via a liquidity agreement entered into with an investment services firm;
- for allocation or sale to employees and/or certain corporate officers, notably in connection with a profit-sharing plan, free share grants or the Group employee savings plan;
- for delivery on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- for delivery in payment or exchange for external growth transactions; and

- for cancellation, pursuant to the share capital reduction authorization in effect, granted by the Annual General Meeting.

This program is also designed to enable any future market practices permitted by the French financial markets authority (*Autorité des marchés financiers* - AMF) to be carried out and, more generally, to enable any other authorized operations or operations that may be authorized in the future by the applicable regulations. The Company will inform its shareholders in a press release prior to carrying out any such operations.

This authorization would be given for a period of 18 months and would supersede the previous authorization granted for the same purpose in the 16<sup>th</sup> resolution of the Annual General Meeting of May 26, 2021.

#### Report on the utilization in 2021 of previous shareholder-approved share buyback programs

On March 10, 2021, Safran announced that it had mandated an investment services provider to purchase, subject to market conditions and no later than May 19, 2021, up to 650,000 ordinary Safran shares representing 0.15% of the Company's share capital at February 28, 2021, for allocation or sale to employees or corporate officers of Group companies. A total of 650,000 shares were bought back by the investment services provider on the Company's behalf in 2021.

In 2021, the aggregate number of shares purchased under the liquidity agreement entered into with Oddo BHF SCA amounted to 3,007,755.

The total number of shares sold under this liquidity agreement during the year amounted to 3,029,876.

At December 31, 2021, Safran held 456,165 of its own shares, representing 0.11% of its capital.

These treasury shares were held for the following purposes:

- for allocation or sale to employees: 199,086 shares, representing 0.047% of the Company's capital;
- to cover exchangeable debt securities: 13,200 shares, representing 0.003% of the Company's capital;
- to maintain a liquid market in the Company's shares via a liquidity agreement: 243,879 shares, representing 0.057% of the Company's capital;
- for cancellation: 0.

#### Text of the fifteenth resolution

##### Authorization for the Board of Directors to carry out a share buyback program

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report, the shareholders grant the Board of Directors - or any representative duly empowered in accordance with the law - an authorization to purchase, directly or indirectly, the Company's shares in accordance with the conditions set out in Articles L.22-10-62 et seq. of the French Commercial Code and EC Regulation No. 596/2014 dated April 16, 2014, as well as any other laws and regulations that may be applicable in the future.

The authorization may be used to purchase shares:

- to maintain a liquid market in the Company's shares via a liquidity agreement that complies with the Code of Ethics

drawn up by the French association of financial and investment firms (*Association française des marchés financiers* - AMAFI) approved by the AMF, and entered into with an investment services firm;

- for allocation or sale to employees and/or corporate officers of the Company or other Group companies, in accordance with the terms and conditions provided for by law, notably in connection with a profit-sharing plan, free share grants, the exercise of stock options, the Group employee savings plan, or any company employee savings plan in place within the Group;

- for delivery on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- to hold in treasury for subsequent delivery in payment or exchange for external growth transactions; and
- for cancellation, pursuant to the share capital reduction authorization in effect, granted by the Annual General Meeting.

This authorization is also designed to enable any future market practices permitted by the AMF to be carried out and, more generally, to enable any other operations authorized by the applicable regulations. The Company will inform its shareholders in a press release prior to carrying out any such operations.

Shares may be purchased, sold, or transferred by any method allowed under the applicable laws and regulations, on one or more occasions, including, in accordance with the regulations in force at the date of this Meeting, over the counter and through block trades for all or part of the program, as well as through the use of derivative financial instruments.

The Board of Directors may use this authorization at any time subject to the limitations set down by the applicable laws and regulations, except during, or in the run-up to, a public offer for the Company's shares.

The number of shares that may be bought back under this authorization may not exceed 10% of the Company's total outstanding shares (for information purposes, 42,724,244 shares based on the issued capital at December 31, 2021). This ceiling is reduced to 5% for shares acquired for the purpose of being held

in treasury for subsequent delivery in payment or exchange for external growth transactions. When shares are bought back for the purpose of maintaining a liquid market in the Company's shares via a liquidity agreement, the number of shares included in the calculation of the 10% ceiling corresponds to the number of shares purchased less any shares sold during the period covered by this authorization.

Under no circumstances may the Company hold, either directly or indirectly, more than 10% of its capital.

The shares may not be purchased at a price of more than €165 per share and the maximum amount that may be invested in the program is €7 billion. However, the Board of Directors may adjust this maximum purchase price to take into account the impact on the share price of any corporate actions.

The shareholders give full powers to the Board of Directors – or any representative duly empowered in accordance with the law – to carry out this share buyback program, set the applicable terms and conditions, make the required adjustments as a result of any corporate actions, place any and all buy and sell orders, enter into any and all agreements notably for the keeping of registers of share purchases and sales, make any and all filings with the AMF and any other organization, carry out all other formalities, and generally do everything necessary to use this authorization.

This authorization is given for a period of 18 months from the date of this Meeting and supersedes the authorization given to the Board of Directors for the same purpose in the 16<sup>th</sup> resolution of the Annual General Meeting of May 26, 2021.

## 8.2.2 Extraordinary resolution

### Presentation of the sixteenth resolution

The Company's term has been set at 99 years from the date of registration with the Trade and Companies Registry, i.e., expiring on August 28, 2023.

The shareholders are invited to extend the Company's term by a further 99 years from the date of the Annual General Meeting, i.e., until May 24, 2121, and to amend Article 5 of the bylaws accordingly.

### Text of the sixteenth resolution

#### Extension of the Company's term – Corresponding amendment to Article 5 of the bylaws

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary Shareholders' Meetings and having considered the Board of Directors' report and noted the upcoming expiry of the Company's term on August 28, 2023 as initially set, the shareholders resolve to extend said term for a further 99 years from the date of the Annual General Meeting, i.e., until May 24, 2121.

The shareholders therefore resolve to amend Article 5 of the bylaws accordingly.

Article 5 of Chapter I "Legal Form – Company Name – Corporate Purpose – Registered Office – Term" is amended as follows:

Previous wording	New wording
The Company's term has been set at ninety-nine years from the date of registration with the Trade and Companies Registry, i.e., expiring on August 28, 2023, unless said term is extended or wound up in advance.	The Company's term, <b>which was initially</b> set at ninety-nine years from the date of registration with the Trade and Companies Registry, i.e., expiring on August 28, 2023, <b>was extended by decision of the Extraordinary Shareholders' Meeting of May 25, 2022 for a term of ninety-nine years from the date of said Meeting, i.e., until May 24, 2121,</b> unless said term is extended or the Company is wound up in advance.

### 8.2.3 Resolution concerning powers to carry out formalities

#### Presentation of the seventeenth resolution

The 17<sup>th</sup> resolution concerns the powers that are necessary to carry out the filing and other legal formalities required for the resolutions adopted at the meeting.

#### Text of the seventeenth resolution

##### Powers to carry out formalities

The shareholders give full powers to the bearer of an original, extract or copy of the minutes of this Meeting to carry out any and all filing, publication, declaration and other formalities required by the applicable laws and regulations.

### 8.2.4 Nominees to the Board of Directors

Based on the recommendations of the Appointments and Compensation Committee, the Board of Directors has decided that it wishes to continue to benefit from the expertise of Monique Cohen and Robert Peugeot (permanent representative of F&P) and is therefore putting forward these two Directors (see section 8.2.1.3) for re-appointment for four-year terms expiring at the close of the Annual General Meeting to be held in 2026.

The profiles of Monique Cohen and Robert Peugeot are presented in section 6.2.2.

## 8.2.5 Summary table showing the delegations and authorizations to increase the share capital

Type of authorization	Date of authorization Term and expiration	Ceiling (maximum nominal amount of capital increases and maximum principal amount of debt securities authorized)	Amount used at Dec. 31, 2021
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, with pre-emptive subscription rights for existing shareholders, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 26, 2021 AGM (18 <sup>th</sup> resolution) 26 months, i.e., until July 25, 2023	€20 million  €2 billion (debt securities)	None
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, by way of a public offer other than offers governed by Article L.411-2, 1° of the French Monetary and Financial Code, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 26, 2021 AGM (19 <sup>th</sup> resolution) 26 months, i.e., until July 25, 2023	€8 million <sup>(1)</sup>  €2 billion (debt securities) <sup>(2)</sup>	None
Authorization for the Board of Directors to issue shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, in the event of a public exchange offer initiated by the Company, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 26, 2021 AGM (20 <sup>th</sup> resolution) 26 months, i.e., until July 25, 2023	€8 million <sup>(1)(3)</sup>  €2 billion (debt securities) <sup>(2)(4)</sup>	None
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, through an offer governed by Article L.411-2, 1° of the French Monetary and Financial Code, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 26, 2021 AGM (21 <sup>st</sup> resolution) 26 months, i.e., until July 25, 2023	€8 million <sup>(1)(3)</sup>  €2 billion (debt securities) <sup>(2)(4)</sup>	Amount used (debt securities): €729,999,864.89  Balance of debt securities at Dec. 31, 2021: €1,270,000,135.11  Maximum nominal amount of capital increases that may be carried out: €807,120.20  Balance of capital amount at Dec. 31, 2021: €7,192,879.80
Authorization for the Board of Directors to increase the number of securities included in an issue carried out with or without pre-emptive subscription rights for existing shareholders (pursuant to the 18 <sup>th</sup> , 19 <sup>th</sup> , 20 <sup>th</sup> or 21 <sup>st</sup> resolutions), which may not be used during, or in the run-up to, a public offer for the Company's shares	May 26, 2021 AGM (22 <sup>nd</sup> resolution) 26 months, i.e., until July 25, 2023	15% of the original issue <sup>(5)</sup>	None
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares to employees who are members of a Group employee savings plan, without pre-emptive subscription rights for existing shareholders	May 26, 2021 AGM (28 <sup>th</sup> resolution) 26 months, i.e., until July 25, 2023	1% of the Company's capital <sup>(1)</sup>	None
Authorization for the Board of Directors to grant existing or new shares of the Company, free of consideration, to employees and corporate officers of the Company and other Group entities, with a waiver of shareholders' pre-emptive subscription rights	May 26, 2021 AGM (30 <sup>th</sup> resolution) 26 months, i.e., until July 25, 2023	0.40% of the Company's capital at the grant date	Amount used at Dec. 31, 2021: None  Amount used at March 31, 2022: 0.18%  Balance at March 31, 2022: 0.22%

(1) This amount is included in the €20 million ceiling for capital increases set in the 18<sup>th</sup> resolution adopted by the shareholders at the May 26, 2021 AGM.

(2) This amount is included in the €2 billion ceiling for issues of debt securities set in the 18<sup>th</sup> resolution adopted by the shareholders at the May 26, 2021 AGM.

(3) This amount is included in the €8 million ceiling for capital increases set in the 19<sup>th</sup> resolution adopted by the shareholders at the May 26, 2021 AGM.

(4) This amount is included in the €2 billion ceiling for issues of debt securities set in the 19<sup>th</sup> resolution adopted by the shareholders at the May 26, 2021 AGM.

(5) The ceilings applicable to the 18<sup>th</sup>, 19<sup>th</sup>, 20<sup>th</sup> and 21<sup>st</sup> resolutions adopted by the shareholders at the May 26, 2021 AGM still apply if the option provided for in the 22<sup>nd</sup> resolution adopted by the shareholders at that AGM is used.



## 8.3 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

### Annual General Meeting for the approval of the financial statements for the year ended December 31, 2021

*This is a free translation into English of the Statutory Auditors' special report on related-party agreements and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Safran, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

### Agreements submitted for approval by the Annual General Meeting

We were not informed of any agreements authorized and entered into by the Board of Directors during the year to be submitted for the approval of the Annual General Meeting in accordance with Article L.225-38 of the French Commercial Code.

### Agreements already approved by the Annual General Meeting

In accordance with Article R.225-30 of the French Commercial Code, we were informed that the following agreements, approved by the Annual General Meeting in prior years, remained in force during the year.

#### 1) With the French State (shareholder holding more than 10% of the Company's voting rights)

##### Persons concerned

The French State (shareholder holding more than 10% of the Company's voting rights).

Stéphanie Besnier, representative of the French State to the Board of Directors of Safran, and Vincent Imbert, a Director put forward by the French State.

#### a) Agreement of March 22, 2018 between Safran and the French State – Consolidation and update of the 2004 Agreement related to strategic defense assets and subsidiaries and its addendums in a single document

##### Nature, purpose, terms and conditions

When Snecma was privatized following its merger with Sagem, the French State agreed to waive its right, pursuant to Article 10 of the privatization act of August 6, 1986, to take a golden share in Snecma, provided that equivalent contractual rights were granted in an agreement. In order to protect France's national interests and preserve the country's independence, the French State entered into an agreement on December 21, 2004 with Sagem and Snecma related to strategic defense assets and subsidiaries (the "2004 Agreement"). The 2004 Agreement is designed (i) to give the French State control over the ownership and, where applicable, the devolution of all or part of certain assets and shares of subsidiaries or other equity investments held by the companies party to the 2004 Agreement, combined with certain acquisition thresholds, and (ii) to give the French State rights of representation on the governing bodies of the strategic subsidiaries and subsidiaries holding assets related to French combat aircraft engines.

