



**2021
INTEGRATED
REPORT**



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

3rd global aerospace group, excluding airframers*

€15,257 million
REVENUE⁽¹⁾
down 7.5% (down 5.4% on organic basis) on 2020

€1,805 million
RECURRING OPERATING INCOME⁽¹⁾
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&D
(including customer-funded R&D)

€387 million
CAPEX

OUR ACTIVITIES



AEROSPACE
PROPULSION

€7,439 million
REVENUE⁽¹⁾

€1,342 million
RECURRING OPERATING
INCOME⁽¹⁾

18.0%
RECURRING OPERATING
MARGIN⁽¹⁾



EQUIPMENT
& DEFENSE

€6,325 million
REVENUE⁽¹⁾

€650 million
RECURRING OPERATING
INCOME⁽¹⁾

10.3%
RECURRING OPERATING
MARGIN⁽¹⁾



AIRCRAFT
INTERIORS

€1,475 million
REVENUE⁽¹⁾

€(167) million
RECURRING OPERATING
INCOME⁽¹⁾

(11.3)%
RECURRING OPERATING
MARGIN⁽¹⁾

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 CO₂ 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.

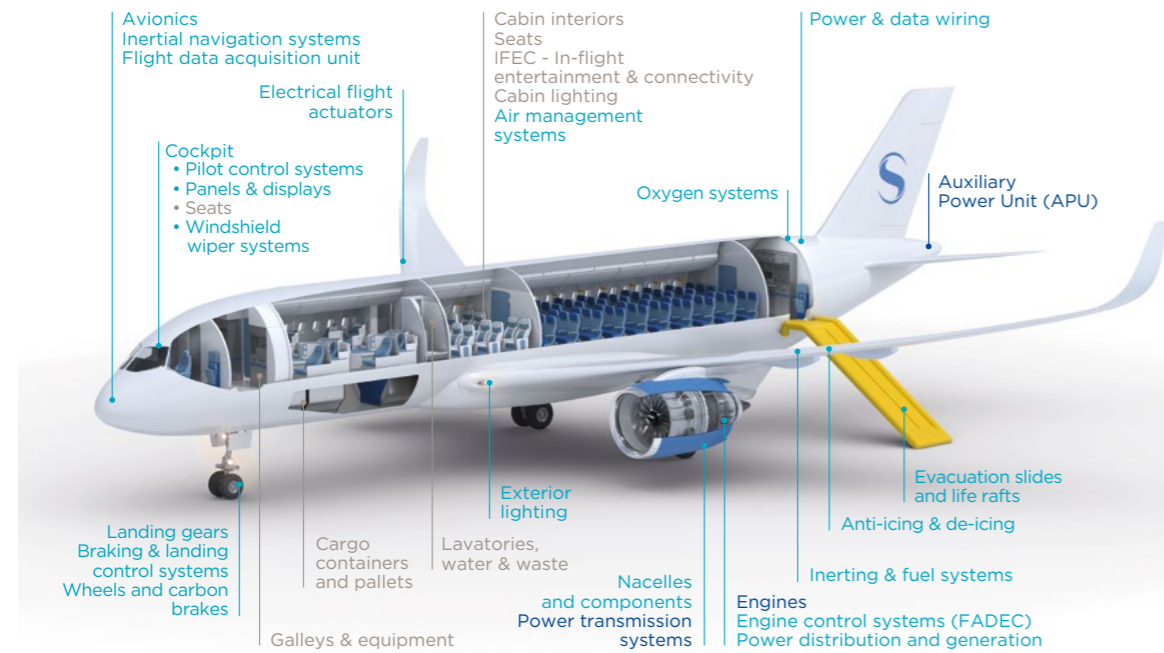
With geopolitical tension accentuating the importance of self-reliance, Safran will strive to strengthen and protect our sovereign technologies in defense and space, and with our strategic suppliers.

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⁽¹⁾, 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.

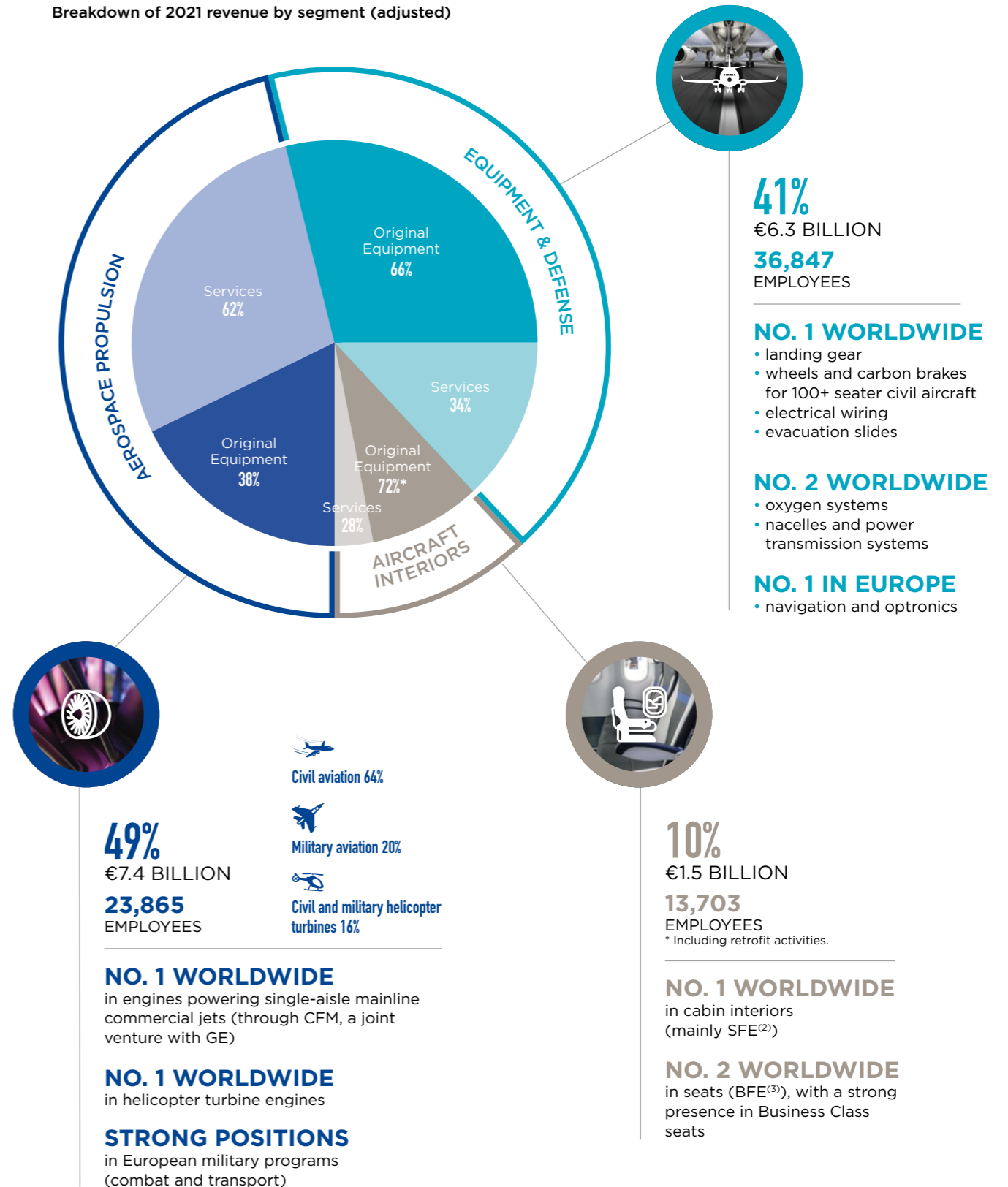
Safran supplies a wide range of **aircraft equipment** including landing and braking systems, nacelles and related electrical systems and engineering solutions. **Aerosystems:** Safran is one of the world's leading players in aerosystems, supplying equipment that provides essential aircraft functions 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⁽²⁾ model) and airlines (BFE⁽³⁾ 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.