The merger between Snecma and Sagem which created Safran in 2005 and the various transactions completed by Safran since then have significantly changed the Group's scope, prompting Safran and the French State to amend the 2004 Agreement through a series of six successive addendums.

Safran and the French State wished to consolidate the 2004 Agreement and its amendments into a single document (the "Agreement") and to update its contents. The Agreement was authorized by the Board of Directors at its meeting on March 22, 2018. It was signed by Safran on March 26, 2018.

The Agreement supersedes the 2004 Agreement, and notably provides as follows:

On corporate governance matters:

- Safran's competent bodies shall be invited to appoint the French State as a Director if its interest in the Company's share capital is less than 10% but more than 1%;
- Safran's competent bodies shall in addition be invited to appoint a member proposed by the French State to the Board of Directors if its interest in the Company's share capital is more than 5%;
- at the request of the French State, the Board of Directors shall be invited to appoint one of the persons referred to above to any Board committee that may be set up for the purpose of addressing matters directly related to its rights under the Agreement;
- the French State shall be entitled to appoint a non-voting representative to the Boards of Directors or equivalent bodies of Safran's strategic subsidiaries (Safran Ceramics and Safran Power Units) and subsidiaries owning sensitive defense assets.

On strategic or sensitive defense assets and the entities that hold such assets:

- the French State shall have a prior right of approval over:
  - sales of assets (other than those that do not affect the defense activities) owned by strategic subsidiaries and accordingly identified as strategic; sales of shares in the strategic subsidiaries Safran Ceramics and Safran Power Units; and sales of shares in AGH,
  - sales by Group companies of certain assets identified as defense sensitive (such as engines, components and systems, high precision inertial navigation and missile guidance systems, financed directly or indirectly by the French Defense Ministry),
  - sales of shares in Safran Electronics & Defense, which owns sensitive defense assets,
  - acquisitions by Group companies of interests resulting in a holding of more than 33.33% or more than 50% of the share capital or voting rights of the other Group companies that own sensitive defense assets,
  - projects conferring special management or information rights over strategic or sensitive defense assets or rights of representation on the administrative or management bodies of Safran Ceramics, Safran Power Units, AGH or another entity owning sensitive defense assets controlled by Safran;
- the French State's failure to respond within a period of 30 business days shall be deemed to constitute agreement, except in the case of proposals to sell shares in AGH, in which case failure to respond shall be deemed to constitute refusal;
- the French State shall be informed beforehand of any proposal by a strategic subsidiary or an entity controlled by Safran that owns sensitive defense assets, to sell assets that do not fall into these protected categories but whose sale could have a material impact on the independent management on French territory of the entity's strategic assets or sensitive defense assets;
- in the event that a third party acquires more than 10% or a multiple of 10% of the share capital or voting rights of Safran, and failing an agreement on other ways of protecting national interests in connection with the strategic assets, the French State shall be entitled to purchase the securities and assets of the strategic subsidiaries Safran Ceramics and Safran Power Units and the stake in AGH at a price to be set by a panel of experts.

The Agreement was approved by shareholders at the May 25, 2018 Annual General Meeting.

**b) Agreements related to the establishment of ArianeGroup Holding – AGH Agreement, Arianespace Agreement, Pre-emption Agreement, addendum no. 6 to the Agreement of December 21, 2004 and addendum to the Environmental Guarantee Agreement (EGA)**

**Nature, purpose, terms and conditions**

On June 30, 2016, Safran and Airbus Group finalized the combination, carried out in two stages, of their launch vehicle businesses into Airbus Safran Launchers Holding (since renamed ArianeGroup Holding [AGH]) and its wholly-owned subsidiary Airbus Safran Launchers (since renamed ArianeGroup SAS).

In the first half of 2016, the following agreements and addendums, which are indivisible and were required to establish the combination, were signed with the French State:

- AGH Agreement;
- Arianespace Agreement;
- Pre-emption Agreement;
- addendum no. 6 to the Agreement of December 21, 2004 (the "2004 Agreement", as described above in section 1.a and below in section b.4);
- addendum to the Environmental Guarantee Agreement (EGA).

The AGH Agreement, the Arianespace Agreement and the Pre-emption Agreement, as well as addendum no. 6 to the 2004 Agreement were authorized by the Board of Directors on December 17, 2015. They were signed on June 24, 2016 and entered into force on June 30, 2016. They were subsequently approved by the Annual General Meeting of June 15, 2017.

Effective from June 30, 2016, the protection of the French State's strategic interests is ensured via:

- **b.1 The AGH Agreement:** an agreement between the French State and AGH relating to protected assets and strategic subsidiaries and interests, entered into in the presence of Safran and Airbus Group SE.
- **b.2 The Arianespace Agreement:** an agreement between the French State and AGH relating to Arianespace Participation and Arianespace SA shares, entered into in the presence of Safran and Airbus Group SE.

The following agreements were entered into at the same time:

- **b.3 The Pre-emption Agreement:** an agreement between Safran, Airbus Group and the French State, which sets out the conditions under which Airbus Group and Safran may exercise a pre-emptive right on the shares of the other partner in AGH if the French State exercises any of the call options granted to it by Airbus Group and Safran. The French State may only buy back AGH shares once the pre-emptive rights of Safran and Airbus have been used or expire.
- **b.4 Addendum no. 6 to the 2004 Agreement between Safran and the French State:**

The 2004 Agreement was approved by shareholders at the May 11, 2005 Annual General Meeting. The agreement, as amended or supplemented by the three addendums signed in 2011 and approved at the May 31, 2012 Annual General Meeting and the two addendums signed in 2014 and approved at the April 23, 2015 Annual General Meeting as well as addendum no. 6, provided that:

- the French State shall be entitled to appoint a non-voting representative to Safran's Board of Directors should its interest in the Company's share capital fall below 10%;
- the French State shall be entitled to appoint a non-voting representative to the Boards of Directors or equivalent bodies of Safran's strategic subsidiaries and subsidiaries holding assets related to French combat aircraft engines;
- the French State shall have a prior right of approval over (i) sales of certain strategic or defense sensitive assets, and (ii) acquisitions of interests resulting in crossing certain ownership or voting rights thresholds in Safran and other Group companies that own strategic assets.

The Agreement of December 21, 2004, as amended by the six addendums, remained in force until March 22, 2018, when it was superseded by the Agreement of March 22, 2018 between Safran and the French State (see section 1.a above).

■ **b.5** Moreover, the EGA Addendum, an addendum to an Environmental Guarantee Agreement (EGA) with SNPE authorized by the Board of Directors on December 17, 2015, was signed on May 17, 2016 and entered into force on June 30, 2016. It was subsequently approved by the Annual General Meeting of June 15, 2017. Some sites transferred to AGH, as part of the above-described business combination, are covered by an Environmental Guarantee Agreement (EGA) granted to Safran by SNPE and counter-guaranteed by the French State. With the French State's approval, the addendum to the EGA was entered into between SNPE, AGH and Safran in order to transfer the benefit of the EGA to AGH for said sites (Safran being substituted by AGH).

**c) Ariespace Framework Protocol entered into between the French State, ArianeGroup Holding (AGH) and CNES, in the presence of Safran**

**Nature, purpose, terms and conditions**

The CNES (French National Space Studies Center), the French State and AGH, in the presence of Airbus Group and Safran, signed the Ariespace Framework Protocol, which relates to the buying back by AGH of Ariespace shares and Ariane brand names held by CNES and establishes the principal terms and conditions of the sale to AGH of Ariespace shares held by CNES, as well as the parties' declarations and commitments. In its capacity as a shareholder of AGH, Safran undertakes to ensure that AGH fully complies with said agreement.

The protocol provided for a new operating framework for European launchers.

The signature of the protocol was authorized by the Board of Directors on December 17, 2015. It was signed on February 8, 2016 and approved by the Annual General Meeting of May 19, 2016. It subsequently entered into force on June 30, 2016.

**2) With a pool of banks including BNP Paribas**

**Person concerned**

Monique Cohen, a Director of Safran and BNP Paribas.

**a) Agreement of April 22, 2020 with BNP Paribas and a pool of banks relating to a syndicated credit facility**

**Nature, purpose, terms and conditions**

On April 22, 2020, Safran, BNP Paribas and a pool of banks entered into an agreement relating to a syndicated credit facility for an amount of €3 billion and a term of up to two years. The syndicated credit facility supplemented the Group's liquidity reserves and helped to prudently maintain the Group's financial flexibility during the Covid-19 crisis.

Under the terms of the agreement, BNP Paribas acted as underwriter, bookrunner, mandated lead arranger, agent and initial lender for €285 million (highest amount equal to the amount allocated to other initial lenders that were also mandated lead arrangers).

Safran appointed BNP Paribas because of the bank's leading position on the market, further to the agreement entered into between Safran and BNP Paribas on March 31, 2020 relating to the arrangement, underwriting and syndication of the syndicated credit facility.

The agreement was entered into under the market conditions prevailing at the date of signature for this type of transaction and the commission and interest was shared between the banks that are party to the agreement, including BNP Paribas, pro rata to their involvement in the credit facility.

In respect of 2021, an expense of €0.101 million was recorded in Safran's financial statements corresponding to BNP Paribas' share of the no-use fee (split between lenders based on their respective commitments).

The agreement was authorized by the Board of Directors on March 26, 2020 and approved by the Annual General Meeting of May 26, 2021.

Further to the various refinancing operations carried out by Safran since its conclusion, the agreement was terminated on March 16, 2021.

**b) Agreement of October 29, 2015 with BNP Paribas and a pool of banks relating to a credit facility**

**Nature, purpose, terms and conditions**

The agreement was authorized by the Board of Directors on October 29, 2015 and signed on December 4, 2015.

The facility amounts to €2,520 million and has a five-year term with two successive one-year extension options. It was granted by a pool of 15 banks, including BNP Paribas, whose proportion of the facility is the same as that of the other banks that are parties to the agreement. Both one-year extension options have been exercised, extending the term to December 2022.

The revolving credit facility was put in place to ensure that the Group will have sufficient liquidity over the medium term and to enable it to cover its general financing requirements. By refinancing and replacing two existing facilities with shorter terms than the new facility, the Group was able to take advantage of favorable market interest rates.

It was approved by shareholders at the May 19, 2016 Annual General Meeting.

In respect of 2021, an expense of €0.189 million was recorded in Safran's financial statements corresponding to BNP Paribas' share of the no-use fee (split between lenders based on their respective commitments).

Courbevoie and Paris-La Défense, March 24, 2022

The Statutory Auditors

MAZARS

Gaël Lamant

Jérôme de Pastors

ERNST & YOUNG et Autres

Jean-Roch Varon

Philippe Berteaux

## 8.4 BONDS CONVERTIBLE INTO NEW SAFRAN SHARES AND/OR EXCHANGEABLE FOR EXISTING SAFRAN SHARES

Pursuant to the 21<sup>st</sup> and 22<sup>nd</sup> resolutions approved by the Extraordinary Shareholders' Meeting of May 26, 2021, on June 14, 2021 Safran issued bonds convertible into new shares and/or exchangeable for existing shares, due April 1, 2028 (the "2028 OCÉANES"), in a nominal amount of €729,999,864.89, represented by 4,035,601 bonds with a par value of €180.89 each.

The bonds were issued through an offering exclusively for qualified investors within the meaning of Article 2(e) of the Prospectus Regulation in France, the European Economic Area (EEA) and outside the EEA (excluding, in particular, the United States, Canada, South Africa, Australia, Japan and any other jurisdiction where registration or approval would be required by the applicable laws and regulations).

The background and terms and conditions of the issue are presented in the reports in sections 8.4.1 and 8.4.2 below. Readers are also invited to refer to section 3.1, Note 25 and section 3.3, Note 3.9 of this Universal Registration Document.

The number of new shares that would be issued by the Company in the event of the conversion of all the 2028 OCÉANES, divided by the number of shares making up Safran's share capital at December 31, 2021, represented unrealized dilution of 0.94% based on a "conversion price" of €180.89.

### 8.4.1 Board of Directors' report on the use of the authorizations granted to the Board of Directors in the 21<sup>st</sup> and 22<sup>nd</sup> resolutions adopted at the May 26, 2021 Annual General Meeting

#### Report by the Board of Directors on the terms and conditions of the issue of bonds convertible into new ordinary shares and/or exchangeable for existing ordinary shares, due April 1, 2028

(drawn up in accordance with Article R.225-116 of the French Commercial Code)

To the Shareholders,

In accordance with Articles L.225-129-5 and R.225-116 of the French Commercial Code (*Code de commerce*), we hereby report to you on the use of the authorizations granted to the Board of Directors of Safran (the "**Company**") in the twenty-first and twenty-second resolutions of the May 26, 2021 Ordinary and Extraordinary Shareholders' Meeting (the "**Annual General Meeting**") in order to carry out an offering governed by Article L.411-2, 1° of the French Monetary and Financial Code (*Code monétaire et financier*) (exclusively for qualified investors or a restricted group of investors), without pre-emptive subscription rights for existing shareholders, of bonds convertible into new ordinary shares and/or exchangeable for existing ordinary shares (OCÉANES), due April 1, 2028 (the "**Bonds**"), with an over-allotment option where applicable.

On this basis, and in accordance with the above-mentioned legal and regulatory provisions, the report below (i) describes the final terms and conditions of the Bond issue and (ii) explains the impact of those terms and conditions on the Company's shareholders and holders of securities carrying rights to Company shares.

#### 1) Background

##### Annual General Meeting of May 26, 2021

In the twenty-first resolution of the Annual General Meeting, in accordance with the applicable laws and regulations, in particular Articles L.225-129-2, L.225-135, L.225-136, L.22-10-49, L.22-10-51 and L.22-10-52 of the French

Commercial Code, as well as Articles L.228-91 *et seq.* of said Code and Article L.411-2, 1° of the French Monetary and Financial Code, the shareholders granted the Board of Directors a twenty-six month authorization to increase the Company's share capital by issuing ordinary shares and/or securities carrying immediate or deferred rights to new or existing ordinary shares of the Company, through an offering governed by Article L.411-2, 1° of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders.

The shareholders set the following ceilings in the resolution: (i) the maximum nominal amount of any capital increases carried out pursuant to the authorization – either immediately and/or on the exercise of rights to shares of the Company – was set at €8 million (not including the nominal amount of any ordinary shares that may be issued to protect the rights of holders of securities carrying rights to Company shares), and (ii) the maximum principal amount of debt securities that may be issued pursuant to the authorization was set at €2 billion.

In the twenty-second resolution of the Annual General Meeting of May 26, 2021, the shareholders also granted the Board of Directors an authorization to increase the initial nominal amount of the issue, as decided pursuant to the twenty-first resolution, through the exercise of an over-allotment option (the "Over-allotment Option"), within the limits set out in the twenty-first resolution (i.e., the additional securities must be issued at the same price as for the original issue, within 30 days of the close of the original subscription period and may not represent more than 15% of the original issue amount, in accordance with the applicable legal and regulatory provisions).

**Meeting of the Board of Directors of May 26, 2021**

At its meeting of May 26, 2021, on the basis of the authorizations granted in the twenty-first and twenty-second resolutions of the Annual General Meeting of May 26, 2021 (no portion of which had been used), the Board of Directors unanimously decided:

- to authorize in principle:
  - the issue of OCÉANEs without pre-emptive subscription rights for existing shareholders, through an offering of financial securities to a restricted group of investors acting on their own account or to qualified investors, with a request for the admission to trading of the OCÉANEs on a regulated or organized market, subject to an overall ceiling of a maximum nominal amount of €800 million after the exercise, where applicable, of the Overallotment Option in full, for a maturity or maturities not exceeding seven years after the date of issue of the OCÉANEs (the “**Issue**”), and
  - any increase in the Company’s share capital that may be necessary due to the issue, on one or more occasions, of new Company shares as a result of holders of the OCÉANEs (the “Bondholders”) exercising their Conversion Rights subject to a ceiling representing a

maximum nominal amount of €999,736 after the exercise, where applicable, of the Overallotment Option in full, not including the nominal amount of any shares that may be issued, in accordance with the applicable laws and the terms and conditions of such securities, to protect the rights of holders of securities carrying rights to Company shares in the event of any subsequent corporate actions;

- to grant the Chief Executive Officer the necessary powers to carry out the Issue, determine the terms and conditions thereof and decide on the final characteristics and timing of the Issue, within the limitations of the authorization granted by the shareholders and the delegation granted by the Board of Directors;
- to authorize the Chief Executive Officer to delegate the implementation of the Issue to any person of his choosing.

**Decision of the Chief Executive Officer of June 8, 2021**

On June 8, 2021, using the delegation granted by the Board of Directors on May 26, 2021, the Chief Executive Officer decided to issue the Bonds in accordance with the terms and conditions described in section 2 below.

**2) Terms and conditions of the Issue****Characteristics of the issue**

Nominal amount of and gross proceeds from the Issue	€729,999,864.89
Net proceeds from the Issue	€750,256,402.68
Number of Bonds issued	4,035,601
Par value per Bond	€180.89, representing an issue premium of 45% over the reference price of ordinary shares of the Company, corresponding to the volume-weighted average price of the ordinary Company shares listed on Euronext Paris during the day of June 8, 2021.
Public offering	Carried out on June 8, 2021 in France, the European Economic Area (EEA) and outside the EEA (excluding, in particular, the United States, Canada, South Africa, Australia, Japan and any other jurisdiction where registration or approval would be required by the applicable laws and regulations), for qualified investors within the meaning of Article 2(e) of the Prospectus Regulation only (falling within the scope of Article L.411-2, 1° of the French Monetary and Financial Code).
Issue price of the Bonds	103.5% of par. On the Bond Issue Date (as defined below), the price of new ordinary shares of the Company issued at the Company’s discretion on the exercise of the Conversion Right (as defined below) shall, based on the Conversion Ratio (as defined below) applicable at the Bond Issue Date, be equal to the par value per Bond defined above, in accordance with the provisions of Articles L.225-136 and R.22-10-32 of the French Commercial Code.
Issue and settlement-delivery date of the Bonds	June 14, 2021 (the “ <b>Bond Issue Date</b> ”)
Listing of the Bonds	During the month following the Bond Issue Date, on Euronext Access™, under ISIN code FR0014003Z32.
Clearing	Euroclear France, Euroclear Bank S.A./N.V., Clearstream Banking S.A.
Global Coordinators – Bookrunners	Deutsche Bank AG and HSBC – joint global coordinators and joint bookrunners. Natixis and BofA Securities – joint bookrunners.
Securities services and centralizing and calculation agents	HSBC – settlement-delivery of the Bonds. CACEIS Corporate Trust – securities services and centralizing agent. Aether Financial Services – calculation agent.
Blackout period	Undertaking not to issue shares of the Company or securities carrying rights to Company shares for a period of 90 calendar days as from the Bond Issue Date, apart from certain standard exceptions or prior consent from the Global Coordinators.



## Characteristics of the Bonds

Ranking of the Bonds	The Bonds constitute unsecured, direct, general, unconditional and unsubordinated debt obligations, ranking equally among themselves and, subject to mandatory legal exceptions, <i>pari passu</i> with all other present or future unsecured debts and guarantees of the Company.
Negative pledge	Only applies in the event that the Company or one of its principal subsidiaries grants a guarantee, an indemnity or collateral to the holders of other bonds or other marketable instruments representing new or existing debt securities issued by the Company or one of its principal subsidiaries.
Nominal rate - Coupon	The Bonds do not carry any coupon.
Term of the Bonds	6 years, 9 months and 18 days.
Maturity date of the Bonds	April 1, 2028 (the “ <b>Maturity Date of the Bonds</b> ”).
Redemption at maturity	Redemption in full at par on the Maturity Date of the Bonds (or the following business day if this date is not a business day).
Early redemption, at the Company's discretion	<p>(i) The Company may redeem all or some of the Bonds at any time before the Maturity Date of the Bonds, without any limitation on price or number, either by repurchasing them through on-market or off-market transactions, or through repurchase or exchange offers.</p> <p>(ii) The Company may redeem all of the outstanding Bonds at par, at any time from April 1, 2025 until the Maturity Date of the Bonds, subject to a minimum prior notice period of 30 calendar days (and a maximum notice period of 45 calendar days), if the arithmetic mean, calculated over a period of 20 consecutive trading days chosen by the Company out of the 40 consecutive trading days preceding the publication of the early redemption notice, of (a) the daily proceeds of the volume-weighted average daily price of Company shares traded on Euronext Paris, and (b) the Conversion Ratio (as defined below) applicable at each corresponding date, exceeds 130% of the par value of the Bonds.</p> <p>(iii) The Company may redeem all of the outstanding Bonds at par, at any time, subject to a minimum prior notice period of 30 calendar days, if the total number of Bonds still outstanding represents less than 20% of the number of Bonds originally issued.</p> <p>In the event of (ii) or (iii) above, the Bondholders retain the possibility to request the exercise of their Conversion Right (defined below) until the seventh business day (exclusive) preceding the early redemption date.</p>
Obligatory early redemption of the Bonds	Possible at par, notably in the event of default by the Company.
Early redemption at the Bondholders' discretion	Possible at par, in the event of a change in control of the Company.
Rights attached to the Bonds/ Conversion Right	<p><b>Nature of the Conversion Right</b></p> <p>The Bonds carry a conversion right (the “<b>Conversion Right</b>”), whereby the Bondholders will be entitled to receive a number of new or existing ordinary shares (at the Company's discretion) equal to the Conversion Ratio (as defined below) applicable at the Exercise Date (as defined below), multiplied by the number of Bonds for which the Conversion Right has been exercised.</p> <p>On the Bond Issue Date, the “<b>Conversion Ratio</b>” was 1 ordinary share to 1 Bond (subject to any subsequent adjustments carried out to protect the rights of Bondholders).</p> <p><b>Exercise Period of the Conversion Right</b></p> <p>The Bondholders may request to exercise their Conversion Right at any time from the Bond Issue Date (inclusive) until the seventh trading day (exclusive) preceding (i) the Maturity Date of the Bonds or, where applicable, (ii) the relevant early redemption date of the Bonds, it being specified that any Bonds for which the Bondholders have requested the exercise of their Conversion Right will entitle their holders to any redemption at either the Maturity Date of the Bonds or, where applicable, at their early redemption date.</p> <p>Any Bondholder who has not requested the exercise of their Conversion Right during the time period indicated above will be reimbursed in cash at the Maturity Date of the Bonds or, where applicable, at their early redemption date.</p> <p><b>Terms of allocation of ordinary shares pursuant to the exercise of the Conversion Right</b></p> <p>On exercise of their Conversion Right, each Bondholder will receive new and/or existing ordinary shares of the Company.</p> <p>The total number of new and/or existing ordinary Company shares (the allocation of which will be decided by the Company) will be determined by the calculation agent and will be equal, for each Bondholder, to the Conversion Ratio applicable at the Exercise Date (as defined below) multiplied by the number of Bonds transferred to the centralizing agent and for which the Conversion Right has been exercised.</p>



Ranking of the Bonds	<p>The Bonds constitute unsecured, direct, general, unconditional and unsubordinated debt obligations, ranking equally among themselves and, subject to mandatory legal exceptions, <i>pari passu</i> with all other present or future unsecured debts and guarantees of the Company.</p>
Dividend rights and listing of the underlying shares	<p><b>Suspension of the Conversion Right</b></p> <p>In the event of a capital increase or the issue of new Company shares or securities carrying rights to Company shares, or any other financial transactions conferring pre-emptive subscription rights or reserving a priority subscription period for the benefit of the Company's shareholders, the Company will be entitled to suspend the exercise of the Conversion Right for a period which may not exceed three months or any other period provided for in the applicable regulations.</p> <p>However, in no circumstances may such suspension cause the Bondholders to lose their Conversion Right. Any decision by the Company to suspend the Bondholders' Conversion Right will be published in a notice in the French legal gazette (<i>Bulletin des Annonces Légales Obligatoires</i> – BALO). This notice must be published at least seven calendar days before the suspension of the Conversion Right becomes effective and must specify the dates on which the suspension period begins and ends. This information will also be published by the Company on its website (<a href="http://www.safran-group.com">www.safran-group.com</a>).</p> <p><b>Conditions of exercise of the Conversion Right</b></p> <p>To exercise their Conversion Right, Bondholders must make a request to the financial intermediary that holds their Bonds in a securities account. Any such request is irrevocable once received by the relevant financial intermediary. The centralizing agent will ensure the centralization of the request.</p> <p>The date of the request will correspond to either (i) the business day on which both of the conditions described below are satisfied, if they are satisfied by 5:00 p.m. (Paris time), or (ii) the following business day, if said conditions are satisfied after 5:00 p.m. (Paris time) (the “<b>Date of the Request</b>”):</p> <ul style="list-style-type: none"> <li>■ the centralizing agent has received the exercise request transmitted by the financial intermediary that holds the Bonds in a securities account;</li> <li>■ the Bonds have been transferred to the centralizing agent by the relevant financial intermediary.</li> </ul> <p>Any request for the exercise of a Conversion Right sent to the centralizing agent will be effective as of the first trading day following the Date of the Request (the “<b>Exercise Date</b>”). All requests for the exercise of the Conversion Right must be received by the centralizing agent (and the Bonds transferred to the centralizing agent) before the seventh trading day (exclusive) preceding the Maturity Date of the Bonds or their early redemption date.</p> <p>All Bondholders with Bonds having the same Exercise Date will be treated equally and will each receive the same proportion of new and/or existing ordinary shares for their Bonds, subject to rounding.</p> <p>The Bondholders will receive delivery of their new and/or existing ordinary shares no later than the seventh trading day following the Exercise Date.</p> <p>The new or existing ordinary shares issued or delivered on the exercise of the Conversion Right will carry dividend rights and entitle their holders to all the rights attached to the ordinary shares as from their delivery date, it being specified that in the event that a record date for a dividend (or interim dividend) occurs between the Exercise Date and the delivery date of the shares, the Bondholders will not be entitled to such dividend (or interim dividend) nor to any compensation therefor, subject to the right to an adjustment of the Conversion Ratio – a right to which the Bondholders are entitled until the delivery date of the ordinary shares (exclusive).</p> <p>Applications will be made for the admission to trading on Euronext Paris of the new ordinary shares issued upon the exercise of the Conversion Right. Accordingly, the new shares will immediately become fungible with the existing ordinary shares listed on Euronext Paris and will be tradable, as from the date on which they are admitted to trading, on the same listing line as said existing ordinary shares under the same ISIN code (FR0000073272).</p> <p>Any existing ordinary shares allocated upon the exercise of the Conversion Right will be immediately tradable on Euronext Paris.</p>
Currency of the Issue	Euro
Governing law	French law

### 3) Purpose of the Issue

The net proceeds from the issue of the Bonds were used to refinance the OCEANES issued by the Company in 2018 and maturing on June 21, 2023.