GEOGRAPHIC SPREAD OF EMPLOYEES AND SITES AT END-2021⁽¹⁾

Percentage of employees
% of employees in the total Group workforce

Number of sites⁽²⁾



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.

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.



AMERICAS 24%

18,186 EMPLOYEES

64 27 9

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%

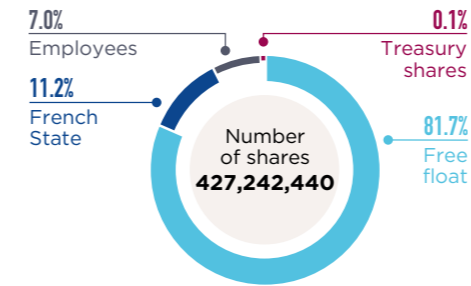
5,084 EMPLOYEES

10 3 1

A look back at our history

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

Ownership structure Share capital at December 31, 2021



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.

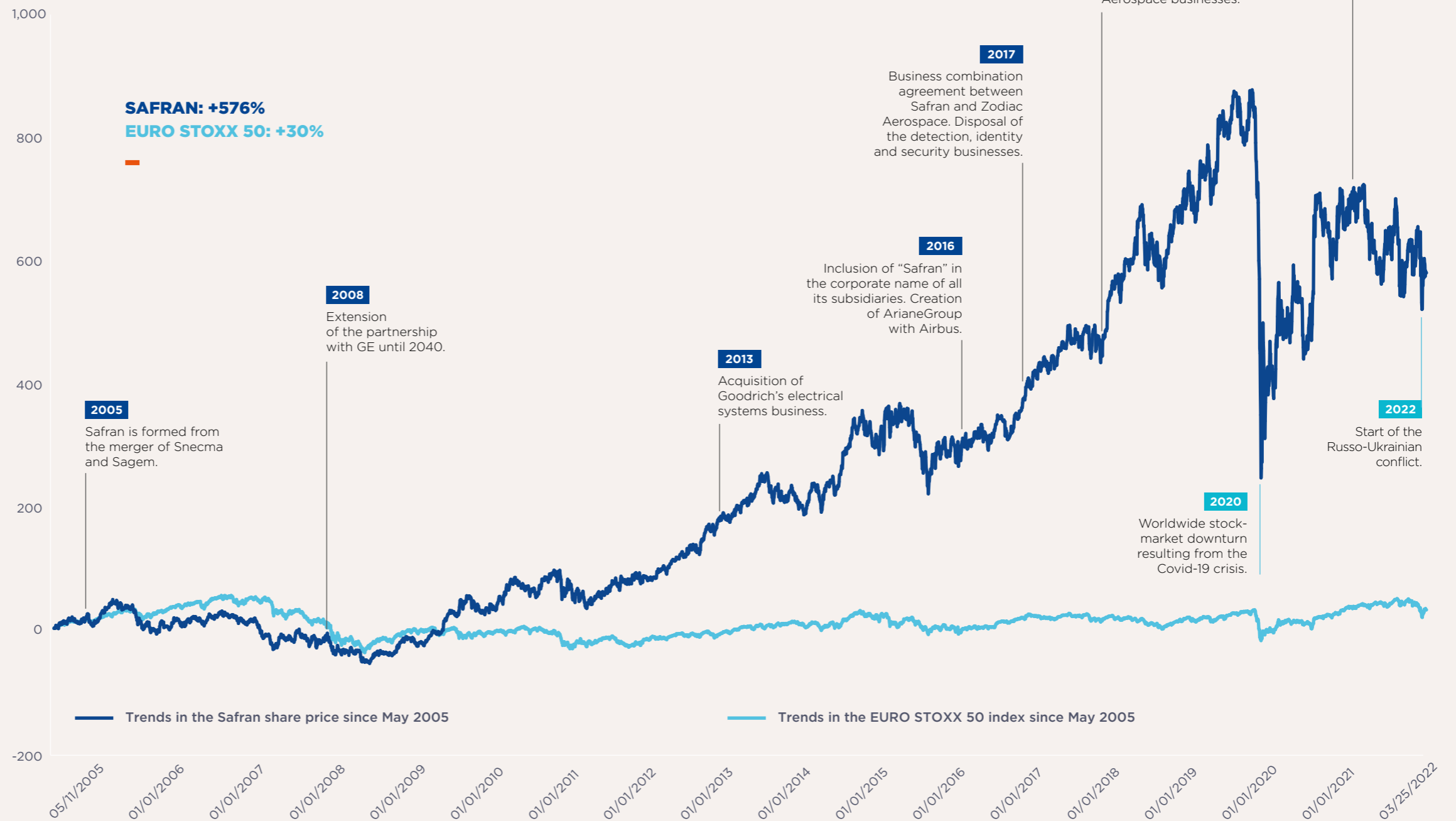
In 2002, nacelles specialist Hurel-Dubois joins Snecma.

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)



A CSR⁽¹⁾ 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 |  2 BE AN EXEMPLARY EMPLOYER Be considered as an employer of choice by our employees and the talents of the sector |  3 EMBODY RESPONSIBLE INDUSTRY Be the benchmark in our production methods and throughout our value chain |  4 AFFIRM OUR COMMITMENT TO CITIZENSHIP Get involved with our local communities and contribute to their development |
| <ul style="list-style-type: none">  1. Make carbon neutral aircraft the R&T priority  2. Reduce CO₂ emissions throughout our value chain  3. Involve employees in the reduction of their carbon footprint | <ul style="list-style-type: none">  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 | <ul style="list-style-type: none">  7. Uphold the highest standards of ethics  8. Strengthen responsible supply chain management and support suppliers  9. Respect the environment and natural resources | <ul style="list-style-type: none">  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

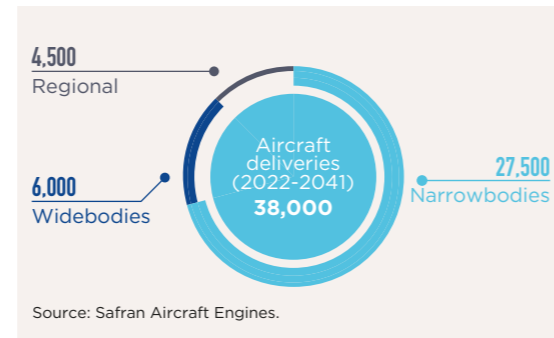
Covid-19 had an unprecedented impact on air traffic: according to International Air Transport Association (IATA) estimates, passenger kilometers fell 65.8% in 2020 and 58.4% in 2021 (compared with 2019). International traffic was hit the hardest, down by 75.5% on average in 2021 compared with 2019, while 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

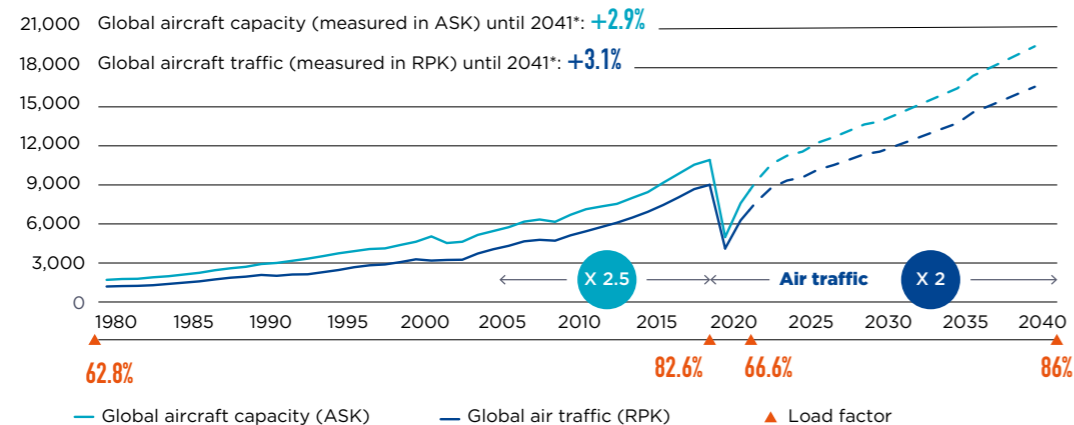
end-2022 and 2025 (depending on the market segment), followed by lasting sound growth, despite the increasing pressure of ecological impacts on air transport.

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.



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.



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.

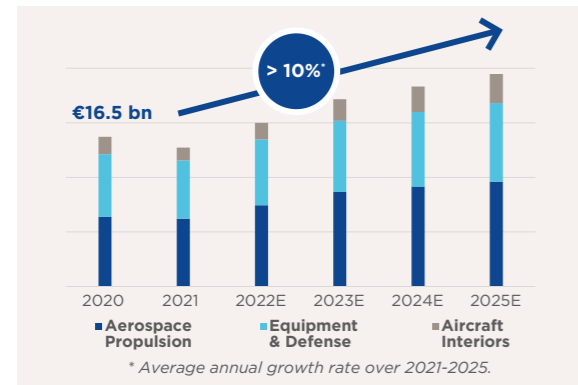
Our trajectory to 2025

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

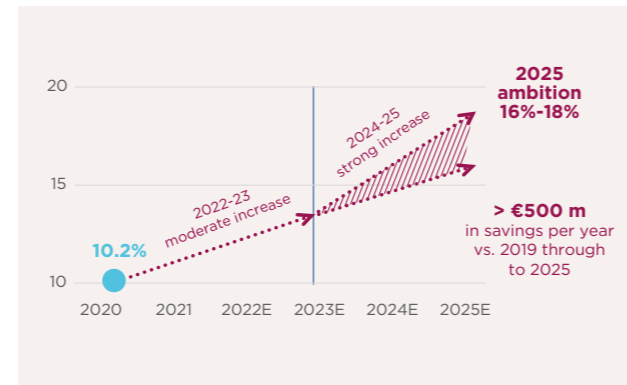
Robust organic growth driven by ramp-up in OE build rates and recovery in services.

Adjusted revenue



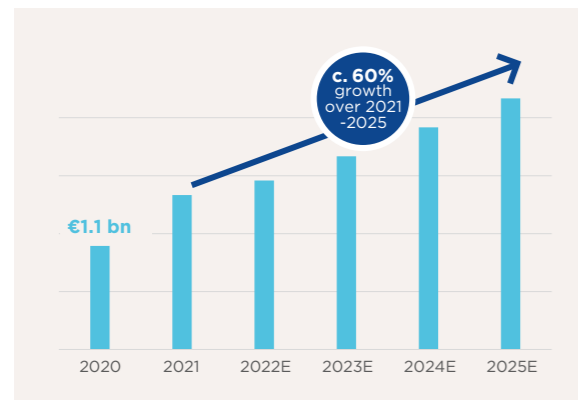
Increased profitability, mainly driven by growth in services across all divisions.

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⁽¹⁾ 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⁽²⁾.

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.