#### 4) Impact of the issue of the Bonds and the exercise of the Conversion Right on existing holders of Company shares and securities carrying rights to Company shares

##### Dilution in the event that new ordinary shares of the Company are issued on the exercise of the Conversion Right – Impact on attributable equity for shareholders and holders of securities carrying rights to shares

The table below, provided for information purposes only, shows the impact that the issue of new ordinary shares would have on attributable equity per share if the Conversion Right were exercised for all Bonds, assuming that the Company opted to grant only new ordinary shares.

This impact was calculated based on the following:

- (i) parent company equity as reported in the parent company financial statements for the year ended December 31, 2020, adjusted to reflect the capital increases since January 1, 2021 in an aggregate amount of €535.40 following the exercise of stock subscription options between said date and May 31, 2021, representing a total issue amount of €213,748.31 including the premium, and 426,309,373 undiluted shares at May 31, 2021, i.e., 427,238,616 shares making up the Company's share capital at that date, less 929,243 shares held in treasury at May 31, 2021;

- (ii) consolidated equity (attributable to owners of the parent) as reported in the consolidated financial statements for the six-month period ended June 30, 2021, adjusted to reflect the impact of the issue of the Bonds on June 14, 2021, i.e., a negative adjustment of €28.71 million (as shown in the before and after calculations in the table below), and 426,261,996 undiluted shares at June 30, 2021, i.e., 427,238,616 shares making up the Company's share capital at that date, less 976,620 shares held in treasury at June 30, 2021; and

- (iii) an assumption that the Conversion Ratio equals 1.

	Before issue	After issue
Parent company equity	€11,710,652,000	€12,466,197,000 <sup>(1)</sup>
Number of shares – undiluted	426,309,373	430,344,974
Number of shares – diluted <sup>(3)(4)</sup>	435,585,912	439,621,513
Parent company equity per share – undiluted	€27.47	€28.97
Parent company equity per share – diluted <sup>(3)(4)</sup>	€29.22	€30.67
Consolidated equity (attributable to owners of the parent)	€13,009,546,000	€13,759,802,000 <sup>(2)</sup>
Number of shares – undiluted	426,261,996	430,297,597
Number of shares – diluted <sup>(3)(4)</sup>	435,538,535	439,574,136
Attributable consolidated equity per share – undiluted	€30.52	€31.98
Attributable consolidated equity per share – diluted <sup>(3)(4)</sup>	€32.08	€33.49

(1) Assuming the Conversion Right is exercised at the time of the issue (gross proceeds from the issue: €755,545,000).

(2) Assuming the Conversion Right is exercised at the time of the issue (net proceeds from the issue: €750,256,000).

(3) Assuming that all 9,239,581 OCÉANES issued by the Company in 2020 and maturing in 2027 are converted and that 9,276,539 new ordinary Company shares are issued based on a Conversion Ratio of 1.004 shares for 1 OCÉANE bond (gross proceeds from the OCÉANES: €1,018,054,000; liability component at June 30, 2021: €963,582,000).

(4) Not including any of the 4,996,431 OCÉANES issued by the Company in 2018 and maturing in 2023, of which 4,806,817 were repurchased by the Company on June 15, 2021 and 189,614 were redeemed early on July 19, 2021. Accordingly, none of these OCÉANE bonds are outstanding at the date of this report.

##### Dilution in the event that new ordinary shares of the Company are issued on the exercise of the Conversion Right – Impact on existing shareholders and holders of securities carrying rights to shares

The table below, provided for information purposes only, shows the impact of the issue of new ordinary shares on the ownership interest of a shareholder holding 1% of the Company's share capital prior to May 31, 2021.

This impact was calculated based on the following:

- (i) 427,238,616 shares making up the Company's share capital at May 31, 2021; and
- (ii) an assumption that the Conversion Ratio equals 1.

Shareholder's % ownership interest	Before issue	After issue
Undiluted basis	1.000%	0.991%
Diluted basis <sup>(1)(2)</sup>	0.979%	0.970%

(1) Assuming that all 9,239,581 OCÉANES issued by the Company in 2020 and maturing in 2027 are converted and that 9,276,539 new ordinary Company shares are issued based on a Conversion Ratio of 1.004 shares for 1 OCÉANE bond.

(2) Not including any of the 4,996,431 OCÉANES issued by the Company in 2018 and maturing in 2023, of which 4,806,817 were repurchased by the Company on June 15, 2021 and 189,614 were redeemed early on July 19, 2021. Accordingly, none of these OCÉANE bonds are outstanding at the date of this report.

### 5) Impact of the issue of the bonds and the exercise of the conversion right on Safran's share price and market capitalization

The theoretical impact of the issue and conversion of the Bonds on Safran's share price and market capitalization is a positive 0.49% on an undiluted basis and a positive 0.25% on a diluted basis.

This impact was calculated based on the following:

- a price of €122.13 per Safran share, corresponding to the average of the opening Safran share prices over the 20 trading days preceding the date on which the Issue was launched;

- the issue of 4,035,601 Bonds with a par value of €180.89 per Bond, which could potentially be converted into an aggregate 4,035,601 ordinary Safran shares (at a ratio of 1 ordinary share for 1 Bond); and
- net issue proceeds of €750,256,402.68.

Based on the above, the following table shows the theoretical impact of the issue and conversion of the Bonds on Safran's share price and market capitalization:

#### Theoretical impact of the issue and conversion of the Bonds on Safran's share price and market capitalization

##### ISSUE OF THE BONDS

Number of Bonds issued	4,035,601
Conversion Ratio	1
Net proceeds from the issue of the Bonds	€750,256,402.68
Total number of ordinary Safran shares that could potentially be issued on conversion of the Bonds	4,035,601

##### SITUATION BEFORE THE ISSUE OF THE BONDS (UNDILUTED BASIS)

Number of Safran shares outstanding before the issue of the Bonds	427,238,616
Safran share price before the issue of the Bonds	€122.13
Safran's market capitalization before the issue of the Bonds	€52,178,652,172

##### SITUATION AFTER THE ISSUE AND CONVERSION OF THE BONDS (UNDILUTED BASIS)

Total number of Safran shares after the issue and conversion of the Bonds	431,274,217
Safran's theoretical market capitalization after the issue and conversion of the Bonds	€52,928,908,575
Theoretical value of one Safran share after the issue and conversion of the Bonds	€122.73
Theoretical impact of the issue and conversion of the Bonds	+0.49%

##### SITUATION AFTER THE ISSUE AND CONVERSION OF THE BONDS (DILUTED BASIS)<sup>(1)(2)</sup>

Total number of Safran shares after the issue and conversion of the Bonds	440,550,756
Safran's theoretical market capitalization after the issue and conversion of the Bonds	€53,939,508,404
Theoretical value of one Safran share after the issue and conversion of the Bonds	€122.44
Theoretical impact of the issue and conversion of the Bonds	+0.25%

(1) Assuming that all 9,239,581 OCEANES issued by the Company in 2020 and maturing in 2027 are converted and that 9,276,539 new ordinary Company shares are issued based on a Conversion Ratio of 1.004 shares for 1 OCEANE bond (net proceeds from the OCEANES: €1,010,599,829.51).

(2) Not including any of the 4,996,431 OCEANES issued by the Company in 2018 and maturing in 2023, of which 4,806,817 were repurchased by the Company on June 15, 2021 and 189,614 were redeemed early on July 19, 2021. Accordingly, none of these OCEANE bonds are outstanding at the date of this report.

French original signed in Paris, on July 28, 2021

For the Board of Directors

Ross McInnes (Chairman)

## 8.4.2 Statutory Auditors' additional report on the issue, without pre-emptive subscription rights, of bonds convertible and/or exchangeable for new and/or existing shares ("OCEANES")

### Board of Directors' meeting of July 28, 2021

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with Article R.225-116 of the French Commercial Code (*Code de commerce*), and further to our report of March 26, 2021, we hereby report to you on the issue, with or without pre-emptive subscription rights for existing shareholders, of ordinary shares or securities carrying rights to shares, as authorized by the Extraordinary Shareholders' Meeting of May 26, 2021.

The Extraordinary Shareholders' Meeting of May 26, 2021 authorized the Board of Directors – or any duly empowered representative – to issue ordinary shares of the Company or securities carrying rights to new and/or existing ordinary shares of the Company, within the scope of an offering governed by Article L.411-2, 1° of the French Monetary and Financial Code (*Code monétaire et financier*), without pre-emptive subscription rights for existing shareholders, for a period of twenty-six months from the date of the Meeting (twenty-first resolution). The Meeting set (i) the maximum principal amount of debt securities that may be issued at €2 billion, and (ii) the maximum nominal amount of the capital increases that could be carried out at €8 million. The maximum nominal amount of any capital increases carried out pursuant to the twenty-first resolution could not represent more than 20% of the Company's share capital per year. In the twenty-second resolution, the shareholders also granted the Board of Directors an authorization to increase the initial nominal amount of any issue as decided pursuant to the twenty-first resolution, through the exercise of an overallotment option that may not represent more than 15% of the original issue amount.

At its meeting of May 26, 2021, using the authorization granted by the Extraordinary Shareholders' Meeting, the Board of Directors (i) decided on the principle of the issue, on one or more occasions, without pre-emptive subscription rights, of bonds convertible into new shares and/or exchangeable for existing shares ("OCEANES") (the "Bonds") in a maximum nominal amount of €800 million, through an offering of financial securities to a restricted group of investors acting on their own account or to qualified investors, and (ii) set the maximum nominal amount of the capital increases that could be carried out as a result of the issue at €999,736. Also at its meeting of May 26, 2021, the Board of Directors decided to grant the Chief Executive Officer the necessary powers to issue the Bonds, determine the terms and conditions thereof, and decide on the final characteristics.

Using said delegation, on June 8, 2021 the Chief Executive Officer decided to carry out a Bond issue under the following terms and conditions:

- the nominal amount of the issue was €729,999,864.89, represented by 4,035,601 Bonds;
- the par value of the Bonds was €180.89, issued at 103.5% of par;

- on the Bond issue date (June 14, 2021), the price of new ordinary shares of the Company issued at the Company's discretion on the exercise of the conversion right shall, based on the conversion ratio (the "Conversion Ratio") as defined in the Board of Directors' additional report and applicable at the Bond issue date, be equal to the par value of the Bonds as described above. The Bonds carry a conversion right (the "Conversion Right"), whereby the bondholders will be entitled to receive a number of new or existing ordinary shares (at the Company's discretion) based on the Conversion Ratio applicable at the Exercise Date. At the Bond issue date, the Conversion Ratio was 1 share for 1 Bond.

At its meeting of July 28, 2021, the Board of Directors placed on record the issue of 4,035,601 Bonds with a par value of €180.89, representing a total issue amount of €750,256,402.68. The maximum amount of the share capital increase that may be carried out as a result of the issue may not exceed €999,736.

It is the responsibility of the Board of Directors to prepare an additional report in accordance with Articles R.225-115 *et seq.* and R.22-10-31 of the French Commercial Code. Our role is to report on the fairness of the financial information taken from the financial statements, on the proposed cancellation of pre-emptive subscription rights and on certain other disclosures relating to the share issue contained in this report.

We performed the procedures that we deemed necessary in accordance with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures mainly consisted in verifying:

- the fairness of the financial information taken from the annual consolidated financial statements authorized for issue by the Board of Directors and audited by us in accordance with professional standards applicable in France;
- the fairness of the financial information taken from the interim consolidated financial statements prepared under the responsibility of the Board of Directors at June 30, 2021, using the same methods and based on the same presentation as the most recent consolidated financial statements. Our work on the interim consolidated financial statements consisted of making inquiries of the persons responsible for financial and accounting matters, verifying that they were prepared using the same accounting principles, measurement methods and presentation as those used for the preparation of the most recent consolidated financial statements, and applying analytical procedures;
- the compliance of the terms and conditions of the issue with the authorization granted by the Meeting;
- the information provided in the Board of Directors' additional report on the choice of constituent elements used to determine the issue price and on its final amount.

We have no matters to report as to:

- the fairness of the financial information taken from the interim consolidated financial statements and included in the Board of Directors' additional report;

- the compliance of the terms and conditions of the issue with the authorization granted by the Extraordinary Shareholders' Meeting of May 26, 2021 and with the information provided to the shareholders;
- the choice of constituent elements used to determine the issue price and its amount;
- the presentation of the impact of the issue on the situation of the holders of shares and securities carrying rights to shares, as expressed in relation to shareholders' equity, and on the Company's share price;
- the proposed cancellation of pre-emptive subscription rights, upon which you have voted.