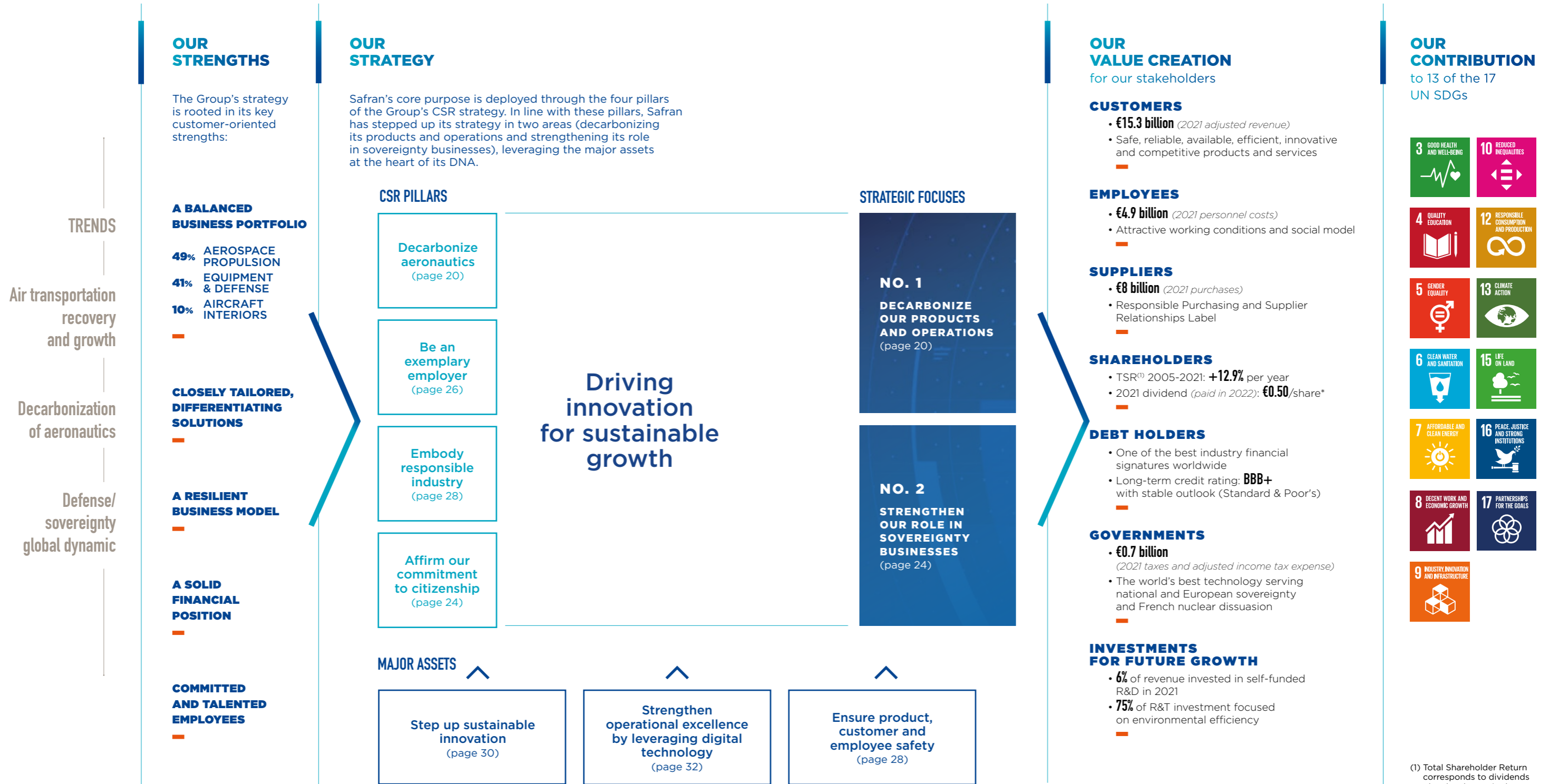
Our business model

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.”

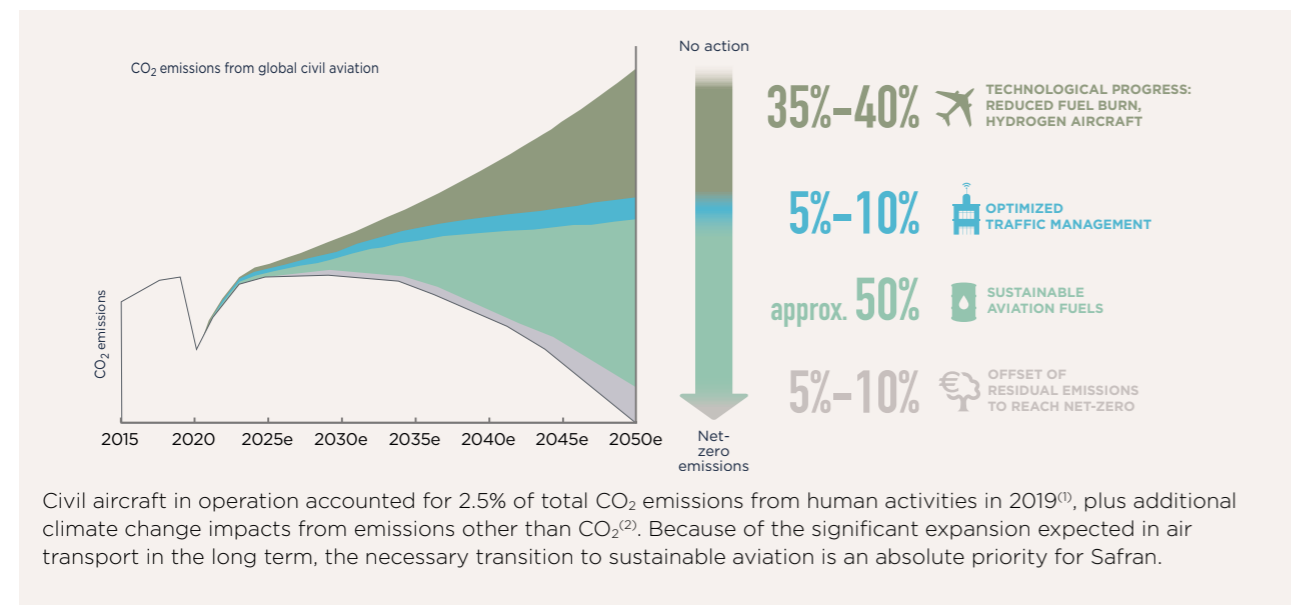


* Subject to shareholder approval at the Annual General Meeting of May 25, 2022.

#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.

(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_x and particulate emissions in particular, as well as contrails.

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

In 2008, the aviation sector made a voluntary commitment to halve global CO₂ 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.

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 ₂ eq. ⁽¹⁾ | Objectives |
|---|--|---|
| Scopes 1 & 2* | approx. 550 | 30% reduction by 2025 and 50% reduction by 2030 vs. 2018 , in line with a 1.5°C scenario |
| Scope 3** Use of products sold | approx. 120,000 | 42.5% reduction in Scope 3 emissions from product use per passenger kilometer by 2035 vs. 2018*** , 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 400 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 | 50% reduction by 2030 vs. 2018 , 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 CO₂/passenger kilometer in 2018.