Courbevoie and Paris-La Défense, July 28, 2021

The Statutory Auditors

Gaël Lamant MAZARS

Jérôme de Pastors

Jean-Roch Varon ERNST & YOUNG et Autres

Philippe Berteaux







# 9

## ADDITIONAL INFORMATION



# 9

## ADDITIONAL INFORMATION

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<b>9.1</b>	<b>PERSONS RESPONSIBLE</b>	<b>459</b>	<b>9.5</b>	<b>CROSS-REFERENCE TABLES</b>	<b>461</b>
<b>9.1.1</b>	Person responsible for the Universal Registration Document	459	<b>9.5.1</b>	Share Registration Document cross-reference table	461
<b>9.1.2</b>	Declaration by the person responsible for the Universal Registration Document	459	<b>9.5.2</b>	Annual Financial Report cross-reference table	464
<b>9.1.3</b>	Person responsible for the financial information	459	<b>9.5.3</b>	Board of Directors' management report cross-reference table	464
<b>9.2</b>	<b>STATUTORY AUDITOR</b>	<b>460</b>	<b>9.5.4</b>	Corporate social responsibility cross-reference table	466
<b>9.3</b>	<b>HISTORICAL FINANCIAL INFORMATION</b>	<b>460</b>	<b>9.6</b>	<b>GLOSSARY</b>	<b>468</b>
<b>9.4</b>	<b>DOCUMENTS ON DISPLAY</b>	<b>461</b>	<b>9.6.1</b>	Financial terms	468
			<b>9.6.2</b>	Technical terms	471

## FOREWORD

### ● PERSONS RESPONSIBLE

Person responsible for the Universal Registration Document

**Olivier Andriès**

Chief Executive Officer

### ● PERSON RESPONSIBLE FOR THE FINANCIAL INFORMATION

**Pascal Bantegnie**

Group Chief Financial Officer

### ● STATUTORY AUDITORS

Statutory Auditors

**Mazars**

61, rue Henri-Regnault

92400 Courbevoie

**Ernst & Young et Autres**

1-2, place des Saisons - Paris-La Défense 1

92400 Courbevoie

The terms of office of the Statutory Auditors will expire at the close of the Annual General Meeting held to approve the financial statements for the year ended December 31, 2021.

### ● CROSS-REFERENCE TABLES

- Share Registration Document cross-reference table
  - Annual Financial Report cross-reference table
  - Board of Directors' management report cross-reference table
  - Corporate social responsibility cross-reference table
-

## 9.1 PERSONS RESPONSIBLE

### 9.1.1 Person responsible for the Universal Registration Document

Olivier Andriès

Chief Executive Officer of Safran

### 9.1.2 Declaration by the person responsible for the Universal Registration Document

"I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings in the consolidation taken as a whole, and that the management report presented in chapter 3 of this Universal Registration Document includes a fair review of the development of the business, the results of operations and the financial position of the Company and of all the undertakings in the consolidation taken as a whole, and also describes the main risks and uncertainties to which they are exposed."

Paris, March 31, 2022

Chief Executive Officer,

Olivier Andriès

### 9.1.3 Person responsible for the financial information

Pascal Bantegnie

Group Chief Financial Officer

Tel.: +33 (0)1 40 60 81 24

Email: [pascal.bantegnie@safrangroup.com](mailto:pascal.bantegnie@safrangroup.com)

## 9.2 STATUTORY AUDITOR

For the period covered by the historical financial information, Safran's Statutory Auditors are as follows:

### Statutory Auditors

Mazars	Ernst & Young et Autres
Represented by:	Represented by:
<b>Gaël Lamant and Jérôme de Pastors</b>	<b>Jean-Roch Varon and Philippe Berteaux</b>
61, rue Henri-Regnault – 92400 Courbevoie	1-2, place des Saisons – Paris-La Défense 1 – 92400 Courbevoie
Start date of first term of office: May 19, 2016	Start date of first term of office: May 19, 2016
<ul style="list-style-type: none"> <li>■ Appointed by the Ordinary and Extraordinary Shareholders' Meeting of May 19, 2016 for a term of six years (2016 to 2021)</li> <li>■ Expiration of term of office: close of the Annual General Meeting, held to approve the financial statements for the year ended December 31, 2021</li> </ul>	<ul style="list-style-type: none"> <li>■ Appointed by the Ordinary and Extraordinary Shareholders' Meeting of May 19, 2016 for a term of six years (2016 to 2021)</li> <li>■ Expiration of term of office: close of the Annual General Meeting, held to approve the financial statements for the year ended December 31, 2021</li> </ul>

Mazars and Ernst & Young are members of the Versailles regional auditing body (*Compagnie régionale des commissaires aux comptes de Versailles*).

### Alternate Auditors

Gilles Rainaut	Auditex
60, rue du Général-Leclerc – 92100 Boulogne-Billancourt	1-2, place des Saisons – Paris-La Défense 1 – 92400 Courbevoie
Start date of first term of office: May 19, 2016	Start date of first term of office: May 19, 2016
<ul style="list-style-type: none"> <li>■ Appointed by the Ordinary and Extraordinary Shareholders' Meeting of May 19, 2016 for a term of six years (2016 to 2021)</li> <li>■ Expiration of term of office: close of the Annual General Meeting, held to approve the financial statements for the year ended December 31, 2021</li> </ul>	<ul style="list-style-type: none"> <li>■ Appointed by the Ordinary and Extraordinary Shareholders' Meeting of May 19, 2016 for a term of six years (2016 to 2021)</li> <li>■ Expiration of term of office: close of the Annual General Meeting, held to approve the financial statements for the year ended December 31, 2021</li> </ul>

### New terms of office and non-renewal

None.

## 9.3 HISTORICAL FINANCIAL INFORMATION

In accordance with Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, the following information is incorporated by reference in this Universal Registration Document:

### For 2020

The information required in the management report is presented in section 9.5.3, the consolidated and parent company financial statements are presented in sections 3.1 and 3.3 and the corresponding Statutory Auditors' reports are presented in sections 3.2 and 3.4 of the 2020 Universal Registration Document, which was filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 31, 2021 under number D.21-0238.

### For 2019

The information required in the management report is presented in section 9.5.3, the consolidated and parent

company financial statements are presented in sections 3.1 and 3.3 and the corresponding Statutory Auditors' reports are presented in sections 3.2 and 3.4 of the 2019 Universal Registration Document, which was filed with the AMF on March 31, 2020 under number D.20-0224.

### List of regulatory information published over the last 12 months

The list of regulatory information published by the Group from January 1, 2021 to the date of filing of this Universal Registration Document on March 31, 2022 is available on the Group's corporate website at <https://www.safran-group.com/finance/regulated-information>.

### Date of latest financial information

December 31, 2021.

## 9.4 DOCUMENTS ON DISPLAY

### Availability of documents and information concerning the Company

Safran's legal documents that must be made available to shareholders, in accordance with the applicable regulations, may be consulted at the registered office located at 2, boulevard du Général-Martial-Valin, 75015 Paris.

Safran provides its shareholders with a wide range of tools for the frequent communication of transparent and accessible information on the Group, its businesses and its results. The Group website ([www.safran-group.com](http://www.safran-group.com)) contains information for the public, such as presentations to analysts, financial press releases, and Registration Documents (last five years).

## 9.5 CROSS-REFERENCE TABLES

### 9.5.1 Share Registration Document cross-reference table

This Universal Registration Document includes the information to be included in universal registration documents as set out in Annexes 1 and 2 of Delegated Regulation (EU) 2019/980.

The following table presents the cross-references between the two documents.

	EU Regulation 2019/980 Annex 1 headings	Section(s)	Pages
<b>1</b>	<b>Persons responsible, third party information, experts' reports and competent authority approval</b>		
1.1	Name and positions of the persons responsible	9.1.1	459
1.2	Declaration by the persons responsible	9.1.2	459
1.3	Statement or report attributed to a person as an expert	N/A	
1.4	Information sourced from a third party	3.2, 3.4, 5.7.5, 8.3 and 8.4.2	196/226/ 307/444/ 453
1.5	Competent authority approval (AMF)	See AMF insert	
<b>2</b>	<b>Statutory Auditors</b>		
2.1	Names and addresses of the issuer's auditors	9.2	460
2.2	Change in auditors, where applicable	9.2	460
<b>3</b>	<b>Risk factors</b>		
3.1	Description of the material risks specific to the issuer	4.3 and 5.2	237/259
<b>4</b>	<b>Information about the issuer</b>		
4.1	Legal and commercial name of the issuer	7.1.1	405
4.2	Place of registration of the issuer, its registration number and legal entity identifier (LEI)	7.1.1	405
4.3	Date of incorporation and the length of life of the issuer	7.1.1	405
4.4	Domicile and legal form of the issuer, legislation under which the issuer operates, its country of incorporation, address and telephone number of its registered office and website	7.1.1 and 7.4.5	405/421
<b>5</b>	<b>Business overview</b>		
5.1	Principal activities		
5.1.1	Nature of the issuer's operations and its principal activities	1.1.2 and 1.1.4	51/53
5.1.2	New products	Integrated Report – A comprehensive offering, 1.2, 1.4.1 and 2.1.3	4/54/77/97
5.2	Principal markets	Integrated Report – Our markets, 1.2, 2.1.3 and 3.1 Note 5	12/51/97/ 144
5.3	Important events in the development of the issuer's business	2.1.3	97
5.4	Strategy and objectives	Integrated Report – Strategy and business model	18



	EU Regulation 2019/980 Annex 1 headings	Section(s)	Pages
<b>5.5</b>	Extent to which the issuer is dependent on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	1.4.3	80
<b>5.6</b>	Competitive position	1.3	76
<b>5.7</b>	Investments		
5.7.1	Material investments made	1.1.1, 1.4.5, 1.5.1, 1.5.2 and 1.6	50/82/83/86/86
5.7.2	Material investments that are in progress or for which firm commitments have already been made	1.4.5 and 1.5.2	82/85
5.7.3	Information relating to the joint ventures and undertakings in which the issuer holds a proportion of the capital	1.1.3 and 3.1 Note 40	52/192
5.7.4	Environmental issues	Integrated Report – Safran's climate strategy, 4.3.3.1, 5.3 and 5.5.3	22/247/263/295
<b>6</b>	<b>Organizational structure</b>		
<b>6.1</b>	Brief description of the Group	1.1.2, 1.1.3 and 1.1.4	51/52/53
<b>6.2</b>	List of significant subsidiaries	1.1.3, 1.1.4, 3.1 Note 40 and 3.3 Note 3.1	52/53/192/211
<b>7</b>	<b>Operating and financial review</b>		
<b>7.1</b>	Financial position		
7.1.1	Development and performance of the issuer's business	2.1 and 2.2	92/115
7.1.2	Future development and activities in the field of research and development	1.4	76
<b>7.2</b>	Operating results		
7.2.1	Significant factors materially affecting the issuer's income from operations	2.1	92
7.2.2	Explanation of material changes in net sales or revenue	2.1	92
<b>8</b>	<b>Capital resources</b>		
<b>8.1</b>	Issuer's capital resources	3.1 Note 25 and 3.3 Note 3.7	166/215
<b>8.2</b>	Source and amounts of cash flows	3.1 (including the statement of cash flows)	126
<b>8.3</b>	Borrowing requirements and the funding structure of the issuer	3.1 Note 29 and 3.3 Note 3.9	174/218
<b>8.4</b>	Restrictions on the use of capital resources	4.3.1.4	240
<b>8.5</b>	Information regarding the anticipated sources of funds	2.2.3, 2.1.4, 3.1 Note 23 and 3.1 Note 29	116/113/163/218
<b>9</b>	<b>Regulatory environment</b>		
<b>9.1</b>	Description of the regulatory environment	4.3	237
<b>10</b>	<b>Trend information</b>		
<b>10.1</b>	The most significant trends in production, sales and inventory, and costs and selling prices since the end of the last financial year and any significant change in the financial performance of the Group since the end of the last financial period to the date of the Universal Registration Document	2.1.4	113
<b>10.2</b>	Information on any known trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	2.1.4	113
<b>11</b>	<b>Profit forecasts or estimates</b>	<b>2.1.4</b>	<b>113</b>
<b>12</b>	<b>Administrative, management and supervisory bodies and senior management</b>		
<b>12.1</b>	Information relating to the members of the Board of Directors	6.1 and 6.2	314/318
<b>12.2</b>	Administrative and management bodies conflicts of interest	6.2.5	249
<b>13</b>	<b>Compensation and benefits</b>		
<b>13.1</b>	Compensation paid and benefits in kind	6.6.2	381
<b>13.2</b>	Amounts set aside or accrued to provide pension, retirement or similar benefits	6.6.2	381
<b>14</b>	<b>Board practices</b>		
<b>14.1</b>	Date of expiration of the current terms of office	6.2.6.4	353
<b>14.2</b>	Members of the administrative or management bodies' service contracts with the issuer or any of its subsidiaries	6.2.5	349