OBJECTIVES ALIGNED WITH THE PARIS AGREEMENT

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

REDUCTION IN CO₂ 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 CO₂ 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

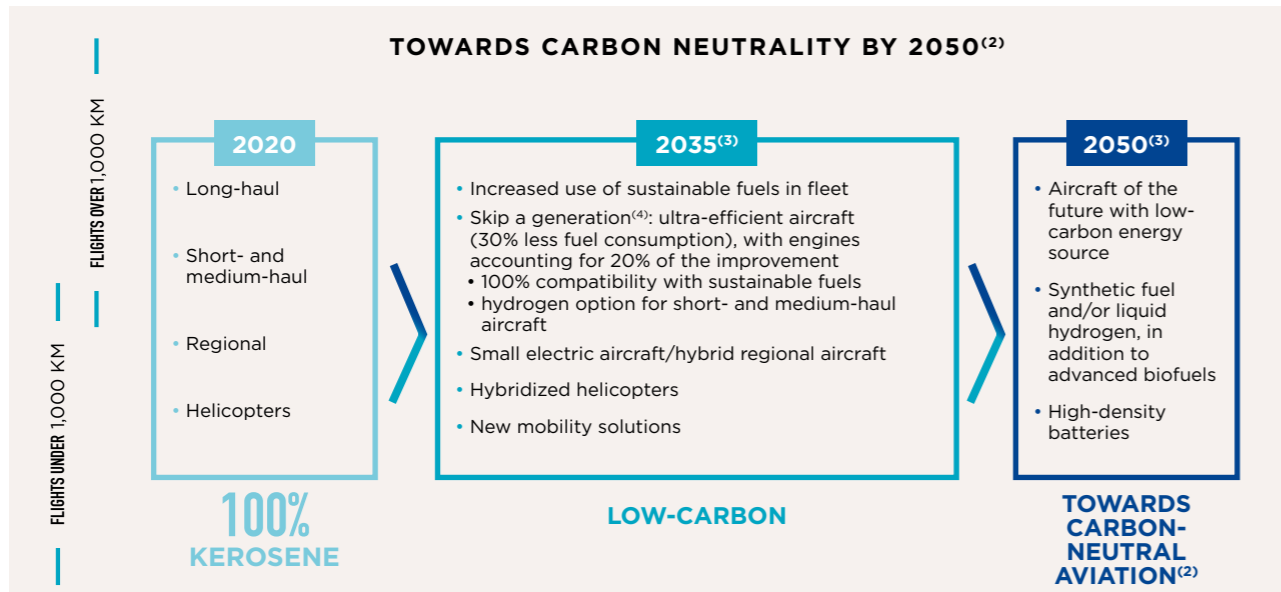
In 2021, Safran reached its goal of ensuring that 10% of fuels used in aircraft and helicopter engine approval tests are sustainable. The advanced biofuels used bring an 80% reduction in emissions compared to fossil fuels. The incorporation rate will reach 35% by 2025.

(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

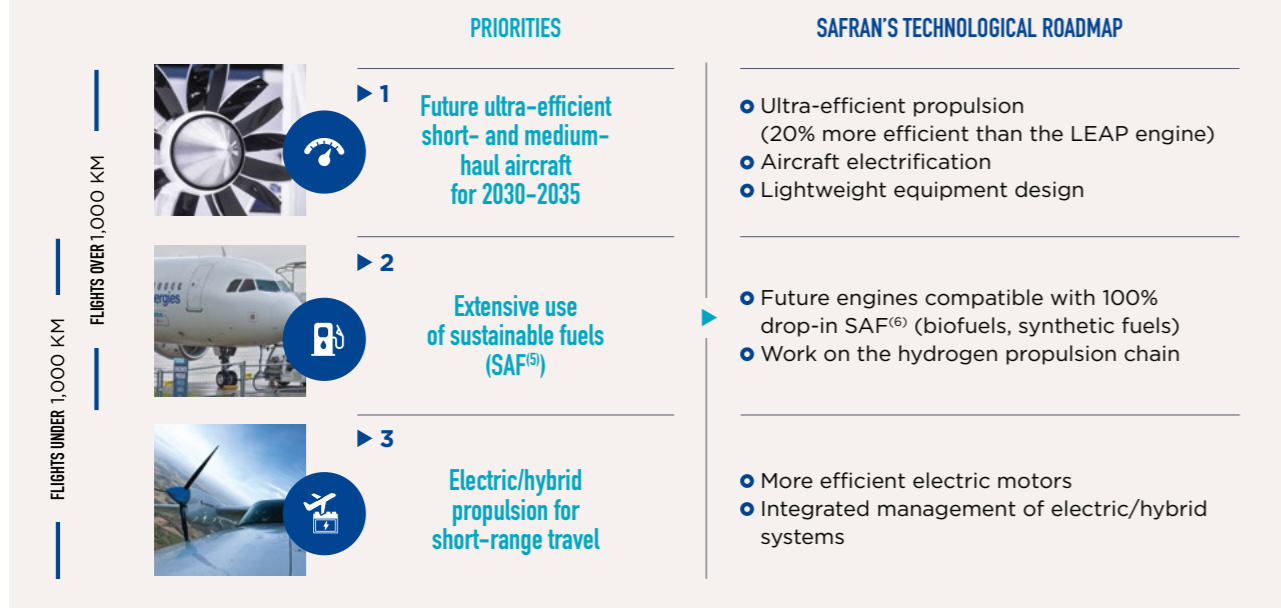
REDUCTION IN CO₂ EMISSIONS FROM PRODUCTS

Safran considers that its primary challenge is to reduce CO₂ emissions arising from the use of its products (referred to as Scope 3 indirect emissions in the GHG Protocol⁽¹⁾). For that reason, the Group dedicates 75% of its R&T efforts to improving the environmental performance of its products.



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.



► 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⁽¹⁾ or STOL⁽²⁾ 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.

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 Inerotec, 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 CO₂ emissions reduction, and requires disruptive innovations in storage (in the form of liquid hydrogen) and the fuel circuit.

(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.



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

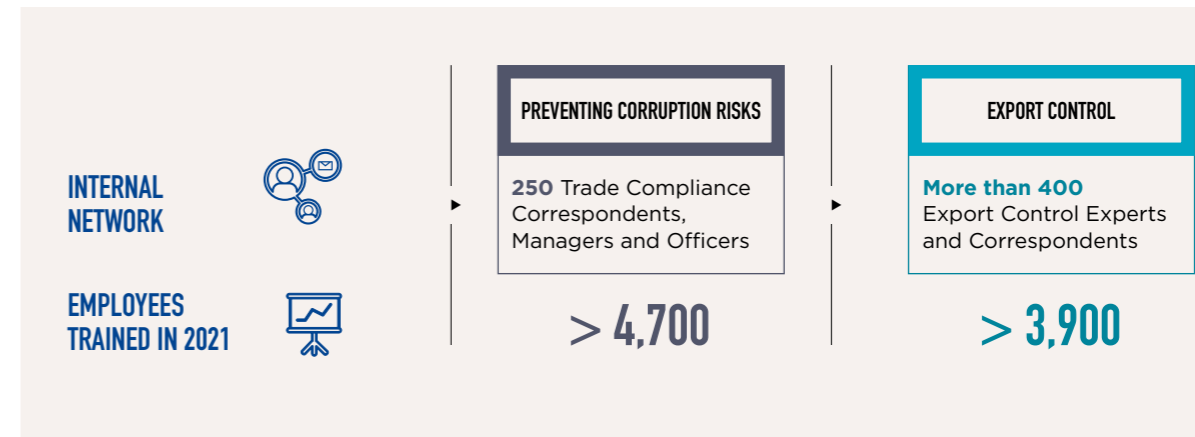
BUSINESS ETHICS AND ANTI-CORRUPTION

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 CO₂ emissions by more than 80%.

CFM RISE PROGRAM

A breakthrough innovation for sustainable engines, targeting a 20% reduction in CO₂ emissions

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



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



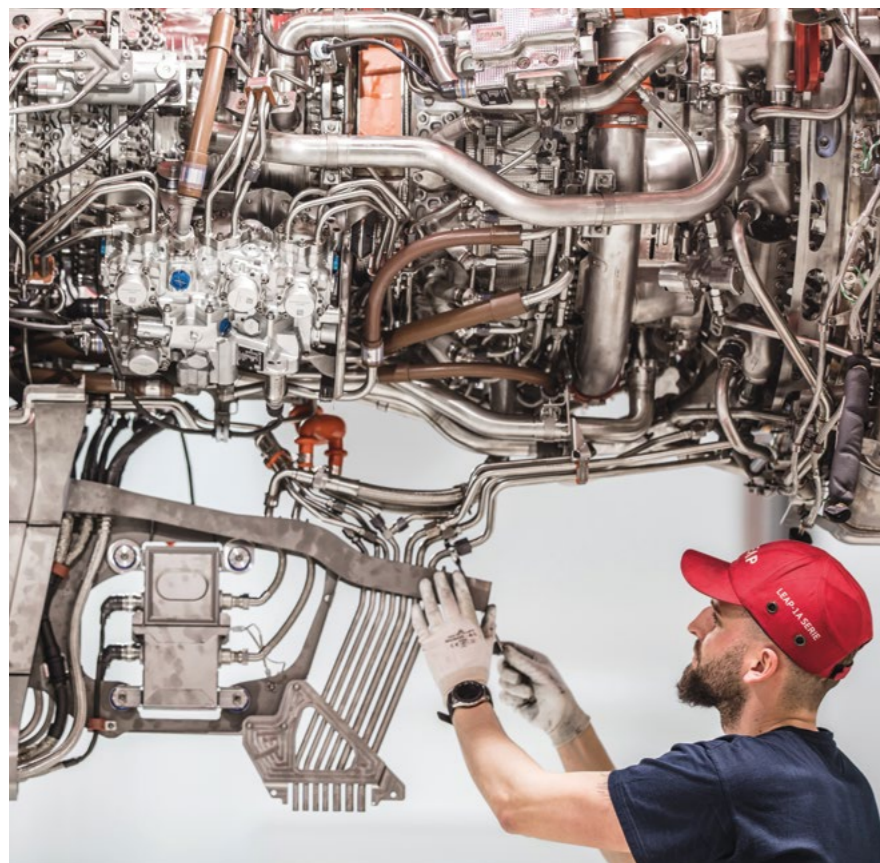
SAFRAN CORPORATE VENTURES: VENTURE CAPITAL FOR INNOVATION

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.



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.

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.

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, robotics, 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⁽¹⁾, 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.

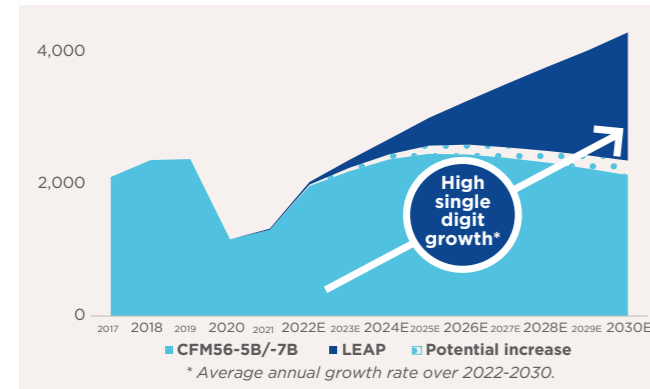
- Given the size of the engine fleet in service, Safran has substantial growth potential.
- The Group has been developing long-term service contracts for a number of years, in response to customer demand, which now apply to the LEAP engine. As a result, the business model for civil engine services will 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%⁽¹⁾

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.

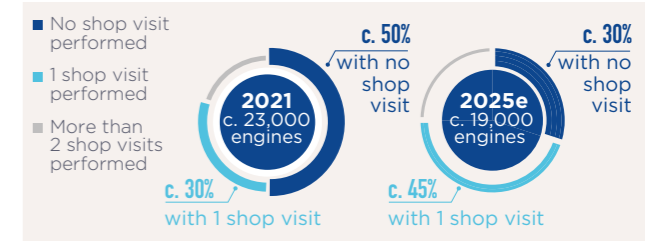
A LARGE CFM56 FLEET IN SERVICE

With an in-operation base⁽¹⁾ 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.

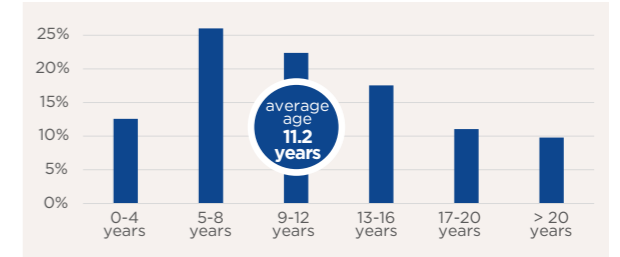
A net positive change in revenue per CFM56-5B/-7B shop visit is expected over the next few years, because of:

- 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⁽²⁾ 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⁽³⁾);
- LEAP-1B for the Boeing 737 MAX, which came into service in May 2017⁽⁴⁾ (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.

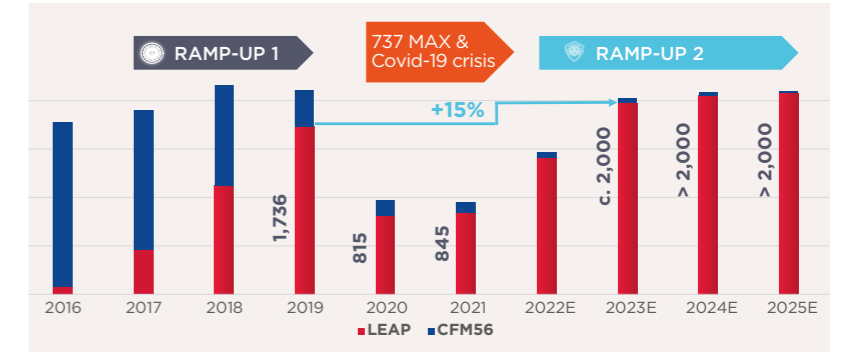
ALWAYS MORE RELIABLE

99.95% DEPARTURE RELIABILITY

MORE THAN 13 million ENGINE FLIGHT HOURS

Data at end-2021.