	EU Regulation 2019/980 Annex 1 headings	Section(s)	Pages
<b>14.3</b>	Information about Board committees	6.3.6	359
<b>14.4</b>	Statement of compliance with the applicable corporate governance regime	6.4	366
<b>14.5</b>	Potential material impacts on the corporate governance – Future changes in board membership structure	6.1.1 and 6.2.6	314/350
<b>15</b>	<b>Employees</b>		
<b>15.1</b>	Number and breakdown of employees	5.4 and 5.4.1.6	274/277
<b>15.2</b>	Shareholdings and stock options	6.6.2.2, 6.6.2.3.2, 6.6.4 and 7.3.7.3	381/389/ 395/419
<b>15.3</b>	Arrangements for involving the employees in the capital of the issuer	5.4.1.7 and 7.3.7	278/419
<b>16</b>	<b>Major shareholders</b>		
<b>16.1</b>	Major shareholders	7.3.1 and 7.3.3	416/417
<b>16.2</b>	Breakdown of voting rights	7.3.1 and 7.3.3	416/417
<b>16.3</b>	Controlling shareholder	7.3.5	419
<b>16.4</b>	Change in control	7.3.6	419
<b>17</b>	<b>Related-party transactions</b>		
<b>17.1</b>	Details of related-party transactions	7.1.4 and 3.1 Note 35	409/186
<b>18</b>	<b>Financial information concerning the issuer's assets and liabilities, financial position and profits and losses</b>		
<b>18.1</b>	Historical financial information		
18.1.1	Audited historical financial information covering the latest three financial years and the audit report in respect of each year	3.1, 3.3 and 9.3	122/201/ 460
18.1.2	Change of accounting reference date	N/A	
18.1.3	Accounting standards	3.1 Note 3	131
18.1.4	Change of accounting framework	N/A	
18.1.5	Balance sheet, income statement, statement of changes in equity, cash flow statement, accounting policies and explanatory notes	3.1	122
18.1.6	Consolidated financial statements	3.1	122
18.1.7	Age of financial information	9.3	460
<b>18.2</b>	Interim and other financial information		
18.2.1	Quarterly, half-yearly or interim financial information	N/A	
<b>18.3</b>	Auditing of historical annual financial information	9.3	460
18.3.1	Independent auditing of historical annual financial information	N/A	
18.3.2	Indication of other information in this Universal Registration Document that has been audited by the auditors	3.2, 3.4, 5.7.5, 8.3 and 8.4.2	196/226/ 307/444/ 453
18.3.3	Indication of the source of information appearing in the Universal Registration Document that is not extracted from the issuer's audited financial statements and statement that the information is not audited	N/A	
<b>18.4</b>	Pro forma financial information		
18.4.1	Pro forma financial information and report	N/A	
<b>18.5</b>	Dividend policy		
18.5.1	Description of the issuer's policy	2.3.3	118
18.5.2	Amount of dividend	2.3.3 and 8.2.1.2	118/429
<b>18.6</b>	Legal and arbitration proceedings		
18.6.1	Information on any governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the issuer and/or the Group's financial position or profitability	3.1 Note 40 and 3.3 Note 5.2	192/224
<b>18.7</b>	Significant change in the issuer's financial position		
18.7.1	Description of any significant change in the financial position of the Group which has occurred since the end of the last financial period	2.1.4 and 3.1 Note 39	113/191
<b>19</b>	<b>Additional information</b>		
<b>19.1</b>	Share capital	3.1 Note 25, 3.3 Note 3.7, 7.2.1 and 7.2.2	166/215/411/ 411
19.1.1	Amount of issued capital	7.2.1	
19.1.2	Securities not representing capital	3.1 Note 25, 3.3 Note 3.9 and 7.2.3.1	166/215/412

	EU Regulation 2019/980 Annex 1 headings	Section(s)	Pages
19.1.3	Shares held by the issuer	3.1 Note 25, 3.3 Note 3.7 and 7.2.6	166/215/413
19.1.4	Amount of any convertible securities, exchangeable securities or securities with warrants	3.1 Note 25, 3.3 Note 3.7 and 7.2.3.2	166/215/412
19.1.5	Information about the terms of any acquisition rights and/or obligations over authorized but unissued capital or any undertaking to increase the capital	N/A	
19.1.6	Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option	N/A	
19.1.7	History of share capital	7.2.4	413
<b>19.2</b>	<b>Bylaws</b>	7.1.1 and 7.1.2	405/406
19.2.1	Corporate purpose	7.1.1	405
19.2.2	Rights, preferences and restrictions attached to shares	7.1.2.2 and 7.1.2.3	408/408
19.2.3	Change in control	7.1.2.6	409
<b>20</b>	<b>Material contracts</b>		
<b>20.1</b>	Summary of each material contract	7.1.4 and 8.3	409/444
<b>21</b>	<b>Documents available</b>		
<b>21.1</b>	Documents made available to the public	7.4 and 9.4	420/461

## 9.5.2 Annual Financial Report cross-reference table

This Universal Registration Document includes the information contained in the Annual Financial Report mentioned in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and Article 222-3 of the AMF's General Regulations.

The following table presents the cross-references between the two documents.

Annual Financial Report headings	Section(s)	Pages
<b>Declaration by the person responsible</b>	<b>9.1.2</b>	<b>459</b>
<b>Board of Directors' management report</b>	<b>See cross-reference tables, 9.5.3 and 9.5.4</b>	<b>464/466</b>
<b>Financial statements and reports</b>	<b>3</b>	<b>120</b>
<b>Parent company financial statements</b>	<b>3.3</b>	<b>201</b>
Consolidated financial statements	3.1	122
Board of Directors' corporate governance report	See cross-reference table, 6.7	399
Statutory Auditors' report on the Board of Directors' corporate governance report	3.4	226
Legal and arbitration proceedings	3.1 Note 35	186
Significant change in the issuer's financial or trading position	3.1	122
Statutory Auditors' reports	3.2, 3.4 and 8.3	196/226/444
Audit fees	3.1 Note 38	190

## 9.5.3 Board of Directors' management report cross-reference table

This Universal Registration Document includes the information contained in the Board of Directors' management report provided for by Articles L.225-100, L.225-100-1, L.225-102 and L.225-102-1 of the French Commercial Code (*Code de commerce*).

The table below lists the references to excerpts of the Universal Registration Document corresponding to the various sections of the management report as approved by the Board of Directors.

Board of Directors' management report headings	Section(s)	Pages
<b>1</b>	<b>Integrated Report – Safran at a glance and 2.1</b>	<b>1/92</b>
<b>1.1</b>	Summary of key figures by business (adjusted data)	Integrated Report – Safran at a glance and 2.1.3

	Board of Directors' management report headings	Section(s)	Pages
<b>2</b>	<b>Human resources</b>		
2.1	Headcount	5.4	274
2.2	Human resources policy	5.4.1	275
2.3	Labor relations	5.4.2	279
2.4	Statutory and optional profit-sharing schemes	5.4.1	275
2.5	Group employee savings plan and international Group employee savings plan	5.4.1	275
2.6	Importance of sub-contracting	5.5.2	292
2.7	Group ethics and values	5.6	298
<b>3</b>	<b>Non-financial information statement and duty of care plan</b>		
3.1	Non-financial information statement	See cross-reference table, 5.8	311
3.2	Duty of care plan	5.1.3.4	257
<b>4</b>	<b>Research and development</b>		
4.1	Major technological focuses	1.4.1	77
4.2	Technical and scientific partnerships	1.4.2 and 5.6.2.1	80/300
4.3	Innovation and intellectual property	1.4.3	80
<b>5</b>	<b>Operating and financial position</b>		
5.1	Consolidated income statement	2.2 and 3.1	115/122
5.2	Consolidated balance sheet	2.2 and 3.1	115/122
5.3	Research and development expenditure	3.1 Note 14	156
5.4	Information concerning supplier payment periods	2.3.3	118
5.5	Parent company financial statements	2.3, 3.1 and 3.3	117/122/201
5.6	Non-deductible expenses	2.3.3	118
5.7	Proposed appropriation of profit	2.3.3 and 8.2.1	118/428
<b>6</b>	<b>Risk factors</b>		
6.1	Identified risk factors	4.3 and 5.2	237/259
6.2	General risk management policy	4.1	233
6.3	Insurance	4.4	249
6.4	Health, Safety and Environment	4.3.1, 5.5.3 and 5.3	242/295/ 263
<b>7</b>	<b>Investments</b>	<b>7.1.3.2</b>	<b>409</b>
<b>8</b>	<b>Share capital and share ownership</b>		
8.1	Breakdown of share capital and voting rights	7.3.1, 3.1 Note 25 and 3.3 Note 3.7	409/166/ 215
8.2	Shareholder agreements	7.3.5	419
8.3	Agreement with the French State	7.1.4.2	
8.4	Undertaking to hold securities	7.3.5 and 7.3.6	419/410
8.5	Stock options	6.6.4.1 and 7.3.7.3	395/419
8.6	Free share grants	3.1 Note 23, 6.6.2.2, 6.6.4.2 and 7.3.7.1	163/383/ 419/395
8.7	Share buyback programs	7.2.7 and 8.2.1.8	414/440
8.8	Safran share	7.5	421
<b>9</b>	<b>Corporate officers</b>		
9.1	Terms of office and duties	6.2.2	318
9.2	Compensation and benefits	6.6.2	318
9.3	Transactions in the Company's shares	6.5.3	368
<b>10</b>	<b>Outlook for 2022 and significant subsequent events</b>	<b>2.1.4</b>	<b>113</b>
<b>11</b>	<b>Principal provisions of the bylaws</b>	<b>7.1.2</b>	<b>406</b>
<b>Appendix 1</b>	List of subsidiaries and investments	3.1 Note 40	192
<b>Appendix 2</b>	Five-year financial summary of the Company	2.3.3	118
<b>Appendix 3</b>	Authorizations granted by the AGM to the Board of Directors with respect to share capital increases	8.2.5	443
<b>Appendix 4</b>	Dividends paid over the past three years	2.3.3 and 8.2.1.2	118/429

### 9.5.4 Corporate social responsibility cross-reference table

This Universal Registration Document includes the human resources, environmental and social information contained in the Board of Directors' management report in accordance with Article R.225-105-1 of the French Commercial Code.

The following table presents the cross-references between the two documents.

	Headings from Article R.225-105 of the French Commercial Code	Section(s)	Pages
<b>1</b>	<b>Human resources information</b>		
<b>1.1</b>	<b>Employment</b>		
1.1.1	Total headcount and breakdown of employees by gender, age and region	5.4, 5.4.1.6 and 5.4.3.2	274/277/ 284
1.1.2	New hires and departures	5.4.1.6	277
1.1.3	Compensation and changes in compensation	5.4.1.7	278
<b>1.2</b>	<b>Working hours</b>		
1.2.1	Organization of working hours	5.4.2.2	282
1.2.2	Absenteeism	5.4.1.6	277
<b>1.3</b>	<b>Labor relations</b>		
1.3.1	Employer/employee relations, in particular procedures for informing, consulting and negotiating with employees	5.4.2.2	282
1.3.2	Collective bargaining agreements	5.4.2.2	282
<b>1.4</b>	<b>Health and safety</b>		
1.4.1	Occupational health and safety conditions	5.4.2	279
1.4.2	Agreements signed with trade unions and employee representatives concerning occupational health and safety	5.4.2.1	279
1.4.3	Occupational accidents, in particular frequency and severity, and occupational illnesses	5.4.2.1	279
<b>1.5</b>	<b>Training</b>		
1.5.1	Training policies	5.4.1.5	276
1.5.2	Total number of training hours	5.4.1.5	276
<b>1.6</b>	<b>Equal opportunity</b>		
1.6.1	Measures taken to promote professional equality between men and women	5.4.3.2	284
1.6.2	Measures taken to integrate and maintain employees with disabilities	5.4.3.3	285
1.6.3	Policy concerning the fight against discrimination	5.4.3.1	283
<b>1.7</b>	<b>Promotion of and compliance with the core conventions of the International Labour Organization as regards:</b>		
1.7.1	The respect for the freedom of association and the right to collective bargaining	5.1.3	256
1.7.2	The elimination of discrimination in respect of employment and occupation	5.4.3	283
1.7.3	The abolition of forced and compulsory labor	5.1.3	256
1.7.4	The effective abolition of child labor	5.1.3	256
<b>2</b>	<b>Environmental information</b>		
<b>2.1</b>	<b>General environmental policy</b>		
2.1.1	Organization of steps taken by the Company to address environmental issues and, where applicable, environmental assessment and certification procedures	5.3 and 5.4.2	263/279
2.1.2	Initiatives taken to train and raise awareness among employees on environmental protection	5.3.4 and 5.4.2.1	273/279
2.1.3	Resources assigned to the prevention of environmental risks and pollution	5.3.3 and 5.5.3	264/295
2.1.4	Amount of provisions set aside for environmental risks, provided that this information is not likely to cause serious prejudice to the Company in the context of ongoing proceedings	N/A	
<b>2.2</b>	<b>Pollution</b>		
2.2.1	Measures taken to prevent, reduce and rectify emissions into air, water and soil that have a significant environmental impact	5.5.3	295
2.2.2	Steps taken to address noise pollution and any other form of pollution relating to a specific activity	5.5.3	295
<b>2.3</b>	<b>Circular economy</b>		
	<b>Waste reduction and management</b>		
2.3.1	Measures taken to reduce, recycle and eliminate waste	5.5.3.5	297
2.3.2	Initiatives to fight against food waste	N/A	

	Headings from Article R.225-105 of the French Commercial Code	Section(s)	Pages
	<b>Sustainable use of resources</b>		
2.3.3	Water consumption and water supply in accordance with local regulations	5.5.3.7	297
2.3.4	Consumption of natural resources and measures taken to promote more efficient use	5.5.3	295
2.3.5	Energy consumption and measures taken to improve energy efficiency and use of renewable energy	5.5.3	295
2.3.6	Land use	5.5.3	295
<b>2.4</b>	<b>Climate change</b>		
2.4.1	The major sources of greenhouse gas generated by the Company's business, primarily through the use of products and services that it produces	5.3.3 and 5.3.3.2	264/265
2.4.2	Adapting to climate change	5.3	264
<b>2.5</b>	<b>Protection of biodiversity</b>		
2.5.1	Measures taken to protect and develop biodiversity	5.5.3.8	297
<b>3</b>	<b>Information on social commitments to promote sustainable development</b>		
<b>3.1</b>	<b>Community, economic and social impact of the Company's activities on:</b>		
3.1.1	Employment and regional development	5.6	298
3.1.2	Local community	5.6	298
<b>3.2</b>	<b>Relationships with people and organizations who benefit from the Company's activities, in particular integration associations, educational institutions, environmental protection associations, consumer and local residents' associations</b>		
3.2.1	Status of dialogue with these people and organizations	5.6.2 and 5.6.3	300/301
3.2.2	Partnership and corporate sponsorship programs	5.6.2 and 5.6.3	300/301
<b>3.3</b>	<b>Sub-contractors and suppliers</b>		
3.3.1	Integration of social and environmental issues in purchasing policies	5.5.2	292
3.3.2	Scale of outsourcing and measures taken to raise awareness among suppliers and sub-contractors with respect to corporate social responsibility	5.1.3.3 and 5.5.2	256/292
<b>3.4</b>	<b>Fair practices</b>		
3.4.1	Measures taken to fight against corruption	5.5.13	288
3.4.2	Measures taken to promote consumer health and safety	N/A	
<b>3.5</b>	<b>Other action taken, pursuant to paragraph 3, to promote human rights</b>	<b>5.1.3</b>	<b>256</b>
3.5.1	Report by the independent third party on the consolidated human resources, environmental and social information included in the management report	5.7.5	307



## 9.6 GLOSSARY

The glossary definitions have been drawn from the following sources:

- Vernimmen;
- Safran.