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.

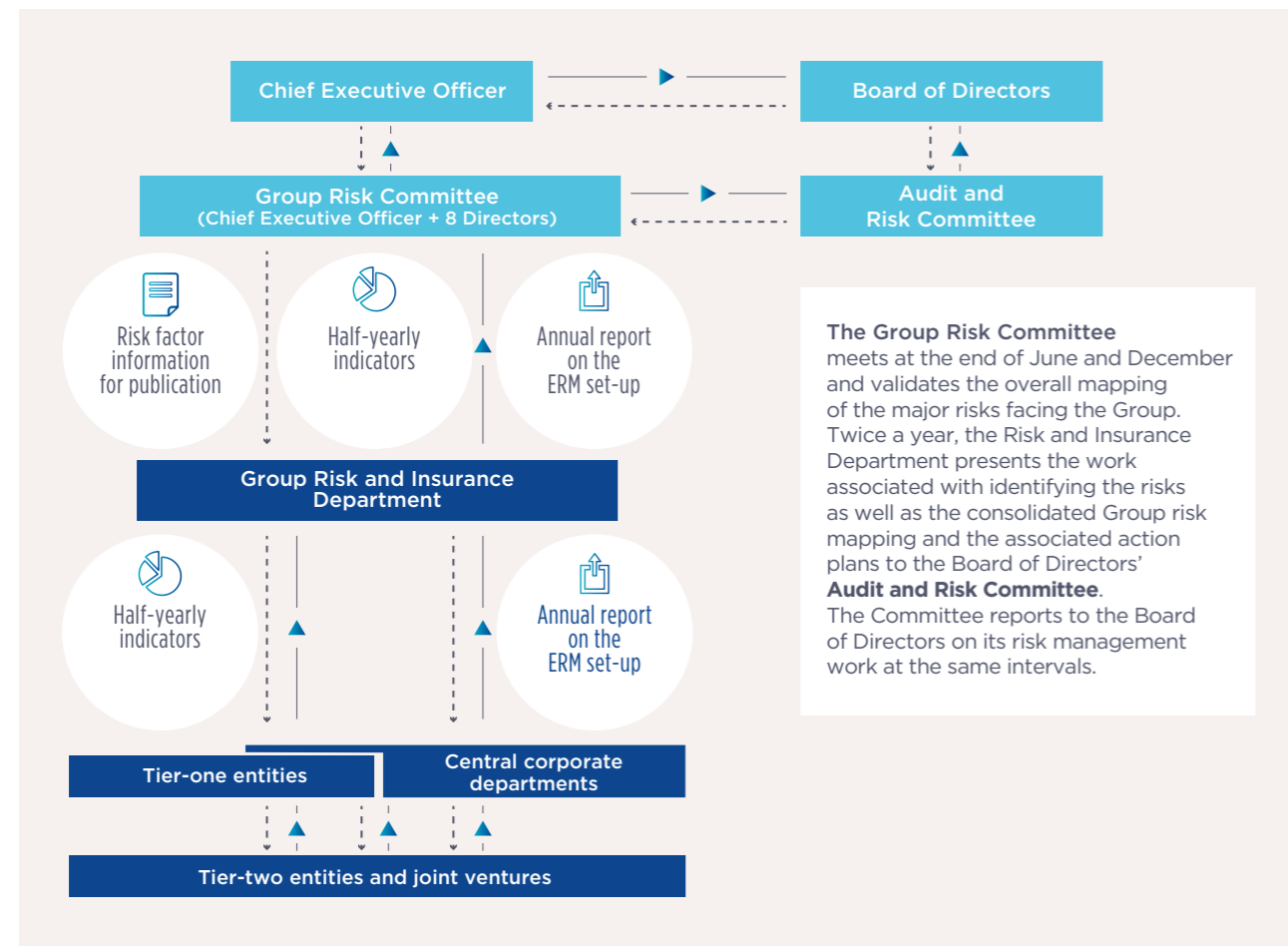
Safran's Enterprise Risk Management and its monitoring

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.

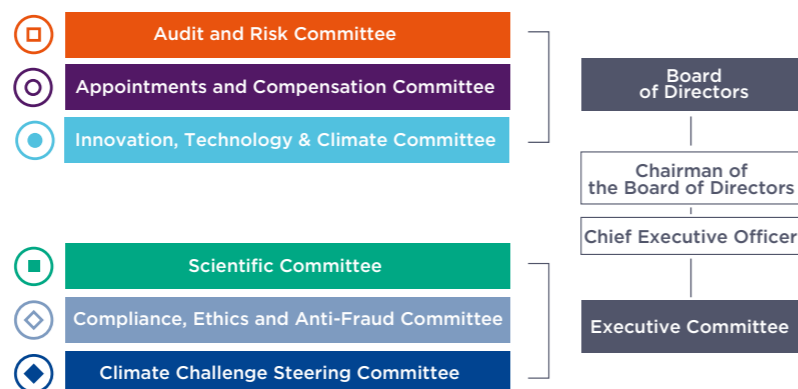
Director responsible for monitoring climate issues

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

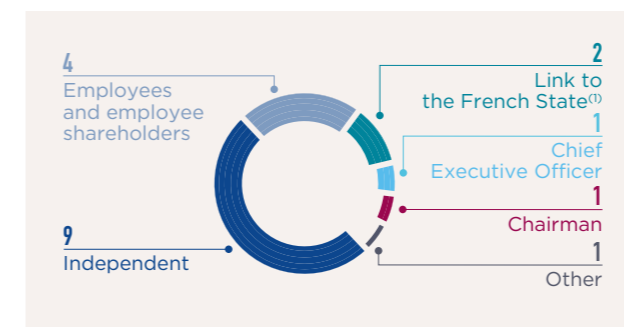
Interviews were conducted with each Director, on four main subjects: "Core purpose, business strategy and risk management", "Directors and membership structure", "Leadership of the Board of Directors" and "Structure and process". Suggested areas for improvement include greater attention to managing the 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.