### 9.6.1 Financial terms

#### Accounting policies

The consolidated financial statements are prepared in accordance with international financial reporting standards, the principles of which are described in section 3.1, Note 3 and section 3.1, Note 4.a of this Universal Registration Document.

#### Adjusted income statement

The adjusted income statement reflects the Group's actual economic performance, taking into account its overall currency hedging strategy. Revenue net of purchases denominated in foreign currency is measured using the exchange rate effectively obtained in the period (hedged rate), which factors in the cost of setting up the hedging strategy.

#### Bonds convertible and/or exchangeable for new and/or existing shares (OCÉANE)

OCÉANE bonds in France are convertible bonds that offer bondholders either newly issued shares or existing shares held in a portfolio, for example as a result of a share buyback. In practice, OCÉANE bonds are rarely redeemed in existing shares as this results in the recognition of a capital gain or loss.

#### Consolidated income statement

The consolidated income statement is prepared in accordance with IFRS. Since Safran is unable to apply the requirements of IFRS 9 on hedge accounting, foreign currency transactions are translated at the monthly average rate in the income statement even though they are economically hedged against foreign currency risk. The impact of foreign currency derivatives is taken into account in financial income (loss).

#### Corporate governance

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled.

Corporate governance essentially involves balancing the interests of a company's many stakeholders, depending on a company's objectives.

Key stakeholders are shareholders who elect either the Board of Directors, which then grants a mandate to the management, or the Supervisory Board, which appoints members of the Management Board under various conditions specific to the legal status of the company concerned.

Other stakeholders include employees, suppliers, customers, banks and other lenders, the local community, the environment and third parties – in the broadest sense of the term – that may have dealings with the company on account of its businesses, behavior or achievements.

#### Corporate mutual funds

Corporate mutual funds, or *fonds commun de placement* (FCP), are a type of UCITS (undertakings for the collective investment in transferable securities).

Mutual funds have a specific legal status. A mutual fund is a collective of transferable securities which issues units (shares). It has no legal personality. Each shareholder has a co-ownership right to the fund's assets in proportion to the number of shares it holds in the fund.

Besides conventional mutual funds (money market, bond or share funds), commonly used by retail banks, certain "specific" mutual funds are associated with a greater degree of risk and are designed for well-informed investors (with the exception of corporate mutual funds [FCPE], which represent a sub-category in themselves).

#### Credit rating agency

A credit rating agency is a company that assigns credit ratings which rate the ability of a debtor – a company or public authority – to pay back a debt.

#### Depreciation/amortization

Depreciation/amortization is a means of recording an asset's decrease in value over time for accounting purposes.

#### Dilution

Dilution is the effect of a financial transaction carried out by a company (capital increase or reduction, acquisition, etc.) or of an instrument (convertible bond, stock warrant, stock option, etc.) that will result in a decrease either in the control held by existing shareholders, or in the company's profitability or other significant input. In contrast, accretion increases one or more of these inputs.

#### Dividend

A dividend is a payment made by a company to its shareholders. Shareholders are paid dividends without being required to provide any consideration in return, and remain owners of their shares. The opposite situation is termed a share buyback. The shareholders themselves can decide, at shareholders' meetings and based on the net profit for the year and any retained earnings and reserves, whether or not they consider the company is able to pay dividends without harming its operations.

#### EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)

EBITDA is the sum of recurring operating income plus net recurring and non-recurring depreciation, amortization and provisions.

#### Embezzlement

The act of a person holding public authority or discharging a public service mission receiving, requesting or ordering the

collection of a sum which he or she knows is not due or which exceeds the amount that is due in respect of duties, contributions, taxes or public levies.

### Environmental, Social and Governance (ESG)

ESG is an international acronym used by the financial community to refer to Environmental, Social and Governance criteria, for purposes such as conducting an ESG analysis. Investment decisions will take account of an ESG analysis to assess fulfillment of a company's responsibility with regard to its stakeholders and the environment.

### Equity

In accounting, capital, very similar to equity, represents the funds (liabilities) that belong to a company's shareholders, as opposed to debt owed to suppliers or banks for example. Capital is made up of share capital, reserves and retained earnings (profits not distributed as dividends), and profit for the fiscal year.

Equity is a slightly broader definition than capital, as it includes capital + issues of non-voting loan stock + contingent advances + rights of concession grantors. For most companies, equity and capital are virtually the same.

This notion is sometimes extended to "quasi equity", which includes stable sources of funds not qualifying as capital, such as current accounts with shareholders, non-voting loan stock and convertible bonds.

### Facilitating payments

These payments are used to facilitate or expedite routine procedures or administrative formalities normally carried out by public officers (customs officers, agents responsible for issuing licenses, police officers, etc.). They include all payments unduly made in exchange for a standard task (for example, the issuing of authorizations, licenses or visas, or the processing of administrative or customs applications). Although such practices are tolerated in some countries, facilitating payments are considered a type of corruption in most countries and are as such strictly prohibited.

### Foreign Corrupt Practices Act (FCPA)

The Foreign Corrupt Practices Act is a 1977 United States federal law prohibiting companies and their individual officers from influencing foreign officials with any personal payments or rewards. As this law has international ramifications, it is said to be of near-universal jurisdiction. The Act concerns any corrupt practices committed by a US or foreign company or individual, either physically based in the United States or simply listed on a stock market in the United States, or participating in any capacity whatsoever on a financial market regulated in the United States. The Act is notably enforced by the Office of Foreign Assets Control.

### Forward rate agreement (FRA)

A forward rate agreement (FRA) is a derivative product used on monetary markets, traded over the counter between two counterparties, the purpose of which is to lock in a future interest rate on a specified principal amount at the date of the FRA for a stated period of time.

### Free cash flow

Free cash flow represents cash flow from operating activities less any disbursements relating to acquisitions of property, plant and equipment and intangible assets.

### Goodwill

Goodwill is the cost to purchase a business minus the fair value of the identifiable assets and liabilities obtained in the purchase. Goodwill is shown as a specific intangible asset. Under IFRS, goodwill is tested for impairment each year, which may result in the recognition of an impairment loss. However, in some cases, goodwill may be allocated to the acquirer's consolidated equity, in which case it is no longer included as a separate caption.

### Institutional investor

Institutional investors are savings organizations whose obligations and/or assets are governed by laws and regulations. The return on their investments allow them to service their obligations in the medium or long term.

The singularity of institutional investors lies in the fact that they cannot directly access the capital they invest; they act on behalf of rights holders with which they have signed an agreement. Consequently, the management of any such assets is highly regulated and institutionalized.

Institutional investors are therefore different from (financial or non-financial) companies, which may hold on a proprietary basis various financial assets for short- or long-term investment.

The assets managed by institutional investors generally represent significant sums of money (in the billions of euros).

### Interest rate swaps

An interest rate swap involves an exchange of interest rates (but not capital) between two parties. It is particularly suited to managing a company's long-term interest rate risk. Swaps are also frequently used to manage interest rate risk on floating- or fixed-rate assets.

### Knock-out barrier

A knock-out barrier, as its name suggests, represents the level at which the warrant expires and can be hit at any time while the underlying instrument is traded. When the underlying instrument hits the barrier, the warrant expires ahead of term and can no longer be traded.

### Minimum coupon

A coupon payment is the interest regularly paid to bondholders. Coupons may be paid at fairly long intervals or are sometimes capitalized and only paid once on the bond maturity date (zero-coupon bond).

### Net debt

Net debt is the difference between financial debt and cash, cash equivalents and short-term investments.

### Non-voting loan stock

Non-voting loan stock represents a marketable security that confers neither voting nor ownership rights. In this sense, non-voting loan stock resembles an investment certificate.

Non-voting loan stock offers individuals or investors who are not partners/shareholders the opportunity to invest an unlimited amount in a company for potentially attractive returns.

Non-voting loan stock is particularly well suited for financing a company's organic or acquisition-led growth and is treated as equity.

### Profit attributable to owners of the parent (attributable profit)

Profit attributable to owners of the parent (attributable profit) corresponds to consolidated profit less non-controlling interests in the profit of fully consolidated companies. Attributable profit can exceed aggregate profit when fully consolidated subsidiaries with non-controlling interests report losses.

### Profit from operations

Profit from operations is the profit of the production and investment process during the year and corresponds to the difference between operating income and expenses. It differs from recurring operating income, which excludes non-recurring items.

### Public tender/exchange offer

In finance, a public tender offer is an operation launched by a company, financial group or other private institution in the form of a proposal made to the public to purchase, exchange or sell certain shares in a company in accordance with specific procedures that are regulated and controlled by stock market authorities, notably in terms of financial information to be published (in France by the AMF or in the United States by the SEC).

Public tender offers can take the form of a cash tender offer (*offre publique d'achat*, or OPA), an exchange offer (*offre publique d'échange*, or OPE) in which shares are offered as consideration instead of cash, an offer in cash and in shares (*offre publique mixte*), and an alternative offer (*offre publique alternative*) in cash or in shares.

### Recurring operating income

In order to better reflect recurring economic performance, the recurring operating income subtotal excludes income and expenses that are largely unpredictable because of their unusual, infrequent and/or material nature such as: impairment losses/reversals, capital gains/losses on disposals of operations, gains on remeasuring previously held equity interests in entities in which the Group has acquired a

controlling interest, and other unusual and/or material non-operating items.

### Shared services center (SSC)

A shared services center is a center that provides operational services for several companies, sites or entities within a given group.

By delegating repetitive, low added-value operational tasks to an SSC, corporate departments can focus on tasks with higher added value.

A shared services center can include services relating to an entity's different internal departments, or may be dedicated to a specific function (finance, human resources, purchasing, legal, aftermarket services, etc.).

### Treasury shares

Shares held by the company, either directly or through a person acting on its behalf, are treasury shares.

### UK Bribery Act (UKBA)

The UK Bribery Act 2010 establishes company liability for corrupt acts committed by persons acting on behalf of the company. It is described as the strictest corporate anti-corruption legislation in the world – going beyond the already extremely tough US equivalent, the 1977 Foreign Corrupt Practices Act in several respects. The UKBA was part of a major global step to reinforce the fight against corruption, and legislation is likely to be further stepped up under the impetus of the OECD.

The UKBA was adopted by the Parliament of the United Kingdom on April 8, 2010 and came into force on July 1, 2011. This UK law repeals and replaces previous provisions by the four crimes of:

- bribery;
- being bribed;
- the bribery of foreign public officials; and
- the failure of a commercial organization to prevent bribery on its behalf.

This last crime brought in a new liability offense for companies, focusing on prevention rather than just repression. As a result, legal entities are required to put in place internal rules and procedures to prevent corruption ("adequate procedures"). In France, this is taken up by Article 8 of Act no. 2016-1691 of December 9, 2016 ("Sapin II") relating to transparency, anti-corruption measures and modernization of the economy. Guidance on adequate procedures was published by the UK Ministry of Justice on March 30, 2011.

Like the FCPA in the United States, the UKBA contains certain provisions with near-universal jurisdiction, allowing for the prosecution of an individual or company with links to the United Kingdom, regardless of where the crime occurred.

## 9.6.2 Technical terms

### Additive manufacturing

ASTM International defines additive manufacturing as the use of computer-aided design to build objects layer by layer, as opposed to traditional manufacturing, which involves cutting, drilling or grinding away unwanted excess from a solid piece of material. Additive manufacturing is the industry term for what is more commonly known to as 3D printing.

### AEW&C (Airborne Early Warning & Control) system

An airborne early warning and control system is an airborne radar picket system designed to detect aircraft, ships and vehicles at long ranges and perform command and control of the battlespace in an air engagement by directing fighter and attack aircraft strikes. AEW&C aircraft are used for air, sea and ground surveillance operations in a complex environment.

### Afterburner (or reheat)

An afterburner, or reheat, is a system used in military supersonic aircraft to provide a temporary boost in thrust. Afterburning involves injecting and igniting additional fuel downstream of the turbine. The additional thrust is especially useful during take-off on short runways such as those on aircraft carriers, and in combat situations.

### Air Transport Action Group

Coalition of aerospace industry experts working to examine sustainability issues and develop solutions for overcoming the industry's capacity problems. Its mission is to determine an industry-wide stance on current topics and provide constructive expert insight at the industry-government interface.

### Attitude control

An attitude control system is an important spacecraft component (on an artificial satellite, space probe, space station or manned spacecraft). Its purpose is to control the attitude (meaning the orientation in space) of the spacecraft and its instruments and solar panels consistent with mission specifications. An attitude control system comprises sensors (to determine the spacecraft's position), actuators (to reorient the vehicle) and software. Various technologies may be used. The attitude control system is a platform component on an artificial satellite.

### Auxiliary power unit (APU)

In aeronautics, an auxiliary power unit (usually in the form of a turbogenerator) generates energy onboard an aircraft to power onboard systems (electrical power, pneumatic and hydraulic pressure, air conditioning) on the ground when the main engines are not running, thereby saving on fuel. APUs may or may not be used in flight. They are generally located at the rear of an aircraft, in the tail cone, and powered by jet fuel from the aircraft's tanks. Depending on the type of aircraft, APUs generate pneumatic, hydraulic or electrical power for starting the aircraft's engines.

### Biofuels

Liquid fuels of agricultural origin, obtained from vegetable or animal organic matter. They are developed for powering certain vehicles, either as a direct replacement for traditional fuel or mixed with traditional fuel, depending on the engine.

### Bypass ratio

In turbofan engines, the bypass ratio is the ratio between the mass flow rate of the bypass stream to the mass flow rate entering the core. For example, in a turbofan engine, the mass flow entering the core is the flow that contains the gas resulting from combustion of the air/fuel mix, which takes place in what is known as the engine "core". The mass flow of the bypass stream is non-combusted flow that does not go through the engine core.

### Ceramic matrix materials

Ceramic matrix materials are robust and lightweight, made of ceramic fibers embedded in a ceramic matrix. Matrix and fibers can be in any ceramic material, including carbon.

### Cobotics (collaborative robotics)

Cobotics is the term given to work performed jointly by humans and robots, i.e., a direct or remotely controlled interaction between humans and robots in pursuit of a common goal.

Cobotics is at the interface between human cognition (behavior, decisions, robustness and error management), biomechanics (modeling of the behavior and dynamics of movement) and robotics (use of instruments to produce reliable and/or repetitive mechanical behavior for industrial, military, agricultural, healthcare, collaborative purposes, etc.).

### Composite fan blade

Most turbofan engines have a fan located in front of the low-pressure compressor. This has large blades with varying angles of incidence from the root to the tip. The composite fan blade is a particularly sophisticated component, featuring a titanium leading edge bonded onto the 3D woven composite body. A crucial design point here concerns accurate prediction, by calculation, of the mechanical behavior of the fan blades.

### Eco-design

Eco-design involves allowing for environmental considerations in product design, to quantitatively and/or qualitatively reduce the negative impacts of a product or service on the environment, without compromising its qualities or performance. Eco-design might typically mean using robust, recyclable materials, and applying a far-reaching waste recovery approach.

### Fan casing

A casing is an enclosure that protects a mechanical system. It is usually sealed, containing the lubricant needed for the system to operate, or simply affording protection against the outside environment. It may be fitted with a filling and drainage aperture for cooling fins, an external lubricating system and a venting system.

### FELIN integrated equipment suite

This combat system offers expanded capabilities in five areas: communication, observation, accuracy, protection, and soldier mobility and support. It also ensures enhanced compatibility with weapon systems, equipment, vehicles and aircraft.

### Full Authority Digital Engine Control (FADEC)

FADEC is a cockpit interface for operating a turbojet, turboprop or turbo engine. It may also be found on certain piston-engine light aircraft, often with compression ignition.

It takes the form of a digital control system based on a computer with two symmetrical, full authority, full redundancy channels. Sensors and actuator electrics are duplicated (one for each channel). Only the hydraulic subsystems (pumps, servovalves, pressure generators) are not duplicated (non-redundant).

A FADEC system performs the following functions:

- flow regulation (fuel input and acceleration/deceleration control);
- automatic start-up;
- transmission of engine parameters to cockpit instruments;
- thrust control and oversight of operation within set limits;
- reverse thrust control.

### Future Combat Air System (FCAS)

The Future Combat Air System refers to a joint European program to develop a new sixth-generation combat air system by 2040 with a wide array of interconnected and interoperable elements such as drones, and based largely on artificial intelligence. The Future Combat Air System combines New Generation Fighter (NGF) aircraft, drones, future cruise missiles and drone swarms. It will connect with aircraft, satellites, NATO systems and land and sea combat systems.

### Health monitoring

Health monitoring refers to a program for maintaining an aircraft fleet in proper working order while affording operational savings. It is an essential program for helicopter operators, providing valuable foresight on turbine failure risks, thereby reducing the number of unnecessary inspections, limiting major repairs, and reducing the cost of unplanned servicing. The health monitoring system uses an automated device to perform vibration measurements and Fast Fourier Transform (FFT) calculations. It is integrated in the FADEC suite (see definition) to determine the degree of wear in many different parts and schedule replacement accordingly.

### Helicopter frame

A helicopter frame comprises the body and undercarriage unit (landing gear).

### In-Flight Entertainment (IFE) system

In-flight entertainment refers to the entertainment available to aircraft passengers during a flight.

### Launcher

In cosmonautics, a launcher is a rocket used for placing a payload in orbit around the earth or into interplanetary space. The payload might be an artificial satellite placed into low earth orbit or geostationary orbit, or a space probe that leaves the earth's gravitational field to explore the solar system.

### Leading edge

The leading edge is the front-most edge of an airfoil section (aircraft wing, propeller, etc.), i.e., which penetrates the air. Along the leading edge, there is what is known as the stagnation point, about which the flow splits into two parts,

passing along either side of the airfoil. This location of the stagnation point along the airfoil varies with the angle of incidence.

From a geometrical point of view, the leading edge is the portion of the airfoil profile which has the least radius of curvature. Independently of the flow, it defines the chord and the ensuing geometric properties such as chord length, camber and thickness.

On airfoil profiles intended for subsonic speeds, the leading edge has a wide radius (usually 1.5% of the chord). Supersonic airfoil sections have a much sharper angle of attack (a shorter radius).

### Modular air-to-ground weapon (AASM)

The AASM is a new-generation weapon that comprises a guidance kit and a range-extension kit to transform a bomb body into a precision air-to-ground weapon.

It is currently in service on Rafale fighters belonging to the French armed forces. This all-weather, jam-resistant weapon features a long-range (60 km at high altitudes) INS/GPS/laser system. It allows simultaneous, high-precision, multi-target mobile or fixed air-to-ground strikes.

### Nacelle

Nacelles are housings that hold the engines on a multi-engine aircraft. On medium- and long-haul aircraft, nacelles usually include the thrust reverser that brakes the aircraft on landing. A nacelle may be fixed either on the wing or on the fuselage, by means of a mast.

### Non-destructive testing (NDT)

Non-destructive testing refers to a range of methods for examining the soundness of a material, component or system without causing damage, during production, use or maintenance.

### Nozzle

A nozzle ("propelling nozzle" in cosmonautics) is a pipe of varying cross-section placed at the rear of an engine producing hot combustion gases. It converts the heat energy of these gases into kinetic energy.

### Optronics (and optronic sights)

As the name suggests, optronics (or optoelectronics) stands at the intersection of electronics and optics. Optronics systems usually comprise an optical sensor, an image processing system, and a display or storage system.

### Organic matrix composites

A composite material (or composite) is a combination of constituent materials of different properties, usually in the form of a framework held in a matrix. The framework, or reinforcement (usually in the form of fibers), provides mechanical stability, and is surrounded and supported by a binding agent known as a matrix.

Good mechanical stability and low density make composites a highly useful material in air transport (civil and military) and aerospace applications.



### Power electronics

Power electronics refers to a branch of electrical engineering concerned with converting electrical energy from one form to another, by means of converters.

This includes the design, production and maintenance of:

- high-power electrical components;
- structures, control systems and applications of power converters.

### Power transmission systems

A power transmission system refers to a mechanical device that harnesses a portion of the engine's energy in order to power essential systems on the aircraft, such as hydraulics and electrics, and on the engine itself (oil, fuel and electricity).

### Predictive maintenance

Predictive maintenance involves the scheduling of maintenance interventions before failures occur, by examining the condition of a system with respect to predefined threshold values.

According to French standard NF EN 13306 X 60-319, predictive maintenance is a condition-based maintenance performed on the basis of extrapolations from the analysis of significant deterioration parameters.

The principle is to determine any manifest visible or non-visible signs of deterioration. The challenge is knowing how to recognize these signs. To detect deterioration (physical, chemical, behavioral, electrical, etc.), special equipment is used to measure signs such as untoward changes in temperature, vibration, pressure, dimension, position, noise, etc.

### Primary and secondary electric distribution systems

The primary distribution system concentrates the energy produced by all of the aircraft's available sources of power and makes it available for all electrical loads, using network reconfiguration intelligence.

The secondary distribution system provides power to equipment such as interior/exterior lighting and cabin ventilation, which the airframer wishes to be switchable at different flight stages.

### Primary mirror

In astronomy, the primary mirror is the main light-gathering surface (the objective) of a reflecting telescope. Light gathered by the primary mirror is directed towards a focal point typically past the location of the secondary mirror. The diameter of a telescope is measured as the diameter of the primary mirror.

### Propfan

A propfan, also known as an open rotor engine, is a type of aircraft engine in which the fan is mounted directly on the power turbine outside the nacelle. This has the advantage of increasing the bypass ratio and thereby reducing fuel consumption.

### Quick-Response Quality Control (QRQC)

QRQC is a fast problem-solving management method that emphasizes constant vigilance and immediate response.

### Retrofit

Retrofit operations involve replacing old or obsolete components by more recent components, without modifying the function thereof. At Safran, the term is used for Aircraft Interiors. Retrofit includes replacing cabin parts, such as seats or galleys, whose life cycle has come to an end or which are worn out and need to be replaced.

### Reverse thrust

In aeronautics, reverse thrust refers to the temporary diversion of some or all of a propeller or jet engine's thrust so that it is directed forward rather than backward, thus decelerating the aircraft to shorten the landing distance.

### Ring laser gyroscope

A ring laser gyroscope is a rotation sensor that uses the Sagnac effect to measure the shifting interference pattern of a beam split into two halves, as the two halves move around the ring in opposite directions. With their three gyroscopes, the inertial navigation systems found on certain ships, aircraft, satellites and submarines can measure the angular velocity of a mobile object in all three dimensions. Because of its greater accuracy, the ring laser gyroscope has replaced the mechanical gyroscopes used previously.

### Rotating combustion chamber

A combustion chamber is an enclosure capable of withstanding the sudden and extreme changes in pressure and temperature caused by the deliberate combustion of specific chemicals. It is designed to transform the energy produced by this combustion into work, or force, prior to discharge of the exhaust gases.

### Shaft horsepower (shp)

Shaft horsepower is the power delivered to a propeller or turbine shaft. The term is used to quantify the power of helicopter engines.

### Short Take-off and Landing (STOL) aircraft

A short take-off and landing (STOL) aircraft is a fixed-wing aircraft capable of using short runways (usually less than 200 meters) to take off and land.

### Stationary plasma thruster

A stationary plasma thruster, or Hall-effect thruster (HET), is a type of plasma thruster (generally ring-shaped) in which the propellant is accelerated by an electric field. It is known as a Hall-effect thruster because it traps electrons in a magnetic field for use in ionizing the propellant. These ions are then accelerated to produce thrust. The thruster falls within the category of electric propulsion for space systems.



**Supply chain**

Supply chain refers to the management of all resources, means, methods, tools and techniques aimed at managing, in the most efficient way possible, the overall supply and delivery chain of a product or service to the end-customer. At Safran, the supply chain is structured around a unique approach entitled “One Safran”, which is aimed at developing Group-wide take-up of a common corporate management system and performance indicators and deploying operational excellence, in order to ensure product quality and reliability. The initiative involves building on best practices and extending them throughout the Group.

**Turbine**

The turbine, a device that converts fluid flow into rotary motion, is a major aviation component. Turbine engines are used for powering helicopters and providing electrical energy onboard commercial aircraft. The Djinn helicopter made direct use of air compressed by a turbine to power its rotor, instead of using mechanical conversion.

**Turbofan**

A turbofan is a type of jet engine that reduces fuel consumption and increases thrust performance by taking in more air than is needed by the turbine. The additional air flow bypasses the turbine.

**Vertical take-off and landing (VTOL) aircraft**

A vertical take-off and landing (VTOL) aircraft is a fixed-wing aircraft that does not need the runway space usually required for take-off and landing. VTOL aircraft are sometimes known as hybrid or convertible aircraft, especially in the case of tiltrotor planes. The VTOL category does not extend to air balloons, airships or helicopters.



#### FRONT COVER

**“Mimesis, nature inspiring technology”,  
Images from the photo contest organized  
by Safran and Wipplay.**

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All financial information pertaining to Safran is available on the Group's website at [www.safran-group.com](http://www.safran-group.com), in the Finance section.

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