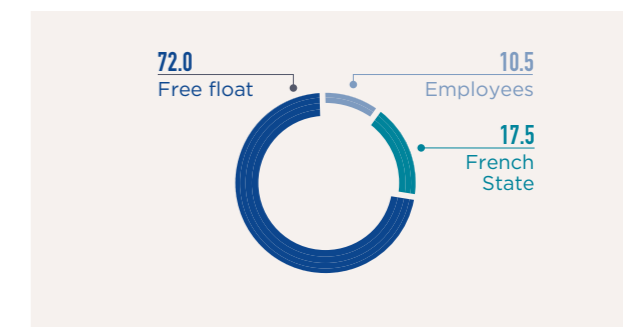
An experienced Board of Directors taking up the Group's strategic challenges

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⁽²⁾

Appointments and Compensation Committee
 4 meetings
 8 members
 100% attendance
 71.43% (5 out of 7) independent⁽²⁾

Innovation, Technology & Climate Committee
 2 meetings
 6 members
 100% attendance
 80% (4 out of 5) independent⁽²⁾

(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 ACC ITCC



**VINCENT
IMBERT**

Director appointed at the recommendation of the French State

ITCC



**FABIENNE
LECORVAISER**

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⁽¹⁾

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 CO₂ 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.

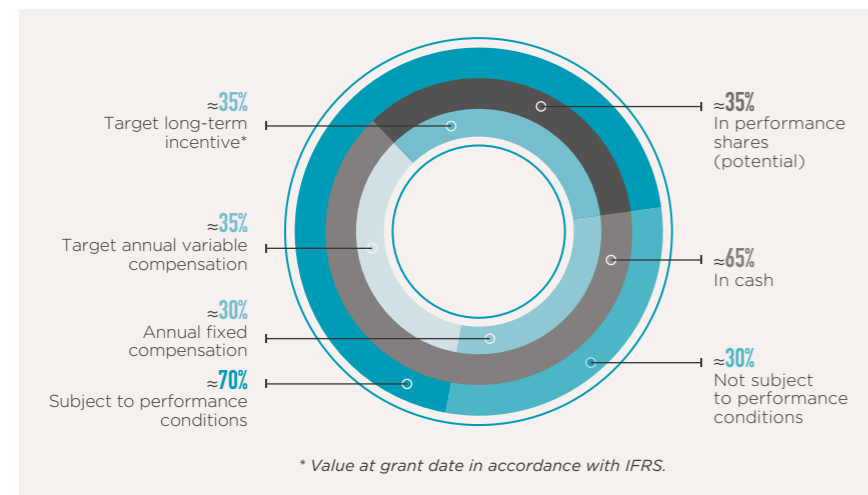
Chairman of the Board of Directors' compensation policy and structure

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)⁽¹⁾ 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:

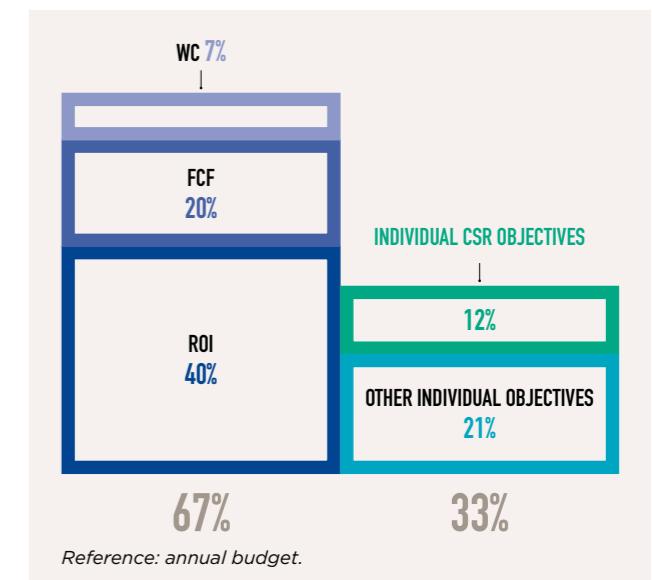
- environmental and climate issues: reduction of CO₂ emissions;
- gender equality: percentage of women senior managers within the Group;
- safety: reduction in lost-time accident frequency.

CLIMATE ISSUES INCLUDED IN COMPENSATION POLICIES

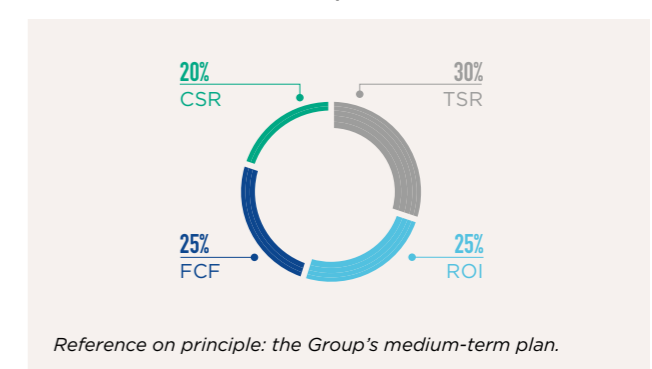
Take-up of climate matters at executive level is also fostered by including climate objectives in compensation policies.

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⁽¹⁾ (2022)



Chief Executive Officer's LTI performance criteria⁽¹⁾



(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 ₂ /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 ₂ eq.) Change in Scope 1 and 2 emissions compared with 2018 | 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 CO₂/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 Payout ratio | €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). | BBB | Above the average 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. | 22.9 Medium risk | 2nd out of 91 companies in the A&D sector <i>November 2021</i> |
| Rating reviewed every two years. | 62/100 Advanced level | 1st 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 | Among the average across the 63 companies in the transport OEM sector <i>December 2021</i> |

Other publications

CAPITAL MARKETS DAY 2021

www.safran-group.com, Finance section

Presentation of the Group's strategy and mid- and long-term financial objectives.



2021 UNIVERSAL REGISTRATION DOCUMENT

www.safran-group.com, Finance section

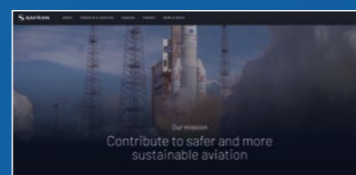
Document prepared in accordance with French and European regulations and notably including the annual financial report, the Board of Directors' report, the consolidated and separate financial statements for the fiscal year, all corporate, social and environmental information concerning Safran and the resolutions presented to the Annual General Meeting for approval.



CORPORATE PRESENTATION

www.safran-group.com, Media/Publications section

Overview of Safran's activities and commitments.



WEBSITE

www.safran-group.com, Group section

Presentation of the Group's profile, its roles and its governance.

Finance section

(Share price, Publications and results, Regulated information, Analysts and investors, Individual shareholders, Annual General Meeting)

Presentation of financial and non-financial information.

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All financial information pertaining to Safran is available on the Group's website at www.safran-group.com, in the Finance section.
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BY TRUST**

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